



801 NE 21st Avenue
Portland, Oregon 97232
Phone: 503-234-7526
E-Mail: jfrank@sunshinedairyfoods.com
Web: www.sunshinedairyfoods.com

July 8, 2016

Bureau of Planning and Sustainability
City of Portland, Oregon
1900 SW 4th Avenue
Suite 7100
Portland, Oregon 97201

Dear Planning and Sustainability Commissioners:

I am writing in regards to four properties (State ID: 1N2E33BB 2100, 1N1E35AD 1302, 1N1E35AD 1301, 1N1E35AD 2400) currently zoned CG, EXd, EXd, and EXd, respectively. The properties are owned by Karamanos Holdings, Inc. the parent company of Sunshine Dairy Foods. The purpose of this letter is threefold. First, I would like to paint the picture of who Sunshine is and its history. Second, I hope to describe some of Sunshine's relevant strategic plans as they relate to the proposed land use and proposed zoning initiatives in front of this Commission. Third, I would like to provide our recommendation for adjustments to the proposed zoning map.

With that said, Sunshine Dairy Foods was founded in Oregon on May 17, 1935; 81 years ago. Sunshine has continued its storied tradition of producing and serving the highest quality dairy products to local food service customers, food manufacturer partners, retailers and co-packing partners. The company has built its business around producing the highest quality, best tasting, and natural dairy products. Sunshine's products are produced at two separate facilities, both located in Portland, and products are generally distributed out of a leased facility in Clackamas.

With 81 years of history in Portland, Sunshine has become a large local employer and has given back to its community in a number of ways. Sunshine's dedication is to its hundreds of Portland-area consumers, thousands of hours of volunteer work by its employees and owners, tens of thousands of dollars in donated products to local charities and food banks, and community support through over 100 living-wage jobs. The history of Sunshine has helped to craft and solidify Portland's unique spirit.

Sunshine is unique in Portland because we use a cold bowl separation process for our fluid milk products that may take longer, but results in superior products since the milk is only heated at the pasteurization step. The taste is clean and fresh, never over processed. Sunshine's growing number of chefs, café owners, bakeries, hospitals, retailers and consumers who are concerned about the quality and source of their ingredients continue to choose Sunshine.

We have concerns about the proposed zoning changes affecting our properties. Like most, if not all, private businesses, Sunshine is subject to many separate and powerful market influences: Commodity prices for fluid milk, labor markets, macro-economic trends, and consumer tastes and preferences, just to name a few. Historically, the close-in location of Sunshine was a tremendous asset for us and was a major competitive advantage that allowed us to serve our food service customers better than anyone else. As the city grows and the market changes, this value will increasingly be offset by the inconvenience of operating a dairy processing facility within a densely populated area mixed with housing and other commercial enterprises. The surrounding area has grown in intensification with commercial and residential uses. These uses increasingly create conflict with Sunshine dairy's operation. As some point, the area will simply not allow the operation of an employment use in its midst.

Our facilities in Portland handle five to seven tanker trucks of raw milk and 12 or more semi-truck loads of product in and out every day. It is our long-term plan to consolidate facilities and re-locate the operation to a manufacturing and distribution friendly location within Portland. This is not a plan that can be executed within a year or two. It is a long-term plan that will unfold over the course of ten to fifteen years. This will leave the properties vacant and in a condition that is not their highest and best use. In this scenario, the properties will need to be re-developed and converted into neighborhood-consistent developments and not used by another dairy or similar enterprise.

The EXD zoning allows us to operate the dairy and not foreclose the ultimate redevelopment of the site consistent with the surrounding neighborhood.

This location zoned EG1 for the 2035 plan is inconsistent to the newly adopted Portland Comprehensive Plan Goals and Objectives. The Comprehensive plan describes the zone as "typically in a low-rise, flex-space development pattern". "Residential uses are not allowed ... to limit the proximity of residents to truck traffic and other impacts." The development uses surrounding this proposed General Employment zone are commercial and residential uses that will be adversely impacted by a low-rise and truck generating employment use. These surrounding uses also adversely impact the operation of Sunshine dairy and would be the primary reason the dairy is forced out of the site despite the underlying zoning.

The application of general employment at this location is completely inconsistent with the surrounding land use patterns and creates conflicts between the closely proximate zones.

Employment uses need to be in an industrial park, campus, or sanctuary to ensure proximity of compatible uses, synergy between businesses, and the public's ability to provide appropriate and cost effective infra-structure

The location as EG1 violates the Transportation Element as it is located on a secondary neighborhood collector, limited offsite parking, difficult for truck maneuvering, and remotely located from arterials and the interstate system.

The EXd and CM3 allow outright a wide range of residential and retail use. The EG1 zone prohibits residential and limits retail making existing and future similar uses of the property non-conforming or prohibited. The current zoning allows an entitlement of intensity for traffic, sewer, water, and other services. The General Employment changes that service entitlement without any analysis of impact on the subject property or surrounding uses. The property developed as residential has a much

different service impact than a property limited to employment uses. For example, residential uses do not generate truck traffic.

The property owner could request a zone change back to the CM3 (similar to the EXd). The applicant would have to prove that services exist for the change in intensity; services that did exist in 2016 for the property designated EXd. A prudent property owner would immediately request the quasi-judicial zone change in conformance with the Comprehensive Plan before the surrounding growth in intensification consumed all the available services.

The General Employment zone was processed in the Employment/Industrial project not the Commercial/Mixed Use project. The application of an employment zone in the Commercial/Mixed Use project entirely lacks the process of the Employment/Industrial project. The misapplication of the general employment zone is an extremely probable outcome.

Finally, and with all of that in mind, we respectfully request the following changes to the proposed zoning changes. Please, keep in mind that our recommendation is for the three close-in properties: 1N1E35AD 1302, 1N1E35AD 1301, and 1N1E35AD 2400.

- 1) Consistent zoning for all adjacent properties.
- 2) A zone with the same entitlements as the existing EXd zone.

We appreciate your consideration of our request and recommendation. We look forward to your response.

Sincerely,



Jason Frank
Executive Vice President
Karamanos Holdings, Inc.