



# Oregon

Kate Brown, Governor

## Department of State Lands

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### State Land Board

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## State Land Board

**Regular Meeting**  
**October 22, 2019**  
**Agenda Item 5**

### **SUBJECT**

Request for approval to update and finalize review and determination (due diligence) documents and to sell portions of the South Redmond Tract, consisting of approximately 780 acres of Large Lot Industrial (LLI) lands in Township 15S, R13E, Section 32 and 33 Tax lot 130, W.M. Deschutes County, Oregon.

### **ISSUE**

Whether the State Land Board should authorize the Department to update and finalize review and determination documents for the remaining 780 acres of LLI lands of the South Redmond Tract and to sell the parcel in a phased approach through a brokered or direct sale process.

### **AUTHORITY**

- Oregon Constitution, Article VIII, Sections 2 and 5; pertaining to the Common School Fund and land management responsibilities of the State Land Board.
- ORS 273.055; relating to the power to acquire and dispose of real property.
- ORS 273.171; relating to the duties and authority of the Director.
- ORS 273.780; relating to the retention of mineral rights.
- OAR 141-067; relating to the sale, exchange and purchase of state land.
- Real Estate Asset Management Plan (REAMP), adopted by the Land Board; February 2012.
- 2008 South Redmond Tract Land Use and Management Plan.
- 2019 South Redmond Tract adopted by the City of the Redmond City Council and the Deschutes County Commission for Urban Growth Boundary Expansion, Annexation, and Rezoning.

## **South Redmond Tract History and Background:**

The South Redmond Tract is a 940-acre parcel owned by the State of Oregon located in Deschutes County, southeast of the City of Redmond (Township 15 South, Range 13 East, Sections 32 and 33). This property was acquired in 2007 by the State Land Board, acting through the Department of State Lands (DSL or Department) from the U.S. Bureau of Land Management (BLM) as an asset of the Common School Fund (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. The South Redmond Tract was formerly managed by BLM's Prineville District as Community Expansion lands under the Department's 2005 Upper Deschutes Resource Area Management Plan.

The 940 acres is configured as a contiguous block that is 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. At the time of acquisition, the property was outside the Redmond city limits and Urban Growth Boundary (UGB) and was not designated within the City's 50-year Urban Area Reserve (UAR).

The South Redmond Tract is one of many properties throughout the state which are managed by the State Land Board (through DSL) to benefit the Common School Fund, with revenues dedicated to the support of K-12 public education in Oregon. CSF lands are managed by the State Land Board as a "trust" to maximize short- and long-term revenues consistent with sound stewardship and business management principles. As the trustee, the State Land Board has a duty to maximize the value of, and revenue from CSF lands over the long-term. To achieve the Department's management objectives and maximize the revenue to the CSF while providing consistent and sound stewardship business practices, the Department established the South Redmond Tract Land Use and Management Plan (Plan).

The Plan was developed through a collaborative planning effort with federal, state and local entities initiated in March 2006, prior to acquisition of the tract from the BLM. While the property was outside the Redmond UGB and not designated as an UAR, it was reasonably expected to be developed for urban uses due to its location adjacent to the UGB, city limits and existing and/or planned urban infrastructure. Planned city and county transportation, water and sewer system improvements on and through the tract also suggested future urban level development. The tract is recognized as a key site to meet the region's short-term needs for large-lot industrial development. Thus, the Plan recommended a concept for urban development of the property based upon expansion of the Redmond UGB. Many of the assumptions made were predicated based on the Department seeking an economic opportunity amendment to the Redmond UGB to

meet regional industrial land needs and subsequent development of the Tract for LLI uses.

## Summary

In 2006, prior to the Department receiving the title to the South Redmond Tract (SRT), a collaborative planning effort was initiated with federal, state and local agencies. In this effort there were four primary concepts developed for the future development of the SRT: mixed use focus, employment/recreation, and two campus industrial scenarios. All scenarios held the assumption that any one scenario would take a minimum of 20-years for development. At the time these scenarios were developed, the mixed-use campus industrial was the scenario that was deemed most responsive to the community and regional needs. The planning effort ultimately led to the development of the South Redmond Tract Land Use and Management Plan that set to accomplish the following:

- Identify recommended land use and land management concepts and management strategies that generate the greatest possible revenues for the CSF, 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 industrial, commercial and residential properties as identified in the Department's *Real Estate Asset Management Plan*.
- Manage and plan for the tract to be a model for responsiveness to sustainability principles and global climate change.

In addition, this plan set out a strategy to complete a land exchange for 140 acres with Deschutes County to accommodate an expansion of the fairgrounds, and a land sale of 20 acres for the development of a readiness center for the Oregon Military Department (OMD). DSL has entered into agreements with both OMD and Deschutes County to accomplish a sale and an exchange of approximately 160 total acres of the SRT. Currently, DSL is determining values of properties to complete these transactions and has submitted a partition application to separate the proposed properties from the South Redmond Tract. The remaining 780 acres of land has been incorporated into Redmond city limits and has been designated Large Lot Industrial zoning for future employment opportunities. In short, DSL has accomplished nearly every goal the Land Board approved through the adoption of the South Redmond Tract Land Use and Management Plan in 2008.

So, the Department can continue to meet the goals set forth in the Plan and, more importantly, maximize the revenue returned to the CSF, the LLI lands will need to be sold for the designated use. In order to complete any land sale(s) for the remaining 780 acres of the SRT, due diligence will need to be finalized. Much of the due diligence has already been completed in the process of positioning the SRT into the boundaries of the City of Redmond and taking the preliminary steps to conduct a land exchange with Deschutes County and a land sale to OMD. The Department will need to complete a DOGAMI review to determine if there is any potential significance in the minerals associated with the SRT, an updated appraisal report, and a potential update to the Oregon Biodiversity Information Center (ORBIC) report that is required by the Department of Agriculture to ensure there are no protected plant species on the site.

Upon completion of updating and finalizing the due diligence reporting, the Department will be prepared to pursue land sale opportunities upon approval from the Land Board. In order to better meet the Land Use and Management Plan for the SRT, the Department is proposing to utilize the services of a broker for the disposal of all 780 acres of the LLI zoned lands or by means of a direct sale, as applicable.

Zoning the SRT as Large Lot Industrial was an integral component to the property being incorporated into the City of Redmond boundaries. This zoning designation requires a minimum of one lot that is 200 acres or greater to be sold and developed, with the remaining lots to be identified as 50 to 100 acres in size available for sale and development. To better align with the Plan and ensure that a real estate market perspective is integrated into planning for the site, the Department recommends disposing of the entire 780-acre SRT through a phased approach with a contracted broker or a direct sale. A broker process or a direct sale would allow for the SRT to be disposed of to potential developers suited for large lot developments in a more nimble and responsive manner to meet the needs of the region. In turn, this approach would allow for the maximum return of revenue to the Common School Fund.

In August 2019, the Department received final approval from the City of Redmond for urban growth boundary expansion, annexation into city jurisdiction, and zoning designations for Large Lot Industrial lands. The Department also received approval from the City for a public facilities zoning designation to accommodate the OMD readiness center and county fairgrounds expansion. The SRT planning process has gone through extensive internal and public review to provide transparency to all stakeholders through multiple public hearings at the city and county levels. The Department will continue to work closely with local partners such as Redmond Economic Development Inc. (REDI), Economic Development of Central Oregon (EDCO), Business Oregon and others to ensure both the State's and local interests are met.

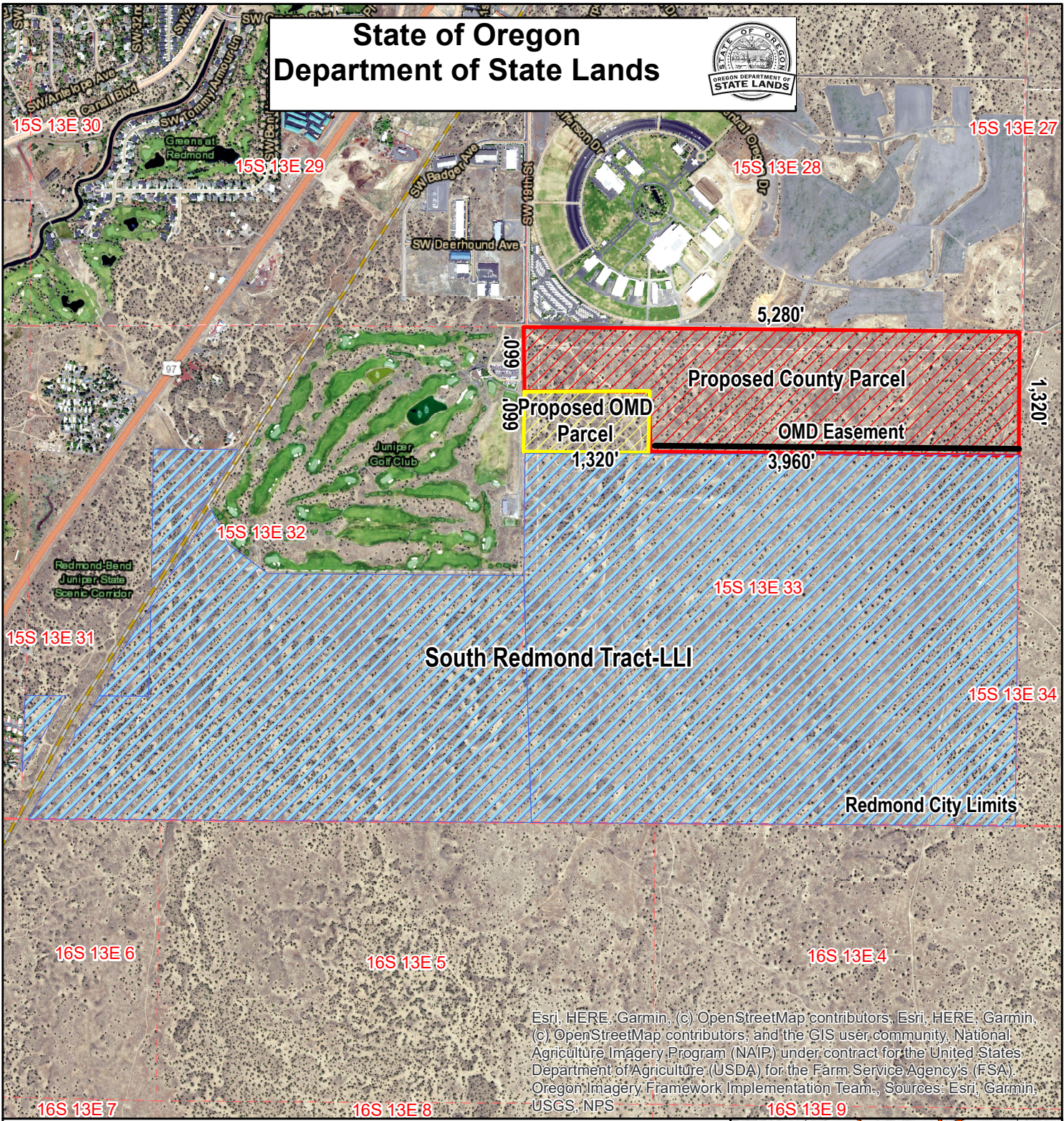
### **RECOMMENDATION**

The Department recommends the State Land Board approve the completion of the review and determination (due diligence) documents and the use of a broker or direct sale to dispose of the remaining 780 acres of South Redmond Tract Large Lot Industrial lands to benefit the Common School Fund.

### **APPENDICES**





- A. Map of Property
- B. SRT Land Use and Management Plan
- C. Findings in support of the L.L.I. zoning designation and approved Masterplan
- D. Timeline of approvals

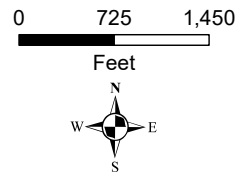
# State of Oregon Department of State Lands



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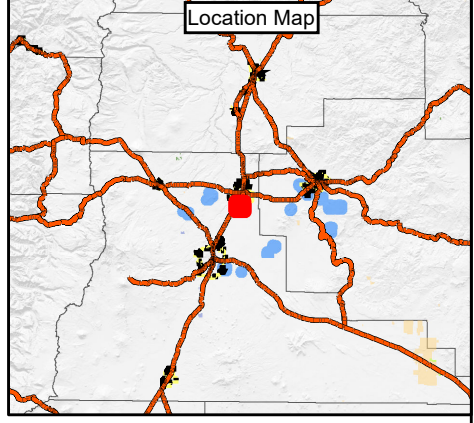
## Appendix A South Redmond Tract T15S, R13E Sections 32 and 33 Deschutes County

-  SRT\_LLI
-  Deschutes County Exchange
-  OMD
-  sect\_08



Map Projection:  
Oregon Statewide Lambert  
Datum NAD83  
International Feet

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