

## **Minutes of the River Plan Committee – North Reach**

**June 19, 2007**

**5pm – 7:00 pm**

**Portland Bureau of Planning, 1900 SW 4<sup>th</sup> Avenue, Room 4a (4<sup>th</sup> floor)**

**Committee Members Present:** Pauline Anderson, Brian Campbell, Don Hanson, Jason Graf

**Absent:** Bob Naito, Melissa Powers, Greg Wolley, Krystyna Wolniakowski

**City Staff Present:** Sallie Edmunds, Deborah Stein, Grant Morehead, Shannon Buono, Arianne Sperry, Mindy Brooks, Roberta Jortner, Steve Kountz, Chris Scarzello, Cary Pinard, Anita MacAuley, Matt Lustig, John Hazlett, Matt Harding, Rick Bastasch, Joan Hamilton (Recorder), Planning; Kate Green, BDS; Seth Hudson, Jim Thayer, PDC

**Others Present:** Dan Dishongh, Jan Secunda, Phil Grillo, Ann Gardner, Cyril Young, Nancy Munn, Paul Maresh, Ethan Seltzer, Sumner Sharpe, Alison Ryan, Mandy Knoop, Rob Mathers, Susie Lahsene

Don Hanson convened the meeting.

### **1. Committee Business**

Don Hanson deferred approval of minutes due to absence of a quorum.

Sallie Edmunds announced the following items:

- The River Plan Team sent a general mailer to thousands of people, including North Reach property owners, industries, and businesses. Numerous people have requested addition to the River Plan mailing list.
- Grant Morehead has joined the Planning Bureau's River Plan Team after previously working for PDOT.
- The River Plan Committee will not meet again until September 18, 2007, at 5:00 p.m. Staff will continue working in July and August to bring draft recommendations by September.

Edmunds introduced the agenda, explaining that presentations at this meeting frame the issues that will form the basis of a plan to integrate industrial development and natural resources on the North Reach of the Willamette River. She quoted the River Concept goal to promote the vitality of the harbor in the North Reach by supporting industrial growth as well as environmental cleanup, watershed health actions and recreational access. She announced that the meeting agenda includes proposals for industrial land use policy, alternatives for regulatory policy for the North Reach, and scientific data that will support decisions.

### **2. Staff Recommendations: Industrial Land Use Issues (Conversion Policy, River-Related and River-Dependent Zones)**

#### **Documents Distributed:**

- River Industrial Zoning Background and Issues Report:  
<http://www.portlandonline.com/shared/cfm/image.cfm?id=159959>

- River Industrial Zoning Issues and Draft Recommendations to River Plan Committee: <http://www.portlandonline.com/shared/cfm/image.cfm?id=161398>

Steve Kountz reported on the work of the River Industrial Zoning Task Group to review issues concerning river-related and river-dependent zoning in the Willamette River's industrial harbor in the North Reach. He provided background on Portland's longstanding policy to protect land for industrial uses through zoning because harbor industries are valuable to the regional economy. He explained that the River Industrial overlay zone (i-overlay) reserves land along Portland Harbor for river-dependent and river-related industrial uses, unless greenway review finds that the land is unsuitable for those uses. Kountz reported that 60 percent of land in the i-overlay is in river-dependent use, 15 percent of the land is non-river-dependent, and 25 percent of the land is vacant (mostly brownfields). He reported that potential growth for river-dependent industries is positive for the short-term and the long-term, but the harbor is nearly built out, most vacant land lies on 'brownfield' sites, and there's little available land for new industries or expansion. He said Metro has designated most of the harbor area as a regionally significant industrial area (RSIA) because features cannot be replicated elsewhere.

Kountz summarized issues, staff's proposals and rationales, as well as alternative approaches. He reported that staff recommend as follows:

1. Retain current overlay zone and develop resources to reclaim underutilized sites.
2. Continue to limit allowed uses in the i-overlay to river-dependent and river-related. Change the definition of river-related primary uses to include actual uses in the harbor (no uses currently meet it), and specify examples.
3. Eliminate non-conforming use restrictions on expansion in the i-overlay. The current review criteria and size limitations on non-conforming use expansion are not relevant to the i-overlay and unnecessarily inhibit industrial investment on these sites.
4. Remove river industrial overlay from sites without river access or industrial zoning – 1) McCormick & Baxter site; 2) sites separated from the river by streets on Swan Island; and 3) sites in Linnton separated from river by the main rail line.
5. Adjust the i-overlay boundary on very deep sites to better reflect long-term features of the development patterns on those sites. Include all of Terminals 4 and 5 and exclude the Northwest Pipe site.
6. Develop site-feasibility criteria for river dependent uses that focus review on specific physical characteristics, replacing the current site suitability considerations that are more open-ended. Limit lifespan of allowances to the proposed occupant at the site.
7. Remove the Swan Island Plan District and apply equivalent provisions along the entire river corridor.
8. Strengthen industrial sanctuary retention policy.
  - a. Develop criteria to clarify and support policy – 1) apply no-net-loss rule in regionally significant industrial areas; extend Guild's Lake conversion criteria requiring land use compatibility and transportation capacity for new uses if land is converted.

- b. The existing industrial sanctuary boundaries were reexamined based on buffering, prime industrial features, and industrial use feasibility. Convert industrial sanctuary to mixed employment on the McCormick & Baxter site, due to the lack of truck route access and long-term reuse constraints.
- c. Leave flexibility for potential map adjustments resulting from Columbia Corridor and Central Portland planning efforts.
- d. Add “right to industry” provisions that require notification to households of nearby industrial sanctuaries and industrial impacts, where conditional residential uses are approved near industrial sanctuaries.

### **Committee Comments:**

Committee members appreciated the comprehensive review of issues. Steve Kountz answered questions as follows:

- *What has been the rate of conversion from industrial land to other uses?* There’s been loss of about 35 acres a year for the last five years, and from 1960 to 2000 the average rate has been 22 acres a year.
- *What kind of development will occur on brownfields once they are cleaned up?* Current industrial zoning requires river-dependent or river-related industrial uses in the i-overlay. Residential use would be prohibited, and only about 3000 sq. ft. of commercial would be allowed with up to 25,000 sq. ft. available with a conditional use permit. The intent is to develop brownfields back into usable industrial sites. We’re proposing that the Harbor Superfund clean-up project be designed to accommodate future river-dependent uses, allowing for dredging and docks.

### **Public Comment**

- Phil Grillo asked whether conversion criteria will consider the importance of clustered, interdependent industries on the harbor. He recommended that criteria for land conversion address whether industries in a cluster need to expand.
- Ann Gardner complimented the thoughtful task group process. She stressed that Portland is lucky to have industrial zoning protection for the prosperous industrial harbor and thriving businesses with plans for expansion.
- Paul Maresh questioned removing the McCormick & Baxter and Triangle sites from river-dependent use based on lack of truck access, because trucks previously gained access to the sites. Ann Gardner explained there’s no way to dock at those sites.

### **3. Draft Natural Resources Inventory**

#### **Documents Distributed:**

- Handouts: Summary of *Natural Resource Inventory: Riparian Corridors and Wildlife Habitat, Willamette River, Portland, OR, Discussion Draft Report June 2007*; Project Methodology Overview
- View or download Natural Resource Inventory documents from:  
<http://www.portlandonline.com/planning/index.cfm?c=41328>

Roberta Jortner introduced the project team and announced that the North Reach section of the draft Willamette River Natural Resources Inventory report is available for public review, and a CD version is available upon request. She said comments can be mailed or submitted via an online form. She provided background on the City's long-term environmental policies and efforts and explained that the inventory serves as a reference rather than a regulatory tool. She said the City's Willamette River inventory update is based on methodology used for Metro's regional inventory, and is refined to reflect local conditions and assessments conducted for the Willamette corridor. She said the inventory focuses on riparian corridors including areas adjacent to rivers, streams, and drainageways, as well as wildlife habitat. She described the methodology used to rank natural resources as high, medium, or low according to riparian or wildlife functions contributing to the health of the ecosystem. She stressed that the City consulted with technical experts to ensure the validity of refinements to Metro's regional inventory.

She noted that like the industrial area, the North Reach also serves as a unique resource hub because of the confluence of two major rivers and the Columbia Slough, with links to the Columbia River estuary, the Sandy River basin, the Tualatin Mountains, and the Washington lowlands. She provided an overview of inventory maps that divide the North Reach into 13 sections. Maps for each section show an aerial view, water-related features, vegetation features, riparian resources with relative rankings, wildlife habitat with relative rankings, and combined riparian/wildlife areas with relative rankings. She noted that the City has identified "Special Habitat Areas," that are similar to Metro's "Habitats of Concern." Special Habitat Areas cover unique natural features, including habitats that are known to support or contain special-status plant and animal species.

**Committee Comments:**

Committee members praised the maps and amount of research conducted to develop the draft inventory. Roberta Jortner and Chris Scarzello responded to questions.

- *What is the process for zooming into ½ acre sites for the vegetation maps?*  
Aerial photos were used in conjunction with 2003 multispectral imagery. The data were digitized manually from points on an aerial photo. Staff mapped areas within a ¼ mile of a stream, an environmental zone, or any area ranked by Metro for the regional inventory. The Bureau will continue to update this information using tips from the public, current aerial photography, site visits, and new data such as LIDAR.
- *What's the difference between forest and woodland vegetation?*  
The forest designation includes 65-75% tree canopy, while there's less canopy in woodland. Shrubland includes shrubby vegetation, and herbaceous areas represent low structure ground cover, which is mostly lawn or managed turf and groundcover in the city.
- *How much habitat represents natural floodplain vegetation, and how much has been planted by man? What remains natural in a developed city?*  
The landscape has been altered significantly, as the floodplain has changed, including extensive filling, and types of vegetation have evolved either naturally or as the result of human activity. Some stream channels and wetlands represent remnant pieces of natural landscape, but it won't all be restored. Part of the River Plan work is considering how to integrate function into the current landscape.

**Public Comment:**

- Jan Secunda said the Guilds Lake area used to be a swamp, much of Linnton was forested, and riverbanks have moved. She stressed there have been radical changes, and restoration is vital.
- Phil Grillo asked about public process for this inventory, given Metro's considerable public process for that inventory. Staff agreed that Metro's extensive technical and public review process provides a strong foundation for the City's work. Staff reported that general notices will go to North Reach stakeholders, Planning is developing a more user-friendly Web site, and staff will be available to meet with anyone who has questions. Jortner said the City relied on Metro's science and methodology and received technical review for consistency with Metro's approach. Staff anticipates updating natural resource data in response to feedback, so as to produce maps that are as accurate as possible.

**4. Mitigation & Conservation Banks: A Draft Report Document Distributed:**

- Mitigation & Conservation Banks, Draft Report for River Plan Consideration, June 11, 2007

Matt Lustig, Planning Bureau River Plan team member, introduced his PSU classmates John Hazlett, Anita MacAuley, and Matt Harding, who took on the study as part of their PSU graduation capstone project. Team members explained how they acted as a contractor hired by the River Plan Team to research mitigation programs elsewhere, set up an advisory task group, perform public outreach with neighborhood groups, and develop recommendations. The team provided an overview of their project's purpose, process, research on market forces, and recommendations for options. They reported as follows:

- Mitigation offers a way to offset the impacts of development on natural resources, but very few zones in the North Reach currently require mitigation. Off-site mitigation could serve as a component of a natural resources strategy that would comply with local, state, and regional economic and environmental goals.
- Off-site mitigation could provide benefits that include: 1) a comprehensive approach to natural resource management rather than the current piecemeal approach of on-site mitigation; 2) greater ecological gain through the restoration and enhancement of larger contiguous habitat areas 3) flexibility for property owners to use their property as needed for business while also meeting mitigation requirements.

- Off-site mitigation options include: 1) banking – a site where habitat is restored, created, enhanced or preserved expressly for the purpose of providing compensatory mitigation for authorized impacts to similar resources 2) in-lieu-fees – fees paid to a regulatory agency rather than completing an on-site, project specific mitigation; 3) partnership – joint efforts by the city, private property owners, and nonprofit organizations to acquire and/or manage sites for natural resource functions to off-set impacts of development.
- Market demand for off-site mitigation is a challenge because current industrial zoning in the North Reach does not require mitigation for many of the properties. The market could change if 1) if the River Plan’s natural resources management plan includes new mitigation requirements and/or 2) the pace of contaminated site redevelopment increases and on-site natural resources are impacted 3) the Portland Harbor Natural Resource Trustees, through the NRDA process, require compensation as a result of damages to public trust natural resources.
- There is the potential for a partnership between the City and the Trustees to reduce upfront capital costs related to restoration through the use of common sites to meet both City mitigation requirements and NRDA compensation measures.
- Potential mitigation sites have been identified. These include existing properties in public ownership and others in private ownership where acquisitions might occur. An initial list of federal, state, and nonprofit funding sources has been developed.

Recommendations for the River Plan staff include:

1. Include off-site mitigation as a component of any natural resource management plan for the North Reach.
2. Establish an in-lieu fee mechanism.
3. Identify habitat acreage and industrial targets to help guide long-range planning for North Reach.
4. Hire a consultant to produce restoration cost estimates and a potential fee structure for an off-site mitigation program.
5. Develop a long-term off-site mitigation funding and land acquisition strategy.
6. Work with the Portland Harbor Natural Resources Trustees to identify partnership opportunities.
7. Work with community stakeholders including the business community to identify partnership opportunities including establishing a Lower Willamette Watershed council.
8. Work with BES to develop additional off-site mitigation program options.
9. Work with nonprofits to acquire funding and programmatic expertise for acquisition and restoration opportunities.

**Committee Comments:**

Matt Lustig responded to questions from the Committee. Task group member Nancy Munn provided information about the task group’s discussions.

- *Did the team look at fee structures in other places?*  
Seattle is working out the details for the Shoreline Alternative Mitigation Program (SAMP), which includes identifying sites and developing fees based on costs of

enhancing sites within the program area. They are working on a model based on ecological function which has proven difficult.

- *Are there sites in Portland that would benefit from mitigation?*  
The Watershed Health Task Group has identified sites in both public and private ownership that would benefit.
- *How would staff make decisions on when off-site mitigation is allowable?*  
Nancy Munn said some task group members recommended on-site, in-kind mitigation as the primary option before going off-site, so that only inability to provide it on-site would be grounds to allow it off-site. Other comments suggested that off-site should be encouraged if this would provide a quantifiable benefit to fish and wildlife that exceeds the benefits of on-site mitigation.

Hanson summarized that businesses in the harbor need room to expand, and the City must prioritize resources to accomplish the most value in the area and off-site.

#### **Task Group Comments:**

- Phil Grillo stated that mitigation most likely will become increasingly important because of development issues related to compliance with Metro's Title 13. He said mitigation might be useful in low value sites where there is significant development and also with Superfund developments. He said partnerships would develop because it's preferable not to litigate.
- Nancy Munn said partnerships between government agencies and private property owners as well as cooperation among public agencies are rare in the nation. She commended the City for working cooperatively with federal and state agencies.
- Ann Gardner asked whether compliance with the City's stormwater manual could qualify as meeting mitigation requirements, if the common goal is watershed health. She noted the rigorous requirements for stormwater management and noted the potential complexity and expense if the City piles on additional requirements to existing environmental efforts.

Staff confirmed there may be options for coordinating mitigation projects with the City's stormwater management program. They noted that stormwater projects offer opportunities for off-site mitigation, ranging from improvements along the drainage corridor to maintenance of previously installed facilities. The City currently allows property owners to fulfill stormwater and landscaping requirements with one project. Gardner stressed focus on what the City wants to accomplish, not requirements.

## **5. Integrating Natural Resources and Industrial Development**

### **Document Distributed:**

- River Plan/North Reach: Integrating Industrial Development and Natural Resources, draft summary, with Table of Alternatives and a series of diagrams entitled: Approaches for Integrating Industrial Development and Natural Resources

Sallie Edmunds reported that after approaching the River Plan North Reach topic by topic, there now is enough information to fold topics together. River Plan staff has identified:

- *Goals* – City’s intent is to protect natural resources and also protect the working harbor in accordance with the River Concept.
- *Assumptions* – 1) the working harbor is vital, 2) existing natural resources in the harbor need protection, 3) actions should improve watershed health overall though not on every site, and 4) improvements in watershed health will occur primarily through development and redevelopment.
- *Program commonalities* – staff envisions all of the alternatives sharing the following characteristics 1) continued use of the riverbank for industrial, river-dependent development, 2) requirements for setback from the river for non-river-dependent development, 3) prioritization of important natural resource sites, 4) identification of potential sites for both on-site and off-site mitigation, 5) incentives to encourage protection and restoration, and 6) public investments, partnerships, and encouragement of eco-industrial development practices.

Edmunds reported that a task group now will develop criteria to evaluate alternative approaches to integrating industrial development and natural resources. Edmunds, Shannon Buono and Arianne Sperry described alternatives involving different development scenarios for river-dependent development and explained that preferred alternatives may involve a hybrid of ideas. They provided illustrations and descriptions of possible options:

- Option A protects and conserves riparian resources using the “*avoid, minimize, mitigate regulatory approach.*” (Option A-1 would protect riparian resources, and A-2 would protect riparian and upland resources; Option A most closely matches the provisions of Metro’s Nature in Neighborhoods Program).
- Option B mitigates for disturbances of existing riparian and upland resources through on-site enhancements or in-lieu fees (There’s no need to minimize disturbance, but development that encroaches will trigger the mitigation requirement. There will be a series of identified large restoration sites acquired in the North Reach to support this program).
- Option C mitigates for development right along the riverbank, not necessarily in resource areas. (Regulations are not based on existing natural resources, but instead on development of functioning riparian areas on the river and also a series of large restoration sites. Any development near the riverbank triggers requirement for improving watershed health).

#### **Committee and Public Discussion:**

Staff, Task Group and audience members raised questions and discussed issues. A summary of comments follows:

- An in-lieu fee program could support either purchase of land or targeting of funds for specific, strategic sites. The question would be the ability to raise sufficient funds to provide equity to offset impacts to natural resources.

- A plan for mitigation sites is important but complicated because of limited habitat in the North Reach and because it would be preferable to spend most of the money on acquisition rather than a plan.
- Staff's illustrations of options reflect exceptional sites with natural resources covering most of the site. Most riverfront sites do not look like that. The Natural Resources Inventory covers an area that is almost completely developed for river-dependent use, so staff's intent is to define an aspirational natural resource and development area, rather than a picture of status in 2007.
- Consider that most of the sites in North Reach have lower rankings and are already developed. Development in the North Reach will present many nonconforming situations, so focus on those situations rather than those in the illustrations. The aggregated effect of what staff proposes would penalize sites that are already developed by making them pay a fee, so there's a need to look at the breadth of current situations relative to the rankings.
- Consider the impact of requirements for in-lieu fees or mitigation in low value areas (example – Terminal 2, where a paved area reaches down to the river and a low-ranked natural area).
- Consider how programs might work together rather than pile on more requirements. Consider that Metro's response to Goal 5 involved an ESEE analysis. Consider letting compliance with requirements for cut and fill or similar actions to improve watershed health substitute for additional requirements. If Option A-1 corresponds with Metro's requirements, stick closer to that.
- Don't stray too far from requirements for ESEE analysis.
- Consider global warming and focus on the environment, not the economy.
- Consider carbon trading similar to programs in Europe – reward people who perform mitigation with credits to trade with people who are not doing it; that would raise the market value.
- Develop a plan for what should be developed and what saved – there's need to evaluate if a site is not high enough value to earn a credit.

### **Next Steps**

Sallie Edmunds said the Task Group will meet over the summer and bring back a proposal in September. She distributed a timeline and reported:

- September meeting – recommendations on balanced cut and fill and the working harbor reinvestment priorities.
- October meeting – draft of ideas for eventual plan, comparisons with Federal and State regulations.

Edmunds reported that there's been a lot of progress, and the project is getting close to decisions that will enable completion.

There were no further comments from the Committee or public.

Meeting adjourned at 7:35 p.m.

[Minutes unapproved until next River Plan Committee meeting]