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# Economic Recovery Review Council

## Cook Industrial Site Regionally Significant Industrial Area: Staff Analysis

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### I. Executive Summary

The Cook Industrial Site's Regionally Significant Industrial Area (RSIA) nomination was submitted, January 14, 2014 by the City of Hermiston. It included a cover letter addressed to Business Oregon, a narrative in support of the nomination, and three attachments, including: 1) an aerial map of the subject area; 2) a regional map of the site; and, 3) a map showing utility connections to the site, which include gas, sewer and water. In accordance with Oregon Senate Bill 766, a Nomination for a RSIA is submitted to the Economic Recovery Review Council (ERRC) for review and designation. A Staff Analysis is provided by a staff member from each agency represented on the ERRC to provide an analysis of the application but it is ultimately up to the ERRC to make the designation determination. The full Cook Industrial Site Regionally Significant Industrial area is viewable at: <http://www.oregon4biz.com/The-Oregon-Advantage/Sites/Industrial-Development/Industrial-Areas/nominations/HermistonApp.pdf>

This nomination is comprised of a 282 acre Greenfield site that has been "Industrial Site Certified" by Business Oregon for the *General Manufacturing, Warehouse Distribution, and Call Center/ Business Services* Industry Profiles. The subject area is within Urban Growth Boundary (UGB) and is fully served by municipal utilities. The nominated area is located on the I-84 corridor midpoint between Portland, OR, and Boise, ID; and is 8 miles to the Port of Umatilla and 25 miles to the Port of Marrow. The subject area also has quick access to I-82, which intercepts I-84 in Hermiston, running through central Washington. The nominated area is a large, flat, vacant site abutting the active DuPont facility. The subject area is considered highly developable as determined by the Oregon Industrial Certification designation and recent investments on the site upwards of \$70 million show that the site is actively marketed and ready for further development. Proximity to road and rail are excellent and are consistent with the needs of many industrial users. The site is less than 1 mile from the Hinkle Rail Yards and part of the site is served by a rail spur. The subject area is served by a large labor pool drawing from both Oregon and Washington. The area also has an industrial character that is often sought after by industrial users seeking sites where industrial uses are generally accepted and conflicts are minimized, aside from conflicting commercial allowances. Its mixed-use zoning – with both commercial and industrial allowances – is the primary drawback of this nomination.



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## *Summary Evaluations: Strengths and Weaknesses*

The primary strengths of the subject area will show that the designation is based on the area's long-term potential for job creation, the need for protection from conversion to other uses and the prioritization of public and private investments of infrastructure.

- The Cook Industrial Site is located on the I-84 and I-82 corridors and near two major ports on the Columbia River, which is a significant logistical attraction for many types of industrial employers.
- Cook Industrial Site has been re-certified as “Project Ready” by the Oregon Business Development Department, which re-evaluates certified sites every two years. The designation verifies that the conditions are in place so that companies looking to develop property could begin construction within six months or less. The conditions considered for certification include the proper utilities on-site, transportation access, environmental issues, and other factors important to property developers.
- The Cook site is fully served by utilities including municipal water (12” line) and sewer (8” line), as well as natural gas on site. The property is served by low-cost power through the city’s municipal power utility, and features a 10MW transformer adjacent to the site. The City has embarked on a \$1.25 million project to extend redundant water and sewer to the site within the next five years, making it an excellent candidate for the food processing industry.
- A Union Pacific Railroad spur serves the site which is less than a mile from the UP mainline, and less than 4 miles from Hinkle Rail yard, UP’s largest rail yard in the NW.
- The Cook Site, located just off of U.S. Highway 395, offers excellent transportation options for companies because of the convergence of two Interstate highways just in Hermiston. It offers access to the Portland area in 3 hours, the Spokane area in 3 hours, the Seattle area in 4.5 hours, and the Boise area in 4.5 hours. It is also accessible by corporate jet traffic, with the Hermiston Municipal Airport located less than 1 mile away. The area has access to both the Port of Umatilla and the Port of Morrow.
- The area draws from a large work shed, exceeding 116,000 workers within a 30 mile radius.
- The City of Hermiston offers the state Enterprise Zone program.

The primary weakness of the subject area relates to its ability to attract a wide range of industrial users due to the following factors:

- The nomination for the Cook Site in Hermiston indicates that there is mixed commercial/industrial zoning on the site. Containing both Heavy Manufacturing and Outlying Commercial zoning, C2/M2, which could compromise operations for industrial end-users because it decreases certainty for investors and prospective employers that the area will provide a long-term sanctuary for industrial uses.



## ***Conclusion of Staff Analysis: Staffs' Recommendation to the ERRC***

The staff analysis for the Cook Site in Hermiston found that there is mixed commercial/industrial zoning on the site, containing both Heavy Manufacturing and Outlying Commercial zoning presenting a concern for the ERRC's consideration of this nomination. While some commercial allowance is acceptable within a RSIA designation, the Commercial Overlay allowances on this particular site could substantially conflict with current and future industrial uses. For example, some outright allowances defined in the City of Hermiston's C2 zoning code include "motels" and/or "day care home or nursery". Considerations for freight traffic, 24-hour operations, noise, and buffering from pedestrians and residences are evaluated in contrast to commercial uses as excessive commercial activity can create a potential conflict for industrial activity and operations. The commercial zoning as presently defined provides no assurance to a potential industrial development that a conflicting use would not be developed adjacent to their operations, thereby impacting their current operations and future expansion opportunities.

Staff has concluded that a zoning code amendment, limiting non-industrial uses within the subject area could be implemented prior to designation of the Cook RSIA to provide a greater sense of certainty for potential industrial development. If the City of Hermiston intends to limit or eliminate the Commercial Overlay allowances that conflict with industrial uses, the ERRC could consider a conditional approval that would authorize OBDD to designate the RSIA within one month of receipt of a satisfactory zoning amendment, as verified and approved by DLCD's Director within one year of the public hearing and ERRC designation.

OBDD: No comment

DLCD: Recommends approval after commercial zoning is removed or restricted. DLCD recommends that no more than 5% of the site allow supportive commercial uses so as to qualify for more flexible compliance with the TPR.

ODOT: No comment

DEQ: The Oregon Department of Environmental Quality (DEQ) supports this nomination of the 281 acre Cook Site in Hermiston for RSIA status.

DEQ has previously considered the Cook Site in Hermiston, Oregon and has made an official determination that No Further State Action is required:

<http://www.deq.state.or.us/Webdocs/Forms/Output/FPCController.ashx?SourceId=4404&SourceIdType=11>).



This determination was made on January 12, 2004, and the DEQ Environmental Cleanup Site Assessment Inventory (ESCI) reference number is #4404. This determination was based on review of the Phase I Environmental Site Assessment Report, a review of the DEQ Cleanup Program’s ESCI database, and the proposed Industrial/Commercial land use.

DSL: No comment

RST: Upon review of the application we believe the proposed site meets all the requirements for a RSIA designation and should be forwarded to the ERRC for approval.

## II. Site Description/Summary:

OBDD: The area consists of one large 282 acre site, which is has an active Industrial Site Certification status. The site is near both the I-82 and the I-84 interstates and the interchange of the two. I-82 facilitates industrial traffic through central Washington and I-84 from Oregon to Idaho, leading to I-5 as well. Nearby rail can lead cargo to intermodal distribution routes along the west coast. The site is flat and positioned well for immediate development.

DLCD: No comment

ODOT: No comment

DEQ: See e-link in Executive Summary for DEQ.

DSL: No comment

RST: No comment

## III. Statutory Requirements:

**(2) “Regionally significant industrial area” means an area planned and zoned for industrial use that:**

***(a) Contains vacant sites, including brownfields, that are suitable for the location of new industrial uses or the expansion of existing industrial uses and that collectively can provide significant additional employment in the region;***

OBDD: The area contains a significant number of vacant and underutilized acreage zoned for industrial development, however the current mixed zoning code permits commercial use and some allowances that would outright conflict with prospect industrial uses. This site would be excellent for general manufacturing or warehouse distribution among other industrial uses, with



minimal to no additional expenses such as remediation, mitigation, or leveling to the site as the site has acquired and NFA from DEQ and is relatively free of exorbitant industrial development constraints.

**DLCD:** The area is planned, “Mixed Commercial/Industrial,” according to the City of Hermiston Comprehensive Plan. The area carries an M2 (Heavy Industrial) zoning designation as well as a C2 (outlying commercial) zoning designation. DLCD recommends removing or appropriately restricting commercial zoning before granting RSIA status.

**ODOT:** No comment

**DEQ:** See e-link in Executive Summary for DEQ.

**DSL:** Pursuant to off-site wetland determination #2014-0039, the Department of State Lands has determined that the site is unlikely to contain state jurisdictional wetlands or waterways.

**RST:** One requirement of a RSIA designation is that proposed sites be planned and zoned for industrial use. Team members note that while this site is dual zoned for industrial and commercial development, lands adjoining the site are committed for industrial use, the city is committed to industrial development of the site and has made considerable investment in extending infrastructure to increase the site’s marketability for industrial development, and due to the site’s distance from US 395 or other frontage roads and to the existing industrial nature of development around the site the site is not well suited for commercial development. All other RSIA definition requirements are met.

## **Statutory Requirements (continued):**

***(III. (2)) (b) Has site characteristics that give the area significant competitive advantages that are difficult or impossible to replicate in the region;***

**OBDD:** The site has access to ports, rail, interstates, and an airport. This site is positioned well for immediate development as it is an Oregon Certified Industrial Site. It is served by municipal utilities. And, it situated within a labor pool that would be attractive to prospect industrial employers.

**DLCD:** The region has a variety of industrial sites with a variety of locations and site criteria. This site has attractive development potential for users as an alternative to either port.

**ODOT:** No comment



DEQ: See DEQ comments in Executive Summary, e.g., receipt of NFA

DSL: No comment

RST: No comment

**Statutory Requirements (continued):**

***(III. (2)) (c) Has superior access to transportation and freight infrastructure, including, but not limited to, rail, port, airport, multimodal freight or transshipment facilities, and other major transportation facilities or routes; and***

OBD: The nominated area has access to rail, port, multi-model freight, and major transportation routes; and there appears to be no other industrial areas in the Hermiston area that offer competing transportation advantages for business recruitment or expansion opportunities. Hermiston is centrally located between Portland, OR, and Boise, ID, and served by an airport as well as two ports.

DLCD: No comment

ODOT: The proposed area is located in the southern limits of Hermiston. The proposed area is not directly bordered by a state highway facility but has access through local roadways to both US 395 and OR 207. Both of these state highway facilities have a direct interchange connection to I-84. The area can also access I-82 through the City of Umatilla to the north or the I-84 at I-82 interchange west of Hermiston.

Both the US 395 and OR 207 interchanges with I-84 currently operate under capacity and both interchanges are projected to as well through the planning horizon. This is true even with full development of the proposed Cook Industrial Area. However, it is anticipated that build out of the area will require a number of improvements along US 395 particularly at key intersection connections. ODOT completed a US 395 Corridor Refinement Plan in 2003 and the proposed improvements have been incorporated into the City of Hermiston Transportation System Plan. The City should be required to work with ODOT for each proposed development action within the Cook Industrial Area to evaluate the timing and need for these infrastructure improvements. The vast majority of these improvements are needed to maintain safety of all users within the US 395 corridor by better facilitating access to the proposed area for workers, customers, and freight providers. With these planned improvements linked to development actions within the area, the planned highway and local road systems should provide good access to the site and the surrounding network.





In addition to highways, the proposed area has good access to the Columbia River marine transportation system through the Port of Umatilla located just a few miles to the north. The Port of Umatilla provides freight services along the Columbia River including to the Port of Portland which is a major freight shipping hub for the State of Oregon.

The proposed area is well-suited for railroad service because an industrial lead track already exists across the southwest corner of the site to access an existing rail-served property. This lead diverges from Union Pacific's mainline connecting Oregon to Spokane and an important gateway to the Canadian rail system and the Northern Tier states of the US. Shortly after diverging from the mainline a double-ended storage track exists for efficient switching of industries located further away from the mainline. En route to the industry at the end of the spur another spur track diverges from the lead to serve another industrial site. This existing lead track is advantageous to the Cook property because one of the major costs in obtaining rail service is the acquisition and installation of the turnout (switch) in the railroad's mainline, especially in territories equipped with signals and a traffic control system, which is the case here. A spur already reaches the area and can become the genesis for additional spur tracks that can diverge from it at significantly less cost than what would be required if a new mainline connection was required. Moreover, the Cook Industrial Area appears to be fairly flat and devoid of water courses which will facilitate economical construction of track extensions without need for excessive earthwork or construction of structures, such as bridges or culverts. From a practical standpoint the geometry of the existing track could easily accommodate installation of a turnout at the end of a tangent just east of the bridge over the Feed Canal. From there, this new spur or lead could head off at several angles into the eastern reaches of the site and give rise to individual spurs serving new industrial customers. For best results a site plan should be established that would plot and reserve one or more 30-foot wide corridors for future rail tracks to insure that newcomers locating on the Cook property can obtain rail service if desired.

The City of Hermiston does not have a fixed route transit system and likely will not for some time. However, the City can and should work with transit providers within the greater area to maximize options for existing transit and to explore options for expanding transit options. This is particularly important as workers will likely be coming from not just the City of Hermiston but from the many small cities in the area such as Umatilla, Stanfield, Irrigon, and Echo. The City should also work with development interests within the area to implement actions to promote demand management and travel options when possible.

Air service is available in the area. The Hermiston Municipal Airport is very close to the proposed area and provides general aviation service which could accommodate corporate travel and other general aviation. The airport however would not be able to provide any substantial freight capabilities. However, the Pendleton Regional Airport is only located about 30 miles to the east. The Pendleton Regional Airport provides passenger air service and some cargo freight service as well.



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DEQ: No comment

DSL: No comment

RST: No comment

**Statutory Requirements (continued):**

*(III. (2)) (d) Is located in close proximity to major labor markets.*

OBD: The Cook Industrial Area is located within commuting distance of Pendleton, OR, and Kennewick and Richland, WA. The City of Hermiston’s nomination for the RSIA designation indicates that there are 116,000 worker within the 30-minute labor shed which could facilitate the immediate growth of a large scale employer.

DLCD: No comment

ODOT: No comment

DEQ: No comment

DSL: No comment

RST: No comment

**IV. ERRC Adopted Policy:**

*A. The ERRC intends to designate a variety of RSIA's determined to have the most potential for rapid job creation across the state.*

OBDD: The subject area is a large vacant site with access to interstate, ports, and rail. The site is unconstrained by heavy contaminants or wetlands. And the site is zone Heavy Industrial and has access to a labor shed that could facilitate an immediate workforce. This is considered a premier industrial site in the state of Oregon and has a lot of market potential. If the City were to take action to rework the conflicting zoning code, the odds of attracting a large scale industrial employer would be enhanced.

DLCD: No comment

ODOT: No comment





DEQ: No comment

DSL: No comment

RST: For the reasons stated in the application the Regional Solutions Team believes the Cook site has significant potential for rapid job creation. Additionally the City of Hermiston has a proven track record of partnering with businesses that are considering locating within the city and has demonstrated success in attracting industrial development.

## **ERRC Adopted Policy (continued)**

***(IV) B. For each nominated RSIA, ERRC will consider information regarding the purpose of the designation, whether one, two or all the following:***

***a. Preservation***

***i. Protection from land use conversion to other than industrial zone***

***ii. Assurance of compatible neighboring and uses***

***iii. Preservation of assets for best industrial use e.g. transportation access, utilities, site characteristics***

OBDD: Business Oregon supports DLCDs recommendation to the City of Hermiston to amend the zoning code to ensure the protection of conflicting uses. Proposed water and sewer utility improvements will stand to enhance the areas marketability. Industrial Site Certification will also work to attract companies and prospect industrial development.

DLCD: DLCD recommends removing or appropriately restricting commercial zoning before RSIA status.

ODOT:

According to the DLCD field representative in the area, the proposed area currently allows both industrial and commercial development. One of the requirements of the RSIA program is to ensure that the area develops as industrial only. As a condition of designation, the City should be required to modify the zoning to eliminate the commercial zoning potential. This action along with the subsequent RSIA designation will help protect the area from conversion to uses other than industrial.

Industrial uses in this proposed area does not appear to be incompatible with surrounding land uses.

DEQ: No comment



DSL: No comment

RST: Because the site is currently certified in the Industrial Lands Program, is surrounded by industrial development, and the city is actively marketing the site for industrial use, the Regional Solutions Team believes the industrial nature of the site is preserved.

**ERRC Adopted Policy (continued)**

***((IV) B.) b. Investment***

***i. Implementing a strategy of improvements for priority locations***

***ii. Targeting job growth in an area***

OBDD: City is investing \$1.25 million in redundant water and sewer to serve the site. A major employer has invested over \$70 million in improvements abutting the site. This site is an active industrial area and is on track for rapid employment growth.

DLCD: DLCD recommends removing or appropriately restricting commercial zoning before RSIA status.

ODOT: No comment

DEQ: No comment

DSL: No comment

RST: The Cook Industrial Area is the city's top priority for attracting food processing, and other high water using industries. The city has committed to a \$2.4 million water line extension to serve an industrial user adjacent the Cook site and has plans to extend additional water capacity as opportunity allows. The Regional Solutions Team believes a RSIA designation will assist the city in obtaining additional infrastructure investment needed to attract industrial users to this site.

**ERRC Adopted Policy (continued)**

***((IV) B.) c. Marketing Advantage***

***i. Assuring attention for certified sites***

***ii. Complimenting cooperation and partnership of local and state government***

OBDD: The Cook Industrial Certified Site has actively sought recertification with Business Oregon. The City of Hermiston and partners continue to promote economic



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development to ensure that support for business recruitment and expansion opportunities are maximized throughout the region and work well with local businesses.

DLCD: No comment

ODOT: No comment

DEQ: No comment

DSL: No comment

RST: The Tri-Cities, Washington, just 30 miles to the north, continues to experience strong economic and population growth. The Cook site represents a highly marketable industrial site option in the region that can create jobs in Oregon. The Regional Solutions Team believes a RSIA designation will elevate the marketability of the site and allow the City of Hermiston to more actively partner with federal, state, and local partners to attract development.

## V. Other Comments

OBDD: No comment

DLCD: The dual zoning can inhibit industrial users with risk of encroachment and inflated land values.

ODOT: No comment

DEQ: No comment

DSL: No comment

RST: For the reasons stated above and in the application the Cook site is well position for industrial development. A RSIA designation will help this site attract development and bring needed jobs to the region and the state.