

4/7/15 Testimony from NAIOP and Capacity Commercial - Mark Childs, Capacity Commercial

My name is Mark Childs, Senior Vice President of Capacity Commercial. I am here representing the Oregon Chapter of NAIOP - the Commercial Real Estate Development Association and myself.

As an industrial broker with over 25 years' experience in the field, I am here to encourage the Portland Planning and Sustainability Commission to approve the environmental zone code amendment and allow Pembina Marine Terminal to locate at Terminal 6.

It is not often that this community has the opportunity to realize \$500 million in investment in the region, and create over 600-800 well-paying construction jobs and 40 jobs that pay an average of \$95,000/year – *all without any public subsidy.*

Based on my independent assessment of the site, I can testify that the development potential of this long, narrow site is very limited.

This heavy industrial site is adjacent to the Columbia River and railroad tracks that serve the Port's marine terminals and Rivergate rail users, and is an ideal site for river- and rail- dependent uses.

While the land is relatively flat, there are significant site constraints that limit the net developable acres to 40 non-contiguous acres and make the site economics not pencil.

Site constraints include:

- Poor access from Suttle Road via an unimproved road approximately a mile in length - no alternate access due to railroad tracks
- Road improvement costs required by significant traffic increases v. rail are estimated at approximately \$5 million
- Non-contiguous, buildable areas and limited building footprints of 40,000 square feet or less due to flood plain, environmental overlays, BPA transmission lines and varying site depths – making modern warehouse/distribution facilities infeasible
- Only a 20% site coverage ratio – typically 40% coverage ratio is needed to be economically viable
- Lack of public street frontage/visibility makes smaller flex type buildings challenging

The estimated value of the improvements required for alternate development of the 40 acres, above the value of the land, would be around \$27,000,000. The economics simply do not pencil with the net developable acres and the aggregated development costs. Assuming development costs and access issues can be overcome, build out for a distribution use would be the most likely market-based development.

The proposed Pembina facility offers the potential for the City to capitalize on the unique combination of rail access, deep-water dock, and a very challenging industrial site to realize the \$500 million investment, \$9 million in annual tax benefit to Portland Public School, City of Portland and Multnomah County, and associated well-paying wage jobs.

Pembina has a reputation as a good neighbor with an excellent safety record. NAIOP and I urge the Portland Planning and Sustainability Commission to support the environmental code amendment to allow the marine-dependent propane terminal opportunity at this property.