

O'Donnell, Mary Beth

From: Orjiako, Oliver
Sent: Friday, May 01, 2015 8:36 AM
To: O'Donnell, Mary Beth
Subject: FW: 3B NW LLC Report - Ag Land De-Designation
Attachments: 3B Report FORMAT April 30.pdf



CP 16

For index.

From: Steve Horenstein [mailto:Steve@horensteinlawgroup.com]
Sent: Thursday, April 30, 2015 5:47 PM
To: Orjiako, Oliver; AICP Gordon M. Euler Ph. D (Gordon.Euler@clark.wa.gov/planning); Eric Eisemann; Jeffrey B. Sarvis (jsarvis@ci.lacenter.wa.us)
Cc: Kenneth Boal (ken@porterelectricinc.com); Bruce Pregeluber
Subject: FW: 3B NW LLC Report - Ag Land De-Designation

Gentlemen, attached you will find the dedesignation analysis required for the 3B NW property north of La Center. This report is, as I understand the deadlines, due on May 1. We just received it today. We may clarify a few factual issues but the analysis does support dedesignation of this land with a change in zoning for Agriculture to Commercial.

Please let me know if you have any questions.

Best...Steve



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I will call you shortly to check in.

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Agricultural Resource Land Analysis of the 3B NW LLC Property Near the La Center Junction

April 30, 2015

A Determination of De-Designation Under the
Washington Growth Management Act

By Globalwise Inc., Vancouver, WA

globalwise inc

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Agricultural Resource Land Analysis of the 3B NW LLC Property near the La Center Junction

A DETERMINATION OF DE-DESIGNATION UNDER THE WASHINGTON GROWTH MANAGEMENT ACT

Introduction

The 3B NW LLC property consists of 12.45 acres located immediately north of the Paradise Truck Stop at Exit 16/La Center Junction off Interstate 5. The property has been in the ownership of one investor group since 1997. This property is proposed for de-designation from agricultural resource land with the request that this property be brought into the La Center Urban Growth Area.

The property is in one tax parcel with road frontage on NW Paradise Park Road and NW 324st Street. The tax parcel number is 209746000. There are no improvements on the property. In this report the property is referred to as the "3B NW property" or "subject property." See Figure 1 for general identification and location of the subject property.

The 3B NW property is evaluated to determine if it meets the criteria of agricultural resource lands under the Washington Growth Management Act (GMA). The author of this analysis is Bruce Pregel, an agricultural economist who was raised on a wheat and cattle farm in Washington. I have a Bachelor's of Science degree and a Master's of Science degree in Agricultural Economics and I have completed 18 undergraduate and graduate level courses in economics during my education at Washington State University and the University of Wisconsin.

My practical experience is gained from 39 years as a practicing economist with emphasis in agricultural economics and business. I have worked most of my professional career as a consulting economist in the subjects of production agriculture, food marketing and food processing. For 36 years I have also been an owner in businesses where I have gained practical experience with business management. I have also previously analyzed property in Clark, and Cowlitz counties for their long term commercial significance for agriculture under the Washington Growth Management Act. I have also analyzed local markets for food crops and livestock and I have investigated the economic feasibility of specific land for the production of food crops. During this time I also worked for an export trade association. The function of this association is to assist firms in the western U.S. with the export marketing of their products. I am regularly retained to conduct projects and analyses for a regional food processors trade association. I have also been retained many times by food processing and marketing companies in the Pacific Northwest to address specific business issues pertaining to their operations. I am qualified to render my opinions based upon my experience and educational attainment in the field of economics. See Attachment 1 for a more complete description of my background, experience and education.

Property History and Background

The subject property was purchased in 1997 by the current owners. The 3B NW property owners made a long-term real estate investment because the land has prime frontage and visibility from Interstate 5 with excellent access at the Exit 16 highway interchange. Its desirability for commercial usage was the sole attraction of this property by the 3B NW investor group.

The previous owner, Mrs. Linda Fudge, stated that this property was part of a larger property she and her family operated as a dairy until 1993 when the dairy was closed due to lack of profit. When the subject property was part of the dairy, the land was primarily used to raise grass hay to feed the dairy cows. The land may have occasionally been pastured at that earlier time as well. Any pasture use was incidental.

The review of aerial photos in county records going back to 1955 does not show any buildings or other visible improvements on this property. These photos also do not indicate any crops grown except grass or other forage for hay. There is also no evidence that irrigation water has been applied to the land.

According to county records the 3B NW property has never been enrolled in the current use program for farm and agricultural land. The current owners are not farmers and they do not have any equipment or expertise to conduct agricultural production activities.

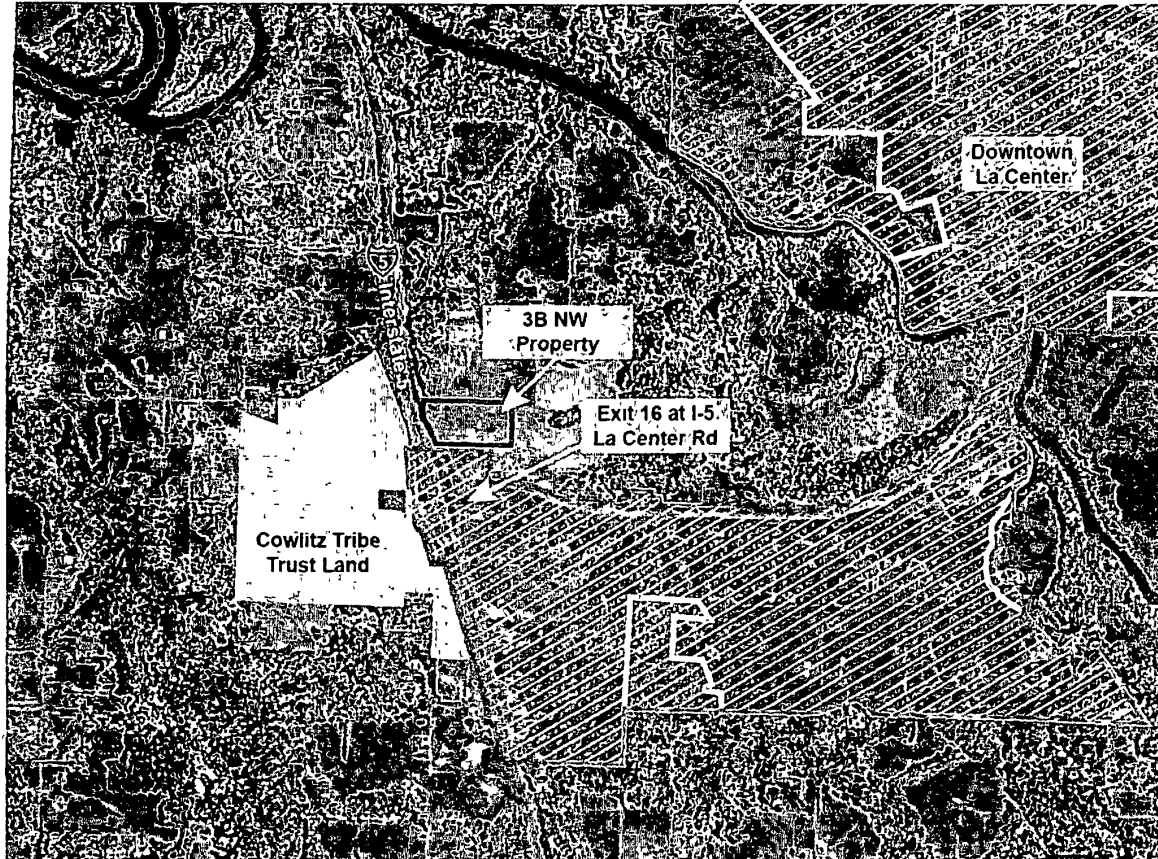
The 3B NW owners have the grass regularly mowed to ensure that the property is free of noxious weeds. A neighbor, Tom Kane, cuts the grass and in exchange for this service Mr. Kane bales the grass hay for his own purposes. The property owners receive no payment from Mr. Kane. There are no buildings, usable fencing, wells or other improvements on this property. The old, perimeter fencing has been abandoned for many years and the 3B NW property owners state that the property has not been used to pasture animals since the 3B NW owners took possession of the property in 1997.

The southern boundary of the 3B NW property adjoins the La Center city limits for about 530 feet, which is the portion of southern border of the property that is shared with the Paradise Truck Stop property. This is seen in Figures 1 and 2.

The Fudge property adjoins the remaining portion of the southern boundary of the subject property and also adjoins the eastern boundary of the subject property. As previously noted, the Fudge property is a former dairy.

The southwest corner of the subject property is less than 800 feet from the I-5 northbound on-ramp at the La Center Junction. The 3B NW property is less than four-tenths of a mile from the eastern boundary of the Cowlitz Tribe trust lands. The subject property is about 2.1 miles from the core downtown area of La Center.

Figure 1
Vicinity Map of 3B NW LLC Property



WGS 1984 Web Mercator Auxiliary Sphere
Clark County WA GIS <http://gis.clark.wa.gov>

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Figure 2
3B NW Property With Key Nearby Land Uses, Zoning
and New Interchange Roads



WGS 1984 Web Mercator Auxiliary Sphere
Clark County WA GIS <http://gis.clark.wa.gov>

Future interchange alignment shown courtesy of
Kittelson & Associates

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View of I-5 from 3B NW property looking southwest. NW Paradise Park Road is not visible but is between the property's western boundary and the freeway. Photo taken April, 2015.

Three recent public facility projects have been approved by Clark County for siting on land north or northeast of the 3B NW property. Each of these properties are described below and identified in Figure 2.

1. In 2011 the County approved a new electric substation for construction on five acres (tax parcel 986027200) with operation by Clark Public Utilities (CPU) to serve the urbanizing area. This property is in the Ag-20 zone with Industrial Urban Reserve 20 (UR-20) designation. It is located on the east side of NW 26th Avenue at NW 324th Street. It is approximately 400 feet east of the northeast corner of the subject property.
2. The second development is the KWRL Transportation Cooperative located at 32519 NW 31st Street just off of NW Paradise Park Road (tax parcel 209699000). This is a shared transportation service operation that provides bus transportation to the Kalama, Woodland, Ridgefield and La Center school districts. This \$1.4 million facility opened in 2014 and as currently designed has approval for 67 bus parking stalls and 73 staff parking stalls. The co-op purchased 19 acres on land that was in the Ag-20 zone. The facility has an approved phased development plan that may allow for fueling and bus wash, and completion of a driver building with bathrooms, a kitchenette, lockers and tables and chairs. This property is about 600 feet north of the northwest corner of the 3B NW property.
3. The third development is the Clark Public Utility's Paradise Point Water Supply System. This is a major effort to meet the next 40 years of growth in water supply needs in La Center, Ridgefield, Battle Ground and other parts of North Clark County. A building to house the water treatment and reservoir storage needs will be constructed in the next two to three years on a 1.98 acre property the utility owns (tax parcel 986028840). This property is immediately across the street from the subject property at the intersection of NW 31st Avenue and NW 324th Street.

The Fudge property is directly east of the 3B NW property. The Fudge property is comprised of two adjoining parcels that together total 44.1 acres. The Fudge property owner, with the full support of La Center, has a current request before Clark County to include that property in the La Center UGA.

The city limits of La Center abut the 3B NW property and extend south of La Center Road in the vicinity of the Interstate 5 freeway interchange at La Center Road. Four parcels located directly south of the Paradise Truck Stop and Fudge property and along La Center Road are all within the C-2 zone (community commercial district) of La Center (see Figure 3 and Table 1). A wide range of retail uses are allowed in the C-2 zone. Two of the four parcels are part of a group of properties that are commonly referred to as the "Circle C" properties. The City entered a Pre-Annexation Development Agreement with these property owners in 2011. This agreement encompasses approximately 120 acres of property that La Center has annexed with the key factor being the city's agreement to rezone this property from industrial or multi-family residential to commercial use and light industrial.

A major factor set to boost urban growth near the 3B NW property is the 152 acres of land immediately east of the La Center/I-5 interchange that is now held in trust by the United States of America for the Cowlitz Tribe's reservation. This trust deed was recorded in March of 2015. The Bureau of Indian Affairs has also given notice that it is conferring federal reservation status to the Cowlitz Tribe. In anticipation of the full build-out of the tribe's reservation, the business partners of the Cowlitz Tribe, the Salishan-Mohegan LLC, are paying for all major road and sewer improvements. These improvements will allow for the construction of a 134,000 square foot casino, a major resort hotel and retail complex, tribal government offices, elder housing and other improvements.

The Eagle Crest subdivision is about one mile east of the subject property. This subdivision is in the county's jurisdiction and features 26 single family lots of five acres or more.

Three parcels totaling 4.4 acres that are south of the Paradise Truck Stop property have been purchased by the Salishan-Mohegan LLC to provide right-of-way for the realignment of NW Paradise Park Road in order to accommodate greater on and off ramp traffic at Exit 16 of I-5. This is another indication of the significant land use changes that are expected in the vicinity of the Cowlitz Tribe's reservation on both the west and east sides of I-5 at this interchange.

Analysis of resource land for its long term commercial significance for agriculture needs to evaluate the property characteristics that determine if continued use for farming and livestock use is feasible. The subject property abuts or is close to many properties that are in intense development use, or will be soon. These properties fall in one of these categories: active commercial use and in the La Center UGA; zoned for commercial use with the La Center UGA, in five-acre residential housing development, or approved for a government facilities (Clark Public Utilities water treatment plant or Clark Public Utilities electrical substation).

Other nearby properties that are in the Ag-20 zone to the north and east of the 3B NW property are either primarily idle, in pasture with small number of livestock for incidental grazing by cattle or other livestock or used for grass hay production. These uses do not constitute commercial agricultural uses of land and should not be considered agricultural resource lands under the definitions of the GMA.

Figure 3 Surrounding Properties



Legend

- Site: 3B NW Property
- Surrounding Parcel Boundaries
- *"A" to "L" are keyed to Table 1

1,074.3 0 537.15 1,074.3 Feet

WGS_1984_Web_Mercator_Auxiliary_Sphere
Clark County, WA GIS - <http://gis.clark.wa.gov>

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Table 1
Key Information on Property in Vicinity of 3B NW Property

Lot ID (See Figure 3)	County Assessor Parcel ID Number	Ownership	Zoning	Lot Size (Acres)
A	209738000	Minit Management LLC (known as Paradise Truck Stop)	La Center C-2	4.22
B	209705000	Fudge Estate, c/o Griffith Trust	Ag-20 with (Urban Reserve, UR-20), Industrial Overlay	24.1
C	209748000	Fudge Estate, c/o Griffith Trust	Ag-20 with (Urban Reserve, UR-20), Industrial Overlay	20.0
D	209703000	Landon, Gloria (transfer in process to Salishan-Mohegan LLC)	La Center C-2	1.19
E	209708000	Vanvessem, John & Shanna	La Center C-2	2.48
F	211215000	Carlson Investments LLC	La Center C-2	16.29
G	211264000	Circle C Corp	La Center C-2	6.29
H	209694000	Holmes, Barbara C., Trustee	Ag-20 with (Urban Reserve, UR-20), Industrial Overlay	15.0
I	986027200	Clark Public Utilities (Electric Substation to be built)	Ag-20 with (Urban Reserve, UR-20), Industrial Overlay	5.0
J	209749000	Paradise LaCenter LLC	Ag-20 with (Urban Reserve, UR-20), Industrial Overlay	18.43
K	209699000	KWRL Transportation Cooperative	Ag-20 with (Urban Reserve, UR-20), Industrial Overlay	19.0
L	986028840	Clark Public Utilities (Paradise Point Water Treatment Plant to be built)	Ag-20 with (Urban Reserve, UR-20), Industrial Overlay	1.98
			Total Acreage	133.98
			Average Parcel Size	11.17

Source: Clark County Assessor's property records.

Analysis to determine if Lands are Agricultural Lands under GMA

This report was prepared with consideration of fourteen elements that are primary factors for de-designation of resource land under the GMA. The first three are taken from the definition of agricultural resource lands in the Act:

- 1) Are the resource lands already characterized by urban growth?
- 2) Are the resource lands primarily devoted to the commercial production of agricultural products enumerated in RCW 36.70A.030 (2)?
- 3) Is there long-term commercial significance for agricultural production, as indicated by soil, growing capacity, productivity, and is the land near population areas or vulnerable to more intense uses?

The next eleven factors are enumerated in [former] WAC 365-190-050. They are:

- 4) Land-capability classification from the U.S. Department of Agriculture;
- 5) The availability of public facilities;
- 6) Tax status;
- 7) The availability of public services;
- 8) Relationship or proximity to urban growth areas;
- 9) Predominant parcel size;
- 10) Land use settlement patterns and their compatibility with agricultural practices;
- 11) Intensity of nearby land uses;
- 12) History of land development permits issued nearby;
- 13) Land values under alternative uses; and
- 14) Proximity of markets.

These points are covered in this report. For the reasons stated herein, it is my opinion that the subject property does not meet the GMA criteria for agricultural resource lands.

Conclusion of this analysis: The 3B NW LLC property fails to meet the Growth Management Act's definition of Agricultural Resource Lands.

Agricultural land is defined by the Washington Growth Management Act as "land primarily devoted to the commercial production of horticulture, viticulture, floriculture, dairy, apiary, vegetable, or animal products or of berries, grain, hay, straw, turf, seed, Christmas trees or livestock, and that has long-term commercial significance for agricultural production" (WAC 365-190-050A). This definition states two conditions that must be met: the land is in an area used for or primarily devoted to agricultural production and the land has on-going commercial significance for agricultural production. **In my opinion, the subject property fails to meet both the first and second elements of this definition: it is not currently primarily devoted to agriculture and it does not have significant commercial agricultural potential for the future.**

Evaluation for De-Designation of the 3B NW Property

1. Are the agricultural resource lands already characterized by urban growth?

The subject property is within an area of significant urban growth with rapid expansion. This property adjoins the city limits of La Center to the south. The Industrial Urban Reserve overlay designation for this area signals that the county as well as La Center expect future development here. The I-5 Exit 16 interchange (measured at the start of the northbound on-ramp of I-5) is about 800 feet from the southwest corner of the 3B NW property. Construction will start in 2016 and will allow for the major increase in road capacity and thereby attract commercial development, some of which is already far along in planning and design.

The Paradise Truck Stop is a significant commercial enterprise located immediately south of the 3B NW property. This business features truck and general vehicle fueling stations, a convenience store and truck parking. The KWRL bus transportation facility, the Clark Public Utility Paradise Point Water facility and the Clark Public Utility new electric substation are in place or will be constructed in the next few years. The Eagle Crest residential subdivision comprised of 26 lots is within a mile of the 3B NW property. Additionally and very significantly, the Cowlitz Tribe has secured 152 acres in trust status and the federal government has recognized the reservation at this site. The Cowlitz Tribe and its business partners are also moving ahead with major development plans for its casino and related commercial and cultural activities less than half a mile from the 3B NW property. The Tribe is resolute in accomplishing its plans and has passed many major hurdles to establish its reservation at this site.

The Cowlitz Tribe and its backers are fully funding the improvements needed at the new I-5/La Center Road interchange. According to Kittelson and Associates, who are lead engineers in the design and planning, the current average daily traffic count is 11,000 vehicles east of the I-5 interchange. With full build out of the Cowlitz Casino and other development on the Cowlitz Reservation the average daily traffic count should go up to about 20,000, or about double current traffic levels. The City of La Center owns La Center Road within their city limits and classifies it as a Major Collector. The City of La Center also owns NW Paradise Park Road over its full length of the 3B NW property.

The design and planning work for the interchange is moving forward at a rapid pace. This highway project has the full participation of the State of Washington Department of Transportation, the Federal Highway Administration and the City of La Center. The Federal Highway Administration is currently reviewing the design. Improvements to the interchange are listed in element 5 below. The upgraded interchange will allow for intensive urban development and directly change the character of the 3B NW property especially due to the realignment of NW Paradise Park Road, which is seen in Figures 2 and 4, and discussed further below. The current timeline calls for the construction of the improvements to start as soon as the spring of 2016.



Looking southwest from the 3B NW property toward the Paradise Truck Stop. Photo taken April 2015.

2. Are the resource lands primarily devoted to the commercial production of agricultural products?

The subject property has had incidental use for agriculture but is clearly not primarily devoted to agricultural production. Tom Kane, a neighbor, cuts the grass for hay which he either feeds to his cattle or sells to others. The 3B NW owners are careful to control weeds as the county has contacted them in the past about noxious plants on the property. Mr. Kane does not pay rent to the 3B NW property owners. This arrangement is a convenient, no-cost way for the property owners to control noxious weeds.

Other land in the vicinity of the 3B NW property is generally not used for commercial agricultural production. There is a property north of the subject property this is used to pasture cattle by Mr. Kane. Otherwise there are no activities on adjacent land that are devoted to commercial agriculture.

Because the subject property has incidental use for agriculture, has no improvements for agriculture and is held for development use this property is not primarily devoted to agriculture.

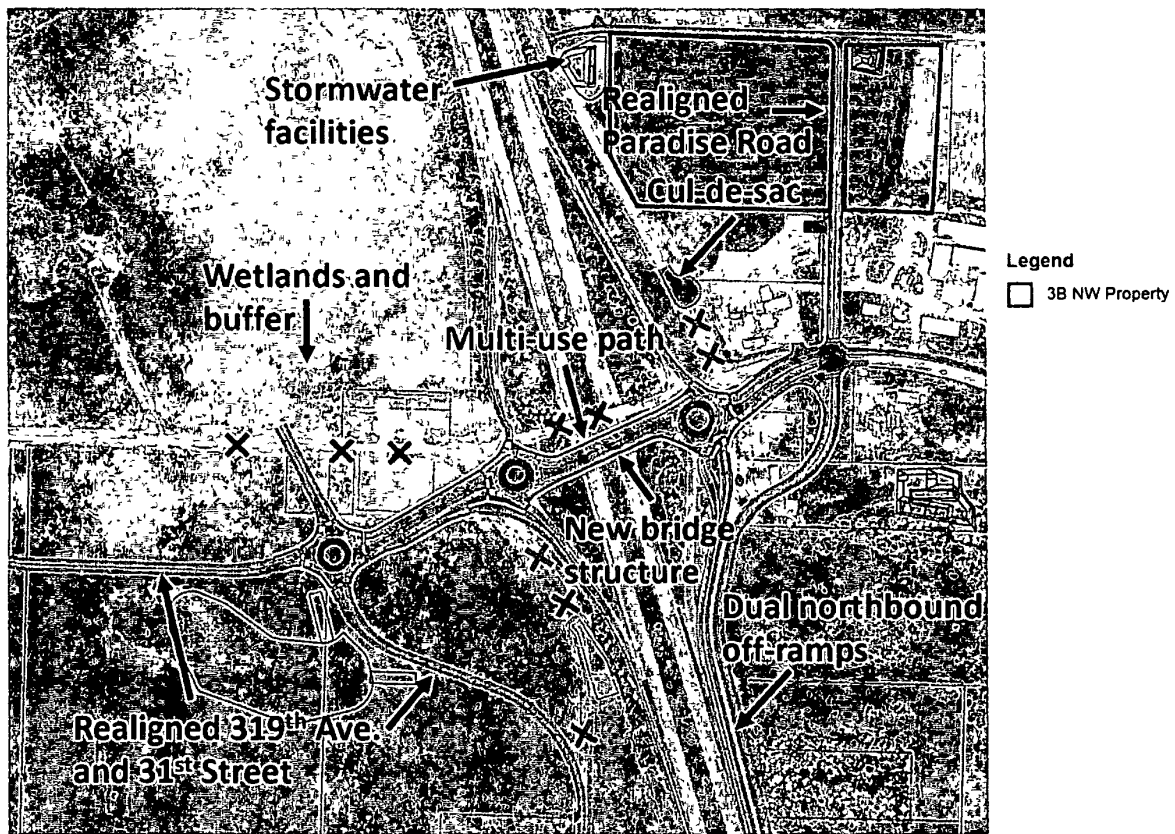
3. Is there long-term commercial significance for agricultural production, as indicated by soil, growing capacity, productivity, and is the land near population areas or vulnerable to more intense uses?

The 3B NW property has major commercial use potential in the near-term due to its prime location along NW Paradise Park Road and closeness to the La Center Road/Interstate 5 interchange. This property is also considered prime because it is next to the existing La Center UGA and close to the Cowlitz Tribe's reservation with its planned, intensive commercial development. The 3B NW property will also soon have ready access to public sewer and water infrastructure when it is extended in La Center Road.

The subject property will have even more attractiveness for development with its road frontage when the new alignment of NW Paradise Park Road is complete (see Figure 4). La Center wants to guide development to this area in order to meet its employment/economic development objectives. This is stated in the La Center Comprehensive Plan, the proposed La Center Junction Subarea Plan and the Economic Development Strategy Action Study for La Center. The near-term availability of water and sewer infrastructure also adds greatly to attractiveness of this property for intensive development use:

With regard to land productivity for agriculture, soils are a key focus. The majority of the soils on the subject property are Gee series and are classified by USDA as capability class IIIe ("e" refers to erosive). Some soils may be considered prime, if they are aided by artificial drainage measures such as subsurface tiling, however there is no functional agricultural drainage on this property. Refer to element 4 below for further discussion of soil conditions.

Figure 4
I-5 Exit 16 Interchange Planned Improvements



Source Kittelson & Associates, Inc
 From Presentation to La Center City Council, March 12, 2015

Livestock Production Potential

The economic feasibility for raising livestock cannot be attained on the subject property. Part of the reason is that cattle as well as other livestock such as sheep and goats need shelter, perimeter and cross fencing, holding pens and a source of water at a minimum. None of these are available on the property and the capital cost for these improvements is not included in the loss estimate given below. Perimeter fencing is one

example of costs required if the land is devoted to cattle production. The current perimeter of the 3B NW property is 3,025 feet. The cost to build a barb wire fence suitable for cattle is about \$4,800 with annual maintenance and repair cost of \$800. The cost of woven wire fencing for sheep or goats would be higher. Other costs for building shelter, sourcing water and building holding pens would add to the initial investment.

The capital costs described cannot be covered due to the lack of income from a small scale cow-calf livestock operation. A budget by the U.S. Department of Agriculture (USDA) for cow-calf operations in the western U.S. for 2012 and 2013 show net losses for these operations for both years (see the following web site for details: <http://www.ers.usda.gov/data-products/commodity-costs-and-returns.aspx>). The operations analyzed in the USDA budget consider 138 cows with an annual calf crop of 104 animals which is a significantly larger herd than can be managed on the subject property. The 12.45 acre subject property could carry about five cows. The overhead costs of such a small herd are very high compared to 138-head cow herd. Even when ignoring opportunity cost for labor and death loss the resulting annual net return is a loss of \$2,000 for a five-cow operation.

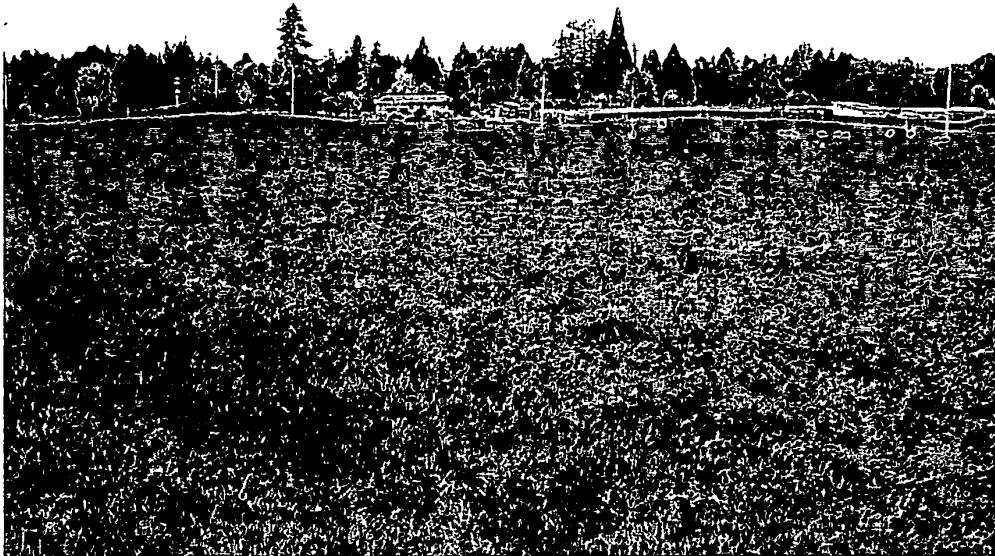
Hay and Grain Production Potential

As previously described, the only purpose for mowing the grass is to control noxious weeds. There are significant limitations for attempting to grow other, higher value crops. These include the relatively small size of this property and the lack of irrigation water supply. Therefore it is assumed the only prospective agricultural crop activities are grass hay or grain production.

Grass hay production without livestock grazing is one of the more common rural land use activities in Clark County. Mr. Griffith, who operates a non-farm hauling business next to the subject property, reports that the average grass hay yield is about 2.7 tons per acre. A grass hay budget from the University of Nevada has been adopted to estimate the returns from raising and selling native grass hay. At a sales price of \$90 per ton, the hay crop would have gross returns of \$243 per acre. All costs, excluding labor would result in per acre costs of about \$168 per acre for a net return of about \$75 per acre. At 12.45 acres of hay production on the property this means there is a net income of about \$934 without considering the operator's labor. It is not reasonable to expect a farmer to plan for a long-term business of raising hay on the 3B NW property.

Wheat is also a potential alternative that was evaluated. However, grain production is not easy or practical to grow on small acreages due to the specialized farm implements needed, particularly the need for a grain harvester. Hiring third parties for custom field work is cost prohibitive for a field of just 12.45 acres. Common diseases like stripe and leaf rusts and powdery mildew are also additional reasons Clark County is a very minor grain production area. Other lower rainfall areas with lower land prices are much more suited to producing grains crops.

The subject property is capable of growing wheat with a yield of approximately 70 bushels per acre. Budget analysis shows that wheat production would generate an estimated net return of \$125 per acre or a total of about \$1,555 per year. The final return is lower after applying this revenue to the equipment costs to prepare the ground, plant the crop and harvest the grain. Wheat would need to be rotated annually with other non-grain crops to reduce the potential for disease. Producing other grains such as oats or barley is also not financially feasible over the long-term.



Looking northwest with the 3B NW property in the foreground. The Clark Public Utility property where the regional water treatment plant will be built is to the left of the house seen near the center of this photo. The KWRL Bus Transportation facility is seen in the upper right of this photo. Photo taken April 2015.

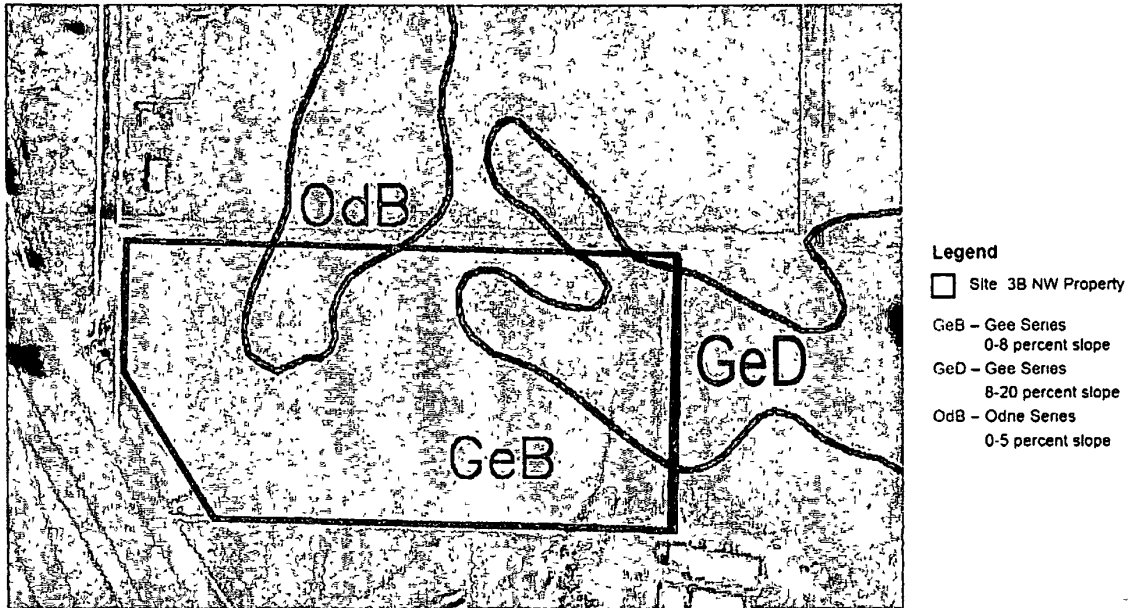
4. Land-capability classification from the U.S. Department of Agriculture

The USDA places about 95 percent of the soils on the subject property in the Gee series. Gee soils are medium-textured silt loam formed in old alluvium deposited by the Columbia River. They are generally deep and moderately well drained and found on rolling and hilly eroded terraces.

Most of the soils on the subject property are in the Gee series with 0 to 8 slopes (soil series "GeB"). Figure 5 shows the soils on this property. A minor amount is in the range of 8 to 20 percent slopes (soil series "GeD"). A very small amount of the ground – about four to five percent – is in the Odne soil series (soil series OdB). These soils are deep, and nearly level but poorly drained. Odne soils are generally limited to hay and small grain crops.

Given the slight slope of this property and its grass cover, erosion is not a significant consideration. The grass covered land in the GeB and GeD classifications are grouped in capability class III. These are not considered prime soils for farming.

Figure 5
Soils Map



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USDA soil surveys further indicate that the Gee soils of Clark County are almost entirely found in the area from Salmon Creek to Sara and north to the Lewis River. Most of the Gee soils were cultivated in the 1940's to 1960's when farming was much more prevalent in the area. Currently these soils are principally used to raise hay and pasture, which are low-value crops. Historically Gee soils have supported production of high value crops, including strawberries, pole beans, potatoes, cane fruit and corn. However very few of these crops are now grown on Gee soils in the vicinity of the subject property. None of these high value crops are known to have been grown on the subject property for at least 25 years and likely have not been grown here for at least 60 years of ever. This is based on conversation with Mrs. Linda Fudge who previously owned this property and from review of aerial photographs dating back to the mid-1950's.

5. Availability of Public Facilities

Roads

The I-5 Exit 16 interchange is far along in the design and planning stage. In total this project will cost approximately \$40.0 million. The entire cost of the design, planning, land acquisition and construction of the upgraded interchange has been pledged by investors in the Cowlitz Tribe reservation and proposed casino project (see Figures 2 and 4).

The improvements to the interchange include:

- A new bridge structure over Interstate 5
- Dual northbound off-ramps

- Realigned NW Paradise Park Road with Cul-de-sac (which will create a new road that passes through the 3B NW property)
- Realigned 319th Avenue and 31st Street

It is important to note that the realigned NW Paradise Park Road will be routed east of its present location. In the new alignment NW Paradise Park Road will proceed north along the western boundary of tax parcel 209705000 (Fudge property) and continue north taking property from the 3B NW LLC property (tax parcel 209746000) for right of way. This alignment will create a greater amount of road frontage for the 3B NW property. The owners of the subject property have signed a purchase option agreement that will give the Salishan-Mohegan LLC the right to re-locate this road through the 3B NW property. The extension of the road through the subject property will result in prime road frontage on both sides of NW Paradise Park Road. From an agriculture perspective this will result in two smaller parcels, one of about 7.5 acres and the other of about 3.6 acres (see Figures 2 and 4).

Wastewater Facilities

The City of La Center owns and operates the sewer collection system and wastewater treatment plant (WWTP) that serves the annexed and developing area near the 3B NW property. The City has entered financial and operating agreements with the Cowlitz Tribe to serve the tribe's needs at the Cowlitz Reservation. The Cowlitz Tribe has pledged to buy existing and expanded sewer capacity needed at the WWTP for their development plans and to build the collection system necessary with lift stations and the large capacity distribution lines along La Center Road. Other developers will pay late comer fees to reimburse the Tribe for the initial funding they will advance for this infrastructure project. This will bring the sewer within easy reach of the 3B NW property.

The Paradise Truck Stop and KWRL Transportation Cooperative have stated their desire to connect to the sanitary sewer system at La Center Road. Other businesses and residential customers will also be attracted to this area when the sewer system is in place.

Municipal Water

CPU provides public water service to La Center and the surrounding area. To meet long-term demand for water supply in La Center, Ridgefield and surrounding areas of North Clark County, CPU has initiated development of the Paradise Point Water Supply System. This system entails drilling the well field near the East Fork of the Lewis River, constructing water supply lines along Paradise Point Park and NW Paradise Park Road to bring the water to a new, planned treatment plant. The treated water will then be piped to interconnect with CPU's existing regional water supply network. The new Paradise Point water treatment plant will be built on land currently owned by CPU that is immediately across from the subject property at the intersection of NW 31st Avenue and NW 324th Street. Well drilling is planned to start later in 2015. The supply line that will deliver water to the treatment plant will be placed shortly thereafter. Construction of the Paradise Point Water Treatment Plant is likely to start in 2017. To inter-tie this water supply with the regional system, CPU will connect the outflow from the treatment plant to high capacity supply lines that will connect with the existing supply lines at the intersection of Timmen Road and La Center Road. The new high capacity lines will then go west along La Center Road to the Cowlitz Reservation. This extension of the new main water line will afford direct access to municipal water at the 3B NW property.

Schools

Residents in the area of the subject property are served by the Ridgefield School District.

Parks and Trails

NW Paradise Park Road provides access to the Paradise Point State Park. The park entrance is approximately three quarters of a mile from the 3B NW property. The park is an 88-acre camping park with 6,180-feet of shoreline on the East Fork of the Lewis River. The park has four miles of hiking trails and swimming access at the river.

Through the Legacy Lands program of Clark County there are properties abutting the State park held by the county for possible future recreation development and environmental protection. The county has land both along NW Paradise Point Road and along the Lewis River to the east of Paradise Point Park. According to the county at the present time there are no specific plans or budget to allow public access to these properties.

To the east of the 3B NW property, near the eastern edge of the Fudge property, Clark County shows a proposed trail on a regional trail map that would run north and south. This might follow McCormick Creek within the Eagle Crest subdivision to interconnect with other trails proposed along the East Fork of the Lewis River. According to Clark County, there are no current plans to develop this trail.

6. Tax Status

The subject tax parcel (209746000) is not now, and never has been, in the current use taxation program for farm and agriculture. The property is in regular tax status and the owners have been paying taxes on the full market assessed value since they purchased the property in 1997.

7. Availability of Public Service

As previously described, the 3B NW property will have very close or direct access to public water and sewer services that are planned for extension in La Center Road and to property such as the Paradise Truck Stop that is in the city limits of La Center. These new infrastructure services will be available within 2 to 5 years.

The subject property is about 1.6 miles from the downtown core area of La Center. This affords close access to police, fire, library and all other La Center governmental services.

Property purchased by Clark College for a future campus is one freeway exit away, near the Ridgefield Junction at I-5. This is approximately three miles from the subject property.

8. Relationship or Proximity to Urban Growth Areas

Over half of the southern boundary of the subject property adjoins the City of La Center city limits. The 3B NW property also abuts the Fudge property, and the Fudge property in turn adjoins the city limits of La Center to the south. The close proximity to development and properties with near-term development approval is shown in Figures 2 and 3.

9. Predominant Parcel Size

The subject property is in one parcel (tax parcel number 209746000). The total parcel size is 12.45 acres. However, when the new alignment of NW Paradise Park Road is complete in one to two years this property will be bisected by the road with frontage on both sides of NW Paradise Park Road (see Figure 4).

10. Land Use Settlement Patterns and their Compatibility with Agricultural Practices

The land settlement pattern is diverse but increasingly urbanizing. Nearby properties are shown in Table 1. Of the 12 properties that are near the 3B NW property, five are annexed by La Center and in its C-2 zone (Community Commercial), and seven are in the County's Ag-20 zone (agriculture) with the Industrial Urban Reserve overlay designation. Three of the seven properties in the Ag-20 zone have been granted development usage by Clark County: one is an operating bus facility, one is approved for a Clark Public Utility water treatment plant and the third is approved for a Clark Public Utility electric substation. This area

is undergoing major urban transformation that is not compatible with agricultural practices which often produce odor, dust, mud or create noise from operations outside of customary daytime work hours.

Average parcel size of the nearby properties is 11.17 acres, (Table 1) which is very close to the 12.45 acre 3B NW property.

11. Intensity of Nearby Land Uses

The Paradise Truck Stop offers fueling and retail services to all vehicles ranging from automobiles to heavy-haul trucks. This is an intensive highway commercial business the C-2 (Community Commercial) zone of La Center. La Center envisions other major retail and other commercial business to settle in the adjoining C-2 zone south of La Center Road and is proactive in opening this area of newly annexed land. The Cowlitz Tribe and its business partners are moving ahead to fund major infrastructure improvements that include the freeway interchange at La Center Road, and expanded sewer and water facilities. Electrical service is also expanding. Access to key urban services is a strong force for new property development in all directions and near I-5 and La Center Road.

The Cowlitz Tribe is moving forward with their plans to build a casino of up to 134,000 square feet, with shopping and retail space on the reservation. They also plan for a hotel of up to 250 rooms and tribal buildings and residential housing for tribal members. The tribe is also committed to bringing all needed water, sewer and other utility services to their reservation, which means these services will also soon be readily accessible to the 3B NW property.

Some open land to the north and northeast of the 3B NW property is used for livestock grazing. These parcels are along NW 324th Street and NW 21st Avenue. In the near future these properties are going to have added traffic exposure from the realignment of NW Paradise Park Road through the 3B NW and Fudge properties.

12. History of Land Development Permits Issued Nearby

Within one mile or less of the subject property are: 1) one significant highway commercial property (the Paradise Truck Stop), 2) the KWRL Transportation Co-op's bus facility, 3) the planned Clark Public Utility's regional electrical substation 4) the Clark Public Utility's planned Paradise Point Water Treatment facility and 5) one large lot subdivision with 26 lots, most with homes.

13. Land Values under Alternative Uses

Unimproved land of 12 to 20 acres without improvements in the vicinity of the subject property is valued by the Clark County assessor at \$10,600 to \$15,800 or more per acre. The KWRL property was purchased in 2010 and when the price is adjusted to reflect the usable land area the sales value was over \$22,000 per acre. The five acre property that sold to the Clark Public Utility for a substation was purchased in 2008 for \$100,000 per acre. The subject property's assessed full market value for land is \$197,200. Considering that there are 12.45 acres in this property the per-acre value is over \$15,800. The owners expect a buyer will pay considerably more in the very near future after the new road is constructed and the new urban utility services are in place.

Farmers favor buying land that is close to their existing farm and have little development potential so the land is more affordable. Beginning farmers often look for small parcels of five to 10 acres with a residence or a good site for building a home. In such cases they are buying land that includes value for residential use which affords the opportunity for rural lifestyle living plus agricultural activities. Development value that is already "priced into" the 3B NW property and other nearby land is reflected in the high values reported above. Farmers who only intend to buy land for long-term farming are generally unwilling or unable to pay these high prices for land to continue farming.

Persons seeking a rural lifestyle with farming are largely excluded from purchasing the 3B NW property due to the amount of acres involved and its prime frontage when NW Paradise Park Road is realigned through this property. The demand for land for development and this property's attractive location have pushed the value of the subject property well beyond what farmers could reasonably pay to operate it for crop or livestock production.

14. Proximity of Markets

Distance to markets for agricultural products is highly variable and depends on many factors. As stated earlier, the grass hay production is an incidental by-product of the owners wishing to keep noxious weeds off the land. Mr. Kane, who cuts the grass and bales it, reports that he feeds it to his cattle that are nearby or the excess is sold in the local area.

Conclusions

For many reasons the 3B NW property does not meet the criteria of agricultural land as defined by the GMA. The main factors are:

- The property's excellent current location vis-a-vis I-5 exit 16 and La Center Road will soon have even more prime road frontage when NW Paradise Park Road is relocated on this property.
- The new road location for NW Paradise Park Road will split the 3B NW property into two parcels. In addition to losing land for the roadway, the 3B property will lose net usable acreage due to placement of a proposed storm water drainage system. The sizes of the remaining parcels are not precisely known but clearly dividing this property with a major road makes each parcel even less feasible to farm than currently. Economic analysis included in this report shows that the current property is already economically infeasible.
- In 1994 Clark County has placed an Industrial Urban Reserve overlay on the 3B NW property as well as many nearby properties to the east and north. This is a strong signal that county sees this area as best suited for urban, non-agricultural use. As further evidence of that view, the county has approved developments for a school bus facility, a public water treatment plant and an electric substation that are further from the La Center city limits than the 3B NW property. These developments, in conjunction with the La Center city limits and long approved truck stop land use to the south, are all urban-attracting land uses near the subject property. None of these uses are compatible with prospective agricultural land use of the 3B NW property.
- The Industrial Urban Reserve overlay also "freezes" the property out of investment for agricultural improvement. Farmers would not invest in placing farm buildings, drilling an irrigation well or building new livestock pens, etc. because of the risk that the investment would not be recovered due to expected near-term land conversion to development use.
- The City of La Center has a clear economic development strategy to encourage and support commercial and retail businesses in the vicinity of the subject property with the primary purpose of increasing employment opportunities for La Center residents. This is stated in the La Center Comprehensive Plan, the proposed La Center Junction Subarea Plan and the Economic Development Strategy Action Study for La Center. The city has already annexed land that adjoins the 3B NW property. Nearby the city entered a rezoning agreement with Circle C properties to assist them in bringing new business and employment to the area.

- La Center has a sanitary sewer agreement with the Cowlitz Tribe to provide this service to their reservation by 2017. This in turn is going to make such utility services easily accessible to other properties, including the 3B NW property.
- In addition to sanitary sewer service, other major infrastructure including road improvements at the I-5 interchange, new water supply lines and expanded electrical service are planned for placement along La Center Road. This makes these services readily accessible to the 3B NW property. These major infrastructure improvements should all be available in 2017 or possibly sooner.
- The current owners of the subject property, who have no farming interests, have not been approached by anyone wanting to buy, lease or rent this land for farming use. The lack of interest in farming this property is compounded by the fact that no agricultural improvements exist thereon.
- Recognition by the federal government of the Cowlitz Tribe's trust land status is a major signal that ultimately the Tribe will establish their 152 acre site west of the I-5 interchange as their cultural and business home. This is another major factor that will add to development of the 3B NW property as well as other surrounding property in many commercial and related urban land uses.

Revision of the La Center UGA to include the 3B NW property and the rezoning to de-designate this land as non-agricultural should not be denied on the basis that this property is productive agricultural land resource land or that it has long term significance for commercial agriculture.

Attachment 1: Professional Background, Experience and Education of Bruce Prenzger

Personal Profile: *I was raised on a wheat and cattle ranch in Eastern Washington where I lived until I left to attend college at age 18. As a youth I worked for my parents on our farm on the weekends and in the summer months. In the summer during my undergraduate college years I worked on diversified farms in the Yakima Valley and on Horse Heaven area where I grew up. I greatly enjoyed farm life and set my goal to have a career in agriculture. Through my education, work experience and career advancement I have achieved my goal of staying closely associated with farming and ranching through my chosen field of agricultural economics.*

Education: University of Wisconsin
Madison, Wisconsin
M.S.--Agricultural Economics, 1975

Washington State University
Pullman, Washington
B.S.--Agricultural Economics, 1973

Teaching: Adjunct Instructor of Economics, Washington State University-Vancouver,
WA Branch Campus, 2005

Other Activities Member, Friends of Washington State University—School of Economic
Sciences

Professional Experience *President, Globalwise, Inc.*

1996 -- Present

- Developed and currently manage a successful, diversified economic and marketing consulting practice with a portfolio of over 60 clients
- Analyzed economic damages and lost earnings capacity for the clients of attorneys in the Pacific Northwest and testified in court or gave depositions as required.
- Managed projects for clients that have resulted in new business formation, on-going new product sales, based on recommendations for objective management decision-making

Executive Director, Western U.S. Agricultural Trade Association

2000 -- 2002

- Managed 13 member state export program in cooperation with private companies. Improved overall federal funding for states and companies despite declining availability of federal funding.

- Led the staff in development and implementation of a project tracking and reporting system that provided new management information and documented credible results for the largest number of companies assisted in the history of the association
- Evaluated and proposed projects in new federal programs that resulted in \$600,000 of new program funding to the association.
- Increased association reserve funds by 15 percent and led the Board to adopt new reserve fund investment policies.

Assistant Director, Western U.S. Agricultural Trade Association

1980 -- 2000

- Initiated and managed international market development programs in 10 countries that introduced over 100 U.S. companies to importers and distributors. These programs had sales of over \$10 million for U.S. companies.
- Managed program reviews and evaluation contracts that led to elimination of low performing activities and additional funding and management support to high success programs.

Officer and Principal, Northwest Economic Associates

1978 -- 1996

- Proposed and managed over 100 economic and marketing consulting projects with a total contract value in excess of \$2.5 million

Selected Analyses and Project Reports

- “Agricultural Resource Land Analysis of the Subject Properties Near NW 31st Avenue in Ridgefield, WA: A Determination of De-Designation under the Washington Growth Management Act” for 18 LLC Property Owners, December 2014.
- “The Washington Apple Industry: Updated Evaluation of Contributions to the State Economy and the Important Role of Exports” co-authored with Belrose, Inc. for the Washington Apple Commission, June, 2014.
- “Oregon Property Tax on Machinery & Equipment: Impacts of Extending the Exemption to the Bakery and Dairy Food Processing Sectors to Boost the State Economy” for Oregon FoodPac, April, 2014.
- “Analysis of Maris Farms Crop Loss Damages from Elk Intrusion” for Michael Schwartz, Law Offices of Michael Schwartz, in Administrative Appeals Hearing, Washington Department of Fish & Wildlife, hearing testimony, August 5, 2013.
- “A First Look at Produce Safety Practices and Costs on Oregon’s Small and Medium Sized Fresh Fruit and Vegetable Farms” author with Amy Gilroy for the National Network of Public Health Institutes, June 2013

- “The Orting Study Area: Metrics and Economic Analysis of Organic and Sustainable Agriculture” for PCC Farmland Trust and The Trust for Public Land, February 25, 2013.
- “British Columbia Apple Industry: Strategic Choices and Directions for the Next Decade” co-authored with Belrose, Inc. for the B.C. Fruit Growers’ Association, September, 2012
- “Literature Review on Food Safety Adherence and Cost Among Small and Medium Size Produce Growers” co-authored with Oregon Public Health Institute for the National Network of Public Health Institutes, September 2012.
- “The Washington Apple Industry: Contributions to the State Economy and the Important Role of Exports” co-authored with Belrose, Inc. for the Washington Apple Commission, August 29, 2012
- “Washington Business & Occupation Tax: Impacts of Removing the Exemption on the Food Processing Industry and State Economy” for Washington FoodPac, January 2012
- “Apple Industry Cost and Returns Analysis for British Columbia and North Central Washington” co-author with Dr. Desmond O’Rourke for British Columbia Fruit Growers Association, July 2011.
- “Electrical Energy Efficiency and Emerging Technologies in Northwest Agriculture” co-author with Cascade Economics and MetaResource Group for Northwest Energy Efficiency Alliance, July 29, 2011.
- “Economic Feasibility of Organic Fertilizer Produced from Chicken Manure in Snohomish County, Washington” for Renewable Farming Group of Washington, June 2011.
- “Market Research and Strategic Initiatives for the Oregon Turfgrass Industry in U.S. Markets” co-authored with Dr. Don Roupe for the Oregon Seed Council, April 2011
- “A Profile of Agriculture in the Pacific Northwest: Implications for Electric Utilities” co-author with Cascade Economics for Northwest Energy Efficiency Alliance, August 17, 2010.
- “Exploratory Market Research for the Oregon Turfgrass Industry: Phase I Report – Depth Interviews, Formal Discussions & Secondary Analysis” for Oregon Seed Council, July 2010
- “Review of Northwest Food Processing Market Characterization Report” for The Cadmus Group, Inc., January 2010
- “Economic Performance of the Northwest Food Processing Industry: Trends and Analysis from the Benchmark Data” for Northwest Food Processors Association, July 2009 (the 6th benchmark analysis for NWPFA dating back to 2003)
- “2009 Benchmark Analysis for the Northwest Food Processing Industry” for Northwest Food Processors Association, July 2009.
- “Assessment of Management Systems Companies Doing Business in Idaho, Montana, Oregon and Washington” for Northwest Energy Efficiency Alliance, July 2009.
- “West Coast Food Service Markets for Fresh Organic Fruits and Vegetables”, proprietary market research for a west coast organic food distributor, June 2009.
- “Hood River Working Farmland Study: Summary of Grower & Agri-Business Interviews” for Columbia Land Trust, February 2009.
- “West Coast Food Service Markets for Fresh Organic Fruits and Vegetables”, proprietary market research for a west coast organic food distributor, June 2009.
- “Market Feasibility of a Food Processing Facility in Port of Skagit (Washington State)” in association with Dr. Hector Saez, Washington State University, for Northwest Agri-Business Council and private investors, December 2008.
- “The Prospect for Expanding Portland’s Farmers Markets. Are Growers Ready to Ramp Up the Supply?” for the Office of Sustainable Development, City of Portland, Oregon, May 2008.

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- “Animal Byproduct Technology Assessment and Market Analysis: Options for Oregon” co-author with consultant team for Oregon Department of Agriculture and a consortium of Oregon industries and other government agencies, Portland, Oregon September 2007.
- “Economic Impacts of Food Plant Closure: Analysis of the J. R. Simplot Plant in Hermiston, Oregon” for Oregon Food Processors Council, September, 2004.
- “Economic Impacts of Food Plant Closure Analysis of the Pacific Coast Seafood Plant in Warrenton, Oregon” for Pacific Seafood Group, Portland, Oregon, February, 2004.
- “Economic Impacts of Food Plant Closure: Analysis of the Seneca Plant in Dayton, Washington” for Washington Food Processors Council, Olympia, Washington, September, 2003.
- “Personal Consumption Greatly Impacts Economic Damage Calculations” in Oregon Casualty Adjusters Association Newsletter, February, 2004.
- “Value-Added Agriculture and U.S. Competitiveness A Western U.S. Viewpoint” Analysis and speech presented at the USDA Agricultural Outlook Forum 2002, February 21, 2002, Washington, D.C.
- “Crops and Marketing Opportunities For Agricultural Producers at the Former Wind River Nursery, Skamania County, Washington” analysis presented in “Wind River Nursery Site and Facility Plan” for Skamania County Wind River Redevelopment Team, Stevenson, Washington, June 1, 2000.
- “Implications of Changes in the Food Supply Chain for Small and Medium-Sized Produce Firms in the Pacific Northwest” for USDA Agricultural Marketing Service, Washington, D.C , May 2000.

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