



News Release

Oregon Liquor & Cannabis Commission
9079 SE McLoughlin Blvd., Portland, OR 97222-7355
1-800-452-6522

For more information:

Bryant Haley Alcohol Program Spokesperson
bryant.haley@oregon.gov 971-990-3254 (mobile)

Mark Pettinger, Director of Communications
Mark.Pettinger@oregon.gov 971-235-7561 (mobile)

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OLCC Selects Site for New Warehouse Helps meet growing demand, provides better distribution

Moving forward OLCC will no longer carry Russian liquor Action follows pulling products from liquor store shelves

PORTLAND, OR. – The Oregon Liquor and Cannabis Commission (OLCC) has selected a location in Canby as a site for a future warehouse to use for the statewide distribution of liquor. In a special meeting on March 8, 2022, the Commission approved an “Intent to Purchase” sales agreement for the property where the new warehouse would be sited. The Commission also approved a measure to “delist”, or remove from availability for sale, distilled spirits manufactured in Russia.

The choice of the Canby Baker Center property, offered by commercial real estate developer Trammell Crow, comes almost four years after the OLCC estimated its current warehouse wouldn’t have the capacity to meet future consumer demand. That projection, based on pre-pandemic annual growth rates, was independently confirmed in a study completed by the Deloitte consulting firm in January 2020.

During the intervening period, the inventory of industrial land suitable for a sizeable warehouse has been drastically reduced. The Covid-19 pandemic has driven changes in the commercial real estate market that have reduced the availability of large parcels of land, and increased material and labor costs associated with large-scale construction projects.

Without added capacity, the OLCC’s ability to store and supply liquor products would level off, as would revenue generated to support State of Oregon programs.

“This is a great strategic plan to support local Oregon businesses. We have room to grow with this decision,” said Commissioner Kiauna Floyd. “Positioning OLCC to be able to provide faster and more efficient service to liquor stores in turn allows liquor stores to provide timely deliveries to Oregon’s hospitality industry.”

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March 9, 2022
OLCC Special Commission Meeting

The Deloitte study also recommended that a new warehouse be located closer to the I-5 corridor to more efficiently distribute distilled spirits to the state's 280 liquor stores. A State of Oregon site survey team originally identified four suitable locations; the Canby site was the only one still available, but happened to be the Commission's top choice.

Commissioner Jennifer Currin from Pendleton observed that the proposed location not only made sense for distribution logistics, but also because added warehouse space could accommodate a greater selection for consumers.

"It's easy to get to and serve our customers," said Currin. "If we're going to continue to be able to offer the diversity of products, the amount of products, be able to get products to our customers and also make money for the state, this is going to be an investment that will truly pay off."

The OLCC currently uses a main warehouse and an auxiliary warehouse for storing product. Inventories from both warehouses will be combined at the new location. The current OLCC warehouse would need to be retrofitted for seismic stability to remain serviceable; Deloitte determined that wouldn't be cost-effective because the upgrade wouldn't provide additional warehouse capacity.

This month the Oregon Legislature approved an increase in the OLCC's bonding authority for the proposed warehouse because of the market wide rise in construction costs. In 2019, the OLCC warehouse project was expected to cost \$62.6M, it is now estimated to cost \$145.8M.

The new distribution center will enable the OLCC to increase the number of products sold and distributed statewide. The sale of those increased offerings is expected to generate enough money to pay back the construction bonds in less than a year.

Also during the special meeting, Commissioners voted to delist Russian distilled spirits; that means those products will no longer be for sale at Oregon liquor stores, and the OLCC will no longer carry the products in its warehouse. The OLCC had carried or "listed" 18 Russian distilled spirits products, all of them vodkas.

The OLCC regularly discontinues, or "delists", items for sale if they don't sell well. In 2021, OLCC discontinued the sale of 260 items but added more than 100 new products.

Last week, in the wake of the Russian invasion of Ukraine, the Commission voted to ban the sale of Russian distilled spirits and directed liquor stores across the state to remove them from their shelves. The supply of Russian vodka still in the OLCC warehouse is being returned to suppliers.

The Commission undertook both actions as part of the state's commitment to supporting Ukraine and aligns with similar measures taken by other states.

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