OLCC Mission:
Support businesses, public safety, and community livability through education and the enforcement of liquor and marijuana laws.

Agency Position:
The Oregon Liquor and Cannabis Commission keeps Oregonians safe and promotes economic development through regulated access, sale, and utilization of regulated substances. We run a world-class public-sector business that among other things:

• Creates predictability and stability for the billions of dollars in revenue generated for the State of Oregon and local jurisdictions through the Distilled Spirits and Public Safety Programs

OLCC is the third largest revenue source for the State
CURRENT FACILITY - MILWAUKIE

OLCC Headquarters – McLoughlin Blvd.

Main Warehouse – McLoughlin Blvd.

Milport Warehouse
HISTORIC LIQUOR SALES

$900,000,000
$800,000,000
$700,000,000
$600,000,000
$500,000,000
$400,000,000
$300,000,000
$200,000,000
$100,000,000
$-


Total Liquor Sales

OR OREGON LIQUOR & CANNABIS COMMISSION

OLCC
Internal and external studies determined warehouse and central office are at capacity and require substantial investments to maintain current levels of operation (80% - 85% of space utilization is industry standard).

Capacity limitations affect revenues by limiting the possibility of new products and constricting product variety which directly affects consumer purchase behavior (currently near 100% capacity).

OLCC’s current business strategy is to continue to open new stores and actively seek opportunities to profitably expand product selection.

OLCC operations are housed in a warehouse that is more than 65 years old. Failing to plan for our future distribution needs will constrict growth and limit profitability.

Key warehouse technology is nearing its end of its useful life and has minimal infrastructure flexibility; inefficient and disjointed. Major changes across the enterprise are required to meet business needs and secure revenue.

Changing in the existing warehouse does not remove the need for new/upgraded warehouse management system (WMS) and replacing outdated legacy supply chain systems.

OLCC has taken a proactive approach to mitigate the immediate space constraints in an effort to delay the anticipated capacity shortfalls.
• Presented January 2020

• Recommended relocation to a new facility
  • To support future capacity needs and growth

• Study found relocation to Northern Oregon, between Central Portland and Salem would yield best location for lower
  • Transportation costs
  • Mileage
  • Transit times

• Northern Oregon is home to
  • The most liquor agents of any Region
  • Destination for over 51% of OLCC’s annual deliveries
PROPERTY SEARCH

• OLCC secures services from DAS Real Estate Services and Broker Cushman & Wakefield

• Property search criteria
  • 20-35 Acres
  • No more than 10 miles east or west of I-5 corridor
  • Located between South Tigard to Brooks

• A State Land Inventory System search has revealed no state land in or beyond the criteria area
  • OLCC submitted a Futile Act request regarding filing a real property acquisition notice
  • DAS approved the Futile Act request
Vacancy rates for industrial properties are near all-time low, while utilization is up, and prices are at record levels.

Land valuation is near $25 per sqft compared to $8-$9 per sqft 2 years ago.

Construction/Labor costs rising upwards of $130/sf, with material costs leading the way (Steel +123%, Lumber +111%, and Aluminum +35%).

Pricing continues to fluctuate with market uncertainty (supply chain challenges coupled with domestic labor shortages).

OLCC’s relocation once projected to cost $62.6 M in 2019, is now estimated to cost approx. $145.8 M for the total project which the Legislature funded in the 2021 session and increased in the 2022 legislative session through Article XI-Q General Obligation Bonds.

- Land purchase funding earmarked at $40,775,530.
Cushman & Wakefield completed a survey of available properties that fit the OLCC Criteria. They found 11 properties. Average costs of land at this time was approx. $10.00 PSF with construction costs averaging $100.00 PSF.

Department of Administrative Services (DAS) sent out a RFI and received nine (9) responses. After review and with an increase in square footage needs for the warehouse, there were four (4) sites that fit this criteria.

All four (4) sites were toured by OLCC. After the tour two (2) of the sites sold to other buyers. The 3rd site was divided with 20 acres being sold and 30 acres having the developer build a speculative 500,000sf building.

The OLCC Board of Commissioners approved Intent to Purchase of Baker Center in Canby.

A Purchase and Sales agreement was signed on the last remaining property that meet OLCC criteria. Baker Center consisting of three tax lots totaling 33.77 acres in Canby.
BAKER CENTER - PSA

Location: SE 1st Ave & S. Walnut St, Canby, Clack. Co., OR

Zoning: M-1, Light Industrial

Acres: 33.77 acres (three tax lots)
- N. Tax lot 300 – 20.5 acres
- Mid. Tax lot 301 – 3.42 acres
- S. Tax lot 2000 – 9.85 acres

Purchase Price: $40,775,530
33.77 acres @ $25/SF = $36,775,530
Development Fee Offset = $4,000,000
APPRAISAL OF BAKER CENTER

Appraisal performed by Jackson Group NW Inc.

• Baker Center was appraised at 33.77 acres @ $15/SF = $22,065,000
  • Comparable sales support a land value above $10.25/SF and below $21.00/SF

Appraiser Comment:

• “With the favorable supply / demand picture in the market area, scarcity of large sites, proposed highway improvements, and entitlement work performed, the pending sale, at $25/SF, may be justifiable for this specific buyer and reflects the significant premium needed to obtain the site given the timing, geographic and size requirements.”
PHASE I ENVIRONMENTAL SITE ASSESSMENT

• Initial Phase I ESA performed by GeoDesign (now NV5) in 2018 identified:
  • A heating oil UST associated with the eastern residence on Tax Lot 2000
  • A diesel UST was reportedly decommissioned by removal from Tax Lot 301 in 1988. Documentation regarding the decommissioning was not available

• An updated Phase I ESA is underway by NV5 for OLCC

• NV5 reviewed Seller provided documents and determined:
  • Three septic systems were decommissioned by Drain-Pro in February 2022
  • Asbestos-containing materials abated by Asbestos Abatement Contracting LLC - February 2022
  • Approximately 5 tons of petroleum-contaminated soil were removed from the vicinity of the pad-mounted transformer and disposed of at a RCRA Subtitle D landfill by EVREN Northwest in February 2022. Petroleum hydrocarbons were not detected in confirmation soil samples collected from the limits of the excavation.
  • The heating oil UST was properly decommissioned by EVREN Northwest in April 2022
REASONS TO PROCEED

• Baker Center meets all OLCC Criteria
  • Location aids in distribution of distilled spirits – Delloitte study
    • City of Canby road upgrade to 99E
  • Acreage allows for 400,000 sqft warehouse and 30,000 sqft Headquarters
    • Quality land features, cleared to bare ground and entitlements by seller
    • Sets agency up for 30 – 50 years of growth potential
    • Room for future expansion or sale of excess land if not needed in the future

• No time to spare
  • No other available properties and can’t afford to wait
  • 10-year revenue at risk is $1.5 billion without relocation
  • Project completion expected in early 2025
    • Even a 6 month delay in the project puts $190 M of revenue at risk
    • Project is estimated to pay for itself in approx. 18 months purely from capturing the revenue at risk during that timeframe.
Questions