



Economic Recovery Review Council

Malheur County Regionally Significant Industrial Area: Staff Analysis

I. Executive Summary

The Malheur County Regional Industrial Area’s nomination for Regionally Significant Industrial Area (RSIA) designation was submitted, June 4, 2014 by Malheur County Economic Development. It included a narrative in support of the nomination, a cover letter, and three appendices, including: A) area maps; B) zoning maps; and C) comprehensive planning maps. In accordance with Oregon Senate Bill 766, nomination for a RSIA is submitted to the Economic Recovery Review Council (ERRC) for review and designation. The full RSIA nomination is viewable at: <http://www.orinfrastructure.org/Infrastructure-Programs/Industrial-Development/RSIA/nominations/MalheurCoApp.pdf>

This nomination is for a cumulative 931.16 acres of industrially zoned land, spanning seven sites in three cities in Malheur County. The industrial sites are located in the cities of Ontario, Vale, and Nyssa. One of the seven sites is an Oregon Industrial Certified site (the Wada Industrial site). The nomination’s subject area is composed of number of large industrial lots, ranging in zoning from business park to heavy industrial (two of the of the seven sites are greater than 200 acres, five are greater than 100 acres, and all are more than 70 acres in lot size). The subject area’s sites are located near I-84, accessible by major highways (four of the seven sites are located within four miles of I-84). Most sites are served by rail (five of the seven sites are on a main-line or short-line). There are three airports in the region and many of the sites are near airports, accommodating both freight and civilian air travel (five out of the seven sites are in close proximity an airport). Many of the site have development and business incentives associated with them (presently, four out of the seven site are within an Oregon Enterprise Zone). And all of the sites in the subject are served by their respective cities; the nomination suggesting that where utilities aren’t active, there is political will and the capacity to enhance the utilities for the purpose of industrial development.

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, as well as the need for protection from conversion to non-industrial uses and the prioritization of public and private investments of infrastructure, as follows:

- The subject area is spanning three cities and includes seven large industrial sites that lead to intermodal freight routes.



- The subject area is near three airports and near highways and interstates that lead to intermodal freight opportunities, which are a significant logistical attraction for many types of industrial end-users.
- The subject area stands to serve as an industrial-based labor hub for the entire county, pulling from labor pools in nearby Boise, Idaho.
- The subject area is composed mostly of sites over 100 acres, with just a two under the 100 acres size. Protecting this large lot inventory from conversion will provide certainty of the region's commitment to industrial employers and site selectors.
- The sites in the subject area are vacant, flat, zoned industrial, and served by city utilities; making them excellent candidates for immediate development with respect to both business attraction and expansion opportunities.
- The subject area presently has one site in the Oregon Industrial Site Certification program, and has the opportunity to apply for certification for a number of the other sites.
- The subject area has many sites with Enterprise/ Electronic Zones. Enterprise Zones in Oregon are proven tools to enhance the chance of site development and living wages.
- Most of the subject area's sites are served by all utilities needed to attract an industrial end-user, and plans to enhance capacity for electrical and water, which appear to be under consideration for those that are not presently connected.
- Treasure Valley Community College is willing to partner with employer to increase and diversify the talent and skill levels in the region.

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

- The subject area is lacking available infrastructure to many of the sites, including sewer, water, and rail extensions – which are require investment and time.
- Some of the sites in the subject area appear not to be in an Enterprise Zone, Enterprise Zones are an excellent tool for business attraction as well as expansion.
- There is only one Oregon Industrial Certified Site in the area. Approaching some of the other sites in the subject area with the goal of showing market readiness through the Decision Ready or Certification process would enhance the chances of development.
- Wetland mitigation protocols have been considered by DSL because sufficient wetland determinations were not address. It is highly recommended that documentation of the wetlands become available for prospect employers and developers.
- Environmental assessments on the property were not readily available on some of these properties. It is recommended that the DEQ partner with the property owners and regional government to document the sites developability.



Conclusion of Staff Analysis: Staffs' Recommendation to the ERRC

The Malheur County nomination for RSIA designation offers a strategic advantage to the county and cities in which the subject area conjoins. This area has potential similar to the Port of Morrow in terms of economic development opportunities. There are several developable large acre sites on flat land, exceptional transportation attributes, competitive power rates in the state, strong partnerships between local and state government economic development professionals, and access to the skilled workforce available in the Treasure Valley and Boise, Idaho. Additionally, Treasure Valley Community College is developing a career technical education program to meet the needs of current and future employers.

While a locally lead effort has recently lead to the rezoning for industrial use of many of the site's in this area, longer-term interest in converting lands to non-industrial uses remains a potential concern. The most important outcome of this RSIA designation is to protect the nominated subject area as industrial use and the prioritization of public and private investments in infrastructure. The staff evaluation found that there is appropriate zoning code on all seven sites, containing the expected uses for industrial end-users. Staff recommends that Malheur County work closely with Eastern Regional Solutions Team and implicit regulatory bodies in the coming year to bring these sites to full market readiness with any prepermitting or verification methods possible. Working with Business Oregon to bring some of this sites to Decision Ready standard would be an excellent opportunity to market and assess the sites' individual potential.

OBDD: After review of the application, Business Oregon department staff recommends approval of the Malheur County nomination for RSIA designation. However, being that many of the sites were recently redzoned and are part of recent economic development initiative, staff encourages local government to work closely with the Department of Environmental Quality to ensure that sites are adequately studied and accessible in the DEQ database for future development prospect. Furthermore, staff recommends the county work with the Department of State Lands and Army Corps of Engineers (as necessary) with regard to necessary jurisdictional wetland determinations and documenting proposed mitigation and/or permitting processes.

DLCD: Recommend approval.

ODOT: No comment

DEQ: No comment

DSL: No comment

RST: Approval of the application.



II. Site Description/Summary:

OBDD: The subject area consists of 931.16 acres and 26 tax lots, spanning over three cities. The sites are flat and well positioned for industrial employers of many trades, particularly food processing, which is a mature regional industry in Malheur County. The vibrant Port of Marrow and thriving labor pool of Boise, Id, nearby will ensure that most employers relocating or expanding in the areas will become operational quickly.

DLCD: The Department of State Lands strongly recommends that property owners obtain a wetland/waterway jurisdictional determination from the Department prior to development

ODOT: No comment

DEQ: No comment

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. These sites could logistically facilitate large employers that would provide a significant economic impact to the region.

DLCD: All sites are planned and zoned for industrial development. The original application contained some errors that have been corrected. Recent amendments to urban growth boundaries in Ontario, Vale and Nyssa have all been acknowledged without appeal.

ODOT: No comment

DEQ: No comment



DSL: No comment

RST: All proposed sites in the area are planned and zoned for industrial use, are well suited for industrial development, and can provide significant additional employment in the region.

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 subject area is located near a large employment base in a neighboring state and is linked by highways, interstates, rail lines, and airports, which will allow the sites to facilitate major employment hubs as well as a distribution hubs. The area’s connectivity and access to intermodal freight and large, flat, sites are highly marketable.

DLCD: No comment

ODOT: No comment

DEQ: No comment

DSL: No comment

RST: This area’s number of large acre sites, transportation network, workforce availability, and competitive power rates are unique within the region.

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

OBDD: The subject area has access to ports, interstates, rail, and airports. Highway and interstate connections as well as being located near a major port industry has positioned these cities well for business attraction.

DLCD: No comment

ODOT:



Wada Site:

- OR201 North is an access controlled facility and designated as an expressway.
- No direct access to OR201 will be allowed between SW 4th Ave and NW 4th Ave.
- Depending on trips generated and type of use, improvements of the intersections at SW 4th Ave and NW 4th Ave may be required.

Stelling Site:

- OR201 North is an access controlled facility and designated as an Expressway.
- No direct access to OR201 will be allowed.
- Depending on trips generated and type of use, improvements of the intersections at NW 4th Ave may be required.

Treasure 200 Site:

- Depending on trips generated and type of use, improvements of the intersections with OR201 at SW 18th Ave and Railroad Ave may be required.

Vale East Site:

- Depending on trips generated and type of use, improvements of the intersections with US26 at Lagoon Dr or other access road may be required.

Vale West Site:

- New direct access to US20 or Vale West Highways will be subject to ODOT Access Rules in effect at the time of development.
- Depending on trips generated and type of use, improvements at existing access points to US20 or Vale West Highway may be required.

Nyssa North Site:

- New direct access to US20 will be subject to ODOT Access Rules in effect at the time of development.
- Depending on trips generated and type of use, improvements at existing access points to US20 may be required.

Several of the proposed sites have direct or very close access to rail. However, only the sites adjacent to the Oregon Eastern Shortline Railroad would likely have rail service. The shortline would have access to the Malheur rail terminal for transfer to the UP mainline facility which is a great asset to provide quality rail service. However, properties adjacent to the mainline likely would not get direct service. It is recommended that the County work with ODOT Rail Division to develop strategies to bolster rail opportunities to these sites where possible.



The proposed sites also have good access to both the Ontario Airport, but even more importantly to the Boise Airport. Boise would likely provide a good level of freight service that could benefit developments in the area.

There is not regular fixed route transit options available to potential commuters in the vicinity of these sites. The County should be encouraged to consider developing a system in the future to provide workers travel options to these sites and potential future jobs. One model that could be considered is the Community Connections program located in Baker, Union, and Umatilla Counties.

DEQ: No comment

DSL: No comment

RST: The area has exceptional rail, highway, and airport facilities.

Statutory Requirements (continued):

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

OBDD: Each of the sites in the subject area can pull from neighboring cities to create a robust workforce for a variety of industries. Cities such as Boise, Id and Ontario within reasonable commuting distance.

DLCD: No comment

ODOT: No comment

DEQ: No comment

DSL: No comment

RST: The area has easy access to the significant labor market of the Treasure Valley and Boise, Idaho.

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 composed of the large industrial sites; is centrally located between labor pools; and, has few known constraints to development at this time. The nomination is an appropriate candidate for RSIA designation.

DLCD: No comment

ODOT: No comment

DEQ: No comment

DSL: No comment

RST: Due to transportation facilities, access to workforce, competitive power rates, and state and local economic development partnership, this area has potential for significant rapid job creation.

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: Department Staff supports the nomination in the effort to secure these sites as for industrial sanctuary.

DLCD: No comment

ODOT: No comment

DEQ: If the anticipated industrial uses include DEQ-regulated air emissions, waste treatment or disposal, or wastewater or hazardous or solid waste disposition, then setbacks from neighboring properties may be required (to address odors, fugitive emissions, etc.), and environmental regulatory permits would likely be required.

DSL: No comment



RST: Although recent local efforts lead to the identification and rezoning of many of the sites in the area, longer-term interest in converting the land to non-industrial uses is a potential concern.

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: The nomination shows the city and county governments are joined in an effort to provide a regional approach to industrial lands and economic development in Malheur County. Each site has been reviewed for its strengths and weakness, identifying logistical needs for utilities or other constraints.

DLCD: No comment

ODOT: No comment

DEQ: No comment

DSL: No comment

RST: While Ontario, Nyssa, and Vale have put significant efforts and resources into identifying and rezoning land for industrial use, the area still requires significant infrastructure investment, primarily in sewer, water, and rail extensions in order to maximize its job creation potential.

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 nomination is the product of a close collaboration with local, regional, and state agencies. The designation is encouraged politically on a regionally level and in each cities. While only one site is presently certified, it is anticipated that many of these sites will pursue Decision Ready designation soon after RSIA designation. Business Oregon staff has worked closely with the partners in this region on economic development strategies over the course of



the past two years, the region is motivated to work on the marketing for and development of its industrial employment base.

DLCD: No comment

ODOT: No comment

DEQ: No comment

DSL: No comment

RST: The Regional Solutions Team, Malheur County, and Ontario, Vale, and Nyssa have developed a significant and productive collaborative partnership over the last three years. A RSIA designation will strengthen existing relationships among these partners. Additionally a RSIA designation will bring additional attention and marketing advantage to all the sites within the area.

V. Other Comments

OBDD: No comment

DLCD: No comment

ODOT: No comment

DEQ: V. Other Comments - DEQ has generally not evaluated these sites for the presence of hazardous materials or regulated wastes that could pose liabilities for future owners or operators. Such materials seem unlikely in much of the un-developed areas. However the North Nyssa site appears to be adjacent to an old solid waste landfill (ECSI #2064). Such sites can be problematic to build on or near (odors, gases, subsidence, etc). A DEQ clean-up program report from roughly ten years ago states that any new drinking water wells near the site should be tested for contamination and “dermal contact with contaminated soil is a potential threat to trespassers.” That said, exposure would be minimized if the City of Nyssa carried out its plan to cap the site. The report further states that if the site were capped, DEQ “... does not believe that any additional actions will be needed to protect human health and the environment.”

DSL: No comment



RST: Over the past several years the Regional Solutions Team, Malheur County, Treasure Valley Community College, and the cities of Ontario, Nyssa, and Vale have worked hard to create an environment conducive to economic growth. These collective efforts combined with a RSIA designation for the sites included in the proposed area and the area's other competitive advantages offer the potential for significant economic growth and job creation within the proposed area. For these reasons and the reasons presented above the Regional Solutions Team Strongly supports approval of this application.