CWG Meeting #5

January 26, 2024

Attendance:

Sarah Taylor, Rose Longoria, Tonya Hartnett, Corky Collier, Ellen Wax, Steph Routh, Cara Nolan, Benton Strong, Jon Isaacs, Cassie Cohen

Agenda

- Introductions
- Recap of CWG process
- Identify Opportunities to Expand Industrial Capacity
- Identify Other Issues to Address

Notes:

<u>Recap of CWG Process</u>

Tom Armstrong provided an overview of the EOA process – still in the early stages. Also, provided a recap of CWG meetings to date and noted that at the next CWG meeting, we will discuss the Portland Harbor Superfund and tree preservation/protection measures in the Heavy Industrial zone.

- Cassie: EPA is a better representative to talk about the superfund issue; the City of Portland has its own perspective.

<u>Industrial sector overview</u>

- Steve explained:
  - Wholesale trade – businesses that sell goods to retailers or other businesses, not directly to consumers
  - Transportation and Warehousing – transport businesses such as marine, air and trucking, as well as general warehousing
  - Manufacturing - specializations in Portland include
    - Metals and machinery, e.g., Vigor, Evraz, and Daimler Trucks
    - Food processing – many smaller sites, new target industry
    - "Green cities" – clean tech
    - Apparel and outdoor
- Corky – how are industrial jobs changing? Robotics impact. Warehousing packaging.
    - Steve – Manufacturers have increased robotics to improve productivity and stay competitive. Manufacturers used to be more vertically integrated until 70s and 80s, then outsourced to other warehouses and suppliers. Industrial construction in last business was mostly warehouse and distribution construction, which continued in the pandemic. Manufacturing and industrial service construction growth

    - accelerated in the pandemic. Many larger Portland manufacturers include headquarters offices and had mostly office-related job growth.
    - Tom – manufacturing has relatively low job growth due to increased throughput from automation and robotics. Current base is strong.
  - Cassie – Has there been mostly low wage job growth with warehousing?
    - Steve – Median regional wages in the shopfloor manufacturing jobs and transportation/warehousing jobs are close and consistent with other middle-wage occupations in office support and healthcare support.
  - Bob – is Amazon/Prologis-type industry growth what we want?
  - Jeff – what is the density of W&D job growth?
    - Steve – Job density and building density have come down in manufacturing and went up in warehousing with more value-added functions happening within warehouses.
  - Cassie – but those jobs are low wage – need to follow up with wage data

<u>Employment Forecast and BLI Capacity Reconciliation</u> – The initial reconciliation shows a surplus capacity for three geographies (Central City, Neighborhood Commercial, and Institutions). Industrial geography has a 400-acre deficit – which is why we spend so much time discussing what is going on in the industrial areas.

- Capacity
  - Corky – thought capacity for institutional capacity was a lot tighter
    - Tom – zoning changes from last time increased capacity for campus institutions
  - Bob – Shifting jobs out of the industrial area – realignment of where those jobs live?
    - Tom – first we need to see if we can get to a positive net capacity before we have that conversation
    - Benton – sector or physical location?
    - Bob – is it necessary to allocate jobs to riverfront industrial? We are in a theoretical realm, which we have to be, but we need to recognize the difference in quality and importance of different areas/sites/etc.
    - Tom – if it's the larger sites that are most important, we should be focusing our resources there.

<u>Industrial Land Supply Ledger</u> – Tom explained how the accounting works in the EOA. Each policy decision (ezones, floodplain, brownfield mitigation, infrastructure investment) can either positively or negatively impact the industrial capacity. Eventually, the EOA will be a bundle of policy decisions that will determine the available industrial capacity.

- Benton – brownfield & infrastructure – will be very important to understand the dollar figures involved
  - Rose – brownfield, especially active superfund, what is the opportunity/timeline?
    - Tom – Our approach is to separate superfund from other (upland) brownfields. Superfund is mainly about river pollution and cleanup by responsible parties. New industrial businesses are reluctant to invest in sites with that liability. Once liability is allocated for cleanup, the EPA can issue protective purchaser agreements, etc., then

        - businesses may see less risk to invest. Brownfields are more upland, with direct coordination with DEQ, not EPA.
        - Bob – PPAs do not get us where we need to go. What role can the city play in mitigating legal risk? Need to have a more sophisticated discussion. On brownfields, we dropped the ball. Full court press is needed to impress upon the state that economic development success requires brownfield action. Metro brownfield process now defunct.
    - Rose – upland brownfield discussion not always accurate, needs clarification
- Brett – additional open space needs, e.g., sports parks that need to be addressed

<u>Identify Opportunities to Expand Industrial Capacity</u>

Portland has 2,500 acres of vacant and underutilized land in the industrial areas. However, much of that land is “constrained” by physical and regulatory barriers that reduce the development capacity such that we are currently only counting 1,000 acres of capacity. The opportunity is to reduce barriers through programs and investment and realize some portion of that constrained capacity.

- “Claw back”
    - Benton – so unconstrained land is difficult to find?
    - Bob – we don’t talk about brownfield enforcement enough. How do we hold people accountable on some of these sites?
    - Jon – Need the total cost of these programs
- Where are the opportunities?
    - Rose – How do timing parameters of EOA line up with superfund; cleanup extends to 2047 and 2074
        - Tom – one of the things the EOA can do for the superfund discussion at the city level is to demonstrate why it’s important to work towards a resolution/solution, e.g., there are many additional (economic) benefits to doing so.
    - Sarah – think about what industry can look like in the future. Fishing, tourism, etc. Don’t be too rigid about Portland having jobs on smaller acreage.
    - Cassie – how does BPS explain the vision from shifting from a heavy industrial zone to mixed use zone, e.g., Montgomery Park Streetcar project?
        - How can we come up with creative solutions, incentivize micro enterprises, small manufacturing, etc. that are clean energy and sustainable-focused and meet criteria for good paying jobs, climate goals, small sites, etc.?
        - Patricia – the project is converting industrial acreage to higher density mixed-use. A study has been going on for a while utilizing funds from a federal grant plus funds from Metro. Comprehensive Plan has many different objectives, including transit-rich, access to opportunity/amenities, housing production, etc. That area is a close-in neighborhood where relatively low transit investment can open up an area for a mixed-use, TOD that satisfies many Comp Plan goals. The goal for the project is to also generate middle-wage, low-barrier-to-entry jobs.
        - Tom – project area is about 20 acres
    - Bob – Every time an area is upzoned, S Waterfront, Post Office, etc. Every time there is a cost to the environment. Now there is a big deficit that is a block to doing environmental regulations today. Regardless of Prime Industrial Land overlay, we keep chipping away at our

industrial land supply. We also do not get the same benefit/value back whenever industrial is rezoned.
        - Patricia – other big decisions the city can be making, e.g., infrastructure and brownfields
    - Jon – at council we just took high-cost drivers of housing and hit pause to generate housing. Advance Portland plan is the City's EcDev official plan with a climate lens. Prosper identifies industries for future growth, that need lots of land, e.g., clean industry hub concept, green cities. Went to Denmark to see examples, requires lots of land. What do we need to do for these industries to grow? That can be an input.
        - Clear from numbers we have to deal with brownfield. What is the cost? Then how do we address it and look at levers? Incentives, state, federal programs, etc.
    - Benton – Outside of superfund, need to better understand brownfields.
    - Benton – MP: In addition to the 20 acres, the impact on industrial businesses when you add rail – existing businesses cannot have loading docks because of the streetcar rail. Most of the businesses in the MP area are micro businesses. Do not have micro businesses without large industrial businesses. Need to better understand the 'web' that comes from larger businesses. Allows us to better count the jobs due to subcontractors, etc. that support those businesses.
    - Corky – brownfield costs have been looked at. City is not in a good position to do it. State better positioned because of tax income. State would make investment back within 10 years.
        - MP: we're talking about 'what if we could create/incentivize small businesses' – we have that now in NW, but MP will push those businesses out, primarily because of rail.
            - Ellen – if MP small businesses get pushed out, survey results show they will be leaving the city, adding to commute and carbon impact.
- Regulatory reform, permitting
    - Tom – consolidating permitting functions into one agency, fewer discretionary reviews, and faster permitting. Nonconforming upgrades – over time we have established a limit on the cost, scope, etc.
    - Jeff – another thing we are addressing is the differences between city, state, federal regulations
    - Cara – currently working on projects.
        - Process is very time intensive – killed redevelopment of 900k sf old building to 2x 500k sf buildings.
        - Too much ambiguity regarding future requirements and liability, especially related to the river.
        - Potential tenant was going to take 100k sf building to multitenant bldg. – terminated once they understood potential liability.
    - Jon – consolidation of the permitting process is massive. Should replicate the model code/process just done for housing; reducing complexities, etc.
    - Benton – 10 months to get a permit for racking because questions were about the impact on the river.

        - Are people asking about sewer/stormwater? Stormwater rate fee issue –Sticking point was riverfront businesses saying ‘don’t bill us for this because we already foot the bill’
    - Sarah – be aware of income disparities

<u>Identify Other Issues to Address</u>

- Tanya –
    - How will the new regs interface with the tree code and greenway?
    - How do the regs compare with those imposed in the central/south reach
    - How will they impact specific sites and has it been factored into capacity, constitute taking?
    - Getting behind with equity goals, how do we address?
    - How to plan to address ezone and cut/fill reqs w/ individual landowners.
- Benton – how are we trying to expand industrial land capacity when we have so much surplus in other LU sectors?
    - Tom – issue is due to financing; industrial cannot compete with comm/res values.
- Benton – High cost of redeveloping brownfields; explore costs of other strategies
- Bob – industrial community needs to stand up more, e.g., Post Office blocks; clear hierarchy of land use: industrial, commercial, residential. Industrial has to be zoned industrial.
- Corky – haven’t talked much about traded sector; very important to local economy; EX zoning – example in SE. What has happened there? Pros/cons. NW similar. Need to extract value in places where land speculation occurs.
- Steve – conversion… hard to rezone to industrial once it is commercial. Metro toolkit includes easing code requirements that make it easier for users to stay in place.
- Cara – important to put industrial users in an area where they are going to be allowed to do their industry. Residential not good neighbors for industrial. Need to understand industrial ecosystem. Need W&D close to manufacturers regardless of size, including small users.