

# ROCK ISLAND INDUSTRIAL DEVELOPMENT DISTRICT

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STAFF REPORT



*Prepared for*  
**PORT OF DOUGLAS COUNTY**

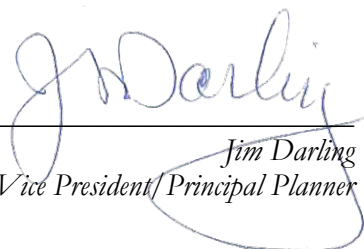
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ROCK ISLAND IDD STAFF REPORT  
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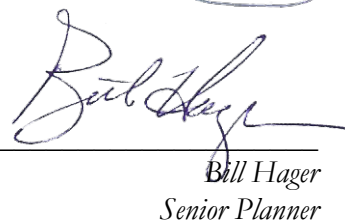
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## ACRONYMS AND ABBREVIATIONS

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ac	acre
IDD	Industrial Development District
ISA	Industrial Service Area
LID	Local Improvement District
MFA	Maul, Foster and Alongi
PORT	Port of Douglas County
RCW	Revised Code of Washington
SHA	Site Hazard Assessment
UGA	Urban Growth Area
WAC	Washington Administrative Code
WARM	Washington Ranking Method

## SUMMARY

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The Port of Douglas County (Port) identified the need to work with the City and residents of Rock Island in the development of its industrial lands. Toward this goal, the Port is exploring the potential formation of an industrial development district (IDD) within the City and its urban growth area (UGA). Formation of an IDD will provide the port will additional tools to assist in land development.

A community workshop was held in Rock Island on May 16, 2017. Following the presentation; city officials, residents and property owners expressed the need and desire for the Port to continue to assist the community in promoting industrial development.

Following the work session, the Port decided to conduct an advertised public hearing to receive formal testimony. The public hearing has been scheduled for June 13, 2017. At the public hearing staff will present its review as to whether the property within the IDD boundary qualifies as being “marginal”.

Following the staff presentation, the public will be afforded an opportunity to provide formal written and oral testimony as to whether the Port should establish an IDD.

# 1 PROJECT BACKGROUND

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## 1.1 INTRODUCTION

The Port of Douglas County (Port) is the primary economic development agency in Douglas County, Washington. The Port's main charge is to focus on opportunities which encourage the expansion of private businesses and industries in order to increase job opportunities and revenues for the county's citizens.

In October 2015, the Port conducted a County Industrial Land Inventory study<sup>1</sup> to determine the amount of vacant industrial land within Douglas County. The study identified potential opportunities, which, when developed, could assist the Port in meeting its stated goal of identifying, assisting, and encouraging economic development.

The study highlighted the unique importance of the vacant and/or underutilized industrially zoned area in the City of Rock Island and its urban growth area (UGA).

Douglas County is a *Growth Management Act* county, which requires that industrial land be located in a designated major industrial area, or within city limits and respective urban growth areas. For economic growth purposes, it is imperative that these industrial lands be utilized to the fullest extent possible.

## 1.2 COUNTY INDUSTRIAL LAND INVENTORY SUMMARY

The following statistical information has been extracted from the Douglas County Industrial Land Inventory report.

- A total of 2,436 acres in Douglas County is zoned (or has a land use designation) for general industrial use.
- Countywide, 1,720 acres are available for general industrial use (after subtracting 716 acres of industrial land used for airport operations and airport-dependent uses throughout the county).
- Of the remaining 1,720 acres; 1,232 acres are situated in the growth area of East Wenatchee and the Pangborn Industrial Service Area (ISA). This accounts for 72 percent of available county industrial land.

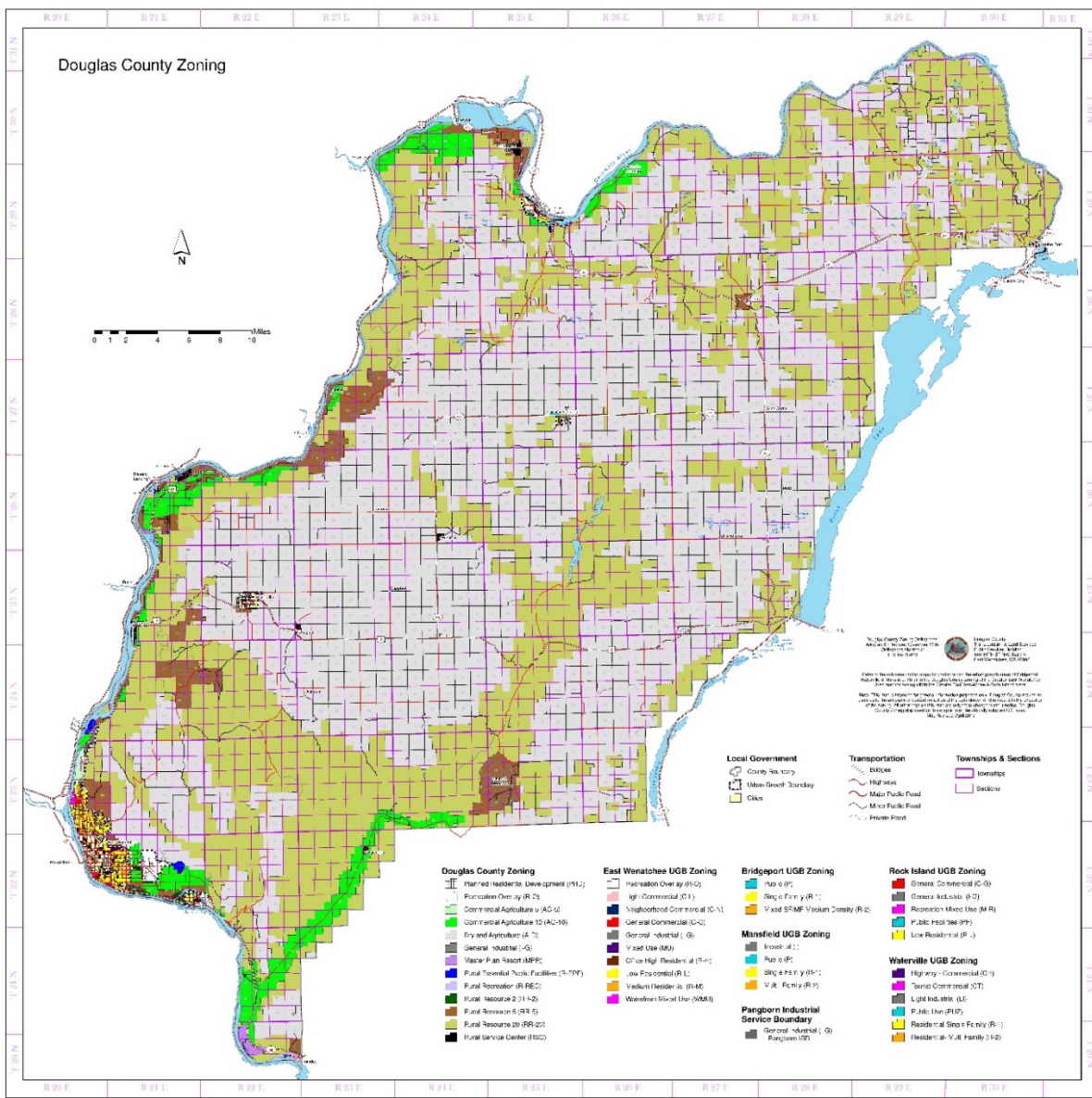
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<sup>1</sup> MFA. Douglas County Industrial Land Inventory. Maul Foster & Alongi, Inc., October 12, 2015.

- The remaining 488 acres of designated industrial land is located in four incorporated municipalities located throughout the county.

Except for Rock Island, the other three municipalities with designated industrial property have a low population base and are situated in more remote locations. In those areas industrial growth is likely to be limited to businesses and industries that meet local demand. Of the remaining 488 acres of industrial property, one hundred and eighteen acres is located in the City of Rock Island and its urban growth area.

**Map 1: Douglas County Zoning 2015**



### 1.3 ROCK ISLAND INDUSTRIAL LAND

The industrial lands in Rock Island have qualities that are unique; being situated adjacent to a major state route (SR 28), the Columbia River, and the Burlington Northern Santa Fe (BNSF) mainline. There is an abundant supply of relatively cheap electrical power. Except for the western-most portion it is largely vacant and underutilized.

**Table 1: Rock Island Industrial Lands**

Industrial Acreage	Estimated Vacant Underutilized Acreage	% Vacant
118	101	86%

With the transportation infrastructure, the area appears ideal for regional industrial growth requiring such a location, including the potential of a specialty truck/rail/barge intermodal storage, handling, and transfer facility, or for those uses requiring large amounts of electrical power at a reasonable rate.

A major portion of the area is burdened by an abandoned industrial facility and the underlying property may require environmental remediation from historic contamination. The Washington Department of Ecology has listed two parcels within the industrial area on its Hazardous Site List.<sup>2</sup> These two sites<sup>3</sup> are ranked 5 and 4 respectively. Until these hazardous sites are appropriately remediated it will be virtually impossible to return the property to productive use and this underutilized industrial site will remain a lost opportunity and community eyesore.

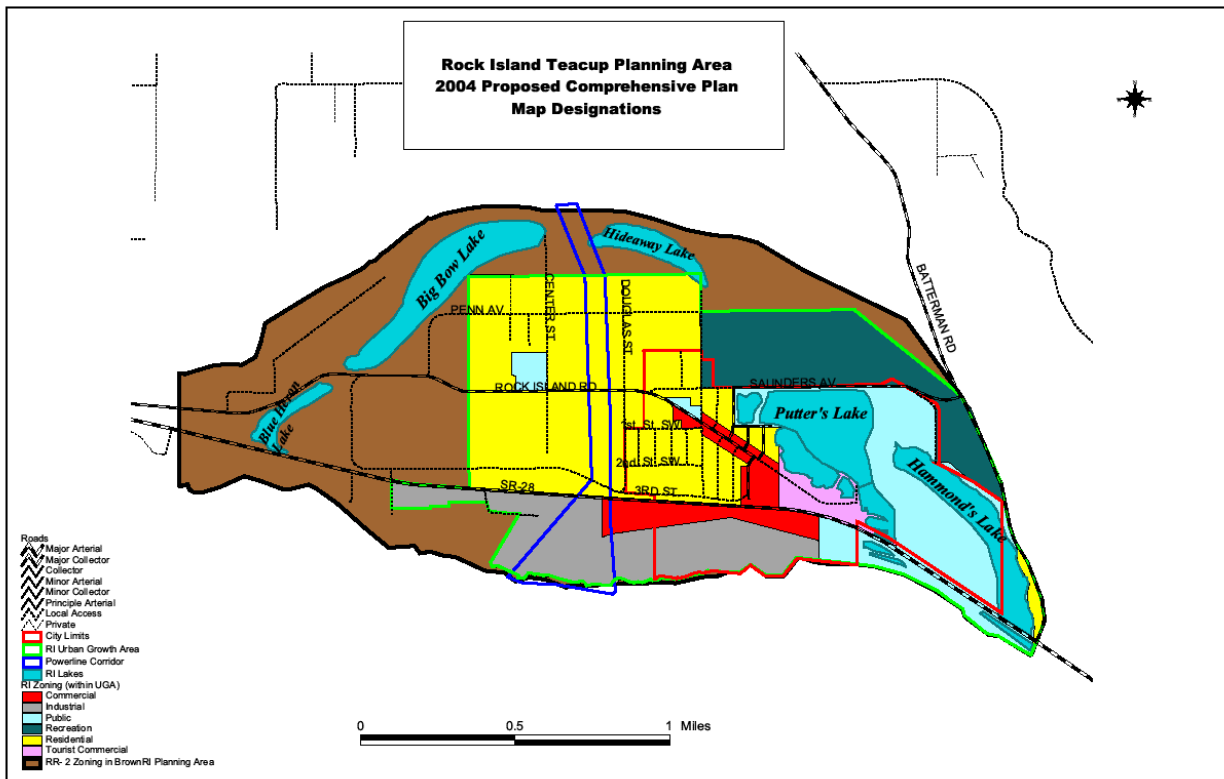
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<sup>2</sup> Sites on the Hazardous Sites List (excluding NPL and TSP sites) have undergone a preliminary study called a Site Hazard Assessment (SHA). An SHA provides Ecology with basic information about a site. Ecology then uses the Washington Ranking Method (WARM) to estimate the potential threat the site poses to human health and the environment, if not cleaned up. The estimate is based on the amount of contaminants, how toxic they are, and how easily they can come in contact with people and the environment. Sites are ranked relative to each other on a scale of one to five. A rank of one represents the highest level of concern relative to other sites, and a rank of five the lowest.

<sup>3</sup> The Silicon Metaltech Lab Site (FS ID# 370) and the Silicon Metaltech Lagoon Site (FS ID#369)



## Map 2: Rock Island Land Use Map



### 1.4 PORT COMPREHENSIVE SCHEME OF HARBOR IMPROVEMENTS

In December of 2015 the Port amended its Comprehensive Scheme of Harbor Improvements (CSHI) to include as a *special program*, the need to work with the City of Rock Island in the development of a strategy to promote usage of its vacant industrial land. The strategy included the consideration of the formation of an industrial development district (IDD). Formation of an IDD would allow the Port to utilize additional development “tools,” which could facilitate development.

## 2 INDUSTRIAL DEVELOPMENT DISTRICTS

### 2.1 Purpose and Statutory Authority

The formation of an IDD is provided and authorized under Washington State law ([RCW] chapter 53.25). Formation of an IDD provides economic development tools for use by Washington State port districts. In providing for the establishment of IDDs, the state has declared it to be in the

public interest to provide ports with powers to facilitate redevelopment of “marginal” properties, when the private sector acting alone has been unable to achieve redevelopment.

“Marginal land” is defined as lands characterized by factors such as economic deterioration and disuse, obsolescence, inadequate infrastructure, poor planning and platting, fragmented ownership, depreciating land values, and loss of tax revenue to local governments (RCW 53.25.020 and 53.25.030). It is important to note that land must meet only one of the statutory criteria to be defined as “marginal.”

## 2.2 Creation of an IDD

An IDD is created by a resolution of the Port commission, after a public hearing, if the Port commission finds, in an open public meeting, that the creation of the IDD is proper and desirable in establishing and developing a system of harbor improvements and industrial development in the port district (RCW 53.25.040). In this regard, the Port commission must consider if the formation is necessary for the public’s general welfare and that the properties within the IDD boundary meet at least one of the definitions of “marginal” lands.

## 2.3 Improvements within an IDD

Prior to undertaking any improvements within an IDD, the port district must appropriately amend its “comprehensive scheme of harbor improvements” – its master plan. (RCW Chapter 53.20)

## 2.4 Specific IDD Tools

Once an IDD area is properly established, a port may employ special redevelopment powers (RCW 52.25.100). These powers include but are not limited to the following:

- The authority to extend utilities anywhere in the district, either by themselves or through the formation of a Local Improvement District (LID)
- The authority to negotiate, or acquire through eminent domain, specific properties for redevelopment
- In certain circumstances and pursuant to RCW 53.36.100, the power to levy additional taxes across the entire port district for use in the IDD.

# 3 ROCK ISLAND INDUSTRIAL DEVELOPMENT DISTRICT

## 3.1 Preliminary Industrial Development District Area

Port staff has established a preliminary IDD area for the purpose of analysis, public discussion and ultimately Port commission consideration. This preliminary IDD map may be expanded or contracted by the Port commission prior to its final decision concerning the formation of the IDD.

Map 3: Preliminary IDD Area



## 3.2 COMMUNITY WORK SESSION

The Port commission conducted a community open public meeting work session on May 17, 2017 in the City of Rock Island. The public, area property owners, city officials and adjacent residents were given notice and afforded an opportunity to discuss with Port officials the possibility of establishing an IDD.

Following the presentation by the Port staff, attendees said they generally supported the IDD creation and potential for future economic redevelopment at this property in Rock Island. Others stated that the Port should consider expansion of the preliminary IDD boundary to include the property located to the northeast and south of SR 28 to include the primary point of vehicular access to the area.

## 3.3 STAFF ANALYSIS OF "MARGINALITY"

Each property within the preliminary IDD area was reviewed to establish whether or not, in the opinion of staff and its consultants, property meet the statute requirements for being declared "marginal." The ultimate determination is for the port commission.

Generally, properties within the preliminary IDD area (except for property owned by the Douglas County Public Utility District and Burlington Northern Santa Fe), meet at least one criteria of being marginal. Properties within the IDD area are characterized by the following:

- vacant or underdeveloped land
- economic dislocation, deterioration, or disuse resulting from faulty planning.
- existence of inadequate streets, open spaces, and utilities.
- a prevalence of depreciated values, impaired investments, and social and economic maladjustment to such an extent that the capacity to pay taxes is reduced and tax receipts are inadequate for the cost of public services rendered.
- in some parts of marginal lands, a growing or total lack of proper utilization of areas, resulting in a stagnant and unproductive condition of land potentially useful and valuable for contributing to the public health, safety and welfare.
- lands not devoted to industrial use but which are necessary to industrial development within the industrial area.
- un-platted lands
- lacking sufficient infrastructure to facilitate development and

- parcels which have been identified as contaminated with hazardous substances at levels above state regulatory thresholds.

The results of specific parcel review are shown on the attached matrix, appendix A.

## 4 STEPS IN IDD FORMATION

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### 4.1 PUBLIC HEARING AND COMMISSION DISCUSSION

An advertised public hearing will be conducted at the port commission regular meeting on June 13, 2017 for the purpose of soliciting written and oral comments in regard to the potential formation of the Rock Island IDD. Following consideration, the individual Port commissioners, in open meeting, may share their views concerning the proposed boundaries of the IDD and the advisability of forming the Rock Island IDD. The Port commission may agree to accept written public comment until June 20, 2017. However, no formal port commission action should be taken until June 27, 2017.

### 4.2 CONSIDERATION OF A RESOLUTION FORMING THE ROCK ISLAND IDD

It is anticipated that Port staff will prepare a resolution and appropriate State Environmental Policy Act (SEPA) documents for the port commission's consideration at its June 27, 2017 regular meeting.

Then, after discussion in the open public meeting, the port commissioners may consider the resolution or any version thereof. If adopted the resolution forms the IDD.

## LIMITATIONS

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The services undertaken in completing this report were performed consistent with generally accepted professional consulting principles and practices. No other warranty, express or implied, is made. These services were performed consistent with our agreement with our client. This report is solely for the use and information of our client unless otherwise noted. Any reliance on this report by a third party is at such party's sole risk.

Opinions and recommendations contained in this report apply to conditions existing when services were performed and are intended only for the client, purposes, locations, time frames, and project parameters indicated. We are not responsible for the impacts of any changes in environmental standards, practices, or regulations subsequent to performance of services. We do not warrant the accuracy of information supplied by others, or the use of segregated portions of this report.

# ATTACHMENT

ROCK ISLAND IDD PRELIMINARY BOUNDARY ANALYSIS



Rock Island IDD Preliminary Boundary Analysis (RCW 53.25.030)

PARCEL NUMBER	TAX IDENTIFICATION NUMBER	OWNER	ACRES	2017 ASSESSED VALUE (6)	EXCESSIVE PUBLIC EXPENDITURE DUE TO CRIME, HEALTH, FIRE SAFETY, OTHER (7)	POOR PLANNING AND /OR PLATTING (1)	PLATTING AND OWNERSHIP CONTRARY TO PHYSICAL CONDITIONS OF THE LAND (3)	LACK OF /OR INADEQUATE INFRASTRUCTURE (4)	CONTAMINATION, DETERIORATION AND DISUSE (1)	DEPRECIATING PROPERTY VALUES; LACK OF CAPACITY TO PAY TAXES (6)	INAPPROPRIATE USES OR NON-INDUSTRIAL USES WITHIN AREA (7)	LACK OF PROPER UTILIZATION OF LAND CONTRIBUTING TO THE PUBLIC HEALTH AND SAFETY ISSUES (7)	LACK OF DEVELOPMENT AND INCENTIVE TO REDEVELOP	SMALL OR SCATTERED OWNERSHIP PATTERNS	SUBMERGED LANDS (5)	LOSS OF POPULATION (8)	PROPERTY VALUE OF INSUFFICIENT ASSESSED AMOUNT NECESSARY TO FORM LID (10)
1	41500002404	Col Park LLC	35.73	341,000	Unknown	Un-platted		Part driveway? Transmission line? No or very little private activity	Vacant	No appreciation of value in 5 years. Property tax stable over 5 years	Vacant	Vacant	Vacant	One owner	No	None	
2	41500003800	Columbia Ventures	22.98	140,800 About 0.17 / ft	Unknown	Un-platted		Large electrical transmission line traverses property. No other improvements	Disuse- yes Contamination- Unknown, but probable	No appreciation of value in 5 years. Property tax flat since 2011 (about 800/per year)	Vacant	Vacant	Improvements demolished in 2007. No further development	One owner	Some	None	
3	10200003400	Columbia Ventures	53.49	\$739,700 (Land - \$321,100) (Imp- 418,600)	Unknown	Un-platted		Some private infrastructure from past use. None facilitating new dev.	Disuse- yes Contamination- Unknown, but probable	No appreciation in 5 years	Old existing buildings from prior use	Vacant bldgs. Nuisance?	Wood bldg. demoed in 1998 Another bldg. demoed in 2007	One owners	Part	None	
4	41500002201	Jon Port	3.619	50,500 No imp value						Taxes have gone down over last 5 years							
5	10200002104	Jon Port	2.7	35,900 No imp value						Taxes have gone down over last 5 years							
6	22212530000	BNSF	67.39	0 No tax		Illegal segregation ?		Mainline. Existing bldg.?									



Rock Island IDD Preliminary Boundary Analysis (RCW 53.25.030)

PARCEL NUMBER	TAX IDENTIFICATION NUMBER	OWNER	ACRES	2017 ASSESSED VALUE (6)	EXCESSIVE PUBLIC EXPENDITURE DUE TO CRIME, HEALTH, FIRE SAFETY, OTHER (7)	POOR PLANNING AND /OR PLATTING (1)	PLATTING AND OWNERSHIP CONTRARY TO PHYSICAL CONDITIONS OF THE LAND (3)	LACK OF /OR INADEQUATE INFRASTRUCTURE (4)	CONTAMINATION, DETERIORATION AND DISUSE (1)	DEPRECIATING PROPERTY VALUES; LACK OF CAPACITY TO PAY TAXES (6)	INAPPROPRIATE USES OR NON-INDUSTRIAL USES WITHIN AREA (7)	LACK OF PROPER UTILIZATION OF LAND CONTRIBUTING TO THE PUBLIC HEALTH AND SAFETY ISSUES (7)	LACK OF DEVELOPMENT AND INCENTIVE TO REDEVELOP	SMALL OR SCATTERED OWNERSHIP PATTERNS	SUBMERGED LANDS (5)	LOSS OF POPULATION (8)	PROPERTY VALUE OF INSUFFICIENT ASSESSED AMOUNT NECESSARY TO FORM LID (10)
7	41500002503	BNSF	1														
8	41500002603	Jon Port	3.5	32,000 Land only		Un-platted		Vacant		Taxes have gone down over last 5 years							
9	10102000301	Jon Port	0.7	20,000 land only						Taxes have gone down over last 5 years							
10	10200003604	D.C. PUD	0.82														
11	10200003603	D.C. PUD	0.61														
12	41500002502	D.C. PUD	3.97	0	N/A	N/A	Tidelands not associated w / upland area	No water dependent improvements	Unknown	No value	Not utilized	Not utilized	No development		Yes	None	Yes