

*Testimony for the Springfield and Lane County Planning Commissions
March 10, 2010*

My name is George Grier. I live at 1342 ½ 66th Street, Springfield Oregon. I am the current Treasurer for the Lane County Farm Bureau and serve on Oregon Farm Bureau's State Land Use Advisory Committee. I am a past two-term Lane County Planning Commissioner and Lane County Boundary Commission member. Recently, I have served on Springfield's Commercial Industrial Buildable Lands (CIBL) Stakeholder Committee and on Springfield's System Development Charge (SDC) Citizens Advisory Committee. Thank you for the opportunity to address this joint hearing.

This is an important juncture for our community. We must be thoughtful and creative as we consider how to shepherd growth during a period when our resources, both financial and natural, are becoming increasingly scarce. We live in an extraordinary place. The Willamette Valley is one of the few places on earth that could become self-sufficient in food, fuel and fiber. However, that can only happen if we protect our agricultural base. Food security and food safety will become increasingly important to Americans. Agricultural lands continue to be lost to urban conversion and speculation as communities in Oregon plan their future. Once this land is converted it will never return to agriculture. However, land inside the existing UGB can face multiple futures if it is thoughtfully redeveloped. I urge you to consider all the alternatives before you bring any agricultural lands into Springfield's UGB. I will limit my comments to concerns with the Commercial Industrial Buildable Lands (CIBL) and the Economic Opportunities Analysis (EOA).

Springfield is asking you to bring an additional 640 acres of land into its UGB for employment growth. Both the nature and the scope of this request are unnecessary and ill-advised for several reasons:

- 1. The predictions for employment growth are inaccurate and overstate the anticipated job growth for the next 20 years.*
- 2. The number of large sites needed is overstated and not supported by the EOA.*
- 3. The specific sites needed, particularly large industrial sites, is unjustified.*
- 4. Many "Targeted Growth" sectors are unlikely to locate at the identified expansion locations which are at the urban fringe and within the floodplain.*
- 5. Redevelopment potential is understated and overlooked.*
- 6. Costs to serve the identified expansion areas are disproportionate to the number of jobs created at these sites.*
- 7. Given the unfunded infrastructure requirements Springfield faces within its existing UGB, it is extremely difficult to visualize when, or even if, funding will be available to service new areas outside the present UGB.*

1. The predictions for employment growth are inaccurate and overstate the anticipated job growth for the next 20 years.

As with the Residential Lands Analysis, the key to calculating future employment needs is based on a presumed growth factor. However, the analysis must first start with an accurate analysis of existing employment. This is not straightforward. Accurate statistics exist only for "covered employment", which does not include all workers, most notably sole proprietors.

- **2006-2008 employment base and growth rate < 1.4 %:** In 2006, Springfield's covered employment was 27,310 workers. ECONorthwest has calculated that actual employment

in 2006 was 36,706. In 2008, total employment was estimated at 37,733 prior to the one-time addition of approximately 3400 PeaceHealth employees that re-located to RiverBend. Thus, from 2006 to 2008, during one of the most prosperous times in the last 50 years, Springfield's employment base grew at slightly less than 1.4 % per year.

- **Addition of 3400 PeaceHealth employees skews base employment number:** The relocation of 3400 PeaceHealth workers from Eugene to Springfield was not an actual increase in regional employment. Using this inflated basis to calculate future years is misleading.
- **Initial 2010 employment base of 42,284 inflates the actual starting number for the planning period significantly.** This number indicates significant job growth in Springfield for the past two years, which is incorrect. The actual starting number for the planning period should be less than or equal to the 2008 figure, since the community has lost employment during this time frame.
- **The proposed annual 1.4 % increase in employment significantly overstates likely growth.** This number is erroneous for several reasons. First, the most recent accurate job growth number, from 2006-2008 during healthy economic times, was actually less than 1.4 %. Second, using this growth rate yields 13,440 new jobs from 2010-2030. During this time, Springfield projects its population will increase by 14, 577. The statewide average ratio of population to jobs is 1.9. Springfield, for planning purposes in this analysis has utilized a more aggressive ratio of 1.7, because it has typically drawn workers who live outside of Springfield. If this ratio of population to employment persists, that would result in a net employment gain of only 8,575 jobs, or 64% of the projected growth.

2. The number of large sites needed is overstated and not supported by the EOA.

Table C-10, on page 460 of the staff report (page 141 of the Economic Opportunities Analysis (EOA)), indicates the range of needed sites by site size and building type. According to historic employment patterns, two sites between 20 and 50 acres, and two additional sites greater than 50 acres will be needed to accommodate anticipated growth. However, the analysis then indicates that somewhere between 3 -6 sites of 20-50 acres, and 2-4 sites of greater than 50 acres are needed. This anticipated need is further refined in Tables 5-3 and 5-4, found on pages 378 and 379 of the staff report (pages 58 and 59 of the EOA) to indicate that 3 Industrial sites of 50 acres, one Commercial site of 50 acres and 3 Industrial sites of 100 acres will be needed outside of the existing UGB.

There is no justification for the increase in the stated need for these larger parcels. The EOA does not support it. This is simply a policy decision made by Springfield to overstate its anticipated need. It is not grounded in the analysis.

3. The specific sites needed, particularly large industrial sites, is unjustified.

Page 444 of the staff report describes the sectors where the most, and the least, of Springfield's future employment opportunities will be found:

Springfield's target industries are predominantly office and other services, such as medical services, services for seniors, call centers, back office functions, high tech, professional services, corporate headquarters, and other services. The forecast assumes that these industries will grow faster than other employment in Springfield.

While Springfield expects that general industrial will grow, the City expects industrial employment will grow slower than all employment in the City. This expectation is based on the target industries that Springfield has identified and the Oregon Employment Department's forecast for employment growth in Lane County for 2006 to 2016.

Springfield expects that employment in warehousing and distribution will grow but slower than all employment because Springfield is at a disadvantage for siting warehouse and distribution firms. These firms need sites that have easy access to I-5 and flat sites of 20 or more acres. There are relatively few sites in or around Springfield that meet these criteria.

The justification for 500 of the 640 acres cited as being required to accommodate Springfield's future employment needs are based on the analysis that the larger parcels required (3 Industrial sites of 50 acres, one Commercial site of 50 acres and 3 Industrial sites of 100 acres) cannot be found within the existing UGB, and therefore the UGB must be expanded. However, the opportunities analysis clearly states that the specific employers that need these larger parcels will be less and less likely to be a major factor in Springfield's employment base. Springfield is asking its citizens and ratepayers to subsidize expensive development where expensive infrastructure has to be built, primarily in the floodplain, for jobs that are less likely to locate in the community and that will represent a smaller and smaller percentage of its employment base.

4. Many "Targeted Growth" sectors are unlikely to locate at the identified expansion locations which are at the urban fringe and within the floodplain.

The analysis of alternatives for the potential expansion of Springfield's UGB for employment opportunities lists the following preferred locations:

- North Gateway
- North of 52nd (north of Highbanks and Thurston Roads)
- South of the Millrace
- Seavey Loop

All of these areas contain significant amounts of land within 100-year floodplains. Some areas within them not only will be inundated during less than a 100-year flood event, but will also be fragmented during these events by overflow channels carrying higher velocity flows. This is particularly true for Highbanks/Thurston Road and Seavey Loop. Within the Highbanks/Thurston Road area Cedar Creek becomes a flood channel of the McKenzie River as frequently as every 5-10 years. This could result in problematic siting, access and infrastructure costs.

It does not seem reasonable, nor a particularly good sales tool, to ask many of the targeted employers to locate in a floodplain where their business and investments will be put at risk. The potential employers that are listed as one of the primary reasons for needing the larger sites, such as warehousing and distribution, would be foolish to locate in an area where their inventory would be at risk, or where access could be cut off from flooding.

Other employers that are mentioned in the Economic Opportunities Analysis (EOA) as potentially needing larger parcels such as government facilities and education (page 383 of the staff report) are unlikely to locate at the urban fringe, or in the floodplain, where these targeted areas for UGB expansion are found. At the moment, Springfield School District would appear to have an adequate 20-year inventory of land for its future needs. Government facilities tend to

want to experience economies of scale and adjacency by locating near other, already-existing government operations.

5. Redevelopment potential is understated and overlooked.

The growth that Springfield experienced in the last 20 years was primarily a result of the development of flat, relatively unconstrained large parcels in a prime area adjacent to I-5. It is unlikely this opportunity can be recreated regardless of if, or where, Springfield expands its UGB. The long term economic vitality of the community will most likely come about through strategic redevelopment of areas already within the existing UGB. Glenwood is a prime example.

Springfield has most likely met the minimal threshold set by the state to consider redevelopment potential in its analysis. However, this standard is unrealistically low. By choosing this minimum threshold, Springfield has chosen not to focus on potential strategies that could result in increased economic vitality at a reduced cost to the community.

Consider recent redevelopment in Springfield that would not have been anticipated with the ratios of improvement/lot size that are used in the EOA: LTD's Downtown Station, St. Vincent de Paul's Royal Building or Woodside Assisted Living Center at 48th and Main. It was not that long ago that Springfield was in the running for the relocation of the Federal Courthouse. At that time, options for several properties around and including Island Park Medical Center were secured by the city and offered to the General Services Administration as a potential site for the Courthouse. None of these properties would be considered "redevelopable" under the standards used in the EOA, which is nonsense.

It might be less complicated to continue to focus on flat undeveloped land. But there is not much that is unconstrained or practically situated proximate to existing services, transportation or employment centers. The long-term vision with the most potential for a significant return would be to focus on strategic redevelopment. It is time to start concentrating on that alternative as opposed to consuming more farmland or risky development in the floodplain.

6. Costs to serve the identified expansion areas are disproportionate to the number of jobs created at these sites.

The current recession will impact how we do business for many years to come, most likely the duration of this 20-year planning window. Financial resources will become an even more significant issue for Springfield as tax revenues do not grow as rapidly as in the past and borrowing capacity is constrained. It is vital that the community use its resources as efficiently and as wisely as possible.

Of the 640 additional acres forecast to be needed for future employment, 450 of those are identified as being needed for future Industrial needs. This represents over 70% of the potential UGB expansion. However, in Table 4-3 (page 373 of the staff report), out of the 13,440 new jobs that are anticipated in the next 20 years, only 1455 of them will come from the Industrial sector.

This would mean that approximately 70% of future infrastructure costs to serve newly incorporated areas would result in only 10.8% of the new jobs created in the community.

Capital Improvement Plans and System Development Charges are required to address how this infrastructure will be provided. It means a disproportionate amount of our community's financial resources will be committed to projects that will result in only a small portion of future jobs. It will likely mean that some of the resources needed to assist the 89.2% of our other potential new jobs may not be available to foster those jobs. This is neither good policy nor a good investment.

7. Given the unfunded infrastructure requirements Springfield faces within its existing UGB, it is extremely difficult to visualize when, or even if, funding will be available to service new areas outside the present UGB.

An analysis by Springfield Public Works Department for review by the System Development Charge (SDC) Citizen's Advisory Committee indicated that there is an outstanding backlog of approximately \$65,000,000 in capital improvements necessary for storm and wastewater infrastructure alone within the existing UGB. Only a very small percentage of these projects are currently funded. Springfield has elected not to increase its SDC's to address these necessary improvements. This figure does not include transportation system improvements, which are also currently underfunded by SDC's.

The table on page 666 of the staff report labeled Section F-38 shows the approximate costs to extend stormwater, wastewater and transportation to the edge of the proposed additions at the existing UGB. This figure ranges from \$70,000,000 to \$85,000,000 depending on which "Concept" is adopted. It does not include the costs to build out the infrastructure within these areas. Nor does it include the costs for other publicly subsidized infrastructure that will be required to serve these areas such as water and electricity.

Where will these funds come from? At the moment, there are not adequate resources identified to pay for Springfield's existing obligations within the current UGB. When a site is included in the UGB, the community is required to show how it will extend services and pay for the new development. These costs go into the SDC calculation for all new development. The disproportionate financial burden to bring the identified larger industrial sites into the UGB will be borne unfairly by businesses that are bringing proportionately more jobs into the community.

Without SDC's in place to cover these costs, they will be borne by Springfield taxpayers and ratepayers. Again, this would mean that ratepayers in Springfield would absorb the disproportionate costs required to bring a relatively small number of jobs into the community.

When Springfield makes bad decisions about investments in infrastructure, it loses its cost advantages over other communities. Prosperity for Springfield will come at a much greater price and ultimately makes it a less competitive place to locate, live and do business.

This is an issue that requires serious analysis and consideration before well-intentioned policy makers mortgage Springfield's future.

Thank you for your consideration.

George Grier