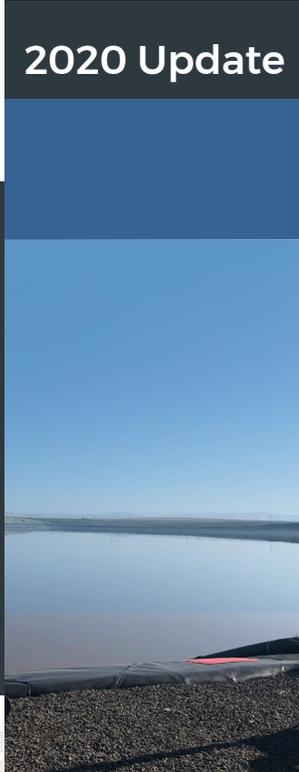


2020 Update

Port of Morrow

Strategic Business Plan +
Capital Improvement Plan



*Thank you -
to the Port of Morrow,
its stakeholders, and
community partners
for sharing their time
and insight in the
development of this
Strategic Business Plan and
Capital Improvement Plan.*



**Port of Morrow
2020 Strategic Business Plan Update**

Submitted to

**Port of Morrow
Boardman, Oregon**

December 2020

Submitted by

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ACKNOWLEDGEMENTS

This strategic business plan was developed by the Port of Morrow with assistance from Business Oregon. For more information about the Port of Morrow, visit www.portofmorrow.com.

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**PORT OF MORROW
2020 STRATEGIC BUSINESS PLAN UPDATE**

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1.0 INTRODUCTION AND STRATEGIC PLANNING PROCESS

1.1 PURPOSE

The Port of Morrow 2020 Strategic Business Plan builds upon past planning efforts and addresses the progress as well as the challenges the Port has faced since the 2013 Strategic Business Plan and Capital Facility Plan. Since the adoption of these plans in 2013, the Port has seen substantial growth in infrastructure, agricultural food processing, and energy facilities. In addition, the Port has had ongoing success in securing federal and state grants for future infrastructure improvements, helping support existing tenants and capturing future growth. As such, the Port has reviewed and renewed its mission and goals to define a new future for the Port. This plan is intended to serve as the primary planning document to guide Port policies, projects, and practices over the 20-year planning horizon. The plan was designed to comply with the strategic business plan requirements of Business Oregon and serves as a communication tool between the Port and the state. Once the state has accepted the plan and agreements are in place, the Port will become eligible for State Planning and Marketing funds for implementation (Oregon Administrative Rules [OAR] 123, Division 25). Further, the plan acts as a blueprint for Port Commissioners, staff, stakeholders, tenants, and the public in understanding the Port's mission, goals, priority projects, and key strategies going forward. It can be used as a basis for grant funding and to bring partners together to address common project goals. The plan is designed to be a flexible guide for the Port Commission as it sets priorities and policies. To that end, policies and capital improvement priorities should be reviewed annually in conjunction with the Port's budgeting process. A full update to the Strategic Business Plan is recommended every five years.

1.2 PLAN FORMATION AND ORGANIZATION

This Strategic Business Plan is the result of various planning, market and financial, and facility assessments undertaken in 2019 and 2020 that included coordination with the Port Commission, staff, tenants, and stakeholders. These efforts helped define the current and future role of the Port and how new and long-standing goals would be achieved. To inform recommendations outlined in this plan, most Port facilities and operations were evaluated. In addition, a market analysis was commissioned to evaluate economic and demographic realities and trends highlighting potential opportunities for the Port to make sound investments and propel economic growth.

This document is organized into eight sections as follows.

- Introduction and Strategic Planning Process: Provides a brief overview of the plan purpose, formation, and outreach conducted during plan development
- Port History: Describes the origins of the Port of Morrow and significant milestones in its history
- Port Vision, Mission, and Goals: Identifies the Port's vision and mission statements, and overarching goals to achieve this mission and long-term vision

- **Port Overview:** Provides an overview of Port properties, facilities, and transportation and utility infrastructure, as well as the current Port Commission, staff, and strategic partners
- **Policy Context and Situational Analysis:** Identifies prior Port and strategic partner planning efforts, outlines applicable plans and policies that will affect future development at the Port, and highlights the economic and community benefits of the Port
- **Market Analysis and Opportunities:** Provides a summary of current demographic, industry trends, and market opportunities for the Port
- **Strategic Business Plan Elements:** Provides capital improvement priorities and goals and policies to inform Port management, financial, environmental, and marketing decisions
- **Priority Projects:** Highlights three future infrastructure projects identified by the Port for the expansion of business operations and continued economic growth along with planning-level cost estimates for these projects.

1.3 COMMISSIONER, STAKEHOLDER, AND PUBLIC OUTREACH

The plan, which includes the Port’s capital improvement plan, was developed with extensive public outreach, including Port Commission and public meetings, as well as stakeholder interviews. Summaries of outreach efforts are included in Appendix A.

A kick-off meeting was held with Port Commissioners and staff in person in October 2019 to introduce the planning process, identify key stakeholders, and included a strengths, weaknesses, opportunities, and threats (SWOT) analysis to inform development of the strategic business plan.

Stakeholder interviews were conducted in person based on a series of questions regarding the local market, growth opportunities, needed infrastructure improvements, and the regulatory environment to inform the strategic business plan update. Input was received by Port tenants, project partners, and local government officials. In total, 10 stakeholders were interviewed during the strategic planning process.

In addition, two Port Commission meetings were held during the planning process to collect input and feedback from the Commission as the plan progressed. The first meeting was held in September 2020 to present summaries to the Commission of the site and public facilities review, as well as the market and economic analysis that had been completed. The Port Commission and the project team also discussed potential key projects to highlight in the draft strategic business plan (see Section 8). The second meeting was held in October 2020 to present the draft strategic business plan to the Commission to solicit feedback for plan refinement. Port Commission meetings held in fall 2020 were conducted in person and online via Zoom due to the global pandemic. Port

Commissioners, staff, and WSP's project manager participated at social distance in person with the team online and the public invited online.

2.0 PORT HISTORY AND BACKGROUND

Morrow County is located east of the Cascade Mountains in northeastern Oregon. Exploration and settlement of the area began during the mid-1800s and the County was formally established in 1885. When cattlemen originally came to the County, they found an abundance of rye in the creek bottoms that they used as forage for their herds. Ranching was the main economic activity in the future Port of Morrow area for many years. Ranching declined during the 19th Century as overgrazing diminished the free pastures and farming eventually replaced ranching as the major economic activity in the area. Railways came to the County around 1883 and increased access to markets¹.

Dam building on the Columbia River began under President Franklin D. Roosevelt in the 1930s, whose New Deal policies supported significant public works projects. Most dams in the Columbia River Basin were built for multiple purposes, including flood control, hydroelectricity, basin irrigation, and locks for navigation of boats and barges².

The closest dams to Boardman are the McNary Dam, completed in 1957 roughly 30 miles upriver³, and the John Day Dam, completed in 1971 roughly 57 miles downriver⁴. Both facilities are managed by the U.S. Army Corps of Engineers (USACE). The Port of Morrow was established in 1959. The Port began acquiring industrial and harbor land in the early 1960s and the first tenants arrived at the Port in the late 1960s. Growth at the Port accelerated in the 1980s. In the early 1980s, a dock was constructed for a wood chip reload facility, and a grain terminal was built to ship corn from Oregon and the Midwest to Pacific Rim countries. Also occurring in the 1980s was the construction of a new Interstate 84 (I-84) Port interchange in Boardman, alleviating heavy traffic volumes and providing easy access to the Boardman Industrial Park⁵.

The Port has seen steady growth since the 1980s and currently includes a diverse mix of tenants and industries, including power plants, food processing facilities, agricultural industries, data centers, shipping companies, warehouse facilities, educational and tourism facilities, and energy businesses. In terms of operating budget, the Port has become the second largest port in the state behind the Port of Portland⁶.

The Port's location along the Columbia River and key transportation routes allow it to serve as a gateway for the region. The Union Pacific Railroad (UPRR) mainline passes through and splits the Boardman Industrial Park and East Beach Industrial Park with a

¹ Review and History. Port of Morrow. The World Port Source, n.d. Web. Jan. 2020.

² Northwest Power and Conservation Council. Dams: history and purpose. Web. Jan. 2020

³ U.S. Army Corps of Engineers. McNary Lock and Dam. Web. Jan. 2020

⁴ U.S. Army Corps of Engineers. John Day Lock and Dam. Web. Accessed January 2020

⁵ Morrow County Chronicles. Morrow County Museum. Web. Accessed January 2020.

⁶ FCS Group. Port of Morrow – Economic and Community Benefits Analysis Update. December 2017.

rail loop at the East Beach Industrial Park connecting the Port with regional railways. Incoming barges handling container shipments transfer to trucks at the Port at one of the various marine terminals. Terminal 3 (T-3), operated by Tidewater, is the largest container terminal upriver from Portland, handling approximately 11,000 containers from barge to truck annually⁷. Outgoing barges traveling the Columbia River from the Port are within 24 hours of the Port of Portland and oceangoing vessels. I-84, which borders the Boardman Industrial Park to the south, gives the Port access to east-west corridors while I-82 east of Boardman provides north-south access. Today, Port properties encompass roughly 8,200 acres within Morrow County, including a significant amount of vacant, underutilized, and agricultural land, as detailed in Tables 1 to 4. The Port District includes all of Morrow County and the communities of Boardman, Irrigon, Ione, Lexington, and Heppner (see Figure 1).

The Port currently has one of the lowest property tax rates for any port in Oregon and is considered self-sustaining; almost its entire annual budget is funded through lease revenues, enterprise operations, and grants. The Port has had ongoing success securing federal and state grants for future infrastructure improvements at Port facilities, as detailed below. Significant investment, development, and job creation have occurred in Morrow County since the last strategic business plan was adopted in 2013 that have strengthened and diversified the Port District. Much of this recent success in Morrow County can be directly attributed to the Port of Morrow and the Columbia River Enterprise Zone II (CREZ II) program. Recent developments and investments made in the Port District include the following.

- Capacity improvements for water, sewer, and cold storage in 2019. The Port has also added its first new well in 15 years, adding 2,300 gallons per minute to its water capacity and added an additional 5 miles of pipeline to its wastewater system and a lift station.
- Construction on the Wheatridge Renewable Energy Facility, a 350-megawatt wind and solar energy farm operated by Portland General Electric Co. (PGE) and NextEra Energy, began in January 2020. Wind components should be in service by the end of 2020, and the solar and battery portions are expected to be operational in 2021.
- An additional 42,000 square feet expansion of cold storage warehouse space to serve several food processing businesses that operate within a 10-mile radius, among other users. The expansion has added roughly 10,000 additional pallet positions at refrigeration temperatures — unique among Eastern Oregon’s dry storage and frozen storage options.
- In 2018, the Port was awarded a roughly \$19 million U.S. Department of Transportation’s (USDOT) Better Utilizing Investments to Leverage Developments (BUILD) grant to fund the Port’s future Columbia River Barge

⁷ Tidewater Barge Lines. Neil Maunu, Tidewater, Interview with WSP USA. November 2019.

Terminal Rail Access Project, which will extend new rail lines from the UPRR mainline to Port marine terminals enabling rail-to-barge access for shipments along the Columbia River. The project is expected to be completed in 2023.

- The Port received a USDOT Maritime Administration (MARAD) Marine Highway Project Designation in 2019, which allows the Port to pursue federal funding for infrastructure improvements to the Port’s marine terminals. The Port leveraged this designation and was awarded roughly \$1.6 million in federal funding from USDOT to develop a breakbulk operation at Terminal 1.
- In 2017, the Port was awarded a \$6.55 million Connect Oregon grant to expand rail access at the East Beach Industrial Park.
- Finalization of an agreement for a solar project that will cover approximately 800 acres near the Boardman Airport.
- Participation in the Columbia Development Authority (CDA) on infrastructure planning for when the U.S. Army transfers the former Umatilla Chemical Depot to the CDA, which will then develop parts of the property for industrial use.
- The Neal Early Learning Center added an additional 9,600 square feet of classrooms and a multipurpose room allowing the center to serve additional children. The center is a collaborative effort between the Port, InterMountain Education Service District, the Morrow County School District, and Umatilla-Morrow Head Start.

Investments at the Port are intended to help spur traffic on the proposed 1,300-mile multimodal “High, Wide, and Heavy Corridor” (HWH). HWH was established by a coalition of northwest ports and transportation providers aiming to establish a transportation corridor for the movement of energy and infrastructure cargoes from Asia bound for western North America. Rail and barge terminal improvements at the Port will help extend barge service up the underutilized Columbia and Snake River marine highway systems. Infrastructure investments, such as the Columbia River Barge Terminal Rail Access Project will relieve rail and highway congestion through the Columbia Gorge, facilitate the movement of goods, reduce transportation costs, reduce emissions and fuel use, and create jobs. From recent development activity to the secured funding for future infrastructure improvements, the Port continues to build momentum and expand its role in Oregon as a major economic engine for effective regional, state, national, and world trade.

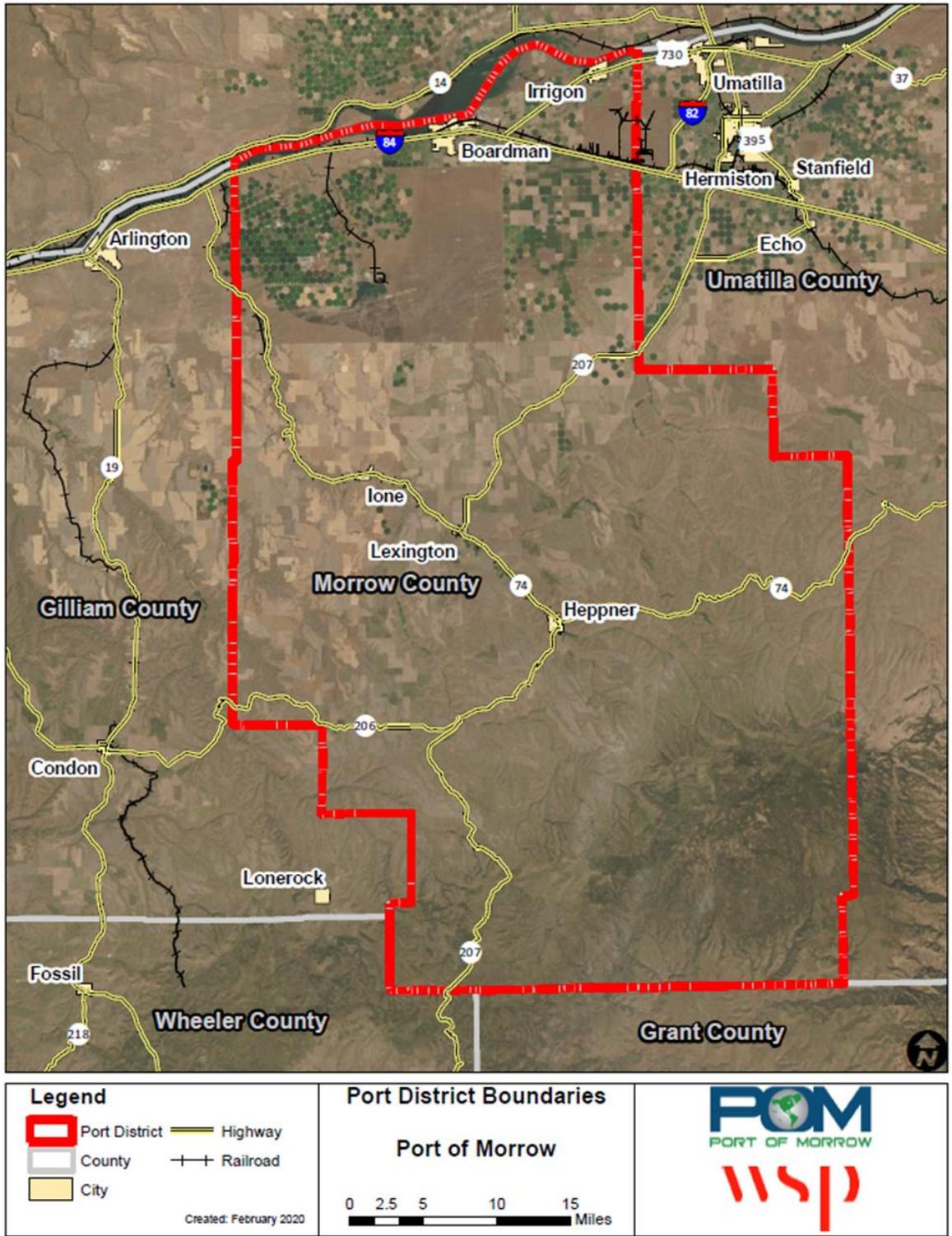


Figure 1. Port District Map

3.0 PORT VISION, MISSION, AND GOALS

The Port's 2013 Strategic Business Plan mission and goals were updated as part of the process of developing this strategic business plan update. In addition, a 2040 vision is introduced in this 2020 update. Because a mission statement and the strategic business plan itself are typically 5 to 10-year efforts, the vision looks 20 plus years out and expresses how the Port sees its future. The following articulates the Port's vision, mission, and goals.

2040 Vision

The Port of Morrow is the primary economic hub of eastern Oregon with operations supporting the movement of goods throughout regional, national, and international markets. Due to the development of the Columbia River Barge Terminal Project, the Port is considered one of the premiere upriver ports in the country. The Port's build-out of their Umatilla Army Depot property and the Airport Industrial Park, along with improvements made in existing business parks, provides a diverse range of businesses and services that solidifies the Port as financially sustainable and economically resilient. The Port has secured adequate water rights and has developed sustainable water reclamation facilities and strategies to meet existing and future demands. Local governments and other regional partners are supported by the Port in community development efforts and the expansion of local housing options. Tourism in the region continues to increase, anchored by the SAGE Center and convention space. Continued strategies for land acquisition and infrastructure development positions the Port to succeed beyond the 2040 benchmark.

Mission Statement

The Port of Morrow is the region's economic development leader and works closely with businesses, organizations, and governments to create family wage jobs and provide key services. The Port maintains a positive business environment; develops and provides water sources and utility services; and continues to expand its role as a regional transportation hub by providing and expanding upon surface, water, and air transportation facilities. The Port is focused on maximizing the industrial development potential of the region while supporting community partners in addressing housing needs, commercial development, community services, and improvements that enhance the region's quality of life.

The Port identifies the following goals.

Goals

To implement the Port's mission, the Port Commission established a nine-goal business development approach.

Goal 1: Expand the Port's role as the regional transportation hub by providing superior facilities and services.

Goal 2: Maximize the development potential of the Port's properties.

Goal 3: Ensure a surplus of developable land exists in the Port’s portfolio to adequately meet future demand and capture new development opportunities.

Goal 4: Secure and maintain additional water rights for future development activities.

Goal 5: Develop and maintain utility services that efficiently and effectively support regional development and Port customers.

Goal 6: Increase agency coordination and communication for greater transparency between parties and to help streamline permitting processes and approvals.

Goal 7: Support Port tenants where feasible to help meet their business potential.

Goal 8: Partner to support the region’s tourism, recreation, and education development needs.

Goal 9: Support community development activities that enhance employment creation and improve the District’s quality of life, including housing, commercial development, and community services.

4.0 PORT OVERVIEW

4.1 PORT COMMISSION AND STAFF

The Port is governed by ORS 777 and a five-member commission that is elected by Port District voters. As stated in the bylaws for the Port Commissioners, their primary duties and functions are to represent and solicit public opinion from their constituents, establish and interpret policy, and adopt the Port’s budget, amongst other duties. Port Commissioners are active members of the Oregon Public Ports Association and the Pacific Northwest Waterways Association. Membership in these regional trade groups serves the Port’s interests through representation on critical transportation, economic development, and environmental issues.

The Port presently employs 125 full-time and 9 seasonal employees. These staff numbers have doubled in the past five years to account for the recent growth and expansion at the Port. The Executive Director, who is appointed by the Port Commission, is responsible for the day-to-day management and administration of Port activities. The Port provides development opportunities and offers tenants assistance with financial services. The Port’s administrative offices, located at the Riverfront Center, also serve as a large meeting space for public and private events. Accommodations at the adjacent River Lodge and Grill include 48 rooms and a full-service restaurant.

4.2 WORKFORCE DEVELOPMENT AND TRAINING

As the Port continues to grow, so does the demand for skilled labor. The Port has established a workforce training program that aims to supply skilled labor to Port tenants through internships and high school recruiting. A portal was established on the Port’s website to connect students and job seekers to available training and career opportunities within the Port. In addition, the Workforce Training Center at Blue Mountain Community

College partners with the Port to offer several certificate and degree programs to help students pursue a wide-range of career opportunities within the Port and beyond. In 2020, the Port established an internship program called Columbia Works that offers college students the chance to intern with the businesses located at the Port. That opportunity complements the teacher externships and high school internships that are relatively new to the Port.

4.3 STRATEGIC PARTNERS

Ongoing coordination and collaboration with local, regional, state, and federal partners allows the Port to leverage its resources to fulfill its mission and manage its assets. Maintaining relationships with the following public and private entities is key to the Port's success.

- U.S. Army Corps of Engineers (USACE)
- U.S. Department of Transportation (USDOT)
- Federal Aviation Administration (FAA)
- Confederated Tribes of the Umatilla Indian Reservation (CTUIR)
- Columbia Development Authority (CDA)
- Business Oregon and the Infrastructure Finance Authority
- Oregon Department of Fish and Wildlife (ODFW)
- Oregon Department of Aviation (ODA)
- Oregon Department of Land Conservation and Development (DLCD)
- Oregon Department of Transportation (ODOT)
- Oregon Water Resources (WRD)
- Oregon Department of Education (DOE)
- Greater Eastern Oregon Development Corporation (GEODC)
- Oregon Public Ports Association
- Pacific Northwest Waterways Association
- Blue Mountain Community College
- Morrow County
- Cities in Morrow County
- Umatilla County
- Port of Umatilla
- Local school districts
- Local businesses and tenants

4.4 PORT PROPERTIES AND FACILITIES

The Port has made substantial investments in facilities and infrastructure to serve key industries and contribute to the economic development of the region. The Port's properties cover more than 8,000 acres of land in Morrow County. Most of the Port's properties are located within the Port's four business parks: (1) Airport Industrial Park, (2) Boardman Industrial Park, (3) East Beach Industrial Park, and (4) South Morrow Industrial Park. These parks do not have rigidly defined boundaries; rather, they are in general locations within Morrow County. The Boardman Industrial Park and East Beach Industrial Park are separated by the UPRR mainline with the Boardman Industrial Park to the south and East Beach Industrial Park to the north. All the business parks contain land owned by the Port and by private tenants. This section highlights Port-owned properties

at each business park. Tax lot and ownership data for Port-owned properties was provided by the Morrow County Assessor's office and the GIS department at the Oregon Department of Revenue.

In conjunction with the development of this strategic business plan, WSP performed a streamlined facilities condition assessment of properties at these four facilities. The assessment's results are discussed in the memorandum included in Appendix B. Summary descriptions of the Port's four business parks follow below, organized by their general locations. Figure 2 is the general location of the four parks while Figures 3 through 6 show each location, and Tables 1 through 4 list the Port properties and their current use.



Figure 2. Overview of Business Park Locations

4.4.1 Airport Industrial Park

The Port owns roughly 4,000 acres of land approximately 4 miles southwest of Boardman in Morrow County. This includes the Port's Airport Industrial Park (2,700 acres), which consists of two large parcels south of I-84 (see detail 5 on Figure 3 below) and the Boardman Airport. The airport includes a 100-foot-wide by 4,200-foot-long runway and associated facilities. The Port also owns four properties north of I-84, including three that front on the Columbia River. Large, vacant industrial-zoned land exists at the Airport Industrial Park, which could offer a full range of aviation and/or industrial uses depending on future demand and infrastructure improvements. The Airport Industrial Park and surrounding properties currently have limited and deficient infrastructure to serve potential development, and the land is costly to develop due to the high rock content of the soil. One of the top future infrastructure projects identified by the Port is building out the utilities at the Airport Industrial Park to attract and capture development opportunities (see Section 8). Another priority infrastructure project includes access improvements along Tower Road, including a rail overpass over the UPRR mainline to the Columbia River properties and east/west vehicle access points to the parcels north of I-84 and south of the UPRR. The Port recently finalized an agreement to lease roughly 800 acres of the Airport Industrial Park for solar energy development and is in the process of building a new deep water well with construction expected to begin in November 2020.

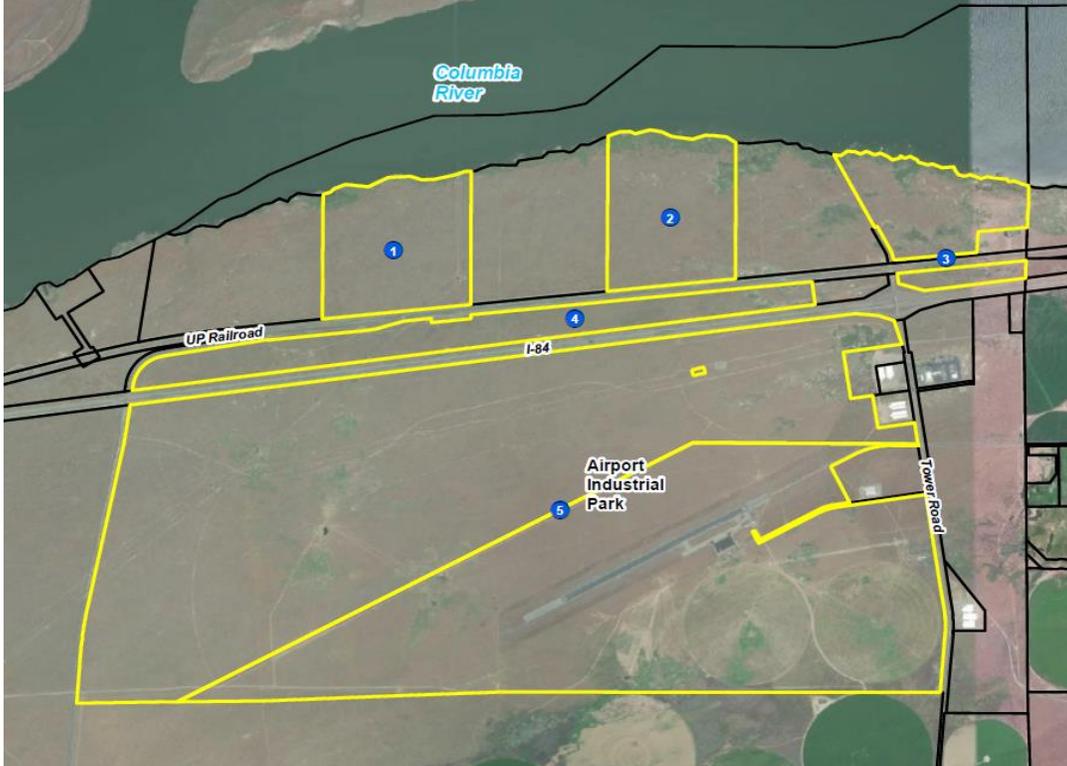


Figure 3. Port-Owned Airport Industrial Park and Surrounding Properties

Table 1: Port-Owned Airport Industrial Park and Surrounding Properties

	Map Number	Tax Lot Number	Size (acres)	Current Use(s)
Airport Industrial Park	1	04N24E000000128	269	Vacant
	2	04N24E000000126	289	Vacant
	3	04N24E000000123	479	Vacant
	4	04N24E000000130	222	Vacant
	5	04N24E000000110 04N24E000000131	2,677	Vacant, airport and associated facilities (Boardman Airport)

4.4.2 Boardman Industrial Park

The Boardman Industrial Park comprises approximately 1,700 acres. The Port owns roughly 1,000 acres of land at this park. It is located near all major modes of transportation. The site is located on the north side of I-84 and along the Columbia River with three marine terminals. The UPRR mainline passes along the northern border of the park, which is served by a 12,000-foot spur. The land within the park is mostly developed. Tenants are primarily agricultural in nature and use the facilities for processing and distribution. Some commercial and tourism uses are also located in the Boardman Industrial Park, including the SAGE Center and the River Lodge and Grill.

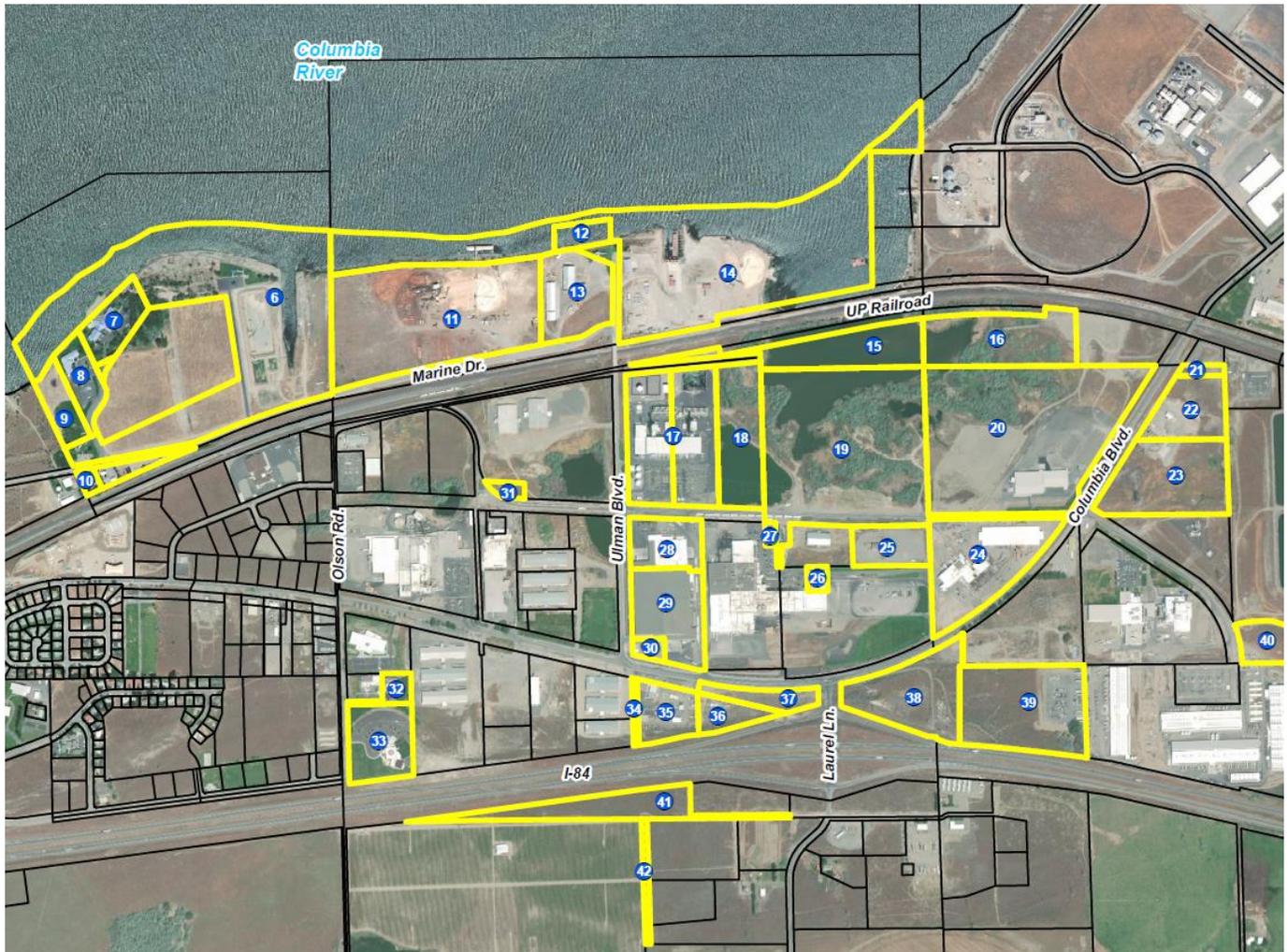


Figure 4. Port-Owned Boardman Industrial Park Properties

Table 2. Port-Owned Boardman Industrial Park Properties

	Map Number	Tax Lot Number	Size (acres)	Current Use(s)
Boardman Industrial Park	6	04N25E040000101	64	Water, shoreline, park, parking, pedestrian path, barge slip (Terminal – 1, operated by the Port), government office (North Morrow Vector Control District)
	7	04N25E040000108	6	Hotel, restaurant (River Lodge and Grill)
	8	04N25E040000107	5	Government office, meeting and event space (Port of Morrow Riverfront Center)
	9	04N25E040000106	4	Park, monument, pedestrian path
	10	04N25E040000102	1	Brew Pub/Pizza (Burnt Field Brewing)

Map Number	Tax Lot Number	Size (acres)	Current Use(s)
11	04N25E030000103	39	Wood chip processing facility, barge load-out facility (Terminal – 2, operated by Boardman Chip)
12	04N25E030000102	2	Shoreline, water
13	04N25E030000107	10	Grass seed cleaning and distribution facilities (Barenbrug USA)
14	04N25E030000101	88	Barge slip, container facility (Terminal – 3, operated by Tidewater), shoreline, water
15	04N25E030000101	12	Water
16	04N25E020000112	13	Vacant, water
17	04N25E100000500	11	Electrical cogeneration plant (Portland General Electric/Avista)
	04N25E100000400	11	
18	04N25E100000300	12	Vacant, water
19	04N25E100000100	47	Vacant, stormwater facility, water
20	04N25E110000201	48	Warehouse/storage (Port of Morrow)
21	04N25E110000200	1	Vacant
22	04N25E110000205	8	Electric power generation plant (Langenburg Technologies)
23	04N25E110000203	16	
24	04N25E110000206	17	Food manufacturer (Boardman Foods)
25	04N25E100000106	6	Mint distilling facility (JSH Mint)
26	04N25E100000290	1	Food manufacturer (Lamb Weston)
27	04N25E100002100	0.5	Stormwater facility
28	04N25E100001901	7	Cold storage and packing facility (Lamb West Center), parking
29	04N25E100001900	12	
30	04N25E100001902	2	Water tower, storage
31	04N25E100000800	1	Vacant
32	04N25E100002805	2	Educational facility (Neal Early Learning Center)
33	04N25E100002804	9	Recreation facility (SAGE Center), government office (Boardman Chamber of Commerce)
34	04N25E100002300	0.5	Outdoor storage
35	04N25E100002200	6	Water pump equipment manufacturer (Oregon Pump Works), maintenance building (Port of Morrow)
36	04N25E100002201	4	Vacant, outdoor storage
37	04N25E100000292	3	Vacant, outdoor storage
38	04N25E100000291	13	Vacant
39	04N25E110000304	19	Parking, outdoor storage
40	04N25E110000100	95	Farmland, vacant
41	04N25E100003000	11	Vacant
42	04N25E100003300	1	Vacant

	Map Number	Tax Lot Number	Size (acres)	Current Use(s)
	43 ⁸	04N25E110000901	1	Vacant
	44	04N25E110001201	5	Farmland, vacant
	45	04N25E120000105	8	Farmland, parking, vacant
	46	04N25E120000102	40	Farmland
	47	04N25E120000200	21	Vacant, farmland
	48	04N25E120000300	17	Vacant
	49	04N25E120000301	5	Farmland
	50	04N25E120000106	3	Farmland
	51	04N26E070000200	82	Farmland, vacant
	52	04N26E000004700	80	Transfer station (North Morrow County Transfer Station), vacant
	53	04N26E000003417	296	Farmland, vacant
	54	04N26E000003420	49	Manufacturing

4.4.3 East Beach Industrial Park

The UPRR mainline includes approximately 8 miles of rail that separates the Boardman Industrial Park from the East Beach Industrial Park. East Beach is an approximate 2,300-acre site located north of the UPRR mainline and I-84. The Port owns roughly 1,800 acres of land at this park. A portion of the East Beach Industrial Park is located along the Columbia River and is served by two existing terminals. The Port uses the food processing wastewater to irrigate Port-owned land for interim farm use. Zoning for this area includes County Port Industrial and General Industrial.

⁸ Due to the expansive area of Port-owned properties, Map numbers 43-54, consisting mainly of vacant land and farmland, are not included on Figure 4.

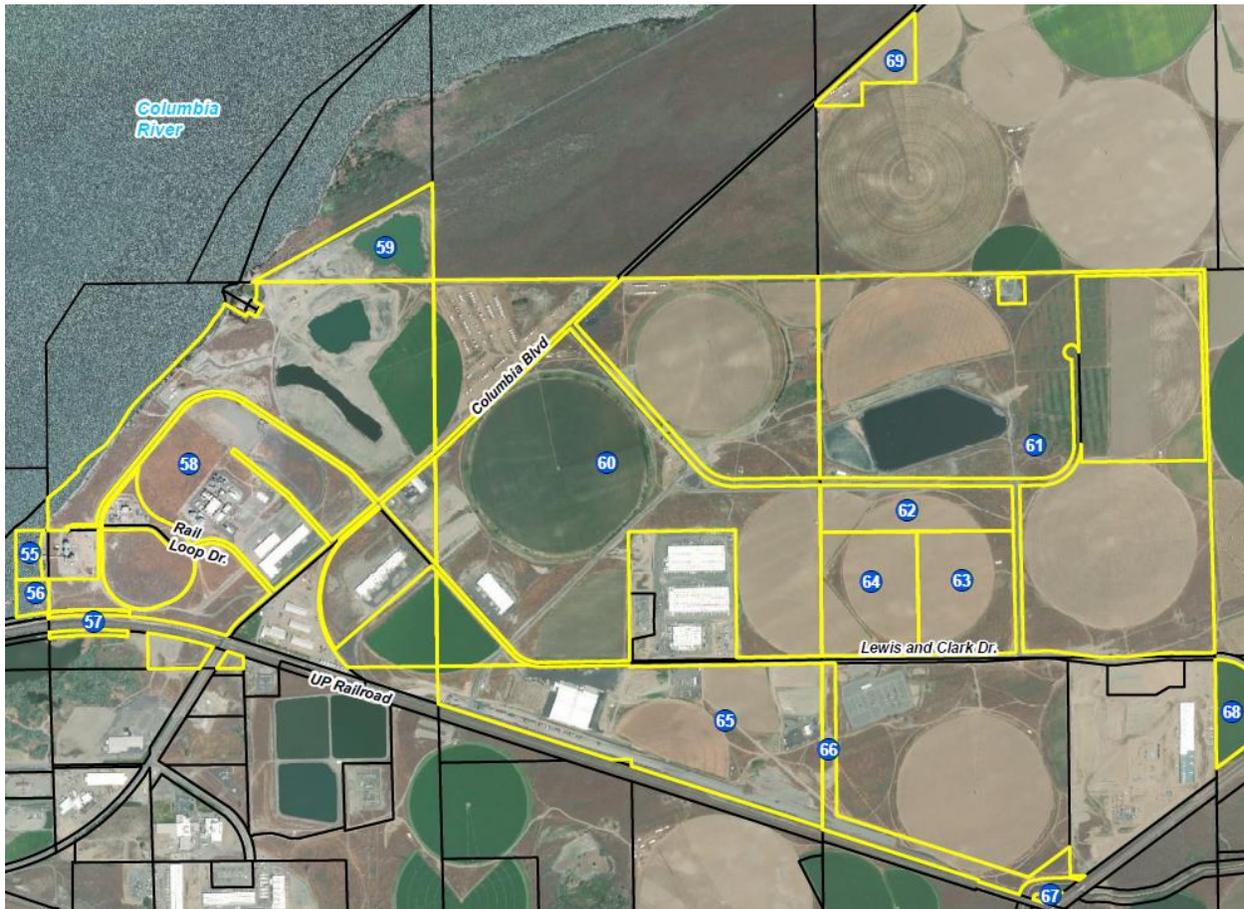


Figure 5. Port-Owned East Beach Industrial Park Properties

Table 3. Port-Owned East Beach Industrial Park Properties

	Map Number	Tax Lot Number	Size (acres)	Current Use(s)
East Beach Industrial Park	55	04N25E030000104	5	Water, shoreline
	56	04N25E030000108	5	Water, shoreline
	57	04N25E020000102	4	Vacant
	58	04N25E020000100	384	Water, shoreline, farmland, ethanol manufacturer (Pacific Ethanol), warehouse (Cascade Specialties, Inc.), manufacturing/processing facility (Reklaim)
	59	05N25E350000301	30	Sand and gravel business, pond
	60	04N25E010000100	555	Farmland, agricultural storage, tire wholesaler (Tredit Tire & Wheel Co.)
	61	04N26E060000101	386	Farmland, water facility, agricultural storage
	62	04N26E060000102	39	Farmland
	63	04N26E060000104	50	Farmland, agricultural storage
	64	04N26E060000103	50	Farmland

Map Number	Tax Lot Number	Size (acres)	Current Use(s)
65	04N25E120000103	173	Cold storage facility (Port of Morrow), internet service provider (Windwave Communications), intermodal transloading facility (Port of Morrow), Les Schwab Transport, farmland, railroad tracks, parking, storage
66	04N26E070000100	30	Farmland, storage, railroad tracks
67	04N26E070000100	1	Vacant
68	04N26E080000202	21	Farmland
69	05N26E310000300	18	Vacant, agricultural storage

4.4.4 South Morrow Industrial Park

The Port owns four properties at the South Morrow Industrial Park, an approximate 130-acre site zoned General Industrial located roughly 1-mile northwest of Heppner. The park, which is the former site of the Kinzua Lumber Mill, includes an office building and warehouse/shop buildings. An Oregon State University (OSU) 4-H extension office for Morrow County and the Oregon Department of Motor Vehicles (DMV) are currently operating in a building located on one of the parcels. According to existing Federal Emergency Management Agency (FEMA) mapping, the entire park is located within a regulated floodway or flood hazard area from Willow Creek. The Port is presently seeking re-designation of the flood hazard areas on site with FEMA.



Figure 6. South Morrow Industrial Park Properties

Table 4. South Morrow Industrial Park Properties

	Map Number	Tax Lot Number	Size (acres)	Current Use(s)
South Morrow Industrial Park	70	02S26E210000300	30	Government offices (Heppner DMV and Morrow County Extension Services), warehouse/storage
	71	02S26E210000400	3	Vacant
	72	02S26E210000700	16	Warehouse/storage
	73	02S26E210000800	85	Warehouse/storage

4.5 PORT UTILITIES AND TRANSPORTATION

4.5.1 Public Street Access

The Boardman Industrial Park and East Beach Industrial Park are located on the north side of I-84 and can be accessed by Exit No. 165. The I-84 exit initially connects with Laurel Lane, a two-lane arterial that provides a north-south connection across I-84. When heading north, Laurel Lane intersects Columbia Avenue, a two- to three-lane arterial roughly 200 feet from the freeway ramp terminals. Access to the East Beach Industrial Park is provided on East Columbia Avenue. At the east end of the park, Lewis & Clark Drive provides an access point to US 730. US 730 is a regional highway that connects to the northern side of I-84 at Exit No. 168. The Airport Industrial Park can be accessed by Exit No. 159. The I-84 exit initially connects with Tower Road, a two-lane road that provides a north-south connection across I-84. Heading north on Tower Road provides access to vacant land currently lacking infrastructure. Heading south on Tower Road provides access to the Airport Industrial Park and Boardman Airport. The South Morrow Industrial Park is located off Oregon Highway 74/207 (OR-74/207), a regional highway operated by ODOT.

4.5.2 Rail Access

A UPRR mainline passes along the northern border of the Boardman Industrial Park served by a 12,000-foot rail spur. The UPRR mainline passes along the southern border of the East Beach Industrial Park. A rail loop was constructed at the East Beach Industrial Park in 2005 that provides access to various Port tenants operating at the park, including Morrow County Grain Growers, Zea2 (formerly ZeaChem), and Pacific Ethanol. A \$6.55 million Connect Oregon grant was awarded to the Port in 2017 to expand the rail network at the East Beach Industrial Park. In 2018, the Port was awarded a roughly \$19 million USDOT BUILD grant, which will extend new rail lines from the UPRR mainline to the Port's four marine terminals under the Columbia River Barge Terminal Rail Access Project.

4.5.3 Marine Access

The Port owns a substantial amount of property along the Columbia River. Six marine terminals are currently located along the Columbia River as follows.

- Terminal 1 (T-1) is a barge slip managed by the Port in the Boardman Industrial Park. T-1 needs dredging to be functional for larger barges.
- Terminal 2 (T-2) is a barge load-out facility operated by Boardman Chip in the Boardman Industrial Park.
- Terminal 3 (T-3) is a barge slip operated by Tidewater in the Boardman Industrial Park. T-3 is the largest container terminal upriver of Portland handling approximately 11,000 containers⁹ to and from barge and truck annually.
- Terminal 4 (T-4) is operated by Morrow County Grain Growers (MCGG) in the East Beach Industrial Park
- Terminal 5 (T-5) is a petroleum load-out facility operated by Tidewater Petroleum in the East Beach Industrial Park.
- Terminal 6 (T-6) is an aggregate load-out facility in the East Beach Industrial Park.

The future Columbia River Barge Terminal Rail Access Project will enable rail-to-barge access for shipments along the Columbia River at T-1 and T-3. A roughly \$1.6 million grant was awarded from USDOT MARAD to the Port to extend the Port's barge service, including dredging at T-1 to open a terminal slip that has been unusable for years.

4.5.4 Airport

The Boardman Airport at the Airport Industrial Park features a 150- by 4,200-foot general aviation landing strip. The landing strip was built in approximately 1942 by the U.S. Army Air Forces and repaved in 2004. The airport currently serves corporate and general aviation aircraft. Land surrounding the landing strip remains mostly vacant with minimal supporting infrastructure.

4.5.5 Water

All industrial parks are supplied water from a system of Port-owned deep wells. The Boardman Industrial Park and East Beach Industrial Park are also connected to the City of Boardman's municipal water system to provide additional capacity for the parks. The available water supply is currently adequate for the parks. If the demand for water increases, the Port has the right to drill additional groundwater supply wells.

4.5.6 Wastewater and Sanitary Sewer

The Port owns and operates a wastewater system. Processed wastewater is applied to irrigated land owned by the Port or to private land under contracts with the Port. The Port recently expanded the wastewater treatment system and completed the Madison and Mader-Rust Farm Projects, which convey industrial wastewater roughly 25 miles south of the Port to two ponds; totaling 350 million-gallons on leased land to recycle. The sanitary

⁹ Tidewater Barge Lines. Neil Maunu, Tidewater, Interview with WSP USA. November 2019.

sewer collection system at the Boardman Industrial Park and East Beach Industrial Park is collected and sent to the City of Boardman. At the Airport Industrial Park and South Morrow Industrial Park, businesses use on-site sewage disposal for sanitary sewer.

4.5.7 Electrical Power

Electrical power is provided to the Boardman Industrial Park, East Beach Industrial Park, and Airport Industrial Park by Umatilla Electric Cooperative Association. Electrical power is provided to the South Morrow Industrial Park by the Columbia Basin Electric Cooperative.

4.5.8 Communications

Fiber-optic lines are provided for both voice and data transmission to all properties by multiple broadband telecommunications companies.

5.0 POLICY CONTEXT AND SITUATIONAL ANALYSIS

The following sections describe local, regional, and state planning and policy documents that may affect the development of Port properties and the Port's ability to implement this strategic business plan. In addition to the documents described below, this strategic business plan aims to capture, and where applicable, update or implement key plans and projects, such as the following.

Port-led Planning Efforts

- CREZ II (2019)
- Economic and Community Benefits Analysis (2017)
- Capital Facilities Plan (2013)
- Strategic Business Plan (2013)
- Port of Morrow Interchange Area Management Plan (IAMP) (2011)
- I-84/US 730 IAMP (2011)
- Water Management and Conservation Plan (2007)

Strategic Partner Planning Efforts

- Oregon Aviation Plan, ODA (2018)
- Regional Competitive Industry Analysis – Gilliam, Grant, Harney, Malheur, Morrow, Umatilla, and Wheeler Counties, Business Oregon (2017)
- Comprehensive Economic Development Strategy 2014 – 2019, GEODC (2014)
- Transportation System Plan, City of Boardman (2013)
- Transportation System Plan, Morrow County (2012)
- Umatilla Chemical Depot Redevelopment Plan, Local Redevelopment Authority (now the Columbia Development Authority) (2010)

5.1 CONSISTENCY WITH STATE, REGIONAL, AND LOCAL PLANS AND POLICIES

The successful implementation of this strategic business plan is dependent upon coordination with state, regional, and local planning efforts. The sections below address policy and guidance documents that may affect development on Port property and should be considered in conjunction with future projects.

5.1.1 Oregon Revised Statutes (ORS) Chapter 777

ORS Chapter 777 designates Oregon ports as special districts. These statutes give ports many of the standard powers of a public entity, including the ability to levy taxes, borrow money, issue bonds, and charge for services. ORS 777.065 declares that the development of port facilities at certain ports, including the Port of Morrow, is a state economic goal of high priority and requires state agencies to assist ports in this endeavor. The strategic business plan helps meet economic development goals outlined by the state and helps the Port acquire state funding for implementing projects.

5.1.2 Oregon DEQ Wastewater Regulations

As the Port has grown, the amount of wastewater generated by Port businesses has increased substantially. The Port has recently expanded their wastewater treatment system and completed a project to convey wastewater to ponds south of the Port to recycle for local farmers to irrigate farmland. The Port currently provides recycled industrial wastewater to irrigate crops under an existing permit with the Oregon Department of Environmental Quality (DEQ), the agency responsible for regulating wastewater discharges. The Port has met challenges from DEQ in the past regarding wastewater systems and will need to work with the agency in the future to account for the increasing amounts of wastewater generated at Port facilities. The Port is currently in partnership with Oregon State University (OSU) to study best management practices (BMPs) for wastewater management and permit-related decisions.

5.1.3 Ports 2010 – A New Strategic Business Plan for Oregon’s Statewide Port System

In 2010, the Oregon Business Development Department and the Infrastructure Finance Authority (IFA) prepared and adopted Ports 2010: A New Strategic Business Plan for Oregon’s Statewide Port System (Ports 2010). The purpose of Ports 2010 is to, “Define the State of Oregon’s future role, interest, and investment in the statewide port system. It will identify infrastructure, equipment, administrative, regulatory, and governance needs of the ports and also identify ways that Oregon’s port system can best serve the interest of the State of Oregon and its residents.”

In addition, Ports 2010 includes a business plan template to serve as a guide for individual port strategic business plans. This Port of Morrow Strategic Business Plan Update was developed to meet the state template, and, once complete, is subject to final review by the IFA through its peer-review process.

5.1.4 Statewide Planning Goals

The Port developed its strategic business plan update to be consistent with the statewide planning goals as required by Ports 2010. The following statewide planning goals are most applicable to the Port's planning efforts.

Statewide Planning Goal 9 – Economic Development

To provide adequate opportunities throughout the state for a variety of economic activities vital to the health, welfare, and prosperity of Oregon's citizens.

Oregon Planning Goal 9 states that local jurisdictions should maintain a 20-year supply of lands suitable for economic growth to meet the needs of local business and industry likely to locate in the area during this period. The Port is likely the largest owner of vacant industrial land in Oregon. In total, the Port owns more than 8,200 acres of land with a large portion of that acreage undeveloped or underdeveloped. Most of Port-owned land is zoned for industrial development. Port tenants include some of the largest food processing operations in North America. The Port is also home to fiber and seed processing industries, lumber processing, and energy and transportation facilities.

Greater Eastern Oregon Development corporation (GEODC) is the federally recognized and funded economic development district for Gilliam, Grant, Harney, Malheur, Morrow, Umatilla, and Wheeler counties. GEODC prepared a comprehensive economic development strategy (2014-2019) that includes a five-year strategic plan for economic development in the seven counties.

Key findings from the strategy that are applicable to Port development include the following.

- Morrow County's growth rate since 2000 has been slower than Oregon's as whole. Between 2000 and 2010, Morrow County's population increased 1.6 percent in contrast with a state growth rate of over 10 percent during the same period. The largest share of population growth in Morrow County was among the 65 years and older population, though the County ranks 30th out of 36 counties by share of the population of 65 years and older. The food processing industry based out of Boardman and the Port of Morrow proved to be a stabilizing force in the County's economy during the recession growing 14.8 percent while the state lost 7.5 percent of total jobs during the same period. Food processing related jobs continued to grow after the recession and throughout the recovery adding 348 jobs alone between 2010 and 2013, faring better than the state's job growth.
- Competitive advantages for economic development include regional transportation linkages that benefit from an accessible location; a wide variety of natural resources, including agriculture and farm commodities; a diversity of available industrial land; and competitively priced energy.

- Constraints to economic development include access to capital, lack of support services, lack of high-speed internet services in small communities, decline in the available workforce, water scarcity and cost, lack of rental, and for-ownership housing inventory.

The Port works closely with local communities and governments to form partnerships through the Columbia River Enterprise Zone II, which provides limited property tax abatement to qualified private investment and job creation within the Port District. These proceeds have been used for a variety of community facilities and amenities that will benefit residents, employers, and employees.

In addition, the Port provides meeting facilities for community activities, conferences, and workshops for its stakeholders and businesses at its headquarters building and the SAGE Center. The Port also recently invested in a golf course. The Port also provides recreational opportunities for access to the Columbia River at Marker 40 Beach and is working with the City of Boardman to provide a new outdoor multi-use recreational park for use by residents and employees, including ballfields, day-use park, dog park, walking trails, and an amphitheater. Beyond these investments and activities, the Port and/or CREZ II have also provided limited financing for housing and community development, investments that promote fair housing and telecommunications throughout the Port District.

When compared with truck transportation, the ability of the Port to provide rail and river/barge transportation for commodities and goods moving into/from Eastern Oregon provides economic value in the form of fuel consumption savings and air quality benefits. While such benefits can be measurable, especially over long periods of time, they have not been quantified for this analysis.

Statewide Planning Goal 12 - Transportation

To provide and encourage a safe, convenient and economic transportation system.

The Transportation Planning Rule, OAR 660 Division 12, requires that cities, counties, Metropolitan Planning Organizations (MPOs), and state agencies implement Statewide Planning Goal 12 and prepare and adopt transportation system plans.

Morrow County's current transportation system plan (TSP) was implemented in 2012. The Port actively participated in preparing and has been an active partner in maintaining the TSP with the County in developing strategies for freight transportation and the movement of goods. In addition, Morrow County and the Port have worked closely to identify opportunities to mitigate the impact of Port development on the transportation system. Coordinating transportation planning with the Port and supporting rail development at the Port through the TSP and zoning ordinance are both policy points for Morrow County included in the TSP.

Led by the Port, two interchange area management plans (IAMP) were completed in 2011 at the I-84/Laurel Lane interchange (referred to as the Port of Morrow Interchange) and the I-84/US 730 interchange. These plans were implemented to protect the long-term functionality of the interchanges by preserving capacity while providing safe and efficient operations between connecting roadways. While these interchanges are sufficient to meet current needs, the IAMPs are necessary improvements over a 20-year planning horizon to maintain acceptable traffic operations while providing safe access to adjacent land uses.

Statewide Planning Goal 14 – Urbanization

To provide for an orderly and efficient transition from rural to urban land use, to accommodate urban population and urban employment inside urban growth boundaries, to ensure efficient use of land, and to provide for livable communities.

The Port and its tenants offer significant employment opportunities within the business parks and are continually developing infrastructure to accommodate the projected 1,972 to 2,480 jobs within the Port District over the next 20 years (see Appendix C, Market Analysis for details). Currently, some of the largest employers in Morrow County are Port tenants, including Lamb Weston, Amazon Data Services, and Columbia River Processing. The Port has available land in supportive City/County zoning districts that allow for future infrastructure and industrial development. The Port has and will continue to work with the County and state in the efficient transition from rural/agricultural land to industrial uses to meet future employment demand.

Job growth leads to urbanization and service delivery in Boardman and increases the demand for housing in the area. Morrow and Umatilla counties combined are projected to add 7,416 people between 2020 and 2040, requiring approximately 2,630 new dwelling units within the region, assuming the current Census average of 2.82 persons per household. While the provision of urban housing is not a primary Port function, the Port is supportive of efforts from community partners to establish urban housing and service delivery within Boardman, as well as other opportunities throughout the District. These amenities increase the livability of Boardman, which, in turn, helps attract potential employees to the Port, as well as decreases the need for Port employees to commute from elsewhere.

5.1.5 Zoning

Port-owned property must comply with the zoning and development standards of the City of Boardman Development Code or Morrow County Zoning Ordinance. The table below identifies the zoning designation of each Port-owned parcel and the corresponding map number (see Figures 3-6 on pages 16-22), current use, as well as key considerations related to zoning.

Table 5. Port Property Zoning

	Map Number	Tax Lot Number	Zoning	Current Use(s)	Zoning Considerations (Jurisdiction)
Airport Industrial Park and Surrounding Properties	1	04N24E000000 128	M-G	Vacant	<p>M-G - General Industrial (County):</p> <ul style="list-style-type: none"> Provides, protects, and recognizes area suited for medium and heavy industrial development and uses free from conflict with incompatible land uses. Retail, wholesale, farming, freight depot, construction-related businesses, ice/cold storage facilities, wholesale distribution outlets, welding/machine shops, veterinary clinic, kennels, research/testing laboratories, compounding/packaging/storage of cosmetics or pharmaceuticals, government armories/maintenance/repair facilities, consumer goods manufacturing and storage, food and beverage processing/packaging/storage, utility and communication towers under 200 feet in height, and data centers allowed outright (subject to exceptions). Utility and communication towers over 200 feet in height, Manufacturing, servicing or repair of machinery, implements, equipment recreational vehicles or manufactured homes, concrete plants, auto wrecking yards, quarries or gravel pits, commercial feedlots, stockyard, slaughter houses or rendering plants, railroad trackage facilities, lumber and wood product manufacturing, agricultural product storage and processing, manufacture, repair, or storage of goods made from a variety of natural materials, solid waste facilities are allowed as conditional uses. <p>AA – Airport Approach (County):</p> <ul style="list-style-type: none"> An overlay zone that imposes additional restrictions for uses in the vicinity of the airport. No structure shall exceed 35 feet or penetrate any of the imaginary surfaces consistent with Federal Aviation Regulation (FAR) Part 77. In approach zones beyond the clear zones, no meeting place for public or private purposes designated to accommodate more than 25 people at one time is allowed. No use shall be allowed that is likely to attract birds. <p>AI – Air Industrial Park (County):</p> <ul style="list-style-type: none"> Most suitable for immediate operational facilities necessary for commercial and non-commercial aviation; provides areas for activities directly supporting or dependent upon aircraft or air transportation when those activities require a location within or immediately adjacent to flight operations.
	2	04N24E000000 126	M-G/AA	Vacant	
	3	04N24E000000 123	M-G/AA	Vacant	
	4	04N24E000000 130	M-G/AA	Vacant	
	5	04N24E000000 110	AI/AA	Vacant	
04N24E000000 131		AI/AA	Vacant, airport and associated facilities (Boardman Airport)		
Boardman Industrial Park	6	04N25E040000 101	GI/LI	Water, shoreline, park, parking, pedestrian path, barge slip (Terminal – 1, operated by the Port), government office (North Morrow Vector Control District)	
	7	04N25E040000 108	LI	Hotel, restaurant (River Lodge and Grill)	
	8	04N25E040000 107	LI	Government office, meeting and event space (Port of Morrow Riverfront Center)	
	9	04N25E040000 106	LI	Park, monument, pedestrian path	
	10	04N25E040000 102	LI	Brew pub/pizzeria (Burnt Field Brewing)	
	11	04N25E030000 103	PI	Wood chip processing facility, barge load-out facility (Terminal – 2, operated by Boardman Chip)	
	12	04N25E030000 102	M-G	Shoreline, water	
	13	04N25E030000 107	M-G	Grass seed cleaning and distribution facilities (Barenbrug USA)	
	14	04N25E030000 101	PI	Barge slip, container facility (Terminal – 3, operated by Tidewater), shoreline, water	
	15	04N25E030000 101	GI	Water	

Map Number	Tax Lot Number	Zoning	Current Use(s)	Zoning Considerations (Jurisdiction)
16	04N25E020000 112	GI	Vacant, water	<ul style="list-style-type: none"> Aircraft operation uses and buildings, retail and commercial services for passengers, air cargo warehousing/distribution, aerial mapping/surveying, aircraft or aircraft component manufacturing/assembly, aircraft-related research/testing, aircraft sales/repair/service/storage, flight schools, air transportation businesses, aviation clubs, auto rental agencies, restaurants, hotels/motels, traveler services/convenience facilities, taxi/bus/truck terminals, environmental monitoring/enforcement agencies, farming, and fire-fighting equipment/facilities are allowed outright. <p>GI - General Industrial (City):</p> <ul style="list-style-type: none"> Accommodates a range of light and heavy industrial uses. Intended to segregate incompatible developments from other districts while providing a high-quality environment for businesses and employees. Heavy manufacturing and assembly, light manufacture, warehousing/distribution, junk/wrecking yards, government facilities where the public is generally not received, private utilities, passive open space, transportation facilities and improvements, special district facilities, vocational schools co-located with parent industry or sponsoring organization, integral offices and commercial uses, small scale retail and service commercial (up to 10% of building floor area), and wireless communication equipment are allowed outright. <p>LI - Light Industrial (City):</p> <ul style="list-style-type: none"> Accommodates a range of light manufacturing, industrial-office uses, auto-oriented commercial uses, and similar uses that are not appropriate in downtown or main street areas. Light manufacture, research facilities, warehousing/distribution, mini-warehouses/storage, auto-oriented uses (repair shops, sales, and drive-in/thru facilities), hotels/motels, medical/dental clinics, outdoor commercial uses, personal/professional services, repair shops, retail services (<60,000 sf), wholesale services (<60,000 sf), government facilities, utilities, special district facilities, and transportation facilities are allowed outright. Wireless communication facilities require conditional use permit. <p>PI - Port Industrial (County):</p> <ul style="list-style-type: none"> Intended for port-related industrial uses and to be an industrial sanctuary, limiting commercial
17	04N25E100000 500	GI	Electrical cogeneration plant (Portland General Electric/Avista)	
	04N25E100000 400			
18	04N25E100000 300	GI	Vacant, water	
19	04N25E100000 100	GI	Vacant, stormwater facility, water	
20	04N25E110000 201	GI	Warehouse/storage (Port of Morrow)	
21	04N25E110000 200	GI	Vacant	
22	04N25E110000 205	GI	Electric power generation plant (Langenburg Technologies)	
23	04N25E110000 203	GI		
24	04N25E110000 206	PI	Food manufacturer (Boardman Foods)	
25	04N25E100000 106	GI	Mint distilling facility (JSH Mint)	
26	04N25E100000 290	GI	Food manufacturer (Lamb Weston)	
27	04N25E100002 100	GI	Stormwater facility	
28	04N25E100001 901	GI	Cold storage and packing facility (Lamb Weston Center), parking	
29	04N25E100001 900	GI		
30	04N25E100001 902	GI	Water tower, storage	
31	04N25E100000 800	GI	Vacant	
32	04N25E100002 805	GI	Educational facility (Neal Early Learning Center)	
33	04N25E100002 804	GI	Recreation facility (SAGE Center), government office (Boardman Chamber of Commerce)	
34	04N25E100002 300	GI	Outdoor storage	

Map Number	Tax Lot Number	Zoning	Current Use(s)	Zoning Considerations (Jurisdiction)
35	04N25E100002 200	GI	Water pump equipment manufacturer (Oregon Pump Works), maintenance building (Port of Morrow)	<p>uses to those appropriate and necessary to serve the needs of the workers employed in the zone.</p> <ul style="list-style-type: none"> Water dependent industrial uses, aerospace-related industrial uses, chemical and primary metal industrial uses, land-intensive port-related uses, lumber and wood products manufacturing, industrial waste and agricultural effluent disposal, agriculture/mining or industrial manufacturing/refining/processing or assembling, manufacturing/repair/servicing/storage of machinery/implements, recreational vehicles or manufactured homes, power generating utility facilities, oil module production and shipping, ship building and repair, rail facilities, rail-dependent uses, concrete plants, data centers, uses allowed outright in the MG zone (excluding residential caretaker use), intermodal transportation facilities not requiring an ODOT solid waste disposal site permit, and outdoor advertising/billboards are allowed outright. Commercial uses appropriate and necessary to serve the need of workers (not to exceed 10,000 sf or 10% of building), quarries/gravel pits, asphalt plants, solid waste disposal intermodal facilities requiring an ODOT permit are conditional uses. <p>C-SC – Commercial-Service Center Sub District (City):</p> <ul style="list-style-type: none"> Accommodates heavy commercial and light industrial uses along portions of the I-84 corridor. The base standards of the Commercial District apply, except as modified by the standards pertaining to this Sub District. Government facilities, utilities, transportation facilities, retail store/offices/services, commercial/industrial full service trucking and automotive facilities (including auto service stations and vehicle refueling), commercial residential use (including tourist/traveler's accommodations), commercial amusement/recreation establishments, manufacturing/warehousing, farming (excluding commercial feedlots, livestock sales, hog farms and mink farms), kennels and animal hospitals and wireless communication facilities are allowed outright. RV Parks, water supply/treatment facilities, sewage disposal/treatment facilities, medical marijuana dispensary/grow facilities and
36	04N25E100002 201	GI	Vacant, outdoor storage	
37	04N25E100000 292	C-SC	Vacant, outdoor storage	
38	04N25E100000 291	C-SC	Vacant	
39	04N25E110000 304	GI	Parking, outdoor storage	
40	04N25E110000 100	M-G	Farmland, vacant	
41	04N25E100003 000	C-SC	Vacant	
42	04N25E100003 300	C-SC	Vacant	
43 ¹⁰	04N25E110000 901	PI	Vacant	
44	04N25E110001 201	PI	Farmland, vacant	
45	04N25E120000 105	M-G	Farmland, parking, vacant	
46	04N25E120000 102	PI	Farmland	
47	04N25E120000 200	PI	Farmland, vacant	
48	04N25E120000 300	PI	Vacant	
49	04N25E120000 301	PI	Farmland	
50	04N25E120000 106	PI	Farmland	
51	04N26E070000 200	PI	Farmland, vacant	
52	04N26E000004 700	M-G/EFU	Transfer station (North Morrow County Transfer Station), vacant	

¹⁰ Due to the expansive area of Port-owned properties, Map numbers 43-54, consisting mainly of vacant land and farmland, are not included on Figure 3.

	Map Number	Tax Lot Number	Zoning	Current Use(s)	Zoning Considerations (Jurisdiction)
	53	04N26E000003 417	EFU	Farmland, vacant	<p>agriculturally-oriented commercial use require conditional use permit.</p> <p>EFU – Exclusive Farm Use (County):</p> <ul style="list-style-type: none"> • Preserve, protect, and maintain agricultural lands for farm use consistent with historical, existing, and future needs. • Farm and forestry uses, mineral exploration, wetland creation or enhancement, rural fire protection facilities, agritourism, winery and cidery businesses, seasonal farm worker housing, single-family homes, churches and cemeteries are allowed outright. • Forest product processing facilities, aquaculture facilities, landscaping contractors, commercial dog boarding kennels, utility facilities, mining processing facilities, public parks and living history museums and golf courses (not allowed on high-value farmland) require conditional use permit. <p>RRI – Resource Related Industrial Zone (County):</p> <ul style="list-style-type: none"> • Designated for farm use that have strong potential for the extraction and processing of agricultural and other resource related commodities. • Farming, rural fire protection facilities and mining less than 1,000 cubic yards or one acre annually are allowed outright. • Forest product processing facilities, farm crop processing, and other commercial activities in conjunction with farm use require administrative review. • Mining/stockpiling/processing mineral aggregate, solid waste disposal, commercial utility facilities, water bottling facilities, composting sites, and land application of reclaimed water or biosolids for irrigation or crop production require a conditional use permit.
	54	04N26E000003 420	RRI/EFU	Manufacturing	
East Beach Industrial Park	55	04N25E030000 104	PI	Water, shoreline	
	56	04N25E030000 108	PI	Water, shoreline	
	57	04N25E020000 102	PI	Vacant	
	58	04N25E020000 100	PI	Water, shoreline, farmland, ethanol manufacturer (Pacific Ethanol), warehouse (Cascade Specialties, Inc.), manufacturing/processing facility (Reclaim)	
	59	05N25E350000 301	PI	Sand and gravel business, pond	
	60	04N25E010000 100	PI	Farmland, agricultural storage, tire wholesaler (Tredit Tire & Wheel Co.)	
	61	04N26E060000 101	PI	Farmland, water facility, agricultural storage	
	62	04N26E060000 102	PI	Farmland	
	63	04N26E060000 104	PI	Farmland, agricultural storage	
	64	04N26E060000 103	PI	Farmland	
	65	04N25E120000 103	PI	Cold storage facility (Port of Morrow), internet service provider (Windwave Communications), intermodal transloading facility (Port of Morrow) farmland, railroad tracks, parking, storage	
	66	04N26E070000 100	PI	Farmland, storage, railroad tracks	
	67	04N26E070000 100	PI	Vacant	
	68	04N26E080000 202	PI	Farmland	

	Map Number	Tax Lot Number	Zoning	Current Use(s)	Zoning Considerations (Jurisdiction)
	69	05N26E310000 300	EFU	Vacant, agricultural storage	
South Morrow Industrial Park	70	02S26E210000 300	M-G	Government offices (Heppner DMV and Morrow County Extension Services), warehouse/storage	
	71	02S26E210000 400	M-G	Vacant	
	72	02S26E210000 700	M-G	Warehouse/storage	
	73	02S26E210000 800	M-G	Warehouse/storage	

5.2 ECONOMIC AND COMMUNITY BENEFITS ANALYSIS

FCS GROUP analyzed the economic and community benefits of the Port and of Port-related businesses in 2017 (FCS GROUP, “Economic and Community Benefits Analysis Update,” December 2017). The results of this analysis and overall findings are summarized below.

- The Port is the second largest port in terms of operating budget (behind the Port of Portland) and is likely the largest single owner of vacant industrial land within Oregon.
- The Port contributes to the economic competitiveness of Oregon and the U.S. by serving as the main point for freight distribution, export, and value-added production of agricultural products (grains, root vegetables, cattle, and dairy products) that are primarily grown in Idaho, Montana, Oregon, Washington, and Wyoming.
- The Port has succeeded in diversifying the regional economy by accommodating state-of-the-art clean energy production facilities, as well as data centers. Economic sectors now served by the Port include agriculture, food processing, livestock, transportation, warehousing and freight distribution, information, advanced communications, energy, waste management, and recreation.
- Land and capital infrastructure investments by the Port have leveraged billions of private investments, in turn, creating thousands of jobs and funding used to help pay for community recreation, workforce training, and early childhood education facilities.

The economic analysis concluded that the annual economic impact of the Port of Morrow included the following benefits in 2017.

- Total permanent Port-related employment of 8,542 jobs
- Economic output of \$2.77 billion
- Gross domestic product (GDP) of \$1.08 billion
- Over \$500 million in labor income
- Annual local and state of Oregon tax revenue/payments of over \$118 million
- Annual federal tax revenue/payments by Oregon enterprises and employees of nearly \$142 million

FCS GROUP also compared prior economic analyses conducted for the Port, which has shown that the economic impact of the Port has increased significantly over the past two decades:

- Port-related businesses account for nearly \$2.8 billion in annual output in 2017, an increase from \$1.8 billion in 2012 and \$896 million in 2006 (in inflation adjusted constant 2017 dollars).
- Between 2006 and 2017, the share of direct economic output within Morrow and Umatilla counties attributed to Port-related businesses increased from 15 percent to 26 percent.
- The share of direct employment that is considered to be Port-related accounts for 52 percent of all jobs in Morrow County in 2017, up from 36 percent in 2006.

In addition, construction investment in the Port's business parks has had a measurable economic impact on the regional economy. From 2013 to 2018, a projected \$114.5 million in public infrastructure investment and \$1.96 billion in private capital investment occurred at the Port.

Indirect benefits of the direct Port-related business and construction spending generates over \$800 million in annual sales per year within Morrow and Umatilla counties. This supports secondary job creation in sectors such as wholesale trade, health care, truck transportation, retail, restaurants, childcare, real estate, and architectural/engineering design companies. CREZ is in place to provide locational incentives to businesses that meet minimum hiring and wage targets and has recently provided several million dollars in annual distribution for a wide variety of community benefits, including housing, education, and public safety.

6.0 MARKET ANALYSIS AND OPPORTUNITIES

The following sections identify current demographic and economic conditions, future trends, and existing and emerging economic opportunities for the Port to pursue. The full market analysis is included in Appendix C.

6.1 ECONOMIC AND DEMOGRAPHIC OVERVIEW

After more than 10 years of economic expansion, the U.S. began to contract during the first quarter of 2020 due to growing uncertainty from the COVID-19 outbreak, falling oil prices, and weakening international trade. According to the latest GDP forecasts, the U.S. economy is expected to realize a -2.4 percent annual GDP growth in 2020 but is expected to grow 1.1 percent in 2021. Oregon was one of the fastest growing states in the U.S. over the past decade. Recent GDP forecasts by the Oregon state economists predict GDP growth of around 1.7 percent for 2020; however, these forecasts were published in early March before the COVID-19 pandemic took effect. Certain sectors, such as energy, tourism, and discretionary consumer goods will likely see negative growth in 2020, but moderate expansion is expected for all sectors beyond 2021.

6.1.1 Trade

The Columbia River port system is one of the primary international trade gateways along the west coast. As the current COVID-19 pandemic subsides, rapidly growing Asian economies will result in significant increases in demand for trade into and out of most international and regional ports. As global commodity trade increases, Oregon ports should benefit from increases in import and export activity. According to the U.S. Census Bureau and Department of Commerce, the value of Oregon exports reached a record high of \$23.5 billion in 2019, up 8 percent in three years. Oregon's leading trade partner is China, which imports roughly 30 percent of Oregon exports. Other leading export destinations include Canada, Japan, Malaysia, South Korea, and Vietnam.

Increase in commodity demand could benefit the planned Columbia River Barge Terminal facility. Prime candidates for future marketing and investments are listed below. Within the list of the top Oregon exports, the commodities and goods that could be produced or shipped from the Port may include the following.

- Potassium chloride used for fertilizer and biomedical purposes
- Wheat and grain
- Forage products
- Potato products (prepared or preserved)
- Wood chips

6.1.2 Population, Labor, and Income

According to the Portland State University Population Research Center (PSU PRC), from 2010 to 2019, Morrow County grew from 11,175 to 12,680, an increase of roughly 14 percent. In that same period, the City of Boardman grew by roughly 39 percent from 3,235 to 4,505. Morrow County and the City of Boardman were both above the statewide average for annual population growth. Morrow County grew at roughly 1.4 percent per year while Oregon grew at 1.1 percent. The City of Boardman experienced the highest annual growth rate in the region with roughly 3.7 percent. PSU PRC expects population growth in Morrow and Umatilla counties to occur slowly in the next couple decades with both counties projected to have an annual growth rate of 0.5 percent from 2020 to 2040.

Boardman, Irrigon, and Umatilla are all projected to grow at roughly 1 to 1.2 percent annually.

Population growth in Morrow and Umatilla counties have also increased the total number of workers within the labor force, which has grown to well over 40,000 for the two counties. Because Port employers draw workers from as far as the Tri-Cities, the actual labor force for the Port now exceeds 100,000 civilians.

Income levels within Morrow County have been increasing over the past decade. The median household income level for Morrow County was approximately \$55,440 in 2018 compared to \$43,902 in 2010. While the 2018 median household income for Morrow County is below the state and the U.S., median household income has increased by 3 percent annually in Morrow County between 2010 and 2018 — outpacing the state and the U.S. in this time frame. This is a testament to the success of many businesses operating at the Port and the benefits of the CREZ II.

6.2 MARKET ANALYSIS

6.2.1 Employment

Morrow County's fastest growing employment sectors between 2002 and 2019 were manufacturing, health care, education, and utilities according to the Oregon Employment Department (OED). The three largest private employers with more than 50 workers in Morrow County include: (1) Lamb Weston, (2) Amazon, and (3) Columbia River Processing (see the full market analysis [Appendix C] for a list of the top 20 employers in the County). The complete list includes major food processing companies; potato, cattle and dairy farms; electric power companies; the Morrow County Health District; Morrow County; Amazon data centers; and cheese/dairy processors.

On a larger scale, the OED expects an annual employment growth rate of 0.9 percent in the eastern Oregon job base from 2017 to 2027 (this base is defined as Baker, Grant, Harney, Morrow, Umatilla, Union, and Wallowa counties). A net increase of 7,700 jobs is forecasted for this region over the next 10 years. The largest increase in job growth is expected in manufacturing, government (tribal, local, state, and federal), transportation/warehousing/utilities, leisure and hospitality, and retail trades.

6.2.2 Tourism

Tourism plays an important role in supporting the regional economy. Various sectors benefit from tourism, including accommodations, food services and restaurants, entertainment and recreation, retail stores, and local transportation and gasoline services. As population in Oregon has increased, visitation activity within Morrow County has also risen steadily. Visitors are drawn to the area's various natural attractions, including fishing, hunting, and camping, as well as the SAGE Center, which attracts thousands of visitors each year to Boardman. Annual travel spending in Morrow County hit an all-time

high of \$14.8 million in 2018, up from \$10.4 million in 2010¹¹. Between 2010 and 2018, total travel spending increased at an average annual rate of 4.4 percent in Morrow County; roughly the same growth rate seen statewide during this period.

6.2.3 Target Market

FCS GROUP conducted an employment clusters analysis for the Port’s market region, defined as Morrow and Umatilla counties, to identify existing and emerging industry market opportunities suited for the Port. “Employment clusters” are a primary consideration for business location and investment decisions. Clusters of economic activity go beyond concentrations of industry or employment types and represent unique competitive market advantages for certain industries, including a skilled work force, cost of resources, and market access. The analysis identified two key industries with a high propensity to locate in the region compared to other locations in Oregon and a higher than average projected growth rate: (1) manufacturing (particularly food/beverage processing) and (2) information services (such as data centers). The analysis identified six opportunity industries with a low propensity to locate in the region but a higher than average projected growth rate as follows.

- Wholesale trade (including refrigerated storage and wheat/grain exports)
- Leisure and hospitality (hotels/motels)
- Education and health services (job training and health care)
- Retail trade
- Financial and business services
- Construction

6.2.4 Development Opportunities

Major investments have been made by the Port and others that continue to strengthen and diversify the Port District, as detailed in Section 2 of the strategic business plan. In the future, the Port District could realize private job growth ranging from 1,972 to 2,480 jobs over the next 20 years. This would require approximately 1.5 million to 1.9 million square feet of new manufacturing space and up to 1 million square feet of space for warehousing, commodity transportation, and utilities. The need for services (e.g., health care, hotels) and retail would likely require 230,000 to 288,000 square feet. Demand for three to four new data centers is also expected. The ability for the Port to accommodate industrial and data center activities will require several sites ranging from 10 to 200 acres in size.

7.0 STRATEGIC BUSINESS PLAN ELEMENTS

The state template identifies five elements that must be included in a local Oregon port strategic business plan. The following sections (7.1 to 7.5) identify the Port’s priorities, goals, and strategies related to capital improvements, management, finance, environment, and marketing. These goals and strategies will help guide the Port’s economic

¹¹ Per Dean Runyan and Associates, as highlighted in the market analysis (Appendix C).

development activities over the 5- to 20-year planning horizon. Each section provides an overview of the element, Port-wide goals and strategies, and, where applicable, strategies specific to the locations of Port facilities.

7.1 CAPITAL IMPROVEMENT PLAN

The Port's capital improvement plan (CIP) identifies the highest priority capital improvement projects to facilitate economic development opportunities and the continued success of Port operations and facilities. The CIP guides capital improvement priorities but does not obligate the Port to make improvements. Funding for capital improvements is often contingent on partnerships with local, state, or federal agencies and/or private entities. These capital improvement projects do not represent all projects being pursued by the Port, but instead, the highest priority projects across all Port business lines.

The 2020 CIP below is based on projects and information included in the Port's current CIP and recent capital improvement budgets. Planning for capital improvements provides an essential connection between the strategic business plan and the construction of improvements. Additional benefits and advantages of capital improvement planning include the following.

- Creates coordination and cooperation among different governmental entities and various interest groups
- Identifies facility deficiencies and promotes corrective actions
- Maintains the Port's compliance with regulatory requirements
- Encourages project funding provided in a logical and sustainable manner
- Sequence improvements so that facilities are not built before they are warranted or delayed so that costs become prohibitive and hinder orderly growth
- Directs review of new facilities to confirm whether policy decisions were adequately made on the facilities financing

The CIP goals and strategies are listed below along with the 2020 CIP included in Table 7. The CIP goals and strategies build on the Port's 2013 CIP goals and strategies from the previous strategic business plan.

Goal 1: Expand the Port's role as the regional transportation hub by providing superior facilities and services.

Strategy 1.1: Improve the quality and capacity of existing river terminal facilities and services to ensure preeminence as the upper Columbia River shipping center.

Strategy 1.2: Develop and implement projects and services that ensure adequate inland transportation access and service by improving roads within the Port’s industrial parks and increasing access to state and federal highways.

Strategy 1.3: Improve the quality and capacity of rail facilities and services to ensure preeminence as a rail shipping hub for domestic and international destinations.

Strategy 1.4: Develop the airport’s potential as an air cargo and business support facility with industrial park expansion.

Goal 2: Fully develop the business and employment potential of the Port’s industrial properties.

Strategy 2.1: Promote the “highest and best” use of specific industrial properties to ensure that economic and job growth is captured through the efficient use of available land.

Strategy 2.2: Enhance and maintain the quality of industrial properties and leased business facilities.

Strategy 2.3: Promote the Port’s premier industrial location and multimodal transportation capabilities.

Strategy 2.4: Acquire property that effectively supports the Port’s strategic business direction.

Strategy 2.5: Strive to reinvest proceeds from land leases and sales into facilities and/or land acquisition(s) that support the Port’s mission by replenishing needed land supply to support job growth.

Strategy 2.6: Continue to be proactive in ensuring that future buildable lands are zoned properly to serve future industrial development.

Goal 3: Ensure adequate water supply is available for servicing existing and future uses.

Strategy 3.1: Continue to work with the State of Oregon to develop and maintain water rights for Port tenants.

Strategy 3.2: Promote effective use of water while employing BMPs for water conservation and remaining compliant with water management policies and regulations.

Strategy 3.3: Maintain and improve water quality.

Strategy 3.4: Continue to invest in and develop water reuse strategies and reclamation facilities.

Goal 4: Maintain and develop utility services that efficiently and effectively support regional development and Port customers.

Strategy 4.1: Enhance and maintain the quality, safety, and cost-effectiveness of utility services.

Strategy 4.2: Continue to build-out utility services to support existing tenants and attract new tenants to the Port.

Goal 5: Review and refine the capital improvement plan to ensure funding is strategically spent on priority projects.

Strategy 5.1: Maintain and update the CIP annually to reflect new project cost information, grant opportunities, and for cost indexing purposes.

Strategy 5.2: New CIP projects should be added to the Strategic Business Plan.

Table 6. Capital Improvement Plan

Project Area	Capital Improvements	2020 Cost Estimate (\$)
Airport Industrial Park and Surrounding Areas	Airport Bridge over UPRR Mainline - Tower Road	3,000,000
	Airport GPS	131,000
	Airport Hangars & Fuel	716,000
	Airport IAMP Interchange Area Management Agreement - Tower Road	350,000
	Airport NAVAIDS	48,000
	Airport Perimeter Fencing	191,000
	Airport Runway Vertical / Visual Guidance System	112,000
	Airport Taxiway Construction	1,790,000
	Airport Well and Water Improvements – In process	1,750,000
	<i>Subtotal</i>	8,088,000
East Beach Industrial Park	East Beach 2 Million Gallon Storage Tank	2,088,000
	Gar Swanson Lane Extension to NE	1,000,000
	Morrow East Beach Loop – 20"	943,000
	Morrow East Beach Sewer and wastewater Extension to New Site (109)	358,000
	Morrow Fresh Water - connection to CID Line	986,600
	Morrow Fresh Water New Well Development & Distribution Lines	1,104,000
	Morrow Warehouse Distribution Facility	6,000,000
	Rail to Industrial Site (1200')	352,000
	Rail, Road & Terminal Improvements (BUILD / Oregon Grants)	25,964,875
	RSIS Project - 30" Freshwater line	987,000
	RSIS Project - 4 Sewer Stations	509,800
	RSIS Project - 5000' Rail Spur	1,650,000
	RSIS Project - Natural Gas Gate and 1-mile extension	1,900,000
	RSIS Project - Riverstation	497,000
	Warehousing Cooler Expansion	6,000,000
Warehousing Office	1,300,000	
Warehousing Racking Replacement	6,000,000	
	<i>Subtotal</i>	57,640,275
Boardman Industrial Park	Interchange Area Management Plan, Port Interchange Area Improvements	1,300,000
	Columbia Avenue Bridge Analyses	112,000
	Marine Drive Development, Road Improvements, Outdoor Sports Park	2,200,000
	T-3 Terminal Improvements	800,000
	Terminal 1 Dredging and Turncell	1,000,000
	Barenbrug Expansion (Relocate)	500,000
	<i>Subtotal</i>	5,912,000
Paterson Ferry Industrial Park (future park)	New Bridge over UPRR mainline	3,500,000
	Access Road (2.5 Mile)	2,500,000
	Freshwater Utility Expansion 30" Line	987,000
	Building Removal - Depot	50,000,000
	<i>Subtotal</i>	56,987,000
Miscellaneous Projects	South Lift to 41 Pond	1,838,000
	Land Purchases	20,000,000
	High Nitrogen Water Redistribution Project (Recharge)	1,000,000
	Wastewater Digester R & G	20,000,000

Project Area	Capital Improvements	2020 Cost Estimate (\$)
	Wastewater Treatment Plant	25,000,000
	Water System Emergency Power Generation	300,000
	<i>Subtotal</i>	<i>68,138,000</i>
Other Projects	SAGE Center Convention Addition	5,000,000
	Incubator Buildings - Flex Space	750,000
	Automation & IT Upgrades	5,726,000
	<i>Subtotal</i>	<i>11,476,000</i>
	Grand Total	208,241,275

7.1.1 SAGE Center Convention Addition

For the 2020 SBP update, WSP has committed to providing a conceptual illustration of a future Port project. As identified in the CIP, the Port is planning on expanding the existing SAGE Center with new convention space to help attract conferences and tourism to the region. The convention space would be a roughly 10,000 square foot addition to the existing 23,000 square foot building. The illustration is intended to help convey the Port’s vision and to secure funding for the future SAGE Center convention addition.



Figure 7. SAGE Center Convention Addition Conceptual Illustration

7.2 MANAGEMENT PLAN

The following management and personnel goals and strategies aim to govern the management of the Port's facilities and assets while strengthening the effectiveness of its personnel and Commission.

Goal 1: Build and expand upon strategic partnerships with Port tenants, agencies, potential businesses, and local communities.

Strategy 1.1: Increase agency coordination and communication with the state, Morrow County, City of Boardman, and local tribes for greater transparency between parties and to help streamline permitting processes and approvals.

Strategy 1.2: Leverage current partnerships for intergovernmental coordination and resource-sharing needed to develop projects, even if the Port is not the lead agency.

Strategy 1.3: Pursue partnership opportunities with private businesses to develop industrial/commercial uses that meet market demand and provide greater economic development opportunities at Port facilities.

Strategy 1.4: Build stronger partnerships with regional port authorities for shared growth, advocacy, and coalition building.

Strategy 1.5: Continue to work with and support community partners in addressing housing, commercial development, community services, and improvements in Boardman and Morrow County communities to increase livability for existing employees and to attract new businesses and employees to the area.

Strategy 1.6: With Port tenants, plan and prepare for state environmental regulations, such as cap-and-trade and carbon taxes and how these regulations would impact existing and future Port operations.

Goal 2: Develop and implement plans and strategies for targeted growth and long-term financial sustainability.

Strategy 2.1: Adhere to and periodically update the Port's strategic business plan to determine priorities and to provide for long-term efficiency and financial sustainability. The plan should be incorporated into Port staff and Commission decision-making to ensure continued alignment with the Port's mission and funding expectations.

Strategy 2.2: Develop a set of metrics to evaluate projects and properties, including underutilized and vacant properties.

Strategy 2.3: Prioritize shovel-ready, industrial-zoned land for short-term targeted investment.

Strategy 2.4: Target and pursue industries identified in the market analysis that have a propensity to locate in the Port region and have a higher than average projected growth rate compared to other locations in Oregon, including manufacturing (particularly food/beverage processing) and information technology services, such as data centers.

Strategy 2.5: With the development of the Columbia River Barge Terminal Project, target top commodity exports that could be produced or shipped from the Port, including potassium chloride, wheat and grain, forage products, prepared or preserved potato products, and/or wood chips.

Strategy 2.6: Develop comprehensive strategies for the Airport Industrial Park, South Morrow Industrial Park, and the Port's portion of the Umatilla Chemical Depot land for efficient infrastructure investments. Strategies should be flexible enough to allow for a wide range of development and uses within these areas.

Strategy 2.7: Develop a long-range strategy (20 to 50 years) for land acquisition to accommodate future growth and demand.

Goal 3: Ensure that the Port and Port tenants are adequately staffed and trained to meet existing and future operational demands.

Strategy 3.1: Maintain a well-trained staff and Commission to meet the Port's operational demands.

Strategy 3.2: Develop a staffing strategy and succession plan to account for employee turnover and future employment needs.

Strategy 3.3: Plan and budget for periodic training opportunities and participation in professional organizations to allow Port Commissioners and staff to gain knowledge relevant to their positions and network to serve the Port.

Strategy 3.4: Expand workforce development and training programs for local and regional youth and Spanish-speaking populations.

Strategy 3.5: Hire a specialized outside employment agency to address Port tenant labor shortages.

Strategy 3.6: Work with Port tenants to create a shared labor pool system between businesses, helping meet staffing needs and expand the skills of existing employees.

Strategy 3.7: When appropriate, promote the use of temporary workers to meet urgent staff needs.

7.3 FINANCIAL PLAN

In conjunction with the development of this strategic plan, the consultant team prepared a financial plan. A summary of key recommended financial strategies follows, and the full financial plan is included in Appendix D. Overall financial goals and recommended strategies are provided to enhance and to maintain sound fiscal processes.

Goal 1: Continue to monitor, sustain, and enhance the financial performance of the Port and Port business lines.

Strategy 1.1: Ensure operating revenues will cover projected operating and maintenance expenditures, as well as long-term capital needs, including cash-funded capital, existing debt service, and new debt obligations due to future borrowing.

Strategy 1.2: Maintain an operating reserve of at least 90 days of operating and maintenance expenditures in the Enterprise Fund, which can help protect the Port from the risk of short-term variation in the timing of revenue collection or payment of expenses.

Strategy 1.3: Financially prepare for fiscal year 2021 when annual debt service obligations will peak and monitor projected year-end cash balances in comparison to the 90-day reserve.

Strategy 1.4: Continue to actively pursue and apply for state and federal grants in support of the Port's CIP.

Strategy 1.5: Prioritize capital projects based on overall need, available grant funding, customer needs, and/or the criticality of repair, replacement, or expansion.

Strategy 1.6: Continue to set aside a portion of annual rate and lease revenues to enable the Port to respond to favorable capital investment opportunities. The Port is currently setting aside \$2 million in fiscal year 2020 and this is projected to steadily increase in the future.

Strategy 1.7: Continue to leverage new site development leases to cover 125 percent of new debt service related to specific projects that are to the benefit of specific tenants.

Strategy 1.8: Continue to steadily increase water and wastewater utility rates on an annual basis to cover rising utility costs (whether due to cost inflation, new initiatives, programmatic, or maintenance needs).

Strategy 1.9: Monitor the magnitude of the annual transfer/subsidy provided to the SAGE Center to ensure that other enterprise segments are not adversely affected.

Strategy 1.10: As existing debt service is steadily paid down over the next 10 years, consider ways to leverage this available cash flow to reinvest into Port infrastructure.

Strategy 1.11: When new terminal-related revenues come online over the next several years, evaluate how the Port can best leverage those resources to continue to maintain and expand infrastructure.

Strategy 1.12: Continually seek opportunities to refinance portions of the Port’s long-term debt. Additionally, during a period of historically low interest rates, evaluate the Port’s ability to leverage low-cost debt to expedite the completion of the Port’s capital improvement program.

Goal 2: Closely monitor economic and business impacts associated with the current COVID-19 pandemic.

Strategy 2.1: Identify multiple “shovel-ready” development projects in case federal stimulus money is made available in response to the COVID-19 pandemic. Stimulus money may be made available for infrastructure investment and/or capital projects that encourage economic development.

Strategy 2.2: Monitor the forecasted balance between revenue growth and general cost escalation. Any decline in key tenants, or sustained, material annual cost inflation could have a material impact on the Port’s ability to handle its financial obligations.

Strategy 2.3: Monitor the water usage behaviors of customers to estimate impacts they may have on water and wastewater revenues.

Strategy 2.4: Routinely check in with tenants to gauge their ability to stay in business during the COVID-19 pandemic and resulting economic turmoil.

Strategy 2.5: Prepare a COVID-19 response plan if revenues do not come in as expected. This plan could include the following: (1) Analyzing reserve sufficiency in the event of delinquent lease or utility payments and (2) Considering ways to reduce costs that could include a hiring freeze, deferment of capital projects, deferment of professional services, debt refinancing, or debt restructuring.

7.4 ENVIRONMENTAL PLAN

The following goal and strategies are proposed to assist the Port in maintaining its commitment to sound environmental stewardship and capture future opportunities in the green economy.

Goal 1: Maintain environmental stewardship as the Port develops and manages its land and in-water facilities.

Strategy 1.1: Establish green policies and BMPs to ensure compliance with current environmental regulations and balance economic development opportunities with regional sustainability.

Strategy 1.2: Be an active participant in environmental legislation that impacts Port property to advocate effective, yet streamlined, regulations impacting land development projects (advocate against burdensome regulations).

Strategy 1.3: Develop a mitigation plan to address impacts of capital projects and streamline future permitting.

Strategy 1.4: Work with state and local representatives to address environmental concerns and engage community input as needed for special projects.

Strategy 1.5: Share resources, funds, and opportunities with local and regional partners as appropriate to achieve common environmental goals and projects.

Strategy 1.6: Work with agencies and partners to identify and consider Port participation in environmental enhancement projects that benefit the local environment, particularly those that both conserve resources and support agricultural production.

Goal 2: Continue and expand upon the Port’s green business portfolio and practices.

Strategy 2.1: Continue to pursue renewable energy storage and production facilities by using existing facilities as a catalyst for new development.

Strategy 2.2: Expand and pursue ethanol production facilities and associated businesses to meet future demand as localities are required to increase their gasoline ethanol blend to meet state environmental benchmarks.

Strategy 2.3: Continue to seek additional wastewater recycling options to meet future demand.

7.5 **MARKETING PLAN**

The following marketing goals and strategies are intended to assist the Port in pursuing new economic development opportunities while supporting and maintaining positive relationships with its current tenants.

Goal 1: Market the Port’s services, assets, and opportunities in three focused areas: (1) protection, promotion, and expansion of existing Port tenants and users; (2) recruitment of international, national, and/or local industries to maximize use of Port facilities; and (3) exploration of tourism, recreation, and educational opportunities.

Strategy 1.1: Partner with Business Oregon and Morrow County to promote the distinct advantages of the region and its assets, opportunities, and synergies in marketing efforts.

Strategy 1.2: Market directly to target industries and businesses that could locate in the Port’s business parks and where demand exists.

Strategy 1.3: Market the Boardman and East Beach Industrial Parks where service extensions are ongoing and current capacity for development is high.

Strategy 1.4: Target aviation-related and industrial businesses that would benefit from locating at the Airport Industrial Park and who have the scale and assets to help develop its infrastructure.

Strategy 1.5: Track demand and interest from potential users of the South Morrow Industrial Park and market this business park to bolster the Port's presence in southern Morrow County.

Strategy 1.6: Promote the SAGE Center to state and national trade organizations and publications to raise awareness of the facility and to draw tourism to the region.

Strategy 1.7: Market the future rail-to-barge facilities at Terminals 1, 2, and 3 to potential import/export businesses.

8.0 PRIORITY PROJECTS

Through Port commission meetings and the engagement process with Port staff, the Port has identified three priority projects that they will be pursuing in the future. A description of these projects is included in Table 8 below with project locations highlighted in Figure 7. Planning-level cost estimates for each project is also provided.

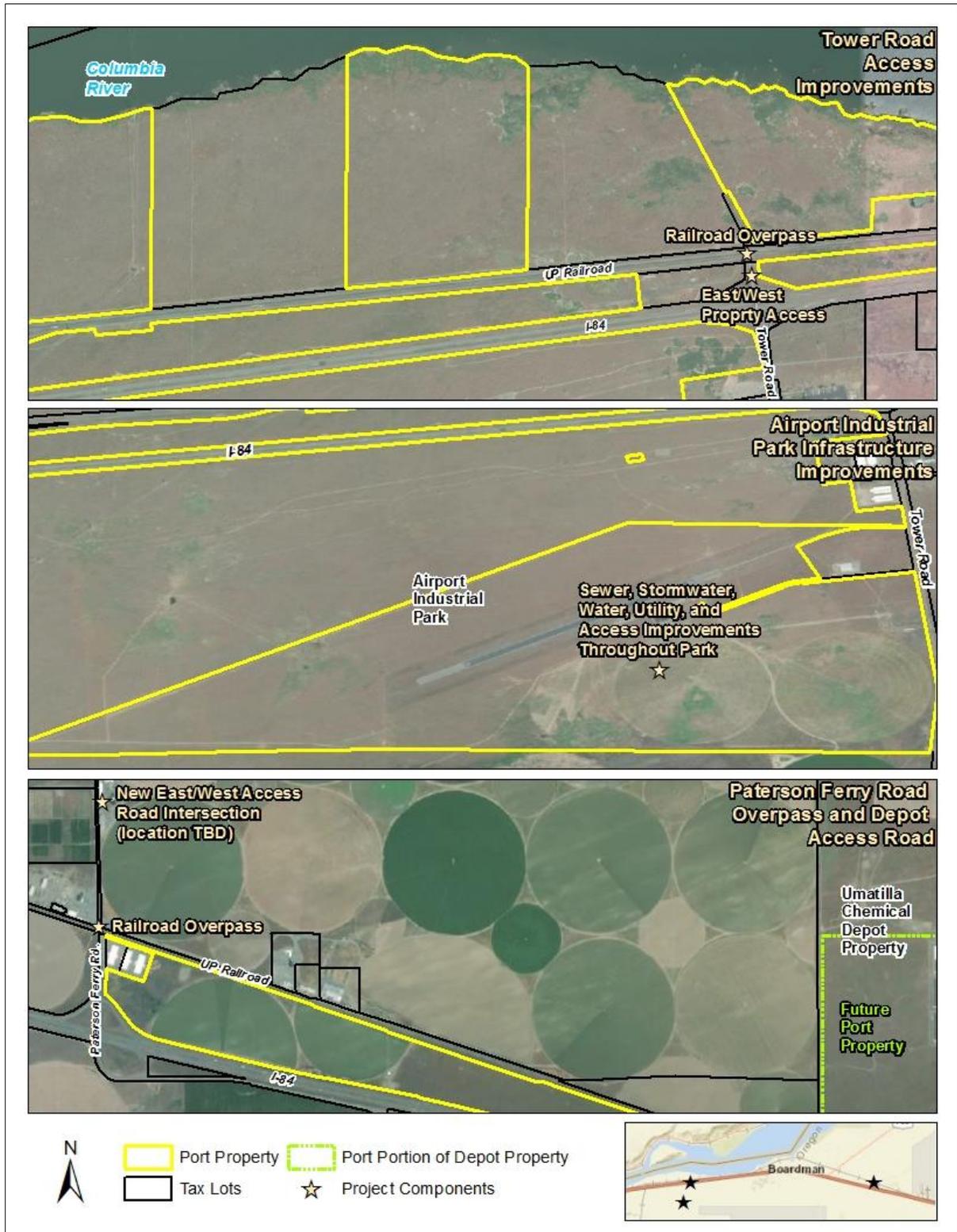


Figure 8. Priority Projects Locations

Table 7. Priority Projects

Project Title	Project Descriptions	Planning-Level Cost Estimate (\$)
Airport Industrial Park Infrastructure Improvements	The Port's 2,700-acre Airport Industrial Park has limited and deficient infrastructure to attract and serve potential development. The land is costly to develop due to the rockiness of the soil. However, the Airport Industrial Park offers large vacant, industrially zoned land that could provide a full range of aviation and/or industrial uses. To capture development opportunities at the Airport Industrial Park, one of the key projects for the Port is to develop the park with adequate sewer, water, stormwater, and transportation infrastructure to serve future uses.	25,000,000 – 50,000,000
Tower Road Access Improvements	Northeast of the Airport Industrial Park is the I-84/Tower Road interchange. The Port owns four properties north of I-84 in this area of Morrow County, including three vacant parcels that front the Columbia River. These properties are currently accessed from Tower Road, but the current accesses are deficient. Access improvement needs along Tower Road are two-pronged: (1) build a rail overpass over the UPRR mainline for future vehicle access to the Port's Columbia River properties in this area and (2) develop east/west vehicle access points off Tower Road to Port properties north of I-84 and south of the UPRR mainline.	4,000,000
Paterson Ferry Road Rail Overpass/Depot Access Road	Paterson Ferry Road is a highly traveled north/south route that intersects with the UPRR mainline in Morrow County. East of Paterson Ferry Road is the former Umatilla Chemical Depot property; portions of this property will be transferred to Port ownership in the near future. One of the key projects for the Port is to develop a rail overpass over the UPRR mainline to better facilitate vehicle travel and, directly north of this overpass, develop an east/west access road connecting Paterson Ferry Road to the Port's southwest portion of the Depot property. The new access road would be designed to be the least impactful to existing farmland and, once built, will provide I-84 access to future industrial lands and an important east/west connection between the Port's industrial parks near/on the Columbia River.	6,000,000

9.0 LIST OF ACRONYMS AND ABBREVIATIONS

BMPs	best management practices
BUILD	U.S. Department of Transportation Better Utilizing Investments to Leverage Developments
CDA	Columbia Development Authority
CID	Columbia Improvement District
City	City of Boardman
CIP	capital improvement plan
County	Morrow County
CREZ	Columbia River Enterprise Zone
CTUIR	Confederated Tribes of the Umatilla Indian Reservation
DEQ	Oregon Department of Environmental Quality
DLCD	Oregon Department of Land Conservation and Development
FAA	Federal Aviation Administration
FEMA	Federal Emergency Management Agency
GEODC	Greater Eastern Oregon Development Corporation
GDP	Gross Domestic Product
HWH	High, Wide, and Heavy Corridor
I-	Interstate
IAMP	Interchange Area Management Plan
IFA	Infrastructure Finance Authority
MARAD	U.S. Department of Transportation Maritime Administration
MCGG	Morrow County Grain Growers
NAVID	navigational aids
OAR	Oregon Administrative Rules
OED	Oregon Employment Department
ODA	Oregon Department of Aviation
ODFW	Oregon Department of Fish and Wildlife
ODOT	Oregon Department of Transportation
ORS	Oregon Revised Statutes
OSU	Oregon State University
PGE	Portland General Electric
P3	public private partnership
Port	Port of Morrow
PSU PRC	Portland State University Population Research Center
RSIS	Regionally Significant Industrial Site

SWOT	strengths, weaknesses, opportunities, and threats
TSP	transportation system plan
UMCD	Umatilla Chemical Depot
UP	Union Pacific Railroad
U.S.	United States
USACE	U.S. Army Corps of Engineers
USDA	U.S. Department of Agriculture
USDOT	U.S. Department of Transportation
USEDA	U.S. Economic Development Administration

APPENDICES

PORT OF MORROW 2020 STRATEGIC BUSINESS PLAN UPDATE

APPENDIX A

COMMISSIONER, STAKEHOLDER, AND PUBLIC OUTREACH SUMMARY



Port of Morrow

Strategic Business Plan Update Kickoff Meeting and Strengths, Weaknesses, Opportunities, and Threats (SWOT) Analysis October 17, 2019

As part of the kickoff meeting for the Port's strategic business planning update process, Scott Keillor, project manager, and Sam Roberts from WSP USA (WSP), and Tim Woods from FCS GROUP, met with staff to discuss data needs; then facilitated a strengths, weaknesses, opportunities, and threats (SWOT) analysis with the Port of Morrow Commission and staff; followed by a Port site tour. Commission members, staff, and consultant SWOT attendees are listed below, followed by a summary of the SWOT analysis.

Port of Morrow Commission

Jerry Healy, President
Rick Stokoe, Vice President
Joe Taylor, Secretary
John Murray
Marv Padberg

Port of Morrow Staff

Ryan Neal, Executive Director
Eileen Hendricks, Chief Financial Officer
Lisa Mittelsdorf, Economic Development Director
Jacob Cain, Director of Engineering
Lisa Patrick, SAGE Center Manager
Marcine Brangham, Warehouse Services Manager
Tim Patton, Utility and Maintenance Manager
Kalie Davis, Workforce Training Program Manager

Consultants

Scott Keillor, WSP, Project Manager
Sam Roberts, WSP, Planner
Tim Woods, FCS Group, Market/Financial Analyst

The following is a narrative description of each discussion topic followed by a table generated during the meeting.

Strengths

Strengths are considered assets that the Port can build upon. All agreed that the Port of Morrow is well-positioned to capitalize on its strengths and potential for business growth. The Port has a large developable land base that, due to rapid development, requires replenishing over time, and has made continued infrastructure improvements over time to serve existing industries and capture future development. Proximity and access to the Columbia River, Interstate 84, and Union Pacific Railway

all provide locational advantages to serve multimodal shipping functions. Additionally, Boardman's proximity to a variety of recreational opportunities benefit local residents and is a selling point to future residents and businesses. New housing and commercial development in Boardman, although occurring slowly, along with the emergence of the SAGE Center, continue to develop the community, making the Port increasingly attractive to new users. As an organization, the Port exhibits strong relationships with local government bodies, institutions (such as Blue Mountain Community College and Eastern Oregon University), and with their tenants. The Port's finances are diversified with revenue streams supported by different industry types, which brings economic resiliency and self-sufficiency. The Port is supported by an excellent staff and Commissioners with a wealth of institutional knowledge, as well as new staff and Commission members that bring a fresh perspective. Tenants operating at the Port offer well-paying family-wage jobs with good benefits and a growing workforce development program helps supply labor for these tenants. The Port has a reputable standing in the community and the region and structured communication techniques, such as social media and newsletters, help inform the public of Port activities and progress—adding to its solid reputation. The Port has experienced many recent successes, including a cooler expansion, wastewater treatment plant expansion, and three new data centers. Much of this success can be directly attributed to the Columbia River Enterprise Zone (CREZ), which will continue to support an incentive development at the Port into the near future.

Weaknesses

Weaknesses can be seen as areas to target for improvements by the Port and other regional partners. Despite considerable strengths, the Port also faces challenges. While the Port has made substantial investments in infrastructure, the Port is growing rapidly and at times it has been challenging to provide full-scale infrastructure to sustain this growth and capture new industries. A lack of housing and commercial uses in the community continues to impact the Port. The shortage of housing in Boardman forces many workers at the Port to commute primarily from the Tri-Cities and other nearby communities or use local short-term rentals. A lack of commercial establishments, coupled with this housing shortage, affects Boardman's attractiveness to potential businesses or workers looking to locate in the area. While locational advantages to different transportation modes exists, the Port is generally located in a rural and isolated area of the state and is a significant distance away from a major airport. Prospective industries examine these characteristics when deciding where to locate their businesses. The Port has had much success developing their industrial parks; however, the Port has experienced challenges working and obtaining approvals outside of designated industrial parks from local and regional jurisdictions. In addition, Oregon's business climate for fossil fuel developments and the state's cultural resource review process have made it challenging to obtain state approvals on certain projects.

Opportunities

Opportunities are favorable conditions or possibilities that can be invested in to grow business at the Port of Morrow and its community. Despite current challenges and future threats, the Port sees a variety of opportunities to improve economic development and to be an example for other multifaceted ports. The CREZ program, BUILD grants, and Connect Oregon grants provide various funding mechanisms and incentive tools that the Port can use in the near term. Full buildout of Terminal 1 as a rail-to-barge facility will stimulate economic and job growth and help attract more import/export businesses to the Port. Successful development of data centers, agribusiness, and other

manufacturing uses at the Port have shown that these uses can be accommodated with the ability to serve others, and new opportunities exist in renewable energy production. Existing industries operating at the Port are diverse, providing opportunities in secondary industries supporting these uses. The future acquisition of the Port's portion of the Umatilla Army Depot site will add industrial land to the Port's portfolio. In addition, the Port has banked industrial land available to be developed, and vacant land exists throughout the region that can be acquired for future industrial development. Land at the Airport Industrial Park remains mostly vacant and provides long-term opportunities for growth. The Port continues to obtain water rights for facility operations and continues to make improvements in wastewater management, exemplified by a recent wastewater treatment plant expansion and a partnership with Oregon State University (OSU) to study best management practices for wastewater management and related permitting decisions. The SAGE Center has become a popular tourist attraction and has the ability for further expansion to continue the mission of showcasing the region's farming, food, and energy economies. An event center, possibly located at the SAGE Center, would help attract conferences and tourism to the area. Community development investments by multiple parties in housing, retail, schools, and recreation are expected to continue, increasing the attractiveness of Boardman as a place to live and do business. The Port's workforce training program continues to evolve, aiming to supply skilled labor to Port tenants through internships and high school recruiting, and enticing home-grown kids to return to town to work after training. With the wide-ranging benefits and roles that the Port plays in the community and region, increased marketing and public perception opportunities exist to inform the public of these activities and tell the Port's story.

Threats

Threats can be internal or external negative forces that the Port may or may not be able to control. CREZ program investments has aided substantial economic growth at the Port. What this program will look like in the future and if the Port can rely on these investment incentives is currently undetermined. The ability of the Port and tenants to obtain water rights from the state in the future is also undetermined, and water is a critical asset, even as water recycling efforts increase. As mentioned, the Port has a sizeable land base of industrial land to develop. As the Port continues to develop and sell land, new industrial land supply will need to be acquired to offset what has been developed. Land for industrial development may become limited in the future. In addition, potential land acquisitions for the purpose of industrial development may become difficult due to zoning regulations that prohibit the conversion of farmland to industrial or other uses. A lack of developable industrial land, as well as appropriate supporting infrastructure, pose a long-term threat to the Port for industrial expansion. Despite a robust workforce development program, many industries operating at the Port are experiencing significant skilled labor shortages. State employee laws are evolving and can add costs for prospective employers who may be considering out-of-state competitive sites. Cap-and-trade policies that may be implemented in the future will impact, to different degrees, carbon-intensive industries operating at the Port and the possible removal of four dams (at early discussion phases) on the Snake River may create problems for the shipping of products to the Port. Port industries that use containerized cargo shipping are susceptible to volatility at larger ports in which they are dependent on for the export of their products, such as the Port of Portland's recent loss in container business at their marine terminals.

The following table provides an overview of the Port of Morrow SWOT analysis.

SWOT Analysis Table

Strengths	Weaknesses
Location, access, and proximity to Columbia River	Lack of housing
Available developable land (near term)	Slow commercial growth
SAGE Center	Aging infrastructure
Infrastructure	Rural perception
Organizational communication techniques	Community attractiveness
Strong employer; wages and benefits	Oregon business climate
Reputation	Distance to Portland International Airport
Governmental, institutional, tenant relations	Permitting processes outside of industrial parks
Adaptability	Employees commuting to Boardman
Diversity of tenants/skilled workforce	State cultural resource review process
Proximity to natural environment/recreation	
Columbia River Enterprise Zone (CREZ)	
Self-sustaining financially/multiple revenue streams	
In-house capabilities to do most work	
Workforce training programs	
New housing and commercial development	
Unit train ability	
Development agreements	
Opportunities	Threats
Additional property acquisition	Cap-and-trade policies
SAGE Center expansion and recognition	Lack of industrial land (long term)
Army Depot property	Long-term CREZ program changes
New water rights	Skilled workforce shortages
Secondary industries supporting existing industries	Port of Portland container business volatility
Workforce training program development	Removal of Snake River dams
OSU wastewater research collaboration	State work restrictions limiting hours
Various grant funding	Obtaining additional water rights (long term)
Additional data centers	Adequate infrastructure to meet demand
Import/export abilities	Land use laws preventing industrial development
Airport Industrial Park (long term)	Special districts; taxpayer money leaving the community
Event center development	
Regional economic development potential	
Marketing/perception improvements of the Port	
Banked industrial land	
Renewable energy production/handling	
Increased City investments in community	
Wastewater improvements	
Terminal 1 buildout	

Site Tour

Following the SWOT analysis, Lisa Mittelsdorf, Port Economic Development director, led the consultant team on a site tour of Port facilities and the community. The tour mainly focused on the Port's most developed industrial parks—Boardman Industrial Park and East Beach Industrial Park. During the tour, Lisa discussed individual tenants operating at the Port and possible future tenant expansions, such as Tillamook's cold storage expansion and the development of cottage lodging units at the River Lodge and Grill. Key future infrastructure improvements by the Port, such as a rail expansion into the East Beach Industrial Park and the full buildout of Terminal 1, were also discussed. The consultant team was able to observe some of the Port's most prominent tenants, including Lamb Weston, Oregon Potato, Boardman Foods, Tidewater, and Amazon's data centers. Community amenities that were observed included the Boardman Marina and RV Park, the SAGE Center, and Ordinance Brewing. Educational and training facilities, including the Neal Early Learning Center and the Blue Mountain Community College Workforce Training Center, were also toured. Overall, the site tour provided a great opportunity for the consultant team to become acquainted with Port facilities and the Boardman community.

Next Steps

The Port will assist the consultant team in scheduling up to 12 stakeholder interviews. In addition, the Port will provide background data requested by the consultant team to help inform the strategic business plan update. A facilities assessment will be undertaken by a WSP engineer with assistance from Jacob Cain, the Port's director of engineering, and a market analysis will be compiled by the FCS GROUP.

A Port Commission meeting open to the public will be scheduled for winter 2020 to highlight initial findings of the strategic business plan update process, including a stakeholder interviews summary and key findings from the facilities assessment and market analysis.



Memorandum

Date: December 26, 2019

Subject: Port of Morrow Strategic Business Plan Update
Stakeholder Interview Summary
Project Number 31600113

From: Scott Keillor, Project Manager
Nick Fazio, Planner/Public Involvement Specialist

To: Lisa Mittelsdorf, Director of Economic Development, Port of Morrow

The Port of Morrow (Port) is initiating its 2020 Strategic Business Plan (SBP) update. This plan will meet the requirements for port planning under Oregon's statewide port plan, including key sections on management, capital facilities, finance, environment, and marketing. The study will consider Port operations, projects, and policies. SBPs must be updated every five years and fully revised every ten years for ports to remain eligible for state port planning and marketing funds.

To solicit input on the plan update, WSP conducted a series of stakeholder interviews in late November and early December 2019. Interviews were conducted as informal conversations intended to understand individual and organizational perspectives. At the beginning of each interview, stakeholders were provided with a brief introduction, including general background information about the SBP update. Following the introduction, discussion topics generally covered the following.

- The Port and its partners
- Primary and secondary market areas
- Port District, Boardman, and Morrow County's greatest assets
- Port District, Boardman, and Morrow County's greatest weaknesses
- Most needed developments, improvements, actions, and incentives
- Partnering to retain jobs and grow business
- Primary industries marketing focus
- New opportunities for the port and local area
- Initiatives the Port should pursue
- Concerns related to the future
- Quality of life amenities
- Current policies or conditions that should continue

The following is a summary of the input received, organized around the topics identified above. Candid responses were encouraged, and comments are not attributed to specific individuals to

provide a level of anonymity. A list of stakeholders interviewed is included at the end of the summary.

The Port and its partners

The stakeholders interviewed had a wide variety of backgrounds and perspectives regarding the Port, greater Boardman community, and the economy at large. Several of the stakeholders are current tenants at the Port, and others have either had business operations at the Port previously or are currently business partners of the Port in other industries. Several stakeholders interviewed are also elected officials or involved in government administration.

Stakeholders reported that the Port had strong, productive relationships with its tenants, partners, community members, and local government officials.

Primary and secondary market areas

Most stakeholders consider their primary market or jurisdiction as being Morrow County or neighboring Umatilla County, while some had larger geographic market areas including the northwest and continental U.S. A few stakeholders remarked that they are involved in global trade and have considerable access and trade with international markets.

Port District, Boardman, and Morrow County's greatest assets

Seven key assets were commonly identified through interviews with the stakeholders. Foremost among these was the Port's business and economic development acumen. Nearly all stakeholders acknowledged that the Port's robust industry ties, experience with and focus on economic development, strong and easy working relationships, and proven track record on executing ideas and improvements was their greatest asset. The Port's ability to leverage and strategize their assets and vision leads to a more certain development environment, helping to balance out perceived regulatory burdens.

This business acumen is supported and invigorated by another Port asset: their people. Most stakeholders connected the Port's success to both Port leadership as well as personnel. Several of the stakeholders praised the Port team's experience, background, and diversity.

The stakeholders also broadly recognized the Port's proactive investments into infrastructure as a key Port asset. Reasonably affordable and plentiful land, combined with improvements to water, sewer, and power offer a "turnkey readiness" to tenants that is unavailable at other Ports or industrial areas. These investments have positioned the Port as a leading "employment destination." The proactive steps that the Port takes to build infrastructure improvements in anticipation of tenant needs is supported by two other key assets: reliable and affordable electricity and a strategic location with robust transportation connections. Stakeholders agreed that the Port's access to the Columbia River, Interstate 84, and the railroad are essential to its success.

A number of stakeholders identified the Columbia River Enterprise Zone (CREZ) as an asset to the Port and local area. Several stakeholders suggested that the CREZ is among the most successful in the State, and that it is responsible for channeling a lot of funds into community development in Boardman. These CREZ-enabled community development opportunities highlight another Port asset: their commitment to public engagement and involvement. Several stakeholders advised that the Port is a good neighbor that contributes to local schools and other philanthropic efforts. This commitment to community development builds a strong base of support from the locals and helps ensure the Port's viability as a trusted, permanent, community institution.

Port District, Boardman, and Morrow County's greatest weaknesses

Stakeholders noted that the Port and local area also has weaknesses. General labor market limitations were identified as one of the largest challenges facing the Port and the community. Several Port tenants specifically noted that skilled workers – accountants, technicians, electricians, and others – are in short supply, and that all businesses are competing in the same relatively small labor pool. A common refrain from all stakeholders was “there are simply not enough workers” in the area to fill the open positions and support growth at the Port.

The general lack of skilled workers is interrelated to other community weaknesses as well. Several stakeholders acknowledged a lack of housing in the area. Despite a strong uptick in recent housing starts, there was general agreement that there is still a long way to go in terms of providing enough housing for the community to accommodate job growth. Shortcomings in the area's livability were also mentioned by several stakeholders. A lack of general services and amenities (with retail offerings in particular) is seen as a significant challenge in drawing talent to the area and retaining skilled workers with employment choices.

Fast growth at the Port, while indicative of success, presents specific challenges. A few stakeholders mentioned that the Port's robust economic development strategy leaves it more exposed to missteps in project management and communication. These stakeholders suggested that the Port may benefit from investing additional resources into tenant liaison services and project management.

A number of other weaknesses were mentioned by smaller numbers of stakeholders, including geographic constraints (far from major population centers and proximity to Tribal land), environmental concerns (such as discussions around potential upper Columbia River dam removals and increased State environmental regulation), the perceived lack of redevelopment progress at South Morrow Industrial Park, and lack of State and federal support and assistance because of the Port's overall financial success.

Most needed developments, improvements, actions, and incentives

Stakeholders identified five general areas most in need of action or improvement. Almost all stakeholders identified the need for workforce housing as a top priority for the community. Stakeholders suggested that more housing units and a wider array of housing choice, as well as

supportive amenities like commuter transportation options, will help grow the labor pool and ensure that job growth is not outpacing housing or population growth.

Several stakeholders advised of the need for greater local interagency coordination, especially with complex, politicized, or hard-to-reach actors, such as the Tribes, Union Pacific Railroad, and Columbia Development Authority. One stakeholder suggested that a shared vision for economic development in the area was key to better communications across and between agencies.

Stakeholders also indicated a need for an innovative and coordinated land-use plan for the Port. This plan could explore new land management and revitalization strategies, consider parcel redevelopment in addition to land portfolio expansion, and prioritize shovel-ready and agricultural land conversion for investment. A few stakeholders suggested the need for strategic land use planning: a focus on business diversification. These stakeholders felt strongly that the Port should not just concentrate on one or two types of industries, especially those that are resource dependent or related; some stakeholders remarked that there was an abundance of food manufacturing businesses currently operating at the Port.

Finally, some stakeholders acknowledged the need for continued assistance with grant writing and other “out-of-the-box” financial tools to help business partners and tenants identify and fill capital gaps.

Partnering to retain jobs and grow business

Stakeholders suggested a variety of ways that the Port could help tenants and partners grow their business and retain jobs. The most frequently referenced method was investing in housing, transportation options, and community amenities. Stakeholders stressed that the best way to retain employees was to focus on quality of life factors such as good-quality and available housing, easy and short commutes, and amenities that contributed to the community’s livability.

Multiple stakeholders also stressed the need for the Port to continue to diversify its operations. Economic development that is diverse and not centered on only one or two industries was identified by the stakeholders as being more resilient to natural change and external shocks to the economy.

Some stakeholders with business operational ties to other ports in the northwest stressed the need to build stronger partnerships with regional ports for shared growth, advocacy, and coalition building. One example was partnering with other Columbia River ports to advocate for bringing container service back to the Port of Portland.

The Port’s good working relationships with other jurisdictions, tenants, and partners was highly prized by the stakeholders and most indicated that the Port should continue to maintain these relationships. Several stakeholders acknowledged that the Port’s success at relationship building extended to the community and public as well. These stakeholders mentioned that the Port could

continue to add value to the community by protecting water quality and quantity, leading planning efforts with community health, and funneling CREZ funds into schools and other community development projects.

Primary industries marketing focus

Stakeholders noted a variety of industries that the port should focus on for marketing and engagement. Energy-intensive users were identified as a top market for the Port. The Port's access to affordable and plentiful electric power, and its robust network of power infrastructure was identified by the stakeholders as an asset that should be marketed to potential tenants with high energy needs.

The agriculture and agronomy industries were also cited by several stakeholders as areas for marketing investment. Several stakeholders shared their thoughts that the Port of Morrow "feeds the world," and felt that sentiment should be leveraged. Businesses that are related to retail agriculture, such as those selling implements, fuels, chemicals, or fertilizer were identified as worthy marketing targets. One stakeholder noted that this would be especially true if the comparative advantage of the Port translated into cost or rate advantages for tenants.

Ethanol production and associated businesses were mentioned as industries that the Port should continue to pursue and expand upon. An ethanol plant and dock already exist at the Port and ethanol is currently shipped by barge to markets in Portland and some by truck to nearby markets. The demand for ethanol is projected to increase as localities are required to use an increasing amount of ethanol blend in their gasoline to meet state environmental goals.

Industries that support existing businesses operations were also mentioned, including companies that sell industrial supplies and safety products, as well as custom manufacturing operations. This would allow industries to meet these needs locally without having to import these products to their facilities.

Finally, several stakeholders suggested that the Port should take a more active role in advocating for housing development in the area. Marketing the need for housing to developers was generally seen as a productive use of the Port's efforts because it directly accommodates the needs of a growing labor pool, and over time will reduce the current, roughly 70 percent out-of-town commuting ratio.

New opportunities for the Port and local area

Echoing a recurring theme, several stakeholders brought up the need for quality, workforce housing in the area. A few stakeholders commented that economic growth would be limited because of the lack of housing for the middle class, and that the Port should take a leadership role in shifting that imbalance.

Other stakeholders suggested that commercial retail would be a welcome addition to the Port and/or community. Popular fast food chains, national coffee-shop chains, casual diner-style chain

restaurants, tire and quick-lube businesses, hardware stores, and general stores were the most desired commercial types according to these stakeholders.

A variety of other industries were noted by individual stakeholders, including biomass/timber businesses, propane providers, fertilizer providers, and eco- or agriculture-related tourism facilities.

Initiatives the Port should pursue

Some stakeholders acknowledged the great community development work the Port is now involved in, and strongly suggested the Port continue to actively engage with the community and support development efforts with donated time, resources, and interagency cooperation.

The CREZ was also identified by some stakeholders as an essential initiative and a key to ongoing Port success.

Stakeholder thoughts on new initiatives to pursue included expanding workforce development and training programs, especially to Spanish speakers, youth, and for electrical and technician positions. A couple of stakeholders interviewed also suggested the Port balance its economic development efforts by focusing on investments for the South Morrow Business Park (or the southern part of the County in general).

Concerns related to the future

Despite the wide range of backgrounds and perspectives of the stakeholders, many of them shared common concerns related to the future of their business, and success of the community or Port. The most widely shared concern was uncertainty around, and potential increase of, government environmental and labor regulations. Increased wastewater regulations, taxes (especially carbon taxing mechanisms), onerous compliance requirements, permitting processes, and discussions of dam removal were all mentioned as serious concerns for the future of businesses and the Port. Some stakeholders mentioned impacts to business operations revolving the recently passed state family and medical leave laws.

The future of the labor market was also a top concern for almost all stakeholders. The lack of qualified employees and availability of working individuals was noted as a huge challenge. Skilled workers, such as accountants and technicians, are in short supply. The future of farm labor was also cited as a serious concern, especially as the pool of legally authorized workers continues to shrink, with seemingly no progress on immigration and labor reform. Labor retention was identified by several stakeholders as a threat to the future of their business; retention of workers is seen as negatively affected by a lack of workforce housing and community amenities. The housing shortage is seen by the stakeholders as contributing to an unsustainably high proportion of workers commuting in from outside the County.

Other significant concerns facing the future of the Port and businesses in the community were identified by various stakeholders. These include the negative effect of tariffs and diminished

connections to Asian markets (especially with historically low commodities prices), lack of economic diversification (especially during a recession; increased diversification increases community resiliency), and the effects of climate change on water availability and severe weather events. Stakeholders whose business operations are dependent on a single or a few commodities were generally concerned about the impact to their businesses from decreased demands for these commodities within their market areas.

Quality of life amenities

Those interviewed generally suggested several quality of life amenities or improvements that are most needed in Boardman and/or Morrow County. The most commonly noted was the need for a wider and more diverse retail and services selection. Basic and essential retail services such as a tire shop and quick lube establishment, big-box grocery store, and other commercial offerings were identified as having the most potential for short-term improvement.

Longer-term quality of life amenities suggested by the stakeholders represent efforts that can be generally considered “placemaking.” This category includes several suggestions stakeholders had, like reducing blight through a beautification program, creating a town identity by establishing a “Main Street” and “downtown core,” investing in a centrally-located town square that encourages intergenerational connections, and building efforts around “shop local” schemes and community identity programs.

Other quality of life amenities mentioned by individual stakeholders included better quality residential Wi-Fi (businesses are already well served), better childcare facilities for workers, an art center to support more arts and culture programs, a civic center, an auditorium and movie theater, high-quality housing, and additional public transportation links to other communities.

Current policies or conditions that should continue

Stakeholders provided examples of multiple policies or programs they thought the Port should continue. The Port’s engaged and visible leadership was most mentioned by the stakeholders as an important effort. Several of the stakeholders referred to leadership’s “can-do” attitude as essential to the Port’s continued success. In addition, the Port’s “open door” policy and the ability to sit down with tenants to work through issues has been very beneficial and should continue in the future.

Several of the stakeholders value the Port’s strong relationships to community schools, programs, and residents and wanted to see those relationships continue and strengthen.

The Port was recognized as having an elite level of expertise in economic development and infrastructure delivery. Providing in-house services like project management and design, grant writing, and CREZ advocacy should continue according to several stakeholders.

Finally, multiple stakeholders supported the Port's approach to workforce development and noted their training and internship programs. These stakeholders suggested that the Port continue to invest in the workforce of the future.

Stakeholders interviewed

Individuals who participated in the stakeholder interviews are identified below. Stakeholder affiliation is also noted; however, the opinions given were those of the individual stakeholder and do not necessarily represent the organizations identified.

- Jim Doherty (County Commissioner, Morrow County)
- Robert Echenrode (General Manager and CEO, Umatilla Electric Cooperative)
- Michael Graham (Director of Plant Operations, Tillamook)
- Kevin Gray (CEO, Morrow County Grain Growers Inc.)
- Melissa Lindsey (County Commissioner, Morrow County)
- Jake Madison (Farmer, Madison Ranches Inc.)
- Neil Maunu (Director of Sales and Business Development, Tidewater Barge Lines)
- Marc McCoy (Plant Manager, Lamb Weston-Boardman East)
- Karen Pettigrew (City Manager, City of Boardman)
- Don Russell (County Commissioner, Morrow County)

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PORT OF MORROW 2020 STRATEGIC BUSINESS PLAN UPDATE

APPENDIX B

FACILITIES CONDITION ASSESSMENT



Memorandum

Date: November 6, 2020; revised December, 2020

Subject: Port of Morrow Facility Condition Assessment
Port of Morrow SBP Update, 31600113.000

From: Marvin Monterrosa, WSP; Scott McMahon, PE, WSP

To: Lisa Mittelsdorf, Port of Morrow; Scott Keillor, AICP, WSP

OVERVIEW

A facilities condition assessment of Port of Morrow (Port) properties is an integral part of the Port's 2020 strategic business plan (SBP) update. This assessment familiarizes the project team with Port properties, allowing WSP to assess property conditions and identify needed improvements. The facilities condition assessment ultimately informs the Port's five-year capital facilities plan, which includes prioritized infrastructure improvements and planning-level cost estimates to guide future capital improvements at the Port.

Port properties cover roughly 8,200 acres of land in Morrow County, Oregon. The majority of the Port's properties are located within four business parks (see Figure 1): Boardman Industrial Park, East Beach Industrial Park, Airport Industrial Park, and the South Morrow Industrial Park (near Heppner, Oregon). The parks do not have rigidly-defined boundaries; rather, they are in general locations within Morrow County. All of the business parks contain land owned by the Port and by private landowners. WSP performed a facilities condition assessment on a representative sample of the Port properties listed above.



Figure 1. Key Map

The assessment included a visual reconnaissance, discussions with Port staff, and review of available information online and provided by the Port. WSP did not perform any calculations or testing. Accompanied by Port staff, Scott McMahon and Marvin Monterrosa participated in a site tour of Port-owned properties on 21 February 2020.

BOARDMAN INDUSTRIAL PARK

Overview

The Boardman Industrial Park comprises approximately 1,700 acres. The Port owns roughly 1,000 acres of the land within this park. The Union Pacific (UP) mainline railroad separates the Boardman Industrial Park from the East Beach Industrial Park, with the Boardman Industrial Park located south of the UP mainline. The land within the park is mostly developed. Tenants are primarily agricultural in nature and use the facilities for processing and distribution. The Boardman Industrial Park is located near all major modes of transportation. For specific property information, please reference Attachment A.



Figure 2 – Aerial of Boardman Industrial Park

Public Street Access

The Boardman Industrial Park is located on the north side of Interstate 84 (I-84) and can be accessed from Exit No. 165. The I-84 exit initially connects with Laurel Lane, a two-lane arterial that provides a north-south connection across I-84. When heading north, Laurel Lane intersects Columbia Avenue, a two- to three-lane arterial, roughly 200 feet from the freeway ramp terminals. The Industrial Park can also be accessed through the Lewis & Clark Drive connection to Highway 730 from I-84 Exit No. 168.

Rail Access

The UP Mainline passes along the northern border of the Boardman Industrial Park with the industrial park served by a roughly 20,000-foot spur.

Marine Access

The Boardman Industrial Park is located along the Columbia River and includes three marine terminals.

- Terminal 1 (T-1) is a barge slip and is currently in need of dredging in order to be functional for larger ships.
- Terminal 2 (T-2) is a barge load-out facility operated by Boardman Chip.
- Terminal 3 (T-3) is a barge slip operated by Tidewater. T-3 is the largest container terminal upriver of Portland, handling approximately 11,000 containers to and from barge and truck annually.

Wastewater and Sanitary Sewer

The Port uses food processing wastewater to irrigate Port and privately-owned land for interim farm use. The sanitary sewer collection system is maintained by the City of Boardman.

Water

The Boardman Industrial Park is supplied water from a system of five Port-owned deep wells and three shallow Ranney wells at the East Beach System. The site is also connected to the City of Boardman's municipal water system to provide additional capacity for the park.

Electrical Power

Electrical power is provided by Umatilla Electric Cooperative.

Process Steam

Process steam is supplied to food processing facilities from the Coyote Springs cogeneration plant.

Communication

Fiber optic lines are provided for both voice and data transmission by multiple communications companies.

Stormwater

Stormwater handling is through on-site disposal/bio-swales.

EAST BEACH INDUSTRIAL PARK

Overview

The East Beach Industrial Park is an approximate 2,300-acre site located north of the Union Pacific mainline railroad. Roughly 1,800 acres within this park is owned by the Port. The East Beach Industrial Park provides access to the Columbia River and is currently under development. The East Beach Industrial Park is located near all major modes of transportation. For specific property information, please reference Attachment A.



Figure 3 – Aerial of East Beach Industrial Parks

Public Street Access

East Beach can be accessed via I-84 north to Columbia Avenue then northeast to East Columbia Avenue, or alternatively, via US 730 traveling northwest on Lewis and Clark Drive.

Like Boardman Industrial Park, the East Beach site is located on the north side of I-84 and can be accessed by Exit No. 165. The I-84 exit with Laurel Lane, north to Columbia Avenue, a two-to three-lane arterial that is roughly 200 feet from the freeway ramp terminals.

At the east end of the site, Lewis & Clark Drive provides access to US 730. US 730 is a regional highway that connects to the northern side of I-84 at Exit No. 168.

Rail Access

The UP Mainline passes along the southern border of the East Beach Industrial Park. Phase 1 construction for rail access was a rail loop constructed in 2005 that provides access to Cargill, Zea2 (formerly ZeaChem), and Pacific Ethanol. Phase 2 was a rail siding that was funded in part with Connect Oregon II grant funding. In total, roughly 48,400 feet of rail exists at the East Beach Industrial Park through Phases 1 and 2. Phase 3 will include a 22,000-foot extension of the rail at the East Beach Industrial Park.

Marine Access

A portion of the East Beach Industrial Park is located along the Columbia River and is served by three existing terminals: Terminal 4 (T-4) - Morrow County Grain Growers (MCGG) barge dock; Terminal 5 (T-5) - Tidewater Petroleum load-out facility; and Terminal 6 (T-6) – Aggregate load-out dock.

Wastewater and Sanitary Sewer

The Port uses food processing wastewater to irrigate Port and privately-owned land for interim farm use. The Port maintains this system. Sanitary sewer collection system is maintained by the City of Boardman.

Water

The East Beach Industrial Park is supplied water from a system of five Port-owned deep wells and three shallow Ranney wells. The site is also connected to the City of Boardman's municipal water system to provide additional capacity for the East Beach Industrial Park.

Electrical Power

Electrical power is provided by Umatilla Electric Cooperative.

Communication

Fiber optic lines are provided for both voice and data transmission by multiple communications companies.

Stormwater

Stormwater handling is through on-site disposal/bio-swales.

AIRPORT INDUSTRIAL PARK

Overview

The Airport Industrial Park is an approximate 4,000-acre site located approximately 4 miles southwest of Boardman in Morrow County. Roughly 2,700 acres are owned by the Port. The Airport Industrial Park includes the Boardman Airport which contains a 4,200-foot long runway. The runway serves corporate jets and general aviation aircraft. The Port owns five properties north of the runway which are currently vacant and unimproved.



Figure 4 – Aerial of Airport Industrial Park

Airport

The airport features a 4,200-foot general aviation landing strip. The landing strip was built in approximately 1942 by the United States Army Air Forces. The Port plans to make improvements to the airport that will include a new fueling station, airport apron rehabilitation, and the installation of 9 new hangars including a pilot lounge.

Public Street Access

The Airport Industrial Park can be accessed by Exit No. 159. The I-84 exit initially connects with Tower Road, a two-lane road that provides a north-south connection across I-84. Heading north on Tower Road provides access to vacant land currently lacking infrastructure. Heading south on Tower Road provides access to the Boardman Airport.

Wastewater and Sanitary Sewer

The wastewater generated is disposed of on-site through a septic tank – leach field system.

Water

The Airport Industrial Park is supplied water from a system of Port owned deep wells. The available water supply is currently adequate for this site. If the demand for water increases the Port has the right to drill additional groundwater supply wells.

Electrical Power

Electrical power is provided by Umatilla Electric Cooperative /Pacific Power.

Communication

Fiber optic lines are provided for both voice and data transmission by multiple communications companies.

Stormwater

Stormwater handling is through on-site disposal/bio-swales.

SOUTH MORROW INDUSTRIAL PARK

Overview

South Morrow Industrial Park is an approximate 130-acre site located approximately one mile northwest of Heppner in Morrow County. The site consists of four properties, all owned by the Port. The park is the site of the former Kinzua Lumber Mill and includes an office building and warehouse/shop buildings.



Figure 5 – Aerial of South Morrow Industrial Park

Public Street Access

The South Morrow Industrial Park is located off Oregon Highway 74/207 (OR-74/207). OR-74/207 is classified as a regional highway and is a two-lane road with a middle turning lane. OR 74/207 is operated by Oregon Department of Transportation (ODOT).

Wastewater and Sanitary Sewer

The current businesses of the Park use onsite sewage disposal for wastewater. The Port used to manage the wastewater for the now defunct cogeneration facility.

Water

The South Morrow Industrial Park is supplied water from a system of Port-owned deep wells. The available water supply is currently adequate for this site. If the demand for water increases the Port has the right to drill additional groundwater supply wells.

Electrical Power

Electrical power is provided by the Columbia Basin Electric Cooperative.

Communication

Fiber optic lines are provided for both voice and data transmission by multiple communications companies.

Stormwater

Stormwater handling is through on-site disposal.

ADDITIONAL PROPERTIES

Poleline Road Property

The Port also owns a 48.6-acre site located approximately 2.8 miles south of I-84 on Poleline Road. This property includes three structures and has independent water and sewer systems.

NEXT STEPS

The facility condition assessment will be included within the 2020 SBP update to help inform the utility and infrastructure background sections, as well as highlight land availability. This assessment will aid the Port in prioritizing future projects and policies to meet the Port's stated mission and goals outlined in the 2020 SBP update.

ATTACHMENT A – BOARDMAN INDUSTRIAL PARK PROPERTIES

RIVERFRONT CENTER

2 Marine Drive NE, Boardman, Oregon 97818

Overview

The Riverfront Center accommodates the Port of Morrow offices and is located on the Columbia River. The lot includes the office building and surface parking. The Port of Morrow owns the property.

Structures

One building constructed in 1999. The structure is of stick construction and the general condition of the building is good. The facility's interior was recently renovated.

Access

Street access is available from Marine Drive.

Table 1. Riverfront Center Property

Tax Lot Number	Size (acres)	Description of Property
04N25E040000107	4.8	The property is mostly developed with landscaping, parking, an access road, and the Riverfront Center



RIVER LODGE AND GRILL

6 Marine Drive NE, Boardman, Oregon 97818

Overview

The River Lodge & Grill is a hotel and restaurant located along the Columbia River. The lot includes the hotel/restaurant and surface parking. The Port of Morrow owns the property.

Structures

One two-story building constructed in 2001. The structure is of stick construction and the general condition of the building is good. The hotel plans to expand to include 10 single-unit rental cabins.

Access

Street access is available from Marine Drive.

Table 2. River Lodge and Grill Property

Tax Lot Number	Size (acres)	Description of Property
04N25E040000108	5.61	The property is mostly developed with landscaping, parking, an access road, and the hotel/restaurant



CAPTAIN AL JAMES TUGBOAT

6 Marine Drive NE, Boardman, Oregon 97818

Overview

The Captain Al James Tugboat is a monument located near the Columbia River along Marine Drive. The lot include a pedestrian path that leads back to the Riverfront Center. The Port of Morrow owns the property.

Structures

A steel tugboat with three levels of deck. The general condition of the tugboat structure is good.

Access

Street access is available on Marine Drive.

Table 3. Captain Al James Tugboat Properties

Tax Lot Number	Size (acres)	Description of Property
Portion of 04N25E040000101	1.74	Monument and signage located within a landscaped portion of the properties



BURNT FIELD BREWING

1 E Marine Drive NE, Boardman, Oregon 97818

Overview

The Burnt Field Brewing site, previously the Devin Energy Group, includes a structure and surface parking along Marine Drive. The property and building are owned by the Port.

Structures

The site includes one building.

Access

Street access is available on Marine Drive.

Table 4. Burnt Field Brewing Property

Tax Lot Number	Size (acres)	Description of Property
04N25E040000102	0.78	The building is located in the middle of the tax lot surrounded by landscaping



NORTH MORROW COUNTY VECTOR CONTROL

3 Marine Drive NE, Boardman, Oregon 97818

Overview

The North Morrow County Vector Control is a voter-approved special district for pest control. The site includes an office building and surface parking. The Port of Morrow owns the property.

Structures

The site contains three building structures.

Access

Street access is available from Marine Drive.

Table 5. Vector Control Property

Tax Lot Number	Size (acres)	Description of Property
04N25E040000101	0.75	Vector Control is located in the southwest corner of the tax lot



BOAT PATROL

Marine Drive NE, Boardman, Oregon 97818

Overview

The lot includes a metal building and unimproved surface parking. The building was constructed in 2009. The Port of Morrow owns the property.

Structures

One building constructed in 2009 in good condition.

Access

Street access is available on Marine Drive.

Table 6. Boat Patrol Property

Tax Lot Number	Size (acres)	Description of Property
04N25E040000101	1.11	Boat Patrol is located in the southwest portion of the tax lot to the east of Vector Control



MARKER 40 BEACH

Marine Drive NE, Boardman, Oregon 97818

Overview

The Marker 40 Beach site includes a road off Marine Drive toward the Columbia River and surface parking. The site provides Columbia River beach access for public use and a restroom facility. The Port of Morrow owns the property.

Structures

One building constructed in 2011. The structure is of concrete construction and the general condition of the building is good. The site also includes picnic shelters.

Access

Street access is available from Marine Drive.

Table 7. Marker 40 Beach Property

Tax Lot Number	Size (acres)	Description of Property
04N25E040000101	1.75	Marker 40 Beach is located in the northern portion of the tax lot



T-1 BARGE SLIP

10 Marine Drive NE, Boardman, Oregon 97818

Overview

A barge slip on the Columbia River owned by the Port of Morrow. The barge slip currently needs dredging to provide marine access to the slip from the Columbia River. In 2018, the Port received a US Department of Transportation BUILD grant, which is being used to connect Union Pacific Railroad's main line with Terminal 1 and Terminal 3 on Port property. The project will include developing Terminal 1 and Terminal 3 with rail access to the Union Pacific mainline.

Structures

None.

Access

Street access is available from Marine Drive.

Table 8. T-1 Barge Slip Property

Tax Lot Number	Size (acres)	Description of Property
04N25E040000101	19.5	The barge slip is located on the eastern portion of the tax lot



T-2 BOARDMAN CHIP

70850 Marine Drive, Boardman, Oregon 97818

Overview

The site is a wood chip processing plant located on the Columbia River. The Port of Morrow owns the property.

Structures

One small office building of stick construction. The general condition of the building is fair.

Access

Street access is available from Marine Drive. A barge dock on the Columbia River provides marine access.

Table 9. T-2 Boardman Chip Property

Tax Lot Number	Size (acres)	Description of Property
04N25E030000103	20.0	The site includes various processing equipment and outdoor material storage concentrated on the north central portion of the tax lot



BARENBRUG USA

60 Marine Drive NE, Boardman, Oregon 97818

Overview

The site is a grass seed cleaning and distribution center located on the Columbia River. The Port of Morrow owns the property.

Structures

Three buildings constructed in the 1970's. The structures are of stick construction and the general condition of the buildings are good. A new storefront is required for one of the main buildings and will be addressed in the near future. A Port-owned public scale is also located on site.

Access

Street access is available from Marine Drive and Ullman Boulevard.

Table 10. Barenbrug USA Property

Tax Lot Number	Size (acres)	Description of Property
04N25E030000107	11.0	The tax lot is mostly developed with the buildings, access roads, and landscaping in the northeastern portion of the site



T-3 TIDEWATER

79829 Ullman Boulevard, Boardman, Oregon 97818

Overview

The site is Tidewater's container facility that handles imports and exports to and from barges and trucks. The terminal is the largest container terminal upriver of Portland, Oregon. The Port of Morrow owns the property. In 2018, the Port received a US Department of Transportation BUILD grant, which is being used to connect Union Pacific Railroad's main line with Terminal 1 and Terminal 3 on Port property. The project will include developing Terminal 1 and Terminal 3 with rail access to the Union Pacific mainline.

Structures

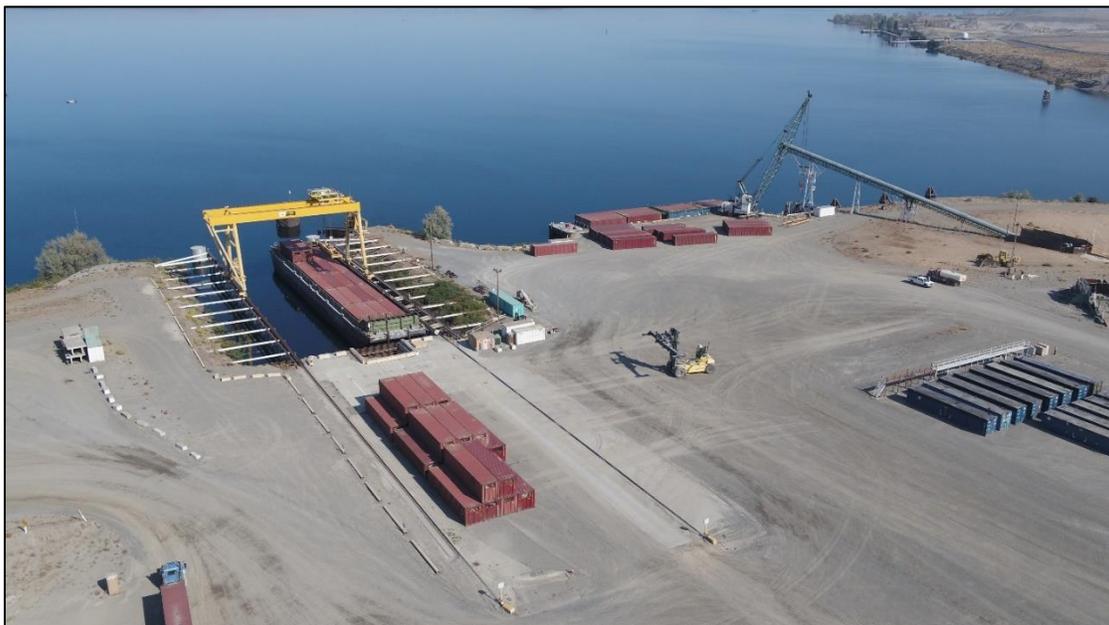
One building constructed in 2009. The structure is of stick and metal construction and the general condition of the building is good.

Access

Street access is available on Ullman Boulevard north of Marine Drive. A barge slip on the Columbia River provides marine access.

Table 11. T-3 Tidewater Properties

Tax Lot Number	Size (acres)	Description of Property
04N25E030000101	26.0	The building is located on the western portion of the tax lot with the barge slip north central. The site is mostly vacant and includes outdoor cargo storage



PORTLAND GENERAL ELECTRIC

200 Ullman Boulevard, Boardman, Oregon 97818

Overview

The site is a cogeneration plant and includes two natural gas-fired combined cycle combustion turbines. Steam is also generated on site. The Port of Morrow owns these properties.

Structures

Various electrical equipment and one building constructed in 1993. The structure is of steel construction and the general condition of the building is good.

Access

Street access is available from Ullman Boulevard.

Table 12. Portland General Electric Properties

Tax Lot Number	Size (acres)	Description of Property
04N25E100000400	11.19	The site is fully developed with the cogeneration plant, turbines, accessory electrical equipment, and a water treatment facility
04N25E100000500	10.67	



LAMB-WESTON BOARDMAN CENTER STORAGE

730 Columbia Avenue NE, Boardman, Oregon 97818

Overview

The site is a public cold storage and packaging facility with surface parking. Lamb Weston owns the properties.

Structures

One building constructed in 1997. The structure is of concrete construction and the general condition of the building is good.

Access

Street access is available from Columbia Avenue, Ullman Boulevard, and Industrial Way. A rail spur runs along the east edge of the property.

Table 13. Lamb-Weston Boardman Center Storage Properties

Tax Lot Number	Size (acres)	Description of Property
04N25E100001900	11.51	The site is fully developed with the cold storage facility, outdoor storage, rail spur, and parking. A Port water tank and pump station is located at the southern portion of the site on Tax Lot 04N25E100001902.
04N25E100001901	6.92	
04N25E100001902	-	



OREGON POTATO COMPANY

650 Columbia Avenue NE, Boardman, Oregon 97818

Overview

The site is a potato flake processing facility with surface parking. The Oregon Potato Company owns the property.

Structures

Five main structures.

Access

Street access is available from Columbia Avenue and Ullman Boulevard. A rail spur runs along the west edge of the property.

Table 14. Oregon Potato Company Properties

Tax Lot Number	Size (acres)	Description of Property
04N25E100001800	10.28	The site is mostly developed with the buildings and internal access roads. The tax lots also include outdoor material storage, landscaping and an athletic field at the south/southeastern portion of the site, and a pond at the northeastern portion of the site
04N25E100001600	7.63	
04N25E100001603	0.62	
04N25E100001700	2.95	
04N25E100001701	4.00	
04N25E100001702	2.13	
04N25E100001703	2.34	



LAMB WESTON

600 Columbia Avenue NE, Boardman, Oregon 97818, 750 Columbia Avenue NE, Boardman, Oregon 97818

Overview

Lamb Weston operates two separate facilities at the Boardman Industrial Park that are involved in potato processing and shipping. Lamb Weston owns the properties.

Structures

Potato processing plants with accessory structures.

Access

Street access to the western facility is available from Columbia Avenue and Olson Road. A rail spur runs along the north edge of this property. Site access to the eastern facility is available from Columbia Avenue and Ulman Boulevard.

Table 15. Lamb Weston Properties

Tax Lot Number	Size (acres)	Description of Property
04N25E100001300	24.02	Both sites are developed with processing plants/shipping facilities, internal access roads, parking, and storage but could accommodate future growth
04N25E100002101	19.80	
04N25E100000200	25.83	



NEAL EARLY LEARNING CENTER

251 Olson Road, Boardman, Oregon 97818

Overview

The Neal Early Learning Center serves as a pre-school and early childhood development center. The Port of Morrow owns the property.

Structures

One building constructed in 2017. The structure is of stick construction and the general condition of the building is good. An additional 9,600 square feet of classrooms and a multi-purpose room was recently added to the Neal Early Learning Center allowing the center to serve additional children.

Access

Street access is available from Olson Road.

Table 16. Neal Early Learning Center Property

Tax Lot Number	Size (acres)	Description of Property
04N25E100002805	1.83	The tax lot is fully developed with the building, parking, landscaping, and play structures



SAGE CENTER

101 Olson Road, Boardman, Oregon 97818

Overview

The Sustainable Agriculture and Energy (SAGE) Center is an interactive visitor’s center with surface parking. The SAGE Center was completed in 2013 and offers reservations for various events in addition to educational tours. The Boardman Chamber of Commerce also operates out of the SAGE Center. Port of Morrow manages the SAGE Center and owns the property.

Structures

23,000-square-foot building.

Access

Street access is available on Olson Road.

Table 17. Sage Center Property

Tax Lot Number	Size (acres)	Description of Property
04N25E100002804	8.71	The tax lot is developed with the building, parking, and landscaping. Expansion of the Center could be accommodated on site



PORT MAINTENANCE SHOP/OREGON PUMP WORKS

701 NE Columbia Avenue, Boardman, Oregon 97818

Overview

The site includes the Port of Morrow's maintenance shop and Oregon Pump Works, a water pump equipment manufacturer. Port of Morrow owns the property.

Structures

One building constructed in the 1980's. The structure is of metal construction and the general condition of the building is fair.

Access

Street access is available from Columbia Avenue.

Table 18. Port Maintenance Shop/Oregon Pump Works Properties

Tax Lot Number	Size (acres)	Description of Property
04N25E100002201	3.50	The maintenance shop and Oregon Pump Works are concentrated on the western portion of the site with the remaining area used as outdoor storage and parking. The eastern tax lot is mostly undeveloped
04N25E100002200	5.81	



JSH MINT

890 NE Columbia Avenue, Boardman, Oregon 97818

Overview

The site is a mint distilling facility with surface parking. Port of Morrow owns the property.

Structures

One building constructed in the 2000's. The structure is of metal construction and the general condition of the building is good.

Access

Street access is available from Utility Lane. The south rail spur runs along the northern edge of the site.

Table 19. JSH Mint Property

Tax Lot Number	Size (acres)	Description of Property
04N25E100000106	5.5	The building is located in the center of the tax lot with outdoor storage on site



BOARDMAN FOODS

71320 Columbia Boulevard, Boardman, Oregon 97818

Overview

The site is an onion processing facility with surface parking. Boardman Foods owns the property.

Structures

One building constructed in 1992. The structure is of metal construction and the general condition of the building is good. An additional metal building was constructed on site at a later date and the general condition of the building is good.

Access

Street access is available from Utility Lane and Columbia Boulevard. A rail spur leads into the property at the northwest portion of the site.

Table 20. Boardman Foods Property

Tax Lot Number	Size (acres)	Description of Property
04N25E110000206	17.22	The site is mostly developed with the two buildings and associated equipment, rail spur, parking, and outdoor storage



COLUMBIA RIVER PROCESSING/TILLAMOOK

79588 Rippee Road, Boardman, Oregon 97818

Overview

The site consists of a large cheese processing facility, accessory structures, and surface parking. Columbia River Processing owns the property.

Structures

Two structures.

Access

Street access is available from Rippee Road.

Table 21. Columbia River Processing Property

Tax Lot Number	Size (acres)	Description of Property
04N25E110000202	18.0	The site is mostly built out with the processing facility, parking, internal access roads, and landscaping. Growth could be accommodated on site
04N25E110000300	17.5	



AMERICAN ROCK PRODUCTS

71320 Columbia Blvd, Boardman, OR 97818

Overview

American Rock Products is a supplier of Redi-Mix Concrete. The Port of Morrow owns the property.

Structures

One building constructed in 2015. The structure is of metal construction and the general condition of the building is good.

Access

Street access is available from Columbia Blvd.

Table 22. American Rock Products Properties

Tax Lot Number	Size (acres)	Description of Property
04N25E110000203	5.0	Most of the tax lots remain undeveloped with the facility and mixing trucks centralized on site
04N25E110000205		



AMAZON DATA SERVICES

79539 Rippee Road, Boardman, Oregon 97818

Overview

The site consists of a data center and numerous accessory buildings. Amazon Data Services owns the property.

Structures

Five buildings and multiple accessory structures. The structures are of concrete construction and the general condition of the buildings are good.

Access

Street access is available from Rippee Road.

Table 23. Amazon Data Services Property

Tax Lot Number	Size (acres)	Description of Property
04N25E110000800	63.53	The site is mostly developed with multiple data center buildings, accessory equipment, parking, and storage

PORT OF MORROW DRY STORAGE WAREHOUSE

71410 E. Columbia Avenue, Boardman, Oregon 97818

Overview

The site consists of a dry storage warehouse managed by the Port of Morrow. Port of Morrow owns the property.

Structures

One building constructed in 2009. The structure is of metal construction and the general condition of the building is good.

Access

Street access is available from Columbia Avenue and Utility Lane. A rail spur leads into the site from the west.

Table 24. Port of Morrow Dry Storage Warehouse Property

Tax Lot Number	Size (acres)	Description of Property
04N25E110000201	48.32	The site is mostly undeveloped with the warehouse, rail spur, and parking located in the southeastern corner



EAST BEACH INDUSTRIAL PARK PROPERTIES

OREGON HAY COMPANY

71636 E. Columbia Lane, Boardman, Oregon 97818

Overview

Oregon Hay Company compresses alfalfa and other forage crops for export. The site consists of five buildings and accessory structures. Oregon Hay Holdings owns the property.

Structures

Numerous structures.

Access

Street access is available from Columbia Avenue.

Table 25. Oregon Hay Property

Tax Lot Number	Size (acres)	Description of Property
04N25E020000117	25.03	The site is mostly developed with the buildings, accessory equipment, landscaping, and outdoor storage



LES SCHWAB

Lewis and Clark Drive, Boardman, Oregon 97818 (exact address unavailable)

Overview

The site is a regional tire distribution center for Les Schwab. Port of Morrow owns the property.

Structures

One building constructed in the 1980's (construction year undetermined). The structure is of metal construction and the general condition of the building is fair.

Access

Street access is available from Lewis and Clark Drive.

Table 26. Les Schwab Property

Tax Lot Number	Size (acres)	Description of Property
04N25E120000103	3.9	The site is located in the north-central portion of the parcel on a paved lot mostly devoted to trailer storage



CASCADE SPECIALTIES

71449 Rail Loop Drive, Boardman, Oregon 97818

Overview

The site consists of an onion warehouse and accessory structures operated by Cascade Specialties. Port of Morrow owns the property.

Structures

Two buildings. The structures are of concrete construction and the general condition of the buildings are good.

Access

Street access is available on Rail Loop Drive and Dewey Way. Rail access is provided by a rail spur that runs along the northern edge of the property.

Table 27. Cascade Specialties Property

Tax Lot Number	Size (acres)	Description of Property
04N25E020000100	18.4	The site is located in the eastern portion of the parcel on a paved lot devoted the buildings and parking



KLEAN INDUSTRIES

71722 Columbia Avenue, Boardman, Oregon 97818

Overview

The site consists of a processing facility that recycles rubber into energy products and surface parking. Klean Industries owns the property.

Structures

One building constructed in 2010. The structure is of metal construction and the general condition of the building is good.

Access

Street access is available from Columbia Avenue.

Table 28. Klean Industries Property

Tax Lot Number	Size (acres)	Description of Property
04N25E020000100	21.0	The site is located in the eastern portion of the parcel on a paved lot devoted to the building, accessory equipment, and parking



CALBEE NORTH AMERICA

72600 Lewis & Clark Drive, Boardman, Oregon 97818

Overview

The site consists of a potato processing facility and surface parking. RDO Calbee owns the property.

Structures

One building constructed in 2010. The structure is of concrete construction and the general condition of the building is good.

Access

Street access is available from Lewis & Clark Drive.

Table 29. Calbee North America Property

Tax Lot Number	Size (acres)	Description of Property
04N25E020000121	35.24	The site is developed with the building, internal access, parking, and landscaping. A majority of this tax lot is undeveloped and could accommodate expansion on site.



PORT OF MORROW COLD STORAGE FACILITY

73336 Lewis & Clark Drive, Boardman, Oregon 97818

Overview

The site consists of a cold storage facility. Port of Morrow owns the property.

Structures

One building. The structure has been expanded twice, including a refrigerated storage expansion in 2019. The structure is of concrete construction and the general condition of the building is good.

Access

Street access is available from Lewis & Clark Drive.

Table 30. Port of Morrow Cold Storage Facility Property

Tax Lot Number	Size (acres)	Description of Property
04N25E120000103	31.2	The site is located in the western portion of the parcel on a paved lot devoted to the building, outdoor storage, and parking



PORT OF MORROW TRANSLOAD 3

73075 Lewis & Clark Drive, Boardman, Oregon 97818

Overview

Two tenants occupy this site. Tredit Tire leases 70,000 square feet of the building on 4.38 acres. Amazon Web Services leases 40,000 square feet of the building on 5.42 acres. Port of Morrow owns the property and structure.

Structures

One building constructed in 2010. The structure is of concrete construction and the general condition of the building is good.

Access

Street access is available from Lewis & Clark Drive.

Table 31. Port of Morrow Transload 3 Property

Tax Lot Number	Size (acres)	Description of Property
04N25E010000100	9.8	The site is in the southwestern portion of the parcel on a paved lot devoted to the building, outdoor storage, and parking



AMAZON DATA SERVICES

73575 Lewis & Clark Drive, Boardman, Oregon 97818

Overview

The site consists of a data center, numerous accessory buildings and surface parking. Amazon Data Services owns the property.

Structures

Three buildings and multiple accessory structures. The structures are of concrete construction and the general condition of the buildings are good.

Access

Street access is available from Lewis & Clark Drive.

Table 32. Amazon Data Services Properties

Tax Lot Number	Size (acres)	Description of Property
04N25E010000102	54.93	The site is completely developed with the data center buildings, accessory structures, internal access, parking, and outdoor storage

T-5 TIDEWATER PETROLEUM

Rail Loop Drive, Boardman, Oregon 97818

Overview

T-5 is a petroleum load-out facility operated by Tidewater Petroleum.

Structures

N/A

Access

Street access is available from Rail Loop Drive. Rail access is provided by the East Beach rail spur. A barge dock provides marine access to the Columbia River.

Table 33. T-5 Tidewater Petroleum Property

Tax Lot Number	Size (acres)	Description of Property
04N25E020000100	0.67	The load-out facility is located on the western portion of the parcel



MORROW COUNTY GRAIN GROWERS RAIL OFFLOAD

70976 Cargill Lane, Boardman, Oregon 97818

Overview

The site is a grain loading facility operated by Morrow County Grain Growers (MCGG). MCGG and the Port of Morrow own the properties.

Structures

Grain silos, accessory structures, and grain elevator.

Access

Street access is available from Rail Loop Drive followed by Cargill Lane. Rail access is provided by the East Beach rail spur. A barge dock provides marine access to the Columbia River.

Table 34. MCGG Rail Offload Properties

Tax Lot Number	Size (acres)	Description of Property
04N25E020000108	10.55	The grain-loading facility is adjacent to the Columbia River
04N25E030000104	5.46	
04N25E030000105	1.45	



ZEA2

71099 Rail Loop Drive, Boardman, Oregon 97818

Overview

The site is a biorefinery that produces ethyl acetate. Oxarc Incorporated owns the property.

Structures

The site contains buildings constructed in 2012. The structures are of metal construction and the general conditions of the buildings are good.

Access

Street access is available from Rail Loop Drive. Rail access is provided by the East Beach rail spur.

Table 35. Zea2 Property

Tax Lot Number	Size (acres)	Description of Property
04N25E020000119	8.95	The site is mostly developed with the biorefinery buildings and equipment, an office, outdoor storage, and parking



PACIFIC ETHANOL

71335 Rail Loop Drive, Boardman, Oregon 97818

Overview

The site is an ethanol production facility. Pacific Ethanol owns the property.

Structures

The site contains buildings constructed in 2009. The structures are of metal construction and the general conditions of the buildings are good.

Access

Street access is available from Rail Loop Drive. Rail access is provided by the East Beach rail spur.

Table 36. Pacific Ethanol Property

Tax Lot Number	Size (acres)	Description of Property
04N25E020000100	22.0	The site is located in the central portion of the tax lot and includes numerous buildings, silos, equipment, outdoor storage, and parking



NORTHWEST CONTAINER

73200 Lewis & Clark Drive, Boardman, Oregon 97818

Overview

The site includes an intermodal rail/barge facility with capacity for over 10,000 containers and chassis. It is served through a 6,500-foot-long rail siding from Union Pacific Railroad. Northwest Container operates the facility. Port of Morrow owns this property.

Table 37. Northwest Container Property

Tax Lot Number	Size (acres)	Description of Property
04N25E120000103	20 with option for 10 additional	The site is located adjacent to the UPRR mainline



WINDWAVE COMMUNICATIONS

73500 Rupe Kennedy Road, Boardman, Oregon 97818

Overview

The site includes one structure and outdoor material storage around the perimeter of the lot. The condition of the building is unknown. Port of Morrow owns this property.

Table 38. Windwave Communications Property

Tax Lot Number	Size (acres)	Description of Property
04N25E120000103	4.4	The site is located south of Lewis and Clark Drive and north of the UPRR mainline



AMAZON WEB SERVICES

Lewis & Clark Drive, Boardman, Oregon 97818

Overview

The site (PDX 62) is a data center and is currently under construction.

Structures

The site will include multiple buildings and accessory structures.

Access

Street access is available from Lewis & Clark Drive.

Table 39. AWS (PDX 62) Property

Tax Lot Number	Size (acres)	Description of Property
04N26E070000103	98.44	The site is under construction

AMAZON WEB SERVICES

Boardman, Oregon 97818

Overview

The site (PDX 109) will be a new data center and is currently scheduled for construction in late 2020.

Structures

The site will include multiple buildings and accessory structures.

Access

Street access is available from Lewis & Clark Drive.

Table 40. AWS (PDX 109) Property

Tax Lot Number	Size (acres)	Description of Property
04N26E060000105	99.92	The site will be under construction in late 2020.

AIRPORT PROPERTIES

TRUE ORGANICS PRODUCTS

77996 Tower Road, Boardman, Oregon 97818

Overview

The site is leased to a fertilizer company and is located to the northeast of the airport runway. True Organics Products owns the property.

Structures

A review of a 2018 aerial photo indicates a single 32,000 square foot steel structure with a small appurtenant structure and tank located in the southwest corner. Structure conditions are unknown.

Access

Street access is available from Boardman Airport Lane off Tower Road.

Table 41. True Organics Products Property

Tax Lot Number	Size (acres)	Description of Property
04N24E220000113	40.0	The property is mostly undeveloped with a 2.5-acre fenced area that has a 32,000-sf building, paved areas, parking, and outdoor storage.



KERNS BROTHERS

76944 Tower Road, Boardman, Oregon 97818

Overview

The site is leased to an irrigation company that uses the site for assembly and maintenance of pumps. Property ownership is unknown and under further Port review.

Structures

The site includes one structure that was updated and remodeled by the Port in 2019. The building condition is good.

Access

Street access is available from Tower Road.

Table 42. Kerns Brothers Property

Tax Lot Number	Size (acres)	Description of Property
04N23E000000110	5.0	None.



SOUTH MORROW INDUSTRIAL PARK

54173 OR 74, Heppner, Oregon 97836

Overview

The Port owns four properties at the South Morrow Industrial Park, an approximate 130-acre site roughly 1-mile northwest of Heppner. The park, which is the former site of the Kinzua Lumber Mill, includes an office building and warehouse/shop buildings. An Oregon State University (OSU) 4-H extension office for Morrow County and the Oregon Department of Motor Vehicles (DMV) are currently operating in a building located on one of the parcels. According to existing Federal Emergency Management Agency (FEMA) mapping, the entire park is located within a regulated floodway or flood hazard area from Willow Creek. The Port is presently seeking re-designation of the flood hazard areas on site with FEMA.

Structures

Structure conditions are unknown.

Access

Street access directly from OR 74 (Heppner Hwy).

Table 43. South Morrow Industrial Park Property

Tax Lot Number	Size (acres)	Description of Property
02S26E210000300	2.0	Located on the east side of OR 74 includes an office structure and parking.
02S26E210000600	3.0	Located on the west side of OR 74 and includes a single building with paved parking and storage areas.
02S26E210000800	2.2	Located on the west side of OR 74.



OTHER PROPERTIES

POLELINE ROAD PROPERTY

77314 Poleline Road, Boardman, Oregon 97818

Overview

The site is a port-owned industrial facility previously used for wood products processing. It is currently leased by a hemp extractor. The site has independent water and sewer systems.

Structures

The site aerial indicates several buildings, tanks, and equipment. Structures are all in good condition.

Access

Street access is available from Poleline Road, approximately 2.8 miles south of I-84.

Table 44. Poleline Road Property

Tax Lot Number	Size (acres)	Description of Property
04N26E340003420	48.6	The site is in the lower southeast corner of the section. The property includes numerous buildings, equipment, outdoor storage, and parking



PORT OF MORROW 2020 STRATEGIC BUSINESS PLAN UPDATE

APPENDIX C

MARKET ANALYSIS

To: Scott Keillor, WSP USA, Inc. **Date:** November 6, 2020
From: Todd Chase, FCS GROUP
CC: Project File
RE Strategic Business Plan, REVISED Market Opportunities Analysis

INTRODUCTION

This memorandum identifies existing and emerging economic opportunities for the Port of Morrow (Port). The goal of this analysis is to establish a clear economic development direction for the Port that is consistent with local, regional, and state market trends and planning policies.

The steps used to complete this work are described below.

1. Identify Port strategic advantages with regard to geographic location/proximity to primary and secondary trade areas, regional transportation infrastructure, and available amenities.
2. Review data on historical population and employment trends.
3. Describe national, state, and local economic trends.
4. Review information regarding existing and potential growth of major employers.
5. Compile wage and salary employment data for Morrow and Umatilla County and conduct industry clusters analysis to ascertain emerging economic development characteristics.
6. Identify tourism trends and related market opportunities.
7. Prepare market-supportable commercial and industrial development forecasts for the Port district and potential capture rates for Port-owned land and facilities.

As part of this work effort, the consultant team evaluated current economic plans, marketing plans, and statistics provided by local, state, and federal government agencies.

ECONOMIC OVERVIEW

As we near the end of the first quarter of 2020, growing uncertainty surrounding the Coronavirus disease (COVID-19) outbreak, falling oil prices and weakening international trade, it is likely that near-term economic growth over the next few years will be difficult to project. Hence, the long-term (20-year) forecasts for Morrow and Umatilla Counties that are referenced in this analysis may require a slightly longer time frame (such as 25 years) to achieve.

After more than 10 year of economic expansion, the United States (U.S.) began to contract during the first quarter of 2020. Impacts from COVID-19 have begun to manifest in forecasts of U.S. gross domestic product (GDP), which is the value of goods and services produced. According to the latest GDP forecasts from Wells Fargo, the U.S. economy is expected to realize a -2.4% annual GDP growth in 2020 but is expected to grow 1.1% in 2021.

Oregon was one of the fastest-growing states in the U.S. over the past decade. Recent GDP forecasts by the Oregon state economist, predict GDP growth of around 1.7% for 2020; however, these forecasts were published in early March before the COVID-19 pandemic took effect. It is now clear, the certain sectors (such as energy, travel and discretionary consumer goods) will likely see negative growth in 2020, but moderate expansion is expected for all sectors beyond 2021.

Trade Overview

The Columbia River port system is one of four primary international trade gateways along the West Coast. As we eventually emerge from the current COVID-19 pandemic, rapidly growing Asian economies will result in significant increases in demand for trade into and out of most international and regional ports, including the Port of Morrow.

As global commodity trade increases, Oregon ports should benefit from increases in import and export activity. The value of Oregon exports reached a record high of \$23.5 billion in 2019 (according to the most recent data by the U.S. Census Bureau and Department of Commerce), up 8% in three years. Oregon’s leading trade partner is China, which imports about 30% of Oregon exports. Other leading export destinations include Canada, Japan, Malaysia, South Korea, and Vietnam. Please refer to **Attachment A** for a list of Oregon’s top 25 trade exports.

Consideration of commodity exports bode well for the new Columbia River Barge Terminal facility being developed at the Port of Morrow. Within the list of the top Oregon exports, the commodities and goods that can be produced or shipped from the Port may include:

- » **Potassium chloride** production (\$838 M in 2019 Oregon exports), which is used for fertilizer as well as biomedical purposes
- » **Wheat and grain** exports (\$558 M in 2019 Oregon exports)
- » **Forage products** (\$208 million in 2019 Oregon exports)
- » Prepared or preserved **potato products** (\$165 million in 2019 Oregon exports)
- » **Wood chips** (\$127 M in 2019 Oregon exports)

These and other industries are prime candidates for future marketing and enterprise development investments by the Port.

Local Population and Income Levels

The average annual population growth rate for Morrow County was above the statewide average over the 2010 to 2019 timeframe while Umatilla lagged the state rate. As indicated in **Table 1**, Morrow County had a population of 12,680 in 2019, up from 11,175 in 2010. Umatilla County’s population consisted of 81,160 people in 2019.

Table 1 Population Trends

	2010	2019	AGR
Morrow County	11,175	12,680	1.4%
Boardman	3,235	4,505	3.7%
Irrigon	1,830	2,030	1.2%
Heppner	1,290	1,295	0.0%
Umatilla County	76,000	81,160	0.7%
Pendleton	16,625	17,020	0.3%
Hermiston	16,865	18,415	1.0%
Milton-Freewater	7,055	7,145	0.1%
Umatilla	6,980	7,470	0.8%
Oregon	3,837,300	4,236,400	1.1%

Source: Portland State University Population Research Center

Note: All estimates as of July 1.

The Portland State University Population Research Center (PSU PRC) expects population growth in Morrow and Umatilla counties to be slow in the coming decade. As indicated in **Table 2**, Morrow County is projected to add 1,016 people between 2020 and 2040, and Umatilla County is projected to add over 6,400 people. This level of population growth would support about 360 net new dwelling units in Morrow County and 2,270 additional dwelling units in Umatilla County by year 2040 (assumes current Census average of 2.82 persons per household).

Table 2 Population Growth Projections

	2020	2025	2030	2035	2040	AGR (2020-2040)
Morrow County	12,329	12,615	12,960	13,345	13,698	0.5%
Boardman	4,574	4,797	5,068	5,348	5,631	1.0%
Irrigon	2,269	2,394	2,572	2,718	2,850	1.1%
Heppner	1,295	1,267	1,255	1,249	1,247	-0.2%
Umatilla County	78,692	80,737	82,943	85,093	87,075	0.5%
Pendleton	17,230	17,808	18,254	18,537	18,718	0.4%
Hermiston	21,395	22,414	23,540	24,784	26,045	1.0%
Milton-Freewater	7,285	7,441	7,633	7,824	8,032	0.5%
Umatilla	8,205	8,735	9,300	9,835	10,340	1.2%

Source: Portland State University Population Research Center

Population growth in Morrow and Umatilla counties have also increased the total number of workers within the labor force, which has grown to well over 40,000. Underlying economic conditions have resulted in the majority of residents age 16 or older finding employment (**Table 3**). Since major Port of Morrow employers, such as Lamb Weston and Columbia River Processing, draw workers from as far as the Tri-Cities, the actual labor force for the Port now exceeds 100,000 civilians.

Table 3 Morrow and Umatilla County Labor Force, 2018

	Morrow County	Umatilla County	Oregon
Labor Force	5,019	35,226	2,138,616
Civilian Labor Force	5,019	35,179	2,135,976
Employed	4,791	30,920	2,029,021
Unemployed	228	4,259	106,955
Armed Forces	-	47	2,640
Not in Labor Force	3,470	24,641	1,279,087

Source: 2018 5-year ACS

Income levels within Morrow County have been increasing over the past decade. As indicated in **Table 4**, the median household income level for Morrow County was approximately \$55,440 in 2018 and the average per capita income level was \$22,599--significantly lower than the state and nationwide averages. However, Morrow County's median income increased by 3% annually between 2010 and 2018--outpacing the state and the nation, which is a testament to the success of many businesses within the Port of Morrow.

Table 4 Income Trends

		2010	2018	AGR
Median Household Income	Morrow County	\$43,902	\$55,440	3.0%
	Umatilla County	\$45,861	\$51,887	1.6%
	Oregon	\$49,260	\$59,393	2.4%
	Washington	\$57,244	\$70,116	2.6%
	USA	\$51,914	\$60,293	1.9%
Per Capita Income	Morrow County	\$20,201	\$22,599	1.4%
	Umatilla County	\$20,035	\$23,621	2.1%
	Oregon	\$26,171	\$34,058	3.3%
	Washington	\$29,733	\$39,119	3.5%
	USA	\$27,334	\$32,621	2.2%

Source: 2010 & 2018 5-year ACS

Economic Strengths and Weaknesses

The physical, economic, demographic, and infrastructure characteristics of the Port district establish the framework within which businesses can grow. An analysis of the Port district in the context with the broader regional or state economy help identify potential target industries.

Location and Geography

The Port is located near the south edge of the greater Kennewick-Richland-Pasco Metropolitan Statistical Area along the Columbia River. The terrain includes low land elevations, with some steep topography associated with riverbanks and rock outcrops. Small rural cities and service centers, and access to agricultural areas make this an attractive area for value-added food/beverage production, wholesale trades, communications (e.g., data farms) and green energy development.

Family-wage employers, recreational access, low-cost living, small-town character, transportation access and abundant water/sewer capacity positively impact residents and businesses within the Port district. Relatively low land/development costs and favorable electric power and water rates also benefit major employers in the Port district.

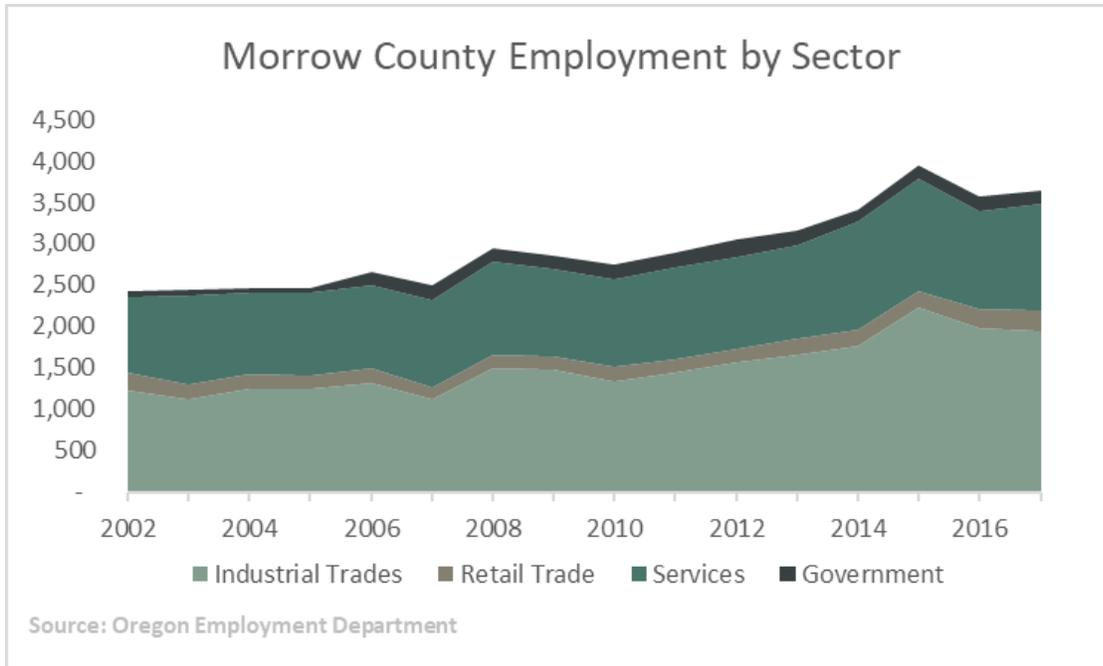
Partnerships between the Port of Morrow, Business Oregon, Morrow County and the City of Boardman through the state-sponsored Columbia River Enterprise Zone (CREZ), provide limited property tax abatement for in return for guaranteed private capital investment and job creation. According to a study by FCS GROUP, private development on Port and private properties supported 1,565 jobs and generated \$3.2 million in lieu payments during fiscal year 2017-18.

MARKET ANALYSIS

Employment Trends

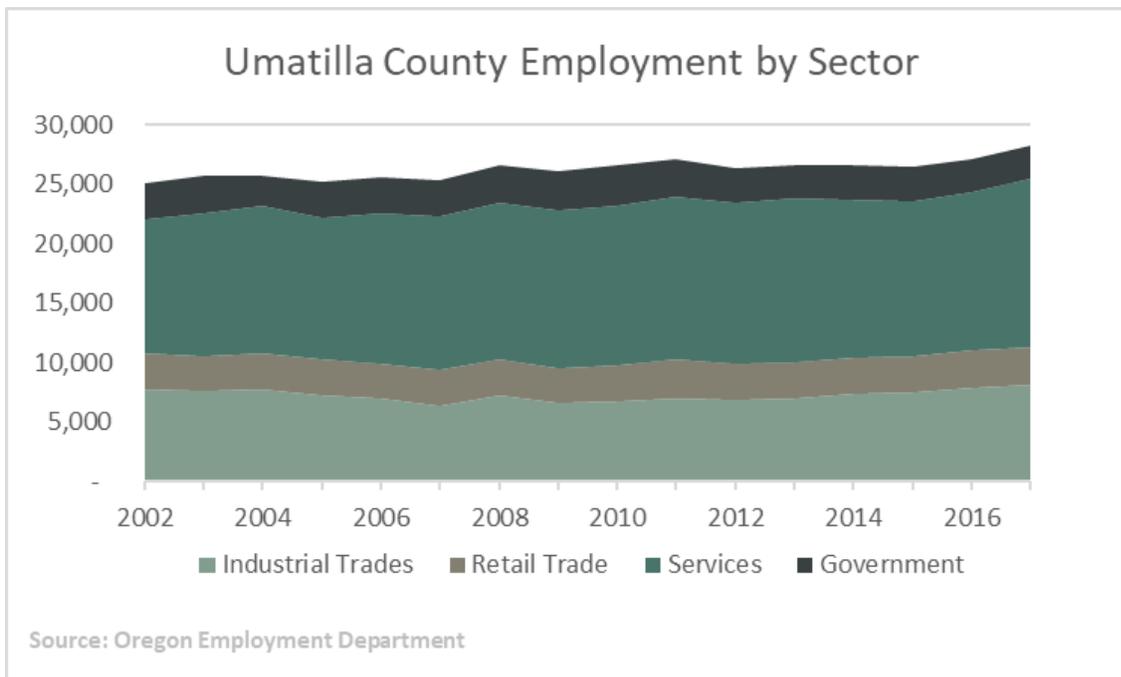
According to the Oregon Employment Department, at the end of 2019, Morrow County had 3,639 “covered jobs”, which reflects jobs that are covered by unemployment insurance. Morrow County’s fastest-growing employment sectors between 2002 and 2019 are in: manufacturing, health care, education and utilities (**Figure 1**).

Figure 1 Morrow County Employment Trends, 2002-2019



Umatilla County had 28,297 “covered jobs” at the end of 2019. Umatilla County’s fastest growing employment sectors between 2001 and 2019 were in: health care, leisure and hospitality, educational services (**Figure 2**).

Figure 2 Umatilla County Employment Trends, 2002-2019



Major Employers

The top private employers with more than 50 employees in Morrow County are listed in **Table 5**. This list includes major food processing companies, potato, cattle and dairy farms, electric power

companies, Morrow County Health District, Morrow County, data centers and cheese/dairy processors.

Table 5 Top Employers in Morrow County, 2018

Firm Name	Location	Description	Employment
Home Care Workers	Uninc. County	Social Assistance	50-100
Bank of Eastern Oregon	Boardman	Management and Credit Intermediation	50-101
Beef Northwest Feeders LLC	Boardman	Animal Production and Aquaculture	50-102
Calbee North America, LLC	Boardman	Food Manufacturing	50-103
Community Counseling Solutions	Boardman & Heppner	Health Care and Social Assistance	50-104
Sixmile Land & Cattle Co LLC	Boardman	Animal Production and Aquaculture	50-105
Columbia River Dairy LLC	Boardman	Animal Production and Aquaculture	50-106
Oregon Potato Co.	Boardman	Food Manufacturing	50-107
Morrow County Health District	Heppner	Hospitals	100-250
Boardman Foods Inc.	Boardman	Food Manufacturing	100-251
Morrow County Oregon	Heppner	Government Support	100-252
Port of Morrow	Boardman	Utilities	100-253
Agreserves	Irrigon	Crop Production	100-254
Portland General Electric	Boardman	Utilities	100-255
JT&A Labor Services LLC	Boardman	Temp. Employment for Agriculture	100-256
Labor Plus Solutions Inc.	Boardman	Temp. Employment for Agriculture	100-257
Castle Rock Farming LLC	Boardman	Crop Production	100-258
Columbia River Processing	Boardman	Food Manufacturing	100-259
Amazon.Com	Boardman	Data Processing and Hosting Services	250-500
Lamb Weston Inc.	Boardman	Food Manufacturing	100-1,500

Source: Port of Morrow

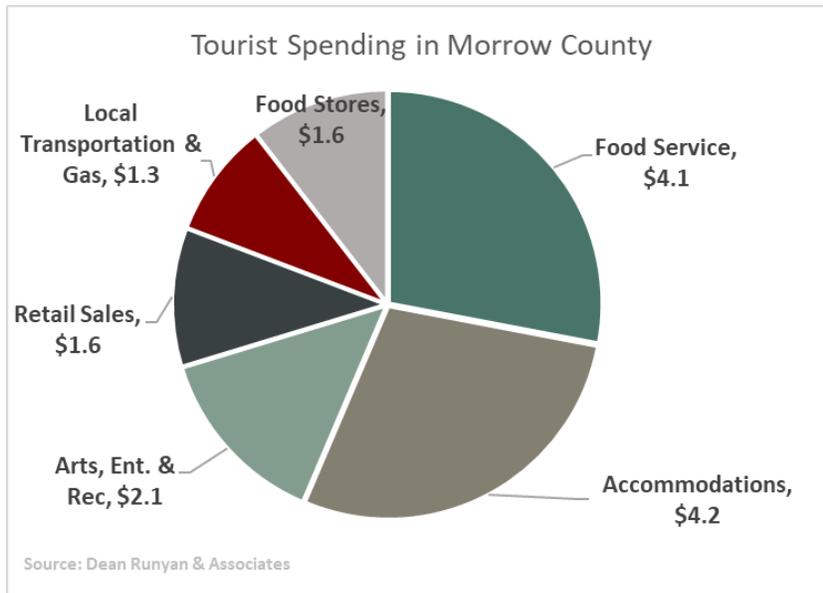
Tourism and Recreation Trends

Visitation and tourism play an important role in supporting the regional economy. As population in Oregon and across the western U.S. increases, visitation activity within Morrow County has been rising steadily. Visitors are drawn to the area’s many natural attractions, including fishing, hunting, and camping. The SAGE Center, with operational expenses subsidized by the Port of Morrow, is also attracting thousands of visitors each year to Boardman.

Annual travel spending in Morrow County hit an all-time high of \$14.8 million in 2018, up from \$10.4 million in 2010. Total travel spending increased at an average annual rate of 4.4% in Morrow County between 2010-2018, which is the same growth rate seen statewide during this same period. As indicated in **Figure 3**, the retail sectors that benefit from tourism include: accommodations, food service/restaurants, arts, entertainment and recreation, retail stores, local transportation and gas, and food and beverage stores.

Given the increasing demand for overnight accommodations, before the COVID-19 outbreak, a new hotel was recently constructed and one is in the pre-development pipeline in Boardman, and the Port was considering adding new cabins at the Riverside Hotel site.

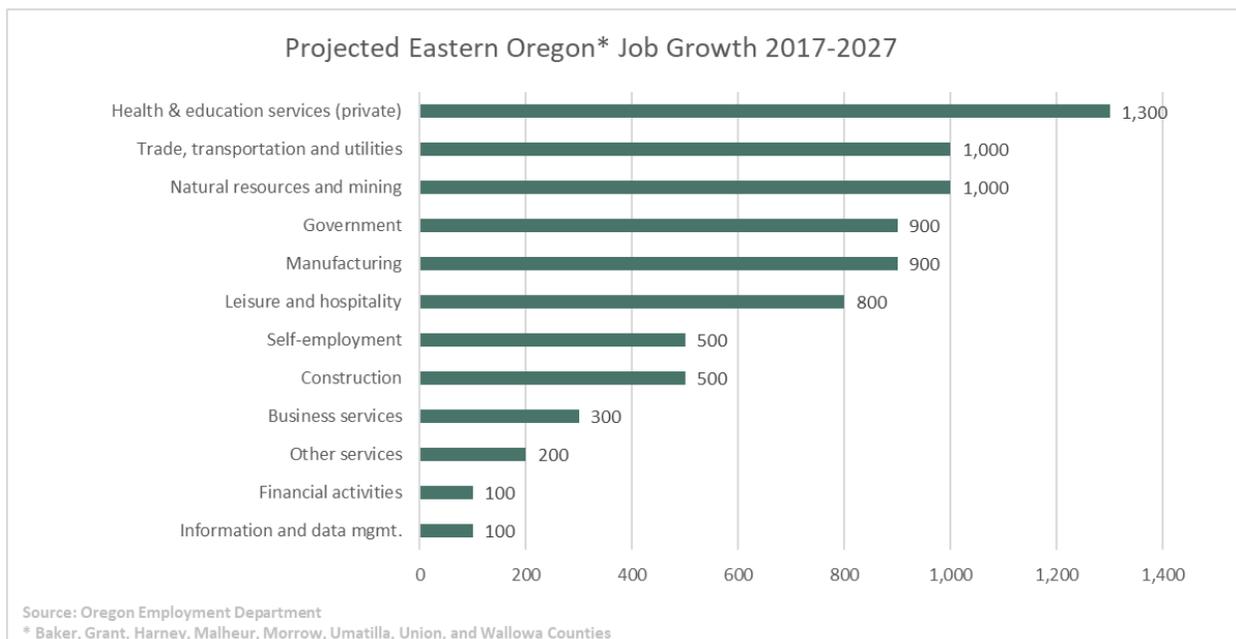
Figure 3 Annual Visitation Spending in Morrow County by Retail Type, 2018



Employment Forecast

The Oregon Employment Department (OED) expects a 0.9% annual average growth rate in the Eastern Oregon job base over the 2017 to 2027 period (Eastern Oregon is defined as Baker, Grant, Harney, Malheur, Morrow, Umatilla, Union, and Wallowa Counties). A net increase of 7,700 jobs is forecast for the region over the next 10 years. The largest increase in job growth is expected in manufacturing; government (includes tribal, local, state and federal workers); transportation/warehousing/utilities; leisure and hospitality; and retail trades (**Figure 4**).

Figure 4 Eastern Oregon Counties Employment Forecast: 2017 to 2027



Source: Oregon Employment Dept.

Target Market Analysis

FCS GROUP conducted an employment clusters analysis for the Port market region (defined as Morrow and Umatilla Counties) to identify existing and emerging industry market opportunities. It is a widely accepted theory among economic development professionals that the concentration of “employment clusters” are a primary consideration for business location and investment decisions. Clusters of economic activity go well beyond mere concentrations of industry or employment types. They represent unique competitive market advantages for certain industries that benefit from “business inputs” such as skills of the work force, cost of resources and market access.

The clusters analysis helps to identify potential market sectors that are well suited for Port land and infrastructure. The clusters analysis entailed:

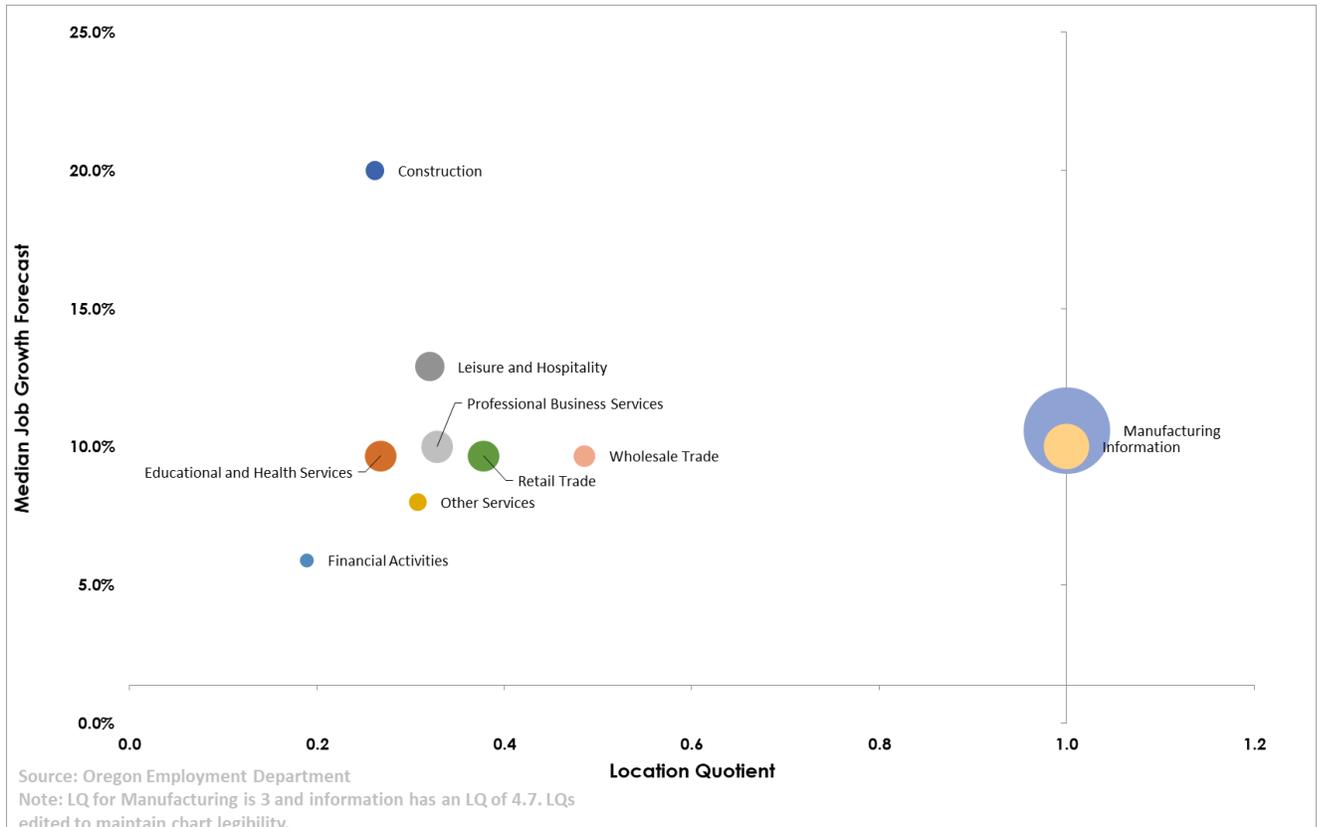
1. Obtaining Employment Security wage and salary employment data from the Oregon Employment Department for the Port region (Morrow and Umatilla counties) and the state for the year of 2019.
2. Conducting a location-quotient (LQ) analysis to evaluate business and industrial clusters in the Port market region relative to the state. An LQ of 1 or more indicates a higher than average propensity for that type of business cluster to locate in the market region. An LQ of less than 1 indicates a lower than average propensity to locate in the region.
3. Evaluating business clusters within the Port area with regard to the LQ, projected growth rates, economic size of each cluster, and average and aggregate wages. The relative size of a cluster is reflected by the size of the “bubbles” shown in Figure 5.

FCS GROUP sorted business clusters into one of four classifications:

- **Stars** -- include businesses with high LQ (propensity to locate in region) and higher than average projected growth rate compared to other locations in Oregon.
- **Opportunities** -- include businesses with low LQ and high average growth rate (possible pent-up demand or competitive market disadvantage relative to other locations).
- **Mature** -- include businesses with high LQ but lower than average growth rate.
- **Challenged** -- include businesses with low LQ and lower than average growth rate.

The employment cluster analysis is summarized in **Figure 5**, which shows business and industrial sectors within Morrow and Umatilla Counties by their LQ, size (aggregate wages paid annually), and 10-year growth forecast (derived from the Oregon Employment Department).

Figure 5 Morrow County Existing Employment Clusters, 2018 (Non-Agricultural)



The relative performance of business and industrial clusters within Morrow county is as follows:

STARS: Industry Sectors with High LQ/High Growth Potential

- » Manufacturing (particularly food/beverage processing)
- » Information (such as data centers)

OPPORTUNITIES: Industry Sectors with Low LQ/High Growth Potential

- » Wholesale Trade (including refrigerated storage and wheat/grain exports)
- » Leisure and hospitality (hotels/motels)
- » Education and health services (job training and health care)
- » Retail Trade
- » Financial and business services
- » Construction

In addition to the strong food processing and information clusters, the green energy sector has also been expanding. According to data provided by the OED, utilities, especially electrical generation, has increased its LQ in the region over the past decade.

DEVELOPMENT OPPORTUNITIES

Development Overview

Major investments in transportation, energy, warehousing, data storage and manufacturing continue to strengthen and diversify the Port district. Recent developments include:

- Investments at the Port of Morrow are intended to help spur traffic on a proposed 1,300-mile multi-modal “**H**igh, **W**ide, and **H**heavy Corridor” (HWH). Federal and local funding for rail and barge/terminal improvements at the Port of Morrow will help extend barge service up the underutilized Marine Highway 84 Columbia and Snake River systems by an additional 174 miles. The HWH Corridor Coalition said if the barge extension becomes a reality, it will “reduce transportation costs, relieve rail and highway congestion through the Columbia Gorge, reduce emissions and fuel use, create jobs, and facilitate the movement of exports.”
- The U.S. Maritime Administration (MARAD) in August 2019 designated Port of Morrow’s Barge Service Extension as one of 34 projects under its America’s Marine Highway Program, one of just three such projects on the West Coast.
- MARAD provided a \$1.6 million grant to help the Port complete its breakbulk terminal and expedite project cargoes for two major wind energy projects. The investment combined with the Port’s 20 percent match will be used to develop a breakbulk operation at Terminal 1, as a compliment to the current Terminal 3, container facility and yard. These investments will enable the Port to handle unique products using the barge system with intermodal transfer via rail or truck.
- In 2018, the Port received a \$19.4 million US Department of Transportation BUILD grant, which is being used to connect Union Pacific Railroad’s main line with Terminal One and Terminal Three on port property. The project will be completed at the end of 2023. Initial projects will include 27,000 feet of additional track on East Beach and developing Terminal 1 and Terminal 3 with rail access to the Union Pacific mainline.
- These terminal investments will also help stimulate imports of oversized and overweight project cargoes, primarily from Asia, including superloads destined for the Wheatridge Hybrid Renewable Energy Facility in Lexington, Oregon, north of the port in central Morrow County, and the Montague Wind Power Facility in Gilliam County.
- Construction on the Wheatridge Renewable Energy Facility, a 350-megawatt wind and solar energy farm operated by Portland General Electric Co. (PGE) and NextEra Energy, began in January 2020. Wind components should be in service by the end of 2020, and the solar and battery portions are expected to be operational in 2021.
- The Port added capacity for water, sewer, cold storage and more in 2019. The Port also added its first new well in 15 years, adding 2,300 gallons a minute to its water capacity. It also added an additional 5 miles of pipeline to its wastewater system and a lift station.
- The Port also recently added over 142,000 SF to of cold storage warehouse space to serve expansion of several food processing businesses that operate within a 10-mile radius among other users. The expansion added about 10,000 additional pallet positions at refrigeration temperatures — unique among Eastern Oregon’s dry storage and frozen storage options.
- The Port is finalizing an agreement with a solar project that will cover approximately 800 acres near the airport.
- The Port of Morrow, Port of Umatilla, Morrow and Umatilla counties and the Oregon National Guard are participating in the Columbia Development Authority (CDA) on planning infrastructure for when the U.S. Army transfers the former 19,000+ acre Umatilla Chemical Depot to the CDA, which will develop parts of the property for industrial use.
- On the workforce side, the Port established an internship program in 2020 called Columbia Works that offers college students the chance to intern with the Port. That opportunity

complements the teacher externships and high school internships that are relatively new to the Port.

- The Neal Early Learning Center added another 9,000 square feet of classrooms and a multi-purpose room, allowing the center to serve additional children. The center is a collaborative effort between the Port of Morrow, InterMountain Education Service District, the Morrow County School District and Umatilla-Morrow Head Start and stands adjacent to the Blue Mountain Community College's Workforce Training Center.
- Northeastern Oregon continues to draw major investments in data centers which are attracted to inexpensive power rates, water availability and favorable climate. These factors combined with tax incentive programs created by the Oregon Legislature long ago, have prompted major investments throughout rural Oregon by companies such as Amazon, Google and Apple. As the limited property tax abatement begins to expire on the older data centers, significant increases in assessed value is coming onto the tax rolls--generating new revenue for all local taxing districts. There are several sites now slated for future data centers in both Morrow and Umatilla counties.
- Two new hotels are in the pre-development pipeline in Boardman.
- Housing activity has been strong in Morrow County with about 217 new housing units permitted within the last five years (2015 through 2019).

Development Program

After Oregon recovers from the current global and national economic downturn, caused in part from the COVID-19 pandemic, the recent and planned developments listed above are expected to lead to another growth cycle for the Port of Morrow.

Using OED forecasts and capture rates that reflect recent experience, the Port district could realize private job growth ranging from 1,972 to 2,480 jobs over the next 20 years. This would require approximately 1.5 to 1.8 million SF of new manufacturing facilities and up to 1.0 million SF of space for warehousing, commodity transportation and utilities. The need for services (e.g., health care, hotels) and retail would likely require 230,000 and 288,000 SF. Demand for 3 to 4 new data centers is also expected (see **Table 6**).

The ability for the Port to accommodate industrial and data center activities will require several sites ranging from 10 to 50 acres in size.

Table 6 Projected New Development within the Port of Morrow

Port District Employment Growth: 20-year forecast

Private Sector	Eastern Oregon Job Growth*	Likely POM capture rate			
		Low	High	Low	High
Services	6,400	8%	10%	512	640
Industrial	6,800	20%	25%	1,360	1,700
Information & data mgmt.	200	50%	70%	100	140
Total	13,400			1,972	2,480

Port District Building Floor Area Demand Growth: 20-year forecast

Private Sector	Job growth		Building Floor Area SF per Job	New Building SF	
	Low	High		Low	High
Services	512	640	450	230,400	288,000
Industrial	1,360	1,700			
Manufacturing	1,020	1,275	1,500	1,530,000	1,912,500
Trade and utilities	340	425	2,500	850,000	1,062,500
Information & data mgmt.	100	140		**	**
Total	1,972	2,480		2,610,400	3,263,000

* derived from Oregon Employment Department extrapolated 2017-2027 job forecast for Baker, Grant, Harney, Malheur, Morrow, Umatilla, Union, and Wallowa Counties.

** approximately 3 to 4 new data centers are expected.

Attachment A. Oregon Exports

Rank	Description	2016 Value	2017 Value	2018 Value	2019 Value	% Change, 2018 - 2019
---	Total Oregon Exports and % Share of U.S. Total	\$21,772	\$21,894	\$22,335	\$23,527	5.3%
---	Total, Top 25 Commodities and % Share of State Total	\$13,007	\$14,066	\$14,352	\$16,046	11.8%
1	Processors And Controllers, Electronic Integrated	\$6,628	\$5,147	\$4,378	\$7,058	61.2%
2	Machines And Apparatus For The Manufacture Of Semi	\$1,372	\$2,281	\$2,137	\$1,093	-48.8%
3	Digital Processing Units Other Than Those Of 8471.	\$754	\$895	\$782	\$897	14.7%
4	Potassium Chloride	\$344	\$655	\$940	\$838	-10.8%
5	Road Tractors For Semi-Trailers	\$75	\$122	\$705	\$823	16.9%
6	Civilian Aircraft, Engines, And Parts	\$409	\$469	\$712	\$754	5.9%
7	Machines And Apparatus Of A Kind Used For The Mfg.	\$253	\$459	\$531	\$582	9.6%
8	Wheat And Meslin, Not Durum Wheat, Other Than Seed	\$991	\$1,003	\$1,047	\$558	-46.7%
9	Parts Of Footwear; Removable Insoles, Heel Cushion	\$206	\$293	\$377	\$432	14.6%
10	Immunological Products, Put Up In Measured Doses O	\$0	\$496	\$407	\$345	-15.3%
11	Electronic Integrated Circuits, Nesoi	\$437	\$514	\$379	\$300	-20.9%
12	Motor Vehicles For Goods Transport Nesoi, With Com	\$84	\$78	\$215	\$258	20.0%
13	Photographic Film In Rolls, Nesoi, Without Sprocke	\$230	\$235	\$264	\$235	-11.1%
14	Transistors, Other Than Photosensitive, Nesoi	\$174	\$194	\$211	\$224	6.1%
15	Forage Products, Nesoi, Including Rutabagas (Swede	\$177	\$196	\$171	\$204	18.8%
16	Memories, Electronic Integrated Circuits	\$73	\$69	\$134	\$168	25.8%
17	Potatoes, Including French Fries, Prepared Or Pres	\$159	\$201	\$159	\$165	3.6%
18	Photographic Plates And Film, Exposed And Develop	\$0	\$17	\$62	\$162	160.1%
19	Disodium Carbonate	\$200	\$157	\$74	\$158	112.3%
20	Chemical Elements Doped For Use In Electronics, In	\$152	\$158	\$188	\$147	-22.0%
21	Machines For The Reception, Conversion And Transmi	\$98	\$224	\$100	\$137	36.6%
22	Ethyl Alcohol And Other Spirits, Denatured, Of Any	\$2	\$32	\$70	\$128	82.5%
23	Amplifiers, Electronic Integrated Circuits	\$47	\$47	\$94	\$128	35.9%
24	Wood In Chips Or Particles, Coniferous	\$93	\$101	\$144	\$127	-11.6%
25	Artificial Parts Of The Body Nesoi; And Parts And	\$46	\$25	\$69	\$125	80.4%

Source: U.S. Census Bureau (<https://www.census.gov/foreign-trade/statistics/state/data/or.html>)

Note: Dollar values expressed in millions of dollars.

PORT OF MORROW 2020 STRATEGIC BUSINESS PLAN UPDATE

APPENDIX D

FINANCIAL PLAN

To: Scott Keillor, WSP **Date:** October 1, 2020
From: Todd Chase, Tage Aaker & Tim Wood, FCS GROUP
CC: Project File #3121
RE Strategic Business Plan, REVISED Financial Analysis

INTRODUCTION

This memorandum describes the Port of Morrow’s financial forecast and recommends strategies for maintaining and sustaining positive fiscal performance for the years ahead. As part of the Port of Morrow Strategic Business Plan update, FCS GROUP worked with Port staff to evaluate historic spending activities and revenue trends. A 10-year baseline forecast of net operation income is provided to determine the net cash income that could be used for strategic capital investments.

In summary, the Port of Morrow continues to be financially “healthy” and “self-sustaining.” The Port of Morrow currently has one of the lowest (if not the lowest) property tax rates for any port in Oregon at only 8.4 cents per \$1000AV; and over 99% of its annual budget is funded through lease revenues, grants and enterprise fund activities.

FUND STRUCTURE & HISTORICAL REVIEW

According to the Port of Morrow’s *2019 Annual Financial Report*, the Port currently tracks financial activities in two major categories, as described below:

- **Governmental activities (General Fund)**
 - » The Port accounts for all receipts, expenditures, and capital costs not accounted for within the proprietary or business-type activities fund in its general fund. Payments in lieu of property taxes, bond handling fees and transfers from the enterprise fund (or business-type activities) are the primary sources of revenue for the fund.
- **Business-type activities (Enterprise Fund)**
 - » The Port’s freshwater, discharge water, east beach utility, freezer warehouse, site development, SAGE Center (Port operated visitor center), and motor pool are reported in this category. The Port charges a fee to customers, tenants, or other units within the Port to cover all or most of the cost of services it provides.

This chapter describes the historical performance related to the Port’s net position and increases and decreases in the Port’s net position. The Port’s annual financial reports describe these two sets of analyses in the following ways: (1) Net position is the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources, which is one way to measure the Port’s financial health, or financial position. (2) Over time, increases or decreases in the Port’s net assets are one indicator of whether its financial health is improving or deteriorating.

Operating Reserve

An operating reserve is also referred to as “working capital.” It is designed to provide a liquidity cushion, protecting the Port from the risk of short-term variation in the timing of revenue collection or payment of expenses. Target funding levels for an operating reserve are generally expressed as a certain number of days of operating and maintenance (O&M) expenses (excluding depreciation).

The Port could consider adopting a new financial policy objective of maintaining an operating reserve of at least 90 days (25%) in the Enterprise Fund. Based on the Port’s estimated June 30, 2020, fiscal year-end operating expenditures of approximately \$19.3 million, a 90-day target would be approximately \$4.8 million.

Statement of Net Position

Exhibit 1 documents the combined net position for both governmental and business-type activities.

- The net position has remained stable over the past three years with a five percent growth in Fiscal Year (FY) 2018 and a three percent growth in FY 2019. An approximate \$30 million increase in assets for the period ending June 30, 2019, was largely offset by an equal increase in liabilities as the Port took on additional debt for capital expenditures.
- Unrestricted cash has increased during this three-year period; it totaled \$4.1 million in FY 2017, \$4.6 million in FY 2018, and \$5.4 million in FY 2019 – this exceeds the 90-day reserve target.

Exhibit 1: Summary of Net Position (actuals)

Statement of Net Position	June 30, 2017			June 30, 2018			June 30, 2019		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Assets:									
Current assets:									
Petty cash	200	850	1,050	200	850	1,050	200	850	1,050
Cash in bank - Unrestricted	572,025	888,986	1,461,011	200,419	1,269,233	1,469,652	141,643	1,256,195	1,397,838
Cash in bank - Restricted	-	-	-	-	-	-	-	5,000,000	5,000,000
Local Government Investment Pool - Unrestricted	-	2,594,988	2,594,988	-	3,118,176	3,118,176	-	3,967,611	3,967,611
Local Government Investment Pool - Restricted	-	-	-	-	832,525	832,525	-	22,721,025	22,721,025
Local Government Investment Pool - Grant Advance	-	86,638	86,638	-	-	-	-	-	-
Total cash and cash equivalents	572,225	3,571,462	4,143,687	200,619	5,220,784	5,421,403	141,843	32,945,681	33,087,524
Accounts receivable - county treasurer	430	-	430	1,189	-	1,189	357	-	357
Accounts receivable	52,663	1,524,375	1,577,038	-	1,954,523	1,954,523	-	2,247,027	2,247,027
Allowance for doubtful accounts	-	(48,772)	(48,772)	-	(35,261)	(35,261)	-	(16,941)	(16,941)
Grants receivable	-	1,467,536	1,467,536	-	305,620	305,620	-	653,219	653,219
Deposits and prepaid expenses	-	185,793	185,793	-	160,873	160,873	-	129,419	129,419
Inventory	-	8,869	8,869	-	6,795	6,795	-	7,833	7,833
Property taxes receivable	5,526	-	5,526	7,724	-	7,724	6,741	-	6,741
Total current assets	630,844	6,709,263	7,340,107	209,532	7,613,334	7,822,866	148,941	35,966,238	36,115,179
Noncurrent assets:									
Deposits with trustee	-	913,989	913,989	-	311,158	311,158	-	2,381,627	2,381,627
Loan receivable	-	5,561,644	5,561,644	-	3,618,845	3,618,845	-	3,441,477	3,441,477
Lease Receivable	-	-	-	-	9,800,370	9,800,370	-	9,483,454	9,483,454
Patronage capital credits	-	742,953	742,953	-	846,986	846,986	-	1,098,835	1,098,835
Capital assets (net)	398,002	124,345,416	124,743,418	339,552	131,050,371	131,389,923	271,223	131,595,527	131,866,750
Total noncurrent assets	398,002	131,564,002	131,962,004	339,552	145,627,730	145,967,282	271,223	148,000,920	148,272,143
Total assets	1,028,846	138,273,265	139,302,111	549,084	153,241,064	153,790,148	420,164	183,967,158	184,387,322
Deferred outflows of resources:									
Deferred outflows related to OPEB	-	-	-	-	1,215	1,215	-	2,592	2,592
Unearned charges	-	91,762	91,762	-	285,986	285,986	-	184,770	184,770
Liabilities:									
Current liabilities:									
Accounts payable and accrued liabilities	23,736	981,735	1,005,471	16,649	938,131	954,780	19,037	1,722,923	1,741,960
Accrued payroll and compensated absences	26,046	887,977	914,023	72,152	1,313,757	1,385,909	42,425	1,276,543	1,318,968
Accrued interest payable	-	430,263	430,263	-	-	-	-	-	-
Customer deposits	-	5,593	5,593	-	8,589	8,589	-	4,111	4,111
Unearned revenue	-	147,302	147,302	-	170,920	170,920	-	296,289	296,289
Bonds payable	-	2,431,708	2,431,708	-	3,030,690	3,030,690	-	3,095,411	3,095,411
Notes payable	-	373,388	373,388	-	4,689,120	4,689,120	-	902,843	902,843
Total current liabilities	49,782	5,257,966	5,307,748	88,801	10,151,207	10,240,008	61,462	7,298,120	7,359,582
Long-term liabilities:									
Net OPEB liability	-	-	-	-	57,995	57,995	-	70,336	70,336
Bonds payable (net)	-	34,845,483	34,845,483	-	42,370,417	42,370,417	-	69,341,900	69,341,900
Notes payable	-	22,276,573	22,276,573	-	22,710,037	22,710,037	-	26,968,704	26,968,704
Unearned revenue	-	65,000	65,000	-	-	-	-	-	-
Total long-term liabilities	-	57,187,056	57,187,056	-	65,138,449	65,138,449	-	96,380,940	96,380,940
Total liabilities	49,782	62,445,022	62,494,804	88,801	75,289,656	75,378,457	61,462	103,679,060	103,740,522
Deferred inflows of resources:									
	-	-	-	-	4,244	4,244	-	5,934	5,934
Net Position:									
Net Investment in capital assets	398,002	64,418,264	64,816,266	339,552	58,250,107	58,589,659	271,223	31,286,669	31,557,892
Restricted for capital and debt service	-	913,989	913,989	-	311,158	311,158	-	30,102,652	30,102,652
Prior Period Adjustment	-	(2,010,000)	(2,010,000)	-	-	-	-	-	-
Unrestricted	581,062	10,587,752	11,168,814	120,731	19,673,100	19,793,831	87,479	19,080,205	19,167,684
Total net position	979,064	73,910,005	74,889,069	460,283	78,234,365	78,694,648	358,702	80,469,526	80,828,228
Fiscal Year Change in Net Position (\$)				(518,781)	4,324,360		(101,581)	2,235,161	
Fiscal Year Change in Net Position (%)						5%			3%

Sources: Port of Morrow Annual Financial Reports 2017, 2018, & 2019

Statement of Revenues, Expenditures, and Changes in Fund Balance

General Fund

Exhibit 2 summarizes three years of historical revenues, expenditures, and changes in fund balance for the Port’s General Fund. As previously noted, property taxes, bond handling fees, and transfers from the Enterprise Fund (or business-type activities) are the primary sources of revenue for the General Fund. Several observations are provided below.

- Property taxes have averaged \$175,000 per year during this period, and bond handling charges have averaged nearly \$290,000 per year.
- Payments in lieu of property taxes can vary significantly from year to year, and in FY 2020 in lieu payments are expected to amount to nearly \$700,000, up from only \$37 in FY 2019.
- Contributions from the Enterprise Fund were \$100,000 in FY 2018 and \$75,000 in FY 2019.
- The General Fund’s balance has decreased from \$575,000 in FY 2017 to \$81,000 in FY 2019.

Exhibit 2: Statement of Revenues, Expenditures, and Changes in Fund Balance

General Fund	Fiscal Year Ending		
	June 30, 2017	June 30, 2018	June 30, 2019
Revenues:			
Taxes:			
Property taxes	176,538	162,020	181,742
Payments in lieu of tax	6,349	14,587	37
Miscellaneous:			
Interest income	4,386	3,467	245
Bond handling charges	409,975	235,300	214,914
Contributions	-	100,000	75,000
Total revenues	597,248	515,374	471,938
Expenditures:			
Current			
Management and administration	658,182	828,725	599,955
Capital outlay	160,203	26,178	21,252
Total expenditures	818,385	854,903	621,207
Excess of revenues over (under) expenditures	(221,137)	(339,529)	(149,269)
Other Financing Sources (Uses):			
Grant Revenue	9,432	-	-
Transfers (to) from other funds	37,000	(123,000)	117,000
Change in fund balance	(174,705)	(462,529)	(32,269)
Fund balance, beginning of year	750,241	575,536	113,007
Fund balance, end of year	575,536	113,007	80,738
Change in fund balance	(174,705)	(462,529)	(32,269)
Adjustments to Match Change in Net Position	96,212	(56,252)	(69,312)
Change in Net Position	(78,493)	(518,781)	(101,581)

Sources: Port of Morrow Annual Financial Reports 2017, 2018, & 2019

Since the General Fund accounts for less than 3% of the Port’s annual budget, it is not the main focus of this analysis. As such, this financial analysis focuses primarily on the Port’s Enterprise Fund.

Enterprise Fund

Exhibit 3 summarizes three years of historical revenues, expenditures, and changes in net position for the Port's Enterprise Fund. The following observations are provided:

- Revenues
 - » Discharge Water Segment revenues have increased by 1% per year on average, despite a slight dip in sales in FY 2018.
 - » Site Development Segment revenues have increased by nearly \$700,000 since FY 2017 or 9% per year on average, with building lease revenues accounting for the majority of the increase.
 - » Fresh Water Segment revenues have increased by 6% per year.
 - » Warehouse Segment storage and handling revenues have increased by 13% per year, climbing from \$7.3 million in FY 2017 to \$9.3 million in FY 2019.
 - » SAGE Center Segment revenues have decreased by 28% per year overall, but that is mainly due to donations decreasing from \$113,000 per year in FY 2017 to \$0 in FY 2019. During that same period, admissions and facility use revenues have climbed 33% per year.
 - » East Beach Utility Segment revenues have increased by 9% per year in total – utility fees have increased by 6-7% per year.
 - » Total revenues for the Enterprise Fund have increased from \$21.7 million in FY 2017 to \$25.2 million in FY 2019, which represents an increase of 8% per year on average.
- Expenses
 - » Personnel services has increased by 16% per year, increasing from \$8.9 million in FY 2017 to \$11.9 million in FY 2019.
 - » Materials and services has increased by 3% per year, increasing from \$5.4 million in FY 2017 to \$5.7 million in FY 2019.
 - » Capital outlays during this three-year period have totaled \$46.4 million and averaged over \$15 million per year. However, FY 2017 was the largest single-year with \$28.6 million in capital projects.
 - » Annual debt service has increased 17% per year, increasing from \$4.6 million in FY 2017 to \$6.4 million in FY 2019, which coincides with the additional borrowing noted below.
- Other Financing Sources (Uses)
 - » Loan proceeds have totaled \$68.9 million during this three year period, while grant income totaled \$7.4 million, for a grand total of \$76.4 million in loans and grants. Loan and grant resources have exceeded capital outlays during this same period, and the Port plans to use the remaining grant and loan proceeds in FY 2020.
 - » The sale of assets has totaled \$3.5 million during this same period.
- Annual net cash flow (excluding capital outlays)
 - » Total revenues of \$25 million in FY 2019 compared to total expenses of \$24 million in FY 2019 (excluding capital outlays, including annual debt service) indicate that the Port can cover its expenses and set aside funds for reserves or future capital expenditures.

Exhibit 3: Enterprise Fund Statement of Revenues, Expenditures, & Changes in Net Position

Enterprise Fund	Fiscal Year Ending			CAGR*
	June 30, 2017	June 30, 2018	June 30, 2019	
Revenues				
Discharge Water Segment:				
Water discharge	5,870,145	5,719,868	5,987,931	1%
Miscellaneous and reimbursable services	135,701	35,980	62,742	-32%
Co-generation fixed fee	50,000	50,000	50,000	0%
Patronage dividend	38,305	84,658	70,902	36%
Total revenues - Discharge Water Segment	6,094,151	5,890,506	6,171,575	1%
Site Development Segment:				
Land leases	822,000	867,840	925,426	6%
Mining royalties	145,605	224,242	253,513	32%
Building leases	1,718,535	1,849,310	2,089,337	10%
T-3 lease	203,656	260,501	226,298	5%
Rail tariff	92,209	110,192	52,327	-25%
Miscellaneous & reimbursements	15,304	27,422	-	-100%
Operating grant - LRA	316,518	313,671	331,385	2%
Farm lease	255,830	301,774	330,675	14%
Steam revenue	222,446	255,970	262,392	9%
Patronage dividend	21,492	47,499	39,781	36%
Total revenues - Site Development Segment	3,813,595	4,258,421	4,511,134	9%
Fresh Water Segment:				
Water usage	2,175,280	2,370,495	2,409,879	5%
Patronage dividend & miscellaneous	21,048	56,520	52,497	58%
Co-generation fixed fee	75,000	75,000	75,000	0%
Total revenues - Fresh Water Segment	2,271,328	2,502,015	2,537,376	6%
Warehousing:				
Warehouse Storage & Handling Revenue	7,276,570	8,511,013	9,340,333	13%
Motor Pool Segment:				
Equipment rents	1,112,664	971,613	1,351,835	10%
SAGE Center:				
Admission and facility use	42,654	35,914	75,575	33%
Sponsorships (donations)	113,155	43,338	-	-100%
Patronage dividend	4,235	9,361	7,839	36%
Total revenues - Sage Center	160,044	88,613	83,414	-28%
East Beach Utility:				
Utility fees - freshwater	255,042	332,301	292,892	7%
Utility fees - discharge	739,717	881,095	838,493	6%
Miscellaneous & reimbursements	-	45,446	34,478	-
Patronage dividend	13,415	29,649	24,831	36%
Total revenues - East Beach Utility	1,008,174	1,288,491	1,190,694	9%
Total revenues	21,736,526	23,510,672	25,186,361	8%
Expenses				
Personal services	8,853,253	10,652,456	11,921,522	16%
Materials and services	5,376,990	5,026,279	5,659,770	3%
Capital outlay	28,564,985	11,270,106	6,555,835	-52%
Transfers to other funds	117,000	117,000	117,000	0%
Debt service	4,633,930	5,006,118	6,351,978	17%
Contingency	-	-	-	-
Total expenses	47,546,158	32,071,959	30,606,105	-20%
Excess of Revenues over (under) expenses	(25,809,632)	(8,561,287)	(5,419,744)	
Other Financing Sources (Uses)				
Loan proceeds	11,352,375	25,987,584	31,595,000	
Interest income	93,823	532,237	953,760	
Transfer from other funds	80,000	240,000	-	
Sale of assets	2,391,206	-	1,113,489	
Grant income	3,576,616	2,802,903	1,045,537	
Total other financing sources (uses)	17,494,020	29,562,724	34,707,786	
Excess (deficiency) of revenues and other	(8,315,612)	21,001,437	29,288,042	
Total reconciliation to GAAP Basis	16,306,592	(16,629,449)	(27,052,881)	
Other Adjustment OPEB	-	(47,628)	-	
Change in net position	7,990,980	4,324,360	2,235,161	

*CAGR = compound annual growth rate

Sources: Port of Morrow Annual Financial Reports 2017, 2018, & 2019

Debt Obligations

The Enterprise Fund is responsible for the repayment of several full faith and credit bonds, one revenue bond, and several other loans mostly comprised of Special Public Works Fund obligations. In FY 2020, expected principal payments total just under \$4 million, and expected interest payments total just over \$3.3 million for total debt service of \$7.3 million in FY 2020.

Exhibit 4: Enterprise Fund ‘Commitment Debt’ for Fiscal Year 2020

Enterprise Fund	Fiscal Year 2020		
	Principal	Interest	Total
Full Faith & Credit Bond, II Series 2019 A		247,217	247,217
Full Faith & Credit Bond, II Series 2019 B/ C		839,183	839,183
Full Faith & Credit Bond, II Series 2017	1,580,000	610,230	2,190,230
Full Faith & Credit Bond, II Series 2016	655,000	630,250	1,285,250
Full Faith & Credit Bond, II Series 2014	335,000	257,450	592,450
Revenue Bond, Series 2011	525,411	63,902	589,313
Special Public Works Fund #4	59,874	9,245	69,119
Special Public Works Fund #5	51,225	17,075	68,300
Special Public Works Fund #6	30,381	22,503	52,884
Special Public Works Fund #7	73,525	65,934	139,459
Special Public Works Fund #8	143,138	143,383	286,521
Special Public Works Fund #9	544,700	270,102	814,803
Bank of Eastern Oregon	-	59,500	59,500
Enhanced Capital*	-	34,504	34,504
Enhanced Capital*	-	7,813	7,813
Total commitment debt	3,998,255	3,278,292	7,276,546

*Enhanced Capital New Market Development Fund repaid early

Source: Port of Morrow Annual Financial Report 2019

As shown in **Exhibit 5**, annual debt service obligations peak in FY 2021, then gradually decline each year thereafter as existing debt obligations are repaid. The FY 2021 peak is most notably impacted by the \$1.4 million principal payment on the Bank of Eastern Oregon loan.

Exhibit 5: Annual Principal & Interest Payments per Fiscal Year

Enterprise Fund Segments	Principal & Interest Payments per Fiscal Year										
	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Bonds											
Full Faith & Credit Bond, Series 2019 A	\$ 247,217	\$ 705,295	\$ 704,239	\$ 707,613	\$ 705,417	\$ 702,731	\$ 704,475	\$ 705,567	\$ 706,007	\$ 705,795	\$ 704,931
Full Faith & Credit Bond, Series 2019 B/ C	839,183	1,563,760	1,565,199	1,565,624	1,565,035	1,563,432	1,560,815	1,562,100	1,562,201	1,561,120	1,558,855
Full Faith & Credit Bond, Series 2017	2,190,230	1,998,100	1,996,050	1,990,538	1,985,460	1,993,470	1,328,830	1,327,080	1,193,810	1,192,880	803,725
Full Faith & Credit Bond, Series 2016	1,285,250	1,289,100	1,281,500	1,278,000	1,284,375	1,285,125	1,279,000	988,375	988,375	986,875	988,750
Full Faith & Credit Bond, Series 2014	592,450	590,725	592,787	588,387	588,587	588,188	592,188	590,388	587,988	592,236	590,200
Revenue Bond, Series 2011	589,313	589,313	589,314	-	-	-	-	-	-	-	-
Total Bonds	5,743,643	6,736,292	6,729,089	6,130,162	6,128,874	6,132,946	5,465,308	5,173,510	5,038,381	5,038,906	4,646,461
Other											
Special Public Works Fund #4	69,119	66,669	69,169	-	-	-	-	-	-	-	-
Special Public Works Fund #5	68,300	68,300	68,300	68,300	68,300	62,151	-	-	-	-	-
Special Public Works Fund #6	52,884	52,885	52,885	52,885	52,885	52,885	52,885	52,885	52,885	52,885	52,667
Special Public Works Fund #7	139,459	139,459	139,459	139,459	139,459	139,460	139,459	139,459	139,459	139,459	139,459
Special Public Works Fund #8	286,521	286,521	286,521	286,521	286,521	286,521	286,521	286,521	286,521	286,521	286,521
Special Public Works Fund #9	814,803	814,803	814,803	814,803	814,803	814,803	814,803	814,803	814,803	814,803	814,803
Bank of Eastern Oregon	59,500	1,429,750	-	-	-	-	-	-	-	-	-
Total Other	1,490,586	2,858,387	1,431,136	1,361,968	1,361,968	1,355,820	1,293,668	1,293,668	1,293,668	1,293,668	1,293,450
Total	7,234,229	9,594,679	8,160,225	7,492,130	7,490,841	7,488,766	6,758,976	6,467,177	6,332,049	6,332,573	5,939,911

Source: Port of Morrow Staff

ENTERPRISE FUND FORECAST

This section covers the ten-year forecast (Fiscal Years 2020 to 2029) for the Port's Enterprise Fund. As previously discussed, the Port has the following enterprise 'segments': freshwater, discharge water, East Beach utility, freezer warehouse, site development, SAGE Center (Port operated visitor center), and motor pool. The Port charges a fee to customers, tenants, or other units within the Port to cover all or most of the cost of services it provides. The Port's *2019 Annual Financial Report* provides the following segment descriptions in *Note 21: Notes to Basic Financial Statements*:

- Fresh Water: This segment accounts for revenue and costs of production and delivery of fresh water to industrial consumers.
- Discharge Water: This segment accounts for revenue and costs of disposal of water used by industrial consumers.
- East Beach Utility: This segment accounts for revenue and costs of the utility system (freshwater, disposal of water, and sanitary sewer) in the east beach industrial area.
- SAGE Center: This segment accounts for revenue and costs of the SAGE Center, an interactive visitor center operated by the Port.
- Site Development Operations: This segment accounts for revenue and costs associated with farming Port land, rental of industrial land, irrigated farmland, grazing land, and commercial buildings, an electricity generating plant, and other economic activities.
- Warehousing: This segment accounts for revenue and costs associated with the operation of a cold storage facility opened in May 2015.
- Motor Pool: This segment is essentially an internal service fund related to equipment rents to cover costs associated with equipment maintenance, fuel and oil, etc.

Assumptions

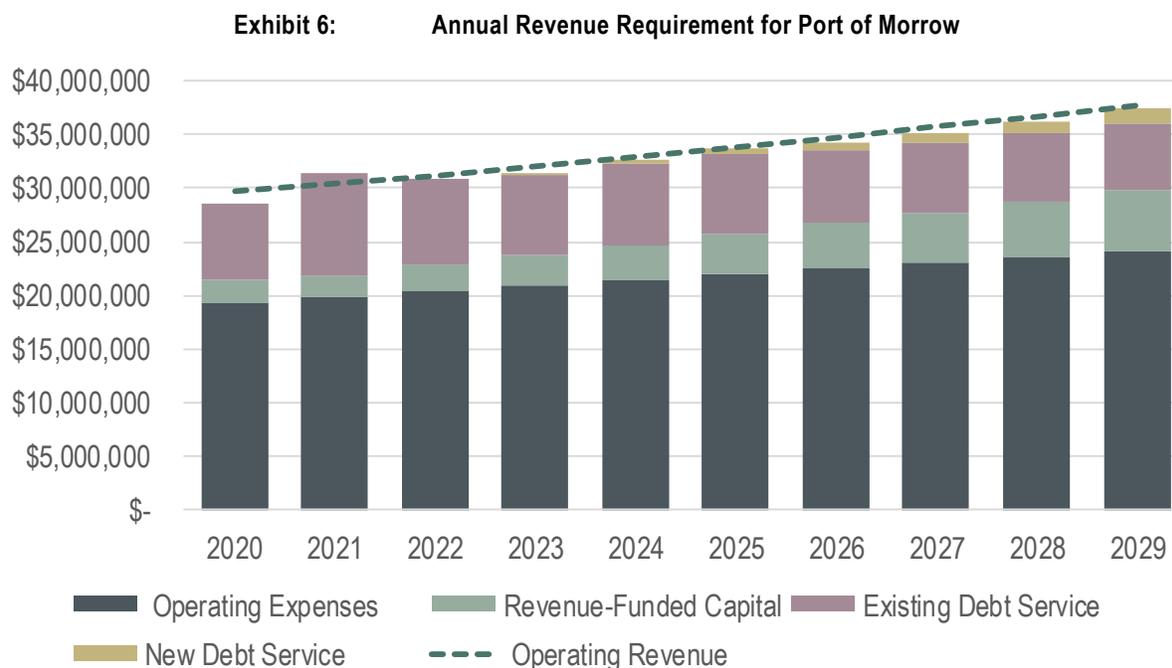
After discussions with Port staff, the following forecast assumptions were made:

- Revenue – generally assumed to increase 2-3% per year throughout the forecast.
 - » Revenues are based on fiscal year-end estimates for June 30, 2020 provided by Port staff.
 - » Fresh Water & Discharge Water revenues are assumed to increase by 3% per year.
 - » East Beach, existing Site Development, and SAGE Center revenues are assumed to increase at 1% per year.
 - » New Site Development revenue is assumed to cover new debt service for Site-related capital projects. Site Development lease revenue is assumed to cover 125% of the new debt service.
 - » Motor pool 'revenue' is a pass-through to recover the costs of the motor pool segment from other benefitting segments.
 - » Warehousing revenue is assumed to increase at 2% per year, except for a one-time 3% bump in FY 2021, per Port staff direction.
- Expenses (operating) – Assumed to increase at 2.5% per year throughout the forecast.
- Revenue-Funded Capital – Assumed to be \$2 million per year, then grows by \$450,000 per year beginning in FY 2022, growing to \$6 million per year by FY 2029.
- Existing Debt Service – Based on existing obligations, annual debt service is \$9.6 million in FY 2021, then decreases to \$6.3 million per year by FY 2028 as existing debt matures.

Revenue Requirement Forecast

Exhibit 6 shows the ten-year forecast for the Enterprise Fund in graphical form. The forecast shows that the Port can expect to cover operating expenditures, existing debt service, \$2 million of revenue-funded capital, as well as add \$1 million to reserves with expected revenues in FY 2020 and future years. Further details are provided below for FY 2020:

- Annual revenues are expected to be \$29.7 million.
- Annual operating expenses are expected to be \$19.4 million.
- Net cash flow before debt service or new capital (cash or debt-funded capital) is \$10.3 million.
- Debt service is \$7.2 million, leaving \$3.1 million for capital projects and or additions to reserves.
- Port staff estimate that they will spend \$2 million on revenue-funded capital projects in FY 2020, which allows the Port to add approximately \$1 million to reserves.
- In addition to the revenue-funded capital projects of \$2 million, the Port also expects to spend \$34 million in additional capital projects – \$6 million for a Warehouse Refrigeration Project and \$28,000,000 on a Columbia Improvement District (CID) Waterline project. These projects are funded via \$25 million of remaining bond proceeds on-hand, a \$4 million Water Resources grant, and a \$5 million CID investment.



Source: Baseline FY 2020 Compiled Based on Information Provided by Port of Morrow Staff

For FY 2021, the net cash flow before debt service or new capital investment is forecast to grow to \$10.6 million, but debt service increases to \$9.6 million as a result of the final payment for the Bank of Eastern Oregon loan (\$1.4 million payment in FY 2021). In addition to the proceeds from expected land sales (\$3 million), grants received for the Early Learning Center Project (\$2 million) and grants received for the Rail, Road, and Terminal project (\$14 million), the Port could still spend an additional \$2 million on capital, but the Port would have to draw \$1 million from reserves to do so. The ending balance would still exceed 90 days of O&M at the end of FY 2021.

The forecast is similar in FY 2022, showing the Port with \$10.7 million in cash flow before debt service and capital expenditures. Since debt service drops to \$8.2 million, the Port can begin to increase its capital funding from \$2 million to \$2.5 million. Based on conversations with Port staff, they expect another \$3 million in land sales and the remaining \$13 million balance of BUILD and Oregon grants for the Rail, Road, and Terminal Improvements project. In total, the Port expects to do \$18.5 million of capital projects in FY 2022, while still ending with a reserve that exceeds the 90-day target, as most of the capital funding is not expected to come from reserves nor same year revenue. From this point on (FY 2023-FY 2029), the forecast is fairly stable as cash flow steadily grows. This allows the Port to increase its yearly revenue-funded capital spending to \$3 million (growing to \$6 million by FY 2029). In addition to that, the forecast assumes that the Port will invest an additional \$5 million of Site Development related capital projects per year. Based on the unique lease agreements that the Port has set up, as the Port executes capital projects for Site Development customers, those customers are expected to pay a lease that is equal to 125% of the associated debt service payment. Port staff assume that half of the \$5 million of Site Development related capital projects will be grant-funded; the grant-funded portions of these projects are not assumed to be recouped through lease agreements from said customers.

Preliminary Capital Funding Strategy

The forecast assumes several main sources of capital funding, several of which were discussed above. Those resources are summarized below:

- Revenue-funded capital: Projects funded with same-year annual net cash flow.
- Land Sales: Projects funded with land-sale proceeds.
- Federal BUILD / Oregon Grants or other grants: Projects funded with state and federal grants.
- CID Investment: investment money provided by CID for the waterline capital project.
- New loan proceeds: Projects funded by new loans, assumed in this forecast to be state Special Public Works Loans, with a 20-year term and 4% interest rate – assumed to be paid for by increases in Site Development lease revenues.

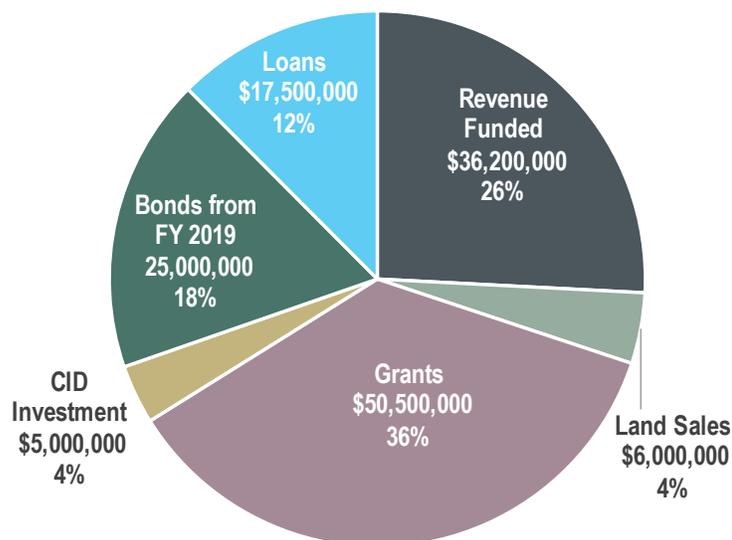
Over the ten-year period, the forecast assumes that the Port will build \$140 million of capital projects. **Exhibit 7** summarizes the capital funding strategy, which includes 36% grant funding, 26% Port revenues funding, 18% from bonds issued in FY 2019, 12% from new loans issued throughout the forecast, 4% from CID investments, and another 4% from land sales.

Please refer to **Attachment A** for additional detail.

Specific capital investment projects in the first three years of the forecast (CID Waterline, Warehouse Refrigeration Project, Early Learning Center Expansion, and the Rail, Road & Terminal Improvements) total roughly \$60 million. The remaining \$80 million of capital projects in the forecast will need to be prioritized based on need, available grants, customer needs, and or criticality of replacement or expansion.

Note that while the terminal improvement project will likely generate lease revenues as soon as FY 2022 or FY 2023, it is not yet known how much that might be. When that revenue becomes available to the Port, it will likely be used to reinvest into the Port's infrastructure via the capital improvements program.

Exhibit 7: Preliminary Capital Funding Strategy for FY 2020-29



Source: Compiled based Port of Morrow staff input and the forecast tool developed for this Plan.

FINANCIAL ANALYSIS SUMMARY

The Port of Morrow continues to be financially healthy and “self-sustaining” with one of the lowest property tax rates in Oregon, which means that over 99% of its annual budget is funded through lease revenues, grants and enterprise fund activities. Since the General Fund accounts for less than 3% of the Port’s annual budget, it is not the main focus of this analysis. As such, this financial analysis focuses primarily on the Port’s Enterprise Fund.

While the forecasted revenues within the Ports many Enterprise Fund segments are expected to outpace expenses, the Port may consider adopting a financial policy objective of maintaining an operating reserve of at least 90 days (25%) in the Enterprise Fund.

The baseline 10-year financial forecast assumes that the Port will build \$140 million of capital projects. The capital funding strategy anticipates projects will be funded as follows: 36% grant funding, 26% Port revenues funding, 18% from bonds issued in FY 2019, 12% from new loans issued throughout the forecast, 4% from CID investments, and another 4% from land sales.

Attachment A: Ten-year Financial Forecast for the Enterprise Fund

Operating Revenue, Expense, and Debt Service		Fiscal Year									
Enterprise Fund Forecast		2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Operating Revenue	Escalation										
Fresh Water	3.0%	\$ 3,764,250	\$ 3,877,177	\$ 3,993,493	\$ 4,113,297	\$ 4,236,696	\$ 4,363,797	\$ 4,494,711	\$ 4,629,552	\$ 4,768,439	\$ 4,911,492
Water Discharge	3.0%	6,616,552	6,815,048	7,019,500	7,230,084	7,446,987	7,670,397	7,900,509	8,137,524	8,381,650	8,633,099
East Beach	1.0%	701,198	708,210	715,292	722,445	729,670	736,967	744,336	751,780	759,297	766,890
Site Development	1.0%	5,986,967	6,046,836	6,107,305	6,168,378	6,230,062	6,292,362	6,355,286	6,418,839	6,483,027	6,547,857
Site Development (new)	125% of New Debt Service	-	-	-	229,943	459,886	689,829	919,772	1,149,715	1,379,658	1,609,601
Motor Pool	Pass-through	864,223	885,829	907,974	930,674	953,940	977,789	1,002,234	1,027,290	1,052,972	1,079,296
SAGE Center	1.0%	116,307	117,470	118,645	119,831	121,030	122,240	123,462	124,697	125,944	127,204
Warehousing	2.0%	11,609,335	11,957,615	12,196,767	12,440,703	12,689,517	12,943,307	13,202,173	13,466,217	13,735,541	14,010,252
	Operating Revenue	\$ 29,658,832	\$ 30,408,186	\$ 31,058,976	\$ 31,955,356	\$ 32,867,788	\$ 33,796,688	\$ 34,742,483	\$ 35,705,613	\$ 36,686,528	\$ 37,685,691
			2.5%	2.1%	2.9%	2.9%	2.8%	2.8%	2.8%	2.7%	2.7%
Operating Expense	Escalation										
Fresh Water	2.5%	\$ 767,748	\$ 786,942	\$ 806,615	\$ 826,781	\$ 847,450	\$ 868,636	\$ 890,352	\$ 912,611	\$ 935,426	\$ 958,812
	2.5%	909,849	932,595	955,910	979,808	1,004,303	1,029,411	1,055,146	1,081,525	1,108,563	1,136,277
Water Discharge	2.5%	2,094,398	2,146,758	2,200,427	2,255,438	2,311,824	2,369,619	2,428,860	2,489,581	2,551,821	2,615,616
	2.5%	1,412,736	1,448,045	1,484,256	1,521,362	1,559,396	1,598,381	1,638,341	1,679,299	1,721,282	1,764,314
East Beach	2.5%	107,556	110,245	113,001	115,826	118,722	121,690	124,732	127,850	131,047	134,323
	2.5%	232,693	238,510	244,473	250,585	256,850	263,271	269,853	276,599	283,514	290,602
Site Development	2.5%	2,552,087	2,615,889	2,681,286	2,748,319	2,817,027	2,887,452	2,959,638	3,033,629	3,109,470	3,187,207
	2.5%	1,329,917	1,363,165	1,397,244	1,432,175	1,467,980	1,504,679	1,542,296	1,580,853	1,620,375	1,660,884
Motor Pool	2.5%	416,612	427,027	437,703	448,646	459,862	471,358	483,142	495,221	507,601	520,291
	2.5%	447,611	458,801	470,271	482,028	494,079	506,431	519,092	532,069	545,371	559,005
SAGE Center	2.5%	417,783	428,228	438,933	449,907	461,154	472,683	484,500	496,613	509,028	521,754
	2.5%	211,999	217,299	222,731	228,300	234,007	239,857	245,854	252,000	258,300	264,758
Warehousing	2.5%	6,981,187	7,155,717	7,334,610	7,517,975	7,705,924	7,898,572	8,096,037	8,298,438	8,505,898	8,718,546
	2.5%	1,481,921	1,518,969	1,556,943	1,595,867	1,635,764	1,676,658	1,718,574	1,761,538	1,805,577	1,850,716
Other	2.5%	-	-	-	-	-	-	-	-	-	-
	Other	-	-	-	-	-	-	-	-	-	-
	Operating Expenses	\$ 19,364,097	\$ 19,848,199	\$ 20,344,404	\$ 20,853,015	\$ 21,374,340	\$ 21,908,698	\$ 22,456,416	\$ 23,017,826	\$ 23,593,272	\$ 24,183,104
			2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Cashflow from Operations & Existing Obligations											
Cashflow: Revenues less Expenses		\$ 10,294,735	\$ 10,559,987	\$ 10,714,571	\$ 11,102,341	\$ 11,493,448	\$ 11,887,989	\$ 12,286,067	\$ 12,687,786	\$ 13,093,256	\$ 13,502,587
Less: Revenue-Funded Capital		\$ 2,000,000	\$ 2,000,000	\$ 2,450,000	\$ 2,900,000	\$ 3,350,000	\$ 3,800,000	\$ 4,250,000	\$ 4,700,000	\$ 5,150,000	\$ 5,600,000
Less: Existing Debt Service		7,234,229	9,594,679	8,160,225	7,492,130	7,490,841	7,488,766	6,758,976	6,467,177	6,332,049	6,332,573
Less: New Debt Service		-	-	-	183,954	367,909	551,863	735,818	919,772	1,103,726	1,287,681
Cashflow After Revenue Funded Capital & Debt Service		\$ 1,060,505	\$ (1,034,692)	\$ 104,346	\$ 526,257	\$ 284,698	\$ 47,360	\$ 541,274	\$ 600,837	\$ 507,481	\$ 282,334
Capital Revenue & Expense Forecast											
		2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Capital Revenue											
Revenue-Funded Capital		\$ 2,000,000	\$ 2,000,000	\$ 2,450,000	\$ 2,900,000	\$ 3,350,000	\$ 3,800,000	\$ 4,250,000	\$ 4,700,000	\$ 5,150,000	\$ 5,600,000
Land Sales		-	3,000,000	3,000,000	-	-	-	-	-	-	-
Rail, Road, Terminal (BUILD / Oregon Grants)		-	14,000,000	13,000,000	-	-	-	-	-	-	-
Future Projects - Anticipated Grants	50%	-	-	-	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Future Projects - Anticipated Loans	50%	-	-	-	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Existing Bond Proceeds On-Hand		25,000,000	-	-	-	-	-	-	-	-	-
Water Resources Grant in FY 2020		4,000,000	-	-	-	-	-	-	-	-	-
CID (Columbia Improvement District) Investment in FY 2020		5,000,000	-	-	-	-	-	-	-	-	-
50% State; 50% Head Start Grant		-	2,000,000	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-
Total Resources		\$ 36,000,000	\$ 21,000,000	\$ 18,450,000	\$ 7,900,000	\$ 8,350,000	\$ 8,800,000	\$ 9,250,000	\$ 9,700,000	\$ 10,150,000	\$ 10,600,000
Capital Expense											
Capital Funded with Same Year Revenue		\$ 2,000,000	\$ 2,000,000	\$ 2,450,000	\$ 2,900,000	\$ 3,350,000	\$ 3,800,000	\$ 4,250,000	\$ 4,700,000	\$ 5,150,000	\$ 5,600,000
Capital Funded with Land Sales		-	3,000,000	3,000,000	-	-	-	-	-	-	-
Rail, Road & Terminal Improvements		-	14,000,000	13,000,000	-	-	-	-	-	-	-
Future Capital Projects		-	-	-	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Warehouse Refrigeration Project		6,000,000	-	-	-	-	-	-	-	-	-
CID Waterline		28,000,000	-	-	-	-	-	-	-	-	-
Early Learning Center Expansion		-	2,000,000	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-
Total Expenses		\$ 36,000,000	\$ 21,000,000	\$ 18,450,000	\$ 7,900,000	\$ 8,350,000	\$ 8,800,000	\$ 9,250,000	\$ 9,700,000	\$ 10,150,000	\$ 10,600,000
Cash Flow from Capital Activity											
		-	-	-	-	-	-	-	-	-	-
Net Cash Flow and Fund Balance Summary											
		2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Beginning Cash (Unrestricted Cash/LGIP as of 6/30/2019)		5,223,806	6,284,311	5,249,619	5,353,965	5,880,222	6,164,920	6,212,280	6,753,554	7,354,391	7,861,872
Net Cash Flow from Operations and Existing Obligations		1,060,505	(1,034,692)	104,346	526,257	284,698	47,360	541,274	600,837	507,481	282,334
Net Cash Flow from Capital		-	-	-	-	-	-	-	-	-	-
Ending Cash		6,284,311	5,249,619	5,353,965	5,880,222	6,164,920	6,212,280	6,753,554	7,354,391	7,861,872	8,144,205
Days of O&M		118 days	97 days	96 days	103 days	105 days	103 days	110 days	117 days	122 days	123 days