

State Land Board

Regular Meeting
October 14, 2008
Agenda Item 7

SUBJECT

Adoption of the Proposed South Redmond Tract Land Use and Management Plan (Deschutes County).

ISSUE

Whether the Land Board should:

- Approve the Proposed South Redmond Tract Land Use and Management Plan (Deschutes County); and
- Direct the Department to initiate work with the Oregon Military Department, City of Redmond, Deschutes County and other appropriate agency partners for the inclusion of the tract within the Redmond Urban Growth Boundary (UGB).

AUTHORITY

Oregon Admission Act of 1859.

Article VIII, Section 5 of the Oregon Constitution; requiring the Land Board to “manage lands under its jurisdiction with the object of obtaining the greatest benefit for the people of this state, consistent with the conservation of this resource under sound techniques of land management.”

ORS 273, State Lands Generally.

ORS 273.245, Asset Management Plan.

Asset Management Plan adopted by the Land Board, October 2006.

SUMMARY

Managing Common School Fund (CSF) lands to meet the tenets of the Oregon Constitution and the Admission Act trust requires advance planning for economic and efficient use, development and management of these lands. Similarly, advance planning is needed for urban uses and infrastructure to position Common School Lands within urban or urbanizing areas for future development.

The proposed South Redmond Tract (945 acres; Deschutes County) Land Use and Management Plan (Appendix A) will guide the use and management of the property over the next 5 to 10 years. As an asset of the Common School Fund, the South Redmond Tract offers a significant investment opportunity to produce revenue for the fund. In July 2006, a consultant team led by Cogan Owens Cogan, LLC was selected to prepare a land use and management plan for the tract. Team members include:

- Cogan Owens Cogan, LLC - Project management, process design and facilitation and land use;
- SERA Architects, Inc. - Site analysis and land management planning;
- Johnson-Gardner, LLC - Real estate market analysis and economic planning;
- Century West Engineering - Engineering, master planning and construction cost estimating; and
- Angelo Planning Group - Advice on Redmond planning and zoning issues.

The South Redmond Tract Land Use and Management Plan has been developed through a collaborative planning effort with federal, state and local entities initiated in March 2006, prior to acquisition of the tract from the U.S. Bureau of Land Management (BLM). Strong support for the plan's proposed land use and management concept has been expressed by the South Redmond Collaborative Planning Group, the Central Oregon Economic Recovery Team, the City of Redmond and economic development professionals in the region and at the statewide level.

While the property is outside the Redmond Urban Growth Boundary (UGB) and Urban Area Reserve (UAR), it can reasonably be expected to be developed for urban uses due to its location adjacent to the UGB, city limits and existing and/or planned urban infrastructure. The tract has been identified as a potential site to meet the region's short-term needs for large-lot industrial development.

In accordance with the land classification standards of the Asset Management Plan, the South Redmond Plan proposes that the tract be classified as Industrial/Commercial/Residential (ICR) under an "active" management strategy.

The plan recommends a concept for urban development (employment uses, primarily large-lot industrial) of the property based upon expansion of the Redmond UGB to include the tract within the near term (two to four years). To do so, the Department of State Lands (DSL) will seek an amendment to the Redmond UGB to meet regional industrial land needs and subsequent development of the tract for large-lot industrial uses. The UGB amendment for

large-lot industrial uses will be based upon: (1) a regional Economic Opportunity Analysis (EOA); and (2) the planned 19th Street extension by the city and county. Recently adopted administrative rules, OAR 660-24, of the Department of Land Conservation and Development (DLCD) provide a well-defined process for pursuing an EOA based upon regional employment land needs that can lead to the tract's inclusion in the Redmond UGB.

An emphasis on energy-related, energy production and sustainable industries will be sought for the industrial designated areas of the tract. The plan seeks to attain "shovel-ready" certification while focusing on a "green" technology campus in line with DSL's desire to model responsiveness to global climate change and integrate sustainability into all aspects of site planning, design, use and development.

In addition, the plan identifies lands to be retained, exchanged and acquired; as well as showing proposed and conceptual transportation corridors for rail sidings, local roads, streets and the State Highway 97 south re-route. Both Deschutes County (238 acres) and the Oregon Military Department (10 acres for a new Redmond Armory) have indicated an interest in acquiring lands within the tract; the Department desires to obtain the Juniper Scenic Wayside (80 acres) area from the Oregon Parks and Recreation Department (OPRD) via a land exchange.

The Deschutes County land exchange proposal is to be presented for preliminary approval in Agenda Item #8 that is also before the Land Board today.

BACKGROUND

The South Redmond Tract is a 945-acre area owned by the State Land Board located in Deschutes County, southeast of the City of Redmond (Township 15S, Range 13E, Sections 32 and 33). This property was acquired in 2007 by the State Land Board, acting through the Department of State Lands, from the BLM as an asset of the CSF. This acquisition partially satisfies a 1991 court decision that the State of Oregon was owed approximately 5,200 acres of federal public domain land in what is known as the in-lieu or indemnity land selection process to satisfy obligations of the federal government stemming from the Oregon Admission Act of 1859.

During the development of the Asset Management Plan in 2005, the tract was estimated to have a value of \$13.2 million to \$22 million.

The 945-acre tract is configured as a contiguous block located adjacent to and south of the Deschutes County Fairgrounds and Exposition Center, south and east of the City of Redmond's Juniper Golf Course, and southwest of Roberts Field-Redmond Municipal Airport. The property is contiguous to, but outside of

the Redmond city limits and UGB and is not included within the city's 50-year UAR. It abuts the Burlington Northern-Santa Fe (BNSF) railroad mainline.

Oregon Parks and Recreation Department owns approximately 80 acres of land adjacent to the tract that has been included as part of the study area for this process. OPRD has made no commitment to sell, exchange or convey any of this land, which comprises a component of the Juniper Scenic Wayside complex.

The purpose of this plan is to identify short and long-term management direction for the South Redmond Tract in conformance with DSL's Asset Management Plan. Planning goals for the tract include:

- Identify recommended land use and land management concepts and management strategies that generate the greatest possible revenues for the Common School Fund, are compatible with community interests, and are consistent with Oregon land use law.
- Bring this property into the Redmond UGB and city limits at the earliest possible time and ensure that it is designated and used for urban uses that respond to community needs and generate revenue as soon as possible.
- Continue the collaborative planning process with federal, state and local agencies initiated prior to the property's acquisition.
- Ensure that a real estate market perspective is integrated into planning for the site.
- Ensure that short-term management decisions do not irrevocably commit or adversely affect the long-term revenue or value appreciation potential of the tract.
- Integrate management strategies for this tract with Redmond's long-term development and growth management needs.
- Facilitate development and implementation of a Central Oregon Strategy as identified in DSL's Asset Management Plan.
- Manage and plan for the tract to be a model for responsiveness to sustainability principles and global climate change.

Past and recent uses of the South Redmond Tract have been wildlife habitat, rangeland, open space for recreation and military training by the Oregon National Guard and Army Reserve units. During BLM ownership and management, the tract was subject to livestock grazing. Soils on the tract are designated as Class VII and VIII. The land is not recommended for dry land grazing due to a lack of water and proximity to urban uses. The tract has never been farmed and is not suitable for agricultural production.

LARGE-LOT INDUSTRIAL: A KEY ELEMENT OF THE PROPOSED PLAN

A key element of the proposed plan is for the Department to aggressively pursue an amendment to the Redmond UGB in the short-term based upon a regional economic opportunity analysis for large-lot industrial and related employment uses. An emphasis on placing businesses on the tract that are associated with energy-related, energy production and sustainable industry sectors is timely.

Among the rationale for this management strategy are:

- The 2006-2016 Asset Management Plan directs the Department to pursue, as a priority, urbanization of lands within or proximate to urban areas.
- The costs associated with holding land create an obligation to seek a return at the earliest possible time.
- Generating revenues from development increases the value of the CSF and increases distributions to schools.
- State economic development specialists and regional leaders have articulated a need for served and developable large-lot industrial sites to support expanding local industries, promote industrial recruitment efforts and create family wage jobs.
- Strong support for this strategy has been expressed by the South Redmond Collaborative Planning Group, the Central Oregon ERT, the City of Redmond and economic development professionals in the region and at the statewide level.
- The ownership, size, location and other features of the tract create a unique opportunity to cooperate with local and regional governments to address unmet regional economic needs.
- The provision of “shovel-ready” industrial lands has been identified as a state economic development priority.
- Recent administrative rules (OAR 660-24 of the Department of Land Conservation and Development) provide a well-defined process for pursuing an EOA based upon regional employment land needs.
- Focusing on a “green” technology campus is in line with DSL’s desire to model responsiveness to global climate change and integrate sustainability into all aspects of site planning and design.

The Urban Growth Boundary Amendment Process

For lands within the tract that DSL plans to retain, an amendment to the Redmond UGB to meet regional industrial land needs has been identified as a viable means to expedite the South Redmond Tract's inclusion into the UGB. The EOA would need to document a specific, unmet need for large-lot industrial uses in the region; a distinct economic strategy focused on large-lot industrial development would also be required. An EOA work program, including data gathering, evaluation and analysis, is necessary to justify and implement a UGB expansion and is expected to cost \$70,000 to \$90,000. DSL's project costs could be less than the full estimate, if the UGB amendment application work is equitably shared by the county, DSL and the Oregon Military Department. A Memorandum of Understanding (MOU) would be developed between the city, county, Oregon Military Department and DSL to lay out the mutual goals, roles and responsibilities, cost sharing arrangement and timeline for the UGB amendment application.

Following approval of this plan by the State Land Board, DSL: (1) will work with the other agencies to negotiate an MOU; and (2) initiate work on the EOA in conjunction with the City of Redmond, Deschutes County and DLCD.

The EOA will identify economic opportunities for large-lot industrial lands in the Central Oregon region and identify potential sites to accommodate those opportunities. Specifically, the EOA will identify large-lot industrial opportunities that incorporate principles of sustainability and responsiveness to global climate change. DSL intends to complete the EOA process within one year of plan approval, at which time, it is expected that the City of Redmond will initiate the UGB amendment process for the tract.

The proposed strategy assumes that, upon approval of the EOA by the Land Conservation and Development Commission, the City of Redmond would expeditiously initiate the process to amend its UGB to include the tract. Also assumed is a single, unified UGB amendment application with:

- A UGB amendment based on the EOA for large-lot industrial uses on lands retained by DSL; and
- UGB amendments based on Statewide Planning Goal 14 locational factors for lands anticipated to be transferred to Deschutes County and the Oregon Military Department (OMD).

Public Involvement / Interagency Coordination

Support for the proposed plan is widespread among city and county officials. Despite two public hearings and two years of development there has been little interest expressed in the plan by the general public.

The South Redmond Tract planning process was initiated in March 2006, as a result of a multi-agency meeting organized by the Mayor of Redmond, the DSL Director and the Governor's Central Oregon Economic Revitalization Team (COERT) representative. In subsequent meetings (April and May 2006), a steering group developed a work scope, Request for Proposals and advised DSL on selection of a consultant team.

The planning process has had four phases: (1) identification of opportunities and constraints, planning considerations and other short and long-term land management issues; (2) generation of alternative development concepts; (3) circulation of draft plans for public and agency review, once in November 2007 and once in June 2008; and (4) identification of a recommended short-term strategy for inclusion of the tract within the Redmond UGB within two to four years, and subsequent site preparation and development for large-lot industrial uses.

The planning process has included and, more accurately, relied upon significant interagency collaboration at each phase. At project inception, DSL met with partner agencies including OPRD, the Oregon Department of Transportation (ODOT), the City of Redmond, Deschutes County and Economic Development for Central Oregon (EDCO) to identify opportunities and constraints to consider in planning for future uses of the property and to review a proposed work scope and schedule. Alternative site development concepts were generated and discussed in close coordination with these partners and the South Redmond Collaborative Planning Group.

The strategy to pursue a short-term UGB amendment and large-lot industrial development responds to recommendations from the Collaborative Planning Group and has been vetted with partner agencies, COERT and the public. Additional interagency collaboration has included:

- Charrette with DSL staff to identify opportunities and constraints and to brainstorm short and long-term land management strategies.
- Interagency meeting with the City of Redmond, Deschutes County, DLCD, and BLM to address the anticipated timing for the South Redmond Tract to be brought into the Redmond Urban Growth Boundary.
- Stakeholder interviews with state and local agency representatives.
- Creative brainstorming session with staff from DLCD and the Oregon Economic and Community Development Department to consider recent changes to land-use OARs to permit local governments to pursue economic and industrial development opportunities.

- Throughout the planning process, presentations to the South Redmond Collaborative Planning Group were a regular feature of its agenda.
- Periodic presentations to the COERT.
- Briefings at joint meetings of the Redmond City Council and Deschutes County Board of Commissioners.
- Numerous briefings with state and local agency representatives.
- Two public hearings (November 2007 and June 2008).

In the early stages of planning, various alternative site development concepts were prepared for interagency and public review. These concepts represented differing responses to planning considerations identified early in the planning process, including inclusion within Redmond's UGB in either the short or long terms. Four alternative development concepts were incorporated into a public review draft plan.

Public review of a draft plan, including alternative development concepts, was initiated in October 2007. Input on the two draft plans was solicited through posting an invitation to comment on the Department's Web site, presentations to state and local officials, and public hearings in Redmond on November 6, 2007 and June 17, 2008.

Based upon input received from OECDD, the Collaborative Planning Group, COERT and other stakeholders, the tract has been identified as a potential site to meet the region's short-term needs for large-lot industrial development.

Conformance with the Asset Management Plan (AMP)

The Asset Management Plan (AMP) calls for the in-lieu lands to be classified and management strategies applied as part of a planning process. The plan proposes the land be classified as Industrial/Commercial/Residential land (ICR), even though the tract is not being planned for residential uses. It will be managed under an "active" management strategy. The plan's implementation actions are consistent with the AMP's General Strategies for ICR lands. For example, the investment in "soft" improvements or entitlements (i.e. UGB amendment) will bring an appreciation in land value and increase the potential to produce revenue from sale or lease.

Next Steps

Full realization of this proposed Land Use and Management Plan rests on several dynamic processes:

- The local government (City of Redmond/Deschutes County) Urban Growth Boundary amendment process for future industrial and employment use, use of land acquired by Deschutes County and the new armory site;

- Land exchange process with Deschutes County;
- Land exchange or sale process with the Oregon Military Department for the new Redmond Armory;
- Land exchange with the Oregon Parks and Recreation Department;
- The timing, financing and development of local infrastructure including sewer, roads and the Highway 97 south re-route; and
- Regional and national industrial land market conditions.

The Department has been working closely with city and county planning and public works staff on these issues. City staff, local Redmond public officials, county staff and OMD staff have urged the Department to move ahead on a coordinated UGB amendment process (to be formalized in the MOU discussed earlier) for the entire tract.

A recent meeting on September 9, 2008, hosted by DSL and attended by city, county and OMD officials confirmed a commitment by all parties to pursue a coordinated UGB amendment as soon as possible.

Upon the Land Board's approval of the Proposed South Redmond Tract Land Use and Management Plan, the Department would implement the following actions:

Land Management

1. In accordance with DSL's 2006-2016 Asset Management Plan:
 - Apply a DSL land classification of Industrial/Commercial/Residential (ICR) to the South Redmond Tract (excluding OPRD lands included in the planning area). Although this land classification allows for residential uses, no residential uses are planned for the tract;
 - Identify for "retention" all lands beyond those shown as candidates for transfer to OMD and Deschutes County;
 - Manage in accordance with ICR general strategies;
 - Apply an "active" management category.
2. Review existing administrative rules and procedures and revise as needed to restrict unauthorized activities on the tract (e.g. overnight camping).
3. Explore options for development of the tract, such as agreements with a master developer(s) to conduct detailed site planning and development upon its inclusion in the UGB.
4. In recognition of the tract's role as a gateway to south Redmond, ensure that a visual corridor is provided along the tract's southern boundary and adjacent to transportation facilities.

5. Require easement applications for public roads, infrastructure and other rights-of-way. Authorize an easement for the existing water line along the east boundary of the Juniper Golf Course.

Land Transfers

6. Based upon the acquisition standards in the *2006-2016 Asset Management Plan*, negotiate with Deschutes County and the Oregon Military Department on a land transfer, lease or combination of the two, to accommodate county needs and the siting of a new armory and associated facilities.
7. Pursue a land transfer with OPRD for the entire 80-acre Juniper Scenic Wayside complex. Alternatively, seek to acquire all OPRD land on the east side of the railroad right-of-way and the parcel west of U.S. Highway 97.
8. To avoid possible constraints or limitations on land uses on lands retained by DSL, ensure that noise-sensitive and other possible conflicting land use activities are not permitted on any transferred lands.

Urban Growth Boundary Inclusion

9. Monitor and participate in the Redmond and Deschutes County UGB and UAR amendment processes with the goal of inclusion of the entire tract within the Redmond UGB at the earliest possible date.
10. Aggressively pursue an amendment to the Redmond UGB in the short-term based upon: (1) a regional economic opportunity analysis for large-lot industrial uses with a focus on "green" industries; and (2) the planned 19th Street extension by the city and county.
11. Strive to develop a unified UGB amendment application that addresses both lands to be retained by DSL and lands that may be transferred to Deschutes County and the Oregon Military Department. If a single application is infeasible, staff will coordinate with the county and OMD to expedite processes and reduce costs. DSL, Deschutes County, the City of Redmond and OMD will develop a Memorandum of Understanding to coordinate the pursuit of a UGB amendment.

Transportation Improvements

12. Maintain a multi-modal transportation corridor capable of accommodating rail service and protect against conflicting uses.
13. Work with staff from the City of Redmond and Deschutes County in locating an extension of 19th Street that is aligned to facilitate access to both the eastern and western portions of the tract and to serve as a defining feature of site development and a gateway to Redmond from the south.

14. Coordinate with the City of Redmond, Deschutes County and ODOT regarding the U.S. Highway 97 Phase 2 Realignment, recognizing that such a realignment will not be a determinant in site planning due to lack of access and the likely timing of reroute construction. Ensure that alignment planning/construction does not land-lock portions of the tract.
15. Coordinate with Deschutes County and Pronghorn Resort to identify a secondary Pronghorn access road that maximizes site development options while providing efficient traffic circulation and safe access. In the event the road is needed before other public roads have been established on the tract, provide for a non-exclusive easement for the location of the Pronghorn Resort access road.
16. Cooperate in the Central Oregon Area Commission on Transportation (COACT) assessment of regional rail needs. Also, cooperate in the Statewide Freight Mobility Study being initiated by the Oregon Department of Transportation.
17. Ensure that planning and future development of the tract protect the utility of the railroad alignment, including the area identified as having potential for a railroad siding.

Cooperative Planning

18. Continue to actively participate in the South Redmond Collaborative Group planning process.
19. In the interim, before its inclusion within the Redmond UGB and annexation to the city, work with Deschutes County to identify the appropriate Comprehensive Plan designation and zoning to reflect the intended urban uses and lack of agricultural capacity.
20. Actively participate in Redmond's infrastructure and capital improvement planning to ensure that city sewer, stormwater and water facilities are appropriately located and sized to serve urban-level development of the South Redmond Tract. Consider financial participation in the funding of needed service extensions and sizing if it is determined that such investments meet DSL investment standards as well as the tests for nexus and rough proportionality.

Responsiveness to Global Climate Change/Sustainability

21. Model responsiveness to global climate change and integrate sustainability into all aspects of site planning and design.
22. Aggressively pursue leading edge solar energy production and utilization practices to enhance environmental sustainability and create revenue generation opportunities.

23. Apply a variety of sustainability principles, including:
- Integration of multi-modal transportation facilities, e.g. future transit and passenger rail opportunities.
 - Energy-efficient building materials and construction practices.
 - Power generation from alternative energy sources, including solar power.
 - Incorporation of solar energy principles in design of street layouts, building orientation and building design during the early planning and design stages.
 - Native vegetation and other landscaping practices that minimize irrigation needs.
 - Natural and other drainage facilities and practices that retain stormwater within the site and minimize drainage impacts (e.g., bio-swales, detention ponds, rolled curbs).
 - Permeable or semi-permeable surfaces for low impact areas such as driveways, bike paths or similar areas.
 - On-site waste use/reuse including irrigation with “gray” water for landscaping or other feasible uses.
24. Ensure that planning and designing for new transportation facilities through the tract serves as a model for implementation of the Governor’s transportation global climate change initiative.

Funding

25. Budget for a subsurface water reconnaissance study and initiate the process for obtaining water rights, if warranted.
26. Budget for an increase in land management costs to control access; for site management functions such as vegetation management and trash removal; and to protect against wildfire and unauthorized uses such as firewood cutting, off-road vehicles, unregulated target shooting, overnight camping, temporary shelters, trash dumping and any other un-permitted activities.

Marketing

27. Develop marketing partnerships with EDCO, OECDD, local and regional real estate agencies and others to support future site development.
28. Achieve industrial site certification status for the industrial elements of the tract to support industrial recruitment efforts of the state and other job creation advocates.

Plan Updates

29. Update the Land Use and Management Plan every 5-8 years.

RECOMMENDATION

The Department recommends that the Land Board:

- Approve the Proposed South Redmond Tract Land Use and Management Plan (Deschutes County); and
- Direct the Department to initiate work with the Oregon Military Department, City of Redmond, Deschutes County and other appropriate agency partners for the inclusion of the tract within the Redmond Urban Growth Boundary (UGB).

APPENDIX

A. Proposed South Redmond Tract Land Use and Management Plan, October 2008.