

Allison J. Reynolds
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971-634-0205

November 6, 2015

Via email (steve.kountz@portlandoregon.gov)

City of Portland
Bureau of Planning and Sustainability Commissioners
1900 SW 4th Avenue, Ste. 7100
Portland, OR 97201
Attn: Steve Kountz

Re: Zone Change from General Industrial to General Employment

Dear Commissioners,

Our office represents ScanlanKemperBard Companies, LLC ("SKB"), which is under contract to purchase the former PECO Manufacturing headquarters site, located at 4644 and 4784 SE 17th Avenue (the "Property"). We previously submitted testimony on the September 2015 Employment Zoning Project Proposed Draft (the "Proposed Draft"), attached to this letter as Exhibit A, and would like to submit the following additional comments on behalf of SKB. As discussed in our previous letter, the Property can better maximize the City's investment in the adjacent MAX Orange Line through flexibility to develop maker space or other "employment" type uses that do not fit within the City's current definition of "industrial" use. SKB requests that the Planning and Sustainability Commission change the Property's zoning to General Employment (EG1) to allow this redevelopment.

SKB has also requested that the City Council change the Property's Comprehensive Plan map designation to Mixed Employment (ME) which is consistent with EG1 zoning. SKB's correspondence to the City Council is attached to this letter as Exhibit B. This request was made directly to the City Council, rather than to this Commission, because SKB had not solidified its interest in the Property until September 2015, after this Commission finished accepting public testimony on the 2035 Comprehensive Plan.

The Property is located kitty-corner from an EG1 zoned site, and near a large number of employment and commercially zoned properties north and east of 17th Avenue, as shown on the attached Figure 1. There are already adequate public services at the Property to serve employment uses. The new MAX Orange Line runs along the eastern side of the Property and the new SE 17th & Holgate Station is approximately 500 feet away.

At the October 27, 2015 Planning and Sustainability Commission hearing on the Proposed Draft, Commissioners discussed the competing needs to balance the City's supply of industrial land with the City's investment in the new light rail line along 17th Avenue. The Property showcases this tension. The Property is located between land west of 18th Avenue that has a direct connection to Union Pacific's Brooklyn Yard and is suitable for industrial purposes and land east of 17th Avenue which is zoned for commercial and employment use and served by the new Orange Line. The Property itself is zoned for general industrial use, but is not well served by rail infrastructure and was recently abandoned as traditional industrial space by PECO Manufacturing. The Property will be better able to maximize the

City's investment in the adjacent Orange Line with EG1 zoning, and will still be compatible with more traditional industrial uses to the west.

The employment zones are intended to form a transition area between more traditional industrial uses and lighter uses such as commercial and housing. The Proposed Draft's changes to the employment zones strengthens the transitional role of these zones by eliminating housing, further limiting retail sales and service, and allowing more office use. SKB supports these changes, and they make EG1 zoning even more appropriate for the Property. Redevelopment of the Property with employment-focused maker uses is compatible with nearby industrial uses and will maximize the City's investment in the new light rail line.

City Staff has suggested that redevelopment of the Property could address some of the industrial infrastructure needs. Such a redevelopment would be difficult on a small, narrow site like the Property and would necessitate removal of the existing structures, which are not well-designed for heavier industrial use and ultimately led to PECO Manufacturing's relocation to Clackamas County. Additionally, the Property houses the historic 1928 Iron Foreman Manufacturing Company building, listed as a Rank II resource on the City's Historic Resources Inventory and eligible for listing on the National Register of Historic Places. SKB intends to undertake a comprehensive interior renovation of this historic building and restore the building's exterior to preserve its historic character. This would not be possible with a full redevelopment for traditional industrial use. A lighter industrial use, such as maker space, is compatible with the building's current orientation and preserves this valuable historic resource. A zone change to EG1 is required to develop the Property as maker space, which is severely limited under the Property's current industrial zoning.

In conclusion, SKB request a zone change to EG1 in order to redevelop the Property with employment—focused uses. A zone change to EG1 is consistent with adjacent properties zoned for employment and commercial use, maximizes the City's investment in the adjacent Max Orange Line and stations, and will allow redevelopment of the Property to preserves an important historic structure.

Best regards,

RADLER WHITE PARKS & ALEXANDER LLP



Allison J. Reynolds

Attachments:

Figure 1: Current Zoning

Exhibit A: October 27, 2015 Letter to Planning & Sustainability Commissioners

Exhibit B: November 6, 2015 Letter to City Council

cc: John Olivier, SKB
Todd Gooding, SKB
Alex Boettger, SKB

Figure 1

Current Zoning

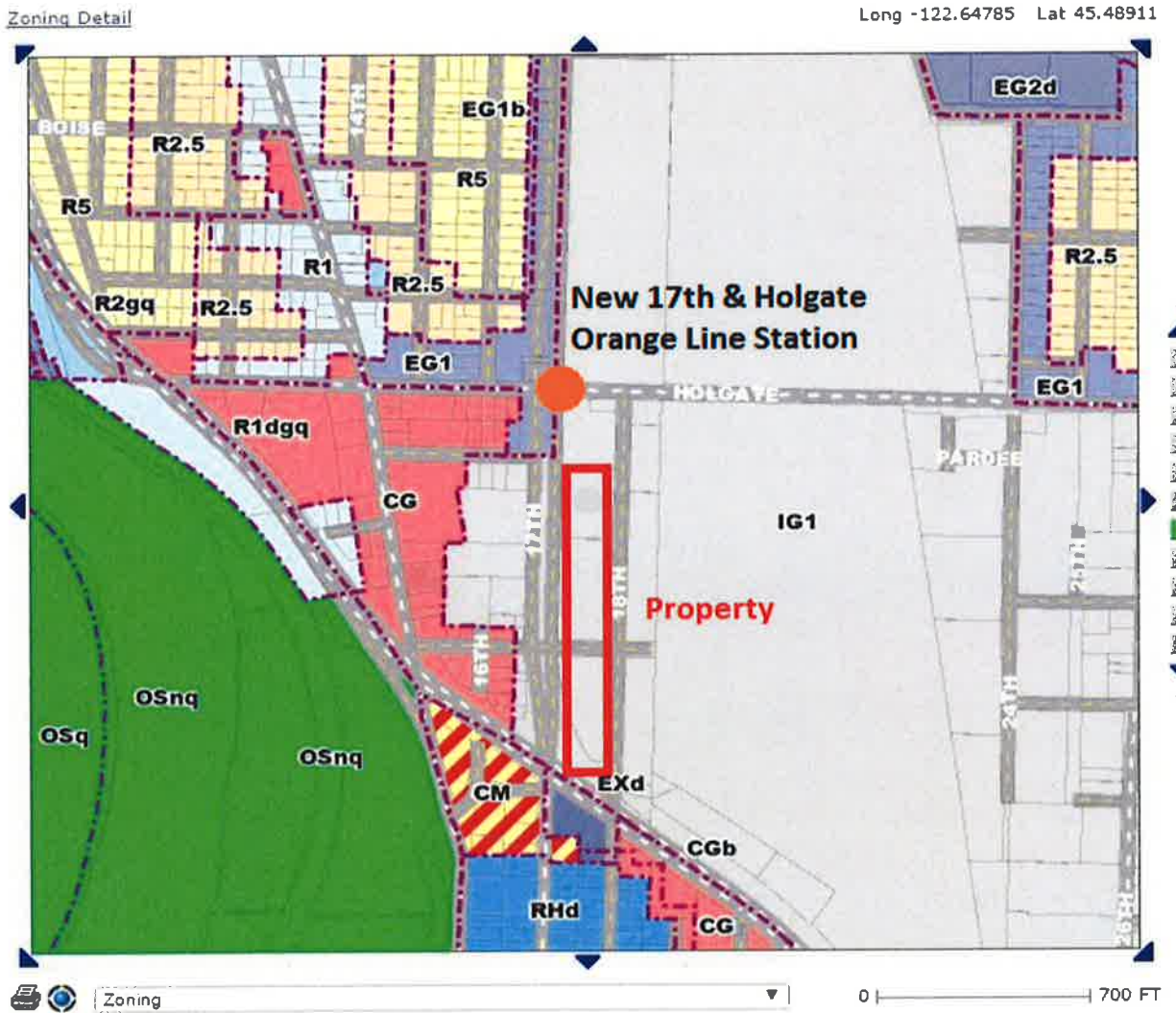


EXHIBIT A

Allison J. Reynolds
areynolds@radlerwhite.com
 971-634-0205

October 27, 2015

Via email (steve.kountz@portlandoregon.gov)

City of Portland
 Bureau of Planning and Sustainability Commissioners
 1900 SW 4th Avenue, Ste. 7100
 Portland, OR 97201
 Attn: Steve Kountz

Re: Comments on Employment Zoning Project – Proposed Draft

Dear Commissioners,

Our office represents ScanlanKemperBard Companies, LLC (“SKB”), which is under contract to purchase the former PECO Manufacturing headquarters site, located at 4644 and 4784 SE 17th Avenue (the “Property”). We have reviewed the September 2015 Employment Zoning Project Proposed Draft (the “Proposed Draft”) and would like to submit the following comments on behalf of SKB. The Property is poorly served by industrial infrastructure and can better maximize the City’s investment in the adjacent MAX Orange Line through flexibility to develop maker space or other “employment” type uses that do not fit within the City’s current definition of “industrial” use. SKB requests that the Planning and Sustainability Commission preserve development flexibility at the Property by removing it from the proposed Prime Industrial Overlay Zone.

The Proposed Draft implements Comprehensive Plan Policy 6.39, to “protect the multimodal freight-hub industrial districts at the Portland Harbor, Columbia Corridor and Brooklyn Yard as prime industrial land that is prioritized for long-term protection,” by creating a new Prime Industrial Overlay Zone. This Comprehensive Plan Policy implements DLCC Goal 9, which defines Prime Industrial Lands as those that “have necessary access to transportation and freight infrastructure, including, but not limited to, rail, ... multimodal freight or transshipment facilities and major transportation routes.” To protect this prime industrial land, the new Overlay Zone prohibits quasi-judicial (applicant-initiated) Comprehensive Plan map changes. SKB supports the City’s efforts to protect prime industrial land, but requests that the Property, which is not well served by industrial infrastructure and is better suited to uses in the City’s “employment” category (such as maker space), be removed from this Overlay Zone.

The Property is a small site located on SE 17th Avenue and forms the very western edge of the proposed Prime Industrial Overlay Zone. A diagram of the area showing the Property is attached to this letter. While the Property is near Brooklyn Yard and has proximity to rail lines, these are located across 18th Street and provide no direct access to the Property. Even if a rail connection was established, the Property does not have adequate space for rail loading or storage. Furthermore, local transportation infrastructure, such as smaller streets and the Property’s relatively small size, is not conducive for access by and circulation of larger trucks typically required by large industrial users. This is unlikely to change, as the attached TriMet Fact Sheet regarding the SE 17th Avenue Corridor indicates that improvements for freight access between Brooklyn Yard and McLaughlin Boulevard will be located at SE Harold Street in order to specifically *reduce* truck volumes at 17th & Shiller, the intersection that bisects the Property.

111 SW COLUMBIA STREET SUITE 1100 PORTLAND, OREGON 97201 P 971 634 0200 F 971 634 0222

The Property also lacks proximity to a major interstate, such as I-84 or I-5. While Highway 99E may have been a major truck route at one time, industrial users now often try to locate near major interstates instead. Over time, these factors and the Property's outdated infrastructure made the Property an increasingly poor choice for traditional industrial and manufacturing operations. This recently led PECO Manufacturing to abandon the Property as its manufacturing base and headquarters office in favor of a site in Clackamas County.

While the Prime Industrial Overlay Zone does not specifically prohibit employment-focused uses, it does prohibit quasi-judicial Comprehensive Plan map changes, even from designations of IS (compatible with the industrial zones) to ME (compatible with the employment zones). The Property is currently zoned IG1, with an IS Comprehensive Plan designation. Changes to these designations, even to an employment zone, would be prohibited under the Overlay Zone. SKB desires to maintain the flexibility to change its Comprehensive Plan and zoning designation to allow a wider variety of "employment" uses to satisfy demonstrated market demand in the area, and leverage the City's significant investment in the MAX Orange Line.

SKB intends to develop the Property as maker space, but is constrained by the City's current use definitions, which treat some industrial operations as "office" uses and severely restrict these in the industrial zones outside of the Employment Opportunity Subarea ("EOS"). Because of these limits, SKB may need to change the Property's zoning to an employment zone allow for these lighter industrial uses at the Property.

The Portland City Code provides examples for the use categories that highlight these confusing distinctions. The Code considers printing, publishing and lithography, production of artwork and photofinishing laboratories "industrial service" uses and these are allowed in industrial zones. However, graphic and industrial design are considered "industrial office" uses (under the office category) and severely limited in the industrial zones outside of the EOS. Similarly, *medical* laboratories are considered an industrial office use, while *research and development* laboratories are considered manufacturing and production use (allowed in industrial zones). Recording studios and movie production facilities are a manufacturing and production use, while video and radio broadcasting are an industrial office use. The industrial office uses are allowed without limit under the Proposed Draft's changes to the EG zones. Office use is also allowed as an accessory use in the industrial zones, but the City has historically required that the office portion of the use be *smaller* than the industrial use, not merely secondary in value generation or function. This requirement creates a problem for modern industrial and "maker" users who, due to advancing technology, require less production square footage and more office space for their operations. The Code's confusing distinctions between industrial and employment uses make it difficult for Portland's emerging industrial and maker users to locate on industrial-zoned land like the Property.

The Property is located along 17th Avenue along the new MAX Orange Line and adjacent to the SE 17th & Holgate MAX Station. SKB intends to maximize the City's investment in the new light rail line by developing the Property with industrial employment-focused uses that are compatible with nearby industrial uses. The Proposed Draft extends the EOS to all IG1-zoned properties in the Central Eastside Sub-District, located north of the Property. The EOS allows more flexibility for office use as well as industrial use on IG1 land and the Proposed Draft finds that this flexibility will not have an impact on the industrial land supply. However, the EOS is not proposed to cover the Property or other land along the Orange Line and near the new MAX stations. Therefore, in order to preserve flexibility at the Property

City of Portland
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for modern industrial and employment uses, a zone change and Comprehensive Plan map amendment may be needed. SKB asks that the Property be removed from the Prime Industrial Overlay Zone in order to preserve this flexibility.

In conclusion, because the Property is on the edge of the new Prime Industrial Overlay Zone, is not well served by rail, major truck routes, or other industrial infrastructure, and will better maximize the City's investment in the new MAX Orange Line and stations through flexibility to develop industrial and employment-focused uses, SKB requests that the Property be removed from the proposed Prime Industrial Overlay Zone.

Best regards,

RADLER WHITE PARKS & ALEXANDER LLP



Allison J. Reynolds

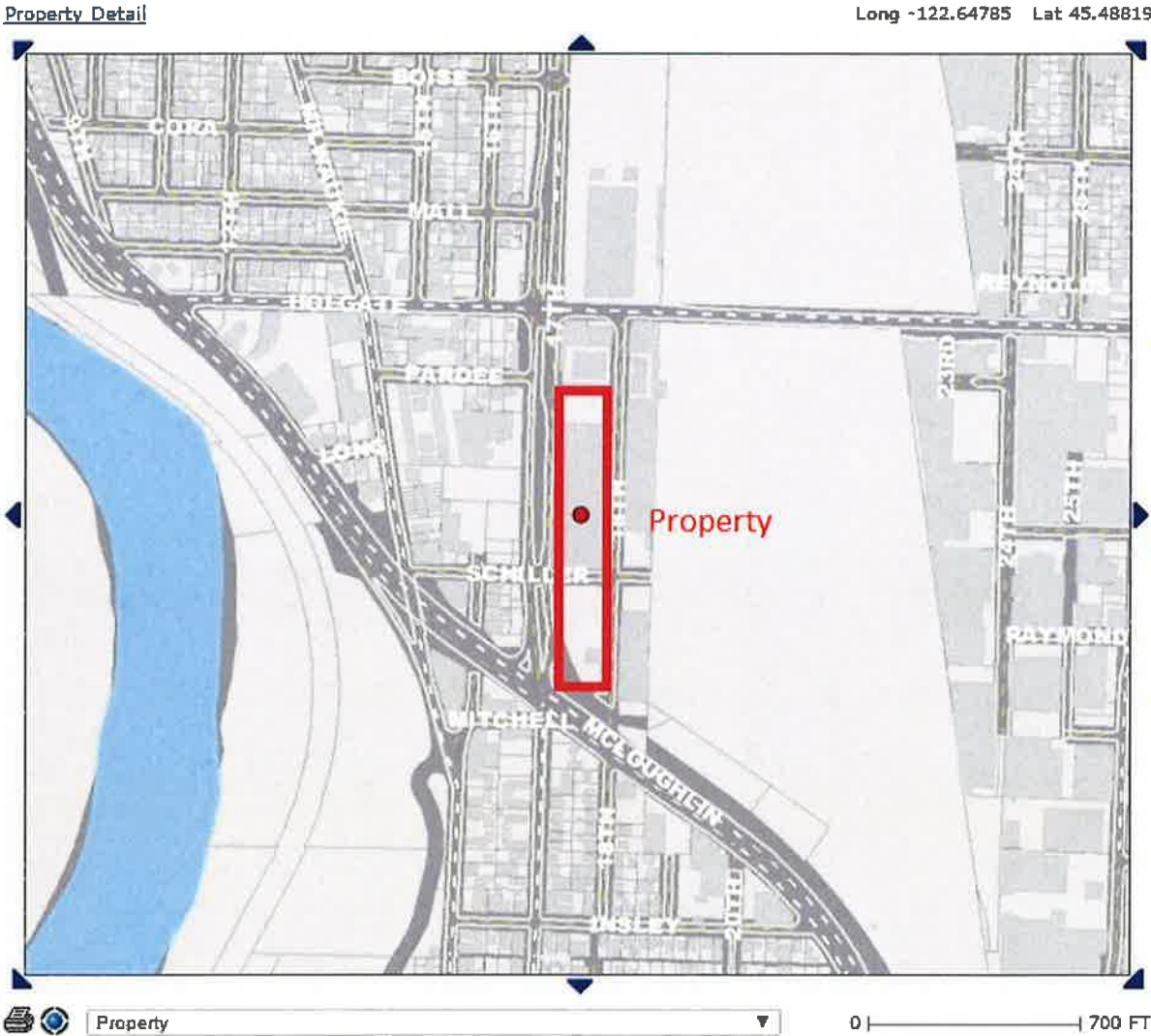
Attachments:

Property Diagram

TriMet Fact Sheet: SE 17th Avenue Corridor

cc: John Olivier, SKB
Todd Gooding, SKB
Alex Boettger, SKB

Property Diagram



TriMet Fact Sheet: SE 17th Avenue Corridor



SE 17th Avenue Corridor: Holgate Boulevard and Rhine Street station areas

Transforming the corridor from gray to green

SE 17th Avenue is a seam through this district that divides the Brooklyn neighborhood's residential and commercial properties to the west from the industrial activities to the east. The two new stations and related improvements on the avenue are designed to soften the transition between residential and industrial uses, honor the historic Brooklyn neighborhood and improve pedestrian and bicycle access. Infrastructure improvements will support existing industrial businesses while encouraging new neighborhood-oriented uses that can enhance station area activity. The SE 17th Holgate Boulevard and Rhine Street stations will be gateways to the Brooklyn neighborhood and SE 17th Avenue will be transformed into a greener, multimodal transportation corridor.

The light rail alignment through this district crosses SE Powell Boulevard on a new structure and then continues south in the center of a rebuilt SE 17th Avenue. Both station platforms are in a center island configuration.

Pedestrian and bicycle access: The project is making major improvements to create a safe and attractive environment for pedestrians, bus riders and bicyclists in these station areas. The reconstructed 17th Avenue crossing of Powell Boulevard will include a wide multi-use path for pedestrians and cyclists that directly connects the Brooklyn neighborhood to the north side of Powell Boulevard. This



Expanding transit options is essential to the livability and economic vitality of our growing region, which is expected to add one million new residents and nearly 100,000 new jobs within the project corridor by 2030. The Portland-Milwaukie Light Rail Project is integral to the region's strategy to manage growth and build more livable communities. This project is about more than bringing high-capacity transit to under-served communities—it is also about helping communities envision and achieve their aspirations. Combining infrastructure improvements, quality design features and new transit-oriented development along the alignment will connect neighborhoods, encourage walking and cycling, and create engaging public spaces where people want to be.



The project will add bike lanes to SE 17th Avenue to create a safe north-south connection through this area. Rebuilt sidewalks will be 12 feet wide to create a higher quality pedestrian environment.

path will also provide a direct connection from the Rhine Street station to the Clinton Street station via Gideon Street. Bike lanes will be added to SE 17th Avenue to create a safe north-south connection through this area, and sidewalks will be rebuilt with 12 feet in width to create a higher quality pedestrian environment. A new crosswalk will be added on McLoughlin at 17th Avenue.

Improvement vehicular access/roadway improvements: TriMet has conducted traffic and truck access studies to ensure that industrial use remains functional after light rail is introduced to SE 17th Avenue, and left turns and east-west movements are restricted to signalized intersections. The project improvements are designed to accommodate freight routes and truck turning movements based on current industrial and fire response vehicle sizes. Just south of Schiller Street, the light rail alignment transitions from the center of SE 17th Avenue to parallel the east side of McLoughlin Boulevard. A truck egress point will be improved at SE Harold Street to provide freight traffic with direct access to McLoughlin Boulevard from Union Pacific Railroad's (UPRR) Brooklyn Yard, reducing truck volumes at 17th & Schiller.

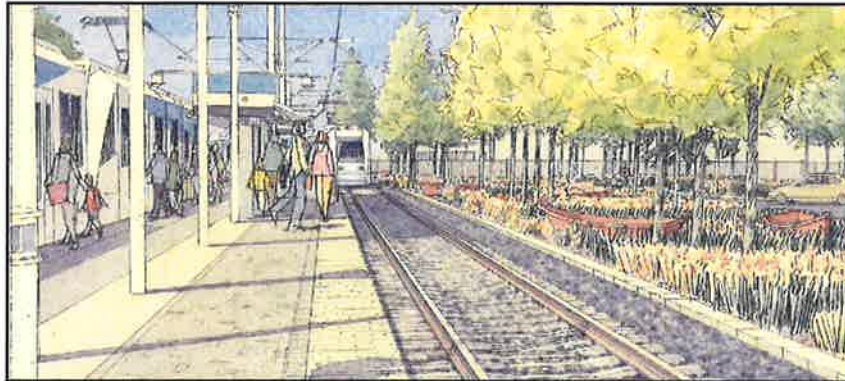
UPRR requires that the light rail line be elevated over this truck egress point.

TriMet's main bus operations center is located at Center Street and 17th Avenue, and the agency has acquired UPRR land behind its Center Street headquarters to replace employee parking being removed along 17th Avenue to allow reconstruction and widening of the avenue.

Right-of-way acquisitions: The project requires right-of-way acquisition of some commercial and light industrial properties along this segment of the alignment, and active relocation support is being provided to sustain these businesses and help keep jobs in the corridor.

Highlights of distinguishing design elements

The overall light rail project is designed to be responsive to the character and aspirations of surrounding neighborhoods, while maintaining a system-wide identity that creates a user-friendly transit experience. A few highlights of distinguishing design elements in the SE 17th Avenue corridor include:



This conceptual image of the SE 17th Ave & Rhine St Station illustrates the visual impact of street trees and public art.

- **Green corridor:** SE 17th Avenue will be transformed from gray to green with an infusion of vegetation that improves water quality and wildlife habitat and provides a signature feature for this corridor. Many new trees and significant stormwater features along the corridor from SE McLoughlin to Powell Boulevard will enhance the streetscape. Additionally, the trackway will have a permeable ballast treatment, which allows rainwater to be absorbed into the ground instead of being forced onto the street and into drains.
- **Public art:** *Passage* is an installation of 38 weathered steel boat sculptures by local artist, Bill Will, that will appear to float in the landscape strips along SE 17th Avenue from Powell Boulevard to SE McLoughlin Boulevard. The work draws on the natural history of “brook land” while celebrating the many green street improvements along this corridor.

Development opportunities

There are numerous redevelopment opportunities along SE 17th Avenue corridor that could help activate the streetscape and support increased transit ridership. Redevelopment opportunities for TriMet-acquired parcels along the SE 17th Avenue

corridor are being explored, including small-scale mixed-uses such as commercial, residential and live/work projects. Further, a proposal is emerging to develop a series of initiatives that improve safety, enhance pedestrian activity and strengthen the character of this mixed-use neighborhood. This “toolkit” could feature initiatives for traffic calming, energy conservation, green streets, improved bicycle access and other community enhancements.

Stay involved

Sign up for project email updates and meeting notices at trimet.org/pm. For more information, call TriMet Community Affairs at 503-962-2150.

Available in other formats:

trimet.org

503-238-7433

TTY 503-238-5811

Para esta información en español, favor llamar al 503-238-7433.

Portland-Milwaukie Light Rail Transit Project is a partnership among:



EXHIBIT B

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November 6, 2015

Via email (cputestimony@portlandoregon.gov)

City of Portland
City Council Members
Council Clerk
1221 SW 4th Avenue, Room 130
Portland, OR 97204

Re: Comprehensive Plan Map Change from Industrial Sanctuary to Mixed
Employment for Former PECO Manufacturing Site

Dear Council Members,

Our office represents ScanlanKemperBard Companies, LLC ("SKB"), which is under contract to purchase the former PECO Manufacturing headquarters site, located at 4644 and 4784 SE 17th Avenue (the "Property"). The Property is currently zoned General Industrial (IG1), but is poorly served by industrial infrastructure and can better maximize the City's investment in the adjacent MAX Orange Line through flexibility to develop maker space or other "employment" type uses that do not fit within the City's current definition of "industrial" use. SKB therefore requests that the City Council preserve development flexibility at the Property by changing its Comprehensive Plan map designation from Industrial Sanctuary (IS) to Mixed Employment (ME).

SKB's purchase of the Property was not solidified until September 2015, after the Planning and Sustainability Commission made its final recommendation to the City Council on the 2035 Comprehensive Plan. Because SKB did not have an interest in the Property prior to the close of public testimony before the Planning and Sustainability Commission, SKB is submitting this request directly to the City Council. SKB has also provided testimony to the Planning and Sustainability Commission requesting a zone change to EG1, which is attached to this letter as Exhibit A.

The Property is located along 17th Avenue along the new MAX Orange Line and approximately 500 feet from the new SE 17th & Holgate MAX Station. As shown on the attached Figure 1, the Property is kitty-corner from an EG1-zoned site which has a Comprehensive Plan designation of ME. Across 17th Street, the majority of properties are zoned for and developed as commercial and employment uses. The Property's proximity to these employment focused zones and location adjacent to a transit station make employment zoning ideal.

SKB intends to develop the Property as maker space, but is constrained by the City's current use definitions, which treat some industrial operations as "office" uses and severely restrict these uses in the Property's industrial zone. Because of these limits, SKB seeks to change the Property's zoning to an employment zone to allow for these lighter industrial uses at the Property

Over time, lack of rail infrastructure and interstate access and the Property's outdated facilities made the Property an increasingly poor choice for traditional industrial and manufacturing operations. This recently led PECO Manufacturing to abandon the Property as its manufacturing base and headquarters office in favor of a site in Clackamas County. The Property houses the historic 1928 Iron Foreman Manufacturing Company building, listed as a Rank II resource on the City's Historic Resources Inventory and eligible for listing on the National Register of Historic Places. SKB intends to undertake a comprehensive interior renovation and exterior restoration of this historic building, which would not be possible with a full redevelopment required for traditional industrial use at the site. A lighter industrial use, such as maker space, is compatible with the building's current orientation and preserves this valuable historic resource.

For the reasons stated above, SKB requests that the City Council change the Property's Comprehensive Plan map designation to Mixed Employment in order to allow a zone change to EG1.

Best regards,

RADLER WHITE PARKS & ALEXANDER LLP



Allison J. Reynolds

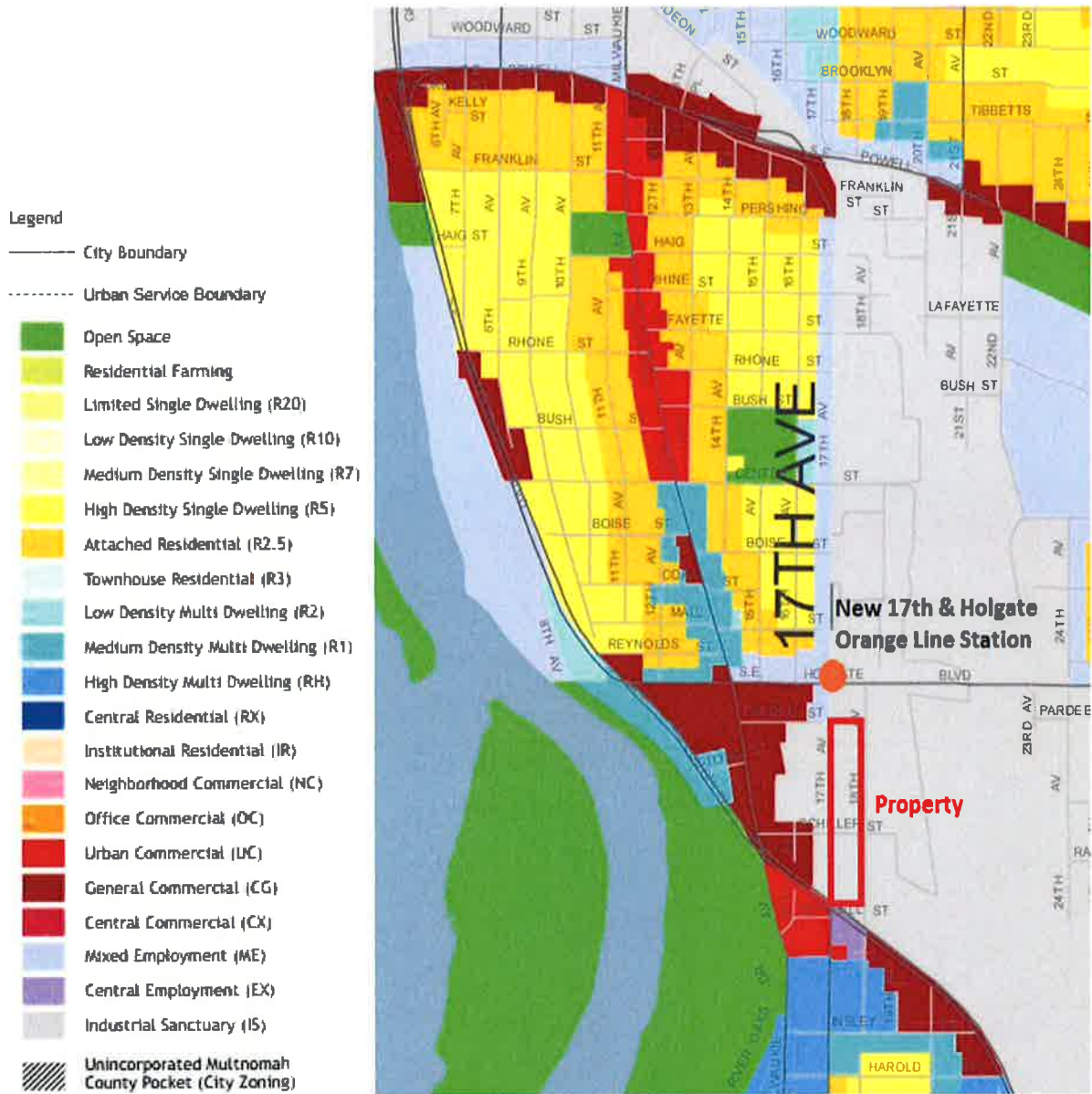
Attachments:

Figure 1: Current Comprehensive Plan Map Designation and Current Zoning
Exhibit A: November 6, 2015 Letter to Planning and Sustainability Commission

cc: John Olivier, SKB
Todd Gooding, SKB
Alex Boettger, SKB

Figure 1

Current Comprehensive Plan Map Designation



Current Zoning

