

FINDINGS

PROPOSED PLAN AMENDMENT

The proposed amendments to Deschutes County's Comprehensive Plan are described in Ordinance 2013-002, Exhibits A, B, and C. Added language is underlined and deleted shown as ~~strike through~~.

BACKGROUND

Ordinance 2011-017

Deschutes County received two Technical Assistance Grants from the Department of Land Conservation and Development (DLCD) in 2010 to evaluate Central Oregon's opportunities, competitiveness, and ability to recruit new and locally grown firms requiring new large scale development models. Johnson-Reid, LLC was selected from a pool of consultants to develop a Regional Economic Opportunity Analysis (REOA). Over the course of eleven months, the REOA went through several iterations with the assistance of a Regional Advisory Committee (RAC). The RAC consisted of Central Oregon cities and counties, Johnson-Reid LLC, Business Oregon, DLCD, Department of State Lands, Central Oregon Intergovernmental Council (COIC), 1,000 Friends of Oregon (1,000 Friends), Economic Development for Central Oregon (EDCO), Central Oregon Association of Realtors and private area developers. The RAC met officially six times before the REOA was finalized on May 31, 2011.

The REOA project aimed to determine if such an industrial land demand exists in Central Oregon and, if so, to identify the deficiency. The study attempted to document an unmet twenty year land need for large lot industrial sites in the region. It also concluded that competing as a cohesive region can allow Central Oregon to market a larger available work force, the size of which is often a key locational criterion for firms. While geographically separate, the jurisdictions in the region function in a manner similar to other metropolitan areas like Reno and Salt Lake City, which often share boundaries. According to the REOA, the shared economic function within Central Oregon supports a regional approach to economic development, particularly with respect to large traded sector industries.

Deschutes County exercised its statutory coordinating authority (ORS 195.025) to address this unmet regional need for large-lot industrial sites through Ordinance 2011-017. New comprehensive plan policies and the REOA provided the policy framework for designating lands among coordinating jurisdictions in a mutually agreed proportion. Ordinance 2011-017 attempted to integrate comprehensive plans between the County and its respective cities by encouraging them to address a short and long-term specialized employment land need. Ordinance 2011-017 was adopted by the Board of County Commissioners on November 30 2011, but was appealed to the Land Use Board of Appeals by 1,000 Friends.¹ The appeal however, was stayed in early 2012 to allow Deschutes County, the Governor's Office, and 1,000 Friends to explore a

¹ 1,000 Friends submitted a Notice of Intent to Appeal to LUBA on December 21, 2011.

settlement. Spanning three months, a general settlement was reached in April 2012. The settlement consisted of an agreement that the technical document produced would not be called an Economic Opportunity Analysis (EOA) as that term is understood in Oregon land use law. 1000 Friends agreed to not oppose a regional declaration of a need for up to six large industrial sites in Central Oregon with the ability to add three more as those six sites are allocated to the cities within the tri-county region. The parties also agreed upon policy principles guiding how those sites could be incorporated into existing urban growth boundaries. The settlement consisted of policy concepts focusing entirely on Central Oregon's short-term need for large-lot industrial sites as well as a commitment from the Department of Land Conservation and Development (DLCD) to initiate rule-making later in the summer.

Ordinance 2013-002

Because of the unique nature of the agreement, DLCD agreed to memorialize the agreement in rule. OAR 660-024-0040(1) and (5) and 660-024-0045 were narrowly crafted to implement the intent of the agreement so it still complies with Goals 9 and 14. The amendments are applicable in only Crook, Deschutes and Jefferson counties. After receiving a recommendation from a Central Oregon Large Industrial Lot Rules Committee, which met four times over the summer, a draft rule was forwarded to the Land Conservation and Development Commission (LCDC) for their consideration. A public hearing conducted by a LCDC hearings officer was held in Redmond on September 27, 2012, followed by a hearing with the full commission on November 15, 2012. At the November 15 hearing, LCDC took public testimony, considered a staff recommendation and adopted the rules to Oregon Administrative Rules (OARs) Chapter 660-024. They became effective on December 10. Rule-making now provides the policy framework for the tri-county region to coordinate as a single entity to promote large-lot industrial employment sites that best serve the region as a whole to create family-wage jobs, regional economic diversification and place Central Oregon on the map for regional, national and international industrial recruitment. Utilizing the new OARs, Ordinance 2013-002 now responds to Central Oregon's short term need for up to nine competitive and diverse vacant, developable large lot industrial sites. These sites can enable site selectors, representing potential industrial businesses, to consider the region. COIC has agreed to manage the distribution of sites among the various jurisdictions through intergovernmental agreements. Participating local governments will review the program after the regional supply of six sites has either been replenished by three additional sites or after ten years, whichever comes first.²

REVIEW CRITERIA

Ordinance 2013-001 repeals Ordinance 2011-017. Ordinance 2013-002 adopts the *Central Oregon Large Lot Industrial Land Need Analysis (Analysis)* and several regional large-lot industrial land policies into Deschutes County's Comprehensive Plan to comply with the new OARs.³ Deschutes County lacks specific criteria in Deschutes

² OAR 660-024-0045(13)

³ OAR 660-024-0045(2)(a): "Analysis" means the document that determines the regional large lot employment land need within Crook, Deschutes, or Jefferson County that is not met by the participating local governments' comprehensive plans at the time the analysis is adopted.

County Code (DCC) Titles 18, 22, or 23 for reviewing a legislative plan amendment. Nonetheless, since Deschutes County is initiating one, the County bears the responsibility for justifying that the amendments are consistent with Oregon Revised Statutes (ORS), Statewide Planning Goals, OARs, and its existing Comprehensive Plan.

The findings are organized as follows:

- Section (1) - ORS 195.025
- Section (2) - Statewide Planning Goal 1, Citizen Involvement
- Section (3) - Other ORS
- Section (4) - OAR Division 9, Economic Development
- Section (5) - OAR Division 24, Urban Growth Boundaries
- Section (6) - Other Statewide Planning Goals
- Section (7) - Deschutes County Comprehensive Plan

Section (1), ORS 195.025

** **ORS 195.025** (1) In addition to the responsibilities stated in ORS 197.175, each county, through its governing body, shall be responsible for coordinating all planning activities affecting land uses within the county, including planning activities of the county, cities, special districts and state agencies, to assure an integrated comprehensive plan for the entire area of the county.*

Finding: Deschutes County, through its governing body, is exercising its statutory coordinating authority to address a short-term regional need for large-lot industrial sites. This authority will assure there is an integrated comprehensive plan between Deschutes County and its respective cities by encouraging Bend, La Pine, Redmond, and Sisters to address a short-term specialized employment land need of six industrial sites, 50 acres or larger in three different jurisdictions. Aided by new OARs (660-024-0045(5a) and 660-024-0045(7)), Deschutes County is fulfilling its regional coordination responsibilities by formalizing, through policies, a regional governance and land use planning framework with COIC.⁴

COIC serves as the Economic Development District representing Crook, Deschutes and Jefferson counties as designated by the Economic Development Administration.⁵ Deschutes County is applying its coordination authority to cities as well, for those willing to fulfill this regional short-term employment need, consistent with Oregon's Statewide Planning Program. Deschutes County's plan amendment provides the policy framework for the tri-county region to coordinate as a single entity promoting large-lot industrial

⁴ COIC is a Council of Governments organized under ORS 190 by the three counties and seven cities of Central Oregon. COIC is governed by a 15-member board made up of elected officials appointed by each of the member governments and appointed representatives of key economic sectors. OAR 660-024-045(5a) requires local governments to enter into an intergovernmental agreement with COIC. OAR 660-024-045(7) describes COIC's coordination process.

⁵ *Central Oregon Comprehensive Economic Development Strategy*, Approved by the Central Oregon Community Investment Board, November 29, 2007, 5. One function of the Economic Development District is developing and maintaining and updating the Comprehensive and Economic Development Strategy (CEDS). The CEDS is the result of a local planning effort, and serves as a guide for regional growth.

employments sites that best serve the region as a whole to create family wage jobs, region economic diversification and place Central Oregon on the map for regional, national and international industrial recruitment. Upon adoption, Crook and Jefferson counties will adopt a similar amendment to their comprehensive plans. Once all three counties complete their plan amendments, municipalities in the region will be able rely on the Analysis to address the short-term need for large-lot industrial sites.⁶

** **ORS 195.025:** (2) For the purposes of carrying out ORS chapters 195, 196 and 197, counties may voluntarily join together with adjacent counties as authorized in ORS 190.003 to 190.620.*

Finding: Deschutes County is voluntarily coordinating with Crook and Jefferson counties and the cities of Prineville, Madras, Bend, Redmond Sisters and La Pine as authorized in ORS 190.003 - 190.620. Deschutes County wants to assure that Crook and Jefferson counties also exercise their coordination authority with parallel plan amendments so there is a collective and regional response to an unprecedented opportunity to establish a short-term supply of large-lot industrial sites in Central Oregon. These efforts will result in the joint adoption of the Analysis, policies, and findings. Crook and Jefferson counties will initiate their own plan amendments in early 2013.

Section (2) – Statewide Planning Goal 1, Citizen Involvement

Goal: To develop a citizen involvement program that insures the opportunity for citizens to be involved in all phases of the planning process.

The citizen involvement program shall incorporate the following components:

- 1. Citizen Involvement -- To provide for widespread citizen involvement.*
- 2. Communication -- To assure effective two-way communication.*
- 3. Citizen Influence -- To provide the opportunity for citizens to be involved in all phases of the planning process.*
- 4. Technical Information -- To assure that technical information is available in an understandable form.*
- 5. Feedback Mechanisms – To assure that citizens will receive a response from policy-makers.*

Finding: Deschutes County has undertaken an extensive process to satisfy the components of Goal 1 to allow ample opportunities for citizens and stakeholders to participate in this process. Last fall, after four public hearings, Deschutes County adopted Ordinance 2011-017 on November 30, 2011. As mentioned earlier, Ordinance 2011-017 was subsequently appealed to the Land Use Board of Appeals by 1,000 Friends. The appeal however, was settled in April 2012. During that process, Deschutes County collaborated regularly with the RAC to obtain their input and eventual

⁶ OAR 660-024-0045(5b).

endorsement. One of the outputs of the settlement was a commitment from DLCD to initiate rule-making.

After receiving support from a Central Oregon Large Industrial Lot Rules Advisory Committee which met four times over the summer, a draft was forwarded to LCDC for their consideration.⁷ A public hearing conducted by a LCDC hearings officer was held in Redmond on September 27, 2012, followed by a hearing with the full commission on November 15, 2012 in McMinnville. LCDC adopted the rules unanimously on November 15. They became effective on December 10. The Deschutes County Planning Commission held a work session on December 13. The Board of County Commissioners held a public hearing on January 7, 2013.

Section (3) - Other ORS

** **ORS 195.025** (1) In addition to the responsibilities stated in ORS 197.175, each county, through its governing body, shall be responsible for coordinating all planning activities affecting land uses within the county, including planning activities of the county, cities, special districts and state agencies, to assure an integrated comprehensive plan for the entire area of the county.*

Finding: See Section 1, page 3.

** **ORS 195.025** (2) For the purposes of carrying out ORS chapters 195, 196 and 197, counties may voluntarily join together with adjacent counties as authorized in ORS 190.003 to 190.620.*

Finding: See Section 1, page 4.

** **ORS 197.712** (1) In addition to the findings and policies set forth in ORS 197.005, 197.010 and 215.243, the Legislative Assembly finds and declares that, in carrying out statewide comprehensive land use planning, the provision of adequate opportunities for a variety of economic activities throughout the state is vital to the health, welfare and prosperity of all the people of the state.*

(2) By the adoption of new goals or rules, or the application, interpretation or amendment of existing goals or rules, the Land Conservation and Development Commission shall implement all of the following:

(a) Comprehensive plans shall include an analysis of the community's economic patterns, potentialities, strengths and deficiencies as they relate to state and national trends.

Finding: Deschutes County is proposing comprehensive plan amendments that include an Analysis that documents Central Oregon's need for establishing a short-term supply of large-lot industrial sites.⁸ The Analysis identifies the strengths and challenges of the

⁷ Crook, Jefferson and Deschutes counties, 1,000 Friends, Cities of Redmond, Bend, La Pine, and Madras, COIC, EDCO, and a Citizen Involvement Advisory Committee member participated on the rules advisory committee.

⁸ See note 3 above.

Central Oregon economy and concludes that the competitive characteristics of Central Oregon can be strengthened through taking a regional approach to large-lot industrial siting.⁹

Deschutes County finds that to have a fully-developed program that serves the broadest range of area citizens and businesses, it is critical to be competitive in the segment of economic development that depends on the availability of readily-served, large-lot employment sites. As such, as a matter of policy, the county chooses to identify and implement a program to create a short-term large-lot land supply that enables Central Oregon to be a competitive region for industrial recruitment. Central Oregon's traditional industrial base remains active in the local economy, and the region would like to increase its emphasis on industrial employment to strengthen that base.¹⁰ The region's supply of affordable land, low cost utilities, quality of life, and organized economic development landscape makes it an attractive option for growth in many traded sector industries.¹¹ Central Oregon economic development efforts have been negatively impacted by a lack of readily available large-lot industrial sites. Major employers in traded sector industries (export industries) are the primary drivers of economic growth, providing the impetus for net growth in the regional economy and supporting a wide range of support industries. At the state and local level, policy makers understand the importance that large-scale employers can have on the local economy. In 2007 Central Oregon was home to three firms with 1,000 or more employees and an additional five with at least 500.¹²

In a structural sense, globalization has changed the way manufacturers conduct business. Cost and efficiency are the central tenants of an increasingly competitive market. Firms are increasingly pressured to develop more capital intense production models, placing a greater emphasis on economies of scale, as well as production efficiency and flexibility. Time-to-market for firms has become an even more crucial factor as they make decisions to locate new plants and facilities. The result has been the emergence of a clear real estate trend, creating a global demand for large development ready industrial sites, with the immediacy of utility services (both public and private sector) of critical importance.¹³

Deschutes County's choice to pursue a regional short-term supply of large-lot industrial employment sites is also consistent with Central Oregon's Comprehensive Economic Development Strategy (CEDS). According to this report, two of Central Oregon's Long-Term Priority Goals are:

- * Goal XIII: Sufficient supply of land affordable for commercial, industrial and residential development.
- * Goal XVI: Ongoing regional planning is in place to preserve and enhance the region's economic appeal and effect orderly economic development.

⁹ *Central Oregon Large-Lot Industrial Land Need Analysis*. Pages 35; 42-47.

¹⁰ *Ibid.*, 7.

¹¹ *Ibid.*

¹² *Ibid.*, 10.

¹³ *Ibid.*, 7

One of Central Oregon Community Investment Board's short-term priorities promotes:

- * Structures and processes of public and private organizations to effectively create, adapt, foster and sustain economic development in Central Oregon.¹⁴

Through the CEDS planning process, past regional needs and issues processes, the 2007 infrastructure needs inventory, and through other methods of economic analysis, the following projects, programs and activities have been identified for focus over the next six years:

- * Support of industry clusters.
- * Assist in the retention, expansion and recruitment of secondary wood products, aerospace production and parts, targeted sectors including apparel and sporting goods, aerospace including information technology, renewable energy, light industrial and manufacturing, and research and development.¹⁵

As noted in the CEDS, new traded sector and investment is critical for building a strong regional economy. A strategy that increases prosperity for all Central Oregon residents in rural and urban communities by balancing, diversifying and developing the region's economy has been promoted by economic development theorists and practitioners as a critical underpinning of a health community or regional economy. Three objectives promote:

1. Facilitating new job creation and economic diversification through recruitment of diverse new traded-sector companies across all industries that offer family-wage employment;
2. Facilitating new job creation through expansion of existing traded-sector companies across all industries that offer family-wage employment; and
3. Supporting retention of existing traded-sector companies across all industries that offer family-wage employment.¹⁶

Local trends documenting large lot recruiters visiting Central Oregon are also quite noteworthy. The following list cites this evidence:

- * According to Business Oregon, Central Oregon experienced four active recruitments in the past six months looking at industrial lots 50 acres and greater. One firm was looking for a site in the 100 to 150 range, while three have been looking for sites in the 150 to 200 acre range. One firm was lost due to the uncertainty of and land use actions that were required, and the properties proposed were eliminated from consideration and it is not known if the company has reached a final location decision. That search started in the 50-100 lot size and then expanded to the 150-200 lot

¹⁴ See note 5 above (*Central Oregon Comprehensive Economic Development Strategy*), 4 and 17.

¹⁵ Ibid.

¹⁶ Ibid., 14.

size. The other three are still in the active stage and no additional details can be furnished because of nondisclosure agreements that are in place.¹⁷

- * The La Pine Industrial Group has had several companies look at our certified 77-acre site in La Pine but the most active prospect was the Ferguson Corporation out of Virginia. They were looking for a site for a Northwest distribution center for their product line of bathroom and other plumbing fixtures. They wanted a site that would accommodate an initial 500,000 sq. ft. of buildings and would be expandable to 1,000,000 sq. ft. Initial employment was to be 200 workers, expanding to 400 in the second phase. There was also a requirement for a rail spur with extensive on-site trackage to move products in and out. They were not sure our site was large enough so Mid-State Electric Cooperative developed a site plan to show that it could meet their specifications.¹⁸
- * Jon Stark, Redmond Economic Development Manager for Economic Development for Central Oregon described a recruiter recently visiting Redmond.¹⁹
- * Michael Williams, Oregon Business Development, Industrial Lands Specialist, described recruiters visiting Central Oregon, as well as the heightened interest expressed by companies once Facebook committed to a site in Prineville.²⁰

* **ORS 197.712 (2)(b)** *Comprehensive plans shall contain policies concerning the economic development opportunities in the community.*

Finding: Deschutes County is responding to a specific short-term employment need recognized in OAR 660-024-0045(2a) and identified in an Analysis for large-lot industrial sites. As shown in Exhibit B, Deschutes County is adopting several regional industrial land policies to comply with ORS 197.712 (2)(b) that recognize Central Oregon's economic development opportunities for establishing a short-term supply of large-lot industrial sites.

* **ORS 197.712 (2)(c)** *Comprehensive plans and land use regulations shall provide for at least an adequate supply of sites of suitable sizes, types, locations and service levels for industrial and commercial uses consistent with plan policies.*

Finding: Deschutes County is exerting its statutory coordination authority to encourage cities to address an unmet, short-term large-lot industrial land need by adopting an Analysis and several regional industrial land policies. As noted in OAR 660-024-0045(4) and the Analysis, there is a demonstrated need for vacant, suitable and available large-lot industrial sites in Central Oregon. The short-term need encompasses six, 50 acre or greater sites, in three different jurisdictions, with two of those sites being between 100 to

¹⁷ Jerald Johnson, Johnson-Reid LLC, October 21, 2011, 5

¹⁸ Lee Smith, General Manager La Pine Industrial Group, October 27, 2011, email.

¹⁹ Oral Testimony, Board of County Commissioners public hearing, October 31, 2011.

²⁰ Ibid.

200 acres, and one over 200 acres. The Analysis identifies site need characteristics for large-lot industrial sites and recommends a competitive, short-term inventory.²¹

** **ORS 197.712 (2)(d)** Comprehensive plans and land use regulations shall provide for compatible uses on or near sites zoned for specific industrial and commercial uses.*

Finding: Ordinance 2013-002 adopts the Analysis and several regional large-lot industrial land policies into Deschutes County's comprehensive plan to comply with the new OARs. Participating cities will need to address this criterion when they propose a large-lot industrial site into their comprehensive plans and land use regulations to demonstrate the use is compatible on or near industrial and commercial zones. It is important to note that based on the new OARs adopted by LCDRC, a participating city that designates a large-lot industrial site is required to apply a regional large-lot industrial zone or overlay zone to it in order to protect and maintain the site for regional large lot purposes.²²

** **ORS 197.712 (2)(g)** Local governments shall provide:*

(A) Reasonable opportunities to satisfy local and rural needs for residential and industrial development and other economic activities on appropriate lands outside urban growth boundaries, in a manner consistent with conservation of the state's agricultural and forest land base; and

(B) Reasonable opportunities for urban residential, commercial and industrial needs over time through changes to urban growth boundaries.

Finding: Based on the new OARs, a participating city may amend its comprehensive plan and land use regulations, including its Urban Growth Boundaries (UGB), in order to designate a large-lot industrial site in accordance with OAR 660-024-0045(8).

Section (4) - OAR Division 9, Economic Development

** **OAR 660-009-0010 - Application** (1) This division applies to comprehensive plans for areas within urban growth boundaries. This division does not require or restrict planning for industrial and other employment uses outside urban growth boundaries. Cities and counties subject to this division must adopt plan and ordinance amendments necessary to comply with this division.*

Finding: This track is different from an EOA first because OAR 660-024-0040 provides an alternative path for this pilot project. The new path encompasses all of the steps of an EOA (trend analysis, site types, inventory and estimate of needed sites). But because these steps are distributed in both time and authority between three counties (trends, site types and need estimate) and cities (inventory and location analysis), there was concern that the standard EOA path would be confusing and possibly troublesome. Due to rule-making, OAR 660-024-0040(1) and (5) acknowledge that local governments in Crook, Deschutes and Jefferson counties may determine the need for regional large-

²¹ See note 9 above (*Central Oregon Large-Lot Industrial Land Need Analysis*), 52-56; 62.

²² OAR 660-024-0045(9), (10).

lot industrial land by following the provisions of OAR 660-024-0045 for areas subject to that rule.

Section (5) - OAR Division 24, Urban Growth Boundaries

** **OAR 660-024-0040 - Land Need** (1) The UGB must be based on the adopted 20-year population forecast for the urban area described in OAR 660-024-0030, and must provide for needed housing, employment and other urban uses such as public facilities, streets and roads, schools, parks and open space over the 20-year planning period consistent with the land need requirements of Goal 14 and this rule. The 20-year need determinations are estimates which, although based on the best available information and methodologies, should not be held to an unreasonably high level of precision. A local government in Crook, Deschutes and Jefferson Counties may determine the need for Regional Large-Lot Industrial Land by following the provisions of OAR 660-024-0045 for areas subject to that rule.*

(5) Except for a metropolitan service district described in ORS 197.015(13), the determination of 20-year employment land need for an urban area must comply with applicable requirements of Goal 9 and OAR chapter 660, division 9, and must include a determination of the need for a short-term supply of land for employment uses consistent with OAR 660-009-0025. Employment land need may be based on an estimate of job growth over the planning period; local government must provide a reasonable justification for the job growth estimate but Goal 14 does not require that job growth estimates necessarily be proportional to population growth. A local government in Crook, Deschutes and Jefferson Counties may determine the need for Regional Large-Lot Industrial Land by following the provisions of OAR 660-024-0045 for areas subject to that rule.

Finding: Deschutes County is now exercising the provisions of OAR 660-024-045(5) by adopting the Analysis into its comprehensive plan that documents the short-term need for regional large-lot industrial land. As demonstrated in the Analysis and summarized in the table below, Deschutes County, by exercising its statutory coordination authority, has chosen to compete for large-lot industrial employers by creating a dynamic and competitive short-term large-lot industrial land supply portfolio and inventory that appeal to industrial site selectors. Deschutes County is basing its decision on an adequate factual base supported by substantial evidence in the record and is choosing to rely on the Analysis.

Table 1 - Central Oregon Large-Lot Industrial Land Need Synopsis

<i>Objective</i>	Ensure that the regional industrial land inventory is adequate to support the specific needs of large lot industrial users. ²³
<i>Evidence</i>	<p>In 2008, the Oregon Economic and Community Development Department (now Business Oregon) recognized that large, ready to go industrial sites have been the state's most significant development challenge and one of the most noticeable changes in real estate trends in the last few years. This change in demand and the changing nature of OECDD's account base clearly document that global business trends have emerge as key elements of Oregon's economy.²⁴</p> <p>Economic Development for Central Oregon recognizes that the recruitment of companies in new and existing industries is an important component of any successful economic development program and diversification strategy. New companies bring a different mix of professional and technical talent to communities that can spawn other businesses and technologies.²⁵</p> <p>The Analysis provides reasonable information and analysis pointing to an unmet short-term land need for large-lot employment sites, currently not part of regional economic development efforts. Goal 9 and Division 009 require that employment land planning be based on comparative location advantages and an articulation of opportunities based on national, state, regional and local trends. The Analysis cites large-lot employment trends and dynamics of the global market place, the strengths and challenges of Central Oregon's economy and the opportunities for the region to compete for large-lot employers in the data center, high technology and warehouse and distribution industries.²⁶</p>
<i>Conclusion</i>	<p>The county finds that the Analysis has been appropriately and reasonably tailored to address conditions and policies unique to the Central Oregon region. Deschutes County finds that as a matter of policy, it may choose how to structure its community and economic development activities, provided those activities are consistent with applicable local, state and federal laws and policies, including those for land use planning. Central Oregon chooses to invest in large-lot industrial sites because it is an additional tool to broaden the region's economic attractiveness. While trade sector industries are primary drivers of job creation, the Analysis does not assume that large employers are those drivers. Instead, large-lot industrial demand recognizes that accommodating these types of users reflects a reasonable component of an economic development strategy.²⁷</p>

*** OAR 660-024-0045 - Regional Large Lot Industrial Land (1) Local governments in Crook, Deschutes or Jefferson Counties may determine a need for large lot industrial land in the region and provide sites to meet that need in accordance with this rule.**

²³ See note 9 above (*Central Oregon Large-Lot Industrial Land Need Analysis*), 11.

²⁴ Bev Thacker, Rail Served & Large Industrial Sites Memorandum, March 11, 2008, 1.

²⁵ Roger Lee, *Economic Development for Central Oregon Letter*, June 3, 2011,

²⁶ See note 9 above (*Central Oregon Large-Lot Industrial Land Need Analysis*), 11-13; 29-34; 40-47.

²⁷ *Ibid.*, 44-45.

Finding: Based on the conclusions of fact supplied in the Analysis, which is attached to this exhibit, Deschutes County finds there is a need for nine large lot sites in the Central Oregon region. Only six sites shall be available at any given time.

At least one of the sites must be 200+ acres in size. Two of the sites must be 100-200 acres in size. The remaining sites must be 50-100 acres in size. The sites must be distributed throughout the region in at least three different jurisdictions. At least one site, preferably the largest shall be located in the population and employment center of the region at either the north end of Bend or the southern end of Redmond. No jurisdiction shall be allowed to add a site under these provisions unless it signs the Intergovernmental Agreement (IGA) administered by COIC to fairly distribute these sites throughout the region. If one of the six sites is occupied by a bona fide industrial user it may be replaced by a site of like size pursuant to the criteria in the IGA administered by COIC. The facts available in the Analysis only provide sufficient evidence to replace up to three sites.

** **OAR 660-024-0045** (2) In addition to the definitions in OAR 660-024-0010, the following definitions apply to this rule:*

(a) “Analysis” means the document that determines the regional large lot employment land need within Crook, Deschutes, or Jefferson County that is not met by the participating local governments’ comprehensive plans at the time the analysis is adopted. The analysis shall also identify necessary site characteristics of needed land.

Finding: Deschutes County is now exercising the provisions of 660-024-045. As noted earlier, the Analysis satisfies OAR 660-0045(2)(a) because it determines the regional short-term large lot employment land need within Crook, Deschutes, and Jefferson counties is unmet and not presently addressed in local governments’ comprehensive plans. The Analysis also identifies necessary site characteristics of needed land.²⁸

(b) “COIC” means the Central Oregon Intergovernmental Council.

(c) “Intergovernmental Agreement (IGA)” means the document adopted by the three counties and any participating city to implement the provisions of the analysis.

(d) “Participating city” means a city within Crook, Deschutes, or Jefferson County that has adopted the analysis and entered into an intergovernmental agreement to implement the provisions of the analysis.

(e) “Participating local government” means Crook, Deschutes, and Jefferson Counties, and participating cities.

Finding: OAR 660-024-0045(2)(b-e) define COIC, the IGA, a participating city, and a participating local government. Deschutes County is a participating local government and will be required to enter into the IGA to implement the provisions of the analysis.

²⁸ Ibid., 52-56; 62

(f) *“Regional large lot employment land need” means the need for a specific type of 20-year employment land need, as described in OAR 660-024-0040(1) and (5), that is determined based upon the analysis.*

Finding: The Analysis documents a need for nine large lot industrial sites.

(g) *“Site” means land in the region that:*

(A) Provides the site characteristics necessary for traded sector uses as set forth in the analysis;

(B) Is 50 acres or larger as provided in section (3) of this rule; and

(C) Is determined to be "available," as that term is defined in OAR 660-009-0025(7), for regional large-lot industrial users and for purposes identified by the analysis.

(h) *“Site characteristics” has the meaning given that term in OAR 660-009-0005(1).*

(i) *“Traded Sector use” has the meaning given that term in ORS 285B.280.*

Finding: OAR 660-024-0045(2)(g-i) define site, site characteristics, and traded sector use that participating cities will need to demonstrate that they are meeting when proposing a large-lot industrial site under this program.

** **OAR 660-024-0045** (3) For purposes of subsection (2)(g) of this rule, a large lot is at least 50 acres if it is:*

(a) A single lot, parcel that is at least 50 acres,

(b) An aggregation of existing lots or parcels under the same ownership that comprises at least 50 acres, or

(c) An aggregation of existing lots or parcels not in the same ownership created and maintained as a unit of land comprising at least 50 acres through a binding agreement among the owners.

Finding: OAR 660-024-0045(3) defines large lot for the purpose of this program.

** **OAR 660-024-0045** (4) Participating local governments may adopt the analysis and implement its provisions. The analysis may demonstrate a need for six vacant, suitable and available sites in the region, and up to three additional sites that may be designated in order to replace one of the original six sites that is developed or committed to development as provided in section (12) of this rule. The original six sites must include two sites of at least 100 acres and not more than 200 acres, and one site more than 200 acres.*

Finding: The Analysis documents that there is a demonstrated need for vacant, suitable and available large-lot industrial sites in Central Oregon. The short-term need encompasses six, 50 acre or greater sites, in three different jurisdictions, with two of those sites being between 100 to 200 acres, and one over 200 acres.²⁹ Only six sites shall be available at any given time, but, once a site is assigned to a city and committed

²⁹ Ibid.

to development in accordance with the new rules, it may be replenished for a total of nine sites.

** **OAR 660-024-0045** (5) If a participating city adopts the analysis, it is deemed to provide an adequate factual basis for the determination of regional large lot employment land need for that city provided:*

(a) The city and other participating local governments have entered into an intergovernmental agreement with the COIC, and

(b) The analysis is adopted by Crook, Deschutes and Jefferson counties.

Finding: Deschutes County, through Ordinance 2013-002 is adopting the Analysis.

** **OAR 660-024-0045** (6) Participating cities may adopt the analysis and enter into the intergovernmental agreement without amending the Economic Opportunities Analysis adopted by the city prior to the adoption of the analysis.*

Finding: OAR 660-024-0045(6) allows participating cities, after they enter into the IGA with their respective counties, to rely on the Analysis without having to amend their local EOAs.

** **OAR 660-024-0045** (7) The intergovernmental agreement shall describe the process by which the COIC shall coordinate with participating local governments in:*

(a) The determination of a qualifying site that a participating city may designate in order to satisfy the regional large lot industrial land need; and

(b) The allocation of the qualifying sites among the participating cities in accordance with section (4) of this rule.

Finding: COIC is presently coordinating with participating local government to satisfy this rule.

** **OAR 660-024-0045** (8) A participating city may amend its comprehensive plan and land use regulations, including urban growth boundaries (UGB), in order to designate a site in accordance with the requirements of this rule, other applicable laws and the intergovernmental agreement, as follows:*

(a) A participating city must show whether a suitable and available site is located within its existing UGB. If a participating city determines that a suitable site already exists within the city's urban growth boundary, that site must be designated to meet the regional industrial land need. Cities shall not be required to evaluate lands within their UGB designated to meet local industrial land needs.

(b) If a site is not designated per subsection (a), then a participating city may evaluate land outside the UGB to determine if any suitable sites exist. If candidate sites are found, the city may amend its UGB in accordance with Goal 14, other applicable laws and the intergovernmental agreement.

Finding: OAR 660-024-0045(8) describes the process participating cities must follow to amend their comprehensive plans and land use regulations, including Urban Growth

Boundaries (UGB), in order to designate a site in accordance with this rule. It is not applicable at this time since no site is being officially designated.

** **OAR 660-024-0045** (9) A participating city that designates a site shall apply a regional large-lot industrial zone or overlay zone to the site in order to protect and maintain the site for regional large lot purposes. The zone or overlay zone must:*

(a) Include development agreements and other provisions that prevent redesignation of the site for other uses for at least 10 years from the time the site is added to the city's comprehensive plan to meet regional large lot industrial land needs;

(b) Prohibit division or separation of lots or parcels within the site to new lots or parcels less than the minimum size of the site need until the site is developed with a primary traded sector use requiring a large lot; and

(c) Limit allowed uses on the site to the traded sector uses, except as provided in section (10) of this rule.

Finding: OAR 660-024-0045(9) requires a regional large-lot industrial zone or overlay zone to include certain provisions noted above when a site is designated under this rule. It is not applicable at this time since no site is being officially designated.

** **OAR 660-024-0045** (10) The zone or overlay zone established under section (9) may allow:*

(a) Subordinate industrial uses that rely upon and support the primary traded sector use when a site is occupied by a primary traded sector use; and

(b) Non-industrial uses serving primarily the needs of employees of industrial uses developed on the site provided the zone includes measures that limit the type, size and location of new buildings so as to ensure such non-industrial uses are intended primarily for the needs of such employees;

Finding: OAR 660-024-0045(10) allows subordinate and nonindustrial uses subject to this rule. It is not applicable at this time since no site is being officially designated.

** **OAR 660-024-0045** (11) If a participating city adds a site to its plan pursuant to this rule, it must consider the site in any subsequent urban growth boundary evaluation conducted to determine local industrial land needs and the adequacy of land available to meet local industrial land needs.*

Finding: OAR 660-024-0045(11) requires a participating city to evaluate a regional site under this rule when they reevaluate or amend their local EOAs. It is not applicable at this time since no site is being designated under this rule.

** **OAR 660-024-0045** (12) A site may be considered developed or committed to industrial development if a large-lot traded sector user demonstrates a commitment to develop the site by obtaining land use approvals such as site plan review or conditional use permits, and*

(a) Obtaining building permits; or

(b) Providing other evidence that demonstrates at least an equivalent commitment to industrial development of the site as is demonstrated by a building permit.

Finding: OAR 660-024-0045(12) describes the circumstances for a site to be developed or committed under this rule. It is not applicable at this time since no site has been officially designated.

** **OAR 660-024-0045** (13) The participating local governments shall review the analysis after the regional supply of six sites has either been replenished by three additional sites or after ten years, whichever comes first.*

Finding: OAR 660-024-0045(13) requires participating local government to review the program after ten years or after the regional supply of six sites has either been replenished by three additional sites or after ten years, whichever comes first.

Section (6) - Other Statewide Planning Goals

The parameters for evaluating these specific amendments are based on an adequate factual base and supportive evidence demonstrating consistency with Statewide Planning Goals.

Finding: The following findings demonstrate that Ordinance 2013-002 complies with applicable statewide planning goals and state law.

- **Goal 1, Citizen Involvement;** see Section 2 starting on page 4.
- **Goal 2, Land Use Planning,** is met because ORS 197.610 allows local governments to initiate post acknowledgments plan amendments (PAPA). An Oregon Land Conservation and Development Department 35-day notice was initiated on November 29, 2012.³⁰ This FINDINGS document and Analysis provides the adequate factual basis for this plan update. *1000 Friends of Oregon v. City of Dundee*, 203 Or App 207 (2005) require Deschutes County to locally adopt the Analysis as part of the comprehensive plan in order for local governments in the county to base land use decisions upon it. OAR 660-024-0045(5b) also requires local adoption.
- **Goal 3, Agricultural Lands and Goal 4, Forest Lands,** is not applicable because the County is adopting a technical document and several regional coordination and large-lot industrial land policies into its Comprehensive Plan. No plan designation changes, zoning map changes, development or land use changes are being proposed on agricultural or forest lands.
- **Goal 5, Natural Resources, Scenic and Historic Areas, and Open Spaces,** is not applicable because the County is adopting a technical document and several regional coordination and large-lot industrial lands policies. No development or land use changes are being proposed on or near inventoried Goal 5 resource lands.

³⁰ Deschutes County completed period review on January 23, 2003.

- **Goal 6, Air, Water and Land Resources Quality**, is not applicable because the County is adopting a technical document and several regional coordination and large-lot industrial land policies into its Comprehensive Plan. No development or land use changes are being proposed that impact air, water and land resource qualities.
- **Goal 7, Natural Hazards**, is not applicable because the County is adopting a technical document and several regional coordination and large-lot industrial land policies into its Comprehensive Plan. No development or land use changes are being proposed that impact natural hazards.
- **Goal 8, Recreational Needs**, is not applicable because the County is adopting a technical document and several regional coordination and large-lot industrial land policies into its Comprehensive Plan. No development or land use changes are being proposed on recreational resources.
- **Goal 9, Economic Development**, is applicable because in coordination with its regional partners, Deschutes County has prepared an Analysis of the economic opportunities and constraints associated with users of large industrial parcels in the Central Oregon. This document concludes that Central Oregon currently serves as an integrated economic unit.

Goal 9 specifies that Comprehensive Plans for urban areas shall:

1. Include an analysis of the community's economic patterns, potentialities, strengths, and deficiencies as they relate to state and national trends;

Findings: This requirement has already been addressed. See the findings addressing ORS 197.712(1) above on page 5.

2. Contain policies concerning the economic development opportunities in the community;

Finding: This requirement has already been addressed. See the findings addressing ORS 197.712(2)(b) above on page 8.

3. Provide for at least an adequate supply of sites of suitable sizes, types, locations, and service levels for a variety of industrial and commercial uses consistent with plan policies;

Finding: This requirement has already been addressed. See the findings addressing ORS 197.712(2)(c) above on page 8.

4. Limit uses on or near sites zoned for specific industrial and commercial uses to those which are compatible with proposed uses

Finding: This requirement has already been addressed. See the findings addressing ORS 197.712(2)(d) above on page 9.

Goal 9 Planning Guidelines specify:

1. A principal determinant in planning for major industrial and commercial developments should be the comparative advantage of the region within which the developments would be located. Comparative advantage industries are those economic activities which represent the most efficient use of resources, relative to other geographic areas.

Finding: The Analysis documents large-lot trends and dynamics, the importance of a large-lot supply and market choice, and target industry opportunities in Central Oregon. EDCO, in participation with local leaders, went through the lengthy process of identifying specific industry sectors for business recruitment, retention, and entrepreneurial support. EDCO recognizes that the recruitment of companies in new and existing industries is an important component of any successful economic development program and diversification strategy. New companies bring a different mix of professional and technical talent to communities that can spawn other businesses and technologies.³¹

Business Oregon is mandated by ORS 197.717(2) to “provide a local government with state and national trend” information to assist in compliance with ORS 197.712 (2)(a).” The department reviewed the Central Oregon area, and made the following recommendations:

“Given its current size and expected growth, it is not unreasonable to assume that the region being examined as part of the current Central Oregon Large Lot Economic Opportunity Analysis should have a mix of large-lot sizes for potential employers and site selectors to choose from. Such a mix would have at least multiple ready sites in the 200, 100 and 50-acre plus acreage ranges in order to meet expected 20 year land supply needs.”³²

2. The economic development projections and the comprehensive plan which is drawn from the projections should take into account the availability of the necessary natural resources to support the expanded industrial development and associated populations. The plan should also take into account the social, environmental, energy, and economic impacts upon the resident population.

Finding: Deschutes County is fulfilling its coordination responsibilities by collaborating with the Cities of Bend, La Pine, Redmond, and Sisters, as well as Jefferson and Crook counties by responding to a specific short-term employment land need recognized in new OARs and identified in an Analysis for large-lot industrial sites in Central Oregon. Participating cities will need to address this guideline when they conduct their alternative land and public facilities analyses and

³¹ Roger Lee, *Economic Development for Central Oregon Letter*, June 3, 2011.

³² See note 9 above (*Central Oregon Large-Lot Industrial Land Need Analysis*), 60.

inventory of employment lands when examining if the short-term regional need can be met inside their respective UGB. OAR 660-024-0045(8) specifies:

A participating city may amend its comprehensive plan and land use regulations, including UGBs, in order to designate a site in accordance with the requirements of this rule, other applicable laws and the intergovernmental agreement.

3. Plans should designate the type and level of public facilities and services appropriate to support the degree of economic development being proposed.

Finding: The timing for designating suitable sizes, types and locations of large-lot employment sites, consistent with public facility and transportation system plans will occur when cities choose to implement this program. As noted in the findings addressing ORS 197.712 (2)(g) on Page 9, OAR 660-025-0045(8) requires a participating city, when amending its UGB, to comply with applicable laws. Those laws include the Transportation Planning Rule (OAR 660-012-0060) and Boundary Location Alternative Analysis with respect to the provision of public facilities and services (OAR 660-024-0060(8)).

4. Plans should strongly emphasize the expansion of and increased productivity from existing industries and firms as a means to strengthen local and regional economic development.

Finding: New OARs allow Central Oregon to address industries with a need for large-lot industrial land to support the region's economic development objectives. The Analysis does not diminish the importance of small existing, start-up firms. What it does do is note that these firms represent only a portion of the spectrum of firms, and a balanced economic development program would provide for these types of firms as well as larger industrial firms. The two categories are complimentary, not competitive. Efforts to help existing companies (large and small) to grow or sustain their employment have been in place for more than a decade. Efforts to help start-ups and early stage companies are also solidly established. EDCO understands that most jobs come from existing companies, which is why it dedicates more than 50% of its efforts to fostering entrepreneurship and the retention/expansion of existing traded-sector companies.

5. Plans directed toward diversification and improvement of the economy of the planning area should consider as a major determinant, the carrying capacity of the air, land and water resources of the planning area. The land conservation and development actions provided for by such plans should not exceed the carrying capacity of such resources.

Finding: This is a carrying capacity issue and not a coordination one. The air, land and water resource carrying capacity of the region will be accounted for, managed and maintained during the identification and development of regional large-lot industrial sites. This will be achieved through individual jurisdictions applying their Comprehensive Plan policies and development code regulations/standards to

evaluate and regulate large-lot development proposals and through application of development regulations and guidance found in the (required to be adopted) large-lot industrial overlay zone.

Deschutes County is fulfilling its coordination responsibilities by collaborating with the Cities of Bend, La Pine, Redmond, and Sisters, as well as Jefferson and Crook counties by responding to a specific employment land need identified in the Analysis for large-lot industrial sites in Central Oregon. Participating cities will need to address this guideline, which is also cited in Statewide Planning Goal 6, when they conduct their alternative land and public facilities analyses and inventory of employment lands when examining if the short-term regional need can be met inside their respective UGB.

- **Goal 10, Housing** is not applicable because, unlike municipalities, unincorporated areas are not obligated to fulfill certain housing requirements.
- **Goal 11, Public Facilities** is not applicable because the County is adopting a technical document and several regional coordination and large-lot industrial land policies into its Comprehensive Plan. No development or land use changes are being proposed that impact public facilities.
- **Goal 12, Transportation**, is not applicable because the County is adopting a technical document and several regional coordination and large-lot industrial land policies into its Comprehensive Plan. No development or land use changes are being proposed that impact local or state transportation facilities.
- **Goal 13, Energy Conservation**, is not applicable because the County is adopting a technical document and several regional coordination and large-lot industrial land policies into its Comprehensive Plan. No development or land use changes are being proposed that warrant energy conservation.
- **Goal 14, Urbanization**, is met because developing a short-term supply of large readily available industrial sites is not currently part of regional economic development efforts. New OARs specifically grant local governments in Central Oregon that ability to determine the need for regional large-lot industrial land by following the provisions of OAR 660-024-0045. By adopting the Analysis as allowed under OAR 660-024-0045(2)(a), Deschutes County has demonstrated that there is a regional large lot employment land need that is not presently being met by local governments in Central Oregon. Regional large-lot employment need is defined in OAR 660-024-0045(2)(e) as a need for a specific type of 20-year employment land need. Participating cities as noted under OAR 660-024-0045(5a) and (5b), can adopt the Analysis to provide the factual basis for the determination of regional large lot employment land need. Lastly, as specified in OAR 660-024-0045(6), participating cities may adopt the Analysis and enter into an intergovernmental agreement without amending their existing EOA.
- **Goals 15 through 19** are not applicable to any amendments to the County's comprehensive plan because the county has none of those types of lands.

Section (7) - Deschutes County Comprehensive Plan

*** Urbanization Chapter**

Finding: This plan amendment is consistent with the Comprehensive Plan, Section 4.2, Urbanization, Urbanization Goals and Policies as shown in Ordinance 2013-002, Exhibit B. This amendment specifically fulfills the County's first and second urbanization goals, by providing a factual basis for urbanizing large-lot industrial sites in Central Oregon and fostering intergovernmental cooperation.

Attachment:

Central Oregon Large Lot Industrial Land Need Analysis