

Managing Wetland Constraints on Industrial Lands

While the Industrial Site Certification Program has provided a pathway for economic success stories like the siting of the Lowe's distribution facility in Lebanon, it has also helped to identify issues that local communities face during the process of planning for such developments.

Issue: Many of the large, undeveloped industrially zoned sites in the Willamette Valley and along the I-5 corridor are substantially constrained by wetlands. Several sites on the Oregon coast seeking certification are also constrained by wetlands.

Since the presence of wetlands was not considered when the land was initially zoned for industrial use, many local communities and property owners are surprised by the presence of wetlands on their undeveloped industrial land and by the complexity and cost of required mitigation.

Given the state's policy objective of "no net loss" of wetlands, even after exhausting avoidance and impact minimization opportunities, many of these industrial sites may be so constrained that mitigation requirements (and corresponding cost) may make the sites unattractive for development.

Actions Taken: The ERT and agency liaisons from DSL, OECDD, DLCDD, DEQ, and ODA have formed the wetlands work group which has taken the following actions to address the wetlands issue:

- A white paper entitled, *An Integrated Response to Managing Wetland Constraints on Industrial Lands*, (Appendix J) was presented to the ERT agency directors during June 2006. The paper outlines the issue of wetlands on industrial lands. It also describes existing agency tools and a number of options for increasing the state's capacity to address this issue.
- The wetlands work group prepared a work plan (Appendix K) with the following five goals:
 1. Incorporate wetlands evaluations into state agency programs and processes that plan, fund/finance, and permit industrial development and infrastructure.
 2. Improve the quality of the information currently available at the local level of wetland constraints.
 3. Increase awareness of wetlands at the local government level
 4. Create a stable and diverse supply of high quality mitigation bank credits, including but not limited to wetlands, TMDLS, riparian and habitat credits.
 5. Reduce Wetland – Land Use Conflicts
- OECDD included changes in their proposed statute to allow the agency to hold and sell wetlands mitigation bank credits for industrial lands and the possible development of a credit resale program.
- Invited the Willamette Partnership - a coalition of business, conservation, agricultural and municipal service leaders founded in 2004 – to participate

in the wetlands work group to explore opportunities for including wetlands mitigation credits in the Ecosystem Marketplace¹ being developed by the Partnership.

- Members of the work group conducted outreach to existing private wetlands bankers in December 2006 to make them aware of the demand for wetland mitigation credits for industrial land and to stimulate credit availability and supply.
- OECD, DSL and DLCD have completed initial work with the Cascades West Council of Government (CWCOG) on a regional wetlands mitigation assessment for 12 mid-valley industrial sites in seven communities. The assessment was completed in 2007, which resulted in a clear understanding on the cost impact of wetlands mitigation on site marketability. Cost are built in by national firms, but small firms are hampered financially and often not able to afford. Issue to be resolved: cost of mitigation, availability of mitigation sites, and potential rezoning of lands within urban growth boundaries for employment lands.

Comments: A new body of research is now being gathered by the same participants, to ensure that ERT can assist in creating an opportunity for wetland-constrained communities to build a better, more developable inventory of industrial lands, and where wetland avoidance is not possible, ensure that there is a stable supply of high quality and cost-effective wetland mitigation credits available.

¹ The Ecosystem Market Place is an effort to develop incentive-based tools and a multi-function mitigation banking concept to meet regulatory requirements and achieve ecosystem health. The Partnership received an \$800,000 grant from EPA to develop a marketplace for temperature credits for wastewater discharge in the Willamette Basin.