



January 13, 2015

Portland Planning and Sustainability Commission
1900 SW 4th Avenue, Suite 7100
Portland, OR 97201

Re: Terminal 6 Environmental Overlay Zone Boundary and Code Amendment

Dear Portland Planning and Sustainability Commission:

On behalf of Schnitzer Steel Industries, I submit the following comments for your consideration. Schnitzer owns and operates an approximately 101 acre port and related metals recycling facility at 12005 N. Burgard Way, which is located on the north reach of the Willamette River. Schnitzer has closely followed the City of Portland's land use regulation activities, particularly as they relate to Portland's working harbor. Headquartered in Portland since 1906, Schnitzer has a vested interest in promoting and protecting the economic viability of the working harbor in support of the regional community and the economy of Oregon.

The purpose of this testimony is to support the proposed text amendment to allow the transport of propane through the ezone to the Columbia River via a mode other than rail or truck. The proposed use of this redevelopment site for a propane export facility is consistent with the City's heavy industrial zoning and maximizes (1) use of, (2) investment related to and (3) job creation on an otherwise constrained parcel of marine industrial property.

We urge the City to act quickly so that Pembina will invest in our community. Schnitzer is one of the longest term industrial users in the Portland harbor that is an advocate for adequate industrial land supply for harbor businesses, and as such through this testimony we also intend to provide context for how T6 is viewed in the market and how it can further the City's identified need for harbor land.

This decision marks a critical juncture for the City. Approving the text amendment to allow piping which enables Pembina's project to move forward will send a positive message that industrial jobs matter to the City -- that the jobs of nearly 40,000 working waterfront employees are worth preserving and expanding. This project hits all the marks and goals set in City planning documents -- it will intensify use at an existing industrial site, it will provide high paying jobs, it is private investment with no public subsidy, and the product it is transporting is an Oregon Clean Fuels Program fuel. Development of vacant sites is preferable to leaving them to sit idle, especially when the proposed project meets the City's stated goals for development. Furthermore, were this project and the related piping proposed on the nearby Willamette River, there would be no need for a hearing because the code would allow for the transport mechanism.

The proposed amendment will clarify City intentions across the working waterfront and provide consistency and certainty for future development, which is key to investment by existing companies, as well as attracting new economic development.

Harbor Access Land and the EOA

As the City updates its EOA and comprehensive plan, sites like T6 provide an opportunity to close the gap in the City's currently deficient harbor industrial land supply.

The Pembina site is an infill site in an already developed terminal facility area. The site, about 50 acres, is narrow and bounded by water and existing rail tracks. As detailed below, due to these physical constraints, no direct job generating use was anticipated for this portion of Terminal 6. As a result, the jobs and substantial capital investment proposed by Pembina are a net addition for the City and a benefit to the community

The Highest and Best Use of T6, Given Its Physical Constraints

For those of you who have not toured the site, it is a long narrow tract of land off Suttle Road, bounded by a double-track rail line on one side and the Columbia River on the other side. In the past, this site has been used by the Port for auto storage and dredge dewatering. While these uses are important for the functioning of harbor-based industries, they yielded few jobs.

From a market perspective, given the configuration of the site and proximity of the rail line to the river, other non-storage uses of this site are unlikely. And high density per acre job creation is even less likely.

As observed by Eco Northwest in the Portland Harbor: Industrial land supply study –

“typical measures of efficiency of land use include employment, real market value, and built space. Harbor industrial development tends to have low floor–area ratios (FAR) and a relatively low number of jobs per acre. Thus typical measures of efficiency would all tend to improve if industrial land was converted to commercial¹ uses. But industrial lands in general and harbor lands specifically... are clearly important pieces of the regional economy. “

Industrial harbor lands typically provide a diversity of jobs with low barriers to entry, middle income wages, have large multiplier benefits (about 3 to 1), tend to rely heavily on local small and medium size companies for raw materials, supplies, contracted services and equipment² and serve an important transportation function in the overall gathering and distribution of cargo from points of origin throughout North America to international markets. While there is some demand for manufacturing uses on marine industrial sites, such as barge and ship fabrication, the majority of the demand relates to the import, export and

¹ Industrial wages tend to be higher on average than commercial and retail

² Economic Linkages from Marine Industrial Businesses, One Northwest Consulting LLC

distribution of cargo. This demand has been deliberately fostered through decades of public and private investment in the transportation system, including the river navigation channels, rail road network and interstate highway system, in the amount of several billion dollars.

A site's size, configuration and access to infrastructure are critical to the feasibility of the development. A harbor site can work well for one type of cargo due to size, landside transport access, channel depth and overall economic, while at the same time not working well at all for another type of cargo. Site size, location, landside access and economics are all considerations.

Not only is this heavy industrial site appropriate for an energy storage and transport facility, but the site it is appropriately isolated from residential uses (over 1.3 miles from the nearest residential area).

I urge your timely action in adopting the housekeeping code amendment and supporting significant investment in the community.

Sincerely,

A handwritten signature in black ink that reads "Jennifer Hudson". The signature is fluid and cursive, with a long horizontal stroke at the end.

Jennifer Hudson
Associate Counsel
Governmental and Public Affairs Manager