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November 6, 2015

1518.001

Andre Baugh, Chair of the Planning and
Sustainability Commission
City of Portland
1900 SW Fourth Avenue, Suite 5000
Portland, Oregon 97204

Planning and Sustainability Commission
Members
City of Portland
1900 SW Fourth Avenue, Suite 5000
Portland, Oregon 97204

Re: ESCO request to be included in the Mixed Employment and new EG zone
designations for its NW Portland property

Dear Mr. Baugh and Planning Commission Members,

ESCO requests your consideration of the following issues as you deliberate on the Bureau of Planning and Sustainability's ("BPS's") proposed amendments to the Mixed Employment Comprehensive Plan designation and the EG implementing zone. ESCO fully supports the BPS proposal.

1. The ESCO area affected by the EZP project comprises only the ESCO ownership shown in green on the attached Exhibit 1 (the "Affected Area"). No other ESCO properties are part of this present EZP proposal. All of the Affected Area already has a current Comprehensive Plan designation of Mixed Employment and a current zone of IG1. The EZP does not change the current Comprehensive Plan designation. Instead it applies one of the Mixed Employment implementing zones to the Affected Area. That implementing zone is EG1.
2. The Affected Area is partially developed with ESCO's corporate headquarters and research and development facility. The remaining area is surface parking lot and could be redeveloped under the EG zone consistent with the EZP proposal.
3. Generally, the current IG1 zone in the Affected Area has no height and no FAR limitation for all of the industrial uses. These industrial uses include corporate headquarters office use, wholesale sales, movie production, catering establishments, breweries, recording studios, printing, publishing and lithography, research and development labs. For traditional office, not related to industrial, the current limit in the IG1 zone is 20,000 square feet or 1:1 FAR. In the Guild's Lake Industrial Sanctuary you can increase this 1:1 for office uses up to 1.85:1 with payment into a transportation fund.

4. The proposed EG zone would limit all uses to a cap of 3:1 FAR and 45 feet in height, prohibit housing and reduce retail uses to under 10,000 square feet. This would mean that for some uses in the current IG1 zone there would be a decrease in density and for office use there would be an increase of, at most, 2:1.

A chart generally summarizing these differences is shown in Exhibit 2. The red shading indicates the uses that are allowed today that would be reduced in density and the green shading indicates uses that would be allowed with the zone change that would be slightly increased in density. On balance, the change to EGI would result in more uses decreasing in density than increasing in density. These offsetting increases and decreases in density for ESCO will only apply in the Affected Area, which is largely already developed with a corporate headquarters and a research and development facility. Based on these limitations, one can draw the reasonable conclusion that the impacts of this change are not significant from an overall density perspective.

What are the transportation impacts?

Exhibit 2 demonstrates that there is very little difference in the trip generation rate between a corporate headquarters office that is allowed in the IG1 zone today with no FAR or height limit and traditional office that would be allowed in the new EG zone at 3:1 and 45 feet under the EZP proposal.

A traditional office that would be allowed in the new EG zone generates 1.49 trips per 1,000 square feet. An office accessory to industrial that is allowed today in the current IG zone generates those same trips: 1.49 trips per 1,000 square feet. A corporate headquarters office allowed in both IG and EG generates 1.41 trips per 1,000 square feet. These numbers are from the ITE manual and based on a study of millions of office and industrial square footage.

Thus, the difference between an office that would be allowed in the new EG zone and an office that would be allowed in the current IG1 zone is either a minimum of 0 or a maximum of .08 trips per 1,000 square feet. To further illustrate the difference we can apply it to a development on a 40,000 square foot block.

A corporate headquarters office that is allowed today on that 40,000 square foot block and is built at 3:1 FAR would comprise 120,000 square feet. At a PM peak hour trip generation rate of 1.41 per 1,000 square feet, that use would generate 169 PM peak hour trips.

Under the new EG zone, a traditional office at 3:1 on that same block would have a PM peak hour trip generation rate of 1.49 per 1,000 square feet and generate 179 PM peak hour trips.

Thus, under this reasonably likely development scenario, the difference in trips between what is allowed today and what would be allowed in the new EG zone in the Affected Area is 10 trips.

These 10 trips do not create a significant impact on the transportation system given that the EZP project also includes some down zonings that will also reduce densities in the corridor.

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We understand NWDA's concerns regarding the ESCO property north of Wilson. We are prepared to have further discussions with NWDA as it relates to those properties, the industrial nature of those properties and the traffic issues associated with those properties. None of those properties are included in the present EZP proposal.

Lastly, there are multiple reasons ESCO is supporting the BPS proposal. First, Portland is and has been ESCO's corporate headquarters for over 100 years. The corporate headquarters is permitted today because it is not the primary use of the site. Under the zoning code, ESCO must maintain a "primary" industrial use on the site to maintain its permitted use status on the site. The foundry is over 100 years old. ESCO is modernizing its operations across the globe. This includes locating foundries closer to the customer to maximize efficiency and to reduce carbon footprints and investing in the leading edge of research and development in the industry.

For these reasons, it is likely that the Vaughn Street foundry will have a change in operations over the short term. When this occurs, ESCO's corporate presence will become nonconforming. The EG zone would cure this nonconformity with no significant impact on the transportation system.

Further, ESCO's leading position in the industry for research and development can attract synergistic companies that through modern engineering technology can work with, and alongside ESCO, to develop even more efficient industry practices. Under the current zoning code, these uses would not be allowed to co-locate with ESCO even though they are very similar to the kind of uses that are permitted in the Industrial zone today. The EG zone allows this synergy, growth and inventiveness. Again this change comes at a benefit to the City with no likely costs to the functionality of the system that serves the ESCO property between Vaughn and Wilson.

There will be no loss of Portland's industrial opportunities. The EG zone is an industrial and employment zone and continues to permit industrial uses such as manufacturing and production, warehouse sales, industrial service, corporate headquarters, accessory office and wholesale sales. And the newly restricted EG zone prohibits housing and reduces retail allowances to 10,000 square feet which is consistent with the GLIS retail limitation.

ESCO continues to support the BPS proposal for the ESCO properties between NW Vaughn and NW Wilson and we appreciate the Planning Commission's consideration of these comments.

Sincerely,



Christe White
On behalf of ESCO, Corp.

cc: Tom Armstrong

EXHIBIT 1

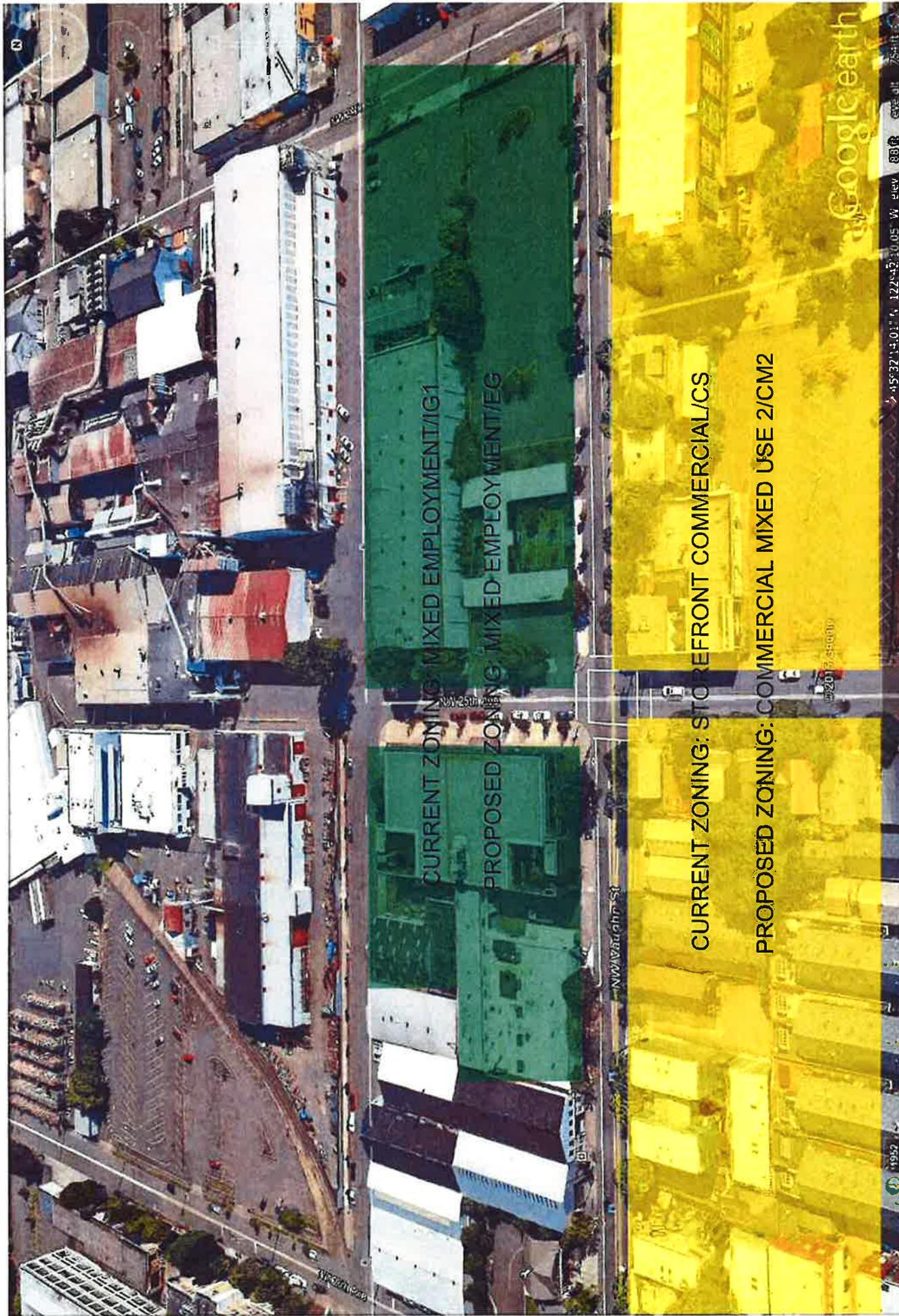


EXHIBIT 2
COMPARISON OF CURRENT IGI AND PROPOSED EG USES AND
DENSITIES ON ESCO SITE WITHIN EZP AREA

	IGI IN GLJS	Proposed EG IN GLJS	Trip Gen. Rate Trips/1,000² PM Peak Hour
Industrial	No FAR or height limit.	3:1 / 45 feet	.97
Corporate Headquarters	No FAR or height limit.	3:1 / 45 feet	1.41
Office Accessory to Industrial Use	No FAR or height limit because considered Industrial use under 33.920.240.D.1	3:1 / 45 feet	1.49
Traditional Office	1:1 or 20,000 square feet with .85 permitted if payment to transportation fund.	3:1 / 45 feet	1.49
Housing	Prohibited	Prohibited	No change
Retail	< 20,000 square feet	< 10,000 square feet, more with an approved adjustment	Less retail allowed outright in new EG zone