

April 14, 2015

Planning and Sustainability Commission
1900 SW Fourth Avenue, Suite 7100
Portland, Oregon 97201

Dear Chair Baugh and Commission Members:

The Portland Business Alliance (Alliance) appreciates the opportunity to comment on the 2015 Economic Opportunities Analysis (EOA). We understand the significance of the EOA in ensuring that there is an adequate supply of employment land to accommodate a variety of job classifications and promote economic prosperity over the next 20 years. We commend Bureau of Planning and Sustainability (BPS) staff for their hard work over the last several months conducting extensive research and technical analysis to guide the future economic direction of our city.

Overall, we appreciate the attempt to accommodate 142,000 new jobs on 3,000 acres of employment land over the next 20 years. We are, however, gravely concerned about a number of unrealistic assumptions that have been made to artificially fulfill the state of Oregon's planning Goal 9 requirements on economic development. In particular, we are concerned about the following:

- 1. The proposal to accommodate a low marine cargo forecast.** The revised EOA assumes a low cargo growth forecast despite recent trends that indicate otherwise in the Columbia River Gateway, including the Portland Harbor. In fact, since 2008 there has been a significant amount of investment and planned investment in the Portland region and lower Columbia River in the amount of \$3.6 billion that does not comport with the low marine cargo growth forecast.

Since the early 1960's, the lower Columbia River Gateway, including the Portland Harbor, have experienced sustained cargo development with an annual growth rate of 3 percent. The recent commodity flow forecast by Cambridge Systematics projects continued growth at 3 percent. The revised EOA projects an annual growth rate of 1.3 percent which is substantially lower and inconsistent with the actual development planned in the harbor.

It should also be noted that the recent decision by Hanjin Shipping Company to end operations out of the Port of Portland's Terminal 6 was not based on a lack of demand and should not be used as rationale for a low marine cargo forecast. The decision, rather, was the result of a labor dispute between the longshoremen and the Port operator ICTSI.

The low marine cargo forecast is not justified by recent market trends nor is it consistent with existing plans that have been approved and adopted by the Planning and Sustainability Commission (PSC) and / or Portland City Council. These plans include but are not limited to the city of Portland's *Economic Development Strategy*, *Portland Plan*, *We Build Green Cities Campaign*, and the *Greater Portland Export Plan*. One of the primary objectives in the city's

Economic Development Strategy is to “grow traded sector jobs through the implementation of a cluster strategy.” Similarly, the *Portland Plan* aims to grow exports and retain Portland’s competitive market access as a West Coast trade gateway. The *We Build Green Cities Initiative*, a program administered by the Portland Development Commission, positions local architecture, design, engineering and planning firms for knowledge-based and product export opportunities by connecting them to foreign markets. It is also a key strategy in our *Greater Portland Export Plan* as part of the *Metropolitan Export Initiative* (MEI). The MEI, an effort of Greater Portland, Inc. assisted by the Brookings Institute, aims to double exports out of the Portland-metro region from 2012 to 2017, from \$21 billion to \$42 billion over the time period. The low marine cargo forecast will hinder achieving the traded sector goals outlined in these recently adopted city plans.

Simply put, the assumption of a low marine cargo forecast is a way around a marine terminal on West Hayden Island and only lowers expectations for economic performance for the Portland-metro region and for the state of Oregon as a whole. As a result, we risk increased income polarization and foregone income tax revenue that could help fund critical public services such as education and law enforcement.

As we have shown in our Value of Jobs reports, 90 percent of Oregon’s exporters are small and medium sized businesses, and export-related jobs pay on average 18 percent more than non-exporting jobs across sectors. In particular, the production of traded-sector goods is still the backbone of Portland-metro’s traded-sector employment. Manufacturing jobs are also found to provide higher wages and better benefits than non-manufacturing jobs, particularly for communities of color and those with less than a four-year college degree. A low marine cargo forecast does not support middle-income job growth or our city’s equity goals.

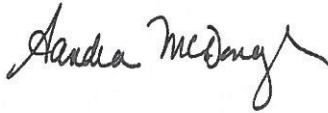
2. **Aspirational brownfield redevelopment.** We understand that the revised EOA assumes that 60 percent of brownfields will convert over the next 20 years. The 60 percent figure is dependent on the ability of the Oregon Legislature to enact and fund legislation and programs, including House Bill 2289 and House Bill 2734. While we support these bills, the city should not rely on pending legislation that is subject to political complexities to meet its Goal 9 requirements. Additionally, brownfields do not often convert to industrial land due to cost burdens and onerous regulations associated with their redevelopment. More often, brownfields convert to mixed-use development that will yield a greater return on investment and should therefore not be overly relied on to fulfill the availability of industrial acreage. Brownfield redevelopment already takes place over a long time horizon and it will be difficult to achieve results within the next 20 years even if legislation is passed.
3. **Aspirational golf course conversion.** We are concerned that the revised EOA relies on golf course conversion to meet its employment land forecasts and in particular, industrial land needs. Golf courses are privately owned and an owner must be willing to sell their property. It is our understanding that the only golf course that has expressed a willingness to sell is the Colwood Golf Course and that the owners of other golf courses that are being counted in the EOA to help meet industrial land acreage have not confirmed an interest to sell. In the case that an owner is willing to sell, there is no guarantee that they will sell to an industrial developer, especially if there is greater profit to be gained for other uses.

4. Shifting administrative jobs out of the Portland harbor. We do not understand the rationale that there will be industrial land intensification as a result of harbor-related businesses moving administrative offices off-site and onto adjacent properties. We do not see an indication that this would occur and to the extent it would, we are unclear how land would be intensified as a result. We request a more thorough analysis and explanation of this assumption.

While we appreciate efforts to meet the shortfall with strategies such as brownfield redevelopment and golf course conversion, these options are aspirational at best and do not reflect market realities. Further, arbitrarily lowering economic expectations in the cargo forecast circumvents the policy discussion we should have about what we envision for our city's economic health. Complying with state land use Goal 9 may be difficult, but manipulating the numbers to make an industrial land shortfall disappear is not the right answer. Because the ability to address employment land needs is based on such assumptions, under no circumstances should policies be adopted in the comprehensive plan that add additional costs and burdens to redevelopment. We urge that the EOA and comprehensive plan reflect market realities in an honest attempt to ensure a prosperous and equitable future for our region's residents.

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink that reads "Sandra McDonough". The signature is written in a cursive, flowing style.

Sandra McDonough
President & CEO

cc: Susan Anderson
Bureau of Planning and Sustainability