

**Port of Camas/Washougal East Industrial Park  
Alternatives Analysis Technical Memorandum  
JDW Project VAJDW-08-110**

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**Prepared for:  
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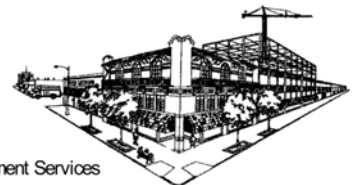


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## **INTRODUCTION**

### **SCOPE OF PROJECT**

The Port of Camas/Washougal retained JD White, a division of BERGER/ABAM Engineers Inc. (JDW), and E.D. Hovee & Company to assist the Port in evaluating whether or not to pursue changing the uses allowed in the vacant portion of the 127-acre East Industrial Park.

- Alternative 1 would retain the current light and heavy industrial zoning.
- Alternative 2 would change the current zoning to allow a wider range of employment uses, such as a business park (defined as a mix of light industrial and office uses) with limited accessory uses such as limited retail and professional services to serve business park tenants.
- The Port is also considering under what conditions it would sell a portion or all of this land.

This memo clarifies and, where possible, quantifies the strengths, weaknesses, and trade-offs associated with the two alternatives under consideration and with a sale of Port property.

### **PROJECT BACKGROUND**

The rezone assessment process began with a market assessment, stakeholder interviews, and a review of existing conditions and policies. This review led to the development of a draft set of guiding principles proposed by the consultant team for consideration by the Port and for public review and comment. The Port adopted the guiding principles during the March 17, 2008 Port Commission meeting. The guiding principles represent a list of desired characteristics for the development of the East Industrial Park.

### **PURPOSE OF MEMORANDUM**

This technical memorandum evaluates the extent to which each alternative is consistent with the guiding principles and therefore with the goals and priorities of the Port and the community. This evaluation was accomplished by identifying metrics (measures) for each guiding principle. A preliminary rating—high, moderate or low—was assigned to each alternative representing the extent to which that alternative was consistent with the metric and, by extension, its related guiding principle.

It is worth noting at this point that the process of defining the metrics and rating the alternatives was a largely qualitative exercise; the metrics and their underlying assumptions are open to discussion. In general, ratings of high, moderate and low are relative (between the two alternatives) rather than absolute measures. This means that if, for example, Alternative 1 was compared with a newly introduced alternative, its rankings might change. JDW's challenge has been to evaluate the alternatives objectively and methodically. Ultimately, it will be up to the Commission, with input from the public, to determine which alternative, or perhaps even a new alternative that draws from the best attributes of the other two, best meets the needs of the Port and the community.

## **ORGANIZATION OF MEMORANDUM**

This technical memorandum has four major sections. The first, this introduction, is followed by an executive summary of the alternatives analysis, which depicts in tabular form the extent to which each alternative is consistent with the guiding principles. Another summary table depicts the extent to which the various considerations for selling Port property are favorable for each alternative (e.g., meets a level of employment of at least seven jobs per acre). The executive summary concludes by recommending a number of potential implementation strategies or next steps. Two appendices follow the executive summary. Appendix A describes in more detail the metrics, assumptions, and rationale used to arrive at the ratings. Appendix A also identifies potential mitigation and implementation strategies that could make an alternative more consistent with one or more of the guiding principles. Appendix B contains the results of the economic impact analysis.

## **EXECUTIVE SUMMARY**

### **GUIDING PRINCIPLES**

The guiding principles that are the basis for the analysis of the alternatives were introduced to the Port Commission during a special meeting/workshop on February 6, 2008. The Port accepted public comments on the draft guiding principles from January 28 through February 26, 2008. On February 20 and March 3, during their regular meetings, the Commissioners discussed the draft guiding principles and added guiding principle 5, which specifies the factors to be considered when deciding whether to sell Port property. On March 17, the Commission approved the following guiding principles:

#### **1. Broader Policy Questions**

Land use conflicts between existing Industrial Park tenants and surrounding land uses (wildlife refuge) and future tenants should be minimized.

#### **2. Previous or In-Process Entitlements**

A change of direction from the currently permitted range of industrial uses to a broader range of business park and commercial uses would need to provide significant economic and public value so that the potential loss of entitlement would be acceptable.

#### **3. Economic Impact**

The economic impacts of a different range of uses must be equal to or more favorable than the economic impact of the range of uses that is currently permitted.

#### **4. Recreational Opportunities & Public Access**

Any new alternative must provide for the continued use of the levee trail and Columbia River waterfront by the public.

## 5. Selling Port Property

The considerations for selling Port property are (1) when the Port determines the sale is advantageous to the community, and (2) the following additional factors are addressed:

- Type of industry
- Meet a level of employment of at least seven jobs per acre
- Level of capitalization
- Environmental responsibility
- Value added to the community
- Diversification to the industrial base
- Leaves the Port with an acceptable inventory of remaining property

### INTERPRETING SUMMARY TABLES

Under Alternative 1, the property would remain zoned for a range of light and heavy industrial development. Under Alternative 2, the property would be rezoned to expand the range of uses to include business park/technical center development with limited accessory uses (i.e., retail and professional services for business park tenants).

Each alternative was assigned a high, moderate, low, or unknown rating for each metric according to its consistency with the metric:

- *High* means that the alternative is very consistent with the metric.
- *Moderate* means the alternative is moderately consistent with metric.
- *Low* means the alternative is less consistent with the metric.
- *Unknown* means that, with the available information, it is not possible to determine the extent to which the alternative is consistent with the metric and guiding principle.

Therefore, the alternative with the greatest number of high or moderate ratings is the most consistent with the guiding principles. Commissioner input will be important in weighing each principle. It is also possible that an alternative that is moderately consistent with the guiding principles could become more consistent through the implementation of mitigation strategies, a possibility that is explored in the conclusion section of the executive summary and the mitigation and implementation strategy sections of Appendices A and B.

Tables 1, 2, and 3 (below) list the guiding principles and their metrics in column 1. In Tables 1 and 3, Columns 2 and 3 reflect the extent to which Alternative 1 and Alternative 2 are consistent with the guiding principles. In Table 2, Column 2 reflects the degree to which Alternative 2 is more economically favorable than Alternative 1.

**ALTERNATIVES ANALYSIS SUMMARY**

**Table 1. Alternatives Analysis Summary**

<b>Guiding Principles and Related Metrics</b>	<b>Alternative 1</b>	<b>Alternative 2</b>
<b>GP 1: Land use conflicts are minimized</b>		
Minimizes land use conflicts with existing Port tenants	High	Low-Moderate
Minimizes land use conflicts with wildlife refuge	Unknown	Unknown
<b>GP 2: Entitlements are maintained</b>		
Likelihood of maintaining entitlements	High	Low-Moderate
<b>GP 3: Economic impact.</b>		
See Table 2 below.		
<b>GP 4: Recreational opportunities and public access</b>		
Provides for continued use of levee trail and waterfront	High	High
<b>GP 5: Selling port property.</b>		
See Table 3 below.		

**Table 2. Economic Impact Summary**

<b>Guiding Principles and Related Metrics</b>	<b>Relative Comparison</b>
<b>GP 3: Economic impact. The economic impacts of a different range of uses must be equal to or more favorable than the economic impact of the range of uses that is currently permitted.</b>	
Land value today	Equal
Land value 20 years from now	Equal
Tax revenue 20-year net present value <sup>1</sup> (NPV)	Alt. 1 is more favorable
Wages 20-year NPV	Alt. 2 is more favorable
Job density 5 years from now	Equal
Job density 20 years from now	Alt. 2 is more favorable

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<sup>1</sup> Net present value (NPV) is a calculation used to estimate the value – or net benefit – over the lifetime of a particular project, often longer-term investments, such as building a new town hall or installing energy efficient appliances. NPV allows decision-makers to compare various alternatives on a similar time scale by converting all options to current dollar figures. A project is deemed acceptable if the net present value is positive over the expected lifetime of the project. The formula for NPV requires knowing the likely amount of time that cash will be invested in the project, the total length of time of the project, the interest rate, and the cash flow at that specific point in time. (Environmental Literacy Council, <http://www.enviroliteracy.org/article.php/1335.html>, accessed April 4, 2008)

## ALTERNATIVES ANALYSIS CONCLUSION

In general, neither alternative was found to be significantly more consistent with the guiding principles and metrics than the other. Alternative 1 appears to be only slightly more consistent with the principles than Alternative 2. Blending the two alternatives with additional performance standards may result in an alternative that is more consistent with the guiding principles than the two alternatives evaluated in this memorandum. (See mitigation and implementation section below for a discussion of potential options.)

- Metrics where alternatives performed equally well:
  - land value today
  - land value 20 years from now
  - job density 5 years from now
  - continued use of levee trail and waterfront
- Metrics where Alternative 1 outperformed Alternative 2:
  - minimizes land use conflicts with existing tenants
  - likelihood of maintaining entitlements
  - tax revenue 20-year NPV
- Metrics where Alternative 2 outperformed Alternative 1:
  - wages 20-year NPV
  - job density 20 years from now
- Alternative 1 better minimizes land use conflicts with existing tenants.
- While Alternative 1 is more likely to maintain entitlements, it is possible that some entitlements could be maintained under Alternative 2 for those portions of the site that are developed for light industrial use.
- Under the economic impact guiding principle, the alternatives were equally consistent with:
  - land value today
  - land value 20 years from now
  - job density 5 years from now
- Alternative 1 was more consistent than Alternative 2 with one economic impact metric:
  - In the case of the tax revenue 20-year NPV metric, while Alternative 2 results in greater tax revenue at full build-out, the long absorption period anticipated for office product at this location means that tax revenue will be much slower to be realized and is therefore of lower value on an NPV calculation.
- Alternative 2 was more consistent than Alternative 1 on two economic impact metrics:
  - wages 20-year NPV
  - job density 20 years from now
- Both alternatives are equally likely to maintain access to the levee trail and waterfront.

## **MITIGATION AND IMPLEMENTATION STRATEGIES**

A key factor in this analysis is the anticipated absorption period of the land under Alternative 2. If a large office user such as a corporate or institutional campus became interested in this site and absorbed office space more quickly than predicted, Alternative 2 could become more consistent with the guiding principles than Alternative 1 by generating more jobs and higher tax revenue. However, the supply of desirable business/office park land in the region makes it unlikely that office product on this site would be absorbed in the near term. The site's relative lack of visibility from SR 14 and the lack of direct and aesthetically pleasing access to it are significant barriers for potential users. Therefore, it may be prudent to consider a third alternative that is more consistent with the guiding principles than the two existing alternatives.

Potential features of a third alternative could include:

- A different mix of uses than identified in the two alternatives, for example, heavy, light, and business park uses as part of an overall master planning process.
- Required mitigation strategies such as performance standards that would include items such as setbacks, buffers, screening, and limits on outdoor storage.
- Performance standards memorialized through sales agreements or master planning processes before the development of a sales agreement.

The Port should consider developing a concept plan that reflects the desired attributes of the site. Major elements of the plan could include location of land uses, critical areas and natural features to be maintained, conceptual street alignments, list of prohibited uses, and required performance standards (possibly including such items as setbacks, buffers, screening, building heights, light, and glare). It may be necessary to prepare an overall master plan to address these issues.

If the Port is interested in further restricting the permitting of certain heavy industries in the event of a land sale, it may be able to record a deed restriction along with the sales agreement that specifies certain restrictions, such as prohibited industries. JDW strongly advises the Port to seek the advice of legal counsel to confirm the feasibility of and specifics for this approach as well as to determine whether the comprehensive scheme needs to be amended in order to implement the East Industrial Park concept plan.

## **SELL OR RETAIN SUMMARY**

Both alternatives are associated with a second tier decision: whether to sell a portion or all of the 127 acres to a private party and under what conditions the Port would do so.

During the process of developing the guiding principles, the Port developed disposition considerations to guide whether and when to dispose of property. Table 3 compares the sales versus retention options based on those considerations.

**Table 3. Sell or Retain Property Summary**

	Alternative 1	Alternative 2
<b>GP 5: Disposition considerations</b>		
Type of industry would be viewed favorably, albeit cautiously, by the Port comprehensive plan	Moderate	High <sup>1</sup>
Meets a level of employment of at least seven jobs per acre	High	High
Encourages capitalized users	Unknown <sup>2</sup>	Unknown <sup>2</sup>
Environmental responsibility	Unknown <sup>3</sup>	Unknown <sup>3</sup>
Diversifies industrial base	High	Low-Moderate
Acceptable inventory of Port property remaining	Unknown <sup>4</sup>	Unknown <sup>4</sup>

<sup>1</sup>The Port's comprehensive plan lists industries that will be permitted cautiously. For example, chemical and fertilizer manufacturing is listed in the comprehensive plan as a cautiously permitted industry.

<sup>2</sup>This measure depends on the level of capital investment that an individual buyer/developer is willing to make, and should be revisited when an offer is made.

<sup>3</sup> Environmental responsibility was not defined by the Port Commission; it could be operationalized by such diverse considerations as minimizing water quality impacts and emissions (fumes and odor) from industry. It is assumed that all businesses under both alternatives would comply with environmental regulations.

<sup>4</sup>The Port will need to determine what constitutes an acceptable level of inventory and how a proposal would affect its inventory.

**SELL OR RETAIN PROPERTY CONCLUSIONS**

This analysis was performed at the conceptual level of detail and focused on two defined sets of land uses. At this conceptual level, there does not appear to be strong support for disposing of the property under either alternative. It is recommended that the Port engage in an additional evaluation of these considerations after the vision for the East Industrial Park has been better defined, and when there is a more detailed proposal (i.e., number of jobs, type of industry, and level of capitalization) from a potential buyer.

Many of the factors the Port used to define its retain/sell decision are best applied to specific property use proposals rather than the two alternatives considered in this memo, which are defined by land use rather than specific tenants. At this stage, therefore, this analysis can only provide limited input into the retain/sell decision and the extent to which each alternative adheres to the Port's guiding principles.

**APPENDIX A:  
METRICS, RATIONALE, POTENTIAL MITIGATION, &  
IMPLEMENTATION STRATEGIES**

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## APPENDIX A

### DESCRIPTION OF METRICS, RATING RATIONALE, & POSSIBLE MITIGATION AND IMPLEMENTATION STRATEGIES

This section provides a more detailed description of the metrics, assumptions, and rationales used to arrive at the ratings for each of the metrics. It also identifies potential mitigation strategies that could make an alternative more consistent with one or more of the guiding principles.

#### **GUIDING PRINCIPLE 1: LAND USE CONFLICTS ARE MINIMIZED**

Land use conflicts between existing Industrial Park tenants and surrounding land uses (refuge) and future tenants should be minimized.

#### **Metric & Rating**

Minimizes conflict with existing Port tenants: **Alternative 1=High, Alternative 2=Low-Moderate.**

This metric focuses on identifying the extent to which each of the alternatives would be compatible with existing Port tenants.

#### ▪ **Assumptions**

The focus on manufacturing, outdoor storage, and warehousing that characterizes the activities of many existing Port tenant businesses reflects the site's heavy industrial zoning and is especially apparent for rail-served tenants. Many existing Port businesses have limited landscaping and screening and their outdoor storage is clearly visible. The heavy industrial nature of the Port is also evident since access to and from the Port occurs through areas developed by heavy industry.

#### ▪ **Rationale for Rating**

Alternative 1 would continue the types of businesses operated by current tenants in the Industrial Park. As such, Alternative 1 would be highly compatible with existing tenants. Alternative 2 is defined as campus-style office and light industrial uses. While not precisely known, it is more likely that future non-industrial uses would take issue with the externalities generated by existing industrial users than would future industrial uses. Externalities associated with some existing Port tenants include noise, fumes, odor, truck traffic, outdoor storage, and limited landscaping and screening, etc. Existing industrial tenants have expressed concern that non-industrial Port tenants will take issue with their current operations practices, which are legal and permitted but may be seen as less than desirable, particularly by non-industrial users.

#### ▪ **Mitigation Strategies**

It may be possible to reduce land use conflicts between existing light industrial tenants and business park development through landscape setbacks and screening; however, heavy

industrial activities may have other unwanted impacts such as noise, dust, and odor associated with their operations.

Employees and visitors to potential future light industrial and business park uses would also view heavy industrial uses when entering and exiting the East Port property. The view could best be mitigated by a new access road to the East Industrial Park; however, a road would likely require crossing wildlife refuge land which may not be possible due to federal ownership, wetland impacts, and construction cost. Existing industrial uses could also be screened; this is also a challenging mitigation strategy, given that egress from the property westward on SR 14 requires touring virtually the entire industrialized area (both south and north of SR 14).

- **Implementation Strategies**

Light industrial or business park uses may need to have significant setbacks and landscaping to buffer them from existing heavy industrial business activities. It should be recognized that heavy industrial business activities may have associated unavoidable impacts and that the indirect impacts associated with shared access are not likely to change. Setbacks can be addressed via a concept plan or master plan that includes some level of design standards, such as setbacks, landscaping, and screening. Development consistent with the concept plan could be made a condition of any future sales agreement to ensure these conditions are met.

### **Metric & Rating**

Minimizes conflicts with wildlife refuge: **Alternative 1=Unknown, Alternative 2=Unknown.**

This metric involves a qualitative and technical assessment of the compatibility of industrial versus business park tenants with the wildlife refuge.

- **Assumptions and Rationale for Rating**

Factors that are typically considered when determining the compatibility of land uses include visual aesthetics, noise, odor, vibration, water, and air impacts. It is beyond the scope of this project to conduct detailed literature reviews to ascertain the degree to which the two alternatives may or may not be compatible with the wildlife refuge. Even if a literature review were completed, it still might not be possible to determine, with any degree of certainty, the extent of the compatibility of the two alternatives.

When a proposed user is known, additional technical studies may be necessary to determine the degree of compatibility and whether potential impacts can be sufficiently mitigated to achieve compatibility. It is understood that the Port would comply with all applicable local, state and federal regulations.

Therefore, the alternatives are rated Unknown at this time.

- **Mitigation and Implementation Strategies**

This measure should be revisited when a user or buyer is identified.

## **GUIDING PRINCIPLE 2: PREVIOUS OR IN-PROCESS ENTITLEMENTS**

A change of direction from the currently permitted range of industrial uses to a broader range of business park and commercial uses would need to provide significant economic and public value so that the potential loss of entitlement would be acceptable.

### **Metric & Rating**

Likelihood of maintaining entitlements: **Alternative 1=High, Alternative 2=Low-Moderate.**

This metric evaluates whether the current entitlements that are vested based on the previously adopted City of Washougal Critical Areas Ordinance can be maintained as well as the anticipated vesting associated with the draft development agreement between the Port and the City.

#### ▪ **Assumptions**

The measure of preserving entitlement is based on the required amount of wetland buffer, the potential mitigation required for wintering waterfowl, the 20-year vesting term of the draft development agreement covering vesting for peak hour trips, and limiting road improvements based on the availability of City water and sewer service.

#### ▪ **Rationale for Rating**

Alternative 1 would preserve all vesting rights, as both heavy and light industrial development may occur with the existing heavy industrial zoning and therefore would result in a High rating. Alternative 2 would require rezoning the site to accommodate campus-style zoning with development standards for business-park-type development. Rezoning all of the property would result in the loss of vesting entitlements related to required wetland buffers and potential mitigation for wintering waterfowl. Rezoning a portion of the property would likely result in the loss of entitlements for the portion of the site being rezoned.

Current vesting rights mean that about 6 acres of property are available for development based on prior wetland buffer standards that would not be available for development under current regulations. Additional land may also be available for development with the current vesting, as development impacts would not need to mitigate for potential wintering water fowl impacts through property setbacks. Rezoning a portion of the property results in a Moderate rating, while rezoning the entire site results in a Low rating because of the loss of entitlements (see mitigation strategies below).

#### ▪ **Mitigation Strategies**

It may be possible to rezone a portion of the property while keeping the remainder under the current heavy industrial zoning without losing entitlements; however, this strategy should be confirmed with City staff.

#### ▪ **Implementation Strategies**

The Port should carefully consider the decision to rezone the property (or a portion of it) in relation to the loss of potential entitlements.

### **GUIDING PRINCIPLE 3: ECONOMIC IMPACT**

See Appendix B.

### **GUIDING PRINCIPLE 4: RECREATIONAL OPPORTUNITIES & PUBLIC ACCESS**

Any new alternative must provide for the continued use of the levee trail and Columbia River waterfront by the public.

#### **Metric & Rating**

Provides for continued use of levee trail and waterfront: **Alternative 1=High, Alternative 2=High.**

This metric reflects whether, as the East Industrial Park develops, the public would continue to be able to access the levee trail and waterfront.

#### ▪ **Assumptions & Rationale for Rating**

Development under either alternative would maintain public access to the levee and to the Columbia River waterfront. Public access is ensured via a land easement granted from the Port to the US Army Corps of Engineers. Therefore, both alternatives were rated High.

#### ▪ **Mitigation Strategies**

No mitigation strategies have been identified because both alternatives maintain public access to the levee trail.

It should be noted that heavier industrial development under Alternative 1 could result in less aesthetically pleasing views from the levee trail; however, neither alternative would restrict public access to the levee. Less aesthetically pleasing views could be mitigated by using screening and landscaping or orienting non-aesthetically pleasing uses (i.e., outdoor storage) away from the levee and toward the interior of the site.

#### ▪ **Implementation Strategies**

Again, the Port could look to the development of a concept plan with specific design standards as a means to ensure that the site develops consistent with this guiding principle.

### **GUIDING PRINCIPLE 5: SELLING PORT PROPERTY**

The considerations for selling Port property are when 1) the Port determines the sale is advantageous to the community, and 2) the following additional factors are addressed:

- Type of industry
- Meet a level of employment of at least seven jobs per acre
- Level of capitalization
- Environmental responsibility
- Value added to the community
- Diversification to the industrial base
- Leaves the Port with an acceptable inventory of remaining property

Each of these factors is addressed below with the exception of value added to the community, which is embedded in the economic and environmental assessment of this report.

### **Metric & Rating**

Type of industry would be viewed favorably, albeit cautiously, by the Port comprehensive plan: **Alternative 1=Moderate, Alternative 2=High.**

The Port's comprehensive plan lists the types of industries that it will be cautious about permitting to locate in the East Industrial Park or on other Port property.<sup>2</sup> This metric rates the likelihood of the undesired industries being permitted to locate at the Port under each alternative. High consistency means it is unlikely that the industry could be permitted under that alternative.

#### ▪ **Assumptions & Rationale for Rating**

It is assumed that most of the industries that the Port would cautiously allow to locate on Port property would be permitted only on land zoned for heavy industry within the City. Since Alternative 1 assumes 50% heavy industrial development and 50% light industrial development, this alternative was rated Moderate, since approximately half of the site could be developed with this type of industry. Alternative 2 assumes no heavy industrial development; therefore, there would be little or no possibility of this type of industry being permitted under Alternative 2. Therefore, Alternative 2 was given a High rating.

#### ▪ **Mitigation Strategies**

If the Port is interested in further restricting the permitting of certain heavy industries in the event of a land sale, it may be able to record a deed restriction along with the sales agreement that specifies certain restrictions, such as prohibited industries. JDW strongly advises the Port to seek the advice of legal counsel to confirm the feasibility of and specifics for this approach.

### **Metric & Rating**

Meets a level of employment of at least seven jobs per acre: **Alternative 1=High, Alternative 2=High.**

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<sup>2</sup> Port of Camas/Washougal, Comprehensive Plan of Harbor Improvements and Industrial Development, adopted February 22, 1999, amended March 27, 2000, August 21, 2000, 3March 26 2001, and July 19, 2004, p. 14.

- a) *Industries having unfavorable economic futures, which include land-intensive aggregate and wood products industries, whose finished products add relatively little value to the raw materials. Special consideration will be given to wood products operations which are not land intensive and whose products are novel with relatively high value added to the resources processed.*
- b) *Industries that are often significantly detrimental to the environment (air, land, or water), among those being chemical and fertilizer manufacturers. Special consideration will be given to those industries which would take measures to correct or mitigate the adverse environmental consequences of their operations.*
- c) *Industries which have the potential for accidents, such as explosion or release of toxic fumes and chemicals that would be hazardous to the public.*

This metric evaluates employment density. The Port has set its goal at seven jobs per acre for the East Industrial Park.

▪ **Assumptions & Rationale for Rating**

Job density can be generalized by land use. While industrial uses typically involve lower job densities than office and other commercial employment, the target job density of seven jobs per acre was established for industrial uses and has been achieved in various industrial settings. Both alternatives are very likely to achieve this minimum target at build out (see Appendix B: Economic Analysis). It important to keep in mind that some industries may result in fewer than seven jobs per acre, so the question of job density will need to be reviewed at the time that a particular user or purchaser is being considered.

A consideration not captured by this metric, but related and worth noting, is the relative absorption period of the land under the industrial (Alternative 1) versus the business park/office (Alternative 2) option. While Alternative 2 would yield a greater number of jobs (1,917 versus 681 for Alternative 1) at build out, the absorption period under Alternative 2 (35 years) is much longer than for Alternative 1 (14 years).

▪ **Implementation Strategies**

The Port should consider each potential user or buyer carefully in light of the job density anticipated. The Port may also consider making job density targets a condition of the sales agreement with a recorded deed restriction.

**Metric & Rating**

Encourages capitalized users: **Alternative 1=Unknown, Alternative 2=Unknown.**

This measure tests the level of capital investment that an individual buyer or user is willing to make on the site. A highly capitalized user is assumed to be able to make larger capital investments, as in buildings and infrastructure.

▪ **Assumptions & Rationale for Rating**

The level of capital investment is assumed to depend on the individual buyer or user and cannot be generalized to the type of land use (i.e., heavy industry versus business park). Therefore, the alternatives are rated Unknown at this time.

▪ **Implementation Strategies**

This measure should be revisited when a user or buyer is identified.

**Metric & Rating**

Environmental responsibility: **Alternative 1=Unknown, Alternative 2=Unknown.**

▪ **Assumptions & Rationale for Rating**

Environmental responsibility was not defined by the Port Commission; it could be operationalized by such diverse considerations as minimizing water quality impacts and emissions (fumes and odor) from industry. Therefore, it was rated as unknown.

It is assumed that all businesses under both alternatives would comply with environmental regulations.

### **Metric & Rating**

Diversifies industrial base: **Alternative 1=High, Alternative 2=Low-Moderate.**

This measure looks at the extent to which the alternatives contribute to the diversification of the industrial base of the community. It should be noted that this factor specifies diversification of the industrial base and not the employment base.

- **Assumptions & Rationale for Rating**

Alternative 1 assumes a mix of light and heavy industrial development and has therefore been rated High. Alternative 2 assumes a mix of light industrial development, business/office, and ancillary commercial development. A potential buyer developing land under the current land use designation would likely be contributing to further diversification of the industrial base, although this measure is somewhat user-specific as diversification implies an increase in the breadth of industries represented, not just an increase in the number of businesses or employees. A buyer developing under the land use assumptions of Alternative 2 would be limiting the diversification of the industrial base because a significant portion of the site would be dedicated to non-industrial uses. Therefore, Alternative 2 has been rated Low-Moderate.

- **Mitigation Strategies**

Alternative 2 could achieve a higher rating if the portion of the site dedicated to business/office park uses is further reduced as a percentage of the overall site, or if certain businesses (such as technology parks) that incorporate manufacturing functions were targeted.

### **Metric & Rating**

Leaves the Port with an acceptable inventory of remaining property: **Alternative 1=Unknown, Alternative 2=Unknown.**

This measure considers the Port's total land holdings.

- **Assumptions & Rationale for Rating**

Because the Port will need to determine what constitutes an acceptable level of inventory and how a specific proposal would affect its inventory, no rating is provided at this time.

- **Implementation Strategies**

It may be useful for the Port to set some goals around the type of inventory and level of development readiness it would like to have in its inventory. If there were well-defined inventory and acquisition goals, less time would be required for the Port to evaluate a purchase offer adequately.

**APPENDIX B:  
ECONOMIC IMPACT**

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## **ECONOMIC IMPACT**

Guiding principle 3 states, “the economic impacts of a different range of uses must be equal to or more favorable than the economic impact of the range of uses that are currently permitted.”

### **LAND VALUE TODAY**

The two alternatives are equivalent because under both alternatives, the market would value the land in the near term as industrial, typically the lowest value among land uses. Area brokers concur that rezoning land for a use that may be ahead of the market will not result in increased land value. Current land value is estimated at \$4.60 per square foot according to Port staff.

### **LAND VALUE 20 YEARS**

The two alternatives are equivalent, because it is expected that within 20 years vacant, rail-served heavy industrial land (Alternative 1) will be even scarcer than it is today, and that Washougal’s office market will be more established, with the office components of the business park approximately 60% built out.

### **TAX REVENUE 20-YEAR NET PRESENT VALUE (NPV)**

Tax revenue upon build out is very similar for both alternatives. This reflects a (relatively) similar cost of construction and estimated property value and relatively similar total lease revenue and tax from business sales.

Under both alternatives, all or a portion of the land could be sold and therefore subject to property tax rather than leasehold tax (paid by private tenants of property in public ownership). Both alternatives actually net 24%-40% more tax revenue to the City under a leasehold scenario, because of both the fewer number of taxing jurisdictions between which leasehold tax is distributed and a 12.84% leasehold rate versus a 9.89% property tax rate. Total annual estimated tax revenue for the City would be about \$700,000 versus \$800,000 respectively; Alternative 2 is about 15% higher. Alternative 1 is considered more favorable than Alternative 2, however, because the tax potential is realized much sooner due to the stronger market for Washougal industrial land. When time to realize this revenue is taken into account, the net present value of this tax stream over 20 years increases to \$8.1 million for Alternative 1 but only \$3.3 million for Alternative 2.

- **Mitigation Strategy**

Attach job and development density requirements to any land sale or lease agreement

### **WAGES 20-YEAR NPV**

Total wage potential is higher with Alternative 2, given the higher job densities associated with office development (resulting in an estimated 875 jobs for Alternative 1 and close to 2,000 jobs for Alternative 2). However, the office jobs associated with Alternative 2 will take much longer to realize due to the anticipated slow absorption period for Washougal office product. These two factors in part balance one another out; over a 20-year horizon, the net present value of total

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wages (with multiplier wages included) is \$213 versus \$294 million for alternatives 1 and 2 respectively (a 28% difference). Alternative 2 thus ranks more favorable than Alternative 1.

**Table 4. Land Value and Revenues**

	Status Quo	Employment Zoning	Comments
<b>Land Value 2008</b>			
Per square foot	\$4.60	\$4.60	
Estimated total	\$19,490,000	\$15,800,000	Varies due to net buildable square footage
Current industrial land rent rate	\$0.13	\$0.13	Annual per SF, current for Port tenants
Current building rent rates per SF	\$0.55/\$1.15 monthly	\$21.5 annual	warehouse/office space (Port tenants) vs. Washougal new office construction
<b>Development Program</b>			
Building square footage	1,229,000	1,086,800	At project build-out
<b>One Time Tax &amp; Fee Revenue</b>			
<b>Sales Tax on Construction</b>			
Tax Rate / \$1 gross contract amount	1.000%	1.000%	Shows City only (1.0%), excludes C-Tran/Justice (0.6%)
Construction contract	\$101,393,000	\$112,433,000	
Estimated Sales Tax	\$1,010,000	\$1,120,000	
<b>Ongoing Tax Revenue</b>			
<b>Property Tax</b>			
Total property tax rate / \$1,000	\$9.89094	\$9.89094	2008 levy rates
City portion	\$2.80150	\$2.80150	2008 levy rates
Leasehold rate	12.84%	12.84%	Of rent for public property rented to private party
City portion	31.33%	31.33%	
Increased property valuation	\$112,320,000	\$130,360,000	Planned investment minus land value
Associated property tax	\$1,111,000	\$1,289,383	If Port sells all land
Portion to city	\$314,700	\$365,200	28% of total property tax
Approximate rent revenue	\$10,091,319	\$13,270,140	
Associated leasehold tax	\$1,295,725	\$1,703,886	If Port retains all land
Portion to city	\$405,994	\$533,884	31% of total leasehold tax
Most likely sell/retain split	\$360,347	\$365,200	Port retains 50% of land under Alt 1, 0% under Alt 2
<b>Utilities Tax</b>			
Tax rate (% of billing)	6.0%	6.0%	Electric 6%, natural gas 4%, telephone 6%
Typical commercial usage (per SF)	\$1.13	\$1.13	Commercial expense ratio per GSF, per Jantzen Killian
Gross annual billing	\$1,388,770	\$1,228,084	Usage and billing is a conservative estimate
Estimated utility taxes	\$83,326	\$73,685	
<b>Sales Tax from On-Site Purchases</b>			
Tax rate (City Share)	1.000%	1.000%	Shows City only (1.0%), excludes C-Tran/Justice (0.6%)
Gross annual on-site sales	\$0	\$12,933,000	Community commercial @ conservative \$300/sf, 47% taxable
Estimated sales tax	\$0	\$60,785	
<b>Sales Tax from Office Businesses</b>			
Tax rate (city share)	1.000%	1.000%	Local rate includes City (1.0%) + C-Tran/Justice (0.6%)
Industrial employment	681	276	
Annual taxable sales for industrial businesses	\$18,730,000	\$7,590,000	Assume \$550,000 revenue per job @ 5% taxable
Annual tax revenue	\$187,300	\$75,900	
Commercial employment	-	1,545	
Annual taxable sales for commercial businesses	\$0	\$18,390,600	Assume \$85,000 revenue per job @ 14% taxable
Annual tax revenue	\$0	\$183,906	
Total taxable sales	\$187,300	\$259,806	
<b>Estimated Total Annual Taxes</b>			
City of Washougal	\$630,973	\$759,476	
<b>Net Present Value (NPV)</b>			
City of Washougal	\$7,300,000	\$3,190,000	One time + ongoing revenues over 20 years
Discount Rate Applied	6.0%		Reflects varying build out periods

**Table 5. Number of Employees**

	Status Quo	Business Park	Comments
<b>Land Acres</b>			
Within City of Washougal	78.4	78.4	
Within UGA but outside city	43.8	43.8	
Total gross	122.2	122.2	
Wetlands & buffers	7.8	29.5	Total of 31; status quo assumes 75% reduction (fill), employment zoning assumes 5%
Subtotal	114.5	92.8	
Infrastructure deduction	17.2	13.9	Estimated at 15%
Developable	97.3	78.8	Excludes infrastructure and wetlands
<b>Land Use Mix</b>			
Office	-	45%	
Retail	-	5%	
Light industrial	50%	50%	
Heavy industrial	50%	-	
<b>Building SF</b>			
Office	-	540,900	FAR of 0.35
Retail	-	47,900	FAR of 0.22
Light industrial	614,500	498,000	FAR of 0.24 (reflects blend of leased & sold land)
Heavy industrial	614,500	-	FAR of 0.24 (reflects blend of leased & sold land)
Total	1,229,000	1,086,800	
<b>Employees</b>			
Office	-	1,545	Based on 0.35 FAR & 350 SF per employee
Retail	-	96	Based on 0.24 FAR & 500 SF per employee
Light industrial users	340	276	Based on 7 employees per net acre
Heavy industrial users	340	-	Based on 7 employees per net acre
Total	681	1,917	

**Table 6. Wages**

	Status Quo	Business Park	Comments
<b>Average Wage</b>			
Office		\$43,500	Clark County 1Q07 weighted average for finance, real estate, professional & technical & administrative & support services
Retail		\$26,400	Clark County 1Q07 retail trade
Light industrial users	\$51,000	\$51,000	Weighted average for wood products, petroleum, fabricated metal, electrical equipment manufacturing, wholesale trade & transportation & warehousing
Heavy industrial users	\$51,000	\$51,000	Same as light industrial
<b>Total Annual Wages</b>			
Office	-	\$67,226,000	Average wage x number of jobs
Retail	-	\$2,529,000	Average wage x number of jobs
Light industrial	\$17,365,000	\$14,072,000	Average wage x number of jobs
Heavy industrial	\$17,365,000	-	Average wage x number of jobs
Total	\$34,730,000	\$83,827,000	2007 Dollars, total build out
<b>Multiplier Impact - jobs</b>			
Office	-	2,426	Office jobs multiplier is 1.57
Retail	-	129	Retail jobs multiplier is 1.35
Light industrial users	603	488	Industrial-flex jobs multiplier is 1.77
Heavy industrial users	705	-	Industrial jobs multiplier is 2.07
Total	1,307	3,044	Total jobs on site and with multiplier impact
<b>Multiplier Impact - wages</b>			
Office	-	\$104,873,000	Office wages multiplier is 1.56
Retail	-	\$3,844,000	Retail wages multiplier is 1.52
Light industrial users	\$26,048,000	\$21,108,000	Industrial-flex wages multiplier is 1.5
Heavy industrial users	\$29,173,000	-	Industrial wages multiplier is 1.68
Total	\$55,221,000	\$129,825,000	Total wages on site and with multiplier impact
<b>Absorption Rate Estimate - Building SF</b>			
Office & retail	-	16,660	7% capture of 238,000 sf countywide office absorption (equal to population share of Camas Washougal)
Light industrial users	87,800	23,500	BP = 5% capture of 470,000 sf per year countywide (East Ridge Experience). Status quo = 20% of county market
Heavy industrial users	122,900	-	5 years due to pent up demand and lack of competitive inventory
Total annual absorption	210,700	40,160	Annually
<b>Absorption Period</b>			
Office & Retail	-	35	Years
Light industrial users	14	21	Years
Heavy industrial users	5	-	Years
<b>Net Present Value - Wages with multipliers, 20 year horizon</b>			
Office	-	\$234,149,000	Reflects the time value of money: wages realized in later
Retail	-	\$8,582,000	years is discounted according to an 8% discount rate.
Light industrial users	\$146,814,000	\$51,513,000	
Heavy industrial users	\$66,311,000	-	
Total	\$213,125,000	\$294,244,000	Based on absorption period & 8% discount rate

**JOB DENSITY 5 YEARS**

This measure reflects the impact of absorption on job density. According to the absorption period estimated in the table above, within 5 years Alternative 1 will generate roughly 450 jobs versus 300 for Alternative 2. As a density measure, this translates to 4.7 jobs per developable

acre for Alternative 1 and 3.8 for Alternative 2. This is not viewed as a material difference between the two alternatives and they are, therefore, rated as equivalent.

- **Mitigation Strategy**

Attach job density requirements to any land sale or lease agreement.

**JOB DENSITY 20 YEARS**

Over a longer period, job densities improve significantly for Alternative 2. This alternative is estimated to have realized about 60% of its job capacity within 20 years, or 1,135 jobs, versus a full build out of 681 jobs for Alternative 1. Therefore, Alternative 2 is more favorable than Alternative 1.

- **Mitigation Strategy**

Attach job density requirements to any land sale or lease agreement.