CLACKAMAS COUNTY

MIKE MCCALLISTER
PLANNING AND ZONING DIRECTOR

DEPARTMENT OF TRANSPORTATION AND DEVELOPMENT

DEVELOPMENT SERVICES BUILDING
150 BEAVERCREEK ROAD OREGON CITY, OR 97045

CLACKAMAS COUNTY BOARD OF COMMISSIONERS
2051 Kaen Road, Oregon City
BCC Hearing Room - 4th Floor

LAND USE HEARING
December 3, 2014
9:30 AM

The item will not begin before time noted. Interested parties may appear and be heard during the testimony phase of any hearing at the above address. If a hearing is set for decision only, the evidence phase has been completed, so interested parties may no longer be heard. Applications or comments may be inspected, and calls or correspondence directed to: Planning & Zoning Division, 150 Beavercreek Road, Oregon City, OR 97045, (503) 742-4500.

HEARING 1

File No.: Z0208-14-CP, Z0209-14-ZAP, Z0207-14-CU *(Continued from 10/22/14)*

Applicants: Karen Karlsson for Powerhouse ReGen, LLC and Bull Run Schoolhouse, LLC
Mark Livingston for Portland General Electric

Proposal: This is a continued hearing from October 22nd. The application consists of a proposed Comprehensive Plan Map amendment from Forest to Rural and a corresponding zone change from Timber District to Farm Forest-10 Acres for the properties adjacent to Roslyn Lake, to include the old PGE Park area, Bull Run School and the hydroelectric power plant on the Bull Run River, north of Thomas Road, as well as a reasons exception to Statewide Goal 4. A Conditional Use for a private park, campground, recreational grounds and similar uses intended for obtaining a profit is also being requested on the park site, pending approval of the Comprehensive Plan Map amendment and zone change.

Staff Contact: Gary Hewitt, 503-742-4519, GaryH@clackamas.us

HEARING 2

File No.: Z0212-14-CP, Z0213-14-ZAP

Applicants: James Dierking for Oregon Lavender Farm & Liberty Natural, Inc.

Proposal: The application consists of a proposed Comprehensive Plan Map amendment from Agricultural or Rural Industrial with a corresponding Zone Change

from Exclusive Farm Use (EFU) to Rural Industrial (RI) for 8.77 acres of the tract. The proposal requires a “Reasons” exception under ORS 197.732 and OAR 660-004-0018 through 0022 (Goal Exceptions) to allow for the warehousing, repackaging, and commercial distribution of agricultural and related goods not produced on the property, in conjunction with the agricultural uses currently on the property.

Staff Contact: Martha Fritzie, 503-742-4529, MFritzie@clackamas.us

Memorandum

DATE: November 5, 2014

TO: Board of County Commissioners

FROM: Linda Preisz – Sr. Planner
Clackamas County Planning and Zoning Division

RE: Historic Review Board Review of proposed structures in the Bull Run property.

Per ZDO Section 707.07C(5) "The Historic Review Board shall review all building permits for proposed structures on a landmark site or within a Historic District. Review and approval of an application shall be based on the following criteria:

a. The design of the proposed structure is compatible with the design of the landmark building(s) on the site or in the district considering scale, style, height, and architectural detail, materials and colors."

The proposed new structures must go through this process. Please see proposed convertible classroom buildings. Also see the existing open air classrooms/picnic shelters. The proposed structures will be built compatible with this design.

The BCC can make an additional condition that new structures must have a "Rustic Theme" and use "Board and Batten" design elements.

In order to limit new structures on the historic site, staff proposes to use the existing cabin for the campground caretaker. See the picture of the cabin.

The historical use of the property has been up to 500 day users and 1,000 special events participants. Overnight stays, including "no trace" use and cabins/tents for up to 300 campers per night can be accommodated.

Memorandum

DATE: November 5, 2014

TO: Board of County Commissioners

FROM: Linda Preisz – Sr. Planner
Clackamas County Planning and Zoning Division

RE: **Conditional Use Permit Z0207-14-C**

Staff has compiled the recommendations of the Planning Commission. Of **NOTE**, the Planning Commission approved more buildings than the applicant requested.

The BCC can approve or deny the application.

The BCC can change the number of participants and structures permitted.

The BCC can add additional conditions.

Planning and Zoning
Development Services Building
150 Beavercreek Road Oregon City, OR 97045
Phone: (503) 742-4500 fax: (503) 742-4550
e-mail: zoninginfo@co.clackamas.or.us
Web: http://www.clackamas.us/transportation/planning/

RECOMMENDATION OF THE PLANNING COMMISSION

This document represents the Planning Commission findings, conclusions and recommended conditions of approval for a Land Use Application of a Conditional Use Permit as cited below. It contains three parts: Section 1 – Summary, Section 2 – Conditions of approval and Section 3 – Findings.

SECTION 1 – SUMMARY

DATE: November 5, 2014

CASE FILE NO.: Z0207-14-C

STAFF CONTACT: Linda Preisz, 503-742-4528, lindap@co.clackamas.or.us

LOCATION: T2S R6E Section 06, Tax Lot(s) 102

APPLICANT(S): Tony Deis, Bull Run Educational Center, LLC, P.O. Box 14400, Portland OR 97293

OWNER(S): Powerhouse Re Gen LLC, Karen Karlsson, 906 NW 23rd Avenue, 52815 East Marmot Rd, Sandy, OR 97055

TOTAL AREA: Approximately 20 acres and 80 acres

ZONING: TBR; Timber District

COMPREHENSIVE PLAN DESIGNATION: Forest

CITIZENS PLANNING ORGANIZATION: Bull Run CPO
Roger Bell
503-668-1649
P.O. Box 75
Sandy, OR 97055
Maia007@yahoo.com

PROPOSAL: Two Conditional Use requests. Proposal A is to authorize a private park on 80 acres of the site zoned TBR. The applicant proposes low-impact recreational uses that will include activities such as hiking, guided nature tours, animal tracking lessons and bird watching.

No new buildings or other structures are proposed on the TBR portion of the site. Day use of the site is proposed to allow up to 800 people (includes participants and staff). The PC recommends that up to 4 times a year, 1,500 participants could attend special events.

Proposal B is predicated on approval of a pending application for a Reasons Exception and Comprehensive Plan/Zone change to authorize a private park, campground and educational center on 20 acres of the site zoned FF-10. In addition to the existing park structures, the applicant proposes 5 convertible classroom buildings-approximately 800sf each (can convert to sleeping quarters), two new open air classrooms/picnic shelters, one outdoor classroom platform-approximately 2,000sf which can also be used for overnight stays (tents), two primitive personal tent camping areas, and a 50 X 80 foot archery range. Day use of the site is proposed to allow up to 800 people and overnight use of the site is proposed to allow up to 300 participants. Access is proposed off an existing driveway from SE Thomas Road.

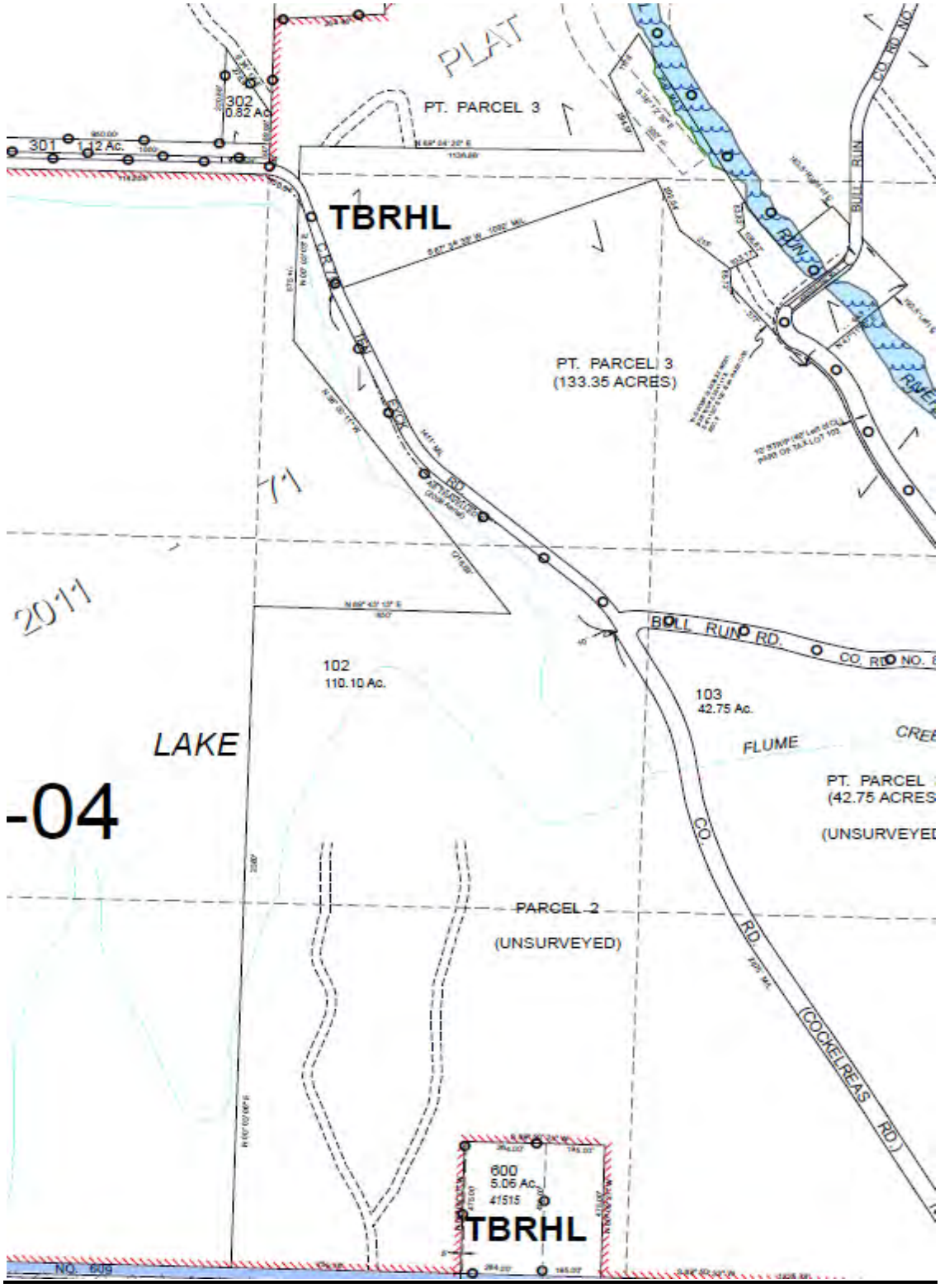
Occasionally, special events, up to 4 times a year, may have up to 1500 participants.

NOTICE TO MORTGAGEE, LIENHOLDER, VENDOR OR SELLER: ORS Chapter 215 requires that if you receive this notice, it must be promptly forwarded to the purchaser.

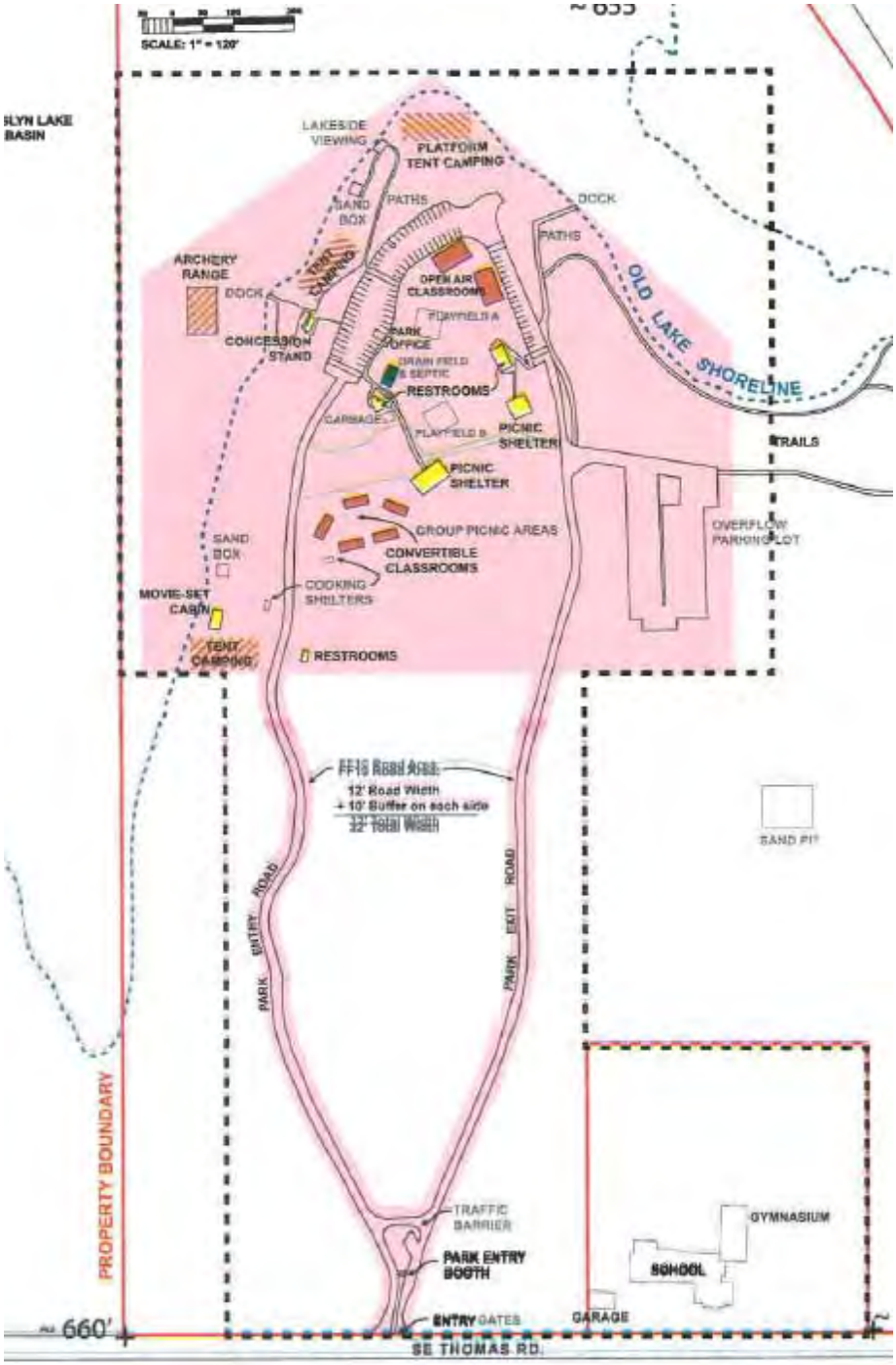
OPPORTUNITY TO REVIEW THE RECORD: A copy of the Planning Commission recommendation and all evidence submitted with this application is available for inspection, at no cost, at the Planning and Zoning Division during normal business hours (Monday- Friday 8:00 a.m. – 3:00 p.m.). Copies of all documents may be purchased at the rate of $1.00 for the first page and 10 cents for each additional page. The Planning Commission recommendation contains the findings and conclusion upon which the recommendation is based along with any recommended conditions of approval.

APPLICABLE APPROVAL CRITERIA: This application is subject to Clackamas County Zoning and Development Ordinance (ZDO) Sections(s) 406, 310, 1001, 1002, 1006, 1007, 1008, 1010, 1015, 1021, 1203, and Comprehensive Plan.

Tax Map


PLAT
PT. PARCEL 3
302
0.82 Ac.
301
1.12 Ac.
TBRHL
PT. PARCEL 3
(133.35 ACRES)
2011
BULL RUN RD.
CO. RD. NO.
102
110.10 Ac.
103
42.75 Ac.
LAKE
-04
FLUME
PT. PARCEL
(42.75 ACRES
(UNSURVEYED
PARCEL 2
(UNSURVEYED)
CO. RD.
(COCKELREAS RD.)
600
5.06 Ac.
41515
TBRHL
NO. 609

Site plan


SCALE: 1" = 120'
LAKESIDE VIEWING
PLATFORM TENT CAMPING
SAND BOX
PATHS
DOCK
PATHS
ARCHERY RANGE
TENT CAMPING
DOCK
OPEN AIR CLASSROOMS
OLD LAKE SHORELINE
CONCESSION STAND
PARK OFFICE
DRAIN FIELD & SEPTIC
RESTROOMS
GARBAGE
PLAYFIELD B
PICNIC SHELTER
TRAILS
PICNIC SHELTER
GROUP PICNIC AREAS
OVERFLOW PARKING LOT
SAND BOX
CONVERTIBLE CLASSROOMS
COOKING SHELTERS
MOVIE-SET CABIN
TENT CAMPING
RESTROOMS
12' Road Width
+ 10' Buffer on each side
PARK ENTRY ROAD
PARK EXIT ROAD
SAND PIT
PROPERTY BOUNDARY
TRAFFIC BARRIER
PARK ENTRY BOOTH
GYMNASIUM
SCHOOL
ENTRY GATES
GARAGE
660'
SE THOMAS RD.

RECOMMENDATION:

Approval with conditions.

SECTION 2 – RECOMMENDED CONDITIONS OF APPROVAL FOR PLAN A.

The Planning Commission recommends APPROVAL with the following conditions:

I. General Conditions:

1) Approval of this land use permit is based on the submitted written narrative and plan(s) dated June 11, 2014. No work shall occur under this permit other than which is specified within these documents. It shall be the responsibility of the property owner(s) to comply with this document(s) and the limitation of approval described herein.

2) The applicant is advised to take part in a Post Land Use Transition meeting. County staff would like to offer you an opportunity to meet and discuss this decision and the conditions of approval necessary to finalize the project. The purpose of the meeting is to ensure you understand all the conditions and to identify other permits necessary to complete the project. If you like to take advantage of this meeting please contact Wendi Coryell at (503) 742-4657 or at wendicor@co.clackamas.or.us.

3) Prior to the issuance of the building permit submit a statement of use to Lori Phillips in the Clackamas County Administration Division. Lori Phillips can be contacted by phone at (503) 742-4331 or email her at loriphi@co.clackamas.or.us. The statement of use is used to calculate Transportation System Development charge. A TSDC is included in the final calculation of building permit fees for new commercial projects; this includes additions and tenant improvements that increase the number of daily trips to the site.

4) This approval is valid for a period of four years from the date of final written decision. If the proposed use has not been established within that time, the approval shall expire unless a timely application for extension of the permit is filed with the County under ZDO Section 1203.03 and the application is approved. The conditional use approval is implemented when all necessary permits for the development have been secured and are maintained.

5) This Conditional Use approval is granted subject to the above and below stated conditions. Failure to comply with any of the conditions of approval constitutes a violation of this permit and may be cause for revocation of this approval.

6) The approval of the application granted by this decision concerns only the applicable criteria for this decision. The decision does not include any conclusions by the county concerning whether the activities allowed will or will not come in conflict with the provisions of the federal Endangered Species Act (ESA). This decision should not be construed to or represented to authorize any activity that will conflict with or violate the ESA. It is the applicant, in coordination if necessary with the federal agencies

responsibility for the administration and enforcement of the ESA, who must ensure that the approved activities are designed, constructed, operated and maintained in a manner that complies with the ESA.

II. <u>Land Use and Zoning Conditions:</u> Linda Preisz, (503) 742-4528, lindap@co.clackamas.or.us

Approval is for the specific use identified in the application materials and on the submitted site. This approval authorizes the applicant to establish a private day use park using an existing on-site parking and circulation system.

1) A maximum of 800 participants (campers and staff) per day. No temporary overnight use permitted.

2) Up to 4 times a year, 1,500 participants permitted for special events.

3) The use of speakers, public address systems or other noise amplification devices is prohibited.

4) Outdoor lighting is not permitted.

5) **<u>Prior to commencement of activity,</u>** the applicants shall submit to this file, a statement from the Clackamas County Soils Division that the existing septic system is adequate.

6) **<u>Prior to commencement of activity,</u>** the applicants shall submit to this file, a statement of feasibility from the Portland Water Bureau stating the existing system is adequate for the approved uses.

7) All events shall comply with ambient noise levels of 60 dB(A) from 7:00 am until 10:00 pm.

8) **<u>Prior to commencement of activity,</u>** the applicants shall obtain all Food Handler Permits and Licenses to comply with regulations, for any beverages and food items being served.

9) **<u>Prior to commencement of activity</u>**, a written irrevocable statement shall be recorded with the deed records for the county binding the landowner, and the landowner's successors in interest, prohibiting them from pursuing a claim for relief or cause of action alleging injury from farming or forest practices for which no action or claim is allowed under ORS 30.936 or 30.937. A copy shall be submitted to this file.

10) **<u>Prior to commencement of activity</u>**, a written irrevocable statement shall be recorded with the deed records of the county binding the landowner and the landowner's successors in interest, to manage the approximately 25 acre forest directly south of the PGE-Day Use Park area to protect the historic character of the site and its fully developed

tree canopy and grove like character. No clear cutting shall occur. Tree thinning and cutting is limited to that which encourages the long term health of the forest. A copy shall be submitted to this file.

11) **Prior to commencement of activity,** the applicant shall comply with all requirements of the solid waste/recycling service provider(s) and ZDO Section 1021 concerning location and accessibility of solid waste/ recycling enclosure(s), the slope of the site, and the size, screening and other specific design standards for enclosures and pads. The applicant must provide a detailed plan for service to Planning.

III. Engineering Division Conditions: Robert Hixson, (503) 742-4708, roberth@co.clackamas.or.us

The following items are project requirements from the Department of Transportation and Development's Development Engineering Division. These conditions of approval are not intended to include every engineering requirement necessary for the successful completion of this project, but are provided to illustrate to the applicant specific details regarding the required improvements that may prove helpful in determining the cost and scope of the project. These conditions are based upon the requirements detailed in the County's Comprehensive Plan (Comp Plan), the County's Zoning and Development Ordinance (ZDO) and the County's Site Development and Roadway Construction Standards (Roadway Standards). Additional requirements beyond those stated in the conditions of approval may be required. The applicant may discuss the requirements of the project with staff at any time.

The requirements specifically required by the Comp Plan and the ZDO cannot be modified by the Development Engineering Division. However, the requirements detailed in these conditions of approval, derived from the Roadway Standards, are based upon nationally accepted standards and engineering judgment and may be modified pursuant to Section 170 of the Roadway Standards. The applicant is required to provide sufficient justification to staff in the request. Staff shall determine if a modification is warranted.

1) All frontage improvements in, or adjacent to Clackamas County right-of-way, or on site, shall be in compliance with *Clackamas County Roadway Standards*.

2) The applicant shall obtain a Development Permit from Clackamas County Department of Transportation and Development prior to the initiation of any construction activities associated with the project.

3) The applicant shall verify by a professional survey that a 30-foot wide, one-half right-of-way width exists along the entire Ten Eyck Road site frontage, or shall dedicate additional right-of-way as necessary to provide it. Contact Deana Mulder for the specifics regarding exhibits to be included with submittals. (*Clackamas County Roadway Standards* drawing C140.

4) The applicant shall verify by a professional survey that a 24-foot wide, one-half right-of-way width exists along the entire Thomas Road site frontage, or shall dedicate additional right-of-way as necessary to provide it. Contact Deana Mulder for the specifics regarding exhibits to be included with submittals. (*Clackamas County Roadway Standards* drawing C110.

5) The applicant shall grant an eight-foot wide easement for signs, slopes, and public utilities along the entire Thomas Road site frontage. Contact Deana Mulder for the specifics regarding exhibits to be included with submittals. (*Roadway Standards* drawing C110)

6) The applicant shall provide a copy of the Engineer's drainage study, surface water management plan, and Engineer's detention calculations to DTD Engineering, Deana Mulder.

7) The onsite circulation drive shall comply with Roadway Standards Drawing R100 regarding widths and structural section. In addition, sections of 12-foot wide driveway shall be centered in a 20-foot wide clear zone.

8) The applicant shall provide adequate on site circulation for the parking and maneuvering of all vehicles anticipated to use the parking and maneuvering areas, including a minimum of 24 feet of back up maneuvering room for all 90-degree parking spaces. Loading spaces and parking spaces for buses shall also be afforded adequate maneuvering room. The applicant shall show the paths traced by the extremities of anticipated large vehicles (delivery trucks, fire apparatus, garbage and recycling trucks, buses), including off-tracking, on the site plan to insure adequate turning radii are provided for the anticipated large vehicles maneuvering on the site.

9) Parking spaces shall meet *ZDO* section 1015 dimensional requirements. The plans shall list the number of parking spaces provided. The applicant shall label all carpool, disabled, bus, and loading berth spaces on the plans. All ADA parking spaces and adjacent accessible areas shall be paved and be provided with appropriate pavement markings and signing. Parking layout geometry shall be in accordance with ZDO Table 1015-1 and Figure 1015-1.

10) The applicant shall provide 2 bicycle-parking spaces in accordance with *ZDO* subsection 1015.05, Table 1015-3.

11) The applicant shall provide and maintain adequate intersection sight distances and adequate stopping sight distances at the driveway intersection with Thomas Road and the intersection of Thomas Road and Ten Eyck Road. Adequate intersection sight distance for drivers turning left into the site from Thomas Road or from Ten Eyck Road onto Thomas Road shall also be provided and maintained. In addition, no plantings at maturity, retaining walls, embankments, fences or any other objects shall be allowed to obstruct minimum sight distance requirements.

12) The applicant shall ensure that a minimum of 385 feet of intersection sight distance shall be provided looking to the south from Thomas Road to Ten Eyck Road in accordance with the requirements of Clackamas County Roadway Standards Section 240.

13) The applicant shall comply with County Roadway Standards clear zone requirements in accordance with Roadway Standards section 245.

14) **Prior to certificate of occupancy**, the applicant shall provide an Engineer's cost estimate to Clackamas County Engineering for any unfinished improvements required by conditions of approval. The estimate shall be submitted for review and approval of quantities of asphalt concrete, aggregates, curbs, sidewalks and any other required improvements and associated construction costs.

15) The applicant shall install and maintain a 30-inch "STOP" sign, with the bottom of the sign positioned a minimum of five and a maximum of seven feet above the pavement surface, at the driveway intersection with Thomas Road. (*Manual on Uniform Traffic Control Devices*)

16) All traffic control devices on private property, located where private driveways intersect County facilities shall be installed and maintained by the applicant, and shall meet standards set forth in the *Manual on Uniform Traffic Control Devices* and relevant Oregon supplements.

17) **Prior to the issuance of a building permit**, the applicant shall submit to Clackamas County Engineering Office:

    a) Written approval from the local Fire District for the planned access, circulation, fire lanes and water source supply. The approval shall be in the form of site and utility plans stamped and signed by the Fire Marshal.

    b) Written approval from the Department of Transportation and Development for surface water management facilities, surface water detention facilities, and erosion control measures.

    c) A set of site improvement construction plans, including a striping and signing plan, for review, in conformance with *Clackamas County Roadway Standards* Section 140, to Deana Mulder in Clackamas County's Engineering Office and obtain written approval, in the form of a Development Permit.

        i) The permit will be for road, driveway, drainage, parking and maneuvering area, and other site improvements.

        ii) The Development Permit fee will be calculated at a per parking space rate according to the current fee structure for commercial/industrial/multi-family development at the time of the Development Permit application.

        iii) The applicant shall have an Engineer, registered in the state of Oregon, design and stamp construction plans for all required improvements, or provide alternative plans acceptable to the Engineering Division.

    d) When the Department of Transportation and Development is the surface water authority for the proposed project and detention facilities are a requirement of development, the applicant shall provide a copy of an approved grading permit to DTD Engineering, Deana Mulder, prior to the issuance of a Development Permit.

18) Before the County issues a Development Permit, the applicant shall submit a construction vehicle management and staging plan for review and approval by the County DTD, Construction and Development Section, if the public road right-of-way is planned to be used for construction staging. That plan shall show that construction vehicles and materials will not be staged or queued-up on public streets and shoulders without specific authority from DTD. If the public road right-of-way is not planned to be used for construction staging, a note shall be added to the construction drawings stating that the public road right-of-way will not be used for construction staging.

SECTION 3 – FINDINGS

This application is subject to Clackamas County Zoning and Development Ordinance (ZDO) Section(s) 406, 1001, 1006, 1007, 1008, 1010, 1015, 1021, 1203, and Comprehensive Plan.

BACKGROUND INFORMATION, SITE AND AREA DESCRIPTION AND SERVICES

1. **Background:**

   A. Prior Land Use Actions:

      1. File Z0579-13, approved April 30, 2014 – Historic Landmark overlay zone placed on the PGE-DAY USE Park, Historic Landmark Designation reduced on the Bull Run Power Plant and Historic Landmark Designation increased on the Bull Run School.

      2. In addition, Z0579-13 designated the three sites as a Historic District.

   B. Applicant's Proposal:

      The BREC (Bull Run Educational Center) seeks approval to conduct wilderness survival programs on the site. The scope of these programs include: animal tracking, agro-forestry, outdoor safety and survival skills, hiking, bird watching, all low-impact recreational uses.

2. **Site Description:** The site is located north of SE Thomas Road and west of SE Ten Eyck Road. The irregular shaped lot is relatively flat. The site is covered in timber of varying ages planted throughout the property. The forested area between the day-use park and the road contains trees about 100 years old. There is also an old quarry site which is filling in with trees. This portion of the site contains approximately 80 acres. This portion of the site has no structures.

3. **Natural Features:** The site is covered in timber of varying ages and contains a small open area near the old quarry. The drained Roslyn Lake is now covered with shrubs and young timber.

4. **Surrounding Conditions:** The surrounding properties are all zoned TBR. Properties range in size from 20 to over 100 acres. These lots are forested with various aged trees, grasslands and a few are developed with single-family dwellings.

5. **Service Providers:**

   A. Surface Water: The property is not located within a public or private surface water management district. Surface water management is subject to Section 1008 of the ZDO, as administered by the DTD, Engineering Division.
   B. Water: The subject property is served by Portland Water.

C. Sewer: The subject property is not located in a public or private sewer district. Sewage disposal is accommodated by an existing septic system.
D. Fire Protection: Sandy Fire District #72.

7. **Responses Requested:**

A. Bull Run CPO
B. Sandy Fire District #72.
C. Department of Transportation and Development (DTD), Building Division
D. Department of Transportation and Development (DTD), Traffic Engineering (TE)
E. Dept. of State Lands
F. Dept of Land Conservation & Development
G. Property Owners within 750 feet

8. **Exhibits:** See Exhibit List following the last page of this report.

PART 1. SUBMITTAL REQUIREMENTS

1. Subsection 1203.04 of the Zoning and Development Ordinance list the information that must be included in a complete application for a conditional use permit.

   This application includes a completed land use application form, site plan (see above), application fee and completed supplemental application addressing the criteria in Section 1203 of the ZDO. The application also includes a description of the proposed use, vicinity map and Preliminary Statements of Feasibility for storm water management, and sanitary sewer. The application was submitted on June 11, 2014 and deemed complete.

The submittal requirements of Section 1203.04 are met.

PART 2. CONDITIONAL USE PERMIT

1. Subsection 1203.01 of the Zoning and Development Ordinance lists six (6) criteria that must be satisfied in order to approve this Conditional Use.

   A. **Section 1203.01(A):** *The use is listed as a Conditional Use in the underlying zoning district.*

      1. The subject property is zoned Timber. Section 406 of the ZDO controls land uses in the underlying Timber zoning district. Section 406.04 lists the uses allowed in the

Timber zoning district. Section 406.04(A)(1), (2) (6) and (I)(1) of the ZDO specifically lists "Private parks and campgrounds."

2. The applicant has proposed to establish a private park under the provisions of Section 406.04. The proposed uses are summarized under the "Proposal" of this report and described in the application narrative and site plan.

3. Private Park is defined in section 406 as *"Land that is used for low impact casual recreational uses such as picnicking, boating fishing, swimming, camping, hiking, or nature-oriented recreational uses such as viewing and studying nature and wildlife habitat and may include play areas and accessory facilities that support the activities listed but does not include track for motorized vehicles or areas for target practice or the discharge of firearms."*

   The PC finds that the proposed use meets this definition.

4. The private park is subject to the standards in Section 406.04(A)(1, 2 & 6) and 406.04(I) 1 of the ZDO and identified below:

   a. *"The proposed use shall not force a significant change in, or significantly increase the cost of, accepted farming or forest practices on agriculture or forest lands."*

      The proposed use on the site will not alter the overall character of the surrounding area. The site will maintain its natural, park-like setting; no new roads will be constructed, existing traffic routes will not be altered. The site will maintain its natural character. The applicant's shall record a deed statement prohibiting them from pursuing a claim for relief or cause of action alleging injury from farming or forest practices.

      This criterion can be met.

   b. *"The proposed use shall not significantly increase fire hazard, fire suppression costs, or risks to fire suppression personnel."*

      The proposed use of the site includes activities such as hiking, guided nature tours, animal tracking and similar uses. No new structures will be built on the TBR portion of the site. The proposed activities will not change the amount of potential fire fuel on the land nor will it change the availability of water for fire suppression.

      This criterion can be met.

   c. *"A written irrevocable statement shall be recorded in the deed records of the County binding upon the landowner, and the landowner's successors in interest, prohibiting them from pursuing a claim for relief or cause of action alleging*

injury from farming or forest practices for which no action or claim is allowed under Oregon Revised Statutes (ORS) 30.936 or 30.937."

This criterion can be met.

5. Summary:

   The proposed "private park" meets the definition of a "Private Park and campground" and can meet the requirements of Section 407.04 with conditions of approval.

B. **Section 1203.01(B)**: T*he characteristics of the site are suitable for the proposed use considering size, shape, location, topography, existence of improvements and natural features.*

1. **Size:** The subject property is approximately 80 acres in size.

2. **Shape:** The subject property is irregular in shape.

3. **Topography:** The irregularly shaped lot is relatively flat.

4. **Location:** Access from SE Thomas Road.

5. **Improvements:** None.

6. **Natural Features:** The site is covered in timber of various ages, timber filling dry lake bed, and slowly re-foresting gravel pit.

7. **Floodplain:** According to the FEMA Floodplain maps, the subject property is not located within or near a designated floodplain.

8. **Geologic Hazards:** There are no seen hazards on the geologic hazards map.

9. **Soils:** The table below identifies one soils type on the subject property. The eastern portion containing the old quarry has Pits. The Pit soils map unit consists of exactions from which soil rock or gravel has been removed. This map unit is not assigned a capability classification.

Soil Type *	Rating *	Slopes *	Location on Site **	Native Vegetation *
2B Alspaugh clay loam	High Value Forest	2 to 8 % Slopes	Western half	Douglas fir, red alder, salal, brackenfern and swordfern.

* The Soils Survey of Clackamas County Area, published by the United States Department of Agriculture.

10. **Summary:** The physical characteristics of the site are suitable to accommodate the proposed use for the following reasons:

    a. The property is approximately 80 acres. The large size lot is suitable to accommodate the proposed use. The submitted site illustrates the proposed site does not include any permanent structures.

    b. The shape does not present any significant limitations to the proposed development.

    c. The relatively flat topography is very suitable to accommodate the proposed use.

    d. The location has access to SE Thomas Road.

    This criterion is met.

C. **Section 1203.01(C):** *The proposed development is consistent with Subsection 1007.09 and safety of the transportation system is adequate to serve the proposed development. .*

1. Subsection 1007.09: Transportation Facilities Concurrency

    1. *"The purpose of Subsection 1007.09 is to ensure that transportation infrastructure is provided concurrent with the new development it is required to serve or, within a reasonable period of time following the approval of new development. Subsection 1007.09 shall apply to the following development applications: design review, subdivisions, partitions, and conditional uses. Approval of a development shall be granted only if the capacity of transportation facilities is adequate or will be made adequate in a timely manner."*

    2. Safety: Developments shall comply with the intersection sight distance and roadside clear zone standards of the Clackamas County Roadway Standards. Engineering adds:

    The project is located in an area of generally low traffic volumes. In 2011, the average daily traffic (ADT) on Ten Eyck Road south of Bull Run Road was approximately 930 vehicles per day. On Ten Eyck Road north of Bull Run Road, the 2011 ADT was approximately 425 vehicles per day. On Bull Run Road east of Ten Eyck Road, the 2011 ADT was approximately 860 vehicles per day. The traffic impact analyses provide evidence that the capacity of the transportation system is adequate to support the project comprehensive plan amendment and zone change according to the requirements of the Transportation Planning Rule. Based upon the existing and projected future year traffic volumes and the proposed trip generation of the site, the proposed zone change and comprehensive plan amendment will not have a significant effect on capacity issues associated with the transportation system and no capacity issues will result. Staff finds that the application is in compliance with that portion of ZDO subsection 1203.01 C, regarding the capacity of the transportation system.

The applicant shall provide and maintain adequate intersection sight distances and adequate stopping sight distances for the site driveways and the intersection of Ten Eyck Road/Thomas Road. Based on the submitted materials, both locations can meet the minimum standards. The applicant has submitted information showing that the sight distance issue can be resolved.

Based on the submitted speed study and sight distance measurement, the intersection sight distance of 385 feet is required and can be achieved through the removal of vegetation located within the right-of-way.

Summary: Clackamas County Traffic Engineering finds that the proposal can satisfy the requirements of subsection 1203.1C.

This criterion can be met.

D. **Section 1203.01(D):** "*The proposed use will not alter the character of the surrounding area in a manner that substantially limits, impairs or precludes the use of surrounding properties for the primary uses allowed in the underlying zoning district.*"

1. The surrounding properties are all zoned TBR. Properties range in size from 20 to over 100 acres. These lots are forested with various aged trees, grasslands and a few are developed with single-family dwellings.

2. These criteria do not require the use to not have any impacts, but instead the impacts must not substantially limit, impair or preclude the use of adjacent properties for the allowed primary uses. The primary uses allowed in this district are listed in Section 406.04. The primary uses allowed in this zone primarily include forest operations, farm uses, conservation of soils, air, water and provide for fish and wildlife resources, alteration of legally established dwellings, road widening, etc., private hunting and fishing operations, fire towers and stations, utility lines, water intake facilities, etc., mineral and aggregate exploration, etc., accessory buildings customarily incidental with a primary use and wireless telecommunication facilities.

3. The background information provided in this report describes the general land uses proposed on this site and occurring on the adjacent properties. The uses on surrounding properties are mainly forest type of uses.

4. The potential impacts on the adjacent residential uses include noise, dust, traffic, fire danger and lighting. Staff makes the following findings.

   a. Noise: Activities on the subject site will generate some noise greater than what is already occurring on site. Staff is unaware of any noise violations from this site. The park noises from up to 800 (1,500 occasionally) participants may include singing, and yelling and activity noises. Logging activities also produce noise.

      Logging activities and farm activities are regular uses in this zone and produce noise, staff believes that the distance between the camp and other property uses

are far enough to mitigate such noises and therefore noise will not be a significant problem or concern.

b. Dust: The applicant is not planning on any major dust producing activities on site except possibly logging, which is a primary use. The site is located in a timber zoning district where dust is a normal occurrence.

c. Lighting: The applicant states in their application that the TBR private park area will not have electricity. It is assumed that campers and staff/campers may use flash lights at night but this will not be a significant concern to neighboring properties.

d. Traffic: The subject property has access to Thomas Road. The capacity of the transportation system will not be significantly affected.

e. Fire Danger: No fires or overnight stays areas are requested.

5. Summary: Based on the above analysis staff believes the dust, noise, fire danger, lighting or traffic impacts resulting from the existing or proposed use will not substantially limit, impair or preclude the use of surrounding properties for residents and farm and forest uses or practices. **With conditions of approval, this criterion can be met.**

E. **Section 1203.01(E):** *The proposal satisfies the goals and policies of the Comprehensive Plan which apply to the proposed use.*

1. The applicant did address Chapter 9- Open Space, Parks, Historic Sites. The goals and policies of that section generally pertain to public facilities. Policy 8 does state "*Use all available and responsible means to reduce the cost of acquisition, development, operation and maintenance of parks and recreation facilities"* and Policy 8.4 "*Encourage the private sector to help meet the recreation needs of County residents and visitors. The recreation program should use private facilities on program-by-program basis when public facilities are not available***." The PC agrees that this proposal is in keeping with Chapter 9 of the Comprehensive Plan.**

2. Chapter 3. Natural Resources and Energy - Forests. Policy 5.0; *Cooperate and coordinate with appropriate state and federal agencies to insure forest management practices that recognize the multiple resource values of forest lands. Impacts on environmentally sensitive areas such as slide and erosion hazard areas, sensitive fish and wildlife habitat, scenic corridors, unique natural and/or cultural features, etc, shall be minimized.*

   The use of forest resources for outdoor recreational uses such as private parks recognizes the multiple resource values of forest lands. The proposed use does not impact on environmentally sensitive areas such as slide and erosion hazard areas, scenic corridors, or unique natural and/or cultural features.

3. Goals and Policies of the Forest Designation are also included in the Forest Section of the Land Use Chapter of the Comprehensive Plan.

Chapter 4. Land Use - Forest. Policy 3.0; *Land uses which conflict with forest uses shall not be allowed.*

The proposed private park is listed as a conditional use in the Timber zoning district. The prior analysis of the requirements of ZDO Section 1203.01(A) above, provides adequate justification that the proposed use should not conflict with forest uses.

4. Comprehensive Plan Chapter Five, "Transportation", under the heading "Improvements to Serve Development", includes Policy 16.0, which reads as follows:

   "Require development to be served by adequate roadway facilities."

   Transportation Engineering staff (Exhibit 4) finds that the proposal can be in compliance with policy 16.0 and, therefore, ZDO subsection 1203.01 as it relates to Comprehensive Plan transportation goals and policies, with conditions of approval, is satisfied.

PART 3. OTHER DEVELOPMENT STANDARDS

1. **Other Applicable Sections of the ZDO:** Other applicable standards and Sections of the ZDO applicable to this application are addressed below.
   A. **Section 1006, Water Supply, Sanitary Sewer, Surface Water; and Utilities Concurrency:** Of the ZDO sets forth the standards, requirements and considerations that pertain to utility lines and facilities.

      1. Section 1006.05 – Water Supply Standards Outside The Portland Metropolitan Urban Growth Boundary And Mount Hood Urban Area:

         "The provisions of this section apply outside the Portland Metropolitan Urban Growth Boundary and the Mount Hood urban area.

         Applicants for any development permit shall specify a lawful water source for the proposed development, such as a public or community water system, certificated water right or exempt-use well." The water source is Portland Water. The applicant shall provide a Statement of Feasibility that the water source is adequate for the proposed use.

         This criterion can be met.

      2. Section 1006.07 - Subsurface Sewage Disposal Standards:

         All development proposing subsurface sewage disposal shall receive approval for the system from the Clackamas County Water Environment Services, Soils Section prior

to submittal of a land use application to the County for development. Said systems shall be installed pursuant to ORS 454.605-454.745 and Chapters 171, 523 and 828, Oregon Administrative Rules 340, Divisions 71 and 73 and the policies of the Clackamas County, WES, Soils Section.

The applicants state that they will be using the existing PGE-Day Use park bathrooms. A condition is warranted stating that the applicant will submit a report to the file from the County Soils Division stating the existing system is adequate for the proposal.

This criterion can be met.

3. Section 1006.08 - Surface Water Management Standards:

   a. *"All developments shall provide for positive drainage and adequate conveyance of storm and surface water runoff from roofs, footings, foundations, and other impervious or near-impervious surfaces to an appropriate discharge point and shall:*

      i. *Comply with the requirements of any special districts with surface water management regulatory jurisdiction; or*

      ii. *The requirements of Section 1008 and the County Roadway Standards in areas not under the jurisdiction of a surface water management regulatory authority.*

   b. *Installation of stormwater management and conveyance facilities shall be coordinated with the extension of necessary water and sanitary sewer services.*

   c. *Approval of a development shall be granted only if the applicant provides a preliminary statement of feasibility from the surface water management regulatory authority. The statement shall verify that adequate surface water management, treatment and conveyance is available to serve the development or can be made available through improvements completed by the developer or the system owner.*

      i. *The service provider may require a preliminary storm water management plan, storm drainage report, natural resource assessment and buffer analysis prior to signing the preliminary statement of feasibility.*

      ii. *In those areas that are not within a surface water management district, the preliminary statement of feasibility shall be signed by the County Department of Transportation and Development, Engineering Division.*

iii. *The statement shall be dated no more than one year prior to the date a complete land use application is filed and need not reserve surface water treatment and conveyance system capacity for the development.*

Clackamas County DTD, Engineering signed a Statement of Feasibility, April 30, 2014, and states that it is feasible the proposal can comply with the standards. A condition is warranted requiring the applicant to submit their drainage plan including detention designs to DTD, Engineering. DTD, Engineering shall review and approve the plans for the erosion control prior to final plan approval. **This criterion can be met.**

D. **<u>Section 1007- Roads Connectivity:</u>**

1. <u>Section 1007.03 – General Provisions:</u>

A. *The location, alignment, design, grade, width, and capacity of all roads shall be planned, coordinated, and controlled by the Department of Transportation and Development and shall conform to Section 1007, Chapters 5 and 10 of the Comprehensive Plan, and the Clackamas County Roadway Standards. Where conflicts occur between Section 1007, the Comprehensive Plan, and the Clackamas County Roadway Standards, the Comprehensive Plan shall control.*

B. *Right-of-way dedications and improvements shall be required of all new developments, including partitions, subdivisions, multifamily dwellings, two- and three-family dwellings, condominiums, single-family dwellings, and commercial, industrial, and institutional uses, as deemed necessary by the Department of Transportation and Development and consistent with Section 1007, Chapters 5 and 10 of the Comprehensive Plan, and the Clackamas County Roadway Standards.*

Engineering Staff has discussed these issues in Exhibit 17.

This criterion can be met with conditions.

C. *New developments shall have access points connecting with existing private, public, county, or state roads.*

Approaches to public and county roads shall be designed to accommodate safe and efficient flow of traffic and turn control where necessary to minimize hazards for other uses.

D. *Street alignments, intersections, and centerline deflection angles shall be designed according to the standards set forth in Chapters 5 and 10 of the Comprehensive Plan and the Clackamas County Roadway Standards.*

E. *All roads shall be designed and constructed to adequately and safely accommodate vehicles, pedestrians, and bicycles according to Chapters 5 and 10 of the Comprehensive Plan and the Clackamas County Roadway Standards. Development-related roadway adequacy and safety impacts to roadways shall be*

evaluated pursuant to the Clackamas County Roadway Standards and also to Oregon Department of Transportation standards for state highways.

This criterion is met with conditions. See Exhibit 17, County Engineer comments.

2. Section 1007.04 Public and Private Roadways:

A. *All roadways shall be developed according to the classifications, guidelines, tables, figures, and maps in Chapters 5 and 10 of the Comprehensive Plan and the provisions of the Clackamas County Roadway Standards.*

1. *Development along streets with specific design standards specified in Chapter 10 of the Comprehensive Plan shall improve those streets as shown in Chapter 10.*

3. *Development adjacent to scenic roads identified on Comprehensive Plan Map V-5, Scenic Roads, shall conform to the following design standards, as deemed appropriate by the Department of Transportation and Development:*

a. *Road shoulders shall be improved to accommodate pedestrian and bicycle traffic; and*

b. *Turnouts shall be provided at viewpoints or for recreational needs.*

County Engineering staff state that the *"the subject property takes access from SE Thomas Road within a portion of the County that is zoned TBR, Timber 80 acres."*

"The applicant has proposed development of private park that will include site improvements and will generate additional vehicle trips to the site. The applicant is therefore subject to the provisions of Clackamas County Zoning and Development Ordinance (ZDO) section 1007, pertaining to roads, circulation and parking improvements, and section 1008 pertaining to surface water management." (Exhibit 4)

This criterion can be met with conditions.

B. *Developments shall comply with the intersection sight distance and roadside clear zone standards of the Clackamas County Roadway Standards. In addition:*

1. No planting, signing, or fencing shall be permitted which restricts motorists' vision; and

2. Curbside parking may be restricted along streets with visibility problems for motorists, pedestrians, and/or bicyclists as deemed appropriate by the Department of Transportation and Development.

Engineering staff find that "in accordance with ZDO Subsections 1007.04.D and 1007.05, and the Clackamas County Roadway Standards, Section 240, the access road serving the proposed development is required to provide adequate intersection sight distance. The existing intersection of the private road with Thomas Road and Thomas Road with Ten Eyck Road can provide adequate

intersection sight distance with the removal of vegetation located in right-of -way. The applicant has submitted speed study data and a sight distance analysis prepared by Lancaster Engineering.

This criterion can be met.

3. Section 1007.09, Transportation Facilities Concurrency:

   A. *The purpose of Subsection 1007.09 is to ensure that transportation infrastructure is provided concurrent with the new development it is required to serve or, within a reasonable period of time following the approval of new development.*

   B. *Subsection 1007.09 shall apply to the following development applications: design review, subdivisions, partitions, and conditional uses.*

   C. *Approval of a development shall be granted only if the capacity of transportation facilities is adequate or will be made adequate in a timely manner. The following shall be exempt from this requirement:*

   Engineering staff have found that the capacity of transportation facilities is adequate. (Exhibit 4)

   This criterion is met.

   D. *As used in Subsection 1007.09(C), "adequate" means a minimum of Level-of-Service (LOS) D, except:*

   County Traffic engineering staff finds that *"the roadway system has adequate capacity to accommodate the proposed use, consistent with concurrency requirements under ZDO Subsection 1007.09."* (Exhibit 4)

   This criterion is met.

   E. *As used in Subsection 1007.09(F), "necessary improvements" are:*

      1. *Improvements identified in a transportation impact study as being required in order to comply with the adequacy standard identified in Subsection 1007.09(D).*

         a. A determination regarding whether submittal of a transportation impact study is required shall be made based on the Clackamas County Roadway Standards, which also establish the minimum standards to which a transportation impact study shall adhere.

         b. If a transportation impact study is not required, County traffic engineering or transportation planning staff shall identify necessary improvements or the applicant may opt to provide a transportation impact study.

      Engineering staff's Exhibit 4 discusses the issues and makes recommendations.

      This criterion can be met with conditions.

E. **Section 1008 - Storm Drainage:**

This section outlines the requirements for Storm Drainage and Erosion Control. The following requirements and standards of Section 1008 are applicable to this proposal.

The subject property is located within the Clackamas County Engineering area of review within the County. The rules and regulations for this district are administered by the Clackamas County Engineering Division. The applicant has submitted a Statement of Feasibility for surface water from the Clackamas County Engineering Division May 30, 2014.

The standards of Section 1008 can be met.

F. **Section 1015 – Parking and Loading:**

1. Section 1015.04 Automobile Parking Area Standards:

   Parking has been established with the PGE-Day Use area. Since this parking area historically handled up to 1000 visitors a day, the PC finds that the applicants parking plan is satisfactory with sufficient number and spacing of parking spaces for vehicles and buses.

   This criterion is met.

G. **Section 1021 Standards – Refuse and Recycling Standards for Commercial, Industrial, and Multifamily Developments:** outlines the standards for refuse and recycling for commercial developments. The applicant has not submitted any specific plans. There is an existing refuse and recycling enclosure. A condition of approval is warranted requiring the applicant to provide an acceptable plan for the private park garbage and recycling needs.

This criterion can be met.

SECTION 2 – RECOMMENDED CONDITIONS OF APPROVAL FOR PLAN B.

RECOMMENDATION:

Approval with conditions.

IV. General Conditions:

1) Approval of this land use permit is based on the submitted written narrative and plan(s) dated June 11, 2014. No work shall occur under this permit other than which is specified within these documents. It shall be the responsibility of the property owner(s) to comply with this document(s) and the limitation of approval described herein.

2) The applicant is advised to take part in a Post Land Use Transition meeting. County staff would like to offer you an opportunity to meet and discuss this decision and the conditions of approval necessary to finalize the project. The purpose of the meeting is to ensure you understand all the conditions and to identify other permits necessary to complete the project. If you like to take advantage of this meeting please contact Wendi Coryell at (503) 742-4657 or at wendicor@co.clackamas.or.us.

3) Prior to the issuance of the building permit submit a statement of use to Lori Phillips in the Clackamas County Administration Division. Lori Phillips can be contacted by phone at (503) 742-4331 or email her at loriphi@co.clackamas.or.us. The statement of use is used to calculate Transportation System Development charge. A TSDC is included in the final calculation of building permit fees for new commercial projects; this includes additions and tenant improvements that increase the number of daily trips to the site.

4) This approval is valid for a period of four years from the date of final written decision. If the proposed use has not been established within that time, the approval shall expire unless a timely application for extension of the permit is filed with the County under ZDO Section 1203.03 and the application is approved. The conditional use approval is implemented when all necessary permits for the development have been secured and are maintained.

5) This Conditional Use approval is granted subject to the above and below stated conditions. Failure to comply with any of the conditions of approval constitutes a violation of this permit and may be cause for revocation of this approval.

6) The approval of the application granted by this decision concerns only the applicable criteria for this decision. The decision does not include any conclusions by the county concerning whether the activities allowed will or will not come in conflict with the provisions of the federal Endangered Species Act (ESA). This decision should not be construed to or represented to authorize any activity that will conflict with or violate the ESA. It is the applicant, in coordination if necessary with the federal agencies

responsibility for the administration and enforcement of the ESA, who must ensure that the approved activities are designed, constructed, operated and maintained in a manner that complies with the ESA.

V. **Land Use and Zoning Conditions:** Linda Preisz, (503) 742-4528, lindap@co.clackamas.or.us

Approval is for the specific use identified in the application materials. This approval authorizes the applicant to establish a private park and campground on a parcel with an existing on-site parking and circulation system.

1) A maximum of 800 participants (campers and staff) per day. A maximum of 300 overnight campers per day. This includes "no trace" campers.
2) New Structures approved include:
    a. One (1) single family dwelling not to exceed 1,200 square feet.
    b. Seven (7) cabins (convertible to classrooms) not to exceed 1,200 square feet each.
    c. Seven (7) platforms for tents not to exceed 1,200 square feet each.
    d. 3 pavilion/picnic shelters not to exceed 1,200 square feet each.

3) Special Events, up to 4 times a year, shall be limited to 1,500 participants.

3) The use of speakers, public address systems or other noise amplification devices is prohibited.

4) **Prior to commencement of activity,** the applicants shall submit to this file, a statement from the Clackamas County Soils Division that the existing septic system is adequate.

5) **Prior to commencement of activity**, the applicants shall submit to this file, a statement of Feasibility from the Portland Water Bureau stating water service to the site is adequate.

6) **Prior to commencement of activity,** the State of Oregon Department of Forestry shall review the activities on the site and approve the fire locations/fire starting learning program and the applicant shall submit evidence of the approval to this file.

7) All events shall comply with ambient noise levels of 60 dB(A) from 7:00 am until 10:00 pm and 50 dB(A) from 10:00 p.m. to 7:00 a.m.

8) Any new lighting plan shall be reviewed and approved by the Planning and Zoning Division.

9) **Prior to commencement of activity,** the applicants shall obtain all Food Handler Permits and Licenses to comply with regulations, for any beverages and food items being served.

10) **Prior to commencement of activity**, a written irrevocable statement shall be recorded with the deed records for the county binding the landowner, and the landowner's

successors in interest, prohibiting them from pursuing a claim for relief or cause of action alleging injury from farming or forest practices for which no action or claim is allowed under ORS 30.936 or 30.937. A copy shall be submitted to this file.

11) **Prior to commencement of activity,** the applicant shall comply with all requirements of the solid waste/recycling service provider(s) and ZDO Section 1021 concerning location and accessibility of solid waste/ recycling enclosure(s), the slope of the site, and the size, screening and other specific design standards for enclosures and pads. The applicant must provide a detailed plan, including the garbage enclosure and service truck circulation to Planning.

12) **Prior to commencement of activity**, the applicant shall have the Sandy Fire Department review, inspect and approve all fire locations on site and submit evidence of the approval to this file.

13) **Prior to commencement of activity,** the applicant shall have the Department of Forestry review, inspect and approve all fire locations and fire starting activities and submit evidence of the approval to this file.

14) **Prior to the issuance of building permits**, the proposed new structures shall be reviewed and approved by the Clackamas County Historic Review Board.

15) **Prior to the issuance of building permits**, for all historic structures, an architectural assessment shall be provided to determine what improvements are necessary to meet building codes.

16) **Prior to the issuance of building permits**, a rehabilitation plan shall be prepared along with a covenant placed on the property deeds showing the plan and the percentage of monies to be used annually to preserve the historic resources. A yearly report shall be submitted to the zoning file.

VI. Engineering Division Conditions: Robert Hixson, (503) 742-4708, roberth@co.clackamas.or.us

The following items are project requirements from the Department of Transportation and Development's Development Engineering Division. These conditions of approval are not intended to include every engineering requirement necessary for the successful completion of this project, but are provided to illustrate to the applicant specific details regarding the required improvements that may prove helpful in determining the cost and scope of the project. These conditions are based upon the requirements detailed in the County's Comprehensive Plan (Comp Plan), the County's Zoning and Development Ordinance (ZDO) and the County's Site Development and Roadway Construction Standards (Roadway Standards). Additional requirements beyond those stated in the conditions of approval may be required. The applicant may discuss the requirements of the project with staff at any time.

The requirements specifically required by the Comp Plan and the ZDO cannot be modified by the Development Engineering Division. However, the requirements detailed in these conditions of approval, derived from the Roadway Standards, are based upon nationally accepted standards and engineering judgment and may be modified pursuant to Section 170 of the Roadway Standards. The applicant is required to provide sufficient justification to staff in the request. Staff shall determine if a modification is warranted.

1) All frontage improvements in, or adjacent to Clackamas County right-of-way, or on site, shall be in compliance with *Clackamas County Roadway Standards*.

2) The applicant shall obtain a Development Permit from Clackamas County Department of Transportation and Development prior to the initiation of any construction activities associated with the project.

3) The applicant shall verify by a professional survey that a 30-foot wide, one-half right-of-way width exists along the entire Ten Eyck Road site frontage, or shall dedicate additional right-of-way as necessary to provide it. Contact Deana Mulder for the specifics regarding exhibits to be included with submittals. (*Clackamas County Roadway Standards* drawing C140.

4) The applicant shall verify by a professional survey that a 24-foot wide, one-half right-of-way width exists along the entire Thomas Road site frontage, or shall dedicate additional right-of-way as necessary to provide it. Contact Deana Mulder for the specifics regarding exhibits to be included with submittals. (*Clackamas County Roadway Standards* drawing C110.

5) The applicant shall grant an eight-foot wide easement for signs, slopes, and public utilities along the entire Thomas Road site frontage. Contact Deana Mulder for the specifics regarding exhibits to be included with submittals. (*Roadway Standards* drawing C110)

6) The applicant shall provide a copy of the Engineer's drainage study, surface water management plan, and Engineer's detention calculations to DTD Engineering, Deana Mulder.

7) The onsite circulation drive shall comply with Roadway Standards Drawing R100 regarding widths and structural section. In addition, sections of 12-foot wide driveway shall be centered in a 20-foot wide clear zone.

8) The applicant shall provide adequate on site circulation for the parking and maneuvering of all vehicles anticipated to use the parking and maneuvering areas, including a minimum of 24 feet of back up maneuvering room for all 90-degree parking spaces. Loading spaces and parking spaces for buses shall also be afforded adequate maneuvering room. The applicant shall show the paths traced by the extremities of anticipated large vehicles (delivery trucks, fire apparatus, garbage and recycling trucks, buses), including off-tracking, on the site plan to insure adequate turning radii are provided for the anticipated large vehicles maneuvering on the site.

9) Parking spaces shall meet *ZDO* section 1015 dimensional requirements. The plans shall list the number of parking spaces provided. The applicant shall label all carpool, disabled, bus, and loading berth spaces on the plans. All ADA parking spaces and adjacent accessible areas shall be paved and be provided with appropriate pavement markings and signing. Parking layout geometry shall be in accordance with ZDO Table 1015-1 and Figure 1015-1.

10) The applicant shall provide 2 bicycle-parking spaces in accordance with *ZDO* subsection 1015.05, Table 1015-3.

11) The applicant shall provide and maintain adequate intersection sight distances and adequate stopping sight distances at the driveway intersection with Thomas Road and the intersection of Thomas Road and Ten Eyck Road. Adequate intersection sight distance for drivers turning left into the site from Thomas Road or from Ten Eyck Road onto Thomas Road shall also be provided and maintained. In addition, no plantings at maturity, retaining walls, embankments, fences or any other objects shall be allowed to obstruct minimum sight distance requirements.

    Plans submitted in anticipation of issuance of a Development Permit shall include an exhibit illustrating sight lines and any sight line easements for site driveways and the intersection of Ten Eyck Road and Thomas Road to insure sight lines are not obstructed by vegetation, trees, vertical curves, or any other objects along the subject property frontages or offsite.

    Minimum intersection sight distances and stopping sight distances shall be in accordance with Roadway Standards section 240. Intersection sight distances are required to be a minimum of 385 looking south from Thomas Road to Ten Eyck.

12) Applicant shall comply with County Roadway Standards clear zone requirements in accordance with Roadway Standards section 245.

13) **Prior to certificate of occupancy**, the applicant shall provide an Engineer's cost estimate to Clackamas County Engineering for any unfinished improvements required by conditions of approval. The estimate shall be submitted for review and approval of quantities of asphalt concrete, aggregates, curbs, sidewalks and any other required improvements and associated construction costs.

14) The applicant shall install and maintain a 30-inch "STOP" sign, with the bottom of the sign positioned a minimum of five and a maximum of seven feet above the pavement surface, at the driveway intersection with Thomas Road. (*Manual on Uniform Traffic Control Devices*)

15) All traffic control devices on private property, located where private driveways intersect County facilities shall be installed and maintained by the applicant, and shall meet standards set forth in the *Manual on Uniform Traffic Control Devices* and relevant Oregon supplements.

16) **Prior to the issuance of a building permit**, the applicant shall submit to Clackamas County Engineering Office:

    a. Written approval from the local Fire District for the planned access, circulation, fire lanes and water source supply. The approval shall be in the form of site and utility plans stamped and signed by the Fire Marshal.

    b. Written approval from the Department of Transportation and Development for surface water management facilities, surface water detention facilities, and erosion control measures.

    c. A set of site improvement construction plans, including a striping and signing plan, for review, in conformance with *Clackamas County Roadway Standards*

Section 140, to Deana Mulder in Clackamas County's Engineering Office and obtain written approval, in the form of a Development Permit.

i. The permit will be for road, driveway, drainage, parking and maneuvering area, and other site improvements.

ii. The Development Permit fee will be calculated at a per parking space rate according to the current fee structure for commercial/industrial/multi-family development at the time of the Development Permit application.

iii. The applicant shall have an Engineer, registered in the state of Oregon, design and stamp construction plans for all required improvements, or provide alternative plans acceptable to the Engineering Division.

d. When the Department of Transportation and Development is the surface water authority for the proposed project and detention facilities are a requirement of development, the applicant shall provide a copy of an approved grading permit to DTD Engineering, Deana Mulder, prior to the issuance of a Development Permit.

17) Before the County issues a Development Permit, the applicant shall submit a construction vehicle management and staging plan for review and approval by the County DTD, Construction and Development Section, if the public road right-of-way is planned to be used for construction staging. That plan shall show that construction vehicles and materials will not be staged or queued-up on public streets and shoulders without specific authority from DTD. If the public road right-of-way is not planned to be used for construction staging, a note shall be added to the construction drawings stating that the public road right-of-way will not be used for construction staging.

SECTION 6 – FINDINGS

This application is subject to Clackamas County Zoning and Development Ordinance (ZDO) Section(s) 310, 1006, 1007, 1008, 1010, 1015, 1021, 1203, and Comprehensive Plan.

BACKGROUND INFORMATION, SITE AND AREA DESCRIPTION AND SERVICES

1. **Background:**

A. Prior Land Use Actions:

1. File Z0579-13, approved April 30, 2014 – Historic Landmark overlay zone placed on the PGE-DAY USE Park, Historic Landmark Designation reduced on the Bull Run Power Plant and Historic Landmark Designation increased on the Bull Run School.

2. In addition, Z0579-13 designated the three sites as a Historic District.

B. Applicant's Proposal:

The BREC (Bull Run Educational Center) seeks approval to conduct wilderness survival programs including camping on the 20 acre site. The scope of these programs includes:

- Youth day and overnight camps
- Adult evening and weekend overnight classes
- School field trips
- Personal camping associated with youth and adult overnight programs
- Hiking associated with youth and adult programs
- Outdoor theater gatherings
- Natural history tours
- Archery classes and events
- Historical reenactments and demonstrations.
- Occasional public and private gatherings, not to include weddings.

The existing structures of the Historic Landmark PGE-Day Use Area will be used. These include two picnic shelters, several cooking shelters, three restrooms, a paved parking lot and an overflow parking lot. An existing cabin, built for a movie several years ago, is available to be used as a caretaker dwelling.

In addition to reuse of the existing park structures and activity areas on the site, the applicant proposes a number of new structures and improvements. These additional items are:

- Five convertible classroom buildings, approximately 1000 sf each. Used as classrooms during the day and converted into sleeping quarters for overnight programs. Providing 20 sleeping spaces each for a total of 100 overnight campers and staff.
- Two new open air classrooms/picnic shelters similar in size and appearance to the existing picnic shelters.
- Outdoor classroom, up to approximately 2,000 sf – tents located on a platform and used for classes, gatherings and meetings. The platform tents will also be convertible to sleeping quarters for up to 40 sleeping spaces.
- Two primitive personal tent camping areas for up to 40 sleeping spaces.
- One 50 X 80 foot archery range.

The Planning Commission recommends that 7 convertible classrooms buildings be permitted. The Planning Commission recommends that 7 platforms for tents be permitted. The Planning Commission recommends that three pavilion/picnic shelters be permitted.

3. **Site Description:** The site is located north of SE Thomas Road and west of SE Ten Eyck Road. The irregular shaped lot is relatively flat. The site is covered in timber of varying ages planted throughout the property. This portion of the site contains approximately 20 acres. This portion of the site has existing historic structures as described above.

3. **Natural Features:** The site is covered in timber of varying ages.

4. **Surrounding Conditions:** The surrounding properties are all zoned TBR. Properties range in size from 20 to over 100 acres. These lots are forested with various aged trees, grasslands and a few are developed with single-family dwellings.

5. **Service Providers:**

   E. Surface Water: The property is not located within a public or private surface water management district. Surface water management is subject to Section 1008 of the ZDO, as administered by the DTD, Engineering Division.
   F. Water: The subject property is served by Portland Water.
   G. Sewer: The subject property is not located in a public or private sewer district. Sewage disposal is accommodated by an existing septic system.
   H. Fire Protection: Sandy Fire District #72.

6. **Responses Requested:**

   C. Bull Run CPO
   D. Sandy Fire District #72.
   E. Department of Transportation and Development (DTD), Building Division
   F. Department of Transportation and Development (DTD), Traffic Engineering (TE)
   G. Dept. of State Lands
   H. Dept of Land Conservation & Development
   I. Property Owners within 750 feet

7. **Exhibits:** See Exhibit List following the last page of this report.

PART 1. SUBMITTAL REQUIREMENTS

1. Subsection 1203.04 of the Zoning and Development Ordinance list the information that must be included in a complete application for a conditional use permit.
   This application includes a completed land use application form, site plan (see above), application fee and completed supplemental application addressing the criteria in Section 1203 of the ZDO. The application also includes a description of the proposed use, vicinity map and Preliminary Statements of Feasibility for storm water management, and sanitary sewer. The application was submitted on June 11, 2014 and deemed complete.

The submittal requirements of Section 1203.04 are met.

PART 2. CONDITIONAL USE PERMIT

1. Subsection 1203.01 of the Zoning and Development Ordinance lists six (6) criteria that must be satisfied in order to approve this Conditional Use.

A. **Section 1203.01(A):** *The use is listed as a Conditional Use in the underlying zoning district.*

1) The subject property is zoned FF-10. Section 310 of the ZDO controls land uses in the underlying FF-10 zoning district. Section 310.06 lists the uses. Section 310.06(A)(14) of the ZDO specifically lists "Public and private parks and campgrounds, recreational grounds, hiking and horse trails, pack stations, corrals, boarding or riding stables, and other similar uses intended for the purpose of obtaining a commercial profit."

2) The applicant has proposed to establish a private park under the provisions of Section 310.04. The proposed uses are summarized under the "Proposal" of this report and described in the application narrative and site plan.

4) The proposed "private park" meets the definition of a "Public and private parks, campground, etc." and can meet the requirements of Section 310.04 with conditions of approval per the approved Reasons Exception.

B. **Section 1203.01(B)**: T*he characteristics of the site are suitable for the proposed use considering size, shape, location, topography, existence of improvements and natural features.*

1. **Size:** The subject property is approximately 20 acres in size.

2. **Shape:** The subject property is irregular.

3. **Topography:** The irregularly shaped lot is relatively flat.

4. **Location:** Access from SE Thomas Road.

5. **Improvements:** The existing historic PGE-Day Use Park structures.

6. **Natural Features:** The site is covered in timber of various ages.

7. **Floodplain:** According to the FEMA Floodplain maps, the subject property is not located within or near a designated floodplain

8. **Geologic Hazards:** There are no seen hazards on the geologic hazards map.

9. **Soils:** The table below identifies one soils type on the subject property.

Soil Type *	Rating *	Slopes *	Location on Site **	Native Vegetation *
2B Alspaugh clay loam	High Value Forest	2 to 8 % Slopes	Western half	Douglas fir, red alder, salal, brakenfern and swordfern.

* The Soils Survey of Clackamas County Area, published by the United States Department of Agriculture.

10. **Summary:** The physical characteristics of the site are suitable to accommodate the proposed use for the following reasons:

    a. The property is approximately 20 acres. The lot is suitable to accommodate the proposed additional structures and activity areas.

    b. The shape does not present any significant limitations to the proposed development.

    c. The relatively flat topography is very suitable to accommodate the proposed use.

    d. The location has access to SE Thomas Road.

    This criterion is met.

C. **Section 1203.01(C):** *The proposed development is consistent with Subsection 1007.09 and safety of the transportation system is adequate to serve the proposed development. .*

III. Subsection 1007.09: Transportation Facilities Concurrency

iv. *"The purpose of Subsection 1007.09 is to ensure that transportation infrastructure is provided concurrent with the new development it is required to serve or, within a reasonable period of time following the approval of new development. Subsection 1007.09 shall apply to the following development applications: design review, subdivisions, partitions, and conditional uses. Approval of a development shall be granted only if the capacity of transportation facilities is adequate or will be made adequate in a timely manner."*

v. Safety: Developments shall comply with the intersection sight distance and roadside clear zone standards of the Clackamas County Roadway Standards. Engineering adds:

The project is located in an area of generally low traffic volumes. In 2011, the average daily traffic (ADT) on Ten Eyck Road south of Bull Run Road was approximately 930 vehicles per day. On Ten Eyck Road north of Bull Run Road, the 2011 ADT was approximately 425 vehicles per day. On Bull Run Road east

of Ten Eyck Road, the 2011 ADT was approximately 860 vehicles per day. The traffic impact analyses provide evidence that the capacity of the transportation system is adequate to support the project comprehensive plan amendment and zone change according to the requirements of the Transportation Planning Rule. Based upon the existing and projected future year traffic volumes and the proposed trip generation of the site, the proposed zone change and comprehensive plan amendment will not have a significant effect on capacity issues associated with the transportation system and no capacity issues will result. The application is in compliance with that portion of ZDO subsection 1203.01 C, regarding the capacity of the transportation system.

The applicant shall provide and maintain adequate intersection sight distances and adequate stopping sight distances for the site driveways and the intersection of Ten Eyck Road/Thomas Road.

Based on the submitted October 15, 2014, Technical Memorandum prepared by Lancaster Engineering, and field measurements made by County Engineering staff, the site intersection with Thomas Road and the intersection of Thomas Road and Ten Eyck road can comply with that portion of ZDO subsection 1203.01 C regarding adequacy of the safety of the transportation system. Previous evidence submitted in the file shows that the sight distance is adequate for the driveway access of the park with Thomas Road.

Summary: Clackamas County Traffic Engineering states that the proposal can satisfy the requirements of subsection 1203.1C.

This criterion can be met.

D. **Section 1203.01(D):** "*The proposed use will not alter the character of the surrounding area in a manner that substantially limits, impairs or precludes the use of surrounding properties for the primary uses allowed in the underlying zoning district.*"

1. The surrounding properties are all zoned TBR. Properties range in size from 20 to over 100 acres. These lots are forested with various aged trees, grasslands and a few are developed with single-family dwellings.

2. This criterion does not require this use to not have any impacts, but instead the impacts must not substantially limit, impair or preclude the use of adjacent properties for the allowed primary uses. The primary uses allowed in this district are listed in Section 310.03. The primary uses allowed in this zone primarily include dwellings, the raising, harvesting and selling of crops, forest operations, fish and wildlife management programs.

3. The background information provided in this report describes the general land uses proposed on this site and occurring on the adjacent properties. The uses on surrounding properties are mainly forest type of uses with a few dwellings and small farms.

4. The potential impacts on the adjacent residential uses include noise, dust, traffic, fire danger and lighting. The PC concurs and adopts the findings in the application in addition to the following findings.

   Noise: Staff believes activities on the subject site will generate some noise greater than what is already occurring on site. The park noises from up to 300 (and up to 600) participants may include singing, and yelling and activity noises. Logging activities also produce noise.

   Staff finds that logging activities and farm activities are regular uses in this zone and believes that the distance between the park/campground and these other property uses is far enough to not be a significant problem or concern.

   Dust: The applicant is not planning on any major dust producing activities. The site is surrounded by a timber zoning district where dust is a normal occurrence.

   Lighting: The applicant states in their application that the FF-10 private park and campground will use the existing electricity. An outdoor lighting plan was not submitted in the proposal.

   Traffic: The subject property has access to Thomas Road. The capacity of the transportation system will not be significantly affected.

   Fire Danger: The only concern for fire is the use of open campfires. The existing fire areas and any new fire sites will be inspected and approved by the local fire district and the Department of Forestry.

5. Summary: Based on the above analysis, the PC believes the dust, noise, fire danger, lighting or traffic impacts resulting from the existing or proposed use will not substantially limit, impair or preclude the use of surrounding properties for residents and farm and forest uses or practices. **With conditions of approval, this criterion can be met.**

E. **Section 1203.01(E):** *The proposal satisfies the goals and policies of the Comprehensive Plan which apply to the proposed use.*

1. The applicant offers that Chapter 9- Open Space, Parks and Historic Sites and the Parks and Recreation section. The goals and policies of that section generally pertain to public facilities. Policy 8 does state "*Use all available and responsible means to reduce the cost of acquisition, development, operation and maintenance of parks and recreation facilities"* and Policy 8.4 "*Encourage the private sector to help meet the recreation needs of County residents and visitors. The recreation program should use private facilities on program-by-program basis when public facilities are not available.*" **The PC agrees that this proposal is in keeping with Chapter 9 of the Comprehensive Plan.**

2. ZDO subsection 1203.01(E) requires that the proposed development is consistent with the goals and policies of the Comprehensive Plan that apply to the proposed use. Comprehensive Plan Chapter Five, "Transportation", under the heading "Improvements to Serve Development", includes Policy 16.0, which reads as follows:

"Require development to be served by adequate roadway facilities."

Transportation Engineering staff (Exhibit 17) finds that the proposal is in compliance with policy 16.0 and, therefore, ZDO subsection 1203.01 as it relates to Comprehensive Plan transportation goals and policies. **Conditions of approval will satisfy this criterion.**

PART 3. OTHER DEVELOPMENT STANDARDS

1. **Other Applicable Sections of the ZDO:** Other applicable standards and Sections of the ZDO applicable to this application are addressed below.

   A. **Section 1006, Water Supply, Sanitary Sewer, Surface Water; and Utilities Concurrency:** Of the ZDO sets forth the standards, requirements and considerations that pertain to utility lines and facilities.

      1. Section 1006.05 – Water Supply Standards Outside The Portland Metropolitan Urban Growth Boundary And Mount Hood Urban Area:

         "The provisions of this section apply outside the Portland Metropolitan Urban Growth Boundary and the Mount Hood urban area. Applicants for any development permit shall specify a lawful water source for the proposed development, such as a public or community water system, certificated water right or exempt-use well." The water source is Portland Water.

         This criterion can be met.

      2. Section 1006.07 - Subsurface Sewage Disposal Standards:

         All development proposing subsurface sewage disposal shall receive approval for the system from the Clackamas County Water Environment Services, Soils Section prior to submittal of a land use application to the County for development. Said systems shall be installed pursuant to ORS 454.605-454.745 and Chapters 171, 523 and 828, Oregon Administrative Rules 340, Divisions 71 and 73 and the policies of the Clackamas County, WES, Soils Section.

         The applicants state that they will be using the existing PGE-Day Use park bathrooms. A condition is warranted stating that the applicant will submit a report to the file from the County Soils Division stating the existing system is adequate for the proposal.

         This criterion can be met.

      3. Section 1006.08 - Surface Water Management Standards:

a. *"All developments shall provide for positive drainage and adequate conveyance of storm and surface water runoff from roofs, footings, foundations, and other impervious or near-impervious surfaces to an appropriate discharge point and shall:*

i. *Comply with the requirements of any special districts with surface water management regulatory jurisdiction; or*

ii. *The requirements of Section 1008 and the County Roadway Standards in areas not under the jurisdiction of a surface water management regulatory authority.*

b. *Installation of stormwater management and conveyance facilities shall be coordinated with the extension of necessary water and sanitary sewer services.*

c. *Approval of a development shall be granted only if the applicant provides a preliminary statement of feasibility from the surface water management regulatory authority. The statement shall verify that adequate surface water management, treatment and conveyance is available to serve the development or can be made available through improvements completed by the developer or the system owner.*

i. *The service provider may require a preliminary storm water management plan, storm drainage report, natural resource assessment and buffer analysis prior to signing the preliminary statement of feasibility.*

ii. *In those areas that are not within a surface water management district, the preliminary statement of feasibility shall be signed by the County Department of Transportation and Development, Engineering Division.*

iii. *The statement shall be dated no more than one year prior to the date a complete land use application is filed and need not reserve surface water treatment and conveyance system capacity for the development.*

Clackamas County DTD, Engineering signed off on the Statement of Feasibility on April 30, 2014, that it is feasible that the proposal can comply with the standards. A condition is warranted requiring the applicant to submit their drainage plan including detention designs to DTD, Engineering. DTD, Engineering shall review and approve the plans for the erosion control prior to final plan approval.

This criterion can be met.

D. **Section 1007- Roads Connectivity:**

1. Section 1007.03 – General Provisions:

A. *The location, alignment, design, grade, width, and capacity of all roads shall be planned, coordinated, and controlled by the Department of Transportation and Development and shall conform to Section 1007, Chapters 5 and 10 of the Comprehensive Plan, and the Clackamas County Roadway Standards. Where conflicts occur between Section 1007, the Comprehensive Plan, and the Clackamas County Roadway Standards, the Comprehensive Plan shall control.*

B. *Right-of-way dedications and improvements shall be required of all new developments, including partitions, subdivisions, multifamily dwellings, two- and three-family dwellings, condominiums, single-family dwellings, and commercial, industrial, and institutional uses, as deemed necessary by the Department of Transportation and Development and consistent with Section 1007, Chapters 5 and 10 of the Comprehensive Plan, and the Clackamas County Roadway Standards.*

Engineering Staff has discussed these issues in Exhibit 17.

This criterion may be met with conditions.

C. *New developments shall have access points connecting with existing private, public, county, or state roads.*

   Approaches to public and county roads shall be designed to accommodate safe and efficient flow of traffic and turn control where necessary to minimize hazards for other uses.

D. *Street alignments, intersections, and centerline deflection angles shall be designed according to the standards set forth in Chapters 5 and 10 of the Comprehensive Plan and the Clackamas County Roadway Standards.*

E. *All roads shall be designed and constructed to adequately and safely accommodate vehicles, pedestrians, and bicycles according to Chapters 5 and 10 of the Comprehensive Plan and the Clackamas County Roadway Standards. Development-related roadway adequacy and safety impacts to roadways shall be evaluated pursuant to the Clackamas County Roadway Standards and also to Oregon Department of Transportation standards for state highways.*

This criterion can be met with conditions. See Exhibit 17, County Engineer comments.

2. <u>Section 1007.04 Public and Private Roadways:</u>

A. *All roadways shall be developed according to the classifications, guidelines, tables, figures, and maps in Chapters 5 and 10 of the Comprehensive Plan and the provisions of the Clackamas County Roadway Standards.*

   1. *Development along streets with specific design standards specified in Chapter 10 of the Comprehensive Plan shall improve those streets as shown in Chapter 10.*

3. *Development adjacent to scenic roads identified on Comprehensive Plan Map V-5, Scenic Roads, shall conform to the following design standards, as deemed appropriate by the Department of Transportation and Development:*

   a. *Road shoulders shall be improved to accommodate pedestrian and bicycle traffic; and*

   b. *Turnouts shall be provided at viewpoints or for recreational needs.*

   County Engineering staff state that the *"the subject property takes access from SE Thomas Road within a portion of the County that is zoned TBR, Timber 80 acres."*

   "The applicant has proposed development of private park that will include site improvements and will generate additional vehicle trips to the site. The applicant is therefore subject to the provisions of Clackamas County Zoning and Development Ordinance (ZDO) section 1007, pertaining to roads, circulation and parking improvements, and section 1008 pertaining to surface water management." (Exhibit 4)

   This criterion can be met with conditions.

B. *Developments shall comply with the intersection sight distance and roadside clear zone standards of the Clackamas County Roadway Standards. In addition:*

   1. No planting, signing, or fencing shall be permitted which restricts motorists' vision; and

   2. Curbside parking may be restricted along streets with visibility problems for motorists, pedestrians, and/or bicyclists as deemed appropriate by the Department of Transportation and Development.

   Engineering staff find that this criterion can be met (Exhibit 15)

   This criterion can be met.

3. <u>Section 1007.09, Transportation Facilities Concurrency</u>:

   A. *The purpose of Subsection 1007.09 is to ensure that transportation infrastructure is provided concurrent with the new development it is required to serve or, within a reasonable period of time following the approval of new development.*

   B. *Subsection 1007.09 shall apply to the following development applications: design review, subdivisions, partitions, and conditional uses.*

   C. *Approval of a development shall be granted only if the capacity of transportation facilities is adequate or will be made adequate in a timely manner. The following shall be exempt from this requirement:*

   Engineering staff have found that the capacity of transportation facilities is adequate. Exhibit 17

   This criterion is met.

D. *As used in Subsection 1007.09(C), "adequate" means a minimum of Level-of-Service (LOS) D, except:*

County Traffic engineering staff finds that *"the roadway system has adequate capacity to accommodate the proposed use, consistent with concurrency requirements under ZDO Subsection 1007.09."* (Exhibit 17)

This criterion is met.

E. *As used in Subsection 1007.09(F), "necessary improvements" are:*

1. *Improvements identified in a transportation impact study as being required in order to comply with the adequacy standard identified in Subsection 1007.09(D).*

   a. *A determination regarding whether submittal of a transportation impact study is required shall be made based on the Clackamas County Roadway Standards, which also establish the minimum standards to which a transportation impact study shall adhere.*

   b. *If a transportation impact study is not required, County traffic engineering or transportation planning staff shall identify necessary improvements or the applicant may opt to provide a transportation impact study.*

   Engineering staff's Exhibit 4 discusses the issues and makes recommendations. **This criterion can be met with conditions**.

E. **<u>Section 1008 - Storm Drainage:</u>**

This section outlines the requirements for Storm Drainage and Erosion Control. The following requirements and standards of Section 1008 are applicable to this proposal.

The subject property is located within the Clackamas County Engineering area of review within the County. The rules and regulations for this district are administered by the Clackamas County Engineering Division. The applicant has submitted a Statement of Feasibility for surface water from the Clackamas County Engineering Division May 30, 2014.

The standards of Section 1008 can be met.

F. **<u>Section 1015 – Parking and Loading:</u>**

1. <u>Section 1015.04 Automobile Parking Area Standards:</u>

   Parking has been established with the PGE-Day Use area. Since this parking area historically handled up to 1000 visitors a day, Staff finds that the applicants parking plan is satisfactory with sufficient number and spacing of parking spaces for vehicles and buses. **This criterion is met**.

G. **Section 1021 Standards – Refuse and Recycling Standards for Commercial, Industrial, and Multifamily Developments:** outlines the standards for refuse and recycling for commercial developments. The following requirements and standards of Section 1021 are applicable to this proposal.

The applicant has not submitted any specific plans concerning refuse and recycling. A condition of approval is warranted requiring the applicant to provide an acceptable plan. **This criterion can be met**.

Rec'd
10.30.14

Z0208-14-CP – Bull Run Application

PGE Day-Use Park

Terry Hescock
19380 SE Summertime Drive
Sandy, Oregon 97055
503-622-5754 Hm/Bus

I worked for PGE for 35 years as a Foreman in the PGE Corporate Shops.

In the summer months at the Roslyn Lake Day-Use Park there was never more than two to three hundred people during peak days over the weekends. During the winter months you would have been lucky to see two vehicles in the parking lot.

This park was basically the local 'swimming hole' for recreational use for residents in the area.

Sincerely,

Terry L Hescock

Terry Hescock

EXHIBIT 58
1 - 1

Hewitt, Gary

From: Karen Karlsson [karen@klk-consulting.com]
Sent: Thursday, November 06, 2014 4:01 PM
To: McCallister, Mike; Hewitt, Gary; Preisz, Linda
Cc: 'Pfeiffer, Steven L. (Perkins Coie)'; 'Becky Hewitt'; Serah Breakstone; 'Rick Michaelson'; 'Jeff Joslin '; 'Travis Neumeyer'; jim@trackersearth.com
Subject: Final Submittal regarding File Number: Z0208-14-CP, Z0209-14-Z, Z0207-14-CU
Attachments: __Final Submittal November 6, 2014.pdf

Mike, Gary and Linda,
Attached is our final submittal into the record for the above mentioned file numbers. Please confirm receipt.
Thanks,
Karen

Karen Karlsson
KLK Consulting LLC
906 NW 23rd Ave
Portland, OR 97210
503-227-5000
503-227-5777 fax
503-515-6865

Spam
Not spam
Forget previous vote

EXHIBIT 59
1 - 50

PROPOSED USES, STRUCTURES, AND ACTIVITIES
WITH LIMITATIONS

Z0208-14-CP/Z0209-14-Z – Bull Run Area "Reasons Exception"
And Z0207-14-CU

All of the following proposed uses have been agreed upon by the applicant to obtain a Conditional Use and a Historic Review approval, and a Conditional Use approval (except for single family dwellings and items approved under Z0207-14-CU) prior to implementation. Any subsequent additional limitations through these separate processes shall be implemented upon approval.

Powerhouse Site: *

Proposed Uses

Museum (inside except for the exterior display of appropriate historic artifacts such as Bull Run Railway and PGE log flume rail cars, transformers, water valves and other powerhouse related artifacts with a maximum 50 guests during outside historic viewing)

Classes related to the history of the facility and the region, including the natural environment of the Bull Run River. (inside unlimited) (outside limited to 50 people at one time)

Use of the historic machine shop and other appropriate spaces for craft shops, artists, and educational instruction (inside).

Small Restaurant (inside except for up to 25 seasonal outdoor seats)
Gift Shop (inside)
Art Gallery and Studios (inside)
Fish & Wildlife Management (outside)
Office Space (inside)
Dwelling (inside)
Signs (Section 1010)

Community events, such as open house/tours, events for area non-profits to present themselves to the community, fund raisers for the facility, and annual picnics for the PGE retirees up to 4 times per year not longer than 48 hours per event with not more than 600 attendees per event with not more than 300 people at any time. (Inside the fenced area)

* No new habitable structures will be allowed. Only incidental additions such as exterior ramps and stairs, elevator facilities, and up to three additions of habitable space such as for ADA improvements and covered entries of less than 50 sq. ft. will be allowed.

EXHIBIT 59
2 - 50

School Site: **

Proposed Uses

School (inside/with outside play areas) including overnight accommodations, kitchen and cafeteria (inside/with outside play areas)
Daycare Facility (inside)
Art & Music Studio including display, teaching and sales (inside)
Office (inside)
Dwelling (inside)
Signs (Section 1010)

**New structures on the school site will be limited to accessory use for flag poles, gazebos, fences etc.

EXHIBIT 59
3 - 50

November 6, 2014

Clackamas County Board of Commissioners
2051 Kaen Road
Oregon City, OR 97045

File Number: Z0208-14-CP, Z0209-14-Z, Z0207-14-CU

Dear Commissioners:

On October 22nd the Zone Change, Comprehensive Plan Amendment and Conditional Use were before you. At the Hearing, after review of Exhibit 57 describing uses requested at the three historic sites, we were asked to work with staff to better describe the requested Community Events and to describe the "Uses and activities included in the Conditional Use as recommended by the Planning Commission" language as it related to the Park. We were also asked to provide additional information on how to ensure the historic compatibility of new structures on the Park site.

We submitted these clarifications to staff with the hope of coming to a consensus prior to the record closing on November 6th. We regret that staff was unavailable to meet with us, although we did receive written responses to our proposal within the last two days. Unfortunately, those responses have not helped us reach consensus.

We are submitting today our request for the approval of specific uses along with certain restrictions at all three sites. These uses are necessary to afford the preservation of these three Clackamas County Landmarks.

Attached as Exhibits to this letter are:

1. Our present request for approved uses on all three sites. This list adds additional limitations and clarifications to the list previously submitted to staff.

2. Additional information in response to the Board's request for further clarification of the Community Events and on uses and activities in the Park.

3. Additional findings addressing the private park/"campground" use on the park site in the proposed FF-10 zone. The findings explain why the use is justified and why it is compatible, including the measures proposed in the Conditional Use application to ensure its compatibility with adjacent uses.

4. Supplemental information describing the proposed new structures on the Park site and addressing the historic compatibility of those new structures.

5. Evidence of our efforts to reach consensus on the allowed uses at the Powerhouse, School and Park.

EXHIBIT 59
4 - 50

While we and staff have come closer to resolution for the school and powerhouse, we cannot say the same about the park site. Without approval of the requested uses and structures, it will not be economically feasible to preserve the park. The only economically viable activity will be the harvest of the 100 year old timber, and conversion of the park to commercial forest.

Unlike a typical project before you, denial of our application does not simply mean that a project does not get built and the status quo remains. It means that historic resources are lost since there are no viable uses for them without your approval of our application.

We have been working to preserve these structures at great personal risk and expense for the benefit of Clackamas County residents for eight years, including three years of preparing and processing our land use application, with two pre-application meetings, three different application submittals, four hearings in front of the Planning Commission, and two weeks of work since your first hearing.

We have tried our best to save these historic sites and can accept the proposed limitations on the school and powerhouse. However, we cannot accept the limitations staff recommends for the park. If you are unable to approve the goal exception, zone change, and conditional use applications in a manner that enables the uses and new structures proposed in the park, we must, with great sadness, request that the historic designation on the PGE Day Use Park be removed and that the Park be removed from the Bull Run Historic District.

We thank you for your careful consideration, and profoundly hope for a positive resolution.

Sincerely,

Karen Karlsson

Karen Karlsson

Enclosures

EXHIBIT 59
5 - 50

EXHIBIT 1

PROPOSED USES LIST

EXHIBIT 59
6 - 50

Park Site: FF-10 - Portion

Proposed Uses

Offices (inside)
Gift Shop (inside)
Signs (Section 1010)
One single family dwelling, not to exceed 1200 sq ft

Additional Proposed Uses based on specific Conditional Use application and goal exception findings:
Private Park and Campground as defined in 310.06.A.14, including uses, activities, structures and limitations listed below:

Up to 800 people during the day, 300 at night.

New structures not to exceed:
Six cabins (convertible to classrooms) not to exceed 1000 sq. ft. each,
Six platform tents not to exceed 400 sq. ft. each,
Two pavilion/shelters not to exceed 1200 sq. ft. each.

Special community events limited to 1500 people up to four times per year, such as reunions for area schools and neighbors, community open park days on summer holidays and historical reenactment events.

Park Site: TBR – Portion (conditional use only – no goal exception etc. required)

Private Park as defined in 406.03.J, including Primitive self-made temporary overnight shelters for up to 45 students per week, as accessory to the FF-10 and TBR Park site activities.

EXHIBIT 59
7-50

EXHIBIT 2

ADDITIONAL INFORMATION REQUESTED

EXHIBIT 59
8-50

PUBLIC EVENTS

As part of our commitment to the community we want to make our facility available for events that support the community and further our mission.

PUBLIC EVENTS PROPOSED FOR POWERHOUSE SITE

At the Powerhouse events might include open houses/tours of the powerhouse, events for area non-profits to present themselves to the community, fund raisers for the facility and annual picnics of the PGE Retirees. We held a very successful 100th birthday event for the powerhouse, giving tours, hosting booths from a variety of community and environmental groups, serving food and providing music. 600 people attended our four hour event. To make this event work, we provided parking at Roslyn Park and used shuttle busses to the powerhouse. We hope to be able to occasionally host events like this in the future.

If the powerhouse remained in the timber zone, it would be an allowable use to have gatherings of up to 3000 people for not more than 120 continuous hours in any three month period. We are proposing to restrict these gatherings more. Our proposal is:

- Not more than 4 such events per year
- No event to last more than 48 hours
- Attendance be limited to 300 people at any one time, 600 during the course of the event.

PUBLIC EVENTS PROPOSED FOR ROSALYN LAKE PARK SITE

At Roslyn Lake Park, special community events that for example could possibly be for reunions for local school alumnae craft fairs, neighborhood gatherings, possible historical Native American and pioneer reenactments, and community open park days on summer holidays. These events would occasionally allow the general public to experience the special, historic atmosphere of the park. Typical hours for special events at the park will be 10:00 am to 10:00 pm. Special community events will always be limited to 1500 people. The number of people using the site for a special event will vary widely, with a maximum of 1,500 people using the park over the course of the day. Transportation will be a combination of buses and personal vehicle use with strong support for car-pool and ride-share options. These events will be scheduled to compliment other community events.

If the park remained in the timber zone, it would be an allowable use to have gatherings of up to 3000 people for not more than 120 continuous hours in any three month period. We are proposing to further restrict these gathering. Our proposal is:

- Not more than 4 such events per year
- No event to last more than 48 hours
- Attendance be limited 1500 total during the course of the event.

	Type	Use	Subject To
OUTDOOR GATHERINGS	A	An outdoor mass gathering as defined in ORS 433.735 or other gathering of fewer than 3,000 persons that is not anticipated to continue for more than 120 hours in any three-month period.	406.05(J)(1)
	C	An outdoor mass gathering of more than 3,000 persons that continues or can reasonably be expected to continue for more than 120 hours within any three-month period and any part of which is held in open spaces.	406.05(A)(1) & (J)(2)

J. Outdoor Gatherings

1. An outdoor mass gathering as defined in ORS 433.735 or other gathering of fewer than 3,000 persons that is not anticipated to continue for more than 120 hours in any three-month period, subject to ORS 433.735 through 433.760.

ROSLYN PARK

PROPOSED NEW STRUCTURES

	PC RECOMMENDATION		PRESENT REQUEST	
	NUMBER	SIZE	NUMBER	SIZE
Dwelling	1	Unlimited	1	1200 sq ft
Cabins (convertible to Classrooms)	7	1200 sq ft	6	1000 sq ft
Platform Tents	7	1200 sq ft	6	400 sq ft (platform less than 30" above ground)
Pavilions/Shelters	3	1200 sq ft	2	1200 sq ft
TOTAL	**18**	**21,600 sq ft****	**15**	**12,000 sq ft**

** Assumes dwelling is 1200 sq ft

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EXHIBIT 3

ADDITIONAL FINDINGS ADDRESSING

PRIVATE PARK/ "CAMPGROUND"

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Angelo planning group LAND USE PLANNING • TRANSPORTATION PLANNING • PROJECT MANAGEMENT

Memorandum

Date: November 6, 2014

To: Clackamas County Board of County Commissioners

From: Becky Hewitt, Angelo Planning Group

cc: Clackamas County Planning & Zoning Staff

Re: Z0208-14-CP, Z0209-14-Z, Z0207-14-CU: Supplemental Findings for Reasons Exception for Private Park at Park Site

Introduction

Application materials submitted in February 2014 documented the extent of physical development on the Park site (as well as on the Powerhouse and School sites). Additional materials submitted in May 2014 provided findings supporting a "reasons" exception for the developed portion of the Park site and for allowing an appropriate range of uses for the existing structures and grounds within that area. (The May 2014 submittal also provided findings supporting a "reasons" exception for both the Powerhouse and School sites with their own appropriate range of uses.) After receiving support from the Planning Commission for our proposal, we were surprised when County Planning staff . indicated that, in their opinion, the Reasons exception criterion related to compatibility of the proposed use with surrounding uses has not been adequately addressed in the applicant's submittals to date, and have requested more specific findings on this criterion.

Staff has articulated a concept of "self-limiting" uses "which by the very name would be uses that would be nominal in the historic use of the property, uses that do not change the nature of the historical use, the area it resides in and the character of the community."[1] Under this concept, they have found that a few of the uses requested by the applicant at the Powerhouse and the School sites (such as a museum, gift shop, art gallery with studios, and office space at the Powerhouse site and a school, daycare facility, and art and music studio at the School site) are permissible, though others are not. Fortunately, for the Powerhouse and the School sites, the uses most essential to the applicant's ability to achieve the reason that justifies the goal exception in the first place – the need to preserve significant historic resources designated for protection by the County, consistent with Goal 5 and the County's adopted and acknowledged Comprehensive Plan – were included in the short list of uses found to meet the staff's concept of "self-limiting" uses. However, staff has deemed the proposed private park use for the Park site – the use most essential to the preservation of the Park site and for which a Conditional Use application was prepared and submitted – to be impermissible under this concept. The rationale most recently articulated by staff for why a private park (inclusive of overnight use) does not meet their concept of "self-limiting" uses (which is not found in statute, rule or case law and thus lacks any guidance as to its meaning other than that provided yesterday in an

[1] Email from Gary Hewitt to Karen Karlsson, November 5, 2014. See Exhibit 5.

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email from staff) is based on a perceived increase in intensity of the proposed use relative to the historic use of the site.[2]

This memorandum provides a more detailed justification of the private park use proposed for the Park Site and more detailed findings regarding its compatibility with surrounding uses, pursuant to Oregon Revised Statutes (ORS) 197.732 and the related Oregon Administrative Rules. For the sake of convenience and completeness, findings related to all of the relevant criteria for the proposed private park use on the Park site are summarized below.

Supplemental Findings

Oregon Revised Statutes: 197.732 Goal exceptions; criteria; rules; review.

(2) A local government may adopt an exception to a goal if:

(c) The following standards are met:

(A) Reasons justify why the state policy embodied in the applicable goals should not apply;

Response: The need to preserve significant historic resources designated for protection by the County,[3] consistent with Goal 5 and the County's adopted and acknowledged Comprehensive Plan, justifies why the state policy embodied by Goal 4 should not apply to this property.

With Roslyn Lake drained and PGE no longer operating the park (which they had done in order to meet state and federal requirements, rather than because it provided a financial benefit), there is a need for a new purpose for the site. Given the county's fiscal limitations and the inability of the public sector to acquire and maintain the historic park structures and grounds, the only viable option for preservation of the park is through private investment. Without the lake as an attraction or an operable powerhouse to subsidize park operations and maintenance, additional uses beyond the historic use -- a private park for casual day use -- must be allowed in order for the park to generate revenue to offset the expense of maintenance.

The future recreational uses that are appropriate on the historic park grounds will need to be more intense and more diverse than those allowed under the Timber zone in order to generate adequate revenue to maintain the park. This is why the FF-10 zone is needed and appropriate. Future private park use allowed under the FF-10 zone will still need to be rural in nature and intensity, but will allow a broader spectrum of activities, including overnight use, than would meet the standards for a private park in the Timber zone.

(B) Areas that do not require a new exception cannot reasonably accommodate the use;

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[2] Staff notes in the same email previously mentioned that this perception comes from informal discussion with a local resident who offered his personal recollection of the amount of use that took place at the site historically. No information has been submitted into the record documenting or providing any evidence to support this perception.

[3] The Board of County Commissioners approved a discontinuous Historic District designation that includes the Powerhouse site as well as the School and Park sites on April 30, 2014 (see Exhibit A of the February 2014 application).

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Response: The location of the Park site is integral to the site's history and context. Even if it were possible to relocate the structures, the historic setting and context, which are the major contributors to the historic significance of the site, would be lost. The preservation of the historic Park site through adaptive reuse cannot be reasonably accommodated on any piece of land other than the existing site, which happens to be resource land.

(C) The long term environmental, economic, social and energy consequences resulting from the use at the proposed site with measures designed to reduce adverse impacts are not significantly more adverse than would typically result from the same proposal being located in areas requiring a goal exception other than the proposed site; and

Response: The long term environmental, economic, social and energy consequences have been discussed in multiple previous submittals, but are repeated here for convenience. It is important to note that the criterion above requires comparison only against locating the proposed use in other areas also requiring a goal exception (and, as noted above, no other locations, whether requiring a goal exception or otherwise can achieve the reason that justifies the proposed use). However, if a private park allowed under the FF-10 zone were to be established on other resource land that does not already contain park structures, parking, access roads, restrooms, septic drain fields, and other improvements, more site improvements would be needed. Enabling the re-establishment of a private park on the Park site has less, not more, adverse consequences than locating a similar use on other sites requiring a goal exception, as detailed below.

- ENVIRONMENTAL CONSEQUENCES: Allowing re-use of the park site provides an opportunity for outdoor educational programming and outdoor recreation in a natural setting that makes use of areas that are already developed and disturbed.

- ECONOMIC CONSEQUENCES: Enabling private investment in the existing structures and improvements and in a limited number of new structures on the Park Site will allow the County to provide recreational opportunities to county residents without the need to expend public money to do so, and will also increase the value of the property, increasing property tax revenue. With a Plan amendment to Rural land, the site could support jobs for maintenance and recreational and educational programming, which will have an economic benefit. Allowing for on-going private investment will also prevent the existing structures from becoming a nuisance due to vandalism and break-ins, thereby preventing the site from becoming a drain on County law enforcement resources.

- SOCIAL CONSEQUENCES: Allowing recreational and educational uses to occur again on the Park Site will provide on-going benefits to the community through increased accessibility to recreational and educational opportunities. It also prevents the structures from suffering neglect and becoming targets for vandals or refuges for illicit activities that would detract from the safety of the area.

- ENERGY CONSEQUENCES: Because the needed infrastructure is already available at the Park Site, there will be no energy expenditure to bring utilities to the site.

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(D) The proposed uses are compatible with other adjacent uses or will be so rendered through measures designed to reduce adverse impacts.

Response: Properties surrounding the subject site are zoned Timber and are generally rural in character. The Timber zoning allows uses including farm and forest operations, single family dwellings (with limitations), limited utility and solid waste facilities, some hunting/fishing activities, and outdoor mass gatherings of under 3,000 people for less than 120 hours in any 3-month period. Existing uses adjacent to the site include several small farms with homes to the south across SE Thomas Road, undeveloped and currently unmanaged wooded areas to the east and west, and the former Roslyn Lake bed (currently sandy and filling in with shrubs grasses, and alder trees) on the north and northeast edges. The historic Bull Run Elementary School is also adjacent to the site at the southeast corner; the school is currently unused, and is included in the zone change proposal to be rezoned to FF-10.

Compatibility of the proposed use at the Park site must be considered in light of the fact that the site was historically a heavily used recreational destination for the Portland region, with tens of thousands of visitors each year for several decades. The number of visitors was documented in forms submitted to the Federal Energy Regulatory Commission (FERC) regarding usage of the recreation facilities at the Roslyn Lake reservoir (these forms are attached to the memo as evidence). In 1966 the park hit a peak of 100,000 visitors. From 1991 to 2002, the annual number of visitors ranged from over 40,000 to 63,000 with peak weekends averaging 3,000 visitors throughout that time. The park was a beloved amenity for the surrounding community – there is no evidence of compatibility concerns from adjacent uses when the park was operating and heavily used.

The proposed use of the exception area documented in the Conditional Use application is nowhere near as intense as the historic use of the park. The proposal is for up to 800 people per day (including participants and staff) using the site during the day for various programs/activities, and up to 300 people at a time using the site for overnight stays (includes participants and staff). The proposal also includes occasional one-day use of the site for a larger public or private special event such as a family reunion, acoustic concert, craft fair, or other similar use. (Weddings will not be allowed on the site.) The number of people using the site for a special event will vary widely, with a maximum of 1,500 people using the site over the course of the day (but not all at once). The only portion of the proposed use that in any way exceeds what took place at the site historically is the addition of overnight stays. (The park was historically utilized as a day use park.)

While the proposed goal exception and zone change is for 20 acres, the full park site (exclusive of the Powerhouse site) totals 100 acres. The developed portion of the park where the zone change and more intense park use is proposed, including the proposed cabins for overnight use, is located in the center of the site, surrounded on all sides by land on the same parcel that will remain in the Timber zone. This land provides a buffer and transition to other adjacent resource land by allowing only the low-impact, casual, recreational use that is acceptable in the Timber zone to extend into those areas. The proposed goal exception and FF-10 zone area is set back from SE Thomas Road, where the only nearby rural homes are located, by nearly a quarter mile. This distance and buffering will mitigate any potential noise impacts from proposed uses on surrounding rural residential uses. The buffer of TBR zoning surrounding the proposed FF-10 zone (the minimum buffer from adjacent properties is 40 feet from the western property line to the FF-10 zoning) will

also minimize conflicts with any future resource uses on adjacent land to the east, north, and south (as noted, this land is not actively managed for farm or forest use at present).

In addition to reuse of existing park structures and activity areas on the site, the applicant proposes a limited number of new structures and improvements within the FF-10 area that will support the planned uses. As documented in the Conditional Use application, the site will maintain its natural, park-like setting. No new roads will be constructed, existing traffic routes will not be altered, and the addition of buildings and shelters will be done in a manner that complements the historic character of the park.

In addition, the transportation impact study submitted with the conditional use application concludes that traffic generated by the proposed use will not have negative impacts on surrounding roads and intersections. Service levels will remain adequate (LOS A). Sight distance issues can be mitigated to improve safety for all drivers through the affected intersection at Thomas Road and Ten Eyck Road.

Given that the proposed use is less than the historic levels of use of the park site, that all uses that exceed what is allowed in the TBR zone will be separated and buffered from adjacent uses by TBR land on the same property, and that there will be no negative impacts on the surrounding transportation system, the proposed use is compatible with adjacent uses.

Oregon Administrative Rules: Department of Land Conservation and Development, Division 4: Interpretation of Goal 2 Exception Process

660-004-0018: Planning and Zoning for Exception Areas

(4) "Reasons" Exceptions:

(a) When a local government takes an exception under the "Reasons" section of ORS 197.732(1)(c) and OAR 660-004-0020 through 660-004-0022, plan and zone designations must limit the uses, density, public facilities and services, and activities to only those that are justified in the exception.

Response: The uses proposed to be allowed on the portion of the Park site proposed for the goal exception and zone change are limited to those uses which staff has found to be "self-limiting" and the proposed private park. This satisfies the above requirement to limit the uses to only those that are justified in the exception.

660-004-0020: Goal 2, Part II(c), Exception Requirements

(2) The four standards in Goal 2 Part II(c) required to be addressed when taking an exception to a goal are described in subsections (a) through (d) of this section, including general requirements applicable to each of the factors:

(a) "Reasons justify why the state policy embodied in the applicable goals should not apply." The exception shall set forth the facts and assumptions used as the basis for determining that a state policy embodied in a goal should not apply to specific properties or situations, including the amount of land for the use being planned and why the use requires a location on resource land;

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Response: The reasons why the state policy should not apply are based on the following facts and assumptions:

- The 20-acre Park site that is requested to be rezoned is part of a larger, discontinuous Historic District (see Exhibit A in the original application).
- According to ZDO 707.01: "The intent and purpose of this overlay district is to implement the goals and policies of the Comprehensive Plan for Historic Landmarks, Districts, and Corridors and promote the public health, safety, and general welfare by safeguarding the County's heritage as embodied and reflected in its historic resources."
- ZDO 707.02 provides criteria for determining "significance"; approval by the BCC of the Historic District application indicates that the Park site has been found to rate as "significant".
- The County's acknowledged Comprehensive Plan includes the following policy: "Pursue options and incentives to allow productive, reasonable use, and adaptive reuse of historic properties."[4]
- Roslyn Lake has been drained and no longer serves as a recreational amenity and attraction.
- While timber harvest is currently allowed and viable on parts of the Park site (and much of the remainder of the parcel east of Ten Eyck Road that is not included in the proposed goal exception), removal of the trees within the Historic District would be incompatible with the designation approved by the Board of County Commissioners and would significantly detract from the value of the structures in the developed park area.
- No public entities have expressed interest in owning and maintaining the site. The only viable option for preservation of the Park site is through private investment.
- In order for private investment in the Park site to remain a viable option, adaptive reuse of the structures and grounds must be allowed so that they can generate revenue to offset the expense of maintenance.
- Moving the existing historic structures to non-resource land is neither feasible nor appropriate, given that the setting is a critical part of the site's history.
- The Park site that is proposed for a goal exception is 20 acres in size, part of a larger parcel that totals 110 acres. The 80 acres surrounding the proposed goal exception area on the same parcel (excluding the Powerhouse site) will remain zoned TBR.
- Access to the more developed portions of the park must be provided on land that shares the same zoning FF-10 designation, pursuant to LUBA case No. 2001-121.[5]

Based on the facts and reasons listed above, a goal exception is needed for the 20-acre Park site to allow compatible uses that will enable financially viable adaptive reuse of the existing structures and grounds.

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[4] Clackamas County Comprehensive Plan, Chapter 9, Policy 8.0 under "Historic Landmarks, Districts, and Transportation Corridors".

[5] Anthony Roth vs. Jackson County and Garry Wood and Cristina Wood. LUBA No. 2001-121.

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(b) "Areas that do not require a new exception cannot reasonably accommodate the use". The exception must meet the following requirements:

(A) The exception shall indicate on a map or otherwise describe the location of possible alternative areas considered for the use that do not require a new exception. The area for which the exception is taken shall be identified;

(B) To show why the particular site is justified, it is necessary to discuss why other areas that do not require a new exception cannot reasonably accommodate the proposed use. Economic factors may be considered along with other relevant factors in determining that the use cannot reasonably be accommodated in other areas. Under this test the following questions shall be addressed:

(i) Can the proposed use be reasonably accommodated on nonresource land that would not require an exception, including increasing the density of uses on nonresource land? If not, why not?

(ii) Can the proposed use be reasonably accommodated on resource land that is already irrevocably committed to nonresource uses not allowed by the applicable Goal, including resource land in existing unincorporated communities, or by increasing the density of uses on committed lands? If not, why not?

(iii) Can the proposed use be reasonably accommodated inside an urban growth boundary? If not, why not?

(iv) Can the proposed use be reasonably accommodated without the provision of a proposed public facility or service? If not, why not?

(C) The "alternative areas" standard in paragraph B may be met by a broad review of similar types of areas rather than a review of specific alternative sites. Initially, a local government adopting an exception need assess only whether those similar types of areas in the vicinity could not reasonably accommodate the proposed use. Site specific comparisons are not required of a local government taking an exception unless another party to the local proceeding describes specific sites that can more reasonably accommodate the proposed use. A detailed evaluation of specific alternative sites is thus not required unless such sites are specifically described, with facts to support the assertion that the sites are more reasonable, by another party during the local exceptions proceeding.

Response: Because the purpose of the proposed goal exception is to allow compatible adaptive reuse of the existing historic Park site, identification of other locations that could accommodate the Bull Run Education Center would ultimately leave the Park site unused, without a funding stream for upkeep, and subject to falling into further disrepair – it would not accomplish the reason that justifies why Goal 4 should not apply. If the only economically viable uses available for the Park site were the forestry activities that are allowed in the Timber zone, all the trees that contribute to and enhance the character of the park and its historic nature would have to be harvested. This would be incompatible with the historic character of the Park site and would significantly detract from the value of the developed park area. An alternatives analysis of non-resource locations is not appropriate for this unique circumstance; the adaptive reuse of the historic Park site cannot reasonably be accommodated on any piece of land other than where those historic resources are currently located, which is on resource land. Preservation of the historic Park site requires a goal exception.

In addition, the February 2014 application materials demonstrate that the portion of the Park site that is the subject of the goal exception is already physically developed to the extent that it is unavailable for resource uses.

(c) "The long-term environmental, economic, social and energy consequences resulting from the use at the proposed site with measures designed to reduce adverse impacts are not significantly more adverse than would typically result from the same proposal being located in areas requiring a goal exception other than the proposed site." The exception shall describe: the characteristics of each alternative area considered by the jurisdiction in which an exception might be taken, the typical advantages and disadvantages of using the area for a use not allowed by the Goal, and the typical positive and negative consequences resulting from the use at the proposed site with measures designed to reduce adverse impacts. A detailed evaluation of specific alternative sites is not required unless such sites are specifically described with facts to support the assertion that the sites have significantly fewer adverse impacts during the local exceptions proceeding. The exception shall include the reasons why the consequences of the use at the chosen site are not significantly more adverse than would typically result from the same proposal being located in areas requiring a goal exception other than the proposed site. Such reasons shall include but are not limited to a description of: the facts used to determine which resource land is least productive, the ability to sustain resource uses near the proposed use, and the long-term economic impact on the general area caused by irreversible removal of the land from the resource base. Other possible impacts to be addressed include the effects of the proposed use on the water table, on the costs of improving roads and on the costs to special service districts;

Response: As noted previously, a comparison of alternatives is not appropriate given the unique situation of the site in question. Further, as stated above, if a private park allowed under the FF-10 zone were to be established on other resource land that does not already contain park structures, parking, access roads, restrooms, septic drain fields, and other improvements, more site improvements would be needed. Enabling the re-establishment of a private park on the Park site has less, not more, adverse consequences than locating a similar use on other sites requiring a goal exception.

(d) "The proposed uses are compatible with other adjacent uses or will be so rendered through measures designed to reduce adverse impacts." The exception shall describe how the proposed use will be rendered compatible with adjacent land uses. The exception shall demonstrate that the proposed use is situated in such a manner as to be compatible with surrounding natural resources and resource management or production practices. "Compatible" is not intended as an absolute term meaning no interference or adverse impacts of any type with adjacent uses.

Response: The discussion above demonstrates that the proposed use will be rendered compatible with adjacent land uses through maintaining a buffer of forest land on all sides and being set well back from the nearest public road and rural residential uses. These measures, combined with the fact that the scale of the use is less than was present on the site historically, demonstrate that the use will be compatible with both surrounding resource uses and surrounding rural residential uses.

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660-004-0022: Reasons Necessary to Justify an Exception Under Goal 2, Part II(c)

An exception under Goal 2, Part II(c) may be taken for any use not allowed by the applicable goal(s) or for a use authorized by a statewide planning goal that cannot comply with the approval standards for that type of use. The types of reasons that may or may not be used to justify certain types of uses not allowed on resource lands are set forth in the following sections of this rule. Reasons that may allow an exception to Goal 11 to provide sewer service to rural lands are described in OAR 660-011-0060. Reasons that may allow transportation facilities and improvements that do not meet the requirements of OAR 660-012-0065 are provided in OAR 660-012-0070. Reasons that rural lands are irrevocably committed to urban levels of development are provided in OAR 660-014-0030. Reasons that may justify the establishment of new urban development on undeveloped rural land are provided in OAR 660-014-0040.

(1) For uses not specifically provided for in this division, or in OAR 660-011-0060, 660-012-0070, 660-014-0030 or 660-014-0040, the reasons shall justify why the state policy embodied in the applicable goals should not apply. Such reasons include but are not limited to the following:

(a) There is a demonstrated need for the proposed use or activity, based on one or more of the requirements of Goals 3 to 19; and either

(A) A resource upon which the proposed use or activity is dependent can be reasonably obtained only at the proposed exception site and the use or activity requires a location near the resource. An exception based on this paragraph must include an analysis of the market area to be served by the proposed use or activity. That analysis must demonstrate that the proposed exception site is the only one within that market area at which the resource depended upon can reasonably be obtained; or

(B) The proposed use or activity has special features or qualities that necessitate its location on or near the proposed exception site.

Response: As stated previously, there is a demonstrated need for the proposed use – the adaptive reuse of the historic Park site – based on the requirements of Goal 5. The existing historic structures and grounds are the critical features and resources that dictate where the adaptive reuse can take place.

Conclusion

The Park site has been demonstrated to meet the criteria for a "reasons" exception to Goal 4 under the relevant state statutes and administrative rules based on its historic significance. The original application submitted in February 2014 documents the extent of existing development on the site and demonstrates consistency with the applicable general Clackamas County Comprehensive Plan Policies, including those related to comprehensive plan amendments and those related to historic landmarks; demonstrates that the proposed goal exception and zone change area is at least as consistent with Rural comprehensive plan land use policies as with Forest Comprehensive Plan land use policies; and that the proposal is consistent with all zone change requirements in the Clackamas County Zoning and Development Ordinance.

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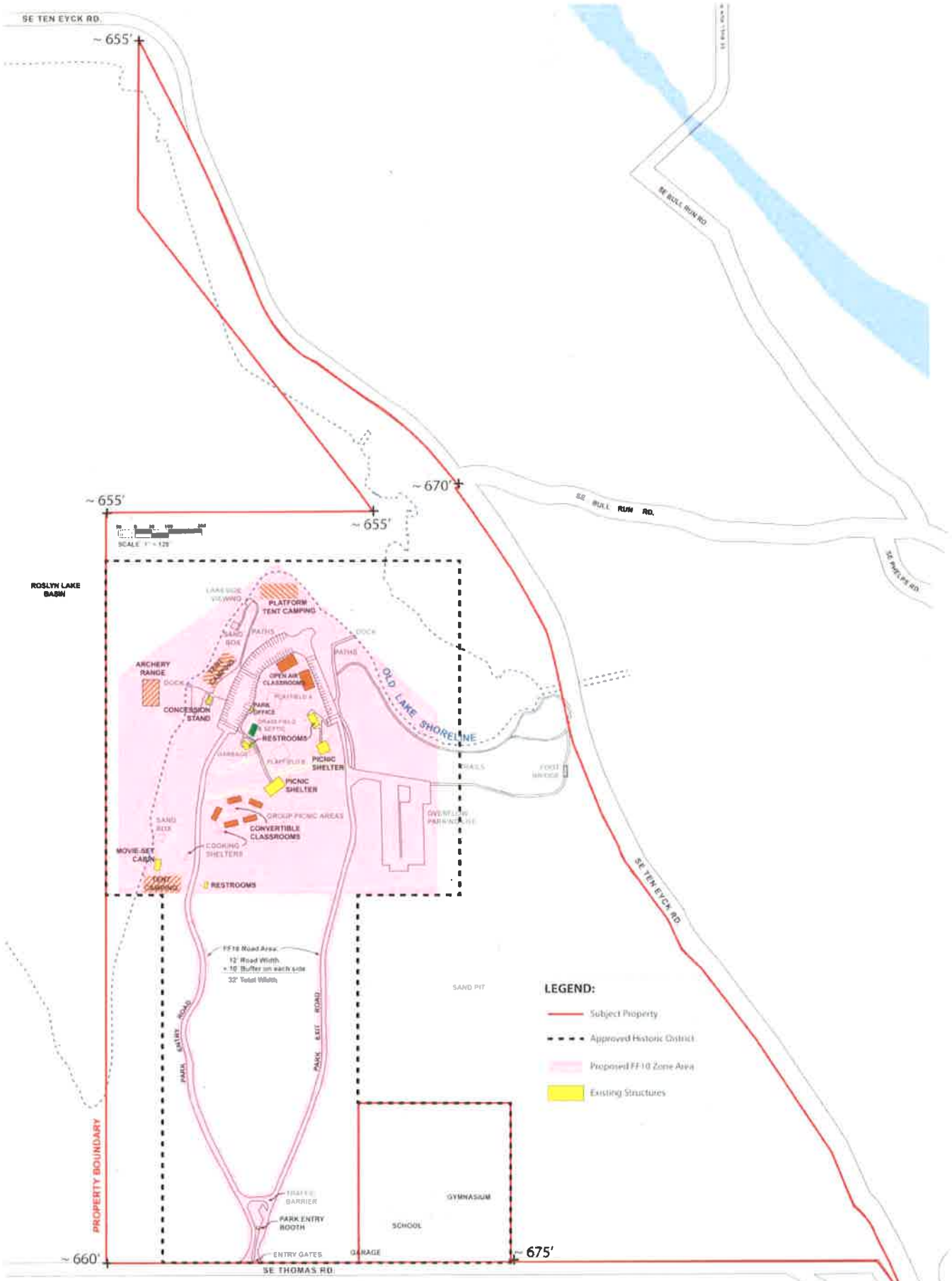

Name: Bull Run Education Center

Address: 41401 SE Thomas Rd.
Sandy, OR 97055

BULL RUN EDUCATION CENTER
PROPOSED SITE PLAN

T: 2S R: 5E Section: 6 Tax Lot: 00102

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Federal Energy Regulatory Commission (FERC)
FERC Form 80

Licensed Hydropower Development Recreation Report

Form Approved
OMB No. 1902-0001
Expires: 12/31/92
Burden: 3.0 hours

This form collects data on recreational facilities at projects licensed by the Federal Energy Regulatory Commission (Commission) under the Federal Power Act (16 USC 792-828c), and is therefore mandatory. Failure to report may result in criminal fines, civil penalties and other sanctions as provided by law. This form must be submitted by licensees of all projects except those exempted under 18 CFR 8.11. (See Glossary Definition Number 2, Exemption). Submit this form on or before April 1, 1991. Submit subsequent filings of this form on or before April 1, every 4th year thereafter (for example, submit in 1995, 1999, 2003, etc.). Submit to the Commission's Regional Office (specified in the cover letter to this form) an original, and 3 copies of this form and any attachments *for each development within each project*. For further information, or an explanation of the instructions in this form, or for additional copies of the form, contact the Commission's Regional Office specified in the cover letter to this form. *The public burden for this form is estimated to average 3 hours per response, including the time of reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Please send your comments about this burden estimate, or any other aspect of this collection of information, including suggestions for reducing this burden to: the Energy Information Administration, Office of Statistical Standards, EI-73, Mail Station 1M-023, Forrestal, 1000 Independence Avenue SW, Washington, DC 20585; and to the Office of Information and Regulatory Affairs, Office of Management and Budget, Washington, DC 20503.*

Schedule 1. Public Use Information: Please read the instructions and glossary before completing this form.

1. Instructions:

1.1 All data reported on this form must represent recreational facilities and services located within the development boundary.

1.2 To insure a common understanding of terms, please refer to the Glossary on page 3.

1.3 Report actual data for each item. If actual data are unavailable, then please estimate.

2.1 Licensee Name: Portland General Electric Company

2.11 Licensee No (FERC Use Only): _____

2.12 Type of Project License: (Enter "1" for major projects and "2" for minor projects licensed by the Commission): 1

2.13 Type of Project Operation: (Enter a "1" for projects operating in run-of-river mode, and a "2" for those projects operating in peaking mode): 2

2.2 Project Name: Bull Run

2.21 Project Number: 477

2.3 Development Name: Roslyn Lake

2.31 Dev No (FERC Use Only): _____

3.1 States Project Traverses (abbreviated):

3.11 State #1: OR (List State(s) with largest

3.12 State #2: __ to smallest area within

3.13 State #3: __ the Development boundary)

3.2 Name of Stream: Sand River

3.21 Name of Drainage Basin: Sandy

3.3 Reservoir Surface Acres: 160

3.4 Shoreline Miles at Normal Pool Elevation: 3

3.5 Name of Nearest City with a Population of 40,000 or More: Gresham

3.51 Distance: From Nearest City to the Dam: 17 Miles

3.52 Population of this Nearest City: 60,315

3.6 Estimated Population within 100 mile Radius from the Dam: 1,823,000

3.7 Pct. of Shoreline Safely Accessible to the General Public by Land Travel without Trespassing: 60.0 %

3.8 Length of Recreation Season:

3.81 Summer: From (MM/DD): 04/28 To: 09/30

3.82 Winter: From (MM/DD): 10/01 To: 04/27

Enter the number of visits to all recreational areas (in Recreation Days) as specified in 4.1/4.2 below (in 1000's).

Period (a)	Number of Recreation Days: Annual Total (1000's) (b)	Number of Recreation Days: Peak Weekend Average (1000's) (c)
4.1 Daytime	62	3
4.2 Nighttime	0	0

For the previous calendar year, enter only the licensee's annual recreational operation and maintenance costs for the development (project). Also enter the corresponding annual revenues in whole dollars.

Item (a)	Licensee's Annual Recreation Costs and Revenues (In Whole Dollars): Operation and Maintenance Costs (b)	Revenues For Calendar Year (c)
5. Dollar Values:	$31,280	$12,303

6. Respondent Certification: The undersigned certifies that he/she has examined the accompanying data; and that to the best of his/her knowledge, information and belief, all historical & estimated data provided herein and appended hereto are true, complete, and accurate.

Larry Sears	Public Relations Representative	(503) 464-8547
6.1 Legal Name	6.2 Title	6.3 Area Code/Phone No.
[signature]	March 29, 1991	December 31, 1990
6.4 Signature	6.5 Date Signed	6.6 Reporting Year Ending

Title 18 U.S.C. 1001 makes it a crime for any person knowingly and willingly to make to any Agency or Department of the

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Licensed Hydropower Development Recreation Report

Schedule 2. Inventory of Recreational Resources

7. Enter data for each Recreational Resource Type (a). For Facility Capacity (e), compare the amount of weekend use for this season reported on Schedule 1, Item 3.8, with the facility's capacity to handle such use and enter a percentage that indicates overuse, underuse, or ideal use. Do not consider peak weekend use (see Glossary). For example, if Boat Ramps (Code = 11) are used to half capacity during a non-peak weekend day, enter 50%. For Boat Ramps that are used beyond their capacity, enter the appropriate percentage above 100.

Code = Recreational Resource Type (a)	No. Rec. Resources: User Free (b)	No. Rec. Resources: User Fee (c)	Total Miles/Acres (d)	Facility Capacity (Percent) (e)
10 = Access Areas. (No Facilities). Unimproved but well-known/popular sites which can be used to reach development waters (including waters below a dam) without trespassing on other property. Such waters are used for launching boats, fishing, swimming, or other water recreational purposes.	5		N/A	50%
11 = Boat Ramps. Improved areas having one or more boat launching lanes, and which: (a) are usually marked with signs; (b) have compacted gravel or concrete surfaces, and (c) usually have adjacent parking lots.	2		N/A	20%
12 = Boat Launching Lanes. The area at the boat ramp from which boats may be launched into the development water. The number of lanes at a boat ramp are determined by the number of boats that can be launched safely at the boat ramp at one time.	2		N/A	20%
13 = Fishing Piers. Structures abutting or extending into development waters which are constructed and maintained specifically for fishing. (This code excludes Code 17 = Tailwater Fishing).			N/A	
14 = Swimming Areas. Sites providing access to development waters where swimming facilities (bath houses, designated swimming areas, parking, and sanitation facilities) are located.	1		1/3 Acres	75%
15 = Marinas. Facilities provided on or adjacent to development waters for the docking, fueling repair, and storage of boats, and which may rent boats and equipment, or sell bait or food.			Acres	
16 = Canoe Portages. Sites located above or below a dam, dives on or other obstruction where persons can launch canoes, and the improved, designated, and maintained trails connecting such sites.			Miles	
17 = Tailwater Fishing Facilities. Ramps, walkways, or similar structures to facilitate below-dam fishing.			N/A	
18 = White Water Boating. Access areas below a dam that can be used for rafting/kayaking.			N/A	
20 = Trails. Improved pathways used for non-automobile recreational travel which: (a) can be located on a reference map, and (b) are designated according to type of use (hiking, bridle, trailbikes, snowmobiles, cross-country skiing). This category excludes Code 16 = Canoe Portages.			Miles	
21 = Playground Areas. Have playground equipment, game courts/fields, jogging tracks, etc.	2		1 Acres	100%
40 = Picnic Areas. Areas designated and maintained for picnicing and which contain: one or more picnic sites, each of which includes a picnic table and in some cases a cooking grill; trash receptacles; and a parking area.	1	5	6 Acres	90%
50 = Camping Areas. (Campgrounds). Areas containing two or more camp-sites, tent sites, or trailer/recreational vehicle (RV) sites which accommodate overnight camping equipment.			Acres	
51 = Tent/Trailer/RV Sites. The total number of sites within Camping Areas (Code = 50) that have been specifically developed for tent, trailer, or RV use. Such sites do not include Group Camps (Code = 57).			Acres	
56 = Organizational Camps. Camping areas that are maintained and operated by a specific entity but which may be used by other persons or groups (scout camps, military base recreation camps, church camps; handicapped children's camps).			Acres	
57 = Group Camps. Camping areas which are equipped with facilities to accommodate use by the general public. Such areas usually require registration or advance reservation.			Acres	
60 = Visitor Centers. Facilities located in a kiosk, pavilion or similar structure from which persons may obtain information about the development, its operation, recreational facilities, and related items of interest.			Acres	
61 = Parks. Designated areas which usually contain multiple use facilities (picnic sites, playgrounds, swimming beaches, and boat ramps). Individual facilities within each park shall be reported using the appropriate code numbers (e.g., Code 21 = Playground Areas).		1	26 Acres	85%
62 = Wildlife Areas. Natural areas and reserves specifically created and managed for the protection and propagation of wildlife and the viewing of wildlife in their habitat.			Acres	
64 = Food Services. Restaurants, grocery, and other facilities supplying food & related services.		1	.01 Acres	75%
65 = Golf Courses. All types of golf areas, except miniature golf.			Acres	
66 = Hunting Areas. Public or private areas open to the general public for hunting purposes.			Acres	
67 = Interpretive Displays. Historic or prehistoric objects, structures, sites and areas. Including associated facilities (exhibits and museums) which describe or preserve archeological, historic or prehistoric activities, artifacts and materials.			Acres	
80 = Cottage/Cabin Sites. Recreational dwellings which are seasonally rented by the public for recreational purposes.			N/A	
82 = Overlooks. Public areas to see natural areas/project features (e.g., overlooks, vistas, etc).			Acres	
84 = Winter Sports. Any facility providing sports like skiing, sledding, ice skating or ice fishing.			N/A	
99 = Other (Specify):			A/A	

EXHIBIT 59
24-50

P-477

Federal Energy Regulatory Commission (FERC)
FERC Form 80

Licensed Hydropower Development Recreation Report

Form Approved
OMB No. 1902-0106
Expires: 09/30/98
Burden: 3.0 hours

This form collects data on recreational facilities at projects licensed by the Federal Energy Regulatory Commission under the Federal Power Act (16 USC 791a-825r). This form must be submitted by licensees of all projects except those specifically exempted under 18 CFR 8.11 (c). Submit this form on or before April 1, 1997. Submit subsequent filings of this form on or before April 1, every 6th year thereafter (for example, 2003, 2009, etc.). Submit an original and three copies of the form to the Commission's Regional Office (specified in the cover letter to this form). The public burden estimated for this form is three hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing the collection of information. Please send your comments about this burden estimate, or any other aspect of this collection of information, including suggestions to reduce the burden, to: Director, Division of Project Compliance and Administration, Federal Energy Regulatory Commission, 888 First Street NE, Washington, D.C. 20426 and the Office of Information and Regulatory Affairs, Desk Officer-FERC, Office of Management and Budget, Washington, D.C. 20503.

Failure to comply with this collection of information will not result in a penalty, if you were unaware that a valid control number assigned by the Office of Management and Budget must be displayed on this collection of information.

Schedule 1. Public Use Information: Please read the instructions and glossary before completing this form

1. Instructions:
   - 1.1 All data reported on this form must represent recreational facilities and services located within the development boundary.
   - 1.2 To insure a common understanding of terms, please refer to the Glossary on page 3.
   - 1.3 Report actual data for each item. If actual data are unavailable, then please estimate.

2.1 Licensee Name: Portland General Electric Co

2.2 Project Name: Bull Run

2.21 Project Number: 477

2.3 Development Name: Lake Roslyn

2.4 States Project Traverses (abbreviated):

2.41 State #1: OR

2.42 State #2: _____

(List State(s) with largest to smallest area within the Development boundary)

2.5 Type of Project License: (Check One) Major X Minor _____

3.1 Name of Stream: Sandy River

3.2 Reservoir Surface Acres: 160

3.3 Shoreline Miles at Normal Pool Elevation: 3

3.4 Name of Nearest City with a Population of 40,000 or More: Gresham

3.41 Distance: From This City to the Dam: 8 miles

3.42 Population of This City: 79,350

3.5 Estimated Population Within 100 mile Radius from the Dam 2,599,349

3.6 Percent of Shoreline Safely Accessible to the General Public by Land Travel Without Trespassing: 95.0 %

FILED
OFFICE OF THE SECRETARY
97 APR 22 PM 3:56
FEDERAL ENERGY REGULATORY COMMISSION

For the previous calendar year, enter only the licensee's annual recreational construction, operation, and maintenance costs for the development (project). Also enter the corresponding annual recreation revenues in whole dollars.

Item	Licensee's Annual Recreation Costs and Revenues (In Whole Dollars)	
	Construction, Operation and Maintenance Costs	Recreation Revenues for Calendar Year
4. Dollar Values:	$48,729	$3416

5. Length of Recreation Season

Summer: From (MM/DD): 04/ 20 . To: 09/ 08 Winter: From (MM/DD): 09/ 09 To: 04/ 19

Enter the number of visits to all recreational areas at development (in Recreation Days)

Period	Number of Recreation days	
	Annual Total	Peak Weekend Average
6.1 Daytime	63,000	3,000
6.2 Nighttime	0	0

FERC - DOCKETED
APR 22 1997

9705070553

EXHIBIT 59
25-50

Federal Energy Regulatory Commission (FERC)
FERC Form 80

Licensed Hydropower Development Recreation Report

Schedule 2. Inventory of Recreational Resources

7. Enter data for each Recreational Resource Type (a). For Facility Capacity (e), compare the amount of weekend use for this season reported on Schedule 1, Item (5) with the facility's capacity to handle such use and enter a percentage that indicates overuse, underuse, or ideal use. Do not consider peak weekend use (see Glossary). For example, if Boat Ramps are used to half capacity during a non-peak weekend day, enter 50%. For Boat Ramps that are used beyond their capacity, enter the appropriate percentage above 100.

	Recreational Resource Type (a)	Day Use Area (b)	Overnight Use Area (c)	Capacity (d)	Facility Capacity (e)
BOATING	**Access Areas.** (No Facilities). Unimproved but well-known/popular sites which can be used to reach development waters (including waters below a dam) without trespassing on other property. Such waters are used for launching boats, fishing, swimming, or other water recreational purposes.	5		N/A	50%
BOATING	**Boat Ramps.** Improved areas having one or more boat launching lanes, and which (a) are usually marked with signs, (b) have compacted gravel or concrete surfaces, and (c) usually have adjacent parking lots.	2		N/A	30%
BOATING	**Boat Launching Lanes.** The area at the boat ramp from which boats may be launched into the development water. The number of lanes at a boat ramp are determined by the number of boats that can be launched safely at the boat ramp at one time.	2		N/A	30%
BOATING	**Marinas.** Public or private facilities provided on or adjacent to development waters for the docking, fueling, repair, and storage of boats, and which may rent boats and equipment, or sell bait or food. Facilities may be private or public.			Acres	
BOATING	**White Water Boating.** Access areas below a dam that can be used for rafting/kayaking.			N/A	
BOATING	**Canoe Portages.** Sites located above or below a dam, diversion or other obstruction where persons can launch canoes, and the improved, designated, and maintained trails connecting such sites.			Miles	
FISHING	**Tailwater Fishing Facilities.** Ramps, walkways, or similar structures to facilitate below-dam fishing.			N/A	
FISHING	**Fishing Piers.** Structures abutting or extending into development waters which are constructed and maintained specifically for fishing. (This code excludes Tailwater Fishing).			N/A	
PARKS	**Parks.** Designated areas which usually contain multiple use facilities (picnic sites, playgrounds, swimming beaches, and boat ramps). Individual facilities within each park shall be reported using the appropriate resource type (e.g., playground areas, swimming areas, picnic areas, etc.).		1	26 Acres	75%
PARKS	**Playground Areas.** Have playground equipment, game courts/fields, jogging tracks, etc.	1		1 Acres	60%
PARKS	**Trails.** Improved pathways used for non-automobile recreational travel which (a) can be located on a reference map, and (b) are designated according to type of use (hiking, bikie, trailbikes, snowmobiles, cross-country skiing). This category excludes Canoe Portages.			Miles	
PARKS	**Swimming Areas.** Sites providing access to development waters where swimming facilities (bath houses, designated swimming areas, parking, and sanitation facilities) are located.	1		.2 Acres	50%
PARKS	**Picnic Areas.** Areas designated and maintained for picnicking and which contain one or more picnic sites, each of which includes a picnic table and in some cases a cooking grill, trash receptacles, and a parking area.	1	5	6 Acres	90%
PARKS	**Wildlife Areas.** Natural areas and reserves specifically created and managed for the protection and propagation of wildlife and the viewing of wildlife in their habitat.			Acres	
PARKS	**Visitor Centers.** Facilities located in a kiosk, pavilion or similar structure from which persons may obtain information about the development, its operation, recreational facilities, and related items of interest.			N/A	
PARKS	**Interpretive Displays.** Historic or prehistoric objects, structures, sites and areas, including associated facilities (exhibits and museums) which describe or preserve archeological, historic or prehistoric activities, artifacts and materials.			N/A	
PARKS	**Overlooks.** Public areas to see natural areas/project features (e.g., pull-offs, vistas)			Acres	
PARKS	**Hunting Areas.** Public or private areas open to the general public for hunting purposes.			Acres	
PARKS	**Golf Courses.** All types of golf areas, except miniature golf.			Acres	
CAMPS	**Cottage/Cabin Sites.** Recreational dwellings which are seasonally rented by the public for recreational purposes.			N/A	
CAMPS	**Camping Areas.** (Campgrounds). Areas containing two or more campsites, tent sites, or trailer/recreational vehicle (RV) sites which accommodate overnight camping equipment.			Acres	
CAMPS	**Tent/Trailer/RV Sites.** The total number of sites within Camping Areas that have been specifically developed for tent, trailer, or RV use. Such sites do not include Group Camps.			Acres	
CAMPS	**Organizational Camps.** Camping areas that are maintained and operated by a specific entity but which may be used by other persons or groups (scout camps, military base recreation camps, church camps, handicapped children's camps).			Acres	
CAMPS	**Group Camps.** Camping areas which are equipped with facilities to accommodate use by the general public. Such areas usually require registration or advance reservation.			Acres	
	Winter Sports. Any facility providing sports like skiing, sledding, ice skating or ice fishing.			N/A	
	Other (Specify):			N/A	

Respondent Certification: The undersigned certifies that he/she has examined the accompanying data; and that to the best of his/her knowledge, information and belief, all historical and estimated data provided herein and appended hereto are true, complete, and accurate.

Legal Name	Title	Area Code/Phone No.
DEBORAH SCHALLERT	Parks & Rec. Specialist	(503) 464 - 7619
Signature	**Date Signed**	**Reporting Year Ending**
Deborah Schallert	3/31/97	Dec. 31, 1996

Title 18 U.S.C. 1001 makes it a crime for any person knowingly and willingly to make to any Agency or Department of the United States any false, fictitious or fraudulent statement or misrepresentation as to any matter within its jurisdiction.

EXHIBIT 59
26-50

Licensed Hydropower Development Recreation Report

Glossary of FERC Form 80 Terms

1. **Development.** The portion of a project which includes:
   (a) a reservoir, or
   (b) a generating station and its specifically-related waterways.

2. **Exemption.** Exemption from the filing of this form granted upon Commission approval of an application by a licensee pursuant to the provisions of 18 CFR 8.11(c).

3. **General Public.** Those persons who do not have special privileges to use the shoreline for recreational purposes, such as waterfront property ownership, water-privileged community rights, or renters with such privileges.

4. **Licensee.** Any person, state, or municipality licensed under the provisions of Section 4 of the Federal Power Act, and any assignee or successor in interest. For the purposes of this form, the terms licensee, owner, and respondent are interchangeable *except where:*
   (a) the owner or licensee is a subsidiary of a parent company which has been or is required to file this form; or
   (b) there is more than one owner or licensee, of whom only one is responsible for filing this form. Enter the name of the entity that is responsible for filing this report in Schedule 1, Item 2.1.

5. **Peak Use Weekend.** Weekends when recreational use is at its peak for the season (July 4th weekend and other holiday weekends). On these weekends, recreational use may exceed the capacity of the area to handle such use.

6. **Major License.** A license for a project of more than 2,000 horsepower (1.5 megawatts) installed capacity.

7. **Minor License.** A license for a project of 2,000 horsepower (1.5 megawatts) or less installed capacity.

8. **No. Rec. Resources.** Quantify the supply of natural or man-made property or facilities that are available for given recreational resource type.

9. **Recreation Day.** Each visit by a person to a development for recreational purposes during any portion of a 24-hour period.

10. **Revenues:** Income generated from recreation facilities at project development. Includes fees for access or use of area.

EXHIBIT 59
27-50

Federal Energy Regulatory Commission (FERC)
FERC Form 80

Licensed Hydropower Development Recreation Report

Form Approved
OMB No.1902-0106
Expires: 08/31/2004
Burden: 3.0 hours

This form collects data on recreational facilities at projects licensed by the Federal Energy Regulatory Commission under the Federal Power Act (16 USC 791a-825r). This form must be submitted by licensees of all projects except those specifically exempted under 18 CFR 8.11 (c). Submit this form on or before April 1, 2003. Submit subsequent filings of this form on or before April 1, every 6th year thereafter (for example, 2009, 2015, etc.). Submit an original and three copies of the form to the Commission's Regional Office (specified in the cover letter to this form). The public burden estimated for this form is three hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing the collection of information. Please send your comments about this burden estimate, or any other aspect of this collection of information, including suggestions to reduce the burden, to: Director, Division of Hydropower Administration and Compliance, Federal Energy Regulatory Commission, 888 First Street NE, Washington, D.C. 20426 and the Office of Information and Regulatory Affairs, Desk Officer-FERC, Office of Management and Budget, Washington, D.C. 20503.

Failure to comply with this collection of information will not result in a penalty, if you were unaware that a valid control number assigned by the Office of Management and Budget must be displayed on this collection of information.

Schedule 1. Public Use Information: Please read the instructions and glossary before completing this form

1. Instructions:
   - 1.1 All data reported on this form must represent recreational facilities and services located within the development boundary.
   - 1.2 To insure a common understanding of terms, please refer to the Glossary on page 3.
   - 1.3 Report actual data for each item. If actual data are unavailable, then please estimate.

2.1 Licensee Name: Portland General Electric

2.2 Project Name: Bull Run

2.21 Project Number: 477

2.3 Development Name: Roslyn Lake

2.4 States Project Traverses (abbreviated):

2.41 State #1: OR

2.42 State #2: _____

(List State(s) with largest to smallest area within the Development boundary)

2.5 Type of Project License: (Check One) Major X Minor _____

3.1 Name of Stream: Sandy River

3.2 Reservoir Surface Acres: 160

3.3 Shoreline Miles at Normal Pool Elevation: 3

3.4 Name of Nearest City with a Population of 40,000 or More: Gresham

3.41 Distance: From This City to the Dam: 15 miles

3.42 Population of This City: 91,420

3.5 Estimated Population Within 100 mile Radius from the Dam 3,000,000

3.6 Percent of Shoreline Safely Accessible to the General Public by Land Travel Without Trespassing: 95.0 %

For the previous calendar year, enter only the licensee's annual recreational construction, operation, and maintenance costs for the development (project). Also enter the corresponding annual recreation revenues in whole dollars.

Item	Licensee's Annual Recreation Costs and Revenues (In Whole Dollars)	
	Construction, Operation and Maintenance Costs	Recreation Revenues for Calendar Year
4. Dollar Values:	$56,093	$29,636

5. Length of Recreation Season

Summer: From (MM/DD): 5 / 03 To: 9 / 30 Winter: From (MM/DD): 10 / 01 To: 5 / 02

Enter the number of visits to all recreational areas at development (in Recreation Days)

Period	Number of Recreation days	
	Annual Total	Peak Weekend Average
6.1 Daytime	40,835	3,000
6.2 Nighttime	0	0

EXHIBIT 59
28 - 50

Licensed Hydropower Development Recreation Report

Schedule 2. Inventory of Recreational Resources

7. Enter data for each Recreational Resource Type (a). For Facility Capacity (e), compare the amount of weekend use for this season reported on Schedule 1, Item (5) with the facility's capacity to handle such use and enter a percentage that indicates overuse, underuse, or ideal use. Do not consider peak weekend use (see Glossary). For example, if Boat Ramps are used to half capacity during a non-peak weekend day, enter 50%. For Boat Ramps that are used beyond their capacity, enter the appropriate percentage above 100.

	Recreational Resource Type (a)	No. Rec. Resources: User Free (b)	No. Rec. Resources: User Fee (c)	Total Miles/Acres (d)	Facility Capacity (Percent) (e)
BOATING	**Access Areas.** (No Facilities). Unimproved but well-known/popular sites which can be used to reach development waters (including waters below a dam) without trespassing on other property. Such waters are used for launching boats, fishing, swimming, or other water recreational purposes.	5		N/A	50%
BOATING	**Boat Ramps.** Improved areas having one or more boat launching lanes, and which (a) are usually marked with signs, (b) have compacted gravel or concrete surfaces, and (c) usually have adjacent parking lots.	2		N/A	30%
BOATING	**Boat Launching Lanes.** The area at the boat ramp from which boats may be launched into the development water. The number of lanes at a boat ramp are determined by the number of boats that can be launched safely at the boat ramp at one time.	2		N/A	30%
BOATING	**Marinas.** Public or private facilities provided on or adjacent to development waters for the docking, fueling, repair, and storage of boats, and which may rent boats and equipment, or sell bait or food. Facilities may be private or public.			Acres	
BOATING	**White Water Boating.** Access areas below a dam that can be used for rafting/kayaking.			N/A	
BOATING	**Canoe Portages.** Sites located above or below a dam, diversion or other obstruction where persons can launch canoes, and the improved, designated, and maintained trails connecting such sites.			Miles	
FISHING	**Tailwater Fishing Facilities.** Ramps, walkways, or similar structures to facilitate below-dam fishing.			N/A	
FISHING	**Fishing Piers.** Structures abutting or extending into development waters which are constructed and maintained specifically for fishing. (This code excludes Tailwater Fishing).		1	N/A	50%
PARKS	**Parks.** Designated areas which usually contain multiple use facilities (picnic sites, playgrounds, swimming beaches, and boat ramps). Individual facilities within each park shall be reported using the appropriate resource type (e.g., playground areas, swimming areas, picnic areas, etc.).		1	26 Acres	75%
PARKS	**Playground Areas.** Have playground equipment, game courts/fields, jogging tracks, etc.	1		1 Acres	60%
PARKS	**Trails.** Improved pathways used for non-automobile recreational travel which (a) can be located on a reference map, and (b) are designated according to type of use (hiking, bridle, trailbikes, snowmobiles, cross-country skiing). This category excludes Canoe Portages.			Miles	
PARKS	**Swimming Areas.** Sites providing access to development waters where swimming facilities (bath houses, designated swimming areas, parking, and sanitation facilities) are located.	1		.2 Acres	50%
PARKS	**Picnic Areas.** Areas designated and maintained for picnicking and which contain one or more picnic sites, each of which includes a picnic table and in some cases a cooking grill, trash receptacles, and a parking area.	1	5	6 Acres	90%
PARKS	**Wildlife Areas.** Natural areas and reserves specifically created and managed for the protection and propagation of wildlife and the viewing of wildlife in their habitat.			Acres	
PARKS	**Visitor Centers.** Facilities located in a kiosk, pavilion or similar structure from which persons may obtain information about the development, its operation, recreational facilities, and related items of interest.			N/A	
PARKS	**Interpretive Displays.** Historic or prehistoric objects, structures, sites and areas, including associated facilities (exhibits and museums) which describe or preserve archeological, historic or prehistoric activities, artifacts and materials.			N/A	
PARKS	**Overlooks.** Public areas to see natural areas/project features (e.g., pull-offs, vistas)			Acres	
PARKS	**Hunting Areas.** Public or private areas open to the general public for hunting purposes.			Acres	
PARKS	**Golf Courses.** All types of golf areas, except miniature golf.			Acres	
CAMPS	**Cottage/Cabin Sites.** Recreational dwellings which are seasonally rented by the public for recreational purposes.			N/A	
CAMPS	**Camping Areas.** (Campgrounds). Areas containing two or more campsites, tent sites, or trailer/recreational vehicle (RV) sites which accommodate overnight camping equipment.			Acres	
CAMPS	**Tent/Trailer/RV Sites.** The total number of sites within Camping Areas that have been specifically developed for tent, trailer, or RV use. Such sites do not include Group Camps.			Acres	
CAMPS	**Organizational Camps.** Camping areas that are maintained and operated by a specific entity but which may be used by other persons or groups (scout camps, military base recreation camps, church camps, handicapped children's camps).			Acres	
CAMPS	**Group Camps.** Camping areas which are equipped with facilities to accommodate use by the general public. Such areas usually require registration or advance reservation.			Acres	
	Winter Sports. Any facility providing sports like skiing, sledding, ice skating or ice fishing.			N/A	
	Other (Specify):			N/A	

Respondent Certification: The undersigned certifies that he/she has examined the accompanying data; and that to the best of his/her knowledge, information and belief, all historical and estimated data provided herein and appended hereto are true, complete, and accurate.

Tony R Dewitt	Parks operations Mgr	(503) 464 - 7009
Legal Name	Title	Area Code/Phone No.
[signature]	3/21/03	Dec 2002
Signature	Date Signed	Reporting Year Ending

Title 18 U.S.C. 1001 makes it a crime for any person knowingly and willingly to make to any Agency or Department of the United States any false, fictitious or fraudulent statement or misrepresentation as to any matter within its jurisdiction.

Licensed Hydropower Development Recreation Report

Glossary of FERC Form 80 Terms

1. **Development.** The portion of a project which includes:
   (a) a reservoir, or
   (b) a generating station and its specifically-related waterways.

2. **Exemption.** Exemption from the filing of this form granted upon Commission approval of an application by a licensee pursuant to the provisions of 18 CFR 8.11(c).

3. **General Public.** Those persons who do not have special privileges to use the shoreline for recreational purposes, such as waterfront property ownership, water-privileged community rights, or renters with such privileges.

4. **Licensee.** Any person, state, or municipality licensed under the provisions of Section 4 of the Federal Power Act, and any assignee or successor in interest. For the purposes of this form, the terms licensee, owner, and respondent are interchangeable *except where:*
   (a) the owner or licensee is a subsidiary of a parent company which has been or is required to file this form; or
   (b) there is more than one owner or licensee, of whom only one is responsible for filing this form. Enter the name of the entity that is responsible for filing this report in Schedule 1, Item 2.1.

5. **Peak Use Weekend.** Weekends when recreational use is at its peak for the season (July 4th weekend and other holiday weekends). On these weekends, recreational use may exceed the capacity of the area to handle such use.

6. **Major License.** A license for a project of more than 2,000 horsepower (1.5 megawatts) installed capacity.

7. **Minor License.** A license for a project of 2,000 horsepower (1.5 megawatts) or less installed capacity.

8. **No. Rec. Resources.** Quantify the supply of natural or man-made property or facilities that are available for given recreational resource type.

9. **Recreation Day.** Each visit by a person to a development for recreational purposes during any portion of a 24-hour period.

10. **Revenues:** Income generated from recreation facilities at project development. Includes fees for access or use of area.

EXHIBIT 59
30-50

20090422-0162 FERC PDF (Unofficial) 04/01/2009

Portland General Electric Company
121 SW Salmon Street • Portland, Oregon 97204
PortlandGeneral.com

FEDERAL ENERGY
REGULATORY COMMISSION

APR 01 2009

PORTLAND
REGIONAL OFFICE

March 31, 2009

Mr. Patrick J. Regan, Regional Engineer
Federal Energy Regulatory Commission
Portland Regional Office
805 S.W. Broadway, Suite 550
Portland, OR 97205

Subject: Bull Run Hydroelectric Project No. 477
Licensed Hydropower Development Recreation Report
Submittal of FERC Form 80

Reference: FERC Letter (Fletcher) dated January 2, 2008

Dear Mr. Regan:

The referenced FERC letter directed certain licensees to prepare and submit a Licensed Hydropower Development Recreation Report (FERC Form 80) for each development in the project.

This letter transmits the Licensed Hydropower Development Recreation Report (FERC Form 80) for the Portland General Electric Company's Bull Run Hydroelectric Project No. 477. Enclosed are the original and three copies of the Licensed Hydropower Development Recreation Report for Lake Roslyn. The Form 80 records no recreational activity because the Bull Run Project is being decommissioned. Lake Roslyn was drained, the dikes removed, and the lake bed restored to the natural contours in 2008. There have been no recreation activities at the Project since the Lake Roslyn facilities were closed in 2007.

If there are any questions, or if additional information is required, please contact Bob Steele at 464-7545.

Sincerely,

Robert L. Steele
Project Manager
Hydro License Compliance

Enclosure: Licensed Hydropower Development Recreation Report - Lake Roslyn

FERC-22.2009

EXHIBIT 59
31-50

Federal Energy Regulatory Commission (FERC)
FERC Form 80

Licensed Hydropower Development Recreation Report

Form Approved
OMB No. 1902-0106
Expires: 09/30/2010
Burden 3.0 hours

This form collects data on recreational resources at projects licensed by the Federal Energy Regulatory Commission under the Federal Power Act (16 USC 791a-825r). This form must be submitted by licensees of all projects except those specifically exempted under 18 CFR 8.11 (c). Submit this form on or before April 1, 2009. Submit subsequent filings of this form on or before April 1, every 6th year thereafter (for example, 2015, 2021, etc.). Submit an original and two copies of the form to the Commission's Regional Office (specified in the cover letter to this form). The public burden estimated for this form is three hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing the collection of information. Please send your comments about this burden estimate, or any other aspect of this collection of information, including suggestions to reduce the burden, to: Director, Division of Hydropower Administration and Compliance, Federal Energy Regulatory Commission, 888 First Street NE, Washington, D.C. 20426 and the Office of Information and Regulatory Affairs, Desk Officer-FERC, Office of Management and Budget, Washington, D.C. 20503.

Failure to comply with this collection of information will not result in a penalty, if you were unaware that a valid control number assigned by the Office of Management and Budget must be displayed on this collection of information.

Instructions:

a. All data reported on this form must represent recreational facilities and services located within the development/project boundary.
b. To ensure a common understanding of terms, please refer to the Glossary on page 3.
c. Report actual data for each item. If actual data are unavailable, then please estimate.

Schedule 1. General Information

1. Licensee Name: Portland General Electric
2. Project Name: Bull Run
3. Project Number: 477
4. Development Name: Roslyn Lake (removed)

8. Reservoir Surface Area at Normal Pool (acres): 0.00
9. Shoreline Miles at Normal Pool: 0.00
10. Percent of Shoreline Safely Accessible to the General Public by Land Travel without Trespassing: 0.00

States Development/Project Traverses (List state with largest area within the development/project boundary first):

5. State #1: OR
6. State #2: _____

7. Type of Project License: (check one) Major [✓] Minor [ ]

11. Data Collection Methods (enter percent for each method used; total must equal 100%):

_____ traffic count/trail count
_____ attendance records
_____ staff observation
_____ visitor assessment
100.00 estimate

For the previous calendar year, enter only the licensee's annual recreational construction, operation, and maintenance costs for the development (project). Also, enter the corresponding annual recreational revenues.

Item	Licensee's Annual Recreation Costs and Revenues (in Whole Dollars)	
	Construction, Operation and Maintenance Costs	Recreation Revenues for Calendar Year
12. Dollar Values	$0.00	$0.00

13. Length of Recreation Season
Summer: From (MM/DD) _____ To _____ Winter: From (MM/DD) _____ To _____

Period	Number of visits to all recreational areas at development/project (in Recreation Days)	
	Annual Total	Peak Weekend Average
14. Daytime	0.00	0.00
15. Nighttime	0.00	0.00

Respondent Certification: The undersigned certifies that he/she examined this report; and to the best of his/her knowledge, all data provided herein are true, complete, and accurate.

Tony Dentel	Recreation Project Manage	(503) 464-7009
Legal Name	Title	Area Code/Phone No.
	03/30/2009	2008
Signature	Date Signed	Reporting Year Ending

Title 18 U.S.C.1001 makes it a crime for any person knowingly and willingly to make to any Agency or department of the United States any false, fictitious or fraudulent statement or misrepresentation as to any matter within its jurisdiction.

EXHIBIT 59
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Schedule 2. Inventory of Recreational Resources

16. Enter data for each Recreational Resource Type (a) For Facility Capacity (f), of total available resources (b) + (c), compare the average total amount of weekend use (during the recreation season reported on Schedule 1, Item 13) with the total combined capacity of these resources to handle such use and enter a percentage that indicates their overall level of use. Do not consider peak weekend use (see Glossary). For example, if all available Boat Ramps are used to half capacity during non-peak weekend days, enter 50%. For all available Boat Ramps that are used beyond their combined capacity, enter the appropriate percentage above 100.

Recreational Resource Type (a)	No. of Available Resources			Total Miles/Acres (e)	Facility Capacity (percent) (f)
	User Free (b)	User Fee (c)	No. FERC Approved Resources (d)		
Access Areas. (No Facilities). Unimproved but well-known/popular sites which can be used to reach development/project waters (including waters below a dam) without trespassing on other property. Such areas can be used for launching boats, fishing, swimming, or other water recreational purposes.	0			N/A	
Boat Launch Areas. Improved areas having one or more boat launching lanes and (a) are usually marked with signs, (b) have compacted gravel or concrete surfaces, and (c) usually have adjacent parking lots.	0			N/A	
Boat Launch Lanes. The number of lanes are determined by the total number of boats that can be launched easily at the designated boat launch areas at one time.	0			N/A	
Marinas. Public and Private facilities on or adjacent to the development/project waters for the docking, fueling, repair and storage of boats, and which may rent boats and equipment, or sell bait or food.	0			Acres	
White Water Boating. Access areas below a dam that can be used for rafting/kayaking.				N/A	
Canoe Portages. Site located above and below a dam, diversion, or other obstruction where persons can launch and take out canoes; and the improved, designated, and maintained trails connecting such sites.				Miles	
Tailwater Fishing Facilities. Platforms, walkways, or similar structures to facilitate below-dam fishing.				N/A	
Fishing Piers. Structures which are installed and maintained in development/project waters specifically for fishing. This code excludes tailwater fishing facilities.	0			N/A	
Parks. Designated areas which usually contain multiple use facilities (e.g., picnic sites, playgrounds, swimming beaches, and boat ramps). Individual facilities within each park should be reported under the appropriate resource type (e.g. playground areas, picnic areas, etc.)	0	0		Acres	
Playground Areas. Have playground equipment, game courts/fields, jogging tracks, etc.	0			Acres	
Trails. Improved pathways used for non-automobile recreational travel which (a) can be located on a reference map, and (b) are designated according to type of use (hiking, bridle, trail bikes, snow mobiles, cross-country skiing). This category excludes canoe portages.	0			Miles	
Swimming Areas. Sites providing access to development/project waters where swimming facilities (bath houses, designated swim areas, parking, and sanitation facilities) are available.	0			Acres	
Picnic Areas. Areas designated and maintained for picnicking and which contain one or more picnic sites, each of which includes a picnic table and in some cases cooking grills, trash receptacles, and a parking area.	0			Acres	
Wildlife Areas. Natural areas and reserves specifically created and managed for the protection and propagation of wildlife and the viewing of wildlife in their natural habitat.	0			Acres	
Visitor Centers. Facilities located in a kiosk, pavilion or similar structure from which persons may obtain information about the development/project, its operation, recreational facilities, and related items of interest.	0			N/A	
Interpretive Displays. Facilities (exhibits and museums) which describe or explain archaeological, historic, or prehistoric objects, structures, sites, areas, activities, artifacts, and materials.				N/A	
Overlooks. Public areas to view natural areas/project features (e.g., pull-offs or vistas).				Acres	
Hunting Areas. Public or private areas open to the general public for hunting.				Acres	
Golf Courses. All types of golf areas, except miniature golf.				Acres	
Cottage/Cabin Sites. Recreational dwellings which are seasonally rented by the public for recreational purposes.				N/A	
Camping Areas/(Campgrounds). Areas containing two or more campsites, tent sites, or trailer/recreational vehicle (RV) sites which accommodate overnight camping. This category does not include group camps.				Acres	
Tent/Trailer/RV Sites. The total number of sites within Camping Areas that have been specifically developed for tent, trailer, or RV use. This category does not include sites within group camps.				Acres	
Organizational Camps. Camping areas that are maintained and operated by a specific entity but which may be used by other persons or groups (scout camps, military base recreation camps, church camps, handicapped children camps).				Acres	
Group Camps. Camping areas which are equipped with facilities to accommodate use by the general public. These areas usually require registration or advance reservation.				Acres	
Winter Sports. Any facility or site providing sports like skiing, sledding, ice skating, or ice fishing.				N/A	
Other - such as informal/dispersed camping areas, unimproved trails, etc. (specify):				N/A	

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20090422-0162 FERC PDF (Unofficial) 04/01/2009

20090422-0162 FERC PDF (Unofficial) 04/01/2009

Glossary of FERC Form 80 Terms

Available Resources. Quantifies the availability of natural or man-made property or facilities for given recreational resource type. This includes all recreational resources available to the public within the development/project boundary. The resources are broken into the following categories:

User Free (Schedule 2, column b) - Those resources within the development/project that are free to the public;

User Fee (Schedule 2, column c) - Those resources within the development/project where the licensee/facility operator charges a fee;

FERC Approved Resources (Schedule 2, column d) - Those resources within the development/project that are FERC approved. This includes specific recreation amenities, facilities, or sites required by the Commission in the license or license amendment document, including an approved recreation plan or report. This number does not necessarily have to equal the sum of user free and user fee resources.

Development. The portion of a project which includes:
(a) a reservoir; or
(b) a generating station and its specifically-related waterways.

Exemption from Filing. Exemption from the filing of this form granted upon Commission approval of an application by a licensee pursuant to the provisions of 18 CFR 8.11(c).

General Public. Those persons who do not have special privileges to use the shoreline for recreational purposes, such as waterfront property ownership, water-privileged community rights, or renters with such privileges.

Licensee. Any person, state, or municipality licensed under the provisions of Section 4 of the Federal Power Act, and any assignee or successor in interest. For the purposes of this form, the terms licensee, owner, and respondent are interchangeable *except where:*
(a) the *owner* or licensee is a subsidiary of a parent company which has been or is required to file this form; or
(b) there is more than one owner or licensee, of whom only one is responsible for filing this form. Enter the name of the entity that is responsible for filing this report in Schedule 1, Item 2.1.

Peak Use Weekend. Weekends when recreational use is at its peak for the season (July 4th weekend and other holiday weekends). On these weekends, recreational use may exceed the capacity of the area to handle such use.

Major License. A license for a project of more than 2,000 horsepower (1.5 megawatts) installed capacity.

Minor License. A license for a project of 2,000 horsepower (1.5 megawatts) or less installed capacity.

Recreation Day. Each visit by a person to a development (as defined above) for recreational purposes during any portion of a 24-hour period.

Revenues. Income generated from recreation facilities at project development. Includes fees for access or use of area.

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EXHIBIT 4

SUPPLEMENTAL INFORMATION ON HISTORIC COMPATIBILITY

Memorandum

Date: November 4, 2014

To: Clackamas County Board of County Commissioners

From: Serah Breakstone, Angelo Planning Group

cc: Travis Neumeyer and Tony Deis, Trackers Earth
Karen Karlsson, KLK Consulting LLC

Re: Bull Run Education Center Conditional Use Application -
Historic Review Criteria

This memo provides information to help clarify questions that were raised at the October 22nd hearing related to the proposed conditional uses at the Roslyn Lake park site (File no. Z0207-14-C). Specifically, this memo addresses questions related to proposed new cabins at the park and how they relate to the historic designation on the site. Several Commissioners expressed concern that proposed new cabins may not be compatible with the historic character of the park.

The proposed cabins will be used as classrooms during the day that can convert into sleeping quarters for overnight programs. The exterior of the cabins will be designed to complement the natural character of the park site. Any new or improved buildings on the site will be required to go through Historic Design Review because the park is a designated Historic District. The review process will evaluate whether or not the proposed buildings are appropriate to, and complementary of, the historic nature of the site. The Historic Review Board may place conditions on the proposed buildings in order to ensure consistency with historic preservation goals. The specific criteria that will be used to evaluate new buildings are found in Section 707.07 of the Clackamas County Zoning and Development Ordinance:

> *5. New Construction: The Historic Review Board shall review all building permits for proposed structures on a landmark site or within a Historic District or Historic Corridor. Review and approval of an application shall be based on the following criteria:*
>
> > *a. The design of the proposed structure is compatible with the design of the landmark building(s) on the site or in the district or corridor considering scale, style, height, and architectural detail, materials, and colors.*
> >
> > *b. The location and orientation of the new structure on the site is consistent with the typical location and orientation of similar structures on the site or within the district or corridor, considering setbacks, distances between structures, location of entrances, and similar siting considerations.*

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c. Changes to yard areas including planters, fences ponds, walkways and landscape materials should be compatible with the overall historic setting.

d. Scale of commercial use: Individual permitted uses shall be of a scale appropriate to serve properties surrounding the historic overlay.

These criteria are explicit in their intent to ensure that the historic character of the park site not be altered by new construction. We feel that this review process, along with the applicant's desire to maintain the park-like setting of the site, will be more than adequate to address any concerns about this historic resource.

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EXHIBIT 5

EVIDENCE OF EFFORTS TO REACH CONSENSUS

INCLUDING APPLICANT PROPOSED USE LIST

AND STAFF RESPONSE

EXHIBIT 59

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History of Communications with staff post October 22, 2014 Board Hearing

October 29, 3:43pm – Email to staff seeking consensus on proposed uses and requesting time to meet or conference call– See Attached Use List sent

November 3, 9:40am – Voicemail to Mike regarding submittal and requesting time to meet or conference call

November 4, 8:31am– Email to staff again requesting response and suggesting a time for a conference call to discuss proposed uses

November 4, 1:37pm – Email response from Gary with response to our proposed uses – See attachment showing edit of our proposed uses list

November 4, 2:04pm – Email requesting clarification on elimination of overnight use of the Park

November 4, 4:50pm – Email from Gary indicating he will respond the following morning

November 5, 10:52am – Email response from Gary regarding reason for denial of overnight use of park
Note, this email is referenced in Appendix 3

Karen Karlsson

From: Karen Karlsson <karen@klk-consulting.com>
Sent: Wednesday, October 29, 2014 3:43 PM
To: McCallister, Mike
Cc: 'Hewitt, Gary'; 'Pfeiffer, Steven L. (Perkins Coie)'; 'Rick Michaelson (rick@icppdx.com)'; 'Jeff Joslin '; 'Becky Hewitt'; 'Travis Neumeyer'; Serah Breakstone; jim@trackersearth.com
Subject: Bull Run Zone Change Draft Use Language
Attachments: EX 57 Modified PotentialUses-PCHearing modified 10-29-2014.pdf; Proposed structure list for park 10-24-14.pdf; Special Events.pdf; Existing Roslyn Park Building.pdf

Categories: Bull Run

Mike,
As discussed after the Board Hearing last week, we are sending you a discussion draft of the language on allowed uses at the, Powerhouse, School and Park. This is a working document and not something ready to present to the Board.

The use issues we heard were to better describe Community Events and to describe the "Uses and activities included in the Conditional Use as recommended by the Planning Commission" language that was in the exhibit.

We have edited (shown in blue) Exhibit 57 with additional language on the events and have added, from the Planning Commission's recommendation, the limits on new buildings, activities and uses.

We are including the Proposed Structure List for Roslyn Park. It shows the Planning Commission recommendation along with what we are proposing in the modified Exhibit 57. We are proposing less than was approved by the PC.

Also attached is an explanation of our proposed public events. We think it will help you understand more about our request.

Lastly, Gary requested a list of the existing buildings in Roslyn Park including their areas. This is also attached.

Let us know when you have had a chance to look at this are available to meet or conference call. As discussed, we would like to submit on November 6th a consensus recommendation to the Board.
Karen

Karen Karlsson
KLK Consulting LLC
906 NW 23rd Ave
Portland, OR 97210
503-227-5000
503-227-5777 fax
503-515-6865

EXHIBIT 59
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MODIFIED EXHIBIT 57
DISSCUSSION DRAFT ONLY

Memorandum

DATE: August 11, 2014

TO: Planning Commission Members

FROM: Gary Hewitt - Sr. Planner
Clackamas County Planning Division

RE: **Recommendation of Proposed Uses**
Z0208-14-CP/Z0209-14-Z – Bull Run Area "Reasons Exception"

Staff has met several times over the last two weeks about the request from the Planning Commission, that staff try to find a way to allow some uses at these sites. Without specific information of each use, staff has arrived at a list that has been balanced between the needs of Goal 4 and Goal 5, the criteria in ORS 197.732 and OAR 660-004 for a Reasons Exception and; the Forest, Rural and Historical Comprehensive Plan Goals and Policies. Balancing the historic commitment with potential adverse impacts could likely be satisfied if a proposed use were to be wholly within existing historical structures effectively becoming self limiting. Staff finds although there were no fully explored new uses, the following limited new uses for these three sites may be allowed.

Powerhouse Site:**

Museum (inside) except for exterior display of appropriate historic artifacts such as Bull Run Railway and PGE log flume rail cars, transformers, water valves etc.
Classes related to the history of the facility and the region, including the natural environment of the Bull Run River will take place primarily within the buildings, but allowed outside as necessary
Use of the historic machine shop and other appropriate spaces for small scale projects for hobbyists, artists, and educational instruction (inside)

Small Restaurant (inside) with up to 25 seasonal outdoor seats
Gift Shop (inside)
Art Gallery and studios (inside)
Fish & Wildlife Management (outside)
Signs (outside)
Office Space (inside)
Dwelling (inside)
Signs (Section 1010)
Community events, such as open houses/tours, events for area non-profits to present themselves to the community, fund raisers for the facility, and annual picnics for the PGE retirees
up to 4 times per year
not longer than 48 hours per event
with not more than 600 attendees ~~(primarily inside)~~per event with not more than 300 people at any time

** No new habitable structures will be allowed. Only structures such as exterior ramps and stairs, elevator facilities, and additions of less than 50 sq ft will be allowed.

Modified on October 28, 2014 original memo as presented on October 22 with new clarifications

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MODIFIED EXHIBIT 57
DISSCUSSION DRAFT ONLY

School Site:**

School (inside/with outside play areas) Included in school use is the ability to have ½- to 3 day courses, to provide overnight accommodations, and to use the kitchen area and cafeteria to serve the students (inside)
Daycare Facility (inside)
Art & Music Studio (inside display/teaching and sales)
Office (inside)
Dwelling (inside)
Signs (Section 1010)

** New structures on the school site will be limited to accessory structures such as flag poles, gazebos, small seating structures for viewing athletics sports equipment, fences etc..

Park Site:

FF10 Portion of the Site (goal exception, comp plan amendment, zone change, and conditional use)

Offices (inside)
Gift Shop (inside)
Signs (Section 1010)
Private Park and Campground including:
Uses and activities included in the Conditional Use as recommended by the Planning Commission listed below.
Up to 800 people during the day, 300 at night
New Structures not to exceed:
one single family house not to exceed 1200 square feet
~~seven~~ six cabins (convertible to classrooms) not to exceed ~~1200~~ 1000 sq ft each
~~seven~~ six platform tents not to exceed ~~1200~~ 400 sq ft each
~~three~~ two pavilion/shelters not to exceed 1200 sq ft each
special community events limited to 1500 people up to four times per year, such as reunions for area schools and neighbors, community open park days on summer holidays and historical reenactment events.

TBR Portion of the Site (conditional use only – no goal exception etc. required)

Private Park including Primitive self-made temporary overnight shelters for up to 45 students per week as accessory to the Bull Run Educational Center activities.

Modified on October 28, 2014 original memo as presented on October 22 with new clarifications

EXHIBIT 59
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Karen Karlsson

From: Karen Karlsson <karen@klk-consulting.com>
Sent: Tuesday, November 04, 2014 8:31 AM
To: McCallister, Mike
Cc: 'Hewitt, Gary'; 'Pfeiffer, Steven L. (Perkins Coie)'; 'Rick Michaelson (rick@icppdx.com)'; 'Jeff Joslin '; 'Becky Hewitt'; 'Travis Neumeyer'; Serah Breakstone; jim@trackersearth.com
Subject: Bull Run Zone Change Draft Use Language
Attachments: EX 57 Modified PotentialUses-PCHearing modified 10-29-2014.pdf; Proposed structure list for park 10-24-14.pdf; Special Events.pdf; Existing Roslyn Park Building.pdf

Categories: Bull Run

Mike,
I left a voicemail yesterday to check in. We'd like to come with a consensus version to the Board and hope to hear back from you on what you can support. Can you be available for a phone conference call tomorrow morning around 9:30 or 10:00? Steve is available until 10:45 only so any later would not work. Please let us know and we can set up a call in number.
Thanks,
Karen

Mike,
As discussed after the Board Hearing last week, we are sending you a discussion draft of the language on allowed uses at the, Powerhouse, School and Park. This is a working document and not something ready to present to the Board.

The use issues we heard were to better describe Community Events and to describe the "Uses and activities included in the Conditional Use as recommended by the Planning Commission" language that was in the exhibit.

We have edited (shown in blue) Exhibit 57 with additional language on the events and have added, from the Planning Commission's recommendation, the limits on new buildings, activities and uses.

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Karen

Karen Karlsson
KLK Consulting LLC
906 NW 23rd Ave
Portland, OR 97210
503-227-5000
503-227-5777 fax

EXHIBIT 59
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Karen Karlsson

From: Hewitt, Gary <garyh@co.clackamas.or.us>
Sent: Tuesday, November 04, 2014 1:37 PM
To: Karen Karlsson
Cc: McCallister, Mike; Preisz, Linda
Subject: RE: Bull Run Zone Change Draft Use Language
Attachments: Revised Coordinated Response-Karlsson-Z0208-14-CP-ReasonsException.docx

Categories: Bull Run

Karen,

Mike is scheduled out tomorrow morning and would not be able to meet your time frames. What has been happening on our end is Mike, Linda Preisz and myself met and discussed your proposed revision at great length yesterday through the noon hour. Mike asked that I incorporate those discussion changes of that meeting into your "Modified Exhibit 57 Discussion Draft Only" memorandum. Please review the attached which captures areas of no concern, areas of some concern and areas of major concern. Please submit your final revision not later than Thursday, November 6th by 4:30 pm when the second floor Lobby area is locked.

Sincerely,

Gary Hewitt - Sr. Planner
Clackamas County Planning & Zoning Division
Development Services Building
150 Beavercreek Road
Oregon City, Oregon 97045
503-742-4519
***For directions** to our office, follow this link:* http://www.mapquest.com/?q2=278256473+type:mqid

My schedule will continue to be Monday through Thursday 7:30a - 4:30p.

Department of Transportation & Development HOURS WILL BE:

- *2nd and 3rd floor permit lobbies open Mon-Fri from 8a-3p.*
- *Office hours for the Planning Division: Mon-Thr 7:30a-4:30p and Fri 8a-3p.*

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From: Karen Karlsson [mailto:karen@klk-consulting.com]
Sent: Tuesday, November 04, 2014 8:31 AM
To: McCallister, Mike
Cc: Hewitt, Gary; 'Pfeiffer, Steven L. (Perkins Coie)'; 'Rick Michaelson'; 'Jeff Joslin '; 'Becky Hewitt'; 'Travis Neumeyer'; Serah Breakstone; jim@trackersearth.com
Subject: Bull Run Zone Change Draft Use Language

Mike,
I left a voicemail yesterday to check in. We'd like to come with a consensus version to the Board and hope to hear back from you on what you can support. Can you be available for a phone conference call tomorrow morning around

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Memorandum

DATE: November 4, 2014

TO: Karen Karlsson

FROM: Gary Hewitt - Sr. Planner
Clackamas County Planning Division

RE: Revised Coordination Response For Potential Modification of Exhibit 49 and 57
Z0208-14-CP/Z0209-14-Z – Bull Run Area "Reasons Exception"

All of the following suggested '*self limiting*' uses have been agreed upon by the applicant to obtain a Conditional Use and a Historic Review approval prior to implementation. Any subsequent additional limitations through these separate processes shall be implemented upon approval.

Powerhouse Site: ~~*~~*

Proposed "Self Limiting" Uses

Museum (inside) except for the exterior display of appropriate historic artifacts such as Bull Run Railway and PGE log flume rail cars, transformers, water valves ~~etc.~~, **and other powerhouse related artifacts with a maximum 25 guests during outside historic viewing.** Classes related to the history of the facility and the region, including the natural environment of the Bull Run River will take place ~~primarily~~ within the buildings~~, but allowed outside as necessary~~. Use of the historic machine shop and other appropriate spaces for ~~small scale projects for hobbyists~~ **craft shops**, artists, and educational instruction (inside).
Small Restaurant (inside) with up to 25 seasonal outdoor seats
Gift Shop (inside)
Art Gallery and Studios (inside)
Fish & Wildlife Management (outside)
Signs (outside)
Office Space (inside)
Dwelling (inside)
Signs (Section 1010)
Community events, such as open house/tours, events for area non-profits to present themselves to the community, fund raisers for the facility, and annual picnics for the PGE retirees up to 4 times per year not longer than 48 hours per event with not more than 600 attendees ~~(primarily~~ inside~~)~~ per event with not more than 300 people at any time.

~~*~~** No new habitable structures will be allowed. Only structures such as exterior ramps and stairs, **and** elevator facilities~~, and additions of less than 50 sq. ft.~~ **[this was just too vague, no limit as written]** will be allowed.

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School Site: **

Proposed "Self Limiting" Uses

School (inside/with outside play areas) ~~Included in school use is the ability to have ½ - to 3 day courses, to provide~~ **[previous really not necessary]** **with** overnight accommodations, ~~and to use the~~ kitchen ~~area~~ and cafeteria ~~to serve the students~~ (inside)
Daycare Facility (inside)
Art & Music Studio (inside display/teaching and sales)
Office (inside)
Dwelling (inside)
Signs (Section 1010)

New structures on the school site will be limited to accessory use for flag poles, gazebos, ~~small seating structures for viewing athletics sports equipment~~ **[this is just too vague, no limit to number, size], fences etc.

Park Site: **FF-10 - Portion**

Proposed "Self Limiting" Uses

~~FF-10 Portion of the Site (goal exception, comp plan amendment, zone change, and conditional use)~~

Offices (inside)
Gift Shop (inside)
Signs (Section 1010)
Private Park **as defined in 406** ~~and Campground Including: Uses and activities included in the Conditional Use as recommended by the Planning Commission listed below:~~ **[Campground has as not been justified]**

> ~~Up to 800 people during the day, 300 at night.~~
> ~~New structures not to exceed: one single family house not to exceed 1200 square feet, seven six cabins (convertible to classrooms) not to exceed 1200 1000 sq. ft. each, seven six platform tents not to exceed 1200 400 sq. ft. each, three two pavilion/shelters not to exceed 1200 sq. ft. each.~~
> Special community events limited to 1500 people up to four times per year, such as reunions for area schools and neighbors, community open park days on summer holidays and historical reenactment events.

Park Site: **TBR - Portion**

~~TBR Portion of the Site~~ (~~conditional use only~~ – no goal exception etc. required)

Private Park ~~including Primitive self-made temporary overnight shelters for up to 45 students per week~~ **as defined in Section 406,** ~~as~~ accessory to the ~~Bull Run Education Center~~ **Park site** activities. **[Overnight**

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use is not allowed as provided in state law and county ordinance| You may wish to request this use on the FF-10 portion which also has large treed areas as well.

EXHIBIT 59
47-50

Karen Karlsson

From: Karen Karlsson <karen@klk-consulting.com>
Sent: Tuesday, November 04, 2014 2:04 PM
To: 'Hewitt, Gary'
Cc: 'McCallister, Mike'; 'Preisz, Linda'
Subject: RE: Bull Run Zone Change Draft Use Language

Gary,
Thanks for getting back to us. It appears that you have eliminated the overnight use and new structures in the Park in FF-10. Is this correct? If so can you explain?
Karen

KLK Consulting LLC
503-227-5000

From: Hewitt, Gary [mailto:garyh@co.clackamas.or.us]
Sent: Tuesday, November 04, 2014 1:37 PM
To: Karen Karlsson
Cc: McCallister, Mike; Preisz, Linda
Subject: RE: Bull Run Zone Change Draft Use Language

Karen,

Mike is scheduled out tomorrow morning and would not be able to meet your time frames. What has been happening on our end is Mike, Linda Preisz and myself met and discussed your proposed revision at great length yesterday through the noon hour. Mike asked that I incorporate those discussion changes of that meeting into your "Modified Exhibit 57 Discussion Draft Only" memorandum. Please review the attached which captures areas of no concern, areas of some concern and areas of major concern. Please submit your final revision not later than Thursday, November 6th by 4:30 pm when the second floor Lobby area is locked.

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Gary Hewitt - Sr. Planner
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Development Services Building
150 Beavercreek Road
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503-742-4519
***For directions** to our office, follow this link:* http://www.mapquest.com/?q2=278256473+type:mqid

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EXHIBIT 59
48-50

Karen Karlsson

From: Hewitt, Gary <garyh@co.clackamas.or.us>
Sent: Tuesday, November 04, 2014 4:50 PM
To: Karen Karlsson
Subject: RE: Bull Run Zone Change Draft Use Language

Karen,

I have been on Public Service Duty today and had to scramble throughout the morning to get out our written suggested revisions. We really wanted you to have a couple of days to review our responses. I will respond to your latest e-mail tomorrow morning so you will have time to digest the information and start to prepare your revised submittal based on our participation.

Sincerely,

Gary Hewitt - Sr. Planner
Clackamas County Planning & Zoning Division
Development Services Building
150 Beavercreek Road
Oregon City, Oregon 97045
503-742-4519
***For directions** to our office, follow this link:* http://www.mapquest.com/?q2=278256473+type:mqid

My schedule will continue to be Monday through Thursday 7:30a - 4:30p.

Department of Transportation & Development HOURS WILL BE:

- *2nd and 3rd floor permit lobbies open Mon-Fri from 8a-3p.*
- *Office hours for the Planning Division: Mon-Thr 7:30a-4:30p and Fri 8a-3p.*

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From: Karen Karlsson [mailto:karen@klk-consulting.com]
Sent: Tuesday, November 04, 2014 2:04 PM
To: Hewitt, Gary
Cc: McCallister, Mike; Preisz, Linda
Subject: RE: Bull Run Zone Change Draft Use Language

Gary,
Thanks for getting back to us. It appears that you have eliminated the overnight use and new structures in the Park in FF-10. Is this correct? If so can you explain?
Karen

KLK Consulting LLC
503-227-5000

EXHIBIT 59
49-50

Karen Karlsson

From: Hewitt, Gary <garyh@co.clackamas.or.us>
Sent: Wednesday, November 05, 2014 10:52 AM
To: Karen Karlsson
Cc: McCallister, Mike; Preisz, Linda
Subject: RE: Revised Coordination Response - Bull Run Application

Categories: Bull Run

Karen,

Your e-mail points out that we have eliminated the overnight use and associated structures. This is true. As we have stated over and over, we find the criterion has not been satisfied. I believe, as Mr. Pfeiffer has stated on numerous occasions, we have a fundamental disagreement as to the way in which an applicant must address state law with regard to a Reasons Exception. The Planning Director, myself and Linda Preisz have consistently directed you to please address the criterion, without success. I am aware that your consultant and attorney believe they have addressed them. This causes a stalemate with regard to what we believe can legitimately be allowed *without* satisfying state law. This is where I have come up with the concept of '*self limiting*' uses, which by the very name would be uses that would be nominal in the historic use of the property, uses that do not change the nature of the historical use, the area it resides in and the character of the community.

Maybe the following example will help show you what I mean. We recently received a comment from an area resident that had worked for PGE for 35 years. He was very knowledgeable of the Day-Use Park site through his work. He provided information that the Park typically had somewhere around two to three-hundred people during '*peak*' weekends. He stated verbally that any more than this would be '*uncomfortable*' to be around. With this backdrop among others, our concern is how does eight-hundred people, four times the amount typically on the site, fit in with the historical use of the Park? How does this increased intensity become justified and fit in with the community? What are the potential adverse impacts and how would this increased use be mitigated prior to being implemented? How could this be, first, justified by the criterion, and second, limited as required by OAR 660-004-0018(4)(a)? So, going from two to a maximum of three-hundred people to eight-hundred becomes a very big issue in light of having not addressed the individual criteria in the OAR with much depth, overall impact, why it couldn't be placed elsewhere, and how it could be toned down through measures designed to reduce adverse impacts. These are all in the OAR's in Subsections 660-004-0018 and 0020. After a thorough review of the criterion and the application, we find that these fundamental questions have not, over the course of this application process, been adequately addressed to allow this one use, not to mention all the other uses in tandem with the campground, the school and the powerhouse.

We believe we have not been able to convince you of the gravity of the situation with regard to this Reasons Exception application. If appealed, we believe the record speaks for itself, especially in light of the very recent LUBA decision on this very process involving a Reasons Exception. And, lastly, our *major* concern, and rightly so, is that we must caution the Board of County Commissioners that we believe, as professional Planners, the criterion has not been satisfied based on the facts as presented in this application and if we didn't, we would not be doing our job.

Sincerely,

Gary Hewitt - Sr. Planner
Clackamas County Planning & Zoning Division
Development Services Building
150 Beavercreek Road
Oregon City, Oregon 97045
503-742-4519
***For directions** to our office, follow this link:* http://www.mapquest.com/?q2=278256473+type:mqid

EXHIBIT 59
50-50

Memorandum

Underlined Text is by County Staff

Italic Text is by the Applicant

Remainder of the Text was From Original Exhibit 49 and revised 57

DATE: November 13, 2014

TO: Clackamas County Board of County Commissioners

FROM: Gary Hewitt - Sr. Planner
Clackamas County Planning Division

RE: Rebuttal of Applicant's Final Submittal, Exhibit 59
Z0208-14-CP/Z0209-14-Z – Bull Run Area "Reasons Exception"

All of the following proposed uses have been agreed upon by the applicant to obtain a Conditional Use and a Historic Review approval~~, and a Conditional Use approval (except for single family dwellings and items approved under Z0207-14-CU)~~ prior to implementation. Any subsequent additional limitations through these separate processes shall be implemented upon approval.

Powerhouse Site: * **Proposed "Self Limiting" Uses**

Museum (inside) except for the exterior display of appropriate historic artifacts such as Bull Run Railway and PGE log flume rail cars, transformers, water valves, *and other powerhouse related artifacts with a maximum ~~50~~* **25** *guests during outside historic viewing.*

Classes related to the history of the facility and the region, including the natural environment of the Bull Run River (*inside unlimited*) (*outside limited to ~~50~~* **25** *people at one time*).

Use of the historic machine shop and other appropriate spaces for *craft shops*, artists, and educational instruction (inside).

Small Restaurant (inside) with up to 25 seasonal outdoor seats
Gift Shop (inside)
Art Gallery and Studios (inside)
Fish & Wildlife Management (outside)
Office Space (inside)
Dwelling (inside)
Signs (Section 1010)

Community events, *such as open house/tours, events for area non-profits to present themselves to the community, fund raisers for the facility, and annual picnics for the PGE retirees* up to 4 times per year *not longer than 48 hours per event* with not more than 600 attendees *per event with not more than 300 people at any time. (Inside the* **current 2014** *fenced area).*

EXHIBIT 60
1-15

* No new habitable structures will be allowed. Only *incidental additions* such as exterior ramps and stairs, elevator facilities, *and up to three additions of habitable space such as for ADA improvements and covered entries of less than 50 sq. ft.* will be allowed.

School Site: ** **Proposed "Self Limiting" Uses**

School (inside/with outside play areas) Including overnight accommodations, kitchen and cafeteria (*inside~~/with outside play areas~~*)
Daycare Facility (inside)
Art & Music Studio including display, teaching and sales (inside)
Office (inside)
Dwelling (inside)
Signs (Section 1010)

**New structures on the school site will be limited to accessory use for flag poles, gazebos, fences etc.

Park Site: **Proposed "Self Limiting" Uses**

FF-10 - Portion

Offices (inside)
Gift Shop (inside)
Signs (Section 1010)
~~*One single family dwelling, not to exceed 1200 sq. ft.*~~

~~*Additional Proposed Uses on specific Conditional Use application and goal exception findings:*~~
~~*Private Park and Campground as defined in 310.06.A.14,*: including uses, activities, structures and limitations listed below:~~

> ~~Up to 800 people during the day, 300 at night.~~
> ~~*New structures not to exceed*: *Six* cabins (convertible to classrooms) not to exceed *1000* sq. ft. each, six platform tents not to exceed *400* sq. ft. each, *two* pavilion/shelters not to exceed 1200 sq. ft. each.~~

~~Special *community* events, limited to 1500 people *up to four times per year, such as reunions for area schools and neighbors, community open park days on summer holidays and historical reenactment events.*~~
This is Moved to TBR Portion, see below.

ISSUE ON PARK SITE

In addition to not satisfying the criterion within the Administrative Rules for a Reasons Exception:

- **The applicant is requesting 217% more structure square footage than what is currently on site.**
- **The applicant is requesting more uses and structures than the Conditional Use application requested originally.**
- **This proposal does not fit with the historic use of the subject property.**
- **This proposal is requesting four (4) times the historical average summer use of the park site. (See new Exhibit 58)**

EXHIBIT 60
2-15

An Alternative:

The Board of County Commissioners has the option to limit the scope and intensity of the requested uses in an effort to be consistent with the criterion, historic use and intensity of the site. Evidence in the record indicates that summer time park visitors, in the range of 200 to a maximum of 300 people only when company picnics events were held. No overnight use or camping took place. In an effort to facilitate the suggested proposed uses with what *may* be justified by the criterion through a '*self limiting*' factor, the Board could decide the following:

- **Allow 200 camp users for overnight use, to include staff.**
- **Allow 300 day-use park users, to include staff.**
- **Allow overnight temporary tent camping only on the FF-10 zoned land.**
- **Allow 'No-trace' overnight shelters on the FF-10 zoned land.**

Park Site: **TBR - Portion**

*Private Park as defined in 406.03***(K), subject to 406.05(I)(1) and (1)(a)** ~~*including Primitive self-make temporary overnight shelters for up to 45 students per week, as accessory to the FF-10 and TBR Park site activities.*~~

~~Special *community*~~ **Mass Gathering** events, limited to 1500 people *up to four times per year, such as reunions for area schools and neighbors, community* ~~*open park*~~ *days on summer holidays and historical reenactment events.*

ISSUE

1. **"No-Trace" overnight use shelters are not authorized by state law or county ordinance.**
2. **The TBR zoned property which may be authorized for a Private Park by definition does not allow overnight stays.**
3. **An Alternative:**

   The Board could authorize 'No-Trace' overnight shelters within the FF-10 portion of the Park site. This area remains heavily treed in areas, see attached photos 9 & 10.

s

In Summary

Staff finds with the above net changes, even though there still remains valid concerns of not satisfying the Reasons Exception criterion, the aforementioned '*self limiting*' uses may be able to be justified under a '*self limiting*' effect by each of the suggested uses which would embrace a more limited scope, intensity and blend of the historic use of each site. Although these '*self limiting*' uses may not be defensible upon appeal, the likelihood of success is increased by adopting a more cautious approach which allows the applicant some reasonable uses under these questionable circumstances.

Rec'd
10.30.14

Z0208-14-CP – Bull Run Application

PGE Day-Use Park

Terry Hescock
19380 SE Summertime Drive
Sandy, Oregon 97055
503-622-5754 Hm/Bus

I worked for PGE for 35 years as a Foreman in the PGE Corporate Shops.

In the summer months at the Roslyn Lake Day-Use Park there was never more than two to three hundred people during peak days over the weekends. During the winter months you would have been lucky to see two vehicles in the parking lot.

This park was basically the local 'swimming hole' for recreational use for residents in the area.

Sincerely,

Terry L Hescock

Terry Hescock

EXHIBIT 60
4-15

EXHIBIT 58
1-1

EXHIBIT 60
5-15

OLD PGE POWERHOUSE SITE.

EXHIBIT 60
6-15

CURRENT UNAUTHORIZED CARETAKER RV AT POWERHOUSE SITE.

(2)

EXHIBIT 60
51-15

MAIN BLDG BULL RUN
SCHOOL SITE.

(3)

EXHIBIT 60
8-15

CURRENT UNAUTHORIZED
CARETAKER TRAILER
AT SCHOOL SITE.

4

EXHIBIT 60
9-15

NEEDED ADDITION TO
BULL RUN SCHOOL.

(G)

RESTROOM BUILDING

BATT & BOARD CONSTRUCTION - METAL ROOFING

EXHIBIT 60

10-15

6

STORAGE STRUCTURE

EXHIBIT 60

11-15

(14)

STORAGE STRUCTURE

BATT AND BOARD TYPE CONSTRUCTION

EXHIBIT 60
12-15

8

RESTROOMS
-
BATT & BOARD
CONSTRUCTION
-
METAL ROOF

RESTROOMS IN WOODS

EXHIBIT 60
13-15

EXHIBIT 60
14-15

1 OF 4 AREAS FOR CAMPING OR NO-TRACE SHELTERS

3

OLD MOVIE SET CABIN - BUILT IN 2001 - NO PERMIT

EXHIBIT 60

15-15

(11)

REC'D
11.13.14

Clackamas County
2051 Kaen Road
Oregon City, OR 97045

November 12, 2014

Dear Clackamas County Board of Commissioners,

This rebuttal is in response to the zoning change proposal for the three sites: Powerhouse, School & Park in the Roslyn Lake area.

I am in opposition and wrote a letter and spoke at the October 22nd hearing. I do not feel that I was listened to at all based on the fact that the Board of County Commissioners failed to address any of my concerns as a citizen of Clackamas County. It appears they are not interested in the community and are moving forward at all costs.

I am concerned that the law is not being followed as the applicant has failed to adequately address OAR 660-004-0018(4) – Justification with Limitations ; 660-004-0020(1) – Reason Consistent with -0022; (2)(b)(B) – Other land that can accommodate the use; (2)(c) – ESEE consequences, and (2)(d) – Compatibility Issues. How do you clearly determine the possible impact on the area? What is the known history regarding the use of the sites? For example, what was the average number of users at the park during a Saturday or Sunday, was the school site used 24/7 or did the powerhouse have events with massive numbers of people? Therefore how can you propose the environmental outcome on the area or determine traffic implications?

I am not the only one concerned. I believe that others in the community do not know the true nature of what is going on.

Sincerely,

Mollie M. King
44495 SE Phelps Road
Sandy, OR 97055

James King, Spouse

Co-signed by
Mr. & Mrs. Christensen
44490 SE Phelps Road
Sandy, OR 97055

cc: 1,000 Friends of Oregon
cc: Sandy Post

EXHIBIT 61
1-2

Clackamas County
2051 Kaen Road
Oregon City, OR 97045

September 17, 2014

Dear Clackamas County Board of Commissioners,

I write to you as a concerned citizen who lives within a few miles of the Rosalyn Lake and Bull Run Powerhouse areas. I have researched some of the Oregon Administrative Rules (OAR). I ask that you deny the request for zoning changes and not grant the development of a campground at the Rosalyn Lake area. It is less than 3 miles from the Urban Growth Boundary (UGB) of the City of Sandy and therefore prohibited by state law. Another property outside the UGB would be more suitable.

I am also very concerned about the large amount of approximately 20,000 square footage of new structures to be built at the site and therefore the increased amount of people and traffic. The area is already extremely busy – especially in the spring, summer and fall. My husband has lived in the area for approximately 30 years (myself for six). We have seen much increased use over the years. Where are the adverse impact review studies regarding traffic and amount of people (1,500 four times per year, 800 daily and 300 overnight)?

County planning department staff has recommended denial, but I understand that the Planning Commission is recommending approval. This concerns me as well.

I read your comments on the county website regarding your desire for the public to "Tell us what you want and what you need." You all spoke to desiring trust and transparency in government, a genuine public process and for providing excellent customer service. I appreciated that. I am asking for an honest, legal process and a denial to zoning changes and therefore a denial to the development proposal.

Sincerely,

Mollie M. King

Mollie M. King
44495 SE Phelps Road
Sandy, OR 97055

EXHIBIT 61
2-2

November 19, 2014

Board of County Commissioners
2051 Kaen Road
Oregon City, OR 97045

File Number: Z0208-14-CP, Z0209-14-Z, Z0207-14-CU

Dear Chair Ludlow and Commissioners:

Thank you for your time. First off, I want to remind you why we are before you. My two partners and I own property on which three important historic resources - the Bull Run Powerhouse, the Bull Run School, and PGE's Roslyn Park - are located. The present zoning of the site is TBR, which extremely limits the use of the property. In order to preserve these places, it is necessary that the zoning be changed to allow economically viable uses for all three resources, uses which will bring new activity to the sites and allow their enjoyment by the public. Before you are applications for a Goal Exception, Comprehensive Plan Amendment and a Zone Change for all three sites, as well as Conditional Uses for the TBR and FF10 portions of the Park site.

This has been a long and frustrating process. Although we have heard from you and the Planning Commission that you want to make this happen, the planner assigned to this application, Gary Hewitt has consistently recommended denial and continues to do so today. The alternative he presents to you is not a compromise; he has not been willing to work with us to find compromise. Instead, in his rebuttal of November 13th he has independently recommended uses based on the subjective and arbitrary concept of "self-limiting" and those he personally feels are historically compatible to the site. In doing this he eliminates uses and reduces the intensity of uses in allowable categories to the point that it does not work. He particularly hamstrings the Park property so much that we would be better to leave it in TBR, remove the historic overlay and harvest the trees.

I'd like to address the specific points of Mr. Hewitt's rebuttal that do not work for us.

- The single dwellings on each site should not require a future Conditional use. The impact from the SFR is minimal, and the CU process is not designed to review them.
- Temporary community events should not require Conditional Use permits. The conditions on Community Events before you are more than adequate to limit their impact to an appropriate level. To require a new CU for each community event would be burdensome on us and a waste of time for the county.
- Restricting outside viewing of exterior displays and outside classes to 25 at the Powerhouse is arbitrary. Restricting uses and activities to within the existing fenced area makes sense. The number of visitors to the museum or participants in a class can be evaluated as part of a Conditional Use permit. If a number is necessary at this time, the limit should be 50, not 25. One of our target audiences is school children and a school class, with chaperons, would likely exceed 25.
- Allowing community events at the Park to be in TBR only is unworkable. Mr. Hewitt's proposal seems to limit Community Events to the TBR only, where they are an allowed use already. It seems silly to

EXHIBIT 62
1 - 13

allow them in the undeveloped part of the site but not in the developed area with its picnic shelters, restrooms, and open fields.

- Reducing the number of daily and overnight users and the number of allowable new structures at the Park does not allow the activities there be economically viable. Mr. Hewitt's recommended numbers are based on both anecdotal prior usage information and an assumption that any new structure in the Park is historically incompatible. The numbers in the letter cited by Mr. Hewitt are significantly lower than PGE's records which were previously submitted as part of our application. The impacts on the Park and neighboring uses by the proposed uses , including traffic, have been fully evaluated by the Conditional Use application are have been found to be appropriate.
- Denying primitive self-made temporary (no-trace) overnight shelters in the TBR area of the Park. This activity while accessory to the educational activities proposed at the Park is a core part of the educational mission. Sleeping in the woods under moss and twigs is simply not a campground prohibited by county ordinance.

These issues and others are discussed in more detail in Exhibit B attached.

In summary, we believe these places are worth preserving and that the uses we are requesting are the minimum necessary to do this.

We ask you to approve the Zone Change, Comprehensive Plan Amendment and Goal Exception with the uses attached as Exhibit A. These uses are the same as requested in our November 6th submittal.

We also ask you to approve the Conditional Use applications for the Park with the following:

- **Up to 800 people during the day.**
- **Up to 300 at night in the FF-10 area.**
- **New structures in the FF-10 area not to exceed:**
  - **Five cabins (convertible to classrooms) not to exceed 1000 sq. ft. each,**
  - **Five platform tents not to exceed 400 sq. ft. each,**
  - **Two pavilion/shelters not to exceed 1200 sq. ft. each.**
- **Special community events limited to 1500 people up to four times per year.**
- **Primitive self-made temporary overnight shelters for up to 45 students per week, as accessory to the FF-10 and TBR Park site activities.**

And let me end with this, our counsel, Steve Pfeiffer, continues to disagree strongly with Mr. Hewitt's strident, unsubstantiated and clearly personal views of the Goal 2 exceptions process and the substantial flexibility afforded the Board with regard to interpretive and evidentiary requirements.

Sincerely,

Karen Karlsson

Karen Karlsson, Member
Powerhouse Re Gen LLC and Bull Run Schoolhouse LLC
(Rick Michaelson and Jeff Joslin, Other Members)

EXHIBIT 62
2-13

EXHIBIT A

PROPOSED USES, STRUCTURES, AND ACTIVITIES WITH LIMITATIONS

Z0208-14-CP/Z0209-14-Z – Bull Run Area "Reasons Exception" And Z0207-14-CU (for the park area only)

All of the following proposed uses have been agreed upon by the applicant to obtain a Conditional Use and a Historic Review approval, and a Conditional Use approval (except for single family dwellings and items approved under Z0207-14-CU) prior to implementation. Any subsequent additional limitations through these separate processes shall be implemented upon approval.

Powerhouse Site: *

Proposed Uses

Museum (inside except for the exterior display of appropriate historic artifacts such as Bull Run Railway and PGE log flume rail cars, transformers, water valves and other powerhouse related artifacts with a maximum 50 guests during outside historic viewing)

Classes related to the history of the facility and the region, including the natural environment of the Bull Run River. (inside unlimited) (outside limited to 50 people at one time)

Use of the historic machine shop and other appropriate spaces for craft shops, artists, and educational instruction (inside).

Small Restaurant (inside except for up to 25 seasonal outdoor seats)
Gift Shop (inside)
Art Gallery and Studios (inside)
Fish & Wildlife Management (outside)
Office Space (inside)
Dwelling (inside)
Signs (Section 1010)

Community events, such as open house/tours, events for area non-profits to present themselves to the community, fund raisers for the facility, and annual picnics for the PGE retirees up to 4 times per year not longer than 48 hours per event with not more than 600 attendees per event with not more than 300 people at any time. (Inside the fenced area)

* No new habitable structures will be allowed. Only incidental additions such as exterior ramps and stairs, elevator facilities, and up to three additions of habitable space such as for ADA improvements and covered entries of less than 50 sq. ft. will be allowed.

EXHIBIT 62
3 · 13

School Site: **

Proposed Uses

School (inside/with outside play areas) including overnight accommodations, kitchen and cafeteria (inside/with outside play areas)
Daycare Facility (inside)
Art & Music Studio including display, teaching and sales (inside)
Office (inside)
Dwelling (inside)
Signs (Section 1010)

**New structures on the school site will be limited to accessory use for flag poles, gazebos, fences etc.

EXHIBIT 62
4-13

EXHIBIT A

Park Site: FF-10 - Portion

Proposed Uses

Offices (inside)
Gift Shop (inside)
Signs (Section 1010)
One single family dwelling, not to exceed 1200 sq ft

Additional Proposed Uses based on specific Conditional Use application and goal exception findings:
Private Park and Campground as defined in 310.06.A.14, including uses, activities, structures and limitations listed below:

Up to 800 people during the day, 300 at night.

New structures not to exceed:
Six cabins (convertible to classrooms) not to exceed 1000 sq. ft. each, ***
Six platform tents not to exceed 400 sq. ft. each, ***
2 pavilion/shelters not to exceed 1200 sq. ft. each. ***

Special community events limited to 1500 people up to four times per year, such as reunions for area schools and neighbors, community open park days on summer holidays and historical reenactment events.

Park Site: TBR – Portion (conditional use only – no goal exception etc. required)

Private Park as defined in 406.03.J, including Primitive self-made temporary overnight shelters for up to 45 students per week, as accessory to the FF-10 and TBR Park site activities.

*** Please note that for the CU we are only asking for 5 cabins, 5 platform tents, and 2 pavilion/shelters. We are seeking approval for six, six, and two for the zone change so that, in the future, if circumstances warrant, we can expand through a new conditional use application without seeking a new exception, comprehensive plan amendment, and zone change.

EXHIBIT 62
5-13

RESPONSES TO EXHIBIT 60

POWERHOUSE

All uses require a CU.

Both a single dwelling and temporary community events should not require a Conditional use. The impact from the SFR is minimal, and the CU process is not designed to review them. To require a new CU for each community event would be a waste of time for the county, since the zone change seriously limits the events.

1203.01 GENERAL APPROVAL CRITERIA

A conditional use requires review as a Type III application pursuant to Section 1307 and shall be subject to the following standards and criteria:

A. The use is listed as a conditional use in the zoning district in which the subject property is located.
B. The characteristics of the subject property are suitable for the proposed use considering size, shape, location, topography, existence of improvements and natural features.
C. The proposed use is consistent with Subsection 1007.09, and safety of the transportation system is adequate to serve the proposed use.
D. The proposed use will not alter the character of the surrounding area in a manner that substantially limits, impairs or precludes the use of surrounding properties for the primary uses allowed in the zoning district(s) in which surrounding properties are located.
E. The proposal satisfies the goals and policies of the Comprehensive Plan that apply to the proposed use.
F. The proposed use complies with any applicable requirements of the zoning district and overlay zoning district(s) in which the subject property is located,

Proposed "Self-Limiting" Uses

This term is not defined and totally subjective. We have agreed to have certain uses limited. The list we have submitted does this. The references to inside and outside further limit the degree of some activity.

Restricting outside viewing of exterior displays and outside classes to 25 at a time

Number is arbitrary and it is not apparent why this number has been chosen or what the limit is purported to do. Restricting uses and activities to within the existing fenced area makes sense. The number of visitors to the museum or participants in a class can be evaluated as part of a Conditional Use permit. If a number is necessary at this time, we chose 50 to accommodate a school visit which would likely exceed 25.

SCHOOL

All uses require a CU.

A single dwelling should not require a Conditional use.

Proposed "Self-Limiting" Uses

Same as above.

PARK – FF-10 PORTION

Proposed "Self-Limiting" Uses

Same as above.

Striking all uses and limits the Planning Commission recommended for approval under the Conditional Use

Denying all uses that makes the park economically viable is not acceptable. If the Board cannot approve the uses requested with reasonable limitations, we need to have the historic designation of the Park removed so we can use the site for commercial timber production.

EXHIBIT 62
6-13

Moving Community Events to TBR

Mr. Hewitt's proposal seems to limit Community Events to the TBR only, where they are an allowed use. It seems silly to allow them in the undeveloped part of the site but not in the developed area with its picnic shelters, restrooms, and open fields.

"ISSUE ON PARK SITE"

"In addition to not satisfying the criterion within the Administrative Rules for a Reasons Exception:"

We have addressed the criterion many times, including most recently in our November 6 submittal. Mr. Hewitt does not accept that preserving the historic resource is a valid reason to change the zone to rural and has been insisting that we show that the proposed uses cannot be somewhere else. Our response continues to be that it is necessary to have the use at the resource in order to preserve it.

"The applicant is requesting 217% more structure square footage than what is currently on site."

Other than the traffic issues which are discussed in the Conditional Use application, the primary impact on the site is the amount of impervious area due to structures and paving on the site which could affect the condition of the forest.

The impact of the proposed new structures on the park is better understood when looking not just at the buildings alone but the buildings in their setting as shown in Attachment 1. The existing buildings are situated in the approximately 20 acre developed area and represent 0.6% of the 20 acres. In addition to the existing building there is considerable area paved for auto circulation and parking which accounts for another 15.6% of the 20 acre developed site for a total of 16.2%. The addition of the six cabins, six platform tents and two pavilions (open air classrooms) add another 1.4% bringing the total impervious area coverage to just 17.6% of the FF10 portion of the site. And note, the full site is 100 acres so the existing and proposed structures in addition to the paved area will cover only 3.5% of the full site, up from the existing 3.3% now. Thus the addition of the proposed structures represents a tiny impact on the overall site.

"The applicant is requesting more uses and structures than the Conditional Use application requested originally."

It is true that the CU application requested fewer structures. However, during Planning Commission deliberation the number of structures recommended was greater. The Planning Commission felt that allowing more provided room for growth without another Goal Exception process.

We are not changing the number of structures being asked for in the Conditional Use, but are asking for, in the Zone Change some additional structures, although less than the Planning Commission recommended, adding possible future flexibility.

The applicant is not asking for more uses. Again, the Conditional Use remains the same. The Zone Change includes additional uses, such as office and gift shop which even Mr. Hewitt added to his recommended list.

"This proposal does not fit with the historic use of the subject property."

The historic use of the property is not economically viable and thus new uses are needed to be able to maintain the Park. The purpose of the zone change and goal exception is to allow the reuse of this historic resource and preservation of the historic structures. Since 1957 the Park has evolved, adding structures and more parking area several times. The proposed use is an extension

of the historical use by now adding overnight stays. Many parks throughout Oregon have both day use and overnight use. Overnight use is not inconsistent with a park and in this case it is critical to the economics of the educational use of the Park.

"This proposal is requesting four (4) times the historical average summer use of the park site. (See new Exhibit 58)"

As part of licensing requirements, PGE reported to the Federal Energy Regulatory Commission (FERC) annual usage at their recreational facilities. Included in information we submitted on November 6th (Exhibit 59) are copies of the reports for three different years; 1991, 1997 and 2003. The Park was open only in the summer season (approx. May through September). These reports show that the average daily use, factored over seven days ranged from 300 to 400. The reports also states the peak weekend use to be 1500. These reported numbers are quite a bit higher than the anecdotal numbers referred to in Exhibit 58.

The true impact of the park usage on the other properties in the area is the effect on the transportation system. Historically users came to the park in cars likely averaging three people per car. Users of the Bull Run Educational Center will mostly be bussed to the sites. The site contains 176 parking spaces which were filled on busy weekends. The transportation study included in the Conditional Use application, showed with the proposed uses even at the peak, the level of service at Ten Eyck and Thomas would remain at A and that no mitigation would be necessary.

Please note that the numbers in the application are for peak use in the summer. Like the historic use pattern, the BRC will be significantly less busy during the off season.

An Alternative

The reference to the largest usage was "only when company picnic events were held" is both purely anecdotal as this information is not known, but further is not referenced in Exhibit 58. We have submitted the above documents that demonstrate that peak usage was 1500 per weekend, or 750 per day, significantly higher than cited by Mr. Hewitt

Proposing uses "*may* be justified by the criterion through a '*self limiting*' factor" has no basis in law. Further, the uses he then proposes are not self-limiting, but are limited by Mr. Hewitt. They are not sufficient to create an economically viable business.

PARK – TBR PORTION

No-Trace overnight shelters are not authorized by state law or county ordinance

This term is not defined in state law or county ordinance. This activity while accessory to the educational activities proposed at the Park is a core part of the educational mission. Sleeping in the woods under moss and twigs is simply not a campground prohibited by county ordinance.

An alternative to authorize the no-trace overnight shelters in the FF-10

This is in his recommendation above and is not a workable alternative.

EXHIBIT 62
8-13

IN SUMMARY

"valid concerns of not satisfying the Reasons Exception criterion" "'*self limiting*' uses may be justified" "may not be defensible upon appeal" "questionable circumstances"

It is hard to imagine that a planner would recommend a course of action that "may not be defensible upon appeal" when it is clearly in the purview of the Commission to so-approve. And it is further shocking to have our request be referred to as "questionable circumstances". This is at minimum highly unprofessional.

ATTACHMENTS

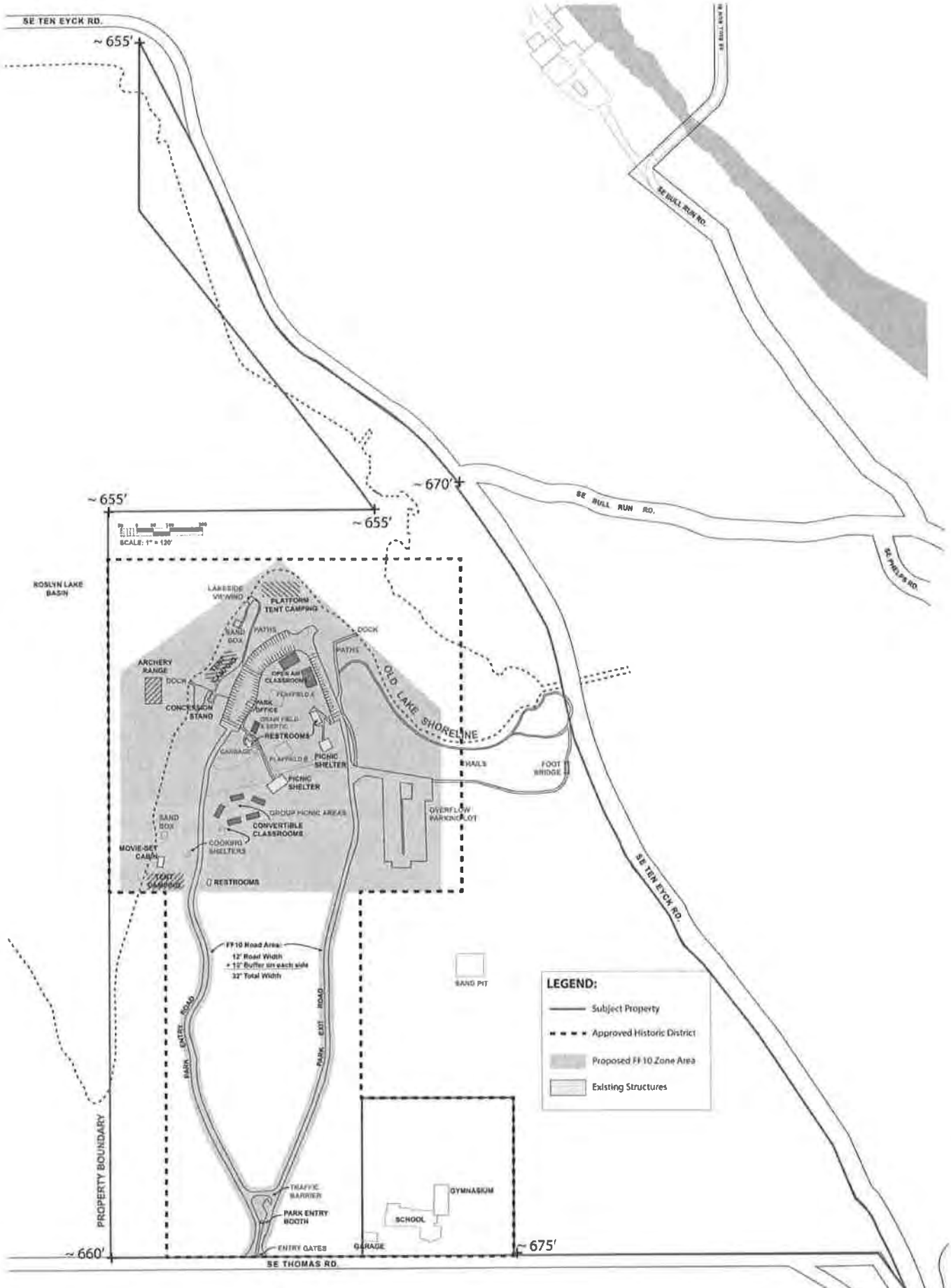
Exhibit 58

Anecdotal. See comments above.

Photos with notation "Current Unauthorized Caretaker RV"

It has been known since very early on that we have had to have caretakers on-site to protect these resources. There has been serious and costly damage done prior to siting our caretakers. The County Sherriff has been called numerous times to respond to problems. Last year, the Sherriff was able to arrest and convict two felons who broke into the Park from Ten Eyck Rd and tried to break out by shooting the locks on the gates at the Thomas Road exit. Attachment 2 is just a few examples of damage done at these sites. Again this is why it is important to have viable uses and activities that not just maintain but also protect the sites.

EXHIBIT 62
9-13



Name: Bull Run Education Center

Address: 41401 SE Thomas Rd.
Sandy, OR 97055

BULL RUN EDUCATION CENTER
PROPOSED SITE PLAN

T: 2S R: 5E Section: 6 Tax Lot: 00102

EXHIBIT 62
10-13

Exhibit B—Attachment 2

THE NEED FOR CARETAKERS ON THE RESPECTIVE SITES

From the time PGE abandoned activities at the Powerhouse, Roslyn Park and the Powerhouse have been targets for theft and vandalism. The same has been true of the Bull Run Schoolhouse. Earlier in ownership, we attempted to use local surveillance , but the damage was too persistent. Thieves were ransacking the Powerhouse and associated structures for metals and the structures were too complex to fully alarm. Even when alarms went off in the buildings that had them, which could be heard from the school, they were only effective if there was someone there to call the sheriff. Sheriff calls typically resulted in a one-to-two hour response time. This experience was repeated many times. We were lucky, and grateful, not to have lost the structures in their entirety to fire resulting from the many trespasses. But the harm, expense, and threat has been ongoing for our years of stewardship.

More modest and persistent damage, such as window breakage, was not legally addressable. Video surveillance was considered, but considered not plausible due to expense and the likelihood of inadmissibility (The sheriff informed us that only by accurately documenting the precise act would we have useful evidence, and if we caught someone, we would not have the ability to hold them until law enforcement arrived.). In the meantime, we watched these various structures be harmed by one senseless and uninsurable act after another (one cannot insure an empty building against vandalism, and the buildings had no legal uses so could not be occupied).

Desperate to protect these historic resources, we hired caretakers to provide a presence, which has been largely effective.

PARK DAMAGE

Park damage has been ongoing, and protection challenging. The gates below were broken into both with bolt cutters, and by poachers who first shot up the locks, and then were pursued by police following calls from the nearby caretaker. Damage from trespassers has included buildings being broken into and trashed, exterior and interior graffiti (see below), bathrooms being broken into and fixtures destroyed, and picnic tables being destroyed and/or burned.

EXHIBIT 62
11-13

POWERHOUSE DAMAGE

Once the Powerhouse was no longer operational, vandalism began immediately. Some of it was larcenous, some just plain damage. Efforts to secure the facilities met with mixed success until a presence was established on-site.

Numerous openings were ultimately secured with welded screening, and openings were sealed closed. After hundreds of windows were damaged (lower left), we resorted to placing screening in front of the river-facing windows to deflect rocks (lower right).

SHOP DAMAGE

Despite alarms, the shop was broken into a number of times, and pillaged for tools and hardware. All openings, including skylights above, were ultimately secured with welding and screening. Some tools originally forged in the shop were pilfered, but the original shop tools were too substantial to harm or remove.

EXHIBIT 62
12-13

TRANSFORMER BUILDING DAMAGE

Because of its remote access invisible from the road, the transformer building was broken into a number of times (installed screening was pushed in, lower left, and the windows then climbed in from twenty feet below). Stored insulators and other preserved elements were smashed for no reason, and historic elements were destroyed for the purpose of extracting metal. Installed welded screening halted the ongoing damage.

SCHOOL DAMAGE

The School was broken into numerous times, mostly through the breaking of rear windows. However, one break-in resulted from a truck driving through the front gate, then driving through the front doors. In both cases, vandalism inside included graffiti and

Front doors driven through and column destroyed

Locked gate driven through

EXHIBIT 62
13-13

Date: November 19, 2014

To: Clackamas County Board of Commissioners

From: Jeff Joslin

Re: File Number: Z0208-14-CP, Z0209-14-Z, Z0207-14-CU

Commissioners:

I write as the third owner of the sites subject to the reviews above. You've not heard from me directly at previous hearings, as I've not been in-state for the period since the formal reviews began. However, I've been an intrinsic part of the project team and process throughout.

I'm not new to land use efforts. For over a decade I was a Land Use Supervisor for the City of Portland. For the last two years, I've been the Director of Current Planning for the City of San Francisco (at this time, I oversee a division with over 70 planners and additional support staff). In both these capacities, I've administered the historic preservation and project entitlement processes for the respective cities during periods of phenomenally accelerated development. I thought I'd seen it all. However, the experience with these reviews has been so atypical, and some of the professional behavior so questionable - and occasionally reprehensible - that I reticently feel the need to say here what's not yet been said. Honestly, this is the kind of letter that a planning official least-hopes to receive, let alone write. But this has been a Land Use process like no other.

For most of the period since entering into a formal land use effort to seek a zone change, a path based on earlier County direction and encouragement, the process has been fraught with inconsistency, misdirection, and an unwillingness to collaborate towards earlier identified shared goals. Early on, we assumed it was simply the unique nature of the process for a County that doesn't regularly entertain such requests. Early misguidance by staff on the appropriate avenue to pursue a goal exception seems to have been unintentional and due simply to misunderstanding of the rules for goal exceptions. However, the recent conduct of the assigned staff planner – Gary Hewitt – reveals not only a lack of understanding of the goal exception rules but personalized opposition to the team and/or the project. We don't wish to believe that, but we've been left with no other conclusion.

Over the past year, we've been regularly denied the ability to meet or receive timely communication. We've been repeatedly blindsided by negative determinations and reports. We've been misled, ridiculed by Mr. Hewitt in reports and treated in a condescending manner in his presentations to the Planning Commission and Board. The behavior has been unprofessional and inexplicable. We've now reached a point where Mr. Hewitt's combative approach has left us no choice but to bring it into view.

Over the course of the review(s), we've continued to be perplexed by Mr. Hewitt's direction, despite our best efforts by our stellar land use team. The Planning Commission recommended approval of suitable uses against Mr. Hewitt's objections. Rather than carrying forward the recommendation of the Commission as would typically be the case, Mr.

EXHIBIT 63
1-3

Hewitt reiterated the arbitrary list of uses that he had personally found to be acceptable based on a concept he developed that has no basis in state, rule, case law, or County code -- a list that the Planning Commission heard and chose not to use as the basis for their recommendation.

The Board, in their deliberations on October 22nd, directed our team and Staff to resolve remaining differences over the proposed uses and carve a path to approval for those specific uses; uses that would render the sites potentially economical and save and preserve these irreplaceable historic resources. We were given roughly two weeks to complete the charge of refining a list of acceptable uses and their rationale, consistent with Board direction. Once again, we were only able to establish one brief conversation with Mr. Hewitt where there was an unwillingness to do any more than reiterate his objections, and no time was made available for an exchange of drafts despite our pleas for additional direct communication. We were only left – at that point – with enough time to submit what we'd believed we'd agreed to. And wait.

The manner in which staff chose to share the our November 6th submittal was highly unprofessional and unethical: the submittal was sent to a seemingly arbitrary list of individuals, including individuals who did not testify in person or in writing during any of the hearings and excluding others who had testified. The individuals contacted who have not participated to date (including an individual from 1,000 Friends of Oregon and one from the Oregon Zoo) appear to have been selected because they were expected to object to the project team's proposal. Mr. Hewitt's transmittal email also directed readers to focus on a specific portion of the project team's submittal – a leading and inappropriate comment.

The most recent communications from Mr. Hewitt during the so-called "rebuttal period" have further revealed his bias and lack of professionalism. As the Board knows, a rebuttal period is provided to allow the opportunity to respond to any new information provided during the open record period. Mr. Hewitt failed to respond to substantive new information provided by the project team, including the findings specifically requested by staff for the park site. Instead, Mr. Hewitt used the "rebuttal" to further batter the proposal, and to go so far as to introduce new, inflammatory, and unfounded information into record, in violation of the county's procedures for public hearings.

Both the content of the "rebuttal" from the Mr. Hewitt and what was done with it was genuinely shocking. He not only went so far as to say once again the direction given by the Board and Planning Commission should not be approved (though it is entirely within their purview to so-approve), but went on to speculate that should the Board make such a decision, it would likely fail an appeal. And as with the project team's November 6th submittal, Mr. Hewitt appears to have sent this document to individuals without standing who were proactively identified as potential appellants. This behavior was unprofessional, unethical, and contrary not only to the interests and efforts of the project and the community, but to the direction of the Board of Commissioners and the interests of the County.

Mr. Hewitt not only went against the direction of the Board, but appears to be attempting to undermine the Board's prospective decision by inviting an appeal (it's typically, at this point in the process, staff's job to represent the will of the Board and be working towards developing defensible findings). Mr. Hewitt's response was also contrary to an agreement

EXHIBIT 63
2-3

we believed we'd reached with him and the Planning Director. What we seem to have is a case where the County's planner is representing a personal point of view, and not the interests of the process, the Board, and the County.

We did not enter this process naively, are not new to such processes. The three partners collectively have nearly a century of land use experience at the highest levels. Individually and collectively we've dedicated ourselves to various historic preservation efforts and participated in billions of dollars of entitlements efforts in jurisdictions throughout the west. Rick Michaelson is an experienced developer, a renowned preservationist, and was member and Chair of the Portland Planning Commission for over a decade. Karen Karlsson has been a project manager and land use consultant overseeing approvals efforts for some of the largest and most complex projects in the region. Nothing remotely like this behavior on the part of any planning staff has ever been witnessed by any of us.

It seems clear that Mr. Hewitt is incapable of, and unwilling to, help the project succeed. We've expended significant sums to serve the inconsistent capriciousness of these processes, funds that are ultimately being diverted from the primary mission of saving and preserving these historic resources. This is not a project from which we are trying to profit, but rather our attempt to create something special for residents of Clackamas County. We hope the Board will recognize the predicament that has been created and – rather than succumbing to Mr. Hewitt's attempts to undermine the integrity of the process - will properly employ the discretion bestowed by the state land use system and render a decision consistent with your authority which will allow a fitting and viable project to move forward.

I thank you for all the time and attention you've given to this matter to date, and do hope – with your fair and final guidance - we can genuinely move forward to an appropriate resolution.

Sincerely;

Jeff Joslin

Co-Owner: Powerhouse ReGen LLC, Bull Run Schoolhouse LLC

cc: Mike McCallister, Clackamas County Planning Director

EXHIBIT 63
3-3

CLACKAMAS COUNTY

MIKE MCCALLISTER
PLANNING AND ZONING DIRECTOR

DEPARTMENT OF TRANSPORTATION AND DEVELOPMENT

DEVELOPMENT SERVICES BUILDING
150 BEAVERCREEK ROAD OREGON CITY, OR 97045

Land Use Hearing Item
Staff Report to the Board of County Commissioners

File Number: Z0212-14-CP and Z0213-14-ZAP

Staff Contact: Martha Fritzie – Sr. Planner

Board of County Commissioners Hearing Date: December 3, 2014

PROPOSAL

The applicant is seeking a Comprehensive Plan amendment from Agriculture to Rural Industrial and a zone change from the Exclusive Farm Use (EFU) to the Rural Industrial (RI) zoning district. The proposal requires a "Reasons" exception to Statewide Planning Goal 3, (Agriculture), under ORS 197.732 and OAR 660-004-0018 through 0022 (Goal Exceptions), to allow for the warehousing, processing, repackaging, and commercial distribution of agricultural and related goods not produced on the property, in conjunction with agricultural uses currently on the property.

If the Plan and zoning designations on the property are changed, the "Reasons" exception necessitates the uses allowed be limited to only those approved in this application. Other uses listed in the Rural Industrial zone, as described in Section 604 of the county's Zoning and Development Ordinance (ZDO) would not be allowed to locate on the property. The subject property would be required to comply with all of the other standards and regulations found in the ZDO.

RELATED PRIOR BCC ACTION

None

PLANNING COMMISSION ACTION

The Planning Commission (PC) held a public hearing on November 10, 2014 and voted unanimously to recommend approval to the BCC for the Reasons Exception, Comprehensive Plan amendment and zone change; subject to the successful resolution of an identified sight-distance issue. As noted in Exhibits G and H, this issue has been resolved to the satisfaction of the county's Engineering Division staff.

CPO, HAMLET AND VILLAGE RECOMMENDATIONS

The subject property is located in the Redland-Viola-Fischer's Mill CPO. No comments have been submitted by the CPO.

SIGNIFICANT ISSUES

1. One issue that arose at the PC hearing was a request to provide a clarification of uses subject to, and potentially authorized by, the Reasons exception, and specifically whether it applied only to current uses or also the future uses identified by the applicant (see pages 21-24 of the application narrative). The uses have been summarized by the applicant as follows: 1) steam distillation of lavender grown on the farm; (2) repackaging of bulk botanical farm products acquired from Oregon and around the world; (3) extraction and processing of herbal extracts from botanicals grown at the farm and acquired from other farms from around the world; and (4) distillation and processing of botanicals from the local area and from around the world.

   Therefore, Staff concludes that the current uses on the property subject to the Reasons exception include:

   - Processing operations, including
     - The steam distillation of essential oil crops, such as lavender, rosemary, clary sage, Douglas fir, and Noble fir;
     - The production of tinctures, which are herb extracts obtained by using alcohol to extract their constituents;
     - The production of other "farm and value-added" products such as culinary lavender and lavender honey, soaps, and lotions; and
     - The drying, milling of various herbs for future sale including hops it is also growing at the farm.
   - Storage/warehousing of oils for sale, dried herbs, containers and similar materials, and shipping and packaging materials.
   - Distribution operations, including the importation, repackaging and distribution of over 1,200 different farm products and oils and herbal extracts produced outside of Clackamas County.
   - Administration offices, including book-keeping, purchasing, marketing, sales, personnel management, computer systems – IT, facilities management, inventory & quality control, laboratories, and packaging and shipping.

   Future uses expected on the property subject to the Reasons exception are limited to the expansion of the existing processing and warehousing/distribution facilities to include the construction of a "mother distillery" to support the following operations: (a) distillation of 200 to 500 acres of local lavender cultivation, (b) distillation of Christmas tree culls from neighboring growers, and (c) research & development (R&D) of other potential extractions: raspberry seed extraction, cucumber waters; and the composting of byproducts on on-site processing (which may be subject to additional land use permitting).

Other planned expansions of the businesses noted on pages 22-24 of the application narrative are not subject to the Reason exception because they are related to the agricultural uses allowed under the EFU zoning, including the purchasing of additional property for crop cultivation and working with other local farmers to produce crops for the "mother distillery". A large portion of the property would remain under the EFU zoning.

2. Another issue of note at the PC hearing related to traffic and has been resolved. Engineering Division staff was not satisfied with the findings with respect to the sight-distance at the intersection of Gerber Road/Harris Road that were included in the October 27, 2014 transportation analysis, prepared by Lancaster Engineering for the subject. At the Staff's request, a subsequent speed study and sight distance analysis was completed and submitted on November 21, 2014 (Exhibit G). As noted in Exhibit H, Engineering Division staff finds that all the transportation safety and capacity issues are now resolved to their satisfaction and there is no need to impose a trip cap on the property.

3. The most significant issue in this case, however, is whether or not the criteria for a Rural Industrial designation can be satisfied. The applicant has provided sufficient evidence, analysis and findings for Staff to conclude that the criteria for approval of the Reasons exception can be met. However, the county's Comprehensive Plan policies stipulate the Rural Industrial (RI) zone can only be applied: (1) in an Unincorporated Community; (2) to an abandoned mill site; or (3) to an area with an "historical commitment to industrial uses." Since the first two locational criteria cannot apply to the subject property, it must meet the "historical commitment" criteria.

   On this issue, Planning Staff and the applicant disagree. This issue has been the subject of much discussion both in the record and at the PC hearing. Details on both sides of the debate can be found in the Planning Commission Staff Report, Exhibit E, and the applicant's narrative, all of which are included in the packet.

   Very briefly, the applicant asserts that the site does indeed have an "historical commitment to industrial uses" for the following reasons:

   - The Comprehensive Plan does not have a definition for "industrial use" for this context; neither does LUBA. The county's ZDO defines "industrial use" as *the use of land and/or structures for the manufacturing or processing of primary, secondary, or recycled materials into a product; warehousing and associated trucking operations; wholesale trade; and related development.*
   - The subject site is developed with over 150,000 square feet of buildings that are "industrial" in nature and the buildings are not well-suited for modern agriculture.
   - The subject property was constructed and used primarily as an egg production and distribution facility and rabbit processing facility and rendering plant, which constitute "substantial industrial processing of eggs and rabbits." While under the state statutes, these uses are considered either a "*farm use*" or "*commercial use in association with a farm use*," the applicant asserts that when "viewed in more practical terms of impacts to the land and environment, it is far more accurate to label the prior uses of the property as 'rural industrial'."

The Planning Commission agreed with the applicant's arguments, with one commissioner noting that particularly the rabbit processing facility that contained a tannery alone was, in his opinion, enough to substantiate the historical commitment to an industrial use.

However, while staff understands the applicant's arguments and agrees that they may have some merit, staff does not find that the previous commercial farm production, processing and even tannery uses on the subject can meet the standard of "historical commitment to industrial use." Although the facility included in this application is indeed very large, of such a large size that is it is probably fairly unique in the region, and it partook in certain "processing of primary or secondary materials" in the past with the farming uses, the question remains, at what point would this "farm use" be considered and "industrial use"? What is the threshold? There is no standard to which to look to determine when a use would cease to be considered a farm use, and becomes in industrial use, even if it were a particular size. If this were the case, it is likely several large farming facilities would suddenly be in jeopardy of violating the county's zoning ordinance, which does not allow large-scale industrial uses in agricultural zones.

Staff does recognize that a conundrum exists. The subject has demonstrated that it can meet the very high standards set by the state to receive a "Reasons" exception to statewide planning Goal 3 by proving that (1) there is a need to the proposed use and (2) that the subject property is the most appropriate location for that use. But the county's acknowledged Comprehensive Plan does not appear to contain a mechanism by which to approve this particular location for the proposed use.

STAFF RECOMMENDATION

The Planning Staff recommended denial of the Reasons Exception, Comprehensive Plan amendment and zone change as proposed in Z0212-14-CP & Z0213-14-ZAP because Staff finds that the application cannot satisfy the criteria in the Comprehensive Plan for a Rural Industrial Plan designation because staff finds that there is not an historical commitment to industrial uses on the property. There is no other designation available to the applicant that would allow the proposed industrial uses.

Z0212-14-CP & Z0213-14-ZAP COMPREHENSIVE PLAN AMENDMENTAND ZONE CHANGE

Oregon Lavender Farm/Liberty Natural Products LLC

CLACKAMAS COUNTY

Board of County Commissioners Public Hearing
December 3, 2014

PROPOSAL

- Comprehensive Plan designation amendment from Agriculture to Rural Industrial
- Zone Change from EFU (Exclusive Farm Use) to RI (Rural Industrial)
- "Reasons" Exception, under ORS 197.732 and OAR 660-004, to allow for:
  - The extraction, distillation and processing of herbal extracts and botanicals from products grown at the farm and acquired from other farms; and
  - Storage, repackaging, and commercial distribution of bulk botanical farm products acquired from Oregon and around the world.

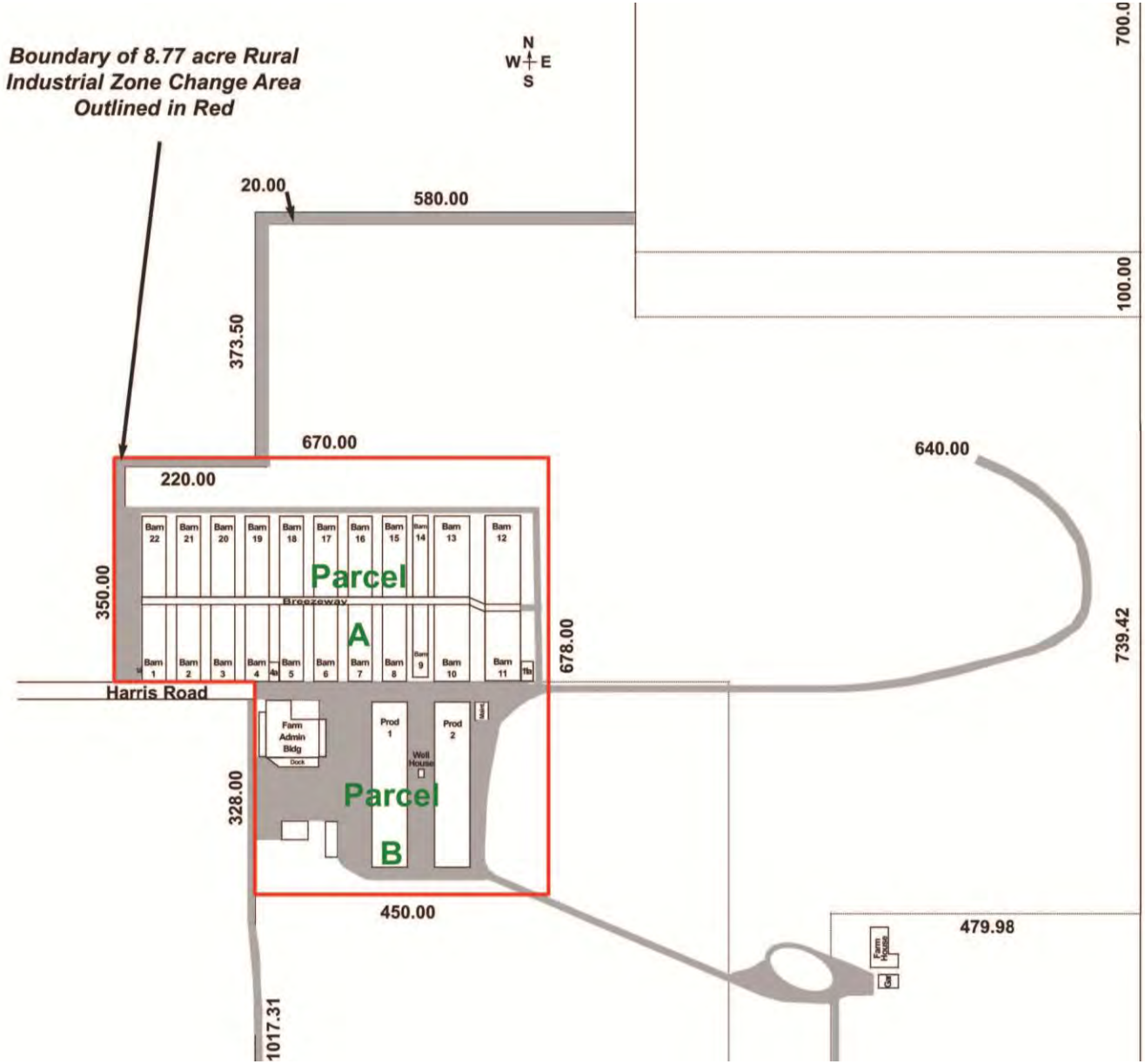
LOCATION

2s3e17
2s3e16
2s3e15
2s3e14
FF10
YEWW
RRFF5/HL
EFU/HL
Barton
RC
224
RRFF5
2s3e20
BAKERS FERRY RD
2s3e21
2s3e22
2s3e23
EFU/HL
RRFF5
RRFF5
AGF
TBR/HL
EFU
SPRINGWATER RD
2s3e28
2s3e29
2s3e27
2s3e26
GERBER RD
HARRIS RD
BRISTLIN RD
MCCUBBIN RD
ARTHUR RD
CRISWELL RD
2s3e32
2s3e33
2s3e34
EFU
Exhibit 3

SUBJECT PROPERTY

AREA PROPOSED FOR CHANGE

- 8.77 acres
- Contains all the building currently on the property (except the dwelling)



RELEVANT POLICIES & CRITERIA

- Statewide Planning Goals
  - Goal 2 (Land Use)
  - Goal 3 (Agriculture)
  - Goal 12 (Transportation)
- ORS 197.732(c): Goal Exception
- OAR 660-004-0018; 0020 and 0022: Reasons Exception
- Comprehensive Plan Policies
  - Chapter 4 (Land use); Agriculture vs. Rural Industrial Designation
  - Chapter 5 (Transportation)
- Zoning & Development Ordinance (ZDO)
  - Section 1202 (Zone Change)

GOAL EXCEPTIONS (ORS 197.732)

- Goal exceptions
  - Applicable to specific properties and does not establish a planning or zoning policy of general applicability;
  - Does not comply with some or all of the Statewide Planning Goal requirements applicable to the specific property; and
  - Complies with specific approval criteria and standards (ORS and OAR's).

- Three types of exceptions

  (1) "Physically Developed" exception

  (2) "Previously Committed" exception

  (3) "Reasons" exception

"REASONS" EXCEPTION PROCESS (OAR 660-004)

1. **Need:** the applicant must identify a sufficient "reason" to authorize uses <u>not</u> allowed under Goal 3.

2. **Alternatives:** the applicant must demonstrate that "areas" that do not require a new exception (*nonresource land*) cannot reasonably accommodate the use (alternative analysis).

3. **Consequences:** the proposed use will have minimal adverse "consequences" compared to other locations.

4. **Compatibility:** the proposed use must be compatible with other adjacent uses, or be so rendered through measures designed to reduce adverse impacts.

REASONS EXCEPTION – (1) NEED

- OAR 660-004-0055 provides direction for assessing the "need", or appropriate reasons, for several specific uses including rural industrial uses
- Proposal falls under (c): *The use would have a significant comparative advantage due to its location (e.g., near existing industrial activity, an energy facility, or products available from other rural activities), which would benefit the county economy and cause only minimal loss of productive resource lands….*
- Substantial analysis and evidence demonstrates that this is the case: co-location, integrated, shared facilities necessitate its location with the lavender growing and processing facilities allowed under the EFU zoning

REASONS EXCEPTION – (2) ALTERNATIVES

- Do not need to address specific sites, rather "areas in the vicinity"
- Cannot "reasonably accommodate the use(s)"
- No alternatives identified in other areas that would not require a new Goal exception
  - Rural residential, commercial, industrial
  - Natural resource, already committed
  - Unincorporated communities
  - Inside urban growth boundary (UGB)

REASONS EXCEPTION – (3) CONSEQUENCES

- Adverse EESE impacts of the proposed uses are no greater than if the uses were to locate on another site requiring the Goal exception
- Somewhat simple analysis in this particular case
- Site has long been taken out of productivity and altered from farmland, currently developed with a 150,000 square feet of building space

REASONS EXCEPTION – (4) COMPATIBILITY

- Proposed uses must be compatible with other adjacent uses or will be so rendered through measures designed to reduce adverse impacts
- No reason to believe otherwise. The applicant has been operating compatibly (albeit not quite legally) with neighbors and no different uses are actually proposed
- Neighbor testimony

COMPREHENSIVE PLAN POLICIES

- Chapter 4 (Land Use)
  - Agriculture policies
  - Rural Industrial policies
- Chapter 5 (Transportation)
  - Transportation issues resolved

COMP PLAN – RURAL INDUSTRIAL POLICIES

1) May be applied in non-urban areas to provide for industrial uses that are not labor-intensive and are consistent with rural character, rural development, and rural facilities and services

2) Rural Industrial (RI) zoning district implements the Rural Industrial plan designation

3) Areas may be designated RI only if one of three circumstances exists
   - Unincorporated community
   - Abandoned mill site
   - Sites with an "historical commitment to industrial uses"

HISTORICAL COMMITMENT

- Comp Plan does not have a definition for "industrial use" for this context; neither does LUBA
- Comp Plan defines "industrial" use as: *the use of land and/or structures for the manufacturing or processing of primary, secondary, or recycled materials into a product; warehousing and associated trucking operations; wholesale trade; and related development*
- Applicant argues subject has an "historical commitment to industrial uses"
- Planning Commission agreed that the prior uses on the property constituted an "historical commitment"
- Staff disagrees that the prior uses constitute an "historical commitment"

ZDO AND OTHER CRITERIA

- ZDO Section 1202 (Zone Change) criteria met
- Sections 401 (EFU) and 604 (RI) contain no approval criteria but the development standards in 604 and all other applicable regulations in the ZDO would need to be met by the subject if the zone change is approved

PLANNING COMMISSION HEARING

- November 10, 2014 public hearing
- No public or agency representatives attended
- Two main issues
  - Traffic study findings
  - Historical commitment
- PC requested a clarification of specific uses this proposal would authorize
  - Reflected in BCC summary
  - Pages 21-24 application narrative

RECOMMENDATIONS

- Planning Commission: Approval of the Reasons Exception, Comprehensive Plan Amendment, and Zone Change (files Z0212-14-CP & Z0213-14-ZAP); subject to resolution of the site-distance issues identified in the traffic study
- Staff: Denial of Z0212-14-CP & Z0213-14-ZAP
  - Cannot meet the Comprehensive Plan policies relating to the application of the Rural Industrial designation ("historical commitment to industrial uses")

THANK YOU

CLACKAMAS COUNTY PLANNING AND ZONING DIVISION
DEPARTMENT OF TRANSPORTATION AND DEVELOPMENT
DEVELOPMENT SERVICES BUILDING
150 BEAVERCREEK ROAD | OREGON CITY, OR 97045
503-742-4500 | ZONINGINFO@CLACKAMAS.US

PLANNING COMMISSION
DRAFT MINUTES

November 10, 2014
6:30 p.m.

Commissioners present: Gail Holmes, Mike Wagner, Norm Andreen, Tom Peterson, John Drentlaw, Mark Meek, John Gray.
Commissioners absent: Brian Pasko
Staff present: Martha Fritzie, Rick Nys, Darcy Renhard.

1. Commission Chair Peterson called the meeting to order at 6:34 p.m.

2. Commission Chair Peterson asked if there was any member of the audience who wished to provide comment on an item not on the agenda. There were none.

3. The purpose of the hearing tonight is to consider Z0212-14-CP and Z0213-14-ZAP, a Comprehensive Plan amendment from agricultural to rural industrial, and a corresponding zone change from EFU to rural industrial for the Oregon Lavender Farm. Martha Fritzie explained that the proposal requires a reasons exception under Oregon Revised Statutes and the Oregon Administrative Rules. One of the issues of concern is that many of the products used in the processing and distribution activities are imported. Commissioner Andreen asked if it would make a difference if the products that are brought in were local. Martha replied that it might make a difference, but the concern is the amount of products that are brought in that are not local. We are not sure how case law actually defines "local", but staff thinks that it would be interpreted to mean within the region.

The entire site is just over 86 acres. Only 8.77 acres are actually being proposed for rezoning. Exhibit 2 in the binders identifies the area that is proposed for rezone, and also shows where the houses and structures are located.

There are three different types of exceptions that the Planning Commission can recommend. The first is to accept a Comp Plan and zone change under Goal 3, which is intended for parcels that are committed and developed for the uses currently in place. This type of exception has to meet four standards. The first of these is that there has to be a reason why the use can't be placed on land that does NOT require a Goal exception, and that the impacts are mitigated, or can be mitigated, so as to not affect the surrounding uses. An argument that the applicant has made is the co-location argument. Staff believes that the applicant has successfully argued this point, and that having the processing and warehousing operations on a separate site would cause more impacts than having it co-located to the farming property. There is minimal loss of productive land, which is evident when you look at the site and see that the warehouse sites were out of production for quite some time. There is also the economic benefit to the County to be considered. The second criteria is an alternatives analysis. This is an analysis of nearby sites to determine whether there is another site that can accommodate this business. The third and fourth criteria are easily found to be compatible. The land has been taken out of production for some time, and the neighbors have actually provided letters in support of the business as it is being run now. If you

were to try and locate it elsewhere, it would create more impacts on farm land because you would have to construct the buildings which already exist on this site. Staff finds that this application does meet the criteria for a reasons exception. In fact, staff feels that this is the kind of business that a reasons exception is intended for—it has very unique characteristics, and the exception would be very specific to the production that exists on the land now.

Goal 12 is transportation, which requires an assessment of the proposed traffic impacts resulting from a zone change. Generally speaking, Rick Nys has found that this proposal would satisfy the criteria.

The comprehensive plan policies have been met for the most part. Where there is a little bit of disagreement with the applicant is where staff has found that the application does not meet the County's rural industrial policies. Specifically Policy 3, which says that you can locate industrial lands in three areas: abandoned mill sites, areas outside the UGB, and those areas that have been historically committed. Staff does not feel that there has been an historical commitment to an industrial use on the site, but the applicant feels that there is because the previous uses were more industrial in nature than the current use. Previously, the buildings on the site were used as rabbit and chicken processing facilities. Commissioner Meek asked if food processing was listed as a possible use under industrial uses. Martha answered that the list of industrial uses allows for fabrication of products made from glass, wood, paper, etc., and for manufacturing and production.

Commissioner Andreen feels that staff should have taken a further look at how the importing of products is actually serving to support the farm operations. Commissioner Meek asked if the application was submitted because of a land use violation, and were there complaints submitted. Martha replied that there were, in fact, complaints submitted regarding the property being a land use violation. Exhibit E summarizes it well. There are really only two issues keeping staff from recommending approval. The first is the traffic safety issue, which Rick Nys will address. The second is trying to reason that there is an historic industrial use on the property.

Rick Nys explained that the site takes access to Harris Road. Harris Road travels east to west and intersects with Gerber. There is a 60 mph speed limit on Gerber Road, and about 500 vehicles that travel Gerber Road per day. The speed limit does provide for sight distance issues. However, it is possible that the design speed may be far lower than 60 mph. We are hoping to get the data which will show that the actual average speed traveled is much lower than 60 mph, but at this time we don't have this data. Commissioner Andreen asked what the speed limit would need to be in order to satisfy the sight distance. Rick answered that it would be about 50 mph. Commissioner Drentlaw asked if the County had actually considered just posting a speed limit of 50 mph. Rick replied that ODOT actually determines the speed limits on most roads. For us, it is more about what speed people are actually driving on a particular road. Commissioner Meek clarified that you would actually have to go through ODOT to have a particular speed limit posted. Rick explained that the County actually uses an 85% calculation of the speed of what drivers are actually traveling on the road. There were no performance issues found with any of the intersections.

Chair Peterson invited the applicant to present testimony.

James Dierking, 20949 S. Harris Rd., Oregon City- Mr. Dierking described how he made a presentation before the land use committee at Oregon State Legislature. They informed him that legislative policy is to not make exceptions when the necessary approval can be made at the local level. He informed the Planning Commission that there is, in fact, a 35 mph sign on Gerber Road to the north of Harris Road. The majority of the traffic that is generated by his business is from employees coming to and from work. Most of the truck traffic is UPS, which is actually a very small portion of the total traffic generated. He shared his PowerPoint presentation, showing the poor conditions of the site when he acquired it compared to the current state of the property. There are approximately 5,000 visitors to the annual Lavender Festival now. This, of course, is

over the entire two-day event, not all in one day. Commissioner Andreen asked if the applicant has considered mitigation measures (i.e., trip caps) due to the volume of traffic.

Andrew Stamp, 4248 Galewood St., Lake Oswego—Mr. Stamp is the applicant's attorney. He explained that a zone change wouldn't be necessary if the majority of the products were grown on site. The applicant's goal is to increase local growth and harvesting over the next 10 years, hopefully purchasing from other local farmers who may not economically be able to afford to grow particular crops without a local source of distillation as his client provides. Local farmers may actually be able to profit from growing a wider variety of crops if they have access to the production services that the Oregon Lavender Farm is able to offer. Although there are products that can never be grown in Oregon, their hope is that in 20 years a zone change wouldn't even be necessary for the operations of this business. A CACFU is not a viable option as a conditional use. The goal exception is a more viable alternative in this case. The distillery needs to have farms that will feed into it, and the local farmers need to have a distillery to take their products to. This causes the chicken vs. the egg conundrum that we are dealing with here. Wineries have the exact same problem. The wineries need the local grapes, and the grape farmers need the wineries to sell their crops to. It should be noted that egg farms, by design, are more of an industrial use than a commercial farm use. There was also secondary processing (Egg Beaters, for example), that was done on this site in the past. Eggs were also brought in to the factory from outside the local area for secondary processing. This site used to operate more as a factory than a farm. The rabbit processing/tannery could be argued to have been industrial as opposed to farm use as well. The illegal uses that took place on this property were all industrial in nature as well, and it could be argued that those illegal uses have actually ruined the 8.77 acres for farm use due to the environmental damage. Commissioner Andreen pointed out that you cannot use an illegal use to establish an historical commitment. There are enough other uses to back up the argument that there is an historical commitment without arguing the illegal uses. Commissioner Wagner feels that the idea of purchasing crops from other local growers is commendable and adds to the local well-being. Commissioner Drentlaw stated that he worked at an egg farm as a teenager. This farm was self-sustaining, and the compost was used on the farm as nitrogen rich fertilizer. He is not sure that the case of an egg farm being environmentally hazardous is a reasonable argument. Mr. Stamp replied that the type of egg farm the Commissioner Drentlaw is referring to is a rarity anymore. The ones that have been successful are the ones that have access to railways to bring in feed and haul away waste, and those that have their own on-site sewage facilities. Commissioner Holmes said that there are a lot of people in her area who are growing lavender, and that this would nice for them to have access to. Commissioner Drentlaw asked if the use, if approved, would be limited to this specific use or if the applicant is asking for latitude on uses. Martha answered that approval would be for this one specific use and location. The applicant is not asking for widespread latitude. It is a very specific use on this one property, which is exactly the nature of a reasons exception.

Rick Nys informed the Planning Commission that the 35 mph speed limit sign is actually a curve advisory. It does not actually limit the speed on the road. With regard to adding a trip cap, it needs to be discussed further. What the applicant has actually proposed may be low. The trip cap could be raised in all actuality.

Martha stated that along those lines, the events that they are having are already allowed under the EFU zoning. We generally tell people that for a one-time event to let all of the appropriate agencies know what is going on, but otherwise we don't really regulate single events. The argument is whether or not the uses that were on the property can be considered industrial uses, not whether or not the uses were abandoned.

Commissioner Peterson asked if there was anyone who wished to testify for, against, or neutrally on the proposed application. There was no additional testimony.

Commissioner Andreen feels that the argument that there has been a historically industrial use on the property (tanning operations are extremely industrial and will absolutely destroy a property) is legitimate

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and can easily be validated. His struggle is with the fact that 70% of the product that is produced there comes from outside of the region. This is his only struggle with the entire proposed use. He is leaning toward approval if they can provide a traffic study that addresses the concerns raised by Rick Nys.

Commissioner Meek commended Martha on a very thorough report. He does believe that the applicant has established an historic industrial use, and would agree to recommend approval if the traffic issues can be resolved.

Commissioner Drentlaw is not sure that you need to qualify an egg farm as an industrial use here. It seems to him that the applicant has met all of the standards, other than the traffic issues.

Commissioner Andreen apologized to the applicant that they have been in operation for so many years, with the County's knowledge, and then be subjected to this whole process because one person files a complaint.

Commissioner Holmes is thrilled that this can turn into a really great tourism benefit for the County.

Commissioner Peterson agrees that it is too bad that the applicant has to go through this process. He also feels that the staff's reasons for recommending denial are legitimate, but that they are not enough to keep him from recommending approval.

Commissioner Wagner moved to recommend Z0212-14-CP and Z0213-14-ZAP for approval from the BCC, subject to traffic analysis. Commissioner Drentlaw seconded the motion. *Ayes=7; Nays=0. Motion is passed.*

4. Darcy Renhard informed the Planning Commission that the hearing for November 17th has been cancelled. The Active Transportation Plan has been put on hold until staff has a chance to do more public outreach, as requested by the Planning Commission.

5. There being no further business, the meeting was adjourned at 9:00 p.m.

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CLACKAMAS COUNTY DEPARTMENT OF TRANSPORTATION AND DEVELOPMENT
PLANNING & ZONING DIVISION
150 Beavercreek Rd, Oregon City, OR 97045
Phone: (503) 742-4500

NAME: James Dierking/ Oregon Lavender Farms
FILE NO: Z0212-14-CP/ Z0213-14-ZAP
REPORT AUTHOR: Martha Fritzie, Senior Planner
HEARING DATES: Planning Commission – November 10, 2014
Board of County Commissioners – December 3, 2014
REPORT DATE: November 4, 2014

PLANNING STAFF REPORT AND RECOMMENDATION TO THE PLANNING COMMISSION

GENERAL INFORMATION:

Applicant: James R. Dierking, Oregon Lavender Farm & Liberty Natural, Inc., 20949 S. Harris Road, Oregon City, OR 97045

Owner: James R. Dierking, 20949 S. Harris Road, Oregon City, OR 97045

Proposal: Comprehensive Plan Amendment from Agriculture to Rural Industrial with a corresponding Zone Change from Exclusive Farm Use (EFU) to Rural Industrial (RI) for 8.77 acres of the tract. The proposal requires a "Reasons" exception under ORS 197.732 and OAR 660-004-0018 through 0022 (Goal Exceptions), to allow for the warehousing, repackaging and commercial distribution of agricultural and related goods not produced on the property, in conjunction with agricultural uses currently on the property.

If the Plan and zoning designations on the property are changed, the "Reasons" exception necessitates the uses allowed be limited to only those approved in this application. Other uses listed in the Rural Industrial zone, as described in Section 604 of the county's Zoning and Development Ordinance (ZDO) would not be allowed to locate on the property. The subject property would be required to comply with all of the other standards and regulations found in the ZDO.

Location: Commonly known as the Oregon Lavender Farm, located off Springwater Road, approximately three miles northeast of Redland and two miles south of Damascus

Site Address: 20949 S. Harris Road, Oregon City, OR 97045

Legal Description:
T2S, R3E, Section 27C, Tax Lots 1000, 1200, 1300, 1301, 1400, 1500, 1600, 1700 & 1701, W.M.
T2S, R3E, Section 28, Tax Lots 304 & 306, W.M
T2S, R3E, Section 27B, Tax Lot 700, W.M

Total Area Involved: 86.63 total acres/ 8.77 acres proposed for change

Current Comprehensive Plan Designation/ Zoning: Agriculture (Ag)/ Exclusive Farm Use (EFU)

RECOMMENDATION: Denial of the Comprehensive Plan Map Amendment (File No. Z0212-14-CP) from Agriculture to Rural Industrial and zone change (File No. Z0213-14-ZAP) from EFU to RI. Staff recommends denial for the following reasons:

1. Staff is unable to make a determination of adequacy regarding safety of the transportation system. Based on the submitted October 27, 2014 transportation analysis prepared by Lancaster Engineering, the intersection of Gerber Road/Harris Road fails to meet minimum intersection sight distance standards. While the transportation analysis may be correct with regard to assumed speeds, evidence is needed to support this statement. Staff has recommended to the applicant that they submit a speed study to verify their speed observations.

2. This application cannot satisfy the criteria in the Comprehensive Plan for a Rural Industrial Plan designation because staff finds that there is not an historical commitment to industrial uses on the property. There is no other designation available to the applicant that would allow the proposed industrial uses.

If this application is approved, Engineering staff recommend the following condition of approval:

1) The applicant shall provide and maintain adequate intersection sight distance and adequate stopping sight distance at the intersection of Gerber Road/Harris Road. In addition, no plantings at maturity, retaining walls, embankments, fences or any other objects shall be allowed to obstruct minimum sight distance requirements.

   Plans submitted in anticipation of issuance of a Development Permit shall include an exhibit illustrating sight lines and any sight line easements for site driveways and the intersection of Gerber Road/Harris Road to insure sight lines are not

obstructed by vegetation, trees, vertical curves, or any other objects.

Any required sight line easements shall be demonstrated as feasible to obtain, to the satisfaction of Engineering staff, prior to issuance of a Development Permit.

Minimum intersection sight distances and stopping sight distances shall be in accordance with Roadway Standards section 240. For a 60 mile per hour design speed, intersection sight distances are required to be a minimum of 665 feet and stopping sight distances are required to be a minimum of 570 feet, with appropriate adjustments for grades for stopping sight distances.

BACKGROUND INFORMATION, SITE AND AREA DESCRIPTION AND SERVICE PROVIDERS

Background Information:

1. The first public hearing regarding this application was originally scheduled for October 13, 2014. On October 7, 2014, Planning staff provided the applicant with a draft staff report that identified several issues preventing Staff from recommending approval, including two that could potentially be resolved with additional evidence and/or findings. At the applicant's request, the October 13th hearing was then postponed to allow for more time to produce these additional items. The applicant subsequently provided Staff with the requested information/ findings related to the alternative sites analysis and the traffic impact analysis. Findings and conclusions found in this staff report reflect the inclusion of all the information provided by the applicant, as found in both the application narrative and the supplemental findings.

2. This application is the result of a code violation opened in 2011 regarding the Liberty Natural Products business located on the subject property. This business imports, repackages and distributes essential oils and other related products in conjunction with the processing, packaging and shipping of oils, soaps and other related products from lavender and other herbs grown on the property (Oregon Lavender Farm). After a failed attempt to legitimize the Liberty Natural Products business under the property's current zoning through state legislation, the applicant is proposing to change the Comprehensive Plan and zoning designations to Rural Industrial, which would allow the business uses outright.

3. The two unresolved code compliance issues, relating to the operation of the business and relating to particular building code issues. These code violations will be addressed after a final decision on this application.

4. The subject property contains several agricultural buildings, most of which have been on the property since the at least the early 1960s and were occupied for several decades with various legitimate farm-related businesses, including chicken egg production and distribution, rabbit breeding and processing and a tannery. Upon closure of the rabbit

farm and tannery businesses, the property was used for a number of illegal uses including, cock fights, drug manufacturing, storage of automotive parts, even people living in the agricultural buildings. A more detailed description of the history of uses and violations on the property is found on pages 10 through 20 of the application narrative.

5. In 1999, Mr. Dierking acquired the property with the intention of growing lavender and aromatic botanicals to be distilled into essential oils (Oregon Lavender Farm) and to use the facilities for the distribution of products for the Liberty Natural Products business he was operating. He reportedly began by trucking the herbs grown on-site to a distillation facility outside Independence, Oregon and then back to a packaging and distribution facility in Southeast Portland to be shipped off to market. He has since built a distillery on-site and moved the packaging facility on-site. Consolidating onto the property in this way has saved him the cost of trucking materials from the farm and the cost of leasing additional building space, but is; however, in violation of the county's zoning & development ordinance (ZDO); specifically the allowed uses in the exclusive farm use (EFU) zoning district (ZDO Section 401).

6. Liberty Natural Products imports and exports products from a number of different countries. It reportedly distributes approximately 1,200 different botanicals including oils, essential oils, raw products, processed powders, salt, butter, and other raw and processed agricultural products. The imported products are generally repackaged at the facility and sold in smaller quantities. Most product sales are to small and mid-sized companies. Sales to the general public are completed primarily over the phone or Internet; a small number of local customers visit the site to purchase products. Because the agricultural products related to this business are not produced on the subject farm or in farms in the surrounding region, the business the exceeds the limits of what a Conditional Use permit would potentially allowed under the EFU zone; therefore necessitating this application for a zone change to a Rural Industrial zone, which would allow the business operations outright.

Site Description:

7. The entire tract of subject property contains approximately 86.63 acres and consists of twelve taxlots and four "legal lots of record." The entire site is zoned exclusive farm use (EFU). Approximately 20-25 acres of the property are in farm production, with the majority in lavender. The developed portion of the site is engaged in the processing of these products, including steam distillation of essential oil crops, herb extracts (tinctures) produced from herbs grown on the property and imported to the property. There is one dwelling, located on taxlot 1701, which is part of the subject tract but not part of this application. The property is developed with approximately 14 buildings which were historically used for agricultural uses including chicken and rabbit farming. The applicant indicated that there is approximately 150,000 square feet of enclosed building space.

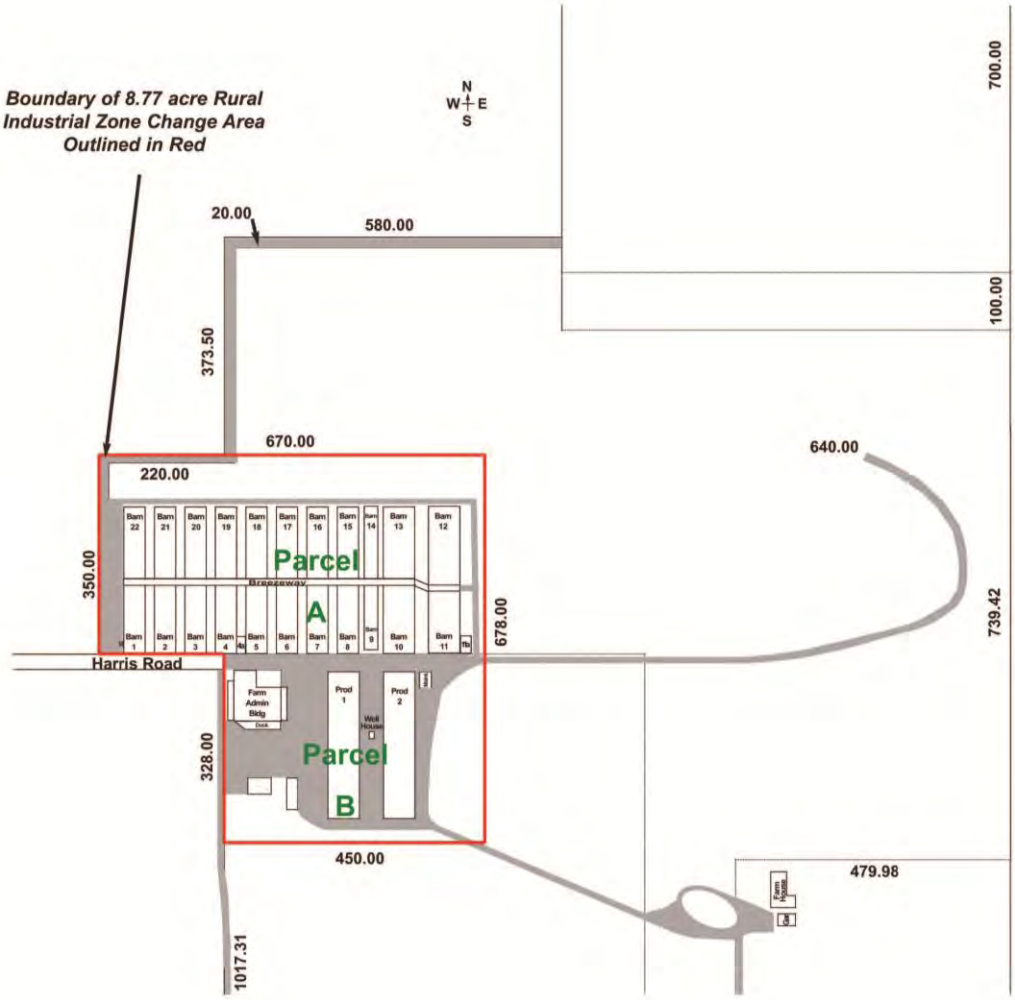
Other uses in the buildings include research & development and commercial kitchen facilities for mixing botanicals for specific companies or users (i.e. natural herbicides, etc.). A portion of one of the buildings (estimated by the Planning Director at 40,000-50,000 square feet) includes warehousing of packaging supplies (vials, bottles, buckets, packing materials, etc), storage, repacking and shipping uses associated with the business activities.

Several buildings are used for the storage of agricultural equipment and supplies being used by the farm. Other buildings are being/planned for renovation for continued expansion of the existing business activities. One of the smaller buildings includes a facility to process the lavender into oil. Other activities on the site include a Lavender Festival, which takes place one weekend per year and draws approximately 2,500 people per day to the site.

The cultivated acreage and the buildings are located on the southern and western portion of the tract. The two northernmost taxlots (roughly 33 acres) are separated from the rest of the property by a steeply sloped area and contain a pond and several wooded areas.

8. The subject tract is considered high value farmland, with the predominant soil type being 8B – Bornstedt silt loam (class II). The northern, uncultivated portions of the tract contain: 1B – Aloha Silt Loam (class II), 21- Concord silt loam (class III), 29-Dayton silt loam (class IV), and a small area of 92F- Xerochrepts (class VI) along a steep slope.

9. The area which is the subject of this goal exception and re-zoning application contains 8.77 acres and contains portions of taxlots 1400 and 1500 and all of taxlot 304. The area contains all the building currently on the property, except the dwelling, as illustrated in Exhibit 2 and below.



A 2012 aerial photo seems to indicate two of the buildings on taxlot 304 have actually been removed and are slabs being used for storage of materials. The cultivated fields are to the south and east of the developed area.

Surrounding Conditions:

10. Adjacent properties to the north, west, south and southeast of the subject tract are zoned EFU. This area consists of parcels ranging from approximately 2 acres to 24 acres in size. Most of the parcels to the west and south/southeast appear to be being actively farmed (based on aerial photography), while properties to the north/northwest appear to be largely wooded. Few dwellings exist on the surrounding EFU parcels.

    Several parcels northeast of the tract are zoned RRFF-5. These parcels range in size from approximately 2.5 to 10 acres and most contain a dwelling. These parcels abut the portion of the subject tract that is not cultivated or developed with structures, rather it is largely wooded.

Service Providers:

a. Sewer: The subject property is not located in a public or private sewer district. Sewage disposal is accommodated by an on-site sewage disposal system.
b. Water: The subject property is not located in a public or private water district.
c. Surface Water: The subject property is not located in surface water district. Surface and storm water is regulated pursuant to Section 1008 of the ZDO.
d. Fire Protection: Clackamas County RFPD #1.

Responses Requested:

a. Clackamas County RFPD #1
b. Redland-Viola-Fischer's Mill CPO
c. DTD, Community Environment
d. DTD, Traffic Engineering
e. Water Environment Services, Soils Division
f. Dept. of Land Conservation and Development
g. Property Owners within 750'

CPO Recommendation:

The subject property is located in the Redland/Fishers Mill/Viola CPO. No comments have been received by the CPO.

Exhibits:

Exhibits included in the record by Staff are attached to this report and are lettered A though C, as follows:

Exhibit A. Comments from the Traffic Engineering Division related to the Traffic Impact Analysis (November 3, 2014)

Exhibit B. Traffic Impact Analysis from Lancaster Engineering (October 27, 2014)

Exhibit C. Additional analysis and findings received from the applicant (October 30, 2014)

Exhibits provided by the applicant are included in the application package and are numbered 1 through 112.

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Section 2. Goal Exception. This application is requesting a "Reasons" exception to Statewide Planning Goal 3 (Agriculture).

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Section 3. Comprehensive Plan Map Amendment. This application is subject to compliance with the Statewide Planning Goals, County Comprehensive Plan (CP) policies and Oregon Administrative Rules (OARs).

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Section 4. Zone Change Application. The zone change application is subject to the criteria in Section 1202 of the Clackamas County Zoning and Development Ordinance.

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SECTION 1: APPLICABLE STANDARDS AND CRITERIA

This application involves amendments to an acknowledged county Comprehensive Plan provisions and land use regulations, as well as a "Reasons" exception to Statewide Planning Goal 3. Under Oregon's land use statutes and goals, this application must be found to comply with a multitude of standards and criteria, including the following:

State Statues (ORSs) and Administrative Rules (OARs)
OAR Chapter 660, Division 4- Interpretation of Goal 2 Exception Process:
- OAR 660-004-000 Purpose
- OAR 660-004-005 Definitions
- OAR 660-004-0010 Application of the Goal 2 Exception Process to Certain Goals
- OAR 660-004-0015 Inclusion as Part of the Plan
- OAR 660-004-0018 Planning and Zoning Exception Areas
- OAR 660-004-0020 Goal 2, Part II(c), Exception Requirements
- OAR 660-0040-0022 Reasons Necessary to Justify and Exception Under Goal 2, Part II(c)

ORS 197.610 and 197.615 – Post-acknowledgment Amendments
ORS 197.732 - Goal Exception standards
ORS 197.763 – Notice procedures for quasi-judicial hearings

Statewide Planning Goals1 through 19

OAR Chapter 660, Division 12 – Transportation Planning
OAR 660-012-0060 Plan and Land Use Regulation Amendments
OAR 660-012-0065 Transportation Improvements on Rural Lands

County Comprehensive Plan Provisions
The following Clackamas County Comprehensive Plan provisions are implicated by this application:
Chapter 2. Citizen Involvement
Citizen involvement policies
Chapter 3. Natural Resources and Energy
Agriculture policies
Chapter 4. Land Use
Urbanization policies
Land Use Plan Designation policies
Agriculture policies
Chapter 5. Transportation System Plan
Chapter 11. The Planning Process

County Zoning & Development Ordinance Provisions
Section 1202. Zone Changes

SECTION 2- "REASONS" EXCEPTION TO STATEWIDE PLANNING GOAL 3: AGRICULTURE

PART 1: EVALUATION OF "REASONS" EXCEPTION CRITERIA

The subject property is designated as natural resource land (Agriculture) on the Comprehensive Plan Map. In order the change the Comprehensive Plan Map designation to any plan designation other than Agriculture, it is necessary to take an exception to Statewide Planning Goal 3, under the procedure described in the Oregon Administrative Rules (OAR) 660, Division 4.

These departures from the requirements of Goals 3 and from acknowledged comprehensive plan provisions implementing that goal require the approval of "exceptions" to the goals. Exceptions are amendments to comprehensive plan provisions that set forth facts and reasons authorizing and justifying the necessary departures from the goals. In this instance,

the applicant has requested "reasons" exceptions to Goal 3. The county's approval of this goal exception under the applicable state statutes and rules authorize the proposed amendments despite the fact that the amendments would otherwise conflict with the goals.

Goal Exceptions

Goal exceptions are authorized under statewide planning statutes, goals and administrative rules in order to provide flexibility for situations in which a departure from the strict application of the goals is justified based on site-specific and project specific conditions. Approval of a goal exception does not establish precedent for allowing future goal exceptions. Goal 2 defines the term "exception" as follows:

"Exception means a comprehensive plan provision, including an amendment to an acknowledged comprehensive plan, that:
"(a) Is applicable to specific properties or situations and does not establish a planning or zoning policy of general applicability;
"(b) Does not comply with some or all goal requirements applicable to the subject properties or situations; and
"(c) Complies with standards for an exception."

There are three types of exceptions: (1) "developed" exceptions are justified where the property is physically developed to the point where resource use is no longer practicable; (2) "committed" exceptions are justified where the nature of nearby physical development makes resource use impracticable; and (3) "reasons" exceptions are justified where there is a need for development at the site in question and where the applicant establishes that reasons justify why the policy embodied in the applicable goals should not apply, the site compares favorably with other possible locations for the proposed development, and the proposed use is compatible with other adjacent uses or can be made compatible through measures designed to reduce impacts.

Application of ORS 197.732 and OAR Chapter 660 Exception Criteria

The application requests "Reasons" exceptions to Goal 3. The general criteria for reasons exceptions are set forth in the state statutes at ORS 197.732 and LCDC's administrative rules at OAR 660-004-0020. The rules then provide additional "reasons" that can justify an exception at OAR 660-004-0022, including criteria that must be applied to more specific types of uses.

ORS 197.732 - Goal Exceptions. ORS 197.732 sets for the following criteria for a goal exception based on a “reasons” argument, as follows:

(c) The following standards are met:
- *(A) Reasons justify why the state policy embodied in the applicable goals should not apply;*
- *(B) Areas that do not require a new exception cannot reasonably accommodate the use;*
- *(C) The long term environmental, economic, social and energy consequences resulting from the use at the proposed site with measures designed to reduce adverse impacts are not significantly more adverse than would typically result from the*

same proposal being located in areas requiring a goal exception other than the proposed site; and

(D) The proposed uses are compatible with other adjacent uses or will be so rendered through measures designed to reduce adverse impacts.

These four standards outline the four-step process an applicant must engage in to demonstrate the proposal (1) is "needed", (2) can not reasonably be located on an "alternative" site, (3) will have minimal adverse "consequences", and (4) is "compatible" with neighboring uses.

The rules under which to assess the above criteria are presented in OAR 660-004-0000 through 0040 in more detail. The requirements established by ORS 197.732 for goal exceptions, as well as the identical requirements of Goal 2, Part II and OAR 660 Divisions 4 are addressed below of these findings.

OAR 660-004-0000 through 0010. Purpose, Definitions, and Application of Goal 2 Exceptions Process to Certain Goals

These sections contain the background information and definitions for the goal exception and are information in nature.

OAR 660-004-0015. Inclusion as Part of the Plan

(1) A local government approving a proposed exception shall adopt, as part of its comprehensive plan, findings of fact and a statement of reasons that demonstrate that the standards for an exception have been met. The reasons and facts shall be supported by substantial evidence that the standard has been met.

(2)A local government denying a proposed exception shall adopt findings of fact and a statement of reasons that demonstrate that the standards for an exception have not been met. However, the findings need not be incorporated into the local comprehensive plan.

Both these criterion are informational in nature and depending on the outcome of the decision, each will be adhered to as is necessary in the body of the Staff Report, the findings and recommendations provided in Sections 2, 3 and 4 of this report, and as referenced in the land use application narrative.

660-004-0018: Planning and Zoning for Exception Areas. Subsection 660-004-0018(4): "Reasons" Exceptions, applies to this application.

a. 660-004-0018(4)(a): *When a local government takes an exception under the "Reasons" section of ORS 197.732(1)(c) and OAR 660-004-0020 through 660-004-0022, plan and zone designations must limit the uses, density, public facilities and services, and activities to only those that are justified in the exception.*

If adopted, the proposed goal exception would be limited to only those uses approved and as noted in any conditions of approval.

This criterion can be satisfied.

b. 660-004-0018(4)(b): *When a local government changes the types or intensities of uses or public facilities and services within an area approved as a "Reasons" exception, a new "Reasons" exception is required.*

This site has not previously been approved as a "Reasons" exception.

This criterion is not applicable.

c. 660-004-0018(4)(c): *When a local government includes land within an unincorporated community for which an exception under the "Reasons" section of ORS 197.732(1)(c) and OAR 660-004-0020 through 660-004-0022 was previously adopted, plan and zone designations must limit the uses, density, public facilities and services, and activities to only those that were justified in the exception or OAR 660-022-0030, whichever is more stringent.*

The subject property is not located in an unincorporated community.

This criterion is not applicable.

<u>660-004-0020:Goal 2, Part II(c), Exception Requirements</u>

(1) If a jurisdiction determines there are reasons consistent with OAR 660-004-0022 to use resource lands for uses not allowed by the applicable Goal or to allow public facilities or services not allowed by the applicable Goal, the justification shall be set forth in the comprehensive plan as an exception. As provided in OAR 660-004-0000(1), rules in other divisions may also apply.

If adopted, the proposed goal exception would be limited to only those uses approved and as noted in any conditions of approval.

This criterion can be satisfied.

To evaluate goal exception there must be a review of OAR 660-004-0022. The findings are as follows:

<u>OAR 660-004-0022: Reasons Necessary to Justify an Exception Under Goal 2, Part II(c)</u>

An exception Under Goal 2, Part II(c) can be taken for any use not allowed by the applicable goal(s)… The types of reasons that may or may not be used to justify certain

types of uses not allowed on resource lands are set forth in the following sections of this rule…

This rule provides direction for assessing the "need", or appropriate reasons for several specific uses, one of which is rural industrial development. Given the applicants proposal, the following is applicable to the subject property.

(3) Rural Industrial Development: For the siting of industrial development on resource land outside an urban growth boundary, appropriate reasons and facts may include, but are not limited to, the following:

> *(a) The use is significantly dependent upon a unique resource located on agricultural or forest land. Examples of such resources and resource sites include geothermal wells, mineral or aggregate deposits, water reservoirs, natural features, or river or ocean ports;*
>
> *(b) The use cannot be located inside an urban growth boundary due to impacts that are hazardous or incompatible in densely populated areas; or*
>
> *(c) The use would have a significant comparative advantage due to its location (e.g., near existing industrial activity, an energy facility, or products available from other rural activities), which would benefit the county economy and cause only minimal loss of productive resource lands. Reasons for such a decision should include a discussion of the lost resource productivity and values in relation to the county's gain from the industrial use, and the specific transportation and resource advantages that support the decision.*

The applicant provides findings related to both (b) and (c) above. The applicant's findings related to (b) are summarized as follows:

The applicant states that the primary reason the business cannot be located within an urban growth boundary is that it is incompatible with densely populated areas primarily due to aroma/odors. The applicant acknowledges that the odors are not hazardous, but asserts that they may be offensive to some people and cites several instances nation-wide where companies have faced legal action because of various odor complaints.

Staff disagrees with the applicant that the use could not locate inside an urban growth boundary solely because of "distinct and pervasive odors" that would potentially annoy neighbors for two reasons:

1. The cases cited by the applicant are not comparable to the subject and include:
    a. A hot sauce factory, whose pepper fumes were causing respiratory issues. Furthermore, this factory was not ordered to shut down, but was required to mitigate the odors (see Exhibits 84, 85).
    b. Several restaurants/a brewery located in residential areas, including one with residences on upper floors of the same building. The use proposed in this application would not be allowed to locate in an urban residential area, but would be required to locate in an industrial zone if it were to locate inside an urban growth boundary.

2. Urban industrial zones are specifically designated for uses that may be incompatible with other (particularly residential) uses. The county's comprehensive plan includes (among others) the following goal for urban industrial lands:
    - *Protect areas adjacent to industrial areas from potential blighting effects of noise, dust, odor or high truck traffic volumes.*

In other words, it is understood that users of industrial land may have negative impacts on neighboring uses if they are incompatible and need to be located of developed in such a way as to minimize and/or mitigate conflicts with other uses, just as the hot sauce factory was required to mitigate its odors in the previous example.

There may be other reasons why it is not practicable for the proposed use to locate within the urban growth boundary, as discussed below and in the alternative sites analysis (pages 51 through 61 of application narrative)

The findings related to (c) are more complex and can be broken down into the following five arguments. Staff largely agrees with the findings found on pages 37 through 44 of the application narrative. Where disagreement exists, however, staff finds that these discrepancies do not change the conclusion that the proposal can reasonably meet this standard (c).

1. Significant comparative advantage. The applicant asserts that the proposed use is only viable, competitive if a required degree of efficiency is maintained, requiring the farming operations be co-located with the laboratory, distillation facility and distribution facility. The applicant also points to the county's Agriculture and Foodshed Strategic Plan (exhibit 90), in which not only the importance and value of supporting the county's agricultural sector is discussed but so are the difficulties faced by smaller farms (of 50 acres or less). The report states that "*farms of this size are often family-owned and need assistance to expand reach a market or obtain efficiencies available to larger farms or farms that work together*" Several of the strategies recommended in this report are strategies that the applicant is attempting to implement by co-locating the two businesses on the subject property, including
    - *focus in import substitution*
    - *maximize by-product resources*
    - *invest in specialty and organic agriculture*
    - *support food processing and distribution industries*

    The applicant goes further to explain some of the economic inefficiencies that would occur if the business were to have to build a separate facility for the two businesses. Indeed, based on the revenue generation numbers identified on page 21 of the application narrative, it appears that the vast majority of the revenue generated by these businesses comes from the Liberty Natural Products, rather than the lavender farm operations.

Staff finds that it is reasonable to assume that the co-location of these businesses (the lavender farm and the international distribution facility) do provide a significant advantage and that locating separate facilities for the two businesses creates duplication and inefficiencies; increased transportation and other operational costs; and would potentially cause the businesses problems competing in the international market. Indeed, the county's strategic plan identified need for such integrated facilities to promote agricultural investment and support local farmland.

2. Benefit the county economy. The applicant clearly demonstrates how the Oregon Lavender Farm/ Liberty National Products benefits the county's economy through employee payroll and benefits, property taxes, expenditures on farm improvements (which would presumably increase taxable value), and the purchasing of crops from some local and regional farms and the purchasing of supplies. The business also contributes to local educational programs and supports the county's goals for increased agritourism with the annual Lavender Festival. As mentioned, the Oregon Lavender Farm facility – crops, distilling, annual events – are all uses that would be allowed either outright or with a conditional use permit under current zoning. To the extent that there is validity in the argument presented by the applicant that the farm could not sustain itself without the Liberty National Products, these economic benefits could arguably be attributed to both businesses. Nonetheless, given the fact that Liberty National Products actually imports and export products, it can be considered a "traded sector" business that brings outside dollars into the local economy, and the fact that revenue numbers reported by the applicant indicate that this business is more profitable than the local lavender business, it is reasonable to assume that Liberty National Products does, by itself, generate economic benefit to the county. Therefore staff finds that the proposal would have a positive economic benefit to the county.

3. Minimal loss of productive resource land. The buildings the applicant is proposing to use for the Liberty Natural Products business already exist and therefore would not be taking any land out of crop production. The existing buildings could theoretically be used for other agricultural uses (i.e. chickens, pigs, greenhouse, nursery stock, etc), but, as the applicant argues, there is little demand in the market for the large amount of square footage that exists on the subject property for strictly agricultural endeavors (see pages 47 to 51 of the application narrative). Indeed, the property contained several agricultural uses in the past, all of which ceased to exist for one reason or another and subsequent owners of the property (prior to the lavender farm) found it more financially beneficial to rent the building out for illegal, even hazardous uses. Staff finds that approval of this application would result in minimal or no loss of productive resource land because it would be limited to the 8.77 acres that are not in active crop production, rather are developed with several barns, agriculture buildings, the lavender distillery, and administrative offices for the farm.

4. Lost resource productivity and values. Similar to the previous argument, it is unlikely that there is any loss of productivity and value should the subject 8.77 acres be approved for the rural industrial use.

5. Specific transportation and resource advantages. The applicant asserts that having the distribution facilities for both businesses co-located with the permitted farming and distilling operations creates a significant transportation advantage. Staff finds that co-locating these businesses would indeed be advantageous from a transportation and shared-resources standpoint. Co-location of the integrated uses at one site allows for cross-utilization on resources that lowers energy costs and transportation needs, whereas multiple locations would increase the amount of travel of employees (both communing and work-based trips) and potentially delivery vehicles.

In summary, OAR 660-004-0022 does not require compliance with all three of the reason listed in this section; rather it is a list of acceptable reasons. So despite the fact that staff finds the proposal does not provide evidence to justify a reason under subsection (b), the proposal does meet the standard under subsection (c). The applicant has demonstrated through substantial evidence that there is a need for the proposed use and a need to locate the use concurrently with the lavender farm and its processing uses that would be allowed under the current EFU zoning.

This criterion is satisfied.

Continuing with: **660-004-0020: Goal 2, Part II(c), Exception Requirements**

(2) The four standards in Goal 2 Part II(c) required to be addressed when taking an exception to a goal are described in subsections (a) through (d) of this section, including general requirements applicable to each of the factors:

a. ***"Reasons justify why the state policy embodied in the applicable goals should not apply." The exception shall set forth the facts and assumptions used as the basis for determining that a state policy embodied in a goal should not apply to specific properties or situations, including the amount of land for the use being planned and why the use requires a location on resource land.***

The applicant has provided detailed findings and evidence in the record, as discussed above, that demonstrate the proposal meets the "reason" or "need "requirements under OAR 660-004-0022. As such, no additional findings are warranted for this criterion.

This criterion is satisfied.

b. ***"Areas that do not require a new exception cannot reasonably accommodate the use."***
This portion of the rule requires consideration of possible alternative locations for the use that would not require a new exception; in other words, existing exception

areas or other locations inside an existing UGB. Regarding the scope of the alternatives analysis; OAR 660-004-0030(2(b)(C) provides that "***Initially, a local government adopting an exception need assess only whether those similar types of areas in the vicinity could not reasonably accommodate the proposed use. Site specific comparisons are not required of a local government taking an exception unless another party to the local proceeding describes specific sites that can more reasonably accommodate the proposed use. A detailed evaluation of specific alternative sites is thus not required unless such sites are specifically described, with facts to support the assertion that the sites are more reasonable, by another party during the local exceptions proceeding***

Based on the requirement of this rule the applicant prepared an alternatives analysis which first identified the minimum requirements for an alternative site to locate both the lavender and the Liberty Natural products businesses, including:

- Minimum 5 acres for industrial uses
- Minimum of 150,000 square feet of existing building space (which presumably was identified for financial reasons, although it was not specified why the building needed to be existing)
- Minimum of 20 acres of on-site agricultural land (Class 1 & 2) and gardens (although "proximity" to agricultural land is this is also identified in the "desired" list of attributes).

To meet the standard in OAR 660-004-0020 (2)(b), the exception must meet the following requirements:

(A) ***The exception shall indicate on a map or otherwise describe the location of possible alternative areas considered for the use that do not require a new exception. The area for which the exception is taken shall be identified.***

(B) ***To show why the particular site is justified, it is necessary to discuss why other areas that do not require a new exception cannot reasonably accommodate the proposed use. Economic factors may be considered along with other relevant factors in determining that the use cannot reasonably be accommodated in other areas. Under this test the following questions shall be addressed:***

(i) ***Can the proposed use be reasonably accommodated on nonresource land that would not require an exception, including increasing the density of uses on nonresource land? If not, why not?***

The applicant provides some discussion in the Supplemental Findings document (Exhibit C) regarding nonresource land outside the Urban Growth Boundary (UGB) that would not require an exception, by first addressing rural residential lands. The applicant argues that given the fact that most rural residential lands were initially zoned as such because of their parcelization and actual residential usage of the properties, it is "*fair to*

generalize" that rural residential areas typically are too heavily parcelized to accommodate the proposed uses and that the distillation operations would "*invariably create conflicts with neighboring rural residential uses*." The applicant further asserts that, even if a suitable parcel could be found, approval of a zone change would be difficult because it, like this application, would need to meet the county's criteria that the property have an historical commitment to rural industrial uses. The applicant was unable to find property zoned rural residential in the area that contained such an historical commitment.

Staff acknowledges that the likelihood of a rural residential parcel being large enough for the proposed use and able to meet the zone change criteria to a rural industrial zone is indeed small. Because of the need to provide for the integrated farming and processing uses with the warehousing and distribution and coupled with the fact that residential land is typically more expensive with agricultural or industrial land, it is reasonable to conclude that rural residential lands would not provide a reasonable alternative for the proposed uses.

Similarly, the applicant rejected what little amount of rural commercial land is in the vicinity of the subject property because they would be too expensive, are most often found in unincorporated communities and "*in virtually every case… are surrounded by rural residential uses and are too highly developed to be compatible with the distillery operations*." Staff agrees that the county has very little land zoned rural commercial and that it is not likely any of these sites would be a reasonable alternative for the proposed businesses for the reasons cited by the applicant.

The applicant did provide an analysis, including maps and aerial photos of identified rural industrial land in the vicinity of the subject property (urban industrial alternatives are discussed under (iii) below). These areas, where the proposed businesses would be allowed outright, were generally rejected as appropriate alternatives for one or more of the following reasons:

- The area/parcel was already occupied by a rural industrial business. Indeed, in many cases the businesses are well-established, having been at that location for several decades, and could not reasonably be assumed to the willing to give up their location for the applicant.
- The area/parcel was vacant, did not include the improvements necessary for the subject, and it would not be economically feasible to build all the needed structures. (The applicant acknowledges that an economic reason, by itself, is not sufficient to eliminate an area, but it is a compelling reason when in conjunction to one or more of the others).
- The area/parcel was too small.
- The area/parcel was too far from the airport or other infrastructure necessary for the subject businesses.

- The area/parcel abutted a rural residential area (potentially creating conflicts), rather than the needed adjacent farmland.

Looking at a zoning map of the rural area, Staff concurs that there is very little rural industrial land in the vicinity of the subject property; the closest areas zoned as such are east of the subject property along Highway 224 toward Estacada, or in the community of Boring. The applicant's analysis of the rural industrial areas is sufficient to conclude that these areas could not reasonably accommodate the proposed businesses.

This criterion is satisfied.

(ii) ***Can the proposed use be reasonably accommodated on resource land that is already irrevocably committed to nonresource uses not allowed by the applicable Goal, including resource land in existing unincorporated communities, or by increasing the density of uses on committed lands? If not, why not?***

The applicant asserts that rural land currently zoned for resource use would necessarily require an exception to be used for the proposed rural industrial uses, with the exception of resource lands located within unincorporated communities.

Findings both in the original application narrative and in the supplemental findings address unincorporated community. The applicant addresses reasons why these locations would not provide an appropriate alternative including: lack of any large sites with 150,000 square feet of existing industrial space, particularly adjacent to (or including) farmland and inappropriate locations for the business due to (1) distance from workforce, (2) distance from the airport, or (3) elevation such that the crops grown on the subject property would not be viable. Staff agrees that these communities are not likely reasonable alternatives for the proposed uses for the reasons stated by the applicant.

As for irrevocably committed resource land, Staff disagrees with the assertion that the only resource land that to consider under this rule is located within an unincorporated community. Indeed the rule specifically addresses resource land that is "already irrevocably committed to nonresource uses." However, Staff is unaware of any other resource lands in the vicinity that are committed to such a sizeable non-resource (specifically industrial) use that would be of comparable size to the subject property both in terms of acreage and needed improvements. Even if one were to exist, it is highly unlikely that it would not only be available for purchase/lease but also be suitable for the specific needs of the applicant's proposed uses without a substantial monetary investment. Staff finds it is

reasonable to conclude that there are no alternative sites on other resource lands in the vicinity of the subject.

This criterion is satisfied.

(iii) ***Can the proposed use be reasonably accommodated inside an urban growth boundary? If not, why not?***

The applicant's alternatives analysis focused on industrial lands within the Portland metropolitan area urban growth boundary (UGB). Despite the fact that the analysis begins with a blanket rejection of any lands within the UGB for a number of reasons, which generally mirror the arguments discussed above with relation to the UGB (namely that the proposed business produces "odors that would create conflicts with other surrounding industrial uses inside and urban growth boundary" and that all the uses proposed on the subject site, including those allowed under the agricultural zoning need to be co-located on a site for financial and efficiency reasons.

Although not required under this rule, the applicant goes further and provides an analysis and map of seven specific alternative sites studies, all of which are located within the Portland metropolitan area urban growth boundary (UGB). Again each of these sites was rejected for the above-mentioned reasons, or because they would be cost-prohibitive to remodel/retrofit to the needs of the processing, warehousing and distribution facilities. Staff again disagrees with the arguments that the business(es) cannot reasonably locate within a UBG solely because there may be odors; however, given the compelling arguments relating to the need for the businesses to co-locate to take advantage of economic and operational efficiencies (discussed previously), Staff finds that lands within the UGB cannot reasonably accommodate the use.

This criterion is satisfied.

(iv) ***Can the proposed use be reasonably accommodated without the provision of a proposed public facility or service? If not, why not?***

No additional public facility or service is proposed.

This criterion is not applicable.

c. "***The long-term environmental, economic, social and energy consequences resulting from the use at the proposed site with measures designed to reduce adverse impacts are not significantly more adverse than would typically result from the same proposal being located in areas requiring a goal exception other than the proposed site***."

The exception shall describe: the characteristics of each alternative area considered by the jurisdiction in which an exception might be taken, the typical advantages and disadvantages of using the area for a use not allowed by the Goal, and the typical positive and negative consequences resulting from the use at the proposed site with measures designed to reduce adverse impacts. A detailed evaluation of specific alternative sites is not required unless such sites are specifically described with facts to support the assertion that the sites have significantly fewer adverse impacts during the local exceptions proceeding. The exception shall include the reasons why the consequences of the use at the chosen site are not significantly more adverse than would typically result from the same proposal being located in areas requiring a goal exception other than the proposed site. Such reasons shall include but are not limited to a description of: the facts used to determine which resource land is least productive, the ability to sustain resource uses near the proposed use, and the long-term economic impact on the general area caused by irreversible removal of the land from the resource base. Other possible impacts to be addressed include the effects of the proposed use on the water table, on the costs of improving roads and on the costs to special service districts.

Based on the evidence, the analysis under this rule need only be a "*broad review*" of similar types of areas. There is not a requirement of needing an alternative sites analysis for the long-term environmental, economic, social and energy consequences for a use at the proposed site unless an alternative site is specifically described with facts to support the assertion that it has fewer adverse impacts through the review process.

The applicant provides findings related to this rule on pages 63 through 70 of the application narrative. Aside from the applicant's misplaced speculation about what would happen to the subject property if the business were to be moved to another location, staff finds the remainder of the applicant's arguments compelling and in fact agrees with the applicant that given the particular circumstances on the subject property - that the area proposed for the goal exception has long been taken out of productivity and developed with several large buildings, this becomes a somewhat simple analysis.

<u>Environmental Consequences</u>: The applicant asserts that provides since the portion of the subject property subject to this proposal is already developed and that a search of alternative sites apparently found no comparable sites developed with the structures that this business needs, then developing the facility on another EFU site would necessarily have more impact on another agricultural site because it would be more likely to take farmland out of production. Staff agrees that bringing industrial or commercial uses and associated structures to another agricultural site, would disrupt the existing environment of that site and possibly neighboring sites. The subject site has already effectively been disrupted and neighboring farms and homeowners have been co-existing with the altered physical environment on the subject for decades.

The applicant goes on to argue that the proposed use actually has fewer impacts that the previous agricultural uses of a chicken farm/process facility, which created a large amount of noxious-smelling waste. While this may be true and the concerns about what would happen to the site if the operation were to be removed, those arguments are not relevant to this rule, which specifically asks the applicant to address relative impacts of other sites.

Economic Consequences: To address economic consequences, the applicant argues that the 150,000+ square foot facility on the subject property is too large to support any known agricultural practice from crops grown solely on the property and if the Oregon Lavender Farm/Liberty Natural Farms facility were to have to move, it would likely have negative economic impacts on the subject site as well as their business:

- On the site because it would not likely to be fully utilized by another agricultural business; and
- On the business because it would be expensive to build new facilities elsewhere and possible have to hire new employees

The applicant also argues that they have already invested a lot of money in the redevelopment of the subject site to suit their needs; however, the Liberty Natural Products portion of the business is actually operating in violation of the ZDO and the applicant does not distinguish how much investment was for the legitimate farm business versus the violation.

Given the fact that the structures already existed on the subject site and certainly some of the investment mentioned was in the lavender farm and associated processing facilities, staff finds it reasonable to conclude that the economic consequences would be higher at another site because it would be necessary to construct all or part of the 150,000 square feet of usable building space the applicant has deemed necessary for the proposed uses.

Social Consequences: The applicant claims that the businesses located on the subject property have become a "*strong and respected pillar of the local social community over the last fifteen years*" In addition, the applicant argues that the facility itself has been a good neighbor, certainly more compatible than the plethora of illegal uses previously existing on the property and that the employees of the business are predominantly members of the local community.

Staff finds no reason to doubt these arguments and in fact, the applicant has provided at least nine letters from neighboring and nearby landowners, expressing support for the businesses and their continued operations on the subject site.

Energy Consequences: The applicant provides that the single largest energy-related cost to operate its facility is fuel and that the existing site maximizes efficiency of fuel and resources, while having to relocate and potentially build on another site

would consume far more energy resources. Given the fact that the improvements already exist on the property staff agrees with the applicants assertions. It would be difficult to demonstrate how developing a new site, rather than using an existing site would be in any consume less energy.

Conclusion: Staff finds that when the analysis is focused on the question asked in the rule, it is reasonable to conclude that the proposed use would likely have greater ESEE impacts on another site, largely due to the fact that the current site is already developed with structures the business will use and has long been taken out of productivity and altered from farmland.

This criterion is satisfied.

d. "***The proposed uses are compatible with other adjacent uses or will be so rendered through measures designed to reduce adverse impacts***." ***The exception shall describe how the proposed use will be rendered compatible with adjacent land uses. The exception shall demonstrate that the proposed use is situated in such a manner as to be compatible with surrounding natural resources and resource management or production practices***. ***"Compatible" is not intended as an absolute term meaning no interference or adverse impacts of any type with adjacent uses.***

The applicant provides a description of neighboring uses and the area surround the subject property, which consists of productive farmland generally to the south and west and rural residences and wooded areas to the north and east. The applicant further asserts that it is easy to find that the proposed use is compatible with these neighboring uses simply because it has been peacefully operating on the site for years without conflicts and several neighbors have submitted letters of support, included in the application materials.

Again, staff finds no reason to believe otherwise and although the uses are referred to "proposed uses" for the purposes of this application, the fact remains that the applicant has been operating (albeit not quite legally) compatibly with these neighbors and not different uses are actually proposed. No measures would be necessary to reduce adverse impacts.

This criterion is satisfied.

3. ***If the exception involves more than one area for which the reasons and circumstances are the same, the areas may be considered as a group. Each of the areas shall be identified on a map, or their location otherwise described, and keyed to the appropriate findings.***

The exception does not involve more than one area for which the reasons and circumstances are the same.

This criterion is not applicable.

4. ***For the expansion of an unincorporated community described under OAR 660-022-0010, including an urban unincorporated community pursuant to OAR 660-022-0040(2), the reasons exception requirements necessary to address standards 2 through 4 of Goal 2, Part II(c), as described in subsections (2)(b), (c), and (d) or this rule, are modified to also include 660-004-0020(4)(a) through (b).***

   This "Reasons" Exception is not within an unincorporated or urban unincorporated community.

   This criterion is not applicable.

PART 2: SUMMARY OF FINDINGS FOR THE "REASONS" EXCEPTION

Staff finds that the applicable criteria for a "Reasons" exception to Goal 3 have been satisfied by the applicant and the evidence in the record, including evidence found both in the original application materials, submitted on June 12, 2014, and in the supplemental findings, submitted on October 30, 2014.

SECTION 3- COMPREHENSIVE PLAN MAP AMENDMENT FROM AGRICULTURE TO RURAL INDUSTRIAL

PART 1. COMPLIANCE WITH STATEWIDE PLANNING GOALS AND OTHER APPLICABLE STATE STATUTUES

A. **Goal 1: Citizen Involvement:** *To develop a citizen involvement program that ensures the opportunity for citizens to be involved in all phases of the planning process.*

   This is a quasi-judicial land use application. The Clackamas County Comprehensive Plan and Section 1300 of the Zoning and Development Ordinance (ZDO) contain adopted and acknowledged procedures for citizen involvement and public notice. This application has been processed consistent with the requirements in Section 1300 including notice to individual property owners within 750 feet of the subject property, notice in the local newspaper, and notice to affected agencies, dual interest parties and to the Redland-Viola-Fischer's Mill CPO. Public hearings will be held before the Clackamas County Planning Commission and Board of County Commissioners, which provides an opportunity for additional citizen involvement and input.

   This application is consistent with Goal 1.

B. **Goal 2; Land Use Planning:** *To establish a land use planning process and policy framework as a basis for all decision and actions related to use of land and to assure an adequate factual base for such decisions and actions.*

Goal 2 requires coordination with affected governments and agencies. Notice of this application has been provided to the following agencies and governments for comments; Redland-Viola-Fischer's Mill CPO, Clackamas County RFPD #1, and the Department of Land Conservation and Development (DLCD).

The subject property is not located within any Urban Growth Management Area (UGMA) of any city. Therefore, this application will not affect the Comprehensive Plan of any city.

Goal 2 requires that all land use actions be consistent with the acknowledged Comprehensive Plan. The background information and findings provided by the applicant and within this report, and comments received from agencies and interested parties provide an adequate factual base for rendering an appropriate decision; however, the proposal has been found to not be consistent with the goals and policies governing the application of the Rural Industrial plan designation and zoning designations and is therefore not consistent with the County Comprehensive Plan.

This proposal does require an exception under Goal 2. As discussed in Section 2 of the Staff Report, the current proposal meets all the relevant criteria for the goal exception and therefore the proposal in compliance with this goal.

This application is consistent with Goal 2.

C. **Goal 3; Agricultural Land:** *To preserve and maintain agricultural lands*.

The subject property is considered Agricultural land as defined in the Statewide Planning Goals or County Comprehensive Plan. The proposal does not comply with Goal 3 and therefore an exception has been sought. As discussed previously, the current proposal meets the criteria for the goal exception.

This application is consistent with Goal 3.

D. **Goal 4; Forest Land:** *To conserve forest lands by maintaining the forest land base and to protect the state's forest economy by making possible economically efficient forest practices that assure the continuous growing and harvesting of forest tree species as the leading use on forest land consistent with sound management of soil, air, water and fish and wildlife resources and to provide for recreational opportunities and agriculture.*

The subject property is not considered Forest land as defined in the Statewide Planning Goals or County Comprehensive Plan.

Goal 4 is not applicable.

E. **Goal 5; Open Spaces, Scenic and Historic Areas, and Natural Resources:** *To conserve open space and protect natural and scenic resources.*

Goal 5 resources include open space areas, scenic and historic resources and other natural features. Chapter 3 (Natural Resources and Energy) and Chapter 9 (Open Space, Parks and Historic Sites) of the Clackamas County Comprehensive Plan identifies significant Goal 5 resources within the County.

There are no Goal 5 resources identified in the Comprehensive Plan located on the subject property.

Goal 5 is not applicable.

F. **Goal 6; Air, Water and Land Resources Quality:** *To maintain and improve the quality of the air, water and land resources of the state.*

The County Comprehensive Plan and ZDO include adopted implementing regulations to protect the air, water and land resources. The County also has implementing regulations to accommodate all waste and process discharges in order to protect watersheds, airsheds and land resources. These regulations will be applied to any future development proposals on the property and to ensure the protection of the affected air, water and land resources.

This application is consistent with Goal 6.

G. **Goal 7; Areas Subject to Natural Disasters and Hazards:** *To protect life and property from natural disasters.*

The subject property is not located within any designated floodplain area. According to the Department of Geology and Mineral Industries (DOGAMI) maps the property does not contain any steep slopes or natural hazards (landslide topography, local slump, earth flow, mudflow or debris flow areas).

Goal 7 is not applicable.

H. **Goal 8; Recreational Needs:** *To satisfy the recreational needs of the citizens of the state and visitors and, where appropriate to provide for the siting of necessary recreational facilities including destination resorts.*

This proposal does not involve any designated recreational or open space lands, affect access to any significant recreational uses in the area, or involve the siting of a destination resort. This proposal will have no impact on the recreational needs of the County or State.

Goal 8 is not applicable.

I. **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."

This Goal is intended to ensure Comprehensive Plans contribute to a stable and healthy economy in all regions of the state. Goal 9 also requires the County to provide for an adequate supply of sites of suitable sizes, types, locations, and services for a variety of industrial and commercial uses consistent with plan policies.

OAR 660-009 (Industrial and Commercial Development) implements Goal 9. Pursuant to OAR 660-009-0010(1) the requirements and standards in OAR 660-009 are only applicable to areas within urban growth boundaries. Therefore OAR 660-009 is not applicable.

Goal 9 is not applicable.

J. **Goal 10; Housing:** *"To provide for the housing needs of citizens of the state."*

This proposal does not include any housing; therefore Goal 10 is not applicable.

Goal 10 is not applicable.

K. **Goal 11; Public Facilities and Services:** *"To plan and develop a timely, orderly and efficient arrangement of public facilities and services to serve as a framework for urban and rural development."*

This proposal will not require the extension of any new public facilities to support rural industrial uses; therefore Goal 11 is not applicable.

Goal 11 is not applicable.

L. **Goal 12; Transportation:** *"To provide and encourage a safe, convenient and economic transportation system."*

1. Oregon Administrative Rule (OAR) 660-012 (Transportation Planning Rule) implements Statewide Planning Goal 12.

2. OAR 660-012-0060 applies to plan and land use regulations. OAR 660-012-0060(1) requires any amendments to a functional plan, acknowledged comprehensive plan or a land use regulation (including a zoning map) which would significantly affect an existing or planned transportation facility to put in place measures as provided in OAR 660-012-0060(2) unless the amendment is allowed under OAR 660-012-0060(3), (9) or (10).

3. Pursuant to OAR 660-012-0060(1) a plan or land use regulation amendment significantly affects a transportation facility if it would;

a. *Change the functional classification of an existing or planned transportation facility*;

b. *Change standards implementing a functional classification;* or

c. *Result in any of the effects listed in paragraphs (A) through (C) of this subsection based on projected conditions measured at the end of the planning period identified in the adopted TSP. As part of evaluating projected conditions, the amount of traffic projected to be generated within the area of the amendment may be reduced if the amendment includes an enforceable, ongoing requirement that would demonstrably limit traffic generation, including but not limited to, transportation demand management. This reduction may diminish or completely eliminate the significant effect of the amendment.*

   1. *Types or levels of travel or access that are inconsistent with the functional classification of an existing or planned transportation facility;*

   2. *Degrade the performance of an existing or planned transportation facility such that it would not meet the performance standards identified in the TSP or comprehensive plan or;*

   3. *Degrade the performance of an existing or planned transportation facility that is otherwise projected to not meet the performance standards identified in the TSP or comprehensive plan.*

4. Compliance with OAR 660-012-0060(1) can be achieved by one or a combination of the following;

   a. *Adopting measures that demonstrate the allowed land uses are consistent with the planned function, capacity, and performance standards of the transportation facility.*

   b. *Amending the TSP or comprehensive plan to provide transportation facilities, improvements or services adequate to support the proposed land uses consistent with the requirements of this division; such amendments shall include a funding plan or mechanism consistent with section (4) or include an amendment to the transportation finance plan so that the facility, improvement, or service will be provided by the end of the planning period.*

   c. *Amending the TSP to modify the planned function, capacity or performance standards of the transportation facility.*

   d. *Providing other measures as a condition of development or through a development agreement or similar funding method, including transportation system management measures, demand management or minor transportation*

improvements. Local governments shall as part of the amendment specify when measures or improvements provided pursuant to this subsection will be provided.

e. *Providing improvements that would benefit modes other than the significantly affected mode, improvements to facilities other than the significantly affected facility, or improvements at other locations, of the provider of the significantly affected facility provides a written statement that the system-wide benefits are sufficient to balance the significant effect, even though the improvements would not result in consistency for all performance standards.*

The applicant submitted a Traffic Impact Analysis (TIA) addressing the impacts from this proposal (see Exhibit B). Engineering Division Staff has found that while the application is in compliance with these criteria as they relate to the capacity of the transportation system, the application is not in compliance with these criteria as they relate to the safety of the transportation system. Findings related to this traffic analysis are discussed in more detail on pages 41-44 of this staff report (Section 4, Zone Change Application)

This application is not consistent with Goal 12.

M. **Goal 13; Energy Conservation:** *To conserve energy.*

This proposal will have no impact on any known or inventoried energy sites or resources. There are no planning or implementation measures under this Goal applicable to this application.

Goal 13 is not applicable.

N. **Goal 14; Urbanization:** *To provide for an orderly and efficient transition from rural to urban land uses.*

The subject property is located outside of the Metropolitan urban growth boundary (UGB), including the Oregon City UGB. This proposal does not involve a change in the location of the UGB, a conversion of rural land to urban land, or urbanizable land to urban land.

Goal 14 is not applicable.

O. **Goal 15: Willamette River Greenway:** *To protect, conserve, enhance and maintain the natural scenic, historical, agricultural, economic and recreational qualities of lands along the Willamette River as the Willamette River Greenway.*

The subject property is not located within the Willamette River Greenway.

Goal 15 is not applicable.

P. **Goal 16 (Estuarine Resources), Goal 17 (Coastal Shorelands), Goal 18 (Beaches and Dunes) and Goal 19 (Ocean Resources).**

Goals 16, 17, 18 and 19 are not applicable in Clackamas County.

Q. Other Applicable State Statutes

ORS 197.610 and 197.615 - Postacknowledment Amendments
ORS 197.610(1) and OAR 660-018-0020 require the county to forward a proposal to amend its acknowledged comprehensive plan or land use regulations to the DLCD director at least 35 days prior to the initial hearing. The county sent the requisite notice of the proposed amendments to DLCD on August 18, 2014. DLCD has provided no comments in response to this notice. After final approval and adoption of amendments to a comprehensive plan or land use regulation, ORS 197.615(1) and OAR 660-018-0040 require the county to submit a copy of the text of the amendment and supporting findings to DLCD within five business days after the final decision is adopted. The county must also provide notice of the adopted amendment to persons who participated in the local proceedings and requested in writing that they be provided such notice. The county will comply with these requirements upon final adoption of these findings.

ORS 197.763 - Quasi-Judicial Land Use Hearing Procedures
The county provided mailed notice of the application to all owners of record within 750 feet of the subject property more than ten days prior to the first evidentiary hearing on the application, as required by ORS 197.763(2)-(3). More than ten days prior to the hearing before the Board of Commissioners, the county provided notice to all owners of record within 750 feet of the subject property and to all interested parties identified during the initial evidentiary hearing. The county will hold a minimum of two evidentiary hearings on the application - one before the Planning Commission on October 13, 2014 and another before the Board of Commissioners on December 3, 2014. All other applicable procedural standard will be followed in the public hearings process.

ORS 197.710, ORS 197.716, & ORS 197.763 are all satisfied.

PART 2. COMPLIANCE WITH CLACKAMAS COUNTY COMPREHENSIVE PLAN POLICIES:

A. **Chapter 1; Introduction:** This Chapter describes the purpose of the Comprehensive Plan and how to use the Plan.

This Chapter does not include any Goals or Policies applicable to a quasi-judicial land use application.

Chapter 1 is not applicable.

B. **<u>Chapter 2; Citizen Involvement</u>**: The purpose of this Chapter is to promote citizen involvement in the governmental process and in all phases of the planning process.

There is one policy in this Chapter applicable to this application.

Policy 1.0; *Require provisions for opportunities for citizen participation in preparing and revising local land use plans and ordinances. Insure opportunities for broad representation, not only of property owners and County wide special interests, but also of those within the neighborhood or areas in question.*

The Clackamas County Comprehensive Plan and ZDO have adopted and acknowledged procedures for citizen involvement. This application has been processed consistent with those procedures. Specifically, the County has provided notice to the Citizen's Planning Organization in the area (Redland-Viola-Fischer's Mill CPO), to property owners within 750 feet of the subject property, and published public notices in the newspaper consistent with State law and Section 1302 of the ZDO. The Planning Commission and Board of County Commissioners will also conduct one or more public hearings to provide opportunities for citizen participation. The notification to property owners, public notices and hearings will ensure an opportunity for citizens to participate in the land use process.

This application is consistent with Chapter 2.

C. **<u>Chapter 3; Natural Resources and Energy</u>**: The purpose of this Chapter is to provide for the planning, protection and appropriate use of the County's natural resources and energy.

This Chapter contains eight (8) Sections addressing; 1) Water Resources; 2) Agriculture; 3) Forests; 4) Mineral and Aggregate Resources; 5) Wildlife Habitats and Distinctive Resource Areas; 6) Natural Hazards; 7) Energy Sources and Conservation and; 8) Noise and Air Quality. Each of these Sections is addressed below.

The subject property is not located in any of the above-mentioned protected areas and does not contain any land planned or zoned for forest uses. The only applicable subsection in this Chapter are in subsection 2) Agriculture.

<u>Agriculture</u>: This section of Chapter 3 contains the following goals for agricultural lands in the county:

- *Preserve agricultural lands.*
- *Maintain the agricultural economic base in Clackamas County and the State of Oregon.*
- *Increase agricultural markets, income and employment by creating conditions that further the growth and expansion of agriculture and attract agriculturally related industries.*
- *Maintain and improve the quality of air, water, and land resources.*

- *Conserve scenic areas, open space and wildlife habitats.*

While, through the proposed exception to Statewide Planning Goal 3, this proposal would remover 8.77 acres of land from a farm zoning, this land is currently not cultivated and contains development designed to support the agriculture both on the remainder of the subject tract and on farms elsewhere in the region. As such, this application supports the first, second and third goals in this section by supporting the continuing agriculture on the subject site and enabling the subject to remain financially capable of continuing to provide the county with valuable agricultural products, as well as "value-added" benefits of such things as agritourism events (Lavender Festival).

Similarly, the application supports the following Policies in this subsection:
3.0 Encourage cooperative agricultural projects in support of small agricultural businesses within the County, e.g., establishment of a receiving/shipping station for fresh produce and a farmers market for the direct exchange of local farm products between growers and the public to benefit the economic viability of agricultural businesses.

4.0 Encourage food processing industries and services that support agriculture to locate in the County.

This application is consistent with Chapter 3.

D. **Chapter 4; Land Use**: *This Section of the Comprehensive Plan includes the definitions for urban and rural land use categories, and outlines policies for determining the appropriate Comprehensive Plan land use designation for all lands within the County.*

This Chapter contains three Sections addressing; 1) Urbanization; 2) Urban Growth Concepts; and 3) Land Use Policies for the each Land Use Plan designation. Each Section is addressed below.

1. Urbanization Section. This Section of the Plan outlines polices guiding land use in Immediate Urban Areas, Future Urban Areas, Future Urban Study Areas, Urban Reserve Areas, Rural Reserve Areas and Population Coordination.

   The subject property is not within an urban growth boundary, immediate urban area, future urban area, future urban study area or urban reserve area. The subject property is partially located in an area approved for a rural reserve designation. The policies listed in this subsection, however, apply to "*Rural Reserve areas established pursuant to OAR 660, Division 27*," which requires the reserve areas be acknowledged. The decision designating land in the County as rural reserves has been appealed, and is currently unresolved. As such, the rural reserve areas are not yet considered acknowledged. Therefore, these policies do not yet apply to land in the county.

   The Urbanization policies are not applicable.

2. Urban Growth Concept Policies. The Urban Growth Concept policies in this Section of the Plan are intended to implement the Region 2040 Growth Concept Plan. The subject property is not located within the boundaries of the Region 2040 Concept Plan identified on Map IV-8 of the Comprehensive Plan.

   The Urban Growth Concept policies are not applicable.

3. Land Use Plan Designations. The subject property is currently designated Agriculture on the Comprehensive Plan map. The proposed amendment is to change the land use plan designation to Rural Industrial on 8.77 acres of the subject property. Since the proposal involves a Goal 3 exception, the policies relating to Agriculture on the 8.77 acre portion of the subject property would no longer be applicable. The Rural Industrial plan policies are applicable to this application.

   The remaining policies pertaining to the Residential, Commercial, Industrial, Open Space and Floodplains, Unincorporated Communities, Rural Commercial, Rural, and Forest plan designations in this Section of the plan are not applicable.

   The Rural Industrial plan policies are evaluated in Part 3 of this report.

Based on the findings in Part 3 of this report the subject does not meet the criteria for a Rural Industrial plan designation. This application is not consistent with Chapter 4.

E. **Chapter 5; Transportation**: *This Chapter outlines policies addressing all modes of transportation.*

This Chapter contains eight sections including 1) Foundation and Framework; 2) Land Use and Transportation; 3) Active Transportation; 4) Roadways; 5) Transit; 6) Freight, Rail, Air, Pipelines and Water Transportation; 7) Finance and Funding; and 8) Transportation Projects and Plans. The policies found in this chapter that are relevant to this application are found in the Roadways section.

As discussed in Section 4 of this staff report (pages 41-44) the applicants' traffic analysis fails to demonstrate that the transportation system is and will remain adequate for the proposed uses, which does not meet the Policy 5.O.4: *Require changes in Comprehensive Plan designation and zoning designation to comply with the Transportation Planning Rule (OAR 660-12).* Staff provides a suggestion regarding additional analysis that could be undertaken by the applicant to potentially demonstrate adequacy of the transportation system.

This proposal is not consistent with Chapter 5.

F. **Chapter 6; Housing:** *The purpose of the Housing element of the Plan is to, "Provide opportunities for a variety of housing choices, including low and moderate income*

housing, to meet the needs, desires, and financial capabilities of all Clackamas County residents to the year 2010."

This Chapter includes a variety of policies regarding housing choices, affordable housing, neighborhood quality, urban infill, multifamily residential housing, common wall units, mobile homes and density bonuses for low cost housing and park dedication.

There are no policies applicable to this application.

Chapter 6 is not applicable.

G. **Chapter 7; Public Facilities and Services**: *The goal of the Public Facilities and Services Chapter is to ensure an appropriate level of public facilities and services are necessary to support the land use designations in the Comprehensive Plan, and to provide those facilities and services at the proper time to serve the development in the most cost effective way.*

The Public Facilities Section of this Chapter includes policies regarding Sanitary Sewage Treatment, Water, Storm Drainage, Solid Waste and Street Lighting. The policies regarding Sanitary Sewage Treatment and Street Lighting are not applicable because the property is not located within a public sewer or street lighting district.

There are no policies applicable to this application.

Chapter 7 is not applicable.

H. **Chapter 8; Economics:** *The goal of the Economics element of the Plan is to "Establish a broad-based, stable and growing economy to provide employment opportunities to meet the needs of the County residents."*

This Chapter contains 4 Sections related to; 1) Existing Industry and Business; 2) New Industry and Business; 3) Coordination; and 4) Target Industries.

There are no policies applicable to this application.

Chapter 8 is not applicable.

I. **Chapter 9; Open Space, Parks, and Historic Sites**: *The purpose of this Chapter of the Plan is to protect the open space resources of the County, to provide land, facilities and programs which meet the recreation needs of County residents and visitors, and to preserve the historical, archaeological, and cultural resources of the County.*

The subject property is not designated as open space or park land. There are no Historic Landmarks, Historic Districts or Historic Corridors on or adjacent to the subject property.

Chapter 9 is not applicable.

J. **Chapter 10; Community Plan and Design Plans**: *This Chapter of the Comprehensive Plan includes the Mt. Hood Community Design Plan, Kruse Way Design Plan, Sunnyside Village Plan, Clackamas Industrial Area and North Bank of the Clackamas River Design Plan, Clackamas Regional Center Area Design Plan, Sunnyside Corridor Community Plan, and McLoughlin Corridor Design Plan.*

The subject property is not located within the boundary of any Community Plan or Design Plan area.

Chapter 10 is not applicable.

K. **Chapter 11; The Planning Process**: *The purpose of this Chapter is to establish a framework for land use decisions that will meet the needs of Clackamas County residents, recognize the County's interrelationships with its cities, surrounding counties, the region, and the state, and insure that changing priorities and circumstances can be met.*

In the City, Special District and Agency Coordination Section of this Chapter, Policy 1.0, is applicable. In the Amendments and Implementation Section of this Chapter, Policy 1.0 and 3.0 are applicable.

1. City, Special District and Agency Coordination Section

   Policy 1.0; *Participate in interagency coordination efforts with federal, state, Metro, special purpose districts and cities. The County will maintain an updated list of federal, state and regional agencies, cities and special districts and will invite their participation in plan revisions, ordinance adoptions, and land use actions which affect their jurisdiction or policies.*

   Notice of this application has been provided to all appropriate agencies and parties and advertised public hearings before the Planning Commission and Board of County Commissioners provide an adequate opportunity for interagency coordination of this plan amendment and demonstrates compliance with this policy.

   This policy is met.

2. Amendments and Implementation Section

   b. Policy 3.0; *Amend the Comprehensive Plan pursuant to the following procedures and guidelines (listed in subpolicies 3.1 through 3.6).*

This is a quasi-judicial Comprehensive Plan map amendment and is subject to subpolicies 3.1, 3.3 and 3.4.

1. Subpolicy 3.1; *A map amendment may be initiated only by the Board of County Commissioners, the Planning Commission, the Planning Director, or the owner of the property for which a change is requested.*

   The property is currently owned by Jim Dierking. The Land Use Application form has been signed by Jim Dierking, authorizing filing of the application.

   This policy is met.

2. Subpolicy 3.3; *All proposed Comprehensive Plan amendments are to be considered at advertised public hearings before the Planning Commission, in accordance with state law and County requirements.*

   The Planning Commission and Board of County Commissioners will review this application through one or more public hearings. Notice of the hearings have been published in the local newspaper and advertised consistent with all ZDO notice requirements.

   This policy is met.

3. Subpolicy 3.4; *If the proposed amendment is quasi-judicial, property owners will be notified as required. The Community Planning Organization in the affected area shall be notified at least 35 days prior to the first hearing.*

   The property owners within 750 feet of the subject property were notified as required in Section 1303 of the ZDO. The Redland-Viola-Fischer's Mill CPO was notified of the application on August 18, 2014, approximately 56 days prior to the first scheduled public hearing before the Planning Commission, and more than 80 days prior to the first actual public hearing, as it was postponed. Revised notice was sent out regarding the postponement of the first scheduled public hearing on October 8, 2014.

   This policy is met.

This application has been processed consistent with Chapter 11.

PART 3. EVALUATION OF THE RURAL INDUSTRIAL COMPREHENSIVE PLAN POLICIES IN THE LAND USE CHAPTER (CHAPTER 4)

The Land Use Chapter of the Comprehensive Plan contains specific policies for determining the appropriate Comprehensive Plan land use designation for property. The applicant is requesting a change in the plan designation of 8.77 acres of the subject property from Agriculture to Rural Industrial. In order to determine whether the subject property meets the criteria for the proposed Rural Industrial plan designation, an evaluation of the policies for Rural Industrial is described below.

Rural Industrial Plan Policies: The Rural Industrial Section of the Land Use Chapter of the Plan identifies the criteria which must be satisfied in order for the Rural Industrial Plan designation to be applied to an area.

The Goals of the Rural Industrial Section of the Plan are:
1*) To provide for the continuation of industrial uses in non-urban areas having an historical commitment to such uses.*
2) To provide for the industrial redevelopment of abandoned or diminished mill sites.
3) To implement the goals and policies of this Plan for industrial development in Unincorporated Communities.

1. Policy 1.0: *"The Rural Industrial plan designation may be applied in non-urban areas to provide for industrial uses that are not labor-intensive and are consistent with rural character, rural development, and rural facilities and services."*

   The subject property is located outside of the Metro UGB and boundary and is considered a non-urban area. The Rural Industrial Plan designation and implementing RI zoning district limits the type and scale of uses which are appropriate for rural development. The property is not located in a public water, sewer, or surface water district. Those services are not proposed or necessary to support the proposed Rural Industrial plan designation. Services to the area include garbage service and sheriff patrol services. The public facilities and services are appropriate to maintain the rural character of the area.

   The uses proposed on the subject site are largely agricultural related and consistent with the rural character and surrounding rural development in the area. Due to the need to take a "Reasons exception" to Goal 3, the specific rural industrial uses proposed on the property would be the only ones allowed.

   This policy can be met.

2. Policy 2.0: *"The Rural Industrial (RI) zoning district implements the Rural Industrial plan designation."*

   If the Comprehensive Plan Amendment is approved on all or a portion of the subject property, the RI zoning district is the only zone designation that can be applied to the property to implement the Rural Industrial plan designation. In this case, the zone designation would be applied but the uses limited to only those approved under the

Goal 3 "Reasons exception." No other uses listed in the Rural Industrial section of the ZDO would be allowed.

This policy can be met.

3. Policy 3.0: *"Areas may be designated Rural Industrial when the first, the second, or both of the other criteria are met:"*

   a. Policy 3.0(a): *"Areas shall have an historical commitment to industrial uses.*

      Because the proposal cannot meet either of the other criteria for the Rural Industrial designation, it must qualify under this criterion. The applicant asserts that the site does have an historical commitment to industrial uses for the following reasons (see pages 73-75 of application narrative):

      - The Comprehensive Plan does not have a definition for "industrial use" for this context; neither does LUBA. The county's ZDO defines "industrial use" as *the use of land and/or structures for the manufacturing or processing of primary, secondary, or recycled materials into a product; warehousing and associated trucking operations; wholesale trade; and related development.*
      - The subject site is developed with over 150,000 square feet of buildings that are "industrial" in nature and the buildings are not well-suited for modern agriculture.
      - The subject property was constructed and used primarily as an egg production and distribution facility and rabbit processing facility and rendering plant. While under the state statutes, these uses are considered either a "*farm use*" or "*commercial use in association with a farm use*," the applicant asserts that when "viewed in more practical terms of impacts to the land and environment, it is far more accurate to label the prior uses of the property as 'rural industrial'." He further asserts that egg production facilities are really factories, not farms and they do not rely on farm land to produce eggs.

      While staff understands the applicant's arguments and agrees that they may have some merit, staff does not find that the previous commercial farm production, processing and even tannery uses on the subject can meet the standard of "historical commitment to industrial use" for the following reasons.

      1. The uses are very clearly farm uses (and associated commercial uses). ORS 215.203 defines "farm use" as *the current employment of land for the primary purpose of obtaining a profit in money by raising, harvesting and selling crops or the feeding, breeding, management and sale of, or the produce of, livestock, poultry, fur-bearing animals or honeybees or for dairying and the sale of dairy products or any other agricultural or horticultural use or animal husbandry or any combination thereof. "Farm use" includes the preparation, storage and disposal by marketing or*

otherwise of the products or by-products raised on such land for human or animal use….

As the applicant states, the uses that existed legally on the subject property prior to the Oregon Lavender Farm/ Liberty Natural Products were large farm production facilities that fall under the definitions of farm use or commercial use in association with farm use in the state statutes. In fact, the prior uses on the subject property were conducted largely within buildings that were built under an exemption specifically for agricultural buildings.

Staff understands that the facility included in this application is very large, of such a large size that is it is probably fairly unique in the region, and that it partook in certain "processing of primary or secondary materials" but the question remains, at what point would this "farm use" be considered and "industrial use"? What is the threshold? Certainly my neighbor's egg production facility that consists of five or six hens is not considered an industrial use in their backyard. There is no standard to which to look to determine when a use would cease to be considered a farm use, and becomes in industrial use, even if it were a particular size. If this were the case, it is likely several large farming facilities would suddenly be in jeopardy of violating the county's zoning ordinance, which does not allow large-scale industrial uses in agricultural zones.

2. Simply because a use is like another does not mean it changes the underlying purpose of the property. The subject property partakes in large-scale gatherings, agritourism events, but one could not reasonably argue that since these events were allowed to take place, the property should be considered a fairground. Similarly, the egg production facility might be an industrial-like activity but the fact remains it is a farm use and does not make the subject an industrial piece of property.

Based on the above findings, the subject property does not meet the criteria for a Rural Industrial designation.

This policy is not met.

b. <u>Policy 3.0(b):</u> *"The site shall be an abandoned or diminished mill site, as defined in the Zoning and Development Ordinance, provided that only the portion of the site that was improved for the processing or manufacturing of wood products may be designated Rural Industrial.*

There is no evidence in the record of an abandoned or diminished mill site on any portion of the subject property.

This policy is not met.

c. Policy 3.0(c): *"Areas shall be located within an Unincorporated Community; and"*

The subject property is not located within the boundaries of an Unincorporated Community.

This policy is not met.

d. Policy 3.0(d): *"The site shall have direct access to a road of at least an arterial classification."*

The subject property has frontage on State Highway 213, which is designated as a major arterial road. Both lots of record have direct access to an arterial road.

This policy is met.

Policy 3.0 is not met.

PART 4. SUMMARY OF FINDINGS AND CONCLUSIONS FOR THE COMPREHENSIVE PLAN AMENDMENT

This application cannot satisfy all the criteria in the Comprehensive Plan for a Rural Industrial Plan designation because staff finds that there is not an historical commitment to industrial uses on the property. There is no other designation available to the applicant that would allow the proposed industrial uses.

A conundrum certainly exists. The subject has demonstrated that it can meet the very high standards set by the state to receive a "Reasons" exception to statewide planning Goal 3 by proving that (1) there is a need to the proposed use and (2) that the subject property is the most appropriate location for that use. But the county's acknowledged Comprehensive Plan does not contain a mechanism by which to approve this particular location for the proposed use.

SECTION 4- ZONE CHANGE FROM EFU TO RI

PART 1: COMPLIANCE WITH SECTION 1202 OF THE ZDO

A. The zone change criteria are listed in Section 1202 of the Clackamas County Zoning and Development Ordinance (ZDO). Section 1202.01 states that the Hearings Officer shall allow a zone change, after a hearing conducted pursuant to Section 1300, if the applicant provides evidence substantiating the following criteria:

1. **<u>Section 1202.01(A):</u>** *Approval of the zone change is consistent with the Comprehensive Plan.*

   Based on the findings in Section 3 of this report, the Rural Industrial plan designation is not consistent with the Comprehensive Plan on any portion of the subject property.

   This criterion is not met.

2. **<u>Section 1202.01(B):</u>** *If development under the new zoning district designation has a need for public sanitary sewer, surface water management, and/or water service, it can be accommodated with the implementation of service providers' existing capital improvement plans. The cumulative impact of the proposed zone change and development of other properties under existing zoning designations shall be considered.*

   The subject property is not located in a public sanitary sewer, or surface water district, nor would there be there a need to extend these services to support the proposed RI zoning district. Sewer service will be accommodated by an on-site sewage disposal system. Surface water will be accommodated by on-site detention or other facilities approved under Section 1008 of the ZDO as administered by the DTD, Engineering Division.

   This criterion is met.

3. **<u>Section 1202.01(C):</u>** *The transportation system is adequate, as defined in Subsection 1007.09(D), and will remain adequate with approval of the zone change. Transportation facilities that are under the jurisdiction of the State of Oregon are exempt from Subsection 1202.01(C). For the purpose of this criterion:*

   a. <u>Section 1202.01(C)(1):</u> *The evaluation of transportation system adequacy shall include both the impact of the proposed zone change and growth in background traffic for a 20-year period beginning with the year that a complete land use application is submitted.*

   b. <u>Section 1202.01(C)(2):</u> *It shall be assumed that all improvements identified in the Clackamas County 20-Year Capital Improvement Plan, the Statewide Transportation Improvement Plan, and the capital improvement plans of other local jurisdictions are constructed*

      iv. <u>Section 1202.01(C)(3):</u> *It shall be assumed that the subject property is developed with the primary use, allowed in the proposed zoning district, with the highest motor vehicle trip generation rate.*

      v. <u>Section 1202.01(C)(4):</u> *Transportation facility capacity shall be calculated pursuant to Subsection 1007.09(E).*

e. Section 1202.01(C)(5): *A determination regarding whether submittal of a transportation impact study is required shall be made based on the Clackamas County Roadway Standards, which also establish the minimum standards to which a transportation impact study shall adhere.*

The project is located in an area of generally low traffic volumes. In 2011, the average daily traffic (ADT) on Springwater Road was approximately 2700 vehicles per day. On Gerber Road east of Springwater Road, the 2014 ADT was approximately 450 vehicles per day. The applicant's transportation analysis provides evidence that the capacity of the transportation system is adequate to support the comprehensive plan amendment and zone change according to the requirements of the Transportation Planning Rule and County requirements. Based upon the existing and projected future year traffic volumes and the proposed trip generation of the site, the proposed zone change and comprehensive plan amendment will not have a significant effect on capacity issues associated with the transportation system and no capacity issues will result. Staff finds that the application is in compliance with ZDO subsection 1202.01 C, regarding the capacity of the transportation system.

This criterion is met.

5. **Section 1202.01(E)**: *Safety of the transportation system is adequate to serve the level of development anticipated by the zone change.*

Based on the submitted October 27, 2014 transportation analysis prepared by Lancaster Engineering, the intersection of Gerber Road/Harris Road fails to meet minimum intersection sight distance standards. Looking to the south from Harris Road, intersection sight distance is adequate. Looking to the north from Harris Road, intersection sight distance is inadequate with a measurement of 530 feet. Gerber Road is not posted for speed and is therefore governed by a maximum 55 MPH basic rule speed. The Clackamas County Roadway Standards indicates that without speed study information, the Gerber Road the design speed is 60 MPH (55 MPH basic rule speed + 5 MPH). According to Section 240.3 of the Clackamas County Roadway Standards, "[d]evelopments that add a minimum of 15 daily trips to the inadequate movement(s) at the off-site intersection(s) may be required to mitigate that/those intersection(s) along at least one route." Based on the transportation analysis, it appears as though 15 daily trips could be added to the westbound left turn (the "inadequate movement") from Harris Road to Gerber Road. The transportation analysis notes that based on "subjective field observations and driving the subject segment of S Gerber Road during a site visit, speeds are estimated to be approximately 45 mph, which would require only 500 feet of ISD. In addition stopping sight distance (SSD) for a travel speed of 55 mph is 495 feet, which is satisfied. SSD is considered to be a minimum requirement for safe operation of the intersection, allowing an oncoming vehicle to slow and come to a complete stop if necessary to avoid a collision". The applicant has also provided crash data that illustrates that no recent crashes have been reported at the intersection.

While the transportation analysis may be correct with regard to assumed speeds, evidence is needed to support this statement. In order to adequately assess the proper design speed for the roadway, speeds may be based upon the 85th percentile speed of the roadway. Staff has recommended to the applicant that they submit a speed study to verify their speed observations.

Additionally, while the applicant notes that there is adequate stopping sight distance, there is actually not adequate stopping sight distance at a speed of 60 MPH, which requires a stopping sight distance of 570 feet.

The applicant may wish to apply for a design modification to address sight distance issue at the Gerber/Harris intersection. In processing a possible request, this speed study information would be required. Stopping sight distance may be considered as a possible acceptable measurement under review of a design modification request.

Staff is unable to make a determination of adequacy regarding ZDO subsection 1202.01 E regarding safety of the transportation system.

This criterion is not met.

PART 2: SUMMARY OF COMPLIANCE WITH ZONE CHANGE CRITERIA

This application cannot satisfy all the criteria in Section 1202.01 of the ZDO because it has been found to not be consistent with the Comprehensive Plan criteria for a Rural Industrial plan and zoning designation and because Staff is unable to make a determination of adequacy regarding the safety of the transportation system. All other applicable criteria in Section 1202.01 of the ZDO can be met.

EXHIBIT A
Z0212-14/
Z0213-14

Memorandum

TO: Martha Fritzie

FROM: Traffic Engineering, Rick Nys

DATE: November 3, 2014

RE: Z0212-14-CP and Z0213-14-Z, Dierking
T2S, R3E, Section 27C, Tax lots 1000, 1200, 1300, 1301, 1400, 1500, 1600, 1700, 1701; Section 28, Tax lots 304, 206; Section 27B, Tax lot 700

Traffic Engineering staff have visited the site and reviewed the submitted application materials. We have the following comments:

Facts and Findings:

1. The applicant has proposed a comprehensive plan amendment and zone change for the subject property.

2. Engineering staff will focus on ZDO subsections 1202.01 C and E.

3. The project is located in an area of generally low traffic volumes. In 2011, the average daily traffic (ADT) on Springwater Road was approximately 2700 vehicles per day. On Gerber Road east of Springwater Road, the 2014 ADT was approximately 450 vehicles per day. The applicant's transportation analysis provides evidence that the capacity of the transportation system is adequate to support the comprehensive plan amendment and zone change according to the requirements of the Transportation Planning Rule and County requirements. Based upon the existing and projected future year traffic volumes and the proposed trip generation of the site, the proposed zone change and comprehensive plan amendment will not have a significant effect on capacity issues associated with the transportation system and no capacity issues will result. Staff finds that the application is in compliance with ZDO subsection 1202.01 C, regarding the capacity of the transportation system.

4. Based on the submitted October 27, 2014 transportation analysis prepared by Lancaster Engineering, the intersection of Gerber Road/Harris Road fails to meet minimum intersection sight distance standards. Looking to the south from Harris Road, intersection sight distance is adequate. Looking to the north from Harris Road, intersection sight distance is inadequate with a measurement of 530 feet. Gerber Road is not posted for speed and is therefore governed by a maximum 55 MPH basic rule speed. The Clackamas County Roadway Standards indicates that without speed study information, the Gerber Road the design speed is 60 MPH (55 MPH basic rule speed + 5 MPH). According to Section 240.3 of the Clackamas County Roadway Standards, "[d]evelopments that add a minimum of 15 daily trips to the inadequate

movement(s) at the off-site intersection(s) may be required to mitigate that/those intersection(s) along at least one route." Based on the transportation analysis, it appears as though 15 daily trips could be added to the westbound left turn (the "inadequate movement") from Harris Road to Gerber Road. The transportation analysis notes that based on "subjective field observations and driving the subject segment of S Gerber Road during a site visit, speeds are estimated to be approximately 45 mph, which would require only 500 feet of ISD. In addition stopping sight distance (SSD) for a travel speed of 55 mph is 495 feet, which is satisfied. SSD is considered to be a minimum requirement for safe operation of the intersection, allowing an oncoming vehicle to slow and come to a complete stop if necessary to avoid a collision". The applicant has also provided crash data that illustrates that no recent crashes have been reported at the intersection.

While the transportation analysis may be correct with regard to assumed speeds, evidence is needed to support this statement. In order to adequately assess the proper design speed for the roadway, speeds may be based upon the 85th percentile speed of the roadway. Staff has recommended to the applicant that they submit a speed study to verify their speed observations.

Additionally, while the applicant notes that there is adequate stopping sight distance, there is actually not adequate stopping sight distance at a speed of 60 MPH, which requires a stopping sight distance of 570 feet.

The applicant may wish to apply for a design modification to address sight distance issue at the Gerber/Harris intersection. In processing a possible request, this speed study information would be required. Stopping sight distance may be considered as a possible acceptable measurement under review of a design modification request.

5. Staff is unable to make a determination of adequacy regarding ZDO subsection 1202.01 E regarding safety of the transportation system.

Conclusion:

Due to the inadequate intersection sight distances associated with the intersection of Gerber Road/Harris Road, Engineering staff finds that the application is not in complete compliance with ZDO subsection 1202.01 E and is unable to recommend approval.

However, staff understands that this application may be approved and therefore provides the following.

Preface to recommended conditions of approval:

The following items are project requirements from the Department of Transportation and Development's Development Engineering Division. These conditions of approval are not intended to include every engineering requirement necessary for the successful

completion of this project, but are provided to illustrate to the applicant specific details regarding the required improvements that may prove helpful in determining the cost and scope of the project. These conditions are based upon the requirements detailed in the County's Comprehensive Plan (Comp Plan), the County's Zoning and Development Ordinance (ZDO) and the County's Site Development and Roadway Construction Standards (Roadway Standards). Additional requirements beyond those stated in the conditions of approval may be required. The applicant may discuss the requirements of the project with staff at any time.

The requirements specifically required by the Comp Plan and the ZDO cannot be modified by the Development Engineering Division. However, the requirements detailed in these conditions of approval, derived from the Roadway Standards, are based upon nationally accepted standards and engineering judgment and may be modified pursuant to Section 170 of the Roadway Standards. The applicant is required to provide sufficient justification to staff in the request. Staff shall determine if a modification is warranted.

If this application is approved, Engineering staff recommend the following conditions of approval:

1) The applicant shall provide and maintain adequate intersection sight distance and adequate stopping sight distance at the intersection of Gerber Road/Harris Road. In addition, no plantings at maturity, retaining walls, embankments, fences or any other objects shall be allowed to obstruct minimum sight distance requirements.

   Plans submitted in anticipation of issuance of a Development Permit shall include an exhibit illustrating sight lines and any sight line easements for site driveways and the intersection of Gerber Road/Harris Road to insure sight lines are not obstructed by vegetation, trees, vertical curves, or any other objects.

   Any required sight line easements shall be demonstrated as feasible to obtain, to the satisfaction of Engineering staff, prior to issuance of a Development Permit.

   Minimum intersection sight distances and stopping sight distances shall be in accordance with Roadway Standards section 240. For a 60 mile per hour design speed, intersection sight distances are required to be a minimum of 665 feet and stopping sight distances are required to be a minimum of 570 feet, with appropriate adjustments for grades for stopping sight distances.

EXHIBIT B
Z0212-14/
Z0213-14

October 27, 2014

LANCASTER
ENGINEERING

321 SW 4th Ave., Suite 400
Portland, OR 97204
phone: 503.248.0313
fax: 503.248.9251
lancasterengineering.com

Jim Dierking
Liberty Natural Products, Inc.
Oregon Lavender Farm
20949 S. Harris Road
Oregon City, Oregon 97045

RE: *Oregon Lavender Farm Zone Change Transportation Analysis*

Dear Jim,

This letter describes our findings regarding the trip generation increase and subsequent traffic impacts resulting from the proposed Oregon Lavender Farm (OLF) zone change project in Clackamas County, Oregon. The effects of zone change with regard to the State of Oregon's Transportation Planning Rule are addressed herein.

Location and Project Description

The subject site is located in the north central part of Clackamas County, Oregon, approximately a ten-mile drive from Estacada city limits. The site for the proposed zone change consists of an 8.77-acre portion of an 88.63-acre parcel. The proposal is to change the zoning from Clackamas County's *Exclusive Farm Use (EFU)* to its *Rural Industrial (RI).*

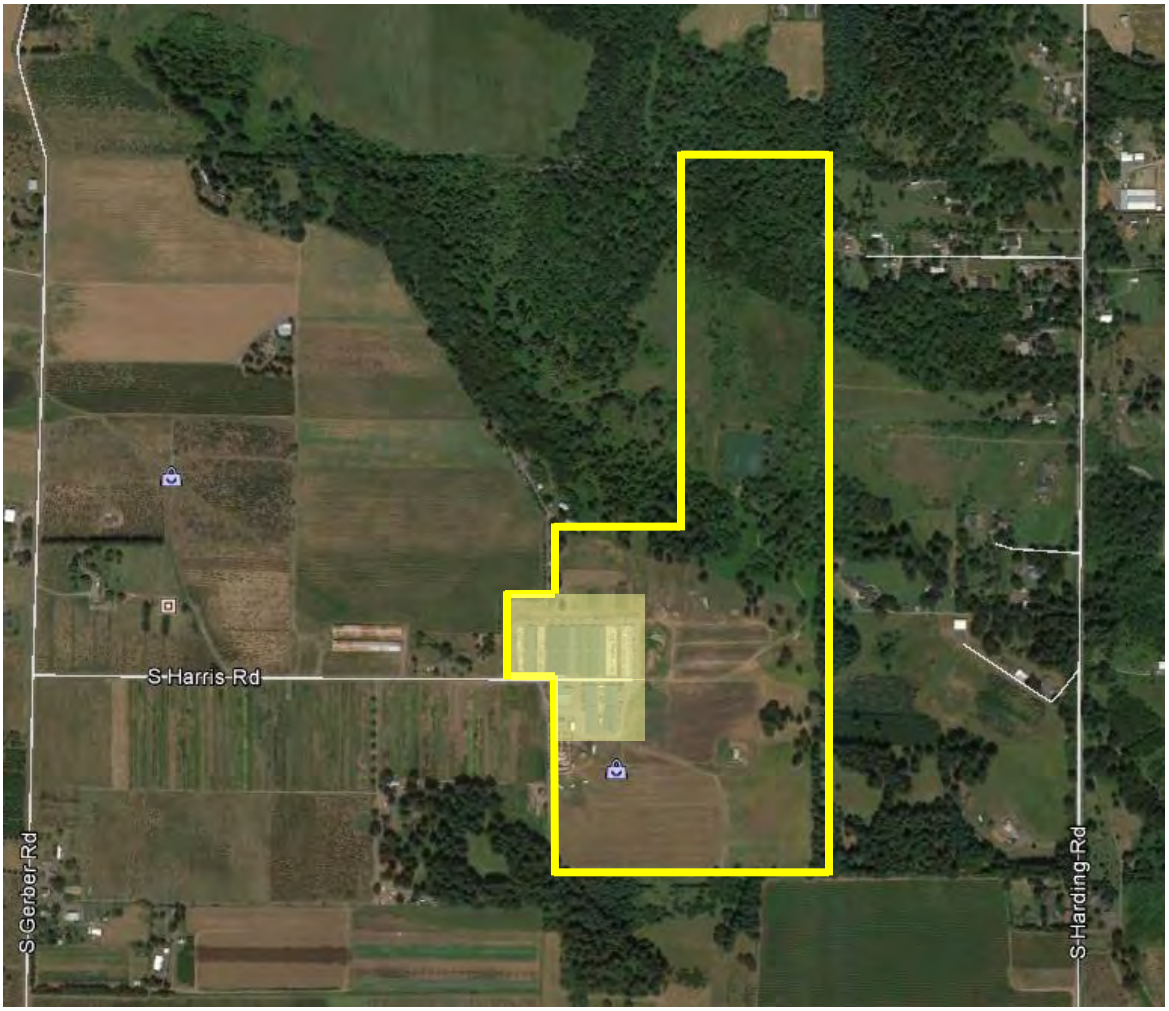
The site has served a variety of rural industrial uses since the first improvements were made in 1962. The Carnation Company operated an industrial factory egg farm at the site and constructed the majority of the existing site improvements, including 150,000 sq ft of buildings for processing operations. The site was later utilized as a rabbit breeding and meat processing operation under a conditional use permit. In 1999, Liberty Natural Products acquired the site property and production shifted to herb farming and the processing/manufacturing of essential oils (through distillation) from lavender and other specialty medicinal and aromatic herbs grown on-site. Liberty also processes and distributes a variety of herb crops produced by other farms and distributes related goods and packaging, sourced substantially from other states and countries around the world.

The owner seeks the proposed zone change in order to permit the continuation of the existing operations as well as support the future expansion of those operations through the construction of a larger distillery that could process a larger volume of specialty herb crops. This larger distillery would utilize one of the existing commercial buildings on site rather than constructing a new facility. The zone change would also permit and expand opportunities for international importation and exportation of OLF's raw materials and products, which are not permitted under the current zoning.

The site has frontage along S Harris Road, a 0.6-mile paved, unstriped local County road that extends east from S Gerber Road. S Gerber Road is an unstriped local County road that extends for 1.6 mi between S Springwater Road (to the south) and S Bakers Ferry Road (to the north). S Springwater Road is classified as a major arterial County road, while S Bakers Ferry Road is classified as a minor arterial County road. Each of these two roads has a two-lane cross section with no sidewalks or dedicated bicycle facilities. None has a posted speed limit in the site vicinity, so all are subject to Oregon's Basic Rule and a statutory speed limit of 55 mph.

A map of the site vicinity is shown in Figure 1, and a plat showing a detailed illustration of the site and the parcels proposed for zone change is provided in the appendix.

Figure 1: Vicinity and location of the project site. Parcels proposed for zone change are shaded.



Trip Generation & Distribution

Normally when a change in zoning is proposed, the State of Oregon's Transportation Planning Rule and Clackamas County code require a comparison of the reasonable worst-case development under the existing zoning designation to the reasonable worst-case development under the proposed zoning designation. However, this proposed zone change is being requested specifically to better accommodate the existing uses and the potential future expansion of that same use. No significant changes to the nature of site operations are planned or intended. The exclusive operation of the site as a specialty herb agricultural production, processing, and distribution facility can be ensured by its requirement as a condition of approval for the zone change.

The current trip generation at the site is discussed below and has been compared to the reasonable worst-case future growth scenario of the existing operations that could be realized over the next two decades if the zone change is approved. Site-specific trip generation counts and projections have been compared to a standard reference for comparison.

Employee data and trip counts for OLF's operations have been reported by site management to determine baseline trip generation for the site. Hours of operation are flexible depending on the season but are generally between 7:30 AM and 6:30 PM, Monday through Friday. Trips to and from the site are primarily attributable to the arrival and departure of OLF's 32 employees (on average, over the past 3 years), UPS pickup and delivery vehicles, and customer/vendor visits. The AM Peak is approximately 7:30 – 8:30 AM and the PM peak is approximately 4:30-5:30 PM. Because the proposed zone change would not change the existing operations at the site, the baseline trip generation under the existing EFU zoning can be assumed to be the same as trip generation under the proposed RI zoning.

Growth of the on-site agricultural, processing, and distribution operations are projected to add 20 to 30 employees over the next two decades, primarily for the purposes of on-site agricultural expansion. Expansion of site operations would also result in an increase in deliveries and pickups, although a substantial increase in these trips is not anticipated since increased distribution or deliveries would be addressed by using larger (rather than more) delivery vehicles. Based on a worst-case scenario of 30 new employees (for a total of 62 total employees) and the facility owner's estimates of delivery/pickup and miscellaneous trips, a site-specific 20-year trip generation projection has been made. Note that specific trip generation for the future AM and PM Peaks were not estimated due to a lack of information on future work schedules at the site.

For comparison to a standard reference, the site-specific trip generation current data and 20-year projections have been compared to trip generation estimates calculated using rates from the *Trip*

Generation Manual[1]. Trip rates for land use #140, *Manufacturing* were used to calculate trip generation based on the number of employees. According to the Trip Generation Manual calculations, the present workforce of 32 employees would be expected to generate 13 trips during the AM Peak, 12 trips during the PM peak, and 68 total weekday trips. Under a worst-case growth scenario of 62 employees, the site would be expected to generate 25 trips during the AM Peak, 22 trips during the PM Peak, and 132 total weekday trips.

In general, the Trip Generation Manual provides trip generation estimates for the site that are lower than the site-specific trip generation projections that are based on current operations and travel behavior at the facility. The site-specific trip generation results will be used for future analyses to provide a conservative estimate of traffic impacts on the surrounding transportation system.

Approval of the proposed zone change would enable the future expansion of current operations at OLF, which would result in an increase in trip generation at the site. However, the anticipated expansion of operations would primarily be agricultural rather than industrial and would be limited by the size of the property. The trip generation estimates are summarized in Table 1, and detailed trip generation calculations are included in the appendix to this letter.

1 Institute of Transportation Engineers (ITE), *Trip Generation Manual, 9th Edition,* 2012.

Table 1: Trip generation difference for the current and proposed zoning

	Morning Peak			Evening Peak			Weekday Total
	In	Out	Total	In	Out	Total	
Current Trip Generation (site-specific data)	-	-	15	-	-	11	88
#140-Manufacturing (Trip Gen Manual calculations)	9	4	13	5	7	12	68
Difference	-	-	2			-1	20
RI Future Trip Generation (site-specific estimate)	-	-	-	-	-	-	188
#140-Manufacturing (Trip Gen Manual calculations)	18	7	25	10	12	22	132
Difference	-	-	-	-	-	-	56

Crash History

To better address traffic safety in the vicinity of the subject site, the crash records obtained from ODOT's Crash Analysis and Reporting Unit were examined for the following segments:

- S Harris Road between S Gerber and the terminus of the road at the site (entire length)
- S Gerber Road between S Springwater Road and S Bakers Ferry Road

No crashes were reported on S Harris Road during the past five years.

S Gerber Road had two reported crashes during the past five years. One crash involved a collision between a northbound driver and a deer or elk, which resulted in a non-incapacitating injury to the driver. The second crash was a sideswipe-type collision that occurred when a northbound driver drove left of center and collided with a southbound driver. This crash resulted in damage to property only.

The crash histories are not indicative of any potential safety deficiencies with the roadways in the vicinity of the site. The crash records are provided in the appendix to this memorandum.

Sight Distance

Sight distance was examined at the intersection of S Harris Road at S Gerber Road to ensure that site traffic entering and exiting S Harris Road will be able to safely take access to the nearest connecting public roadway. Sight distance was also examined at the intersection S Gerber Road with S Springwater Road to ensure adequate sight distances from at least one major access route to the site, per Clackamas County Roadway Standards.

Sight distance guidelines are specified in *A Policy on Geometric Design of Highways and Streets*[2]. The assumed driver's eye heights are 3.5 feet above the road for both vehicles exiting the driveway and vehicles on the main roadway, with the driver's eye 15 feet behind the edge of the near-side travel lane. Based on the 55-mph statutory speed limits in the vicinity of the site, the necessary intersection sight distance (ISD) such that vehicles on the public roadways will not have to slow excessively to accommodate vehicles entering from the site is 610 feet.

Site distances on S Gerber at its intersection with S Springwater Road were found to be more than adequate to support existing and future traffic generated by the site. Intersection sight distance looking to the north is in excess of 1,000 feet, while ISD to the south is in excess of 800 ft.

The S Harris Road/S Gerber Road ISD was measured at greater than 610 feet to the south and therefor adequate to support site traffic. Due to the rise of a hill on S Gerber Road to the north, ISD in this direction was measured at 530 feet. While this does not meet the ISD standard based on the 55 mph Basic Rule speed, it should be noted that based on subjective field observations and driving the subject segment of S Gerber Road during a site visit, speeds are estimated to be approximately 45 mph, which would require only 500 feet of ISD. In addition stopping sight distance (SSD) for a travel speed of 55 mph is 495 feet, which is satisfied. SSD is considered to be a minimum requirement for safe operation of the intersection, allowing an oncoming vehicle to slow and come to a complete stop if necessary to avoid a collision.

Based on field measurements, observations, and the minimal crash history, sight distance is determined to be adequate to safely support the current and future operations on the subject site.

Traffic Volumes & Intersection Operation

In order to determine current traffic volumes in the vicinity of the site, traffic counts were conducted on S Gerber Road immediately east of S Springwater Road for a 24-hour period on Thursday, October 2, 2014. These counts were supplemented with traffic volume data on S Springwater Road,

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[2] American Association of State Highway and Transportation Officials (AASHTO), *A Policy on Geometric Design of Highways and Streets*, 6th Edition, 2011.

which was collected on October 11, 2011. Based on these two data sources, traffic volumes are presently light, with approximately 200 vehicles per hour on S Springwater Road and 25 vehicles per hour on S Gerber Road during the morning peak hour. During the evening peak hour, volumes are only slightly higher, with about 250 vehicles per hour and 25 vehicles per hour on S Springwater Road and S Gerber Road, respectively. S Springwater Road has an average daily traffic (ADT) volume of approximately 2,700, with approximately 450 on S Gerber Road.

To account for future growth in the area in estimating 2034 traffic volumes, a background traffic growth rate of 2% was used in the site vicinity. Note that traffic volumes in Oregon have been relatively flat for several years, so this represents an upper-bound estimate for future volumes. In addition, the site is outside of the Urban Growth Boundary, so year-over-year increases in traffic volume are unlikely and to the extent they do occur, will likely be less than what is experienced in urban areas. Additional trips associated with the potential increase in development of the site were also added.

To determine whether the planning horizon volumes during the critical hour—the weekday evening peak hour—rise to a problematic level, a basic trip distribution model was assumed and the performance metrics were calculated using the intersection analysis methodologies in the *Highway Capacity Manual (HCM)*[3]. The analysis found that the critical westbound movement at the intersection of S Springwater Road at S Gerber Road will operate at level-of-service (LOS) B with a volume-to-capacity (v/c) ratio of 0.04 during the evening peak hour in 2034, with future expansion of the site in place. This easily meets Clackamas County's operational standard, which requires unsignalized intersections in the vicinity of the subject site to operate at LOS D or better.

Detailed results of this capacity analysis are provided in the appendix.

Clackamas County Zone Change Requirements

Section 1202.01(C) of Clackamas County Code specifies the transportation-related approval criterion for a zone change: "The transportation system is adequate…and will remain adequate with approval of the zone change." Each of the five evaluation factors specified by the code is quoted directly below with responses following.

[3] Transportation Research Board, *Highway Capacity Manual,* 9th Edition, 2010.

1202.01(C)(1)
The evaluation of transportation system adequacy shall include both the impact of the proposed zone change and growth in background traffic for a 20-year period beginning with the year that a complete land use application is submitted.

Given the rural setting of the site and the limited development potential of surrounding lands, traffic volumes in the vicinity are presently small and will remain small through the planning horizon. Under a worst-case scenario of future growth at the site, the impacts to the transportation system will be *de minimis*. The transportation system is therefore adequate through the planning horizon.

1202.01(C)(2)
It shall be assumed that all improvements identified in the Clackamas County 20-Year Capital Improvement Plan, the Statewide Transportation Improvement Plan, and the capital improvement plans of other local jurisdictions are constructed.

This is assumed in the analysis provided; however there are no planned projects in the vicinity of the proposed zone change that would have a significant effect on traffic in close proximity to the zone change.

1202.01(C)(3)
It shall be assumed that the subject property is developed with the primary use, allowed in the proposed zoning district, with the highest motor vehicle trip generation rate.

Under the proposed zoning, the subject property will continue the operations of specialty herb agriculture, processing, and distribution currently in operation at the site. No future uses are planned and its exclusive operation under the current use may be ensured through its requirement as a condition of approval for the zone change.

1202.01(C)(4)
Transportation facility capacity shall be calculated pursuant to Subsection 1007.09(E).

This is not applicable, as it is not necessary to calculate the capacity of any specific facility in this study. This is explained in further detail in the response to the following factor.

1202.01(C)(5)
A determination regarding whether submittal of a transportation impact study is required shall be made based on the Clackamas County Roadway Standards, which also establish the minimum standards to which a transportation impact study shall adhere.

Clackamas County Roadway Standards Section 295.2 states the following with regard to when a traffic impact study (TIS) is required:

a. A TIS shall be required based upon an assessment of Engineering regarding the anticipated relative impact of a proposed development on the existing or planned transportation system.

b. A TIS to address traffic capacity shall not typically be required where the proposed development will generate less than twenty vehicles trips in any peak hour. However, a TIS may be required to address safety issues.

As described previously, the proposed zone change will not result in an increase in site trips. Based on this, and given the uncongested condition of the roads in the vicinity of the site, Clackamas County Engineering staff has determined that a full TIS is unnecessary to support the proposed zone change.

Additionally, Section ***1202.01(E)*** states the following:
Safety of the transportation system is adequate to serve the level of development anticipated by the zone change.

Again, given the rural location of the site and the limited development potential of the surrounding lands, traffic volumes are low in the vicinity and conflicts are minimal. No safety deficiencies are

evident based upon on-site observations and the crash history in the vicinity, and it is expected that this will remain the case through the planning horizon.

Site distances on S Gerber at its intersection with S Springwater Road were found to be more than adequate to support existing and future traffic generated by the site. Due to the rise of a hill on S Gerber Road to the north, ISD in this direction does not meet the ISD standard based on the 55 mph Basic Rule speed. However, based on field measurements, observations, and the minimal crash history, sight distance is determined to be adequate to safely support the current and future operations on the subject site.

The potential incremental increase in traffic resulting from the zone change will not degrade the safety in the site vicinity, and the system us therefore adequate to serve the existing and proposed uses.

Conformance with Transportation Planning Rule

The Transportation Planning Rule (TPR) is in place to ensure that the transportation system is capable of supporting possible increases in traffic intensity that could result from changes to adopted plans and land use regulations. The applicable section of the TPR is quoted directly in italics below, with a response following.

660-012-0060

(1) If an amendment to a functional plan, an acknowledged comprehensive plan, or a land use regulation (including a zoning map) would significantly affect an existing or planned transportation facility, then the local government must put in place measures as provided in section (2) of this rule, unless the amendment is allowed under section (3), (9) or (10) of this rule. A plan or land use regulation amendment significantly affects a transportation facility if it would:

(a) Change the functional classification of an existing or planned transportation facility (exclusive of correction of map errors in an adopted plan);

(b) Change standards implementing a functional classification system; or

(c) Result in any of the effects listed in paragraphs (A) through (C) of this subsection based on projected conditions measured at the end of the planning period identified in the adopted TSP. As part of evaluating projected conditions, the amount of traffic projected to be generated within the area of the amendment may be reduced if the amendment includes an enforceable, ongoing requirement that would demonstrably limit traffic generation, including, but not limited to, transportation demand management. This reduction may diminish or completely eliminate the significant effect of the amendment.

(A) Types or levels of travel or access that are inconsistent with the functional classification of an existing or planned transportation facility;

> *(B) Degrade the performance of an existing or planned transportation facility such that it would not meet the performance standards identified in the TSP or comprehensive plan; or*
>
> *(C) Degrade the performance of an existing or planned transportation facility that is otherwise projected to not meet the performance standards identified in the TSP or comprehensive plan.*

In this instance, subsections (A) and (B) are not triggered, since the proposed zone change will not impact or alter the functional classification of any existing or planned facility and the proposal does not include a change to any functional classification standards.

Subsection (C) is also not triggered as a result of the proposed zone change. The site of the proposed zone change is in a rural area, and the surrounding roads presently have relatively small traffic volumes. There is no significant congestion and applicable Clackamas County performance standards are clearly satisfied and will continue to be satisfied through the planning horizon. The proposed zone change would not result in an increase in site trips and would not result in a perceptible change in intersection operation in the vicinity of the site. Given this, the surrounding intersections are expected to continue to operate favorably through the planning horizon either with or without the proposed zone change in place.

All relevant performance standards are met and continue to be met through the planning horizon. Accordingly, the Transportation Planning Rule is satisfied.

Conclusions

An 8.77-acre portion of an 88.63-acre property located in north central Clackamas County is proposed for a zone change from *EFU* to *RI*. The zone change has been requested to permit the continuation and potential future expansion of the existing uses rather than to alter the nature of site operations. A worst-case scenario of expansion at the site would result in a *de minimis* impacts to the transportation system.

Redevelopment of the site to another allowable use under the RI zoning designation could result in an increase in trip generation beyond what has been forecasted under a worst-case expansion scenario under the current use. In order to preclude any such future redevelopment and subsequent increase in traffic, it is recommended that continued exclusive operation of the site as a specialty herb product agricultural, processing, and distribution facility be required as a condition of approval for the zone change.

The existing infrastructure is adequate to support the current and projected future growth traffic at the planning horizon. The proposed zone change is in compliance with the State of Oregon's Transportation Planning Rule.

If you have any questions regarding this report or if you need any further assistance, please don't hesitate to contact us.

With Best Regards,

Rebecca Hamilton, MURP
Senior Transportation Planner

p. 503.248.0313
e. rebecca@lancasterengineering.com

REGISTERED PROFESSIONAL ENGINEER
54853
OREGON
JULY 9, 2001
TODD E. MOBLEY
10/27/14

EXPIRES: 12/31/2014

1e

TRIP GENERATION CALCULATIONS

Land Use: Manufacturing
Land Use Code: 140
Variable: Employees
Variable Quantity: 32

AM PEAK HOUR

Trip Rate: 0.40

	Enter	Exit	Total
Directional Distribution	73%	27%	
Trip Ends	**9**	**4**	**13**

PM PEAK HOUR

Trip Rate: 0.36

	Enter	Exit	Total
Directional Distribution	44%	56%	
Trip Ends	**5**	**7**	**12**

WEEKDAY

Trip Rate: 2.13

	Enter	Exit	Total
Directional Distribution	50%	50%	
Trip Ends	**34**	**34**	**68**

SATURDAY

Trip Rate: 0.87

	Enter	Exit	Total
Directional Distribution	50%	50%	
Trip Ends	**14**	**14**	**28**

Source: TRIP GENERATION, Ninth Edition

1e

TRIP GENERATION CALCULATIONS

Land Use: Manufacturing
Land Use Code: 140
Variable: Employees
Variable Quantity: 62

AM PEAK HOUR

Trip Rate: 0.40

	Enter	Exit	Total
Directional Distribution	73%	27%	
Trip Ends	**18**	**7**	**25**

PM PEAK HOUR

Trip Rate: 0.36

	Enter	Exit	Total
Directional Distribution	44%	56%	
Trip Ends	**10**	**12**	**22**

WEEKDAY

Trip Rate: 2.13

	Enter	Exit	Total
Directional Distribution	50%	50%	
Trip Ends	**66**	**66**	**132**

SATURDAY

Trip Rate: 0.87

	Enter	Exit	Total
Directional Distribution	50%	50%	
Trip Ends	**27**	**27**	**54**

Source: TRIP GENERATION, Ninth Edition

OREGON.. DEPARTMENT OF TRANSPORTATION - TRANSPORTATION DEVELOPMENT DIVISION
TRANSPORTATION DATA SECTION - CRASH ANAYLYSIS AND REPORTING UNIT
COUNTY ROAD CRASH LISTING

CLACKAMAS COUNTY

S GERBER RD, MP -999.99 to 999.99, 01/01/2009 to 12/31/2013

Total crash records: 2

SER# / INVEST	SPE	ALC	DRUG	SCL	WHK	DATE / DAY / TIME	MILEPNT / DIST FROM / INTERSECT	COUNTY ROADS / FIRST STREET / SECOND STREET	RD CHAR / DIRECT / LOCTN	INT-TYPE (MEDIAN) / LEGS / (#LANES)	INT-REL / TRAF-CONTL	OFFRD / RNDBT / DRVWY	WTHR / SURF / LIGHT	CRASH / COLL / SVRTY	V#	SPCL USE / TRLR QTY / OWNER / TYPE	MOVE / FROM / TO	P#	PRTC / TYPE	INJ / SVRTY	AGE	SEX	LICNS / RES	PED LOC	ERROR	ACT	EVENT	CAUSE
02046	N	N	N			06/10/2013	0.09	S GERBER RD	STRGHT		N	N	CLR	ANIMAL	01	NONE 0	STRGHT										035	12
NONE						MO			UN	(NONE)	UNKNOWN	N	DRY	OTH		PRVTE	S -N									000		00
						12A			03			N	DLIT	INJ		PSNGR CAR		01	DRVR	INJB	53	M	OR-Y		000	000		12
										(02)													OR<25					
04844	Y	N	N			12/19/2010	0.09	S GERBER RD	CURVE		N	N	CLR	S-STRGHT	01	NONE 0	STRGHT											01,05
NONE						SU			UN	(NONE)	WARNING	N	DRY	SS-O		PRVTE	N -S									000		00
						10A			05			N	DAY	PDO		PSNGR CAR		01	DRVR	NONE	00	M	UNK		047,039	000		01,05
										(02)													OR<25					
															02	NONE 0	STRGHT											
																PRVTE	S -N									000		00
																PSNGR CAR		01	DRVR	NONE	53	F	OR-Y		000	000		00
																							OR>25					

Disclaimer: The information contained in this report is compiled from individual driver and police crash reports submitted to the Oregon Department of Transportation as required in ORS 811.720. The Crash Analysis and Reporting Unit is committed to providing the highest quality crash data to customers. However, because submittal of crash report forms is the responsibility of the individual driver, the Crash Analysis and Reporting Unit can not guarantee that all qualifying crashes are represented nor can assurances be made that all details pertaining to a single crash are accurate. Note: Legislative changes to DMV's vehicle crash reporting requirement, effective 01/01/2004, may result in fewer property damage only crashes being eligible for inclusion in the Statewide Crash Data File.

OREGON.. DEPARTMENT OF TRANSPORTATION - TRANSPORTATION DEVELOPMENT DIVISION
TRANSPORTATION DATA SECTION - CRASH ANAYLYSIS AND REPORTING UNIT
COUNTY ROAD CRASH LISTING

CLACKAMAS COUNTY

S HARRIS RD, MP -999.99 to 999.99, 01/01/2009 to 12/31/2013

No Rows to Display

SER# INVEST	SPED	ALCS	DRUGS	SLK	WHCR	OWRK	DATE DAY TIME	MILEPNT DIST FROM INTERSECT	COUNTY ROADS FIRST STREET SECOND STREET	RD CHAR DIRECT LOCTN	INT-TYPE (MEDIAN) LEGS (#LANES)	INT-REL TRAF-CONTL	OFFRD RNDBT DRVWY	WTHR SURF LIGHT	CRASH COLL SVRTY	V#	SPCL USE TRLR QTY OWNER TYPE	MOVE FROM TO	P#	PRTC TYPE	INJ SVRTY	AGE	SEX	LICNS RES	PED LOC	ERROR	ACT	EVENT	CAUSE

Disclaimer: The information contained in this report is compiled from individual driver and police crash reports submitted to the Oregon Department of Transportation as required in ORS 811.720. The Crash Analysis and Reporting Unit is committed to providing the highest quality crash data to customers. However, because submittal of crash report forms is the responsibility of the individual driver, the Crash Analysis and Reporting Unit can not guarantee that all qualifying crashes are represented nor can assurances be made that all details pertaining to a single crash are accurate. Note: Legislative changes to DMV's vehicle crash reporting requirement, effective 01/01/2004, may result in fewer property damage only crashes being eligible for inclusion in the Statewide Crash Data File.

EXHIBIT C
Z0213-14
Z0213-14

ANDREW H. STAMP, P.C.
ATTORNEY AT LAW
Kruse-Mercantile Professional Offices, Suite 16
4248 Galewood St.
Lake Oswego, OR 97035

Admitted in Oregon.

Tele: 503.675.4318
Fax: 503.675.4319
andrewstamp@comcast.net

October 30, 2014

VIA HAND DELIVERY

Ms. Martha (Nix) Fritzie
Senior Planner
Clackamas County DTD
Planning & Zoning Division
150 Beavercreek Road
Oregon City, OR 97045

Re: Liberty Natural Products / Oregon Lavender Farm
Supplementary Findings re: Alternatives Analysis

Dear Ms. Fritzie,

You have asked us to address some of the issues left unresolved by the application, as noted in the staff report you issued on October 7, 2014. This letter responds to those concerns.

In addition to the issue that staff raised concerning Rural Industrial Plan Policy 3.0, which will addressed under separate cover, the staff report found that the applicant had not sufficiently addressed the following three issues:

- Whether non-resource lands outside an UGB that do not require an exception could accommodate the need.
- Whether there is a possibility of rezoning any Rural Residential land to Rural Industrial.
- Whether resource lands that do not require an exception, including land in an unincorporated community, could accommodate the desired land need.

We discuss these three issues below. The Staff Report also discusses the need for a traffic study. We submitted a TIA by Lancaster Engineering, Inc. under separate cover earlier this week.

I. Legal Analysis

As discussed in the application, an application for a "reasons exception" must undertake an alternative-site analysis to satisfy ORS 197.732(2)(c)(B) and OAR 660-004-0020(2)(A). OAR 660-004-0020(2) provides as follows:

> ***(2) The four standards in Goal 2 Part II(c) required to be addressed when taking an exception to a goal are described in subsections (a) through (d) of this section, including general requirements applicable to each of the factors:***
>
> ***(a) "Reasons justify why the state policy embodied in the applicable goals should not apply." The exception shall set forth the facts and assumptions used as the basis for determining that a state policy embodied in a goal should not apply to specific properties or situations, including the amount of land for the use being planned and why the use requires a location on resource land;***
>
> ***(b) "Areas that do not require a new exception cannot reasonably accommodate the use". The exception must meet the following requirements:***
>
> ***(A) The exception shall indicate on a map or otherwise describe the location of possible alternative areas considered for the use that do not require a new exception. The area for which the exception is taken shall be identified;***
>
> ***(B) To show why the particular site is justified, it is necessary to discuss why other areas that do not require a new exception cannot reasonably accommodate the proposed use. Economic factors may be considered along with other relevant factors in determining that the use cannot reasonably be accommodated in other areas. Under this test the following questions shall be addressed:***
>
> ***(i) Can the proposed use be reasonably accommodated on nonresource land that would not require an exception, including increasing the density of uses on nonresource land? If not, why not?***
>
> ***(ii) Can the proposed use be reasonably accommodated on resource land that is already irrevocably committed to nonresource uses not allowed by the applicable Goal, including resource land in existing unincorporated communities, or by increasing the density of uses on committed lands? If not, why not?***

> ***(iii) Can the proposed use be reasonably accommodated inside an urban growth boundary? If not, why not?***
>
> ***(iv) Can the proposed use be reasonably accommodated without the provision of a proposed public facility or service? If not, why not?***

It is also worth reiterating, as staff has acknowledged, that a site-specific discussion of alternatives is not required by the administrative rules.

> ***(C) The "alternative areas" standard in paragraph B may be met by a broad review of similar types of areas rather than a review of specific alternative sites. Initially, a local government adopting an exception need assess only whether those similar types of areas in the vicinity could not reasonably accommodate the proposed use. Site specific comparisons are not required of a local government taking an exception unless another party to the local proceeding describes specific sites that can more reasonably accommodate the proposed use. A detailed evaluation of specific alternative sites is thus not required unless such sites are specifically described, with facts to support the assertion that the sites are more reasonable, by another party during the local exceptions proceeding.***

The primary scenario for which the rules quoted above were drafted involve vacant land and prospective future uses. In this case, the applicant's preferred site is already developed, and the rural industrial operation for which the exception is sought is already up and running as a practical matter. Thus, this fact situation creates the need for a much different analytical process for comparing reasonable alternatives, as compared to the more common scenario where the comparison is between competing vacant parcels.

In this case, comparing the preferred property, which is developed exactly as is needed to allow the use to prosper, to a vacant parcel of land, results in a situation where the vacant parcel loses out in virtually every case. This is due to the fact that the capital costs associated with building the 150,000 s.f. of needed infrastructure is simply cost prohibitive under any reasonable scenario. The rule allows the county to consider "[e]conomic factors * * * along with other relevant factors in determining that the use cannot reasonably be accommodated in other areas." The "along with other relevant factors" language means that increased cost by itself cannot generally be a sole determinative justification. *Oregon Department of Land Conservation and Development v. Douglas County,* 38 Or LUBA 542, 554–555 (2000). Nonetheless, it can be a primary pivotal factor. In this case the sheer enormity of the cost differential, combined with the fact that (1) the preferred site is very close to town as compared to the majority of rural Clackamas County, (2) is in an area of relatively low residential density and far from potential conflicts, and (3) contains excellent views of Mt Hood all combine to disqualify virtually all vacant rural sites as reasonable alternatives.

A. OAR 660-004-0020(2)(b)(B)(i): The Proposed Use Cannot Be Reasonably Accommodated on Non-resource Land that Would Not Require an Exception.

As used in this context, "non-resource land" includes rural lands that are not zoned pursuant to Goals 3 or 4. These lands generally include rural residential lands, rural commercial lands, and rural industrial lands. Generally speaking, when a reasons exception is taken, it does not necessarily allow any possible future non-resource use on the property. As an example, land that has previously obtained an exception for a truck stop would need a further exception to permit a more intensive and independent facility. *Flying J. Inc. v. Marion County*, 170 Or App 568, 13 P3d 516 (2000); *Leathers v. Marion County*, 31 Or. LUBA 220, *aff'd in part, rev'd in part*, 144 Ore. App. 123, 925 P.2d 148 (1996).[1] On the other hand, a "built" or "committed" exception typically does not need a new exception to change to other uses. *Friends of Yamhill County v. Yamhill County*, 41 Or. LUBA 247 (2002).

1. Rural Residential Lands Do Not Provide Reasonable Alternative Because They are Too Small and Because they Are Typically Not Committed To Rural Industrial Uses.

The vast majority of rural residential lands were initially zoned in the county were done so on the basis of lot size. Clusters of lots that were 5 acres or smaller were typically zoned RRFF5. Areas where the existing development pattern was 1 or 2 acres were typically zoned RA-1 or RA-2, or similar. Similarly, 5 -10 acre parcels were typically zoned FF-10, etc. It would make like sense to attempt to go through rural residential clusters one by one and explain why these areas are not suitable for the applicant's proposed operation. Rather, consistent with OAR 660-004-0020(3), it is fair to generalize that rural residential areas typically are too heavily parcelized to provide the applicant with the amount of high-quality farm land that it needs for its lavender production. The distillation operations would invaribly create conflicts with neighboring rural residential uses. In contrast, the preferred site has few neighbors, features adequate farm land, and the potential to expand its agricultural operations onto neighboring properties over time.

The Staff Report faults the applicant for not discussing the potential option of rezoning rural residential land to rural industrial. Staff Report at p. 16-17. We did not address that possibility for two reasons. First, as staff noted, approval would not be likely under any set of facts. Second, the proposal to rezone rural residential land would run afoul of Clackamas County Rural Industrial Plan Policy 3.0, which provides as follows:

> ***3.0 Areas may be designated Rural Industrial when the first, the second, or both of the other criteria are met:***

---

[1] Although a preexisting-reasons exception does not by itself justify a new exception for the same area, in some cases the government will be able rely on the first exception as one justification for the second. *Friends of Eugene v. City of Eugene,* 44 Or LUBA 239, 253 (2003).

> ***a. Areas shall have an historical commitment to industrial uses; or***
>
> ***b. The site shall be an abandoned or diminished mill site, as defined in the Zoning and Development Ordinance, provided that only the portion of the site that was improved for the processing or manufacturing of wood products may be designated Rural Industrial; or***
>
> ***c. Areas shall be located within an Unincorporated Community; and***
>
> ***d. The site shall have direct access to a road of at least an arterial classification.***

This plan policy effectively prohibits the County from approving a rezone which seeks to convert Rural Residential land to a Rural Industrial Plan designation unless that land had historically been use for rural industrial uses. As a practical manner, because when the county first zoned rural lands in the early 1970s, it zoned virtually all existing rural industrial uses for that purposes. In fact, with the exception of the site subject to this application, we are aware of no property in the County that had historically been used as a factory-type use that was not zoned RI. It is perhaps possible that if a parcel that had historically been use for rural industrial uses could have accidentally been zoned rural residential, but we are not aware of that having occurred.

2. Existing Isolated Pockets of Rural Commercial Land Located in Clackamas County Do Not Provide Feasible Alternatives.

Most of the rural commercial lands that exists in Clackamas County was zoned on the basis of existing commercial operations. The County did not zone much, if any, vacant land for rural commercial purposes back in the 1970s when it enacted its first modern rural comprehensive plans. Rural commercial lands, therefore, are highly sought-after today, and even small business such as gas stations, country stores, and restaurants sell for enormous sums of money on the rare occasions when they change hands. Rural commercial lands are therefore, as a general matter, too expensive to be considered viable alternatives for the proposed uses. Moreover, they are most frequently found in Unincorporated Communities or Rural (Population) Centers. These are discussed separately below. In virtually every case, these RC lands are surrounded by rural residential uses and are generally too highly developed to be compatible with the distillery operations.

3. Existing Isolated Pockets of Rural Industrial Land Located in Clackamas County Do Not Provide Feasible Alternatives.

The applicant did evaluate, as reasonable alternatives, some specific sites that currently zoned for rural industrial uses which are also outside of unincorporated communities. First, there is a cluster of parcels located in the Eagle Creek area which are zoned for Rural Industrial uses. This site is located on the east side of Highway 224, at 23123 Eagle Creek Road. The larger parcel, tax lot 2403, is already occupied by a long-established business, the Eagle Foundry Company. This company is an iron and steel castings manufacturer, and has been in continual industrial use since the late 1950s and under the current ownership since 1974. The parcel is 38 acres but it has inadequate building space, only 68,000 sq. feet. It would likely not be permitted today, as the area has become more residential and there is a residential RV park right across Eagle Creek Road. The building space on the vacant site is eight (8) acres, which would be sufficient if it were surrounded by available farm land that can be used to grow lavender and other botanical herbs. However, the lack of available farm land for sale on adjacent or nearby properties is a definite problem. Moreover, the Eagle Creek industrial site is also not ideal because it offers no view of Mt Hood.

Second, there exists a small parcel of rural industrial land north east of Mulino, at 13626 S Freeman Rd, Mulino, OR 97042. The property is occupied by Sunstone Circuits, a well-established firm that specializes in manufacturing and marketing printed circuit boards. This property is not available and is too small in any event.

Third, there is an isolated patch of Rural Industrial land located in Liberal, Oregon, north of Molalla, which is the site of the RSG Forest Products Mill. This mill have been in continuous operation for decades, and is not available for redevelopment. The site is located on Highway 213, which is a highly congested road. Businesses in this area do not get favorable rates from UPS, Fed Ex and other common carriers, making this a highly unsuitable location for Liberty Products.

A fourth rural industrial site is located directly south of Canby. This site is fully developed with existing uses. A dashboard survey of this location reveals no available land for purchase.

B. OAR 660-004-0020(2)(b)(B)(ii): The Proposed Use Cannot Reasonably Be Accommodated on Resource Land that is Already Irrevocably Committed to Non-resource Uses Not Allowed by the Applicable Goal, Including Resource Land in Existing Unincorporated Communities.

1. Unincorporated Communities or Rural (Population) Centers Located in Clackamas County Do Not Provide Feasible Alternatives.

Generally speaking, any rural land that is currently zoned for resource use would require an exception if it were to be used for rural industrial land uses. The only exception would be farm or forest lands that are currently within the boundary of an unincorporated community or Rural (Population) Centers.

Generally, speaking, when Clackamas County set the boundaries of its unincorporated communities or rural (Population) centers, it purposefully omitted larger resource parcels from those boundaries. Of course, that was not an accident; the LCDC administrative rule governing the creation of unincorporated community boundaries mandates that farm and forest land only be included under exceedingly narrow circumstances. OAR 660-023-0020(4) provides:

> ***(4) Community boundaries may include land that is designated for farm or forest use pursuant to Goals 3 and 4 if all the following criteria is met:***
>
> ***(a) The land is contiguous to Goal 3 or 4 exception lands included in the community boundary;***

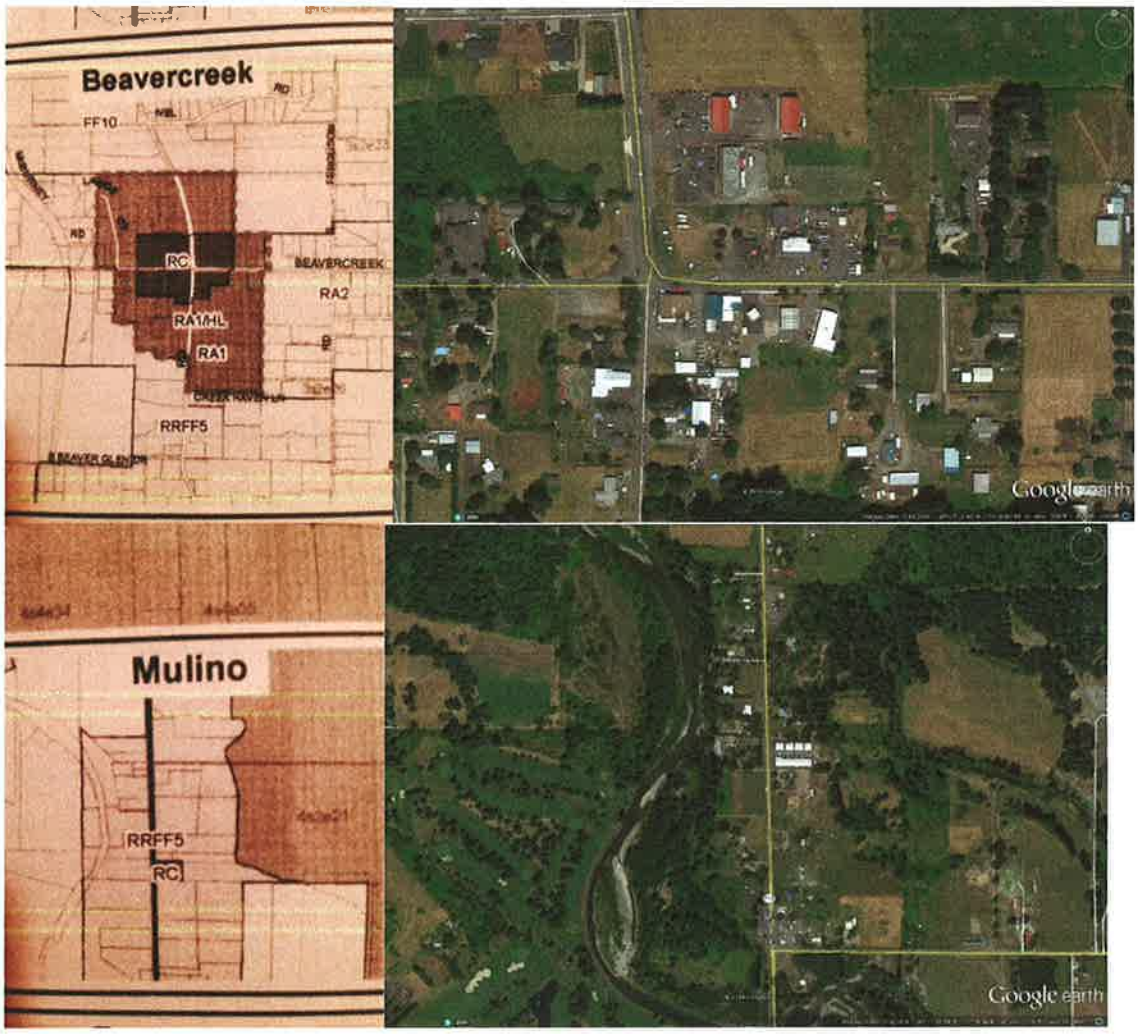
> ***(b) The land was occupied on the date of this division (October 28, 1994) by one or more of the following uses considered to be part of the community: Church, cemetery, school, park, playground, community center, fire station, museum, golf course, or utility facility;***
>
> ***(c) Only the portion of the lot or parcel that is occupied by the use(s) in subsection (b) of this section is included within the boundary; and***
>
> ***(d) The land remains planned and zoned under Goals 3 or 4.***

Thus, when we study the zoning maps for these areas, we simply do not see any large parcel of resource land that could accommodate the need for this use.

Unincorporated communities or rural centers are settlements located outside urban growth boundaries in which concentrated residential development is combined with limited commercial, industrial or public uses. Unincorporated communities in Clackamas County include Beavercreek, Boring, Redland, Mulino, Colton, Marquam, Boring, Wildwood, Welches, Zig Zag and Rhododendron. With the exception of Boring, none of these areas have any parcels zoned for Rural Industrial. None, including Boring, meet the needs posed by the applicant's business, because none of the site have 25 acres of tillable farmland that can be used to grow lavender and other herb crops.

The unincorporated area of Boring has two Rural Industrial zones, as highlighted on this county zoning map (below left) and shown in the accompanying aerial photo:

This aerial photograph shows that these two Rural Industrial areas are fully built out with existing uses. One of the larger collections of buildings is the location of Plymart, Inc. (27600 SE



As illustrated above, none of these rural hamlet communities or rural possesses an available site with the required eight built and paved acres with 150,000 square feet of existing industrial space coupled with twenty or more acres of suitable agricultural land for growing specialty herb crops (*i.e.* class 1 and class 2 soils). That alone disqualifies any of these communities from consideration.

Second, locations in or near Mulino, Colton, Molalla, Elwood, and are all too far away from the Portland International Airport and the Port of Portland. The US Customs and Border Protection Service, enforcing federal import and export regulations on organic products, often requires Liberty Natural Products personnel to travel to the Portland Airport field office to personally deal with Customs questions, forms and complete package pickup and delivery. These longer distances may increase the common carrier rates from United Parcel Service, Federal Express, and transportation costs as well.

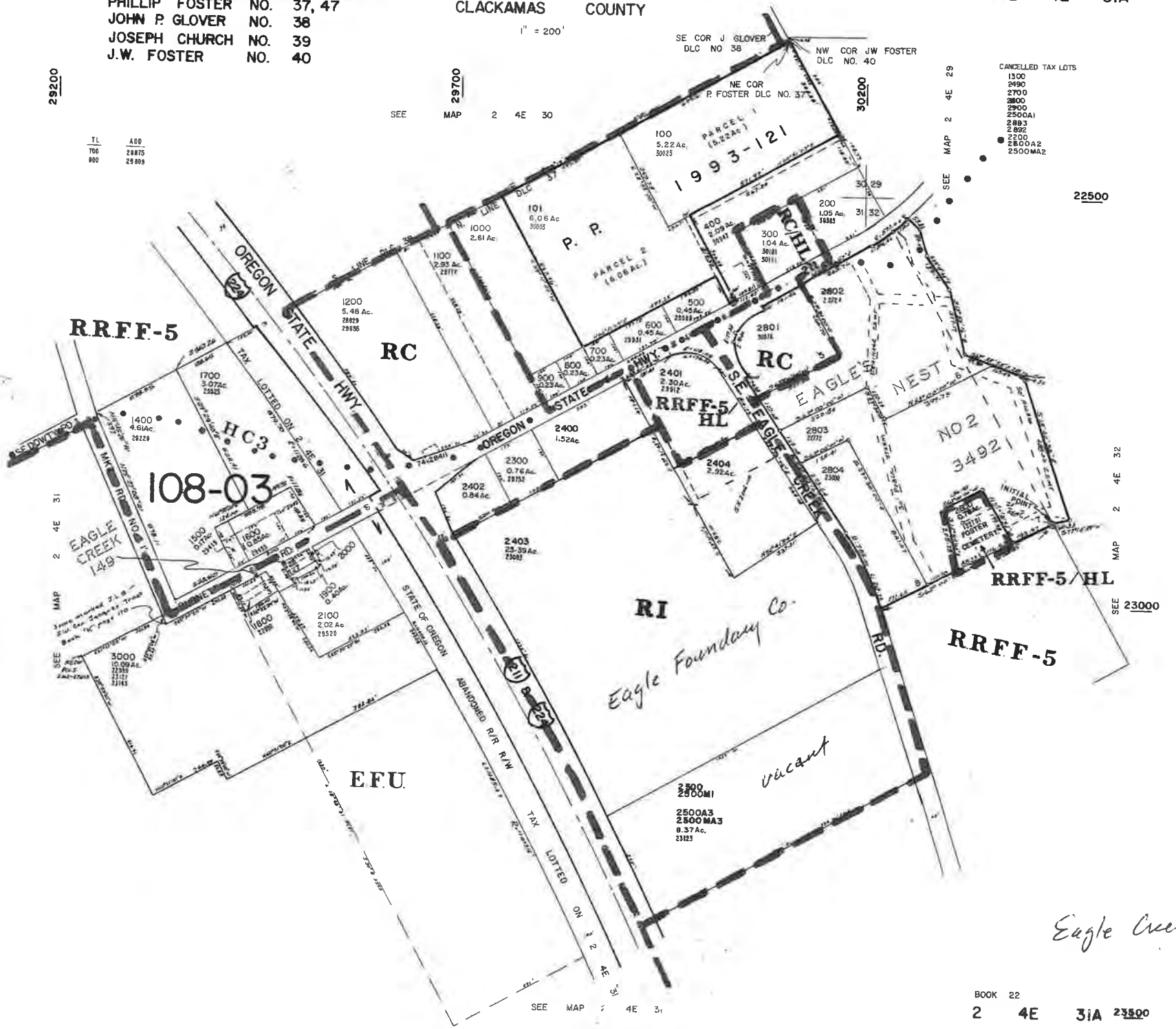
This map was prepared for assessment purpose only.

D.L.C.
PHILLIP FOSTER NO. 37, 47
JOHN P. GLOVER NO. 38
JOSEPH CHURCH NO. 39
J.W. FOSTER NO. 40

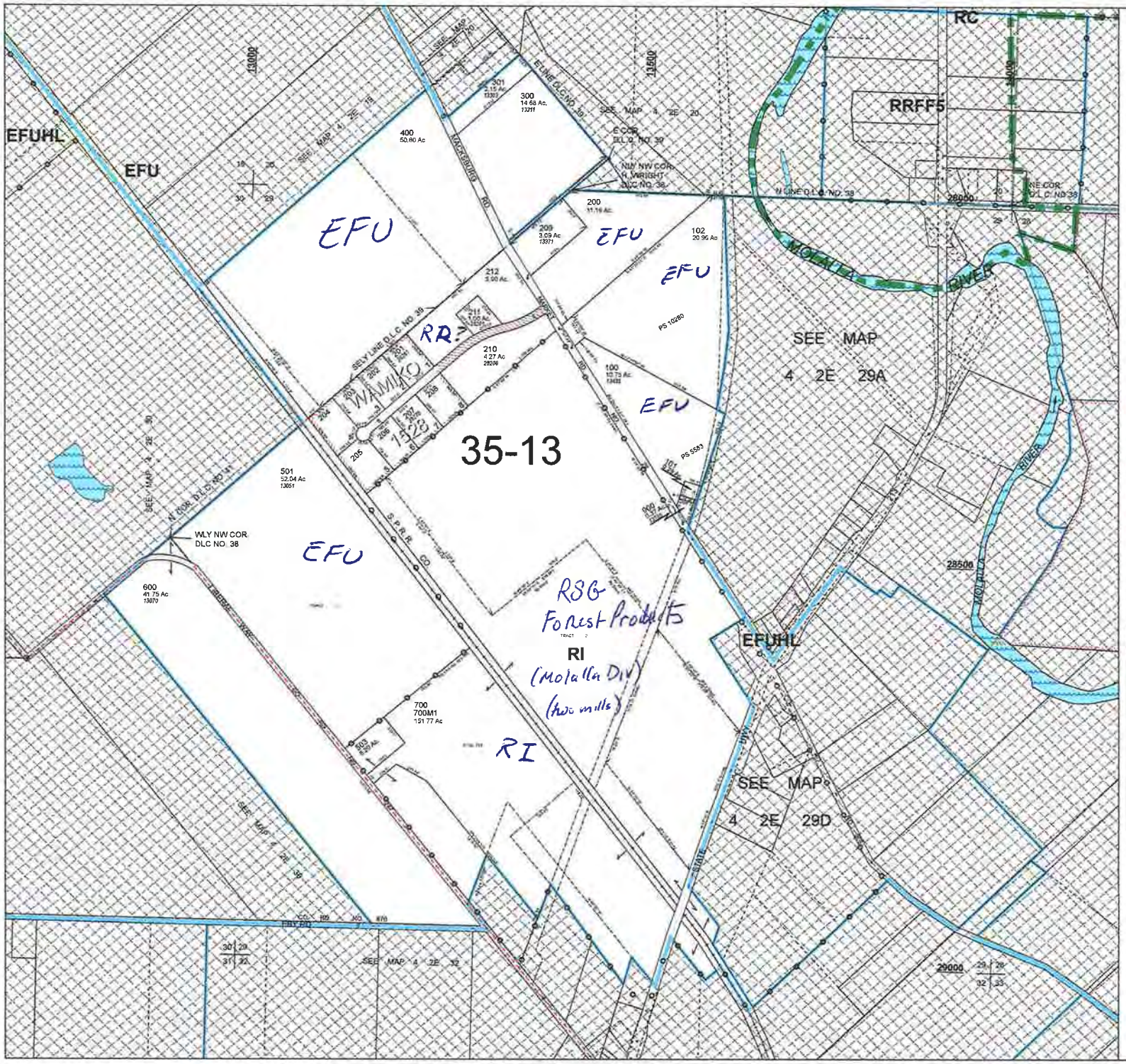
NE 1/4 SEC 31 T. 2S. R. 4E. W.M.
CLACKAMAS COUNTY

1" = 200'

2 4E 31A



BOOK 22
2 4E 31A 23500


4 2 E 29
SECTION 29 T.4S. R.2E. W.M.
CLACKAMAS COUNTY
1" = 400'
D.L.C
JAMES OFFICER NO. 39
HARRISON WRIGHT NO. 38
FRANCIS JACKSON NO. 41
Cancelled Taxlots
302
303
500
502
800
Parcel Boundary
Private Road ROW
Historical Boundary
Railroad Centerline
TaxCodeLines
Map Index
WaterLines
Land Use Zoning
Plats
Water
Corner
Section Corner
1/16th Line
Govt Lot Line
DLC Line
Meander Line
PLSS Section Line
Historic Corridor 40'
Historic Corridor 20'
THIS MAP IS FOR ASSESSMENT PURPOSES ONLY
4 2 E 29
35-13
EFU
EFUHL
RC
RRFF5
RR
RI
RSG Forest Products
(Molalla Div)
(two mills)
SEE MAP 4 2E 29A
SEE MAP 4 2E 29D
MOLALLA RIVER
WAMIKO
HACKSBURG RD
S.P.R.R. CO
WLY NW COR. DLC NO. 38
E COR. DLC NO. 39
NE COR. DLC NO. 39
N LINE D.L.C. NO. 38
E LINE D.L.C. NO. 39
SELY LINE D.L.C. NO. 39
N COR. D.L.C. NO. 41
13000
13500
28000
28500
29000
400
50.80 Ac
300
14.68 Ac.
200
11.19 Ac
102
20.96 Ac
210
4.27 Ac
501
52.04 Ac
600
41.75 Ac
700
700M1
131.77 Ac
PS 10280
PS 5583

Mulino RI area
(Sunstone Circuits)

Eagle Creek RI area

Mulino II (South)

Mulino (North)

BARLOW RI area

Beaver creek

School
S Hatlan Rd
S Fisch
S Anna Mae Ln
S Scotts Ln
S Janes Ln
S Nancy Jean Way
S Gilsan Rd
S Norman Rd
S Henrici Rd
© 2014 Google
1994
Imagery Date: 7/14/2014
Redland

BORING, OREGON

TWO-WAY STOP CONTROL SUMMARY

General Information		Site Information	
Analyst		Intersection	*Springwater Rd at Gerber Rd*
Agency/Co.	*Lancaster Engineering*	Jurisdiction	
Date Performed	*10/7/2014*	Analysis Year	*2034 + Site*
Analysis Time Period	*PM Peak Hour*		

Project Description

East/West Street: *SE Gerber Rd*	North/South Street: *S Springwater Rd*
Intersection Orientation: *North-South*	Study Period (hrs): *1.00*

Vehicle Volumes and Adjustments

Major Street	Northbound			Southbound		
Movement	1	2	3	4	5	6
	L	T	R	L	T	R
Volume (veh/h)		*110*	*8*	*17*	*260*	
Peak-Hour Factor, PHF	*1.00*	*0.80*	*0.80*	*0.80*	*0.80*	*1.00*
Hourly Flow Rate, HFR (veh/h)	*0*	*137*	*9*	*21*	*324*	*0*
Percent Heavy Vehicles	*0*	--	--	*2*	--	--
Median Type	*Undivided*					
RT Channelized			*0*			*0*
Lanes	*0*	*1*	*0*	*0*	*1*	*0*
Configuration			*TR*	*LT*		
Upstream Signal		*0*			*0*	

Minor Street	Eastbound			Westbound		
Movement	7	8	9	10	11	12
	L	T	R	L	T	R
Volume (veh/h)				*8*	*0*	*17*
Peak-Hour Factor, PHF	*1.00*	*1.00*	*1.00*	*0.80*	*0.80*	*0.80*
Hourly Flow Rate, HFR (veh/h)	*0*	*0*	*0*	*9*	*0*	*21*
Percent Heavy Vehicles	*0*	*0*	*0*	*2*	*2*	*2*
Percent Grade (%)		*0*			*0*	
Flared Approach		*N*			*N*	
Storage		*0*			*0*	
RT Channelized			*0*			*0*
Lanes	*0*	*0*	*0*	*0*	*1*	*0*
Configuration					*LTR*	

Delay, Queue Length, and Level of Service

Approach	Northbound	Southbound	Westbound			Eastbound		
Movement	1	4	7	8	9	10	11	12
Lane Configuration		*LT*		*LTR*				
v (veh/h)		*21*		*30*				
C (m) (veh/h)		*1436*		*739*				
v/c		*0.01*		*0.04*				
95% queue length		*0.04*		*0.13*				
Control Delay (s/veh)		*7.5*		*10.1*				
LOS		*A*		*B*				
Approach Delay (s/veh)	--	--	*10.1*					
Approach LOS	--	--	*B*					

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LIBERTY NATURAL PRODUCTS, INC.
Oregon Lavender Farm
20949 S. Harris Road
Oregon City, Oregon 97045
1.503.631.4488 Fax: 503.631.2424
www.libertynatural.com

EXHIBIT D
Z0212-14/
Z0213-14

Martha (Nix) Frische, Senior Planner
Clackamas County DTD | Planning & Zoning Division
150 Beavercreek Road
Oregon City, Oregon 97045

Re: Planning Commission request for information.

Hi Martha,

Here is a summary of the origin of goods distributed & farm produced for the past year.

Foreign Goods	63%
Domestic USA Goods	37%
Local & Farm Produced Goods	10%
OLF Farm Produced	5%

Projecting 20 years into the future our goals would be:

Foreign Goods	40%
Domestic USA Goods	60%
Local & Farm Produced Goods	50%

(Local goods = Clackamas County & surrounding areas)
(OLF Farm Produced = 5%)

We project gross sales in 2034 at $50 million per year, based on a 10% annual increase in non-inflation adjusted sales, reflected by our continued growth in the last decade. This would place distribution of local agricultural goods at $15 million per year. Marketing research studies support that there will be a continued and increased demand for natural raw materials for personal care and food processing in the next several decades and into the indefinite future.

As our application findings discuss, Oregon and the USA have climates that can produce many specialty herb crops as labor and energy costs equalize worldwide. Over time, this will allow us to increase the percentage of local/domestic farm goods distribution. The need to import a significant percentage of goods grown overseas will remain, as some botanicals can only be economically grown in tropical climates.

Growth in local agricultural goods distribution can be realized in the following areas:

1. Increased acreage & production of specialty herb crops on Oregon farmland. (Eg Lavender, Melissa, Rosemary, Chamomile etc)
2. Processing of specialty herb crops, eg essential oil and dried herb processing. (This would include our R&D efforts to establish a mother distillery to produce Christmas tree

and logging related conifer essential oils, distillation of lavender and other specialty herb crops into essential oils and the processing of fresh herbs into dried herbs.)

3. Increased LNP distribution market share in farm goods already being produced in Oregon. Such as the essential oils and dried herbs of peppermint and spearmint.

Sincerely,

Jim Dierking

Cc: Andrew Stamp

EXHIBIT E
Z0212-14/
Z0213-15

ANDREW H. STAMP, P.C.
ATTORNEY AT LAW
Kruse-Mercantile Professional Offices, Suite 16
4248 Galewood St.
Lake Oswego, OR 97035

Admitted in Oregon.

Tele: 503.675.4318
Fax: 503.675.4319
andrewstamp@comcast.net

November 10, 2014

VIA E-MAIL

Clackamas County Planning Commission
C/o Ms. Martha (Nix) Fritzie, Senior Planner
Clackamas County DTD
Planning & Zoning Division
150 Beavercreek Road
Oregon City, OR 97045

Dear Members of the Planning Commission:

The staff report is generally accurate, well written and favorable to approval of the OLF land use application. The staff report only recommends denial based on two grounds: (1) transportation issues, and (2) Clackamas County Comprehensive Plan Policy (Rural Industrial Plan Policy 3.0). The transportation issues will be addressed under separate cover. In this letter, we will address why Rural Industrial Plan Policy 3.0 is satisfied.

Rural Industrial Plan Policy 3.0 seeks to prevent rural industrial zoning on rural lands unless the land in question has a "historical commitment to industrial uses." The policy states:

> 3. Policy 3.0: *"Areas may be designated Rural Industrial when the first, the second, or both of the other criteria are met:"* * * * * *.
>
> a. *"Areas shall have an historical commitment to industrial uses.*

As we explained in the application, the Policy is intended to further the state's agricultural lands policy set forth at ORS 215.243[1] by seeking to limit the location of rural industrial uses to only

---

[1] **215.243 Agricultural land use policy.** The Legislative Assembly finds and declares that:
(1) Open land used for agricultural use is an efficient means of conserving natural resources that constitute an important physical, social, aesthetic and economic asset to all of the people of this state, whether living in rural, urban or metropolitan areas of the state.

those areas which have previously shown committed to industrial uses. In this regard, the goal is to preserve EFU land for farm uses, while recognizing that some lands may no longer be suitable for farm uses as a result of previous non-farm usage.

To make a finding of "historic commitment to industrial uses," the Planning Commission and Board of Commissioners ("BCC") must find that there is a history of extensive, but not necessarily exclusive, industrial use of the property. *See Huff v. Clackamas County*, 40 Or. LUBA 264 (2001) (LUBA affirmed similar finding to show historical commitment to commercial activities).[2] As set forth in the application, the subject site is developed with over 150,000 square feet of buildings that are "industrial" in nature and the buildings are not well-suited for modern agriculture. Both previous property owners and the current owner have made substantial infrastructure investment to the property to support rural industrial uses, and PGE has provided industrial levels of electrical service to the property. The applicant believes it is lawful for the Planning Commission and BCC to find that there has been a historical commitment to industrial uses on the property based on the following uses:

- Carnation poultry-egg operation (1963-1978):
    - Onsite raising of chickens for eggs (A "farm use").
    - Processing and wholesale distribution of eggs raised onsite and secondary processing to make packaged egg products.
    - Processing and wholesale distribution of eggs obtained offsite and secondary processing to make packaged egg products.
    - Placement of waste (chicken manure & egg shells) from operations on agricultural ground:
        a) portion derived from onsite poultry-egg operation (a "farm use")
        b) portion derived from eggs obtained from offsite (an industrial use).

---

(2) The preservation of a maximum amount of the limited supply of agricultural land is necessary to the conservation of the state's economic resources and the preservation of such land in large blocks is necessary in maintaining the agricultural economy of the state and for the assurance of adequate, healthful and nutritious food for the people of this state and nation.

(3) Expansion of urban development into rural areas is a matter of public concern because of the unnecessary increases in costs of community services, conflicts between farm and urban activities and the loss of open space and natural beauty around urban centers occurring as the result of such expansion.

(4) Exclusive farm use zoning as provided by law, substantially limits alternatives to the use of rural land and, with the importance of rural lands to the public, justifies incentives and privileges offered to encourage owners of rural lands to hold such lands in exclusive farm use zones. [1973 c.503 §1]

[2] In *Swyter v. Clackamas County*, 40 Or LUBA 166, 175 (2001), LUBA affirmed a Clackamas County decision that approved a zone change premised on a finding of historical commitment to commercial uses. LUBA held that the fact that the property had been vacant for the past 11 years did not negate the fact that the area had been used for commercial uses for the 65 years prior to that time.

- Rabbit breeding, slaughter, meat processing – tannery, fur operation:

  - Onsite breeding and raising of rabbits (a "farm use").
  - Processing, distribution and marketing of rabbits raised onsite – farm use.
  - Processing, distribution and marketing of rabbits obtained from offsite – 1983 GAD CACFU conditional use permit for remodel and use of building as a rabbit meat processing plant – industrial use.
  - Tanning of rabbit hides and other commercial livestock pelts, produced onsite and offsite. 1988 GAD CACFU conditional use permit - industrial use.
  - Processing and onsite disposal of slaughter gray water waste disposal of rabbits raised onsite – farm use.
  - Processing and onsite disposal of slaughter gray water waste disposal of rabbits raised offsite – industrial use.

- Liberty Natural Products use: area used for warehousing, processing and distribution of agricultural goods from other farms between 1999 to the present, which has been identified by the County in the report as a nonfarm use in land use pre-application conferences beginning in 2004.

- Non-conforming uses:

  - Wholesale auto parts recycling; a large non-conforming wholesale auto parts recycling operation that utilized over 40,000 sq ft of building space and which operated in the area from 1994 through July 30th, 2008, and had been was subject to County code compliance action and agreements
  - Storage and processing of Trailblazer fruit preserves – industrial use
  - Processing and manufacture of gemstones – industrial use
  - Rebuilding of pump and motors – industrial use

Thus, the evidence supports that a mix of farm and associated and non-associated industrial uses have existed historically at the OLF property from 1963 to the present. Both the egg and rabbit operations included substantial industrial processing of eggs and rabbits obtained from non-local offsite producers and as such were nonfarm industrial uses. Other than the use of fields for waste disposal, the past, current/proposed industrial uses have been limited to and conducted on a substantial portion of the 8.77 acre area of the property.

The staff report concludes that the area subject to the rural industrial rezone had only been historically committed to farm uses and associated *commercial* uses. Staff Report at p. 39. This conclusion was based on some key legal and factual errors. As one example of a factual error, the staff report is incorrect when it assumes that the buildings in the facility were established as "agricultural exempt." Aerial photographs reveal that the vast majority of the structures comprising the facility was constructed in the mid -1960s; approximately 10 years

before the agricultural building exemption and the landmark land use legislation were passed in the mid-1970's.

The legal issues are more complex. Perhaps the most key legal error is the way in which the staff report categories the prior uses of the property. Again, the staff report states that "the previous commercial farm production, processing, and even tannery uses on the subject [property] are farm uses (and associated commercial uses)." However, this statement is premised on two incorrect assumption: that aka: "CACFUs") are a type of "commercial" use as opposed to an "industrial" use. By their very nature, CACFUs includes both commercial[3] *and* industrial[4] uses. As discussed on page 26 of the application, customers of farm products including those facilities that engage in secondary processing of farm crops into products fall within the ambit of a CACFU and these types of manufacturing facilities are unquestionably industrial in nature. In *Earle v. McCarthy*, 28 Or App 541, 560 P2d 665 (1977), the court of appeals found that a hops warehouse is a CACFU.[5] A hops warehouse is a type of "industrial use" as opposed to a "commercial use." The ZDO's definition of industrial includes warehousing.

The staff report is correct that the raising of livestock and animal husbandry is considered a farm use. *Riggs v. Douglas County*, 37 Or. LUBA 432 (1999) (grazing approximately 200 head of sheep on a 337.5-acre parcel is a "farm use."). However, it is less clear as to whether a large-scale egg production facility constitutes a "farm use," particularly when, as here, the facility was also used for secondary processing of egg products and as a distribution hub for eggs produced off site.

Before looking at that issue, however, it is worth taking a step back to review the statutory definition of "farm use." As enacted in 1973, ORS 215.203(2)(a) (1973) was fairly narrow, and provided:

> (2)(a) As used in this section, "farm use" means the current employment of land including that portion of such lands under buildings supporting accepted farming practices for the purpose of obtaining a profit in money by raising, harvesting and selling crops or by the feeding, breeding, management and sale of, or the produce of, livestock, poultry, fur-bearing animals or honeybees or

---

[3] A farm and feed store is an example of a *commercial* use that can approved as a CACFU. *Barge v. Clackamas County*, 39 Or. LUBA 183 (2000). A farm implement and irrigation equipment dealership is a CACFU. *Balin v. Klamath Falls*, 3 LCDC 8, 19 (1979).

[4] A 46,856 fruit processing facility is an example of an industrial use that that can approved as a CACFU. *Hiebenthal v. Polk County*, 41 Or LUBA 316, 327 (2002).

[5] In a September 13, 2012 decision in ZO141-12-PDR, Clackamas County Hearings Officer Kenneth Helm found that CACFU and non-CACFU conditional uses are non-farm uses in considering the approval of a compost facility.

> for dairying and the sale of dairy products or any other agricultural or horticultural use or animal husbandry or any combination thereof. "Farm use" includes the preparation and storage of the products raised on such land for man's use and animal use and disposal by marketing or otherwise. It does not include the use of land subject to the provisions of ORS chapter 321, or the construction and use of dwellings customarily provided in conjunction with the farm use.

The current definition is more broad, as certain uses which were previously thought of as non-farm uses have, for unrelated policy reasons, been added under the umbrella of the term "farm use." ORS 215.203 now states:

> (2)(a) As used in this section, "farm use" means the current employment of land for the primary purpose of obtaining a profit in money by raising, harvesting and selling crops or the feeding, breeding, management and sale of, or the produce of, livestock, poultry, fur-bearing animals or honeybees or for dairying and the sale of dairy products or any other agricultural or horticultural use or animal husbandry or any combination thereof. "Farm use" includes the preparation,[6] storage and disposal by marketing or otherwise of the products or by-products raised on such land for human or animal use. "Farm use" also includes the current employment of land for the primary purpose of obtaining a profit in money by stabling or training equines including but not limited to providing riding lessons, training clinics and schooling shows. "Farm use" also includes the propagation, cultivation, maintenance and harvesting of aquatic, bird and animal species that are under the jurisdiction of the State Fish and Wildlife Commission, to the extent allowed by the rules adopted by the commission. "Farm use" includes the on-site construction and maintenance of equipment and facilities used for the activities described in this subsection. "Farm use" does not include the use of land subject to the provisions of ORS chapter 321, except land used exclusively for growing cultured Christmas trees as defined in subsection (3) of this section or land described in ORS 321.267 (3) or 321.824 (3).

Thus, the current expanded definition includes many categories of uses that are not really "farm uses" in any traditional sense of the word. As an example, consider the way the statutory

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[6] Pursuant to OAR 660-033-0020(7)(A), the term "preparation" of products or by-products "includes but is not limited to the cleaning, treatment, sorting, or packaging of the products or by-products."

policy surrounding horse breeding has changed over time. Prior to 1993, ORS 215.203(2)(a) did not mention equines, and the boarding or training of horses in farm zones was only allowed as a non-farm use. Indeed, in a 1992 case, LUBA established that while the raising of one's own horses on farmland is a "farm use," the boarding of horses for others for profit was not a farm use. *Moody v Deschutes County*, 22 Or LUBA 567 (1992). At the time, ORS 215.213(2)(j) allowed as a conditional use the "boarding of horses for profit" in marginal lands counties, while ORS 215.283(1)(p) allowed the "breeding, boarding and training of horses for profit" in all other counties.

In 1993, at the request of the Horse Council of Oregon, the legislature adopted HB 2934. HB 2934 deleted the statutory provisions that treated horse boarding and training facilities as a nonfarm use, and amended ORS 215.203(2)(a) to provide that farm use includes "the current employment of land for the primary purpose of obtaining a profit in money by stabling or training equines." Or Laws 1993, chapter 704, section 1. The apparent purpose of HB 2934 was to "solve the longstanding problem of siting horse boarding and training facilities in farm zones." In 1995, the Horse Council of Oregon sponsored SB 946, which amended ORS 215.203(2)(a) to add the language "including but not limited to providing riding lessons, training clinics and schooling shows." The intent of this amendment was to clarify that a "horse boarding and training stable may engage in common practices in conjunction with the stable," such as riding lessons, training clinics and schooling shows. Minutes, House Natural Resources Committee Work Session, May 3, 1995, 8-9. Thus, it should be readily apparent that the 1993 statutory change had really nothing to do with whether or not an equine boarding operation is a "farm use." Rather, the statutory amendment reflected a policy choice to allow these types of uses on EFU land without the cost and expense of undertakings the type of land use procedures and public proceeding required when permitting non-farm uses on EFU land.

As another example, consider the fact that the statute was amended to include the following sentence: "'Farm use' also includes the propagation, cultivation, maintenance and harvesting of aquatic, bird and animal species that are under the jurisdiction of the State Fish and Wildlife Commission, to the extent allowed by the rules adopted by the commission." Thus, the definition of "farm use" now oyster processing facilities – a use one would not normally associate with a traditional farm.

In summary, the legal definition of "farm use" is not intended to be a list of what the legislature considers to be a farm. Rather, it is a list of uses that the legislature believes should be allowed outright in the EFU zone without land use permits of any kind.

Once a farm starts preparing or processing products from the farm, you get into another gray area. The term "farm use" includes the "preparation" of farm products, but that is something less than processing of farm products. Making a new or different product from the naturally grown farm product is processing, not preparation. As an example, bottling and pasteurizing milk is preparation of a "dairy product" but turning milk into cheese is "processing" which is not

a farm use. Raising a cow is a farm use, but a slaughterhouse is not a farm use (it may be, however, a CACFU under certain conditions).

As relevant here, the term "farm use" includes the "produce" of poultry, which one might presume includes eggs. However, small scale egg production facilities are regulated under ORS 215.283(1)(r). Moreover, a large-scale egg production, processing, and distribution facility similar to what Carnation operated from the subject property from 1963 to 1978 is not a "farm use" because it engaged both in (1) secondary processing of egg products, and (2) extensive repackaging and distribution of eggs grown at other facilities.

Small-scale poultry processing operations (10,000 s.f. or less) would fall under the category of "farm processing facility" uses, as set forth in ORS 215.283(1)(r), while larger-scale operations may fall under ORS 215.283(2)(a) as a CACFU so long as they meet the judicially-imposed requirement that the activity "must enhance the farming enterprises of the local agricultural community to which the EFU land hosting that commercial activity relates."

Perhaps the most difficult of all lines to draw is the distinction between a "farm use," "farm processing facility," and a "commercial activity in conjunction with farm use." The term "farm use" was intended to allow a certain amount of initial "preparation" for sale of the farm products raised on a farm. *See Reter v. Oregon Tax Comm'n*, 3 OTR 477 (1969). However, the scale of that activity was limited, and did not include secondary processing of farm products. *See* OAR 660-033-0020(7)(b).

> (b) As used in the definition of "farm use" in ORS 215.203 and in this division:
>
> (A) "Preparation" of products or by-products includes but is not limited to the cleaning, treatment, sorting, or packaging of the products or by-products; and
>
> (B) "Products or by-products raised on such land" means that those products or by-products are raised on the farm operation where the preparation occurs or on other farm land provided the preparation is occurring only on land being used for the primary purpose of obtaining a profit in money from the farm use of the land.

As mentioned above, ORS 215.283(1)(r) provides for an intermediate type of farm processing facility as a non-farm use, but only on a limited scale.

> A facility for the processing of farm crops or for the production of biofuel, as defined in ORS 315.141, if the facility is located on a farm operation that provides at least one-quarter of the farm crops processed at the facility, or an establishment for the slaughter,

> processing or selling of poultry or poultry products pursuant to ORS 603.038.[7] If a building is established or used for the processing facility or establishment, the farm operator may not devote more than 10,000 square feet of floor area to the processing facility or establishment, exclusive of the floor area designated for preparation, storage or other farm use. A processing facility or establishment must comply with all applicable siting standards but the standards may not be applied in a manner that prohibits the siting of the processing facility or establishment.[8]

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[7]ORS 603.038 applies to small-scale poultry operations. The statute is entitled "Licensing exemption for certain poultry processors" and provides:

> (1) As used in this section, "poultry" means live or dead chickens, turkeys, ducks, geese, guinea fowl or other domesticated birds.
> (2) ORS 603.025 and 616.706 do not apply to a person that complies with this subsection:
> (a) During the calendar year, the person may slaughter not more than 1,000 poultry for use as human food. The person may slaughter and process only poultry that have been raised since two weeks of age by the person and that are free from disease. The person may not slaughter, process or sell poultry or poultry products except poultry described in this subsection and poultry eggs.
> (b) The person must slaughter the poultry at the business premises of the person in an establishment that meets the requirements in ORS 619.026 and any State Department of Agriculture rules adopted under ORS 619.046. The person may not allow other persons to use the establishment.
> (c) The person must comply with any federal limitations or prohibitions on introducing the poultry or products produced from the poultry into interstate commerce.
> (d) A person that claims exemption from ORS 603.025 and 616.706 under this section must maintain slaughtering, sales, sanitation and other records pertaining to the poultry as required by the department. The person shall allow the department to inspect the records and the slaughtering establishment upon request and as provided under ORS 576.024 and 619.036.
> (3) The exemption described in this section is in addition to any exemption that a person may claim under ORS 603.034 (4) for the slaughtering and processing of poultry for personal use. [2011 c.119 §1]

Under ORS 603.010(10), the term "Poultry" means "chickens, ducks, geese, turkeys and all other domesticated fowls or birds."

[8] OAR 660-033-0130(28) provides additional requirements for farm processing facilities, as follows:

> A farm on which a processing facility is located must provide at least one-quarter of the farm crops processed at the facility. A farm may also be used for an establishment for the slaughter, processing or selling of poultry or poultry products pursuant to ORS 603.038. If a building is established or used for the processing facility or establishment, the farm operator may not devote more than 10,000 square feet of floor area to the processing facility or establishment,

For purposes of this discussion, the "farm processing facility" set forth at ORS 215.283(1)(r) is simply too small to be relevant here.

The only other option for egg production on EFU land is the CACFU. The term "commercial activity in conjunction with farm use" first arose with the passage of SB 101 in 1973. The concept of "commercial activities" that are "in conjunction with farm use" is not defined by statute and is somewhat subjective. The term was kept rather vague on purpose: the legislative intent was to let local government decide what these uses might be. Used discussed by the legislature as falling within this category included hop, nut, and fruit driers, feed mixing and storage facilities, mint distilleries, rendering plants, seed processing, packing, shipping, and storage facilities, slaughter houses, agricultural produce storage facilities, feed lots, hullers, and any other similar processing and allies farm commercial activity. Some of these types of uses are unquestionably "industrial" as opposed to "commercial" or "residential" in nature. *Hiebenthal v. Polk County*, 41 Or LUBA 316, 327 (2002) (A 46,856 fruit processing facility is an example of an industrial use that that can approved as a CACFU).

The first case to seriously test where the line should be drawn between a farm use and a CACFU was *Craven v. Jackson County*, 308 Or 281, 779 P2d 1011 (1989). In *Craven,* the Oregon Supreme Court held that vineyards are a "farm use" under ORS 215.203. *Id.* at 285. The Court further determined that a winery and wine tasting room are a "commercial use in conjunction with farm use" under ORS 215.213(2) / 215.283(2). ORS 215.452 (1989) was enacted in response to the controversy that resulted in the *Craven* case, and made wineries and wine tasting rooms a permitted ORS 215.283 "Sub -1" non-farm use instead of a "Sub-2" conditional use (i.e "CACFU.").

Another use that can test the limits of what constitutes a farm use are concentrated animal feed operations ("CAFO"). A CAFO is a specific type of large-scale industrial agricultural facility that raises animals, usually at high-density, for the consumption of meat, eggs, or milk. Under Oregon law, a CAFO is generally viewed as a CACFU. *Friends of Jefferson County v. Jefferson County*, 48 Or. LUBA 107 (2004). Of course, this characterization presumes that the primary source of the animals is *local* farmers. If the animals were sourced primarily from outside the region, the CAFO would only be allowed as a rural industrial use.

This analysis, of course, brings us full circle to the present case. Here, an herb processing facility distribution facility is a type of "industrial" use (as opposed to commercial or residential)

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exclusive of the floor area designated for preparation, storage or other farm use. A processing facility or establishment must comply with all applicable siting standards but the standards may not be applied in a manner that prohibits the siting of the processing facility or establishment. A county may not approve any division of a lot or parcel that separates a processing facility or establishment from the farm operation on which it is located.

that would fall within the parameters of a CACFU if the source crops originated primarily in the local area.

In light of the above analysis, staff is simply incorrect when it reads CACFUs to be limited to "commercial" uses exclusive of "industrial" uses. The statute uses the label "commercial activity in conjunction with farm use," but in this context, it is merely describing nonfarm business activities, whether commercial or industrial, that are supportive of farming. The term was not intended to differentiate between non-farm commercial uses and non-farm industrial uses.

The staff report also states that there is no standard to determine when a use ceases to be a farm use, and that the size of a farm use does not reach a point where it is no longer a farm use. While this is true in some cases, it is not true in all cases, especially with regard to egg production or CAFOs, as we have previously explained. Grazing cattle is a farm use, but a CAFO using imported feed is either a CACFU or a rural industrial use. Similarly, when a poultry-egg operation brings in a substantial volume of eggs for processing from offsite producers, uses imported feed, and engages in secondary processing, that use can only be approved as a nonfarm CACFU or a rural industrial use depending on the source of the feed and the chickens, etc. The same is also true of the rabbit breeding and processing operations: that is precisely why the County required nonfarm CACFU conditional use permits for both the past processing and tannery operations. Another example, is the planning department's determination that the OLF distribution of agricultural goods obtained from offsite would require a nonfarm CACFU, if the volume were within limits. The staff report concluded that the rural industrial designation was the only path to allow the proposed OLF uses.

In conclusion, staff did not give sufficient consideration to the evidence that the past use activities were industrial in nature. While some aspects of the uses were farms uses: the raising of livestock, poultry for eggs, and rabbits for meat, furs and medical use, other aspects of the use were unquestionably industrial. All of these activities were limited primarily to the 8.77 acre area of the property that is subject to the application for a zone change from EFU to rural industrial. In the past, the remainder of the OLF property, approximately 80 acres, was not employed for any significant long-term historical farm use, until the applicant established the OLF lavender and specialty herb crop fields. The prior poultry-egg and rabbit operations utilized ~35 acres for disposal of waste produced by the farm use and industrial CACFU operations. The proposed OLF uses substantially expand the farm use acreage consistent with Oregon land use policies.

For these reason, we urge the Planning Commission to find that Rural Industrial Plan Policy 3.0 is satisfied.

Sincerely,

ANDREW H. STAMP, P.C.

Andrew H. Stamp

Andrew H. Stamp

AHS:ahs
cc: client (Via email)

EXHIBIT F
Z0212-14
Z0213-14

OREGON LAVENDER FARM

Jim Dierking, Owner

Andrew Stamp, Attorney at Law

Lancaster Engineering, Traffic Engineer

LIBERTY NATURAL PRODUCTS
NatureSource Ingredients

A CLACKAMAS COUNTY SUCCESS STORY - OREGON LAVENDER FARM

- OVER 25 ACRES - PRODUCTION OF LAVENDER AND LAVENDER OILS
- AGRI-TOURISM ATTRACTION FOR CLACKAMAS COUNTY
- OREGON LAVENDER FESTIVAL - TWO DAYS, 5000 VISITORS
- 15 YEAR HISTORY OF GOOD RELATIONS WITH NEIGHBORS

Liberty Natural Products

- PURCHASING, PACKAGING, & MARKETING SPECIALTY BOTANICALS
- 35 EMPLOYEES - $7 M ANNUAL REVENUE - 15 YEARS OF GROWTH AND SUCCESS
- ENCOURAGING AND FOSTERING SPECIALTY AGRICULTURE LOCALLY

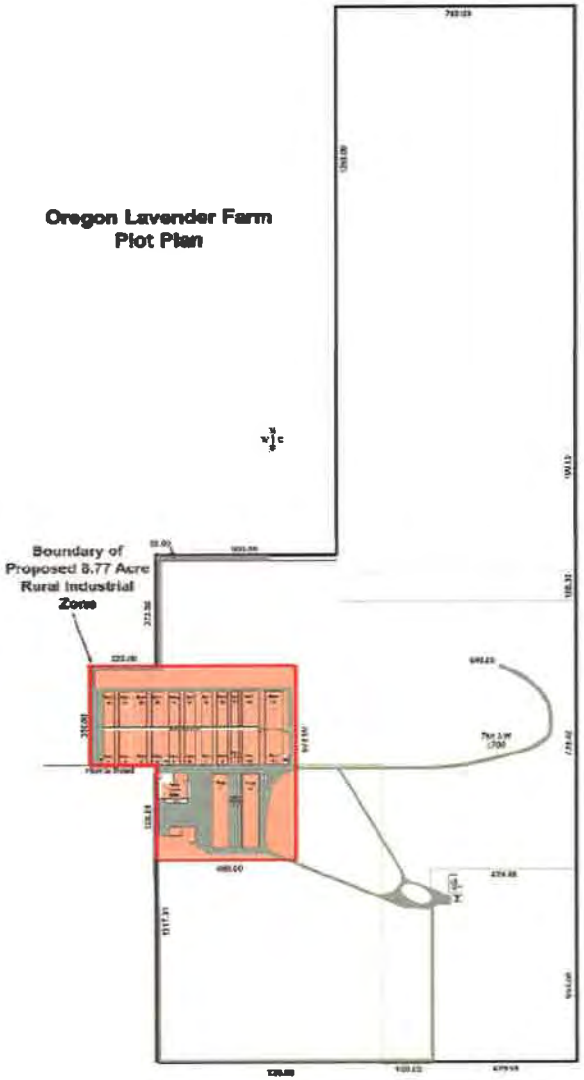
Liberty Natural Products

- PURCHASING, PACKAGING, & MARKETING SPECIALTY BOTANICALS
- 35 EMPLOYEES - $8M ANNUAL REVENUE - 15 YEARS OF GROWTH AND SUCCESS
- ENCOURAGING AND FOSTERING SPECIALTY AGRICULTURE LOCALLY

OVERVIEW – PROPOSAL TO RE-ZONE 8.77 ACRE LEGACY FACILITY OUT OF 90 ACRES

- FROM EFU TO RURAL INDUSTRIAL TO PRESERVE & SUPPORT FARM OPERATIONS & LIBERTY NATURALS

- LESS THAN 10% OF THE TOTAL PROPERTY



A Lengthy History of Failed Rural Industrial Agricultural Operations

- CARNATION (Industrial Egg Production) 1962-1978 – CONSTANT POLLUTION & ODOR ISSUES

- RABBIT FARM 1980-90 – RAISING, SLAUGHTER, MEAT PROCESSING, TANNING

- EXOTIC ANIMALS & REPTILES 1990-92 - NOT A SUCCESS.

YEARS OF DECLINE & NEGLECT 1992-1999

- NEGLECTED NUISANCE PROPERTY – SHORT-TERM TENANTS
- JUNK, CHEMICALS & SOLID WASTE ACCUMULATION
- UNLAWFUL DWELLINGS AND CRIMINALS LIVING ON-SITE
- METH LAB, DRUG & STOLEN GUN DEALING – LLOYD WILLIAMSON 1996 ARREST
- CONSTANT CODE ENFORCEMENT AND SHERIFF'S OFFICE COMPLAINTS
- PROPERTY LISTED AS A CONTAMINATED METH LAB SITE - 1998

1999 – JIM DIERKING PURCHASES THE TROUBLED PROPERTY

- SITE CLEAN-UP AND DEALING WITH HOLDOVER TENANTS
- UNLAWFUL INDUSTRIAL AUTO PARTS SALVAGE BUSINESS – FINALLY MOVED OFF-SITE
- CODE ENFORCEMENT COMPLAINTS RESOLVED ONCE TENANTS LEFT

1999 – JIM DIERKING PURCHASES THE TROUBLED PROPERTY

- SITE CLEAN-UP AND DEALING WITH HOLDOVER TENANTS
- UNLAWFUL INDUSTRIAL AUTO PARTS SALVAGE BUSINESS – FINALLY MOVED OFF-SITE
- CODE ENFORCEMENT COMPLAINTS RESOLVED ONCE TENANTS LEFT

ADAPTIVE REUSE: From Poultry Egg Factory To.....

Adaptive reuse refers to the process of *reusing* an old site or building for a purpose other than which it was built or designed for. Along with brownfield reclamation, *adaptive reuse* is seen by many as a key factor in land conservation and the reduction of urban sprawl

ADAPTIVE REUSE: From Rabbit Breeding & Rendering Factory To.....

Adaptive reuse refers to the process of *reusing* an old site or building for a purpose other than which it was built or designed for. Along with brownfield reclamation, *adaptive reuse* is seen by many as a key factor in land conservation and the reduction of urban sprawl

ADAPTIVE REUSE: Now! Lavender Farm, Herb Processing & Agricultural Goods Distribution

Elimination of Pollution/Environmental Impact of Prior Factory Egg & Rabbit Rendering Uses

Greater Positive Support For Agriculture and the Environment

CURRENT AGRICULTURAL ACTIVITIES ON THE SITE

- 25 ACRES IN CULTIVATION OF LAVENDER AND LAVANDIN

- OREGON TILTH-CERTIFIED ORGANIC BOTANICALS INCLUDING CHAMOMILE, CITRONELLA, ECHINACEA, FENNEL, FEVERFEW, GINKGO, SELF HEAL, HOREHOUND, MOTHERWORT, ROSEMARY, SAGE, THISTLE, & MANY OTHERS

CURRENTLY ALLOWED AGRICULTURAL USES AT THE SITE:

- CROP CULTIVATION, HARVESTING & MARKETING IS AN OUTRIGHT ALLOWED USE IN AN EFU ZONE

- PROCESSING OF CROPS GROWN ON-SITE IS ALSO AN ALLOWED USE

Processing, Packing and Distribution of Specialty Crops

- PROCESSING CROPS GROWN LOCALLY BUT OFF-SITE IS A:

  "COMMERCIAL ACITIVITY IN CONJUNCTION WITH FARM USE"

- ALLOWED SUBJECT TO A CONDITIONAL USE PERMIT

CURRENT CROP PROCESSING ACTIVITIES ON THE SITE

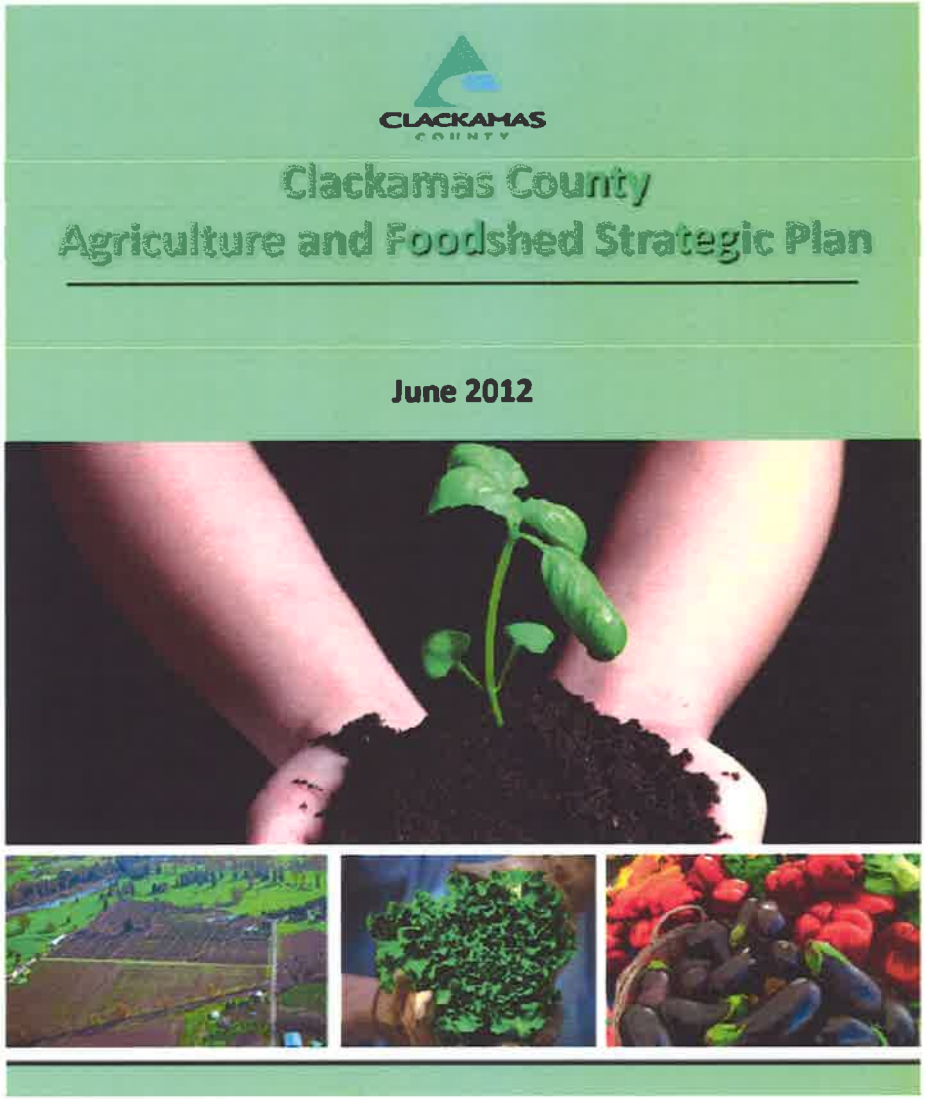
- PERMITTED OUTRIGHT OR AS A "COMMERCIAL ACTIVITY IN CONJUCTION WITH FARM USE:"
- STEAM DISTILLATION OF ESSENTIAL OILS: LAVENDER, CLARY, SAGE, ROSEMARY, DOUGLAS FIR, NOBLE FIR, & OTHER CROPS
- PRODUCTION OF OVER 180 TINCTURES (EXTRACTS) FROM BOTANICAL HERBS

OREGON LAVENDER FARM & LIBERTY NATURAL PRODUCTS:

- PROVEN TO BE A SUCCESSFUL COMBINATION
- INTEGRATED STAFF, OPERATIONS, PAYROLL, ADMINISTRATION, SHIPPING & RECEIVING, ACCOUNTING, COMPUTER, EMAIL & TELEPHONE SYSTEMS
- OPERATIONAL SYNERGY AND COST SAVINGS – NO NEED FOR DUPLICATION
- 35 EMPLOYEES, TOTAL ANNUAL PAYROLL NEARLY $1 MILLION

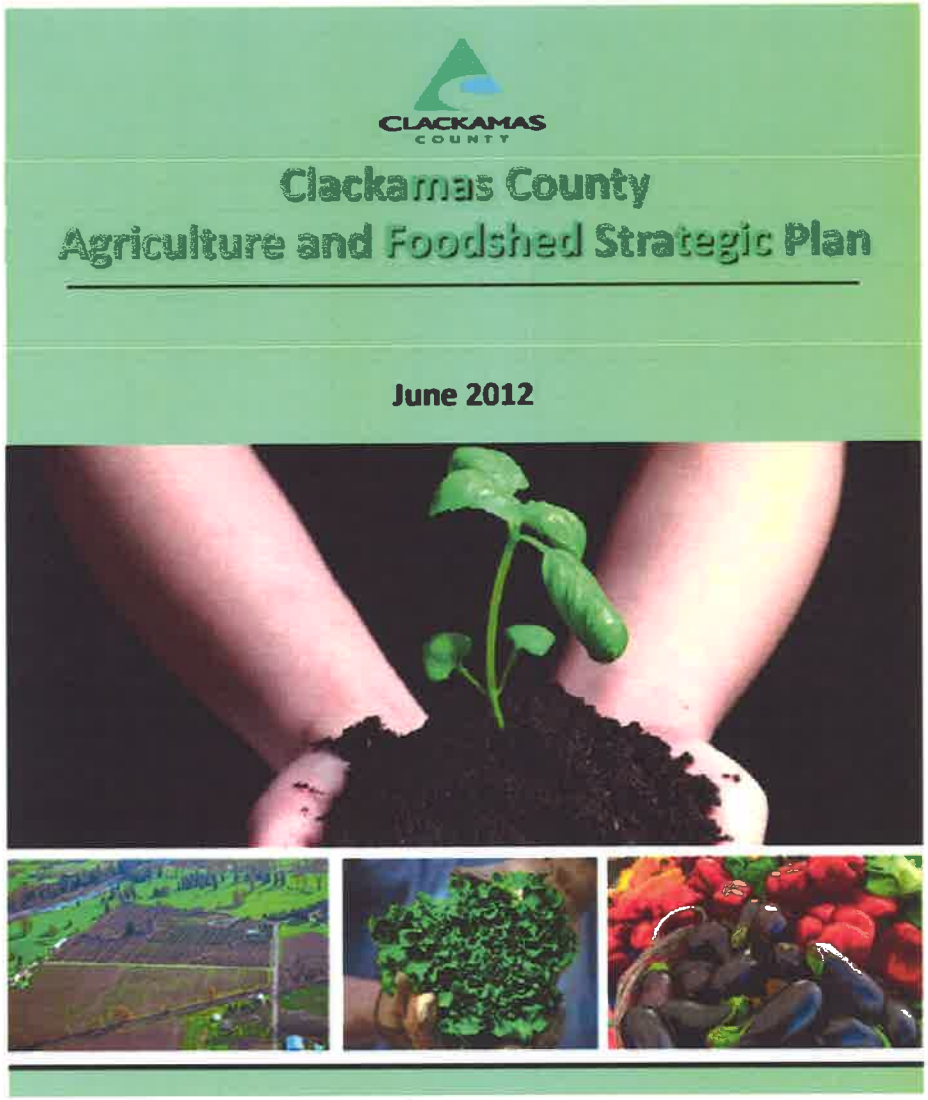
HOW DOES THE COMBINED OLF-LNP BUSINESS CONTRIBUTE TO THE COUNTY?

- PROMOTE HIGH-VALUE SPECIALTY CROP CULTIVATION BY COUNTY FARMERS
- PROVIDE EXISTING MARKETING & DISTRIBUTION CHANNELS FOR NEW CROPS
- PROMOTE NOVEL VALUE ADDED CROP USES (e,g, LAVENDER BEER, ICE CREAM, CONFECTIONS)
- PROVIDE NEW USES & MARKETS FOR OLD CROPS (*e.g.* CHRISTMAS TREES)



HOW DOES THE COMBINED OLF-LNP BUSINESS CONTRIBUTE TO THE COUNTY?

- CLACKAMAS COUNTY HAS EMPHASIZED THE IMPORTANCE OF AGRI-TOURISM
- COUNTY COMMISSIONED THROUGH 2012 AGRI-TOURISM MASTER PLAN



PROMOTE COUNTY AGRI-TOURISM THROUGH CLACKAMAS COUNTY LAVENDER FESTIVAL

- FREE ADMISSION, FOOD & ACTIVITIES FOR ADULTS AND FAMILIES
- IN ITS EIGHTH YEAR; 5000 VISITORS FOR THE TWO-DAY FESTIVAL
- FEATURED IN THE ANNUAL OREGON LAVENDER ASSN FARM TOUR

PLANNING FOR THE FUTURE

- 'MOTHER DISTILLERY' TO HANDLE 200 TO 500 ACRES OF LAVENDER CROPS
- SUPPORT SERVICES FOR OTHER LAVENDER GROWERS – GROWING, MARKETING,
- LOAN OF HARVEST EQUIPMENT, DISTILLATION SERVICES.
- PROSPECTIVE LEASE OR PURCHASE OF NEARBY PROPERTIES – MS GROWERS, MORIARTY AND OTHERS.
- DEVELOPMENT OF ORGANIC COMPOST FROM DISTILLATION DISCHARGE

FOSTER CULTIVATION OF HIGH-VALUE SPECIALTY HERBS NEW TO LOCAL AREA

- PROVIDE EXPERTISE TO LOCAL FARMERS FOR NEW HIGH-VALUE HERB CROPS

- PROVIDE ESTABLISHED MARKETING & CUSTOMERS SO LOCAL FARMERS CAN SELL THEIR VALUE-ADDED HERB CROPS NATIONALLY & ABROAD

STAFF POSITION: ZONE CHANGE IS ONLY OPTION

IN ORDER TO KEEP OPERATING LIBERTY NATURALS BUSINESS AT THIS SITE:

ZONE CHANGE TO 'RURAL INDUSTRIAL' IS NEEDED (FOR THE AREA THAT LIBERTY NATURAL PRODUCTS OCCUPIES – LESS THAN 9 OUT OF 90 ACRES)

LIBERTY NATURAL'S CURRENT WHOLESALE IMPORTATION & DISTRIBUTION OF HERBS AND EXTRACTS IS NEITHER SEEN AS A "FARM USE" (ALLOWED OUTRIGHT) NOR A "COMMERCIAL ACTIVITY IN CONJUNCTION WITH FARM USE" (ALLOWED WITH A CONDITIONAL USE PERMIT)

STAFF POSITION: ZONE CHANGE IS ONLY OPTION

IN ORDER TO KEEP OPERATING LIBERTY NATURALS BUSINESS AT THIS SITE:

ZONE CHANGE TO 'RURAL INDUSTRIAL' IS NEEDED (FOR THE AREA THAT LIBERTY NATURAL PRODUCTS OCCUPIES – LESS THAN 9 OUT OF 90 ACRES)

LIBERTY NATURAL'S CURRENT WHOLESALE IMPORTATION & DISTRIBUTION OF HERBS AND EXTRACTS IS NEITHER SEEN AS A "FARM USE" (ALLOWED OUTRIGHT) NOR A "COMMERCIAL ACTIVITY IN CONJUNCTION WITH FARM USE" (ALLOWED WITH A CONDITIONAL USE PERMIT)

WHY ISN'T A CONDITIONAL USE PERMIT FOR A "CACFU" A VIABLE ALTERNATIVE TO SEEKING A GOAL EXCEPTION?

A CACFU "MUST PROVIDE PRODUCTS & SERVICES ESSENTIAL TO THE PRACTICE OF AGRICULTURE" DIRECTLY TO NEARBY FARMERS.
Craven, Earle, & Stoller Vineyards cases

A CLASSIC "Chicken & Egg" PROBLEM.

Which comes first?

THUS NO GOAL EXCEPTION WOULD BE NEEDED IF THERE WERE ALREADY ESTABLISHED LAVENDER & HERB FARMS IN LOCAL AREA; A CACFU WOULD SUFFICE. BUT NO LOCAL FARMERS WILL GROW THESE CROPS UNLESS THERE IS A NEARBY PROCESSING & DISTRIBUTION FACILITY.

GOAL EXCEPTION PROCESS. THREE TYPES (ORS 197.732(2)):

- "PHYSICALLY DEVELOPED" EXCEPTION
- "IRREVOCABLY COMMITTED" EXCEPTION
- "REASONS" EXCEPTION
  - THIS IS THE RELEVANT EXCEPTION FOR THIS CASE

"REASONS" EXCEPTION – THE FOUR STANDARDS

- NEED
- ALTERNATIVES
- CONSEQUENCES
- COMPATIBILITY

PROPOSED USE HAS SPECIAL QUALITIES THAT NEED & OPTIMALLY USE THIS SITE

OAR 660-004-0022(2)(c) Rural Industrial Development rule. Factors to consider:

- The use **cannot be located in a UGB** due to odors and the need to have easy access to the fresh growing crops for monitoring and testing.
- The use will have a **significant comparative advantage** at this site due to co-location of the farm, laboratory, distillation & distribution facilities, and the personnel to operate them, as well as the close proximity to other Clackamas County farms and growers. The beautiful setting offers applicant a comparative advantage in a market that values natural, wholesome purity.

[Expert witness Dr. Don Roberts has testified to these economic advantages & synergies.

- The beautiful natural setting adds to the value of the crops grown & processed there, as it evokes cleanliness, purity, wholesomeness and Oregon mountain *terroir.* This gives the applicant's products a much-needed marketplace advantage; he cannot compete with low-wage and lax-regulation producers in Asia and elsewhere].
- The use will **benefit the county economy** by encouraging local farmers to diversify into high-value specialty herbs and by promoting agri-tourism (*e.g*. Oregon Lavender Festival).
- The use will cause only **minimal loss of productive ag land** because this site has 150,000 sq. ft. of already built rural industrial space, all the applicant will ever need. No more ag land need be taken out of production to accommodate the proposed use.

ALTERNATIVES – COULD OTHER SITES ACCOMMODATE THE USE?

No.

- There are no other Clackamas County sites zoned Rural Industrial that could accommodate the use, nor any suitable Industrial sites located in a UGB.
- [Using data & research help from the Clackamas County Business & Economic Development Department, we found no sites meeting the minimal requirements offered by the existing site (*i.e.* minimum 5 acres industrial, 150,000 sq.ft. building space, 20 acres of onsite ag land)].

CONSEQUENCES – WOULD USING THIS SITE HAVE SIGNIFICANTLY MORE ADVERSE ESEE CONSEQUENCES THAN SOME OTHER EFU SITE?

No.

- Any other EFU site would require paving over many acres of ag land to create the needed 150,000 sq. feet of building space.
- [Current site has all infrastructure in place. Abandoning this site would likely cause it to again fall into neglect and nuisance uses. Current use has far fewer negative environmental impacts than any past use. The current use is organic and environmentally sustainable. Current site is located close to key commercial & residential centers & transportation corridors.]

COMPATIBILITY – IS THE PROPOSED USE COMPATIBLE (OR CAN IT BE MADE COMPATIBLE) WITH NEARBY PROPERTIES?

Yes.

The current use has been in full operation since 2006 with no compatibility problems with nearby landowners. The best evidence of future compatibility is past compatibility. Oregon Lavender Farm-Liberty Natural Products has a proven record of being a good neighbor, and all the neighbors support this application.

Comprehensive Plan
Rural Industrial Plan Policy 3.0

3.0 Areas may be designated Rural Industrial when the first, the second, or both of the other criteria are met:

a. Areas shall have an historical commitment to industrial uses. * * *

- Large scale egg production can be viewed as an "industrial use."
  - Requires large scale buildings and transportation infrastructure such as rail.
  - No connection to the land; chickens never see sunlight or dirt.
  - Oregon law lists egg production as a "farm use" for unrelated policy reasons.

Questions?

EXHIBIT G
Z0012-14 &
Z0013-14

November 22, 2013

LANCASTER
ENGINEERING
321 SW 4th Ave., Suite 400
Portland, OR 97204
phone: 503.248.0313
fax: 503.248.9251
lancasterengineering.com

Richard Nys
Clackamas County Transportation Engineering
150 Beavercreek Road
Oregon City, OR 97045

RE: *Speed Study and Sight Distance Analysis at SE Gerber Rd and SE Harris Rd*

Dear Rick,

This letter is a follow-up to our previous Transportation Analysis Letter (TAL) for the Oregon Lavender Farms (OLF) property located at 20949 S. Harris Road in Clackamas County, Oregon. As described in our letter dated October 27, 2014, clear lines of sight are available to accommodate safe operation of the S Gerber Road and S Harris Road to the south at the road's statutory speed of 55 mph. Due to the rise of a hill on S Gerber Road to the north, intersection sight distance (ISD) to the north was found to be less than the standard for vehicles traveling at 55 mph. However, stopping sight distance (SSD) was found to be adequate at this speed.

This speed study and sight distance analysis was conducted to evaluate whether this intersection can function safely for traffic taking access to and from S Gerber Road at S Harris Road.

Speed Study & Sight Distance Analysis

As previously indicated, S Gerber Road has a statutory 55-mph speed limit. Speed data were collected at the intersection of S Gerber Road at S Harris road for a 24-hour period from 12:00 AM to 11:59PM on Tuesday, November 18, 2014. For the purposes of this study, data from the southbound direction (which was found to have limited ISD) will be analyzed.

For vehicles traveling southbound, the 85th percentile speed was measured to be 49 mph. The complete set of data from the study is provided in the attachment to this memo. Based on both AASHTO standards and the Clackamas County Roadway Standards, the required ISD is 554 feet and the required SSD is 412 feet for the 85th percentile speed of 49 mph.

Based upon our previous field measurements, the available sight distance to the north for vehicles departing Harris Road is 530 feet. This distance very nearly meets the ISD standard of 554 ft, but easily satisfies the SSD requirement of 412 feet.

At 530 feet, the existing sight distances is 14 feet less than the 544 feet specified by Clackamas County as the necessary intersection sight distance (ISD) for this intersection at an 85th percentile speed of 49 mph. However, the applicant is requesting a design modification as allowed in Section 170.1 of the Clackamas County Roadway Standards to use stopping sight distance (SSD) in lieu of ISD as the applicable design standard. Based upon this standard, the sight distance available to the north to vehicles turning left (southbound) onto S Harris Road is sufficient to accommodate safe operation of the intersection from this direction. The existing sight distance exceeds the minimum necessary ISD for an 85th percentile speed of 49 mph by 118 feet.

Request for Design Modification

Section 170.1.2 of the Roadway Standards contains a list of conditions identifying when a modification may be requested. As indicated previously, the limited sight distance is caused by the rise of a large hill to the north. The specified ISD therefore cannot be met without "undue hardship." Moreover, stopping sight distance (SSD) for the intersection can be achieved, indicating that the intersection can operate safely. For these reason, subsection (c.) of 170.1.2 is met, indicating that the County may grant a modification.

Per Section 170.1.1, the request for a design modification should include four items. These items are listed below, with the response to each following.

Desired Modification

The requested modification is to allow the use of the Modified ISD as provided in Section 240.7. Specifically, it is requested that the stopping sight distance for the 85th percentile of traffic speeds as measured in the speed study conducted on 11/18/14 be used as the applicable standard.

Reason for the Request

For the subject site to develop, it is necessary to take access to S Gerber Road from S Harris Road. This route provides the only access to the site. Although the southbound approach to this intersection does not meet the required ISD for the 85th percentile speed measured at this location, it does provide a line-of-site that is adequate for stopping sight distance to be achieved. In addition, the low traffic volumes on S Gerber Road provide for minimal conflicts and safe operation of the intersection.

Comparison between Standard & Modification, for Performance, Function, Maintainability, Safety, etc.

At the 85th percentile speed of 49 mph, the minimum required stopping distance for safety is 412 feet. This includes the distance travelled as drivers see and react to potential conflicts as well as the distance necessary for braking. The available sight distance to the south for vehicles entering the roadway from the site access and the available sight distance between vehicles travelling southbound and a vehicle stopped at S Harris Road waiting to turn left (southbound) exceeds this minimum.

The available sight distance at this intersection also provides adequate SSD (495 ft) for vehicles traveling up to the statutory speed limit on S Gerber Road of 55 mph. Traffic stopped at S Harris Road waiting to turn left (south) onto S Gerber Road can therefore see, react, and stop for vehicles traveling in the southbound direction.

In basing sight distance requirements on ISD, the Roadway Standards uphold a requirement that is based on efficient operation. ISD requirements are based on the ability of a driver having sufficient visibility that they can enter the major road without unduly impeding the flow of traffic on the major road. This ensures acceptable operation of County roads and intersections. The proposed modification seeks to use SSD, which is a standard that represents minimum requirements for safety. This provides adequate visibility such that drivers on the major road can slow or even stop to avoid a crash with a vehicle entering the major road from a driveway or minor road.

References to Regionally or Nationally Accepted Specifications & Standards, Record of Successful use by other Agencies, etc.

The sight distance requirements in Section 240 of the Roadway Standards are based upon the sight distance standards in the 2011 AASHTO manual. This manual provides nationally-accepted standards for roadway design, including sight distance. The premise of the requested Design Modification is to accept SSD rather than ISD.

The AASHTO Manual contrasts SSD to ISD by stating that, “Intersection Sight Distance criteria for stop-controlled intersections are longer than stopping sight distance to ensure that the intersection operates smoothly. Minor road vehicle operators can wait until they can proceed safely without forcing a major road operator to stop.” This indicates that providing ISD allows the major street traffic to flow smoothly and without interruptions.

Additionally, “If the available sight distance for an entering or crossing vehicle is at least equal to the appropriate stopping sight distance for the major road, then drivers have

sufficient sight distance to anticipate and avoid collisions. However, in some cases, this may require a major-road vehicle to stop or slow to accommodate the maneuver by a minor-road vehicle. To enhance operations, intersection sight distances that exceed stopping sight distances are desirable along the major road." Thus, the minimum requirement for safe operation of a proposed intersection or driveway is that SSD be available in each direction to ensure that oncoming vehicles have sufficient reaction time and space to stop to avoid collisions.

Lancaster Engineering has an extensive experience in evaluating sight distance in virtually all City, County, and State agencies in the Portland Metro area. Most jurisdictions require that ISD standards be met when feasible, with many (including Clackamas County) adhering to ISD standards as strictly as possible. Still, in each jurisdiction there have been instances where it was not possible to provide the full ISD in each direction and SSD standards were used as an alternative minimum standard to ensure safe operation.

Trip Cap

In order to satisfy the Transportation Planning Rule (TPR) and ensure that the roadway system can accommodate potential increases in traffic from the site through the planning horizon, Clackamas County staff has suggested that a trip cap based on trip generation at the site would be an acceptable approach to ensuring acceptable operation of the intersections in the site vicinity.

As discussed in the TAL, current trip generation measured at the site indicates 88 total weekday trips. Under a worst-case scenario of development, with the OLF doubling the size of its distillery operations, a total of 188 weekday trips are projected given the existing traffic behavior at the site. Trip calculations using the ITE Trip Generation Manual (9th edition) indicate lower weekday trip generation of 88 weekday trips under current conditions and 132 weekday trips under the worst-case development scenario.

In order to determine an appropriate trip cap for the site, Lancaster Engineering revisited the capacity analysis conducted in the TAL for the nearby intersection of S Gerber at S Springwater Road. That analysis was done for projected 2034 traffic volumes with the addition of additional trips from the site as discussed above.

The analysis was updated to determine how many trips could be generated by the site and still allow the intersection to meet the applicable Clackamas County performance standards, where the acceptable level of service (LOS) on the critical approach is LOS D (see Standards in the attachment to this memo). Based on this analysis a total of 682 new trips could be generated during the evening peak hour, with 341 entering and 341 exiting, and still maintain acceptable operation.

The traffic counts on S Gerber Road contained in the original TAL show that there are approximately 30 evening peak hour trips along the roadway presently. The analysis shows that the site could generate over 20 times the volume of trips that are already on S Gerber Road and still meet applicable performance standards.

Given this substantial amount of available capacity, a trip cap intended to hold traffic levels at the LOS D standard seems impractical. However, if the County would like to impose a trip cap to ensure future safety and operations at this intersection, a trip cap in the range of 300 to 400 trips during the evening peak hour is suggested.

Because the proposed land-use action relates only to the Rural Industrial zone, the trip cap should apply only to that portion of the site. The balance of the site is zoned EFU and should therefore not be subject to a trip cap. Occasional agriculture-related special events, such as the Lavender Festival, are already held at OLF on an annual basis and should not be subject to the trip cap.

Summary & Conclusions

The intersection sight distances specified by the County for traffic entering S Gerber Road from S Harris Road access are not available in the northerly direction. However, the speed study conducted on November 18, 2014 confirms that the necessary stopping sight distance is available. Because sight distance cannot reasonably be improved to achieve the ISD standards, a Design Modification is recommended. Since stopping sight distance is available, this modification is allowed by *Clackamas County Roadway Standards* and supported by *A Policy on Geometric Design of Highways and Streets* and will allow safe operation of the intersection.

A capacity analysis for the intersection of S Gerber Road at S Springwater Road indicates that the site can add up to 682 new evening peak hour trips to the road and still maintain an acceptable LOS by Clackamas County Standards. If a trip cap is desired to ensure that traffic volumes remain low enough to maintain safe roadway conditions at the study intersection, it is recommended that a cap in the range of 300 to 400 trips during the evening peak hour should be applied to the Rural Industrial portion of the site. Occasional agriculture-related special events should be exempt from the cap.

If you have any questions regarding this analysis or if you need any further assistance, please don't hesitate to contact us.

With Best Regards,

Rebecca Hamilton, MURP
Senior Transportation Planner

p. 503.248.0313
e. rebecca@lancasterengineering.com

All Traffic Data
15105 SE 17th St.
Vancouver, WA. 98683
503-833-2740

Site Code: 1
S Gerber Rd N-O S Harris Rd

NB

Start Time	1 15	16 20	21 25	26 30	31 35	36 40	41 45	46 50	51 55	56 60	61 65	66 70	71 75	76 999	Total	85th Percent	95th Percent
11/18/14	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	*	*
01:00	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	*	*
02:00	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	*	*
03:00	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	*	*
04:00	0	0	0	1	1	0	0	0	0	0	0	0	0	0	2	33	35
05:00	1	0	0	0	0	0	0	0	0	0	0	0	0	0	1	12	14
06:00	0	0	0	0	1	0	1	0	**1**	0	0	0	0	0	3	52	54
07:00	1	0	0	1	**2**	0	1	0	0	0	0	0	0	0	5	40	43
08:00	0	0	0	0	0	0	0	**3**	0	0	0	0	0	0	3	49	50
09:00	0	0	0	**2**	0	**2**	0	3	0	0	**1**	0	0	0	8	50	62
10:00	0	0	0	2	1	0	2	0	1	0	0	0	0	0	6	49	53
11:00	**4**	0	0	0	2	1	**3**	1	0	0	0	0	0	0	**11**	43	46
12 PM	0	0	0	0	**3**	1	1	1	0	0	0	0	0	0	6	45	48
13:00	**1**	0	0	0	2	**3**	2	0	**2**	0	**1**	0	0	0	11	53	62
14:00	0	0	0	0	0	1	1	3	1	1	0	0	0	0	7	54	58
15:00	0	0	0	1	0	1	2	3	1	1	0	0	0	0	9	53	57
16:00	1	0	0	**2**	3	2	**5**	3	0	1	0	0	0	0	**17**	47	54
17:00	0	0	0	0	0	0	1	1	0	**2**	0	0	0	0	4	58	60
18:00	0	0	0	0	1	2	3	**4**	1	1	0	0	0	0	12	51	56
19:00	0	0	0	0	1	0	2	4	0	0	0	0	0	0	7	48	50
20:00	0	0	0	0	1	0	0	0	0	0	0	0	0	0	1	34	35
21:00	0	0	0	0	0	0	1	0	1	0	0	0	0	0	2	53	55
22:00	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	*	*
23:00	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	49	50
Total	8	0	0	9	18	13	25	27	8	6	2	0	0	0	116		
Percent	6.9%	0.0%	0.0%	7.8%	15.5%	11.2%	21.6%	23.3%	6.9%	5.2%	1.7%	0.0%	0.0%	0.0%			
AM Peak	11:00			09:00	07:00	09:00	11:00	08:00	06:00		09:00				11:00		
Vol.	4			2	2	2	3	3	1		1				11		
PM Peak	13:00			16:00	12:00	13:00	16:00	18:00	13:00	17:00	13:00				16:00		
Vol.	1			2	3	3	5	4	2	2	1				17		
Grand Total	8	0	0	9	18	13	25	27	8	6	2	0	0	0	116		
Percent	6.9%	0.0%	0.0%	7.8%	15.5%	11.2%	21.6%	23.3%	6.9%	5.2%	1.7%	0.0%	0.0%	0.0%			

15th Percentile :	27 MPH
50th Percentile :	41 MPH
85th Percentile :	49 MPH
95th Percentile :	56 MPH

Statistics

10 MPH Pace Speed :	41-50 MPH
Number in Pace :	46
Percent in Pace :	39.7%
Number of Vehicles > 55 MPH :	8
Percent of Vehicles > 55 MPH :	6.9%
Mean Speed(Average) :	39 MPH

All Traffic Data
15105 SE 17th St.
Vancouver, WA. 98683
503-833-2740

Site Code: 1
S Gerber Rd N-O S Harris Rd

SB

Start Time	1 15	16 20	21 25	26 30	31 35	36 40	41 45	46 50	51 55	56 60	61 65	66 70	71 75	76 999	Total	85th Percent	95th Percent
11/18/14	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	*	*
01:00	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	49	50
02:00	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	*	*
03:00	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	*	*
04:00	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	*	*
05:00	0	0	0	0	0	2	0	0	1	0	0	0	0	0	3	52	54
06:00	**2**	0	0	0	1	0	1	0	1	**1**	0	0	0	0	6	54	58
07:00	0	0	0	0	2	2	**3**	4	**2**	0	0	0	0	0	**13**	50	53
08:00	0	0	0	0	1	1	0	**7**	1	1	0	0	0	0	11	51	57
09:00	0	0	0	0	1	1	2	3	0	1	0	0	0	0	8	50	57
10:00	0	0	0	**1**	**3**	**3**	1	2	0	0	0	0	0	0	10	46	48
11:00	1	0	0	0	2	3	0	1	0	0	0	0	0	0	7	40	48
12 PM	0	0	**1**	0	**1**	3	2	**2**	0	0	0	0	0	0	9	46	49
13:00	**1**	0	0	0	0	2	1	0	0	0	0	0	0	0	4	41	43
14:00	0	0	0	0	0	1	0	2	0	0	**1**	0	0	0	4	62	64
15:00	0	0	0	**2**	0	1	0	2	**1**	0	0	0	0	0	6	50	53
16:00	0	0	0	1	1	**5**	**3**	2	0	0	0	0	0	0	**12**	45	48
17:00	1	**1**	0	0	0	0	0	1	0	0	0	0	0	0	3	46	49
18:00	0	0	1	0	0	0	2	0	0	0	0	0	0	0	3	44	45
19:00	0	0	0	0	0	0	1	0	0	0	0	0	0	0	1	44	45
20:00	0	0	0	0	0	0	2	1	0	0	0	0	0	0	3	47	49
21:00	0	0	0	0	0	0	1	1	0	0	0	0	0	0	2	48	50
22:00	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	*	*
23:00	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	*	*
Total	5	1	2	4	12	24	19	29	6	3	1	0	0	0	106		
Percent	4.7%	0.9%	1.9%	3.8%	11.3%	22.6%	17.9%	27.4%	5.7%	2.8%	0.9%	0.0%	0.0%	0.0%			
AM Peak	06:00			10:00	10:00	10:00	07:00	08:00	07:00	06:00					07:00		
Vol.	2			1	3	3	3	7	2	1					13		
PM Peak	13:00	17:00	12:00	15:00	12:00	16:00	16:00	12:00	15:00		14:00				16:00		
Vol.	1	1	1	2	1	5	3	2	1		1				12		
Grand Total	5	1	2	4	12	24	19	29	6	3	1	0	0	0	106		
Percent	4.7%	0.9%	1.9%	3.8%	11.3%	22.6%	17.9%	27.4%	5.7%	2.8%	0.9%	0.0%	0.0%	0.0%			

15th Percentile :	29 MPH
50th Percentile :	40 MPH
85th Percentile :	49 MPH
95th Percentile :	53 MPH

Statistics

10 MPH Pace Speed :	40-49 MPH
Number in Pace :	44
Percent in Pace :	41.5%
Number of Vehicles > 55 MPH :	4
Percent of Vehicles > 55 MPH :	3.8%
Mean Speed(Average) :	39 MPH

TWO-WAY STOP CONTROL SUMMARY

General Information		Site Information	
Analyst		Intersection	*Springwater Rd at Gerber Rd*
Agency/Co.	*Lancaster Engineering*	Jurisdiction	
Date Performed	*10/7/2014*	Analysis Year	*2034 + Site (maximum trips)*
Analysis Time Period	*PM Peak Hour*		

Project Description	
East/West Street: *SE Gerber Rd*	North/South Street: *S Springwater Rd*
Intersection Orientation: *North-South*	Study Period (hrs): *1.00*

Vehicle Volumes and Adjustments

Major Street	Northbound			Southbound		
Movement	1	2	3	4	5	6
	L	T	R	L	T	R
Volume (veh/h)		*110*	*117*	*249*	*260*	
Peak-Hour Factor, PHF	*1.00*	*1.00*	*1.00*	*1.00*	*1.00*	*1.00*
Hourly Flow Rate, HFR (veh/h)	*0*	*110*	*117*	*249*	*260*	*0*
Percent Heavy Vehicles	*0*	--	--	*0*	--	--
Median Type	*Undivided*					
RT Channelized			*0*			*0*
Lanes	*0*	*1*	*0*	*0*	*1*	*0*
Configuration			*TR*	*LT*		
Upstream Signal		*0*			*0*	

Minor Street	Eastbound			Westbound		
Movement	7	8	9	10	11	12
	L	T	R	L	T	R
Volume (veh/h)				*117*	*0*	*249*
Peak-Hour Factor, PHF	*1.00*	*1.00*	*1.00*	*1.00*	*1.00*	*1.00*
Hourly Flow Rate, HFR (veh/h)	*0*	*0*	*0*	*117*	*0*	*249*
Percent Heavy Vehicles	*0*	*0*	*0*	*0*	*0*	*0*
Percent Grade (%)		*0*			*0*	
Flared Approach		*N*			*N*	
Storage		*0*			*0*	
RT Channelized			*0*			*0*
Lanes	*0*	*0*	*0*	*0*	*1*	*0*
Configuration					*LTR*	

Delay, Queue Length, and Level of Service

Approach	Northbound	Southbound	Westbound			Eastbound		
Movement	1	4	7	8	9	10	11	12
Lane Configuration		*LT*		*LTR*				
v (veh/h)		*249*		*366*				
C (m) (veh/h)		*1353*		*483*				
v/c		*0.18*		*0.76*				
95% queue length		*0.68*		*8.23*				
Control Delay (s/veh)		*8.3*		*34.6*				
LOS		*A*		*D*				
Approach Delay (s/veh)	--	--	*34.6*					
Approach LOS	--	--	*D*					

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The performance standard applied at each intersection depends on the jurisdiction, location, and facility type. The following describes the performance standards applied at County and ODOT intersections. A table displaying the standard applied at each study intersection is provided as well.

COUNTY INTERSECTIONS

Clackamas County intersections inside the Metro UGB are subject to the standards in the Metro Regional Transportation Plan (RTP). Metro has developed motor vehicle performance indicators that vary based on location of the facility. The standards are based on volume-to-capacity ratios for the 1st hour and 2nd hour during the PM 2-Hour Peak, as well as during the Mid-Day One-Hour Peak. The v/c ratio standards for the 1st hour during the PM 2-Hour Peak were used. For signalized intersections, the v/c ratio standard applies to the overall intersection v/c ratio. At roundabouts, all-way stop-controlled intersection, and two-way stop controlled intersections, the v/c ratio applies to the critical movement. *Table 3.08-2 is provided below.*

According to the Clackamas County Comprehensive Plan, County intersections outside the Metro UGB have a performance standard of LOS "D". This standard refers to the average LOS experienced by all vehicles entering the intersection at signalized, all-way stop-controlled intersections, and roundabouts. At two-way stop controlled intersections, this standard refers to the LOS experienced by the critical movement at the intersection, typically a left-turn from the stop-controlled road. The standards in the Metro Functional Plan are shown in Table 3.08-2.

Fritzie, Martha

From: Nys, Richard
Sent: Monday, November 24, 2014 3:32 PM
To: Fritzie, Martha
Cc: Jim Dierking; Andrew Stamp; Todd Mobley; Rebecca Hamilton
Subject: RE: Oregon Lavender Farm Speed Study

EXHIBIT H
Z0212-14
Z0213-14

Hi Martha,

I've reviewed the applicant's November 21, 2014 memorandum regarding intersection sight distance at the intersection of Gerber Road/Harris Road. Based on the applicant's analysis, the intersection falls just short of standard County requirement for intersection sight distance. However, as there is no reported crash history over the past several years, the intersection sight distance standard is nearly met, there is adequate stopping sight distance and Gerber Road carries very low traffic volumes, a design modification per Clackamas County Roadway Standards Section 170 is warranted and hereby granted for the Gerber Road/Harris Road intersection. There are no recommended improvements or requirements at this intersections.

Additionally, the memorandum addresses the potential need for a trip cap on the subject site. Their analysis now assumes very conservative trip generation figures. Their analysis illustrates that there will be no intersection capacity issues under this trip generation assumption. With this in mind, there is no reason to impose a trip cap on the property.

All transportation safety and capacity issues are now resolved to our satisfaction. We have no further recommendations or recommended conditions of approval.

Thanks;

Rick Nys, P.E., PTOE
Senior Traffic Engineer
Clackamas County Traffic Engineering
150 Beavercreek Road
Oregon City, OR 97045
Phone: 503-742-4702
Fax: 503-742-4659

From: Rebecca Hamilton [mailto:rebecca@lancasterengineering.com]
Sent: Monday, November 24, 2014 12:19 PM
To: Nys, Richard
Cc: Jim Dierking; Andrew Stamp; Todd Mobley
Subject: Oregon Lavender Farm Speed Study

Dear Rick,

On behalf of our client, Jim Dierking of the Oregon Lavender Farm, we are pleased to submit the requested sight distance and speed study.

Please give me or Todd a call with any questions or comments, and thank you for your assistance throughout this project.

--

Rebecca Hamilton
Senior Transportation Planner
Lancaster Engineering
office: (503) 248-0313
cell: (503) 970-6283

Spam
Not spam
Forget previous vote

LAND USE APPLICATION

CLACKAMAS COUNTY PLANNING DIVISION
150 BEAVERCREEK ROAD, OREGON CITY, OREGON 97045 PHONE (503) 742-4500 FAX (503) 742-4550
www.clackamas.us EMAIL: zoninginfo@co.clackamas.or.us

FOR STAFF USE ONLY

- ☐ TEMPORARY PERMIT _____ NEW / RENEWAL
- ☐ HOME OCCUPATION (HO) _____ NEW / RENEWAL
- ☐ ALTERATION OF NON-CONFORMING USE
- ☐ NON FARM USE (N)
- ☐ FARM DWELLING _____
- ☐ FOREST DWELLING _____
- ☐ FLOODPLAIN DEVELOPMENT

- ☒ COMP. PLAN AMENDMENT 2013-14 CP
- ☒ ZONE CHANGE 2013-14-ZAP
- ☐ CONDITIONAL USE (C)
- ☐ SUBDIVISION SHORT (1-10) (SS)
- ☐ SUBDIVISION LONG (11+) (SL)
- ☐ PARTITION (M) Kim Priest
- ☐ VARIANCE (V)
- ☐ PROPERTY LINE ADJUSTMENT
- ☐ PRINCIPAL RIVER
- ☐ OTHER _____ * $295.00 credit for ZPAC0026-13

File No.: _____
Date Received: 6/12/14 Fee: $5370.00
Hearing Date: _____
Zone: EFU
Comp. Plan: _____
Violation #: V0964-11
CPO: Redland Fischer Mill
Development No.: _____
Project No.: _____

APPLICANT INFORMATION

WHAT IS PROPOSED: Post Acknowledgment Plan Map Amendment & Zoning Map Amendment (Including a "Reasons" Exception to Statewide Planning Goal 3). Authorize use of existing farm distribution facility for commercial distribution of agricultural and related goods.

NAME OF APPLICANT: James R. Dierking

MAILING ADDRESS: 20949 S. Harris Road CITY: Oregon City ST: OR ZIP: 97045

APPLICANT IS: ☒ LEGAL OWNER ☐ CONTRACT BUYER ☐ OPTION BUYER ☐ AGENT

NAME OF CONTACT PERSON (if other than applicant): Andrew H. Stamp Esq./Andrew H. Stamp, P.C.

MAILING ADDRESS OF CONTACT: Kruse-Mercantile Professional Offices, Suite 16, 4248 Galewood Street, Portland, OR 97035 ZIP: _____

APPLICANT PHONE NUMBERS: Wk 503-544-4715 Hm 503-544-4715 E-Mail Address: jim@libertynatural.com

CONTACT PERSON PHONE NUMBERS: Wk 503-675-4318 Hm /Cell 503-998-9568 E-Mail Address: _____

SITE ADDRESS: 20949 S. Harris Road, Oregon City, OR 97045 TOTAL LAND AREA: 90 acres

LEGAL DESCRIPTION: T 2S R 3E SECTION 28 TAX LOT(S) Portion of Tl#1400 and #1500
2S 3E 27C Portion of Tl#304 and 306

ADJACENT PROPERTIES UNDER SAME OWNERSHIP: T___ R___ SECTION _____ TAX LOT(S) _____
T2S R3E Sec 27C - Tl# 1200,1300,1301,1600,1700,1701.
T2S R3E Sec 27B - Tl# 700,1000.

PRESENT USE OF PROPERTY: Farm Use and Distribution of Agricultural Goods

METHOD OF SEWAGE DISPOSAL: Septic Tanks and Fields

WATER SUPPLY: Sell

OTHER PERSONS (IF ANY) TO BE MAILED NOTICES REGARDING THIS APPLICATION:

NAME	ADDRESS	ZIP	RELATIONSHIP

I hereby certify the statements contained herein, along with the evidence submitted, are in all respects true and correct to the best of my knowledge.

PROPERTY OWNER'S NAME (PRINT)	DATE	APPLICANT'S NAME (PRINT)	DATE
James R. Dierking	6-12-14	James R. Dierking	6-12-14

PROPERTY OWNER'S SIGNATURE: _____ APPLICANT'S SIGNATURE: _____

APPLICATION FOR
POST ACKNOWLEDGEMENT PLAN MAP AMENDMENT
&
ZONING MAP AMENDMENT
(INCLUDING A REQUEST FOR A
"REASONS" EXCEPTION TO STATEWIDE PLANNING GOAL 3).

LIBERTY NATURAL PRODUCTS, INC.
DBA: OREGON LAVENDER FARMS
CLACKAMAS COUNTY, OREGON

9 JUNE 2014

PREPARED BY:

ANDREW H. STAMP, ESQ.
ANDREW H. STAMP, P.C.
KRUSE-MERCANTILE PROFESSIONAL OFFICES, SUITE 16
4248 GALEWOOD STREET
PORTLAND, OR 97035

RICK SANAI, ESQ.
KRUSE-MERCANTILE PROFESSIONAL OFFICES, SUITE 16
4248 GALEWOOD STREET
PORTLAND, OR 97035

JAMES R. ("JIM") DIERKING
OREGON LAVENDER FARM &
LIBERTY NATURAL PRODUCTS, INC.
20949 S. HARRIS ROAD,
OREGON CITY, OREGON 97045

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   b. The Proposed Industrial Use Would Have "A Significant Comparative Advantage" Due to its Current Location, Both on Account of the Existing Facilities and its Close Proximity to Clackamas Area Farms, as Opposed to if the Same Business Were Sited in An Area Otherwise Zoned for Urban Industrial Uses.

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I. PROPOSAL SUMMARY.

A. GENERAL INFORMATION.

OWNERS OF TERRITORY:	*See* Exhibit 1.
APPLICANT:	James R. Dierking Oregon Lavender Farm & Liberty Natural, Inc. 20949 S. Harris Road, Oregon City, Oregon 97045
APPLICANT'S REPRESENTATIVE:	Andrew H. Stamp, Esq. Andrew H. Stamp, P.C. Kruse-Mercantile Professional Offices, Suite 16 4248 Galewood Street Lake Oswego, OR 97035 Tel: 503.675.4318 Fax: 503.675.4319 Email: andrewstamp@comcast.net
TAX LOT NUMBERS:	T2S R3E Sec. 27C, Tax Lots 1400, 1500. Note: Tax Lots 304 and 306 are part of the sam e tract but are not subject to this application.
SITE ADDRESS:	20949 S. Harris Road, Oregon City, Oregon 97045
SITE AREA:	8.77 acres
TOTAL AREA IN TRACT:	Approximately 90 acres.
COUNTY COMPREHENSIVE PLAN:	EFU
CURRENT COUNTY ZONING:	EFU
REQUESTED PLAN DESIGNATION:	RURAL INDUSTRIAL (WITH CONDITIONS)
REQUESTED ZONING DESIGNATION:	RURAL INDUSTRIAL (WITH CONDITIONS)

B. REQUEST.

James R. ("Jim") Dierking is a third-generation Oregonian and the owner of a 90 acre farm, known as the Oregon Lavender Farm (OLF). OLF is located at 20949 S. Harris Road, Oregon City, Oregon 97045. Mr. Dierking is also the owner of Liberty Natural Products Inc., dba "the Oregon Lavender Farm."

The applicant requests approval of a Comprehensive Plan Map Amendment ("PAPA") and Zoning Map Amendment for two (2) parcels of land totaling approximately 8.77acres, more or less. *See* Map at Exhibit 2. The property is located 20949 S. Harris Road, Oregon City, Oregon 97045 and currently has a Clackamas County zoning designation of "EFU" *See Exhibit 3.* The territory is currently designated as EFU on the Clackamas County Comprehensive Plan Map. *Id*. Approval of a reasons exception for a PAPA and zone change to "Rural Industrial" will allow the present OLF operations to continue. It would provide a blanket solution to the land use compliance issues otherwise facing the applicant, and results in zoning that is consistent with the highest and best use of the subject property and establishes compliance with County and State land use policies and goals.

The following narrative and the attached exhibits describe the subject property and demonstrate compliance with the applicable criteria for an exception to Statewide Planning Goal 3.

C. BACKGROUND AND REASONS FOR THE PAPA AND ZONE CHANGE.

Mr. "Jim" Dierking established Liberty Natural Products in Sandy, Oregon in 1982. Since then, Liberty Natural Products has grown to become an Oregon business success story. A bootstrapped startup, the company has grown to 35 employees, 25 of which are full time, and has generated over $70,000,000,00 in revenues.

Liberty is not just a business success story; it is also a land use success story. Since 1999, Liberty Natural Products has utilized the 90-acre Oregon Lavender Farm, which has over 150,000 square feet of rural industrial building space, as both a lavender farm and a distribution center for over 1000 different farm crops and extracts sourced and distributed in Oregon, the United States and throughout the world.

Before the establishment of the Oregon Lavender Farm, various rural industrial improvements existed on the property. These structures predated the enactment of Senate Bill 100 in 1973. Nonetheless, Liberty's operation at the Oregon Lavender Farm is the only sustainable business that has ever operated at the property over a long-term time horizon. Past operations failed to be economically or environmentally sustainable.

Liberty Natural's and OLF's investment in the property is estimated to be in excess of $2,000,000.00 over the past 14 years. Liberty has funded the cleanup and improvement of one of the largest nuisance properties in Clackamas County, and established a showcase 25-acre lavender farm benefiting the local agricultural community.

The long term benefits to Oregon's agriculture and economy are just beginning. Liberty's and OLF's long term development plan includes the expansion of commercial lavender farming on neighboring parcels. The long-term goal is to have 500 to 1000 acres in production over the next 20 years. Liberty's architect is designing a larger capacity lavender distillery to accommodate increased lavender acreage utilizing one of the existing commercial buildings. Lavender farming is a historical compliment to Oregon's wine industry, as it exists in the Provence region of France, promoting Oregon as a tourism destination.

In addition, for the past ten years Liberty Naturals has also conducted research and development into the science of chipping and distilling Christmas tree culls. Its expanded distillery facilities and capacity will support a full-scale commercial recycling and oil extraction operation that will reduce the environmental impact of local burning and support one of Oregon's key agricultural crops.

Moreover, some of the high-value herb crops that Liberty Naturals currently source from outside of Oregon can be profitably grown locally. Liberty's distribution engine provides the opportunity to help facilitate a thriving lavender farm industry and other specialty herb crop farming operations in Oregon. Liberty intends to promote contract herb growing with neighboring farms in the immediate future.

Liberty's operations at the Oregon Lavender Farm over the past 14 years have demonstrably supported the local agricultural community and helped to preserve agricultural lands in keeping with the intent of the land use enabling legislation passed by the Oregon legislature.

However, there is a land use issue that needs to be resolved. A business customer of Mr. Dierking filed a code enforcement complaint in 2011, with the intent to drive Liberty out of business. This customer apparently recognized that the current scope of operations on the property, which includes distribution of agricultural goods acquired from outside of Oregon, does not fall neatly within the list of permitted or conditional uses allowed under state law in the EFU zone.[1] Although Clackamas County was previously aware of the scope of activity occurring on the property, and had at least informally acknowledged and acquiesced to Liberty's operations, the filing of a code violation complaint forced the County to take action. The person who filed the complaint is now a defendant in fraud and defamation actions filed by Mr. Dierking.

After consulting with County staff, the applicant's preferred course of action was to seek a legislative fix. The resulting bill, House Bill 3439 (2013), was generally well received and generally had broad support. However, the bill became victim to the same sort of bipartisan gamesmanship that has typified recent legislative sessions. The bill was sequestered in the rules committee and died. Perhaps contributing to the bill's demise was the fact that DLCD expressed its general policy opposing so-called "exceptions bills." To be clear, DLCD did not testify in opposition to this specific bill's purposes, and, in fact, expressed its support for a local county solution to the OLF land use issues. Opposition was limited to the Farm Bureau and 1000 Friends of Oregon, who testified that passage of an exceptions bill such as HB3439 would undermine Oregon's EFU land use statutes. Nonetheless, in testifying against HB 3439, 1000 Friends stated that it could see merit in Liberty's operations and suggested a "reasons exception" be pursued as an alternative. The House Land Use Committee conducted a hearing on the bill and expressed support for the OLF land use and operations, but urged the County to first seek a local county solution.

[1] While the statute does not restrict distribution of agricultural goods sourced from outside of Oregon, case law has been construed to not allow or permit non-Oregon agricultural goods distribution on EFU lands in opposition to the legislature's intent to promote the preservation of agricultural lands and support agricultural practices.

Thus, this land use application actually stems from, and is a result of, the policy discussions that occurred during the failed 2013 legislative process. Approving an exception to Statewide Planning Goal 3 based on the unique historical circumstances surrounding this particular property will resolve years of costly land use litigation, and will allow Liberty to invest its efforts in growing Oregon agriculture and creating new sustainable jobs in keeping with the Oregon Legislature's intent.

II. DETAILED CHRONOLOGY OF HISTORICAL USES ON THE PROPERTY

1. An aerial map dated 1956 shows the 200+ acre "Logan Farm" property undeveloped, with no discernible improvements with what appears to be cultivated fields, possibly potatoes, on the upper acreage of what would later become the rabbit ranch property. (Exhibit 4)

2. The subject property was initially developed in the early 1960s by the Carnation Company as a large factory egg production and distribution facility named the Logan Farms with approximately 150,000 square feet of building space. An aerial map dated June 17th, 1963, shows the Carnation chicken egg operation, operated as Logan Farms had been established with improvements totaling approximately 90,000 square feet with (8) barns on the present Tax Lot#1400 and the egg processing-administration building on the present Tax Lot#1500. (Exhibit 5) In the aerial photo, the fields give the appearance of being cultivated. A Logan Farm property well report received June 5th, 1962 by the State of Oregon, stated a completion date of May 19th, 1962. The completion date of the water well marked the beginning of the Logan Farm property development into the chicken egg operation. (Exhibit 6)

3. An aerial map dated May 19th, 1970, shows: (1) the addition of two additional buildings on the present tax lot#1400; (2) another two buildings on the present tax lot#1500; (3) three buildings developed on the property to the west on tax lots not included in the present farm property. The fields do not give the appearance of being cultivated. The 1970 aerial map of the Logan farm property shows 40 acres of uncultivated fields in the north upper property surrounding the present property improvements. (Exhibit 7)

4. In 1978, Carnation Co. closed the Logan Farms operation. Don Schaefer, a former manager of the Logan Farms operation wrote a July 26th, 1983 letter to Dr. Charles Campbell of Bakana Management, congratulating him on the purchase of Logan Farms for their rabbit raising business. In the letter, Mr. Schaeffer stated that he had managed Logan Farms for Carnation Co between 1971 and 1978 and that the facility was used for egg processing and distribution, including processed eggs brought in from other Carnation farms from other locations for distribution. (Exhibit 8)

5. The egg production operation created unmanageable waste disposal problems. The resulting noxious smells and odors were problematic for the local community. Dewain McGraw, an adjacent neighbor to the north of the farm who has lived in this area since 1945, recollects that the Carnation Co. terminated the Logan Farm operations due to numerous and substantial complaints. Neighbors in an extended area surrounding the

farm complained about noxious smells arising from the practice of pumping the chicken manure through irrigation water guns onto the farm fields and the burning of dead chicken carcasses. Mr. McGraw has also recollected that there had been issues that involved ground water well contamination. Recent well water tests at the farm required by new OWD regulatory changes indicate elevated levels of nitrates and nitrites in the farm's well no. 2 drilled in 1962 at a depth of 105 feet. (Exhibit 9)

6. After terminating the chicken egg operations in 1978, Carnation Co. sold the property to Donald Woodcock who divided the Logan Farm property and sold it off in several different parcels. The 90 acre parcel is the location of the present Oregon Lavender Farm (Farm) property. (Exhibit 10)

7. The Farm property was sold by Woodcock to Russell Kenaga for use for rabbit husbandry in December of 1980. Kenaga invested more than one hundred thousand dollars in constructing an additional barn for breeding.

8. In March of 1982, Mr. Kenaga optioned the property to Dennis Leatherman, who operated another rabbit husbandry operation under the name of Promorex.

9. In November of 1983, Mr. Leatherman assigned his contract interest in the property to Orrex Investments LTD, which also operated another rabbit husbandry operation under the DBA Ore-Best, Inc. Related corporate names to Bakana Management, Inc., included SSDD Inc. and MDG LLC.

10. In September 1983, Bakana Management, Inc., operating under the name Ore-Best Farms, Inc., was issued a conditional use permit for a rabbit raising, meat and fur processing facility by Clackamas County Planning, File No.100-83-C. (Exhibit 11) A 1983 Eugene Register Guard newspaper article stated that the processing plant and related equipment involved a $1,000,000.00 investment. (Exhibit 12). These operations proved to be economically unsustainable.

11. In May 1988, Bakana Management, Inc. obtained conditional use approval for a tannery operation at the farm for the processed rabbits and for the tanning of skins from commercially raised livestock and fur animals grown off the farm. The approval included compliance with the following: (1) not create any noxious odors as asserted in testimony; (2) DEQ approval of a waste disposal system; (3) obtain a change of occupancy from the DTD for the tannery facilities. (Exhibit 13).

12. In 1990, the management of Ore-Best Farms hired a consultant to assist in closing the rabbit husbandry operation. Ore-Best Farms had failed to meet financial goals and profitability. In November of 1990, the consultant then formed a new public corporation, Ultima International Corporation, and raised capital to acquire and continue the rabbit husbandry operation. A Business Plan dated November 15, 1990 stated that the property, improvements, and equipment were appraised at $3,000,000.00 (1990 dollars). (Exhibit 14) Ultimately, the efforts to fund and re-start the operations were unsuccessful, and the

landowners then attempted to market the property as one unit, which could be further divided into smaller homesite parcels.

13. In a March 27th, 2000 letter to Jim Dierking, the manager of the Ore-Best operation, Jerry Ball, stated that he became familiar with the Farm property in 1987, at which time there were various entities using or renting the barns. These uses included: (1) storage of feed and materials until 1991; (2) Ore-Best manufactured stuffed animals from 1988 to 1990; (3) Brad Tylman operated an exotic animals and reptiles business from 1990 to 1992; (4) between 1991 through 1997 there were numerous short term tenants who used the barns for temporary storage and marketing of many items: lumber, building materials, liquidation items, electric motors and equipment, boats, automobile cores and horse tack; (5) the automobile core business continued after the Farm property sale in April 1999 and continued through July 2008; (6) in 1995-1996, nursery plant refrigerated storage from other farms; (7) storage, cold storage and processing of mushrooms not grown on the property; (8) fruit jam refrigerated storage, bottling and labeling for Trailblazer jam company; (9) storage and sale of fertilizer and cages; (10) operation of a tannery for approximately one year. (Exhibit 15)

14. The rabbit husbandry and processing operations concluded in 1990-1991. Jerry Ball, one of the owners of the operation, attributed cessation of the business to the inability to obtain sufficient onsite and offsite rabbit production necessary to sustain the facilities and operations profitably. The Ultima International Corporation Business Plan also identified the dwindling demand for high quality furs. The Farm property was appraised in January 1991. The farm owners contemplated a division of the Farm into four separate parcels in order to maximize the revenues from the property liquidation. The appraisal included a summary of the appraised property values of the farm, if divided into four parcels. (Exhibits 16, pp24-26; 17; 18)

15. On January 5, 1996, Clackamas County Code Compliance issued a Violation Notice Warning and Violation Notice regarding the Farm residence and the use of the barns for residential dwellings and commercial uses. Clackamas County file documents contain response letters from Jerry Ball, the Farm property manager, which indicated the people that resided in the barns were moving. The file documents do not evidence that the commercial uses of the improvements were ever documented as discontinued. (Exhibit 19)

16. Prior to the acquisition by Jim Dierking, the OLF property was unable to sustain any agricultural enterprises. The property fell into a state of disrepair, and was used for a wide mix of lawful and unlawful commercial uses. The illegal uses included: (a) the 1996 arrest of Lloyd H. Williamson for operating a methamphetamine lab and possessing an illegal stockpile of firearms at the Farm. Williamson was sentenced in 2000 to five years and four months in prison. In April of 1998, the Farm was listed as a drug site. In March of 2000, Mr. Dierking obtained a release of the property from the drug property list by obtaining a chemical assessment by a Health Division licensed Illegal Drug Laboratory Decontamination Contractor in accordance with ORS 453.855-453.990; (b) operation of unlawful cock fighting events in the rabbit barns by a tenant, Don Nichols;

(c) operation of an automotive "chop" shop and distribution of sold stolen auto parts. (Exhibits 20, 21). Larry and Gail Oliver, were facilities managers of the Farm property for Ore-Best in the time period of approximately 1992 to 1999, after the rabbit operations were terminated. The Olivers resided at the Farm residence and were Farm tenants until the end of July 1999.

17. In March of 1999, Jim Dierking acquired the Farm property with the intent of establishing an herb farm and botanical garden and to utilize the farm facilities for the distribution of products grown on the farm and distributed by Liberty Natural Products Inc., the lessee of the Farm property.

18. At the time the Farm property was acquired by Mr. Dierking, it was subject to several holdover tenants, which covered the majority of the farm building improvements, described as follows: (1) Don Swanson, used auto parts warehousing, core processing and distribution; (2) Rip and Gail Oliver, equipment and auto repair, storage and auto parts sales; (3) Fred Campory, worker with Rip and Gail Oliver, who also resided in a barn. In Dierking v Oliver, the Oliver's prepared a map of the farm's improvements in defense of a small claims action against them by James Dierking, in which they identified the previous non-conforming tenants who had left personal property as follows: (1) Barns #1 & 2, Ken Hartwig; (2) Barn #4, Todd White; (3) Barns #5 & 6, Don Swanson; (4) Barn #8, Dick Lewis; (5) Barn #10, Carl Garette; (6) Barn #10, Carl Garette; (7) Barn #9, Tom & Arelene; (8) Barns #13 & 14, Don Nickols; (9) Barns #15 & 16, Jerry Halle; (10) Barn #18, Pallet John; (11) Barn #8a, Kevin Blanchfield; (12) Barns #19-22, Lloyd Williamson; (13) Barn #23, Glen Smith; (14) Barn #12, Fred Campery. (Ex 18) In written testimony presented by James Dierking in the small claims action, the Oliver's holdover tenancy of the Farm buildings was identified, including their extensive usage of the majority of the facilities for non-agricultural commercial uses. (Exhibit 22)

19. In November of 1999, Jim Dierking appealed a Clackamas County Hearings Officer decision on a 1999 application for a cell tower to be built 35 feet from the Farm property on an adjoining property. Dierking and surrounding neighbors opposed the cell tower application. Thereafter Dierking appealed the Hearings Officer's decision to LUBA, asserting among other issues, that the impacts as required by ORS 215.296(1), upon the Farm property's developing organic herb farm and botanical garden farm uses were not properly considered. LUBA found in its May 31, 2000 decision, the following: (1) sufficient investment had been made in developing the Farm property farm use; (2) the county had been advised of the developing use with sufficient detail; (3) the impact on the developing Farm property uses, as required by ORS 215.296(1) must be addressed; (4) the decision was remanded to Clackamas County. (Exhibit 23)

20. In retaliation for Mr. Dierking's opposition to the cell tower application, the owner of the adjoining property on which the proposed cell tower was to be constructed filed a code compliance complaint against the Farm property, claiming the administration building was being occupied. (Exhibit 24).

21. Jim Dierking communicated with Clackamas County regarding the code compliance complaint of residential use of the administration building and operation of an auto parts salvage business on the Farm property. Clackamas County Code Compliance, on January 19th, 2001, transmitted enforcement policy and non-conforming use verification policies and procedures. (Exhibit 25, 26)

22. On April 19th, 2001, Jim Dierking wrote a letter to Clackamas County Commissioners Larry Sowa, Bill Kennemer and Michael Jordan regarding complaints regarding holdover tenant Don Swanson. The letter identified the following: (1) Don Swanson's use of the barns for his auto parts business; (2) the intent to create an organic herb farm, aromatic and medicinal herb gardens and use of the farm barns and commercial buildings; (3) identified Liberty's agricultural product distribution and processing; (4) evidence of the use of the property for more than 20 years for non-agricultural activities, including storage, and a variety of small businesses; (4) the removal of the property from drug site listing; (5) actions taken to address removal of garbage and debris, deferred maintenance and upgrade the facilities; (6) investment in land clearing and preparation for farming; (7) the history of repetitive complaints by the adjoining cell tower application property owner and encroachment-easement difficulties that remained unresolved issues. (Exhibit 27).

23. Liberty Natural Products Inc., an Oregon C corporation, now operates an herb farming operation at the OLF, which grows and distills 25 acres of lavender and other specialty herb crops. (Exhibit 28). In addition to herb farming and essential oil distillation, a complex integrated permaculture practice is being developed, which includes the production of worms, compost tea, mulch, compost, mushrooms and an aquaculture steelhead farming practice powered by appropriate technology solar and water resources.

24. Liberty also processes and distributes a broad variety of agricultural crops produced by other farms and distributes related goods and packaging, sourced substantially from other states and countries around the world. The distributed goods include a wide assortment of approximately 500 different essential oils derived from herb crops, several hundred different bulk herbs and herbal extracts made from herbs grown on the farm and also substantially from herbs grown on other farms. Liberty Liberty has been in the agricultural product distribution business since 1982 and currently has 35 employees. (Exhibits 29, 30, 31, 32). Annual sales for fiscal year 13-14 are estimated at approximately $7,000,000.00. (Exhibit 33). Distribution is wholesale in nature and primarily business to business. Shipments are received and delivered by UPS, other parcel shippers and common carriers. (Exhibit 34)

25. The OLF operations are integrated and diverse. Assessment and determination of what uses are permitted, allowed under a conditional use permit or unallowable is complex and subject to varying viewpoints. The lavender and herb cultivation is permitted as a farm use, which is use allowed by right in the EFU zone. ZDO 401.05 (B)(1). ZDO 401.H allows "Farm Use: As defined in Oregon Revised Statutes (ORS) 215.203." The processing of herbs grown at the farm is allowed by right. Processing of herbs grown at other farms is considered to be a commercial activity in conjunction with farm use, and is

subject to a conditional use permit, which is subject to ZDO sections 1203 and 1300. ZDO 401.05(B)(1). ZDO 401.04(A)(1) "Commercial activities in conjunction with farm use, including the processing of farm crops into biofuel that exceeds the standards of ORS 215.203(2)(b)(K) or Subsection 401.05(B)(1)." ZDO Table 401-1: Uses Authorized in the Exclusive Farm Use District, includes Planning Department Review (PDR) of "A facility for the processing of farm crops or the production of biofuel as defined in ORS 315.141", Subject to ZDO 401.05 (A)(1) & (B)(1).[2]

26. The agricultural processing at the OLF includes:

    (1) steam distillation of lavender grown on the farm;
    (2) repackaging of bulk botanical farm products acquired from Oregon and around the world;
    (3) extraction and processing of herbal extracts from botanicals grown at the farm and acquired from other farms from around the world.
    (4) distillation and processing of botanicals from the local area and from around the world.

27. All of these activities utilize the same farm infrastructure, which includes facilities, equipment, and staff for cultivation, processing, shipping and receiving, sales and administration. The OLF operations process, package and distribute agricultural crops that represent more than one million acres of crops worldwide.

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[2] *ZDO 401.05 (A)(1):*
A. General Criteria
1. Uses may be approved only where such uses:
a. Will not force a significant change in accepted farm or forest practices on surrounding lands devoted to farm or forest use; and
b. Will not significantly increase the cost of accepted farm or forest practices on surrounding lands devoted to farm or forest use.

B. Farm and Forest Uses
1. A facility for the processing of farm crops or the production of biofuel as defined in ORS 315.141 shall be located on a farm that provides at least one-quarter of the farm crops processed at the facility. The building established for the processing facility shall not exceed 10,000 square feet of floor area exclusive of the floor area designated for preparation, storage, or other farm use or devote more than 10,000 square feet to the processing activities within another building supporting farm use. A processing facility shall comply with all applicable siting standards but the standards shall not be applied in a manner that prohibits the siting of the processing facility. Any division of a lot of record that separates a processing facility from the farm operation on which it is located is prohibited.

2. A facility for the primary processing of forest products shall not seriously interfere with accepted farming practices and shall be compatible with farm uses described in ORS 215.203(2). Such facility may be approved for a one-year period that is renewable and is intended to be only portable or temporary in nature. The primary processing of a forest product, as used in Subsection 401.05(B)(2), means the use of a portable chipper or stud mill or other similar methods of initial treatment of a forest product in order to enable its shipment to market. Forest products as used in Subsection 401.05(B)(2) means timber grown upon a tract where the primary processing facility is located.

28. Code Compliance issues again arose in 2004 involving commercial activities and Liberty's distribution use at the OLF. Clackamas County Code Compliance specialist, Steve Marshall, sent a letter dated September 14th, 2004, which advised that in response to a complaint an inspection had been made by a representative of the Community Environment Division which identified among other issues, use of agricultural buildings for commercial storage of automotive parts and as rental units for personal storage. (Exhibit 35)

29. The complainant was the same adjoining property owner who had been disgruntled because Jim Dierking had successfully opposed the cell tower. The conflict with the neighbor was successfully mediated in 2005 through Clackamas County Mediation Services, and was resolved with the neighbor agreeing to support continuation of the Liberty operations and use of the property. (Exhibits 36, 37). Since the 2005 mediation both parties have enjoyed nine years of cordial neighborly relations without any conflicts.

30. The code compliance issues with the County were resolved in 2005 by a series of meetings and conferences that resulted in an informal acquiescence by the County to Dierking's assertion that its complex agricultural production and distribution activities were allowed outright under the EFU statute and also by its phasing out the tenancy of the legacy auto parts distribution activity that had existed prior to the purchase of the property. (Exhibits 38, 39, 40, 41, 42).

31. In December 2006, Liberty consolidated all of its operations to the OLF. Liberty invested several million dollars in the cleanup, renovation and development of the property and the organic farming operations to establish it as one of the most beautiful farms in Oregon. The Oregon Lavender Farm was one of fourteen other lavender farms to be featured in the 2012 pictorial hardcover book "Lavender Fields of America – a New Crop of American Farmers" (Exhibit 43)

32. Liberty has hosted an annual Clackamas County Lavender Festival at the OLF since 2007. The two-day event, now in its eighth year, draws roughly 5000 people to the harvest celebration and agricultural event. (Exhibit 44). In 2007, at the invitation of the Oregon Department of Agriculture Liberty made a presentation on lavender farming at an ODA seminar on Oregon agriculture. (Exhibit 45). Liberty is a member of the Oregon Lavender Association and the Clackamas County Lavender Festival at the OLF is a farm featured in the annual Oregon Lavender Festival Farm tour. (Exhibit 46)

33. Following the 2005 informal acquiescence by the County, Liberty has conducted its business affairs at the OLF without complaint or incidence until a land use complaint was filed in December 21, 2011.

34. The initial anonymous land use complaint that gave rise to this application was made by phone on December 21, 2011, by a woman caller according to the deposition testimony of the Clackamas County code enforcement permit specialist who took the initial call and two other subsequent calls. (Exhibit 49) In a May 2013 Florida contempt proceeding, David Boyd Hoffman testified that he had filed the land use complaint and that he had subsequently released on January 9, 2012, a Liberty Naturals tax return with other written documentation to Clackamas County to further support the complaint in violation of a

Florida court protective order. Valerie Furey (formerly Hoffman) also testified that she communicated with Clackamas County to support enforcement of the complaint, but averred she did not release the tax returns. The complainants admitted in Florida contempt and bankruptcy proceedings that the land use complaint was filed for retaliatory reasons and to prove that Liberty was going out of business in order to defend against defamatory remarks they published on the internet which stated that Liberty was going out of business. (Exhibits 50, 51, 52, 53, 54). David Boyd Hoffman and Valerie Hawk Hoffman were a husband and wife team doing business under a variety of names, entities and aliases, including their primary company Sunrise Herbal Remedies, Inc. Hoffman and Furey, located on the east coast, have had no substantive nexus or ties to Oregon other than their purchase of goods from Liberty Natural. Liberty prepared and sold approximately $200,000.00 of proprietary herbal extracts for Sunrise from June 2005 to October 2007. The couple divorced in June of 2012. Liberty obtained a Clackamas County judgment against Valerie Hoffman in 2009 for failure to pay for goods shipped and produced. One or both complainants are now subject to fraud and business interference claims (involving the subject land use complaint) in OR USDC (Exhibit 55), wrongful use of a civil proceeding in OR USDC, a Maine fraudulent transfer action, and a Florida defamation action, all of which are presently stayed by the wife's July 2013 Chapter 13 bankruptcy. A possible explanation for David Hoffman's incongruous testimony that he filed the complaint in contradiction to the deposition testimony of a Clackamas County permit specialist, is that a party who has violated a court order may be ineligible to file a bankruptcy petition. Less than three months after the contempt proceeding in May 2013, Valerie Furey filed her Chapter 13 bankruptcy petition and caused the actions which were proceeding to trial to be stayed.

35. After receiving the code compliance advisement, Dierking informed the County of the complainant's improper motive and lack of standing in filing the complaint. (Exhibit 45) Thereafter, the County in March 2012, issued a cease & desist order to Dierking to stop Liberty's operations at the OLF. (Exhibit 56).

36. Mr. Dierking responded to the County's cease & desist order by asking the County to make further inquiry into the facts and circumstances and reconsider its order. Thereafter, in August 2012, the County rescinded its cease & desist order and advised Dierking that it would suspend the code compliance action pending Dierking's efforts to obtain legislative relief in the form of a land use exceptions bill. (Exhibits 57, 58)

37. With the support of the County, Dierking drafted an exceptions bill, HB3439, to authorize the OLF operations. State Representatives Bill Kennemer and Jeff Reardon co-sponsored the bill and introduced it in the January 2013 legislative session.

38. Despite broad support for the bill, it was sequestered in the rules committee and eventually died. DLCD expressed its policy of opposition to exceptions bills in general and its support for a local county solution to the OLF land use issues. DLCD did not testify in opposition to the bill. Opposition was limited to the Farm Bureau and 1000 Friends of Oregon who testified that passage of an exceptions bill such as HB3439 would undermine Oregon's EFU land use statutes. In testifying against the exceptions bill, 1000

Friends of Oregon, saw merit in Liberty's operations and suggested a reasons exception as an alternative. The House Land Use Committee conducted a hearing on the bill and expressed support for the OLF land use and operations, but urged the County to first seek a local county solution rather than exceptions bill.

39. In support of the bill, the Clackamas County Planning Director provided written testimony and testified in legislative hearing that local solutions were not viable because: 1) a conditional use permit was not feasible because of the volume of Liberty's distribution of agricultural goods grown outside of Oregon, which is not allowed under Oregon land use case law; 2) approvals of reasons exceptions to the comprehensive plan were infrequent and would require a substantial application.

40. The County Commissioners issued a letter in support of the bill. Neighbors of the farm and Clackamas Community College (for whom Liberty Natural supports an agriculturally related scholarship) also wrote letters of support of OLF and Liberty Natural. (Exhibit 59)

41. At the recommendation of the House Land Use Committee, and after the bill died in the rules committee, County staff and Mr. Dierking agreed to explore local solutions. After consideration of various alternatives, such as non-conforming uses, conditional uses, and a reasons exception, the parties agreed that pursuit of a reasons exception would be the most viable course. The reasons exception path was chosen because both Mr. Dierking and the County staff understood that a conditional use application would be difficult to obtain given the legal standards applicable to that permit.

42. The County Commissioners indicated their continued support of a solution at the local level. Contacts were made with the Farm Bureau and 1000 Friends of Oregon, and they indicated they would not oppose a reasons exception. The only anticipated source of possible opposition or appeal could be from the complainants. At present both complainants, the Chapter 13 bankruptcy debtor and her non-debtor ex-husband (a former member of a Maine Zoning Board of Appeals) are subject to the bankruptcy automatic stay and an appeal by either of them at this time could be found to be a violation of the stay. If relief of stay is granted or the bankruptcy is dismissed, a motion for preliminary injunction will be requested to enjoin the complainants from filing an appeal of the prospective reasons exception approval.

43. *The Oregonian* published several articles in September 2013, including one on the front page, which addressed the OLF land use dilemma and a follow up editorial in support of the OLF operations and resolution of the land use problem. (Exhibit 60).

44. The local agricultural community has expressed their overwhelming support of the OLF operations. Judging from the comments left under the on-line version of the *Oregonian* article, the general public seems also to be favor of OLF and a Liberty Natural's operations.

45. In over seven years of complete operation at the OLF, no complaints or negative impacts from the OLF operations have been raised in any way by any neighbor or party (other than the out-of-state complainant). Adjoining neighbors have expressed their appreciation for the OLF having removed nuisance and illegal uses, which impacted their businesses and livability of their property. (Exhibits 7, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75).

46. The applicant attended a pre-application conference with staff in early January, 2014. The parties agreed that the applicant would retain counsel, and measures would be taken in pursuit of filing a zone change/Comp Plan amendment application, taking an exception to Goal 3 (Agricultural Lands). This application followed.

III. EXISTING AND PLANNED USES OF THE PROPERTY.

Currently, the OLF property and facilities are being used for the following uses:

1. Crop Production. Currently, OLF actively manages approximately 25 acres of land for farm crops. Of this total, the applicant manages 15 acres of lavender and 10 acres of lavandin. In addition, the property is used to grow Oregon Tilth Organic Certified Herb Crops include Burdock, Coltsfoot, Cut flowers, dandelion, Boneset, Calendula, Catnip, Chamomile, Citronella, Dill, Echinacea, Elecampane, Fennel, Fenugreek, Feverfew, Ginkgo, Heal All, Horehound, Lavender, Lavandin, Lemon Balm, Marshmallow, Melissa Officianalis, Motherwort, Nettle, Pleurisy, Rosemary, Sage, Tea, Thistle, Valerian, and Yarrow. Other herbs currently in production include Monarda (Bee Balm), Rose Hips and Hops. The company also maintains a community vegetable garden for the benefit of the company's employees and their families.

2. Processing. The applicant engages in a number of processing / manufacturing operations. Primary among these processes is the steam distillation of essential oil crops, such as lavender, rosemary, clary sage, Douglas fir, and Noble fir. The applicant is also involved in the production of tinctures, which are herb extracts obtained by using alcohol to extract their constituents. The applicant produces over 180 different tinctures from herbs, over 30 of which are grown at the OLF. The process of extracting constituents from botanicals is an accepted farming practice. ORS 215.203(2)(a) defines the term "farm use" as including the preparation, storage and disposal my marketing or otherwise of the product or products of or by-products raised on such land for human or animal use. Such extracts are identified by US government agencies as farm crops or produce. *See* Section 101 of the Specialty Crops Competitiveness Act of 2004 (7 U.S.C. 1621) and amended under section 10010 of the Agricultural Act of 2014, Public Law 113-79 (the Farm Bill). 2002, Market Opportunities and Strategic Directions for Specialty Herbs and Essential Oil Crops in Montana. (Exhibit 76).

3. Storage. One of the most space-intensive aspects of the operations is the storage of oils for sale, dried herbs, containers and similar materials, as wells as the storage of shipping and packaging materials.

4. Drying, Milling. The facilities are used to dry various herbs for future sale. OLF recently acquired a dryer for the hops it is also growing at the farm.

5. Other Farm and Value Added Products. OLF produces Culinary Lavender, Lavender Honey, Lavender Soap, and Lavender Lotion.

6. Herbal Extracts – Tincture production. The OLF lab facility engages in the production of herbal oils and tinctures.

7. A complex permaculture practice is under development that utilizes distillation by-products and water resources at the OLF to sustainably produce worms, compost/compost tea, mulch, mushrooms and steelhead. *(See Page 23 Oregon Lavender Farm Permaculture Plan Graphic)*

8. Liberty Natural Products Inc -.Distribution Operations. The current operations are heavily dependent on the importation, repackaging and distribution of oils and herbal extracts produced outside of Clackamas County. The long term goal for this facility is to transition to the processing, packaging and distribution of locally grown herbal products. At present, products from OLF farm operations account for 2-3% of sales, and bring in $150,000 to $200,000 per year in revenue. This figure includes revenue made from the sale of herb crops grown on the farm (includes lavender buds, bunches), lavender oil, and waters obtained from distillation of lavender grown on the farm, herbal extracts produced from herb crops grown on the farm, and other value-added products made from crops grown at the farm, such as lavender soap and lotion. Liberty is now negotiating contracts with Oregon growers for specialty herb crops, such as Melissa/Lemon Balm for its high value essential oil. Liberty is reaching out to Clackamas County growers to establish new specialty crop acreage. (Exhibit 77). The prospects for the establishment of high value specialty herb crop cultivation in Oregon in the coming decades are good. Crop distribution, such as possessed by Liberty, is a key component to the developing new specialty crop acreage in Oregon. (Exhibit 78)

9. Distribution of crops. Distribution of products produced by other farms brings in a current revenue of at $6.5 - $7 million for fiscal year 2013. This includes the distribution of over 1200 different farm products from Oregon, the US and around the world. Of this total, an estimated 20 to 30% are grown in the United States, including 3-4%, which are from Oregon farms. (Exhibit 79). These farm products include the following:

   - Dried herbs – thirty of which are grown at the farm.
   - Essential oils – only (5) of which are produced from crops grown or produced at the farm.

- Herbal extracts – thirty of which are produced from herbs grown at the farm.
- In addition, the distribution operations includes container packaging, supplies and incidental goods., as well as the distribution of personal care products manufactured with Oregon grown ingredients, such as TIB Breath Fresheners, a product made with Oregon & Washington Mint Oils.

10. Shipping. Once ordered, products are packaged and shipped via UPS and other carriers. Typically, there will be one UPS pick-up per day.

11. Administration. The facilities are also used for a variety of business-related activities, including book-keeping, purchasing, marketing, sales, personnel management, computer systems – IT, facilities management, inventory & quality control, laboratories, and packaging and shipping.

OLF and Liberty Naturals support Oregon agriculture in the following ways:

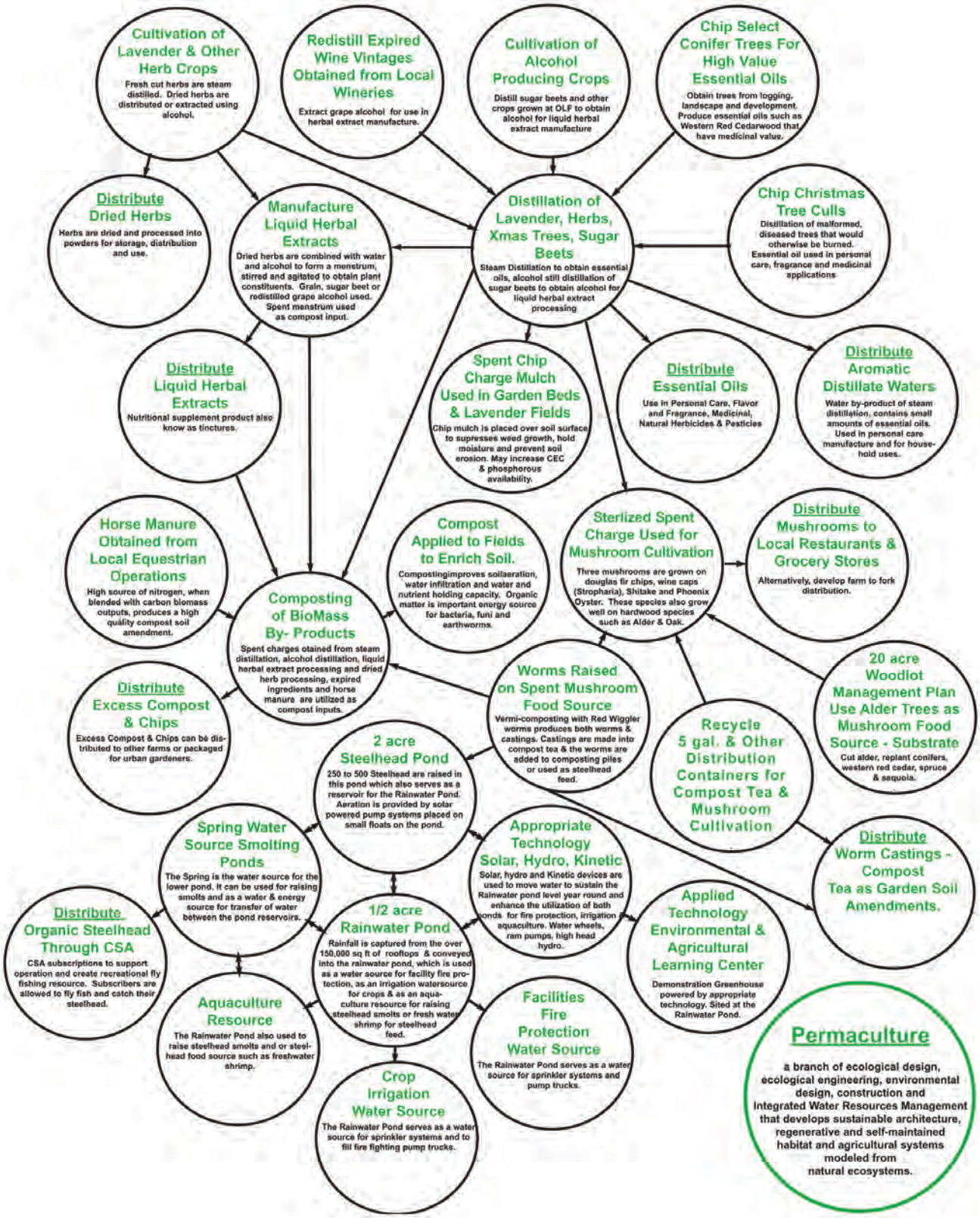
a) purchase and distribution of Oregon agricultural crops for three decades, *e.g.* mint, blue green algae, other essential oil crops, meadowfoam oil, herbs etc. (Liberty has historical company sales exceeding $70,000,000.00, it is estimated that it has grown, purchased and distributed in excess of $1,500,000.00 of Oregon and southern Washingon agricultural crops;
b) Examples of growers-producers: Funke, Kropf, Rose City, RCB, Plant Technologies, Klamath Valley Botanicals, Mountain Rose Herbs, beekeepers for wax and honey;
c) distribution of packaging and container supplies to beekeepers;
d) distribution of essential oils for use in agriculture as sustainable natural source herbicides and pesticides, *e.g.* Advanced Marketing of Wilsonville: $53,000.00 in three years;
e) distribution of essential oils and other farm sourced ingredients to small Oregon farms for value added manufacturing;
f) the Oregon Lavender Farm.

OLF and Liberty Naturals supports interstate commerce in the following ways:

a) Production of herbal extracts used in bovine veterinary practice;
b) distribution of botanical extracts used in university and private research
c) (Exhibit 80);
c) small farm value added product manufacture;
d) agricultural use of botanical extracts as herbicides and pesticides.

The future plans for this facility include:

1. Construction of a "mother distillery" to support the following operations: (a) distillation of 200 to 500 acres of local lavender cultivation, (b) distillation of Christmas tree culls from neighboring growers, and (c) R&D of other potential extractions: raspberry seed extraction, cucumber waters.



2. Provision of support services to commercial lavender growers in the area, including: (a) propagation of lavender plugs, (b) lavender practice consultation: planting,

irrigation, cultivation, (c) provide services: harvest, distillation, quality control and analysis, and (d) contract – purchase lavender essential oil from local producers as a part of the distillation services.

3. Lease or purchase of adjoining properties to increase lavender cultivation. Properties which would be ideal for this purpose include the MS Growers property (20 acres) and Moriarity property (100 acres).

4. Contract with local farmers to grow herb crops to be used for making herbal extracts and bulk herb sales. (Exhibit 77)

5. Acquire additional herb drying and processing equipment.

6. Development of compost by-products from distillation spent charge.

IV. EXPLANATION AS TO WHY IT IS INFEASIBLE TO PURSUE A CONDITIONAL USE PERMIT AUTHORIZING A "COMMERCIAL ACTIVITIES IN CONJUNCTION WITH FARM USE."

ORS 215.283(2) provides for certain non-farm uses to be allowed as "conditional" uses in the EFU zone. One of s tatutory authorizations under ORS 215.283(2) relates to a use known as "commercial activities in conjunction with farm use, or "CACFU" for short. Originally enacted in 1983, *See* Or Laws 1983, ch. 826, § 17. The law currently provides as follows:

> ***(2) The following nonfarm uses may be established, subject to the approval of the governing body or its designee in any area zoned for exclusive farm use subject to ORS 215.296:***
>
> ***(a) Commercial activities that are in conjunction with farm use, including the processing of farm crops into biofuel * * *.***

The key wording, which is "commercial activities that are in conjunction with farm use" has not changed since its original enactment. Clackamas County has adopted essentially the same provision in its zoning code.[3] ZDO 401.05(E)(6) provides as follows:

> ***6. Commercial activities in conjunction with farm use, including the processing of farm crops into biofuel that exceeds the standards of ORS 215.203(2)(b)(K) or Subsection 401.05(B)(1). The commercial activity shall be essential to the practice of agriculture.***

[3] A county may regulate or define conditional uses such as commercial activities that are in conjunction with farm use more restrictively than required by state law and, in fact, some counties have done so in the past. For example, in *Burkey v. Clackamas County*, 17 Or LUBA 369, 374 (1989), LUBA found that a Clackamas County code provision allowing "commercial activities that are exclusively used in conjunction with farm use" to be more restrictive than parallel statutory provision lacking the "exclusively" requirement. Clackamas County has since deleted the exclusivity requirement, which indicates a legislative intent to be no more restrictive than state law.

Unfortunately, the concept of "commercial activities" that are "in conjunction with farm use" is vague and somewhat subjective. The key phrase is not defined by statute. Counties do not receive deference in their interpretations of this provision; the scope and proper construction of the term "commercial activities in conjunction with farm use" is a question of state law. *Kenagy v. Benton County*, 112 Or App 17, 20 n 2, 826 P2d 1047 (1992).

When determining what constitutes a CACFU, the term must be construed in context with the exclusive farm use statutory scheme, which favors preservation of agricultural land for agricultural purposes and limits nonfarm uses. *McCaw Communications, Inc. v. Marion County*, 96 Or App 552, 555, 773 P2d 779 (1989). Nonetheless, it is important to consider that the uses that in fact "commercial activities that are in conjunction with farm use" further the statutory purpose of encouraging and supporting agricultural uses. *See Craven v. Jackson County*, 308 Or 281, 779 P2d 1011 (1989).

In *Craven*, the Supreme Court created a key limitation on the scope of a CACFU use, when it stated:

> The phrase upon which the validity of the CUP turns is "in conjunction with farm use," which is not statutorily defined. We believe that, to be "in conjunction with farm use," the commercial activity *must enhance the farming enterprises of the local agricultural community to which the EFU land hosting that commercial activity relates. The agricultural and commercial activities must occur together in the local community to satisfy the statute.*

Id. at 289. There were two relevant characteristics of the winery at issue in *Craven.* First, the winery was a buyer of grapes from local agricultural enterprises in the area. Second, it processed the grapes it purchased into wine, which it sold on the open market. Wine grapes generally serve no other purpose than to make wine, and farmers who grow these grapes are dependent on wineries to add value to the farm product. In *Craven,* there was no dispute that this was the primary purpose of the winery.

The other relevant characteristic of the winery was its sale of souvenirs. So long as the nonfarm related aspect of the venture, such as sale of souvenirs, is both incidental and supportive of the primary purpose, it is a permissible part of a commercial activity in conjunction with farm use. *See Stroupe v. Clackamas County*, 28 Or LUBA 107, 112-13 (1994).

> Wine production will provide a local market outlet for grapes of other growers in the area, assisting their agricultural efforts. Hopefully, it will also make Samad's efforts to transform a hayfield into a vineyard successful, thereby increasing both the intensity and value of agricultural products coming from the same acres. Both results fit into the policy of preserving farm land for farm use.

> Sales of souvenirs which advertise the winery may cause others to come to the area and buy the produce of the vineyards and farms roundabout. *Such sales may reinforce the profitability of operations and the likelihood that agricultural use of the land will continue.* At least LUBA could reasonably so find, as it did, and interpret the incidental sales of souvenirs with logos as being "in conjunction with farm use. (Emphasis Added).

In more recent cases, the Courts have flushed out what it means to "*enhance the farming enterprises of the local agricultural community.* For example, in *Earle v. McCarthy*, 28 Or App 541, 560 P2d 665 (1977), the Oregon Court of Appeals held that a hop warehouse that would store hops grown by many hops growers, and sell string and burlap used in hop production, qualified as a commercial activity in conjunction with farm use. In *Friends of Yamhill County v. Yamhill County and Stoller Vineyards*, 255 Or App 636, 641-644 (2013), the Court of appeals rejected an argument that a winery use at issue was not in conjunction with farm use because it would serve tourists rather than farmers. The Court of Appeals concluded that it served both, reasoning that "[a] commercial use which assists farmers in processing and marketing crops can be as supportive of agricultural operations as one which aids them in producing crops." *Id*. at 54. Read together, *Craven, Earle,* and *Stoller Vineyards* all stand for the relatively straightforward proposition that a commercial activity in conjunction with farm use must be either *exclusively* or *primarily* a:

- customer of farm products,
- provider of services to farm operations, or
- supplier of products used in farm use.

That basic proposition also was the basis for the Land Conservation and Development Commission's decision in *Balin v. Klamath County*, 3 LCDC 8, 19 (1979). In *Balin,* LCDC concluded a farm implement and irrigation equipment dealership qualified as a commercial activity in conjunction with farm use. In reaching that conclusion, LCDC identified another consideration for service providers and suppliers:

> "Clearly the statute is not intended to allow the establishment of grocery stores and gas stations on agricultural lands solely because they are situated in a primarily agricultural area and serve primarily agricultural needs. *However, it can and should be read to express a legislative judgment that commercial activities limited to <u>providing products and services essential to the practice of agriculture</u> directly to the surrounding agricultural businesses are sufficiently important to justify the resulting loss of agricultural land.* The record shows that such an enterprise is proposed and is needed." (Emphasis added).

Id. The above quoted language makes the point that even if a commercial activity primarily sells to farm uses, that may not be sufficient to allow the commercial activity to qualify as a commercial activity in conjunction with farm use. There is a second inquiry that must be

satisfied. The products and services provided must be "essential to the practice of agriculture." While farmers must eat and farm equipment frequently operates on gasoline, that nexus is not sufficient to make grocery stores or gas stations commercial activities in conjunction with farm use. The connection must be closer to "essential to the practice of agriculture." In the cases cited above, that connection was found to be satisfied by a winery, a hops warehouse, and a farm implement and equipment business.

LUBA has held that a full-service restaurant is not "a commercial activity in conjunction with farm use." *Flynn v. Polk County,* 17 Or LUBA 68 (1988). Similarly, LUBA has held that county acted improperly when it approved, as a commercial activity in conjunction with farm use, the following activities: (1) sale of 3/4 ton or larger trucks, with a maximum of 10 trucks on the property at one time (2) rental of trucks and rental of the trailers and other equipment intervenor is authorized to sell under an earlier approved conditional use permit, (3) sale of portable storage buildings, (4) operation of mailbox, UPS and fax services, and (5) construction of a 4,800-square-foot building to house the operation. *See City of Sandy v. Clackamas County*, 28 Or LUBA 316 (1994).

The upshot of the legal paradigm set forth above is that, for better or worse, it causes stasis in the Oregon agricultural economy. While protecting traditional agricultural operations and methods from urbanization is a laudable goal, the unintended consequence is that is inhibits farmers from innovating and expanding into new agricultural enterprises. We explain this in more detail below.

In this case, Clackamas County Planning staff has taken the position that Liberty Natural's wholesale distribution of botanical extracts is neither an agricultural use or a CACFU supportive of agriculture. The County staff believes that it is not lawful to process herbs and other farm products on EFU land, if the majority of those herbs are grown outside of Oregon or the United States. Furthermore, County staff has informally concluded that under state law, there are no available categories of permits that could resolve the land use complaints filed against Liberty Natural. Again, the key bone of contention appears to be that Liberty Natural's primary source of agricultural products are imported from other regions, states, and countries, as opposed to being brought in from local Clackamas County farms. This concerns stems from a judicial interpretation of state law set forth in *Craven v. Jackson County, supra*. In *Craven*, the Supreme Court opined:

> We believe that, to be "in conjunction with farm use," the commercial activity *must enhance the farming enterprises of the local agricultural community to which the EFU land hosting that commercial activity relates. The agricultural and commercial activities must occur together in the local community to satisfy the statute.* (Emphasis added).

Thus, if Liberty Natural processed, repacked, and distributed the majority of its products from the "local community," then it would qualify as a CACFU as a *primarily* customer of farm uses. At present, the "local community" supplies around 2-4% of the total agricultural products

utilized by Liberty Natural, Inc. Presumably, that percentage would need to be 51% or greater before Clackamas County would approve the facility as a CACFU.

Though perhaps unintentional, the court-created legal paradigm creates a chicken-and-egg problem for both the applicant and for others seeking to innovate and expand into new product lines and markets. The processing and distribution network for herbs must be in place and operational in order to create value for farmers to grow that product. But the creation of a processing facility and distribution network cannot happen overnight; it can take years to establish a solid network of customers for products. In the meantime, the farmers in the local community will not grow herbs unless and until a processing facility and distribution facility is operational. After all, farmers need to have some assurance that there is a market for their product. It would make no sense for a farmer to plant a crop "on spec" and then try to find a buyer for that product at the time of harvest.[4] Liberty Natural, Inc. has a well-established distribution network that can create the needed link between the farmer of herbs and customers.

Unfortunately, as interpreted by the courts, Oregon law discourages innovation and diversification of new markets for farm products. Though unintentional, Oregon law seems to demand that a sufficient critical mass of farming operations be taking place in the local area before a commercial activity that processes those farm products can occur. That is precisely the opposite of the natural evolution of these types of industries. OLF experienced this when it raised squash and corn: OLF was unable to find a buyer for a majority of the crop, and ended up donating approximately $10,000.00 of produce to charity to avoid it being wasted.

Seen in that light, this application is really only necessitated to bridge a gap unintentionally created by an overly rigid legal framework. In fact, once the facility is totally operational at full capacity and local farmers are providing the facility with a majority of its raw materials, then the Goal exception will in essence no longer be needed because the use will finally qualify for a conditional use permit (i.e. as a CACFU).

V. DESCRIPTION AND OVERVIEW OF THE GOAL EXCEPTION PROCESS.

[4] As a parallel, it is worth noting that it is the occurrence of new wineries in Oregon that has spurred on the development of additional acreage of vineyards, not the opposite. Indeed, Oregon's wine industry was not founded by mere grape farmers trying to think up new products to make from their existing grape vioneyards. Rather, the founding pioneers of the Oregon wine industry sought out these lands due to the growing conditions and soils. See Paul Pintarich, "The Boys Up North: Dick Erath and the Early Oregon Winemakers" Wyatt Group, Incorporated (1997). Had Oregon law pertaining to CACFUs been enforced back in those days, it would have been a serious impediment to the advancement of the winery industry, because fruit was sourced from many different locales in those early, primarily California and Washington. Indeed, there is no other practical way to start a winery, since it takes a vineyard around 4-5 years before it starts producing quality fruit suitable for grapes. As turned out, the Oregon Legislature created a legislative "fix' to resolve uncertainties in the statute. In 1989, the Legislature enacted ORS 215.452, in response to interim decisions in the *Craven v. Jackson County* case, which was working its way up through the courts at that time. ORS 215.452 made a winery an allowed use in the EFU zone. A few months after ORS 215.452 was enacted, the Supreme Court decided *Craven*. *See Craven v. Jackson County*, 308 Or 281, 779 P2d 1011 (1989). The Court determined that a winery was a use authorized as of right in conjunction with farming by ORS 215.203 and ORS 215.213(1) / 215.283(1), and that a wine tasting room was a "commercial use in conjunction with farm use" under ORS 215.213(2) / 215.283(2). The record in *Craven* made clear that the winery owner imported grapes from outside the area as an interim measure.

In the previous section, the applicant established the fact that the proposed use will not likely meet the standards for a "commercial activity in conjunction with farm use" over a short-term planning horizon, even though it is likely that the facility could be considered a CACFU once it is operating at full capacity (i.e. over a twenty year planning horizon). For this reason, the proposed use proposes an exception to Statewide Planning Goal 3.

Both ORS 197.732 and Statewide Planning Goal 2 contain a provision for taking "exceptions" to the other 18 Statewide Planning Goals. At its core, an "exception" is similar in concept to a variance insomuch as it provides justification for doing something that the Goals would otherwise not allow, albeit only for a narrowly tailored set of circumstances.

Both Goal 2 and the LCDC administrative rule that implements Goal 2 contain a unique set of rules that govern the taking of an exception. Specifically, Goal 2, Part II provides a procedure and standards for the taking of goal exceptions by local governments, "where it is not possible to apply the appropriate goal to specific properties or situations." The exceptions process has been described by DLCD as a mechanism for resolving conflicts between goal provisions and conflicting land uses. *See* LCDC, Common Questions About the Exceptions Process Related to the Preparation of Comprehensive Plans, March 10, 1978, at p. 1.

1. <u>Exceptions Procedure: the Plan Amendment Requirement.</u>

An exception may only be taken in the context of a Post-Acknowledgment Plan Amendment ("PAPA"). This important limitation is set forth in the last sentence of Goal 2, Part II, which states:

> ***Exception*** <u>means a comprehensive plan provision, including an amendment to an acknowledged comprehensive plan</u>, that;
> (a) Is applicable to specific properties or situations and does not establish a planning or zoning policy of general applicability;
> (b) Does not comply with some or all goal requirements applicable to the subject properties or situations; and
> (c) Complies with standards for an exception.

(Underline Emphasis added). In fact, if a jurisdiction fails to incorporate an exception into its comprehensive plan, that failure may lead to the invalidation of the exception. *See 1000 Friends of Oregon v. Clackamas County*, 2 Or LUBA 235, 236 (1980).

The process for completing a PAPA is set forth in ORS 197.610-.625. 45 day notice of a PAPA must be provided to DLCD, in accordance with ORS 197.610.

2. <u>Overview of the Legal Standards for Goal Exceptions.</u>

ORS 197.732(2) provides as follows:

> ***(2) A local government may adopt an exception to a goal if:***

(a) The land subject to the exception is physically developed to the extent that it is no longer available for uses allowed by the applicable goal;
(b) The land subject to the exception is irrevocably committed as described by Land Conservation and Development Commission rule to uses not allowed by the applicable goal because existing adjacent uses and other relevant factors make uses allowed by the applicable goal impracticable; or
(c) The following standards are met:
(A) Reasons justify why the state policy embodied in the applicable goals should not apply;
(B) Areas that do not require a new exception cannot reasonably accommodate the use;
(C) The long term environmental, economic, social and energy consequences resulting from the use at the proposed site with measures designed to reduce adverse impacts are not significantly more adverse than would typically result from the same proposal being located in areas requiring a goal exception other than the proposed site; and
(D) The proposed uses are compatible with other adjacent uses or will be so rendered through measures designed to reduce adverse impacts.

See also Goal 2, Part II; OAR 660-004-0020(2)(a)–(d). Thus, as noted above, the statute, Goal 2, and administrative rule set forth three types of exceptions: (1) a "physically developed" exception, (2) an "irrevocably committed" exception, and a (3) "reasons" exception. The first two types no not require a showing of "need" or alternatives.

A "physically developed" exception (aka "built" exception) is used when a certain property is already heavily developed with improvements that would effectively prevent the land from being used for uses allowed by the Goal (typically, farming or forest operations).[5]

An "irrevocably committed" exception is appropriate when compelling facts demonstrate that existing adjacent uses and other relevant factors make uses allowed by the applicable goal

[5] Oregon Statewide Planning Goals & Guidelines, Goal 2, ORS 197.732(2)(a), and OAR 660-004-0025(1) contain virtually identical descriptions of a "developed" exception: "The land subject to the exception is physically developed to the extent that it is no longer available for uses allowed by the applicable goal." ORS 197.732(2)(a); *see also* Goal 2, Part II. The administrative rule provides some guidance on the type of evidence that must be assembled to justify a "developed" exception:

> Whether land has been physically developed with uses not allowed by an applicable Goal, will depend on the situation at the site of the exception. The exact nature and extent of the areas found to be physically developed shall be clearly set forth in the justification for the exception. The specific area(s) must be shown on a map or otherwise described and keyed to the appropriate findings of fact. The findings of fact shall identify the extent and location of the existing physical development on the land and can include information on structures, roads, sewer and water facilities, and utility facilities.

impracticable."[6] Stated another way, a committed exception is based on proof that there are such severe conflicts created by adjacent land uses that the subject property cannot practically be used for uses allowed by the goal. Case law addressing committed exceptions emphasize that the focus of the analysis for an irrevocably committed exception is on the adjacent land and uses and their impact on the subject parcel, not on the subject parcel itself, because it otherwise qualifies as resource land. *See, e.g., Department of Land Conservation & Dev. v. Curry County,* 151 Or App 7, 11–12, 947 P2d 1123 (1997); *1000 Friends of Oregon v. Douglas County*, 4 Or LUBA 24, 31-32 (1981).

The third type of exception, the "reasons exception" is really a catch-all category. Any uses that do not meet the requirements of a built or committed exception may be approved only under the provisions for a reasons exception, as explained in OAR 660-004-0020 and 660-004-0022. OAR 660-004-0018(3). Oregon Statewide Planning Goals & Guidelines, Goal 2, and ORS 197.732(2)(c) contain virtually identical descriptions of a "reasons" exception. A local government may adopt an exception to a goal if the following standards are met:

> ***(c)(A) Reasons justify why the state policy embodied in the applicable goals should not apply;***
>
> ***(B) Areas that do not require a new exception cannot reasonably accommodate the use;***
>
> ***(C) The long term environmental, economic, social and energy consequences resulting from the use at the proposed site with measures designed to reduce adverse impacts are not significantly more adverse than would typically result from the same proposal being located in areas requiring a goal exception other than the proposed site; and***
>
> ***(D) The proposed uses are compatible with other adjacent uses or will be so rendered through measures designed to reduce adverse impacts.***

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[6] Oregon Statewide Planning Goals & Guidelines, Goal 2, ORS 197.732(2)(b), and OAR 660-004-0028(1) contain virtually identical descriptions of a "committed" exception: "The land subject to the exception is irrevocably committed to uses not allowed by the applicable goal because existing adjacent uses and other relevant factors make uses allowed by the applicable goal impracticable." Goal 2, Part II. To demonstrate that an area is irrevocably committed to nonresource use, it must be shown that the uses allowed by the applicable goal are "impracticable." OAR 660-004-0028(1). The focus is on whether existing circumstances render the uses impracticable, "not speculative future circumstances." *Friends of Douglas County v. Douglas County,* LUBA No. 2003-210, 46 Or LUBA 757, 772–773 (2004). The impracticability requirement is limited somewhat by OAR 660-004-0028(3):

> Whether uses or activities allowed by an applicable goal are impracticable as that term is used in [ORS 197.732(2)(b)], in Goal 2, Part II(b), and in this rule shall be determined through consideration of factors set forth in this rule. Compliance with this rule shall constitute compliance with the requirements of Goal 2, Part II. It is the purpose of this rule to permit irrevocably committed exceptions, where justified, so as to provide flexibility in the application of broad resource protection goals. It shall not be required that local governments demonstrate that every use allowed by the applicable goal is "impossible."

ORS 197.732(2)(c); *see also* Goal 2, Part II. These four standards are known as the "need" standard, the "alternatives," standard, the "consequences" standard, and the "compatibility' standard. An administrative rule, OAR 660-004-0020(2)(a)–(d), fleshes out the four standards described in Goal 2, Part II, and ORS 197.732(2)(c).

With regard to the "need" standard, the "reasons" that can justify an exception are different for urban development and rural development. *Oregon Department of Land Conservation and Development v. Umatilla County,* 39 Or LUBA 715, 725–726 (2001). For rural development, OAR 660-004-0020 and 660-004-0022 detail the factors that must be evaluated in determining whether a reasons exception is appropriate. OAR 660-004-0022 describes certain specific types of reasons that "may or may not be used to justify certain types of uses not allowed on resource lands." These specific types of reasons fall into two broad categories.

First, a local government can justify a reasons exception to a resource goal if it can demonstrate a need for the proposed use or activity based on one or more of the other goals, and either: (1) "A resource upon which the proposed use or activity is dependent can be reasonably obtained only at the proposed exception site and the use or activity requires a location near the resource"; or (2) "The proposed use or activity has special features or qualities that necessitate its location on or near the proposed exception site." OAR 660-004-0022(1).

The second broad category of reasons exceptions is actually a group of very specific types of uses. OAR 660-004-0022(2)–(11). Discrete subsections explain the standards for justifying an exception for the following reasons: rural residential development, rural industrial development, expansion of unincorporated communities, Willamette Greenway development, water-dependent development, certain dredge and fill operations, certain uses in coastal shorelands, foredune breaching, and foredune development. If the proposed use is one of the specific types listed in OAR 660-004-0022(2)–(11), OAR 660-004-0022(1) does not apply. *Friends of Yamhill County v. Yamhill County,* 47 Or LUBA 508, 516 (2004). In this case, the applicant is seeking to justify the need for the exception under the specific rules set forth for rural industrial development set forth in OAR 660-004-0022(3). More detail pertaining to this standard is provided below.

After establishing a need for the exception, the applicant must then establish that there are no reasonable alternatives. ORS 197.732(2)(c)(B). OAR 660-004-0020. An alternative-site analysis must explain the criteria used to identify suitable alternative sites and relate the criteria to the alleged need. Conclusory or arbitrary criteria that result in potential alternative sites being eliminated are insufficient. *Middleton v. Josephine County,* 31 Or LUBA 423, 433–436 (1996). Alternative sites cannot be excluded from consideration simply because a zone change or a conditional-use permit would be required. Economic factors may be considered in ruling out alternative sites. OAR 660-004-0020(2)(b)(B). However, increased cost by itself is generally not a sufficient justification. *DLCD v. Douglas County,* 38 Or LUBA 542, 554–555 (2000).

In addition, a local government must compare the long-term environmental, economic, social, and energy consequences of allowing the proposed use at the proposed site with the consequences of locating the proposed use in other areas also requiring a goal exception. ORS

197.732(2)(c)(C); *Jensen v. Clatsop County,* 14 Or LUBA 776, 782–784 (1986); *Loos v. Columbia County,* 16 Or LUBA 528, 536–539 (1988); *Murray v. Marion County,* 23 Or LUBA 268, 279–280 (1992). This does not impose an absolute standard requiring that local government choose the best site for the consequences. Rather, the government may choose a preferred alternative if the consequences are "not significantly more adverse" than choosing a different site. *1000 Friends of Oregon v. Yamhill County,* 52 Or LUBA 418, 428–429 (2006).

Finally, a reasons exception requires a showing that "[t]he proposed uses are compatible with other adjacent uses or will be so rendered through measures designed to reduce adverse impacts." OAR 660-004-0020(2)(d). This test does not require compliance with the compatibility standard before an exception is approved; it is sufficient that there is a showing that compliance will be achieved. *Schrock Farms, Inc. v. Linn County,* 31 Or LUBA 57, 66, *aff'd,* 142 Or App 1 (1996). However, it is not sufficient to rely on a future site review to ensure compatibility with surrounding uses. The decision granting the exception must explain how the proposed use will be rendered compatible. *Middleton,* 31 Or LUBA at 439–440.

When a local government takes a reasons exception, the "plan and zone designations must limit the uses, density, public facilities and services, and activities to only those that are justified in the exception," OAR 660-004-0018(4)(a). When a local government changes the type or intensity of uses in a reasons-exception area, a new reasons exception is required. OAR 660-004-0018(4)(b). For example, when a reasons exception to Oregon Statewide Planning Goal 3, was based on the expansion of a truck stop, the county could not approve a more intensive independent truck stop without revising the exception. *Flying J., Inc. v. Marion County,* 38 Or LUBA 149, *aff'd,* 170 Or App 568 (2000).

VI. REASONS SUPPORTING THE COMPREHENSIVE PLAN AMENDMENT & ZONE CHANGE TO RURAL INDUSTRIAL.

An exception is authorized only when "compelling reasons and facts" support the conclusion that it is not possible to apply the appropriate goal … " As discussed above, this conclusion must be accompanied by a statement, set forth in the comprehensive plan, addressing four points, which address (1) need, (2) alternatives, (3) consequences, and (4) compatibility. *Still v. Board of Commissioners, Marion County*, 42 Or App 115, 122 600 P2d 433 (1979).

1. <u>The Need Standard: "Reasons Justify Why the State Policy Embodied in the Applicable Goals Should Not Apply."</u>

As discussed above, the first of the four standards for a "reasons" exception requires the applicant to prove that a need for the use exists, and that the use must be undertaken on the particular resource land at issue. ORS 197.732(2)(c)(A) and OAR 660-004-0020(2) provide as follows:

> ***(2) The four standards in Goal 2 Part II(c) required to be addressed when taking an exception to a goal are described in subsections (a) through (d) of this section, including general requirements applicable to each of the factors:***

**** * * * *.***

(a) "Reasons justify why the state policy embodied in the applicable goals should not apply." The exception shall set forth the facts and assumptions used as the basis for determining that a state policy embodied in a goal should not apply to specific properties or situations, including the amount of land for the use being planned and why the use requires a location on resource land;

The specific state policies embedded in Goal 3 that should not apply to the subject property are as follows:

- "Agricultural lands shall be preserved and maintained for farm use, consistent with existing and future needs for agricultural products, forest and open space * * *."
- "Counties may authorize farm uses and those nonfarm uses defined by commission rule that will not have significant adverse effects on accepted farm or forest practices."

This proposal involves taking an exception to 8.77 acres of property that is currently zoned EFU. Further explanations as to why the use requires a location on resource land is contained below in conjunction with a discussion of OAR 660-004-0022(3)(c).

OAR 660-004-0022(3)(c) is an administrative rule which implements ORS 197.732(2)(c)(A) and OAR 660-004-0020(2). In fact, OAR 660-004-0022(3)(c) is the heart of the "needs" component of a reasons exception for a rural industrial use. It provides standards for determining whether there exists a need to site a rural industrial facility at a particular location zoned for resource use, as follows:

(3) Rural Industrial Development: For the siting of industrial development on resource land outside an urban growth boundary, appropriate reasons and facts may include, but are not limited to, the following:

(a) The use is significantly dependent upon a unique resource located on agricultural or forest land. Examples of such resources and resource sites include geothermal wells, mineral or aggregate deposits, water reservoirs, natural features, or river or ocean ports;

(b) The use cannot be located inside an urban growth boundary due to impacts that are hazardous or incompatible in densely populated areas; or

(c) The use would have a significant comparative advantage due to its location (e.g., near existing industrial activity, an energy facility, or products available from other rural activities), which would benefit the county economy and cause only

> ***minimal loss of productive resource lands. Reasons for such a decision should include a discussion of the lost resource productivity and values in relation to the county's gain from the industrial use, and the specific transportation and resource advantages that support the decision.***

Here, the applicant has the burden to show six primary requirements:

First, the applicant will demonstrate that the use cannot be located inside an urban growth boundary due to impacts that are hazardous or incompatible in densely populated areas. In this case, that burden is easily met: the applicant's business involves the distillation of essential oils, which is a process that causes distinct and pervasive odors. These odors, though at times pleasant, are of a nature that would tend to annoy neighbors who are subjected to long-term exposure. This issue is discussed in more detail below, beginning on page 33, *infra*.

Second, the applicant must demonstrate that the proposed industrial use would have "*a significant comparative advantage"* due to its current location, both on account of the existing facilities and its close proximity to Clackamas area farms, as opposed to being sited in an area otherwise zoned for industrial uses. This issue is discussed in more detail below, beginning on page 37, *infra*.

Third, the applicant must demonstrate that locating the proposed use at the proposed site will "benefit the <u>county</u> economy." This issue is discussed in more detail below, beginning on page 44, *infra*.

Fourth, the applicant must demonstrate that locating the proposed use at the proposed site will "cause only minimal loss of productive resource lands." This issue is discussed in more detail below, beginning on page 47, *infra*.

The rule goes on to say that "[r]easons for such a decision should include a discussion of the lost resource productivity and values in relation to the county's gain from the industrial use, and the specific transportation and resource advantages that support the decision." These two final issues are also discussed below, beginning on page 51.

a. <u>OAR 660-004-0022(3)(b): The Use Cannot be Located Inside an Urban Growth Boundary Due to Impacts that are Hazardous or Incompatible in Densely Populated Areas.</u>

The applicant's business cannot realistically be located inside an urban growth boundary due to impacts incompatible with densely populated areas. The primary impact is aroma / odors. Of course, the aromas emitted by OLF's existing operations are not hazardous. Nonetheless, they are incompatible with densely populated places. The growing and processing of aromatic plants is, by definition, odorous (that is the "aroma" part of "aromatic"). The scent of lavender, peppermint, clary sage, cinnamon and the like are not offensive to most people most of the time and in small doses, but that can change if people nearby must smell these odors all the time, and at close proximity.

We live in an age when even pleasant odors can be distressing to some people. The city of Portland, for example, in 2011 banned its employees from wearing perfume or aftershave lotion because a very small number of people alleged such aromas, however subtle, bothered their respiratory tracts, inflamed their sinuses, caused allergic reactions, and/or aggravated their life-threatening "Multiple Chemical Sensitivities." This ban received national press coverage, and some other jurisdictions adopted similar rules. *See* Julie Keen, "Wearing Perfume? You're Not Allowed in Here," *USA Today*, July 3, 2012. Exhibit 81. That ban has not prevented Portland city employees from filing federal lawsuits against the city claiming violations of their civil rights, including the Americans with Disabilities Act, for allowing odors to exist in the workplace. Complaints go beyond co-workers' perfume to include floral-scented hand lotion and lemon-scented janitorial cleaning products. *See* Bryan Denson, "Portland Employee Sues City for Workplace Fragrances" *The Oregonian*, May 13, 2013. (Exhibit 82).

Companies that produce aromatic goods, even when located in heavily industrial zones, can face lawsuits and government enforcement action. The very popular internationally-distributed Sriracha hot sauce, which enjoyed $60 million in 2012 sales, has created a cottage industry of Sriracha-inspired products like iPhone cases, cookbooks, Subway sandwiches, Lay's potato chip flavors, a food festival and even a lip balm. Despite this worldwide popularity, and the fact the Sriracha factory is properly located in an urban industrial zone area of Irwindale, California, the factory was shut down by a court order in 2013 after passers-by and area workers complained of the smell. The factory faced both a municipal injunction action as well as a private party nuisance lawsuit. Frank Shyong, "Experts Must Sniff Out Source of Smell at Sriracha Factory," *Los Angeles Times*, November 29, 2013. (Exhibit 83). "That stinks! Judge tells hot sauce maker to curb smelly chili," *NBC Nightly News*, November 29, 2013. (Exhibit 84).

Even odors generally thought pleasant by most people face legal action because of an aggrieved few, and the fact that the business is located in an appropriate commercial zone is no defense. "Bacon Bacon Restaurant in San Francisco is Forced to Close Because of Smell," by Carly Schwartz, *Huffington Post*, May 17, 2013. Exhibit 85. "Rolled over by a foul odor – Bogart residents fuming over stench they say is coming from local bakery," by Kevin Conner, *Athens Online*, June 22, 2000. Exhibit 86. "Sacramento neighbors sue city over brewery odor," by George Warren, *Sacramento ABC News 10*, June 19, 2013. Exhibit 87. "St. Paul's new Buffalo Wild Wings' odor irritates neighbors," by Will Ashenmacher, *Twin Cities Pioneer Press*, June 9, 2013. Exhibit 88. "Eatery Neighbors in Smell Hell," by Rich Calder, *The New York Post*, January 21, 2013 ("…they're sick of the overpowering fumes from the coffee, baked goods, beef jerky and other artisan eats…"). (Exhibit 89).

This is the legal climate today's businesses must operate in. As Liberty Natural Products primarily processes herbs and aromatic plants, it must realistically be sited a considerable distance away from any working or residential area containing people who might complain and/or take legal action about the smells (however faint, and however pleasant) the operation might generate. This precludes the operation from being sited in an urban industrial or commercially zoned area, because those areas are densely populated (the population might be a workforce rather than a residential population, but workers are still a population). In summary, the applicant's business satisfies the criteria of a "use [that] cannot be located inside an urban

growth boundary due to impacts that are incompatible in densely populated areas,' as stated in OAR 660-004-0022(3)(b).

b. The Proposed Industrial Use Would Have "a Significant Comparative Advantage" Due to its Current Location, both on Account of the Existing Facilities and its Close Proximity to Clackamas Area Farms, as Opposed to if the Same Business Were Sited in an Area Otherwise zoned for Urban Industrial Uses.

The proposed use is only viable if a required degree of efficiency is maintained, and that requires the farming operations to be co-located with the laboratory, distillation Facility and distribution facility.

The present use is a complex mixture of interrelated agriculturally-related and farm uses, some uses are permitted outright, allowed through a conditional use process (CACFU), and others not allowed without a RI rezone because of the origin of the agricultural crops. As discussed, *supra,* there is a blind spot in the structure of the current state land use legal framework that does not allow a commercial activity in conjunction with farm use ("CACFU") to be authorized unless and until it meets a certain threshold of interaction with local agricultural activities, even though that use might otherwise support public policy goals. In this case, it may take years before the applicant can establish a large enough network of local farmers to fulfill the need for farms products processed on the site. Clackamas County has identified the importance of increasing processing facilities for local farmers. In the 2012 "Clackamas County Agriculture and Foodshed Strategic Plan," the County emphasized this need to "[f]ocus especially on processing for small farmers and incubating new value-added products." (Exhibit 90). Indeed, the applicant's lavender operation is mentioned by name on page 24 as an example of a "value added plus" county product. *Id.*

Nonetheless, it is imperative that the proposed wholesale agricultural distribution of Liberty Products Inc. use be allowed to continue at the proposed location. As an initial matter, the proposed distribution facility use only achieves the necessary efficiencies if it is co-located with the primary farm facility, distillery, and laboratories, which are all "Farm Uses," which are allowe3d by right. In order to be competitive in a global market, OLF must have similar efficiencies that mirror production and processing methods worldwide.

OLF cannot compete with producers in the developing world on cost alone, however. "Production costs in the U.S. are higher than in developing countries because of higher land values, wage rates, and regulations, which govern environmental and labor standards." Market Opportunities and Strategic Directions for Specialty Herbs and Essential Oil Crops in Montana, Dr. Gary Brester, Kole Swanser, and Tim Watts, U.S. Department of Agriculture Federal-State Marketing Improvement Program, February 27, 2002, section IV.B.1, page 45 (hereinafter "Brester study"). (Exhibit 76). Thus it is very unlikely American producers "will be able to compete with foreign providers of specialty herbs and essential oils on a cost basis." Dr. Brester outlines two strategies for an American specialty agricultural business to survive in the global market:

- a *low-cost* strategy, based on the efficient integration of growing and processing facilities, as well as efficient supplier chains, and

- a *differentiation* strategy, based (in this case) on the production occurring in a pristine, organic, environmentally-conscious location. (*See* Brester study, pp. 43-44).

The Oregon Lavender Farm/Liberty Natural Products joint enterprise embraces both strategies to maximize its chance to prosper. First, we will discuss the low-cost strategy.

1. First Strategy: Lowering Costs Through Synergy and Integration of Crop Growth, Processing, and Shipping.

Many European producers of specialty crops and essential oils have been able to thrive only through a low-cost strategy, *e.g.* the efficiencies created by co-locating growing fields and processing facilities. For example, in France, the cultivation of lavender for oil production is in virtually all cases located around a farm facility, according to Bontoux, the French company that founded the lavender trade in the 19th century. (Exhibit 91). The primary production farm provides services, equipment, resources, and instruction to surrounding farms. Such services include plugs (cloned starter plants), planting assistance, harvesting, distillation, testing and analysis, and purchase or brokering of production. Providing these services enables such smaller farms to engage in lavender cultivation when it would otherwise be financially prohibitive.

Furthermore, it would not be feasible to separate the various component operations into two or more locations, because to do so would create duplication and inefficiencies that would prevent the operation from competing in the international market. For example, the current operation has a large 15,000 square foot warehouse dedicated to storage of plastic bottling supplies, glass bottles, lids, stoppers, boxing, packaging materials, boxes, and similar materials. The containers stored in this storage facility are used both for the processing of farm products grown on site (an allowed "farm use" use), as well as the repackaging and processing of botanicals obtained from overseas sources (not allowed without a Goal 3 exception). To require the applicant to maintain two identical container storage centers would create a significant comparative disadvantage, when compared to current operations. Again, if the applicant was able to limit the primary source of its raw materials to the local agricultural area, then the container storage center would be allowed as part of a farm use.

As another example, if the applicant split his operations, it would have to build, operate, and maintain a second distillery at the second location. Such a distillery would cost between $250,000 and $500,000. Dr. Roberts letter, (Exhibit 92, page 2). This would be cost-prohibitive and would create additional inefficiencies that, when combined with the other impediments mandated by two locations, would make the enterprise unprofitable. The inefficiencies are not exclusive to infrastructure, but include duplication of management and supervisory personnel as required by federal and state laws and good management practices.

A break-up of the current integrated Oregon Lavender Farm/Liberty Naturals Products operations and a move of the LNP distribution operations to another industrial facility would render both operations unprofitable and economically unsustainable. Capital improvement costs,

down payment and monthly debt service/lease payments arising from the acquisition or lease of a replacement facility, are not within Liberty's financial capacity. The capital and cost of a replacement facility is the substantial reason that a move of the distribution operations is not feasible. Acquisition of an additional facility would deplete Liberty Natural's capital and undermine its ability to grow the agricultural operations as planned and perhaps to even to continue the agricultural operation. Increased expenditures arising from a loss of cross-utilization and co-location at the present facility are of a lesser impact, but nonetheless provide significant secondary reasons to support the conclusion that a move of the distribution operations to another facility is not feasible.

Based on current commercial lease and sales market data, aggregate monthly expenditures for either rent or mortgage debt service for the purchase of an alternate urban industrial facility are estimated at between $35,000.00, to $50,000.00. Acquisition of a facility rather than lease would be the most practical option, due to the substantial capital investment required for custom tenant improvements. Such improvements would include, among other things, refrigeration, freezers and fire protection that would range from $100,000.00 to several hundred thousand dollars. Whether a lease or purchase, in excess of $500,000.00 per year would be added in aggregate new expenses in order for the enterprise to operate as it is now. Lease or purchase, the costs of an additional facility would include expenditures for real property taxes, maintenance and repair, casualty/liability insurance and utilities. A facility meeting the size requirements and other site prerequisites are estimated to cost between $3,000,000.00 to $6,000,000.00. A 30% down payment would likely be required by financial institutions to obtain financing, which calculates to a capital investment of $900,000.00 to $1,800,000.00. The capital requirement of a purchase exceeds Liberty's current working capital and capacity to borrow. Even if a lower down payment program such as an SBA loan were available, loan approval is improbable when the financials do not support the ability to service the debt. The profits of the core agricultural activities at the Oregon Lavender Farm are by themselves insufficient to support the present overhead costs of the entire facility: *e.g.* taxes, rent, maintenance and repair. Even if a facility were leased or a mortgage was obtained for a purchase, the added expenses would push both the OLF agricultural operation and the relocated LNP distribution operation into the red for an indefinite period of time and would render the split operations insolvent.

Accountant Edward Kalberg, C.P.A., analyzed the financial implications of splitting the Oregon Lavender Farm and Liberty Natural Products into two separately-sited enterprises, and determined this would prove economically disastrous for both operations. Mr. Kalberg found:

- "Given the current NNN/lease rates or the debt service of an acquisition, the expenditures for a new facility estimated at $35,000.00 to $50,000.00 per month would render Liberty Natural Products Inc. unprofitable and would push it in the direction of insolvency over a period of a few years. Liberty presently expends $165,000.00 per year for its facility. An additional facility it would add expenditures likely exceeding $500,000.00 per year, more than triple the current expenditures.

- The costs of a move not only impair Liberty's cash flow for its distribution operation, but impacts the agricultural operation in two regards: 1) would remove the monetary and operational efficiencies of shared resources cross-utilized and co-located with the

> distribution operation, e.g. employees, equipment, management, data processing and thereby increase costs; 2) impair if not altogether remove Liberty's ability to continue to capitalize the agricultural operations to accomplish its business plan to further grow and develop the scope of the agricultural operations."

See Kalberg letter, (Exhibit 93)

Transportation costs incurred traveling between the two facilities would also increase dramatically, particularly if efforts were made to share equipment and personnel between the two facilities. Indeed, with fuel prices hovering at record levels for the past six years with no likelihood of short term relief, the economic and sustainability downside to split operations will only increase over time.

One of the most important efficiencies relates to labor. Oregon's growing season is limited to one summer season with up to two flushes (harvests) of lavender, which translates into peaks and valleys with regard to work cycles. This leads to a problem whereby it is not possible to keep all of the full-time employees occupied with productive work unless the off-peak times are supplemented with other types of production / activities. While this is certainly true of most farming operations, many farms are able to solve this problem by tapping into a large supply of unskilled migrant workers, an overwhelming percentage of which are undocumented. On the other hand, OLF / Liberty Natural Products largely employs workers that have received extensive training, and, as a result, are quite skilled with regard to the production methods employed at this facility. In order to keep these employees working at full-time capacity year round, Liberty Natural engages in "off-season" production activities such as (1) repackaging of bulk botanical farm products acquired from Oregon and around the world, and (2) distillation and processing of herbal extracts from botanicals acquired from Oregon and around the world. It is essential that Liberty Naturals be allowed to continue to offer this year-round employment in order to maintain and retain a trained professional full-time work force.

Another important reason to approve this reasons exception relates to the fact that it will allow the applicant to further promote the link between the business and the "products available from other rural activities." If allowed to continue and expand, the applicant will be able to create an increased link between its operations and local agricultural products. The planned purchase of neighboring properties will factor into this analysis, as well.

Clackamas County has a strong agricultural tradition. Clackamas County consistently ranks between second and fourth annually in agriculture sales "at the farm gate" in Oregon. The county is "an agricultural powerhouse that has the capability of growing a variety of agricultural products." Stewart, et al, *Agritourism Master Plan for Clackamas County*, 2012 (bold emphasis supplied). (Exhibit 94) According to one recent report:

> "Clackamas County has a long history of successful agricultural production. The agricultural sector of the county's economy is an important foundation for the region and contributes significantly to the health and well-being of its citizens. With a growing interest in sustainable and locally-produced farm products, Clackamas

> County's agricultural economy and lifestyle are expected to become more important in the years ahead."

(Rural Lifestyles 2009, R. Oberg, M. Stewart, Exhibit 94, p8). Nonetheless, even though Clackamas County is a strong agricultural producer, many family farms in the County are nonetheless struggling. See Exhibit 94, p61. One of the reasons for this is the concentration on traditional lower value crops like grass seed, alfalfa, clover, fescue seed, hay, as well as other higher value crops such as Christmas Trees and animal feed produce. Clackamas County farmers would be well-advised to consider diversifying into higher-value specialty herb crops for some portion of their acreage.

Fortunately, the long term prospects for a greater development of specialty herb crop practices in Clackamas County are favorable. The historical producers of these high demand agricultural goods are developing countries, such as India, China and Egypt who have traditionally exported these crops to developed countries such as the United States for use in consumer personal care products, cosmetics and food. With the emergence of middle classes in these countries, an increasing portion of these foreign crops are being retained for domestic consumption, reducing the quantity of goods available to consumer countries such as the United States. Concurrently, worldwide consumer demand continues to grow for organic and natural products and the raw material high-value specialty herb crops from which they are created. These two supply and demand factors have resulted in the continuous price increase of specialty herb crops in the past decade and are projected to continue to increase over the long term. The development of high tech, low energy consumption cultivation, harvesting and processing equipment and technologies is an important factor in the ability of US/Clackamas County farmers to compete in the international specialty herb marketplace. As developing countries reach parity in land and labor costs, and prices continue to rise, the economics of specialty herb crop production will emerge as one of the most environmentally sustainable and profitable crop options for Clackamas County farmers (*See* letter from Bob Unrath, member of the Board of Bontoux, the French lavender producer and distributor. (Exhibit 78)

It is precisely this identified need that the applicant wishes to address. Clackamas County is indeed an "agricultural powerhouse," but county agriculture needs to diversify into higher value crops in order to prosper. Here is one clear and illustrative example. Oregon has a high value crop, peppermint, that is a fine example of what the applicant wishes to build on, and expand. Peppermint was once an ignored and unimportant plant, considered a weed with odorous leaves. Since that time, peppermint became highly valued in tea, ice cream, confectionery, chewing gum, toothpaste, shampoos, breath freshener, soaps and skin care products. In 2007, Italian medical researchers reported a major breakthrough in treating debilitating Irritable Bowel Syndrome using peppermint oil. Oregon has now become a major peppermint producer, based on all of these discovered uses (including medicinal properties) of peppermint oil. Peppermint must be grown fresh, regularly tested *in situ* for purity, pH, and potency, and then quickly plucked and processed on site to retain its soothing and healing properties. That cannot be done if the farm growing the peppermint and the laboratory testing and processing the peppermint into oil are many miles apart. According to Dr. Roberts:

> "Typically, freshly harvested essential oil crops are distilled as soon as possible because of a loss of the volatile oils at the harvested crop dries. Transportation of the crop to another location, much less a long distance, may result in a loss of oil yield due to drying and adds the time and expense of shipping, which undermines the overall profitability and sustainability of the enterprise."

See Dr. Roberts letter, Exhibit 91. For these reasons, allowing the co-location of the allowed uses (farm, distillery, labs, etc) with the distribution operations is critical to the viability of the businesss.

2. Second Strategy: Product Differentiation Based On Pristine, Natural Wholesome Rural Production Site.

The second strategy identified in the Brester study for the success of an American specialty crops and essential oils producer is product differentiation. "A differentiation (also called benefit strategy) strategy is one in which a producer incorporates features into goods or services which cause buyers to prefer that firm's product/service over those of others." Brester study, p. 44. Exhibit 76. "Differentiation strategies are often attained by generating product attributes which are valued by purchasers for tangible or intangible reasons." Both the Oregon Lavender Farm and Liberty Natural Products have sought to emphasize certain intangible qualities, reflected in their names, such as authenticity, place, naturalness, freedom, and purity. These desirable "value-added" qualities are inextricably intertwined with the current rural production site, and critical to the business' appeal to many customers. The 2012 "Clackamas County Agriculture and Foodshed Strategic Plan" cites the applicant's lavender operation as an example of a "value added plus" county product (Table 4, page 27 of the report). Exhibit 90. In large part, OLF / Liberty Natural achieves this product differentiation via the terrior of the land.

3. *Terroir* and the Relationship of the Natural Environment to Product Marketing.

The French term *"terroir"* can be translated as "a sense of the land" and denotes the set of special characteristics that the geography, geology and climate of a certain place, interacting with plant genetics, express in agricultural products such as wine, coffee, flowers, chocolate, herbs, hops, tomatoes, heritage wheat, medicinal plants, and tea. Over the centuries, French winemakers developed the concept of *terroir* by observing the differences in wines from different regions, vineyards, or even different sections of the same vineyard. The French began to crystallize the concept of *terroir* as a way of describing the unique aspects of a place that influence and shape the wine made from it. Long before the French, the winemaking regions of the ancient world already developed a concept of different regions having the potential to create very different and distinct wines, even from the same grapes. The Ancient Greeks would stamp amphorae with the seal of the region they came from and soon different regions established reputations based on the quality of their wines. For most of its history, Burgundy was cultivated by the literate and disciplined monks of the Benedictine and Cistercian orders. With vast land holdings, the monks were able to conduct large scale observation of the influences that various

parcels of land had on the wine it produced. Some legends have the monks going as far as "tasting" the soil. Over time the monks compiled their observations and began to establish the boundaries of different *terroirs* - many of which still exist today as the Grand Cru vineyards of Burgundy. "Burgundians also used the concept to market their wine, promote tourism, affirm regional traditions and obtain a comparative advantage over other regions, leading some to see it as a centuries-old economic protection mechanism," writes Professor Gregory V. Jones of Southern Oregon University.[7]

Perspectives on terroir tend to range from it being an all-encompassing concept (a holistic combination of nature and nurture), to nature in isolation (fixed and largely immutable by human efforts). In more general terms, public perceptions of terroir tend to associate it with "land" or "soil," a form of "geographic identity," "a sense of place," or as Matt Kramer of *Wine Spectator* eloquently put it, "somewhereness." People have long distinguished agricultural products, preferring some and not others, based on where those products came from. This is not a new phenomenon. Walla Walla onions, Washington state apples, Idaho potatoes, Napa Valley grapes, and many other farm products have long been marketed as more desirable (and commanded higher prices) because consumers considered them fresher, tastier, and superior to the same grown elsewhere, even if grown from the same seeds. In a world of generic mass-produced interchangeable blandness, many consumers value knowing the source of the agricultural goods they buy, and often equate quality and wholesomeness with specific locations. This has long been the case; Olympia Beer introduced its slogan "It's the Water" to emphasize its bucolic Duwamish Riverside location and crystal-clear waters in 1902. Coors marketed itself based on "Rocky Mountain spring water." In the 1880s, the American bottled water market was utterly dominated by water drawn from just two sources: Sarasota Springs, New York, and Poland Spring, Maine. Companies bearing those two names remain the nation's largest bottled water producers today.

People enjoy and value a connection to the soil and the land that nourishes and sustains them. This is one of the primary reasons that "agritourism" is a growing industry, especially in Clackamas County. "Agritourism is defined as an enterprise at a working farm or woodland, ranch or agricultural plant conducted for the enjoyment and benefit of visitors that generates supplemental income for the owner. It combines the best of what we produce locally in Clackamas County and our local sustainable vision with the public's desire for local products and experiences resulting in increased local revenue and in keeping family farms viable." Mary D. Stewart, *et al,* Clackamas County Tourism Development Council, *Agritourism Master Plan for Clackamas County*, 2012. Exhibit 94. The applicant's successful and popular annual Lavender Festival is a shining example of the sort of agritourism Clackamas County seeks to promote, attracting five thousand visitors annually to a two-day harvest celebration promoting local products, food, music, and showcasing agriculture as an appealing and viable way of life. This festival has been a yearly event since 2007, entertaining families and educating young people about farm life and natural resources in ways they could never learn from books, television, or the internet. The Lavender Festival has become a tradition for many Oregon families, a wholesome and enjoyable way to spend time together in a beautiful countryside setting while children learn valuable lessons that could influence their future lives and careers.

[7] "Climate, Terroir, and Wine; What Matters Most in Producing a Great Wine?" by Gregory V. Jones, Ph.D., *Earth* magazine, American Geosciences Institute, January 2014. Exhibit 95.

These benefits are not confined to young families and children. Many older Americans grew up on farms but now live in cities and suburbs. For them, visiting a beautiful agricultural operation like the Oregon Lavender Farm is a worthwhile and often moving journey into the past, triggering nostalgic feelings and memories that cannot be invoked any other way. The sights, sounds, and smells of a true working farm will bring back memories that are often dormant but can be revived. For such people, agritourism is a trip back into time, and into personal memory. It is difficult to put a price on this valuable service.

c. Locating the Proposed Use at the Proposed Site Will "Benefit the County Economy."

In this particular circumstance, an exception to Goal 3 will operate to provide greater support of agriculture than disapproval. This business is not portable; and it would not be financially feasible to move portions of the business that are not allowed under Goal 3 and ORS 215.283(1) & (2) offsite to a location not needing an exception. This is due to the fact that the relocation costs would be far in excess of what the company could hope to recoup over any reasonable planning horizon. Kalberg letter, Exhibit 92. Therefore, as a practical matter, a denial of this exception request would effectively end the integrated business venture. From this standpoint, the analysis called for by this factor really boils down to whether the business, in both its current and proposed levels of operational tempo, will benefit the county economy. The obvious answer is that it does.

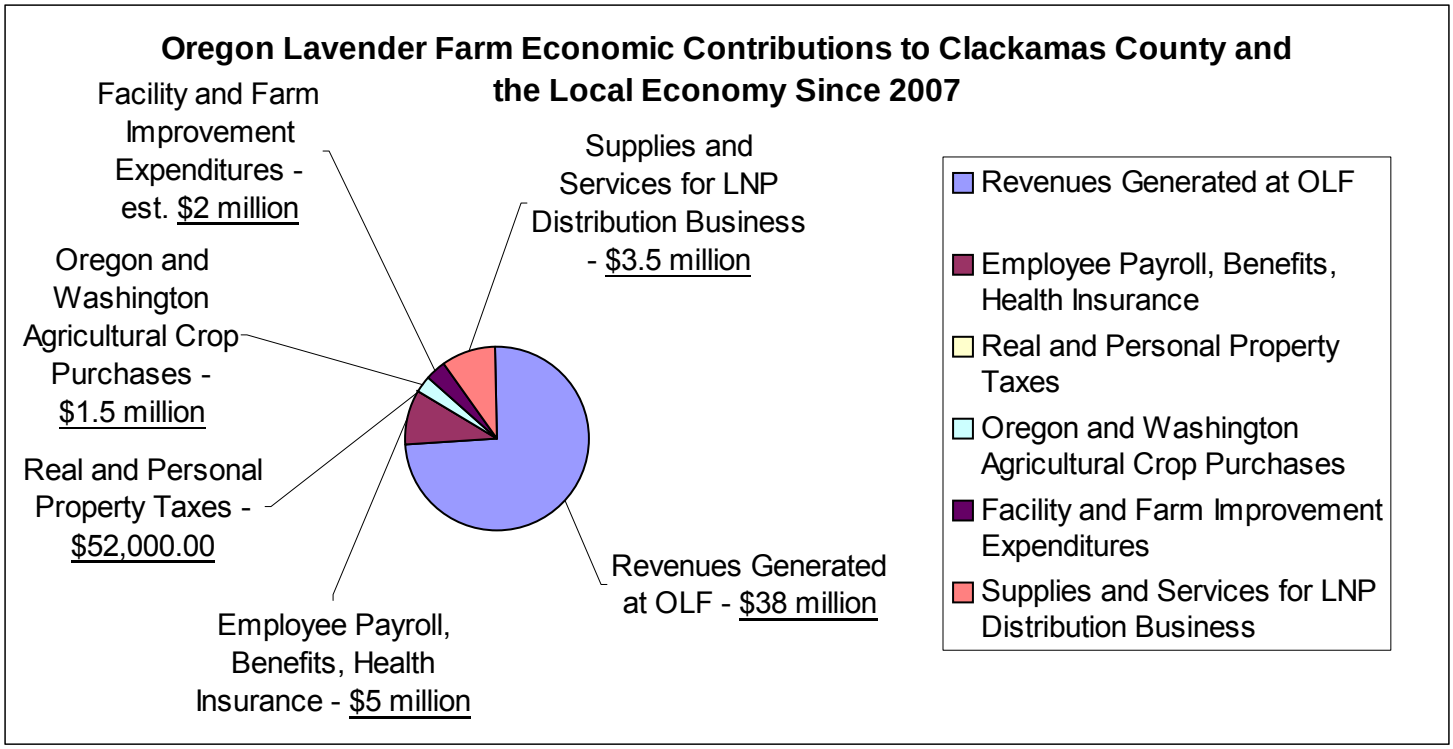
Apart from the farm, and the fact that the business employees 35 persons, the OLF / Liberty Natural operations contribute to the County economy in many other regards.

Liberty Natural's distribution facility is needed to support Clackamas County agriculture. The County's agricultural businesses are changing and evolving to meet new market demand. In this regard, Liberty Natural Products, Inc. is one of the new faces of Oregon's agricultural economy. Liberty's distribution and the picturesque OLF support Clackamas County's marketing image as a both an agricultural producer and tourist destination. The 2012 "Clackamas County Agriculture and Foodshed Strategic Plan" cites the applicant's lavender operation as an example of a "value added plus" county product that encourages tourism. (Table 4, page 27 of the report). Exhibit 94. Much of the rural area is made up of smaller farm parcels that are simply too small in size to profitably produce low value crops such as alfalfa, timothy hay, or sorghum. Many of these low-value crops can only be profitably grown on large parcels, where economies of scale result in greater production efficiencies.

As it turns out, the production of lavender for oil can be accomplished on plots as small as three (3) acres. However, growers on these smaller plots will need to pool resources and equipment. There are, for example, no American manufacturers or distributors of lavender harvesting equipment. *See* Letter from Dr. Roberts, Exhibit 92. This synergy best occurs when the larger primary farm and processing facility is located nearby. In this case, the proposed use will provide a facility for processing high value crops that can be produced on small properties. In fact, this facility can process and distribute a virtually limitless variety of herbs into useful products, including the following herbs which are currently grown on site: Lavender, Lavandin, Burdock, Coltsfoot, Cut flowers, dandelion, Boneset, Calendula, Catnip, Chamomile, Citronella, Dill, Echinacea, Elecampane, Fennel, Fenugreek, Feverfew, Ginkgo, Heal All, Horehound,

Lavender, Lavandin, Lemon Balm, Marshmallow, Melissa Officianalis, Motherwort, Nettle, Pleurisy, Rosemary, Sage, Tea, Thistle, Valerian, and Yarrow. Other herbs currently in production include Monarda (Bee Balm) and Rose Hips. In the recent past, the property has been used to grow Clary Sage, corn, squash, and pumpkins.

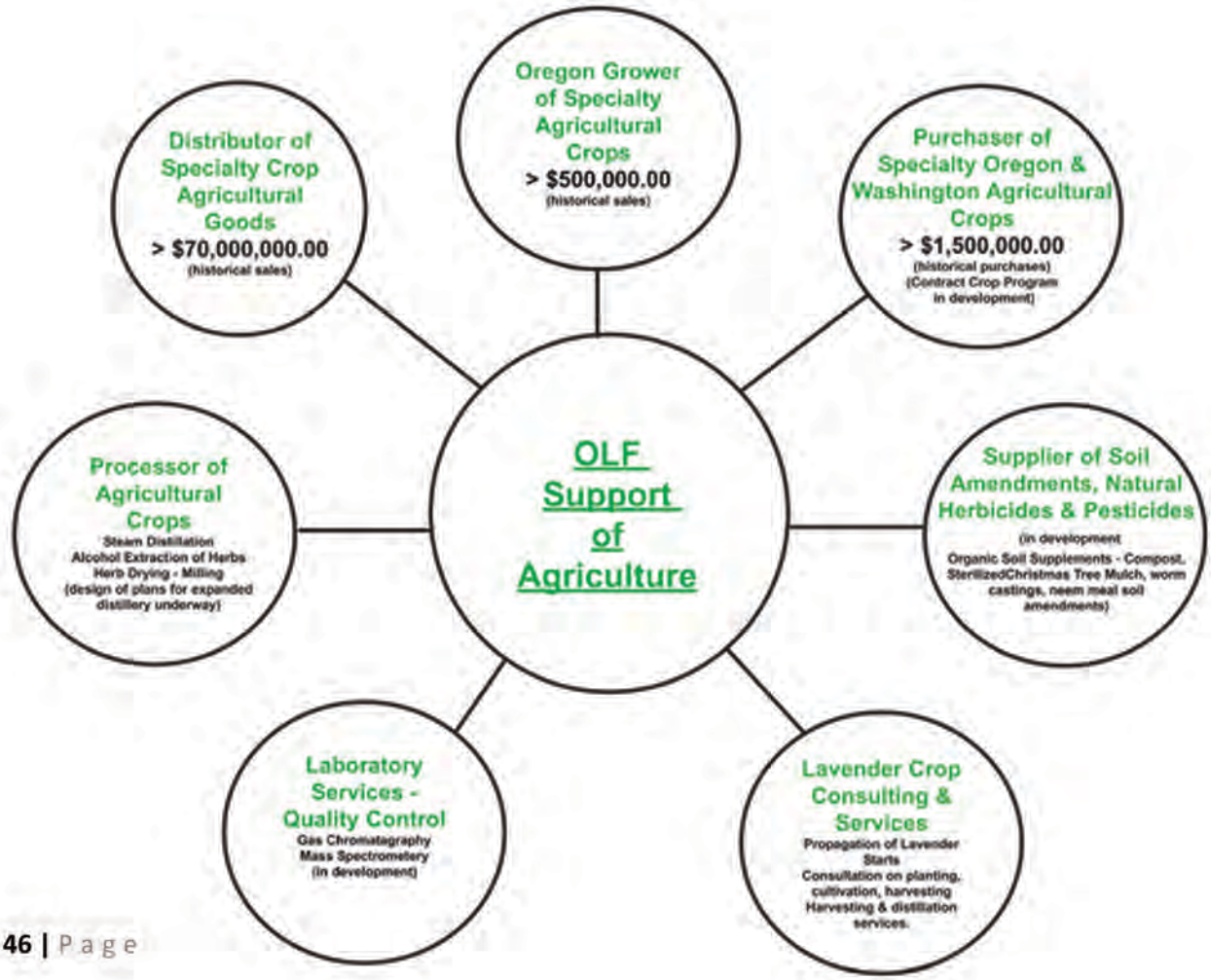
The following charts illustrate some of the benefits to the local economy.



Just to examine one measure, payroll and benefits expenditure, the Oregon Lavender Farm/Liberty Natural Products business has 25 full time employees, and 10 part-time employees. Assuming this works out to 30 jobs FTE (full time equivalent), we can use Professor Wayne P. Miller's income multiplier of 1.5 for skilled agricultural jobs to arrive at a figure of 45 jobs.[8] That means the economic value of 45 full-time skilled jobs with benefits are added to the local economy. In other words, in addition to the applicants' employees, an equivalent of 15 new full-time benefitted local jobs result from the goods and services those employees need to consumer on groceries, housing, health care, fuel, utilities, vehicle payments and maintenance, clothing, child care, education, recreation, and all of the other expenses of modern life.

[8] "Economic Multipliers: How Communities Can Use Them for Planning," Professor Wayne P. Miller, University of Arkansas Division of Agriculture, 2010. (Exhibit 96)

To consider the money that the Oregon Lavender Farm/Liberty Natural Products business brings into the local economy, we will rely on the sales figures for the fiscal year 2013-2014. This year the applicant's business generated sales revenues of roughly $6.5 million, with 15% of that total coming from foreign sales. Assuming that no more than 7% of the applicant's total sales of $6.5 million came from Oregon buyers, that is over $6 million coming into the local economy from out-of-state and overseas purchasers. Using Professor Miller's methodology and an output multiplier of 1.7, that amounts to over 10 million dollars' worth of value being created for the local economy.



The applicant's Oregon Lavender Farm/Liberty Natural Products business also supports local agriculture. In addition to the factors shown in this diagram, Oregon Lavender Farm/Liberty Natural Products operation supports the local area's agriculture in the following ways:

- provide services and support for the planting of new lavender acreage, including propagation of new plants, harvesting, distillation and distribution;
- sustainable processing of Christmas tree culls for essential oil, reduced air quality problems resulting from traditional burning practice problems as identified by the ODA;
- the OLF agricultural facility is a stabilizing presence in the EFU zone, which is subject to incremental erosion caused by continued rural residential development pressures, such as Measure 49.
- The applicant has purchased and distributed over $1,000,000 of Oregon agricultural goods, including mint, blue green algae, other essential oil crops, meadowfoam oil, herbs, *etc,* from growers including Funke, Kropf, Rose City, RCB, Plant Technologies, Klamath Valley Botanicals, Mountain Rose Herbs, and several beekeepers for beeswax and honey. (Exhibits 65, 92, 97, 98, 99, 100, 101).

d. <u>Locating the Proposed Use at the Proposed Site Will "Cause Only Minimal Loss of Productive Resource Lands" Because the Site is Already Partially Paved and the Buildings Are Already Constructed.</u>

An exception to Goal 3 will enable the highest and best use of a legacy industrial facility consistent with public policy goals. The subject site is extensively developed with industrial buildings that were established prior to any zoning. At various times in the past, these buildings were used for industrial-scale farm uses, including the raising of poultry for egg production, and the raising of rabbits for meat and fur production. Both of these operations ultimately failed, in one case due to environmental reasons, and the other due to both a declining demand for rabbit meat or fur, and due to a lack of farms willing to provide the processing plant with rabbits for processing.

Continued use of these building for agricultural uses is doubtful for three reasons. As an initial matter, the subject site was offered for sale for almost a decade (1991 to 1999). There was no interest or attempts to purchase the property for agricultural uses allowed by the code.

Secondly, the amount of actual tillable farm land located on the site is low compared to the overall acreage, due to the size of the improvements. This fact creates an effective limit on how much of the building space could be used for the processing and storage by onsite traditional farm uses. While it is possible that buildings could be used for a commercial activity in conjunction with farm use (CACFU), currently there do not appear to be any CACFU industries that would be interested in anywhere near the 150,000 square feet of space and configuration of improvements available at this facility.

Third, there are very few other farm uses that need this much unlit interior space, especially given the long, narrow configuration of the buildings. Nurseries and greenhouses, for example, make up 60% of agricultural sales in Clackamas County. However, nurseries and greenhouses need buildings with translucent roofs, which allow in plenty of natural light to bathe the plants grown therein. The buildings on the present property were not built with the intent that they be used for storing plants. Rather, the buildings were built for the purpose of housing chickens on an industrial scale, using methods that are largely considered obsolete in the egg-production industry. The existing infrastructure on the site would not be useful for a nursery, with the possible exception of the concrete foundations. The cost to retrofit the existing facilities (Which would include extensive demolition expenses, transportation costs, and disposal fees) to be useful for nursery stock would exceed the cost of starting from scratch on vacant land.

There are eleven (11) registered chicken-based Concentrated Agricultural Feeding Operations ("CAFOs") in Clackamas County, most of which are concentrated around Molalla and Canby. These account for the vast percentage of broiler production in Clackamas County. The trend in the poultry industry has been to move either towards large-scale, vertically integrated facilities, or to focus on small-scale open-range organic production. The facilities on this site are not modern enough to be salvaged for either of these purposes, and the site, due to its small acreage, would not be viewed as being in any way desirable for the raising of poultry for meat.

In Clackamas County, there is only one large scale egg production facility, Willamette Egg Farm, LLC, and there does not seem to be much opportunity for other egg producers to break into this market over the short-term (<5 yr) planning horizon. Farms engaging in egg production are moving away from the traditional cage system. A "cage-free" campaign, led by the nation's largest animal welfare group, the Humane Society, have had success in changing policies in this area. Political opposition to factory farmed egg production is growing. *See, e.g.*, Brian Friedrich, *The Cruelest of all Factory Farm Products: Eggs from Caged Hens*, Huff Post., June 7, 2013 (Exhibit 101); *Factory Farm Nation: How America Turned Its Livestock Farms in Fortune*, Food And Water Watch (2010), p. 16 (Exhibit 102, p72).

For example, In California, recent data suggests that there are roughly 30 farms that produce most of the state's annual 5-billion-egg harvest, an average of more than 600,000 hens per farm. In 2008, voters in California passed Proposition 2, which will effectively ban cage systems by 2015. In 2011 the United Egg Producers, and organization which represents nearly 90 percent of the U.S. egg industry, and the Humane Society of the United States came to an agreement to propose compromise legislation. The resulting bills, known as the Egg Products Inspection Act Amendment, proposed modernization for conditions for laying hens while giving the egg industry a framework that will support commerce instead of hinder it. Introduced in 2012 and 2013 by Rep. Kurt Schrader (D-OR), the bill required the egg industry to make a 15-year phased transition away from conventional cages to enriched colony housing. The enriched colony system provides hens much larger cages and the ability to engage in natural behaviors, such as perching, nesting, pecking, clucking, and scratching. Although the bill has not yet passed due to the fractured nature of the current legislature, it is an issue that is not going away and until it is resolved will undoubtedly prevent investment in new infrastructure. Regardless of

the uncertainty created thereby, it is clear is that facilities such as ones located at the proposed site will not be adequate for future egg production.

According to the 2007 Census of Agriculture, there are 3,989 farms in Clackamas County, the highest number of any county in Oregon. This represents 43 percent of the farms in the Portland region and 10 percent of all farms in the State.

Most farms in Clackamas County are small, with approximately 38 percent less than 10 acres and another 44 percent between 10 and 49 acres. The average farm size is 46 acres and the median size is 15 acres. More than 1,240 farms, 31 percent of the County-based farms, had less than $1,000 in annual sales in 2007 and 73 percent had sales of less than $10,000. These small farms do not need such large facilities, and therefore do not create the highest and best use of the property from an economic standpoint.

Farms in Clackamas County produce a broad mix of food and nonfood products. Food products include berries, fruits and nuts, grains, livestock, milk and eggs and vegetables. Nonfood products include Christmas trees, grass and other seeds, greenhouse, horses, nursery stock and timber. The primary farming industries from a revenue generation standpoint are:

- Christmas trees
- poultry and egg sales
- horses sold as pets
- hog and pig sales for food
- nurseries, greenhouses, and horticulture
- vegetable sales
- fruit, nut and berry sales

Looking at this list, there is not really much demand in Clackamas County for a large-scale (150,000 square feet) collection of agricultural buildings for these uses. For example, although Clackamas is one of the largest producers of Christmas trees, the large collection of buildings on the site are not useful for a Christmas tree business. In fact, the typical business model for that business does not involve the use of large buildings for any purpose. On the other hand, the property is ideally suited to distill Christmas tree by-products into essential oils, a use already being done by Liberty Naturals at the subject property. Currently there is no other location in Clackamas County providing this value-added process.

Similarly, these buildings are, for the most part, not suitable for raising horses. Buildings used to house equines typically do not have concrete floors because that is not comfortable for the horses. Equine stables also require good natural lighting, which these buildings lack, to make it easy to work in, pleasant for the horses, and to detract flies. Finally, modern equine facilities are very image conscious, and the architecture of the barns on the subject property is not consistent with current trends in that business. As a result, these buildings are not very attractive for those purposes.

On the other hand, the buildings do appear to be suitable for raising pigs. In Clackamas County, most (if not all) of the pig farms currently in operation are small-scale farms with 100

head of swine or less. Examples would be farms such as Sandy River Show Swine[9] and Western Hog Services.[10] Such small operations would not need or want the large 150,000 square foot facilities offered at the subject property.

As far as we have been able to determine, there are no Concentrated Agricultural Feeding Operations ("CAFOs") for pigs in Clackamas County. There is a reason why it is rare to see new large-scale hog CAFOs. First, there are legitimate human health concerns associated with air quality surrounding large hog operations. In fact, the odor problem goes beyond the very real nuisance of living with stench in the air. Odors associated with giant hog farms affect the lives of people for miles around, not just those on adjoining farms. Few would be willing to stay in, or move into, such a community if they have any opportunity to locate elsewhere. Secondly, when you put a lot of hogs in the same place, you have to collect and store the waste. If it gets into the ground water or gets flushed into streams, it kills fish, clogs streams and lakes with algae, feeds water-borne disease organisms, and wreaks havoc in the environment. A third problem with the use of the subject property for any large-scale pig CAFOs relates to the composting of waste bedding materials. Pigs are naturally inquisitive and must at all times have access to straw or other suitable media such as wood chips or sawdust for the expression of rooting, pawing, mouthing and chewing behavior. In this case, there is simply not enough distance between the existing buildings and neighboring properties for this property to be used for a large-scale hog CAFO. (Exhibit 103)

There are some small-scale dairies in Clackamas County, such as Staehely Brothers, Hoodview Dairy, LLC and Alber Dairy. The facilities on the subject property could, in theory, be used as a dairy, even though a dairy would only need a small fraction of the buildings. In practice, the facilities are no more suitable for a contemporary factory egg farm than for a dairy operation, both of which require specialized improvements. Nonetheless, there is not enough pasture land on or near the property to support any sizable dairy operation.

Clackamas County does have a fairly high number of small berry and fruit operations. However, while berries and small fruits make up a large portion of the percentage of sales in Clackamas County, these operations are almost always small and dispersed. For this reason, there is no current need in the County for a large (150,000 square foot) facility for processing fruits and berries. As with egg and pig operations, the existing facilities would not substantially meet the improvement requirements of a fruit and berry operation. The same is true of vegetable producers. Moreover, the subject property does not have sufficient water rights to serve as a processing facility for fruits or vegetables.

For these reasons, it is unlikely that the approval of the proposed exception would deny an opportunity for some other farm use to take over and use the subject buildings.

There is some potential that the buildings could be used by other Commercial Activities in Conjunction with Farm Uses. For example, it is possible that agricultural suppliers of farm equipment, such as machinery, greenhouses, buildings and chemicals could use the buildings. Clackamas County has 103 agricultural suppliers that provide 916 jobs and approximately $37

[9] http://www.sandyrivershowswine.com/
[10] http://www.westernhogservices.com/.

million in annual payroll. However, the site is not an attractive location for a supplier because it is off the main road and has poor street visibility. These suppliers want to be located on key traffic corridors that offer high accounts of pass-by traffic. Furthermore, using these buildings as an agricultural supply operation would result in underutilization of the surrounding acreage of land, which would have no connection to the primary use.

e. Discussion of the "Lost Resource Productivity and Values" in Relation to the County's Gain from the Proposed Rural Industrial Use.

As discussed elsewhere, the site is already fully developed and, as a result, the granting of a Goal 3 exception does not entail any loss in resource productivity. Given that this criterion factor starts from a premise not applicable in this case (*i.e.* an undeveloped property), it is not applicable here.

f. Discussion of the Specific Transportation and Resource advantages that Support the Decision.

In the 1960s the level of traffic presented by the Carnation/Logan Farms operation generated a call by the neighborhood for Gerber Road to be paved. For this reason, the facility takes advantage of existing road infrastructure that may or may not be present at competing locations.

The last fifty years have seen gasoline and diesel fuel prices increase from $0.30 per gallon to more than $4.00 per gallon. Even with increased availability of Canadian tar sands and U.S. oil shale-based fuels, oil-based commodities will be priced on the global market and may well become more expensive. Consumption in Asia alone is forecast to double between 2005 and 2030 to a total of two times U.S. consumption. Given this reality, transportation costs will become an increasingly larger percentage of the overall production costs of this business. For this reason, it is imperative for businesses to introduce transportation efficiencies into their operations. Any decision which would effectively require the applicant to split apart its operations into two facilities (one urban and one rural) would introduce considerable transportation inefficiencies.

For this reason, it is apparent that leaving the distribution facilities co-located with the permitted farming operations and distilling operations creates a significant transportation advantage.

2. The "Alternatives" Standard: Areas Which Do Not Require a New Exception Cannot Reasonably Accommodate the Use.

As discussed above, the second of the four state-mandated standards for justifying a "reasons" exception requires the applicant to undertake an alternative-site analysis to satisfy ORS 197.732(2)(c)(B) and OAR 660-004-0020(2)(A). OAR 660-004-0020(2)(A) provides as follows

> *(2) The four standards in Goal 2 Part II(c) required to be addressed when taking an exception to a goal are described in subsections (a) through (d) of this section, including general requirements applicable to each of the factors:*
>
> * * * * *.
>
> *(b) "Areas that do not require a new exception cannot reasonably accommodate the use". The exception must meet the following requirements:*

Areas that do not "require a new exception" includes lands located outside of an urban growth boundary zoned rural industrial uses, as well as sites within an urban growth boundary zoned for industrial uses.

The alternative-site analysis required by OAR 660-004-0020(2)(A) must explain the criteria used to identify suitable alternative sites and relate the criteria to the alleged need. Conclusory or arbitrary criteria that result in potential alternative sites being eliminated are insufficient. *Middleton v. Josephine County,* 31 Or LUBA 423, 433–436. (1996). Alternative sites cannot be excluded from consideration simply because a zone change or a conditional-use permit would be required. *City of La Grande v. Union County,* LUBA Nos. 92- 145, 92-149, 25 Or LUBA 52, 64–65 (1993); *Brandt v. Marion County,* LUBA No. 91-101, 22 Or LUBA 473, 477–481 (1991), *aff'd in part, rev'd in part,* 112 Or App 30 (1992); *1000 Friends of Oregon v. Metropolitan Service District,* LUBA No. 89-036, 18 Or LUBA 311, 328–329 (1989); *BenjFran Development, Inc. v. Metro Service District,* LUBA No. 88-039, 17 Or LUBA 30, 47–49 (1988), *aff'd,* 95 Or App 22 (1989). Economic factors may be considered in ruling out alternative sites. OAR 660-004-0020(2)(b)(B). However, increased cost by itself is generally not a sufficient justification. *Oregon Department of Land Conservation and Development v. Douglas County,* LUBA No. 2000-008, 38 Or LUBA 542, 554–555 (2000).

a. <u>Criteria Used to Identify Suitable Alternative Sites.</u>

In this case, the minimum criteria for a suitable alternative site are broken down into mandatory requirements and desirable attributes. The mandatory requirements represent quantifiable thresholds which are absolutely essential to achieve the economy of scale needed for the successful operation of the business. These three identified thresholds are as follows:

Mandatory Requirements for a Suitable Site

- Minimum of five (5) acres for industrial uses.
- Minimum of 150,000 s.f. of existing building space.
- Minimum of twenty (20) acres of on-site agricultural land (Class 1 & 2 soils) & gardens.

The desirable attributes are not in-and-of-themselves absolute bottom-line thresholds, but rather represent features that, when viewed together, are important to the overall feasibility and

economic viability of the operation. A suitable site will have all of the following four attributes in varying quantities:

- Proximity to other agricultural land which can potentially be used for herb or other specialty high-value crop production.
- Sufficient space and buffer land for an on-site composting facility and distillery.
- Presence of natural scenic beauty (view of Mount Hood, etc.).
- Close proximity to Portland airport (PDX), Port of Portland, UPS / Fed Ex / Common Carriers to gain favorable shipping rates.

Any site that does not meet any of the first three threshold criteria must be rejected as not providing a feasible alternative. Sites that do not have some or all of the remaining four characteristics are disfavored.

b. Reasons for Rejecting All Sites Within An Urban Growth Boundary As Viable Alternatives.

Before considering any specific alternative sites, the applicant addresses why, in general, *any* site inside the Urban Growth Boundary is not a reasonable alternative in this case. First, the current site contains significant improvements, such as paving and large buildings, which results in the land thereunder being physically committed since 1962. To recreate these improvements on vacant land located inside an Urban Growth Boundary would be cost prohibitive. The applicant has spent over two million dollars improving this site.

Second, sites that do not have on-site agricultural land cannot be operated as an "integrated whole," which is critical to the success of this combined business. In general, the complex integrated enterprise proposed in this application cannot be reasonably located on other sites located within an urban growth boundary due to the following reasons:

- Distillation and extraction operations must be located in close proximity to both the farming operations and the laboratory. The distillate outputs must be constantly checked and adjusted using both laboratory and human testing. The process can be considered analogous to an expert chef constantly observing and tasting a delicate sauce and adjusting the temperature, adding ingredients, stirring or whisking, checking again, and then repeating the process until the sauce has reached perfection. Such a process cannot be performed remotely, or by a computer, or by unskilled workers, or via a Skype internet connection. The distiller must be present and must have the freshest ingredients and laboratory testing equipment available immediately, or the end product will suffer. "Typically, freshly harvested essential oil crops are distilled as soon as possible because of a loss of the volatile oils at the harvested crop dries. Transportation of the crop to another location, much less a long distance, may result in a loss of oil yield due to drying and adds the time and expense of shipping, which undermines the overall profitability and sustainability of the enterprise." Dr. Roberts letter, (Exhibit 92), Bontoux letter, Exhibit 91. Many consumers will be satisfied with automated mass-produced food that was never touched by a human hand, but there is also a market segment of those people

who value highly (and will pay accordingly for) top-notch gourmet fare personally crafted by experts from the freshest, highest quality ingredients.

- Manufacturing and distribution uses support the sustainability of the permitted farming operation through co-location and cross-utilization of common resources, the benefits of which cannot be obtained if the operation were broken up into separate locations. For example, OLF / Liberty Natural Products largely employs workers that have received extensive training, and, as a result, are quite skilled with regard to the production methods employed at this facility. In order to keep these employees working at full-time capacity year round, Liberty Natural engages in production activities such as repackaging of bulk botanical farm products, and distillation and processing of herbal extracts from botanicals acquired from Oregon and around the world. This combined operation also takes advantage of the cost savings and synergy of maintaining one (rather than two) business departments, including book-keeping, telephone system, purchasing, marketing, sales, personnel management, computer systems, facilities management, inventory & quality control, laboratories, and packaging and shipping.

- Organic composting of distillation and herbal extract by-products is best done on-site, at an EFU zoned property. The applicant, working with the assistance of the Clackamas County Business and Economic Development Department, has been unable to locate a single non-EFU-zoned site in Clackamas County that would allow any significant scale of composting. Even assuming such a site existed, completing composting operations at a non-EFU site would require transport and increase operational costs and likely give rise to odor conflicts with neighboring uses.

- Maintaining an integrated operation would require acquiring industrial zoned land that has either contiguous adjoining EFU land or has the same quantity of industrial zoned acres. There are no properties in the current land inventory, with or without facilities, which have contiguous zoned EFU land. There are alternative property sites with sufficient acreage zoned industrial. However, industrially zoned landed is valued substantially higher than EFU farmland. The cost of the land for alternative sites is cost prohibitive. The high cost of available alternative improvements also poses a significant economic obstacle to re-location.

Third, the applicant's Liberty Natural Products business cannot realistically be located inside an urban growth boundary due to impacts incompatible with densely populated areas. Included in these impacts are the following:

1) Odors. The distillation of lavender, peppermint, and other herbs oils creates odors that would create conflicts with other surrounding industrial uses inside an urban growth boundary. The nature of this business requires that there be considerable distance separating the distillery aspect of the use from adjacent properties. Otherwise, the proposed use is vulnerable to being deemed a private nuisance. Furthermore, it is necessary to have the distillery co-located with a laboratory so that samples may be tested for potency and purity. Dr. Roberts letter, (Exhibit 92), and Funke Essential Oils letter, (Exhibit 99).

The aromas created by Liberty Natural are not hazardous, of course, but under current social norms, it is incompatible with commercial operations and residential activities being in densely populated places. The growing and processing of aromatic plants is, by definition, odorous (that is the "aroma" part of "aromatic"). Lavender, peppermint, rosemary, cilantro-corriander, and the like are not offensive to most people most of the time, but that can change if people nearby must smell these odors all the time, and at close proximity. "The substantial aromas generated and discharged by the steam distillation process makes it problematic to locate such operations in urban locations because of likely conflicts with neighboring uses." Dr. Roberts letter, Exhibit 92. Funke Essential Oils letter, (Exhibit 99).

We live in an age when even pleasant odors can be distressing to some people. The city of Portland, for example, banned its employees from wearing perfume or aftershave lotion in 2011. It took these actions because a very small number of people alleged such aromas, however subtle, bothered their respiratory tracts, inflamed their sinuses, caused allergic reactions, and/or aggravated their life-threatening "Multiple Chemical Sensitivities." This ban received national press coverage, and many other jurisdictions adopted similar rules. "Wearing Perfume? You're Not Allowed in Here," by Julie Keen, *USA Today*, July 3, 2012. Exhibit 81. That ban has not prevented Portland city employees from filing federal lawsuits against the city claiming violations of their civil rights, including the Americans with Disabilities Act, for allowing odors to exist in the workplace. Complaints go beyond co-workers' perfume to include floral-scented hand lotion and lemon-scented janitorial cleaning products. "Portland Employee Sues City for Workplace Fragrances" by Bryan Denson, *The Oregonian*, May 13, 2013. (Exhibit 82).

Companies that produce aromatic goods, even when located in heavily industrial zones, can face lawsuits and government enforcement action. The very popular American internationally-distributed Sriracha hot sauce, which enjoyed $60 million in 2012 sales, has created a cottage industry of Sriracha-inspired products like iPhone cases, cookbooks, Subway sandwiches, Lay's potato chip flavors, a food festival and even a lip balm. Despite this worldwide popularity, and the fact the Sriracha factory is properly located in an industrial zone area of Irwindale, California, the factory was shut down by a court order in 2013 after passers-by and area workers complained of the smell. The factory faced both a municipal injunction action as well as a private party nuisance lawsuit. "Experts Must Sniff Out Source of Smell at Sriracha Factory," by Frank Shyong, *Los Angeles Times*, November 29, 2013. (Exhibit 83). "That stinks! Judge tells hot sauce maker to curb smelly chili," *NBC Nightly News*, November 29, 2013. Exhibit 84.

Even odors generally thought pleasant by most people face legal action because of an aggrieved few, and the fact that the business is located in an appropriate commercial zone is no defense. Examples of this trend can be found throughout the United States:

- "Bacon Bacon Restaurant in San Francisco is Forced to Close Because of Smell," by Carly Schwartz, *Huffington Post*, May 17, 2013. Exhibit 85.
- "Rolled over by a foul odor – Bogart residents fuming over stench they say is coming from local bakery," by Kevin Conner, *Athens Online*, June 22, 2000. Exhibit 86.

- "Sacramento neighbors sue city over brewery odor," by George Warren, *Sacramento ABC News 10*, June 19, 2013. Exhibit 87.
- "St. Paul's new Buffalo Wild Wings' odor irritates neighbors," by Will Ashenmacher, *Twin Cities Pioneer Press*, June 9, 2013. Exhibit 88.
- "Eatery Neighbors in Smell Hell," by Rich Calder, *The New York Post*, January 21, 2013 ("…they're sick of the overpowering fumes from the coffee, baked goods, beef jerky and other artisan eats…"). (Exhibit 89).

This is the legal climate today's businesses must operate in. As Liberty Natural Products primarily processes herbs and aromatic plants, it must realistically be sited a considerable distance away from any working or residential area containing people who might complain and/or take legal action about the smells (however faint, and however pleasant) the operation might generate. This precludes the operation from being sited in an industrial or commercially zoned area, because those areas are densely populated (the population might be a workforce rather than a residential population, but workers are still a population). Thus the applicant's business fits the criteria of a "use [that] cannot be located inside an urban growth boundary due to impacts that incompatible in densely populated areas,' as stated in OAR 660-004-0022(3)(b).

2. Cost. Given the high cost of urban land, locating a comparable facility with sufficient land for the farm practices would be economically prohibitive. The applicant estimates that a comparable facility located inside an urban growth boundary would cost more than $10,000,000. Any such industrial site would likely lack the aesthetic and natural resources of the subject site.

3. Inconsistent Zoning. Utilization of industrially zoned land for agricultural purposes is inconsistent with the highest and best use and underlying goals for urban or rural industrial zoned land.

C. <u>Alternative Sites Analysis For Other Sites Not Requiring an Exception (*i.e.* sites already zoned Industrial)</u>

Working with Jamie Johnk and Cindy Hagen of the Clackamas County Business and Economic Development Department, the applicant was able to research and locate available alternative Clackamas County industrially-zoned sites. No site met all (or even most) of the necessary criteria, such as proximity to arable land, so the criteria were narrowed to only two: (a) minimum of 150,000 square feet of existing building space; and (b) close proximity to United Parcel Service / Federal Express / common carrier routes to gain favorable shipping rates. Applying these reduced criteria resulted in locating seven sites, with the following addresses:

11241 SE Hwy 212, Clackamas
12601 SE Hwy 212, Clackamas
10755 SE Jennifer St., Clackamas
11210 SE Jennifer St., Clackamas
13009 SE Jennifer St., Clackamas
12472 SE Capps Rd., Clackamas
12480 SE Capps Rd., Clackamas

Clackamas Industrial Properties Map (Exhibit 104)

An examination and analysis of these seven sites revealed that none of the sites are *remotely* suitable for the applicant's operation. Aside from the most obvious reason – all of the sites are in paved-over, industrial areas nowhere near arable land suitable for growing crops and composting – the sites had the following additional deficiencies:

11241 SE Hwy 212, Clackamas. This is a single story light manufacturing facility of 164,000 square feet. It is in close proximity to numerous small businesses, including Oregon Bookkeeping Services, Righteous Clothing Agency, Priority One Property Management, Clackamas Blueprint and Copy, North America Mattress Corp., Les Schwab Tire Center, Sounds in Music, Big Rock Sports, and others. Though zoned commercial, this area is located in close proximity to retail and service companies open to the public. This proximity to small businesses disqualifies this site due the possibility of odor objections or other conflicts with nearby uses and their customers.

12601 SE Hwy 212, Clackamas – this site is directly south of a higher-end residential development of single-family homes along Southeast Bluff Drive, separated only by a visual buffering green space a little over 300 feet wide. On the other three sides it is surrounded by small businesses within yards, including Precision Elite Gymnastics, Portland Party Works, Dean's Homestyle Café, American Wood Dryers, Inc., Fastenal, and Knez Building Materials and Insulation, Clackamas. This proximity to many residences and small businesses disqualifies this site due the possibility of odor objections or other conflicts with nearby uses. In addition, this site is incorrectly configured as a large, hollow warehouse, designed for high capacity truck operation, such as a distribution center. Loading docks and massive metal doors run the length of the building and it has docking spaces for twenty or more semi-trailer trucks. Leasing such a large, transportation-intensive facility would force the applicant to pay a premium for trucking facilities and fixtures he does not want, could not use, and cannot afford. Lastly, due to the massive open-warehouse design, this building would be cost prohibitive to heat and cool as needed to preserve the Liberty Naturals products.

10755 SE Jennifer St., Clackamas. This a large open warehouse distribution-type building intended for major railroad and truck freight operations. It sits due south of a rail

line with a dedicated railroad siding running right into the north side of the building. The entire south side is a loading platform with numerous truck loading stations. Again, this site is a large, hollow warehouse, designed for high capacity truck and rail operations, such as a distribution center. Loading docks and massive metal doors run the length of the building and it has docking spaces for twenty or more semi-trailer trucks. Leasing such a large, transportation-intensive facility would force the applicant to pay a premium for trucking and rail facilities and fixtures he does not want, could not use, and cannot afford. It sits directly across the street from a large gravel pit operated by the Portland Road & Driveway Company. As a warehouse, this building has the same impossibility and prohibitive costs for necessary climate control for the storage and processing of botanicals and organic goods.

11210 SE Jennifer St., Clackamas. This site is just down the block from the previous site, cater-corner to the Portland Road & Driveway gravel pit. It is next door to several small businesses, including Gary's Mustangs, CalPortland, and Precision Truss and Lumber. This proximity to small businesses disqualifies this site due the possibility of odor objections or other conflicts with nearby uses and their customers. The building is a large warehouse with fifteen truck loading stations, and leasing this site would force the applicant to pay a premium for trucking facilities and fixtures he does not want, could not use, and cannot afford. This site has the same disqualifying cost-prohibitive climate control problem due to its open-space design with numerous poorly-insulated metal trucking doors.

13009 SE Jennifer St., Clackamas. Again, this is a large open warehouse space, making climate control cost prohibitive. It is mere yards away from the Clackamas Fire Department Station 08 to the west, as well as multiple small businesses including Bunzl Papercraft, P&A Metal Fabrication, Fuji Produce, Grabber Northwest, Trillium US Inc., K&D Services of Oregon, and Extreme Shears. A large residential manufactured home and RV park, Clackamas River Village, is to the east of the warehouse site. This proximity to small businesses and residences disqualifies this site due the likelihood of odor objections or other conflicts with nearby uses and residents.

12472 SE Capps Rd. Clackamas. Again, this is a large open warehouse space, making climate control cost prohibitive. It is another distribution-type warehouse with a dozen truck docking spaces, thus leasing this site would force the applicant to pay a premium for trucking facilities and fixtures he does not want, could not use, and cannot afford. It is mere yards away from multiple small businesses including Rescue Rooter, Jack Howk Plumbing, Forged Iron Supply, Warn Industries, LaSalle Bristol, Health Wright Products and Leverage 5 Productions. The site abuts the Sah-Hah-Lee Golf Course, to the east. Golfers are famously sensitive to distracting noises, smells, or other impediments to focused concentration. This proximity to small businesses and the private golf course disqualifies this site due the possibility of odor objections or other conflicts with nearby uses and their customers.

12480 SE Capps Rd. Clackamas. This is simply the other end of the previous warehouse site, 12472 SE Capps Road, and has all the same problems: a large open-plan distribution-type warehouse that would be cost-prohibitive to heat and cool, expensive unnecessary trucking facilities the applicant cannot use, and close proximity to small businesses and a private golf course that would likely give rise to odor complaints or other conflicts with neighbors.

These seven sites had additional deficiencies, as well. As an initial matter, none are for sale, but rather are offered for lease only. This is cost-prohibitive, and effectively limits the amount of modification allowed by a leasehold tenant (the installation of distillery equipment, for example). None of these sites permit composting, requiring numerous expensive truck trips to a commercial compost site or a landfill accepting bio-waste – and no landfill in the tri-county area will accept bio-waste. In addition, moving the Liberty Naturals Products operation to one of these sites would denigrate the quality of life for employees: moving their workplace from a beautiful farm to grim, dreary industrial buildings in an industrial zone would lead to an erosion of morale and increased turnover.

Co-location of the integrated uses at one site allows for cross-utilization of resources that lowers energy costs and transportation needs. Multiple locations would greatly increase the amount of back & forth travel of employees and attendant consumption of expensive fuel. Location in an urban or rural industrial site would likely require greater travel by employees. This combined operation also takes advantage of the cost savings and synergy of maintaining one (rather than two) business departments, including book-keeping, telephone system, purchasing, marketing, sales, personnel management, computer systems, facilities management, inventory & quality control, laboratories, and packaging and shipping. Kalberg letter, Exhibit 93

D. Rural Residential Lands located in Clackamas County Do Not Provide Feasible Alternatives.

Rural Area, Rural Residential or small Farm Forest lands are most commonly seen on the edge of the urban growth boundary, or at the border of a rural center. Clackamas County maps reveal an abundance of Rural Residential areas on the interface to EFU land. Although these land parcels have the potential to be of meaningful agricultural or forest use, with thoughtful landowner planning and application of resources, they are by their very nature too small to be used as a processing and distribution facility. For this reason, the applicant rejects any rural residential site as a potential alternative.

E. Unincorporated Communities or Rural (Population) Centers Located in Clackamas County Do Not Provide Feasible Alternatives.

Unincorporated Communities or Rural (Population) Centers are settlements located outside urban growth boundaries in which concentrated residential development is combined with limited commercial, industrial or public uses. Unincorporated communities in Clackamas County include Beavercreek, Redland, Mulino, Colton, Marquam, Boring, Wildwood, Welches, Zig Zag and Rhododendron. None of the areas meet the needs posed by the applicant's business.

First, none of these communities possesses an available site with the required eight built and paved acres with 150,000 square feet of existing industrial space coupled with twenty or more acres of suitable agricultural land for growing specialty herb crops (*i.e.* class 1 and class 2 soils). That alone disqualifies any of these communities from consideration.

Second, many of these locations are too far away from the Portland International Airport and the Port of Portland. The US Customs and Border Protection Service, enforcing federal import and export regulations on organic products, often requires Liberty Natural Products personnel to travel to the Portland Airport field office to personally deal with Customs questions, forms and complete package pickup and delivery. These longer distances may increase the common carrier rates from United Parcel Service, Federal Express, and transportation costs as well.

Third, many of these locations are too far away from the residences of the current specialized Liberty Natural Products 35-person workforce, making employee commuting more expensive, difficult, and demoralizing.

Fourth, some of these communities (*e.g.* Zig Zag, Rhododendron) are at higher elevations, which are much less desirable for growing lavender and herbs, as compared to the applicant's current integrated agricultural operation. These locations receive heavy winter snowfall, making employees' commutes difficult or impossible and thus effectively shutting down the commercial operation for several weeks every year. This very costly annual productivity hiatus could, in and of itself, make the applicant's business untenable in the competitive market.

Lastly, even if an appropriate site did exist, it is extremely unlikely to have the breath-taking Mount Hood view that is an integral part of the applicant's Liberty Naturals Products marketing and sales strategy as "values-added" products (*i.e.* intimately tied to soil and place and the beauty of the natural surroundings).

3. <u>The "Consequences" Standard: EESE Analysis for Alternative Sites That Also Require An Exception (*i.e.* other sites zoned EFU).</u>

The third standard requires the applicant to evaluate the long-term environmental, economic, social and energy consequences of selecting the requested site over other similar sites that would also require an exception. OAR 660-004-0020(2)(c) provides as follows:

> *(2) The four standards in Goal 2 Part II(c) required to be addressed when taking an exception to a goal are described in subsections (a) through (d) of this section, including general requirements applicable to each of the factors:*
>
> *****.
>
> *(c) "The long-term environmental, economic, social and energy consequences resulting from the use at the proposed site with measures designed to reduce adverse impacts are not significantly more adverse than would typically result from the same proposal being located in areas requiring a goal exception other than the proposed site." The exception shall describe: the characteristics of each alternative area considered by the jurisdiction in which an*

exception might be taken, the typical advantages and disadvantages of using the area for a use not allowed by the Goal, and the typical positive and negative consequences resulting from the use at the proposed site with measures designed to reduce adverse impacts. A detailed evaluation of specific alternative sites is not required unless such sites are specifically described with facts to support the assertion that the sites have significantly fewer adverse impacts during the local exceptions proceeding. The exception shall include the reasons why the consequences of the use at the chosen site are not significantly more adverse than would typically result from the same proposal being located in areas requiring a goal exception other than the proposed site. Such reasons shall include but are not limited to a description of: the facts used to determine which resource land is least productive, the ability to sustain resource uses near the proposed use, and the long-term economic impact on the general area caused by irreversible removal of the land from the resource base. Other possible impacts to be addressed include the effects of the proposed use on the water table, on the costs of improving roads and on the costs to special service districts;

The rule requires the applicant to set forth "facts used to determine which resource land is least productive." In addition, the applicant shall consider:

- the ability to sustain resource uses near the proposed use, and
- the long-term economic impact on the general area caused by irreversible removal of the land from the resource base.

In this case, there are two facts that, when viewed together, are dispositive on the issue of agricultural productivity. First, the preferred site is *already developed* with structures that prohibit the use of that land for farm uses. For this reason, there is no long-term economic impact on the general area by the "irreversible removal of the land from the resource base." Second, the applicants have identified *no other site* in the County with similar improvements. For this reason, the land under the buildings on the proffered site is, by its very nature, the least productive farm land.

Furthermore, allowing the facility to remain in operation at the preferred location will provide neighboring farms with one more potential list of crops that can be sold for processing into essential oils and other related products.

a. <u>Environmental Consequences of Choosing The Proposed Site Over Competing EFU Zoned Sites.</u>

In most cases, a land use application is submitted *before* the desired structures are built. For this reason, the EESE analysis contemplated by the LCDC administrative rules presuppose a level playing field – where the merits of utilizing various *vacant* sites are evaluated against each other based on a set of parameters set forth in the rule. For example, one of the selection criteria

requires an applicant to consider "the long-term economic impact on the general area caused by irreversible removal of the land from the resource base." In this case, the relevant land was removed from the resource base decades ago when the previous owners paved over the farmland and built ten massive agricultural structures to house a major egg production facility.

Here, the applicant's proposed site is already developed with all the infrastructure needed to carry out the business operations. After conducting an extensive search, with assistance from the Clackamas County Business and Economic Development Department, the applicant could locate no other site containing a concentration of existing and available industrial buildings located on "lands that require an exception" (*i.e.* EFU zoned lands) in Clackamas County. As such, evaluating the environmental consequences of remaining on the current site versus building a new facility on other vacant EFU land is simple: constructing a similar facility on other EFU land would be much more environmentally detrimental, as it would require paving over five or more acres of farmland, and then constructing very large buildings on the parcel. All other things being equal, it is better for the environment if productive farmland is left alone, and already-built facilities are put to their most productive use.

The rule states that a "detailed evaluation of specific alternative sites is not required unless such sites are specifically described with facts to support the assertion that the sites have significantly fewer adverse impacts during the local exceptions proceeding." In this case, the applicant is aware of no other developed site located on EFU land in Clackamas County that could sustain the proposed use with "significantly fewer adverse impacts" than the present site. For this reason, the applicant limits the discussion to a generalized analysis comparing the use of the current property against any hypothetical vacant parcel or collection of parcels similar in size.

Given the factual situation, the evaluation of environmental consequences becomes quite simple in this case. As an initial matter, to build a similar facility on any other EFU-zoned site would require the construction of 150,000 square feet of industrial space, which would take at least 5 acres of agricultural land out of farm production. In contrast, allowing the existing operations to remain at the current site takes no – zero - additional land out of agricultural production.

Furthermore, moving to another EFU-zoned site would leave the current property idle. In the past, the property sat vacant for a long time due to a lack of demand for such facilities. As a result, the property attracted a high degree of nuisance and illegal activity, including such activities such as cock-fighting, meth production, illegal arms dealing and similar criminal activity. Exhibit 20. If this exception is not approved and the facility is vacated as a result, there is a high potential for the abandoned property to once again revert to being a hotbed of undesirable, dangerous, and illegal activity.

Finally, there are no negative environmental consequences of continuing to use the subject property for the proposed rural industrial use. The applicant has determined through years of experience that the current rural industrial use has even less environmental impact that the farm uses that previously occurred on the property:

2. Soils: The soils at the current site are ideal for pesticide-free organic growing of specialty crops like lavender and herbs. Many alternative crops would likely require pesticides and herbicides.

3. Composting: The use of the current site allows the applicant to compost biological plant waste and horse manure, reducing vehicle trips to a landfill. It is very unlikely that other sites located in closer proximity to conflicting neighbors' uses would permit efficient composting. Large scale biowaste composting often gives rise to neighbors' complaints about odors (plant aromas and decomposition smells, such as methane and methyl mercaptan), unsightliness and attraction of vermin such as mice, rats, beetles and mosquitoes. As Liberty expands its operations into other types of drying and processing, processing dusts could also contribute to nuisance in an urban environment.

4. Water: The previous permitted and allowed uses required substantial amounts of water for operations and waste processing. The subject use requires minimal water and has irrigation water rights in the final stage of beneficial use confirmation for the farm practices. Water used for distillation is uncontaminated (as one would expect, as it is pure distilled water produced by evaporation) and can be sustainably be re-used for irrigation purposes.

5. Waste: Previous animal husbandry operations generated substantial amounts of animal feces and other noxious waste. The present use generates no noxious waste whatsoever, only moderate amounts of plants and organic compost used onsite as soil amendments to sustain the long-term health of the soil.

6. Noise: the previous uses generated significant noise, as one would expect from an egg farm housing thousands of disgruntled chickens. The applicant's current (and future proposed) uses create no significant noise; indeed, the loudest sound heard all day is the arrival of the daily UPS truck delivery. The applicant anticipates distilling unused Christmas trees to obtain essential oil extracts, but grinding these surplus Christmas trees will be substantially performed offsite where the trees were grown, in the local Clackamas County agricultural community.

7. Sustainability: Co-location of the integrated uses at one site allows for cross-utilization of resources that lowers energy costs and transportation needs. Multiple locations would increase the amount of travel of employees (both commuting, and work-based trips) with attendant increased consumption of fuel without any corresponding gain in productivity. Location in an urban or rural industrial site would likely require greater travel by employees.

8. Herbicides and Pesticides: Organic herb crop practices supported by the subject uses, in contrast to other common Clackamas County agricultural activity such as Christmas tree growing, do not utilize herbicides and pesticides. These substances, while necessary, can contribute to water quality problems and soil degradation. The applicant takes a holistic and organic approach to farming, and prides himself on being one of the few Clackamas County farm operations that is Oregon Tilth Certified Organic.

In sum, the current business operation has fewer adverse environmental impacts that any previous agricultural use at this site, and currently operates in a sustainable, efficient, and environmentally responsible manner. It is very likely *any* alternative farm use allowed outright would present a greater ESEE impact than the current business operation. It is extremely unlikely the applicant's current business operation could be conducted at some hypothetical alternative EFU-zoned site (assuming such a suitable site existed) with the same fastidious degree of environmental sensitivity and ecologically beneficial practices, such as composting and pesticide-free, certified-organic farming.

b. Economic Consequences of Choosing the Proposed Site Over Competing EFU-Zoned Sites.

The 150,000+ square foot facilities of the Oregon Lavender Farm are much too large to be fully utilized or economically supported by any known agricultural practice from crops grown only on the property. For this reason alone, the long-term economic consequences of not allowing the existing business enterprise to remain at the present location but instead requiring it to move to another location zoned EFU are highly negative. – a successful, multimillion-dollar business would be forced to shutter its doors and lay off thirty-five hardworking Oregonians.

First, moving to another EFU-zoned site would leave the current property idle, wasting the economic value of the already-built facilities. It is highly unlikely that there is another farming use that could efficiently utilize these large facilities, as evidenced by the fact that the property sat idle and neglected for many years, before being purchased by the applicant's Liberal Natural Products, Inc. fifteen years ago.

Second, the Liberty Natural Products facility is currently located close to the key Clackamas County residential and commercial centers of Oregon City, Damascus, and the Highway 224 corridor. Many of the operations employees reside in nearby Estacada and benefit from a short drive to work. After conducting an extensive search, with assistance from the Clackamas County Business and Economic Development Department, the applicant has found that no suitable EFU-zoned site exists in Clackamas County, let alone one so close to employees' homes. A short commute to a pleasant, scenic workplace adds to employee job satisfaction, helps morale, and lowers the turnover of the specially-skilled and dedicated workers upon whom the applicant depends to run his business. The current site is also close to the Clackamas County small businesses, vendors, suppliers and contractors the applicant regularly patronizes to run and maintain his operation and facilities. The applicant has spent over two million dollars making improvements to the site, and the lion's share of those millions went to local businesses. Travel-time factors into any contractor's calculations when formulating a bid, and the applicant currently enjoys a comparative advantage to other potential EFU-zoned sites due to his proximity to major Clackamas County commercial areas.

In a similar vein, moving to another EFU-zoned site (if one existed) would be wildly economically wasteful, as millions would have to be spent to recreate the facilities that the applicant already possesses and occupies, while abandoning the current successful site to fall into disrepair, dilapidation and decreptitude. *See* Kalberg letter, (Exhibit 93).

c. Social Consequences of Choosing the Proposed Site Over Competing EFU-Zoned Sites.

The Oregon Lavender Farm/Liberty Natural Products business has become a strong and respected pillar of the local social community over the last fifteen years. The vast majority of the people employed at the subject site are residents of the local area. The ability of employees to work and live in the same area supports a strong community identity and furthers vital community interests, such as stable families buying homes and investing their time and devotion to strengthening local schools, churches, and social organizations such as 4-H, Future Farmers of America, the Boy Scouts and Girl Scouts, Kiwanis, Rotary, Lions Club, and similar groups. A local employer, close to home and deeply involved in the community, creates a stable, reliable, quality work environment for employees, enabling them plan for their families and futures. To put it simply, the applicant has invested heavily (in time, in money, in years of loving devotion) to this property and his business, and that cannot be blithely transferred to some other site. In furtherance of this goal, the applicant supports a Clackamas Community College scholarship for agriculture students and participated in the Clackamas County Green Ribbon Committee, among other community activities.

If the applicant was to shutter his Oregon City site and move his business to some other EFU-zoned site, all of that carefully accumulated social capital and goodwill would be lost. The applicant would be forced to start all over, and some employees would likely decline to make the move, so attached have they become to their current beautiful Oregon City workplace.

The applicant has been very successful in promoting both his business and Clackamas County agriculture as an appealing, viable way of life through his annual Lavender Festival. This two-day event, featuring local foods, music, and agricultural products, has become a family tradition for many local residents, attracting 5000 people each year. It is very doubtful that the Lavender Festival would have enjoyed this success at the some other EFU-zoned site lacking the stunning Mount Hood view and short drive-time that make the festival so appealing to so many local residents at the Oregon City site. The 2012 "Clackamas County Agriculture and Foodshed Strategic Plan" cites the applicant's lavender festival as an example of a "value added plus" county product that benefits the County and promotes agritourism (Exhibit 90, p27).

The OLF / Liberty Natural facility has proven itself to be a good neighbor, and does not have negative social consequences on the community. A corridor of RRFF-5 rural residential zoned properties to the east and south of the property are insulated by roughly a quarter of a mile of farmland from the distribution and warehousing activities located to the west of the subject property.

Lastly, at the current Oregon City site, the applicant and his 35 employees have excellent and harmonious social relations with all of their neighbors. Part of this is on account of the applicant's congenial efforts over fifteen years, but it is also due to the fact that the applicant's neighbors are decent, realistic farm people who are willing to tolerate the occasional annoyances inevitable in any agricultural setting (*e.g.* tractors, farm machinery, crop aroma). There is no guarantee the new neighbors at some other EFU-zoned site would be anywhere near as

understanding and sympathetic, and that could lead to conflicts. Dr. Roberts letter, Exhibit 92. Neighbor conflicts are very common in EFU zones, and it is to the applicant's credit that he has worked hard to resolve any that arose in the past and now enjoys harmonious relations with his neighbors. Moving to some other EFU-zoned site would require the applicant to build those same relationships of trust and mutual reliance all over again, with a new cast of characters. Some of those characters might see the world very differently, and it only takes one irascible neighbor to ruin the quality of life for everyone.

d. Energy Consequences of Choosing The Proposed Site Over Competing EFU Zoned Sites.

Relocating the existing business to a new EFU-zoned location would have enormous negative energy implications, far greater energy-related expenses than could be recouped over a twenty-year planning horizon. In fact, the construction of new replacement facilities would be an endeavor requiring the consumption of *far* more energy resources.

The biggest day-to-day energy-related operational expense for the facility is electricity. After considerable expenditure and upgrading, the current site is quite efficient with regard to electrical usage. The cost related to electrical usage would be roughly the same regardless of where the facility is located, *assuming* – and this is a huge and unlikely assumption – that the new EFU-zoned site would already be upgraded to the same energy-efficient technologies the applicant has invested in. (The extensive 3 phase electrical infrastructure alone is worth several hundred thousand dollars)

The second largest energy-related cost to operate the facility is fuel. The existing site maximizes efficiency of fuel and resources, because employees, suppliers, contractors, and common carriers have only one close-in Oregon City site to drive to and from. If the operations were to be split into multiple locations, or moved to any other location that is further away from the current centralized Oregon City location, then the overall fuel costs for the applicant's operation would undoubtedly increase, perhaps greatly.

The farm is not located in an extended area surcharge location. Other EFU alternative sites may be in an extended area which would increase transportation charges. Liberty's presence and substantial daily shipments provide stability for UPS/FedX services in the local area. Liberty's presence and substantial daily shipments support UPS/FedX services for the benefit of package service in the local area. If Liberty were to relocate to into a delivery area surcharge zip code, it would result in additional charges for both inbound and outbound shipments making it less competitive in the marketplace.

In addition, the current site permits composting of biological plant waste, reducing truck trips to a regional landfill. It is hard to know, but probably not likely, that some alternative EFU-zoned site would allow the same type of ecologically-efficient composting that the current site does.

In sum, moving to a new facility consumes a huge amount of energy (human, gasoline, diesel, electricity, productive capacity, and wasted moving and packing resources (*e.g*. crates,

boxes, pallets, bubble wrap, visqueen, padding materials, tape, fasteners, straps). Paving five or more acres of farmland consumes a vast amount of energy (*e.g.* human, gasoline, diesel, electricity, productive capacity, and all the energy required to make the aggregate, asphalt, and concrete). Constructing 150,000 square feet of commercial building space and/or modifying existing structures consumes a huge amount of energy (*e.g*. human, gasoline, diesel, electricity, productive capacity, steel, fiberglass, wallboard, sheetrock, sawn and treated lumber, electrical wiring, carpeting, insulation, fireproofing, Tyvek sheeting, glass, putty, fasteners, steel cable, flooring, roofing, drains and gutters). Lastly, requiring 35 employees to commute to another (likely more distant) location would require more consumption energy in the form of gasoline and diesel fuel, contribute to the degradation of road and intersections, and increase the consumption of vehicular components like tires, brake pads, and motor oil. All of these energy consequences add up, and add up quickly. Allowing the applicant to continue his operations at the current site will be far, *far* more efficient (from an energy consumption standpoint) than any other alternative.

e. <u>The Effects of the Proposal on the Water Table.</u>

Oregon Lavender Farm has a total of four wells on its contiguous property. Two were pre-existing and two were installed by Liberty. Liberty filed an application for water rights (G-16444) to be able to irrigate 52.9 acres of its lavender and other specialty herb crops in May of 2005, and thereafter obtained Permit No.164555 in May of 2006. A new 8" casing 115 gallon per minute irrigation well, identified as No.3 (Clack 62440), was drilled in May of 2006, in order to meet the State of Oregon Water Rights Division well construction specifications necessary to obtain water rights approval. Additionally, 3200 lineal feet of buried three to four inch PVC irrigation mainline was installed to distribute irrigation water to crops. In September of 2013, Liberty submitted a CWRE Claim of Beneficial Use. Well No. 3 has been in operation since May of 2007. There has been no unrecovered drawdown of the water table. In March 2014, the Water Rights Division accepted the pump test results for Well No. 3. It is anticipated a water rights certificate will be issued in the next 12-18 months. (Exhibit 105).

Well No. 1 is a 50 gpm fully functioning well, designated for emergency use. Well No.2 is an 80 gpm well that serves the potable water requirements of the facility. It is subject to quarterly water testing and water quality reporting. Well No. 4 is a 6" casing domestic well for the existing 7 acre homesite that has been drilled but not improved. A ¾ acre rainwater pond is being developed from an old drainage pond. This pond will be used for both as an irrigation reservoir and for fire protection.

f. <u>Cost to Special Service Districts.</u>

Allowing the Oregon Lavender Farm and Liberty Natural Products to continue current operations and expand into the new operations proposed herein will not have any impacts on Special Service Districts. There are no Special Service Districts that provide service to the subject property, except for fire protection with Clackamas County Fire District 1. The farm and business operation will continue to meet fire, life, health and safety

requirements. Special service districts supported by the current business, from the Assessor's tax statement:

Education Districts:
COM COLL CLACK
ESD CLACKAMAS
SCH OREGON CITY

General Government:
COUNTY CLACKAMAS
COUNTY EXTENSION & 4-H
COUNTY LIBRARY
COUNTY PUBLIC SFTY LOC OPT
COUNTY SOILS CONS
FD 1 CLACK CO
PORT OF PTLD
URBAN RENEWAL COUNTY
VECTOR CONTROL
VECTOR CONTROL LOC OP

g. Cost of Improving Roads.

There are no costs associated with paving the road to the existing Oregon Lavender Farm facility. County documents indicate that Harris Road, the sole road to the OLF, was paved sometime after a CUP for the rabbit tannery was issued in 1988. Statements of local residents support that Gerber Road was paved sometime in the early 1970's. Gerber Road, the access road to Harris Road, is capable of meeting the anticipated traffic over the planning horizon. In roughly 2011, when Springwater Road was being resurfaced, Gerber Road was used to detour Springwater Road arterial traffic to Bakers Ferry Road for a week or two, demonstrating its capacity to handle a substantially greater traffic load.

In summary on the issue of comparative impact analysis: the subject site is the most optimal site for the subject uses – in large part because it is already built to support such uses.

4. The "Compatibility" Standard: The Proposed Uses are Compatible with Other Adjacent Uses or Will be so Rendered Through Measures Designed to Reduce Adverse Impacts.

The final of the four standards for a "reasons" exception requires an analysis to make sure that the proposed use will be compatible with adjacent properties. OAR 660-004-0020(2)(d) provides as follows:

> ***(d) "The proposed uses are compatible with other adjacent uses or will be so rendered through measures designed to reduce adverse impacts." The exception shall describe how the proposed use will be rendered compatible with adjacent land uses. The exception shall demonstrate that the proposed use is situated in***

such a manner as to be compatible with surrounding natural resources and resource management or production practices. "Compatible" is not intended as an absolute term meaning no interference or adverse impacts of any type with adjacent uses.

LUBA case law addressing Goal exceptions point out that a local government must adopt findings that (1) describe the uses adjacent to the proposed use exception area and (2) explain why the proposed use is or will be rendered compatible with those uses in order to satisfy ORS 197.732(2)(c)(D): *Jensen v. Clatsop County,* 14 Or LUBA 776, 784-6 (1986); *Loos v. Columbia County,* 16 Or LUBA 528, 539-41 (1988); *Murray v. Marion County,* 23 Or LUBA 268, 280-2 (1992).

a. Site Description.

The subject property is located on nearly 90 acres of farmland in an established rural area. The site features rustic-looking newer buildings housing the administrative and business offices along with multiple old simple agricultural warehouse storage buildings. The land in the territory to be rezoned exhibits relatively flat topography with a gentle downward slope to the east exhibiting, twenty-five acres of lavender fields and a stunning view of Mount Hood. There are no special or noteworthy topographic features or hills.

North of Harris Road there are eight large rectangular building once built for housing chickens in the old commercial egg farm. South of Harris Road are the four new structures housing the administrative and business offices, laboratory, inventory, distillery, shipping and receiving department, and staff lunchroom. There is a small gazebo and patio tables for guests overlooking the lavender fields.

b. Description of Neighboring Uses.

The following tables identify land uses, utilities, and the area surrounding the subject property.

Direction	Comp Plan	Zoning	Use
North	Farm Use	EFU	Rural residential, not planted, woods to the NE
East	Farm Use	EFU	Rural residence, screened by thick woods, no crops
South	Farm Use acres	EFU	Beyond the lavender crops is a thick tree stand, then of Christmas trees
West	Farm Use	EFU	M.S. Growers nursery: azaleas, rhododendron, japonica, Christmas trees

c. Demonstration of Compatibility between the Proposed Use and Adjacent

Neighbor's Uses.

The law requires the applicant's proposed use to be compatible with the adjacent neighbor's uses. This is quite easy to demonstrate, because the applicant's proposed use (*i.e.* the Oregon Lavender Farm, the Liberty Natural Products business, and the annual Lavender Festival) has been taking place uninterrupted for years, with no problems whatsoever for the neighbors. In fact, the applicant's neighbors are in support this application and there have been no objections. *(See* Exhibits 61, 62, 63, 64, 66, 68, 73, 74, 107, letters in support of the application signed by LB Day, Dennis Moriarity, Moriarity Christmas Trees, Rita Snyder, MS Growers, John Anderson, McKenzie Farms and Steve and Bobbe Fendall, Lila Elliot and other Logan area neighbors).

Possible sources of conflict with the neighbors' uses could include water disputes, traffic problems, noises, pesticide spraying, odors, degradation of the visual environment, or other interference with the neighbors' quiet enjoyment of their property. As previously discussed, the production of plant aromas (and possibly allergens) has become a major problem today for many businesses, as aggrieved neighbors initiate government enforcement action and file private nuisance lawsuits to curb activities their nostrils allegedly find objectionable. Not a hint of any of those issues exist here. In fact, it is quite the opposite. The applicant's current use has *ended* previous incompatible (and even noxious and criminal) uses on this site. Before the applicant acquired this site in 1999, it was a long-time nuisance property with multiple unlawful uses, solid waste violations, and even dangerous criminal activity (*e.g.* in 1995-96 Lloyd H. Williamson lived on the property in an abandoned school bus, operating a clandestine methamphetamine lab and dealing stolen firearms to his fellow dope aficionados. Arrested with illegal drugs and nineteen firearms in the school bus, Williamson was convicted of meth and weapons charges in July 1998 and sentenced to a lengthy prison term. See Exhibit 20, (*The Oregonian article from 2000*). The applicant cleaned up the property (literally and figuratively) and has become a true asset to his neighborhood and community over the past fifteen years.

The language of OAR 660-004-0020(2)(d) repeats the words "proposed" use because it contemplates a use proposed but not yet put into place and practice. In this case, the applicant's proposed use is exactly the use he has been practicing for many years, and so there is no need to speculate about whether his "proposed" use will be compatible with his neighbors' uses. We *know* it is compatible, because it long has been. The best proof of *future* compatibility is *past* compatibility, and the applicant's use has long since been proven to be compatible with his neighbors. This standard has been met.

VII. CLACKAMAS COUNTY ZONE CHANGE APPROVAL STANDARDS

Clackamas County has adopted the following standards applicable to a zone change:

1202.01 APPROVAL CRITERIA
The Hearings Officer may approve a zone change, pursuant to Section 1300, if the applicant provides evidence substantiating the following:

A. Approval of the zone change is consistent with the Comprehensive Plan;

The applicant has identified a number of plan policies as being relevant to this zone change application. The first of these relates to the policies to be applied when considering a property for a "Rural Industrial" zoning classification. The applicable section of the Comprehensive Plan states as follows:

GOALS

- ***To provide for the continuation of industrial uses in non-urban areas having an historical commitment to such uses.***

- ***To provide for the industrial redevelopment of abandoned or diminished mill sites.***

- ***To implement the goals and policies of this Plan for industrial development in Unincorporated Communities.***

POLICIES

1.0 The Rural Industrial plan designation may be applied in non-urban areas to provide for industrial uses that are not labor-intensive and are consistent with rural character, rural development, and rural facilities and services.

2.0 The Rural Industrial (RI) zoning district implements the Rural Industrial plan designation.

3.0 Areas may be designated Rural Industrial when the first, the second, or both of the other criteria are met:

> ***a. Areas shall have an historical commitment to industrial uses; or***
>
> ***b. The site shall be an abandoned or diminished mill site, as defined in the Zoning and Development Ordinance, provided that only the portion of the site that was improved for the processing or manufacturing of wood products may be designated Rural Industrial; or***
>
> ***c. Areas shall be located within an Unincorporated Community; and***
>
> ***d. The site shall have direct access to a road of at least an arterial classification.***

In this case, the application can be approved under Policy 3.0(a), because the site has a historical commitment to industrial uses. The Comprehensive Plan does not really define what is meant by an "industrial use" in this specific context. LUBA has stated that uses can be categories in different ways for different purposes. *Swenson v. DEQ*, 9 Or LUBA 10 (1983) ("The Board is not aware of a prohibition in the goals that a use must be exclusively a farm use or an urban use").

The reasoning behind Plan Policy 3.0(a) seems relatively obvious: the drafters are seeking to preserve farm land for resource uses by limiting rural industrial uses to those areas of the county that have been previously been "committed" to activities which are industrial in nature. The point the policy seeks to establish is that the existing supply of farm land should not be converted to rural industrial use, but areas what are already developed or "committed" to rural industrial uses as a result of past practices should be made available for continued rural industrial use. As discussed in more detail below, the subject property has over 150,000 square feet of "industrial" buildings on the property. These building are not well-suited for modern agriculture, for reasons previously discussed in this narrative. *See* Discussion in Section d., p.47 (beginning at last paragraph) *supra*.

ZDO defines the term "industrial uses" in the zoning sense, as "[t]he use of land and/or structures for manufacturing and processing of primary secondary, or recycled materials into a product; warehousing and associated trucking operations, wholesale trade; and related development." The subject property contains buildings that have been used in the past for uses that are industrial in nature, and the infrastructure is more similar to industrial uses than

The subject property was constructed and used primarily as an egg production and distribution facility and rabbit processing facility and rendering plant. (Exhibit 106) When Carnation operated the facility, it used the facility to distribute eggs produced at other locations to the Portland market. While some aspects of these uses can legally be considered as either "farm uses" or "commercial activities in conjunction with farm uses," these uses are really not "farm uses" or "commercial uses" in anything other than the legal fiction created by ORS 215.203 and ORS 215.283. When viewed more practically in terms of impacts to the land and environment, it is far more accurate to label the prior uses of the property as "rural industrial." *See* Carrie Hribar, MA*, Understanding Concentrated Animal Feeding Operations and their Effect on Communities,* National Association of Local Boards of Health (2010); (Exhibit 103). *Factory Farm Nation: How America Turned Its Livestock Farms in Fortune*, Food And Water Watch (2010), p. 16 (Exhibit 102 pg 65).

When one thinks about the practical nature and impacts of an egg production facility, it becomes quite clear that these operations are factories, not farms. Take, as an example, Willamette Egg Farms, LLC. With over 200 employees, Willamette Egg Farms operates one of the largest facilities in rural Clackamas County.[11] Willamette Egg Farms does not rely on farm land to produce its eggs. In fact, the chickens raised at Willamette Egg Farm never go outside and never touch the ground. There is no relationship to the land other than a place to place the buildings and sewage system needed for the plant's waste.

What Willamette Egg Farms does rely on heavily is rail transportation: it uses a short line as a link to Midwestern and Canadian grain producers. As Willamette Egg Farms' CEO Gordon Satrum has testified: "Without the railroads, the commercial egg business would not be in the

[11] Willamette Egg Farms produces and sells eggs and egg products to grocery stores, hotels, and hospitals. The company produces fresh shell eggs, hard boiled eggs, and liquid egg products. Its egg products also include conventional, white, brown, specialty, cage-free brown and white, organic brown, and vegetarian fed brown eggs; hard cooked, deviled, diced, and pickled eggs; and liquid whole eggs, liquid plain yolks, liquid egg whites, and frozen liquid eggs. The company offers its products through grocery retailers in Oregon, Washington, and Northern California.

Northwest." Thus, for all of these reasons, a large-scale egg production can be viewed as an industrial use as well as the legal fiction of a "farm use."

In fact, the original Carnation egg production and distribution facility was forced out of business because of environmental problems. These types of concentrated animal Feeding operations have been regulated by the Clean Water Act's National Discharge Elimination System (NPDES) program. *See Understanding Concentrated Animal Feeding Operations and Their Impacts on Communities*, National Assn of Local Boards Of Health, 2010, at p 1.

For these reasons, the County can conclude that the subject property has a historical commitment to rural industrial uses.

B. If development under the new zoning district designation has a need for public sanitary sewer, surface water management, and/or water service, it can be accommodated with the implementation of service providers' existing capital improvement plans. The cumulative impact of the proposed zone change and development of other properties under existing zoning designations shall be considered.

The proposed use does not have a need for public sanitary sewer, surface water management, and/or water service. For this reason, this standard does not apply.

C. The transportation system is adequate, as defined in Subsection 1007.09(D), and will remain adequate with approval of the zone change. Transportation facilities that are under the jurisdiction of the State of Oregon are exempt from Subsection 1202.01(C). For the purpose of this criterion:

> ***1. The evaluation of transportation system adequacy shall include both the impact of the proposed zone change and growth in background traffic for a 20-year period beginning with the year that a complete land use application is submitted.***
>
> ***2. It shall be assumed that all improvements identified in Comprehensive Plan Table 5-3a, 20-Year Capital Projects; the Statewide Transportation Improvement Plan; and the capital improvement plans of other local jurisdictions are constructed.***
>
> ***3. It shall be assumed that the subject property is developed with the primary use, allowed in the proposed zoning district, with the highest motor vehicle trip generation rate.***
>
> ***4. Transportation facility capacity shall be calculated pursuant to Subsection 1007.09(E).***
>
> ***5. A determination regarding whether submittal of a transportation impact study is required shall be made based on the Clackamas County Roadway Standards, which also establish the minimum standards to which a transportation impact study shall adhere.***

The subject land use application proposes a PAPA and zone change to convert land planned and zoned for agriculture to Rural Industrial designations. The 6.72-acre portion of the subject property at issue contains 150,000 square foot of existing pre-development building improvements. The site has been occupied by Liberty Natural Products Inc. an integrated agricultural operation engaged in the cultivation and processing of specialty herb crops, such as lavender, and the distribution of wholesale agricultural goods since 1999.

This PAPA and zone change, if approved, would allow only minor expansions of the footprint of the existing facility, and would not allow any significant changes that would result in substantial increases in current and historical transportation volumes for operations that have been conducted at the facility. Nonetheless, it is certainly the hope and plan that the facility will become the "mother distillery" for many small farming operations in the area, and, as a result, it is consistent with this desire for the applicant to forecast some increases in traffic to and from the site. (Exhibit 109)

Description of Area Roadways Serving The Site:

The local area is primarily zoned EFU with some RRFF-5 and is sparsely populated. The current roadways serving the site have a very low volume of usage of 88 Average Daily Traffic (ADT) that is projected to remain below 200 ADT within the next 20 years.

S. Harris Road – is a paved 6/10 of a mile long local County road that runs from Gerber Road on the west to the subject property on the east. In addition to the subject farm site, there are only three single-family residences that have their primary access on .6 mile long Harris Road. The west end of Harris Road at its intersection with S. Gerber Road is .5 mile north of S. Springwater Road south and 1.1 mile south of S. Bakers Ferry Road.

S. Gerber Road – is a paved 1.6 mile long local County road that runs between S. Springwater Road on the south to S. Bakers Ferry Road on the north. There are only 23 residences on Gerber a local road with low traffic volume.

S. Springwater Road – is a paved 15.2 mile long major arterial County road that is lightly traveled in comparison to other major arterial roads and connects Hwy 224 to Hwy 211. There is an absence of high traffic patterns that would affect movement to and from the existing operation.

S. Bakers Ferry Road – is a paved 4 mile long minor arterial County road that connects S Springwater Road to Hwy 224 at Barton.

The roadways serving the site have interconnection with a variety of minor and major arterials providing alternate routes in various directions. Alternate roadway options, combined with the very low traffic volumes reduce the possibility of traffic congestion in the rural area.

Transportation History of the Site:

Prior to 1962 the site was unimproved. The Carnation Company constructed the bulk of the site improvements in the 1960s, at a time when the site was used as an industrial factory egg farm. This operation employed 40 to 50 people. At that time, the access roads to the site, Gerber and Harris, were gravel. The egg farm generated vehicular traffic from its employees, egg deliveries for processing from other Carnation and other local egg farms, delivery of eggs to area stores such as Fred Meyer, delivery of feed, delivery of egg by-products and daily hauling of poultry manure to area farms. Poultry manure is the largest generator of biomass in Clackamas County and required daily removal. The volume of traffic on Gerber created a dust, mud and noise problems. This precipitated Gerber Road residents to petition the County to pave Gerber Road. (Exhibits 68, Lorraine Cutts; 107, Lila Elliot; 69, Ed Smith; 108, 2010 CC Biomass report). Area residents indicate that Gerber Road was later paved by the County sometime in the early 1970's.

The Carnation egg operation was closed in late1978 and the facilities later utilized by a rabbit breeding and meat processing operation. In 1983 a conditional use permit, File No. 100-83-C, was issued for a rabbit processing plant, which utilized the factory egg farm improvements. The staff report, (Exhibit 11), recommended approval based on "No objections" from the County Traffic Engineer and concluded:

> The site and proposed development is timely considering the adequacy of transportation systems, public facilities and services existing or planned for the area affected by the use. Regarding the transportation system, the subject property has frontage on a gravelled public road (i.e. Harris Road intersects with Gerber Road which is a paved county road). *It is the staff's judgment this existing road system can adequately accommodate the traffic generated by the proposed use.* (Emphasis added).

A 1983 Oregon Register Guard article stated that the processing plant itself was capable of handling a crew of 35 people working on a one-shift basis. Exhibit 12 Register Guard Article.

In 1983, the County in discussions with the owners of the rabbit operation offered to hard surface Harris Road for $5,000.00 per ¼ mile. Harris Road was subsequently hard surfaced but it is not know in what year. (Exhibit 109).

In its approval of a 1988 rabbit operation tannery conditional use permit application, File No. 723-87-C, the County found: 1) "the subject property has frontage on a graveled public road, Harris Road…" 2) the addition of two tannery employees will be an insignificant visual, noise and traffic impact; 3) "The proposed tannery will result in an insignificant amount of additional traffic. The existing roads have a capacity to accommodate this traffic; 4) "there is good sight distance at the driveway entrance onto Harris Road and the intersection of Harris Road and Gerber Road; 5) "The site and proposed development is timely, considering the adequacy of transportation systems, public facilities, and services existing or planned for the area affected by the use."; (Exhibit13, Tannery Permit).

Current Transportation Volumes:

Liberty Natural / Oregon Lavender Farm's regular days of operation are Monday through Friday. The operation is closed on weekends. The hours of operation vary according to the seasonal daylight time, but are generally between 7:30am and 6:30pm. In the past three years, Liberty Natural / Oregon Lavender Farm has employed an average of 32 regular employees at the site.

Of those employees, 10 are associated with the agricultural operation unaffected by the approval of the land use application, and 24 are associated with the distribution operation subject to the application. Adjustments have not been mode for: 1) agricultural employee trips; 2) vehicular trip reduction of employees who, from time to time, alternatively rideshare, bike or walk, are not deducted from the trip volume breakdown; 3) regular employees who do not work full time; 4) vehicular trips of short term temporary seasonal agricultural workers.

Breakdown of total actual site trips:

Employee arrival	=	32
Employee departure	=	32
Employee lunch trips	=	4
Employee pickup and delivery	=	2
UPS pickup and delivery	=	4
Other small parcel/common carrier	=	6
Wholesale will call customers	=	6
Vendor and other misc visits	=	4
Total	=	88

Employees have regular daily work schedules but are allowed a degree of flexibility in their arrival and departure times. Typically, most employees take lunch on site. The employees who go out for lunch will join with other employees and take one vehicle.

AM Peak:
Employee arrival trips are generally dispersed between the hours of 7:30am to 10:30am. Arrival times are broken down as follows: a) 7:30am to 8:30am = 15 arrivals; b) 8:30am to 9:30am = 7; c) 9:30am to 10:30am = 5; other times = 5

PM Peak:
Employee departure trips are generally dispersed between the hours of 3:30pm to 6:30pm. Departure times are broken down as follows: a) 3:30pm to 4:30pm = 10 arrivals; b) 4:30pm to 5:30pm = 11; c) 5:30pm to 6:30pm = 4; other times = 6

Future Projected Transportation Volumes: (20 year projection)

The anticipated growth and development of the agricultural and distribution operations are projected to add 20 to 30 employees, as well as additional deliveries and pickups in the next two decades. The majority of this growth will be in the addition of agricultural employees involved in the processing of crops obtained from local farms. Pickups and deliveries will not increase substantially, because any increase in distribution will be addressed by using larger delivery trucks. Purchase of increased quantities of goods do not translate into a proportional increase in the number of vehicular trips. Rather than more trips, the vehicles will often deliver or pickup a greater volume of goods or larger vehicles will be utilized.

Breakdown of projected increase in site trips:

Employee arrival	=	62
Employee departure	=	62
Employee lunch trips	=	8
Employee pickup and delivery	=	4
UPS pickup and delivery	=	8
Other small parcel/common carrier	=	12
Wholesale will call customers	=	12
Vendor and other misc visits	=	8
Delivery of Local Ag Crops for Processing	=	8
Total	=	188

Mitigation measures:

The current low-level usage of the roadways serving the subject site and the land use planning goals for the area to remain in the EFU zone well beyond 2030, if not indefinitely, do not provide basis to conclude that there will be any significant increase in the amount of business or residential traffic. Current transportation cost economics favor vehicular trip reduction at all levels irrespective of transportation impacts. Should traffic impacts occur in the area the following mitigation efforts could be further implemented: .

Freight consolidation -common carriers and parcel shippers can be utilized to maximize cargo loads and reduce vehicular trips.

Employee rideshare/shuttle - the company can coordinate and encourage employees to share rides and/or provide shuttles from central locations.

Employee work at home – while not feasible for the majority of the employees, customer service, administrative and some other employees could utilize the remote computer access to work at home as a part of their work schedule.

Four-day work week – vehicular trips could be reduced 10-15% per week. It is anticipated production and shipping would functions would need to be maintained, but that customer service functions could be done from home in order to maintain just in time shipment of goods Monday through Friday.

Transportation Impacts and Criteria:

The subject site has an existing driveway entrance. The application does not propose any modification to the driveway entrance. There are no adverse traffic impacts associated with the existing driveway entrance.

The stopping sight distance at the three access intersections, Harris at Gerber, Gerber at Springwater and Gerber at Bakers Ferry all exceed the minimum sight distance necessary to enable a vehicle traveling at or near the posted speeds to stop before reaching a stationary object in its path. The primary access intersection at Harris and Gerber has in excess of 400 feet of visibility in both directions. (Exhibit 110).

All parking for the operation is located onsite. Existing parking is sufficient for the current operation and for 20 year projected growth. (Exhibits 34, 111).

D. The proposal, as it relates to transportation facilities under the jurisdiction of the State of Oregon, complies with the Oregon Highway Plan.

This application does not impact any transportation facilities under the jurisdiction of the State of Oregon.

VIII. COMPLIANCE WITH STATEWIDE PLANNING GOALS.

A Post Acknowledgement Plan Amendment (PAPA) is a planning responsibility under ORS 197.175(1) and is subject to compliance with the statewide planning goals. Thus, to the extent they are applicable, the applicant demonstrates compliance with the Statewide Planning Goals as follows:

Goal 1 – Citizen Involvement. Citizen involvement is always applicable to quasi-judicial applications such as this. Statewide Planning Goal 1 is met via the implementation of the provisions in the acknowledged Clackamas County Land Development Ordinance (ZDO) that relate to citizen participation. This application will be reviewed by staff, the Clackamas County Planning Commission, and the Board of County Commissioners. At least two public hearings will be conducted with notice and opportunity to be heard presented, as required by the ZDO. The property will be posted with notice as well as mailed notice to surrounding property owners and affected governmental agencies. At the public hearings anyone wishing to present relevant testimony or documentary evidence will be allowed to do so. Adequate citizen involvement is guaranteed in this case.

Goal 2 – Land Use Planning. The CCCP and ZDO are acknowledged to be in compliance with statewide planning goals and guidelines. Goal 2's coordination obligation will be met because

the applicant and County shall seek public comment from any affected unit of government, including and any special district whose boundaries overlap with the site. The application does trigger the Goal 2 exception standards, and those standards are addressed herein.

Goal 3 – Farm. The applicant's proposed use does not comply with Goal 3 and therefore, an exception is sought.

Goal 4 - Forest. The subject property does not contain forest land. Therefore, Goal 4 does not apply to this land.

Goal 5 – Open Spaces, Scenic and Historic areas, and Natural Resources - The subject property is not designated as an open space, scenic, or historic area and has no natural resources to protect. There are no natural resources located on the portion of the subject property at issue. The There are no landslide hazard areas. There are no historic resources or cultural areas located or identified on the site. There are no identified mineral or aggregate resources on the site. The site is not located downtown or in a neighborhood conservation district. Therefore this goal is satisfied.

Goal 6 – Air, Water and Land Resources Quality - The proposed use of this property will be for rural industrial use. The distribution operations do not generate any substantive wastes or emissions, other than odors. Liberty Naturals and OLF are dedicated to being a sustainable enterprise. Metal and plastic containers are collected and recycled. By-products of distillation/processing, spills and expired goods are composted and returned to the soil as inputs. Storm water will be detained on-site and through the existing storm drainage system and future on-site drainage. There are no significant water demands, and no potential for pollution. This application will not affect in any way the air, water or land resources. Therefore, this goal is met.

Goal 7 – Areas Subject to Natural Disasters and Hazards - There are no identified landslide areas on the subject property. There are no identified wetlands or floodplains on the portion of the subject property subject to this application. The portion of the subject property subject to this application is basically flat and devoid of natural hazards. Goal 7 is complied with by this application.

Goal 8 – Recreational Needs - The subject property is proposed primarily for rural industrial uses and a rural residence. This goal is not applicable.

Goal 9 - Economic Development. Goal 9 does not apply to this application, as Goal 9 only applies to areas within an urban growth boundary. OAR 660-09-0010(1). *Port of St. Helens v. Land Conservation & Development Committee*, 164 Or App 487, 495, 996 P 2d 1014 (2000). Nevertheless, approval of this application furthers the aims of Goal 9 "[t]o provide adequate opportunities throughout the state for a variety of economic activities vital to the health, welfare and prosperity of Oregon's citizens." As discussed throughout this application, the applicant's Oregon Lavender Farm/Liberty Natural Products combined operation is a going business concern with thirty-five employees, over $6.5 million in gross annual sales, and demonstrated success in its field. As detailed in the "Local Economy" section and illustrative charts, approval of this application will allow this business operation to continue, and hopefully prosper,

benefiting its employees, the local economy, and the development of high-value specialty crops among local farmers to supply the applicant's growing business.

Goal 10 – Housing. The subject property is proposed primarily for rural industrial uses and a rural residence. This goal is not applicable.

Goal 11 – Public Facilities and Services. Goal 11 concerns the provision of public health, safety, and welfare facilities such as water, sewer, and transportation. OAR 660-011-0005(5). As such, Goal 11 does not apply to this application, a privately-owned business operation.

Goal 12 – Transportation. The transportation impacts of the proposal are discussed supra. The application does not have a significant impact on a transportation facility.

Goal 13 – Energy. This application presents a positive alternative from an energy consumption and efficiency standpoint, when compared to any decision which would result in current operations being split into urban and rural components.

Goal 14 – Urbanization. The land is considered "rural" because it is located outside of a UGB. Goal 14 is violated if the applicant proposes an urban use on rural land without taking an exception to Goal 14. LUBA has stated that the determination of whether a proposed land use is rural or urban will in most cases require a case-by-case analysis. *Hammack & Assoc. v. Washington County*, 16 Or LUBA 75, 80 (1987), *aff'd Hammack v. Washington County*, 89 Or App 40, 747 P2d 373 (1987); *1000 Friends of Oregon v. LCDC (Curry Co.),* 301 Or 447, 724 P2d 268 (1986). In *Curry County*, the Oregon Supreme Court identified a number of relevant factors which must be considered when determining whether a use is "urban or "rural." When combined with other case law from LUBA and the courts, the list of relevant factors can be summarized as follows:

- The size and extent of commercial and industrial uses;
- Propensity to attract consumers from urban areas. *City of Sandy v. Clackamas County*, 3 LCDC 139 (1979); *Conaway v. Coos County,* 2 Or LUBA 190 (1980). *Shaffer v. Jackson County*, 17 Or LUBA 922 938 (1990) (LUBA stated in dicta that a determination that commercial uses are limited to serving the needs and requirements of the rural area, "that factor might be significant, or even determinative, in deciding whether [that] commercial use is rural or urban.); *City of Ashland v. Jackson County*, 2 Or LUBA 378 (1980).
- Proximity to UGB. *Cox v. Yamhill County*, 29 Or LUBA 263 (1995) (A church that does not require urban services and serves "primarily a rural population" is not a rural use despite being located only 1000 feet outside a UGB); *City of Sandy v. Clackamas County*, 3 LCDC 139 (1979) (90,000 square foot shopping center located 4 miles from the nearest UGB is an urban use of land); *Geaney v. Coos County*, 34 Or LUBA 189, 200 (1998) (PAPA from rural residential to commercial triggers the need for an exception to Goal 14, when the decision would allow any number of commercial uses of any size as a permitted use.
- Types and levels of facilities and services, esp. water & sewer. *Doob v. Josephine County*, 32 Or LUBA 364, 373 (1996); *DLCD v. Douglas County*, 17 Or LUBA 466, 473 (1987).

- Dependence on a site-specific resource. In *Shaffer v. Jackson County*, 17 Or LUBA 922 938 (1990), LUBA held that whether an industrial use is dependent on a site specific resource is relevant in determining whether the industrial use is rural in nature.

> Note: Density, parcel size and ownership patterns are not particularly relevant when determining whether a commercial or industrial use is "urban" or "rural" in nature. *Hammack v. Washington County*, 89 Or App 40, 747 P2d 373 (1987).

In this case, the applicant is not proposing an "urban use of rural land." We address each of these factors in turn:

<u>The size and extent of commercial and industrial uses;</u>

The integrated specialty crop production and distribution operations at the OLF are not found in urban locations, as the agricultural nature of the operation requires acreage for cultivation and composting and a low density setting to avoid processing operation conflicts with surrounding uses. While there are examples of integrated specialty crop operations worldwide, the OLF operation is the only one of its kind in Clackamas County. An integrated specialty crop operation like the OLF is not contemplated in any urban land use descriptions in the ZDO or statue statute. The OLF is a uniquely adaptive agricultural operation.

Farm owners expand their operations both vertically and horizontally in order to achieve economy of scale and sustained profitability. The OLF operation includes a variety of integrated uses that are both agricultural and directly related to agriculture. Farm based distribution of agricultural goods, such as the specialty crops and related goods distributed at the OLF, is an historical and customary practice worldwide.

<u>Propensity to attract consumers from urban areas.</u>

The wholesale distribution operations are not directed at consumers and have not attracted consumers from the Portland Metro areas in the seven years they have been conducted at the OLF. With the exception of the two-day lavender festival once per year, even wholesale sales are not procured onsite. 100% of distributed goods sales are obtained by internet, phone and fax.

<u>Proximity to UGB.</u>

The OLF is approx. 2 ½ to 3 miles from the present UGB. The Metro UGB mapping toll shows that the easterly portion of the facilities and the northerly 40 acres are within the UGB reserves. (Exhibit 112).

<u>Types and levels of facilities and services, esp. water & sewer.</u>

OLF does not rely on any urban services or facilities. OLF utilizes on-site subsurface septic systems for treatment of sanitary wastes. Existing subsurface systems conform to state

standards, are fully functioning and have greater capacity than required. OLF composts all processing and distillation by- products. Water is obtained from a well.

Dependence on a site-specific resource.

Considered as integrated whole, the OLF operation is dependent on the size of the existing farm improvements and the availability of cultivable ground onsite and in the local area.

For all of the reasons stated above, the proposed PAPA and zone change does not propose an "urban" use of land. Goal 14 does not therefore apply to this case.

The applicable Statewide Planning Goals are all met.

IX. CONCLUSION.

For all the reasons given above, this land use application complies will all relevant state and Clackamas County statutes, rules, ordinances, and policies, and the applicant respectfully requests its approval.

After Recording, Return to:
James R. Dierking
12928 SE Copper street
Portland, OR 97236

Until a change is requested,
tax statements shall be sent
to the following address:

Same as above

STATUTORY SPECIAL WARRANTY DEED - RESERVING EASEMENT
(Corporation/Partnership)

Grantor, MDG, LLC, an Oregon Limited Liability Company, conveys and specially warrants to Grantee, JAMES R. DIERKING, the following described real property in the State of Oregon and County of Clackamas, free of encumbrances created or suffered by the Grantor, except a specifically set forth herein:

SEE ATTACHED LEGAL DESCRIPTIONS
(Schedule A)

This instrument filed for record by Fidelity National Title as an accommodation only. It has not been examined as to its execution or as to its effect upon the title.

Tax Account Number(s):

This property is free of encumbrances created or suffered by Grantor, EXCEPT:

1. The assessment roll and the tax roll disclose that the subject premises were or are specially assessed as farm land. If the land has become or becomes disqualified for the special assessment under the statute, an additional tax may be levied.

2. The assessment roll and the tax roll disclose that the premises herein described were specially assessed as Forest land. If the land has become or becomes disqualified for the special assessment under the statute, an additional tax may be levied for the last five (5) or lesser number of years in which the land was subject to the special land use assessment. (Affects Parcel I)

3. The rights of the public, governmental bodies, and public utilities, in and to that portion of the herein described property lying within the limits of Harris Road (County Road No. 1659).

99-108342

4. Reservation of mineral rights contained in deed,
   Recorded : October 10, 1990 as Recorder's Fee No. 90-50592
   In favor of : The State of Oregon, by and through the Director of Veterans' Affairs

5. Easement for ingress and egress above and below the surface of the land as implied by reservation of mineral rights in deed,
   Recorded : October 10, 1990 as Recorder's Fee No. 90-50592
   In favor of : The State of Oregon, by and through the Director of Veterans' Affairs
   (Affects Parcel IV)

~~6. An easement created or disclosed by instrument, including the terms and provisions thereof,~~
   ~~Recorded : August 13, 1992 as Recorder's Fee No. 92-50029~~
   ~~In favor of : Adjacent property owner~~
   ~~For : Roadway purposes~~
   ~~Affects : The most Southerly 10.00 feet of Parcel IV~~

7. An easement for ingress and egress, and for utilities reserved by Grantor, as set forth herein.

The true consideration for this conveyance is $350,000.00

THIS INSTRUMENT WILL NOT ALLOW USE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT IN VIOLATION OF APPLICABLE LAND USE LAWS AND REGULATIONS. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY APPROVED USES AND TO DETERMINE ANY LIMITS ON LAWSUITS AGAINST FARMING OR FOREST PRACTICES AS DEFINED IN ORS 30.930.

DATED this 7 day of September, 1999.

MDG, LLC, an Oregon Limited Liability Company

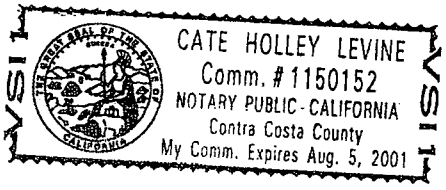
By: Gerald T. Mitosinka
Gerald T. Mitosinka, Member

STATE OF CALIFORNIA, County of Contra Costa ss.

The foregoing instrument was acknowledged before me this 7 day of ~~September~~ October, 1999, by Gerald T. Mitosinka, as Member, of MDG, LLC, an Oregon Limited Liability Company.

Cate Holley Levine

Notary Public for California
My Commission Expires: 8/5/01



Legal Description

PARCEL I:

Part of the Nathan P. Macks Donation Land Claim No. 37, in Section 27, Township 2 South, Range 3 East, of the Willamette Meridian, in the County of Clackamas and State of Oregon, described as follows:

Beginning at a point on the North line of said Donation Land Claim No. 37, a distance of 2060.00 feet West of the Northeast corner thereof, said point being the Northeast corner of that tract sold on Contract to William Robinson by instrument recorded June 5, 1979, as Recorder's Fee No. 79-23104, Clackamas County Records and re-recorded June 11, 1979, as Recorder's Fee No. 79-24180, Clackamas County Records; thence South along the East line of said Robinson Tract and its Southerly extension 2062.5 feet, more or less, to a point which is 115.5 feet South of the Southeast corner of a tract sold on Contract to Jerry C. Robinson by instrument recorded June 11, 1979, as Recorder's Fee No. 79-24183; thence East 740 feet, more or less, to the East line of the herein described tract being a point on the East line of the West one-half of the East one-half of aforesaid Donation Land Claim No. 37 which is North 1578.5 feet from the North line of that tract conveyed to Mary E. Ross by Deed recorded October 26, 1922 in Book 168, Page 486, Clackamas County Deed Records; thence North along said East line 2062.5 feet, more or less, to the North line of said Donation Land Claim No. 37; thence West along said North line 740 feet, more or less, to the point of beginning.

EXCEPTING THEREFROM that parcel described in instrument recorded June 10, 1998 as Recorder's Fee No. 98-051513.

PARCEL II:

Part of the Nathan P. Macks Donation Land Claim No. 37, in Section 27, Township 2 South, Range 3 East, of the Willamette Meridian, in the County of Clackamas and State of Oregon, described as follows:

Beginning at the point of intersection of the Northeast corner of Harris County Road No. 1659 and the West line of that tract sold on Contract to Constance A. Robinson by instrument recorded June 11, 1979, as Recorder's Fee No. 79-24182, Clackamas County Records; thence South along said West line 1040 feet, more or less, to the Southwest corner thereof; thence East along said South line and its Easterly extension to a point which is 160 feet East of the Southeast corner thereof; thence North parallel to the East line of said Robinson Tract 1040 feet, more or less, to a point which is 880 feet, more or less, due East from the Northeast corner of aforesaid Harris County Road; thence West 880 feet, more or less, to the point of beginning.

(Continued)

Legal Description, Continued

PARCEL III:

Part of the Nathan P. Macks Donation Land Claim No. 37, in Section 27 and Section 28, Township 2 South, Range 3 East, of the Willamette Meridian, in the County of Clackamas and State of Oregon, described as follows:

Beginning at a point 2060 feet West and 1900 feet South of the Northeast corner of said Macks Donation Land Claim said point being the Southeast corner of that tract sold on Contract to Jerry C. Robinson, recorded June 11, 1979, as Recorder's Fee No. 79-24183, Clackamas County Records; thence West along the South line of said Jerry C. Robinson Tract 580 feet to a point; thence South parallel to the East line of that tract conveyed to Jack Barber by Deed recorded July 9, 1875, in Book "L", on Page 107, Clackamas County Deed Records, 373.50 feet to the North line of that tract sold on Contract to Constance A. Robinson, recorded July 11, 1979, as Recorder's Fee No. 79-24182, Clackamas County Records; thence West along said North line 220 feet, more or less, to the Northwest corner thereof; thence South along the West line thereof 350 feet to the South line thereof being on the North line of Harris Road (County Road No. 1659); thence East along the North line of said road 20 feet; thence North parallel to the West line of said Constance A. Robinson Tract 330 feet to a point 20 feet South of the North line thereof; thence East parallel to the North line of said Robinson Tract 220 feet, more or less, to a point 20 feet East of the Southerly extension of the West line of the aforesaid Jerry C. Robinson Tract; thence North parallel to and 20 feet East of said Southerly extension and said West line of said Jerry C. Robinson Tract 373.50 feet; thence East parallel to and 20 feet South of the South line of said Jerry C. Robinson Tract 560 feet; thence North along the Southerly extension of the East line of said Robinson Tract 20 feet to the point of beginning.

Part of the Southwest one-quarter of Section 27, and part of The Southeast one-quarter of Section 28, Township 2 South, Range 3 East, of the Willamette Meridian, in the Nathan P. Macks Donation Land Claim No. 37, in the County of Clackamas and State of Oregon, described as follows:

Commencing at a point 2060 feet West and 1900 feet South of the Northeast corner of said aforesaid Macks Donation Land Claim said point being the Southeast corner of that tract sold on Contract to Jerry C. Robinson, recorded June 11, 1979, as Recorder's Fee No. 79-24183, Clackamas County Records; thence South along the Southerly extension of the East line of said Robinson Tract 20 feet to the true point of beginning; thence West parallel to the South line of said Robinson Tract 560 feet to a point 20 feet East of the Southerly extension of the West line of said Robinson Tract; thence South parallel to the East line of that tract conveyed to Jack Garber by Deed recorded July 9, 1885, in Book "L", Page 107, Clackamas County Deed Records, 373.50 feet; thence West parallel to and 20 feet South of the North line of that tract sold on Contract to Constance A. Robinson, recorded June 11, 1979, as Recorder's Fee No. 79-24182, Clackamas County Records, 220 feet, more or less, to a point which is 20 feet East of the West line thereof; thence South parallel to and 20 feet East of the West line of said Robinson Tract 220 feet to the South line thereof being on the North line of Harris Road (County Road No. 1659); thence East along the South line of said tract 200 feet to an interior angle corner

(Continued)

Legal Description, Continued

therein; thence continuing East 880 feet, more or less, to a point which is 160 feet East of the East line of said Constance A. Robinson Tract; thence South parallel to the East line of said Robinson Tract 1040 feet, more or less, to the North line of that tract conveyed to Mary E. Ross, by Deed recorded October 26, 1922, in Book 168, Page 486, Clackamas County Deed Records; thence East along said North line 480 feet to the East line of the West one-half of the East one-half of aforesaid Macks Donation Land Claim; thence North along said East line 1578.5 feet to a point on the East line of that tract sold on Contract to Susan Woodcock, recorded June 11, 1979, as Recorder's Fee No. 79-24184, Clackamas County Records; thence West parallel to the South line of said Woodcock Tract, 760 feet, more or less, to a point South of the true point of beginning; thence North parallel to the East line of said Woodcock Tract 95.5 feet, more or less, to the true point of beginning.

Subject to a non-exclusive easement for ingress and egress, and for the placement and maintenance of underground utilities, over the South 20 feet and West 10 feet of Parcel II for the benefit of the following described parcel:

Situated in the southwest quarter of Section 27, Township 2 South, Range 3 East, Willamette Meridian and being a portion of the Nathan P. Macks DLC NO. 37, Clackamas County, Oregon and being described as follows:

Beginning at a point which is 160 feet east of the east line of the parcel sold in contract to Constance A. Robinson, Recorded on June 11, 1979 as Recorders Fee No. 79-24184, Film Records, said County, and also being west a distance of 1760.00 feet and south a distance of 2623.50 feet from the northeast corner of said DLC No. 37, said County; thence south and parallel with the east line of said Robinson parcel a distance of 404.75 feet to the Point of Beginning; thence running south parallel with said east line a distance of 635.25 feet, more or less, to the north line of that parcel conveyed to Mary E. Ross, by Deed Recorded October 26, 1922, In Book 168,, Page 486, said County, Deed Records; thence east along the north line of said Ross Parcel a distance of 480.00 feet, to the east line of the West one-half of the east one-half of said DLC No. 37; thence north along said east line a distance of 635.25 feet, thence west and parallel to the north line of said Ross Parcel a distance of 480.00 feet to the Point of Beginning, containing 7.00 acres, more or less.

Basis of bearings of this description is Recorders Fee No.79-24184, Film Records, Clackamas County, Oregon

STATE OF OREGON 99-108342
CLACKAMAS COUNTY
Received and placed in the public records of Clackamas County
RECEIPT# AND FEE: 103297 $60.00
DATE AND TIME: 11/18/99 11:04 AM
JOHN KAUFFMAN, COUNTY CLERK

6

2P
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20NS

Warranty Deed

KNOW ALL MEN BY THESE PRESENTS, That *Sheldon Oien*, hereinafter called the grantor, for the consideration hereinafter stated, to grantor paid by Dierking Construction, Inc., hereinafter called the grantee, does hereby grant, bargain, sell and convey unto the said grantee and grantee's heirs, successors and assigns, that certain real property, with the tenements, hereditataments and appurtenances thereunto belonging or appertaining, situated in the County of Clackamas and State of Oregon,
Described as follows, to-wit:

Part of the Nathan P. Macks D.L.C. No. 37, in Section 27, Township 2 South, Range 3 East of the Willamette Meridian, in Clackamas County, Oregon, described as follows:

Tax lot 1300 of map 2 3E 27 C, Clackamas County, Oregon, also described as the bottom 100 feet of Parcel 1, beginning at a point on the North line of said D.L.C. No. 37, a distance of 2060.00 feet West of the Northeast corner thereof, said point being the Northeast corner of that tract sold on contract to William Robinson by instrument recorded June 5th, 1979, as Recorder's Fee No. 79-23104, Clackamas County Records and re-recorded June 11th, 1979, as Recorder's Fee No. 79-24180, Clackamas County Records; hence South along the East line of said Robinson Tract and its Southerly extension 2062.5 feet, more or less, to a point which is 115.5 feet South of the Southeast corner of a tract sold on Contract to Jerry C. Robinson by instrument recorded June 11th, 1979, Fee No. 79-24183; thence East 740 feet, more or less, to the East line of the herein described tract being a point on the East one-half of a foresaid D.L.C. No. 37 which is North 1578.5 feet from the North line of that tract conveyed to Mary E. Ross by deed recorded October 26th, 1922 in book 168, page 486, Clackamas County Deed Records; thence North along said East line 2062.5 feet, more or less, to the North line of said D.L.C. No. 37; thence West along said North line 740 feet, more or less, to the point of beginning.

To Have and to Hold the same unto the said grantee and grantee's heirs, successors and assigns forever.

And said grantor hereby covenants to and with said grantee and grantee's heirs, successors and assigns that grantor is lawfully seized in fee simple of the above granted premises, free from all encumbrances.

Warrant and forever defend the above granted premises and every part and parcel thereof against the lawful claims and demands of all persons whomsoever, except those claiming under the above described encumbrances.

The true and actual consideration paid for this transfer, stated in terms of dollars, is $12,000.00.

99-079063

This instrument filed for record by Fidelity National Title as an accommodation only. It has not been examined as to its execution or as to its effect upon the title. 805890

In construing this deed and where the context so requires, the singular includes the plural and all grammatical changes shall be implied to make the provisions hereof apply equally to corporations and to individuals.

In Witness Whereof, the grantor has executed this instrument this 14th day of July, 1999; if a corporate grantor, it has caused its name to be signed and seal affixed by its officers, duly authorized thereto by order of its board of directors.

This instrument will not allow the use of the property described in this instrument to be in violation of applicable land use laws and regulations. Before signing or accepting this instrument, the person acquiring fee title to the property should check with the appropriate city or county planning department to verify approved uses.

The property described in this instrument may not be within a fire protection district, protecting structures. The property is subject to land use laws and regulations, which, in farm or forest zones may not authroize construction or sitting of a residence.

Sheldon Oien 8/6/99

State of Oregon)
County of ~~Clackamas~~)
WASHINGTON

Personally appeared the above named Sheldon Oien and acknowledged the foregoing instrument to be his voluntary act and deed.

Notary Public for Oregon Roxanne Buth
My Commission Expires: 02-03-2001

OFFICIAL SEAL
ROXANNE BUTH
NOTARY PUBLIC-OREGON
COMMISSION NO. 061415
MY COMMISSION EXPIRES FEB. 3, 2001

Grantors Name and Address:
Sheldon Oien
PO Box 2084
Wilsonville, Oregon 97070

After recording return to:
Dierking Construction Inc.
8120 SE Stark Street
Portland, Oregon 97215-2346

Until a change is request all tax statements shall be sent to the following address:
Dierking Construction Inc.
8120 SE Stark Street
Portland, Oregon 97215-2346

STATE OF OREGON 99-079063
CLACKAMAS COUNTY
Received and placed in the public records of Clackamas County
RECEIPT# AND FEE: 97920 $60.00
DATE AND TIME: 08/10/99 10:18 AM
JOHN KAUFFMAN, COUNTY CLERK

2

07/01/2013 - 06/30/2014 REAL PROPERTY TAX STATEMENT

CLACKAMAS COUNTY, OREGON * 150 BEAVERCREEK RD * OREGON CITY, OREGON 97045

PROPERTY DESCRIPTION

NO SITUS

ADDRESS OR

Zoned Farm - POTENTIAL ADDITIONAL TAX

MAP: 23E27C 01600

Code Area: 062-004

Acres: 3.65

ACCOUNT NO: 00637163

VALUES:	LAST YEAR	THIS YEAR
REAL MARKET VALUES (RMV):		
RMV LAND	15,324	15,324
RMV BLDG		
RMV TOTAL	15,324	15,324
M5 TOTAL (SAV)	6,310	6,661
ASSESSED VALUE	2,248	2,314
TOTAL TAXABLE AV	2,248	2,314
PROPERTY TAXES:	**31.25**	**31.84**

* Property taxes may be paid online, see applicable fees prior to paying.
* Payments may be mailed to PO Box 6100, Portland, OR 97228-6100. When paying by mail, please make checks payable to Clackamas County Tax Collector.
* You may also pay in our office, located in the Development Services Building at 150 Beavercreek Road in Oregon City.
* If your mortgage company pays your taxes, this information is for your records.

TAX PAYMENT OPTIONS

Payment Options	Date Due	Discount		Net Amount
FULL	**Nov 15th, 2013**	**0.96**	**3%**	**30.88**
2/3	**Nov 15th, 2013**	**0.42**	**2%**	**20.81**
1/3	**Nov 15th, 2013**			**10.62**

2013 - 2014 CURRENT TAX BY DISTRICT:

COM COLL CLACK	1.29
ESD CLACKAMAS	0.85
SCH OREGON CITY	11.48
EDUCATION TOTAL:	**13.62**
COUNTY CLACKAMAS	6.84
COUNTY EXTENSION & 4-H	0.12
COUNTY LIBRARY	0.92
COUNTY PUBLIC SFTY LOC OPT	0.57
COUNTY SOIL CONS	0.11
FD 1 CLACK CO	5.52
PORT OF PTLD	0.16
URBAN RENEWAL COUNTY	0.09
VECTOR CONTROL	0.02
VECTOR CONTROL LOC OPT	0.06
GENERAL GOVERNMENT	**14.41**
COM COLL CLACK BOND	0.35
FD 1 CLACK CO BOND	0.14
SCH OREGON CITY BOND	3.32
EXCLUDED FROM LIMIT	**3.81**
2013 - 2014 TAX BEFORE DISCOUNT	**31.84**

DELINQUENT TAXES:	**0.00**
TOTAL (after discount)	**30.88**

Delinquent tax amount is included in payment options listed below. Delinquent taxes marked with an (*) are subject to foreclosure if not paid on or before May 15th.

The on-line tax statement information reflects the certified property tax as of the October certification date for the tax year referenced. This information does not reflect any tax payments, value corrections, or delinquent interest on an account after the due date listed. If you have questions or need current tax balance information, please contact our office at 503-655-8671. Our office hours are Monday through Thursday from 7:00 am to 6:00 pm; Clackamas County offices are closed on Fridays. You can leave a voice mail message or email us at PropertyTaxInfo@co.clackamas.or.us, our goal is to respond to you on the following business day.

7/1/2013 to 6/30/2014 REAL PROPERTY TAX STATEMENT

CLACKAMAS COUNTY, OREGON * 150 BEAVERCREEK RD. * OREGON CITY, OREGON 97045

PROPERTY DESCRIPTION

MAP: 23E27C 01300

ACCOUNT NO: 00637127

Code Area: 062-004

Acres: 1.65

DIERKING CONSTRUCTION INC
20949 S HARRIS RD
OREGON CITY OR 97045

VALUES:	LAST YEAR	THIS YEAR
REAL MARKET VALUES (RMV):		
RMV LAND	34,713	34,713
RMV TOTAL	34,713	34,713
ASSESSED VALUE (AV):	24,643	25,382
PROPERTY TAXES:	342.55	349.25

2013 - 2014 CURRENT TAX BY DISTRICT:

COM COLL CLACK	14.11
ESD CLACKAMAS	9.33
SCH OREGON CITY	125.97
EDUCATION TOTAL:	**149.41**
COUNTY CLACKAMAS	75.07
COUNTY EXTENSION & 4-H	1.27
COUNTY LIBRARY	10.06
COUNTY PUBLIC SFTY LOC OPT	6.29
COUNTY SOIL CONS	1.24
FD 1 CLACK CO	60.51
PORT OF PTLD	1.77
URBAN RENEWAL COUNTY	1.08
VECTOR CONTROL	0.16
VECTOR CONTROL LOC OPT	0.63
GENERAL GOVERNMENT TOTAL:	**158.08**
COM COLL CLACK BOND	3.79
FD 1 CLACK CO BOND	1.49
SCH OREGON CITY BOND	36.48
EXCLUDED FROM LIMIT TOTAL:	**41.76**
2013-2014 TAX BEFORE DISCOUNT	**349.25**

You can now pay on-line at http://www.clackamas.us/at

Please Make Payment To: CLACKAMAS COUNTY TAX COLLECTOR
(Refer to back of statement and insert enclosed for more information)

Questions about your property value or taxes?
Please call 503-655-8671

DELINQUENT TAXES:	**0.00**
TOTAL (after discount):	**338.77**

Delinquent tax amount is included in payment options listed below.

(See back of statement for instructions)

TAX PAYMENT OPTIONS

Payment Options	Date Due	Discount Allowed		Net Amount Due
FULL PAYMENT	**Nov 15, 2013**	**10.48**	**3% Discount**	**338.77**
2/3 PAYMENT	**Nov 15, 2013**	**4.66**	**2% Discount**	**228.17**
1/3 PAYMENT	**Nov 15, 2013**		**No Discount**	**116.41**

↑ TEAR HERE **PLEASE RETURN THIS PORTION WITH YOUR PAYMENT See back of Statement for Instructions** TEAR HERE ↑

2013-2014 Property Tax Payment **Clackamas County, Oregon**

ACCOUNT NO: 00637127

☐ Mailing address or taxpayer name change on back

Discount is lost and interest applies after due date.

FULL PAYMENT	**(Includes 3% Discount)**	**DUE Nov 15, 2013**	**338.77**
2/3 PAYMENT	**(Includes 2% Discount)**	**DUE Nov 15, 2013**	**228.17**
1/3 PAYMENT	**(No Discount offered)**	**DUE Nov 15, 2013**	**116.41**

Enter Amount Paid

29893

DIERKING CONSTRUCTION INC
20949 S HARRIS RD
OREGON CITY OR 97045

Please make payment to:

CLACKAMAS COUNTY TAX COLLECTOR
PO BOX 6100
PORTLAND, OR 97228-6100

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7/1/2013 to 6/30/2014 REAL PROPERTY TAX STATEMENT

260

CLACKAMAS COUNTY, OREGON * 150 BEAVERCREEK RD. * OREGON CITY, OREGON 97045

PROPERTY DESCRIPTION

20949 S HARRIS RD
OREGON CITY OR 97045

DIERKING JAMES R
20949 S HARRIS RD
OREGON CITY OR 97045

MAP: 23E27C 01500

Code Area: 062-004

Acres: 16.45

ACCOUNT NO: 00637154

2013 - 2014 CURRENT TAX BY DISTRICT:

COM COLL CLACK	164.24
ESD CLACKAMAS	108.59
SCH OREGON CITY	1,466.07
EDUCATION TOTAL:	**1,738.90**
COUNTY CLACKAMAS	974.15
COUNTY EXTENSION & 4-H	16.44
COUNTY LIBRARY	130.53
COUNTY PUBLIC SFTY LOC OPT	81.69
COUNTY SOIL CONS	16.11
FD 1 CLACK CO	785.17
PORT OF PTLD	23.02
URBAN RENEWAL COUNTY	13.92
VECTOR CONTROL	2.14
VECTOR CONTROL LOC OPT	8.23
GENERAL GOVERNMENT TOTAL:	**2,051.40**
COM COLL CLACK BOND	49.21
FD 1 CLACK CO BOND	19.30
SCH OREGON CITY BOND	473.42
EXCLUDED FROM LIMIT TOTAL:	**541.93**
2013-2014 TAX BEFORE DISCOUNT	**4,332.23**

Zoned Farm - POTENTIAL ADDITIONAL TAX

VALUES:	LAST YEAR	THIS YEAR
REAL MARKET VALUES (RMV):		
RMV LAND	252,961	252,961
RMV BLDG	283,200	288,870
RMV TOTAL	536,161	541,831
M5 TOTAL (SAV)	340,626	347,779
ASSESSED VALUE (AV):	323,430	329,378
PROPERTY TAXES:	4,300.18	4,332.23

You can now pay on-line at http://www.clackamas.us/at

Please Make Payment To: CLACKAMAS COUNTY TAX COLLECTOR
(Refer to back of statement and insert enclosed for more information)

Questions about your property value or taxes?
Please call 503-655-8671

DELINQUENT TAXES:	0.00
TOTAL (after discount):	**4,202.26**

Delinquent tax amount is included in payment options listed below.

(See back of statement for instructions)

TAX PAYMENT OPTIONS

Payment Options	Date Due	Discount Allowed		Net Amount Due
FULL PAYMENT	Nov 15, 2013	129.97	3% Discount	4,202.26
2/3 PAYMENT	Nov 15, 2013	57.76	2% Discount	2,830.39
1/3 PAYMENT	Nov 15, 2013		No Discount	1,444.07

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2013-2014 Property Tax Payment **Clackamas County, Oregon**

ACCOUNT NO: 00637154

☐ Mailing address or taxpayer name change on back

Discount is lost and interest applies after due date.

FULL PAYMENT	**(Includes 3% Discount)**	**DUE Nov 15, 2013**	**4,202.26**
2/3 PAYMENT	**(Includes 2% Discount)**	**DUE Nov 15, 2013**	**2,830.39**
1/3 PAYMENT	**(No Discount offered)**	**DUE Nov 15, 2013**	**1,444.07**

Enter Amount Paid

151738

DIERKING JAMES R
20949 S HARRIS RD
OREGON CITY OR 97045

Please make payment to:

CLACKAMAS COUNTY TAX COLLECTOR
PO BOX 6100
PORTLAND, OR 97228-6100

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7/1/2013 to 6/30/2014 REAL PROPERTY TAX STATEMENT

CLACKAMAS COUNTY, OREGON * 150 BEAVERCREEK RD. * OREGON CITY, OREGON 97045

PROPERTY DESCRIPTION

MAP: 23E27C 01000

ACCOUNT NO: 00637092

Code Area: 062-004

Acres: 11.72

DIERKING JAMES R
20949 S HARRIS RD
OREGON CITY OR 97045

Mixed Use Deferral - POTENTIAL ADDITIONAL TAX

VALUES:	LAST YEAR	THIS YEAR
REAL MARKET VALUES (RMV):		
RMV LAND	194,354	194,354
RMV TOTAL	194,354	194,354
M5 TOTAL (SAV)	23,464	23,331
ASSESSED VALUE (AV):	10,598	10,915
PROPERTY TAXES:	147.32	150.19

2013 - 2014 CURRENT TAX BY DISTRICT:

COM COLL CLACK	6.07
ESD CLACKAMAS	4.01
SCH OREGON CITY	54.17
EDUCATION TOTAL:	**64.25**
COUNTY CLACKAMAS	32.30
COUNTY EXTENSION & 4-H	0.54
COUNTY LIBRARY	4.33
COUNTY PUBLIC SFTY LOC OPT	2.71
COUNTY SOIL CONS	0.53
FD 1 CLACK CO	26.02
PORT OF PTLD	0.76
URBAN RENEWAL COUNTY	0.45
VECTOR CONTROL	0.07
VECTOR CONTROL LOC OPT	0.27
GENERAL GOVERNMENT TOTAL:	**67.98**
COM COLL CLACK BOND	1.63
FD 1 CLACK CO BOND	0.64
SCH OREGON CITY BOND	15.69
EXCLUDED FROM LIMIT TOTAL:	**17.96**
2013-2014 TAX BEFORE DISCOUNT	**150.19**

You can now pay on-line at http://www.clackamas.us/at

Please Make Payment To: CLACKAMAS COUNTY TAX COLLECTOR
(Refer to back of statement and insert enclosed for more information)

Questions about your property value or taxes?
Please call 503-655-8671

DELINQUENT TAXES:	**0.00**
TOTAL (after discount):	**145.68**

Delinquent tax amount is included in payment options listed below.

(See back of statement for instructions)

TAX PAYMENT OPTIONS

Payment Options	Date Due	Discount Allowed		Net Amount Due
FULL PAYMENT	Nov 15, 2013	4.51	3% Discount	145.68
2/3 PAYMENT	Nov 15, 2013	2.00	2% Discount	98.13
1/3 PAYMENT	Nov 15, 2013		No Discount	50.07

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2013-2014 Property Tax Payment **Clackamas County, Oregon**

ACCOUNT NO: 00637092

☐ Mailing address or taxpayer name change on back

Discount is lost and interest applies after due date.

FULL PAYMENT	(Includes 3% Discount)	DUE Nov 15, 2013	145.68
2/3 PAYMENT	(Includes 2% Discount)	DUE Nov 15, 2013	98.13
1/3 PAYMENT	(No Discount offered)	DUE Nov 15, 2013	50.07

Enter Amount Paid

151739

DIERKING JAMES R
20949 S HARRIS RD
OREGON CITY OR 97045

Please make payment to:

CLACKAMAS COUNTY TAX COLLECTOR
PO BOX 6100
PORTLAND, OR 97228-6100

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7/1/2013 to 6/30/2014 REAL PROPERTY TAX STATEMENT

CLACKAMAS COUNTY, OREGON * 150 BEAVERCREEK RD. * OREGON CITY, OREGON 97045

PROPERTY DESCRIPTION

MAP: 23E27C 01200

ACCOUNT NO: 00637118

Code Area: 062-004

Acres: 0.43

DIERKING JAMES R
20949 S HARRIS RD
OREGON CITY OR 97045

2013 - 2014 CURRENT TAX BY DISTRICT:

COM COLL CLACK	2.13
ESD CLACKAMAS	1.41
SCH OREGON CITY	18.98
EDUCATION TOTAL:	**22.52**
COUNTY CLACKAMAS	11.32
COUNTY EXTENSION & 4-H	0.19
COUNTY LIBRARY	1.52
COUNTY PUBLIC SFTY LOC OPT	0.95
COUNTY SOIL CONS	0.19
FD 1 CLACK CO	9.12
PORT OF PTLD	0.27
URBAN RENEWAL COUNTY	0.15
VECTOR CONTROL	0.02
VECTOR CONTROL LOC OPT	0.10
GENERAL GOVERNMENT TOTAL:	**23.83**
COM COLL CLACK BOND	0.57
FD 1 CLACK CO BOND	0.22
SCH OREGON CITY BOND	5.50
EXCLUDED FROM LIMIT TOTAL:	**6.29**
2013-2014 TAX BEFORE DISCOUNT	**52.64**

VALUES:	LAST YEAR	THIS YEAR
REAL MARKET VALUES (RMV):		
RMV LAND	7,187	7,187
RMV TOTAL	7,187	7,187
ASSESSED VALUE (AV):	3,715	3,826
PROPERTY TAXES:	51.64	52.64

You can now pay on-line at http://www.clackamas.us/at

Please Make Payment To: CLACKAMAS COUNTY TAX COLLECTOR
(Refer to back of statement and insert enclosed for more information)

Questions about your property value or taxes?
Please call 503-655-8671

DELINQUENT TAXES:	**0.00**
TOTAL (after discount):	**51.06**

Delinquent tax amount is included in payment options listed below.

(See back of statement for instructions)

TAX PAYMENT OPTIONS

Payment Options	Date Due	Discount Allowed		Net Amount Due
FULL PAYMENT	**Nov 15, 2013**	**1.58**	**3% Discount**	**51.06**
2/3 PAYMENT	**Nov 15, 2013**	**0.70**	**2% Discount**	**34.39**
1/3 PAYMENT	**Nov 15, 2013**		**No Discount**	**17.54**

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2013-2014 Property Tax Payment **Clackamas County, Oregon**

ACCOUNT NO: 00637118

☐ Mailing address or taxpayer name change on back

Discount is lost and interest applies after due date.

FULL PAYMENT	**(Includes 3% Discount)**	**DUE Nov 15, 2013**	**51.06**
2/3 PAYMENT	**(Includes 2% Discount)**	**DUE Nov 15, 2013**	**34.39**
1/3 PAYMENT	**(No Discount offered)**	**DUE Nov 15, 2013**	**17.54**

Enter Amount Paid

151740

DIERKING JAMES R
20949 S HARRIS RD
OREGON CITY OR 97045

Please make payment to:

CLACKAMAS COUNTY TAX COLLECTOR
PO BOX 6100
PORTLAND, OR 97228-6100

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7/1/2013 to 6/30/2014 REAL PROPERTY TAX STATEMENT

CLACKAMAS COUNTY, OREGON * 150 BEAVERCREEK RD. * OREGON CITY, OREGON 97045

PROPERTY DESCRIPTION

MAP: 23E27C 01301

ACCOUNT NO: 00637136

Code Area: 062-004

Acres: 7.39

DIERKING JAMES R
20949 S HARRIS RD
OREGON CITY OR 97045

Forest Deferral - POTENTIAL ADDITIONAL TAX

VALUES:	LAST YEAR	THIS YEAR
REAL MARKET VALUES (RMV):		
RMV LAND	30,617	30,617
RMV TOTAL	30,617	30,617
M5 TOTAL (SAV)	23,518	23,555
ASSESSED VALUE (AV):	16,449	16,943
PROPERTY TAXES:	228.65	233.13

2013 - 2014 CURRENT TAX BY DISTRICT:

COM COLL CLACK	9.42
ESD CLACKAMAS	6.23
SCH OREGON CITY	84.08
EDUCATION TOTAL:	**99.73**
COUNTY CLACKAMAS	50.12
COUNTY EXTENSION & 4-H	0.85
COUNTY LIBRARY	6.71
COUNTY PUBLIC SFTY LOC OPT	4.20
COUNTY SOIL CONS	0.83
FD 1 CLACK CO	40.39
PORT OF PTLD	1.18
URBAN RENEWAL COUNTY	0.71
VECTOR CONTROL	0.11
VECTOR CONTROL LOC OPT	0.42
GENERAL GOVERNMENT TOTAL:	**105.52**
COM COLL CLACK BOND	2.53
FD 1 CLACK CO BOND	0.99
SCH OREGON CITY BOND	24.36
EXCLUDED FROM LIMIT TOTAL:	**27.88**
2013-2014 TAX BEFORE DISCOUNT	**233.13**

You can now pay on-line at http://www.clackamas.us/at

Please Make Payment To: CLACKAMAS COUNTY TAX COLLECTOR
(Refer to back of statement and insert enclosed for more information)

Questions about your property value or taxes?
Please call 503-655-8671

DELINQUENT TAXES:	**0.00**
TOTAL (after discount):	**226.14**

Delinquent tax amount is included in payment options listed below.

(See back of statement for instructions)

TAX PAYMENT OPTIONS

Payment Options	Date Due	Discount Allowed		Net Amount Due
FULL PAYMENT	**Nov 15, 2013**	**6.99**	**3% Discount**	**226.14**
2/3 PAYMENT	**Nov 15, 2013**	**3.11**	**2% Discount**	**152.31**
1/3 PAYMENT	**Nov 15, 2013**		**No Discount**	**77.71**

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2013-2014 Property Tax Payment **Clackamas County, Oregon**

ACCOUNT NO: 00637136

☐ Mailing address or taxpayer name change on back

Discount is lost and interest applies after due date.

FULL PAYMENT	**(Includes 3% Discount)**	**DUE Nov 15, 2013**	**226.14**
2/3 PAYMENT	**(Includes 2% Discount)**	**DUE Nov 15, 2013**	**152.31**
1/3 PAYMENT	**(No Discount offered)**	**DUE Nov 15, 2013**	**77.71**

Enter Amount Paid

151741

DIERKING JAMES R
20949 S HARRIS RD
OREGON CITY OR 97045

Please make payment to:

CLACKAMAS COUNTY TAX COLLECTOR
PO BOX 6100
PORTLAND, OR 97228-6100

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7/1/2013 to 6/30/2014 REAL PROPERTY TAX STATEMENT

CLACKAMAS COUNTY, OREGON * 150 BEAVERCREEK RD. * OREGON CITY, OREGON 97045

PROPERTY DESCRIPTION

MAP: 23E27C 01400

ACCOUNT NO: 00637145

Code Area: 062-004

Acres: 5.95

DIERKING JAMES R
20949 S HARRIS RD
OREGON CITY OR 97045

Zoned Farm - POTENTIAL ADDITIONAL TAX

VALUES:	LAST YEAR	THIS YEAR
REAL MARKET VALUES (RMV):		
RMV LAND	25,013	25,013
RMV BLDG	37,640	41,060
RMV TOTAL	62,653	66,073
M5 TOTAL (SAV)	47,927	51,918
ASSESSED VALUE (AV):	41,305	44,832
PROPERTY TAXES:	571.31	612.58

2013 - 2014 CURRENT TAX BY DISTRICT:

COM COLL CLACK	24.52
ESD CLACKAMAS	16.21
SCH OREGON CITY	218.86
EDUCATION TOTAL:	**259.59**
COUNTY CLACKAMAS	132.59
COUNTY EXTENSION & 4-H	2.24
COUNTY LIBRARY	17.77
COUNTY PUBLIC SFTY LOC OPT	11.12
COUNTY SOIL CONS	2.19
FD 1 CLACK CO	106.87
PORT OF PTLD	3.13
URBAN RENEWAL COUNTY	1.90
VECTOR CONTROL	0.29
VECTOR CONTROL LOC OPT	1.12
GENERAL GOVERNMENT TOTAL:	**279.22**
COM COLL CLACK BOND	6.70
FD 1 CLACK CO BOND	2.63
SCH OREGON CITY BOND	64.44
EXCLUDED FROM LIMIT TOTAL:	**73.77**
2013-2014 TAX BEFORE DISCOUNT	**612.58**

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Please Make Payment To: CLACKAMAS COUNTY TAX COLLECTOR
(Refer to back of statement and insert enclosed for more information)

Questions about your property value or taxes?
Please call 503-655-8671

DELINQUENT TAXES:	0.00
TOTAL (after discount):	**594.20**

Delinquent tax amount is included in payment options listed below.

(See back of statement for instructions)

TAX PAYMENT OPTIONS

Payment Options	Date Due	Discount Allowed		Net Amount Due
FULL PAYMENT	Nov 15, 2013	18.38	3% Discount	594.20
2/3 PAYMENT	Nov 15, 2013	8.17	2% Discount	400.22
1/3 PAYMENT	Nov 15, 2013		No Discount	204.20

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2013-2014 Property Tax Payment **Clackamas County, Oregon**

ACCOUNT NO: 00637145

☐ Mailing address or taxpayer name change on back

Discount is lost and interest applies after due date.

FULL PAYMENT	(Includes 3% Discount)	DUE Nov 15, 2013	594.20
2/3 PAYMENT	(Includes 2% Discount)	DUE Nov 15, 2013	400.22
1/3 PAYMENT	(No Discount offered)	DUE Nov 15, 2013	204.20

Enter Amount Paid

151742

DIERKING JAMES R
20949 S HARRIS RD
OREGON CITY OR 97045

Please make payment to:

CLACKAMAS COUNTY TAX COLLECTOR
PO BOX 6100
PORTLAND, OR 97228-6100

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7/1/2013 to 6/30/2014 REAL PROPERTY TAX STATEMENT

CLACKAMAS COUNTY, OREGON * 150 BEAVERCREEK RD. * OREGON CITY, OREGON 97045

PROPERTY DESCRIPTION

MAP: 23E27B 00700

ACCOUNT NO: 00636912

Code Area: 062-004

Acres: 21.24

DIERKING JAMES R
20949 S HARRIS RD
OREGON CITY OR 97045

Mixed Use Deferral - POTENTIAL ADDITIONAL TAX

VALUES:	LAST YEAR	THIS YEAR
REAL MARKET VALUES (RMV):		
RMV LAND	244,818	244,818
RMV TOTAL	244,818	244,818
M5 TOTAL (SAV)	22,825	22,083
ASSESSED VALUE (AV):	5,796	5,968
PROPERTY TAXES:	80.57	82.12

2013 - 2014 CURRENT TAX BY DISTRICT:

COM COLL CLACK	3.32
ESD CLACKAMAS	2.19
SCH OREGON CITY	29.62
EDUCATION TOTAL:	**35.13**
COUNTY CLACKAMAS	17.65
COUNTY EXTENSION & 4-H	0.30
COUNTY LIBRARY	2.37
COUNTY PUBLIC SFTY LOC OPT	1.48
COUNTY SOIL CONS	0.29
FD 1 CLACK CO	14.23
PORT OF PTLD	0.42
URBAN RENEWAL COUNTY	0.24
VECTOR CONTROL	0.04
VECTOR CONTROL LOC OPT	0.15
GENERAL GOVERNMENT TOTAL:	**37.17**
COM COLL CLACK BOND	0.89
FD 1 CLACK CO BOND	0.35
SCH OREGON CITY BOND	8.58
EXCLUDED FROM LIMIT TOTAL:	**9.82**
2013-2014 TAX BEFORE DISCOUNT	**82.12**

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Please Make Payment To: CLACKAMAS COUNTY TAX COLLECTOR
(Refer to back of statement and insert enclosed for more information)

Questions about your property value or taxes?
Please call 503-655-8671

DELINQUENT TAXES:	**0.00**
TOTAL (after discount):	**79.66**

Delinquent tax amount is included in payment options listed below.

(See back of statement for instructions)

TAX PAYMENT OPTIONS

Payment Options	Date Due	Discount Allowed		Net Amount Due
FULL PAYMENT	Nov 15, 2013	2.46	3% Discount	79.66
2/3 PAYMENT	Nov 15, 2013	1.09	2% Discount	53.66
1/3 PAYMENT	Nov 15, 2013		No Discount	27.38

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2013-2014 Property Tax Payment **Clackamas County, Oregon**

ACCOUNT NO: 00636912

☐ Mailing address or taxpayer name change on back

Discount is lost and interest applies after due date.

FULL PAYMENT	**(Includes 3% Discount)**	**DUE Nov 15, 2013**	**79.66**
2/3 PAYMENT	**(Includes 2% Discount)**	**DUE Nov 15, 2013**	**53.66**
1/3 PAYMENT	**(No Discount offered)**	**DUE Nov 15, 2013**	**27.38**

Enter Amount Paid

151743

DIERKING JAMES R
20949 S HARRIS RD
OREGON CITY OR 97045

Please make payment to:

CLACKAMAS COUNTY TAX COLLECTOR
PO BOX 6100
PORTLAND, OR 97228-6100

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7/1/2013 to 6/30/2014 REAL PROPERTY TAX STATEMENT

CLACKAMAS COUNTY, OREGON * 150 BEAVERCREEK RD. * OREGON CITY, OREGON 97045

PROPERTY DESCRIPTION

MAP: 23E28 00306

ACCOUNT NO: 00637298

Code Area: 062-004

Acres: 0.25

DIERKING JAMES R
20949 S HARRIS RD
OREGON CITY OR 97045

2013 - 2014 CURRENT TAX BY DISTRICT:

COM COLL CLACK	0.82
ESD CLACKAMAS	0.54
SCH OREGON CITY	7.35
EDUCATION TOTAL:	**8.71**
COUNTY CLACKAMAS	4.38
COUNTY EXTENSION & 4-H	0.07
COUNTY LIBRARY	0.59
COUNTY PUBLIC SFTY LOC OPT	0.37
COUNTY SOIL CONS	0.07
FD 1 CLACK CO	3.53
PORT OF PTLD	0.10
URBAN RENEWAL COUNTY	0.06
VECTOR CONTROL	0.01
VECTOR CONTROL LOC OPT	0.04
GENERAL GOVERNMENT TOTAL:	**9.22**
COM COLL CLACK BOND	0.22
FD 1 CLACK CO BOND	0.09
SCH OREGON CITY BOND	2.12
EXCLUDED FROM LIMIT TOTAL:	**2.43**
2013-2014 TAX BEFORE DISCOUNT	**20.36**

VALUES:	LAST YEAR	THIS YEAR
REAL MARKET VALUES (RMV):		
RMV LAND	2,689	2,689
RMV TOTAL	2,689	2,689
ASSESSED VALUE (AV):	1,437	1,480
PROPERTY TAXES:	19.97	20.36

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(Refer to back of statement and insert enclosed for more information)

Questions about your property value or taxes?
Please call 503-655-8671

DELINQUENT TAXES: **0.00**

TOTAL (after discount): **19.75**

Delinquent tax amount is included in payment options listed below.

(See back of statement for instructions)

TAX PAYMENT OPTIONS

Payment Options	Date Due	Discount Allowed		Net Amount Due
FULL PAYMENT	Nov 15, 2013	0.61	3% Discount	19.75
2/3 PAYMENT	Nov 15, 2013	0.27	2% Discount	13.30
1/3 PAYMENT	Nov 15, 2013		No Discount	6.78

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2013-2014 Property Tax Payment **Clackamas County, Oregon**

ACCOUNT NO: 00637298

☐ Mailing address or taxpayer name change on back

Discount is lost and interest applies after due date.

FULL PAYMENT	(Includes 3% Discount)	DUE Nov 15, 2013	19.75
2/3 PAYMENT	(Includes 2% Discount)	DUE Nov 15, 2013	13.30
1/3 PAYMENT	(No Discount offered)	DUE Nov 15, 2013	6.78

Enter Amount Paid

151744

DIERKING JAMES R
20949 S HARRIS RD
OREGON CITY OR 97045

Please make payment to:

CLACKAMAS COUNTY TAX COLLECTOR
PO BOX 6100
PORTLAND, OR 97228-6100

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7/1/2013 to 6/30/2014 REAL PROPERTY TAX STATEMENT

CLACKAMAS COUNTY, OREGON * 150 BEAVERCREEK RD. * OREGON CITY, OREGON 97045

PROPERTY DESCRIPTION

MAP: 23E27C 01700

ACCOUNT NO: 00637172

Code Area: 062-004

Acres: 9.11

DIERKING JAMES R
20949 S HARRIS RD
OREGON CITY OR 97045

Mixed Use Deferral - POTENTIAL ADDITIONAL TAX

VALUES:	LAST YEAR	THIS YEAR
REAL MARKET VALUES (RMV):		
RMV LAND	166,507	166,507
RMV TOTAL	166,507	166,507
M5 TOTAL (SAV)	13,000	13,715
ASSESSED VALUE (AV):	5,046	5,195
PROPERTY TAXES:	70.14	71.48

2013 - 2014 CURRENT TAX BY DISTRICT:

COM COLL CLACK	2.89
ESD CLACKAMAS	1.91
SCH OREGON CITY	25.78
EDUCATION TOTAL:	**30.58**
COUNTY CLACKAMAS	15.37
COUNTY EXTENSION & 4-H	0.26
COUNTY LIBRARY	2.06
COUNTY PUBLIC SFTY LOC OPT	1.29
COUNTY SOIL CONS	0.25
FD 1 CLACK CO	12.38
PORT OF PTLD	0.36
URBAN RENEWAL COUNTY	0.22
VECTOR CONTROL	0.03
VECTOR CONTROL LOC OPT	0.13
GENERAL GOVERNMENT TOTAL:	**32.35**
COM COLL CLACK BOND	0.78
FD 1 CLACK CO BOND	0.30
SCH OREGON CITY BOND	7.47
EXCLUDED FROM LIMIT TOTAL:	**8.55**
2013-2014 TAX BEFORE DISCOUNT	**71.48**

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Please Make Payment To: CLACKAMAS COUNTY TAX COLLECTOR
(Refer to back of statement and insert enclosed for more information)

Questions about your property value or taxes?
Please call 503-655-8671

DELINQUENT TAXES:	0.00
TOTAL (after discount):	**69.34**

Delinquent tax amount is included in payment options listed below.

(See back of statement for instructions)

TAX PAYMENT OPTIONS

Payment Options	Date Due	Discount Allowed		Net Amount Due
FULL PAYMENT	Nov 15, 2013	2.14	3% Discount	69.34
2/3 PAYMENT	Nov 15, 2013	0.95	2% Discount	46.70
1/3 PAYMENT	Nov 15, 2013		No Discount	23.82

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2013-2014 Property Tax Payment Clackamas County, Oregon

ACCOUNT NO: 00637172

☐ Mailing address or taxpayer name change on back

Discount is lost and interest applies after due date.

FULL PAYMENT	(Includes 3% Discount)	DUE Nov 15, 2013	69.34
2/3 PAYMENT	(Includes 2% Discount)	DUE Nov 15, 2013	46.70
1/3 PAYMENT	(No Discount offered)	DUE Nov 15, 2013	23.82

Enter Amount Paid

151745

DIERKING JAMES R
20949 S HARRIS RD
OREGON CITY OR 97045

Please make payment to:

CLACKAMAS COUNTY TAX COLLECTOR
PO BOX 6100
PORTLAND, OR 97228-6100

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7/1/2013 to 6/30/2014 REAL PROPERTY TAX STATEMENT

CLACKAMAS COUNTY, OREGON * 150 BEAVERCREEK RD. * OREGON CITY, OREGON 97045

PROPERTY DESCRIPTION

MAP: 23E28 00304

ACCOUNT NO: 00637270

Code Area: 062-004

Acres: 1.52

DIERKING JAMES R
20949 S HARRIS RD
OREGON CITY OR 97045

2013 - 2014 CURRENT TAX BY DISTRICT:

COM COLL CLACK	20.45
ESD CLACKAMAS	13.52
SCH OREGON CITY	182.57
EDUCATION TOTAL:	**216.54**
COUNTY CLACKAMAS	128.07
COUNTY EXTENSION & 4-H	2.16
COUNTY LIBRARY	17.16
COUNTY PUBLIC SFTY LOC OPT	10.74
COUNTY SOIL CONS	2.12
FD 1 CLACK CO	103.24
PORT OF PTLD	3.03
URBAN RENEWAL COUNTY	1.84
VECTOR CONTROL	0.28
VECTOR CONTROL LOC OPT	1.08
GENERAL GOVERNMENT TOTAL:	**269.72**
COM COLL CLACK BOND	6.47
FD 1 CLACK CO BOND	2.54
SCH OREGON CITY BOND	62.23
EXCLUDED FROM LIMIT TOTAL:	**71.24**
2013-2014 TAX BEFORE DISCOUNT	**557.50**

VALUES:	LAST YEAR	THIS YEAR
REAL MARKET VALUES (RMV):		
RMV LAND	11,197	11,197
RMV BLDG	32,680	32,110
RMV TOTAL	43,877	43,307
ASSESSED VALUE (AV):	43,877	43,307
PROPERTY TAXES:	571.71	557.50

You can now pay on-line at http://www.clackamas.us/at

Please Make Payment To: CLACKAMAS COUNTY TAX COLLECTOR
(Refer to back of statement and insert enclosed for more information)

Questions about your property value or taxes?
Please call 503-655-8671

DELINQUENT TAXES:	0.00
TOTAL (after discount):	**540.77**

Delinquent tax amount is included in payment options listed below.

(See back of statement for instructions)

TAX PAYMENT OPTIONS

Payment Options	Date Due	Discount Allowed		Net Amount Due
FULL PAYMENT	Nov 15, 2013	16.73	3% Discount	540.77
2/3 PAYMENT	Nov 15, 2013	7.43	2% Discount	364.24
1/3 PAYMENT	Nov 15, 2013		No Discount	185.84

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2013-2014 Property Tax Payment **Clackamas County, Oregon**

ACCOUNT NO: 00637270

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Discount is lost and interest applies after due date.

FULL PAYMENT	(Includes 3% Discount)	DUE Nov 15, 2013	540.77
2/3 PAYMENT	(Includes 2% Discount)	DUE Nov 15, 2013	364.24
1/3 PAYMENT	(No Discount offered)	DUE Nov 15, 2013	185.84

Enter Amount Paid

151746

DIERKING JAMES R
20949 S HARRIS RD
OREGON CITY OR 97045

Please make payment to:

CLACKAMAS COUNTY TAX COLLECTOR
PO BOX 6100
PORTLAND, OR 97228-6100

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7/1/2013 to 6/30/2014 REAL PROPERTY TAX STATEMENT

CLACKAMAS COUNTY, OREGON * 150 BEAVERCREEK RD. * OREGON CITY, OREGON 97045

PROPERTY DESCRIPTION

20950 S HARRIS RD
OREGON CITY OR 97045

DIERKING JAMES R
20950 S HARRIS RD
OREGON CITY OR 97045

MAP: 23E27C 01701

Code Area: 062-004 **PROVIDENT FUNDING**

Acres: 7.27

ACCOUNT NO: 01549471

2013 - 2014 CURRENT TAX BY DISTRICT:

COM COLL CLACK	78.42
ESD CLACKAMAS	51.85
SCH OREGON CITY	699.98
EDUCATION TOTAL:	**830.25**
COUNTY CLACKAMAS	475.89
COUNTY EXTENSION & 4-H	8.03
COUNTY LIBRARY	63.77
COUNTY PUBLIC SFTY LOC OPT	39.91
COUNTY SOIL CONS	7.87
FD 1 CLACK CO	383.58
PORT OF PTLD	11.25
URBAN RENEWAL COUNTY	6.81
VECTOR CONTROL	1.05
VECTOR CONTROL LOC OPT	4.02
GENERAL GOVERNMENT TOTAL:	**1,002.18**
COM COLL CLACK BOND	24.04
FD 1 CLACK CO BOND	9.43
SCH OREGON CITY BOND	231.28
EXCLUDED FROM LIMIT TOTAL:	**264.75**
2013-2014 TAX BEFORE DISCOUNT	**2,097.18**

Mixed Use Deferral - POTENTIAL ADDITIONAL TAX

VALUES:	LAST YEAR	THIS YEAR
REAL MARKET VALUES (RMV):		
RMV LAND	169,932	169,932
RMV BLDG	111,210	119,800
RMV TOTAL	281,142	289,732
M5 TOTAL (SAV)	157,017	166,049
ASSESSED VALUE (AV):	152,224	160,912
PROPERTY TAXES:	2,007.41	2,097.18

THIS IS NOT A TAX BILL IF... your mortgage company is responsible for paying your taxes. Keep this statement for your records.

****

Please Make Payment To: CLACKAMAS COUNTY TAX COLLECTOR
(Refer to back of statement and insert enclosed for more information)

Questions about your property value or taxes?
Please call 503-655-8671

DELINQUENT TAXES:	**0.00**
TOTAL (after discount):	**2,034.26**

Delinquent tax amount is included in payment options listed below.

(See back of statement for instructions)

TAX PAYMENT OPTIONS

Payment Options	Date Due	Discount Allowed		Net Amount Due
FULL PAYMENT	**Nov 15, 2013**	**62.92**	**3% Discount**	**2,034.26**
2/3 PAYMENT	**Nov 15, 2013**	**27.96**	**2% Discount**	**1,370.16**
1/3 PAYMENT	**Nov 15, 2013**		**No Discount**	**699.06**

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2013-2014 Property Tax Payment **Clackamas County, Oregon**

ACCOUNT NO: 01549471

☐ Mailing address or taxpayer name change on back

Discount is lost and interest applies after due date.

FULL PAYMENT	**(Includes 3% Discount)**	**DUE Nov 15, 2013**	**2,034.26**
2/3 PAYMENT	**(Includes 2% Discount)**	**DUE Nov 15, 2013**	**1,370.16**
1/3 PAYMENT	**(No Discount offered)**	**DUE Nov 15, 2013**	**699.06**

Enter Amount Paid

95579

DIERKING JAMES R
20950 S HARRIS RD
OREGON CITY OR 97045

Please make payment to:

CLACKAMAS COUNTY TAX COLLECTOR
PO BOX 6100
PORTLAND, OR 97228-6100

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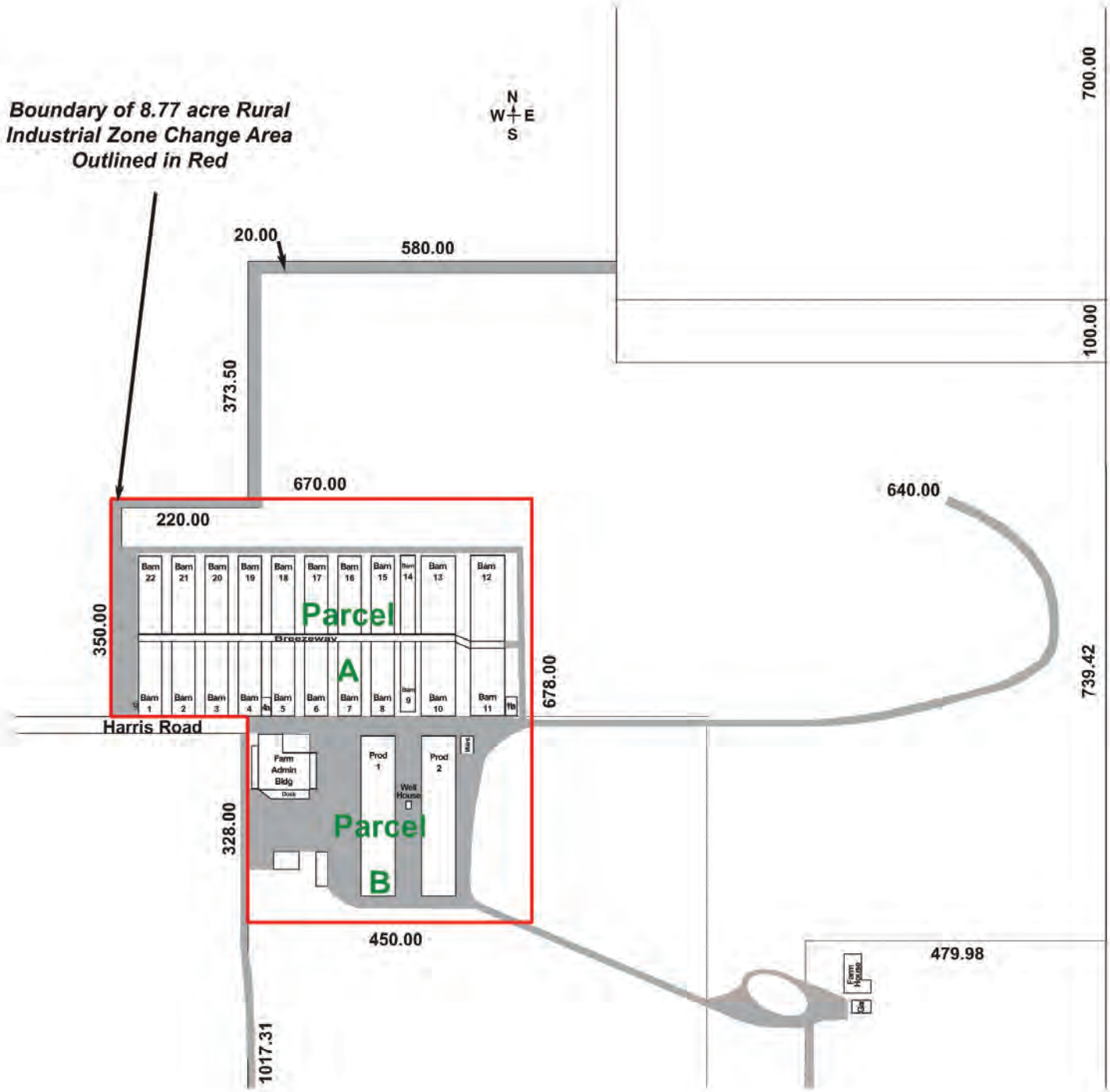

Boundary of 8.77 acre Rural Industrial Zone Change Area Outlined in Red
N
W
E
S
20.00
580.00
700.00
100.00
373.50
670.00
640.00
220.00
350.00
Parcel
A
Breezeway
678.00
739.42
Harris Road
Farm Admin Bldg
Prod 1
Prod 2
Well House
Parcel
B
328.00
450.00
479.98
1017.31

Legal Description of Land Area to be Designated Rural Industrial

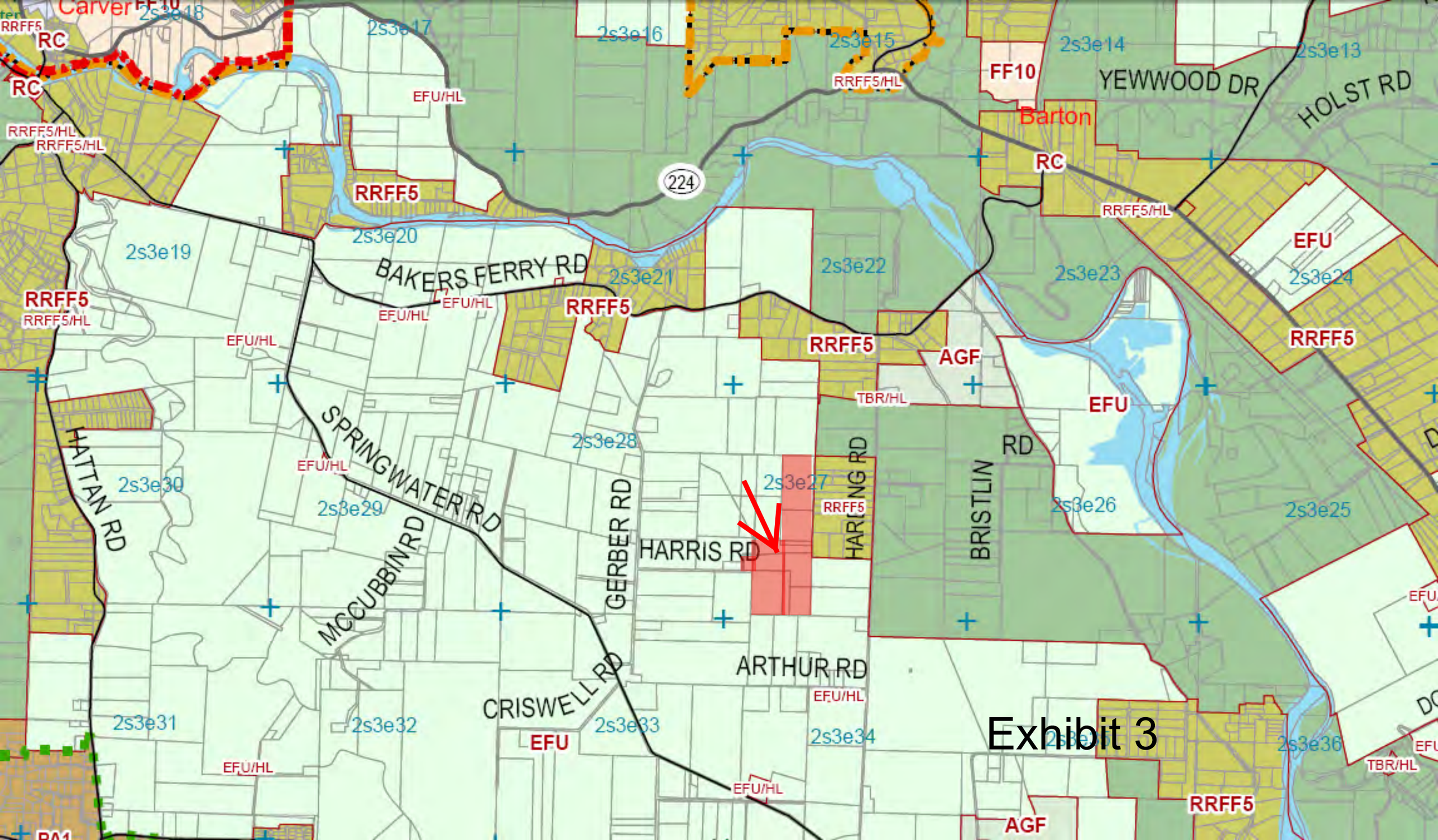
Parcel A: The West 450 feet and North 328 feet of:

Part of the Nathan P. Macks Donation Land Claim No. 37, in Section 27, Township 2 South, Range 3 East, of the Willamette Meridian, in the County of Clackamas and State of Oregon, described as follows:

Beginning at the point of intersection of the Northeast corner of Harris County Road No. 1659 and the West line of that tract sold on Contract to Constance A. Robinson by instrument recorded June 11, 1979, as Recorder's Fee No. 79-24182, Clackamas County Records; thence South along said West line 1040 feet, more or less, to the Southwest corner thereof; thence East along said South line and its Easterly extension to a point which is 160 feet East of the Southeast corner thereof; thence North parallel to the East line of said Robinson Tract 1040 feet, more or less, to a point which is 880 feet, more or less due East from the Northeast corner of aforesaid Harris County Road; thence West 880 feet, more or less, to the point of beginning.

Parcel B:

Beginning at a point 2060 feet West and 1900 feet South of the Northeast corner of said Macks Donation Land Claim said point being the Southeast corner of that tract sold on Contract to Jerry C. Robinson, recorded June 11, 1979, as Recorder's Fee No. 79-24183, Clackamas County Records; thence West along the South line of said Jerry C. Robinson Tract 580 feet to a point; thence South parallel to the East line of that tract conveyed to Jack Barber by Deed recorded July 9, 1875, in Book "L", on Page 107, Clackamas County Deed Records, 373.50 feet to the North line of that tract sold on Contract to Constance A. Robinson, recorded July 11, 1979, as Recorder's Fee No. 79-24182, Clackamas County Records; thence West along said North line 220 feet, more or less, to the Northwest corner thereof, which is the true point of beginning of the herein described Parcel B; thence South along the West line thereof 350 feet to the South line thereof being on the North line of Harris Road (County Road No. 1659); thence East along the North line of said Harris Road 670 feet more or less to the Northeast corner of the above described Parcel A; thence North 350 feet to a point; thence West 670 feet more or less to the true point of beginning of Parcel B.


Carver
FF10
2s3e18
2s3e17
2s3e16
2s3e15
2s3e14
2s3e13
RRFF5
RC
RC
RRFF5/HL
RRFF5/HL
EFU/HL
RRFF5/HL
FF10
YEWWOOD DR
HOLST RD
Barton
RC
224
RRFF5
RRFF5/HL
2s3e20
2s3e19
BAKERS FERRY RD
2s3e21
2s3e22
2s3e23
EFU
2s3e24
RRFF5
RRFF5/HL
EFU/HL
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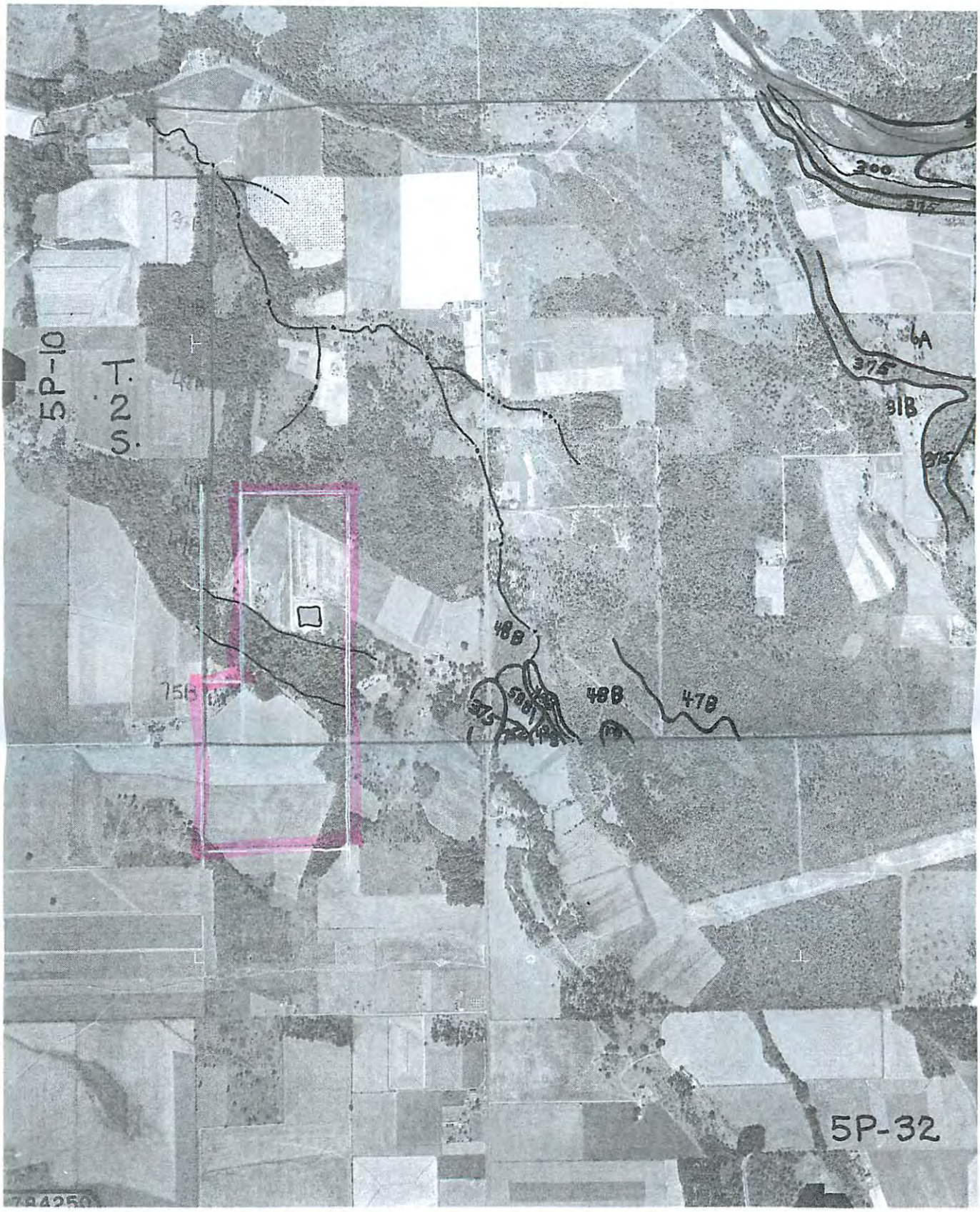
RRFF5
RRFF5
AGF
RRFF5
EFU/HL
TBR/HL
EFU
HATTAN RD
SPRINGWATER RD
2s3e28
2s3e30
2s3e29
2s3e27
RRFF5
HARRING RD
BRISTLIN RD
2s3e26
2s3e25
MCCUBBIN RD
GERBER RD
HARRIS RD
ARTHUR RD
EFU/HL
CRISWELL RD
2s3e31
2s3e32
2s3e33
2s3e34
EFU
EFU/HL
EFU/HL
2s3e36
TBR/HL
RRFF5
AGF
RA1

Exhibit 3



1956

There are not express or implied warranties for this map, the information it depicts, the data on which it is based, or any service furnished herein.

Exhibit 4

6/17
1963

There are not express or implied warranties for this map, the information it depicts, the data on which it is based, or any service furnished herein.

Exhibit 5

CLAC

NOTICE TO WATER WELL CONTRACTOR
The original and first copy of this report are to be filed with the STATE ENGINEER, SALEM 10, OREGON within 30 days from the date of well completion.

WATER WELL REPORT
STATE OF OREGON
(Please type or print)

05185

State Well No. 2/3-28 J

State Permit No.

RECEIVED JUN 5 1962 STATE ENGINEER

(1) OWNER:
Name Logan Investment Co.
Address Rte. 1 Box 697
Oregon City, Oreg.

(2) LOCATION OF WELL:
County Clackamas Driller's well number 28-62
N. E¼ S. E¼ Section 28 T. 2 S R. 3 E W.M.
Bearing and distance from section or subdivision corner
Logan Investment Co.
Rte. 5 Box 517
Oregon City, Ore.

(3) TYPE OF WORK (check):
New Well ☒ Deepening ☐ Reconditioning ☐ Abandon ☐
If abandonment, describe material and procedure in Item 12.

(4) PROPOSED USE (check):
Domestic ☐ Industrial ☐ Municipal ☐
Irrigation ☐ Test Well ☐ Other ☒

(5) TYPE OF WELL:
Rotary ☐ Driven ☐
Cable ☒ Jetted ☐
Dug ☐ Bored ☐

(6) CASING INSTALLED:
Threaded ☐ Welded ☒
8" Diam. from 0 ft. to 118 ft. Gage .280
" Diam. from ft. to ft. Gage
" Diam. from ft. to ft. Gage

(7) PERFORATIONS:
Perforated? ☒ Yes ☐ No
Type of perforator used Mills Knife
Size of perforations ¼ in. by 2 in.
76 perforations from 98 ft. to 116 ft.
perforations from ft. to ft.
perforations from ft. to ft.
perforations from ft. to ft.
perforations from ft. to ft.

(8) SCREENS:
Well screen installed ☐ Yes ☒ No
Manufacturer's Name
Type Model No.
Diam. Slot size Set from ft. to ft.
Diam. Slot size Set from ft. to ft.

(9) CONSTRUCTION:
Well seal—Material used in seal drill cuttings & clay
Depth of seal 44 ft. Was a packer used? fine crushed rock
Diameter of well bore to bottom of seal 14 in.
Were any loose strata cemented off? ☐ Yes ☒ No Depth
Was a drive shoe used? ☒ Yes ☐ No
Was well gravel packed? ☐ Yes ☒ No Size of gravel:
Gravel placed from ft. to ft.
Did any strata contain unusable water? ☐ Yes ☒ No
Type of water? Depth of strata
Method of sealing strata off

(10) WATER LEVELS:
Static level 31 ft. below land surface Date 5/16/62
Artesian pressure lbs. per square inch Date

(11) WELL TESTS:
Drawdown is amount water level is lowered below static level
Was a pump test made? ☒ Yes ☐ No If yes, by whom? Steinman Bros.

Yield:	60	gal./min. with	39	ft. drawdown after	2	hrs.
"	75	"	50	"	2	"
"	94	"	59	"	2	"
"	104	"	75	"	2	"
Bailer test		gal./min. with		ft. drawdown after		hrs.

Artesian flow g.p.m. Date
Temperature of water 52 Was a chemical analysis made? ☐ Yes ☒ No

(12) WELL LOG:
Diameter of well below casing 8
Depth drilled 118 ft. Depth of completed well 118 ft.

Formation: *Describe by color, character, size of material and structure, and show thickness of aquifers and the kind and nature of the material in each stratum penetrated, with at least one entry for each change of formation.*

MATERIAL	FROM	TO
Top soil	0	1
Clay, brown	1	13
Gravel, cement conglomerate	13	80
Gravel	80	85
Gravel, cement conglomerate	85	100
Gravel	100	118

Work started 5/7/62 19 . Completed 5/16/62 19
Date well drilling machine moved off of well 5/19/62 19

(13) PUMP:
Manufacturer's Name Jacuzzi
Type: Submersible H.P. 3

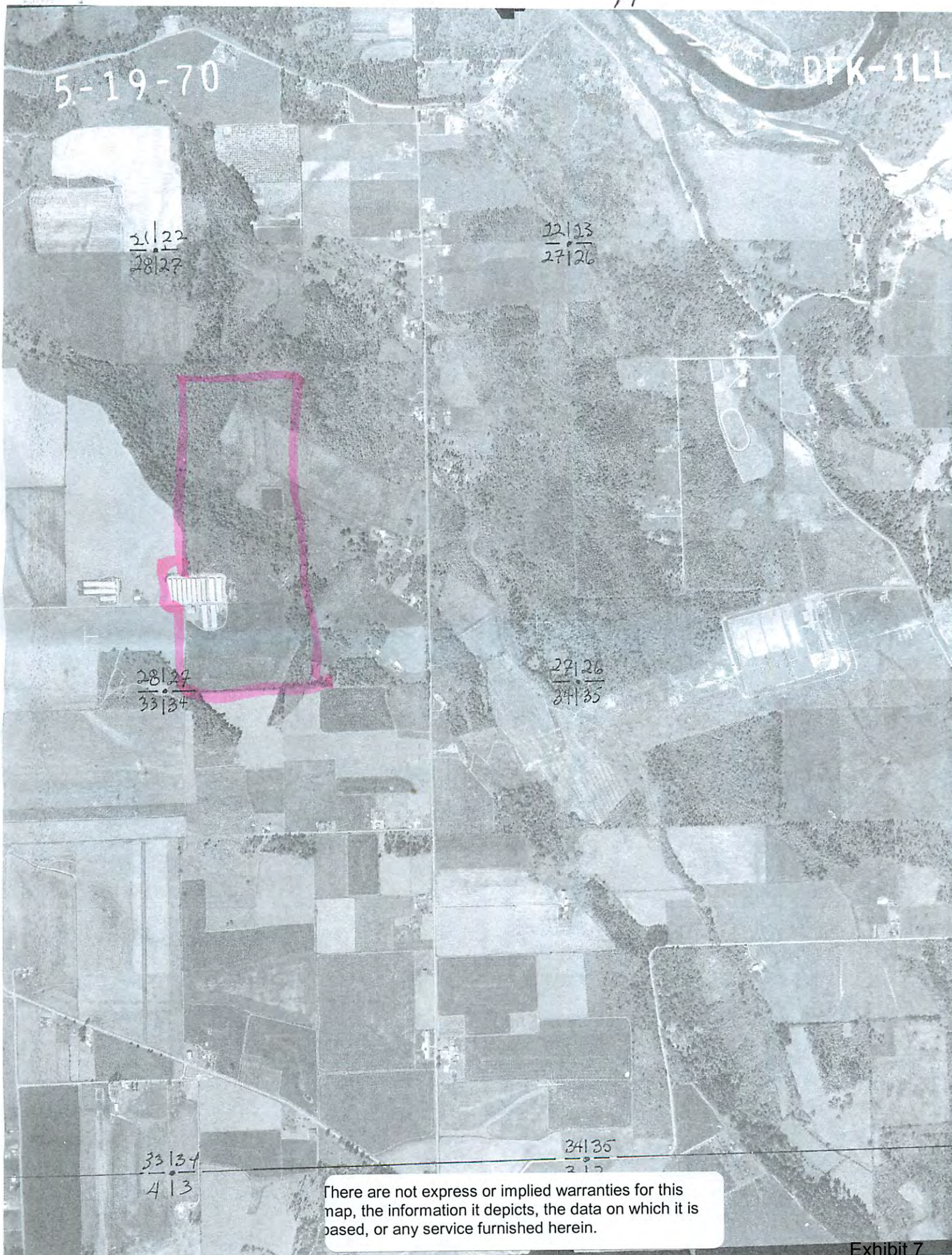
Water Well Contractor's Certification:

This well was drilled under my jurisdiction and this report is true to the best of my knowledge and belief.

NAME Steinman Bros. (Person, firm or corporation) (Type or print)
Address 15112 S.E. McLoughlin Milwaukie 22, Ore.
Drilling Machine Operator's License No.
[Signed] Steinman Bros. (Water Well Contractor)
Contractor's License No. 1 Date 5/21/62, 19

(USE ADDITIONAL SHEETS IF NECESSARY)

Exhibit 6



There are not express or implied warranties for this map, the information it depicts, the data on which it is based, or any service furnished herein.

Carnation

Egg Division

P.O. Box 398
Rochester, Washington 98579
Telephone: (206) 273-5984

July 26, 1983

Leveard

Dr. Charles Cambell
C/O Bakana Mangement
20949 South Harris Rd
Oregon City, Oregon 97045

Dear Dr. Cambell;

Permit me in offering congratulations on the purchase of Logan Farms. I understand you are converting the poultry house into rabbit raising vacillaties.

Between 1971 and 1978, I managed Logan Farms for Carnation Co. At that time Carnation raised laying hens, and proccesed eggs for distribution in and around the Portland area. We would also bring in proccesed eggs from Carnation owned farms in other locations for distribution.

If at any time in the near future you permit vistors, I would enjoy a tour of your location.

Congratulation and best wishes from all of us at Carnation.

Sincerely,

Don Schaefer

Don
13315 S. Noble
Oregon City, OR 97045

Exhibit 8

Dewain & Dorothy McGraw
21221 S Arthur Road
Oregon City, Oregon 97045
503-631-2810

April 25, 2014

Board of County Commissioners
2051 Kaen Road, Suite 450
Oregon City, Oregon 97045

Re: Oregon Lavender Farm Comprehensive Plan Amendment

I own property bordering the Oregon Lavender Farm to the south, where my wife and I have resided for over 65 years.

When the Carnation Company egg operation was in operation it generated extreme odors that gave rise to objections from neighbors and residents in the local area, which I understand resulted in the closing of the operation.

At that time there were also ground water contamination issues in the area, but I do not recollect if they arose from the egg operation or not.

The Oregon Lavender Farm is a good neighbor. They have taken a property that had fallen into disrepair and misuse and transformed it a beautiful property. We have not been adversely affected in any way by the business activities at the farm.

We have attended and enjoyed the lavender harvest festival.

We support approval of the Oregon Lavender Farm land use application.

Sincerely, Dewain F. McGraw

Dewain McGraw

FORM No. 988—Stevens-Ness Law Publishing Co., Portland, Ore. 97204

147-580

SPECIAL WARRANTY DEED—STATUTORY FORM

CORPORATE GRANTOR

Carnation Company a corporation duly organized and existing under the laws of the State of Delware, Grantor, conveys and specially warrants to Donald A. Woodcock Grantee, the following described real property free of encumbrances created or suffered by the grantor except as specifically set forth herein, situated in Clackamas County, Oregon, to-wit:

SEE ATTACHED LEGAL DESCRIPTION

(IF SPACE INSUFFICIENT, CONTINUE DESCRIPTION ON REVERSE SIDE)

The said property is free of all encumbrances created or suffered by the Grantor except

NONE

The true consideration for this conveyance is $ 325,000.00. (Here comply with the requirements of ORS 93.030)

Done by order of the grantor's board of directors with its corporate seal affixed on March 6, 1978.

(CORPORATE SEAL)

Carnation Company

By Jule N. Kvamme Vice President

By Earl Kinser Asst. Secretary

STATE OF ~~OREGON~~ CALIFORNIA, County of Los Angeles } ss. March 6, 1978

Personally appeared Jule N. Kvamme and William F. Kistler

who, each being first duly sworn, did say that the former is the Vice president and that the latter is the Asst. Secretary of Carnation Company, a corporation, and that the seal affixed to this foregoing instrument is the corporate seal of said corporation and that said instrument was signed and sealed in behalf of said corporation by authority of its board of directors; and each of them acknowledged said instrument to be its voluntary act and deed.

RITA CALLAHAN
NOTARY PUBLIC — CALIFORNIA
PRINCIPAL OFFICE IN
LOS ANGELES COUNTY
My Commission Expires December 1, 1979

(Official Seal)

Before me: Rita Callahan

Notary Public for Oregon My commission expires: 12/1/79
California

SPECIAL WARRANTY DEED

GRANTOR

GRANTEE

GRANTEE'S ADDRESS, ZIP

After recording return to:
Donald A. Woodcock
8130 S.W. Valley View Dr.
Portland, Oregon 97225

NAME, ADDRESS, ZIP

Until a change is requested, all tax statements shall be sent to the following address:
Donald A. Woodcock
Same as above

NAME, ADDRESS, ZIP

SPACE RESERVED FOR RECORDER'S USE

STATE OF OREGON
County of } ss.
I certify that the within instrument was received for record on the day of, 19, at o'clock M., and recorded in book on page or as file/reel number, Record of Deeds of said County.
Witness my hand and seal of County affixed.

Recording Officer
By Deputy

78 14579

Recorded by Pioneer National Title Insurance Company

Title Data, Inc. NW POR10549 CL 78014579.001

Order No. 104177

AMENDED EXHIBIT "A"

PARCEL I:

Part of the Nathan P. Mack Donation Land Claim No. 37, in Sections 27 and 28, Township 2 South, Range 3 East of the Willamette Meridian, in the County of Clackamas and State of Oregon, more particularly described as follows:

BEGINNING at a point on the North boundary of said Mack Donation Land Claim, 240 rods West from the Northeast corner of said Mack Donation Land Claim, said point being the Northeast corner of a tract of land conveyed to Jacob Gerber by Deed recorded in Book "L", Page 107, Deed Records; thence East, on the North boundary of said Mack Donation Land Claim, 80 rods; thence South 159 rods to the North boundary of a lane; thence West, on said North boundary, 80 rods to the Southeast corner of said Gerber Tract; thence North on the East line of said Gerber Tract, 159 rods to the place of beginning.

SUBJECT TO the rights of the public in and to any portion of the herein described premises lying within the boundaries of roads or highways.

PARCEL II:

The West half of the East half of the Nathan P. Mack Donation Land Claim No. 37, in Sections 27 and 28, Township 2 South, Range 3 East of the Willamette Meridian.

EXCEPTING THEREFROM that portion that lies within the South 100 acres of the East half of said Mack Donation Land Claim, as conveyed to Mary E. Ross, by Deed recorded in Book 168, Page 486, Deed Records.

SUBJECT TO the rights of the public in and to any portion of the herein described premises lying within the boundaries of roads or highways.

STATE OF OREGON
County of Clackamas } ss.

I, George D. Popson, County Clerk, Ex-Officio Recorder of Conveyances and Ex-Officio Clerk of the Circuit Court of the State of Oregon, for the County of Clackamas, do hereby certify that the within instrument of writing was received for and recorded in the records of said county in

RECORDER OF CONVEYANCES * CLACKAMAS CO. * OREGON

Witness my hand and seal of office affixed this

GEORGE D. POPSON
County Clerk

78 1 4579

Recording Certificate

CD-84

2

141-580

FORM No. 881—Oregon Trust Deed Series—TRUST DEED

TN

TRUST DEED

THIS TRUST DEED, made this 7th day of ~~March~~ April, 1978, between Donald A. Woodcock, as Grantor, Pioneer National Title Insurance, as Trustee, and Carnation Company, as Beneficiary,

WITNESSETH:

Grantor irrevocably grants, bargains, sells and conveys to trustee in trust, with power of sale, the property in Clackamas County, Oregon, described as:

SEE ATTACHED LEGAL DESCRIPTION

Recorded By Pioneer National Title Insurance Company

together with all and singular the tenements, hereditaments and appurtenances and all other rights thereunto belonging or in anywise now or hereafter appertaining, and the rents, issues and profits thereof and all fixtures now or hereafter attached to or used in connection with said real estate.

FOR THE PURPOSE OF SECURING PERFORMANCE of each agreement of grantor herein contained and payment of the sum of two hundred twenty five thousand ($225,000.00) Dollars, with interest thereon according to the terms of a promissory note of even date herewith, payable to beneficiary or order and made by grantor, the final payment of principal and interest hereof, if not sooner paid, to be due and payable March 18, 19 83.

The date of maturity of the debt secured by this instrument is the date, stated above, on which the final installment of said note becomes due and payable. In the event the within described property, or any part thereof, or any interest therein is sold, agreed to be sold, conveyed, assigned or alienated by the grantor without first having obtained the written consent or approval of the beneficiary, then, at the beneficiary's option, all obligations secured by this instrument, irrespective of the maturity dates expressed therein, or herein, shall become immediately due and payable.

The above described real property is not currently used for agricultural, timber or grazing purposes.

To protect the security of this trust deed, grantor agrees:

1. To protect, preserve and maintain said property in good condition and repair; not to remove or demolish any building or improvement thereon; not to commit or permit any waste of said property.

2. To complete or restore promptly and in good and workmanlike manner any building or improvement which may be constructed, damaged or destroyed thereon, and pay when due all costs incurred therefor.

3. To comply with all laws, ordinances, regulations, covenants, conditions and restrictions affecting said property; [illegible]

[illegible]

It is mutually agreed that:

8. In the event that any portion or all of said property shall be taken under the right of eminent domain or condemnation, beneficiary shall have the right, if it so elects, to require that all or any portion of the monies payable as compensation for such taking, [illegible]

[illegible]

(a) consent to the making of any map or plat of said property; (b) join in granting any easement or creating any restriction thereon; (c) join in any subordination or other agreement affecting this deed or the lien or charge thereof; (d) reconvey, without warranty, all or any part of the property. The grantee in any reconveyance may be described as the "person or persons legally entitled thereto," and the recitals therein of any matters or facts shall be conclusive proof of the truthfulness thereof. Trustee's fees for any of the services mentioned in this paragraph shall be not less than $5.

10. Upon any default by grantor hereunder, beneficiary may at any time without notice, either in person, by agent or by a receiver to be appointed by a court, [illegible]

11. The entering upon and taking possession of said property, the collection of such rents, issues and profits, or the proceeds of fire and other insurance policies or compensation or awards for any taking or damage of the property, and the application or release thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

12. Upon default by grantor in payment of any indebtedness secured hereby or in his performance of any agreement hereunder, the beneficiary may declare all sums secured hereby immediately due and payable. [illegible]

[illegible]

17. Trustee accepts this trust when this deed, duly executed and acknowledged is made a public record as provided by law. Trustee is not obligated to notify any party hereto of pending sale under any other deed of trust or of any action or proceeding in which grantor, beneficiary or trustee shall be a party unless such action or proceeding is brought by trustee.

NOTE: The Trust Deed Act provides that the trustee hereunder must be either an attorney, who is an active member of the Oregon State Bar, a bank, trust company or savings and loan association authorized to do business under the laws of Oregon or the United States, a title insurance company authorized to insure title to real property of this state, its subsidiaries, affiliates, agents or branches, or the United States or any agency thereof.

78 14580

The grantor covenants and agrees to and with the beneficiary and those claiming under him, that he is lawfully seized in fee simple of said described real property and has a valid, unencumbered title thereto

and that he will warrant and forever defend the same against all persons whomsoever.

The grantor warrants that the proceeds of the loan represented by the above described note and this trust deed are: ~~(a) primarily for grantor's personal, family, household or agricultural purposes (see Important Notice below),~~ (b) for an organization, or (even if grantor is a natural person) are for business or commercial purposes other than agricultural purposes.

This deed applies to, inures to the benefit of and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, personal representatives, successors and assigns. The term beneficiary shall mean the holder and owner, including pledgee, of the contract secured hereby, whether or not named as a beneficiary herein. In construing this deed and whenever the context so requires, the masculine gender includes the feminine and the neuter, and the singular number includes the plural.

IN WITNESS WHEREOF, said grantor has hereunto set his hand the day and year first above written.

Donald A. Woodcock

Donald A. Woodcock

* IMPORTANT NOTICE: Delete, by lining out, whichever warranty (a) or (b) is not applicable; if warranty (a) is applicable and the beneficiary is a creditor as such word is defined in the Truth-in-Lending Act and Regulation Z, the beneficiary MUST comply with the Act and Regulation by making required disclosures; for this purpose, if this instrument is to be a FIRST lien to finance the purchase of a dwelling, use Stevens-Ness Form No. 1305 or equivalent; if this instrument is NOT to be a first lien, use Stevens-Ness Form No. 1306, or equivalent. If compliance with the Act not required, disregard this notice.

(If the signer of the above is a corporation, use the form of acknowledgment opposite.)

1043 R2 4/70

STATE OF OREGON, County of Clackamas } ss.

April 7, 1970.

Personally appeared the above named Donald A. Woodcock and acknowledged the foregoing instrument to be his voluntary act and deed.

Before me:

Marguerite C. Seely

(OFFICIAL SEAL)

Notary Public for Oregon

My commission expires: 1/18/81

STATE OF OREGON, County of ..... } ss.

..... , 19 .....

Personally appeared ..... and ..... who, being duly sworn, each for himself and not one for the other, did say that the former is the president and that the latter is the secretary of ..... a corporation, and that the seal affixed to the foregoing instrument is the corporate seal of said corporation and that said instrument was signed and sealed in behalf of said corporation by authority of its board of directors; and each of them acknowledged said instrument to be its voluntary act and deed.

Before me:

(OFFICIAL SEAL)

Notary Public for Oregon

My commission expires:

REQUEST FOR FULL RECONVEYANCE

To be used only when obligations have been paid.

TO: ..... , Trustee

The undersigned is the legal owner and holder of all indebtedness secured by the foregoing trust deed. All sums secured by said trust deed have been fully paid and satisfied. You hereby are directed, on payment to you of any sums owing to you under the terms of said trust deed or pursuant to statute, to cancel all evidences of indebtedness secured by said trust deed (which are delivered to you herewith together with said trust deed) and to reconvey, without warranty, to the parties designated by the terms of said trust deed the estate now held by you under the same. Mail reconveyance and documents to .....

DATED: ..... , 19 .....

..... Beneficiary

Do not lose or destroy this Trust Deed OR THE NOTE which it secures. Both must be delivered to the trustee for cancellation before reconveyance will be made.

TRUST DEED

FORM No. 881

STEVENS-NESS LAW PUB. CO., PORTLAND, ORE.

..... Grantor

..... Beneficiary

AFTER RECORDING RETURN TO

SPACE RESERVED FOR RECORDER'S USE

STATE OF OREGON } ss.

County of .....

I certify that the within instrument was received for record on the ..... day of ....., 19....., at ..... o'clock ..... M., and recorded in book ..... on page ..... or as file/reel number ..... Record of Mortgages of said County.

Witness my hand and seal of County affixed.

Title

By ..... Deputy

2

Order No. 104177

AMENDED EXHIBIT "A"

PARCEL I:

Part of the Nathan P. Mack Donation Land Claim No. 37, in Sections 27 and 28, Township 2 South, Range 3 East of the Willamette Meridian, in the County of Clackamas and State of Oregon, more particularly described as follows:

BEGINNING at a point on the North boundary of said Mack Donation Land Claim, 240 rods West from the Northeast corner of said Mack Donation Land Claim, said point being the Northeast corner of a tract of land conveyed to Jacob Gerber by Deed recorded in Book "L", Page 107, Deed Records; thence East, on the North boundary of said Mack Donation Land Claim, 80 rods; thence South 159 rods to the North boundary of a lane; thence West, on said North boundary, 80 rods to the Southeast corner of said Gerber Tract; thence North on the East line of said Gerber Tract, 159 rods to the place of beginning.

SUBJECT TO the rights of the public in and to any portion of the herein described premises lying within the boundaries of roads or highways.

PARCEL II:

The West half of the East half of the Nathan P. Mack Donation Land Claim No. 37, in Sections 27 and 28, Township 2 South, Range 3 East of the Willamette Meridian.

EXCEPTING THEREFROM that portion that lies within the South 100 acres of the East half of said Mack Donation Land Claim, as conveyed to Mary E. Ross, by Deed recorded in Book 168, Page 486, Deed Records.

SUBJECT TO the rights of the public in and to any portion of the herein described premises lying within the boundaries of roads or highways.

STATE OF OREGON
County of Clackamas } ss.

I, George D. Popen, County Clerk, Ex-Officio Recorder of Conveyances and Ex-Officio Clerk of the Circuit Court of the State of Oregon, for the County of Clackamas, do hereby certify that the within instrument of writing was received for and recorded in the records of said county in

RECORDER OF CONVEYANCES • CLACKAMAS COUNTY • OREGON

Witness my hand and seal of the County affixed.

GEORGE D. POPEN
County Clerk
By
Recording Certificate

78 14580

3

FORM No. 706—CONTRACT—REAL ESTATE—Monthly Payments.

CONTRACT—REAL ESTATE

THIS CONTRACT, Made this 5th *day of* June, *19* 79, *between*

Donald A. Woodcock, *hereinafter called the seller,*

and William Robinson, *hereinafter called the buyer,*

WITNESSETH: That in consideration of the mutual covenants and agreements herein contained, the seller agrees to sell unto the buyer and the buyer agrees to purchase from the seller all of the following described lands and premises situated in Clackamas *County, State of* Oregon, *to-wit:*

A portion of the Nathan P. Ma s D.L.C. No. 37 in the East one-half of Section 28 and the West one-half of Section 27, T. 2 S., R. 3 E., of the W.M., in the County of Clackamas and State of Oregon, described as follows:

Beginning at a point on the North line of D.L.C. No. 37, from which the Northeast corner thereof bears East 3010.00 feet; thence South, parallel to the East line of that property described in a Deed recorded in Book "L", page 107, Deed Records, 950.00 feet; thence East, parallel to the said D.L.C. line 950.00 feet; thence North, parallel to the said East line 950.00 feet to the said D.L.C. line; thence West, along the D.L.C. line, 950.00 feet to the point of beginning.

Subject to a non-exclusive easement over the West 10.00 feet of the South 100.00 feet.

(cont. on back of page)

for the sum of Forty thousand *Dollars* ($ 40,000.00) *(hereinafter called the purchase price), on account of which* one hundred *Dollars* ($ 100.00) *is paid on the execution hereof (the receipt of which is hereby acknowledged by the seller); the buyer agrees to pay the remainder of said purchase price (to-wit:* $ 39,900.00) *to the order of the seller in monthly payments of not less than* six hundred *Dollars* ($ 600.00) *each,* month

payable on the 5th *day of each month hereafter beginning with the month of* July, *19* 79, *and continuing until said purchase price is fully paid. All of said purchase price may be paid at any time; all deferred balances of said purchase price shall bear interest at the rate of* 10 *per cent per annum from* June 5, 1979 *until paid, interest to be paid* monthly *and* * ~~in addition to~~ being included in *the minimum monthly payments above required. Taxes on said premises for the current tax year shall be prorated between the parties hereto as of the date of this contract.*

The buyer warrants to and covenants with the seller that the real property described in this contract is
**(A) primarily for buyer's personal, family, household or agricultural purposes.*
(B) for an organization or (even if buyer is a natural person) is for business or commercial purposes other than agricultural purposes.

The buyer shall be entitled to possession of said lands on June 5, *19* 80, *and may retain such possession so long as he is not in default under the terms of this contract. The buyer agrees that at all times he will keep the buildings on said premises, now or hereafter erected, in good condition and repair and will not suffer or permit any waste or strip thereof; that he will keep said premises free from mechanic's and all other liens and save the seller harmless therefrom and reimburse seller for all costs and attorney's fees incurred by him in defending against any such liens; that he will pay all taxes hereafter levied against said property, as well as all water rents, public charges and municipal liens which hereafter lawfully may be imposed upon said premises, all promptly before the same or any part thereof become past due; that at buyer's expense, he will keep insured all buildings now or hereafter erected on said premises against loss or damage by fire (with extended coverage) in an amount*

not less than $ none *in a company or companies satisfactory to the seller, with loss payable first to the seller and then to the buyer as their respective interests may appear and all policies of insurance to be delivered to the seller as soon as insured. Now if the buyer shall fail to pay any such liens, costs, water rents, taxes, or charges or to produce and pay for such insurance, the seller may do so and any payment so made shall be added to and become a part of the debt secured by this contract and shall bear interest at the rate aforesaid, without waiver, however, of any right arising to the seller for buyer's breach of contract.*

The seller agrees that at his expense and within 365 *days from the date hereof, he will furnish unto buyer a title insurance policy insuring (in an amount equal to said purchase price) marketable title in and to said premises in the seller on or subsequent to the date of this agreement, save and except the usual printed exceptions and the building and other restrictions and easements now of record, if any. Seller also agrees that when said purchase price is fully paid and upon request and upon surrender of this agreement, he will deliver a good and sufficient deed conveying said premises in fee simple unto the buyer, his heirs and assigns, free and clear of encumbrances as of the date hereof and free and clear of all encumbrances since said date placed, permitted or arising by, through or under seller, excepting, however, the said easements and restrictions and the taxes, municipal items, water rents and public charges as assumed by the buyer and further excepting all liens and encumbrances created by the buyer or his assigns.*

(Continued on reverse)

IMPORTANT NOTICE: Delete, by lining out, whichever phrase and whichever warranty (A) or (B) is not applicable. If warranty (A) is applicable and if the seller is a creditor, as such word is defined in the Truth-in-Lending Act and Regulation Z, the seller MUST comply with the Act and Regulation by making required disclosures; for this purpose, use Stevens-Ness Form No. 1308 or similar unless the contract will become a first lien to finance the purchase of a dwelling in which event use Stevens-Ness Form No. 1307 or similar.

Donald A. Woodcock
8130 S.W. Valley View Drive
Portland, Oregon 97225
SELLER'S NAME AND ADDRESS

William Robinson
12000 S.W. Bull Mt. Rd.
Tigard, Ore. 97223
BUYER'S NAME AND ADDRESS

After recording return to:

Donald A. Woodcock
8130 S.W. Valley View Drive
Portland, Oregon 97225
NAME, ADDRESS, ZIP

Until a change is requested all tax statements shall be sent to the following address:

Donald A. Woodcock
8130 S.W. Valley View Drive
Portland, Oregon 97225
NAME, ADDRESS, ZIP

SPACE RESERVED FOR RECORDER'S USE

STATE OF OREGON, } ss.
County of

I certify that the within instrument was received for record on the ____ *day of* ____, *19*____, *at* ____ *o'clock* ____ *M., and recorded in book* ____ *on page* ____ *or as file/reel number* ____, *Record of Deeds of said county.*

Witness my hand and seal of County affixed.

Recording Officer
By ____ *Deputy*

'79 24180 ~~'79 25104~~

Title Data, Inc. NW POR10549 CL 79024180.001

And it is understood and agreed between said parties that time is of the essence of this contract, and in case the buyer shall fail to make the payments above required, or any of them, punctually within 30 days of the time limited therefor, or fail to keep any agreement herein contained, then the seller at his option shall have the following rights: (1) to declare this contract null and void, (2) to declare the whole unpaid principal balance of said purchase price with the interest thereon at once due and payable, (3) to withdraw said deed and other documents from escrow and/or (4) to foreclose this contract by suit in equity, and in any of such cases, all rights and interest created or then existing in favor of the buyer as against the seller hereunder shall utterly cease and determine and the right to the possession of the premises above described and all other rights acquired by the buyer hereunder shall revert to and revest in said seller without any act of re-entry, or any other act of said seller to be performed and without any right of the buyer of return, reclamation or compensation for moneys paid on account of the purchase of said property as absolutely, fully and perfectly as if this contract and such payments had never been made; and in case of such default all payments theretofore made on this contract are to be retained by and belong to said seller as the agreed and reasonable rent of said premises up to the time of such default. And the said seller, in case of such default, shall have the right immediately, or at any time thereafter, to enter upon the land aforesaid, without any process of law, and take immediate possession thereof, together with all the improvements and appurtenances thereon or therein belonging.

The buyer further agrees that failure by the seller at any time to require performance by the buyer of any provision hereof shall in no way affect his right hereunder to enforce the same, nor shall any waiver by said seller of any breach of any provision hereof be held to be a waiver of any succeeding breach of any such provision, or as a waiver of the provision itself.

The true and actual consideration paid for this transfer, stated in terms of dollars, is $ 40,000.00 (However, the actual consideration consists of or includes other property or value given or promised which is the whole part of the consideration (indicate which).)

In case suit or action is instituted to foreclose this contract or to enforce any provision hereof, the losing party in said suit or action agrees to pay such sum as the trial court may adjudge reasonable as attorney's fees to be allowed the prevailing party in said suit or action and if an appeal is taken from any judgment or decree of such trial court, the losing party further promises to pay such sum as the appellate court shall adjudge reasonable as the prevailing party's attorney's fees on such appeal.

In construing this contract, it is understood that the seller or the buyer may be more than one person or a corporation; that if the context so requires, the singular pronoun shall be taken to mean and include the plural, the masculine, the feminine and the neuter, and that generally all grammatical changes shall be made, assumed and implied to make the provisions hereof apply equally to corporations and to individuals.

This agreement shall bind and inure to the benefit of, as the circumstances may require, not only the immediate parties hereto but their respective heirs, executors, administrators, personal representatives, successors in interest and assigns as well.

IN WITNESS WHEREOF, said parties have executed this instrument in triplicate; if either of the undersigned is a corporation, it has caused its corporate name to be signed and its corporate seal affixed hereto by its officers duly authorized thereunto by order of its board of directors.

Donald A. Woodcock — William Robinson

NOTE—The sentence between the symbols ①, if not applicable, should be ①

STATE OF OREGON, County of Washington } ss.
June 19 79.
Personally appeared the above named William Robinson
and acknowledged the foregoing instrument to be his voluntary act and deed.
Before me: Rob Dowling
(OFFICIAL SEAL) Notary Public for Oregon
My commission expires 3/2/80

STATE OF OREGON, County of Clackamas } ss.
I, George D. Poppen, County Clerk, Ex-Officio Recorder of Conveyances and Ex-Officio Clerk of the Circuit Court of said County, do hereby certify that the within instrument of writing was received for and recorded in the records of said county at
79 JUN 11 PM 12:08
Witness my hand and seal of office
George D. Poppen
GEORGE D. POPPEN, County Clerk
Recording Certificate
CCP-R4 79 24180

ORS 93.635 (1) All instruments contracting to convey fee title to any real property within this state shall be in writing. During the 60 days immediately following the date such instrument is executed and the parties are bound, shall be acknowledged, in the manner provided for acknowledgment of deeds, by the conveyor of the title to be conveyed. Such instruments, or a memorandum thereof, shall be recorded by the conveyor not later than 15 days after the instrument is executed and the parties are bound thereby.
ORS 93.990(3) Violation of ORS 93.635 is punishable, upon conviction, by a fine of not more than $100.

(DESCRIPTION CONTINUED)

Together with a non-exclusive 20.00 foot ingress-egress easement, the center line of which is described as follows:

Beginning at a point on the North right of way line of Harris County Road No. 1659 from which the East line of that property as described in a Deed recorded in Book "L", page 107, Deed Records bears West 950.00 feet; thence North, parallel to the East line of the said property 1663.50 feet; thence East, parallel to the North line of said D.L.C. No. 37, a distance of 950.00 feet.

This is being re-recorded to correct the description.

FORM NO. 23 — ACKNOWLEDGMENT
STEVENS-NESS LAW PUB. CO., PORTLAND, ORE.

STATE OF OREGON, County of WAshington } ss.

BE IT REMEMBERED, That on this 5th *day of* June, 19 79, *before me, the undersigned, a Notary Public in and for said County and State, personally appeared the within named* DONALD A. WOODCOCK

known to me to be the identical individual described in and who executed the within instrument and acknowledged to me that his executed the same freely and voluntarily.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal the day and year last above written.

Linda Parker
Notary Public for Oregon.
My Commission expires 3-2-82

2

FORM No. 706—CONTRACT—REAL ESTATE—Monthly Payments.

11

CONTRACT—REAL ESTATE

THIS CONTRACT, Made this 5th *day of* June, 19 79, *between* Donald A. Woodcock, *hereinafter called the seller, and* Constance A. Robinson, *hereinafter called the buyer,*

WITNESSETH: That in consideration of the mutual covenants and agreements herein contained, the seller agrees to sell unto the buyer and the buyer agrees to purchase from the seller all of the following described lands and premises situated in Clackamas *County, State of* Oregon, *to-wit:*

A portion of the Nathan P. Macks D.L.C. No. 37 in the East one-half of Section 28 and the West one-half of Section 27, T. 2 S., R. 3 E., of the W.M., in the County of Clackamas and State of Oregon, described as follows: Beginning at a point on the North right of way line of Harris County Road No. 1659 from which the East line of that property as described in a Deed recorded in Book "L", page 107, Deed Records bears West 1100.00 feet; thence North, parallel to the said East line 350.00 feet; thence East, parallel to the North line of D.L.C. No. 37, a distance of 292.00 feet; thence East to a point that bears 1400.00 feet North, as measured parallel to the East line of the West one-half of the East one-half of D.L.C. No. 37, of the North line of that property as described in a Deed recorded October 26, 1922 in Book 168, page 486, Deed Records and bears West 640.00 feet from the East line of the West one-half of the East one-half of D.L.C. No. 37; thence South, parallel to said East line 1400.00 feet to the said North line; thence West, along said North line 720 feet, more or less, to the Southwest corner of that property as described as Parcel II in a Warranty Deed recorded April 10, 1978 as Recorder's Fee No. 78-14579, Film Records; thence North along the West line of said property 1040 feet, more or less, to the North right of way line of Harris County Road No. 1659; thence West along said right of way 220 feet, more or less, to the point of beginning.

for the sum of one hundred twenty thousand *Dollars* ($ 120,000.00) *(hereinafter called the purchase price), on account of which* one hundred *Dollars* ($ 100.00) *is paid on the execution hereof (the receipt of which is hereby acknowledged by the seller); the buyer agrees to pay the remainder of said purchase price (to-wit:* $ 119,900.00 *) to the order of the seller in monthly payments of not less than* one thousand *Dollars* ($ 1000.00) *each,* month

payable on the 5th *day of each month hereafter beginning with the month of* July, 19 79, *and continuing until said purchase price is fully paid. All of said purchase price may be paid at any time; all deferred balances of said purchase price shall bear interest at the rate of* 10 *per cent per annum from* June 5, 1979 *until paid, interest to be paid* monthly *and* * {~~in addition to~~ / being included in *the minimum monthly payments above required. Taxes on said premises for the current tax year shall be prorated between the parties hereto as of the date of this contract.*

The buyer warrants to and covenants with the seller that the real property described in this contract is
**(A) primarily for buyer's personal, family, household or agricultural purposes,*
(B) for an organization or (even if buyer is a natural person) is for business or commercial purposes other than agricultural purposes.

The buyer shall be entitled to possession of said lands on June 5, 19 80, *and may retain such possession so long as he is not in default under the terms of this contract. The buyer agrees that at all times he will keep the buildings on said premises, now or hereafter erected, in good condition and repair and will not suffer or permit any waste or strip thereof; that he will keep said premises free from mechanic's and all other liens and save the seller harmless therefrom and reimburse seller for all costs and attorney's fees incurred by him in defending against any such liens; that he will pay all taxes hereafter levied against said property, as well as all water rents, public charges and municipal liens which hereafter lawfully may be imposed upon said premises, all promptly before the same or any part thereof become past due; that at buyer's expense, he will insure and keep insured all buildings now or hereafter erected on said premises against loss or damage by fire (with extended coverage) in an amount not less than* $ none *in a company or companies satisfactory to the seller, with loss payable first to the seller and then to the buyer as their respective interests may appear and all policies of insurance to be delivered to the seller as soon as insured. Now if the buyer shall fail to pay any such liens, costs, water rents, taxes, or charges or to procure and pay for such insurance, the seller may do so and any payments so made shall be added to and become a part of the debt secured by this contract and shall bear interest at the rate aforesaid, without waiver, however, of any right arising to the seller for buyer's breach of contract.*

The seller agrees that at his expense and within 365 *days from the date hereof, he will furnish unto buyer a title insurance policy insuring (in an amount equal to said purchase price) marketable title in and to said premises in the seller on or subsequent to the date of this agreement, save and except the usual printed exceptions and the building and other restrictions and easements now of record, if any. Seller also agrees that when said purchase price is fully paid and upon request and upon surrender of this agreement, he will deliver a good and sufficient deed conveying said premises in fee simple unto the buyer, his heirs and assigns, free and clear of encumbrances as of the date hereof and free and clear of all encumbrances since said date placed, permitted or arising by, through or under seller, excepting, however, the said easements and restrictions and the taxes, municipal liens, water rents and public charges as assumed by the buyer and further excepting all liens and encumbrances created by the buyer or his assigns.*

(Continued on reverse)

IMPORTANT NOTICE: Delete, by lining out, whichever phrase and whichever warranty (A) or (B) is not applicable. If warranty (A) is applicable and if the seller is a creditor, as such word is defined in the Truth-in-Lending Act and Regulation Z, the seller MUST comply with the Act and Regulation by making required disclosures; for this purpose, use Stevens-Ness Form No. 1308 or similar unless the contract will become a first lien to finance the purchase of a dwelling in which event use Stevens-Ness Form No. 1307 or similar.

Donald A. Woodcock
8130 S.W. Valley View Drive
Portland, Oregon 97225
SELLER'S NAME AND ADDRESS

Constance A. Robinson
12000 S.W. Bull Mountain Rd.
Tigard, Oregon 97223
BUYER'S NAME AND ADDRESS

After recording return to:
Donald A. Woodcock
8130 S.W. Valley View Drive
Portland, Oregon 97225
NAME, ADDRESS, ZIP

Until a change is requested all tax statements shall be sent to the following address:
Donald A. Woodcock
8130 S.W. Valley View Drive
Portland, Oregon 97225
NAME, ADDRESS, ZIP

SPACE RESERVED FOR RECORDER'S USE

STATE OF OREGON, } ss.
County of

I certify that the within instrument was received for record on the day of , 19 , *at* o'clock *M., and recorded in book* *on page* *or as file/reel number* , *Record of Deeds of said county.*

Witness my hand and seal of County affixed.

Recording Officer
By *Deputy*

79 24182 ~~79-23106~~

And it is understood and agreed between said parties that time is of the essence of this contract, and in case the buyer shall fail to make the payments where required, or any of them, punctually within 30 days of the time limited therefor, or fail to keep any agreement herein contained, then the seller at his option shall have the following rights: (1) to declare this contract null and void, (2) to declare the whole unpaid principal balance of said purchase price with the interest thereon at once due and payable, (3) to withdraw and deed and other documents from escrow and/or (4) to foreclose this contract by suit in equity, and in any of such cases, all rights and interest created or then existing in favor of the buyer as against the seller hereunder shall utterly cease and determine, and the right to the possession of the premises above described and all other rights acquired by the buyer hereunder shall revert to and revest in said seller without any act of re-entry, or any other act of said seller to be performed and without any right of the buyer of return, reclamation or compensation for moneys paid on account of the purchase of said property as absolutely, fully and completely as if this contract and such payments had never been made; and in case of such default all payments theretofore made on this contract are to be retained by and belong to said seller as the agreed and reasonable rent of said premises up to the time of such default. And the said seller, in case of such default, shall have the right immediately, or at any time thereafter, to enter upon the land aforesaid, without any process of law, and take immediate possession thereof, together with all the improvements and appurtenances thereon or thereto belonging.

The buyer further agrees that failure by the seller at any time to require performance by the buyer of any provision hereof shall in no way affect his right hereunder to enforce the same, nor shall any waiver by said seller of any breach of any provision hereof be held to be a waiver of any succeeding breach of any such provision, or as a waiver of the provision itself.

The true and actual consideration paid for this transfer, stated in terms of dollars, is $ 120,000.00 (Whenever the actual consideration consists or includes other property or value given or promised which is part of the consideration (indicate which).)

In case suit or action is instituted to foreclose this contract or to enforce any provision hereof, the losing party in said suit or action agrees to pay such sum as the trial court may adjudge reasonable as attorney's fees to be allowed the prevailing party in said suit or action and if an appeal is taken from any judgment or decree of such trial court, the losing party further promises to pay such sum as the appellate court shall adjudge reasonable as the prevailing party's attorney's fees on such appeal.

In construing this contract, it is understood that the seller or the buyer may be more than one person or a corporation; that if the context so requires, the singular pronoun shall be taken to mean and include the plural, the masculine, the feminine and the neuter, and that generally all grammatical changes shall be made, assumed and implied to make the provisions hereof apply equally to corporations and to individuals.

This agreement shall bind and inure to the benefit of, as the circumstances may require, not only the immediate parties hereto but their respective heirs, executors, administrators, personal representatives, successors in interest and assigns as well.

IN WITNESS WHEREOF, said parties have executed this instrument in triplicate; if either of the undersigned is a corporation, it has caused its corporate name to be signed and its corporate seal affixed hereto by its officers duly authorized thereunto by order of its board of directors.

Donald A. Woodcock ..... Constance A. Robinson

NOTE—The sentence between the symbols ©, if not applicable, should be deleted. See ORS 93.030).

STATE OF OREGON,
County of Washington } ss.
June 5, 1979
Personally appeared the above named Constance A. Robinson
and acknowledged the foregoing instrument to be her voluntary act and deed.

Before me: Linda K. Jackley
Notary Public for Oregon
My Commission expires 2/2/80

STATE OF OREGON
County of Clackamas } ss.
I, George D. Popper, County Clerk, Ex-Officio Recorder of Conveyances and Ex-Officio Clerk of the Circuit Court of said County, do hereby certify that the within instrument of writing was received for and recorded in the records of said county at 79 JUN 11 PM 12:08

Witness my hand and seal affixed.
GEORGE D. POPPER
County Clerk
Recording Certificate
CCF-R4 79 24182

ORS 93.635 (1) All instruments contracting to convey fee title to real property shall be acknowledged, in the manner in which such instruments, or a memorandum thereof, shall be recorded by the conveyor not later than 15 days after the instrument is executed and the parties are bound thereby.
ORS 93.990(3) Violation of ORS 93.635 is punishable, upon conviction, by a fine of not more than $100.

(DESCRIPTION CONTINUED)

Subject to a 33.00 foot non-exclusive easement, the center line of which is described as follows:

Beginning at the East end of the center line of Harris County Road No. 1659; thence East, along the extension of said centerline 720 feet, more or less, to a point that bears West 640.00 Feet from the East line of the West one-half of the East one-half of D.L.C. No.37.

Also subject to a 20.00 foot non-exclusive easement over the East 20.00 Feet of the North 350.00 feet.

This is being re-recorded to correct the description.

FORM NO. 23 — ACKNOWLEDGMENT
STEVENS-NESS LAW PUB. CO., PORTLAND, ORE.

STATE OF OREGON,
County of Washington } ss.

BE IT REMEMBERED, That on this 5th day of June, 19 79, before me, the undersigned, a Notary Public in and for said County and State, personally appeared the within named DONALD A. WOODCOCK

known to me to be the identical individual described in and who executed the within instrument and acknowledged to me that he executed the same freely and voluntarily.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal the day and year last above written.

Linda Parker
Notary Public for Oregon.
My Commission expires 3-2-82

2

FORM No. 706—CONTRACT—REAL ESTATE—Monthly Payments.

CONTRACT—REAL ESTATE

THIS CONTRACT, Made this 5th day of June, 19 79, between Donald A. Woodcock, hereinafter called the seller, and Jerry C. Robinson, hereinafter called the buyer,

WITNESSETH: That in consideration of the mutual covenants and agreements herein contained, the seller agrees to sell unto the buyer and the buyer agrees to purchase from the seller all of the following described lands and premises situated in Clackamas County, State of Oregon, to-wit:

A portion of the Nathan P. Macks D.L.C. No. 37 in the East one-half of Section 28 and the West one-half of Section 27, T. 3 S., R. 2 E., of the W.M., in the County of Clackamas and State of Oregon, described as follows:

Beginning at a point from which the Northeast corner of the D.L.C. No. 37 bears North, parallel to the East line of that property described in a Deed recorded in Book "L", page 107, Deed Records, 950.00 feet and East 3010.00 feet; thence South, parallel to the said East line 950.00 feet; thence East, parallel to the D.L.C. line 950.00 feet; thence North, parallel to the said East line, 950.00 feet; thence West, parallel to the D.L.C. line, 950.00 feet to the point of beginning.

Subject to a non-exclusive easement over the West 10.00 feet and over the North 20.00 feet.

(cont. on back of page)

for the sum of Forty thousand Dollars ($ 40,000.00) (hereinafter called the purchase price), on account of which one hundred Dollars ($ 100.00) is paid on the execution hereof (the receipt of which is hereby acknowledged by the seller); the buyer agrees to pay the remainder of said purchase price (to-wit: $ 39,900.00) to the order of the seller in monthly payments of not less than six hundred Dollars ($ 600.00) each, month

payable on the 5th day of each month hereafter beginning with the month of July, 1979, and continuing until said purchase price is fully paid. All of said purchase price may be paid at any time; all deferred balances of said purchase price shall bear interest at the rate of 10 per cent per annum from June 5, 1979 until paid, interest to be paid monthly and * {in addition to / being included in} the minimum monthly payments above required. Taxes on said premises for the current tax year shall be prorated between the parties hereto as of the date of this contract.

The buyer warrants to and covenants with the seller that the real property described in this contract is
*(A) primarily for buyer's personal, family, household or agricultural purposes,
(B) for an organization or (even if buyer is a natural person) is for business or commercial purposes other than agricultural purposes.

The buyer shall be entitled to possession of said lands on June 5, 19 80, and may retain such possession so long as he is not in default under the terms of this contract. The buyer agrees that at all times he will keep the buildings on said premises, now or hereafter erected, in good condition and repair and will not suffer or permit any waste or injury thereof; that he will keep said premises free from mechanic's and all other liens and save the seller harmless therefrom and reimburse seller for all costs and attorney's fees incurred by him in defending against any such liens; that he will pay all taxes hereafter levied against said property, as well as all water rents, public charges and municipal liens which hereafter lawfully may be imposed upon said premises, all promptly before the same or any part thereof become past due; that at buyer's expense he will insure and keep insured all buildings now or hereafter erected on said premises against loss or damage by fire (with extended coverage) in an amount not less than $ none in a company or companies satisfactory to the seller, with loss payable first to the seller and then to the buyer as their respective interests may appear and all policies of insurance to be delivered to the seller as soon as issued. Now if the buyer shall fail to pay any such liens, rents, water rents, taxes, or charges or to procure and pay for such insurance, the seller may do so and any payment so made shall be added to and become a part of the debt created by this contract and shall bear interest at the rate aforesaid, without waiver, however, of any right arising to the seller for buyer's breach of contract.

The seller agrees that at his expense and within 365 days from the date hereof, he will furnish unto buyer a title insurance policy insuring (in an amount equal to said purchase price) marketable title in and to said premises in the seller on or subsequent to the date of this agreement, save and except the usual printed exceptions and the building and other restrictions and easements now of record, if any. Seller also agrees that when said purchase price is fully paid and upon request and upon surrender of this agreement, he will deliver a good and sufficient deed conveying said premises in fee simple unto the buyer, his heirs and assigns, free and clear of encumbrances as of the date hereof and free and clear of all encumbrances since said date placed, permitted or suffered by, through or under seller, excepting, however, the said easements and restrictions and the taxes, municipal liens, water rents and public charges so assumed by the buyer and further excepting all liens and encumbrances created by the buyer or his assigns.

(Continued on reverse)

IMPORTANT NOTICE: Delete, by lining out, whichever phrase and whichever warranty (A) or (B) is not applicable. If warranty (A) is applicable and if the seller is a creditor, as such word is defined in the Truth-in-Lending Act and Regulation Z, the seller MUST comply with the Act and Regulation by making required disclosures; for this purpose, use Stevens-Ness Form No. 1308 or similar unless the contract will become a first lien to finance the purchase of a dwelling in which event use Stevens-Ness Form No. 1307 or similar.

Donald A. Woodcock
8130 S.W. Valley View Drive
Portland, Oregon 97225
SELLER'S NAME AND ADDRESS

Jerry C. Robinson
12000 S.W. Bull Mountain Rd.
Tigard, Oregon 97223
BUYER'S NAME AND ADDRESS

After recording return to:
Donald A. Woodcock
8130 S.W. Valley View Drive
Portland, Oregon 97225
NAME, ADDRESS, ZIP

Until a change is requested all tax statements shall be sent to the following address.
Donald A. Woodcock
8130 S.W. Valley View Drive
Portland, Oregon 97225
NAME, ADDRESS, ZIP

SPACE RESERVED FOR RECORDER'S USE

STATE OF OREGON, } ss.
County of

I certify that the within instrument was received for record on the day of, 19, at o'clock M., and recorded in book on page or as file/reel number, Record of Deeds of said county.

Witness my hand and seal of County affixed.

Recording Officer
By Deputy

79 24183

Title Data, Inc. NW POR10549 CL 79024183.001

And it is understood and agreed between said parties that time is of the essence of this contract, and in case the buyer shall fail to make the payments above required, or any of them, punctually within 30 days of the time limited therefor, or fail to keep any agreement herein contained, then the seller at his option shall have the following rights: (1) to declare this contract null and void, (2) to declare the whole unpaid principal balance of said purchase price with the interest thereon at once due and payable, (3) to withdraw said deed and other documents from escrow and/or (4) to foreclose this contract by suit in equity, and in any of such cases, all rights and interest created or then existing in favor of the buyer as against the seller hereunder shall utterly cease and determine and the right to the possession of the premises above described and all other rights acquired by the buyer hereunder shall revert to and revest in said seller without any act of re-entry, or any other act of said seller to be performed and without any right of the buyer of return, reclamation or compensation for sums paid on account of the purchase of said property as absolutely, fully and perfectly as if this contract and such payments had never been made; and in case of such default all payments theretofore made on this contract are to be retained by and belong to said seller as the agreed and reasonable rent of said premises up to the time of such default. And the said seller, in case of such default, shall have the right immediately, or at any time thereafter, to enter upon the land aforesaid, without any process of law, and take immediate possession thereof, together with all the improvements and appurtenances thereon or thereto belonging.

The buyer further agrees that failure by the seller at any time to require performance by the buyer of any provision hereof shall in no way affect his right hereunder to enforce the same, nor shall any waiver by said seller of any breach of any provision hereof be held to be a waiver of any succeeding breach of any such provision, or as a waiver of the provision itself.

The true and actual consideration paid for this transfer, stated in terms of dollars, is $ 40,000.00 (Whenever the actual consideration consists of or includes other property or value given or promised, which is the part of the consideration (indicate which).)

In case suit or action is instituted to foreclose this contract or to enforce any provision hereof, the losing party in said suit or action agrees to pay such sum as the trial court may adjudge reasonable as attorney's fees to be allowed the prevailing party in said suit or action and if an appeal is taken from any judgment or decree of such trial court, the losing party further promises to pay such sum as the appellate court shall adjudge reasonable as the prevailing party's attorney's fees on such appeal.

In construing this contract, it is understood that the seller or the buyer may be more than one person or a corporation; that if the context so requires, the singular pronoun shall be taken to mean and include the plural, the masculine, the feminine and the neuter, and that generally all grammatical changes shall be made, assumed and implied to make the provisions hereof apply equally to corporations and to individuals.

This agreement shall bind and inure to the benefit of, as the circumstances may require, not only the immediate parties hereto but their respective heirs, executors, administrators, personal representatives, successors in interest and assigns as well.

IN WITNESS WHEREOF, said parties have executed this instrument in triplicate; if either of the undersigned is a corporation, it has caused its corporate name to be signed and its corporate seal affixed hereto by its officers duly authorized thereunto by order of its board of directors.

Donald A. Woodcock

x Jerry C. Robinson

NOTE—The sentence between the symbols ①, if not applicable, should be deleted

STATE OF OREGON,
County of Washington } ss.
June 5, 1979

Personally appeared the above named Jerry C. Robinson and acknowledged the foregoing instrument to be his voluntary act and deed.

Before me: Donald A. Wackley
(OFFICIAL SEAL)
Notary Public for Oregon
My commission expires 2/2/80

STATE OF OREGON
County of Clackamas } ss.

I, George D. Poppen, County Clerk, Ex-Officio Recorder of Conveyances, Ex-Officio Clerk of the Circuit Court of the State of Oregon, for the County of Clackamas, do hereby certify that the within instrument of writing was received for and recorded in the records of said county at

79 JUN 11 PM 2:08

WITNESS my hand and seal of office affixed

GEORGE D. POPPEN
County Clerk
By Deputy

Recording Certificate 79 24183

CDP-R4

ORS 93.635 (1) All instruments contracting to convey fee title to any real property, at a time more than 12 months from the date that the instrument is executed and the parties are bound, shall be acknowledged, in the manner provided for acknowledgment of deeds, by the conveyor of the title to be conveyed. Such instruments, or a memorandum thereof, shall be recorded by the conveyor not later than 15 days after the instrument is executed and the parties are bound thereby.

ORS 93.990(3) Violation of ORS 93.635 is punishable, upon conviction, by a fine of not more than $100.

(DESCRIPTION CONTINUED)

Together with a non-exclusive 20.00 foot ingress-egress easement, the center line of which is described as follows:

Beginning at a point on the North right of way line of Harris County Road No. 1659 from which the East line of that property as described in a Deed recorded in Book "L", page 107, Deed Records bears West 950.00 feet; thence North, parallel to the East line of the said property 1663.50 feet.

This is being re-recorded to correct the description.

FORM NO. 23 — ACKNOWLEDGMENT
EVERETT HARRIS LAW PUB. CO. PORTLAND, ORE.

STATE OF OREGON,
County of Washington } ss.

BE IT REMEMBERED, That on this 5th day of June, 1979, before me, the undersigned, a Notary Public in and for said County and State, personally appeared the within named DONALD A. WOODCOCK

known to me to be the identical individual described in and who executed the within instrument and acknowledged to me that he executed the same freely and voluntarily.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal the day and year last above written.

Linda Parker
Notary Public for Oregon.
My Commission expires 3-2-82

2

Title Data, Inc. NW POR10549 CL 79024183.002

BEFORE THE BOARD OF COUNTY COMMISSIONERS
OF CLACKAMAS COUNTY, STATE OF OREGON

In the Matter of a Conditional Use Application for BAKANA MANAGEMENT, INC.

Application: Bakana Management, Inc.
Oregon - Best Farms
20949 S. Harris Road
Oregon City, OR 97045

ORDER NO. 83-1707

File No. 100-83-C

This matter coming regularly before the Board of County Commissioners, acting as Hearings Officer, and it appearing that Bakana Management, Inc./Oregon-Best Farms made application for a conditional use on property described as T2S, R3E, Section 27B, Tax Lot 1700; T2S, R3E, Section 27B, Tax Lot 700; T2S, R3E, Section 27C, Tax Lots 1000, 1200, 1300, 1301, 1400, 1500, 1600, 1700; T2S, R3E, Section 28, Tax Lots 304 and 306, W.M., and generally located at the east end of Harris Road approximately 1/2 mile east of Gerber Road, Fischers Mill area; and

It further appearing that Planning staff, by its report dated September 8, 1983, has recommended approval of the application; and

It further appearing that pursuant to provisions of the Clackamas County Zoning and Development Ordinance, the Board of County Commissioners ordered a hearing on the above matter be held on September 14, 1983, at the hour of 9:45 a.m., in the County Courthouse Annex, 906 Main Street, Oregon City, Oregon to afford the general public an opportunity to be heard, and that a notice of said hearing was published in a newspaper of general circulation in the County more than ten (10) days prior to the date of said hearing; and

It further appearing that a hearing was held at the above-stated time and place, in which testimony and evidence were presented and a decision made thereon.

Based upon evidence and testimony presented at said hearing, this Board makes the following findings:

1. This is a request for conditional use to remodel an existing building for use as a rabbit meat processing plant on property zoned GAD, General Agricultural District.

2. This request is governed by Section 402.06 of the Clackamas County Zoning and Development Ordinance and complies with all criteria listed therein as more fully set forth in the Planning Staff Report/Recommendation to the Hearings Officer, dated September 8, 1983. A copy of this report is attached hereto, labeled Exhibit "A" and hereby incorporated by reference. The Board specifically adopts Exhibit "A" as its findings in this matter.

NOW, THEREFORE, IT IS HEREBY ORDERED that the requested conditional use is granted, subject to the five (5) conditions of approval listed on Pages 3 and 4 of the Exhibit "A."

DATED this 3 day of Oct, 1983 and entered NUNC PRO TUNC as of September 14, 1983.

Chairman Robert Schumacher

Commissioner Ralph Groener

BCC

Commissioner Dale Harlan

DEPARTMENT OF ENVIRONMENTAL SERVICES
COUNTY OF CLACKAMAS
STATE OF OREGON
PLANNING DIVISION
JOHN C. McINTYRE Director
DOMINIC T. MANCINI Planning Director

NAME: Bakana Management, Inc./Oregon-Best Farms
FILE NO.: 100-83-C
REPORT AUTHOR: Gary Naylor
HEARING DATE: September 14, 1983
REPORT DATE: September 8, 1983

PLANNING STAFF REPORT/RECOMMENDATION

TO HEARINGS OFFICER

FACTS

GENERAL INFORMATION

Applicant: Bakana Management, Inc./Oregon-Best Farms 20949 S. Harris Rd. Oregon City 97045 (631-3471)

Owner(s): Same

Proposal: Remodel existing building for use as rabbit meat processing plant.

Location: East end Harris Road approximately ½ mile east of Gerber Rd.; Fishcers Mill area.

Legal Description: T2S, R3E, Section 27B, Tax Lot 1700; T2S, R3E, Section 27B, Tax Lot 700; R3E, Section 27C, Tax Lots 1000, 1200, 1300, 1301, 1400, 1500, 1600, 1700; T2S, R3E, Section 28, Tax Lots 304 and 306, Tax Lot , W.M.

Comprehensive Plan Designation: Agricultural

Zone: GAD, General Agricultural District

RECOMMENDATION

Approval

CONCLUSIONS

Subsection 402.06 of the Clackamas County Zoning and Development Ordinance lists four criteria that must be demonstrated in order to establish a conditional use within the General Agricultural district. The Planning Division staff has reviewed this application with respect to the criteria and finds that:

1. This application complies with the appropriate subsection of Section 800 of the Zoning Ordinance. Specifically, subsection 801.03 lists the information that must be included for a complete conditional use application. This

application contains a description of the proposed use and specific reasons for the request, a vicinity map, a site plan, a building profile, and information addressing the criteria set forth under Section 1203 as required. by subsection 801.03.

2. Satisfies the criteria listed in Section 1203. Section 1203 lists five criteria that must be satisfied in order to allow and conditional use. The staff has reviewed these and finds that:

   a. The use is listed as a conditional use in the underlying zoning district. Specifically, subsection 402.06B(4) lists, "commercial activities that are exclusively used in conjunction with farm use and cannot be located in another zoning classification."

   b. The characteristics of the site are suitable for the proposed use considering size, shape, location, topography, existence of improvements and natural features. Regarding the size and shape of the property, it is more than large enough to accommodate both the processing and raising of rabbits. In fact, all the buildings that are a part of this operation already exist within a small portion of the property and there is much room for expansion. Further, the shape of the property does not restrict the operation of this proposed rabbit raising and processing facility.

      The location of the subject property is a suitable characteristic because there are many rabbit growers in the area those agricultural products could be processed at the proposed facility.

      The subject property is relatively level. There are no topographic features that render it unsuitable for the proposed use.

      As previously mentioned, the subject property is already developed with barns for the raising of rabbits and a building for their processing as well as other support facilities. The applicant needs only to remodel the building used for processing to accommodate the proposed scale of operation. These existing features make the existing property a logical site for the proposed use.

      There are no natural features that make this site unsuitable for the proposed use.

   c. The site and proposed development is timely considering the adequacy of transportation systems, public facilities and services existing or planned for the area affected by the use. Regarding the transportation system, the subject property has frontage on a gravelled public road (i.e. Harris Road intersects with Gerber Road which is a paved county road). It is the staff's judgement this existing road system can adequately accommodate the traffic generated by the proposed use.

      Regarding the public facilities and services, the applicant has applied for an existing disposal system review to determine if the present septic tank and drainfield is sufficient. If it is not sufficient, modifications will be required to make it so. Water for the proposed facility is supplied from an on-site well, and fire protection is provided by Clackamas County Fire District #54.

The fire district has been working with the applicant to insure fire flow requirements, fire alarms and fire district access are provided for.

d. The proposed use will not alter the character of the surrounding area in a manner which substantially limits, impairs, or precludes the use of surrounding property for the primary uses listed in the underlying zoning district. The subject property is within an area zoned as General Agricultural District and developed with agricultural uses to include livestock grazing, tree-farming, raising of nursery stock and row crops. As previously stated, the property is already developed with the buildings needed for the raising and processing of rabbits and, in fact, rabbits have been recently raised and processed at this site. Impacts such as traffic, noise, and visual are similar to that of other agricultural uses in the area.

e. The proposal satisfies the goals and policies of the Comprehensive Plan which apply to the proposed use. Regarding the Agricultural section of the plan, this proposal is consistent with the goals to preserve agricultural lands, maintain the agricultural economic base in Clackamas County and the State of Oregon and increase agricultural markets, income and employment by creating conditions which further the growth and expansion of agriculture and attract agriculturally related industries. It is also consistent with the accompanying policy to encourage food processing industries and services which support agriculture to locate in the county.

Regarding the Economics section of the plan, this proposal is consistent with the goal to establish a broad-based, stable and growing economy to provide employment opportunities to meet the needs of the county's residents and the accompanying policy to encourage natural resource oriented industries by encouraging food processing industries and other support services for agriculture in the rural areas.

3. The proposed use does not conflict with the purposes under subsection 402.01 which identify the goals of the Comprehensive Plan for agricultural areas. The establishment of this agricultural processing business furthers these goals.

4. The subject property is not within a Big Game Winter Range area identified on Comprehensive Plan Map III-3.

Conditions of Approval:

1. Department of Environmental Services approval of the subsurface sewage disposal system for this facility.

2. Department of Environmental Services approval of Certificate of Occupancy for this facility.

3. The fire flow, fire alarms and fire district access requirements identified by Clackamas County Fire District #54 shall be satisfied.

4. This permit is for the basic facility depicted in this application to the extent it is consistent with the conditions of approval.

5. This permit is granted subject to the conditions of approval. Non-compliance with any of those conditions would constitute a violation of this permit and could be cause for revoking this permit.

FINDINGS

ZONING ORDINANCE CONSIDERATIONS

402.01 through .06, 801.03, 1203

PLAN CONSIDERATIONS

Agriculture, pages 25, 26, 82-84; Economics, pages 143, 144

SITE DESCRIPTION

The subject property is approximately 86.63 acres in size. The property is relatively level and most of it has been cleared of timber. The westernmost portion of the property at the east end of a gravelled public road is developed with twelve rabbit raising barns, a processing building, and various support buildings.

VICINITY DATA

Surrounding Conditions: The subject property is within an area of large lots most of which are developed in agricultural uses to include the raising of livestock, tree farms, raising of nursery stock and row crops.

Service Considerations: Subsurface disposal is provided by septic tank and drainfield, water by on-site well, and fire protection by Clackamas County Fire District #54.

RESPONSES REQUESTED

1. Clackamas County Fire District #54

2. County Chief Soil Scientist

3. County Traffic Engineer

4. County Building Plans Supervisor

5. U.S. Department of Agriculture

RESPONSES RECEIVED

1. County Chief Soil Scientist: An existing disposal system review is necessary, for which application has been made. This application is being held pending notification that the applicant is ready for the review. Our response to this proposal will depend on the results of that review.

2. County Traffic Engineer: No objections.

3. County Building Plans Supervisor: Must comply with building code requirements for proposed use. Obtain Certificate of Occupancy.

4. U.S. Dept. of Agriculture: The Department of obligated to provide for the inspection of rabbits on a voluntary basis as provided by Congress.

5. Clackamas County Fire District #54: This fire district has no objection to the proposed conditional use permit and variance being issued. We encourage the use of these buildings in a productive, as opposed to vacant status. W have been working with Orbest Farms and have discussed fire flow requirements, fire alarms, and fire districts access. Orbest Farms has been most cooperative and should be allowed to continue with their improvements on this property.

EXHIBITS

1. Display Map

2. Aerial photographs

3. Site plans

THE HEARINGS OFFICER IS AN INDEPENDENT DECISION MAKER. HE WILL MAKE A DECISION BASED ON THE INFORMATION PRESENTED AT THE PUBLIC HEARING. IF YOU CANNOT ATTEND THE HEARING, PLEASE NOTIFY THE PLANNING DIVISION AS SOON AS POSSIBLE. WE WILL ADVISE THE HEARINGS OFFICER AND A POSTPONEMENT OF YOUR APPLICATION MAY BE CONSIDERED. IF YOU DO NOT ATTEND THE HEARING AND THE HEARINGS OFFICER HAS NOT BEEN ADVISED ON YOUR ABSENCE, THE APPLICATION MAY BE HEARD IN YOUR ABSENCE.

GN:elk
4/6-11

Area farmers hope for higher prices

Rabbit processing plant to open

By BILL LYNCH
Of The Register-Guard

Western Oregon rabbit growers will have a new market and a promise of higher prices with the opening in mid-November of a major slaughter and processing plant at Oregon City.

The meat packer will be Ore-Best Farms Inc., a newly formed private business. It will buy from growers throughout Western Oregon and plans to operate a pick-up station at Junction City.

The start of operations will be a breakthrough in a two-year search by Oregon growers for an in-state processor able to provide packaged, Oregon-grown rabbit meat to out-of-state West Coast markets, chiefly Los Angeles, San Francisco and Seattle. Oregon rabbits are now shipped live to these major markets because the small, existing Oregon processing plants do not meet U.S. Department of Agriculture standards for interstate shipments.

Oregon has some 600 commercial rabbit growers and an estimated 600 small-scale producers. Some 200 large and small producers are located in Lane and Benton counties.

Ore-Best will begin buying 20,000 rabbits a week with the start of operations on Nov. 14, according to plant Manager Glen Holmes of Junction City. The firm's goal is to process 70,000 rabbits weekly by the end of 1984, he says.

Growers will be assured a year-round minimum live-weight price of 63 cents a pound for fryer rabbits, weighing 4½ to 6 pounds, Holmes says. This compares with the 60-cent price currently paid by Oregon buyers who truck live rabbits to California processing plants.

Ore-Best trucks will make weekly pick-ups with stops located throughout Western Oregon as far south as Gold Hill, Holmes said. Junction City will become a major pick-up point. The truck station is scheduled to be in operation each Sunday at the Highway 99 "Y" at the north end of town.

Holmes and his wife, Bonnie, will continue to operate their 250-doe Junction City rabbitry. He will commute to the plant.

Ore-Best will become a competitor of Terraced Hill Farms Inc. of Eugene, currently ranked as the Northwest's major live rabbit shipper. Terraced Hill Farms buys about 5,000 live rabbits weekly and ships them to Los Angeles processors. No change in its operations are expected, according buyer John Long.

Ore-Best will occupy an 18,000-square-foot, remodeled egg-processing plant at Oregon City. The processing plant and related equipment involves a $1 million investment, says Executive Vice-President Charles Freschauf.

The plant will have a 200-foot-long production line and will operate much like a poultry processor. It will employ a crew of 15 for the start of operations. The plant is capable of handling up to 85,000 rabbits weekly with a crew of 35 people working on a one-shift basis, he says.

The processing system involves chilling dressed rabbits, which are then cut by hand and vacuum-packed by machine in plastic. The refrigerated vacuum-package has a 28-day shelf life and allows the company to adjust marketing activity when prices fluctuate, thus overcoming one of the shortcomings Oregon growers have faced in selling live rabbits in out-of-state markets.

The Ore-Best staff includes Lenard Parsons, director of operations, and retired veterinarian Dr. Charles Campbell, consultant. They are half-brothers and operators of a large Myrtle Creek rabbitry.

In 1981, Campbell was a leader in the formation of the Oregon Rabbit Raisers Association, a growers' cooperative. The co-op was involved in abortive efforts to finance a processing plant that it attempted to situate in Cottage Grove and Sweet Home.

Exhibit 12

N
Project Site
Bldg
Site

This permit is issued in compliance with Statewide Land Use Planning Goals and is compatible with the local comprehensive plan.

N/A Planning Dept.

Lot _____ Block _____ Subdivision _____

Location/Address 20949 S. HARRIS Rd.

Owner's Name OREBEST FARMS

Address 20949 S. HARRIS Rd

City OREGON CITY State ORE

Phone _____ Zip 97045

Installer's Name JIM HICKS

Address 18212 S. BEUTEL Rd

City OREGON CITY State ORE

Phone 656-8079 Zip 97045

NOTE: Only the property owner, contract purchaser, or a licensed installer may perform work on or related to installation of the sewage disposal system authorized under this permit.

B. GENERAL DESCRIPTION:

☐ NEW CONSTRUCTION ☒ REPAIR ☐ ALTERATION

INSTALLATION WILL SERVE: ☐ HOUSE ☐ MOBILE HOME ☒ COMMERCIAL ☐ OTHER _____

NO. OF LIVING UNITS _____ NO. OF BEDROOMS _____

WATER SUPPLY WILL BE: ☐ PUBLIC ☐ COMMUNITY ☒ PRIVATE ☐ OTHER _____

A plot plan drawn to scale on 8½" x 14" paper must be submitted with each permit and must show: Property lines and dimensions – proposed and existing structures – location of well and/or water service lines – location of septic tank and drainfield and/or sewer lines – proposed location of raindrains and method of disposal – location of driveways, patio slab, parking area and walkways – contour or ground elevation at property corners – proposed main floor and garage floor elevations – proposed setbacks from all property lines.

I certify that I am licensed under ORS 454.696 to perform work on this sewage disposal system or that I am the owner or contract purchaser of the subject property. I hereby certify that the information contained in this application is true and correct to the best of my knowledge and belief.

NOTE: A precover inspection is required and will be made within seven days of your request. This Permit expires one year from date of issuance.

SIGNATURE (Owner/Installer) Jim Hicks

DATE 9-21-83

(FOR OFFICIAL USE ONLY)

SEWAGE DISPOSAL REQUIREMENTS:

TYPE OF SYSTEM: ☒ STANDARD ☐ CAPPING FILL ☐ SAND FILTER ☐ VARIANCE ☐ OTHER _____

SEPTIC TANK CAPACITY 1500 GALLONS DRAINFIELD SERIAL ☐ DISTRIBUTION ☒

TOTAL LENGTH OF LINES 875 FEET NUMBER OF LINES 3-7 DISTANCE BETWEEN LINES 40 FEET

MAXIMUM TRENCH DEPTH 30 INCHES GROUNDWATER INTERCEPTOR DEPTH _____ INCHES

MINIMUM TRENCH DEPTH 24 INCHES

COMMENTS: Properly abandon the old septic system. Put cleanouts every 100' in effluent sewer.

Exhibit 13, Page 2

APPLICATION APPROVED

Date of Approval 9/22/83

Date Issued 9/22/83 R. Ellis

CLACKAMAS COUNTY ENVIRONMENTAL SERVICES
902 Abernethy Road, Oregon City, OR 97045

SEPTIC TANK PERMIT APPLICATION
For a Permit to Construct a New or Repair a Subsurface or Alternative Sewage Disposal System

Permit No. 30-434-83

Fee For Permit $65.00

Serial No. 112590

TO BE FILLED IN BY APPLICANT (Type or Print)

1709-83

A. REFERENCE INFORMATION:

Section 22C T 2S R 3E

Building Permit No. 5963-83

Tax Lot 1500

Zone Approval "This permit is issued in compliance with Statewide Land Use Planning Goals and is consistent with the local comprehensive plan."

Lot ____ Blk ____ Subdivision ____

Location/Address 20949 S. HARRIS RD.

N/A Planning Dept.

Owner's Name OREBEST FARMS

Installer's Name TIM HICKS

Address 20949 S. HARRIS RD

Address 10313 S. BEUTEL RD

City OREGON CITY State ORE

City OREGON CITY State ORE

Phone ____ Zip 97045

Phone 656-8079 Zip 97045

NOTE: Only the property owner, contract purchaser, or a licensed installer may perform work on or related to installation of the sewage disposal system authorized under this permit.

B. GENERAL DESCRIPTION:

☐ NEW CONSTRUCTION ☒ REPAIR ☐ ALTERATION

INSTALLATION WILL SERVE: ☐ HOUSE ☐ MOBILE HOME ☒ COMMERCIAL ☐ OTHER ____

NO. OF LIVING UNITS ____ NO. OF BEDROOMS ____

WATER SUPPLY WILL BE: ☐ PUBLIC ☐ COMMUNITY ☒ PRIVATE ☐ OTHER ____

A plot plan drawn to scale on 8½" x 14" paper must be submitted with each permit and must show: Property lines and dimensions – proposed and existing structures – location of well and/or water service lines – location of septic tank and drainfield and/or sewer lines – proposed location of rainstrains and method of disposal – location of driveways, patio slab, parking area and walkways – contour or ground elevation at property corners – proposed main floor and garage floor elevations – proposed setbacks from all property lines.

I certify that I am licensed under ORS 454.695 to perform work on this sewage disposal system or that I am the owner or contract purchaser of the subject property. I hereby certify that the information contained in this application is true and correct to the best of my knowledge and belief.

NOTE: A precover inspection is required and will be made within seven days of your request. This Permit expires one year from date of issuance.

SIGNATURE (Owner/Installer) [signature]

DATE 9-21-83

(FOR OFFICIAL USE ONLY)

SEWAGE DISPOSAL REQUIREMENTS:

TYPE OF SYSTEM: ☒ STANDARD ☐ CAPPING FILL ☐ SAND FILTER ☐ VARIANCE ☐ OTHER ____

SEPTIC TANK CAPACITY 1500 GALLONS DRAINFIELD EQUAL ____ SERIAL X DISTRIBUTION

TOTAL LENGTH OF LINES 875 FEET NUMBER OF LINES 3-7 DISTANCE BETWEEN LINES 10 FEET

MAXIMUM TRENCH DEPTH 30 INCHES GROUNDWATER INTERCEPTOR DEPTH ____ INCHES

To Be Filled In By Applicant (Print or Type)

Nearest Cross Street: Garber Road

Subdivision Name: _____ Lot: _____ Block: _____

Township: 2 Range: 3E Section: 27C Tax Lot: 1500

Lot Size: _____ (Sq. Ft.) Building Area: 4,000 (Sq. Ft.) Basement Area: — (Sq. Ft.) Garage Area: — (Sq. Ft.)

Stories: 1 Bedrooms: N A Water Source: Well Sewage Disposal: Septic

Estimated Cost of Labor and Material: 10,000 ±

Plans and Specifications made by: Owner _____ accompany this application.

Owner's Name: Ore Best, Inc Builder's Name: Owner

Address: ~~Same~~ 20949 S. Harris Rd Address: Same

X City: Oregon City State: OR City: _____ State: _____

Phone: 503 631 3471 Zip: 97045 Phone: _____ Zip: _____

I certify that I am registered under the provisions of ORS Chapter 701 and my registration is in full force and effect. I also agree to build according to the above description, accompanying plans and specifications, the State of Oregon Building Code, and to the conditions set forth below.

APPLICANT _____ HOMEBUILDER'S REGISTRATION NO. _____ DATE _____

I certify that I am exempt from the provisions of ORS Chapter 701. The basis for my exemption is _____

I agree to build according to the above description, accompanying plans and specifications, the State of Oregon Building Code, and to the conditions set forth below.

X William A Bea APPLICANT 6-23-88 DATE

SEWAGE DISPOSAL REQUIREMENTS:

Septic Tank Capacity _____ Gallons. Drainfield (Equal ____ or Serial ____) Distribution.

Total Length of Lines _____ Feet. Number of Lines _____ Distance Between Lines _____ Feet.

Comments: No waste from tenancy operation shall go in septic system. Use of land irrigation and/or trucking of waste to Tektronix or Tri-Cities treatment plant approved by DEQ (George Davis) and Tri-Cities STP

PLANNING DEPARTMENT REQUIREMENTS: 723-87-C (need final action)

ZONE: GAD

Development Construction	Sewage Disposal	Plans Checked and Approved	Planning Department Approved	Permit Issued
☐ Approved ☐ Denied	☒ Approved ☐ Denied			
By: CM	By: [illegible]	By: MSH	By: CM Green	By: [illegible]
Date: 7-11-88	Date: 7/29/88	Date: 8-1-88	Date: 6-29-88	Date: 8-1-88

DOP-Form (Rev. 1/87)

Exhibit 13, Page 4

Occupancy: B2
Type of Building: VN
Single Family:
Multi Family Inc:
Commercial: X
Industrial:
Mech.:
Other: DEMOLISH OF XTC BLDG TO CREATE TANNERY

CLACKAMAS COUNTY
DEPARTMENT OF TRANSPORTATION AND DEVELOPMENT
902 ABERNETHY ROAD, OREGON CITY, OR 97045

BUILDING PERMIT APPLICATION

Serial No.:
Plans Accepted By: Date 6/23/88
Application Received By: Date:

Permit No. 1806-88
Plan Check No. C-6058-88
Valuation:
Permit Fee 60 50
Mech. Fee NIC
State Surcharge 4 03
Plan Check Fee 52 33
Total Fee 136 85
Less Prepaid 60 00
Amount Due 76 85

Project Location (Address) 20949 S. Harris Rd, Oregon City
Nearest Cross Street Gaston Road
Subdivision Name: Lot: Block:
Township 2 Range 3E Section 27C Tax Lot 1500
Lot Size (Sq. Ft.) Building Area 4,000 (Sq. Ft.) Basement Area — (Sq. Ft.) Garage Area — (Sq. Ft.)
Stories 1 Bedrooms N A Water Source Well Sewage Disposal Septic
Estimated Cost of Labor and Material 10,000 =
Plans and Specifications made by Owner accompany this application.
Owner's Name Orc Best, Inc Builder's Name Owner
Address ~~Same~~ 20949 S. Harris Rd Address Same
X City Oregon City State OR City State
Phone 503 631 3471 Zip 97045 Phone Zip

I certify that I am registered under the provisions of ORS Chapter 701 and my registration is in full force and effect. I also agree to build according to the above description, accompanying plans and specifications, the State of Oregon Building Code, and to the conditions set forth below.

APPLICANT HOMEBUILDER'S REGISTRATION NO. DATE

I certify that I am exempt from the provisions of ORS Chapter 701. The basis for my exemption is

I agree to build according to the above description, accompanying plans and specifications, the State of Oregon Building Code, and to the conditions set forth below.

X William Obra APPLICANT 6-23-88 DATE

SEWAGE DISPOSAL REQUIREMENTS:

Septic Tank Capacity Gallons. Drainfield (Equal or Serial I Distribution.
Total Length of Lines Feet. Number of Lines Distance Between Lines Feet.
Comments: No waste from tannery operation shall go into septic system. Use of land irrigation and/or trucking of waste to Tektronix or Tri-Cities treatment plant approved by DEQ (Wayne Davis) and Tri-Cities STP

2. Are the characteristics of the site suitable for the proposed use? Why is its size, shape, location, topography, and the existence of improvements and natural features appropriate for what you are proposing?

Since there is already rabbit barns for breeding purposes (Animal Husbandry Dept.) and a meat processing plant existing on the premises, the addition of the new business (Tanning Dept.) is a natural extension of the business already in existance on the property, and can be implemented by adding this facility into one end of an existing building.

By extending our departments to include this new business, we hope to expand the usage and availiability of services to other rabbit growers in the area.

3. Is the proposed development timely, considering the adequacy of the transportation system, public facilities, and services? Explain why access, roads, sewers, water and other public services are capable of serving the proposed use?

See 2 above.
There is already some freight activity with people shipping hides to and from and would not appreciably change. To our knowledge, no public facilities would be used and no public services would be available anywhere around the property. The sewer system would not be utilized with the exception of servicing the restrooms for the people, and we have our own well to furnish all of our water needs.

4. Will the proposed use alter the character of the surrounding area in a manner which substantially limits or impairs the use of the surrounding property for the primary uses listed in the underlying district? Explain why this proposal will not adversely impact or disrupt the surrounding area?

Our proposed usage will not alter the character of the surrounding area in any form.

5. Does the proposal satisfy the goals and policies of the Comprehensive Plan which apply to the proposed use? (copy applicable goals and policies available upon request)

The goals with which we would be dealing would encompass:

1. Expanded employment to the whole area.
2. Increase revenues to the area through expanded usage of the hides.
3. Inhance the profitability of the business already in existance.

CONDITIONAL USE

CLACKAMAS COUNTY DEPARTMENT OF TRANSPORTATION AND DEVELOPMENT
PLANNING AND ECONOMIC DEVELOPMENT DIVISION
902 Abernethy Road, Oregon City, Oregon 97045
Phone: 655-8521

The following information must be submitted with all applications for Conditional Use. Applications not containing this information are incomplete and cannot be accepted.

A. Completed application form (attached)

B. Application fee $375

C. A vicinity map showing the relationship of the proposed use to the surrounding area

D. Site plan of subject property, drawn to scale, showing the following information: (see attached example)

1. Property dimensions
2. Size of property (square feet or acres)
3. Roads adjacent to property and road names
4. Access to property from nearest public, county or state road
5. Identification, location and distance from property lines of existing and proposed improvements

E. Building profile, drawn to scale, or proposed structures

F. Detailed written description of the proposed use and the specific reasons for requesting a conditional use. The description of the proposed use shall include:

1. Number of people associated with the use such as employees, students, congregation or clients.
2. Days and hours of operation
3. Buildings, vehicles, equipment and materials associated with the use

G. For specific submittal requirements see applicable portion section 800 (copy available upon request).

H. A Conditional Use requires county approval. Approval will be granted only if all of the criteria listed in subsection 1203.01 of the Clackamas County Zoning and Development Ordinance are satisfied (copy subsection available upon request), and any criteria listed in the specific zoning district are satisfied. The following questions are intended to obtain the information needed to satisfy the criteria of subsection 1203.01. Please answer each question as thoroughly as possible.

1. Where is the use listed as a conditional use in the underlying zoning district? FARM USES AS FOLLOWS:

The current employment of land, including that portion of such lands under buildings support accepting farming practices, for the purpose of obtaining profit in money by raising, harvesting and selling crops, or by the feeding, breeding, management and sale of, or produce of, livestock, poultry, fur-bearing animals or honeybees or for dairy and the sale of dairy products and any other agricultural or horticultural use animal husbandry, or any combination thereof. Farm use includes the preparation and storage of the products raised on such land for man's use and animal use and disposal by marketing or otherwise.

Commercial activities that are exclusively used in conjunction with farm use, and cannot be located in another zoning classification.

(continued on back)

provisions of the Clackamas County Comprehensive Plan for the reasons set forth in the Findings above.

BASED UPON THE ABOVE FINDINGS AND CONCLUSIONS, IT IS HEREBY ORDERED that the application be approved and that required permits issue, subject to the following conditions:

1. Department of Environmental Quality approval of a waste treatment system prior to operation of the tannery.

2. Department of Transportation and Development approval of a change of occupancy permit for the tannery.

3. Tanning operations are expressly limited to the tanning of rabbit pelts, other livestock animals whether grown on the subject property or off the subject property, and pelts or skins of fur bearing animals which have been raised commercially for the production of skins. Tanning of fur animals taken other than as a part of a commercial agricultural enterprise is expressly prohibited.

4. This permit is granted for the specific use described in the application to the extent it is consistent with the conditions of approval.

5. This permit is granted subject to the conditions of approval. Noncompliance with those conditions constitutes a violation of this permit and shall be cause for revoking this permit.

DATED this 13th day of July, 1988.

Richard L. Ast

HEARINGS OFFICER

the proposed use, and waste treatment will be met through a DEQ authorized system. The testimony reveals that there will be no odors as a result of the proposed tannery. This criteria is met.

e. "The proposal satisfies the goals and policies of the Comprehensive Plan which apply to the proposed use." The Agriculture section of the Plan states the County's goal to preserve agricultural lands, maintain the agricultural economic base in Clackamas County and the State of Oregon and increase agricultural markets and employment by creating conditions which further the growth and expansion of agriculture and attract agriculturally related industries. The proposed use is an agriculturally related industry which does not remove land from agriculture but can increase agricultural markets, income and employment. The Economics section of the plan states the County goal to establish a broad-based, stable and growing economy to provide employment opportunities to meet the needs of the County's residents and the accompanying policy to encourage natural resource oriented industries by encouraging food processing industries and other support services for agriculture in the rural areas. Again, this proposal provides additional employment opportunities within a natural resource oriented industry. This criteria is met.

4. The proposed use does not conflict with the purposes under subsection 402.01 of the Zoning and Development Ordinance. This purpose statement of the General Agricultural District is a restatement of the goals within the Agricultural section of the Comprehensive Plan. This proposal is consistent with those purposes for the reasons set forth in the Findings above.

5. The subject property is not within a Big Game Winter Range area identified on Comprehensive Plan Map III-3.

6. No other provisions or criteria of the Zoning and Development Ordinance or Comprehensive Plan have been identified as being directly applicable to this proposal.

CONCLUSIONS:

A. Based upon the testimony and exhibits contained within the file, this application is found to satisfy the criteria set forth within Sections 309, 801, and 1203 of the Clackamas County Zoning and Development Ordinance for the reasons set forth in the Findings above.

B. Based upon the testimony and exhibits in the file, this application is found to satisfy applicable

room for expansion. Further, the shape of the property does not restrict the proper operation of this proposed tanning facility within one of the existing buildings.

The location of the site is suitable since the property is developed with a commercial rabbit growing and meat processing facility.

Regarding the topography, the property is relatively level, cleared of timber, and there are large expanses of land suitable for DEQ authorized waste treatment facilities for the proposed tannery.

Again, the subject property is already developed with a number of barns used for the raising of rabbits and a rabbit meat processing plant. The applicant is requesting to remodel a portion of one of those barns to accommodate the proposed tanning operation. These existing improvements make the property a very suitable site for the proposed use.

Lastly, there are no natural features on the property that appear to have any bearing on its suitability. This site suitability criteria is met.

c. "The site and proposed development is timely, considering the adequacy of transportation systems, public facilities, and services existing or planned for the area affected by the use." Regarding the transportation system, the subject property has frontage on a graveled public road, Harris Road, approximately one-half mile east of Gerber Road, a paved county road. The proposed tannery will result in an insignificant amount of additional traffic. The existing roads have a capacity to accommodate this traffic. Further, there is good sight distance at the driveway entrance onto Harris Road and the intersection of Harris Road and Gerber Road.

Regarding public facilities and services, wastes from the tannery must be treated and disposed of in accordance with DEQ requirements. The applicant must have a DEQ approved waste treatment system prior to operation of the tannery. Conditions of approval will insure that this is accomplished. This criteria is satisfied.

d. "The proposed use will not alter the character of the surrounding area in the manner which substantially limits, impairs, or precludes the use of surrounding properties for the primary uses listed in the underlying district." The subject property is within an area zoned General Agricultural District and developed with agricultural uses to include livestock grazing, tree farming, raising of nursery stock and row crops. As previously stated, the property is already developed with the buildings needed for the raising and processing of rabbits. The proposed tannery will be within one of the existing buildings and require two employees. There will be an insignificant visual, noise and traffic impact from

the request, a vicinity map, a site plan, and information addressing the criteria set forth in Section 1203 as required by subsection 801.03. A building profile is not required as no structures will be constructed. The provisions of Section 800 are met.

3. Section 1203 of the Zoning and Development Ordinance lists five criteria that must be satisfied in order to allow a conditional use permit. They are addressed as follows:

a. "The uses listed as a conditional use in the underlying district." Subsection 402.06(B)(4) lists commercial activities that are exclusively used to conjunction with farm use and cannot be located in another zoning classification as a conditional use in the GAD zoning district. The subject property is developed with a large scale farm use, namely the raising of rabbits. These rabbits are processed at the subject property by authorization of a conditional use for a rabbit meat processing plan approved by the Board of County Commissioners in 1983. The applicant is now requesting authorization to establish a tannery primarily for the skins of these processed rabbits. The applicant is also requesting authorization for tanning skins from commercially raised livestock and fur animals grown off the subject property and for authorization to tan animal skins for hunters and taxidermists. Tanning of skins for rabbits raised on the subject property or raised on other properties, as well as the tanning of skins of commercially raised fur animals and other livestock animals raised off the subject property is an activity exclusively in conjunction with farm use. The proposed tanning of animal skins furnished by hunters and taxidermists not as a part of a commercial agricultural operation cannot be authorized as it will not be exclusively in conjunction with farm use. This proposed use cannot be located in other rural, agricultural, timber, or rural industrial zoning districts without approval of a conditional use. Therefore, this particular tannery in conjunction with commercial farm uses on the subject property cannot be reasonably located in another zoning classification. As limited, the first criteria is met.

b. "The characteristics of the site are suitable for the proposed use considering size, shape, location, topography, existence of improvements and natural features". Regarding the size and shape of the property, it is more than large enough to accommodate the raising, slaughtering, and tanning of rabbits. In fact, all the buildings that are part of this operation already exist within a small portion of the property with ample

3. Zone: GAD, General Agricultural District

4. Comprehensive Plan Designation: Agriculture

5. Site Description: The subject property is approximately 86.03 acres in size. The property is relatively level and most of it has been cleared of timber. The western most portion of the property at the east end of a graveled public road is developed with 12 rabbit raising barns, a rabbit meat processing building, and various support buildings.

B. Vicinity Information: The subject property is within an area of large lots most of which are developed in agricultural uses to include the raising of livestock, tree farms, raising of nursery stock and row crops. There are no other residences within the immediate area of the proposed use.

C. Service Considerations: Subsurface sewage disposal is provided by septic tank and drainfield, water by on-site well and fire protection by Clackamas County Fire District No. 54. The Clackamas County chief soil scientist reported that waste from the tannery must be treated and disposed of in accordance with state law. This matter falls within the jurisdiction of the Department of Environmental Quality. Conditions of approval will require a suitable waste treatment system approved by DEQ.

D. Land Use Ordinance Considerations:

1. Subsection 402.06 (A) of the Clackamas County Zoning and Development Ordinance states that conditional uses may be established in the General Agricultural District when the proposed use:

(1) complies with the appropriate subsection of Section 800;

(2) satisfies the criteria listed in Section 1203;

(3) does not conflict with the purposes under subsection 402.01; and

(4) either will not seriously interfere with the preservation of Big Game Winter Range Areas identified on Comprehensive Plan Map III-3 or can be adequately mitigated.

2. This application complies with the appropriate subsection of Section 800 of the Zoning and Development Ordinance. Specifically, subsection 801.03 lists the information that must be included for a complete conditional use application. This application contains a description of the proposed use and specific reasons for

055-0521

723-87-C

- ☐ Zone Change
- ☐ Non-Farm Use
- ☐ Expansion of Non-Conforming Use
- ☐ Greenway Conditional Use
- ☐ Unzoned Area Development Permit
- ☐ Extraordinary Exception
- ☐ Other
- ☑ Conditional Use
- ☐ Variance
- ☐ Transitional Use
- ☐ Temporary Permit
- ☐ Flood Hazard Permit
- ☐ _____
- ☐ _____

FOR STAFF USE
Pre-application conf. date: _____
File No.: 723-87 Recpt. No. T
Date Received: 5-13-88 Fee: 395.00
Hearing Date: 6-22-88
Staff Member: G.J.
Comp. Plan: AG
Present Zone: G-AD
CPO _____ Date Not.: _____

Request Summary: To add a Tannery to Rabbit Processing

Name of Applicant: ORE-BEST, INC.

Mailing Address: 20949 S. Harris Road City Oregon City State OR Zip 97045

Site Address: Same Office Phone: (503) 631-3471

Applicant is: ☐ Legal Owner ☒ Contract Buyer ☐ Option Holder ☐ Agent Home Phone: Same

Legal Description: Sec. 27C, T. 2, R. 3E, Tax Lot 1500; Total Land Area: + 85 (includes adjoining property)
1600, 1700, 1400, 1300, 1301, 1500, 1603

List other contiguous property under your ownership: 2-3E-28-304, 3-06, 2-3E-27B-700

List pending County permits: (e.g. building permits, septic tank permits, zoning permits, etc.) None (proposed electrical and plumbing)
100-83-C

1. Proposed use(s), sequence of construction, anticipated timetable for project, and specific reason for the request.

Remodel 50 feet of South end of Barn #12 and install equipment suitable for use to tan skins. Primary skins to be tanned will be from ORE-BEST's operation of 'Rex' breeding animals. ORE-BEST wishes to make the Tannery available to other Rex rabbit growers as well as other animal hides. Will be starting remodeling now with completion in 30 days.

2. Present use of this property: Unoccupied barn - Previous owner used for poultry.

3. Method of sewage disposal: Waste water discharge to cistern and re-used to clean rabbit barns. Water supply: Well

4. Has County Soils Department approved this request? ☐ Yes ☐ No ☒ Not consulted

5. Total employees and/or occupants: Present: -0- Proposed: 2 (5 or 6 in 2 years)

I hereby certify the statements contained herein, along with the evidence submitted, are in all respects true and correct to the best of my knowledge and belief.

OTHER PERSONS WHO WISH NOTIFICATION: Notice 5/31/88

ORE-BEST, INC.
Name

1630 North Main Street - Suite 366
Address

Walnut Creek, CA 94596
Name

Address

x [signature]
Applicant's Signature

5/12/88
Date

Legal Owner's Signature if applicant is agent

CCP PL 10

RICHARD F. CRIST
Land Use Hearings Officer
18734 Upper Midhill Drive
West Linn, Oregon 97068
(503) 636-9256

FINDINGS AND DECISION OF THE HEARINGS OFFICER

File No.: 723-87-C

Applicant: ORE-BEST, Inc.
20949 S. Harris Rd., Oregon City, OR 97045

Proposal: To remodel part of one existing building for use as a tannery.

Planning Division Recommendation: Approval, subject to conditions.

Staff Representative: Gary Naylor

Public Hearing: A public hearing was held in Conference Room D, Clackamas County Department of Transportation and Development, 902 Abernethy Road, Oregon City, Oregon, on June 22, 1988 at 9:45 a.m., at which time the matter was continued for further public hearing until June 29, 1988 at 10:30 a.m. at the same location. On June 29, 1988 at 10:30 a.m. at the Department of Transportation and Development, a further public hearing was held and an oral decision was announced.

Speaking in Support of Request:
1. William Ball, 1630 N. Main St., Suite 366, Walnut Creek, California 94596

Community Planning Organization Response: The Carver-Redland Community Planning organization is inactive and did not respond.

Speaking in Opposition to Request: None.

FINDINGS:

A. Subject Property:

1. Legal Description: Tax Lot 1500, Section 27C, T2S, R3E, W.M., Clackamas County, OR.

2. Location: At the east end of Harris Road, approximately one-half mile east of Gerber Road, Fischers Mill area.

655-8521

CLACKAMAS COUNTY PLANNING DIVISION

902 Abernethy Road Oregon City, OR 97045

655-8521

☐ Zone Change
☐ Non-Farm Use
☐ Expansion of Non-Conforming Use
☐ Greenway Conditional Use
☐ Unzoned Area Development Permit
☐ Extraordinary Exception
☐ Other

☑ Conditional Use
☐ Variance
☐ Transitional Use
☐ Temporary Permit
☐ Flood Hazard Permit
☐
☐

FOR STAFF USE
Pre application conf date
File No 723-81 Recpt No
Date Received Fee 375.00
Hearing Date
Staff Member
Comp Plan AG
Present Zone G-AD
CPO Date Not

Request Summary To add a Tannery to Rabbit Processing

Name of Applicant: ORE-BEST, INC.

Mailing Address: 20949 S. Harris Road City Oregon City State OR Zip 97045

Site Address: Same Office Phone (503) 631-3471

Applicant is ☐ Legal Owner ☒ Contract Buyer ☐ Option Holder ☐ Agent Home Phone Same

Legal Description Sec 27C T 2 R 3E Tax Lot (1500) Total Land Area + 85 (includes adjoining property)
1600, 1700, 1900, 1300, 1301, 1300, 1003

List other contiguous property under your ownership 2-3E-27-324, 326, 42-3E-27A-300

List pending County permits (e.g. building permits, septic tank permits, zoning permits, etc.) None (proposed electrical and plumbing)
100-83 C

1 Proposed use(s), sequence of construction, anticipated timetable for project, and specific reason for the request

Remodel 50 feet of South end of Barn #12 and install equipment suitable for use to tan skins. Primary skins to be tanned will be from ORE-BEST's operation of 'Rex' breeding animals. ORE-BEST wishes to make the Tannery available to other Rex rabbit growers as well as other animal hides. Will be starting remodeling now with completion in 30 days.

2 Present use of this property Unoccupied barn - Previous owner used for poultry.

3 Method of sewage disposal Waste water discharge to cistern and re-used to clean rabbit barns. Water supply Well

4 Has County Soils Department approved this request? ☐ Yes ☐ No ☒ Not consulted

5 Total employees and/or occupants Present -0- Proposed 2 (5 or 6 in 2 years)

I hereby certify the statements contained herein, along with the evidence submitted, are in all respects true and correct to the best of my knowledge and belief

OTHER PERSONS WHO WISH NOTIFICATION

ORE-BEST, INC.
Name

1630 North Main Street - Suite 366
Address

Walnut Creek, CA 94596
Name

Address

Applicant's Signature

5/12/83
Date

Legal Owner's Signature if applicant is agent

CCP PL 18

F&G Capital

- Request for Financing -

Ore-Best Farms Property, Oregon City, Oregon

Property and Financing Description and Management Summary

Property Description

F&G Capital, dba for SSDD, Inc., an Oregon corporation, owns the property know as Ore-Best Farms, consisting of approx. 89.5 acres, plus improvements and equipment. The property is located at 20949 South Harris Road, just outside Oregon City, in Clackamas County, Oregon. Improvements include:

- 12 large barns, thoroughly improved for the purpose of small animal husbandry and breeding, total of 100,000 sq. ft.
- one two-story building including a USDA approved meat processing plant and executive offices.
- one single family home with detached 2 car garage, over 3,000 sq. ft.
- meat processing equipment, tannery facilities and misc. other equipment.

The present zoning is AG-2 under Clackamas County zoning ordinances. The land can be divided upon approval by the County Planning Department and the land use is in conformity with the general character of the neighborhood.

The property is located 30 minutes from downtown Portland, and convenient to Interstate 5, other major transportation corridors, the deep water shipping Port of Portland, as well as Portland International Airport.

Property Lease

F&G Capital will lease to Ultima International Corporation (UIC) the real property and improvements for a term of 60 months. The trade name for Ultima International Corporation is "Ore-Best Farms."

Current Property Financing

There is a first mortgage note held against part of the property, know as "Property #1," in the amount of $369,822, due and payable April 1, 1991, with interest at 12% through December 31, 1991 and 14% thereafter until paid in full. The note is secured by a deed of trust. Limited extensions on this note may be possible.

There is a first mortgage note held against the balance of the Ore-Best Farms property, know as "Property #2," in the amount of $290,000, due and payable December 31, 1991, with interest at 14% until paid in full. The note is secured by a deed of trust. Limited extensions on this note may also be possible.

Equipment was acquired through a sale/lease-back for a note which will be reduced proportionately as F&G advances operating funds in the total amount of $220,000 to UIC.

The combined Ore-Best Farms properties, (improvements and equipment to be operated for the production of rabbit meat and pelts,) were appraised in January, 1990 for a value of over $3 million. A more current appraisal has been ordered.

Proposed Capital Formation

Temporary Financing. Prior to December 31, 1990, short-term financing in the amount of $1,239,822 has been arranged or is proposed as follows:

1. $369,822 -- a first mortgage note against Property #1, due and payable April 1, 1991, with interest at 12% through December 31, 1990 and at 14% thereafter until paid in full.

2. $290,000 -- a first mortgage note against Property #2, due and payable December 31, 1991, with interest at 14% until paid in full.

3. $200,000 -- equity investment by F&G Capital or by a shareholder.

4. $80,000 -- promissory note, due and payable December 31, 1992, with interest at 12%, convertible, at holder's sole option, into a secured participating note with an additional 3 year term.

5. $300,000 -- promissory note, due and payable December 31, 1991, with interest at a rate to be negotiated.

Noteholders from categories 4 and 5 above will be secured as a class with a Deed of Trust in an immediately junior position to the first mortgage notes. (Second Deed of Trust). Within the body of the Second Deed of Trust would be the following or similar language:

> "... for the purpose of securing payment of the indebtedness of Trustor in the total principal amount of Five Hundred Sixty Thousand Dollars ($560,000) evidenced by

a series of secured notes in the forms attached hereto as Exhibit "A", including any and all extensions or renewals thereof..."

Permanent Financing. Prior to December 31, 1991 permanent financing in the amount of $1,380,000 is proposed as follows:

1. $200,000 -- equity investment by F&G Capital or a shareholder.

2. $80,000 -- promissory note, originally due and payable December 31, 1992, converted, at holder's sole option, into a secured participating note with an additional 3 year term.

3. $1,100,000 -- some combination of institutional first mortgage (at prevailing rates and terms for rural property with an operating agricultural business), and one, or a series of, secured participating notes with a 4 year term, current yield of 12% plus "equity participation."

   Any remaining balances for noteholders in categories 1, 4 and 5 under "Temporary Financing" will be paid in full from the proceeds of these sources.

Failure or Default Contingency

In the event F&G Capital is unable to arrange for long-term financing, or in the event UIC defaults on the lease, F&G Capital intends to sell the property in an orderly manner for cash. Initial sale proceeds will be paid to secured noteholders according to the terms of said notes. F&G Capital believes that the value of the property, improvements and equipment will substantially exceed total property indebtedness.

Management

In order to closely monitor UIC's business plan implementation, the principals of F&G Capital, Greig and Forsyth, will occupy positions on an operational level with the property lessee, UIC. Specifically, Gregor Greig will serve as an officer of UIC and as a key member of a three-person management team. This team will execute the business plan of UIC as set by the Board of Directors and will also make regular reports to F&G Capital. Both Greig and Forsyth will serve as members of the UIC Board of Directors. Forsyth will have limited power to veto any expenditures of funds provided by F&G Capital, and/or to declare that F&G Capital is assuming management control of UIC, in the event that agreed-to targets or benchmarks fall below a cumulative 15%, or if management makes unauthorized departures from the business plan.

Gregor R. Greig, Chairman. Mr. Greig, 46, is principal of The Macgregor Group, a management consulting and financial advisory firm located in Walnut Creek, California.

Mr. Greig has over twenty years of general management experience working with Fortune 100 companies, both domestically and internationally. His areas of expertise include marketing, finance, data processing, construction and engineering.

As president of Media Generalists Productions for ten years, he bore responsibility for operations and administration of the West Coast's leading communications design firm. His expertise in modern management techniques and computer technology were further developed during work for Micro Business Associates, where as vice president, he secured venture capital financing for and managed the start up of the new technology company. At the Macgregor Group, he provides management consulting and technology services to a diverse range of corporate and individual business clientele.

Mr. Greig was educated at Oregon State University and San Francisco State University in business and engineering, and holds his Certified Financial Planner designation from the College for Financial Planning, Denver, Colorado. He is licensed in tax, real estate, insurance, and securities, and is a member of the Boards of Directors of several organizations, including the Children's Hospital Development Foundation, and the Estate Planning Council. He is past President and Chairman of the Board of the International Association for Financial Planning, East Bay Chapter.

Mark D. Forsyth, President. Mr. Forsyth, 34, is principal and owner of Forsyth Capital Management, a finance and investment banking firm, and is president and co-owner of Balboa Capital Corporation, an NASD broker dealer, located in Walnut Creek, California.

Mr. Forsyth has served in the investment and investment banking industries for over 13 years and has raised over $100 million for various ventures. He has formerly held positions as vice president of Bayside Land & Development Co., a division of Bayside Capital Co., regional vice president for Prometheus Development Company and regional marketing vice president for Johnstown/Consolidated Capital. Before joining Consolidated Capital, Mr. Forsyth performed due diligence and marketing for the Direct Investments Department of Sutro & Co. Inc. He began his career with the New York Stock Exchange firm of Foster & Marshall, Inc.

Mr. Forsyth studied Financial Planning and Business Finance at Brigham Young University and graduated from the University of Phoenix with a degree in Business Administration. He received the Certified Financial Planner designation from the College for Financial Planning. Mr. Forsyth is a Registered Principal with the National Association of Securities Dealers, and is currently Chairman of the Board of the International Association for Financial Planning, East Bay Chapter.

F&G Capital

- Request for Financing -

Ore-Best Farms Property, Oregon City, Oregon

Property Description and Business Plan Summary

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COPY NO. _____

FOR THE EXCLUSIVE USE OF: _____

F&G Capital

- Request for Financing -

Ore-Best Farms Property, Oregon City, Oregon

Property Description and Business Plan Summary

***** CONFIDENTIAL *****

This is a request for debt financing and is for the exclusive use and information of an individual or institution considering the collateralized debt financing of certain properties discussed herein. This is not, and should not be construed as, an offer to sell, or a solicitation of an offer to buy, any security.

Financial Forecasts

F&G Capital

F&G Capital
Forecast of Sources and Uses of Funds
For the Period Sep 1, 1990 to Dec 31, 1995

Sources of Funds		Fis. Year Ending 1991	Fis. Year Ending 1992	Fis. Year Ending 1993	Fis. Year Ending 1994	Fis. Year Ending 1995	Total
Equity Capital Contributions		$200,000	0	0	0	0	$200,000
Forsyth & Greig Equity		101,000	0	0	0	0	$101,000
Secured Participating Notes		710,000	0	0	0	0	710,000
First Mortgage - Property 2		210,000	0	0	0	0	210,000
Lease Payments From UIC *		207,570	180,098	192,308	204,518	216,728	793,650
Interest Income		11,015	4,800	5,184	5,599	6,047	
Royalty Payments From UIC		0	0	0	0	875,000	875,000
Property Re-purchase by UIC		0	0	0	0	1,787,666	1,787,666
Total Sources of Funds		$1,439,585	$184,898	$197,492	$210,116	$2,885,440	$4,677,316
Application of Funds							
Property #1 Payments (M. Day)		$393,305	0	0	0	0	$393,305
Property #2 Aquisition (DVA)		290,000	0	0	0	0	290,000
Operating Advances		220,000	0	0	0	0	220,000
Investment Banking Expense		244,200	0	0	0	0	244,200
* * * Deferred		(50,000)	0	0	0	0	(50,000)
Payment on UIC Note		59,795	0	0	0	0	59,795
Mortgage Payments Property #2		27,300	27,040	27,040	27,040	27,040	135,459
Mortgage Balance Payment (DVA)		0	0	0	0	204,934	204,934
Interest on Participating Notes		44,750	85,200	85,200	85,200	85,200	385,550
Bonus on Participating Notes		0	0	0	0	262,500	262,500
Principle on Participating Notes		0	0	0	0	710,000	710,000
Capital Reserve Additions		60,000	0	0	0	0	60,000
Accounting & Escrow *		3,000	3,150	3,308	3,473	3,647	16,577
Legal Fees *		2,000	300	315	331	347	3,293
Travel Expense *		1,400	1,470	1,544	1,621	1,702	7,736
General & Administrative *		4,000	4,200	4,410	4,631	4,862	22,103
Asset Management Fee		12,210	12,210	12,210	12,210	12,210	48,840
SSDD Acquisition Fees		1,000	0	0	0	0	1,000
Bonus Payment To Equity Holders		0	0	0	0	612,500	612,500
Total Application of Funds		$1,312,960	$133,570	$134,026	$134,504	$1,924,941	$3,640,000
Available for Distribution		$126,625	$51,328	$63,466	$75,612	$960,500	
Cumulative Reserves **		$60,000	$64,800	$69,984	$75,583	$81,629	
Investor Shareholder Distributions		$82,306	$33,363	$41,253	$49,148	$1,040,154	$1,246,224
Annual Return on Investment		20.07%	8.14%	10.06%	11.99%	253.70%	303.96%
5 Year IRR	39.52%						
Founder Shareholder Distributions		$44,319	$17,965	$22,213	$26,464	$230,275	$341,236
Total Note Holder Distributions		$44,750	$85,200	$85,200	$85,200	$1,441,900	$1,742,250
Annual Return on Investment		12.00%	12.00%	12.00%	12.00%	203.08%	245.39%
5 Year IRR	22.11%						

ASSUMPTIONS		
Yr 1 lease as % of Cap. Contr.		13.00%
Total Capital Contribution		$1,221,000
Interest Rate on Notes		12.00%
Bonus Interest as % of Royalty		30.00%
Bonus Interest as % of Final Dist.		40.00%

Mortgage Interest Rate	12.50%
Mortgage Terms (Years)	30
Fndr Stock as % of Total	35.00%
Asset Man. Fee	1.00%

ALLOCATION OF SHARES		
EQUITY HOLDERS		10,000,000
NOTEHOLDERS		5,000,000
FUNDRAISING		40,000,000
FORSYTH		10,000,000
GREIG		10,000,000

PRICE PER SHARE	$0.02
UIC BONUS ROYALTY	$875,000

Business Plan

Ultima International Corporation

BUSINESS PLAN

OF

ULTIMA INTERNATIONAL

CORPORATION

November 15, 1990

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STRATEGIC OVERVIEW

Ultima International Corporation (UIC) is a publicly traded company whose business is the raising and processing of rabbits for their meat, fur and other by-products. The Company's five year mission is to become the leader in the meat rabbit industry through carefully managed growth, effective marketing and quality control.

UIC operates an 85 acre ranch located in Oregon City, Clackamas County, Oregon. The ranch facilities include the largest modern USDA rabbit processing plant on the West Coast and over 100,000 square feet of barns for animal husbandry. This vertically integrated facility assures low cost production and allows for substantial growth with minimum additional capital expenditure.

UIC does business under the trade name "ORE-BEST FARMS" and has developed a local market presence in the Portland metropolitan area where its meat products are sold in local supermarket chains.

Operations to this point have been concentrated on the production of the Rex breed of rabbit and the marketing of products derived from the Rex animal. The Rex breed boasts an extraordinarily attractive, quality fur. While the Rex is grown principally for its fur, there is also commercial value in the meat and other by-products.

Sole focus on the Rex breed has not been successful for UIC, primarily because of the high costs associated with caring for the breed, combined with a declining market for high-grade fur. Similarly, many other Rex producers nationwide have been unsuccessful in recent years.

Over the past year, UIC has carefully evaluated its future operations. During the same period that the fur market has declined, the consumer demand for healthful, organically grown food products has been growing dramatically. The poultry industry for example, has experienced notable growth during the 80's primarily because poultry is 20% lower in cholesterol than beef.

Rabbit is a meat well suited to today's health conscious consumer. It is 68% lower in fat and 42% lower in cholesterol than beef. In fact, when compared to chicken, turkey, beef, pork and some fish, rabbit is:

-higher in protein,
-lower in fat and cholesterol,
-and has fewer calories per serving.

There are presently several hundred economically successful meat rabbit ranching operations nationwide raising the California, New Zealand and Florida White breeds. These producers, most very small in capacity, supply a growing market for rabbit meat in the restaurant, food-service and retail grocery businesses. In addition, a number of growers supply laboratory animals for medical and animal husbandry research.

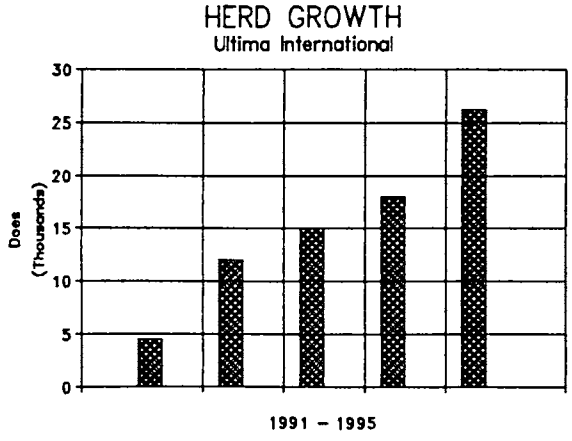
UIC has decided to direct its future operations toward developing a large meat rabbit herd, consisting of 15,000 or more does and 1,600 bucks. This will be among the largest herds in the United States. A limited amount of upscale fur products will continue to be marketed under the trade name of Ultima Rex Furs, while the primary businesses, the meat processing plant and animal husbandry, will be operated under the trade name of Ore-Best Farms.

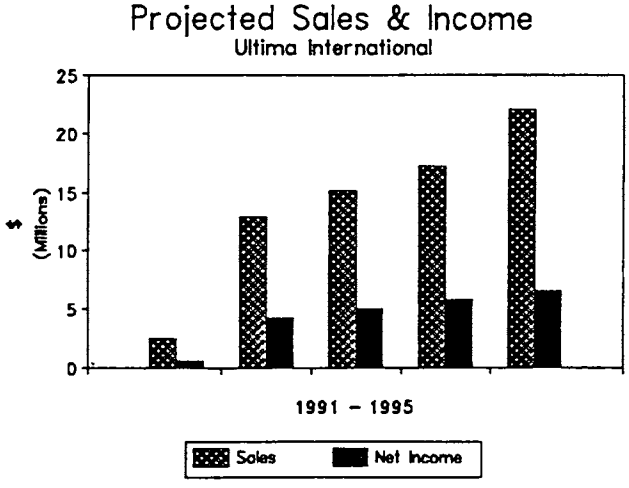
The processed rabbit will be marketed as a nutritious and healthful meat, but income will be generated from virtually every part of the animal. By-products of the meat processing operation will be sold, increasing revenues. Blood and glands are synthesized for use in pharmaceutical products, and brains are used for manufacturing anti-coagulants. UIC will also sell fertilizer and potting soil produced from manure compost.

In addition to the production and sale of its own meat products, the Company will use excess plant capacity to process and sell rabbits purchased from local growers. This will allow full utilization of the plant's capacity from the earliest date possible.

Enticing cuts of meat in newly developed packaging, patterned after the chicken industry's success in boneless/skinless cuts, will be distributed to grocery store chains throughout the Western United States. Special dietary products for local hospitals and institutions are also being developed as a part of the meat marketing plan. Research is being conducted to expand this dietary product nationwide.

In order to assure the highest standards of quality and efficiency, the Company will implement an advanced quality control program based on W. Edwards Demmings philosophy of constant quality improvement. In this regard, the Company has developed a computerized program for genetically controlled breeding. Animals are cross-referenced as to date of birth, lineage, mating history and history of offspring, allowing the Company to maximize the quality and value of the herd by selecting the best genetic pools from which to breed.





This operating plan is currently being implemented, with additional meat rabbit breeding stock acquisitions beginning in November, 1990. Other main components of the plan will be phased in over a 15 to 18 month period, beginning in January, 1991.

Funds to implement the business plan will come through a $1.2 million sale/lease-back transaction executed by F&G Capital. A key ingredient of the F&G Capital sale/lease-back arrangement are terms which allows UIC to re-acquire all leased assets within five years.

PROFIT CENTERS

The current profit centers are animal husbandry, meat processing, by-products, and fur pelts and manufactured products. The Company is beginning development of a fertilizer plant and a feed plant. These latter two are described for planning purposes, however, no sales projections are made.

• I. ANIMAL HUSBANDRY

The present 3,500 animal Rex herd will be reduced to less than one-third of its current size. Simultaneously, UIC has undertaken an acquisition program of high quality meat rabbit breeding stock. Eventually, the meat herd is projected to grow to over 15,000 does in production.

Selective breeding is being employed to improve the quality of the herd from the earliest stage. UIC will only breed back about twenty-five percent (25%) of current breeding stock. This will allow the Company to receive additional revenue from sales of animals not used in the breeding program, while at the same time limiting the need for additional barns and cages during the first 18 months of operation.

A proprietary computer program has been developed by UIC to collect information from all phases of the operation. This data is used to generate operational history and summary reports on all functions. The program tracks the genetic development of each rabbit, documenting quality, health, and other statistics. It also schedules work tasks to be performed. This assists efficiency tremendously and allows the possible achievement of UIC's objective of 50,000 rabbits available for harvest each month, by mid-1993. The data base will also be used to distribute knowledge and information to other growers who choose to participate in UIC's satellite grower program.

By the end of 1991 the Company will begin expanding its animal husbandry facilities by building additional barns. These new high efficiency buildings will serve as a prototype for UIC's future growth as well as a marketable design for other ranchers who desire to enter the meat rabbit business under the Company's satellite program. This new program allows independent growers to acquire breeding stock from the Company along with competent technical assistance. Additionally, this program will enhance the available supply of rabbits for UIC's processing plant, and provide a growing market for breeding stock, cages and cage design, barn design, genetic documentation, feed stock, and technical information sales.

Since the Company's formation, UIC has worked closely with the Extension Service of Oregon State University. UIC has relied heavily on the advice of the Extension Service's veterinarians and food scientists, particularly in the fields of genetics, nutrition, breeding, husbandry, and finished products. In the future the Company intends to continue to rely upon the advice of the Extension Service with regard to such matters.

• II. PROCESSING PLANT

Consumer consumption of rabbit meat in the United States has lagged behind per capita consumption in Europe and Asia where rabbit is a regular dietary fare. With the recent health and fitness trend, Americans are beginning to discover rabbit as an alternative to red meat. It is also an excellent supplement for low calorie/low cholesterol diets. The meat is delicious and succeeds in all nutritional comparisons. The comparisons below demonstrate rabbit's advantage over other meat products.

HIGHEST IN PROTEIN		LOWEST IN FAT
Rabbit.....	25.5%	10.2 %
Chicken.....	21.5%	11.0%
Beef.....	19.0%	28.0%
Pork.....	13.3%	45.0%

LOWEST IN CHOLESTEROL		FEWEST CALORIES (8 oz. serving)
Rabbit.....	135mg	397.5
Chicken.....	220mg	405.0
Beef.....	230mg	720.0
Pork.....	230mg	1,025.0

The poultry industry experienced extraordinary growth when it began advertising the fact that chicken was 20% lower in cholesterol than beef. Rabbit is 42% lower than beef!

When rabbit is compared to chicken, specifically boned, skinless breasts having a retail price between $3.50 and $5.45 per pound, consumer prices are very competitive. Rabbit also has the nutritional advantage. To compete effectively, packaging has been designed which attracts the attention of the consumer while using familiar labeling of cuts, i.e. "tenderloins," "breasts," and "ground." At the same time, the packaging educates the shopper to the nutritional merits of rabbit and provides recipes for preparation.

As the supply of fryers from Ore-Best's own herd develops, the plant operations will be expanded during 1991 to five days per week. Sales volume by the end of 1991 is expected to exceed $500,000 per month.

Meat distributors who have worked with the Company in the past are anxious to assist in marketing efforts. Advertising on a co-op basis, consisting of a discount per pound to be applied towards advertising, is planned with the distributors and chain stores. Additional distributors will be utilized to expand products throughout the Western States as capacity increases and local markets become saturated.

Meat products include filet and loin cuts, ground meat, rabbit "nuggets," and smoked product. Savory sausage products is also under development.

Contributing to the success of the processing facility will be an Ore-Best/Rabbit Satellite Growers Co-op program. This program will pay the growers a higher price per pound for their rabbits while allowing the Company to defer the cost of live animals until the meat is marketed and sold. This program will be expanded as demand dictates.

A campaign to have Oregon's standard for meat inspection raised to that of the State of California's will be continued. The purpose of this campaign is to allow the Company to ship across state lines without having to pay the cost of USDA inspection. This would save approximately $.25 per lb.

An additional method of reducing the USDA cost is also being promoted. Currently, USDA inspection of rabbit meat is voluntary and the responsibility of the processor -- such as Ore-Best Farms. Should the state or federal government make the inspection of rabbit mandatory, the processor would no longer be required to pay the costs for inspection. The Company is formally requesting such a change with the USDA.

Obviously, the reduction in cost of the USDA inspection would allow the sale of rabbit meat to become even more competitive with other inspected meats.

• III. BY-PRODUCTS

By-products of the food processing operation are sold to other industries. The blood and glands are synthesized for use in pharmaceutical products. Brains are used for manufacturing anti-coagulants. For this purpose, pharmaceutical companies set up their own equipment and adequately staff the processing plant to gather the blood, tissue, lungs, and other items. By-products from the plant's bone extractor are supplied as a food supplement to several fox and cougar natural feeding ranges. Hence, virtually every part of the rabbit is utilized.

There are many medical and laboratory uses for other by-products, including, but not limited to, the following:

adipose	adrenal glands
bladders	blood and blood sera
bone and bone marrow	brains
bronchi	choroid plexus
ears	embryos
esophagus	eyes
nerves	parathyroid glands
pineal glands	pituitary

Commercial prices for such products are currently as follows:

Whole blood, non-sterile	$ 30.00 per liter
Whole blood, aseptically collected	250.00 per liter
Plasma, non-sterile	72.00 per liter
Serum, sterile, hemolyzed	132.00 per liter
Brain acetone powder	18.00 per 10 grams
Acid acetone brain extract	105.00 per 100 ml (cc)
Freeze dried powdered lung tissue	25.00 per 25 grams
Whole eye	25.00 per lot of 50

As an economic illustration, a five pound rabbit should have 400 ml (cc) of blood. If even half of this is collected aseptically and converted into 100 ml of non-hemolyzed serum, the blood from a single animal would bring $13.20 at the above prices. In addition, a 100 gram brain should give not less than 10 grams of acetone powder, worth $18.00. Nonetheless, limited efficiencies are not likely to allow full achievement of by-product revenue. Also, the market may not be large enough to absorb the entire pharmaceutical product potential of all animals. A conservative figure of $0.70 per animal has been used in preparing this plan.

• IV. FERTILIZER PLANT

An additional by-product of the operation is manure. At full production, a 15,000 doe farm should produce approximately 7 tons of dried manure per day. UIC has designed a system that will collect the droppings in a manner similar to a continuous flow production line. Because the pellets are of low moisture content, they can be conveyed from a collection device, passed briefly through a small oven, and immediately bagged for market. As the satellite program unfolds, collection systems may be installed at other growers' facilities as well.

The manure produced from a rabbit operation is extremely high in nitrogen. It is known as a "cold fertilizer" because, unlike chicken and turkey manures, it will not burn plants or shrubs. It is composed of 92.19% organic material which blends well with and enhances all types of soils. Tests conducted by horticulturists have shown remarkable results producing greater plant growth and higher crop yields.

• V. FEED PLANT

The rabbit industry is in need of a more consistent source of feed stock. Rabbit ranchers have experienced some problems in the past from unreliable feed supplies. In addition, fluctuation of commodity prices has been problematic, ranging from $140 per ton to over $250 per ton, over the last five years. Therefore, as a risk mitigation measure, as well as a profit center, UIC will build a feed plant facility to supply itself and other growers with such high protein feeds such as spirolena, alfalfa, and soy. The facility will incorporate

hydroponic techniques accelerating growing cycles to 7 days from seed to harvest. At harvest, the feed is dried, pelletized, and bagged for shipment.

The purpose for supplying other growers with a reliable source of feed stock extends beyond additional profit. UIC intends to be a true leader in the industry. By being a stable, quality feed supplier, as well as a provider for breeding stock, services, and technical information, the Company can develop loyalty and lasting relationships with its satellite growers. This insures a consistent supply of rabbits for production which maximizes plant and labor efficiency and serves to increase profits for UIC's shareholders.

• VI. REX RABBITRY / FUR PELT SALES

In 1975, fur garment industry sales were $525 million in the United States. The industry experienced a tremendous growth cycle and annual sales rose to $1.8 billion by 1986. However, in the past four years, the fur market has leveled, climbing less than 1% per year. Market analysis has determined that unit volumes have steadily increased while unit prices have decreased. There are several factors affecting these changes.

Pressure from environmental groups has resulted in anti-trapping legislation and endangered species acts world-wide. These groups also desire to eliminate the ranch raising of animals for "fur use only." This has had an impact on the fur industry, reducing unit sales of the exotic species of garments. Market emphasis has shifted to a "bridge" fur garment, a lower-cost product utilizing ranch-raised fur such as Rex rabbit fur.

The Rex rabbit has not been an issue with environmental groups because it is a highly utilitarian animal. It produces meat products, fur pelts, base materials for pharmaceutical products, fertilizer, and diet supplements for other animals. The fur is extremely plush and non-shedding. Its superior quality allows it to be used as a replacement for many other quality furs. High grade Rex Rabbit pelts are currently selling at prices ranging from $14.00 to $20.00 per pelt.

The Rex rabbit emerged as a breed in France about 70 years ago, the result of a chance mutation. Its most distinctive feature is that it bears true fur, not hair, and grows 14 to 17 strands of hair per follicle while other rabbit breeds produce 3 to 5 strands per follicle. The fur is extremely dense, silky in texture, and can be reproduced in many natural colors, some of which imitate mink, silver fox, seal and chinchilla. A Rex fur garment is durable, light weight, warm and inexpensive.

Over the last several years, UIC has established relationships with several fur manufacturers and distributors as outlets for the Rex pelts and products. These relationships will be continued, but the fur business will be carefully monitored to avoid excessive risk.

INDUSTRY DATA

Rabbit is viewed as an emerging livestock species. Rabbit production, as a primary agricultural business, is relatively small throughout most of the world. But, due to the healthful nature of the meat and uses for by-products, rabbit production may become an increasingly important agricultural business in the future.

Rabbit production is most developed in Western European countries such as France, Italy and Spain, which have long traditions of consuming rabbit meat as normal dietary fare. Rabbits are raised in comparatively large numbers in China, the largest exporter of rabbit meat, and in Hungary, which operates the world's largest rabbitries.

Rabbit has a number of attributes which could lead to increasing consumption in years ahead. The potential even exists to become a major livestock species. However, in order to achieve its potential, rabbit meat must be in steady, reliable supply.

Listed below are several aspects of rabbit breeding which tend to support a commercial operation:

- -rabbits can be fed high-forage, low-grain diets that are largely non-competitive with human food requirements;
- -rabbits can utilize protein more efficiently than other livestock;
- -rabbits exhibit a high feed conversion efficiency;
- -rabbits have the potential of being in a constant state of reproduction;
- -rabbits have a rapid growth rate;
- -rabbits have a high degree of genetic diversity;
- -rabbits are suited to both small scale production (backyard growers) and large scale commercial production;
- -rabbit meat is high quality and nutritious;
- -rabbit meat is easy to prepare and serve, having a taste similar to the white meat of chicken or turkey;
- -on a given amount of alfalfa, rabbits produce almost five times as much meat as do beef cattle;
- -best meat-to-bone ratio except for the heavy Tom turkey;
- -rabbit meat is less expensive than beef, pork, or lamb.

INTERNATIONAL MARKETS

• World Supply

Total world production of rabbit meat is approximately two million tons per year. In 1981, output in the countries studied by the International Trade Forum, plus Hungary and Spain, amounted to about 510,000 tons. According to the Forum's report, annual rabbit meat production in China is approximately one million tons and in the USSR about 240,000 tons. Countries in which rabbit production is reportedly significant but for which figures on output are not available include Brazil, Ecuador, Ghana, Jamaica, Nigeria and Peru.

Many developing countries are becoming increasingly aware of the potential of rabbit meat as a food item. Governments of some of these countries are actively encouraging and supporting rabbit production. Although most of these development programs are aimed at satisfying domestic demand, some are also directed at the international market.

• Product Development

According to the trade, most consumers in these markets would prefer to buy rabbit meat in cuts and portions rather than in whole carcass form. However, the latter form still predominates in most international markets. An exception is the Federal Republic of Germany, where rabbit meat is imported and sold as portions. In the United Kingdom, rabbit meat is sold in boneless and frozen cuts.

UNITED STATES MARKET

The market for rabbit meat in the United States is presently small compared to the international arena. Lack of marketing, poor packaging, and the U.S. consumer's perspective toward rabbits has limited the growth of this market in the past. In 1988, rabbits accounted for about $.005 cent of the U.S. meat dollar, compared with about $.15 cents in Europe, where it is a dietary staple.

Information from surveys of rabbit producers, processors, and distributors compiled in 1981 at Pennsylvania State University found that working-class people represent the major market for rabbit meat in the United States. Following this class were: immigrant groups, senior citizens and professional people. The data identified 43% of all rabbit consumers with the "middle income" bracket, 24% in "upper income," 19% in "lower-middle income," 5% in "high income," and 9% in the "low income" bracket. Annual per-capita U.S. consumption has been estimated at 4 lbs. of rabbit meat, totaling approximately 51 million lbs. per year.

Domestic rabbit meat could become a more consequential part of the American diet. The American Medical Association has recognized rabbit meat for its low sodium and ease of digestibility. Rabbit meat approximates 25% protein compared to 19% for beef, and contains only 10% fat against 28% for beef.

• National Demand

Significant demand for the product appears to exist in the United States. According to the U.S. Department of Agriculture, the United States has imported an average of about 1.6 million lbs. of rabbit meat per annum for the period 1981-1988 for a total of 12.8 million lbs. of meat. Of this total figure, 98% has been imported from the People's Republic of China. On average, imports increased almost 10% per year during the 1981-1988 period. In the last decade there have also been imports of rabbit meat from Canada, Haiti, United Kingdom, and New Zealand.

• National Supply

Because commercial rabbit production in the United States is not highly regulated nor closely analyzed, limited amounts of information are available on production, sales, export, and grading statistics. According to data supplied by the U.S. Department of Commerce, rabbit meat and pelt statistics are lumped into a category comprised of several other animal species. Consequently, the information available can only be viewed as rough indications of trends.

The U.S. Department of Agriculture also supplies some data regarding USDA inspections. However, given the fact that a large percentage of U.S. production comes from backyard growers who are not required to comply with federal regulations, the numbers do not accurately reflect the true production of rabbit meat in this country. Information supplied

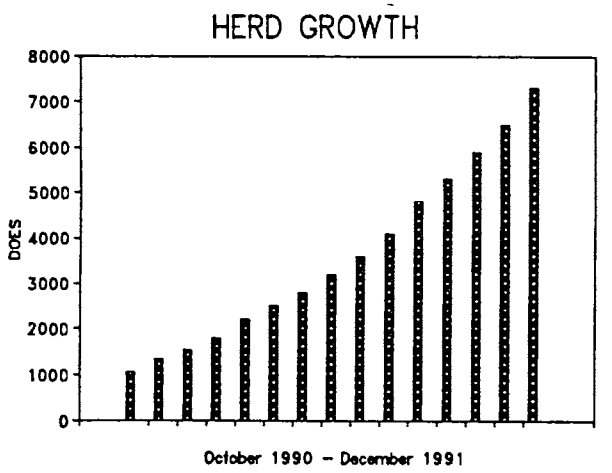
by the Food and Safety Inspection Service reveals an upward trend in the total number of rabbits slaughtered under federal inspection from 1983-1989, averaging an annual growth rate of 5.8%.

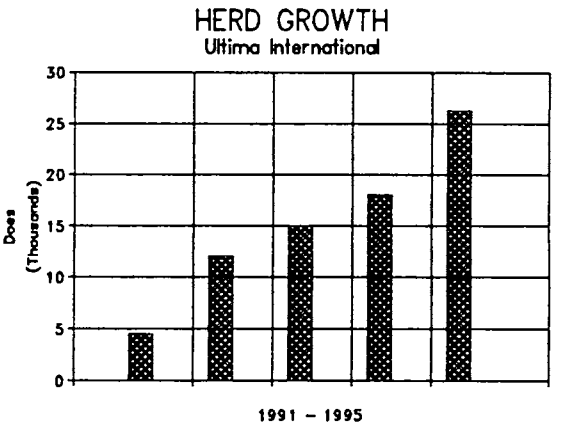
• COMPETITION

Commercial rabbit breeding as an industry in the United States has been fragmented; an industry in which no single firm has significant market share or can strongly influence industry outcomes. The absence of a market leader, combined with a large number of small and medium producers, typifies the industry.

At the present, there are few barriers to entry into this market. The capital requirements necessary to build suitable production facilities and to establish an initial breeding herd represents the primary barrier for a new operation.

Access to distribution channels does not pose a threat given the fact that the rabbit market is relatively small, leaving room for forming large distribution channels. Potential government policy can limit, or effectively prohibit, entry with such controls as licensing, packaging and grading requirements. Alternative products such as fish and poultry may limit the potential margins available to the industry.



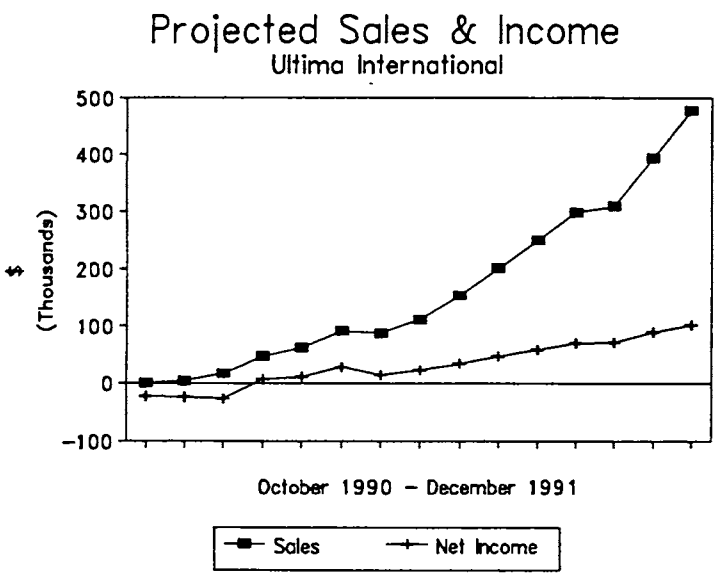


MARKETING AND SALES

When rabbit is compared to chicken, rabbit prices are very competitive. Rabbit also has the nutritional advantage. To compete effectively, Ore-Best's packaging has been designed to attract the attention of the consumer while using familiar labeling of cuts, i.e. "tenderloins," "breasts," and "ground." At the same time, the packaging educates the shopper to the nutritional merits of rabbit and provides recipes for preparation. These advantages will all be marketed strongly.

Sales volume is projected to grow during 1991 from start-up of under $50,000 per month, to in excess of $500,000 per month. To achieve this goal an aggressive sales and marketing effort will be timed to coincide with the growth of the meat rabbit herd.

As the Company's supply of fryers increases during 1991, processing plant operations will be expanded to six days per week. Initial sales and marketing efforts will concentrate on further developing existing local market channels. These include regional meat distributors, store chains, and restaurants throughout the state.



Distributors who have worked with the Company in the past are anxious to assist in marketing efforts. Advertising on a co-op basis is planned with the distributors and chain stores, consisting of a discount per pound to be applied towards advertising. To support meat sales, in-store demonstrations will also be held.

As production increases and local markets become saturated, additional distributors will be added to expand product sales throughout the Western States. Typically, this will be through the addition of one key distributor in each major population center.

The institutional food service industry represents another important source of business. Hotel and restaurant chains, hospitals, and diet centers are all constantly searching for new, healthful, cost effective items to add variety to their menus. Beginning in the second quarter of 1991, an aggressive program to penetrate these markets will be launched.

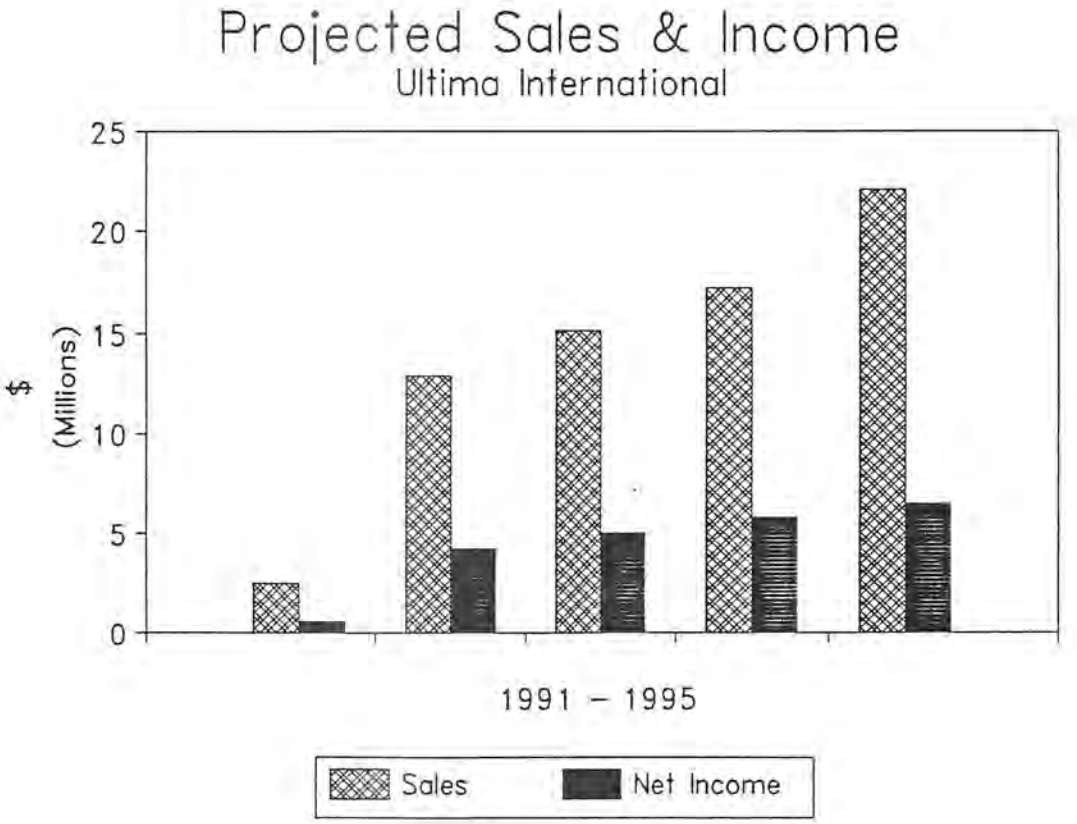
CAPITAL REQUIREMENTS

It is management's belief that a vertical operation is necessary for the successful production of rabbits on a commercial scale. Therefore, the Company intends to breed, raise, slaughter, pelt and process the rabbits. The initial herd of 400 is going to be expanded into a breeding herd consisting of 15,000 does and 1,600 bucks. It is expected that the herd will reach this size within 36 months following the completion of the recapitalization plan.

The Company has recently completed a sale/lease-back arrangement with F&G Capital as part of its plan of recapitalization. Under this plan all of the Companies assets including its 85-acre ranch with thirteen barns and an operable, USDA licensed meat processing plant, were sold to F&G Capital for a note to be repaid through a fundraising effort now underway.

Proceeds from this transaction will be used to provide operating capital needed to implement the revised business plan. The net proceeds to be received by the Company, after deducting prior debt and expenses of the offering will be approximately $220,000.

Management intends to apply working capital to development of the breeding herd, veterinary care, rabbit feed, marketing, and general administrative expenses.



PERSONNEL, ORGANIZATION AND MANAGEMENT

UIC's senior management team is comprised of experienced businessmen and respected rabbit experts. The Company has also formed a Technical Advisory Committee, to provide advice and consultation to the Company on a continuing basis.

At the present time, the Company has a minimum number of employees and is being operated by its officers and other individuals pursuant to various contractual arrangements. Concurrent with the recapitalization of the Company, UIC will employ sufficient administrative, management and support personnel to adequately care for the breeding herd and operate the Company's facilities. The Company presently has no pension or profit sharing plan, stock option plan, although such plans may be instituted in the future.

Brief resumes of the principal Directors and Key Personnel are presented below.

William G. Ball, Managing Director.

Mr. Ball has been a principal in the operation since 1985 and currently serves as a Managing Director and as Chairman of the Board of Ultima International Corporation. Mr. Ball has worked for 23 years in the financial services industry and has served as principal in a securities brokerage firm since 1975. Mr Ball served on the National Board of Directors for the International Association for Financial Planning from 1980 to 1983, where he chaired the Regulatory Committee in 1982 and 1983. Mr Ball also served on the local level in the IAFP and was president of the Estate Planning Council of Diablo Valley in 1983.

A Certified Financial Planner, Mr. Ball has extensive experience in the due diligence evaluation of a wide range of investment products with emphasis on Direct Participation and New Business Offerings. Mr. Ball is also an expert in the use and development of computer assisted management techniques and is the co-author of The Financial Planner's Guide to Using a Personal Computer, Dow Jones Irwin.

Prior to his service in the financial services industry, Mr. Ball attended Diablo Valley College and served in the United States Air Force as an aircraft mechanic. He successfully managed his own business in Lafayette, California from 1961 to 1968.

Vincent Tylman, Managing Director.

Mr. Tylman currently serves as a Managing Director and President of Ultima International Corporation. Mr. Tylman is also president Cathay Fur Products Company, Inc. and general partner of Royal Reges Limited Partnership, affiliates of UIC. Mr. Tylman has overseen rabbit growing and breeding operations in Asia, as well as the tanning and manufacturing of fur garments, and the import of these products into the United States.

Mr. Tylman has 25 years of experience as an engineer and as a marketing executive in the United States and abroad. Among other assignments, he has served as plant manager for Chicago Screw Co., as general manager of the Pacific Northwest region for The Eaton Corporation, as president and co-owner of a Pacific Northwest dealership of Allis Chalmers, and as owner of Tyco Distributors, a heavy equipment distributorship. Mr. Tylman has a degree in mechanical engineering from the University of Illinois.

Gregor R. Greig, Managing Director

Mr. Greig has over 25 years of general management experience working with Fortune 100 companies, both domestically and internationally. His areas of expertise include operations, marketing, finance, data processing, construction and engineering. Since 1980 he has been a principal in The Macgregor Group, a management consulting and financial advisory firm in Walnut Creek, California.

Prior to 1980 he served as president of Media Generalists Productions, one of the West Coast's leading communications design firms; as an associate with Walter Landor Associates, an international industrial design firm; and as a vice president at The Bank of California.

Mr. Greig was educated at Oregon State University and San Francisco State University in business and engineering, and holds his Certified Financial Planner designation from the College for Financial Planning, Denver, Colorado.

Al G. Davis, Vice President.

Mr. Davis has extraordinary depth of business experience, particularly in the areas of computer systems management, project design, and strategic planning. Mr. Davis served IBM as a senior engineer for 24 years. He managed "Systems Engineering Teams" and was directly responsible for all customer sales and equipment installation for major clients and customers.

Mr. Davis is responsible for the proprietary computer program in use at Ore-Best as well as other technical areas.

Mr. Davis received his MBA from Stanford University.

Gilbert J. Gray - Director and Secretary

Mr. Gray has been President of Portfolio Strategies, Inc., a financial planning and consulting firm, since 1979. Prior to Portfolio Strategies, Inc., Mr. Gray was associated with other professional financial firms and was involved in sales training, and marketing. Mr. Gray is listed in "Who's Who in California," Marquis "Who's Who in Finance and Industry," and "Who's Who in the West."

Blake Buhler, Manager - Animal Husbandry.

Mr. Buhler, a known expert in rabbit breeding and husbandry, owned and operated his own 1,200 doe rabbit herd from 1981 to 1989. Previously, Mr. Buhler owned or managed several businesses, including food service and agri-businesses near Salt Lake City, Utah.

Mr. Buhler graduated from Utah Technical College with a degree in Business Management.

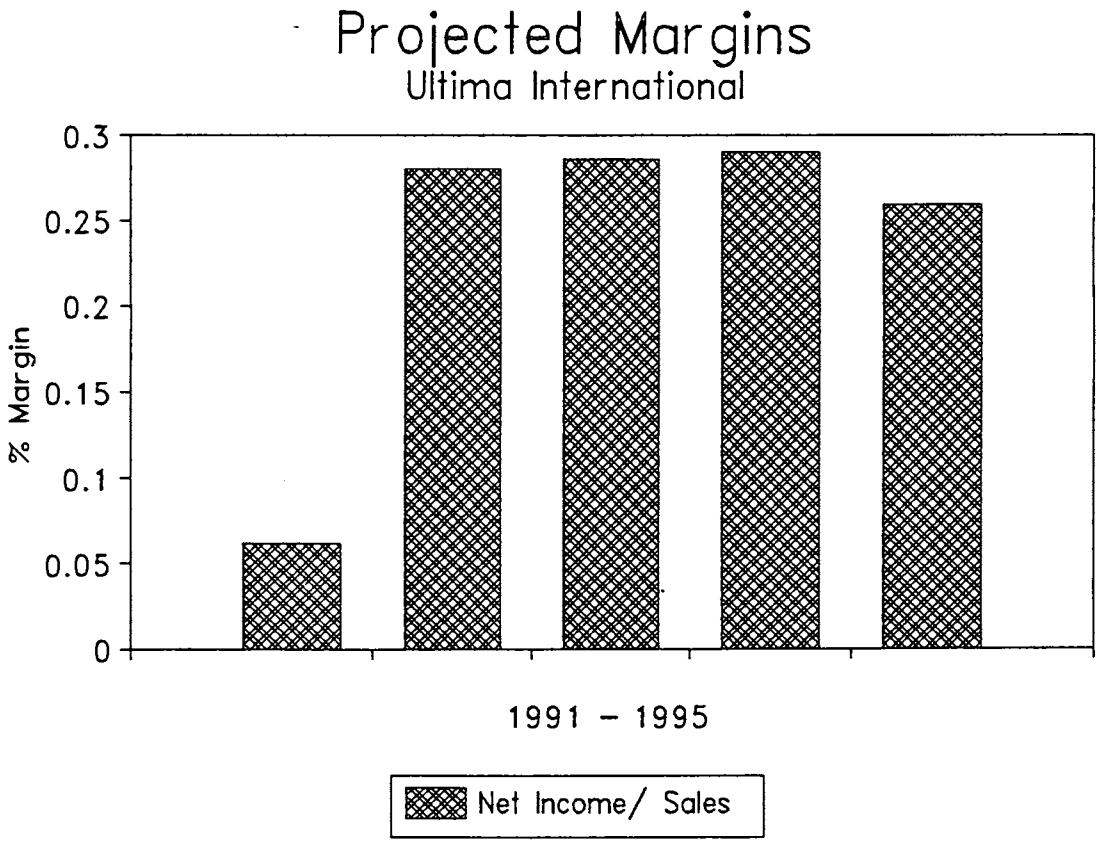
Monica Goodwin, Manager - Processing Plant.

Ms. Goodwin first joined Ore-Best in 1983 and has worked in the rabbit and meat processing industry for over 15 years. Ms. Goodwin also owns a stable and horse training business where, in addition to caring for horses, she raises other farm animals.

• Margin Analysis

The analysis presented in the table below reveals favorable margins across the board. Case 2, the most favorable economic projections, results in a net operating margin of 4% in 1991 rising to more than 25% in 1992. Lease coverage is 3.56 in 1991, rising to 26.1 in 1996 with total debt service coverage of 3.5 in 1991, increasing to more than 20 in 1992 and beyond. Margins of the other case analyzed is stronger because of lower levels of debt.

The primary reason for these favorable margins is that operating expenses are relatively minor compared to the potential revenues of an operation of this magnitude. A commercial rabbit operation requires minimal incremental labor costs and capital expenditures throughout the operation's growth stage, after reaching breakeven. It is not guaranteed that the business will generate such high margins given the many economic risks.



• Sensitivity Analysis

Assuming minimum growth in revenues after 24 months and constant levels of operating expenses (Case 2), operating income remains relatively constant while net income declines from a 1992 level of $3.4 to $2.04 million by 1995. Operating and net margins in 1992 are estimated to be 32% and 27%, respectively, with adequate debt service/lease coverage throughout the projected years of operation.

Using a "worst case" scenario, sales decline remain relatively constant after 1992, while operating expenses increase at 5% per year from 1992 levels. As a result, operating income falls from $3.3 million in 1992 to $2.52 million in 1995 with resulting net incomes of $2.07 million and $1.34 million, respectively. Under this scenario, operating and net margins in 1992 are at 25% and 17%, respectively, again with adequate debt service/lease coverage in every year.

The Company's sensitivity analysis shows that under highly conservative revenue assumptions, the business should show net profitability by the second year of operations, with initial deficits adequately covered by debt reserves and cash reserve funds.

• Financial Analysis Summary

The Company's income projections indicate sufficient income for operating and maintenance expenses, depreciation accruals, interest expenses, and net a profit for the five-year period from 1991 to 1995. In addition, sufficient working capital is projected through 1995. Even Case 2 in which herd growth and sales are at minimum levels, does not seriously threaten the operation's ability to meet expenses and debt service/lease payments during the forecast period.

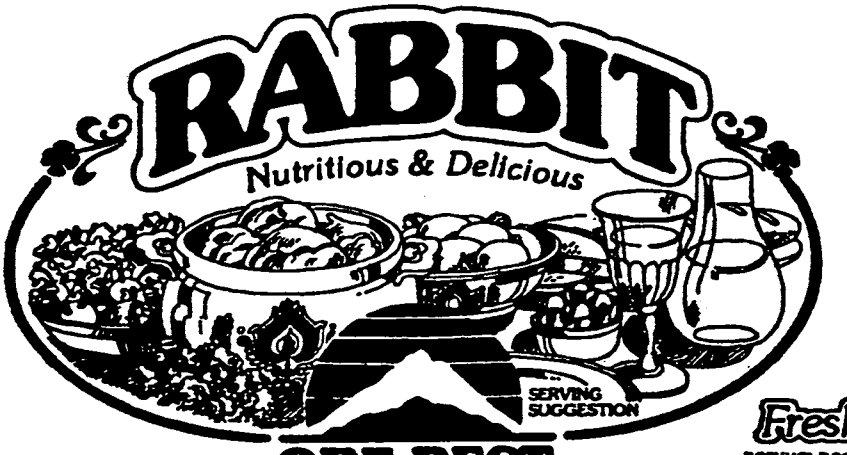
RISK FACTORS

All business ventures entail risk. This type of agri-business is characterized, among other things, as labor intensive which could involve union contracts and labor disputes. Disease prevention through professional animal husbandry is also very important to the ultimate level of production and to economic success.

Because the rabbit is widely used in medical laboratories as a research animal, a great deal more is known about its biology, physiology, breeding, feeding and care than would otherwise be assumed. According to veterinary advisors at Oregon State University, there is no known epidemic disease that could wipe out a herd and, in fact, good husbandry practices are adequate to prevent disease from becoming a threat.

• Summary

The components for economic success are present in a well-run commercial rabbit business. Ample net income will follow the sale of a delicious, healthful meat, novelties (such as rabbit's feet), fur, fertilizer, and valuable by-products for scientific research.



ORE-BEST

Packed by ORE-BEST FARMS
Oregon City, Oregon 97045

Fresh
vacuum packed
KEEP
REFRIGERATED

WHY RABBIT?

If its delicious taste and recipe versatility aren't reasons enough for you to make rabbit a regular item on your dining schedule, consider the nutrition advantages this meat offers over other diet staples, as documented by the U.S. Department of Agriculture's statistical analysis:

Highest in Protein

Rabbit	25.5%
Chicken	21.5%
Beef	19.0%
Pork	13.3%

Lowest in Fat

Rabbit	10.2%
Chicken	11%
Beef	28%
Pork	45%

Lowest in Cholesterol

Rabbit	135
Chicken	220
Beef	230
Pork	230

Fewest Calories (8 oz. serving)

Rabbit	397.5
Chicken	405
Beef	720
Pork	1,025

ORE-BEST RABBITS

Grown & Processed at one location

What's important to our customers is important to us!
We intend to offer a steady, constant supply of high-quality rabbit meat products.
ORE-BEST owns and operates the largest rabbit-meat processing plant on the west coast.
We raise, monitor and process our own choice herds through extreme care and planning.

COMPUTERIZED DOE OPERATION

Our rabbit herd is monitored from birth to processing age through a unique computer program process. We track the optimum time for breeding. This lets us project nine weeks in advance, the amount of rabbits for weekly processing. Knowing what to expect this far ahead ensures that we can cover the sales forecast for the current week.
And this means.....you get quality product on time!

PROCESSING

Our process plant is situated on-site with our large rabbit herd. No freight cost. No animal stress before processing. Each animal is inspected before, during and after processing.
Our commitment: *from cage to delivery in 48 hours!*
And this means that you get BETTER QUALITY from stress-free animals
...and a BETTER PRICE through eliminated freight cost!

PACKAGING

After processing, the meat is weighed, cut and vacuum-packaged to ensure freshness.
It's cut accurately to our specification...or yours, if requested.
And this means that you'll SAVE MONEY ... less spoilage of vacuum-packed product!
And you'll SAVE TIME ...a product that's easier than ever to merchandise!

SHIPPING

LOCAL
Specify one of your local meat distributors....or, we can deliver to you ourselves.

REGIONAL
Either your meat distributor, or we'll ship your product by overnight UPS which services our **ORE-BEST** plant daily.

NATIONAL
Frozen rabbit product: shipped by truck. fresh rabbit product: sent by air.
And this means that you get the product when you need it!

A PROFITABLE MARKETING CONCEPT!

Ore-Best has made the commitment to supply you with top-quality, fresh-frozen rabbit meat product to give you higher profits than you've been able to get with other rabbit meat sources!

FRESH-FROZEN....better than fresh!

Local market study reports tell us that fresh-frozen products helps minimize restocking expense. No more worry about product spoilage...fresh-frozen **ORE-BEST** products brings larger returns to the meat department.

DISPLAY READY... faster, easier, time-saving!

Display-ready **ORE-BEST** products save both time and money for the retail market. All product is ready to be priced and displayed...saves in-house packaging labor cost **over 50%** with display-ready.

BEST OF ALL...display-ready increases profits!

The most surprising thing about display ready is that the profit margin in actual dollars compares very favorably with other rabbit products on the market. When you reduce labor and minimize restocking expense gross profits will increase!

HOW YOU BENEFIT....

Ore-Best products are uniformly cut and trimmed....***which guarantees solid sales appeal!***

Less spoilage with display-ready, vacuum packaged products...***saves you money***!

Create an appealing meat display in minutes ... ***saves you time!***

RABBIT MEAT...A superior, healthful product.

Never before in American history have people been as conscious of the health, diet and physical fitness as they are right now. More and more people watch cholesterol, count calories and select food more carefully than ever before.

Compared to all other meat products, rabbit has the fewest calories, lowest fat content, lowest cholesterol levels and higher protein percentage than all others.

Ore-Best will continue to educate the buying public of these facts. In the near future, we'll develop new point of sale materials that include nutritional display information and *"take-along"* recipe cards for the buyer.

Rabbit meat will become a profitable addition to the retail meat department.

ORE-BEST PRODUCTS - 1990

ORE-BEST offers rabbit meat packaged in several convenient ways tailored to be sold in the retail food and food service industry. All cuts are vacuum-packaged. You'll see a variety of combinations to suit your changing requirements. Beyond this, we're working to develop new and different products even more appealing to the end user. If you have special requirements, contact us so that we can help meet your needs.

WHOLE RABBIT *ORB-1100*
Each fryer has giblets included inside and weigh approximately 2.5 to 3 pounds each.
Six vacuum-packages per box.

HALF CUT-UP RABBIT IN TRAY *ORB-1101*
Each fryer sliced down the back, cut into four parts and vacuum packaged in attractive retail tray.
12 trays per box.

HIND QUARTERS FILLETS *ORB-1102*
Boneless hindquarter fillets packaged for the food service industry. Our tender fillets are vacuum-packaged in four, 5 pound (approximately)bags per box. Retail packaged fillets available upon request.

HIND QUARTERS *ORB-1103*
Bone-in hindquarters packed five, 3 pound (approximately)vacuum packages per box. These are also available for the retail industry in the variety pack, nicely displayed two legs per retail tray.

TENDERLOIN FILLETS *ORB-1104*
Tenderloin fillets vacuum-packaged in four, 5 pound (approximately)bags per box. Available in retail tray upon request.

TENDERLOIN *ORB-1105*
Bone-in tenderloin packaged in a tray for the retail industry. Two tenderloins per tray. Normally, this item is sold only in the variety pack but is available to be packaged to meet your needs upon request.

SHOULDERS *ORB-1106*
Shoulder meat nicely arranged in a tray for the retail industry. Three shoulders per tray; 12 per box. Normally available in Variety Pack; also, available separately upon request.

TROTTERS *ORB-1107*
Front legs are the "Trotters", vacuum-packaged in four, 5-pound (approximately)bags per box. Trotters may be requested in retail "Boat" of 12 trotters, side-by-side, double-stacked, per tray, 15 trays per box.

GROUND RABBIT MEAT *ORB-1108*
Diet, lean, ground rabbit meat packaged in several forms. For the Food Service Industry, packaged four, 5 pound bags; or eight, 2 1/2 pound bags per box. Retail Pack: approximately one pound per tray, 15 trays per box.

LIVER *ORB-1109*
Rabbit liver packed in four, 5 pound (approximately) bags per box.

HEARTS *ORB-1110*
Bulk, vacuum-packaged rabbit hearts. Packaged in four, 5 pound (approximately)bags per box.

SMOKED RABBIT HIND QUARTER HAMS *ORB-1111*
Petite rabbit hams available in retail or food service packaging. Retail package consists of two hindquarter hams per tray; 15 trays per case. Food Service pack is five, 3 pound (approximately)bags per box.

WHOLE RABBIT, CUT-UP VARIETY PACK . . . . . *ORB -1112*
Designed for retail, the Variety Pack consist of six trays of hindquarters, three trays of bone-in tenderloins, four trays of shoulders and two trays of half cut rabbit.

ORE-BEST FARMS

20949 South Harris Road - Oregon City, Ore. 97045

Wholesale & Distributor Prices

MEAT DIVISION

Item Number	Packaging	Description	Price/lb
1100	6 per case	Whole Rabbit, 2.5 - 3 lbs each	$2.35
1101	12 per case	Half cut-up rabbit in a tray	$2.40
1102	4-5 lbs per case	Hind Quarters Fillets	$3.75
1103	Variety/Bulk	Hind Quarters	$3.50
1104	4-5 lbs per case	Tenderloin Fillets	$5.25
1105	Variety/Bulk	Tenderloin	$3.75
1106	Variety/Bulk	Shoulders	$1.95
1107	4-5 lbs per case	Trotters	$1.95
1108	4-5 lbs per case	Ground Rabbit	$1.50
1109	4-5 lbs per case	Liver	$1.05
1110	4-5 lbs per case	Hearts	$1.05
1111	15 tray per case	Smoked Rabbit Hind Quarters	$4.35
1112	Variety	Cut-up Whole Rabbit	Ask

All prices FOB Plant
2% CASH, Net 7 Days
Will Ship vis UPS, Truck or Airline
FAX orders accepted
Sales Manager: Mr. Geoff Latham

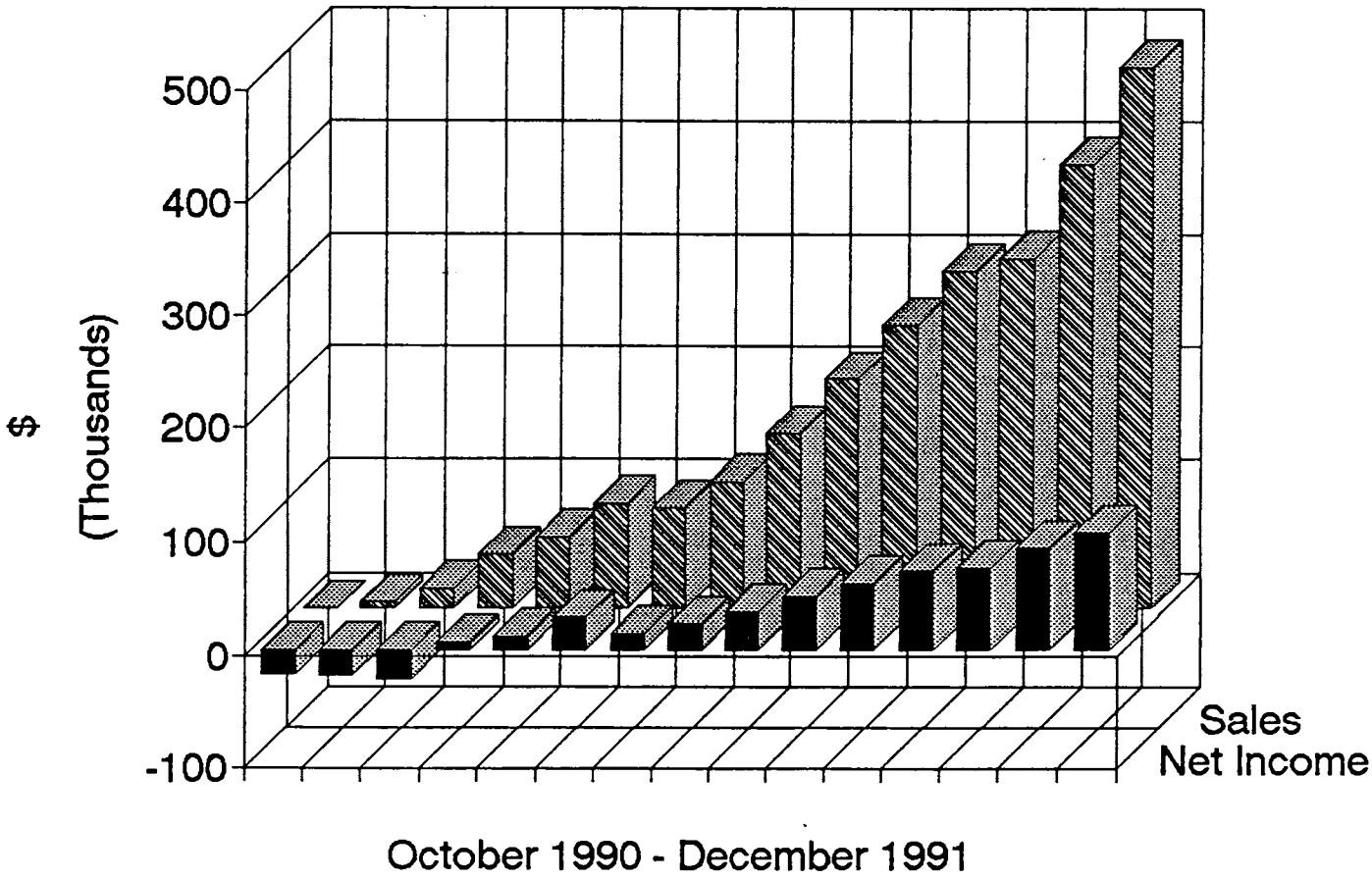
(503)631-3471 - FAX: 631-3504

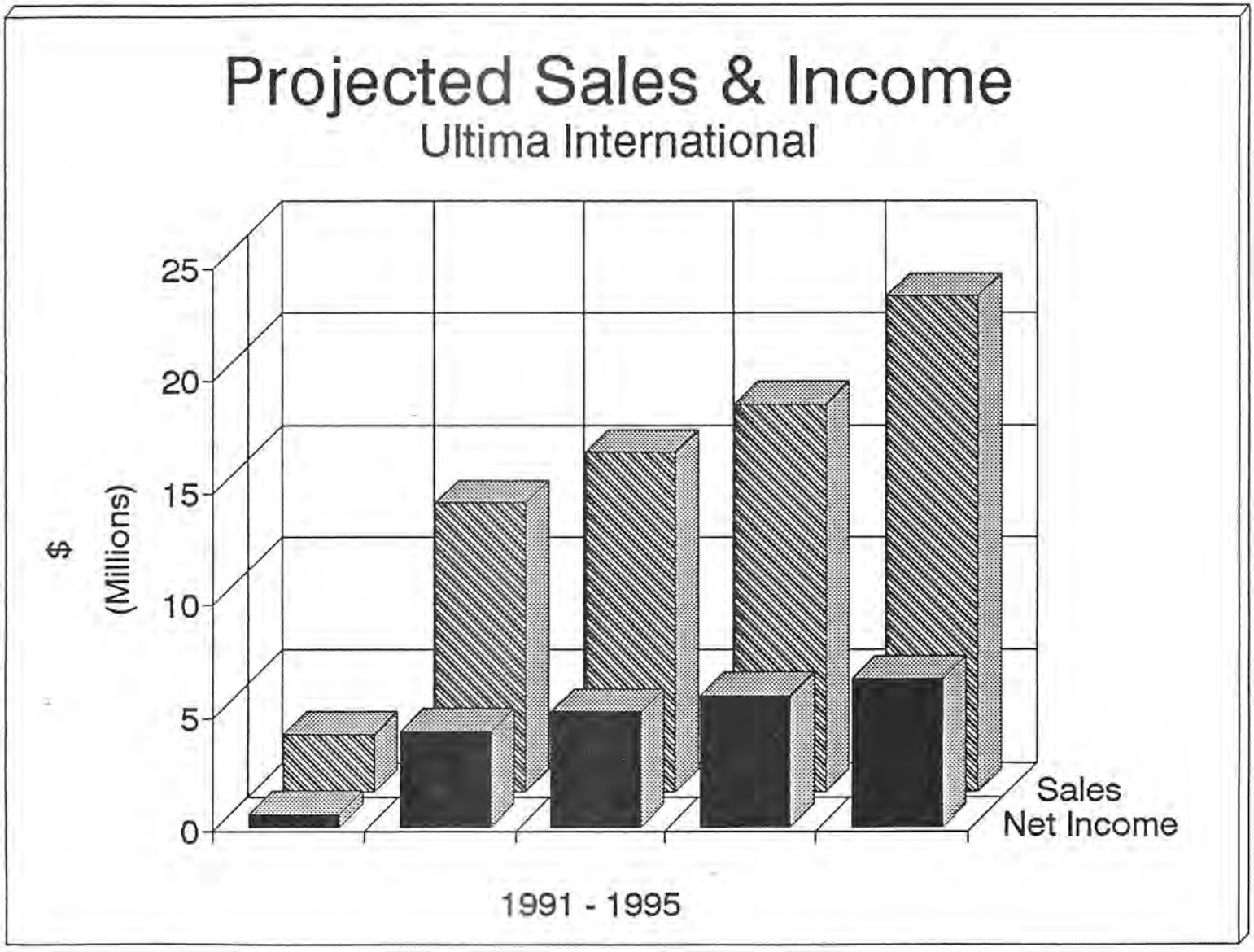
Financial Forecasts

Ultima International Corporation

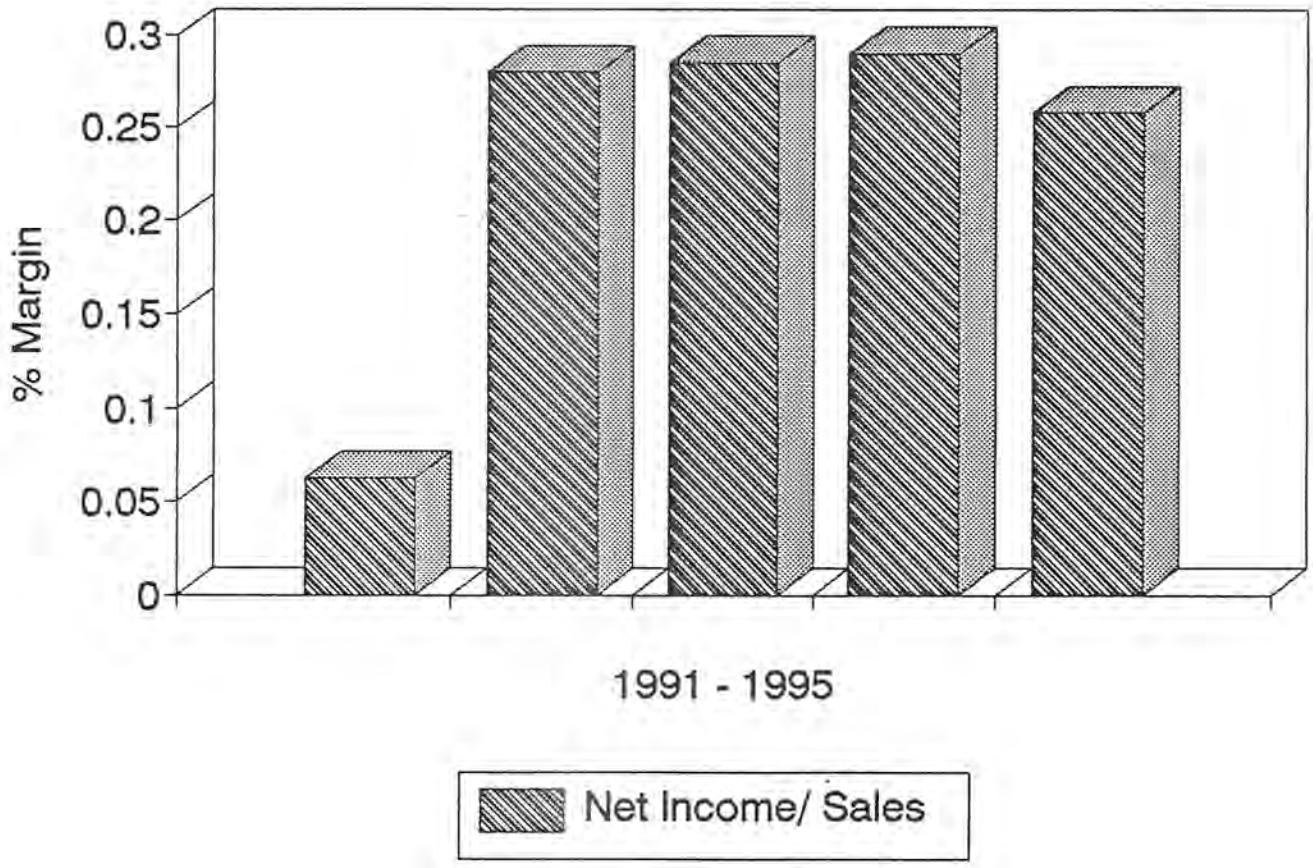
Projected Sales & Income

Ultima International




Projected Sales & Income
Ultima International
$ (Millions)
25
20
15
10
5
0
Sales
Net Income
1991 - 1995

Projected Margins
Ultima International



ULTIMA INTERNATIONAL - FIVE YEAR FORECAST

11/21/90	1990			1991			1991			1991		
03:15:38 AM	October	November	December	January	February	March	April	May	June	July	August
Beginning Cash	$50	($9,608)	($15,037)	($16,721)	($6,080)	$1,153	$4,765	($9,850)	$18,561	$20,657	$54,681
SSDD Investment (Net)	$35,000	$45,000	$55,000	$30,000	$20,000	$0	$0	$35,000	$0	$20,000	$20,000
UIC - A/P	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
UIC - EQUITY	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
UIC - DEBT	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Available Cash	$35,050	$35,392	$39,963	$13,279	$13,920	$1,153	$4,765	$25,150	$18,561	$40,657	$74,681
Profit Centers											
Meat Rabbit Center	($14,591)	($18,279)	($5,193)	($318)	($2,071)	($2,691)	$1,600	$766	$1,449	$2,132	$2,815
Satellite Meat Rbt Prgrm	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Tannery Center	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Processing Plant	($2,115)	($2,177)	($5,731)	$4,371	$7,072	$2,405	$5,414	$12,118	$23,167	$34,695	$45,640
Rex Rabbit Center	($2,945)	$159	($43)	($447)	$426	$2,627	$6,984	$7,147	$6,196	$6,146	$5,651
Fertilizer Center	$0	$0	($15,000)	$1,933	$2,542	$2,694	$2,999	$3,304	$3,608	$3,913	$4,370
Special Projects	($2,100)	($2,800)	($500)	$1,200	$3,600	$24,000	$0	$0	$0	$0	$0
Acreage											
Total Profit Centers	($21,751)	($23,097)	($26,468)	$6,738	$11,569	$29,035	$16,997	$23,334	$34,420	$46,886	$58,476
SSDD Lease/Bonus Payment	$4,128	$5,753	$7,336	$7,718	$8,336	$10,024	$11,711	$14,524	$14,524	$15,062	$15,062
G & A	$18,780	$21,580	$22,880	$18,380	$16,000	$15,400	$19,900	$15,400	$17,800	$17,800	$17,800
Total Debt Srv & G & A	($22,908)	($27,333)	($30,216)	($26,098)	($24,336)	($25,424)	($31,611)	($29,924)	($32,324)	($32,862)	($32,862)
Net Operating Income	($44,658)	($50,429)	($56,684)	($19,359)	($12,767)	$3,612	($14,614)	($6,590)	$2,097	$14,024	$25,614
Ending Cash	($9,608)	($15,037)	($16,721)	($6,080)	$1,153	$4,765	($9,850)	$18,561	$20,657	$54,681	$100,295
# Shares Issued (000)	415,000	420,000	425,000	430,000	435,000	436,000	437,000	438,000	439,000	440,000	441,000
Price Per share											
Earnings per share											
Assumed PE Ratio											
Promotional Stock (000)	200,000	5,000	5,000	5,000	5,000	1,000	1,000	1,000	1,000	1,000	1,000
Non Deduct. Items	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Herd Details											
Number Meat Rabbit Does	450	750	850	1,000	1,400	1,500	1,700	1,900	2,100	2,300	2,500
Number of Rex Rabbit Does	400	400	400	400	400	400	400	400	400	400	500
Total Number of Does	850	1,150	1,250	1,400	1,800	1,900	2,100	2,300	2,500	2,700	3,000

Sales	October	November	December	January	February	March	April	May	June	July	August
Meat Rabbit Center	$0	$0	$9,408	$14,880	$16,971	$20,107	$28,469	$30,560	$34,741	$38,923	$43,104
Tannery Center	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Processing Plant	$0	$1,447	$1,377	$18,126	$28,337	$32,974	$39,928	$56,193	$95,062	$138,113	$181,163
Rex Rabbit Center	$0	$3,638	$3,638	$3,638	$4,850	$7,275	$10,913	$14,550	$13,338	$13,338	$13,338
Fertilizer Center	$0	$0	$0	$5,670	$7,290	$7,695	$8,505	$9,315	$10,125	$10,935	$12,150
Special Projects	$0	$0	$3,000	$4,000	$5,000	$24,000	$0	$0	$0	$0	$0
Acreage											
Total Sales	$0	$5,085	$17,423	$46,314	$62,447	$92,051	$87,815	$110,618	$153,266	$201,308	$249,754

11/21/90					Total				
03:15:38 AM	September	October	November	December	1991	1992	1993	1994	1995
Beginning Cash	$100,295	$128,935	$160,002	$209,300	($16,721)	$271,293	$3,905,210	$8,261,138	$13,325,181
SSDD Investment (Net)	$0	$0	$0	$0	$125,000	$0	$0	$0	$0
UIC - A/P	$0	$0	$0	$0	$0	$0	$0	$0	$0
UIC - EQUITY	$0	$0	$0	$0	$0	$0	$0	$0	$0
UIC - DEBT	$0	$0	$0	$0	$0	$0	$0	$0	$0
Available Cash	$100,295	$128,935	$160,002	$209,300	$108,279	$271,293	$3,905,210	$8,261,138	$13,325,181
Profit Centers									
Meat Rabbit Center	$3,498	$4,181	$4,864	$5,547	$21,771	$1,651,133	$1,997,360	$2,331,587	$2,372,609
Satellite Meat Rbt Prgrm	$0	$0	$0	$0	$0	$0	$0	$0	$0
Tannery Center	$0	$0	$0	$0	$0	$0	$0	$0	$0
Processing Plant	$55,723	$59,051	$77,586	$90,889	$418,133	$2,295,037	$2,578,984	$2,857,537	$3,307,338
Rex Rabbit Center	$4,953	$2,760	$1,164	($736)	$42,869	$54,290	$194,316	$283,842	$480,610
Fertilizer Center	$4,827	$5,436	$6,046	$6,655	$48,327	$266,680	$333,400	$400,120	$582,488
Special Projects	$0	$0	$0	$0	$28,800	$0	$0	$0	$0
Acreage									
Total Profit Centers	$69,001	$71,429	$89,659	$102,355	$559,900	$4,267,140	$5,104,060	$5,873,085	$6,743,045
SSDD Lease/Bonus Payment	$15,062	$15,062	$15,062	$15,062	$157,206	$190,423	$203,333	$216,243	$229,153
G & A	$25,300	$25,300	$25,300	$25,300	$239,680	$442,800	$544,800	$592,800	$592,800
Total Debt Srv & G & A	($40,362)	($40,362)	($40,362)	($40,362)	($396,886)	($633,223)	($748,133)	($809,043)	($821,953)
Net Operating Income	$28,639	$31,067	$49,298	$61,993	$163,014	$3,633,918	$4,355,928	$5,064,043	$5,921,093
Ending Cash	$128,935	$160,002	$209,300	$271,293	$271,293	$3,905,210	$8,261,138	$13,325,181	$19,246,274
# Shares Issued (000)	441,000	441,000	441,000	441,000	441,000	441,000	441,000	441,000	341,000
Price Per share				0.00	0.00	0.08	0.10	0.11	0.17
Earnings per share					0.000370	0.008240	0.009877	0.011483	0.017364
Assumed PE Ratio					10.00	10.00	10.00	10.00	10.00
Promotional Stock (000)									(100,000)
Non Deduct. Items	$0	$0	$0	$0	$0	$0	$0	$0	$0

Herd Details									
Number Meat Rabbit Does	2,700	2,900	3,100	3,300	3,300	10,000	12,000	14,000	14,200
Number of Rex Rabbit Does	600	800	1,000	1,200	1,200	2,000	3,000	4,000	12,000
Total Number of Does	3,300	3,700	4,100	4,500	4,500	12,000	15,000	18,000	26,200

Sales	September	October	November	December	1991	1992	1993	1994	1995
Meat Rabbit Center	$47,285	$51,467	$55,648	$59,829	$441,984	$2,488,800	$3,002,560	$3,504,320	$3,562,096
Tannery Center	$0	$0	$0	$0	$0	$0	$0	$0	$0
Processing Plant	$224,213	$231,198	$309,855	$388,511	$1,743,674	$9,034,117	$10,114,033	$11,172,585	$12,597,544
Rex Rabbit Center	$13,338	$12,125	$12,125	$12,125	$130,950	$744,438	$1,233,000	$1,669,500	$4,626,000
Fertilizer Center	$13,365	$14,985	$16,605	$18,225	$134,865	$583,200	$729,000	$874,800	$1,273,320
Special Projects	$0	$0	$0	$0	$33,000	$0	$0	$0	$0
Acreage									
Total Sales	$298,201	$309,775	$394,233	$478,691	$2,484,473	$12,850,554	$15,078,593	$17,221,205	$22,058,960

William G. Ball
1424 Barbis Way
Concord, CA 94518
(925) 827-9395, fax (925) 827-2395

March 27, 2000

Jim Dierking
20949 S Harris Road
Oregon City, OR 97045

RE: Occupancy of barns

Dear Mr. Dierking:

In response to your request of information concerning the occupancy in the barns at 20949 S. Harris Road, Oregon City, Oregon I submit the following.

I first spent any time on the property starting around 1987. At that time there were various entities using or renting the barns.

There was one company renting two barns for storage of feed, materials and raising rabbits until approximately 1991.

Ore-Best was using a barn for the sewing and making of stuffed animals from around 1988 until 1990.

Brad Tylman raised snakes and had built an area for various aspects of the snake business sometime around 1990 - 1992.

Starting in 1991 & 1992 and continuing until approximately 1997 there were numerous short term tenants who used the barns for temporary storage of many items. These included, but were not limited to: storage of autos & pickups. Storage of lumber and other misc. building materials. Storage of liquidation items that were used for flea market and surplus sales. Storage of electric motors and other electrical equipment removed from salvaged buildings. Storage of misc. electronic equipment for repair and ultimate resale at flea markets. Storage of boats. Storage of horse gear.

During this same time one tenant was using the barns for the storage of automobile cores. This use continued until you purchased the property.

I believe it was 1995 or 1996, the nursery used the refrigerator rooms to store plants from her nursery.

The year earlier, the processing plant and refrigerator rooms were used during the mushroom season for sorting and storing of mushrooms.

A company used the processing plant and refrigerator rooms for the bottling and labeling of special shipment of jams for the Trailblazer jam company.

Of course Ore-Best used the property for the raising of rabbits, storing and sale of fertilizer and the construction and sale of cages. For approximately 1 year we also operated a tannery on the property.

I hope that this information will be of use to you.

Sincerely,

Wm Jerry Ball
Past manager for Ore-Best Farms

SALES INFO....

FARM

REAL ESTATE

PROFESSIONALS 100
REALTORS®

JANUARY 1994

RE: 20949 S. HARRIS ROAD, OREGON CITY, OREGON - $1,200,000

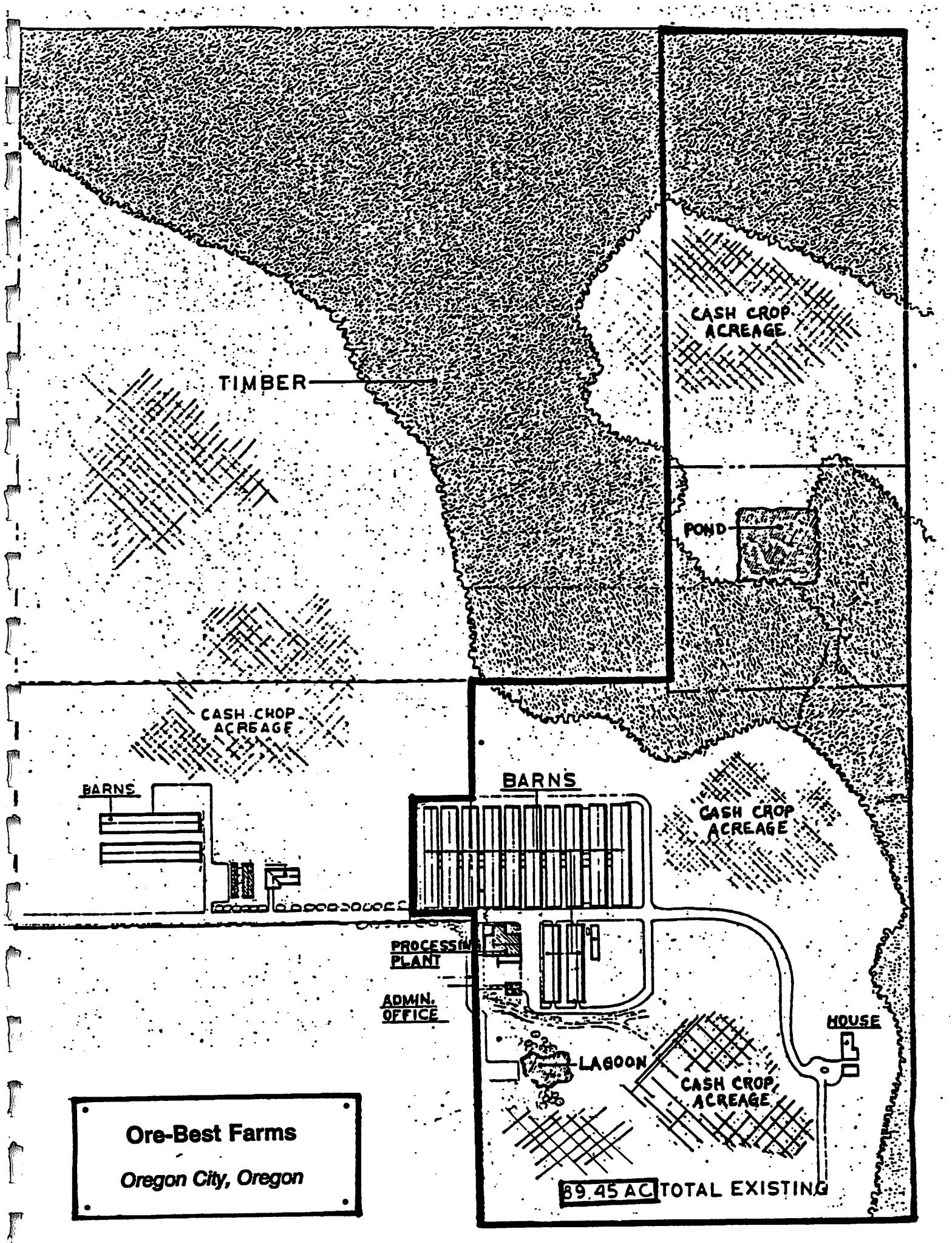
The following pages consist of a location map, site plan, photos and a summary from an appraisal done in 1990.

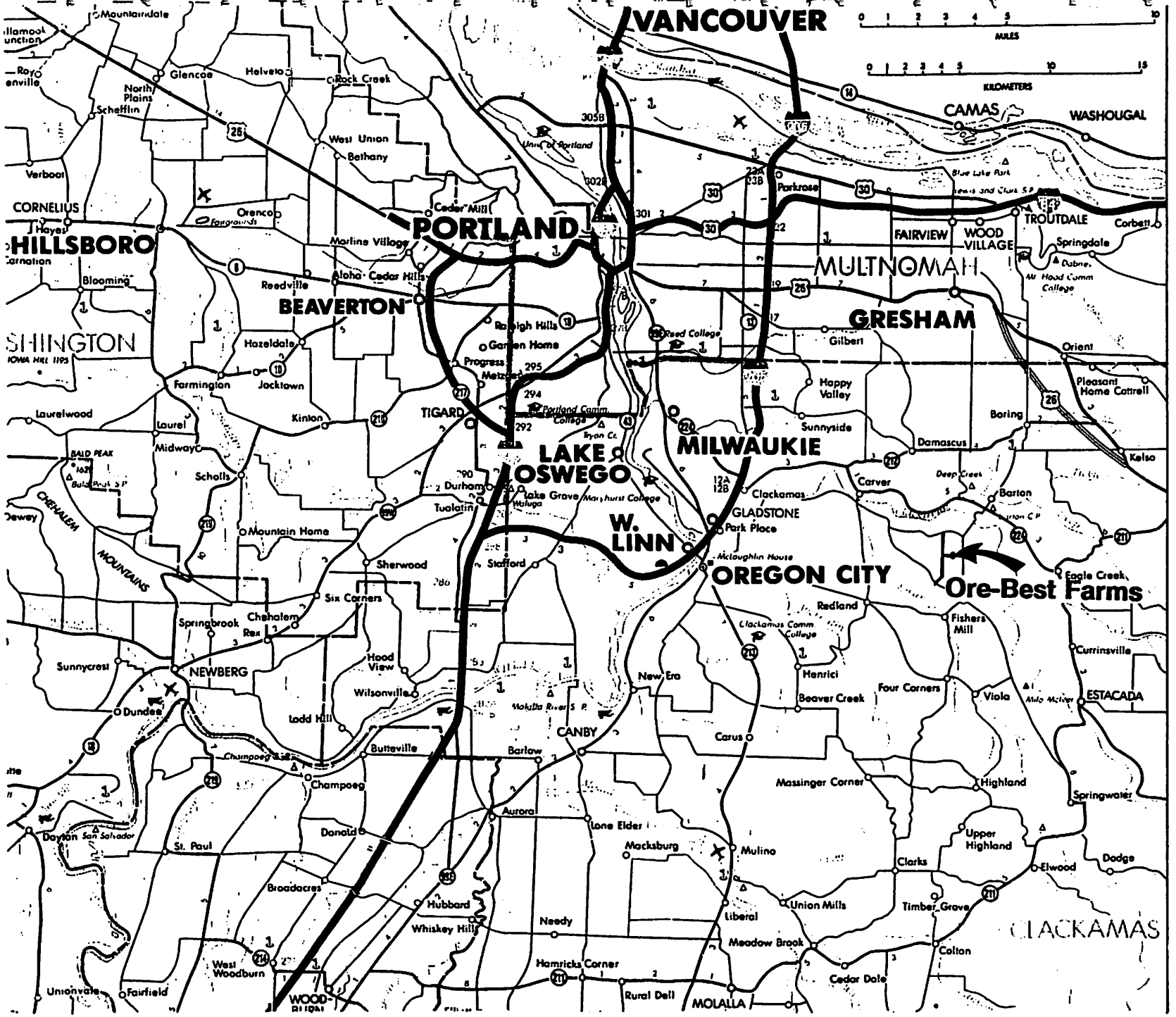
There are a lot of hidden assets on the property; i.e., the well, a lagoon for waste water, heavy duty wiring throughout facility, and most barns have extensive insulation in walls and in ceilings.

This property is marketed by:

RON AND PAT STILL/JERRENE DAHLSTROM
PROFESSIONALS 100, REALTORS
10260 S. W. GREENBURG ROAD SUITE 250
PORTLAND, OR 97223
(503)223-5200 (HOME OFFICE)
(503)245-1200 EXT. 155 OR 186 (OFFICE)

DICK BENNETT
BUSINESS INVESTMENTS
5478 S. W. ALGER D5
BEAVERTON, OR 97005
(503)644-6046


CASH CROP ACREAGE
TIMBER
POND
CASH CROP ACREAGE
BARNS
BARNS
CASH CROP ACREAGE
PROCESSING PLANT
ADMIN. OFFICE
HOUSE
LAGOON
CASH CROP ACREAGE
89.45 AC TOTAL EXISTING
Ore-Best Farms
Oregon City, Oregon


VANCOUVER
PORTLAND
CAMAS
WASHOUGAL
HILLSBORO
BEAVERTON
GRESHAM
TIGARD
LAKE OSWEGO
MILWAUKIE
W. LINN
OREGON CITY
Ore-Best Farms
NEWBERG
CANBY
ESTACADA
MULTNOMAH
CLACKAMAS
WASHINGTON
CORNELIUS
FAIRVIEW
WOOD VILLAGE
TROUTDALE
GLADSTONE
MOLALLA
MILES
KILOMETERS

Subject Property Photographs

Barns 1 - 10 on the left, processing plant and barns 11 - 12 on the right.

View from the house of barns 11 and 12.

January 5, 1991

Mr. Mark D. Forsyth
1931 San Miguel Drive, Suite 100
Walnut Creek, California 94596

Re: 20949 South Harris Road, Oregon City, Oregon 97045

Dear Mr. Forsyth:

Pursuant to your request of January 3, 1991 to make a fair market analysis of the land and improvements located in Oregon City, Oregon, I have inspected the subject property and determined its present zoning and development potential as well as researched other similar type parcels in Oregon City and surrounding area. Other pertinent data will enable me to make a fairly accurate estimate of the fair market value without completing a full scale certified appraisal in accordance with the State of Oregon Real Estate Regulations. I have previously prepared a fully certified appraisal on the subject property. The legal description is Exhibit A.

It is understood by my assignment that this is an informal opinion of value estimate only and does not comply with the Federal Home Loan Bank regulation number R41D applying to the requirements of a certified appraisal. This opinion of value of the subject property is in fee simple and assumes that a clear title can be deeded with no unusual restrictions or easements. This opinion is based on an "as is" condition with an all cash sale in a reasonable time in today's market.

Site Description:

The subject property is an 89.5 acre tract of ground located in Clackamas County, Oregon approximately 12 miles east of Oregon City. The tract is divided into two types of land: (1) the unimproved land, or land in its native state; and (2) the improved farm land. Included in this improved farm land is a 1.6 acre pond that is stocked with fish. This pond had been considered as improved land for valuation purposes and valued in accordance with the improved land.

The soils on the subject property were investigated as to their productivity and adaptation for other uses. A copy of the soils map showing codes can be found in the addenda of this report and including soils profile analysis. Considering the soils, the property could be divided into approximately 20 acre tracts.

There is a total of 48.6 acres of improved land of which 21 acres has been assigned to the Ore-Best Rabbitry operation. There is 18 acres of improved land of which 21 acres has been assigned to the Ore-Best Rabbitry

Noel K. Atkinson
1698 Dolphin Drive, Aptos, CA 95003
REAL ESTATE CONSULTANT

1312 B St.
Hayward, Calif. 94541
581-0667

1290 Davis St.
San Jose, Calif. 95126
296-3457

operation and eight acres to the north and isolated from the southern portion of the tract by hillside land, plus the 1.6 acre fish pond which is adjacent to the upper land. The balance of the tract is in its native state.

Utilities:

Three phase electricity is furnished the property by Portland General Electric. A large septic tank is installed on the property with a large drain field, a 1,500 gallon septic tank, plus the large leaching field.

There is a small septic tank for domestic use on the property. Domestic water is furnished by large deep wells. The capacity is sufficient for the operation as it now exists and for the planned expansion.

Telephone service is also on the property.

The improvements are described in Exhibit B.

I did a depreciated Cost Analysis of the subject property in 1986 and 1988. This Cost Analysis was as follows in June of 1988.

Home	$71,320
Barns 1 thru 8 $93,792 - 20% ($18,758) x 8	600,272
Barn 8A $78,997 - 20% ($15,800)	63,197
Barns 9, 11 and 12 $126,745 - 20% ($25,349) x 3	304,188
Barn 10 $125,994 - 20% ($25,200)	100,794
Corridor $26,338 - 20% (5,268)	21,070
Production Office $7,878 - 20% (1,564)	6,314
Processing Plant $383,562 - 20% (76,712)	306,850
Administration Building $190,000 - 20% (38,000)	152,000
Pump House $3,772 - 30% (1,132)	2,610
Work Shop $8,465 - 30% (2,540)	5,925
Special improvements for a rabbitry operation at $40,000 per barn for 12 barns	480,000
Total Fair Market Value of Improvements	$2,114,540
Land Value from Market Analysis	258,740
Miscellaneous site improvements (roads, fences, pond)	10,000
Final Conclusion of Value by Cost Approach	$2,383,280

The subject property does have the potential of use by a poultry producer in the event that the property were to go into default. An analysis of fair market value as a foreclosure to comply with the Federal Home Bank Regulation R41D would be to discount the land and improvements to such a degree that an all cash buyer would be generated at an auction of the subject property. Therefore I have discounted the property 45%. This indicates a fair market value under the R41D regulation of $1,310,000 (rounded),

Based on my experience and judgment and market data reviewed by this appraiser, I am of the opinion that the fair market value of the subject property is $1,310,000 rounded.

The Internal Revenue Service Tax Identification Number is 77-6015491. This appraisal is prepared to meet all of the regulations of the California appraisal of real property. This appraiser's certification number regiatered by the National Association of Review Appraisers and Mortgage Underwriters is Number 55087. This is a Letter of Opinion only and not a fully certified appraisal.

Respectfully submitted,

Noel K. Atkinson

Noel K. Atkinson, SVC, CRA, APA
Real Estate Consultant
NARA/MU Approved Appraiser #55087

NKA/ea

APPRAISAL REPORT OF THE PROPERTY

UNDER THE LEGAL OWNERSHIP OF

ORE-BEST FARMS

Address of the Property:

20949 South Harris Road, Oregon City, Oregon. 97045

Legal Description:

Beginning at a point 3610.87 feet South of the Northeast corner of the Nathan P. Macks DLC #37 in Clackamas County, Oregon; running thence South 89°10' West 1334.35 feet to the true point of beginning; thence West 1360 feet; thence North 995 feet; thence continuing North 33 feet; thence West 220 feet; thence North 330 feet; thence East 220 feet; thence North 373.5 feet; thence continuing North 1900 feet; thence East 1320 feet; thence South 1250 feet; and continuing South 275 feet; and continuing South 1400 feet to the true point of beginning.

The foregoing legal description is intended to cover the entire property identifies as Tax Lots 600 and 700 on County Map 2-3E-27B; also covering Tax Lots 1100, 1000, 1200, 1300, 1301, 1400, 1700 1500 and 1600 on County Map 2-3E-27C; also covering Tax Lots 306 and 304 on County Map 2-3E-28.

Special Limiting Condition:

The legal description used above has been taken from the county map of Clackamas County. No liability is assumed for the accuracy of this legal and is furnished only to provide the reader of this report the understanding that the appraiser has as to the property under appraisal.

Building Description:

Located upon the property is a single family dwelling which consists of a 1980 Rex manufactured home, plus an addition on the home of 15'x 18.5' and a full basement under this home and its addition.

The home is a three bedroom home with one large master bedroom and bath on one end and two bedrooms on the other end. There is also a large living room, dining area, kitchen and another bath.

Adjacent to the home and housed by the 15'x 18.5' addition is an office area and stairway to the lower level of the home. The lower level of the home consists of three large rooms and a shower bath, plus a small storage area. On the back of the home is a deck 31'x 15' with a concrete pad on the lower level which is 15'x 20'. There is a wood deck 5'x 24' on the front of the home.

The home has wall to wall carpeting except in the addition, which has vinyl. There is a fireplace, Jenn-Aire range, dishwasher and two ovens in the home.

The exterior of the home has a composition roof and metal siding. Adjacent to the home ia a garage 22'x 32' with T1-11 siding, composition roof and concrete floor. A gravel driveway and a minimum amount of landscaping around the home.

Also located upon the property is a large rabbitry consisting of a number of barns and a processing plant. There are eight barns that are 38'x 256' long. There is one

Building Description (cont.):

smaller barn (Barn 8-A) 25 feet wide and 246 feet long that is completely finished on the interior. There are four barns 54.5'x 256' long, plus a small workship 22'x 30' and a pump house 10'x20'.

The barns are all of similar construction with double roofs and insulation between. The under roof is aluminum sheeting plus fiberglass insulation and covered with corregated fiberglass roofing as the final roof. The exterior is T1-11 siding fully insulated. These barns have concrete pad floors and are fully insulated on the interior.

There is a central walkway connecting all barns which is 12 feet wide and the barns are approximately 15 feet apart. This gives full circulation to all barns without having to be exposed to the outside weather.

Between barns 4 and 5 is a small office for operation purposes. This office is approximately 15 feet wide by 30 feet and houses three offices. The interior has vinyl floors with panelling finish.

The barns that have previously been described have an effective age of approximately 5 years.

Building Description (cont.):

Processing Plant:

The processing plant is being completed at the present time. The following description is as if complete.

This building is a remodeled and added to structure. The remodeling is extensive utilizing only the original walls and the roof of the original building, plus extensions to the buildings on the north and west sides. The roof is completely reinforced to meet code as well as the floor and walls. Ostensibly the building is in all characteristics new when completed.

The building is two and one story, the two story section is the original building, 84'x 60'. The first floor exterior walls are concrete block and the second floor exterior walls of this portion of the building are T1-11 siding and frame walls. The two additions, one on the north 30.5' x 40' and one on the west 24'x 70', are frame construction with T1-11 siding. The entire buildings are covered with fiberglass roofing, are fully insulated on walls and ceilings, plus there are various degrees of holding temperatures within the buildings. They as follows: first floor there is a slaughtering area that is held at 50° temperature, containing 1,768 square feet. A processing room containing 1,200 square feet, 50° temperature. A holding freezer containing 444 square feet at +20° and a holding freezer containing 440 square feet at +0°. Plus a blast freezer containing 408 square feet at minum 30 degrees. The live holding and miscellaneous areas with no temperature control containing 2,578 square feet. Offices heated with

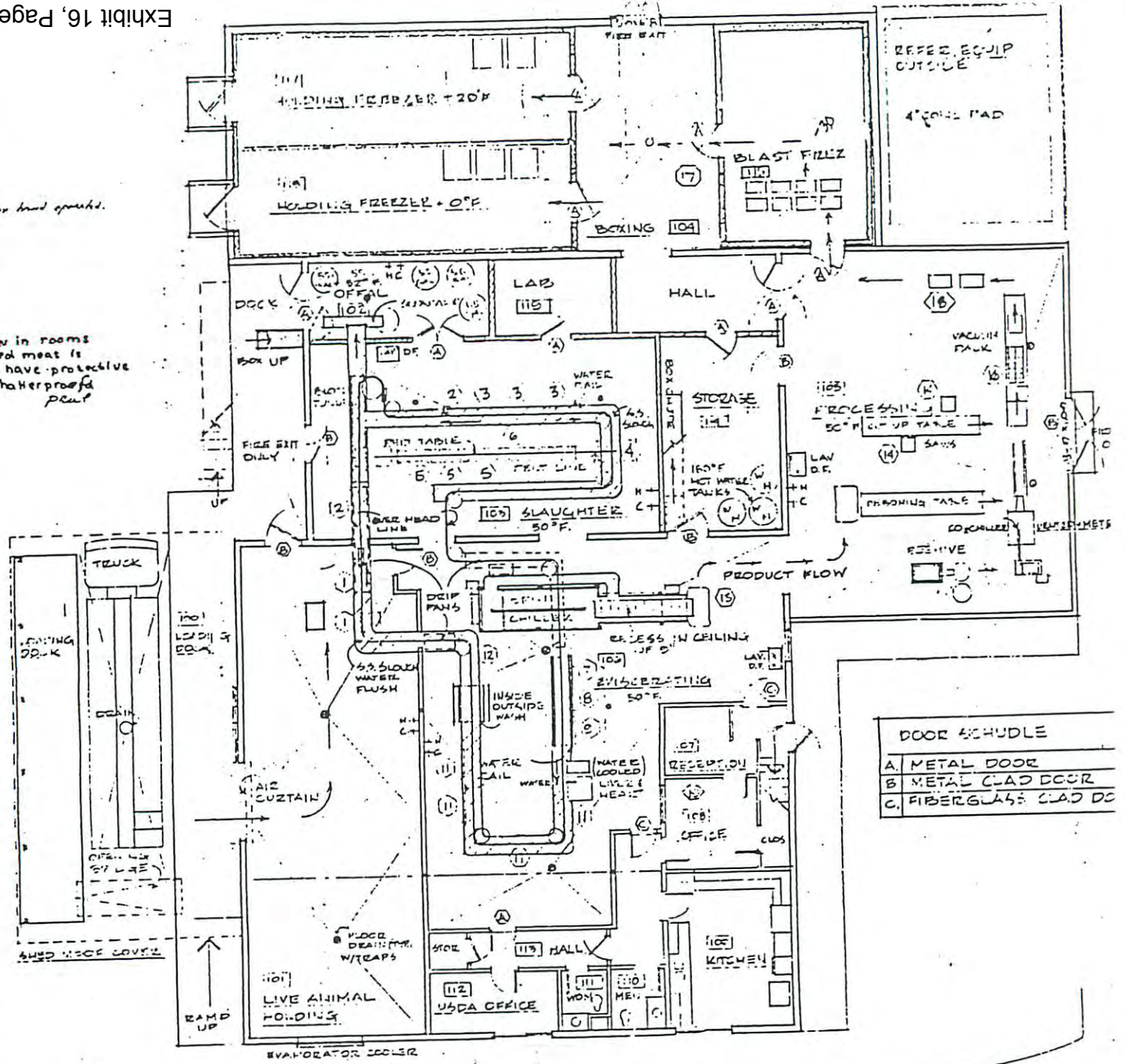
Building Description (cont.):

Processing Plant (cont.):

electric heat containing 842 square feet. The total area within the first floor is 7,684 square feet with a covered loading dock area to the rear containing 1,356 square feet.

The second floor is comprised of an employee lounge, rest rooms and locker areas, plus pelt drying and storage and pelt preparation areas. The entire second floor will be held at room temperature of 65° with electric forced air and electric baseboard heat in the office area.

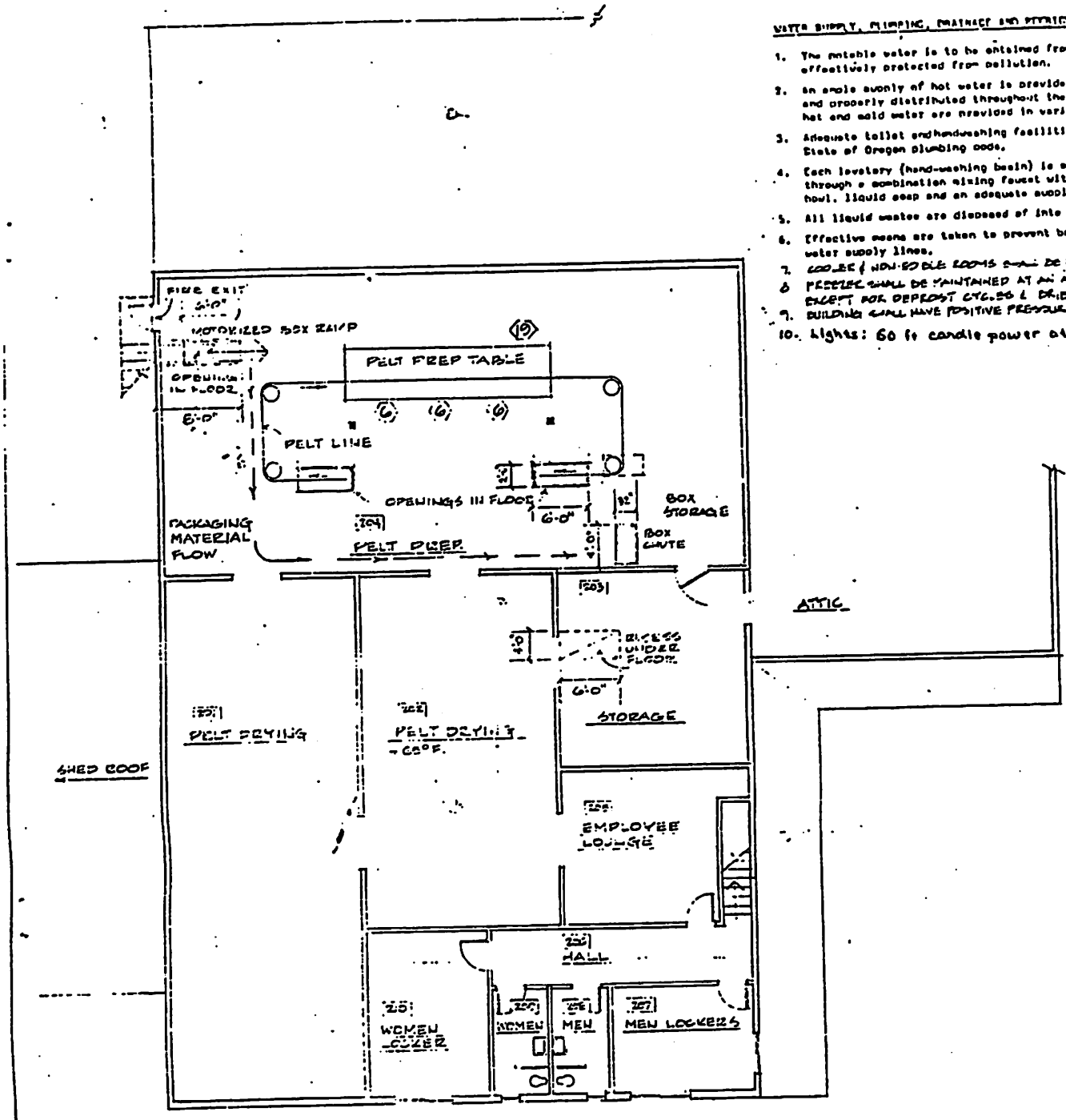
Interior finish is either drywall or in the cold areas will be properly insulaated to be efficiently cool under strict engineering specifications. The floors in the office area are all vinyl and floors in the working areas will be concrete fully drained to provide for sanitary conditions.



PROCESSING BUILDING

FIRST FLOOR PLAN

SCALE 1/8" = 1'-0"



WATER SUPPLY, PLUMBING, DRAINAGE AND VENTILATION

1. The potable water is to be obtained from an on-site well r effectively protected from pollution.
2. An ample supply of hot water is provided at adequate temp and properly distributed throughout the plant. Hose conn hot and cold water are provided in various workrooms.
3. Adequate toilet and handwashing facilities shall be plumbe State of Oregon plumbing code.
4. Each lavatory (hand-washing basin) is supplied with hot an through a combination mixing faucet with outlet about 12 bowl, liquid soap and an adequate supply of sanitary towe
5. All liquid wastes are disposed of into approved on-site s
6. Effective means are taken to prevent back-siphonage of liq water supply lines.
7. COOLER / NON-EDIBLE ROOMS SHALL BE MAINTAINED AT AN AIR
8. FREEZER SHALL BE MAINTAINED AT AN AIR TEMPERATURE O EXCEPT FOR DEFROST CYCLES & BRIEF PERIODS OF LO
9. BUILDING SHALL HAVE POSITIVE PRESSURE VENTILATION
10. Lights: 60 ft candle power at inspection sta

PERSONNEL	
1	HANG
2	CUT TA
3	SKINNE
4	TRIM
5	PUT P
6	SCRAP
7	OPEN
8	USDA
9	TRIM
10	CLEAN
11	HAUL
12	ZERO
13	HANG
14	CUT U
15	AREA
16	FILL V
17	BOXING
18	RAST F
19	TRANSF
20	PLAN

BUILDING CONSTRUCTION

1. All walls are to be surfaced with an impervious material(
2. All floors having drainage facilities are to be concrete, a nonslip surface.
3. Ceilings are to be smooth, flat and be an impervious surface
4. All exposed wood surfaces are to be smooth and painted with paint.
5. All window and door openings are to be screened.
6. All doors of toilet rooms and dressing rooms are to be solid, completely fill the openings.
7. Doors are to be rust-resistant metal, or in case of insulation, they are to be clad on both sides with heavy, rust-seams are soldered or welded. The juncture of metal clad effectively sealed with a flexible sealing compound.
8. Suitable coves are to be provided to facilitate sanitary cl between walls and floors.
9. Employees: 8 female, 2 male
10. Wallmounted equipment 1" off wall

Processing Building

SECOND FLOOR PLAN

SCALE 1/8" = 1'-0"

SOIL INTERPRETATIONS RECORD

31C BRIEDWELL SILT LOAM, 7 TO 12 PERCENT SLOPES

THE BRIEDWELL SERIES CONSISTS OF WELL-DRAINED SOILS FORMED ON OLD ALLUVIAL TERRACES. TYPICALLY, THE SURFACE LAYER IS DARK BROWN SILT LOAM, ABOUT 15 INCHES THICK. THE SUBSOIL IS DARK YELLOWISH-BROWN CLAY LOAM, ABOUT 10 INCHES THICK. THE SUBSTRATUM IS DARK YELLOWISH-BROWN VERY GRAVELLY CLAY LOAM, ABOUT 35 OR MORE INCHES THICK. ELEVATION IS FROM 200 TO 650 FEET. THE AAPT IS 40 TO 60 INCHES. THE AAAT IS 50 TO 54F. THE APFP (32 F) IS 165 TO 210 DAYS.

ESTIMATED SOIL PROPERTIES

DEPTH (IN.)	USDA TEXTURE	UNIFIED	AASHTO	FRACT >3 IN (PCT)	PERCENT OF MATERIAL LESS THAN 3" PASSING SIEVE NO. 4	10	40	200	LIQUID LIMIT	PLASTICITY INDEX
0-14	SIL	ML, GM	A-4	0-10	60-100	55-100	50-95	40-85	25-35	NP-10
14-24	GR-SICL,GR-CL,GRV-CL	CL, GC	A-6	0-10	45-85	40-75	35-70	35-65	30-40	10-15
24-60	GRV-CL	GC	A-2	0-40	25-40	20-35	20-35	15-25	30-35	10-15

DEPTH (IN.)	CLAY (PCT <2MM)	MOIST BULK DENSITY (G/CM3)	PERMEABILITY (IN/HR)	AVAILABLE WATER CAPACITY (IN/IN)	SOIL REACTION (PH)	SALINITY (MMHOS/CM)	SHRINK-SWELL POTENTIAL	EROSION FACTORS K	T	WIND EROD. GROUP	ORGANIC MATTER (PCT)	CORROSIVITY STEEL	CONCRETE
0-14	15-25	1.10-1.30	0.6-2.0	0.15-0.20	5.1-6.5	-	LOW	.28	4	-	3-5	MODERATE	MODERATE
14-24	27-35	1.20-1.30	0.6-2.0	0.13-0.19	5.6-6.5	-	MODERATE	.24					
24-60	27-30	1.20-1.30	0.6-2.0	0.04-0.06	5.6-6.5	-	LOW	.20					

FLOODING FREQUENCY	DURATION	MONTHS	HIGH WATER TABLE DEPTH (FT)	KIND	MONTHS	CEMENTED PAN DEPTH (IN)	HARDNESS	BEDROCK DEPTH (IN)	HARDNESS	SUBSIDENCE INIT. (IN)	TOTAL (IN)	HYD GRP	POTENT'L FROST ACTION
NONE			>6.0			-		>60		-		B	-

SANITARY FACILITIES

SEPTIC TANK ABSORPTION FIELDS	MODERATE-PERCS SLOWLY,SLOPE
SEWAGE LAGOON AREAS	SEVERE-SLOPE
SANITARY LANDFILL (TRENCH)	MODERATE-SLOPE,TOO CLAYEY,LARGE STONES
SANITARY LANDFILL (AREA)	MODERATE-SLOPE
DAILY COVER FOR LANDFILL	POOR-SMALL STONES

CONSTRUCTION MATERIAL

ROADFILL	GOOD
SAND	IMPROBABLE-EXCESS FINES
GRAVEL	IMPROBABLE-EXCESS FINES
TOPSOIL	POOR-SMALL STONES,AREA RECLAIM

WATER MANAGEMENT

POND RESERVOIR AREA	SEVERE-SLOPE
EMBANKMENTS DIKES AND LEVEES	MODERATE-LARGE STONES
EXCAVATED PONDS AQUIFER FED	SEVERE-NO WATER
DRAINAGE	DEEP TO WATER
IRRIGATION	SLOPE
TERRACES AND DIVERSIONS	SLOPE,LARGE STONES
GRASSED WATERWAYS	LARGE STONES,SLOPE

BUILDING SITE DEVELOPMENT

SHALLOW EXCAVATIONS	MODERATE-SLOPE
DWELLINGS WITHOUT BASEMENTS	MODERATE-SLOPE
DWELLINGS WITH BASEMENTS	MODERATE-SLOPE
SMALL COMMERCIAL BUILDINGS	SEVERE-SLOPE
LOCAL ROADS AND STREETS	MODERATE-SLOPE
LAWNS, LANDSCAPING AND GOLF FAIRWAYS	MODERATE-SMALL STONES,LARGE STONES,SLOPE

REGIONAL INTERPRETATIONS

RECREATIONAL DEVELOPMENT

CAMP AREAS	MODERATE-SLOPE,SMALL STONES,DUSTY	PLAYGROUNDS	SEVERE-SLOPE,SMALL STONES
PICNIC AREAS	MODERATE-SLOPE,SMALL STONES,DUSTY	PATHS AND TRAILS	MODERATE-DUSTY

CAPABILITY AND YIELDS PER ACRE OF CROPS AND PASTURE (HIGH LEVEL MANAGEMENT)

CAPA-BILITY		WHEAT, WINTER (BU)		BARLEY (BU)		ALFALFA HAY (TONS)		PASTURE (AUM)		STRAW-BERRIES (CRATES)		BLACK-BERRIES (TONS)			
NIRR	IRR.	NIRR	IRR.	NIRR	IRR.	NIRR	IRR.	NIRR	IRR.	NIRR	IRR.	NIRR	IRR.	NIRR	IR
3E	3E	70		35		3	5	10	16		300		5		

WOODLAND SUITABILITY

ORD SYM	MANAGEMENT PROBLEMS: EROSION HAZARD	EQUIP. LIMIT	SEEDLING MORT'Y.	WINDTH. HAZARD	PLANT COMPET.	POTENTIAL PRODUCTIVITY: COMMON TREES	SITE INDX	TREES TO PLANT
3F	MODERATE	SLIGHT	MODERATE	MODERATE	SEVERE	DOUGLAS-FIR OREGON WHITE OAK	140	DOUGLAS-FIR

WINDBREAKS

SPECIES	HT	SPECIES	HT	SPECIES	HT	SPECIES
NONE						

WILDLIFE HABITAT SUITABILITY

POTENTIAL FOR HABITAT ELEMENTS: GRAIN & SEED	GRASS & LEGUME	WILD HERB.	HARDWD TREES	CONIFER PLANTS	SHRUBS	WETLAND PLANTS	SHALLOW WATER	POTENTIAL AS HABITAT FOR: OPENLD WILDLF	WOODLD WILDLF	WETLAND WILDLF	RANG WILD
FAIR	FAIR	FAIR	FAIR	FAIR	FAIR	V. POOR	V. POOR	FAIR	FAIR	V. POOR	

POTENTIAL NATIVE PLANT COMMUNITY (RANGELAND OR FOREST UNDERSTORY VEGETATION)

COMMON PLANT NAME	PLANT SYMBOL (NLSPN)	PERCENTAGE COMPOSITION (DRY WEIGHT)				
POTENTIAL PRODUCTION (LBS./AC. DRY WT):						
FAVORABLE YEARS						
NORMAL YEARS						
UNFAVORABLE YEARS						

FOOTNOTES

NOEL K. ATKINSON, Real Estate Consultant

General Background

Owner of T. L. Mitchell & Co., San Jose, Calif., engaged in general brokerage since 1946; and in the sale, leasing or development of commercial and investment real estate in California for 45 years; appraising of properties for 40 years; real estate consulting for 35 years.

Member of International Institute of Valuers
Member Western Regional Committee, International Federation of Real Estate
Member of Real Estate Securities and Syndication Institute
Member of American Institute of Planning
Member of Appraisal Committee of San Jose Real Estate Board, 1954-59
Member of International Federation of Real Estate
Member of Cosmos Institute, International Science Foundation
Member of National Association of Real Estate Boards
Member of California Real Estate Association
Member of San Jose Real Estate Board
Real Estate Instructor, Business Administration Dept., San Jose State College
California Real Estate Association Director, 1957
Delegate to International Real Estate Congress, London, 1972
Member of National Association of Review Appraisers#55087

Education

Structural Engineering & Architecture, University of Washington, four years
Real Estate Law, San Jose State College, Certificate course, U. of Calif. Berkeley

Typical Appraisal Experience

Western Electric Engr. Center, Sunnyvale
American Can Co. Plant, San Jose
Lockheed Eng.Center, Sunnyvale
Valley Hills Theater, Salt Lake City
Harbor Towers, Miami, Florida
Mockingbird Towers, Dallas, Texas
Wagon Wheel Hotel, Lake Tahoe
Marina Del Rey, Los Angeles
Resort Hotel study, Kauai, Hawaii
IBM Building, Sacramento
Kaiser Aluminum Company Bldg.
Laguna Beach Highlands, Calif.
Prescolite Plant, El Dorado, Ark.
Pacific Hospital, Oakland
City of Los Gatos (urban renewal)
Flamingo-Capri Hotel, Las Vegas
American Smelting Plant, Pinole, Ca.
Premium Vineyards, Chico, Calif.

Feasibility & Economic Studies

Las Vegas Tourist Study, Nevada
Market Study P.U.D., Riverside, Ca.
San Fran. Bay Area Industrial Survey
Lake Tahoe, South Shore Area, Nevada
Office space feasibility study, San Jose
Commercial study, Rochester New York

Real Estate Consulting Clients

Thunderbird Lodges Inc., Oakland
Allied Convalescent Hosp. Inc., Oakland
Teachers Ins.& Annuity Pension Fund, NYC
Hertz Industries of Calif., Oakland
Division of Highways, State of Calif.
International Science Foundation, SF
Int'l Fruit Co., Panama City, Panama
Especies Del Mar, Guayaquil, Ecuador
Acolsure Housing Dev., Bogota, Columbia
Salt Lake Amusement Corp., Salt Lake City
Haiti Housing Corp., Port au Prince, Haiti
U. S. Govt. Resolution Trust, Wash.D.C.
General Electric Corp., San Bruno
Fundamental Inv. Corp., Lafayette, Ca.
Capital Funding Corp., San Jose
Miller Properties Inc., Los Altos
Palm Springs Corp., Palm Springs
Urban Research & Dev. Inc., Berkeley
Housing Consultants Inc., Austin Tex.
R. C. Jewett Developers, Santa Ana
Financial Federation Inc., Los Angeles
International Silver Co., Mexico
Crocker-Citizens Bank, San Francisco
Zhuhai Ind. Center, Peoples Rep. of C

Noel K. Atkinson, Real Estate Consultant
1698 Dolphin Dr., Aptos, California 95003 (408) 688-9692

1312 B St.
Hayward, Calif. 94541
581-0667

37 Quail Ct.
Walnut Creek, Calif. 94596
937-7140

114 Sansome, Suite 612
San Francisco, Calif. 94104
788-8333

1290 Davis St.
San Jose, Calif. 9512
296-3457

Ultima International Corporation
Equipment List

NAME	Serial Number	QNTY	COST	VALUE	TOTAL	COMMENT
BEEHIVE TRANSFER PUMP M/300-50	S/22-056033	1	15000.00	7500.00	7500.00	
BEEHIVE SPIN CHILLER/M/1000-50	S/6-05805	1	27500.00	18000.00	18000.00	
CONVEYOR TABLE 8', 18" BELT		1	150.00	100.00	100.00	
CONVERYOR TABLE 10', 18" BELT		1	200.00	150.00	150.00	
CONVEYOR TABLE 20', 12" BELT		1	250.00	200.00	200.00	
VACUUM PACKAGING MACHINE		1	0.00	0.00	0.00	
AIR COMP., CURTIS, M/C-GHG2		1	2500.00	1000.00	1000.00	
TRAY CARTS, ST. STL, 6 TIER		9	90.00	50.00	450.00	
TRAY STANDS, ST. STL		10	50.00	25.00	250.00	
TRAY STAND, 3 SECTIONS, STEEL		1	20.00	10.00	10.00	
LOCKERS, 6 DOORS, 12X15X72		6	180.00	100.00	600.00	
CHARI, STACKING, CHROME		1	10.00	5.00	5.00	
REFRIG. SEARS COLDSPOT	M/663110	1	125.00	25.00	25.00	
LOT PELT STRETCHER (3,500+)		1	250.00	100.00	100.00	
PROCESSING Totals			86325.00	45265.00	46390.00	
CATAGORY -> VEHICLE						
NISSAN P/U TRUCK W/CANOPY	#JN6ND 6SOEW	1	10200.00	2200.00	2200.00	
VEHICLE Totals			10200.00	2200.00	2200.00	
CATAGORY -> VEHICLES						
FORK LIFT, HYSTER		1	2000.00	1200.00	1200.00	
VEHICLES Totals			2000.00	1200.00	1200.00	
CATAGORY -> BARNS						
CONVEYOR BELT SYS.(OPERATIONAL		25	0.00	0.00	0.00	
CONVEYOR BELT SYS.(NON-OPERAT)		35	0.00	0.00	0.00	
WATER SYSTEMS		0	0.00	0.00	0.00	
CAGES		0	0.00	0.00	0.00	
BARNS Totals			0.00	0.00	0.00	

10/24/92

Ultima International Corporation
Equipment List

NAME	Serial Number	QNTY	COST	VALUE	TOTAL	COMMENT
CATAGORY -> OFFICE						
DESK, SECRTRY, WLNT TOP		1	450.00	100.00	100.00	
DESK, WALNUT TOP		1	400.00	75.00	75.00	
DESK, SNGL PDL, WALNUT TP		1	300.00	75.00	75.00	
DESK, DBLE PED, WALNT TOP		1	350.00	100.00	100.00	
DESK, DBL PD,PST LG WLNT		1	550.00	125.00	125.00	
CREDENZA, CHRM LEGS, 4DWR		1	250.00	100.00	100.00	
CREDENZA, MTL, 4 DRWR		1	300.00	100.00	100.00	
FILE DRAWER, LEGAL		1	135.00	75.00	75.00	
FILE, 4 DRWR, LGL, HOLGA		1	125.00	75.00	75.00	
FILE, 5 DRWR, LEGAL, COLE		1	100.00	75.00	75.00	
FILE, 4 DRW, LTR, CENTURY		1	120.00	75.00	75.00	
LATERAL FILE, 4 DRWR		1	500.00	125.00	125.00	
ARM CHAIRS, CHROME, CLOTH		4	80.00	15.00	60.00	
EXC. SWIVEL CHR, WOOD BASE		1	250.00	75.00	75.00	
STACKING CHAIRS, FORMED PLASTC		2	20.00	15.00	30.00	
TIME CLOCK, LATHEM W/CRD RACK		1	225.00	100.00	100.00	
CUBE REFRIGERATOR, SANYO		1	100.00	25.00	25.00	
STACKING CHRS, CHROME, FRM PLS		10	100.00	15.00	150.00	
CABINET STAND, FORMICA TOLP		1	25.00	15.00	15.00	
CHECK PROTECTOR,PYMSTR M/800B	8a51911	1	125.00	25.00	25.00	
TYPEWRITER, BROTHERS EXECUTRON	H-31509269	1	450.00	125.00	125.00	
TYPEWRITER, BROTHERS FM100	31470269	1	650.00	250.00	250.00	
COPY MACHINE, CANON UP125	70116116	1	2900.00	400.00	400.00	
WALL CLOCK, ELECTRIC		1	35.00	5.00	5.00	
TELEPHONE SYSTEM, INSTALLED		1	2000.00	500.00	500.00	
OFFICE Totals			10540.00	2665.00	2860.00	

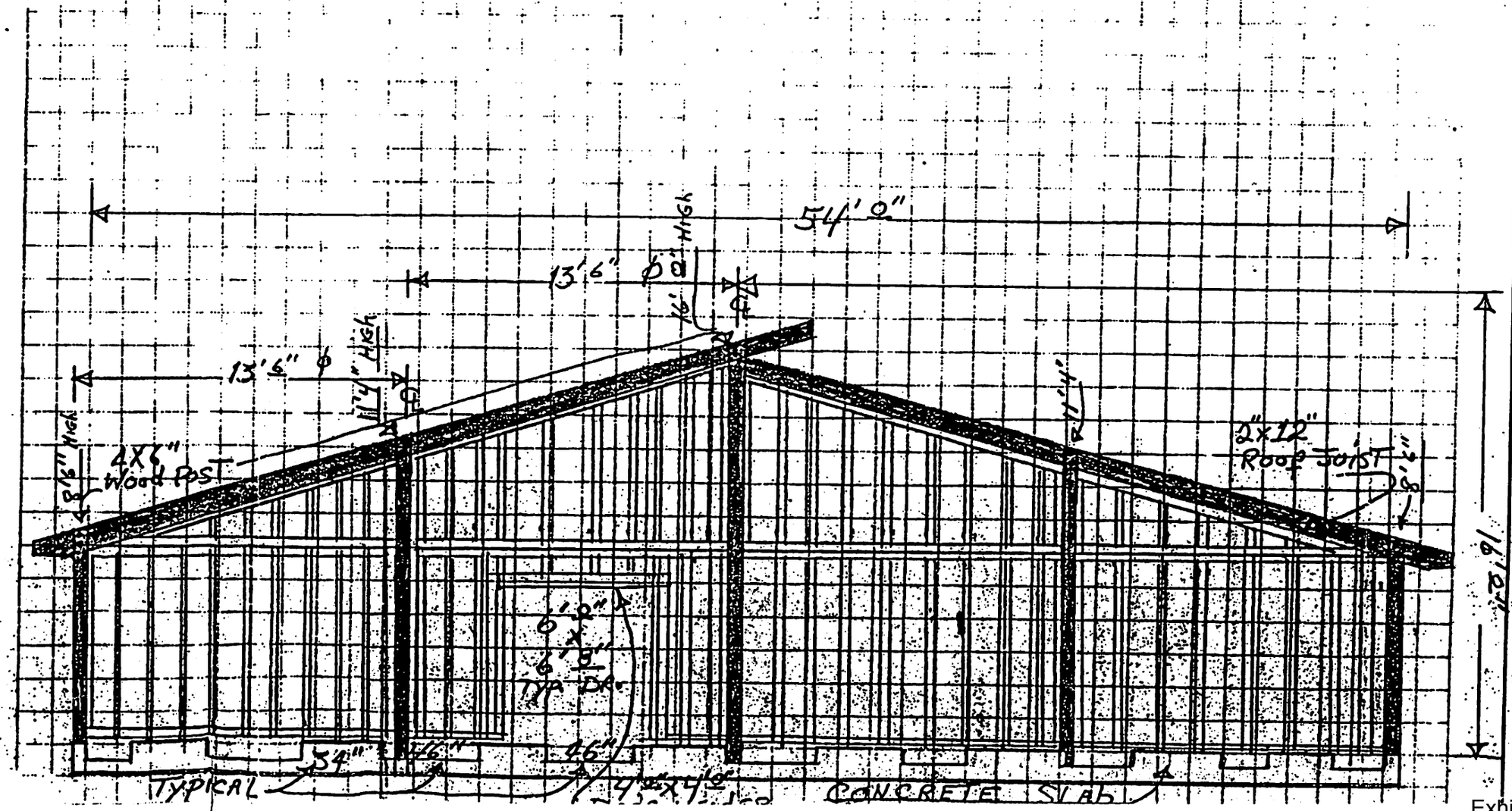
10/24/92

Ultima International Corporation
Equipment List

NAME	Serial Number	QNTY	COST	VALUE	TOTAL	COMMENT
CATAGORY -> BARNS						
INCUBATOR, ELECTRIC 48X30X40		1	250.00	100.00	100.00	
INCUBATOR, VWR 25X27X36		1	100.00	50.00	50.00	
WATER DISTILLER	M/ID S/CD 1252	1	125.00	50.00	50.00	
STERILIZER/AUTOCLAVE PLTRN CRN	212542	1	400.00	100.00	100.00	
LAB OVEN, ELECTRIC 12X10X15		1	20.00	5.00	5.00	
MISC. LAB. EQUIPMENT		1	100.00	25.00	25.00	
METAL BAND SAW, JET M/HVB461	S551	1	200.00	125.00	125.00	
METAL BREAK, 101 CHICAGO SIZE	18419	1	2000.00	2000.00	2000.00	IS NOT INCLUDED IN SALE PRICE
DRILL PRESS, BENCH, ASSOCIATED	034236	1	200.00	100.00	100.00	
CORNER SHEAR, FORMAN 90 18X12		1	200.00	125.00	125.00	
BENCH GRINDER, BALDOR, M/CAT 6	S/W1281	1	40.00	10.00	10.00	
SPPOT WELDER, WSTRN ARCTRNCS	M/SW140	1	1100.00	800.00	800.00	NOT INCLUDED IN SALE PRICE
BOX BENDING BREAK 48", CONNET.	M/422	1	1500.00	1000.00	1000.00	NOT INCLUDED IN SALE PRICE
METAL SHEAR 4.5', TENNSMITH	S/0381	1	2500.00	1500.00	1500.00	NOT INCLUDED IN SALE PRICE
AIR COMPRS, 1 STG KELLOG/AMRN	S/474029	1	4000.00	2000.00	2000.00	
LOT METAL WORKING TOOLS, ETC		1	500.00	250.00	250.00	
PRESSURE WASHER, LANDA, M/PHW4	S/1279-1204	1	1500.00	500.00	500.00	
PRESSURE WASHER, LANDA M/PHW4	S/1279-1204	1	1500.00	800.00	800.00	
PLATFORM, TRUCK METAL FRAME		2	300.00	100.00	200.00	
LOT JANITORIAL EQUIPMENT		1	200.00	25.00	25.00	
LOT SMALL SHOP TOOLS & EQPMNT		1	25.00	10.00	10.00	
WELDER, LINCOLN M/AC2255	S/4370-205	1	100.00	75.00	75.00	
BELT LACER, CLIPPER N 9	S/021012	1	250.00	200.00	200.00	
BARNS Totals			17110.00	9950.00	10050.00	
CATAGORY -> PROCESSING						
BEEHIVE DEBONER M/AUX1272	S/51-05685	1	40000.00	18000.00	18000.00	

"TYPICAL 2x4 WALL FRAMING DETAIL" 3/16" SCALE

WALLS 8' HIGH 13' WIDE
1 WALL FRAMED FOR 6'-2"x6'-8" DR.
ALL WALLS 2x4 FRAMED 16" ON CNTR. (LAYOUT FOR DRYWALL APLC.)
DBL. PLATED TOP PONY WALL ON TYP. LAYOUT — ANCORED TO 2"x12" ROOF JOIST
SINGLE BOTTOM PLATE WITH 1/4" ANCORES 3'-8" APPROX. TO CONCRETE SLAB



Township ____ Range ____ Section ____ Tax Lot ____

Address: ____

PLOT PLAN

Building Permit or Building Permit Application Number: ____

CCD-PW138

SUMMARY OF PROPERTY VALUES
IF SPLIT IN 4 LOTS

House
Tax Lot 1701

7 Acres of land
3,200 sq ft modular home on full basement with 2 car garage.

Home valued at	$ 126,000	
Land, 1 acre improved -	10,000	
6 acres @ $6,500	39,000	
Total Value	$ 175,000	$ 175,000

Comments:
- House is in good condition with the following exceptions;
  Roof $1,000 - $2,500
  Needs well estimated at $10,000
  Garage needs painting - $750
- Septic tank is already in place. Price does not contemplate view of Mt Hood. After timber is cut, there is a strong possibility of a Mt St Helens view. Neighbors property and trees will block a Mt. Hood view.
- Land is exceptionally good. Flat with minimal rocks. Part is wooded and will be more accessible after timber is cut. No value has been placed on timber.

Northern lots & pond
Tax Lots 700 (2-3E-27B) 1000 & 1200 (2-3E-27C) 306 (2-3E-28)

#700 = 21.24 acres of land
#1000 = 11.72 acres of land
#1200 = .43 acres of land
#306 = .25 acres of land

33.64 acres of land

Pond
No Improvements
View

Land, 33.64 acres @ $3,500/acre	$ 117,740	
View		
Total Value	$ 117,740	$ 117,740

Comments:
A good portion of this land is unusable because of drainage. It may be possible for someone to create a use surrounding the pond. The upper slope will be an excellent building site for a home with a Mt Hood and Mt St Helens view after the timber

is cut. No value has been placed as a building site as of this time. A well and septic system will have to be installed as well as a farm management plan approved before a home can be built.

Barns
Tax Lots 1300, 1301, 1400, 1600 and 1700 (2-3E-27C) 304 (2-3E-28)

#1300 = 9.04 acres of land
#1301 = incl
#1400 = 5.95 acres of land
#1600 = 3.65 acres of land
#1700 = 9.38 acres of land
#304 = 1.52 acres of land

29.54 acres of land
100,000 sq ft of barns

Barns @ $3.00/sq ft	$ 300,000	
Land, 29.54 Acres @ $4,250/acre	125,545	
Total Value	$ 425,545	$ 425,545

Comments:
Part of the land has the barns on it, part is the drain field for the barns and the balance is very useable. Similar to the house. A small area has been used in the past as a dump and may need to be excavated.

Barns are in fair repair. There is some dry rot in the area where plumbing may have broken in the past. Some roof repair needs to be made. Compensating for this is the insulation in the barns plus the extensive plumbing and electrical installation. Floors are cement, which is costly to install. However, it is not conducive to small animals directly on the floor. ie; hogs, sheep, horses. Great for cages, making it easier to clean. Square foot cost on barns takes all of this into consideration. Cost is far below replacement cost.

Processing Plant
Tax Lots 1500 (2-3E-27C)

#1500 = 16.45 acres of land
11,250 sq ft, 2 story cement block building
equipment

Building @ $35.00/sq ft	$ 393,750	
Land, 2 acre improved	20,000	
14.45_ acres at $5,000/acre	72,250	
Electrical Power Installation	20,000	
Equipment	50,000	
Total Value	$ 556,000	$ 556,000

Comments:

Processing plant sq footage consists of 5,040 sq ft on each floor of the two story block building and 1,200 sq ft on the single story frame portion. Cost to build a block building is about $20/sq ft and the cost for the office and improved space is around $50/sq ft. We have averaged out the cost to $35/sq ft. This space does not include the area where the freezers are, nor does it include the docks.

The building and lagoon sits on about 2 acres. We have valued this improved at $10,000/acre to cover the DEQ required water drainage system, septic tank and other improvements. The remaining land is very good flat land.

There are two large barns on this lot that we have not established a value on. They are in poor condition and do not have electrical or water in them, with the exception of one end where the tannery was.

This lot also includes the well and a very useable small shop. No specific value was placed on these either, except as they may be included in the improved acreage.

Electrical power installation is very significant. To replace it would be in excess of $35 0 $40,000. We placed a value of $20,000 on this improvement.

The equipment in the processing plant is from $25,000 to $125,000, depending upon how much need the person who wants it has. The low value was an offer from a liquidator. Our assumption is that he wouldn't bid that unless he could get well over $75,000 for it after disassembling it and moving it.

Total Overall Value $1,274,28

Memo:
To: Dick Bennett
From: Jerry Ball
Date: May 11, 1993
RE: Barn Construction

The following page represents a front or rear view of the construction of the four large barns. Of primary interest is the concrete floor. Notice that there are trenches in the floor which were designed to carry the manure during wash down. The floors have held some very heavy equipment and we haven't had any trouble breaking through so it appears to be of sufficient thickness.

I do not have any drawings of the eight smaller barns (16 depending upon how you define a barn, ie; including the hall or each side of the hall). They are a wood frame construction with a composition corrugated roof and pressboard siding. Each of them have insulated ceiling and walls. Several of them have had about an 8' square removed from 2 or 3 places in the ceiling. This was done to allow air to move out during the summer as the heat from the rabbits was being retained. I would estimate that about 75% of the insulation is in place.

One end of each barn has 220v receptacles as well as each barn has 4 rows of lights down the ceiling. Extensive wiring has been installed in each barn. Approximately 2 or 3 of the 16 barns have had the electrical lighting cannibalized for other barns. The electrical supply is underground. Extensive power is available on site.

Various types of plumbing is installed in each barn, depending upon the watering system that was being used in that barn. Each barn has hose bibs for washing down the floors. Several of the barns have fans that circulate air through large plastic tubes. The outside end of each barn has a set up for large fans to move air out. Approximately 25% of the fans are in place and working.

The floors are rough poured concrete. I have drilled holes to install lag bolts in 3 or 4 of the barns and did not go through the concrete in about 2 - 3"s. I do not know of any instance where the concrete was thin. I do not know of any reinforcement steel or wires in the floors.

The rabbits body heat generally provided enough heat for winter operations so we did not install heating systems in the barns. I am aware of at least one large electrical heating unit that was mounted on the concrete platform at the end of one barn.

Drainage is to the North and is into a large cistern and leech fields.

There are two restrooms located off the hallway between the barns. One is functional, the other needs to be repaired. The pipes had frozen during a period of non-use.

There are two other small rooms along the hallway, between barns that can be used as employee lunch rooms or storage.

There are some leaks in the roof indicating some roof repair is necessary. There is enough roofing material on site to handle all of the repairs with the exception of the wind damage on two of the large barns. This damage was estimated to be around $20,000 and insurance paid for the claim. However, the company had planned to modify these barns to experiment with plants along with the rabbits and were going to make the roofs like a hot house.

The property has two wells on it. One has been shut down and I do not know the reason. All of the equipment is there, yet it isn't hooked up. I believe that it was due to equipment failure. In order to pull the pump it has to go through the roof of the small office that is built between two barns and sense the other well was sufficient for the operation no repairs have been made.

The other well is fully operational. It was tested at over 75 gal/min. It is approximately 100' deep with a submersible pump. A centrifugal filter, for sand purposes, is installed at the well head prior to the holding tank. This well is located between two of the large barns on the West side of the road in its own pump house. Underground plumbing connects this well to the processing plant, barns and the house located on the East end of the property.

For Sale

House and Land
$205,000

3,400+ sq ft Modular Home and 7 acres land

+ Built in 1981, 3 Bedroom, 2 bath modular home built over full size basement with additional bath, 1 or 2 bedrooms, kitchen and living room. Private entrance, could be separate living quarters for in-law setup. Lots of storage space.

+ Very large Master Bedroom with walk in closet and separate bath.

+ Forced Air Heating, inside W/D hookup upstairs and downstairs.

+ All Electric Kitchen with JennAir Range and double ovens.

+ Two car garage with workspace and additional double garage door on side.

+ Spectacular sunsets, large deck on rear of upstairs level, lots of privacy.

33.64 acres land with 1+ acre pond
$120,000

33.64 acres land with exceptional view building sites. Includes large pond. Hardwood trees, young fir trees and open space.

+ 33.64 acres land.

+ 1+ acre pond. Could be stocked with fish.

+ Several choices of view building sites. View of top of Mt St Helens. View of Mt. David. View of Mt. Hood.

+ Farm Management Plan required prior to acceptance of building permit.

+ Excellent site for trail riding.

+ Several acres of hardwood and young fir.

+ Marketable timber has been logged off.

+ Land has been reforested.

+ Will entertain joint venture with spec builder.

Terms: Company will consider reasonable offers and will carry back part of purchase price upon approval of credit of buyer. Entire property for $1,350,000.

Contact: Wm Jerry Ball at (503) 631-3471 for further information and to make arrangements to visit property.

FOR SALE

Barns and Property
$545,000

29.54 acres of land, Eight(8) 10,240 sq ft barns, One(1) 6,250 sq ft barn and Two(2) 13,824 sq ft barns (total 115,818 sq ft).

+ Barns are divided in half and connected to one another by covered hallway, have cement floors, 220v power & water.
+ Eight (8) 10,240 sq ft barns are insulated.
+ All but two barns have 4 rows of fluorescent lighting down center.
+ West end of all but two barns have large sliding doors.
+ Large drain field to East of barns with two large cisterns.
+ 29.54 acres of land.
+ Zoned GAD, General Agricultural District.

Processing Plant, Barns and Property
$590,000

16.45 acres of land, 11,250 sq ft. two story USDA inspected processing plant and two 13,824 sq. ft. barns.

+ Former USDA Inspected Rabbit Processing Plant. All equipment, except refrigeration systems, has been removed.
+ Building consists of a two story cement block building, two levels of 5,040 sq ft each, plus an additional 1,200 sq ft on ground level that houses reception area, offices, kitchen area (suitable for meeting room) and two rest rooms.
+ Upstairs area has two additional rest rooms, employee lunch room, office and three very large unfinished rooms.
+ Downstairs interior walls of plant are coated with plastic wall materials. Concrete floor. Ceiling a/c units. Two large walk in freezers plus large blast freezer.
+ Massive Three Phase Electric Power already installed.
+ DEQ approved drain system consists of large lagoon with pumps to spray water over fields.
+ Loading docks on rear, both on plant and on each walk-in freezer.
+ Suitable for most food processing uses. Herbs, spices, pre-packaged foods, laboratory animals and small animal processing.
+ Two large barns with cement floors. Each 13,824 sq ft.
+ 16.45 acres of level land zoned GAD, General Agricultural District.
+ Paved parking area.

MEMO:
TO: **Property File**
FROM: **Jerry**
DATE: **June 28, 1993**
RE: Possible split of property

Visited the County Planning office today. Talked to a planner regarding the division of the property to see if 20 acre lots were possible.

First, we are GAD, which is general agriculture development. The minimum lot size for division is determined by taking all farm lots in a 1 mile radius and determining what the median lot size is. That becomes the minimum lot that can be created.

In order to put a new residence on a lot (after determining that a lot can be created) you must show that the person managing or running (being active) in the agriculture business will live in the house. The lot must be able to sustain an agricultural business that will generate at least $10,000 per year in gross revenue. This can be established by filing a farm management plan. Estimating future revenue is ok.

At the present time these rules are being changed. In the future the requirement to put a residence on the property you need to show that the property grossed at least $32,000 per year for the past 2 years. No future estimates will be allowed. What this translates to is that the lot has to be created. A farming operation started and after it has grossed $32,000 for 2 years a residence can be built.

To get above process going, an application is submitted. All neighbors within 700' are notified. Staff reviews and makes decision. same neighbors are notified with 10 days to appeal.

In order to change from a GAD to a RRFF-5 (Rural Residence Farm-5 acres) you need to establish that; 1) the present property can not sustain an agriculture program and/or 2) that there is a shortage and demand of residential lots in the area. #2 is impossible at this time. We will have to look at #1. Obviously we can generate $32,000 of gross revenue. However, that is not sufficient to carry property of our proportions.

I have requested a study of our present tax lots, legal descriptions, etc. to determine what parcels exist at this time. ie; what can we sell in pieces. This will be mailed to me first of the week.

Since the minimum rural residence around is 5 acres, we might want to actively pursue getting out of the GAD classification.

The next page consists of all of the owners of the tax lots to the East and South of our property. This will allow us to try to work out an arrangement with the right people to get an easement to the new lots if necessary. Also bulletin from County is attached.

Map 23E27B

Lot# Name and Address

1000 Audry Burns, Trustee / Dale & Ardela Kathrein. 2615 SE Courtny Ave, Milwaukie, OR 970

1100 Betty Atkins, 16455 S. Harding

1200 Donald & Noreen McCoustand, 16397 S. Harding

1300 Donavan & Bonita Kleinberg, 16435 S. Harding

1301 Betty Atkinson, 16455 S. Harding Rd

1400 Betty Atkinson, 16455 S. Harding Road

1500 Louise Dedlow, 16445 S. Harding Road

Map 23E27C

0100 Harriet Corrigan, 16543 S. Harding Road

0200 C Grant & Barbara Chappelear, 16545 S. Harding Road

0300 Norman & Patricia Austin, 6977 Parfet Street, Aravado, CO 80004

0400 David & Barbara Letz, 16563 S. Harding

0500 D & Clara Harris/ Daniel & Sandre Nelson, 16695 S. Harding Road

0600 Daniel & Sandre Nelson, 16695 S. Harding Road

0700 James Acker, 16731 S. Harding Road

0800 Joseph & Tamara Oneill, 9907 SE Talbert Street, Clackamas, OR 97015

0900 Same as 0800

1800 Robert & Christine Nolde, 16831 S. Harding Road

1900 Donald & Jewell Bowen, 16975 S. Harding Road

Map 23E34

0600 John & Lisa Waldrupe, 21359 S. Arthur Road

601 Joan & Norman Butler, 21281 S. Arthur Road

700 Judith M. Bibb (29%), 17818 S. Harding Road

800 Dewain & Dorothy McGraw, 21221 S. Arthur Road

Memo:
To: All tenants in barns
From: Jerry
Date: September 29, 1995
RE: Night time activity in barns.

Steve Marshall, Clackamas County code enforcer, has contacted me in regards to people living in the barns. It seems that a tenant who is moving out this weekend and who rents 4 barns from us has informed him that he will be moved out this weekend and that we have three couples living in the barns.

He has informed me that this is against the law and that there is to be no one living on the property unless it is in a legal residence. Legal residence does not include a van, trailer on the property, etc.. Remedies for breaking this law includes fines, which I do not intend to have imposed upon us.

Therefore, effective Wednesday night, October 4th, both of the gates, and barn doors will be locked up at 10:00 pm and no one will be permitted to enter the premisses between 10:00 pm and 07:00 am. There will be no exceptions to this rule. If you are still in the barns at that time you may be locked inside the gates.

If you want your lock that has been used on the gate, please remove it from the chain on the gate as it will not be locked before this time.

SSDD, Inc.
Jerry Ball, Agent

Copy

SSDD, INC.
20949 S. Harris Road
Oregon City, OR 97045
(503) 631-3471

January 3, 1996

Steve Marshall
Code Compliance Specialist
Clackamas County
902 Abernathy Road
Oregon City, OR 97045

RE: 20949 S. Harris Road

Dear Steve:

I am sorry that I didn't get the letter off to you that you requested just before Christmas. The next day we had to terminate the offer on the property and had some trouble removing the buyer from the premises. This created some real time constraints and my wife and I had to move quickly to be able to get to the Los Angeles area to meet with family for Christmas. We just returned to the property and are trying to get caught up.

First, we have 4 tenants still using the barns for storage. They are in varying degrees of completing their moving. I estimate that all will be totally gone by the end of February at the latest. Two will be gone in the next three weeks and the other two may be gone by then.

As mentioned above the sale has not gone through. I am presently talking with an Electrical contractor about taking out the electrical permits and should have those done by the end of the month (including inspections).

At the present time no one is residing in the barns and all have been given notice that they will not reside in the barns. One tenant is working pretty much round the clock in moving and does sleep at different time for a couple hours at a time. He does not have any facilities set up to residing here. He has rented 4 barns and has a tremendous amount of large equipment. He has been selling and packing these items.

Again, I am sorry that I didn't get this off to you earlier.

Sincerely,

Wm Jerry Ball
Agent

CLACKAMAS COUNTY
Department of Transportation & Development
THOMAS J. VANDERZANDEN
DIRECTOR

January 5, 1996

SSDD, Inc.
c/o Monte Day
20949 S. Harris Rd.
Oregon City, OR 97045

John Chambers - Reg. Agent
1300 SW 5th, Suite 29
Portland, OR 97201

Subject: T. 2S, R. 3E, W.M., Section 27C, Tax Lot 01500
Site Address: 20949 S. Harris Rd. - Oregon City, OR

VIOLATION WARNING NOTICE

A review of the building records reveals that Plumbing Permits P788-95 & P787-95 and Electrical Permit E2180-95 & E2181-95 have yet to be obtained and/or the required inspections scheduled as required by the CABO - One and Two Family Dwelling Code.

The County has yet to receive the letter as requested in our telephone conversation with you on December 18, 1995 that would clearly establish acceptable time frames for the vacation of the agricultural barns that are presently used as residential and commercial uses which have been previously identified as violations of the Clackamas County Zoning and Development Ordinance within the above established time frames.

Your cooperation is requested in obtaining and or renewing the above referenced permits, scheduling the required final inspections and providing the letter of time frames for compliance with the Zoning Violations within fifteen (15) days of the date of this correspondence. Without your cooperation, this office will have no alternative but to forward this case to the Compliance Hearings Officer for enforcement proceedings, which typically results in the issuance of a civil penalty.

If you have any questions concerning the permit and inspection requirements, please contact Ernie Ebbert of the Building Section at 655-8521.

Steve Marshall
Code Compliance Specialist
Community Environment Section

c: Ernie Ebbert - Building Section
Tony Sena - Plumbing Section
Eugene Morgan - Electrical Section

902 Abernethy Road • Oregon City, OR 97045-1100 • (503) 655-8521 • FAX 650-3351

CLACKAMAS COUNTY
Department of Transportation & Development
THOMAS J. VANDERZANDEN
DIRECTOR

June 28, 1996

SSDD Inc
c/o Monte Day
20949 S Harris Road
Oregon City OR 97045

John Chambers - Reg Agent
SSDD Inc
1300 SW 5th Suite 29
Portland OR 97201

Subject: T. 2 S, R. 3 E, W.M., Section 27C, Tax Lot 01500

Site Address: 20949 S Harris Road; Oregon City, OR

You were notified by correspondence dated January 5, 1996 concerning the building, plumbing, and electrical work which has occurred on the subject property.

Enclosed please find a "Violation Notice" which allows you ten (10) days to obtain approved Final Inspections for all permits referenced in correspondence dated January 5, 1996 before legal action is initiated.

If you have any questions concerning these permit requirements, please contact Ernie Ebbert of the Building Section.

An inspection of all AG buildings to verify that they have all been vacated and are no longer used as accessory dwellings and commercial storage with will need to be scheduled and accomplished within ten (10) days of the date of this correspondence.

S. D. Marshall

Steve Marshall
Code Compliance Specialist
Community Environment Section

/db

Attachments
cc: Ernie Ebbert - Building Section
Tony Sena - Plumbing Section
Eugene Morgan - Electrical Section

CERTIFIED MAIL

902 Abernethy Road • Oregon City, OR 97045-1100 • (503) 655-8521 • FAX 650-3351

VIOLATION NOTICE

The structure erected on T. 2 S, R. 3 E, W.M., Section 27C, Tax Lot 01500, was built without benefit of a Building Permit and subsequently has not received all the inspections required by the CABO - One and Two Family Dwelling Code.

Section 3 of the Clackamas County Ordinance pertaining to the Enforcement of the Building Code declares the aforementioned violations to be a nuisance.

The permit and inspection requirements can be obtained from the Building Section of the Clackamas County Department of Transportation and Development, 902 Abernethy Rd., Oregon City, Oregon.

Failure to correct the alleged violation or to contact the Community Environment Section within ten (10) days of the date of this notice will result in this matter being forwarded to the Compliance Hearings Officer for enforcement proceedings. A civil penalty of $1000.00 per day for a continuing violation may be assessed in accordance with ORS 455.895.

DATE: June 28, 1996

SERVICE TO: SSDD, Inc.
c/o Monte Day
ADDRESS: 20949 S Harris Road
Oregon City, OR 97045

ISSUED FOR MICHAEL A. CLIBURN

BY: Steve Marshall

School-bus meth operation brings 5-year, 4-month term

OREGON CITY — A Southeast Portland man who cooked methamphetamine while living inside a school bus in 1996 has been sentenced to five years and four months in prison.

Lloyd H. Williamson, 48, was convicted in July in Clackamas County Circuit Court on drug and weapons charges.

Andy Eglitis, a senior deputy district attorney, said police discovered the meth operation along with 19 guns Williamson had stockpiled while living in a bus parked along South Harris Road.

Williamson was scheduled for trial in 1997 but failed to show up in court, Eglitis said. Authorities in California arrested Williamson last May and delivered him to Clackamas County for trial.

Hooley, British Labourite due for tour of county Saturday

OREGON CITY — Rep. Darlene Hooley, D-Ore., will squire a member of the British Parliament

Exhibit 20

Oregon
John A. Kitzhaber, M.D., Governor

Department of Consumer and Business Services
Building Codes Division
1535 Edgewater Street NW
PO Box 14470
Salem, OR 97309
(503) 378-4133
FAX (503) 378-2322
TTY (503) 373-1358
http://www.cbs.state.or.us/external/bcd

APRIL 7, 2000

GUY SPERB
BUILDING OFFICIAL
PO BOX 3040
OREGON CITY OR 97045-0304

RE: REMOVAL FROM DRUG LAB LIST

The following property has been **removed** from the "unfit for use" list of properties suspected of involvement or involved in the manufacture of drugs.

Address:	20949 S. Harris Road, Building #10 Oregon City OR
County:	Clackamas
Owner:	Jim Dierking 8120 SE Stark Street Portland OR 97215

Louann Rahmig

LOUANN RAHMIG
Administrative Specialist

c: Louann Rahmig
Interested Parties
County Assessor
Clackamas Co Health Dept
Jim Dierking

Oregon
John A. Kitzhaber, M.D., Governor

Department of Human Services
Health Division
800 NE Oregon Street # 21
Portland, OR 97232-2162
(503) 731-4030 Emergency
(503) 731-4012
FAX (503) 731-4077
TTY-Nonvoice (503) 731-4031

March 27, 2000

Jim Dierking
8120 SE Stark Street
Portland, Oregon 97215

RE: CERTIFICATE OF FITNESS, OHD CASE #96-002
20949 S. Harris Road, Building #10, (Eastern-most building), Oregon City

Dear Mr. Dierking:

The final documents were received from RM CAT Environmental Services, Inc. for the decontamination project at the above-referenced property. Based on the information submitted, the decontamination requirements of the Oregon Health Division have been met, and this property is now considered fit for use. A Certificate of Fitness is enclosed.

For your information, a courtesy copy of the Certificate will be sent to the Building Codes Division. Please be aware that it is your responsibility to contact that agency (P.O. Box 14470, Salem, OR 97309, or phone 503-373-7438) to initiate the process for removing the property from the Unfit for Use list (ORS 453.885).

You may contact the program coordinator at (503) 731-4012 if you have any questions regarding this Certificate.

Sincerely,

Tom Mitchell

Tom Mitchell
Environmental Health Specialist
Environmental Services & Consultation Section
Center for Environment & Health Systems

TM:ipo

cc: Ron Hall, Oregon Health Division
Steve Dahl, Clackamas County Environmental Health
Marine & Environmental Testing, Inc.
RM CAT Environmental Services, Inc.

Enclosure

CERTIFICATE OF FITNESS

The property located at **20949 S. Harris Road, Building #10 (Eastern-most building), Oregon City; Township 25 South, Range 03 East, of the Willamette Meridian, Section 27 C, Tax Lot 1400; Clackamas County, Oregon** has undergone a drug lab chemical assessment by a Health Division licensed Illegal Drug Laboratory Decontamination Contractor in accordance with ORS 453.855-453.990, and is hereby certified as fit for use to the extent that can be determined using current techniques and methodologies. Any act of fraud committed in obtaining this Certificate renders said Certificate null and void.

Certificate # 96-002

Thomas W. Johnson

Health Division Authority

March 28, 2000

Date

FAX TRANSMISSION

FAX: (503) 731-4077
Phone: (503) 731-4009

CENTER FOR ENVIRONMENT & HEALTH SYSTEMS
OREGON HEALTH DIVISION

TO: Tammy Carry
Clackamas Co.

DATE: _____

# of Pages (including cover) _____

FAX #: 557-6355 Phone #: _____

FROM: Tom Mitchell

COMMENTS: Oits Case# 96-002 (20959 S. Harris Rd.,

Important Notice: This information is intended for the use of the individual or entity named on this transmittal sheet. If you are not the intended recipient, be aware that any disclosure, copying, distribution or use of the contents of this faxed information is prohibited. If you have received this facsimile in error, please notify the sender by telephone immediately.

D:\Faxsheet

September 2, 1999

TO: Tammy Curry, Clackamas Co. Code Compliance Specialist

FROM: Tom Mitchell, Health Division, Drug Lab Cleanup Coordinator

RE: OHD Case # 96-002 (20959 S. Harris Road, Oregon City)

I am waiting on the written site evaluation report from the contractor. From the preliminary verbal information I have received, no contamination was found inside the structure sampled, Building # 10 (the eastern-most building). If the soil samples are OK, then a Certificate of Fitness will be issued. The owner should be able to check with the contractor preparing the report and give you an idea of when it will be done. I'm assuming it will be in the very near future. The Certificate will specify the above address, Building # 10 (eastern-most building), and indicate tax lot 1400.

In the meantime, no one should enter Building # 10 until after I have reviewed the report and it is certain the Certificate will be issued. I am not concerned about the other buildings on the property - especially in light of the preliminary findings of no surface contamination present inside # 10. The contractor has also checked the grounds around Building # 10 for environmental contamination.

For your information, the sheriff's office did *specifically limit* the lab to the "eastern building" on the site, as that is where officers found the evidence related to drug manufacturing. They apparently had good reason to believe the lab activity was confined to this area only.

Sincerely,

Tom Mitchell

Tom Mitchell

CLACKAMAS COUNTY

Department of Transportation & Development

FACSIMILE TRANSMISSION

COVER SHEET

DATE: 9-1-99

TO: Tom Mitchell - Drug Lab Cleanup

FAX NUMBER: 731-4077

FROM:

TAMMY CURRY – Code Compliance Specialist
CLACKAMAS COUNTY - DTD
COMMUNITY ENVIRONMENT
902 ABERNETHY ROAD
OREGON CITY OR 97045-1100

Direct Phone No.: (503) 650-3997

Switchboard No.: (503) 655-8521

FAX No.: (503) 557-6355

TOTAL PAGES, including this cover sheet: 5

COMMENTS: All attached

If you have any questions or problems with this FAX, please contact **Tammy Curry** at **(503) 650-3997**. Thank you.

September 1, 1999

To: Tom Mitchell, Drug Lab Cleanup Program Coordinator
Center for Environment & Health Systems Oregon Health Division

From: Tammy Curry, Code Compliance Specialist
Clackamas County – DTD Community Environment

Subject: 20949 S. Harris Road, Oregon City, Oregon 97045

Thank you for returning my call this morning, it sounds like we are on the right track now. I am providing you a copy of Mr. Dierking's site plan, zoning map identifying the specific tax lots and a list of unfit properties provided to the County's Building Department by your office. It looks to me that there are two parcels involved with all the existing accessory structures tax lots 1400 & 1500, T2S, R3E, Section 27C.

After reviewing everything, it seems clear to me that we have placed a lock on the wrong parcel. When the County places a lock on a parcel we will not issue any kind of a permit until the property owner(s) provide us with a Certificate of Fitness, which is what Mr. Dierking is running into relating to tax lot 1500.

I would appreciate it if you would review the information I am providing you and confirm that you agree with my determination.

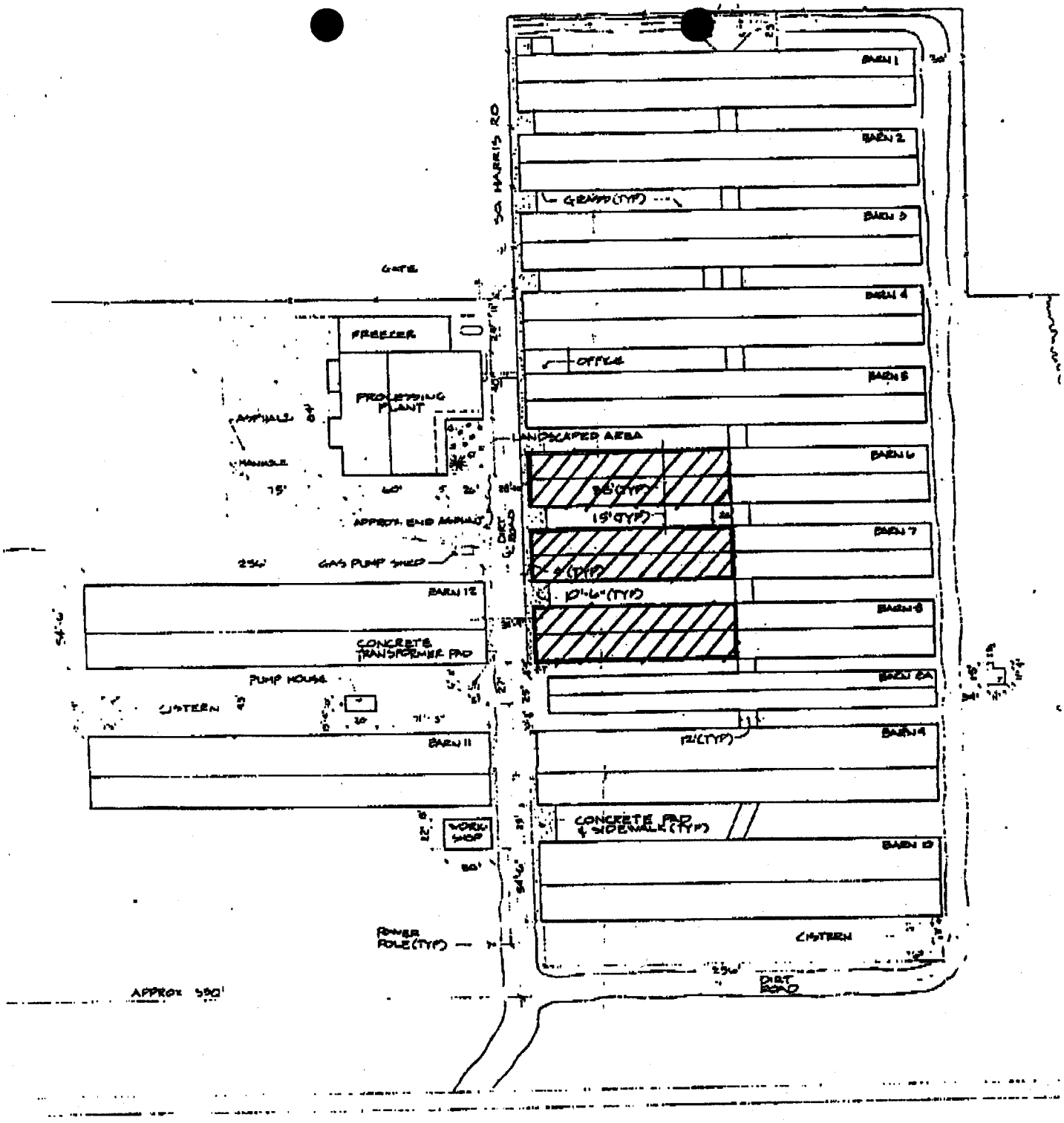
The accessory structure that is referenced as the processing plant on the site plan is located on the south side of Harris Road which is T2S, R3E, Section 27C, Tax Lot 1500. The accessory structure currently in the process of obtaining a Certificate of Fitness, and referenced as number 10 on the site plan, is located on the north side of Harris Road which is T2S, R3E, Section 27C, Tax Lot 1400. One could make the assumption that since the properties were under the same ownership (contiguous) it is possible the materials could have been transported to another structure on the two parcels. However, I am new to this process and do not have an understanding on how this is determined not to be the case.

Mr. Dierking has advised me that he is diligently working with the agencies who are involved with the cleanup in hopes of obtaining a Certificate of Fitness. Do you know where he is in this process? It is my understanding that the property owners and County staff are not allowed on the property that contains the accessory structure until a Certificate of Fitness is obtained.

You can fax me your response at (503) 557-6355, I look forward to hearing from you.

Sincerely,

Tammy Curry


BARN 1
BARN 2
GRAVEL (TYP)
BARN 3
GATE
BARN 4
FREEZER
OFFICE
BARN 5
PROCESSING PLANT
ASPHALT
LANDSCAPED AREA
BARN 6
HANDLE
15'
60'
20'
15' (TYP)
APPROX. END ASPHALT
DIRT ROAD
BARN 7
25'
GAS PUMP SHED
10'-6" (TYP)
BARN 12
BARN 8
CONCRETE TRANSFORMER PAD
PUMP HOUSE
BARN 8A
CISTERN
71'-3"
12' (TYP)
BARN 11
BARN 9
CONCRETE PAD & SIDEWALK (TYP)
WORK SHOP
BARN 10
POWER POLE (TYP)
CISTERN
APPROX 550'
DIRT ROAD

N →

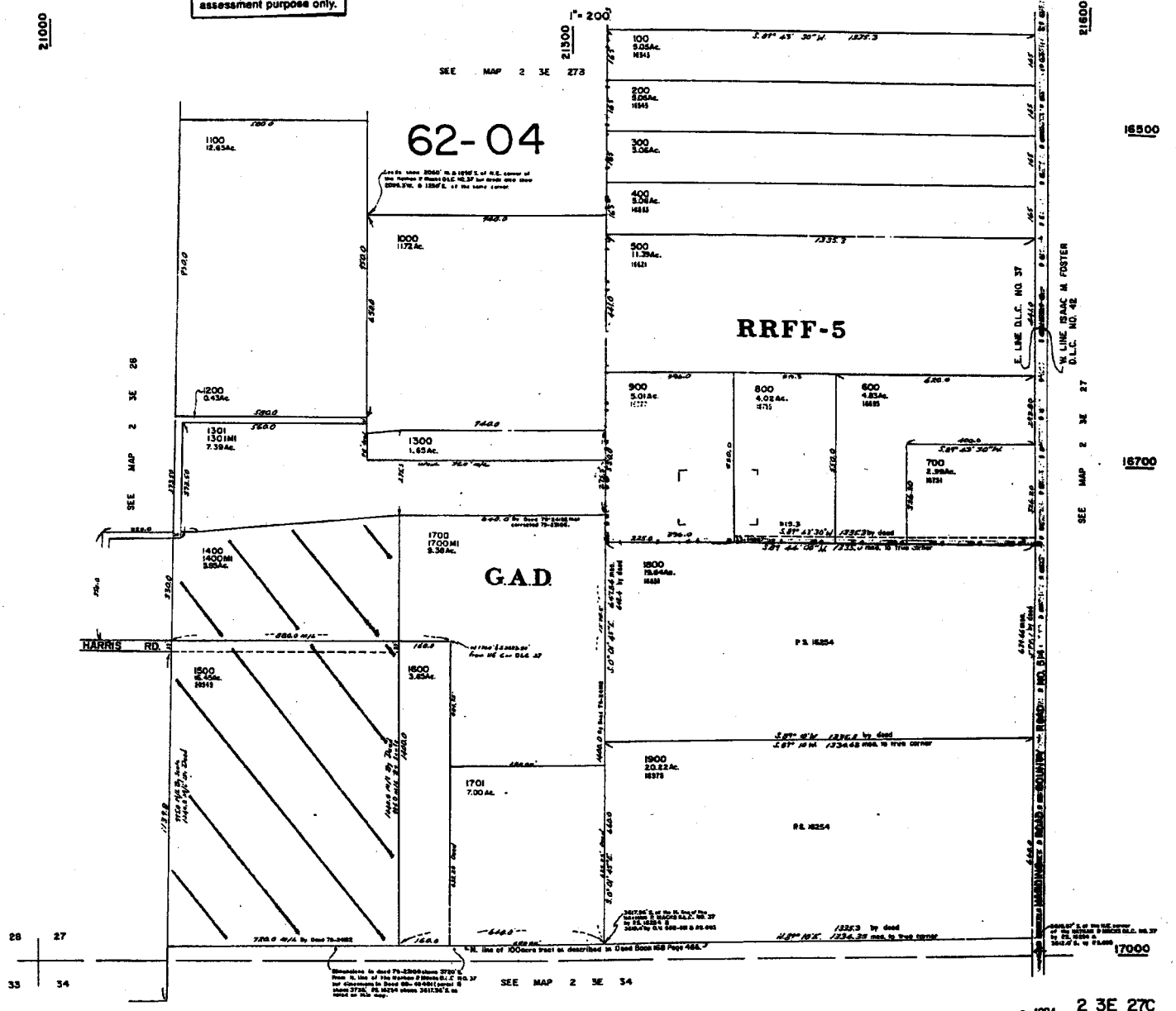
SW1/4 SEC. 27 T.2S. R.3E. W.M.
CLACKAMAS COUNTY

D.L.C.
NATHAN P. MACKS D.L.C. NO. 37

2 3E 27C

This map was prepared for assessment purposes only.

1" = 200'



MAY 2 0 1994

2 3E 27C
BOOK 21

PROPERTIES WITHIN CLACKAMAS COUNTY ON THE UNFIT FOR USE LIST
AS OF JANUARY 30, 1998

1620 18th St
Oregon City OR
Owner unknown
Placed on list 3/22/91

60450 E Hwy 26
Brightwood OR
Listed owners: Bruce Allen Wolf aka Bruce Alan Wolf; Douglas Edward Wolf; Cynthia Jean Wales; Charlene Ann Millage; Constance Lee Wolf-Applegarth; Deborah Jo Weintz (sellers), 7010 SE Mitchell Ct, Portland OR. Copy of disclosure to Erich Walter Maurer (purchaser), address unknown, dated 5/14/93 on file. Drug activity alleged in 1989. No record of Certificate of Fitness.

15530 S Forsythe Rd
Oregon City OR 97045
Listed owner: Terri Elizabeth Becker, same address
Placed on list 1/8/96

20949 S Harris Rd
Oregon City OR 97045
Listed owner: Lloyd H. Williamson, c/o SSDD Inc., same address
Placed on list 2/15/96

9781 SE Stanley
Milwaukie OR 97222
Listed owner: Darrell Wayne Rohrbach & Rena Rohrbach, same address
Placed on list 2/15/96

7958 SE Glencoe Rd #24
Milwaukie OR 97222
Listed owner: Sandra Lyons, same address
Placed on list 5/15/96

22386 S Saling Rd
Estacada OR 97023
Listed owner: KMT Enterprises Inc., c/o Marion Duane Taylor & Karen S. Taylor, same address
Placed on list 6/27/96

17125 SE 82nd Dr #28
Clackamas OR 97015
Listed owner: Wilson's Construction Co., 8025 SE Ramona, Portland OR 97206
Placed on list 7/12/96

U:\DOCS\DRUGPROP.SAM

FAX TRANSMISSION

FAX: (503) 731-4077
Phone: (503) 731-~~4009~~ 4012

CENTER FOR ENVIRONMENT & HEALTH SYSTEMS
OREGON HEALTH DIVISION

TO: Tammy Curry - Clackamas Co. DATE: 8/31/99
Dept of Transport. & Development # of Pages (including cover) 1
FAX #: 557-6353 Phone #:

FROM: Tom Mitchell - Drug Lab Cleanup Program Coordinator

COMMENTS: RE: 20949 S. Harris Rd., Oregon City (OHD#96-002)
The illegal drug lab at this address did not involve a "farm admin. Building", but only the most easterly building (#10). Call if you have further questions.

Important Notice: This information is intended for the use of the individual or entity named on this transmittal sheet. If you are not the intended recipient, be aware that any disclosure, copying, distribution or use of the contents of this faxed information is prohibited. If you have received this facsimile in error, please notify the sender by telephone immediately.

PLEASE RETURN TO COM. ENV.

DATE REQUESTED: 7-14-99

CLACKAMAS COUNTY BUILDING DIVISION
902 ABERNETHY RD. OREGON CITY, OR. 97045

WARNING NOTICE

PERMITS REQUIRED

☐ A. EXCEPT AS SPECIFIED IN UBC 106.1 OR 111.1 OF THE DWELLING CODE, NO BUILDING OR STRUCTURE SHALL BE ERECTED, CONSTRUCTED, ENLARGED, ALTERED, REPAIRED, MOVED, IMPROVED, REMOVED, CONVERTED OR DEMOLISHED UNLESS A SEPARATE PERMIT FOR EACH BUILDING OR STRUCTURE HAS FIRST BEEN OBTAINED FROM THE BUILDING OFFICIAL.

☐ B. ALL PLUMBING, ELECTRICAL OR SEPTIC TANK INSTALLATIONS REQUIRE PERMITS, AS PER APPROPRIATE OREGON REVISED STATUTES.

☐ C. GRADING, EXCAVATING, OR FILLING ACTIVITIES REQUIRE PERMITS AS PER CLACKAMAS COUNTY EXCAVATION AND GRADING ORDINANCE.

DO NO FURTHER WORK UNTIL PROPER PERMITS HAVE BEEN OBTAINED.

PLEASE CONTACT THE PUBLIC SERVICE REPRESENTATIVE OF THE BUILDING DIVISION, 902 ABERNETHY ROAD, OREGON CITY, OREGON 97045 OR PHONE 655-8521 WITHIN 5 DAYS OF THE DATE OF THIS LETTER FOR INFORMATION ON APPROPRIATE PERMITS. FAILURE TO CONTACT THIS OFFICE WILL RESULT IN LEGAL ACTION.

OWNER: DIERKING, JAMES R.

T. 2 S R. 3E SECTION 27C TAX LOT 1500

ADDRESS/LOCATION 20949 S HARRIS RD OREGON CITY, OREGON 97045

PROBLEM: NOTE TO INSPECTOR: PEOPLE LIVING IN THE RABBIT PROCESSING PLANT.

OWNER: PLEASE CONTACT BUILDING PUBLIC SERVICE REPRESENTATIVE WITHIN 5 DAYS @ 650-3225

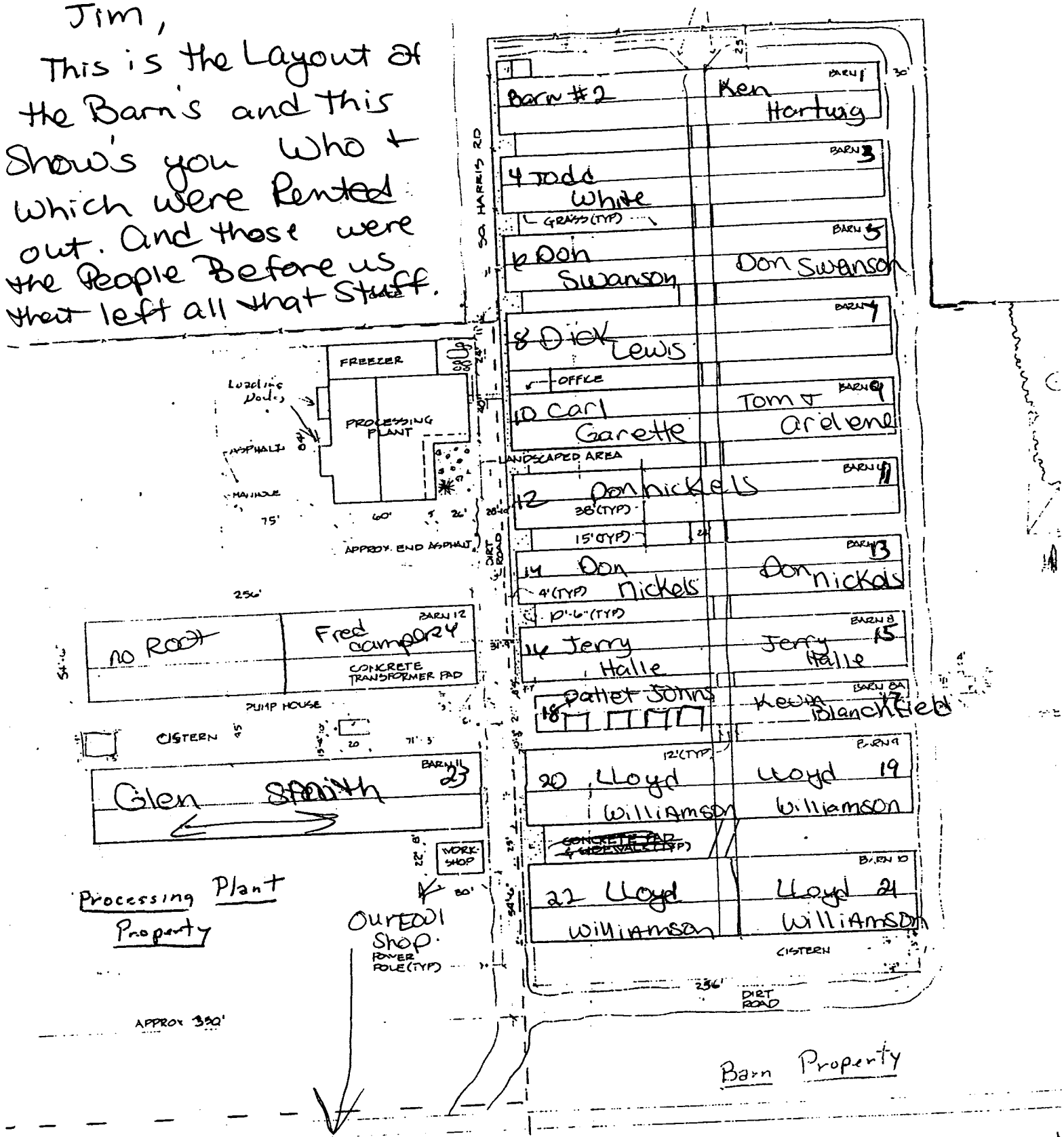
INSPECTOR: _____ DATE: _____

CCP-PW132 (Rev. 4/97)

```
Permits          Id: ASSR100L Keyword: @ASSRM   User: NANCYD          07/16/99
Parcel File Maintenance - Locks/Holds/Notices
-------------------------------------------------------------------------------
| Locks/Holds/Notices for Parcel - Update Record                              |
|-----------------------------------------------------------------------------|
|                                                                             |
|     Text: UNFIT FOR USE - DRUG LAB ACTIVITY - NO PERMIT TO BE ISSUED        |
|                                                                             |
|        Lock/Hold/Notice (L/H/N): H                                          |
|                                                                             |
|     Effective Date Range - From:  4/ 1/98 Thru: 12/31/99                    |
|                            By: FRONH    Date: 04/01/98                      |
|                                                                             |
|                                                                             |
|                                                                             |
|                                                                             |
-------------------------------------------------------------------------------
-------------------------------------------------------------------------------
| Parcel: 23E27C  01500         Use: 5512     Owner: MDG LLC                  |
|  Situs: 20949 S HARRIS RD                                Acres:       16.45 |
|  Legal: #CL 551-710-62-02-92-77     ZONED EFU    - POTENTIAL                |
-------------------------------------------------------------------------------

<ESC>Cancel Update,  <F7>Update Record
```

Jim,
This is the Layout of the Barn's and this Show's you Who + which were Rented out. And those were the People Before us that left all that Stuff.



To fix Plumbing
Electrical Stuff
Roofing, Stuff
Forklift + Tractors,
Lawn mowers

Exhibit 22

BEFORE THE LAND USE BOARD OF APPEALS

OF THE STATE OF OREGON

JAMES R. DIERKING,
Petitioner,

vs.

CLACKAMAS COUNTY,
Respondent,

and

SBA TOWERS, Inc., and
SPRINT SPECTRUM, L.P.,
Intervenors-Respondent.

LUBA No. 99-174

FINAL OPINION
AND ORDER

Appeal from Clackamas County.

James R. Dierking, Oregon City, filed the petition for review and argued on his own behalf.

No appearance by respondent.

Steve P. Hultberg, Portland, filed the response brief and argued on behalf of intervenor-respondent, SBA Towers, Inc. With him on the brief was Perkins Coie, LLP.

Steven W. Abel, Portland, represented intervenor-respondent Sprint Spectrum, L.P.

HOLSTUN, Board Member; BASSHAM, Board Chair; BRIGGS, Board Member, participated in the decision.

REMANDED 05/31/2000

You are entitled to judicial review of this Order. Judicial review is governed by the provisions of ORS 197.850.

Opinion by Holstun.

NATURE OF THE DECISION

Petitioner appeals a county land use hearings officer's decision that grants conditional use approval for a wireless communications tower and related equipment cabinets in an exclusive farm use (EFU) zone.

MOTION TO INTERVENE

SBA Towers, Inc. and Sprint Spectrum, L.P. separately move to intervene on the side of respondent. There is no opposition to the motions, and they are allowed.[1]

INTRODUCTION

One of the central issues in this matter concerns which of two arguably applicable statutory provisions establishes the approval criteria for the challenged decision. We briefly discuss that issue before setting out the relevant facts.

As relevant in this appeal, the statutory EFU zoning provisions at ORS 215.283(1) and (2) establish two different categories of nonfarm uses that may be authorized in EFU zones.[2] The Oregon Supreme Court's decision in *Brentmar v. Jackson County*, 321 Or 481, 900 P2d 1030 (1995), established that the uses in the first category (ORS 215.283(1)) are permitted outright, whereas the uses in the second category (ORS 215.283(2)) may be subject to locally adopted approval criteria. *Id*., at 496.[3]

---

[1]Only intervenor-respondent SBA Towers, Inc. filed a respondent's brief in this matter. All references to intervenor in this opinion are to intervenor-respondent SBA Towers, Inc.

[2]ORS 215.213(1) and (2) establish a similar two-category scheme for marginal lands counties. Clackamas County is not a marginal lands county and, therefore, ORS 215.283(1) and (2) apply to Clackamas County.

[3]The scope of the Supreme Court's holding in *Brentmar* was clarified in *Lane County v. LCDC*, 325 Or 569, 942 P2d 278 (1997), where the court held that the Land Conservation and Development Commission (LCDC) retained its rulemaking authority to require that counties limit or prohibit certain uses under ORS 215.213(1) and 215.283(1) that would otherwise qualify as outright permitted uses exempted from supplemental local land use legislation under *Brentmar*. The Supreme Court's holdings in *Brentmar* and *Lane County v. LCDC* are not directly at issue in this appeal.

A. Utility Facilities Necessary for Public Service

Among the uses listed under ORS 215.283(1) are "utility facilities necessary for public service."[4] Under *Brentmar*, applications for "utility facilities necessary for public service" must be reviewed by the county exclusively under the provisions of ORS 215.283(1), as uses permitted outright. However, the Oregon Court of Appeals has interpreted the "necessary for public service" language in ORS 215.283(1)(d) as imposing a statutory requirement that public utility facilities not be sited on EFU-zoned sites unless "the county [finds] that it is necessary to situate the facility in the agricultural zone in order for the service to be provided." *McCaw Communications, Inc. v. Marion County*, 96 Or App 552, 555-56, 773 P2d 779 (1989). LCDC has adopted rules that codify this requirement.[5] We recently explained that *McCaw Communications, Inc.* and OAR 660-033-0130(16) require that a county demonstrate it is not feasible to locate a proposed utility facility on a site that is not zoned EFU, before approving such a facility on an EFU-zoned site.

> "[O]nce the decision is made to construct a particular kind of utility facility to respond to an identified need, that facility may only be located on EFU-zoned lands if there are no feasible sites for the proposed facility that are not zoned

---

[4]ORS 215.283(1) provides, as relevant:

> "The following uses may be established in any area zoned for exclusive farm use:
>
> "* * * * *
>
> "(d) Utility facilities necessary for public service, * * * but not including * * * *transmission towers over 200 feet in height*." (Emphasis added.)

[5]OAR 660-033-0120 duplicates the statutory language in ORS 215.213(1)(d) and 215.283(1)(d) and refers to a table that lists the following use as allowed, subject to OAR 660-033-0130(16):

> "Utility facilities necessary for public service, except * * * transmission towers over 200 feet in height."

Codifying the Court of Appeals' holding in *McCaw Communications, Inc.*, OAR 660-033-0130(16) provides:

> "A facility is necessary if it must be situated in an agricultural zone in order for the service to be provided."

> EFU." *Dayton Prairie Water Association v. Yamhill County*, ___Or LUBA ___ (LUBA No. 99-123, May 11, 2000), slip op 6.

In this opinion, we refer to the statutory requirement under ORS 215.283(1)(d) that utility facilities be sited on non-EFU-zoned sites, if such sites are feasible alternative sites, as the "necessary test."

In summary, if a utility facility is to be approved as a "utility facility necessary for public service" under ORS 215.283(1), it is a use permitted outright. However, in allowing a "utility facility necessary for public service" under ORS 215.283(1), the county must demonstrate that the application complies with the "necessary test."

B. Transmission Towers over 200 Feet in Height

ORS 215.283(1)(d) specifically excludes "transmission towers over 200 feet in height" from the "utility facilities necessary for public service" that may be permitted outright (subject to the "necessary test"). *See* n 4. However, such transmission towers are specifically allowed under ORS 215.283(2).[6] Thus, "transmission towers over 200 feet in height" are not considered uses that the county must allow outright, and applications for such uses must comply with the approval standards set out at ORS 215.296 and any supplemental county land use legislation requirements. However, according to the county's interpretation of the relevant statutes, "transmission towers over 200 feet in height" are not subject to the "necessary test." Petitioner disputes this interpretation in his first assignment of error.[7]

---

[6]As relevant, ORS 215.283(2) provides:

> "The following nonfarm uses may be established, subject to the approval of the governing body or its designee in any area zoned for exclusive farm use subject to ORS 215.296:
>
> "* * * * *
>
> "(L) Transmission towers over 200 feet in height."

[7]Petitioner's challenge of the county's interpretation of ORS 215.283(2)(L) is limited to the applicability of the "necessary test." We do not understand petitioner to dispute that the challenged wireless communications tower is properly viewed as a "transmission tower," as that concept is used in ORS 215.283(2)(L).

FACTS

Intervenor originally sought and received administrative approval from the county for "a Personal Communication Service (PCS) facility consisting of a 199' multi-user lattice tower and equipment * * *." Supplemental Record 97. The proposed tower would be located on EFU-zoned property and the administrative approval was granted under county legislation that implements ORS 215.283(1)(d). Petitioner recently purchased 80 acres southeast of the proposed tower site and, in a joint venture with his wife and a closely held corporation, is developing an organic herb farm and botanical garden on the 80 acres. Petitioner opposes the proposed tower and filed a local appeal challenging the county's administrative approval.

Following petitioner's local appeal, intervenor withdrew its original application and, on August 16, 1999, submitted a revised application. As far as we can tell the only relevant difference between the original and revised applications is that the revised application proposes a 250-foot lattice tower instead of a 199-foot lattice tower. The county approved the second application, under county legislation that implements ORS 215.283(2)(L).[8] In doing so, the county found that the "necessary test" does not apply to the revised application. Record 8. This appeal followed.

FIRST ASSIGNMENT OF ERROR

Petitioner argues the county erred in concluding that applications for "transmission towers over 200 feet in height" under ORS 215.283(2)(L) need not demonstrate compliance with the "necessary test." In his argument under the first assignment of error, petitioner also includes a number of subassignments of error, some of which are only tangentially related to the first assignment of error. We address each of petitioner's arguments below.

---

[8]In this opinion we cite the relevant statutory provisions rather than the county legislation that was adopted to implement the statutory provisions.

A. The Necessary Test

As we have already explained, in *McCaw Communications, Inc.*, the Court of Appeals derived the "necessary test" from the "necessary for public service" language in ORS 215.283(1)(d). However, ORS 215.283(2)(L), which authorizes "transmission towers over 200 feet in height," does not include the "necessary for public service" language. See n 6. Therefore, a literal reading of ORS 215.283(2)(L), in isolation, supports the county's position that the "necessary test" does not apply to applications for "transmission towers over 200 feet in height" under ORS 215.283(2)(L).

Petitioner's strongest argument that the necessary test does apply to transmission towers authorized by ORS 215.283(2)(L) relies on reading ORS 215.283(1)(d) and ORS 215.283(2)(L) together. We understand petitioner to argue that ORS 215.283(1) and (2) together allow "utility facilities necessary for public service" in EFU zones. As relevant, ORS 215.283(1)(d) authorizes all utility facilities necessary for public service "not including * * * transmission towers over 200 feet in height." This excluded type of utility facility necessary for public service is allowed under ORS 215.283(2)(L). We understand petitioner to argue that if the statutes are read together it is clear that the transmission towers authorized by ORS 215.283(2)(L) are simply a subcategory of "utility facilities necessary for public service." Petitioner contends that the legislature's failure to duplicate the "necessary for public service" language in ORS 215.283(2)(L) does not mean that the transmission tower facility authorized by ORS 215.283(2)(L) is something other than a "utility facility necessary for public service." Therefore, according to petitioner, the proposed tower must comply with the "necessary test."

While the above argument has some facial appeal, we believe the county's contrary interpretation of the statutes is correct.[9] The current statutory authority for "transmission towers over 200 feet in height" did not originate as an exception to the ORS 215.283(1)(d) authorization for "utility facilities necessary for public service." In 1983, legislation was adopted to authorize counties to "allow a transmission tower over 200 feet in height to be established in *any zone* subject to reasonable conditions imposed by the governing body or its designate." Or Laws 1983, ch 827, § 23a (emphasis added). This 1983 legislation is codified at ORS 215.438. ORS 215.438 does not include the "necessary for public service" language that appears in ORS 215.283(1)(d). In 1983, ORS 215.283(1)(d) did not include an exception for "transmission towers over 200 feet in height," and there was no separate provision for such transmission towers in ORS 215.283(2). ORS 215.283(1) and (2) were not amended to include the current statutory language at ORS 215.283(1)(d) and 215.283(2)(L) until 1985. Or Laws 1985, ch 811, § 7. That 1985 amendment apparently was adopted to make ORS 215.283 consistent with the ORS 215.438 general grant of authority to counties to approve transmission towers over 200 feet in height in *any* zone. In view of this statutory history, we do not believe it is accurate to view the "transmission towers over 200 feet in height" that are allowed by ORS 215.283(2)(L) as simply a subcategory of the "utility facilities necessary for public service" that are otherwise allowed by ORS 215.283(1)(d). The relevant language in ORS 215.283(1)(d) and 215.283(2)(L) apparently was adopted to make the statutory EFU zone provisions consistent with ORS 215.438. Neither ORS 215.438 nor the amended language of ORS 215.283(2)(L) includes the "necessary for public

[9]Petitioner's argument also has some pragmatic appeal in that it avoids the apparently anomalous result that a 199-foot transmission tower is subject to the restrictive "necessary test" while an otherwise identical 250-foot transmission tower is not.

service" language upon which the "necessary test" is based.[10] In view of the legislature's failure to include such language, it would not be appropriate for this Board to read that language into ORS 215.283(2)(L). ORS 174.010; *Whipple v. Howser*, 291 Or 475, 479-80, 632 P2d 782 (1981); *1000 Friends of Oregon v. Benton County*, 20 Or LUBA 7, 12 (1990).

Legislative amendments to ORS 215.283(1) in 1999 also support the county's view that the "necessary test" does not apply to transmission towers authorized by ORS 215.283(2)(L). Oregon Laws 1999, chapter 816, section 3, codified at ORS 215.275, establishes several statutory factors that are to be considered in applying the "necessary test."[11] ORS 215.275 expressly applies to "[a] utility facility established under * * * ORS 215.283(1)(d)," but it does not apply to transmission towers approved under ORS 215.283(2)(L).

---

[10]Indeed it is difficult to see how the "necessary test," as articulated in *McCaw Communications, Inc.*, could be applied to the transmission towers authorized by ORS 215.438, since that statute authorizes transmission towers over 200 feet in height in "any zone."

[11]ORS 215.275 provides as follows:

"(1) A utility facility established under ORS 215.213(1)(d) or 215.283(1)(d) is necessary for public service if the facility must be sited in an exclusive farm use zone in order to provide the service.

"(2) To demonstrate that a utility facility is necessary, an applicant for approval under ORS 215.213(1)(d) or 215.283(1)(d) must show that reasonable alternatives have been considered and that the facility must be sited in an exclusive farm use zone due to one or more of the following factors:

"(a) Technical and engineering feasibility;

"(b) The proposed facility is locationally dependent. A utility facility is locationally dependent if it must cross land in one or more areas zoned for exclusive farm use in order to achieve a reasonably direct route or to meet unique geographical needs that cannot be satisfied on other lands;

"(c) Lack of available urban and nonresource lands;

"(d) Availability of existing rights of way;

"(e) Public health and safety; and

"(f) Other requirements of state or federal agencies."

In summary we agree with the county that, in approving "transmission towers over 200 feet in height" under ORS 215.283(2)(L), the county is not required to apply the "necessary test." We reject petitioner's argument that the county erred in refusing to apply the "necessary test" in the challenged decision. In other words, the county did not err by failing to require that the applicant demonstrate that it is not feasible to locate the proposed facility on alternative, non-EFU-zoned sites.

We turn to petitioner's subassignments of error.

B. Utility Cabinets

Petitioner argues the approved facility includes both the 250-foot transmission tower and separate utility cabinets. We understand petitioner to argue that even if the transmission tower may be approved under ORS 215.283(2)(L), the utility cabinets may only be approved as a "utility facility necessary for public service" under ORS 215.283(1)(d), and the county erred by failing to consider the utility cabinets in that manner.

Intervenor responds:

> "The proposed transmission tower is comprised of a steel lattice tower structure, equipment cabinets and antenna arrays. The equipment cabinets house the communication equipment and are physically connected to the tower via co-axial cable. The co-axial cable runs the length of the tower and is connected to the antenna arrays on the tower. The equipment, cable and antennas are essential to the facility. Without such equipment, the 'transmission tower' would simply be a steel structure incapable of transmitting anything. Similarly, without the tower, the equipment has no independent utility. The equipment, therefore, is an intrinsic and essential part of a 'transmission tower.'" Intervenor-Respondent's Brief 6-7 (record citations omitted).

We agree with intervenor. This subassignment of error is denied.

C. Alternative Non-EFU-Zoned Sites

Petitioner argues the county erred by failing to consider the feasibility of siting the proposed transmission tower on non-EFU-zoned sites. However, we have already concluded that the county correctly determined that the "necessary test" does not apply to transmission

towers authorized by ORS 215.283(2)(L). Accordingly, the county was not required to consider the feasibility of locating the proposed transmission tower on non-EFU-zoned sites, and its failure to do so provides no basis for reversal or remand. This subassignment of error is denied.

D. No Reason for Increased Tower Height

Petitioner argues there is no functional reason for the tower to be over 200 feet tall and that the only reason the tower height was increased was to avoid the "necessary test." As far as we can tell from the record, petitioner appears to be correct. However, neither ORS 215.283(1)(d) nor 215.283(2)(L) require that an applicant justify its decision concerning proposed tower height. The statutes simply impose different approval standards for transmission towers, depending on whether the transmission tower exceeds 200 feet in height.

This subassignment of error is denied.

E. Minimum Size Necessary for Use

Petitioner argues the county should have exercised its discretion under ORS 215.296(10) to require that the tower be reduced in size below 200 feet.[12] Petitioner cites Clackamas County Zoning and Development Ordinance (ZDO) 401.07 and the following passage from the Court of Appeals' decision in *McCaw Communications, Inc.* as additional sources of authority for the county to require that the tower be reduced in size.[13]

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[12]ORS 215.296(10) provides:

> "Nothing in this section shall prevent a local governing body approving a use allowed under ORS 215.213 (2) or 215.283 (2) from establishing standards in addition to those set forth in subsection (1) of this section or from imposing conditions to insure conformance with such additional standards."

[13]ZDO 401.07(B) provides:

> "Conditional Use Divisions: The Hearings Officer may approve a division of land in the EFU Zoning District for Nonfarm Uses, except dwellings, set out in ORS 215.283(2) if the

> "[The county EFU zoning provision] like its statutory analog, defines non-farm uses which are permitted in farm zones. However, state and local provisions of that kind must be construed, to the extent possible, as being consistent with the overriding policy of preventing 'agricultural land from being diverted to non-agricultural use.' *Hopper v. Clackamas County*, 87 Or App 167, 172, 741 P2d 921 (1987), *rev den* 304 Or. 680 (1988). Therefore, when possible, the non-agricultural uses which the provisions allow should be construed as ones that are 'related to and [promote] the agricultural use of farm land.' *Hopper v. Clackamas County*, *supra*, 87 Or App at 172. When no such direct supportive relationship can be discerned between agriculture and a use permitted by the provisions, the use should be understood as being as nondisruptive of farm use as the language defining it allows." 96 Or App at 555.

Petitioner apparently misreads the above-quoted language in *McCaw Communications, Inc.* to impose a general obligation that the county must find that the proposed transmission tower has a direct supportive relationship with agricultural uses. *McCaw Communications, Inc.* describes the appropriate approach to be taken when interpreting ambiguous EFU statutory provisions authorizing nonfarm uses; it does not impose a direct approval criterion that all nonfarm uses must be found to directly support agricultural uses.

Similarly we fail to see how ORS 215.296(10) supports petitioner. That statute authorizes the county to adopt approval criteria; it is not a general grant of authority to the county to require on a case-by-case basis that impacts of nonfarm uses be minimized.

Finally, ZDO 401.07(B) applies to land divisions and regulates parcel size. The challenged decision does not approve a land division. Even if ZDO 401.07(B) applied in this case, it would only authorize the county to require that any newly created nonfarm parcel be the "minimum size necessary for the use"; it does not provide a basis for the county to require that the tower height be minimized in the way petitioner suggests.

This subassignment of error is denied.

Hearings Officer finds that the parcel for the nonfarm use is not larger than the minimum size necessary for the use."

The first assignment of error is denied.

SECOND ASSIGNMENT OF ERROR

Under this assignment of error petitioner argues the county erred in finding that the application complies with ORS 215.296(1)(a) and (b), which require:

> "A use allowed under * * * ORS 215.283(2) may be approved only where the local governing body or its designee finds that the use will not:
>
> "(a) Force a significant change in accepted farm or forest practices on surrounding lands devoted to farm or forest use; or
>
> "(b) Significantly increase the cost of accepted farm or forest practices on surrounding lands devoted to farm or forest use."

We consider petitioner's subassignments of error separately below.

A. Failure to Consider Accepted Farming Practices Associated with Petitioner's Planned Herb and Botanical Garden

Petitioner's property is a former rabbit and chicken farm. Petitioner and his wife are in the process of developing an organic herb farm and botanical education garden on the property.[14] Petitioner advised the county and the applicant of his plans while the disputed application was being reviewed by the county.[15] In his first and second assignments of error, petitioner argues the county erred in failing to consider the impact of the proposed tower on accepted farming practices that will be associated with his developing organic herb farm and botanical garden. In particular, petitioner argues the county failed to consider whether the

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[14]The record does not establish precisely how far petitioner's plans have progressed.

[15]At the September 29, 1999 hearing before the hearings officer, petitioner testified:

> "At no time has the applicant contacted us to obtain information on the farm practices we are implementing, nor have they given any consideration to the impact their proposed utility facility will have * * *. In fact, we have contacted the applicant on numerous occasions to discuss the conflicting uses, and they have not cared to consider the impact.
>
> "Our implementation of the organic herb farm and botanical gardens is not a pipe dream. It is funded in a joint venture with our closely held corporation, Liberty Natural Products, Inc., which has current annual sales of approximately $4 million. * * *" Record 124

proposed facility will force a significant change in or significantly increase the cost of his plans to employ on-site marketing techniques.[16]

Apparently, petitioner's plans have yet to result in any visible changes to petitioner's property. The challenged decision addresses the question of how to go about identifying the farm uses and accepted farming practices that must be considered under ORS 215.296(1) as follows:

> "Pertinent findings for purposes of ORS 215.296(1)(a) and (b) must at least: (1) describe the farm *practices* on surrounding lands devoted to farm use; (2) explain why the proposed use will not force a significant change in those *practices*; and (3) also explain why the proposed use will not significantly increase the cost of those *practices.* Farm 'practices' and farm 'uses' connote discrete elements for purposes of ORS 215.296(1); the former occurs on lands devoted to the latter.
>
> "* * * * *
>
> "Opponents urge–albeit without citation to any pertinent authority–that ORS 215.296(1) should be construed as encompassing not just *existing* farm uses but both possible *future* farm uses and farm uses 'in the process of being implemented' as well. The Hearings Officer declined to embrace that interpretation in [a prior decision] and also declines here as well. Not only would that expansive interpretation compel an applicant to, in effect, prove a negative for something that does not yet exist, but the grammatical context of the language in ORS 215.296(1) makes it fairly plain (at least to the Hearings Officer) that the phrases 'farm . . . *practices* on surrounding lands *devoted* to farm . . . use' * * * and 'cost of accepted farm . . . *practices* on land *devoted to farm . . . use'* necessarily envision a present-tense assessment of actual, implemented farming practices. The Hearings Officer observes that the statutory definition of 'farm use' in ORS 215.203(2)(a) likewise supports a present-tense interpretation: '. . . "farm use" means the *current* employment of land . . .[.]'" Record 17 (emphases in original; citations omitted).

We generally agree with the hearings officer's reasoning, but not with his conclusion that any accepted farming practices that may be associated with petitioner's developing organic herb farm and botanical garden need not be considered.

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[16]It is not entirely clear to us exactly how petitioner believes the disputed tower will force a significant change in or significantly increase the cost of on-site marking. However, petitioner apparently believes the visual impact of the tower will be such as to violate ORS 215.296(1)(a) and (b).

In applying ORS 215.296(1), it is entirely appropriate for the applicant and county to begin by visually surveying surrounding lands to identify the farm and forest uses to which those lands are devoted. Based on that survey, it is also appropriate to identify the accepted farming practices that are associated with the observed farm and forest uses. Unless some question is raised about the accuracy or completeness of the survey, the analysis required by ORS 215.296(1) may be limited to the farm uses and accepted farming practices identified through such a visual survey. However, once petitioner advised the county and applicant that he was in the process of changing the existing farm use of the property to an organic herb farm and botanical garden, the applicant and the county were no longer entitled to rely on the visual survey as the sole basis for determining the farm use to which petitioner's property is devoted.

We believe the relevant question is how far must petitioner proceed with his plans before his property is properly considered "devoted" to the proposed new farm use such that the accepted farm practices that may be associated with the herb farm and botanical garden must be considered by the county under ORS 215.296(1). Although it is not entirely clear, the county apparently assumed that the use of the property must be determined by visually inspecting the property and, unless that visual inspection discloses an existing herb farm and botanical garden use, the property is not devoted to such use. While a fully planted herb farm and botanical garden with plants that are mature enough to be visible would likely eliminate any doubt about the farm use to which the property is devoted, we see no reason why the conversion of petitioner's property from a chicken and rabbit farm to an herb farm and botanical garden necessarily must proceed to that point before the accepted farming practices that will be associated with petitioner's proposed use must be considered under ORS 215.296(1).

We agree with the county that it is not required under ORS 215.296(1) to anticipate and consider the accepted farming practices that might be associated with every possible

farm use to which surrounding lands may be put in the future. However, we see no reason why petitioner's property is not properly viewed as devoted to use as an herb farm and botanical garden by virtue of the expenditures that petitioner has already made and the plans that he is developing. Petitioner's planned use is much more than a hypothetical or possible use of the property. Petitioner's plans have developed to the point where petitioner is able to describe the planned herb farm and botanical garden in some detail. Perhaps more importantly, petitioner is able to identify the farming practices that will be employed on the property. Therefore, the county faces no practical difficulties in determining which of those farm practices qualify as "accepted farm practices," which must be considered under ORS 215.296(1). Where a party in the local proceedings advises the county that an existing or prior farm use on surrounding lands is in the process of being abandoned, and plans for the new farm use are sufficiently developed to allow the new farm use to be described in sufficient detail to allow the farm practices that will be associated with the new farm use to be identified, an applicant for a nonfarm use that is subject to ORS 215.296(1) must address the accepted farming practices that will be associated with that new farm use.[17]

We note that we agree with the hearings officer that organic farming is not properly viewed as either a "farm use" or an "accepted farm practice." However, organic farmers may employ accepted farming practices that are not normally associated with other types of farming. Petitioner's plans to employ on-site marketing may or may not constitute such an accepted farming practice. Regardless of the answer to that question, the county erred in failing to consider the question simply because the organic herb farm and botanical garden are not yet planted. On remand, the county must consider the farming practices that petitioner currently is employing or plans to employ in his organic herb farm and botanical

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[17]While there could be some uncertainty about what accepted farming practices actually will be carried out in conjunction with a *new* farm use, identifying the accepted farm practices for *existing* farm uses can also be uncertain, in situations where there are a number of accepted farm practices that may be associated with any particular farm use.

garden and determine whether some or all of those farming practices constitute "accepted farm * * * practices," within the meaning of ORS 215.296(1).[18]

Finally, intervenor argues these subassignments of error should be denied because the Telecommunications Act of 1996 prohibits local governments from regulating the placement and construction of telecommunications facilities "on the basis of the environmental effects of radio frequency emissions[.]" 47 USC § 332(c)(7)(B)(iv). Assuming the Telecommunications Act of 1996 would preclude denial of the application based on environmental effects of radio frequency emissions, petitioner's arguments concerning the impacts of the tower are based on the visual impacts of the tower as well as his concerns about the emissions.

The first and second subassignments of error are sustained.

B. Impacts on Farm Residents and Workers

Petitioner argues under his third subassignment of error that "family farming is a farm practice * * * [a]s distinguished from large scale corporate farming * * *." Petition for Review 26. Petitioner argues that the impacts of the proposed transmission tower on "farm families, residents and workers" are impacts on accepted farming practices that must be considered under ORS 215.296(1). *Id*.

We do not agree that family farming is properly viewed as a "farm practice." Neither does petitioner explain how residents or workers themselves could constitute an accepted farm practice.

The third subassignment of error is denied.

C. Compliance with Federal Communication Commission Regulations

The Telecommunications Act of 1996 provides, in part, as follows:

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[18]We express no view concerning the merits of petitioner's arguments that the proposed transmission tower will force a significant change in and significantly increase the cost of the farm practices he plans to employ.

> "No State or local government or instrumentality thereof may regulate the placement, construction, and modification of personal wireless service facilities on the basis of the environmental effects of radio frequency emissions to the extent that such facilities comply with the Commission's regulations concerning such emissions." 47 USC § 332(c)(7)(B)(iv).

If we understand petitioner's argument correctly, he contends the county erred by failing to demand that the applicant demonstrate that the proposed tower will comply with FCC regulations. Petitioner's argument appears to be that the county cannot demonstrate compliance with ORS 215.296(1) unless it requires that the applicant demonstrate that it will comply with FCC regulations.[19]

Without questioning the legitimacy of petitioner's concerns about possible health impacts of the proposed tower, we cannot see how the county's failure to require the applicant to prove it will comply with FCC regulations in the future, assuming the county could do so, violates ORS 215.296(1). Farm workers' *perceptions* of transmission towers, and any economic consequences that may flow from those perceptions, are not "farm practices," within the meaning of ORS 215.296(1). The county found:

> "[T]he very nature of the proposed use – a stationary, silent, passive, unattended use – virtually compels the common-sense conclusion that it could have no 'significant' impact on, and could not 'significantly' increase the cost of, existing farming practices on surrounding lands * * *." Record 20.

Petitioner does not specifically challenge the adequacy of or evidentiary support for the above findings. Petitioner's speculation about possible transmission tower impacts is not sufficient to demonstrate that the county's failure to condition its approval on the tower's future compliance with FCC regulations necessarily violates ORS 215.296(1).

The fourth subassignment of error is denied.

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[19]Petitioner states that "people who work in organic farming are of an environmental mindset, such that some will not regularly work in the presence of a facility such [as] the one being proposed." Petition for Review 28-29. Petitioner also argues that he is required to provide his workers a safe working environment, which petitioner argues he cannot do unless the proposed tower complies with FCC regulations.

D. Proximity of Tower to Petitioner's Property

Under this subassignment of error, petitioner argues the tower is located so close to petitioner's property that the tower fall zone extends onto petitioner's property. Petitioner argues the hearings officer erred in not requiring that the tower be set back further from petitioner's property line.

Although petitioner cites the Fourteenth Amendment to the United States Constitution, ORS 215.296(1) and ZDO 401.07(B), petitioner does not develop an argument that is sufficient for review to demonstrate that any of these constitutional, statutory or land use regulation provisions are violated by the county's failure to require that the transmission tower be set back further from petitioner's property line. *Deschutes Development v. Deschutes Cty.*, 5 Or LUBA 218, 220 (1982).

The fifth subassignment of error is denied.

The second assignment of error is sustained, in part.

THIRD AND FOURTH ASSIGNMENTS OF ERROR

Under the third and fourth assignments of error, petitioner argues the proposal violates four of the county's conditional use criteria. We address petitioner's arguments concerning each of those criteria separately below.

A. Site Suitability

ZDO 1203.01(B) imposes the following approval criterion:

> "The characteristics of the site are suitable for the proposed use considering size, shape, location, topography, existence of improvements and natural features."

Petitioner does not directly challenge the adequacy of the hearings officer's findings concerning ZDO 1203.01(B). Petitioner does contend the county ignored evidence that raises "the issue of the questionable integrity of the site * * *." Petition for Review 35. Specifically, petitioner argues that the tower will be sited at the edge of a steep slope, slides have occurred on the site, the site lacks adequate provisions for guy support wire, access will

be through an existing drainage way, and the access will not be able to conform to Uniform Fire Code requirements. Finally petitioner argues that ZDO requirements for underground utilities and setbacks are ignored.

We have some difficulty seeing what bearing most of petitioner's arguments under this assignment of error have on the issue of compliance with ZDO 1203.01(B). Intervenor argues the record includes substantial evidence supporting the county's finding that the proposal complies with ZDO 1203.01(B):

> "The hearings officer relied on the staff report and the application in finding that the proposal satisfies ZDO § 1203.01(B). Intervenor's testimony and later submissions provide additional evidence regarding the suitability of the site. The proposed use will fit within a 100-foot by 100-foot leased area. With respect to the size of the property, the record indicates that the property is 12.65 acres and is large enough to accommodate the proposed use. With respect to the shape of the property, the record shows that the shape is generally triangular to rectangular and would not affect the proposed use. * * * With respect to location, intervenor chose the site specifically because of its location and the ability of the site to provide telecommunications coverage. With respect to topography of the site, the record shows that there are only slight slopes on the property and that the [topography] of the entire property is suitable for the proposed use. The applicant also testified that, given the small area needed for the use, the location could be moved elsewhere on the property if topography were an issue. There are a few improvements on the property, including a dwelling and a barn. These improvements do not affect the suitability of the property. Finally, with respect to natural features, the record shows that there are no features on the property that make the property unsuitable for the use. Again, even if natural features were problematic at the specific location, the applicant could move the proposed site elsewhere on the property. Thus, there is substantial evidence to support the county's conclusion on each and every factor in ZDO § 1203.01(B).
>
> "With respect to compliance with the Fire Apparatus Access Road Requirements, petitioner fails to explain how those standards relate to the suitability of the <u>site</u> with respect to the factors listed in ZDO § 1203.01(B). * * * ZDO § 1203.01(B) does not require the county to find that the access road to the proposed site meets the Fire Apparatus Access Road Requirements. * * *" Intervenor-Respondent's Brief 21-22 (emphasis in original; citations omitted).

We agree with intervenor that the county's finding of compliance with ZDO 1203.01(B) is supported by substantial evidence.[20] The first subassignment of error under the fourth assignment of error is denied.

B. Timeliness of the Site and Development

ZDO 1203.01(C) imposes the following criterion:

> "The site and proposed development is timely, considering the adequacy of transportation systems, public facilities and services existing or planned for the area affected by the use."

Once again, petitioner does not directly challenge the hearings officer's findings addressing this criterion. Petitioner first argues that the above criterion should be interpreted to be a "need" criterion, where the proposed use is itself a public facility.[21] We reject petitioner's argument that ZDO 1203.01(C) can be interpreted to require that the applicant demonstrate that it needs to site the proposed tower on the proposed EFU-zoned site, as opposed to other non-EFU-zoned sites.

Petitioner also argues the criterion is not met because the applicant lacks required utility easements and has not demonstrated compliance with fire access requirements.[22] Even if the applicant lacks utility easements and its ability to comply with fire access requirements were uncertain, petitioner fails to demonstrate how these alleged shortcomings have any bearing on the question of compliance with ZDO 1203.01(C).

The second subassignment of error under the fourth assignment of error is denied.

C. Alteration of the Character of the Surrounding Area

ZDO 1203.01(D) imposes the following criterion:

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[20]We also reject petitioner's argument that the county improperly deferred findings of compliance with ZDO 1203.01(B).

[21]Petitioner argues there is no "need" for the transmission tower at the EFU-zoned site proposed, because the facility could be located on non-EFU-zoned properties.

[22]Intervenor contends the applicant has the required utility easements and that applicable fire access requirements will be met.

> "The proposed use will not alter the character of the surrounding area in the manner which substantially limits, impairs, or precludes the use of surrounding properties for the primary uses listed in the underlying district."

Petitioner argues the county erred by failing to recognize dwellings on surrounding EFU-zoned properties as "primary uses listed in the underlying district." Although dwellings are not listed as "primary uses" in the EFU zone, ZDO 401.04(C)(17) lists "[a]lteration, restoration, or replacement of a lawfully established dwelling." From ZDO 401.04(C)(17) petitioner reasons that existing dwellings must be considered as "primary uses" within the meaning of ZDO 1203.01(D). We do not agree. Even if we did, the county adopted more than six pages of findings addressing ZDO 1203.01(D) and concluded that the proposed transmission tower "will not alter the character of the surrounding area in the manner which substantially limits, impairs, or precludes the use of surrounding properties for the primary uses listed in the underlying district." Those findings do not specifically address impacts on dwellings in the area. However, petitioner makes no attempt to explain why that failure renders the reasoning and conclusions in the findings inadequate.

The third subassignment of error under the fourth assignment of error is denied.

D. Comprehensive Plan Policies

Under the third assignment of error and the fourth subassignment of error under the fourth assignment of error, petitioner argues the county erred by failing to demonstrate that the proposal complies with certain comprehensive plan policies.

ZDO 1203.01(E) imposes the following criterion:

> "The proposal satisfies the goals and policies of the Comprehensive Plan which apply to the proposed use."

Clackamas County Comprehensive Plan Agriculture Policies 8.0 and 9.0 provide as follows:

> "8.0 Exclusive Farm Use zones shall be used to implement agricultural policies.
>
> "9.0 The Exclusive Farm Use (EFU) zoning district implements the goals and policies of this land use designation; this zoning district and any other Exclusive Farm Use zoning district developed in the future,

> which implements these goals and policies should be applied in agricultural areas."

The planning staff report takes the position that there are no plan policies that apply directly to the challenged decision, aside from Agriculture Policy 9.0 which requires that the approval criteria that are imposed by the EFU zone be satisfied. The hearings officer apparently adopted this view as well. Record 32.

Petitioner appears to dispute the county's position, and argues that other plan policies apply directly. In particular, petitioner argues the challenged decision violates Agricultural Policy 3.0, which provides "[l]and uses which conflict with agricultural uses shall not be allowed."

Petitioner offers no reason to question the county interpretation and application of ZDO 1203.01(E). We understand that interpretation to be that the plan's agricultural goals and policies are fully implemented on lands zoned EFU by the standards and criteria in the EFU zone and that the agricultural goals and policies do not apply directly to individual quasi-judicial decisions authorizing uses in the EFU. That interpretation is not inconsistent with the language in Agriculture Policies 8.0 and 9.0, and petitioner fails to demonstrate that the interpretation is incorrect.

The third assignment of error and the fourth subassignment of error under the fourth assignment of error are denied.

FIFTH AND SIXTH ASSIGNMENTS OF ERROR

The parties dispute whether the planned access to the subject property crosses a small portion of Tax Lot 305. The owner of Tax Lot 305 has not joined in the application and petitioner contends that the applicant does not have authorization from the owner of Tax Lot 305 to cross that property for purposes of access. Petitioner argues the county erred by failing to require that the owner of Tax Lot 305 join in the application and by failing to identify Tax Lot 305 as being included in the property where the disputed transmission tower

is to be sited.[23]

The hearings officer acknowledged petitioner's arguments concerning the question of whether the planned access to the subject property will in fact cross Tax Lot 305. However, the hearings officer concluded that the applicant has legal access across intervening properties from a public right of way to the subject property based on a letter from Oregon Title Insurance Company. The hearings officer concluded that despite petitioner's evidence to the contrary, the letter constituted substantial evidence that the applicant has a legal right of access to the subject property. We agree with the hearings officer.

The fifth and sixth assignments of error are denied.[24]

SEVENTH ASSIGNMENT OF ERROR

Under the seventh assignment of error, petitioner argues the county violated ORS 197.763(5)(a) by failing to identify applicable comprehensive plan Agriculture policies.[25] We have already rejected petitioner's argument that the county erred by failing to apply the comprehensive plan policies that petitioner identifies. Therefore, the county did not err by failing to list those plan policies at the beginning of the evidentiary hearing in this matter.

The seventh assignment of error is denied.

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[23]Petitioner cites a number of ZDO provisions, which he claims require that all owners of property, for which a request for land use approval is submitted, must join in the application. The only ZDO provision that appears to impose that requirement is ZDO 1301.03(A), which is not cited by petitioner. ZDO 1301.03(A) provides:

> "An administrative action, unless otherwise specifically provided for by this Ordinance, may only be initiated by order of the Board of County Commissioners, or a majority of the whole Planning Commission or by the petition of the owner, contract purchaser, option holder, or agent of the owner, of the property in question."

[24]Petitioner includes under these assignments of error a number of other unrelated arguments that are not sufficiently developed to warrant review.

[25]ORS 197.763(5) requires, in part:

> "At the commencement of a hearing under a comprehensive plan or land use regulation, a statement shall be made to those in attendance that:
>
> "(a) Lists the applicable substantive criteria[.]"

EIGHTH ASSIGNMENT OF ERROR

Under this assignment of error, petitioner argues the county erred by failing to address Statewide Planning Goal 5 (Open Spaces, Scenic and Historic Areas, and Natural Resources) as well as administrative rule requirements for inventorying Goal 5 resources and developing a program to protect inventoried Goal 5 resources. OAR 660-016-0000; 660-016-0005; 660-016-0010.

Petitioner does not develop an argument under this assignment of error and makes no attempt to explain why the cited Goal 5 and Goal 5 administrative rule provisions apply to the challenged decision, which grants permit approval under an acknowledged comprehensive plan and land use regulations. *Byrd v. Stringer*, 295 Or 311, 316-17, 666 P2d 1332 (1983); *Friends of Neabeack Hill v. City of Philomath*, 139 Or App 39, 46, 911 P2d 350 (1996); *Urquhart v. Lane Council of Governments*, 80 Or App 176, 181, 721 P2d 870 (1986).

The eighth assignment of error is denied.

NINTH ASSIGNMENT OF ERROR

Under the ninth assignment of error petitioner argues that the county's approval of the disputed tower violates his and other nearby farmers' due process and property rights under the Fourteenth Amendment to the United States Constitution and Article I, Section 18 of the Oregon Constitution.[26]

Petitioner's arguments under this assignment of error fail to explain how the county's

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[26]As relevant, Section 1 of the Fourteenth Amendment to the United States Constitution provides:

> "* * * No State shall make or enforce any law which shall abridge the privileges or immunities of citizens of the United States; nor shall any State deprive any person of life, liberty, or property, without due process of law; nor deny to any person within its jurisdiction the equal protection of the laws."

Article I, Section 18, of the Oregon Constitution provides, in part:

> "* * * Private property shall not be taken for public use, nor the particular services of any man be demanded, without just compensation * * *."

approval of the applicant's request for land use approval "takes" petitioner's property or deprives petitioner of "due process." Petitioner makes no attempt to develop a due process argument and for that reason petitioner's due process argument is rejected. *Van Sant v. Yamhill County*, 17 Or LUBA 563, 566 (1989); *Chemeketa Industries Corp. v. City of Salem*, 14 Or LUBA 159, 165-66 (1985); *Mobile Crushing Company v. Lane County*, 11 Or LUBA 173, 182 (1984). Petitioner's apparent "taking" theory is that the county's approval of the disputed transmission tower constitutes a taking of petitioner's property and other farms in the area because the approved tower may have negative impacts on those adjoining properties and may preclude certain farm practices on those adjoining properties. However, like his due process argument, the taking argument is undeveloped and is not supported by any of the cases cited in the petition for review.

The ninth assignment of error is denied.

The county's decision is remanded.

PLEASE RETURN TO COM. ENV. 01 GERBER

DATE REQUESTED: 7-14-99

CLACKAMAS COUNTY BUILDING DIVISION
902 ABERNETHY RD. OREGON CITY, OR. 97045

WARNING NOTICE

DON

PERMITS REQUIRED

☐ A. EXCEPT AS SPECIFIED IN UBC 106.1 OR 111.1 OF THE DWELLING CODE, NO BUILDING OR STRUCTURE SHALL BE ERECTED, CONSTRUCTED, ENLARGED, ALTERED, REPAIRED, MOVED, IMPROVED, REMOVED, CONVERTED OR DEMOLISHED UNLESS A SEPARATE PERMIT FOR EACH BUILDING OR STRUCTURE HAS FIRST BEEN OBTAINED FROM THE BUILDING OFFICIAL.

☐ B. ALL PLUMBING, ELECTRICAL OR SEPTIC TANK INSTALLATIONS REQUIRE PERMITS, AS PER APPROPRIATE OREGON REVISED STATUTES.

☐ C. GRADING, EXCAVATING, OR FILLING ACTIVITIES REQUIRE PERMITS AS PER CLACKAMAS COUNTY EXCAVATION AND GRADING ORDINANCE.

DO NO FURTHER WORK UNTIL PROPER PERMITS HAVE BEEN OBTAINED.

PLEASE CONTACT THE PUBLIC SERVICE REPRESENTATIVE OF THE BUILDING DIVISION, 902 ABERNETHY ROAD, OREGON CITY, OREGON 97045 OR PHONE 655-8521 WITHIN 5 DAYS OF THE DATE OF THIS LETTER FOR INFORMATION ON APPROPRIATE PERMITS. FAILURE TO CONTACT THIS OFFICE WILL RESULT IN LEGAL ACTION.

OWNER: DIERKING, JAMES R.

T. 2 S R. 3E SECTION 27C TAX LOT 1500

ADDRESS/LOCATION 20949 S HARRIS RD OREGON CITY, OREGON 97045

PROBLEM: NOTE TO INSPECTOR: PEOPLE LIVING IN THE RABBIT PROCESSING PLANT.

Talked To Heather Dierking Talked To Tammy At county permits in Process As of 9-1-99

OWNER: PLEASE CONTACT BUILDING PUBLIC SERVICE REPRESENTATIVE WITHIN 5 DAYS @ 650-3225

INSPECTOR: M Beck DATE: 9-1-99

CCP-PW132 (Rev. 4/97)

Exhibit 24

CLACKAMAS COUNTY

Department of Transportation & Development

FACSIMILE TRANSMISSION

COVER SHEET

DATE: 1-19-01

TO: Jim Duesking

FAX NUMBER: 503-256-1182

FROM: **TAMMY CURRY – Code Compliance Specialist**
CLACKAMAS COUNTY - DTD
COMMUNITY ENVIRONMENT
9101 S.E. Sunnybrook Blvd.
Clackamas, OR 97015

Direct Phone No.: (503) 353-4464

Switchboard No.: (503) 353-4400

FAX No.: (503) 353-4453

TOTAL PAGES, including this cover sheet: 8

COMMENTS: It was good talking with you again! The other thing we may think about is, have you go through a land use process establishing a nonconforming use. Staff denies it, you appeal to go before the commissioners. They hear your case, most likely be sympathetic to your cause & what all you have done with the property to make it habitable to you, your family & for the good of surrounding neighbors.... I believe the commissioner's would "LISTEN"! Let me know how you wish to pursue this in April, I will GO TO BAT FOR YOU!!

If you have any questions or problems with this FAX, please contact **Tammy Curry** at **(503) 353-4464**. Thank you.

TAKE Care, Tam

NO ENFORCEMENT LETTER – (VIOLATOR)

Subject: Possible _____ Violation(s)
Location:

I write to explain the dynamics of Clackamas County's current enforcement guidelines and to notify you of the County's decision about whether the evidence you provided rises to the level of proof required to justify a provisional suspension of enforcement under that policy.

The Board of County Commissioners has the difficult job of determining which essential government functions can continue to be funded from the County's decreasing total budget. One such budgetary decision has affected the County's program for enforcement of some County Code violations. To ensure that this budgetary decision will not result in random, arbitrary enforcement decisions, the Board developed specific criteria for staff to use to identify those violations the County will enforce despite budgetary constraints, and those which we can not actively enforce at this time. The criteria authorize immediate enforcement action in response to: (1) violations involving life, health and safety concerns, and (2) a few other prioritized violations. Enforcement action on a violation in category (2) is provisionally suspended if the violator provides the County with credible proof that their property has been used in the same way, at the same intensity, for at least 10 years.

Community Environment staff has assessed the violation on your property, and has determined that there is currently no imminent threat to life, health or safety. Staff has also reviewed the evidence you submitted and determined that it rises to the level of credible proof that your property has been used in the same way and at the same intensity for at least 10 years. For this reason, the County does not intend to pursue enforcement action against you at this time. It is important that you understand that this property use <u>does</u> constitute a violation, and this provisional suspension of enforcement <u>does not</u> excuse you from the expectation of compliance, nor will it prevent future enforcement if the County's enforcement priorities change. In addition, should your current violation worsen to create a life, health or safety concern, or should it change or become more intense, the provisional suspension of enforcement will end and enforcement action will be authorized, even under the current enforcement guidelines.

If you believe that the use giving rise to your violation might qualify as a non-conforming use you can choose to have that status verified under the County's Zoning and Development Ordinance (ZDO). If you decide to go through that process you will need to apply to the County's Planning Director for verification of non-conforming use under ZDO Section 1206.06. The Planning Director is the only authority in the County empowered to determine what does and what does not constitute a legal non-conforming use. He was not involved in this enforcement decision. The Community Environment Department **can not** make non-conforming use decisions, and the fact that

no enforcement action is being taken at this time is not to be mistaken as any sort of comment on the viability of a future application for non-conforming use status.

If you have concerns that conflicts with neighboring property owners have arisen from this violation or unrelated matters, you may wish to explore the County's dispute resolution and mediation program. The program can sometimes help facilitate the resolution of such conflicts, by encouraging neighbors to work together to solve their problems. If you think mediation could help in your neighborhood, the County's mediation and dispute resolution team is professionally trained and provides excellent service. Direct any questions on this program to Amy Cleary at (503) 534-5450.

If you have questions about the County's current policy or the risks of future enforcement, please call _____ at (503) 353-____.

Sincerely,

NO ENFORCEMENT LETTER – (COMPLAINANT)

Subject: Possible _____ Violation(s)
Location:

Thank you for your recent (letter/telephone call/e-mail) concerning a possible _____ violation on your neighbor's property.

The Board of County Commissioners has the difficult job of determining which essential government functions can continue to be funded from the County's decreasing total budget. One such budgetary decision has affected the County's program for enforcement of some County Code violations. To ensure that this budgetary decision will not result in random, arbitrary enforcement decisions, the Board developed specific criteria for staff to use to identify those violations the County will enforce despite budgetary constraints, and those which we can not actively enforce at this time. The criteria authorize enforcement action only in response to: (1) violations involving life, health and safety concerns, and (2) a few other prioritized violations, unless they existed for more than 10 years prior to receipt of the complaint. Enforcement action on a violation in category (2) is provisionally suspended if the violator provides the County with credible proof that their property has been used in the same way, at the same intensity, for at least 10 years.

Community Environment staff has reviewed the violation you brought to the County's attention, and has determined that there is no imminent threat to life, health or safety. Further, based on credible proof provided by the property owner, staff has also determined that the property has been used in the same way and at the same intensity for at least 10 years. Therefore, the County is not able to pursue enforcement action on this violation at this time. The violator has been informed that this property use <u>does</u> constitute a violation, and that the provisional suspension of enforcement <u>does not</u> excuse them from the expectation of compliance, nor will it prevent future enforcement if the County's enforcement priorities change. In addition, if the current violation worsens to create a life, health or safety concern, or if it changes or becomes more intense, the provisional suspension of enforcement will end and enforcement action will be authorized, even under the current enforcement guidelines. The violator has been made aware of this also.

There are other options you may find useful in resolving your concerns in this matter. The County has a dispute resolution and mediation program that can facilitate the resolution of conflicts between neighboring property owners. If you think mediation could be helpful in your situation, the County's mediation and dispute resolution team is professionally trained and provides excellent service. Any questions on this program should be directed to Amy Cleary at (503) 534-5450. If you do not feel such a program

is appropriate for your circumstances, you could also explore whether private legal remedies exist by contacting an attorney and seeking professional legal advice.

We value your comments and vigilance, and regret that we can not act to enforce at this time. If you have questions or concerns about the process the County used to evaluate the violation you reported, please call _____ at (503) 353-____.

Sincerely,

Non-Exclusive List of

Acceptable Forms of Objective, Reliable Documentation

Dated, Professional Aerial Photographs

Dated Photographs

Recorded Property Ownership Records

Tax Assessor Records

Land Use Permits

Community Environment Records

Utility Records

Business Records

Official Licenses, Registrations or Permits

Court Records or Other Legal Documents

Publications

Affidavits from Persons with Indisputable Knowledge of Property Use

QUICK REFERENCE SHEET

This is to assemble and summarize certain details of the County's Enforcement Policy that may need to be referred to frequently by Environmental Specialists during the initial implementation period.

- When determining whether a use has existed for ten years, that time period is measured back from the date of the Complaint.
- Categorizing complaints under the priority system and the life, health, safety or irreparable environmental damage exceptions is only relevant to the initial stages of enforcement. Only those aspects of use that receive priority under the Policy are to be addressed, so long as compliance can be secured without a hearing or court proceeding. If compliance is not secured, and an action must be filed with the hearings officer or Circuit Court, all aspects of the alleged violation should be plead, whether or not they were initially considered "priority" under the Policy.
- If there has been an increase in intensity of an unlawful use that existed for ten years or more at a lesser intensity, the owner should be required to scale back the use to the historical intensity. If the owner does not scale back, then the entire use should be challenged before the hearings officer or Judge.
- The provision that an exception to policy is appropriate when enforcement is "required by law" refers to any law that exists independent of our County Codes.
- When an owner/possessor is found to be eligible for suspended enforcement, the term of the suspension of enforcement is unknown. Suspension of enforcement shall not mean that the County condones or acquiesces in the use, nor shall it mean that enforcement will never occur. The property remains subject to enforcement in the future if the County's Policy changes.
- Determinations of eligibility for suspended enforcement must be based on continuing use at the same property location. It shall be irrelevant whether the owner/possessor engaged in the same use at a different property location within the necessary timeframe.
- There is no appeal process for decisions made pursuant to the Policy.

IMPLEMENTATION OF COUNTY ENFORCEMENT POLICY

"If *credible proof* can be provided by the owner that the use has existed for at least 10 years at the same level of intensity, then the case falls into a low priority and no further action is taken by the County."

"If *no credible proof* can be provided, the ordinance requirements will be enforced."

Credible Proof

Credible proof consists of objective, reliable documentation that, alone or in combination, substantiates the owner's eligibility for suspended enforcement under the County's policy. Eligibility for suspended enforcement requires documentary substantiation on all of the following points:

- **Ownership.**
  The owner must substantiate that s/he is the owner or possessor of the property at issue.

  The owner must substantiate the length of time s/he has owned or possessed the property.

- **Use.**
  The owner must substantiate that the property has consistently been used in the same way it is being used at the time of initiation of the Complaint.

  The owner must substantiate the length of time s/he has used the property in the same way.

- **Intensity of Use.**
  The owner must substantiate that the intensity of the use of the property did not change noticeably during the ten years preceding initiation of the Complaint.

  If the use did change noticeably at any time preceding initiation of the Complaint, the owner must substantiate the nature of the change, the degree of the change and the timeframe when the change took place.

Failure to provide objective, reliable documentation on these points shall justify a conclusion that "no credible proof" of eligibility for suspended enforcement exists. Documentation that would otherwise be considered objective and reliable shall not be considered reliable when there is unmistakable evidence of fraud on the face of the documentation.

SEQUENCE OF EVENTS AND HISTORY OF VIOLATION:

1-19-01 Cont.
We are in agreement that April 1st will be the deadline to pursue a NCU, 10 year policy, or begin removable of items stored in the acc. structure. TC

1-6-01 I spoke w/Mr Dierking (he intiated the call), I advised him to seek help from the Commissioners to try & get the complaints to stop. Apparently, when Mr & Mrs Dierking were on vacation, fear of theft on the farm, he parked his pickup at the what use to be the rabbit processing plant & farm workers quarters, to make it look like someone was always there. Apparently, the complainant called the assessor's office & complained that the structure was being occupied fulltime. The inspector went out to talk with the property owner, Mr Dierking, & inspect the premises. Nothing was evident to the complaint. The history of the complainant & Mr. Dierking's case is the complainant has been using the County as a hammer out of retaliation. Mr. Dierking has tried repeatedly to work out their differences w/the complainant on a "civil" level w/o prevail. Mr Dierking should be praised by all surrounding citizens for the cleanup work he has done & is except for one. Mr. Dierking wants to seek out mediation, I suggested that he also seeks help from the Board. This board does not want the County to be a hammer or be harassing citizens. We want to try & work things out! Do does Mr. Dierking w/r reasonable limits. TC

Mr. Dierking will provide credible proof for the commercial storage. I have documentation that goes back to 1995.

SEQUENCE OF EVENTS AND HISTORY OF VIOLATION:

Semi trailers come in on average once a month.

Scraper is working w/in building -

11-24-00 Will touch base w/Mr. Dierking after holidays. Mr. Deardorff has a personal issue w/Mr. Dierking, on-going since Mr. Dierking purchased the property. It is said, since Mr. Dierking bought the property he has made it habitable. The property was once used for cooking Meth. TC

NOTE: There are NO semi's in relation to this activity. I know about Mr. Deardorff's complaint & have already observed inside the building. This may qualify under a NCU.

1-18-01 I left msg w/Mr. Dierking requesting we talk about a compliance schedule, or pursue a nonconforming use, when we actually talk I will advise of the 10 year policy. TC

1-19-01 I spoke w/Mr. Dierking he believes he can provide credible proof he has a nonconforming use, or the 10 year policy that is in place. He asked that he be allowed 2 months to collect the documentation then request a meeting w/Rich McIntire (Planning).

\\DTDSVR1\ComEnv\JudyS\SequenceOfEvents.doc

Jim Dierking
Liberty Natural Farms
20949 S. Harris Road
Oregon City, Oregon 97045
503-631-4488

Larry Sowa
Clackamas County Commissioner
906 S. Main Street
Oregon City, Oregon 97045

April 19th, 2001

Dear Commissioner Sowa,

I am writing to ask your help in resolving a complaint about our tenant Don Swanson, filed with Clackamas County by our adjoining property owner, Mike Deardorff.

We acquired our 87acre property in April of 1999 with plans to create an organic herb farm, medicinal herb gardens, and to utilize the more than 120,000 square feet of barns and commercial buildings. Mr. Swanson rented barn space from the previous owners from 1995 onward to store auto parts. We have continued his tenancy to the present.

Our family business, Liberty Natural Products is an importer and distributor of agricultural products and a manufacturer of natural personal care. We have 22 employees at our facilities in Portland at 8120 SE Stark Street. Currently, 3 employees work full time at Liberty Natural Farms.

Historically, the property was an egg farm/chicken ranch going back to the 1940's. Carnation acquired the property in the 50's and operated the egg farm into the mid 70's. In the late 70's the property was converted into a rabbit ranch and operated until roughly 1994. My research indicates the property has been continuously used for a variety of other activities for more than 20 years, including storage, and a variety of small businesses.

When we acquired the property it was burdened by over 10 years of deferred maintenance. From 1994 to 1999 the property had been exclusively occupied by numerous and varied tenants operating businesses which included cock fights, automotive chop shops, cabinet making, equipment repair and fruit packaging. Unknown to us at the time of our purchase, the property was listed with the Oregon Health Department as a drug site. We performed the required testing and the site has been removed from the list.

The property was encumbered by an incredible amount of garbage and debris. We have hauled away over 400 tires, 300 plus yards of garbage, removed a 40 foot bunker oil tanker and substantially upgraded the 10,000 sq ft production and administration building. In order to prepare for farming the land we have had to invest in equipment and spend considerable time in removing stumps left over from the previous owners logging of the property and years of growth of brush and blackberries.

Our conflict with Deardorff began shortly after our acquisition of the property and centered on his assertion of a right to use encroaching road and utilities on our property, and also our opposition to the construction of a proposed cell tower on his property which was only 35 feet from ours. While virtually every neighbor opposed the construction of the proposed 250 foot tower because of its negative impact on the scenic views of the area, I was the appellant.

At the beginning, we attempted to work with Mr. Deardorff by offering to pay for 1/2 the cost of moving the road and utilities and to create a shared reciprocal easement. He declined the offer.

For the last two years, Deardorff has repeatedly lodged complaints against us with the Clackamas County Fire Department, State of Oregon DEQ, and Clackamas County. Despite these complaints, we gave Deardorff permission to use the existing utility lines, while hoping he would grow tired of harassing us.

Attempts have been continued to resolve the conflict with Deardorff. However, he has indicated that we would never be able to establish a neighborly relationship because of the income he lost due to the withdrawal of the cell tower application.

On April 13th, 2001 Deardorff changed his position indicating that his complaint is not retaliation for my opposition to the cellular tower or because there is any impact from Don Swanson's presence, but because he feels a responsibility to stop unlawful uses.

As the attached letters from the neighbors reflect, Don Swanson's occupancy has no tangible impact. The prospect of having to move has created considerable distress for Don. He is 60 years old and looks forward to retiring in the next couple of years. Being forced to move at this time would create a significant hardship.

As we develop the farm, it is a top priority for us to have a positive impact on the livability of our neighborhood, to respect the interests of our neighbors and maintain their support. I believe the attached letters from our neighbors, as well as before and after pictures, reflect that we are achieving this goal.

My attempts to negotiate a resolution with Deardorff have failed. Given the history, nature and scope of use of the facility I may be interested in applying for verification of a non-conforming use. I welcome any mediation assistance or suggestions.

Sincerely,

Jim Dierking
Liberty Natural Farms

Cc Bill Kennemer
Cc Michael Jordan

Before and after pictures available on the web at:
www.libertynatural.com\farm1.jpg
www.libertynatural.com\farm2.jpg
www.libertynatural.com\farm3.jpg
www.libertynatural.com\farm4.jpg
www.libertynatural.com\farm5.jpg
www.libertynatural.com\farm6.jpg

Certification Acknowledgement

This is to certify that

Liberty Natural Products, Inc.
20949 S. Harris Road
Oregon City, OR 97045
United States

is Certified Organic by Oregon Tilth under the
US National Organic Program 7 CFR Part 205

Scope: NOP-Crop

Client Identification Number: OT-005851

Certified Organic Products: Per attached System Plan Summary

Certified by OTCO since: 10/01/2007

NOP effective date: 10/01/2007

Anniversary Date: 01/01/2015

Once certified, a production or handling operation's organic certification continues in effect until surrendered, suspended or revoked.

Certificate Issue Date: 05/19/2014

Authorized by:

Connie Karr, Certification Director

Certificate Number: Z-09730-2008

Doc - Certificate | Rev. 5/8/2014

Oregon Tilth, Inc.
2525 SE 3rd Street, Corvallis, OR 97333, USA ● PH: 1-503-378-0690 ● FX: 1-541-753-4924 ● www.tilth.org ● organic@tilth.org

Certification Acknowledgement

This is to certify that

Liberty Natural Products, Inc.
20949 S. Harris Road
Oregon City, OR 97045
United States

is declared by Oregon Tilth to be in compliance with the following standards / programs:

Standard / Program	Certification Period
US/Canada Equivalence-Crop	Compliant Since: 02/16/2012

Client Identification Number: OT-005851

Certificate Issue Date: 05/19/2014

Certified by OTCO since: 10/1/2007

Authorized by:

Connie Karr, Certification Director

Certificate Number: Z-09730-2008

Doc - Certificate | Rev. 5/8/2014

Oregon Tilth, Inc.
2525 SE 3rd Street, Corvallis, OR 97333, USA ● PH: 1-503-378-0690 ● FX: 1-541-753-4924 ● www.tilth.org ● organic@tilth.org

Organic System Plan Summary

Liberty Natural Products, Inc.
20949 S. Harris Road
Oregon City, OR 97045
United States

Client Identification Number: OT-005851

Certificate Issue Date: 05/19/2014

Certified by OTCO since: 10/1/2007

100% Certified Organic Land, fields and crops:

Parcels	Crops	Compliance
All fields: 20949 S Harris Rd, Oregon City, OR	Boneset, Burdock, Calendula, Catnip, Chamomile (Bodegold), Chamomile (Roman), Citronella, Coltsfoot, Cut flowers, Dandelion, Dill (Dukat), Dill (Hercules), Dill (Tetra Leaf), Echinacea, Elecampane, Fennel (bronze), Fennel (sweet), Fenugreek, Feverfew, Ginkgo, Heal All, Horehound, Lavendin, Ma Huang, Marshmallow, Melissa Officianalis, Motherwort, Nettle (stinging), Pleurisy, Rosemary, Sage (Clary), Tea (Camellia sinensis), Thistle (Blessed), Valerian, Yarrow (white), Hops, Lemon Balm, Lavender, Woodlands	NOP-Crop, US/Canada Equivalence-Crop

Oregon Tilth, Inc.
2525 SE 3rd Street, Corvallis, OR 97333, USA ● PH: 1-503-378-0690 ● FX: 1-541-753-4924 ● www.tilth.org ● organic@tilth.org

RECEIVED
By Erin Radniecki at 11:50 am, May 12, 2014

OTCO Crop/Livestock/Wild Harvest Inspection Report Outline

Operator Legal Business Name:	Liberty Natural Products, Inc.			
Dba (if any)				
Name of principle legally responsible person: (CEO,COO, Owner name etc)	Jim Dierking, Owner			
Name of Primary Contact:	Ivan Grierer, Farm Manager			
Client's Accompaniment (identification of person(s) present during inspection:	Name:	Ivan Grierer	Title:	Farm Manager
	Name:		Title:	
Mailing address (#, street, city, State/Prov., zip code, country)	20949 S Harris Rd. Oregon City OR 97045			
Phone number(s):	503.544.4717; 503.544.4716 (Ivan)			
Email address:	Jim@libertynatural.com; farm@libertynatural.com			

Inspector Information:				
Inspector Name:	John Hollinrake			
Inspector accompaniment (any inspector's auditor's, guests, etc):	Name:		Type:	
Inspection Date:	May 8, 2014			
Total time on site:	2 hrs. 30 min.			

OTCO Certification #:	OR-OTCO-CO-07-01464
Facility(ies)ID location(s) Inspected:	20949 S Harris Rd., Oregon City OR 97045
Inspection Comments (any additional information pertinent to this certification):	No organic sales. Farm is managed organically, but all crops harvested are processed and sold as conventional.

General Information		**Options**
	Is this certification in production partnership with another, as per OTCO fee schedule, and the OSP section identifying this partnership complete?	☐Yes ☒No
	Are the total sales identified at inspection consistent with sales reported in the OSP and/or Fee worksheet?	☒Yes ☐No
	Comments: There are no organic sales from this farm. All crops (Lavender, Lemon Balm, and Hops) are harvested, processed, and sold as conventional.	
Background Information		**Options**
	Applying for USDA NOP certification	☒Yes ☐No
	Applying for USDA-MAFF (Japan) verification	☐Yes ☒No
	Applying for Canada Equivalency verification	☐Yes ☒No
	Applying for EU Organic compliance	☐Yes ☒No
	Are all applicable organic certification standards and procedures available with the operator?	☒Yes ☐No
205.200	Are all applicable organic certification standards understood by the operator?	☒Yes ☐No
§205.272 §205.201	Does this operation produce or handle organic products exclusively?	☐Yes ☒No
	If the operation has been inspected by other regulatory agencies, have all noted concerns been adequately addressed?	☐Yes ☐No ☒NA
	If the operation is in California, do they have verification of State Organic Program (SOP) registration?	☐Yes ☐No ☒NA
	Has the operation received the OSP initial review letter sent by OTCO?	☐Yes ☐No ☒NA
	Has the operation addressed all issues listed in the OSP initial review letter?	☐Yes ☐No ☒NA

	Comments: This farm is located on the premises of the processing facility and warehouse of Liberty Natural Products, Inc. which is a distributor of conventional essential oils and herbal tinctures.

Certification History		**Options**
	Is this a new certification applicant?	☐Yes ☒No
	Is this a renewal certification applicant?	☒Yes ☐No
	Is this an additional inspection conducted for another reason?	☐Yes ☒No if yes, confirm reason:
205.401	Is documentation associated with previous certification and/or denial and subsequent corrective actions on file for verification?	☐Yes ☐No ☒NA
205.406	If updating, are corrective actions to previous noncompliance points still in effect?	☐Yes ☐No ☒NA
205.406	If updating, have previous reminders been acknowledged?	☒Yes ☐No ☐NA
205.406	As applicable, have any changes to the OSP during the previous year been documented in the OSP?	☐Yes ☐No ☒NA
205.406	As applicable, have any intended changes to the OSP during the coming year been documented in the OSP?	☐Yes ☐No ☒NA
205.400	Was there complete access to the operation, including non-certified areas, structures and offices?	☒Yes ☐No
205.400	As applicable, has any application (including drift) of a prohibited substance to any production unit, site, facility, or product that is part of this operation been immediately notified to OTCO as required?	☐Yes ☐No ☒NA

Comments:

a. In the Notice of Certification Decision dated 5/17/13, the following reminder was issued:
The inspector reported the use of pressure treated wood in a recently constructed greenhouse but there are minimal concerns for potential contamination of organic crops. Please note that you are responsible for reporting all changes to the organic production system. OTCO staff must conduct compliance reviews to ensure your Organic System Plan (OSP)remains compliant. For reference of the applicable National Organic Standard, please see §205.400(f)(2) and §205.201(a)(5). Please report any changes to your OSP or general contamination prevention methods to our office.

Inspector's findings:

This Inspector visited the greenhouse and observed that all seedling trays and flats had been moved approximately 12 foot away from the pressure treated lumber in the greenhouse. This appears to be effective in reducing the chance of any plant contact with the pressure treated wood.

b. Operator has planted 80 hop plants and has re-established Lemon Balm that was previously planted 4 yrs ago but not maintained. Hops and Lemon Balm need to be added to the Crop List. These will not be processed or sold as organic crops.

Crops and Acreage		**Options**
Type	**Acres**	
Certified Organic Production	20 Lavender (Buena Vista and Grosso); Lemon Balm; Hops	
Other Certified Organic Land (woodlands etc)	61.5	
Total Organic	81.5	
Transitional	0	
Conventional	0	
§205.201	Are **organic** crops completely and accurately listed in the OSP, for listing on the certificate?	☐Yes ☒No ☐NA
§205.201	Are **transitional** crops completely and accurately listed in the OSP?	☐Yes ☐No ☒NA
§205.201	Are **non-organic crops** completely and accurately listed in the OSP?	☐Yes ☐No ☒NA
§205.201	Is the annual crop & acreage information, provided in the OSP, complete; including permanent field designations (Crops and Acreage Form attached if No)?	☒Yes ☐No ☐NA
205.201	For organic, do individual field acres (including non-production areas) add up	☒Yes ☐No ☐NA

	to the total acreage requested for organic certification?	
§205.201	For transitional, do individual field acres (including non-production areas) add up to the total acreage requested for transitional certification?	☐Yes ☐No ☒NA
§205.201	Are projected yields, as stated in the OSP, reasonable?	☐Yes ☐No ☒NA
§205.201	Was the farm map(s) reasonably accurate and allowed for easy orientation?	☒Yes ☐No ☐NA
	Comments: a. Operator transplanted 80 hop plants into Field 2 that Operator purchased five years ago as conventional hop starts, and has been maintaining them on the adjacent conventional nursery. Operator states the plants were never sprayed but were planted in conventional nursery soil. Operator does not have a commercial availability search. See EXIT INTERVIEW. 205.201. Operator requests add Hops to Certificate. b. Operator has rejuvenated a plot in Field 2 of Lemon Balm which has been growing in Field 2 for three or more years (Inspector can confirm seeing these plants last two inspections). This crop was previously not listed because Operator indicated it was not being managed. In 2013 Operator chose to weed and thin out the plot to create a viable Lemon Balm crop, which is now actively managed. Operator requests add Lemon Balm to Certificate.	

Land History		**Options**
§205.202 §205.201	For any new land requested under certification is the field history complete with proper supporting documentation.	☐Yes ☐No ☒NA
§205.202 §205.103	For any new land requested for certification, is the 3-year field history immediately preceding harvest of the crop accurate and consistent with past records available and/or field observations?	☐Yes ☐No ☒NA
§205.201 §205.103	For any new land requested for certification, not managed continuously by the applicant/operator for the last 3 years (preceding harvest of the crop), is a signed and dated landowner/land-user statement on file for each field matching the field history(ies)?	☐Yes ☐No ☒NA
	Comments: No new land.	

Seeds, Planting Stock, Seedling, Transplants and Perennial Stock		**Options**
205.204	If seed treated with an allowed treatment was used, is the ingredient information included in the OSP?	☐Yes ☐No ☒NA
§205.204	Is organic seed and/or planting stock used?	☐Yes ☐No ☒NA
§205.103	Is documentation available to demonstrate the use of organic seeds and/or planting stock?	☐Yes ☐No ☒NA
§205.204	Is non-organic seed and/or planting stock used?	☒Yes ☐No ☐NA
§205.204 §205.103	If non-organic seed and/or planting stock was used, was commercial unavailability of organic equivalent documented or otherwise demonstrated?	☐Yes ☒No ☐NA
§205.204 §205.105 §205.103	If non-organic seeds and/or planting stock are used, is documentation available demonstrating it was untreated and not genetically modified?	☐Yes ☒No ☐NA
§205.201 §205.204	Are organic annual seedlings produced or sourced as listed in the OSP?	☐Yes ☐No ☒NA
§205.204 §205.103	If organic annual seedlings were purchased, are valid organic certificate(s) on file?	☐Yes ☐No ☒NA
	Comments: a. As noted in the Comments in Crops and Acreage section supra., the Operator transplanted 80 Hops plants the Operator purchased 5 yrs ago and planted in the adjacent conventional nursery. Operator states that the plants were never sprayed. Inspector is unaware of the existence of GMO Hops, but these Hops transplants were previously grown in conventional soil prior to transplanting to Field 2. Operator stated that any Hops harvested from these plants will not be sold as organic. b. Lemon Balm has been growing in Field 2 for at least three years, and has not been managed until 2013. This is now a viable crop, but Operator states any crop harvested will not be sold organically.	

Soil and Crop Fertility Management		Options
§205.203 §205.201	Are there tillage/cultivation practices in place for maintaining or improving the physical, chemical and biological condition of soil and minimizing soil erosion?	☒Yes ☐No ☐NA
§205.203	Are crop nutrients and soil fertility managed through rotations, cover crops and the application of plant and animal material?	☒Yes ☐No ☐NA
§205.205	Is a crop rotation in place to maintain or improve soil organic matter content, provide for pest management in annual and perennial crops, manage deficient or excess plant nutrients; and provide erosion control; as applicable to the operation?	☐Yes ☐No ☒NA
§205.203 §205.205	Does the crop rotation plan avoid annual crops grown back to back?	☐Yes ☐No ☒NA
§205.201	Are crops rotated as described in the OSP?	☐Yes ☐No ☒NA
§205.203 §205.201	Is the fertility management program monitored as stated in the OSP?	☒Yes ☐No ☐NA
§205.203 §205.201	Is compost sourced as described in the OSP?	☐Yes ☐No ☒NA
§205.203 §205.103	If compost is used, is it listed with OMRI or WSDA or is appropriate supporting documentation on file to verify compliance?	☐Yes ☐No ☒ NA
§205.203 §205.201	Is the type and source of any uncomposted manure described in the OSP?	☒Yes ☐No ☐NA
§205.203	Is the operation using vermicompost with confirmation of NOP/NOSB compliance?	☐Yes ☐No ☒NA
	Comments: a. Lavender, Hops, and Lemon Balm are managed as perennials with no crop rotation. b. Aged raw horse manure was applied as the only fertility input in 2013. Manure is sourced from local horse stables and delivery tickets from the stables are maintained. 9 trucks x 12 cu yd/truck were delivered and spread. Lavender is not for human consumption so that 90 day pre-harvest interval per 205.203(c)(1)(i) does not have to be observed. c. Operator used Sungrow Growers Organic Potting Soil (OMRI) in flats where Lavender starts are being propagated.	

Crop Pest/Disease/Weed Management		Options
§205.206 §205.201	Is the pest/disease/weed management program monitored as stated in the OSP?	☒Yes ☐No ☐NA
§205.201 §205.206	Is the Weed/Pest/Disease Management matrix complete and adequate?	☒Yes ☐No
§205.206	Are sanitation measures used to remove disease vectors, weed seeds, and habitat for pest organisms?	☒Yes ☐No ☐NA
§205.201	Are cultural, biological, physical/mechanical practices used for pest/disease/weed management, listed in the OSP?	☒Yes ☐No ☐NA
	Comments: a. Weeds are managed by hand weeding and flail mowing between rows. b. Diseased plants are removed from field and burnt to prevent spread of disease.	

Natural Resources/Biodiversity Management		Options
§205.200 §205.201	Are production practices in place that maintain or improve the physical, hydrological, and biological features of the production operation, including soil, water, wetlands, woodlands, and wildlife, as listed in the OSP?	☒Yes ☐No ☐NA
§205.201	Are all appropriate water sources and uses described in the OSP?	☒Yes ☐No
	Comments: a. Farm has 61.5 acres of open space, deciduous and evergreen trees, a large pond, and native shrubery	

	surrounding the Lavender fields. b. Irrigation water is sourced from on-site well. Established lavener plants do not require irrigation as they prefer dry conditions.

Harvest, Storage, and Transport		**Options**
§205.201	Is all equipment used listed in the OSP and covering all crop types requested for certification?	☒Yes ☐No ☐NA
§205.272	Are new or adequately cleaned re-used **harvesting containers** utilized?	☒Yes ☐No ☐NA
§205.272	Is new or adequately cleaned re-used, contaminant-free **packaging** utilized?	☐Yes ☐No ☒NA
§205.201	Are all post-harvest handling activities accurately described in the OSP?	☒Yes ☐No ☐NA
§205.201 §205.103	Is all post-harvest supporting documentation included in the OSP (ISIS, Private label agreement, supplier certificates)?	☐Yes ☐No ☒NA
§205.103	Are valid organic certificate(s) on file for any off-farm post-harvest handling?	☐Yes ☐No ☒NA
§205.201	Is the processing of this farm's crops adequately described in the OSP?	☐Yes ☐No ☒NA
§205.201	If on-farm or off-farm processing involves more than this operation's crops or multiple ingredients, is there an on-farm processing plan or an additional complete Handling Organic System Plan (OSP) on file?	☐Yes ☐No ☒NA
	Comments: a. Lavender is harvested with mechanical harvester that is dedicated to organic operation. b. All lavender is converted to conventional essential oil by steam distillation on the premises. Conventional lavender essential oil is sold by Liberty Natural Products, Inc. c. No harvest to date of Lemon Balm, nor Hops. Both crops to be processes and sold as conventional.	

NOP Labeling		**Options**
§205.201 §205.300	Have all labels been submitted to and approved by OTCO including any labels for whom they package for others?	☐Yes ☐No ☒NA
§205.303 §205.201	For each product's retail label reviewed, is the statement: "Certified Organic by Oregon Tilth" (or similar phrase) clearly indicated next to the information identifying the handler or distributor of the product on the information panel as applicable?	☐Yes ☐No ☒NA
§205.307	For each product's non-retail label reviewed, is the production lot number displayed (if applicable)?	☐Yes ☐No ☒NA
§205.311	If used on raw, "100% organic" or "organic" products, are the color combinations and size of the USDA seal in compliance?	☐Yes ☐No ☒NA
§205.300 §205.201	If this operation packages organic product/s for others and those buyers are certified organic, are valid certificates for those companies on file to verify the label claim?	☐Yes ☐No ☒NA
	Comments: No labeling.	

Contamination Avoidance		**Options**
§205.203	Are production practices that prevent contamination of crops, soil and/or water by plant nutrients, pathogenic organisms, heavy metals, or residues of prohibited substances in place?	☒Yes ☐No ☐NA
§205.206	As applicable, are acceptable alternatives to lumber treated with prohibited substance(s) used for new installations or replacement purposes when in contact with soil or livestock?	☒Yes ☐No ☐NA
§205.201	Are contamination risks pro-actively monitored?	☒Yes ☐No ☐NA
§205.272	If farm equipment is not used exclusively in organic production is all non-dedicated farm equipment (borrowed, custom-hired, etc.) properly cleaned, washed and/or purged prior to use in organic production?	☐Yes ☐No ☒NA
§205.103	Is the clean-out, washing, and/or purging of non-dedicated equipment documented or otherwise verifiable to demonstrate compliance?	☐Yes ☐No ☒NA
§205.203	As applicable, are practices in place to prevent potential crop	☐Yes ☐No ☒NA

	contamination from irrigation and/or wash water?	
§205.202	Are distinct, defined boundaries and buffer zones in place, for all fields, to prevent contamination of the crop with prohibited materials?	☒Yes ☐No ☐NA
§205.201	Are boundaries and buffer zones for all fields described in the OSP?	☒Yes ☐No ☐NA
§205.201	Are there adequate procedures in place to ensure organic crops are not commingled with any non-organic crops (including buffer areas) during harvest, storage and sales?	☐Yes ☐No ☒NA
§205.206(c)(6) §205.203	Is plastic mulch and/or drip tape being removed from the field before it is allowed to degrade?	☐Yes ☐No ☒NA
	Comments: a. Operator maintains a 50 ft buffer between lavender on Field 1 and the adjoining conventional Rhododendron nursery to the west. Conventional nursery informs Operator when spray activity is anticipated and Operator and nursery monitor for drift issues. b. All other boundaries are surrounded by open space forest and meadows. c. Flats with starter plants are kept 1 ft away from pressure treated lumber in hoophouse. (Seen).	

Materials		**Options**
§205.203 §205.206 §205.601 §205.602	Are materials listed in the Materials Matrix compliant with appropriate documentation?	☒Yes ☐No
§205.203 §205.201	Are fertility materials used/to be used and/or observed on site listed in the OSP?	☒Yes ☐No ☐NA
§205.203 §205.601 §205.602	Are all fertility materials consistent with the National List with any annotations appropriately met?	☒Yes ☐No ☐NA
§205.206 §205.201	Are pest/disease/weed control materials used/to be used and/or observed on site listed in the OSP?	☐Yes ☐No ☒NA
§205.206 §205.601 §205.602	Are all pest/disease/weed control materials used or to be used consistent with the National List with any annotations appropriately met?	☐Yes ☐No ☒NA
§205.206 §205.201	Are sanitizers, cleaners or other materials used/to be used and/or observed on site listed in the OSP?	☐Yes ☐No ☒NA
§205.206 §205.601 §205.602	Are all sanitizers, cleaners, or other materials used or to be used consistent with the National List with any annotations appropriately met?	☐Yes ☐No ☒NA
NOP Guidance	Has the manufacturer of liquid fertilizers >3% N been inspected by a recognized third party (i.e. OMRI, WSDA, etc.)?	☐Yes ☐No ☒NA
	Comments: a. Operator only uses aged raw horse manure sourced from local stables. b. No disease, pest, or weed control materials are used.	

Record Keeping		**Options**
§205.103	Are all records on site and available for review?	☒Yes ☐No
§205.103 §205.201	Are receipts for purchased inputs available and consistent with materials used/to be used?	☒Yes ☐No ☐NA
§205.103	Are field/greenhouse input applications recorded by date, material, location and rate?	☒Yes ☐No ☐NA
§205.103 §205.203	Do records of raw manure applications confirm the application and incorporation into the soil at least 90 or 120 days prior to harvest of edible crop, as applicable?	☐Yes ☐No ☒NA
§205.103 §205.203	Is the composting process (temperatures/turnings) recorded, documenting compliance?	☐Yes ☐No ☒NA
§205.103	If compost was purchased, were process records or other supporting	☐Yes ☐No ☒NA

	documents demonstrating compliance on file?	
§205.103	Are crop harvests recorded by date, location and quantity?	☒Yes ☐No ☐NA
§205.103	Do sales records show date, product and quantity sold?	☐Yes ☐No ☒NA
§205.103	Do buffer crop harvest/handling/sales records clearly show dates, origin, quantities and diversion from organic market?	☐Yes ☐No ☒NA
§205.103	Are records maintained for not less than 5 years beyond their creation?	☒Yes ☐No ☐NA
§205.103	Do records fully disclose all activities and transactions in sufficient detail as to be readily understood and audited?	☒Yes ☐No ☐NA
	Comments: a. A review of Liberty Natural Products website www.libertynatural.com confirms that there are no organic sales of lavender, lemon balm, nor hops. b. Harvest records of lavender, and production of conventional essential oil yield were recorded as follows: Buena Vista lavender - Harvested between 12 Jul and 28 Jul 13 into 42 bins yielding 302 lbs of oil. Grosso lavender - Harvested between 29 Jul and 04 Aug into 84 bins yielding 609 lbs.of oil. c. All oil sold by Liberty Natural Products as conventional oil. d. Field activity log records all weeding, fertilizing, harvesting, and monitoring activity by date, equipment used, and operator.	

Split Production		**Options**
§205.201	Are non-organic crops, fields and acreage information accurately listed in the OSP?	☐Yes ☐No ☒NA
§205.272 §205.103	Are production, harvest and post-harvest handling of non-organic crops clearly distinguished from organic crops in the documentation?	☐Yes ☐No ☒NA
§205.272	Is there clear separation of organic crops from non-organic during harvest and post-harvest handling?	☐Yes ☐No ☒NA
§205.201	Are non-organic production inputs used or to be used listed in the OSP?	☐Yes ☐No ☒NA
§205.272	Are non-organic production inputs stored separate from organic inputs to avoid any possible contamination/commingling?	☐Yes ☐No ☒NA
	Comments: No split production.	

USDA-Japan MAFF Export Arrangement		**Options**
Inspectors to always complete regardless of request by operator.		
USDA-Japan MAFF Export Arrangement	Are all products destined for export to Japan labeled without the JAS Seal by this operation?	☐Yes ☐No ☒NA
USDA-Japan MAFF Export Arrangement	Was there verification confirming that alkali-extracted humic acid and/or lignon sulfonate used as a flotation aid have not been used? *(if no, please list compliant and/or noncompliant products below)*	☒Yes ☐No ☐NA
	Comments:	

U.S. – Canada Equivalency Agreement Export: for operators OUTSIDE of Canada		**Options**
Inspectors to always complete regardless of request by operator.		
US-Canada Equivalency Agreement Annex I	Is there documentation included with each shipment of organic product exported to Canada that includes the statement "Certified in compliance with the terms of the US-Canada Organic Equivalency Arrangement"? *Note; Documentation can be in the form of a TC, product listing on certificate, listing of statement on BOL etc.*	☐Yes ☐No ☒NA
US-Canada Equivalency Agreement Annex I	Is there confirmation that crops have been produced in compliance with the USDA-Canada Equivalency Agreement? *ie. Chilean Nitrate (sodium nitrate) has not been used and products are not produced using hydroponic or aeroponic practices*	☒Yes ☐No ☐NA
205.201 (a)(6)	Are all labels used on products shipped to Canada on file with OTCO?	☐Yes ☐No ☒NA

Canada Organic Products Regulation 2009 Part 3	Are all products labeled for export to Canada in conformance to Organic Products Regulation Part 3?	☐Yes ☐No ☒NA
Canada Organic Products Regulation 2009 Part 3 section 25(c)	If the Canadian Organic Seal is used, do the labels include the statement "Product of" immediately preceding the name of the country of origin or the statement "Imported" in close proximity to the product information panel.	☐Yes ☐No ☒NA
	Comments: There are no organic sales, therefore the issue of use of Chilean Nitrate is moot, although Chilean Nitrate is not used.	

Exit Interview and Findings	
Did you summarize your findings to the operator at the end of the inspection?	☒Yes ☐No
Have you attached the duly signed and dated Exit Interview Form?	☒Yes ☐No
Have the applicable International Compliance sections been completed?	☐Yes ☐No ☒NA
If applicable, has the livestock portion of the inspection report been completed?	☐Yes ☐No ☒NA

List of annexes: **EXIT INTERVIEW**

Signatures	
	May 9, 2014
Inspector Signature	Date
John Hollinrake	
Inspector Printed Name	

The information contained in this report is confidential between this inspector, the inspected party and Oregon Tilth, Inc. This report does not constitute certification or consultation, nor should it be used for promotional purposes. All observations and compliance assessments are made in reference to the applicable organic certification standards and are based on this inspector's observations, review of documents and operator interview. All findings presented herein are intended to be subject to review by Oregon Tilth, Inc., who is responsible for the certification decision concerning the applicant.

International Market Assessment *(for operators in Canada or applying for EU assessment)*		☒ **Section Not Applicable**
	Has the International Supplement been submitted if this operation is applying for EU or if the operation resides in Canada?	☐Yes ☐No ☐NA
ACB EU Equivalency Standard,2.1	Is assessment to ACB EU Equivalency Standard requested?	☐Yes ☐NA
COR/CGSB 32.310 and 32.311, Operator Manual Section C, Organic Product Regulation Part 3 ACB EU Equivalency Standard,2.1	Are the applicable organic standards that this client is requesting assessment to on file with the operator?	☐Yes ☐No ☐NA
205.201(a)(6)	Are fields and crops being evaluated for international market(s) included in the current OSP for NOP certification?	☐Yes ☐No ☐NA
[ISO 65 8.1.2(b) and 15(a)]	Are complaints received from parties other than this organic certifier, ***in relation to the applicable organic standard(s) sought, relating to*** compliance and subsequent resolution documented?	☐Yes ☐No ☐NA

§205.201(a)(6)	Are all labels for export products included in the current OSP?	☐Yes ☐No ☐NA
	Comments:	

European Union EC 834/2007 [Assessed via ACB EU Equivalency Standard] *(only if International Market Supplement and related fees have been submitted and approved by OTCO prior to inspecting)*		☒ **Section Not Applicable**
§205.201(a)(6)	Are all fields and crops, requested for EC 834/2007 equivalence, listed accurately in the International Supplement?	☐Yes ☐No ☐NA
Annex 1	Is supplier documentation available demonstrating that manure and/or manure used in fertilizers does not come from caged livestock operation(s)?	☐Yes ☐No ☐NA
6.2.2.2(b)	For new land requested for EU certification was there sufficient proof to verify compliance to the conversion requirements of 6.2.2?	☐Yes ☐No ☐NA
6.4.2.1 (2)	Are practices and appropriate documentation in place to demonstrate that nitrogen from livestock manure applications to the soil do not exceed 150 #/ac of N total per year?	☐Yes ☐No ☐NA
Annex I	Are all fertility and soil conditioning materials used or to be used listed in the OSP and included in ACB EU Annex I?	☐Yes ☐No ☐NA
Annex II	Are all pest management and plant protection/control materials, used or to be used, listed in the OSP and included in ACB EU Annex II?	☐Yes ☐No ☐NA
6.4.2. (6&7)	If operator uses non-organic seed or seed potatoes, are the quantities consistent with international supplement?	☐Yes ☐No ☐NA
6.1(2)	Are all annual crop varieties different/easily distinguishable?	☐Yes ☐No ☐NA
6.3.1.1(a)(i)	If there is parallel production with the same varieties, or varieties that cannot be easily differentiated of organic and non-organic perennial crops, is a 5-year (maximum) conversion plan in place and being followed?	☐Yes ☐No ☐NA
6.3.1.1(a)(iii)	If there is parallel production with the same varieties, or varieties that cannot be easily differentiated of organic and non-organic perennial crops, seeds, propagating material and/or transplants; are harvest records sufficient to verify non-organic, NOP and EU yields?	☐Yes ☐No ☐NA
6.3.1.1(a)(iii) (iii) the control body is notified of the harvest of each of the products concerned at least 48 hours in advance;	If there is parallel production with the same varieties, or varieties that cannot be easily differentiated of organic and non-organic perennial crops, seeds, propagating material and/or transplants; did the operation notify OTCO within 48 hours of harvest of the organic products?	☐Yes ☐No ☐NA
6.3.1.1(a).ii	Are crops managed in such a way as to ensure identification of lots and to avoid any mixing with or contamination by products and/or substances not in compliance with EU regulations?	☐Yes ☐No ☐NA
6.1 (3)	Are materials prohibited under EC 889-2008 stored away from the organic farm/unit?	☐Yes ☐No ☐NA
9.2	Are all current labels attached and in compliance with ACB EU 9.1 and 9.2?	☐Yes ☐No ☐NA
9.2	Do products destined for export to the EU include the presence of the Certifier Code?	☐Yes ☐No ☐NA
	Comments:	

List of annexes:

Exit Interview

Operation Name:	Liberty Natural Products, Inc.	Date of Inspection:	08May 14
Responsible Person for Certification:	Ivan Gierer	Persons attending Exit Interview (Name and Title):	Ivan Gierer

General	
Comments:	Lavender fields and now 80 hop plants and Lemon Balm are managed organically but sold as conventional. (No hops have been harvested to date.)
Additional Information Requested:	Need to add Hops to OSPS Need to add Lemon Balm (Mellissa) to OSPS

Issues of Concern (if any)

Regulation Reference	Explanation
205.201	Operator has planted 80 hop plants that were purchased 5 years ago and transplanted into organic field 2. Plants were never sprayed and grown in soil in neighboring nursery.

Signatures

John Hollinrake	08May 14	[signature]	May 8, 2014
Inspector Signature	Date	Responsible Person for Cert Signature	Date
John Hollinrake		IVAN P. Gierer	
Inspector Printed Name		Responsible Person for Cert Printed Name	

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2525 SE 3rd Street | Corvallis, OR 97333 | www.tilth.org | PH 503.378.0690 | FX 541.753.4924 | organic@tilth.org

NOTIFICATION OF CERTIFICATION DECISION

5/19/2014

Liberty Natural Products, Inc.
Ivan Gierer
20949 S. Harris Road
Oregon City, OR 97045
United States

Dear Ivan Gierer,

Thank you for your time during the inspection on 5/8/2014. Oregon Tilth staff has reviewed the report concerning your compliance with applicable standard(s).

Oregon Tilth would like to thank you for your compliance with the applicable standard(s). No non-compliances were issued as a result of the inspection conducted by John Hollinrake.

However, Oregon Tilth would like to make the following reminder(s) concerning continued compliance with the Standards:

Thank you for updating your crops list to include hops and lemon balm. These crops have been added to your new organic certificate. Please remember to update your Organic System Plan (OSP) and map and report any changes to our office.

Please find enclosed the organic Certification Acknowledgement for Liberty Natural Products, Inc.. Thank you for all your cooperation. Please let me know if you have any questions or concerns or require anything further. Oregon Tilth staff is here to help with any needs you may have!

Please direct your response and any questions to the file Reviewer, Elizabeth Dominick. If the Reviewer is not available, then please contact the Oregon Tilth office.

Sincerely,
Elizabeth Dominick
Oregon Tilth Certified Organic

CC: John Hollinrake
CC: Jim Dierking

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Botanical Info
Internet Resources
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LNP Classifieds
LNP Jobs

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Invoice Tracking
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Lavender Festival 2014
July 12th & 13th
Saturday and Sunday
10am to 5pm

LIBERTY NATURAL PRODUCTS
NatureSource Ingredients

Welcome To Our Website

Liberty Natural Products is a grower, importer and wholesale distributor of over 1,200 botanical ingredients and natural products. We are proud to offer the highest quality and lowest prices from vial to drum sizes. Our company headquarters is located at the Oregon Lavender Farm, a 90 acre certified organic herb farm where we grow & distill 25 acres of lavender. We are here to support you, please call us with any questions at 800-289-8427. Customer service is our top priority.

Pure Essential Oils
Our selection of over 350 pure essential oils includes multiple sources for many oils in order to meet your requirements.

Botanical Ingredients
25 categories of ingredients for your natural products needs.
Master Ingredient List

Herbal Extracts
We offer our own Spectrum Botanicals TM line of over 170 high potency extracts, including many popular formulas.

Dried Herbs

Oregon Lavender Farm
Certified Organic by Oregon Tilth
Join us here at our annual lavender festival each summer

NEW Microwave Essential Oil Distiller
Distiller Faq and Instructions Link
OilExTech Website Link

Worldwide Distributor of
Essential Oils & Botanicals Ingredients

Packaging Supplies

Sales, Specials and Closeouts
Click the above link for great deals and savings

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Exhibit 29

Liberty Natural Home

Master List Of Botanical Ingredients

ABSOLUTE

Aglaia Flower China
Angelica Root China
Arnica France
Beeswax Superior France
Benzoin Siam India
Black Currant Buds France
Calendula Egypt
Carnation Egypt
Carthamus India
Cedarmoss France
Champaca Pink India
Champaca Yellow India
Chrysanthemum India
Clary Sage France
Clove Bud Madagascar
Cocoa Ghana / Ivory Coast
Coffee Absolute Usa
Coffee Flower Madagascar
Fenugreek France
Frangipani India
Frankincense India
Hay ~ Foin Coupe France
Immortelle ~ Helichrysum France
Immortelle ~ Helichrysum France
Jasmine Grandiflorum Egypt
Jasmine Grandiflorum India
Jasmine Grandiflorum Morocco
Jasmine Sambac India
Jonquil France
Labdanum ~ Rock Rose Spain
Lavender French Absolute France
Lavender Stara Planina Bulgaria
Linden Blossom ~ Tileul France
Maile Vine 3X Hawaii
Marigold Egypt
Mimosa India
Mushroom ~ Cepes France
Narcissus France
Oak Moss 65% Tec Slovakia
Oak Moss Pure
Orange Flower Morocco
Orange Flower Tunisia
Orange Flower ~ Bitter Egypt
Osmanthus China
Pimento Berry ~ Allspice West Indies
Pine Tree Moss France
Pink Lotus India
Rose Anatolian Turkey
Rose Apothecary Russia
Rose Damask Morocco
Rose De Mai Egypt
Rose Kanzanlak Bulgaria
Rose Russia
Saffron India
Sweet Cassie Egypt
Tobacco Blond Nicotine Free Bulgaria
Tonka Bean 30% Ethanol France

Tonka Bean France
Tuberose India
Vanilla Madagascar
Vanilla Madagascar
Violet Leaf Egypt
White Lotus India
White Water Lily India

ATTAR - INDIA

Agar Musk India
Bakul Attar India
Champa Attar India
Davana Attar India
Gulab Attar India
Jasmine Musk Attar India
Kadam Attar India
Kewra Attar India
Majmua Udd Attar India
Mehndi Attar India
Mitti Attar India
Motia India
Ruh Khus Attar India
Shammama Agar India

ATTAR - ROSE OTTO

Rose Anatolian Otto Turkey
Rose Damask China
Rose Damask India
Rose Damask Russia Otto
Rose Gallica Moldova
Rose Kanzanlak Bulgaria Otto

CO2 EXT

Ambrette Seed India
Calendula ~ Marigold Moldova
Carrot Seed India
Chamomile Blue Total Moldova
Melissa Bulgaria
Milfoil Bulgaria
Pomegranate Seed Oil India
Sage Bulgaria
Sarsaparilla India
St. John's Wort Bulgaria
St. Johns Wort Russia
Vanilla 12% India

COLORANT

Annato Powder Usa
Beet Red Juice Powder Usa
Caramel Liquid Colorant India
Lac Carmine Liquid Colorant Usa
Red Sandalwood Powder India
Turmeric Powder India

CONCRETE

Artichoke Egypt
Carnation Egypt
Chamomile Blue Egypt
Champaca India
Frangipani India
Geranium Egypt
Geranium ~ Zdravetz Bulgaria
Grindelia ~ Chyrsanthemum Russia

Jasmine Grandiflorum Egypt
Jasmine India
Jasmine Sambac India
Lavender Bulgaria
Lavender French France
Mimosa India
Orange Flower Egypt
Orange Flower Morocco
Orris
Pink Lotus India
Rose Damask Russia
Rose De Mai Egypt
Rose Kanzanlak Bulgaria
Tagette Egypt
Tobacco Blonde Bulgaria
Tuberose India
Violet Leaf Egypt
White Lotus India

COSMETIC BASE
All Purpose Body Gel ~ Shampoo Usa
Body Lotion Usa
Hair Conditioner Unscented
Massage Lotion

DISTILLATE WATER
Black Currant Usa
Blueberry Usa
Cantaloupe Usa
Chamomile German Hungary
Chamomile Roman Uk
Chamomile Roman Usa
Chamomile ~ Cape S.africa
Cocoa Dark Usa
Coffee Full Roast Usa
Corn Flower France
Cucumber Usa
Geranium Uk
Ginger Usa
Green Bell Pepper Usa
Green Tea Usa
Guava Water Usa
Habanero Pepper Water Usa
Honey Water Usa
Kiwi Florida
Lavandin Grosso Usa
Lavender Bulgaria
Lavender France
Lavender Oregon
Lavender Premium Hydrosol Usa
Lime Distillate Water Mexico
Malt Water Usa
Mango Water Usa
Melissa ~ Lemon Balm Usa
Milfoil ~ Yarrow White Usa
Orange Blossom Morocco
Passion Fruit Water Usa
Pear Water Usa
Peppermint Usa
Raspberry Water Usa
Rose Damask India
Rose Kanzanlak Bulgaria

Rosemary France
Sandalwood India
Spearmint Water Usa
Strawberry Water Usa
Sugar Water Usa
Tomato Water Usa
Verbena ~ Vervain France
Watermelon Water Usa
Witch Hazel Usa
Yarrow Flower Bulgaria

ESSENTIAL OIL
Agarwood Vietnam
Ajowan India
Alaskan Cypress Canada
Allspice ~ Pimento Berry Jamaica
Allspice ~ Pimento Leaf West Indies
Alutinosum China
Amyris Sandalwood Haiti
Angelica Root England
Angelica Root Hungary
Angelica Root India
Angelica Seed Hungary
Anise Egypt
Anise Spain
Anise Star China
Anthopogon ~ Rhododendron Nepal
Arina Madagascar
Armoise ~ Mugwort Morocco
Artemisia Nepal
Basil Bitter Egypt
Basil Camphor Type India
Basil French Linalool Nepal
Basil Holy ~ Tulsi India
Basil Sweet Bulgaria
Basil Sweet France
Basil Sweet India
Bay West Indies
Bee Balm Oregon
Bergamot Bergaptene Free Italy
Bergamot Italy
Bergamot Mint India
Bergamot Mint Oregon
Bergamot Rectified 38/40% Italy
Bitter Almond Ffpa Fcc Usa
Black Pepper India
Black Pepper Madagascar
Black Pepper Sri Lanka
Blue Cypress Australia
Blue Tansy Morocco
Buchu Long Leaf S. Africa
Buchu Round Leaf S. Africa
Buddahwood Australia
Cabreuva Brazil
Cade Spain
Cajeput Vietnam
Calamus Root Nepal
Camphor White China
Cananga Indonesia
Cape May S. Africa
Cape Snow Bush S. Africa
Caraway Seed Hungary

Cardamom Fcc Guatemala
Cardamom Sri Lanka
Cardamom Whole India
Carrot Seed France
Carrot Seed Hungary
Carrot Seed India
Cascarilla Bark Central America
Cassia Vietnam
Catnip Canada
Cedar Leaf ~ Thuja Austria
Cedar Leaf ~ Thuja Canada
Cedar Leaf~thuja Western Red Canada
Cedarwood Atlas Morocco
Cedarwood Himalayan India
Cedarwood Port Orford Usa-or
Cedarwood Virginia Usa
Cedarwood ~ Thuja China
Celery Seed India
Chamomile Blue
Chamomile Blue Egypt
Chamomile Blue England
Chamomile Blue Eo Slovakia Austria
Chamomile Cape S. Africa
Chamomile Roman England
Chamomile Roman France
Chamomile Roman Oregon
Chamomile Wild Morocco
Chaste Tree Berry Turkey
Cilantro Hungary
Cilantro Oregon
Cinnamon Bark Madagascar
Cinnamon Bark Sri Lanka
Cinnamon Berry ~ Sugandha India
Cinnamon Leaf Fresh Madagascar
Cinnamon Leaf Nepal
Cinnamon Leaf Sri Lanka
Cistus Spain
Citronella India
Citronella Indonesia
Citronella Sri Lanka
Clary Sage Bulgaria
Clary Sage Grn Crushed France
Clary Sage Oregon
Clary Sage Ukraine
Clementine India
Clove Bud Extra Madagascar
Clove Bud Indonesia
Clove Bud Madagascar
Clove Leaf Crude Indonesia
Clove Leaf Indonesia
Clove Leaf Redistilled 85% Indonesia
Clove Stem Madagascar
Cognac White France
Copaiba Balsam Brazil
Coriander Seed Russia
Cornmint Mentha Arvensis India
Cubeb Indonesia
Cumin India
Cumin Turkey
Curry Leaf India
Cyperus ~ Cypriol India
Cypress Round India

Cypress Spain
Davana India
Davana S. Africa
Dill Seed Bulgaria
Dill Seed Hungary
Dill Weed Oregon
Elemi Philippines
Eucalyptus 80/85% Australia
Eucalyptus Bl Mallee Australia
Eucalyptus Blue Mallee Redistilled Australia
Eucalyptus Gully Gum Australia
Eucalyptus Lemon China
Eucalyptus Lemon India
Eucalyptus Lemon Madagascar
Eucalyptus Peppermint Australia
Eucalyptus Radiata Australia
Eucalyptus Radiata Australia
Eucalyptus Radiata Premium Australia
Eugenol Usp 99.5% Indonesia
Fennel Bitter Bulgaria
Fennel Sweet Austria
Fir Needle
Fir Needle Canada
Fir Needle Douglas Balkan
Fir Needle Douglas Lnp Usa
Fir Needle Siberian Russia
Fir Needle Silver Bosnia
Frankincense ~ Olibanum Ethiopia
Frankincense ~ Olibanum India
Frankincense ~ Olibanum Kenya
Frankincense ~ Olibanum Somalia
Galangal Thailand
Galangal ~ False Galangal India
Galangal ~ False Ginger India
Galbanum Turkey
Garlic China
Geranium China
Geranium Egypt
Geranium India
Geranium Madagascar
Geranium S. Africa
Geranium ~ Zdravetz Bulgaria
Ginger China
Ginger Fresh Indonesia
Ginger Fresh Madagascar
Ginger Lily India
Ginger Rajkumari India
Gingergrass India
Grapefruit Pink Cp Usa
Grapefruit Pink Mexico
Grapefruit White Cp Fcc Usa
Grapefruit White Mexico
Green Pepper Fresh Madagascar
Guaiacwood Paraguay
Helichrysum Stoechas
Helichrysum ~ Immortelle Balkan Peninsula
Helichrysum ~ Immortelle Bosnia
Helichrysum ~ Immortelle France
Helichrysum ~ Rambiazina Madagascar
Hiba ~ Cedarwood Japan
Hinoki Japan
Ho Wood 95% China

Hops Flower Hungary
Hyssop Bulgaria
Hyssop Hungary
Hyssop United Kingdom
Juniper Berry France
Juniper Berry Hungary
Juniper Berry India
Juniper Berry Redistilled India
Juniper Needle Bulgaria
Juniper Nepal
Kaffir Lime Leaf Thailand
Kanuka New Zealand
Katrafay Madagascar
Kewda India
Khella Morocco
Labdanum ~ Rockrose Spain
Lantana Madagascar
Lanyana S. Africa
Laurel Berry ~ Kokila India
Laurel Leaf Hungary
Laurel Leaf Turkey
Lavandin Abrialis France
Lavandin Grosso France
Lavandin Grosso Spain
Lavandin Grosso Usa
Lavender 40/42% France
Lavender 40/42% Stara Planina
Lavender Hungary
Lavender Lnp Oregon
Lavender Pure 40/42% France
Lavender Russia
Lavender Spike Spain
Leleshwa ~ Camphor Bush Kenya
Lemon California Type Usa
Lemon Cp Spain
Lemon Italy
Lemon Verbena Rectified France
Lemongrass Guatemala
Lemongrass India
Lemongrass Nepal
Lime Cp Fcc Mexico
Lime Sd Fcc Mexico
Litsea ~ May Chang China
Lovage Leaf Hungary
Lovage Root Hungary
Mace India
Magnolia Flower China
Mandarin Red Italy
Manuka Red East Cape New Zealand
Marjoram Oil Egypt
Marjoram Sweet Hungary
Marjoram Wild Spain
Massoia Bark Indonesia
Mastic ~ Lentisk Morocco
Melissa Rectified France
Melissa Serbia
Melissa ~ Lemonbalm United Kingdom
Milfoil ~ Yarrow - Blue Hungary
Milfoil ~ Yarrow - Dark Blue United Kingdom
Milfoil ~ Yarrow-green Bulgaria
Milfoil ~ Yarrow-green England
Milfoil ~ Yarrow-white Lnp Usa

Milfoil ~ Yarrow-white Slovenia
Myrrh Kenya
Myrrh Somalia
Myrtle Cineole Type Spain
Myrtle Lemon Australia
Myrtle Linalool Type Turkey
Myrtle Morocco
Neroli Egypt
Neroli Morocco
Neroli Tunisia
Niaouli Cineole Type Madagascar
Niaouli Nerol Type Australia
Nutmeg India
Nutmeg Indonesia
Nutmeg Sri Lanka
Onion Mexico
Opoponax ~ Sweet Myrrh Kenya
Orange 10-Fold Oil Usa
Orange Bitter Dominican
Orange Blood Sicily
Orange Oil 5-Fold Usa
Orange Sweet Cp Fcc Brazil
Orange Sweet Cp Fcc Florida
Oregano Hungary
Oregano Hungary
Oregano Lnp Usa
Oregano Morocco
Oregano Redistilled Hungary
Oregano Spanish Albania
Oregano Turkey
Oregano Turkey
Oregano Wild Hungary
Oregano Wild Turkey
Palmarosa India
Parsley Herb Oregon
Parsley Seed Egypt
Parsley Seed Hungary
Parsley Seed India
Patchouli Dark Aged Indonesia
Patchouli Dark Indonesia
Patchouli Indonesia
Patchouli Md Indonesia
Pemou Root Vietnam
Pennyroyal Morocco
Peppermint Baby Yakima Redist Washington
Peppermint Natural India
Peppermint Natural Willamette
Peppermint Natural Yakima Washington
Peppermint Redist Willamette Oregon
Peppermint Redist Yakima Washington
Peppermint Terpene Free Yakima Washington
Peppermint Triple Dist Yakima
Peppermint Yakima Usa
Perilla Oil Green
Peru Balsam France
Petitgrain Paraguay
Pine Black Bulgaria
Pine Dwarf Italy
Pine Ocean France
Pine Scotch Bulgaria
Pine Scotch Hungary
Pink Pepper Kenya

Plai Oil Thailand
Ravensara Madagascar
Ravensara~havozo Madagascar
Ravintsara Madagascar
Rosemary Camphor Type Spain
Rosemary Cineole Type Hungary
Rosemary Cineole Type Morocco
Rosemary Cineole Type Tunisia
Rosemary Verbenone Usa
Rosewood ~ Bois De Rose Brazil
Rue Spain
Sage Blue Mountain S. Africa
Sage Dalmatian 30% Hungary
Sage Spanish Spain
Sandalwood Mysore India
Sandalwood Premium Australia
Santolina ~ Cotton Lavender Spain
Saro Madagascar
Sassafras Brazil
Savory Oil Austria
Sea Buckthorn Concentrate Russia
Spearmint 60% China
Spearmint 60% India
Spearmint India
Spearmint Oregon
Spikenard Green India
Spikenard Red India
Spikenard~jatamansi Nepal
Spruce Black Canada
Spruce ~ Eastern Hemlock Canada
St Johns Wort Serbia
Sugandha Kokila Nepal
Sumac ~ Smoke Tree Bulgaria
Summer Savory Hungary
Tagetes Madagascar
Tagette India
Tagette S. Africa
Tana Madagascar
Tangerine Cravo Type Brazil
Tangerine Dancy Type Mexico
Tarragon ~ Estragon Hungary
Tarragon ~ Estragon S. America
Tea Tree Lemon Australia
Tea Tree Premium Australia
Tea Tree Premium Australia
Thyme Red Borneol Type Morocco
Thyme Red Carvacrol Type Hungary
Thyme Red Thymol Type Spain
Thyme Serpolet Albania
Thyme Spike Turkey
Thyme White Fcc Usa
Thyme White Synthetic Usa
Tomar Seed India
Turmeric India
Valerian Root China
Verbena ~ Vervain Morocco
Vetiver Haiti
Vetiver Indonesia
Wintergreen China
Wormwood American Usa
Wormwood Bulgaria
Xanthoxylum Nepal

Ylang Ylang 1St Madagascar
Ylang Ylang 2Nd Madagascar
Ylang Ylang 3Rd Madagascar
Ylang Ylang Complete Madagascar
Ylang Ylang Extra Madagascar
Yuzu
Yuzu Japan
Zinziba S. Africa

FIXED OIL
Almond Butter Ultra Refined Usa
Aloe Butter Usa
Apricot Kernel Cp Virgin Spain
Apricot Kernel Exp Ref Spain
Argan Cp Ref Morocco
Argan Virgin Cp Morroco
Avocado Butter Usa
Avocado Cp Virgin
Avocado Refined France
Black Cumin Cp Israel
Black Currant Seed China
Black Raspberry Seed Oil
Blackberry Seed Usa
Blueberry Seed
Borage Seed Cp Refined China
Brazil Nut Refined Brazil
Broccoli Seed
Camellia Seed
Canola Usa
Carrot Seed Extra Virgin Usa
Castor Triglyceride Usp India
Castor Turkey Red Sulfated India
Chaulmoogra India
Chia Seed Oil
Cocoa Butter Deodorized Holland
Cocoa Butter Natural Ghana
Cocoa Butter Rbd Ultrarefined Ghana
Coconut 76 Deg Rbd Philippines
Coconut Virgin Unrefined Canada
Cranberry Seed Extvir Usa
Cupuacu Butter Refined Brazil
Dhupa Butter India
Evening Primrose Cp Refined France
Evening Primrose Unrefined China
Flax Seed High Lignan Usa
Foraha Tamanu Double Filtered Madagascar
Foraha ~ Tamanu Cp Unfiltered Madagascar
Foraha ~ Tamanu Filtered Madagascar
Fractionated Coconut Oil Usa
Grape Seed Eu
Grape Seed Extra Virgin Usa
Hazelnut Exp Ref France
Hemp Seed Butter Usa
Hemp Seed Oil Natural
Hemp Seed Refined China
Illipe Butter Borneo
Jojoba Butter Usa
Jojoba Clear Filtered Israel
Jojoba Golden Natural Israel
Jojoba Oil Organic Israel
Kokum Butter Refined India
Kukui Nut Usa

Macadamia Nut Butter Ref Usa
Macadamia Nut Usa
Mango Butter India
Meadowfoam Seed Usa
Milk Thistle Seed Usa
Murumuru Butter Brazil
Mustard Seed Usa
Neem Kernel Filtered India
Neem Kernel India
Olive Butter Usa
Olive Cp Extra Virgin Spain
Olive Oil Ext Virgin Spain
Olive Pomace Spain
Olive Pure 80% Refined/20% Virgin Spain
Palm Kernel 106 Usa
Palm Rbd 106 Deg Usa
Peanut Refined Eu
Pecan Usa
Pumpkin Seed Oil France
Red Raspberry Seed
Rose Hip Cp Chile
Rose Hip Seed Chile
Rose Hip Seed Refined Chile
Safflower High Oleic Usa
Sal Butter India
Sesame Refined Usa
Sesame White Cp Virgin Usa
Shea Butter Refined Ghana
Shea Butter Unrefined Ghana
Shea Butter Unrefined Yellow Ghana
Shea Olein Usa
Soybean Usa
Sunflower High Oleic Usa
Sweet Almond Cp Virgin Spain
Sweet Almond Exp Ref Spain
Walnut Usa
Wheat Germ Ref Usa
Wheat Germ Unref Israel

FLAVORING
Cardamom India
Cinnamon India
Cumin India
Ginger India
Rootbeer Blend Usa
Vanilla Extract 1X Madagascar
Vanilla Red Bean 16% 10X Madagascar

HERB - DRIED
African Birdseye Powder Africa
Agrimony Herb Powder Europe
Ajwain Seed Powder India
Alfalfa 4:1 Extract Powder
Alfalfa Cut Usa
Alfalfa Leaf Powder Usa
Aloe Powder S. Africa
Angelica Root Powder Hungary
Anise Seed Powder
Anise Seed Whole Egypt
Apricot Kernel Meal
Arnica Flower Pwdr Usa
Arnica Flowers Whole Romania

Arrowroot Powder India
Artichoke Leaf C/s Usa
Ashwagandha Root Powder Usa
Astragalus Root Cut China
Astragalus Root Powder Usa
Aurantium Fruit Powder
Barberry Root Bark Usa
Barley Grass C/s Usa
Barley Grass Cut Usa
Basil Leaf Sweet Powder
Bayberry Root Bark Wc Powder
Bergamot Dried Powder Usa Usa
Bilberry Fruit Extract 4:1 Powder China
Bilberry Fruit Powder Usa
Bilberry Fruit Whole Usa
Bilberry Leaf Powder
Bistort Root Powder Europe
Black Cohosh Root Powder Usa
Black Currant Powder Newfoundland
Black Haw Bark Powder Usa
Black Walnut Hull Powder Usa
Black Walnut Hulls Whole Usa
Bladderwrack Powder China
Blessed Thistle C/s
Blessed Thistle Powder Usa
Bloodroot Powder Usa
Blue Cohosh Chipped Usa
Blue Cohosh Usa
Blue Vervain Pwd
Blueberry Powder Oregon
Boneset C/s Herb
Boneset Herb Powder Usa
Borage Herb Powder
Buchu Leaf Powder Africa
Buchu Leaf Whole Leaf Wc
Buckthorn Bark C/s Conv.
Buckthorn Bark Powder Usa
Bugleweed Herb C/s Usa
Bupleurum Chinese Root Powder China
Burdock Root Extract 4:1
Burdock Root Powder Usa
Butchers Broom Root Powder Albania
Butchers Broom Rt C/s Turkey
Calamus Root Powder Sri Lanka
Calendula Flower Powder Ecuador
Calendula Flowers Whole Usa
Calendula Petals Oregon Lavender Farm Usa
California Poppy Powder Usa
Camu Camu 10% Powder Usa
Caraway Seed Powder Usa
Cardamom Seed Powder
Cascara Sagrada Bark Powder Usa
Catnip Buds Leaf Stem Usa
Catnip Leaf & Flower C/s Usa
Catnip Powder Usa
Catnip Whole Dried Herb Usa
Cats Claw Bark Powder Peru
Catuaba Bark Powder Usa
Cayenne Pepper Powder India
Celery Seed Powder Egypt
Chamomile Flower Powder
Chamomile Flowers Dried Wh Egypt

Chaparral C/s
Chaparral Leaf Powder
Chaste Berry Powder Turkey
Chickweed Herb Powder Bulgaria
Chicory Root C/s Usa
Chili Birdseye Whole Africa
Chrysanthemum Flower Whole China
Chrysanthemum Powder China
Cilantro Leaf Powder Usa
Cinnamon Quills Sri Lanka
Cleavers Herb Powder Hungary
Clove Bud Powder Sri Lanka
Club Moss Powder Usa
Club Moss Whole Usa
Comfrey Leaf Powder
Comfrey Root Powder Usa
Coriander Seed Powder Turkey
Cornsilk Powder
Couchgrass Root C/s
Cramp Bark Powder
Cranberry 4:1 Ext Powder Usa
Cranesbill Root C/s
Culinary Grade Dried Lavender
Damiana Leaf Powder Usa
Damiana Powder 4:1
Dandelion Leaf C/s
Dandelion Leaf Extract 4:1 Powder Ecuador
Dandelion Leaf Powder Co Italy
Dandelion Root Extract 4:1 Powder Usa
Dandelion Root Powder
Dandelion Root Usa
Devil's Claw Root Powder South Africa
Devil's Club Bark C/s W/e Usa
Dill Seed Powder
Dill Weed C/s Egypt
Dill Weed Powder
Dong Quai Root Powder China
Dulse Leaf Granules

HERB - DRIED
Echinacea Angustifolia Root Powder Usa
Echinacea Purpurea Root Powder Usa
Elder Berry Powder Bulgaria
Elder Flower Powder Bulgaria
Elderberry Whole Bulgaria
Elecampe Root Powder China/bulgaria
Eleuthero Root C/s China
Eleuthero Root Ext 4:1 Powder Usa
Eleuthero Root Powder
Epimedium ~ Horny Goat Weed Leaf China
Epimedium ~ Horny Goat Weed Pwd China
Essiac Blend Powder Usa
Eucalyptus Leaf C/s Chile
Eucalyptus Leaf Powder Usa Usa
European Mistletoe Eu
Eyebright Herb Powder Bulgaria
False Unicorn Root Powder Usa Usa
Fennel Seed Powder Turkey
Fenugreek Seed Extract 4:1 Powder Turkey
Fenugreek Seed Powder India
Feverfew Powder Usa
Flax Seeds Whole Usa

Fo-ti Root Extract 4:1 Powder China
Fo-ti Root Powder China China
Frankincense Powder
Galangal Root C/s
Galangal Root Powder
Garcinia Fruit Powder India
Garlic Bulb Powder Usa
Ginger Root C/s China
Ginger Root Extract 4:1 Powder India
Ginger Root Powder India
Ginkgo Biloba Leaf Whole China
Ginkgo Leaf Extract 4:1 Powder China
Ginkgo Leaf Powder China
Ginseng Korean Red Root China
Ginseng Root American Whole Usa
Ginseng Tienchi Root Pwd China
Ginseng White Powder China
Ginseng~american Powder Usa
Ginseng~korean Red Root Powder Korea
Ginseng~malaysian Longjack Root
Goats Rue C/s Hungary
Goats Rue Powder Croatia
Goldenrod C/s Usa
Goldenseal Leaf C/s Usa
Goldenseal Root China
Goldenseal Root Powder Usa
Goldenseal Root Whole Usa
Good Morning Blend Tea Bulk Bags
Gotu Kola C/s Sri Lanka
Grapefruit 4:1 Ext Powder Usa
Grapefruit Peel C/s
Grapefruit Seed Pwd Usa
Gravel Root Wild Powder Usa
Graviola Leaf Powder Brazil
Green (Gunpowder) Tea Usa
Green Tea 4:1 Ext Powder China
Guarana Seed Powder Wc Brazil Brazil
Gum Arabic Pwd Sudan Sudan
Gymnema 4:1 Extract Powder
Gymnema Leaf Powder Usa
Hawthorn Berry Pwd Bulgaria
Hawthorn Leaf Flower C/s Bulgaria
Heal All Herb C/s
Heal All Herb Powder Wc China
Helichrysum Whole S. Africa
Hibiscus Flowers Cut Usa
Hops Flowers Powder Usa
Hops Whole Usa
Horehound White C/s Bulgaria
Horse Chestnut C/s Bulgaria
Horse Chestnut Pwd Bulgaria
Horse Tail 4:1 Powder Ecuador
Horseradish Root Powder China
Hydrangea Root Powder
Hyssop Herb Powder Usa
Irish Moss Powder
Juniper Berries Whole Bulgaria
Juniper Berry Powder
Kava Kava 4:1 Pe China
Kava Kava Cut Rt Vanuatu
Kava Kava Premium Powder Vanuatu
Kava Kava Rt Pwd Gwc Vanuatu

Kelp Extract 4:1 Powder Usa
Kelp~icelandic Powder Usa
Kigelia Powder
Kola Nut Pwd
Kudzu Root Powder
Lady's Mantle Powder Europe
Lavandin Grosso Buds Usa
Lavender Buds Dried Usa
Lavender Flower Powder France
Lemon Balm C/s Bulgaria
Lemon Balm Powder Bulgaria
Lemon Grass C/s
Lemon Grass Powder
Lemon Peel Granules
Lemon Peel Powder Usa
Lemon Verbena Leaf Whole
Lemongrass C/s Us
Licorice Mint Flowers Usa
Licorice Mint Leaf Usa
Licorice Root Extract 4:1 Powder China
Licorice Root Powder Usa
Linden Flowers And Leaf
Lobelia C/s India
Lobelia Leaf Wc Powder India
Lomatium Root Pieces
Love Tea Bulk Tea Bags
Lungwort Leaf C/s Croatia
Maca 4:1 Ext Powder Peru
Maca Root Powder Peru
Marshmallow Leaf C/s Usa
Marshmallow Leaf Powder Usa
Marshmallow Root C/s Usa
Marshmallow Root Powder Usa
Melissa Dried Leaf Usa
Milk Thistle 4:1 Powder Bulgaria
Milk Thistle Seed Powder Usa
Mistletoe Leaf C/s
Motherwort Cut And Sift Usa
Mucuna Pruriens Seed Powder India
Mugwort C/s Spain
Mugwort Powder
Muira Pauma 4:1
Muira Puama Bark Pwd Wc South America
Mullein Leaf Cut Usa
Mushroom~reishi Extract 4:1 Pwd China
Mushroom~reishi Powder
Mushroom~shitake Powder China
Mustard Seed Yellow Powder Canada
Neem Leaf C/s India
Neem Leaf Powder India
Nettle Leaf 4:1 Ext. Powder
Nettle Leaf Powder Usa
Nutmeg Powder Sri Lanka
Oat Straw Powder Usa
Olive Leaf C/s
Olive Leaf Powder Spain
Onion Bulb Powder Usa
Oolong China Tea
Orange Peel Granules
Orange Peel Powder
Oregano Flowers Stems Usa
Oregano Powder Turkey

Oregon Grape Root C/s
Oregon Grape Root Powder Usa
Papaya Leaf Powder India
Parsley Leaf Flakes
Parsley Leaf Powder Usa
Parsley Root Powder Hungary
Passion Flower 4:1
Passion Flower Powder Italy
Pau D'arco Bark C/s Usa
Pau D'arco Wc Bark Powder Brazil
Pennyroyal Powder
Peony Root Slices China
Peppermint Leaf C/s
Peppermint Leaf Powder Usa
Pipsissewa Herb C/s Wild
Pipsissewa Powder Wc
Plantain Leaf Powder Bulgaria
Pleurisy Root Powder Usa
Poria/hoelen Fungus Pwd China
Potpourri Flower Blend Tea Bulk Bag
Prickley Ash Bark C/s Usa
Prince Seng Powder China
Psyllium Husks Powder India
Pygeum Bark Powder Wc Africa
Radish Seed Powder China
Red Clover Blossoms Usa
Red Clover Flower Ext 4:1 Pwd Albania
Red Clover Flower Powder
Red Raspberry Leaf Bulgaria
Red Raspberry Leaf Powder Bulgaria
Red Rooibos Tea Africa
Red Root C/s Usa
Red Root Powder
Reishi Mushroom Whole China
Rose Hip Fruit Powder Bulgaria
Rose Hips 4:1 Extract Chile
Rosemary 4:1 Extract Powder Morocco
Rosemary Leaf Pwd Egypt
Sage Leaf Powder Italy
Sandalwood Chips Yellow
Sarsaparilla Root Powder Wc Mexico
Sassafras Bark Powder Usa
Sausalito Spice Tea Bulk Bags
Saw Palmetto Berries Whole Usa
Saw Palmetto Berry Powder Usa
Schisandra 4:1 Extract Powder
Schisandra Berry Powder Usa
Senna Leaf C/s
Senna Pods Powder India
Shave Grass ~ Horsetail Powder Bulgaria
Sheep Sorrel Powder Usa
Shepherd's Purse Pwd Hungary
Skullcap Powder Usa
Skunk Cabbage Root C/s
Slippery Elm Bark Cut Usa
Slippery Elm Powder Usa
Solomons Seal Root Whole
Spearmint Scotch Leaf C/s Usa
Spilanthes Herb C/s
Spilanthes Herb Powder Brazil
Squaw Vine Powder
St Johns Wort C/s Chile

St. Johns Wort Powder Bulgaria
Stillingia Root Powder
Strawberry Leaves C/s Bulgaria
Tea Tree Milled Leaf Australia
Thyme Leaf C/s Peru
Thyme~english Whole Usa
Thyme~orange Whole Usa
Tribulus Fruit Powder
Triphala(myrobalans Blend) Powd India
Triple Berry Tea Bulk Bags
Turkey Rhubarb Root Powder Usa
Turmeric Root Pwd India
Uva Ursi Leaf Powder Europe
Valerian 4:1 Ext. Powder Usa
Valerian Root Powder Usa
Vanilla Bean Pure Powder Madagascar
Vanilla Beans Red Split Madagascar
Vervain Blue Herb Powder Bulgaria
Vervain C/s Europe
Violet Herb Powder
Watercress C/s China
Watercress Powder Wc Europe
White Oak Bark Powder Hungary
White Peony Root Powder
White Willow Bark Powder Poland
Wild Cherry Bark Powder Usa
Wild Lettuce Herb Powder
Wild Yam Root C/s Usa
Wild Yam Root Powder Usa
Witch Hazel Bark C/s
Witch Hazel Bark Pwd Wc
Wolfberry (Goji) China
Wood Betony C/s Usa
Wood Betony Herb Pwd Bulgaria
Wormwood Herb C/s Hungary
Wormwood~sweet Powder
Yarrow Flower Powder
Yarrow Flowers C/s
Yellow Dock Root Extract 4:1 Pwd
Yellow Dock Root Powder Canada
Yerba Mate 4:1 Ext Powder Brazil
Yerba Mate C/s Usa
Yerba Santa Leaf C/s Usa
Yohimbe Bark Powder Cameroon
Yucca Root Powder Mexico

HERB - FRESH
Lavender Flowers Dried Usa

HERB - SPICE
Black Cumin Usa
Cinnamon Powder Sri Lanka
Clove Stems Sri Lanka
Clove Whole India
Garcinia Fruit Whole Usa
Pepper Corns Black Sri Lanka
Pepper Ground Black Sri Lanka

HERB - STD EXT
Bilberry 25% Powder China
Bilberry 25% Powder China
Curcumin Longa Powder 95% China

Eleuthro Root Pwd 8%
Ginseng American 4:1 Usa
Ginseng Root 15% Powder China
Grape Seed 95% China
Green Tea 50% Ext Powder China
Kava Kava 30% Usa
Licorice Root 26% Usa
Stevia Leaf 90% China

INFUSION
Calendula Infused Premium In Usa
Pua Keni Keni
White Star Of India

ISOLATE
Benzaldehyde Natural Usa
Limonene Ex Spearmint India
Linalool Ex Basil India
Menthone 80:20 India
Menthone 85:15 India
Menthone 90:10 India
Menthone 95:5 India
Menthyl Acetate India
Menthyl Chavicol Ex Basil India

NATURAL SOURCE
Aloe Vera Gel 10:1 Usa
Aloe Vera Gel 1:1 Decolorized Usa
Aloe Vera Gel 1:1 Usa
Aloe Vera Oil Fcc
Ascorbyl Palmitate Fcc
Bee Pollen Powder Usa
Bee Pollen Usa
Blue Green Algae Oregon
Camphor Powder
Chlorella Powder Yaeyama Japan
Chlorella Tabs 500 Mg Japan
Citric Acid Anhydrous Fcc Usp Usa
Clay Bentonite Usa
Clay Green Italy
Clay Pink France
Clay Red Italy
Clay Rhassoul Micronized Morocco
Clay Rhassoul Morocco
Clay White France
Clay Wht Kaolin Cosmetic Usa
Clay Yellow France
Glycerine Vegetable Malaysia
Guar Gum Usa
Honey Lavender Raw Usa
Honey Raw Oregon Bulk
Lanolin Anhydrous Usp Uruguay
Lecithin Granules Non Gmo Usa
Lecithin Usa
Menthol Large Crystals India
Menthol Liquid India
Menthol Small Crystals India
Paba Usp Xxiii
Rosemary Extract Denmark
Royal Jelly Fcc
Salt Coarse Dead Sea Israel
Salt Epsom Usa

Salt Fine Dead Sea Israel
Salt Pink Himalayan Coarse Pakistan
Salt Pink Himalayan Fine Pakistan
Soy Protein Isolate Powder Usa
Spirulina India
Spirulina Usa
Squalane Cosmetic 97.9% Spain
Stearic Acid Veg
Titanium Dioxide Germany
Vit E 1000Iu/gram Fcc Usp
Vit E 1300Iu/gram Fcc Usp
Vitamin E D-alpha Acetate Usa
Vitamin E T-50 Fcc Usp
Wheat Grass Juice Powder Usa
Xanthan Gum
Zinc Oxide Usp

OLEORESIN
Capsicum 500K Shu Usa
Ginger
Pepper Black
Turmeric
Benzoin Liquid Resin
Copaiba Balsam Usa
Frankincense 50% Dpg Somalia
Frankincense Tears-small
Galbanum France
Gum Arabic Lg Nuggets Sudan
Gum Arabic Pwdr Nf Sudan
Gum Arabic Tuhla Sm/lg Nuggets Kenya
Gum Ghatti Powder India
Labdanum Spain
Myrrh Gum Large Pea Kenya
Myrrh Gum Powder Kenya
Myrrh Gum Small Pea Kenya
Opoponax Large Pea Kenya
Opoponax Small Pea Kenya
Peru Balsam Resin
Styrax Resinoid France

SCO2 EXT
Agarwood India
Agarwood Sco2 India
Ambrette ~ Musk Select India
Bakul Total India
Basil Leaf Select India
Black Pepper Select India
Cardamom Seed Select India
Cardamom Whole Select India
Champaca Total India
Cinnamon Bark Select Sri Lanka
Clove Bud Select Indonesia
Coffee Bean Select India
Coriander Seed Select India
Costus Root Sco2 India
Cumin Select India
Davana Total India
Fennel Select India
Fennel Total India
Fenugreek Select India
Ginger Root Select India
Ginger Root Total India

Jasmine India
Jasmine Sambac India
Juniper Berry Sco2 India
Neem Kernel Select India
Neem Leaf Total India
Nutmeg Select India
Nutmeg Total India
Patchouli Select India
Sandalwood India
Spikenard Select India
Valerian Select India
Vanilla Bean Total 26% India
Vetiver ~ Ruh Khus India

SOAP
Castile Lavender Lnp Usa
Castile Lnp Usa
Cocoa Butter Soap Base
Glycerine Clear Base Usa
Glycerine Clear Crafting Usa
Glycerine Opaque White Base
Honey Soap Base
Oatmeal Soap Base
Shea Butter Soap Base Usa
Soap Noodles Canada

SYNTHETIC
Allantoin Usp China

TINCTURE - ALCOHOL
Agrimony
Alfalfa Leaf Usa
Angelica Root Usa
Anise Seed Usa
Arnica Usa
Arrowroot
Artichoke Leaf Usa
Ashwagandha Usa
Astragalus Root Usa
Bilberry Usa
Bistort Root Usa
Black Cohosh Usa
Black Cumin Seed
Black Haw Usa
Black Walnut Usa
Bladderwrack Usa
Blessed Thistle Usa
Blood Root Usa
Blue Cohosh Usa
Blue Vervain Usa
Boneset Usa
Brain Food Usa
Buchu Leaf Usa
Buckthorn Bark Usa
Burdock Root Usa
Calendula Usa
California Poppy Usa
Caraway Usa
Cardamom Usa
Cascara Sagrada Usa
Catnip Usa
Cats Claw Usa

Catuaba Bark Usa
Cayenne Usa
Chamomile Flowers Usa
Chaparral Leaf Usa
Chaste Tree Berries Usa
Chickweed Usa
Chill Out Usa
Cinnamon Usa
Cleansing Usa
Cleavers Usa
Cloves Usa
Colds & Flu Usa
Comfrey Root Usa
Coriander Usa
Corn Silk Usa
Couchgrass Usa
Cramp Bark Usa
Cranesbill Root Usa
Damiana Usa
Dandelion Root Usa
Dang Shen Usa
Devils Claw Usa
Devils Club Root Usa
Dill Weed Usa
Dong Quai Usa
Echinacea & Goldenseal Usa
Echinacea Angustifolia Usa
Echinacea Purpurea Usa
Eleuthero Ginseng Usa
Eucalyptus Usa
Eyebright Usa
False Unicorn Usa
Fennel Seed Usa
Fenugreek Usa
Feverfew Usa
Fo-ti Usa
Frankincense Usa
Galangal Root *usa*
Garcinia Fruit Usa
Garlic Usa
Gentian Usa
Ginger Root Usa
Ginkgo Biloba Usa
Ginseng American Usa
Ginseng Chinese Usa
Ginseng Energy Usa
Goldenseal Usa
Gotu Kola Usa
Green Tea Usa
Guarana Seeds Usa
Hawthorn Berries Usa
Hawthorn Leaf And Flower Usa
Heal All Usa
Hops Usa
Horehound White Usa
Horse Chestnut Usa
Horse Radish Usa
Hydrangea Usa
Hyssop Leaf Usa
Immunity Usa
Juniper Berry Usa
Kava Kava Usa

Kelp Usa
Kola Nut Usa
Korean Ginseng Usa
Korean Red Ginseng Usa
Lavender Flower Usa
Lemon Balm Usa
Lemon Peel Usa
Lemongrass Usa
Licorice Root Usa
Lobelia Usa
Maca Usa
Male Power Usa
Marshmallow Root Usa
Menopause Support Usa
Milk Thistle Usa
Mood Support Usa
Morning After Usa
Motherwort Usa
Muira Puama Usa
Mullein Leaf Usa
Myrrh Gum Usa
Neem Usa
Nerve Strength Usa
Nettle Leaf Usa
Night Cap Usa
Nutmeg Usa
Oat Grain Usa
Oat Straw Usa
Olive Leaf Usa
Orange Peel Usa
Oregano Usa
Oregon Grape Root Usa
Papaya Leaf Usa
Parsley Root Usa
Passion Flower Usa
Passion Usa
Pau D'arco Usa
Peppermint Usa
Pipsissewa Usa
Plantain Usa
Pms Support
Prostate Support Usa
Pygeum Bark Usa
Red Clover Usa
Red Raspberry Usa
Red Root Usa
Rehmannia Usa
Reishi Mushroom Usa
Rhubarb Root Usa
Rosemary Usa Usa
Sage Leaf Usa
Sarsaparilla Root Usa
Sassafras Bark Usa
Saw Palmetto Berry Usa
Schisandra Berry Usa
Shave Grass Usa
Sheep Sorrel Usa
Shepherds Purse Usa
Shitake Usa
Skullcap Usa
Slippery Elm Usa
Solomon's Seal Usa

Spearmint Usa
Spilanthes Usa
Spirulina *usa*
Squaw Vine Usa
St. Johns Wort Usa
Stevia Usa
Suma Usa
Thyme Usa
Tienchi Ginseng Usa
Tribulus Usa
Turmeric Usa
Usnea Usa
Uva Ursi Leaf Usa
Valerian Root Usa
Vanilla Bean Red 20% 10X Madagascar
Wake Up Usa
Watercress Usa
White Oak Bark Usa
White Willow Bark Usa
Wild Cherry Bark Usa
Wild Yam Root Usa
Womens Balance Usa
Wood Betony Usa
Yarrow Usa
Yellow Dock Usa
Yerba Mate Usa
Yohimbe Bark Usa

WAX
Beeswax Cake White Usa
Beeswax Cake Yellow Usa
Beeswax Pastilles Yellow Usa
Beeswax Unfiltered Usa
Beeswax White Pastilles Usa
Beeswax White Usp/nf Usa
Candelilla Wax Flakes
Carnauba Wax Flakes
Emulsifying Wax Usa
Jojoba Beads Usa
Lanolin Alcohol Uruguay
Rice Bran Flakes Usa
Soy Container Usa
Soy Votive Usa

WAX FLORAL
Champaca India
Frangipani India
Jasmine Grandiflorum India
Jasmine Sambac India
Mimosa India
Orange Flower Egypt
Rose Apothecary Russia
Tuberose India

Exhibit 31

May 19, 2014 Liberty Natural Products, Inc. Payroll Report 39 Employees, 7 Seasonal

PAGE 1 14:46:34 21 MAY 2014

Key...	Employee	Empl	Gr_Wages	NET_PAY...	TOTAL FEDE	TOTAL FICA	FICA.....	Federal_	State_Wi	SAIF	CS.....	OL.....	OD.....	HID...	HRS.....
13587	[redacted]														71.26
13594															9.06
13599															20.06
13593															56.37
13619															24.00
13591															77.29
13592															25.27
13609															29.50
13600															31.09
13603															77.57
13615															51.00
13617															52.00
13612															79.64
13618															62.00
13616															54.50
13597															78.23
13608															56.58
13614															56.50
13581															78.05
13613															68.50
13583															45.68
13605															66.37
13596															101.35
13589															81.37
13610															84.61
13586															80.15
13606															83.11
13607															63.43
13598															77.39
13611															86.57
13602															81.42
13595															103.52
13601															92.82
13590															86.11
13604															82.06
13588															91.63
13585															93.00
13584															72.05
13582															95.20
***															2626.31

39 Rows Processed

Oregon Quarterly Tax Report
Form OQ

Liberty Natural Products, Inc.
20949 S. Harris Road
Oregon City OR 97045

Federal EIN	Business ID	Quarter / Year
[redacted]4008	[redacted]958-8	1 / 2014

	1st Month	2nd Month	3rd Month	Total
Number of Covered Workers for Unemployment Insurance Tax	32	30	31	93

	Unemployment Insurance Column A	State Withholding Column B	TriMet Column C	Lane Transit Column D
1. Subject Wages	152,790.99	152,790.99		
2. Wages over $35,000 per year per employee	0.00			
3. Taxable Wages	152,790.99			
4. Tax Rate	0.02100		0.007237	0.007000
5. Tax	3208.61	7281.00		
6. Less Oregon tax prepaid this quarter		7,281.00		
7. Plus UI penalty and interest owed				
8. Total tax due	$3,208.61	$0.00		

Workers' Benefit Fund (WBF) Assessment

9. Number of hours worked	11,155
10. WBF assessment rate	0.0330
11. Total assessment	368.11
12. Less assessment prepaid	
13. Total assessment due	$368.11

14. Total Payment Due $3,576.72

(Add only amounts due. Credits in one program cannot offset taxes owed in another program).

Make checks payable to "Oregon Department of Revenue".

For proper credit to your account please include payment coupon (Form OTC) with payment.

Special Payroll Tax Offset (Calculate for all quarters)

16. Special payroll tax offset	$137.51
17. Amount applied to UI Trust Fund	$3,071.10

STATE WITHHOLDING TAX

15. Amounts of tax withheld by month				

Preparer

James R Dierking
Liberty Natural Products, Inc.
20949 S. Harris Raod
Oregon City OR 97045

Phone (503) 544-4715

Date Prepared 4/24/2014

File Copy Only!
Do Not Send to State of Oregon

4/25/2014 2:55:13 PM

Exhibit 32

Liberty Natural Products, Inc.
Fiscal Year July 1st, 2013 to June 30th, 2014 Shipped Sales

		$ Shipped	# Orders		Average Order $
YTD July 1st, 2013 to May 21st, 2014		6,198,887.11	13390		462.95
Projected May 22nd, 2014 to June 30th, 2014 (28 days 25,000.00 per diem)		700,000.00	1669		419.41
Fiscal Year Totals	**$**	**6,898,887.11**	**15059**		

SALES SHIPPED BY MONTH REPORT. PREPARED ON 05-21-14

Month	TtlInv$.....	CT...
07-13	489856.65	1219
08-13	548794.98	1285
09-13	597049.65	1276
10-13	622968.01	1338
11-13	538189.77	1171
12-13	537759.22	1153
01-14	582380.18	1271
02-14	586828.89	1142
03-14	622072.87	1325
04-14	659315.87	1329
05-14	413671.04	881
***	6198887.11	13390

UPS Freight
ups

Worldwide Services
ups

315946
OREGON

Clackamas County

DEPARTMENT OF
TRANSPORTATION AND DEVELOPMENT

Sunnybrook Service Center

September 14, 2004

James R Dierking
12928 SE Copper Rd
Portland OR 97236

Subject: **Violations of County Codes**

Site Address: 20949 S Harris Rd., Oregon City OR 97045
T2S, R3E, Section 27C, Tax Lot 1400, 1500, 1600, 1700 & 1701
T2S, R3E, Section 28, Tax Lot 304

In response to a complaint alleging the use and rental of the rabbit barns for commercial storage, construction without permits and the residential occupancy of the old rabbit processing plant, a representative from the Community Environment Division recently conducted an inspection of the subject property.

During this inspection, the following was observed;

1. Extensive remodel of the rabbit processing plant without permits
2. Residential occupancy of the rabbit processing plant
3. Construction of a new building without permit or an agricultural exemption
4. Installation of electrical and plumbing systems without permits
5. Installation of a boiler without the appropriate permits
6. Use of agricultural buildings for commercial storage of automotive parts and as rental units for personal storage

A review of County records has failed to reveal any approvals or permits for the above, therefore it appears that the subject property is in violation of the Clackamas County Code.

Your cooperation is requested in immediately contacting this office to discuss this matter further.

I may be reached at (503) 353-4457, Monday through Thursday between the hours of 7 a.m. to 6 p.m. to discuss this matter further should you have additional questions.

STEVE MARSHALL
Code Compliance Specialist
Community Environment Division
/sm

MEDIATION REFERRAL FORM

Date: April 23, 2001
File No.: V0998-00
Type: Zoning
Subtype: CMAC

COMPLAINANT:

Name: Mike Deardorff

Address: 20991 South Harris Road
Oregon City, Oregon 97045

Phone: (503) 631-7474

RESPONSIBLE PARTY:

Name: James Dierking

Address: 20949 South Harris Road
Oregon City, Oregon 97045

Phone: (503) 631-4488

SITE ADDRESS: 20949 South Harris Road, Oregon City, Oregon 97045
T2S, R3E, Section 27C, Tax Lot 1500

DESCRIPTION AND NATURE OF COMPLAINT:

Renting an agricultural accessory structure for storing auto parts.

ORDINANCE/CODE CITATION/AVAILABLE PERMITS (ATTACH ORD/CODE SECTIONS):

Clackamas County Zoning Section 401 Exclusive Farm Use District (EFU)

HISTORY OF COMPLAINT (if applicable):

Mr. Dierking purchased approximately 80 acres, consisting of several adjoining tax lots, in 1999. As part of the purchase Mr. Dierking inherited a large amount of solid waste and toxic waste that needed to be removed from the properties. In addition, one of the adjoining lots was deemed "unfit for use" due to its use as a site for manufacturing drugs. Mr. Dierking removed all of the solid and toxic wastes. He also cleaned up other residue or evidence of drug manufacturing.

G:\Staff\Tammyc\Dierking & Deardorff 04-23-01.Doc

He has received a "fit for use certificate" from the State Health Division. Most citizens in the neighborhood are thrilled. Unfortunately, Mr. Deardorff is not one of them. Mr. Deardorff has lodged several complaints with the County relating to Mr. Dierking's activities since 1999. Mr. Dierking has been very cooperative with the County, addressing each concern filed by Mr. Deardorff.

The recent complaint filed by Mr. Deardorff involves Mr. Dierking renting an agricultural structure to a gentlemen by the name of Don Swanson. Mr. Swanson has been renting the agricultural accessory structure to store auto parts since 1995. Mr. Dierking purchased the property in 1999. The County has been on the property several times since the first complaint was filed by Mr. Deardorff July of 1999, again July of 2000, then this current complaint. I never observed any outward evidence that this was going on until the newest complaint was filed on October 4, 2000.

Mr. Dierking has expressed an interest in mediation.

A letter explaining the mediation process was sent to the Complainant on April 26, 2001.

COMMUNITY ENVIRONMENT STAFF CONTACT:

Name: Tammy Curry Phone: 503-353-4464

G:\Staff\Tammyc\Dierking & Deardorff 04-23-01.Doc

CLACKAMAS COUNTY DISPUTE RESOLUTION CENTER

Mediation Agreement

Date: 3-8-05

On 3-8-05 **the parties named below met with a mediator or mediators. The following agreement has been reached with the mediator(s).**

In attendance: Mike, Joan & David Aesdorff
: Jim Dierking
: Gordon Atwood, Robin Rasch

Parties agree:

1) Jim Dierking will grant a utility easement to Mike Aesdorff to permanently allow existing utilities to remain in place.
2) Mike & Joan Aesdorff agree that they will give acceptance to Mr. Dierking's planned use for his property as outlined in proposal that parties have reviewed — and to not oppose it.
3) Mr. Dierking will draw up:
   - easement description and agreement
   - agreement that asks acceptance by Mike & Joan Aesdorff to his proposed uses

First Party: J.R. Dierking	**Second Party:** [illegible]
Mediator: Robin Rasch	**Mediator:** Jo Oberdorf
Gordon Atwood	Doris Olsen

CCP-MP22 (6/97)

CLACKAMAS COUNTY DISPUTE RESOLUTION CENTER

Mediation Agreement **Date:** 2-22-05

On 2-22-05 **the parties named below met with a mediator or mediators. The following agreement has been reached with the mediator(s).**

In attendance: Mike, David & Joan Deardorff.
Jim Dierking
Gordon Davis & Ronie Rasch

1) Deardorff will run a string marking Mike's barn property line.

2) Parties will explore a mutual fence on Mike's barn prop line & restoring bank

3) Parties agree to communicate immediately/timely abt theft on respective properties

4. Parties agree that damage to Mr. Deardorff's fence is unrelated to his damage off to side of Mr. Dierking's scrapyard

5. Mr. Deardorff agrees to steer stock in future more toward the center of his property to avoid interference to Mr. Dierking.

6. Mr. Deardorff would like to see application, proposed and impact statement run to County for approval – Mr. Dierking agrees to this

First Party:	Second Party:
Mediator: Ronie Rasch	Mediator: Gordon L. Davis

CCP-MP22 (6/97)

CLACKAMAS COUNTY DISPUTE RESOLUTION CENTER

Mediation Agreement

Date: 02/22/05

On _____ the parties named below met with a mediator or mediators. The following agreement has been reached with the mediator(s).

7. Parties agree to respectfully communicate issues in conflict as they arise, and agree to contact mediators prior to contacting County, if appropriate.

8. Parties agree to reconvene March 8, 2005 at 5:00PM.

First Party:	**Second Party:**
Mediator:	**Mediator:**

CCP-MP22 (6/97)

Jim Dierking

From: Jim Dierking [jim@libertynatural.com]
Sent: Wednesday, February 23, 2005 5:31 PM
To: Joan Deardorff
Subject: The Oregon Lavender Farm Use Info from Jim Dierking

ImprovementConditions.jpg

Business Plans.doc

Hello Joan & Mike,
I am attaching two files.
One is a word document with a description of the expansion of our use at the farm and also a graphic file that you can view in a web browser that shows the location and names of the buildings. The description of the use references these and I am including the graphic to make it easier for you to reference.

Regards,

Jim Dierking
The Oregon Lavender Farm
Liberty Natural Products, Inc.
www.libertynatural.com
503-544-4715
--
Internal Virus Database is out-of-date.
Checked by AVG Anti-Virus.
Version: 7.0.300 / Virus Database: 265.8.5 - Release Date: 2/3/05

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503-544-4715
--
Internal Virus Database is out-of-date.
Checked by AVG Anti-Virus.
Version: 7.0.300 / Virus Database: 265.8.5 - Release Date: 2/3/05

Description of Uses

Farm Operation
Name: The Oregon Lavender Farm & Aromatic & Medicinal Herb Project

Field Crops: Lavender, Clary Sage, Rosemary, Thyme and other R&D herbs.

Greenhouse Crops: Field Crops & other aromatic & medicinal herbs.

Farm Products: Essential oils, distillate waters, fresh cut botanicals, dried botanicals, herbal tinctures, value added products containing farm crops, plant plugs, and mature plants.

Apiary: Production of honey and by-products.

Oregon Lavender Farm Development History:
Stage 1, 1999 to 2004: Prepare the land, repair the facility and infrastructure, plant a primary crop, acquire farm and facilities equipment, and learn how to cultivate, harvest, and distill.
Stage 2, 2005 to 2007: Learn how to propagate lavender and other herbs. Expand and diversify crops into other aromatic and medicinal herbs. Obtain required land use approvals to relocate Liberty's remaining Portland operations to the farm location. Design and build the Aromatic & Medicinal Herb Garden. Develop marketing and event plan for the Oregon Lavender Farm Festival. Acquire the botanical analysis equipment and training required for farm research & development and distribution quality control.
Stage 3, 2008: Prospectively, acquire the neighboring 45 acre nursery operation, MS Nursery. Transition the nursery to earth friendly pest and weed control and into transition/expansion towards herbal crops.

Farm Facilities
History: Originally developed as a chicken egg production and distribution facility in the 1950's. Operated by Carnation Company as the Logan Egg Farm from 1960 through the late 70's. Operated as a rabbit production, processing and distribution facility from 1979 through 1995. Acquired by present owner and applicant in 1999, at which time the subject farm operation was initiated.

Description of Improvements:
10,000 sq. ft. administration building, including 5000 sq. ft. of upstairs office space and 5000 sq. ft. of downstairs production space.

140,000 sq. ft. of existing agricultural buildings.
1200 sq. ft. distillery building under construction.

Proposed Commercial Use In Conjunction With Agriculture

A highly regarded and profitable company, established in 1982 in Sandy, Oregon, Liberty presently operates at the subject farm location and a facility in Portland, Oregon. The consolidation of all operations to the subject farm location has been planned as a part of the growth and development of the farm operation.

Primary operations are the distribution of agricultural crops acquired directly from farm producers worldwide, including local, regional, and national farms.

The majority of the crops are botanical oils acquired in bulk, typically packaged in 50 to 190kg drums, and then re-packaged into smaller containers for wholesale distribution.

Liberty's operations are highly computerized and information intensive. Liberty's President and owner, Jim Dierking, lives at the farm location and has managed the company from the farm through telephone and remote computer access on a daily basis since 1999.

The botanicals distributed are used by a wide range of enterprises which fall into 4 primary groups: Natural product manufacturers, which includes many small farm operations utilizing them in value added farm products, commercial flavor and fragrance applications, natural health care, and soil amendments and natural pesticide and herbicide applications.

Utilization of Resources

The crops produced by the farm operation are a subset of the larger offerings of the Liberty's current operations.

Both the farm enterprise and the proposed conditional use require significantly identical resources. With the exception of the cultivation and harvesting equipment, both operations have similar resource requirements for marketing, warehousing, and distribution of farm crops.

Facilities – both operations require improvements for office space, production, warehousing, and shipping. The size and nature of the existing facility generously meets the requirements of both operations without duplication. No expansion of the existing facilities is requested or required as a part of the proposed conditional use application.

Presently, Liberty supports the farm operation by providing offsite administration in the following areas: Marketing & Sales, Personnel Management, Financial Management, Purchasing, Production, and Shipping. Co-location of Liberty's operations to the subject farm will further enhance the support of the farm operation.

The future growth and development of the farm operation will require additional personnel and management structure. The on sight presence of Liberty's staff can efficiently and economically support the growth needs of the farm operation through cross training of Liberty's employees to perform farm related functions and also utilize Liberty's developed management structure.

Analysis Of The Proposed Conditional Use

Current Personnel -

Portland Operation:
Office – 9 (management, customer service, accounting, customs, and purchasing)
Production – 5 (repackaging)
Shipping – 5

Farm Operation
Management – 2
Year Round Field & Facility – 2
Seasonal Field - 10

Location of personnel within the facility upon consolidation of operations:

Administration Building (ADMIN) - 10
Production Building 1 (PROD1) – 10 total, 5 in the production area, 5 in the shipping area.

Parking – Estimated at 12-15 vehicles.

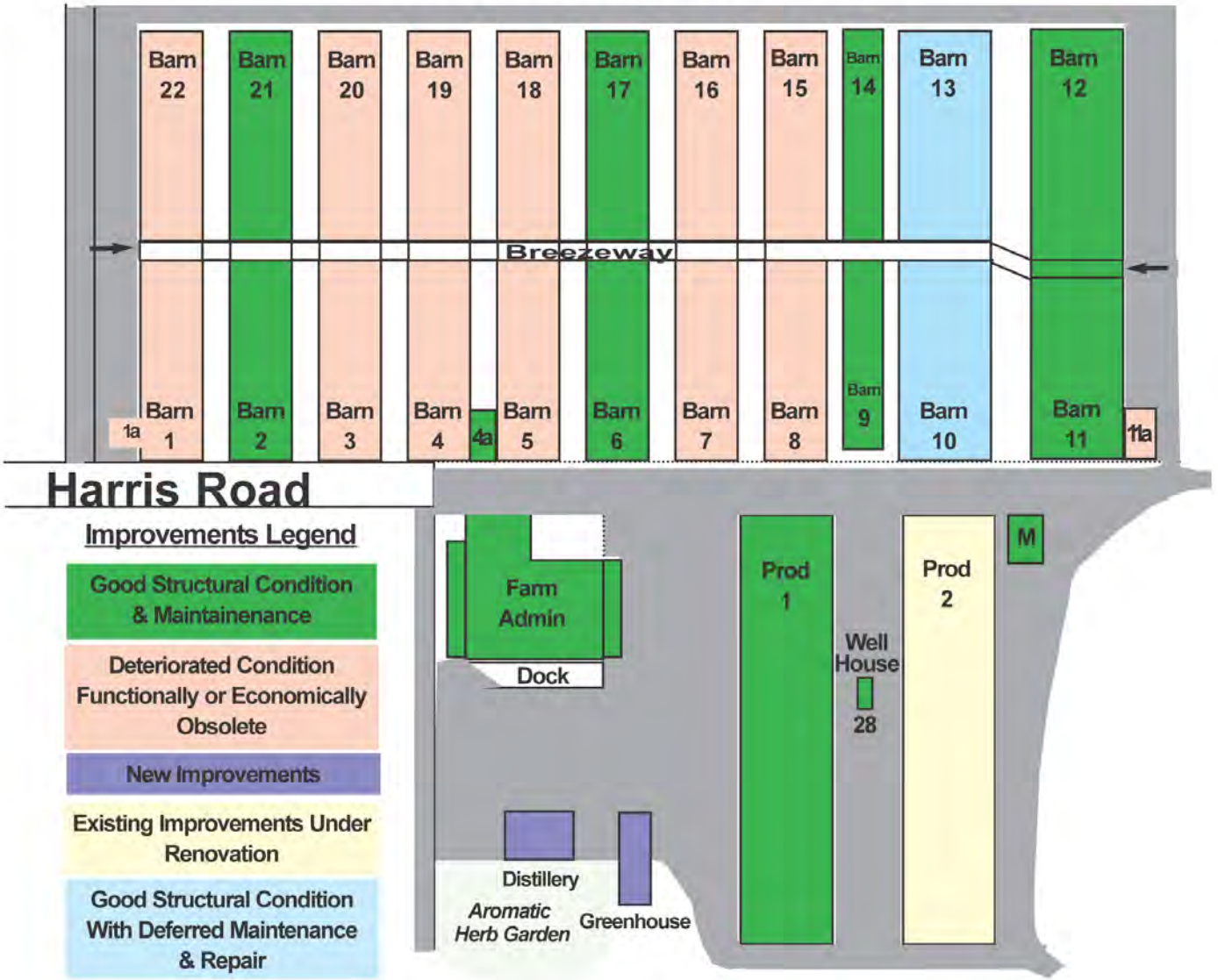
Outside Activities – Other than minimal shipping and receiving activities the proposed conditional use is confined to the interior of the buildings.

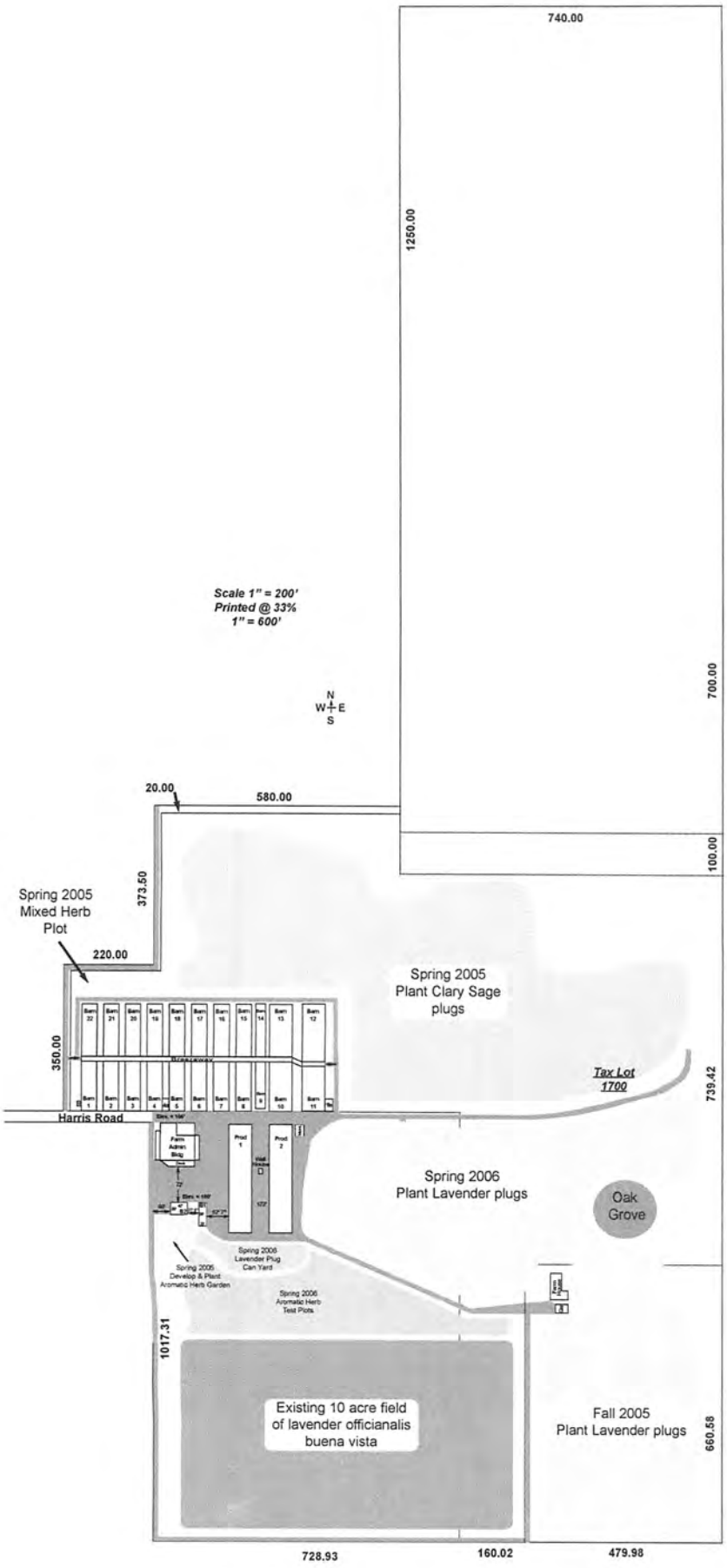
Noise – the proposed conditional use does not create any significant noise. The repackaging of botanicals is primarily a manual operation.

Traffic – The net traffic increase resulting from the proposed conditional use is estimated to be 12 to 15 vehicles per day, 1 daily UPS Pickup and 2-4 common carrier pickups. Harris Road was paved by Clackamas County to facilitate a previous conditional use on the subject property.

Visual - As operations are confined to the interior of the buildings the proposed conditional use does not create any visual impact other than minimal shipping and receiving vehicles and the parking of employee vehicles, which is on the East side of the ADMIN building substantially out of the view of neighboring properties.

Overview of The Condition of Farm Improvements




740.00
1250.00
Scale 1" = 200'
Printed @ 33%
1" = 600'
N
W E
S
700.00
20.00
580.00
100.00
373.50
Spring 2005
Mixed Herb
Plot
220.00
Spring 2005
Plant Clary Sage
plugs
350.00
Tax Lot
1700
739.42
Harris Road
Spring 2006
Plant Lavender plugs
Oak
Grove
Spring 2006
Lavender Plug
Can Yard
Spring 2005
Develop & Plant
Aromatic Herb Garden
Spring 2006
Aromatic Herb
Test Plots
1017.31
Existing 10 acre field
of lavender officianalis
buena vista
Fall 2005
Plant Lavender plugs
660.58
728.93
160.02
479.98

-----Original Message-----
From: Parini, Shelly
Sent: Friday, January 07, 2005 10:59 AM
To: Gilmour, Cam; Rist, John
Subject: CONFIDENTIAL: The Oregon Lavender Farm - Liberty Natural Products, Inc.

Dear Cam,

Attached is a letter from my lavender farmer I referenced to you yesterday. He has several issues we are trying to help him overcome where possible: code enforcement, zoning, permits, and I believe concurrency.

His company has amazing potential for developing value-added ag products, supporting other small ag users in CC and Oregon, research and development, world wide distribution - ag tourism etc.

He really needs our help. I'd like to ask you to get engaged and provide me with direction - since there are some VERY HOT issues here.

Thank you.
Shelly

Hello Shelly,
I am attaching two documents. Forgive me for the length of my letter.

Best Regards,
Jim Dierking

--
Internal Virus Database is out-of-date.
Checked by AVG Anti-Virus.
Version: 7.0.296 / Virus Database: 265.6.7 - Release Date: 12/30/04

Hello Shelly,

Thank you for the opportunity to inform you about Liberty Natural Products and The Oregon Lavender Farm. Your enthusiasm and support is greatly appreciated. It is reminiscent of some very positive interactions that I experienced with representatives of the Oregon Department of Agriculture in the 80's and 90's. I look forward to working with you and Shawn in the effort to relocate Liberty's remaining operations to our farm location.

I would like to share a little of our history with the ODA. I came into contact with the ODA through our membership in the Oregon Gourmet Foods Association. At that time we were promoting our TIB Breath Freshener, which used Willamette Valley Peppermint Oil as the primary ingredient. In the late 80's, TIB was the No.1 breath freshener in the health food market. Over the years we have sold over 4,000,000 pieces. Laura Barton at the ODA was one of the persons who helped facilitate trade shows and marketing efforts in the natural product industry. John Kratchovil provided assistance to us in exporting to Japan. Jerry Larson introduced us to Japanese clients and also put us in contact with an Oregon investor who was interested in acquiring an interest in the company to take the breath fresheners into the mass market.

The experience redefined for me the role and capacity of government in being a facilitator and advocate for business success. As I mentioned to you in our meeting, my research into Lavender revealed the same support and facilitation on the part of the Australian agricultural agencies. I am attaching an interesting and informative marketing report on lavender cultivation and marketing prepared by the NSW agriculture department.

Up in Washington in the Sequim area there is also a significant agri-tourism industry that has been developed around lavender in the past five years. Their annual Lavender festival held in the beginning of July has drawn around 50,000 visitors for the last several years. Most of the farms have smaller lavender fields in the range of 1-2 acres and are an excellent example of value added marketing of cottage industry agricultural products. It seems that they have been students of the NSW report on lavender. Coincidentally, we sell them botanical ingredients for their products as well.

I spoke with Robert Unrath of Bontoux Inc. and extended an invitation to attend the prospective meeting as you suggested. Bob was enthusiastic about attending and suggested it would be convenient if it could be scheduled to coincide with an industry conference on food ingredients he will be attending in the Northwest in the next month. As I mentioned Bob has been a flavor and fragrance chemist for 30 years and formerly owned a flavor and fragrance company on the east coast. He was one of the first US businessmen to enter China after Kissinger's trip. Bob has an interest in Bontoux the largest producer of Lavender oil in France.

Dr. Don Roberts of Premier Botanicals is also interested in attending the meeting. Don acquired his present farm about two years ago and is growing and distilling both

Lavender and Cilantro. As I mentioned, Don is one of the foremost experts on lavender in the world. He developed the variety of Lavender we are growing known as "Buena Vista" after a previous farm he owned in the Albany area near the Willamette River. As I understand it, Don standardized mint for the Oregon Mint Commission. Don is a consultant and has worked with clients such as Vlasic Pickles in their use of dill oil as well. Don communicated his vision of Lavender emerging as a significant agricultural crop in Oregon's future. He likened it to wine, taking off slowly but burgeoning over time into a substantial agricultural and economic activity. He mentioned several Eastern Oregon clients who are presently considering very substantial plantings of perhaps 1000 acres of lavandin grosso or more. By my understanding, this would singularly put Oregon on the map in terms of worldwide lavender production.

I embrace your vision for agriculture in the 21st century. I believe it is forward thinking and will better serve the public interest in preserving agricultural lands and economic development. As a new farmer I had no idea how difficult it would be to achieve profitability, not to mention accomplishing the task of farming itself. You mentioned that our failure to promote the wise use of our agricultural lands encourages farmers to leave their farms and succumb to development pressures. It is indeed ironic that many who believe they are protecting farmland from development by enforcing overly restrictive land use policies are in fact undermining its long-term preservation and the public interests therein. The exclusion of symbiotic and non-impacting associated enterprises contradicts agricultural and economic goals at a practical and pragmatic level.

I am raising this issue because it has been a significant in my six years of re-development at the farm. As I mentioned to you previously I have been terrified to have contact with county regulatory personnel for fear of being subject to unreasonable regulatory standards that remove my ability to be successful on the farm. That is the primary reason that I have chosen to not promote our company to the public and also avoided obtaining the permits for the electrical and plumbing modifications. I would appreciate your assistance in dealing with a problem that exemplifies my concerns and is presenting itself as an obstacle in moving forward with the farm plan.

As I mentioned to you in our first conversation, I have been subject to a code compliance action by Steve Marshall, Clackamas County Code Compliance Officer. I want you to know how much I would prefer to not even bring this matter up. I have attempted to work with Steve in the various aspects of his enforcement action and have documented my efforts. Steve has engaged in overregulation. It is not my intent to evade regulation or address compliance issues. Likewise I will not allow myself to be subject to an excessive enforcement that obstructs a legitimate use that is in the public interest and may have violated my rights. Unless Steve can come into conformity with County Code and Policy, and Oregon State Statute, it would be advisable for him to remove himself from this matter so that someone without a personal agenda or bias can facilitate resolution of the compliance issues.

Would it be possible to bring this matter to the attention of Steve's Department head and perhaps schedule a meeting to find a solution to this problem? It is not my desire, nor do I believe the County's to have this matter escalate into a bigger problem.

Here is an overview of the situation.

1. Steve was involved in code compliance issues at the farm property and an adjoining property going back to the mid-90's. Enforcement action was taken against the farm property. At this time many of the uses were in fact a significant public nuisance, non-conforming, or outright illegal. Enforcement in my mind was legitimate, needed and very appropriate.
2. Enforcement action against a neighboring property for non-conforming use of a barn was instigated by Mike Deardorff an adjoining neighbor when he was having a dispute with his neighbor a Christmas tree grower in approximately1996. Steve was the officer handling the matter and was overly aggressive in his handling of the matter.
3. Compliance action was instigated in 2000 after Deardorff again filed a complaint because of a dispute over losing a cell tower approval and conflict over his use of my farm property for a roadway without an easement or agreement. Tammy Curry handled this matter for the County. Documentation was provided to the County Commissioners at the time and my understanding was that a decision was made to suspend enforcement because of the lack of negative impact from the non-conforming use relating to the auto parts. The letter to the Commissioners expressed a future interest on my part in verifying the non-conforming use.
4. Another complaint was filed, I presume by Deardorff, in October 2004, which is the subject compliance matter. Among various compliance issues was the non-conforming use of some of the barns by Don Swanson for auto parts being recycled.
5. Steve Marshall met me at the property. I advised him of the previous compliance action and my understanding of the matter. He said I was incorrect.
6. I advised Steve that I have credible evidence of 10 years of non-conforming use that I would like to submit. I asked him about suspension of enforcement based on such a submission and also pending a verification. Steve indicated that there was no basis for a suspension irrespective of the County's Compliance Policies, as he interprets occupancies relating to the use of buildings as all being health, life, and safety issues thereby excluding them from the suspension policies approved by the County Commissioners. Steve further advised me that he does not work for the County Commissioners, but rather the people of Clackamas County. As a citizen I was floored by this comment, as they are the elected representatives of the people and are the County Executives and therefore he is subject to their direction. Do code compliance officers have the authority to adjudicate non-conforming use matters under County Code and State Law in this manner?
7. Steve went on to tell me that he would bring the farm into compliance if it was the last thing that he did. I was also advised that he would give absolutely no

consideration to the removal of nuisances and significant improvements I had made at the farm in his handling of the enforcement.

8. I have read the County Code regarding non-conforming uses and the enabling Oregon State Statute. I believe Steve has improperly pressured me to not attempt to verify the non-conforming use and has misled me about my rights under Clackamas County Code and Oregon Statute.
9. Steve sent letters to me threatening substantial penalties when I was taking action to address the compliance issues. This is documented by my correspondence and County records. Upon obtaining permits, he now has placed a hold on all inspections. Steve advised me that I had to take out plumbing permits for the distillery facility which I did.
10. When the plumbing inspector visited he advised me that our distillery work was improper and would have to be torn out, our irrigation pipe dug up etc etc. I contacted a fellow farmer who suggested I contact the ODA to find out what is regulated and what is not. I was referred to the Oregon Building Codes Division. I spoke with Homer who is the assistant director. He advised me of the proper way to do the work, without having to rip it all out and further advised me that his understanding of Oregon Code was that industrial installations are not subject to the residential/commercial plumbing code. He said he anticipated a call from yet another plumbing inspector.
11. Today, 1-05-05, I was awaiting the plumbing inspector. I previously took out a permit as Steve told me to do and also called for inspections as he told me to do. I called for an inspection and the plumbing inspector when he inspected suggested I call for a consultation on how to resolve my replacement and repair of the existing bathroom plumbing without a permit. I received a call from the plumbing inspector and he advised me that I would not be able to receive any inspections as Steve had placed a hold on them. We discussed the fact that this was just a consultation and would re-schedule for tomorrow. I will await advisement from Steve's department head before I proceed.
12. Last week I called Mace Childs with the Clackamas County Fire Department. Bob Dixon a Clackamas County Fire Marshall had visited our facility a month ago. My understanding is that this was a routine inspection. Bob came up with a list of problems and gave us a month to complete them, which we did. I met with him at the time because an interest had been expressed in accessing the water in our pond for fire fighting. Bob suggested we contact Mace and another gentleman to discuss how we might work together on this. I was interested because the fire prevention is in my interest to protect my investment in the farm, and could help us re-build the irrigation resource from the pond and also obtain additional water rights. Mace returned my call after the talk with the plumber. I was demoralized because I really am attempting to get this enforcement action behind me so that I can concentrate on running my company and work towards the move. I decided to return Mace's phone anyway and schedule a meeting the following week. I figured that it is better to keep moving forward in a positive way rather than get to hung up on the negative. I spoke with Mace, who is a real nice guy and very professional. However, I was blown away when he advised me that Steve Marshall had called him and suggested it might be inappropriate for me

to meet as Steve was arranging a regulatory meeting with all the affected agencies in preparation for discussing our business plan. Part of this was I misunderstanding as I wasn't calling to discuss fire code for present or future uses, but rather to discuss facilitating fire prevention resources. However, I felt undermined and embarrased.

13. On one hand I can see that Steve's actions could be seen as an attempt to facilitate resolution. However, I had communicated to Steve that I had decided to go forward with verifying the non-conforming use as opposed to applying for a conditional use. Steve's letter to me which is included with this correspondence speaks for itself. He has now put a hold on inspections of a properly permitted ag building and is now calling into question its use. Further he is suggesting it requires a plumbing plan when I have been told by a State official that it is not even subject to County plumbing inspection. His letter also improperly says that the non-conforming uses will be removed period. My right to have the matter decided as provided by law is being improperly ignored.

All of this leads me to no other conclusion but that Steve's approach and perhaps underlying goal will be to subject the farm to the highest regulatory scrutiny and standards thereby making the farms development impractical and non-economic. I am just looking for fair-handed treatment.

If you are interested I would appreciate the opportunity to show you and Shawn the farm first hand. I am also extending an invitation to the head of the DTD or an appropriate supervisor to assess the situation as well first hand.

Sincerely,

Jim Dierking
Liberty Natural Products, Inc
The Oregon Lavender Farm
503-544-4715

PS: In the next week I will be canvassing the neighbors and asking them to communicate in writing to the Board of County Commissioners their continued support for the farm project.

Clackamas County Economic Development
Customer Service Meeting

January 18, 2005
2 PM
Sunnybrook Service Center, Room 406
9101 SE Sunnybrook Blvd.
Clackamas, OR 97015

Customer Service Meeting: to discuss opportunities and solutions with Jim Dierking, the owner of Liberty Natural Products, regarding the expansion plans proposed at the Oregon Lavender Farm, which would include the distribution of botanical extracts from the cultivation and distillation of herbs and aromatic botanicals

Agenda

- **Liberty Natural Products: Business Plan and Vision**
- **Historical Overview of the Oregon Lavender Farm**
- **Plans for use on the farm**
- **Identify needs from the County**
- **County feedback**
- **Identify short term and long term solutions for client**

Liberty Natural Products Inc.

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The Oregon Lavender Farm

http://www.libertynatural.com/farmmap.jpg

Operator of
The Oregon Lavender Farm

Distributor & Processor
of Botanical Products

About The Farm

- Five Parcels.
- 89.5 acres.
- 45 acres of high value farmland.
- 36 acres of lowland, hillside, roadways.
- 2 acre pond.
- 6 acres of land with improvements.
- 140,000 square feet of improvements.
- 2000 sq ft Farm House.

A Uniquely Beautiful Property

The Oregon Lavender Farm is situated on a promontory created by the ancient Missoula floods, which follows the contour of the Clackamas River Gorge.

Features:

Views of the Clackamas River Gorge,

Mt. Hood

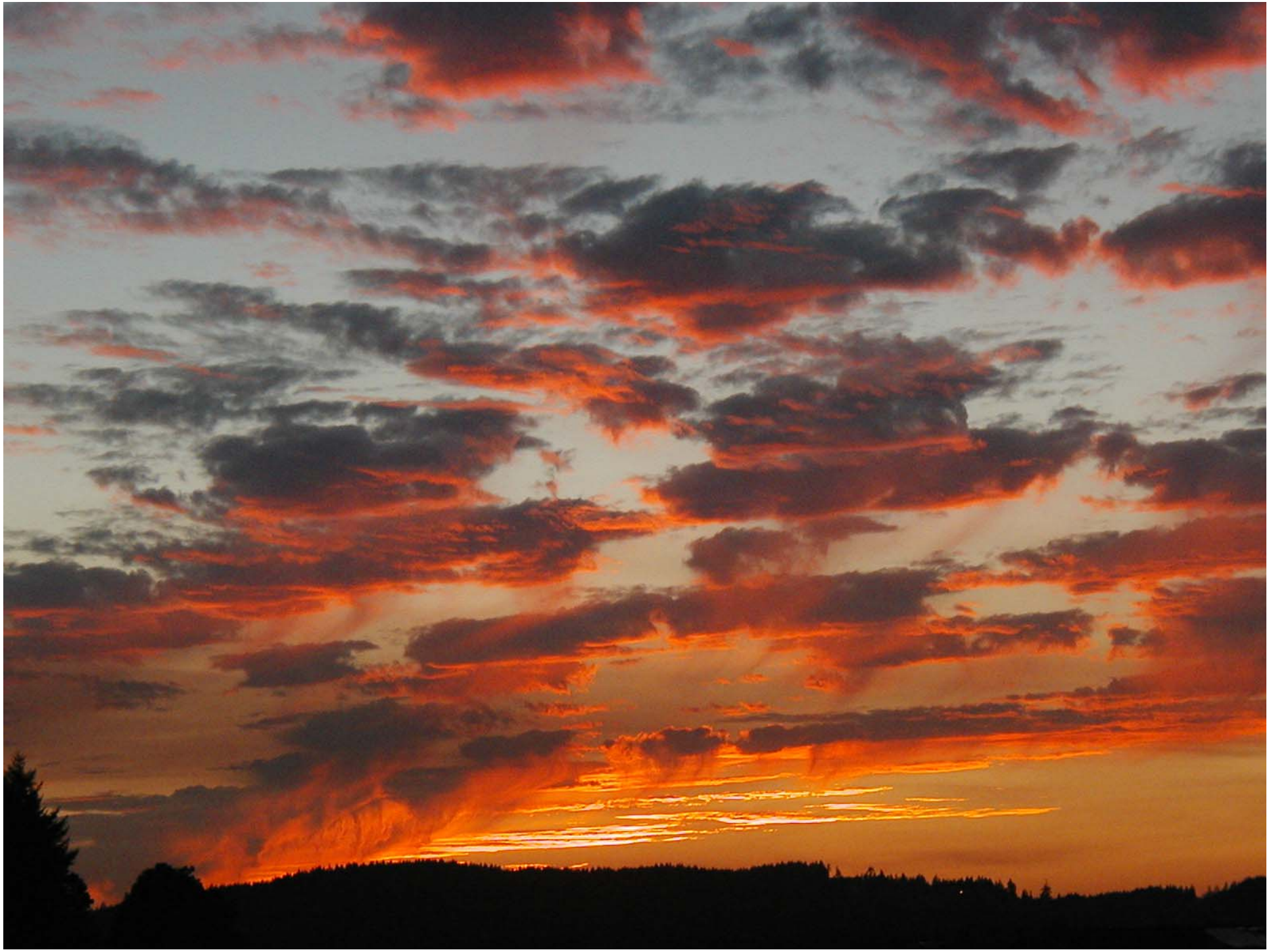
Mt. St. Helens

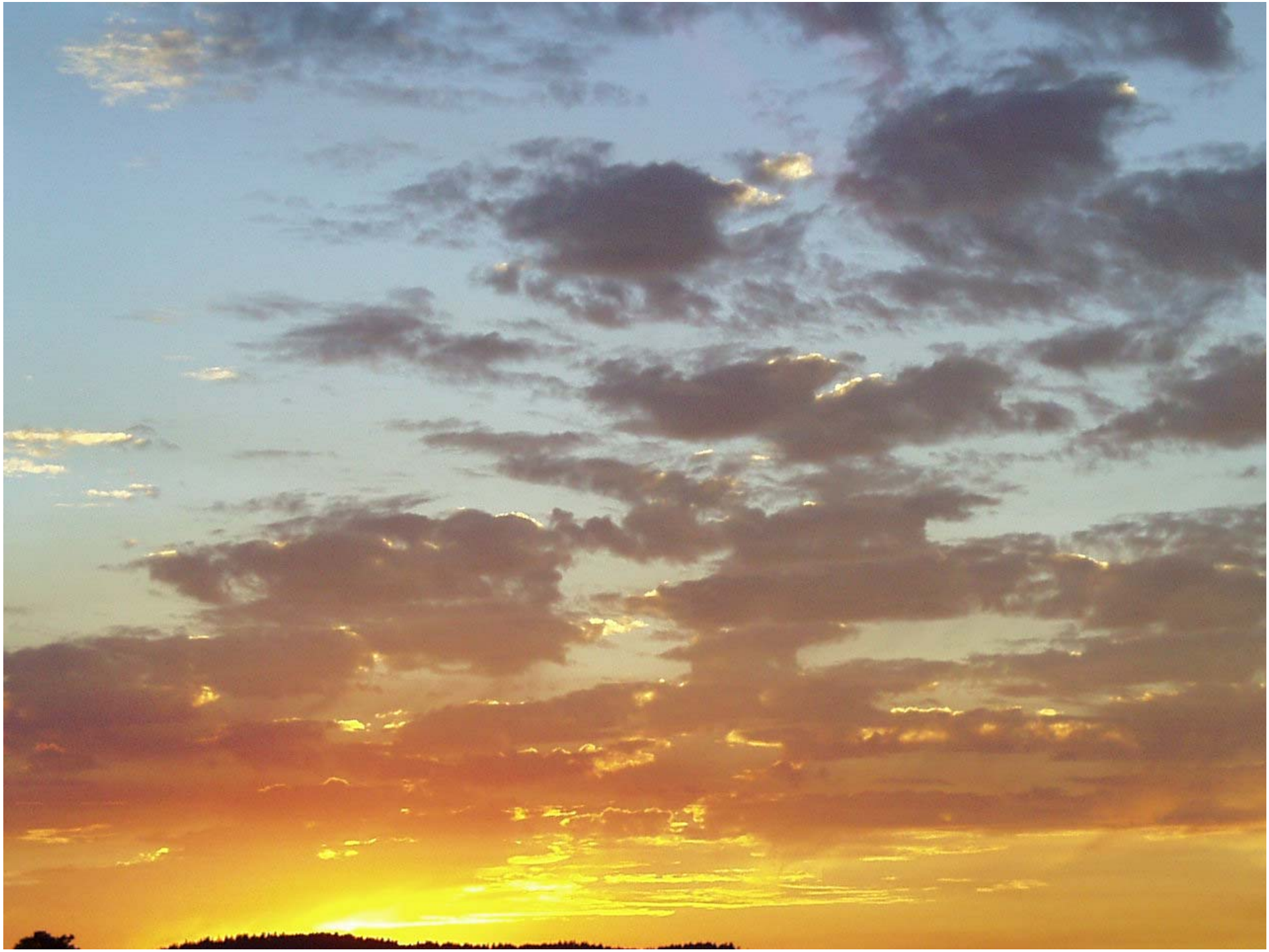
Mt. Adams

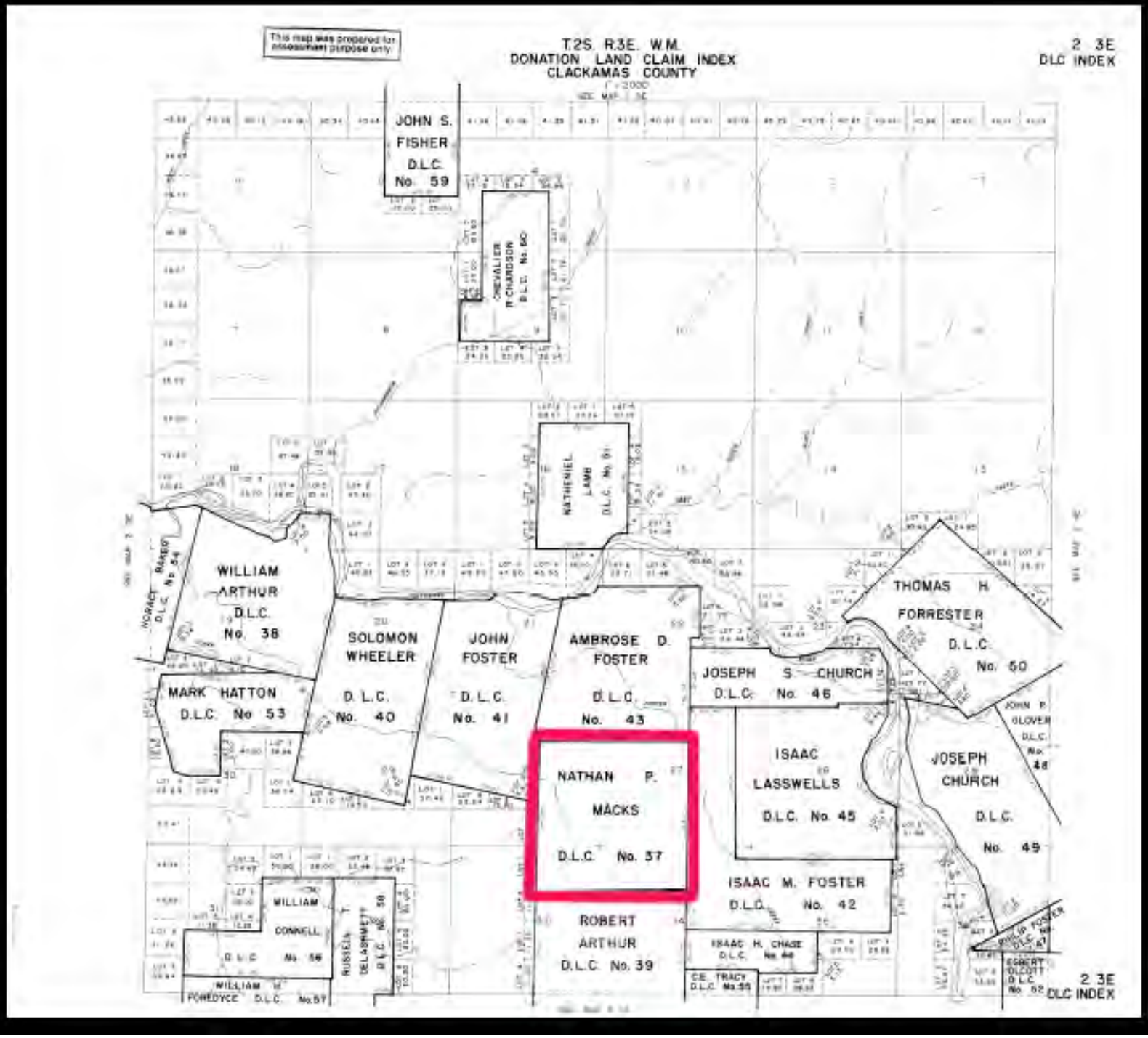
Natural Springs

Two Acre Pond

Lowland Wildlife Habitat



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CHEVALIER M. CHANDLER D.L.C. No. 60
NATHENIEL LAMB D.L.C. No. 61
WILLIAM ARTHUR D.L.C. No. 38
HORACE BASSO D.L.C. No. 54
SOLOMON WHEELER D.L.C. No. 40
JOHN FOSTER D.L.C. No. 41
AMBROSE D. FOSTER D.L.C. No. 43
THOMAS H. FORRESTER D.L.C. No. 50
JOSEPH S. CHURCH D.L.C. No. 46
MARK HATTON D.L.C. No. 53
NATHAN P. MACKS D.L.C. No. 37
ISAAC LASSWELLS D.L.C. No. 45
JOHN P. GLOVER D.L.C. No. 48
JOSEPH CHURCH D.L.C. No. 49
ISAAC M. FOSTER D.L.C. No. 42
ROBERT ARTHUR D.L.C. No. 39
WILLIAM CONNELL D.L.C. No. 56
RUSSELL DELAHMETT D.L.C. No. 58
WILLIAM W. POREDYCE D.L.C. No. 57
ISAAC H. CHASE D.L.C. No. 44
C.E. TRACY D.L.C. No. 55
PHILIP FOSTER D.L.C. No. 47
ESBERT OLCOTT D.L.C. No. 52
2 3E
DLC INDEX

SECTION 28 T2S. R3E. WM
CLACKAMAS COUNTY
This map was prepared for assessment purpose only
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NATHAN P. MACKS NO. 37
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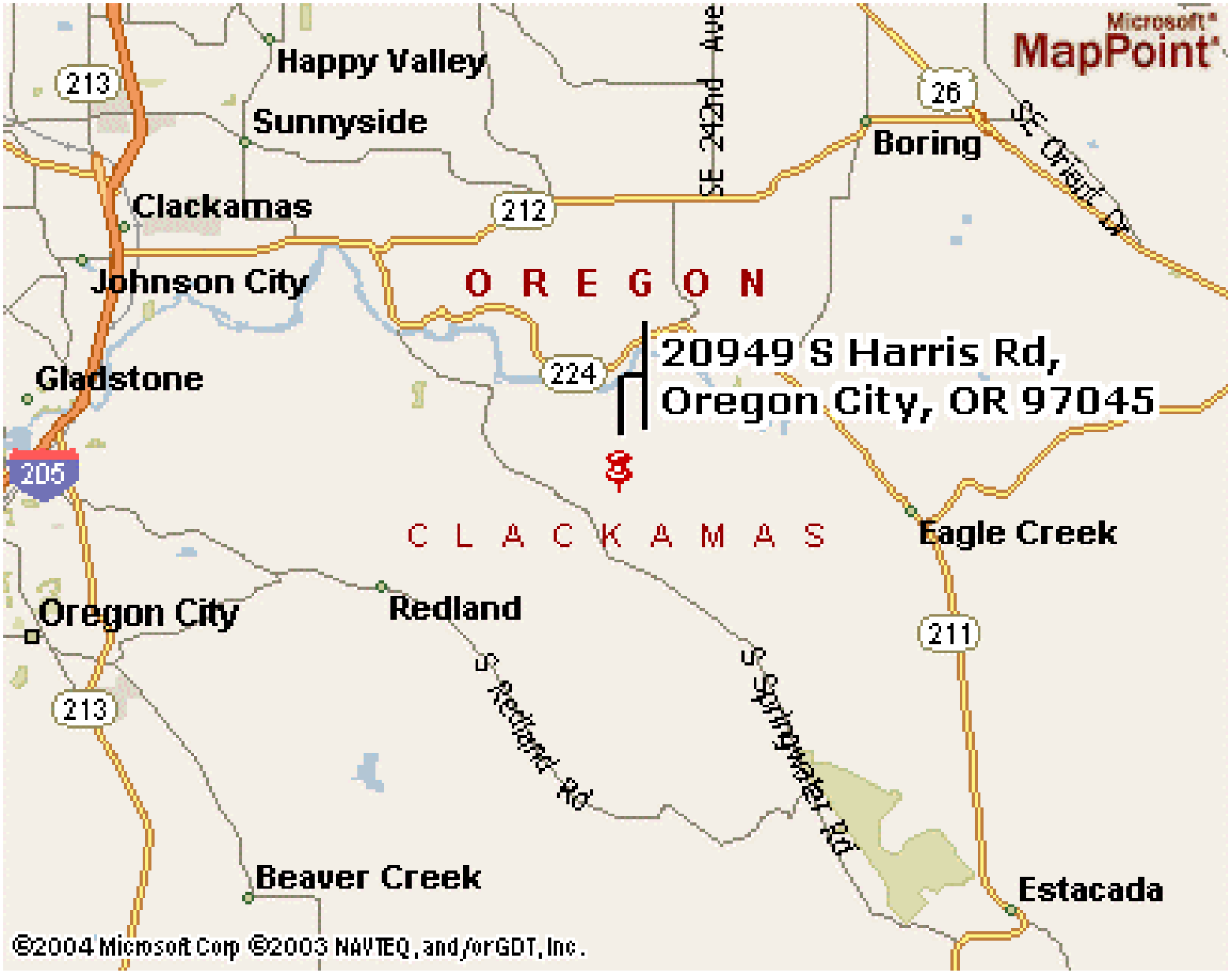
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Sunnyside
Clackamas
Johnson City
Gladstone
Oregon City
Redland
Beaver Creek
Boring
Eagle Creek
Estacada
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20949 S Harris Rd,
Oregon City, OR 97045
SE 242nd Ave
SE Orient Dr
S Redland Rd
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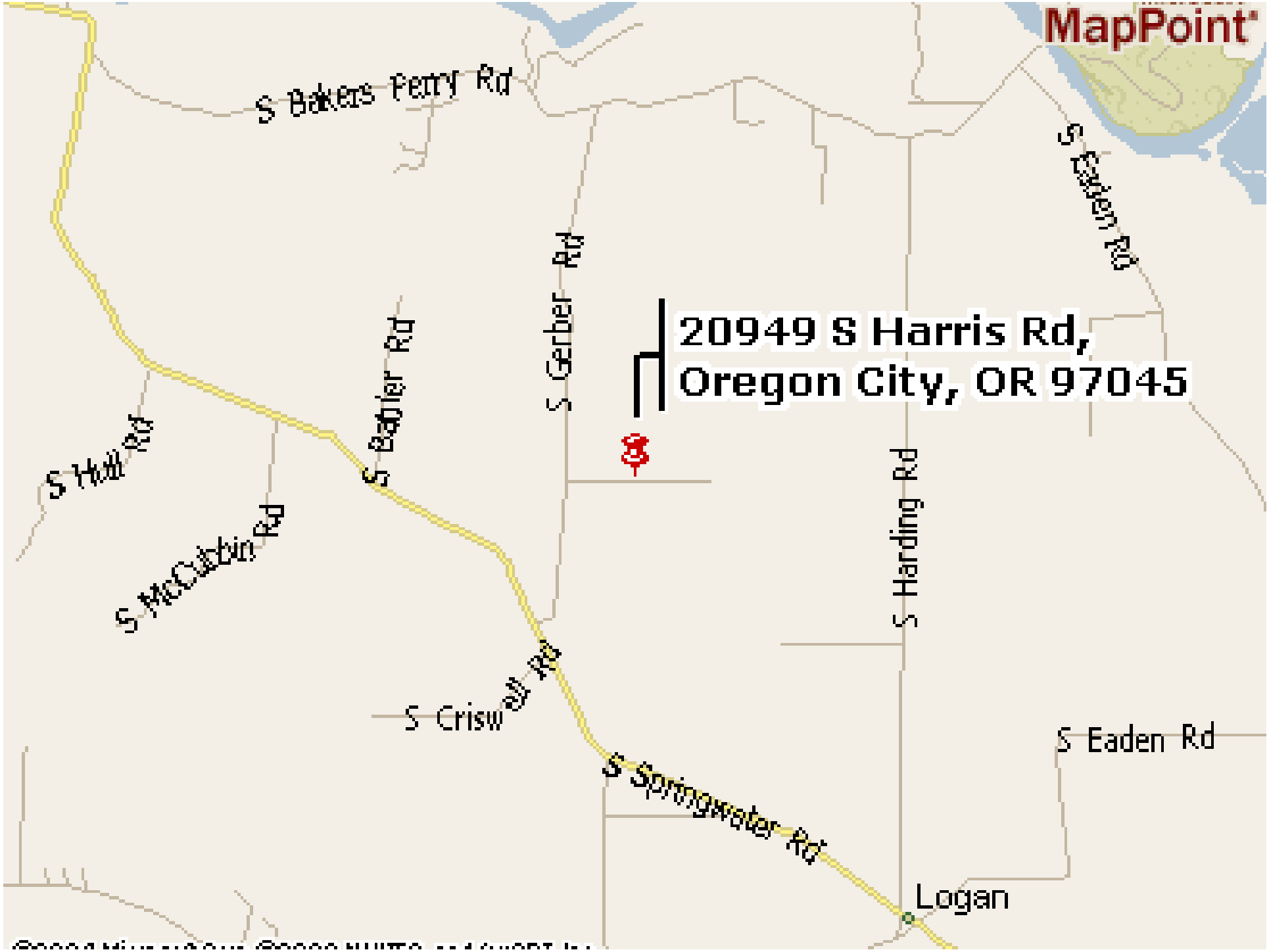
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20949 S Harris Rd,
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S Barlier Rd
S Hall Rd
S McCubbin Rd
S Harding Rd
S Criswell Rd
S Springwater Rd
S Eaden Rd
Logan

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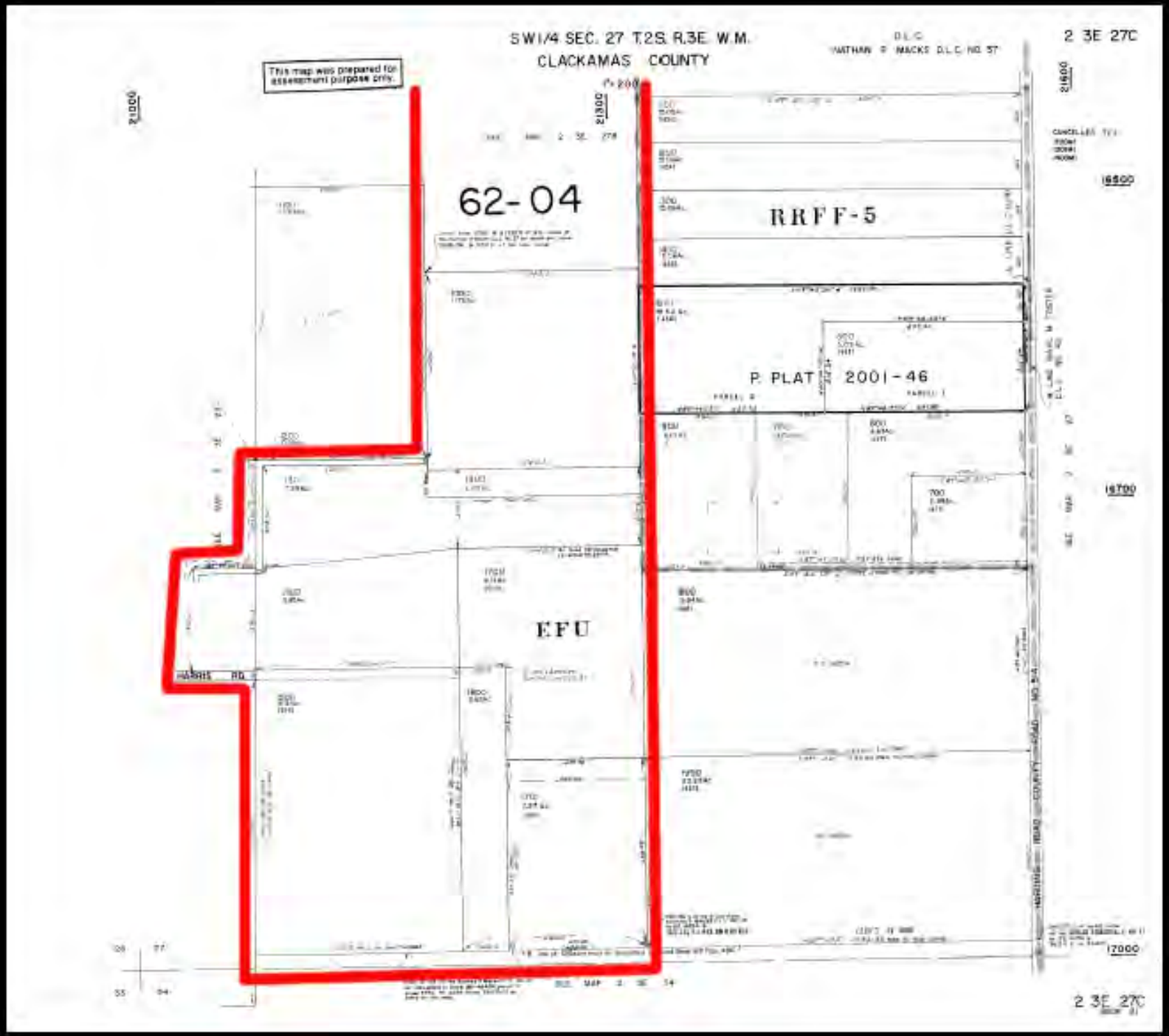
© 2003 GlobeXplorer, Spencer B. Gross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CLACKAMAS COUNTY
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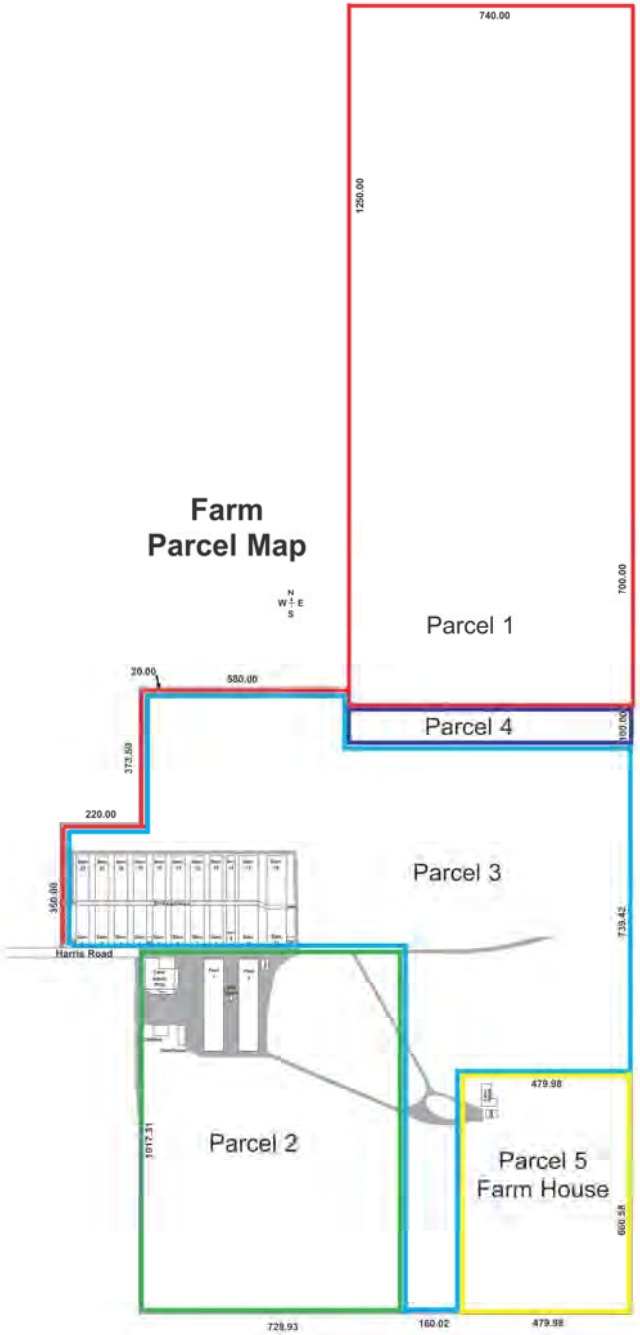
Farm
Parcel Map
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Parcel 1
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Parcel 3
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Parcel 2
Parcel 5
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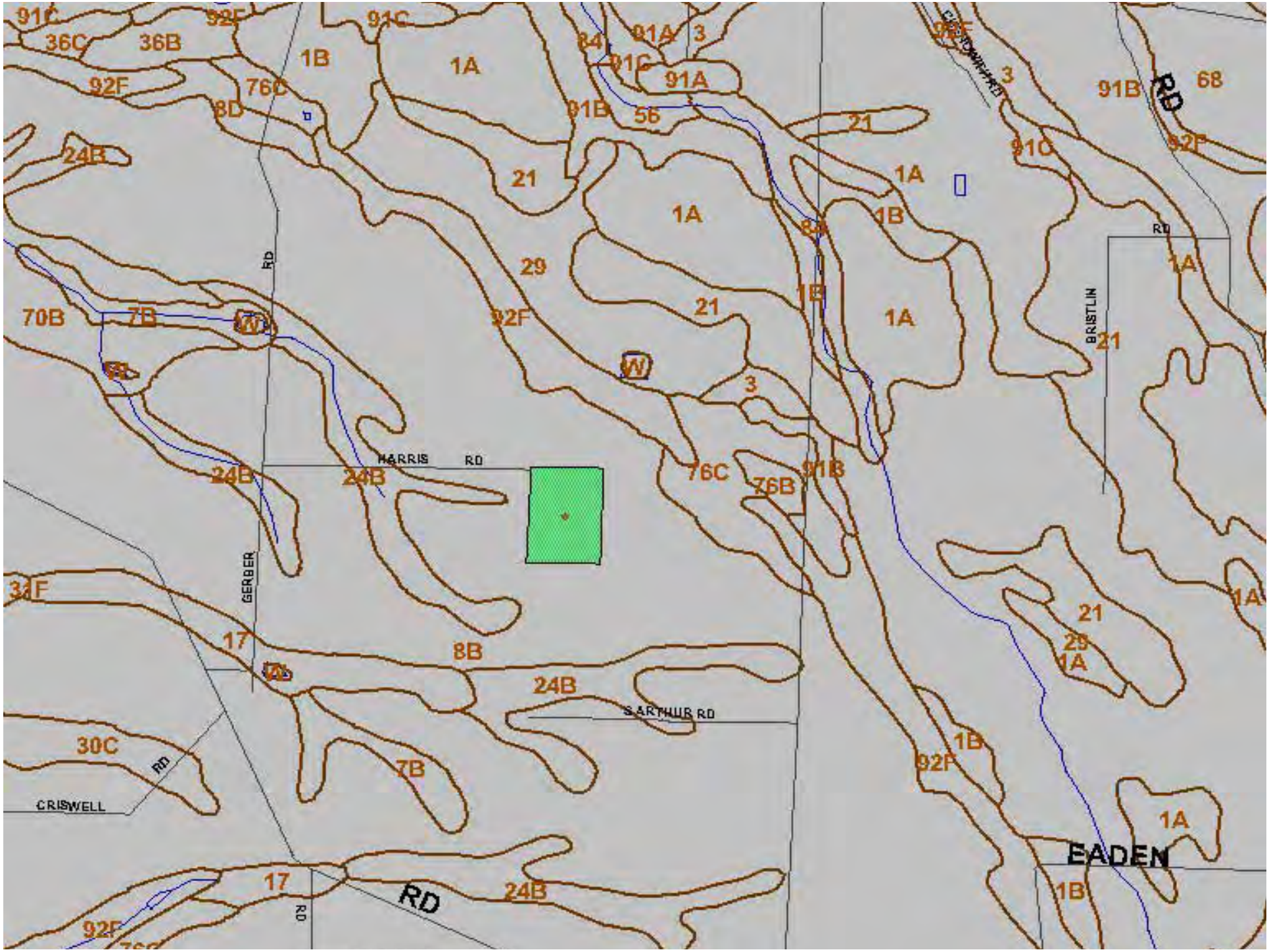
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1B
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RD
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1A
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7B
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76B
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GERBER
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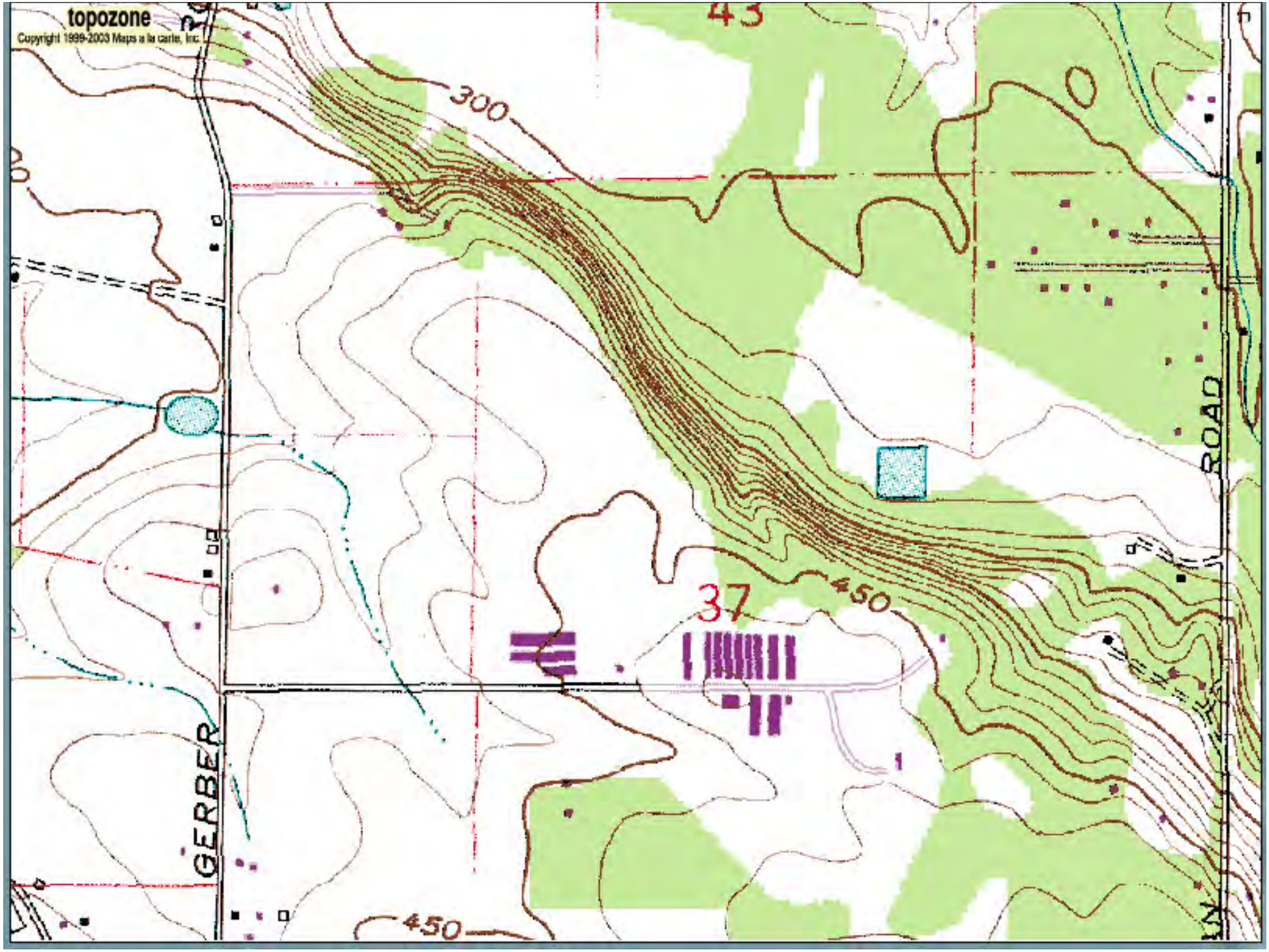
topozone
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43
300
37
450
450
GERBER
ROAD

Farm Use History

- Egg Production. Processing and distribution for other egg facilities, 1960's through the late 70's. Logan Farms was acquired by Carnation Co. in the mid 60's.

- Multiple Rabbit Husbandry and Processing operating in the 1980's through the early 90's. Conditional use approval obtained in 1983 for rabbit processing & distribution for other rabbit facilities. Operations included meat processing, jerky manufacturing, and distribution.

- Mixed Commercial Uses have existed on the property during the above operations. After the closing of the Bakana rabbit operation in the early 90's the property was sublet for a variety of uses including rabbit husbandry, storage, auto parts salvage, towing operation, auto repair, residential occupancy, cock fights, cabinet making, methamphetamine production, jam & jelly packaging, agricultural storage and stabling of horses.

- Farm acquired by James Dierking in 1999 for use as herb farm and herb processing and distribution operations of Liberty Natural Products, Inc.

Current Farm Uses

The Oregon Lavender Farm is operated as a dba of Liberty Natural Products, Inc. We presently have 10 acres of lavandula officinalis buena vista, a perennial crop lasting 10-15 years. The lavender is processed for fresh flowers, dried flowers bunches, dried flower buds, essential oil and distillate water. Liberty also operates an apiary producing lavender honey.

Liberty Natural Products, Inc. utilizes the farm facility for its distribution and processing of agricultural products, which are primarily botanical oil extracts.

Don Swanson, a tenant of the property since 1994, rents four barns for small auto parts salvage.

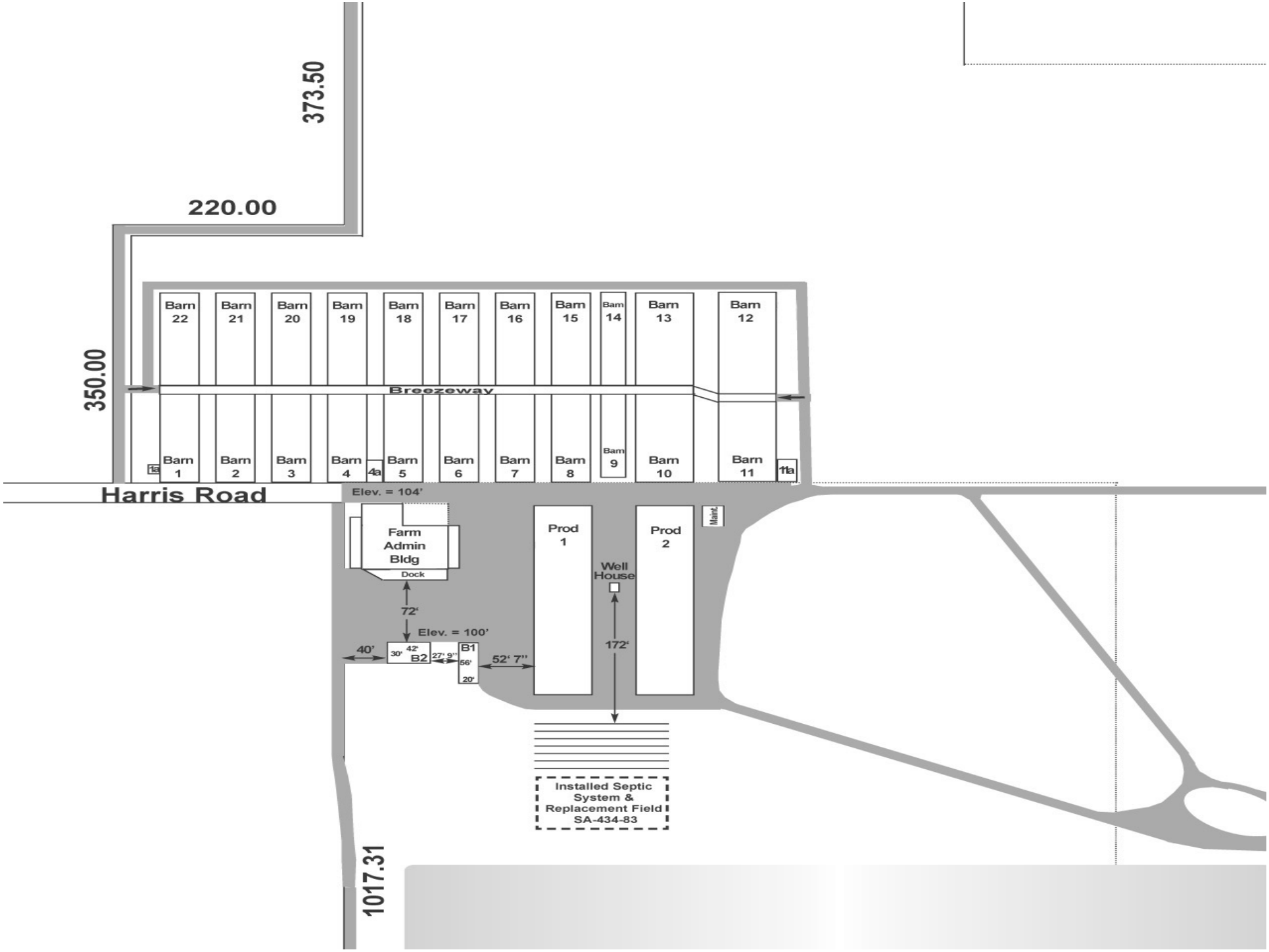
Farm Improvements

140,000 Square Feet of Total Improvements

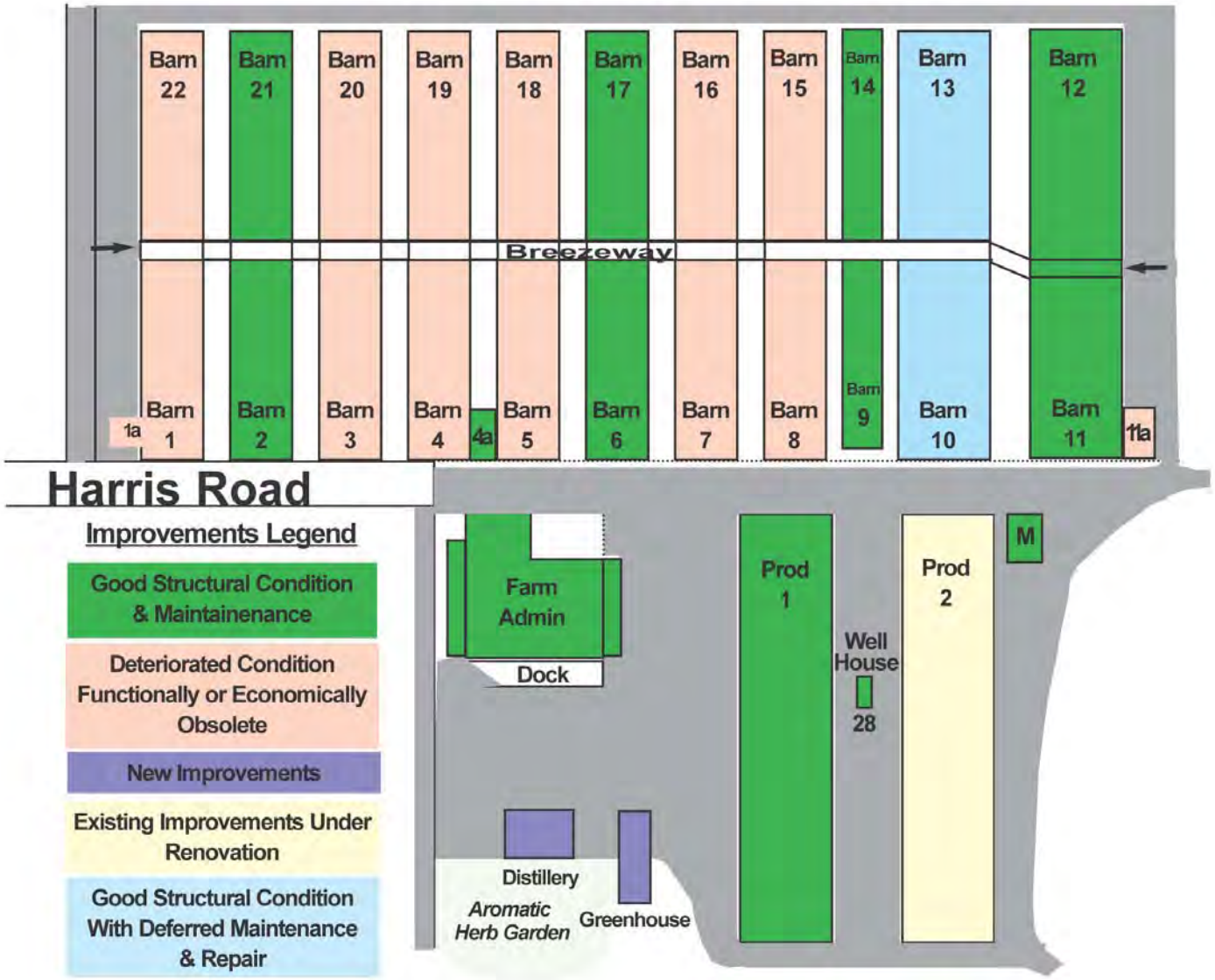
10,000 SF Farm Administration Building

69,000 SF of Other Improvements
In Good Condition

61,000 SF of Improvements
Requiring Repair, Renovation or Demolition

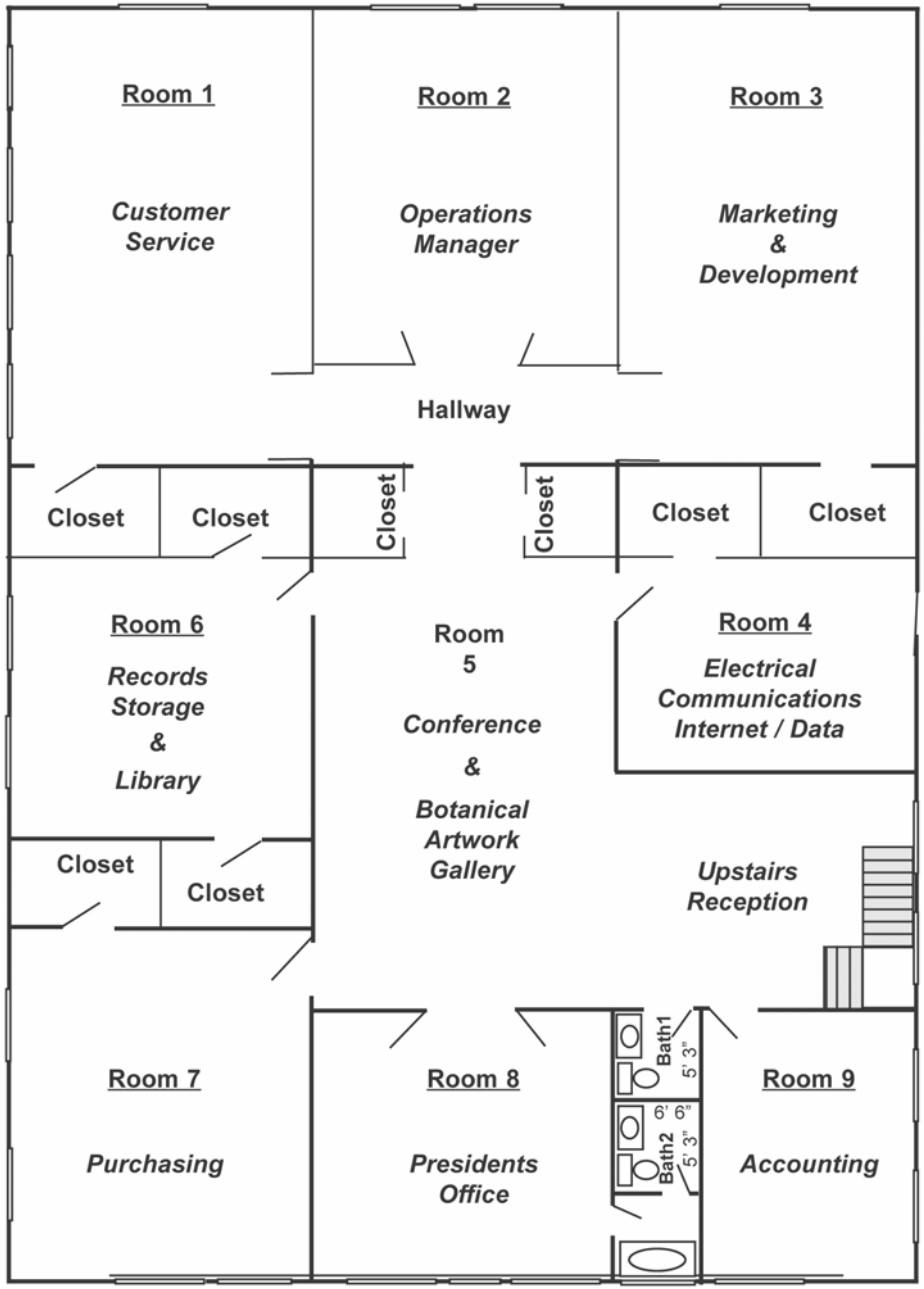

373.50
220.00
350.00
Barn 22
Barn 21
Barn 20
Barn 19
Barn 18
Barn 17
Barn 16
Barn 15
Barn 14
Barn 13
Barn 12
Breezeway
Barn 1
Barn 2
Barn 3
Barn 4
Barn 5
Barn 6
Barn 7
Barn 8
Barn 9
Barn 10
Barn 11
1a
4a
11a
Harris Road
Elev. = 104'
Farm Admin Bldg
Dock
72'
Elev. = 100'
40'
30'
42'
B2
27' 9"
B1
56'
20'
52' 7"
Prod 1
Well House
172'
Prod 2
Maint.
Installed Septic System & Replacement Field SA-434-83
1017.31

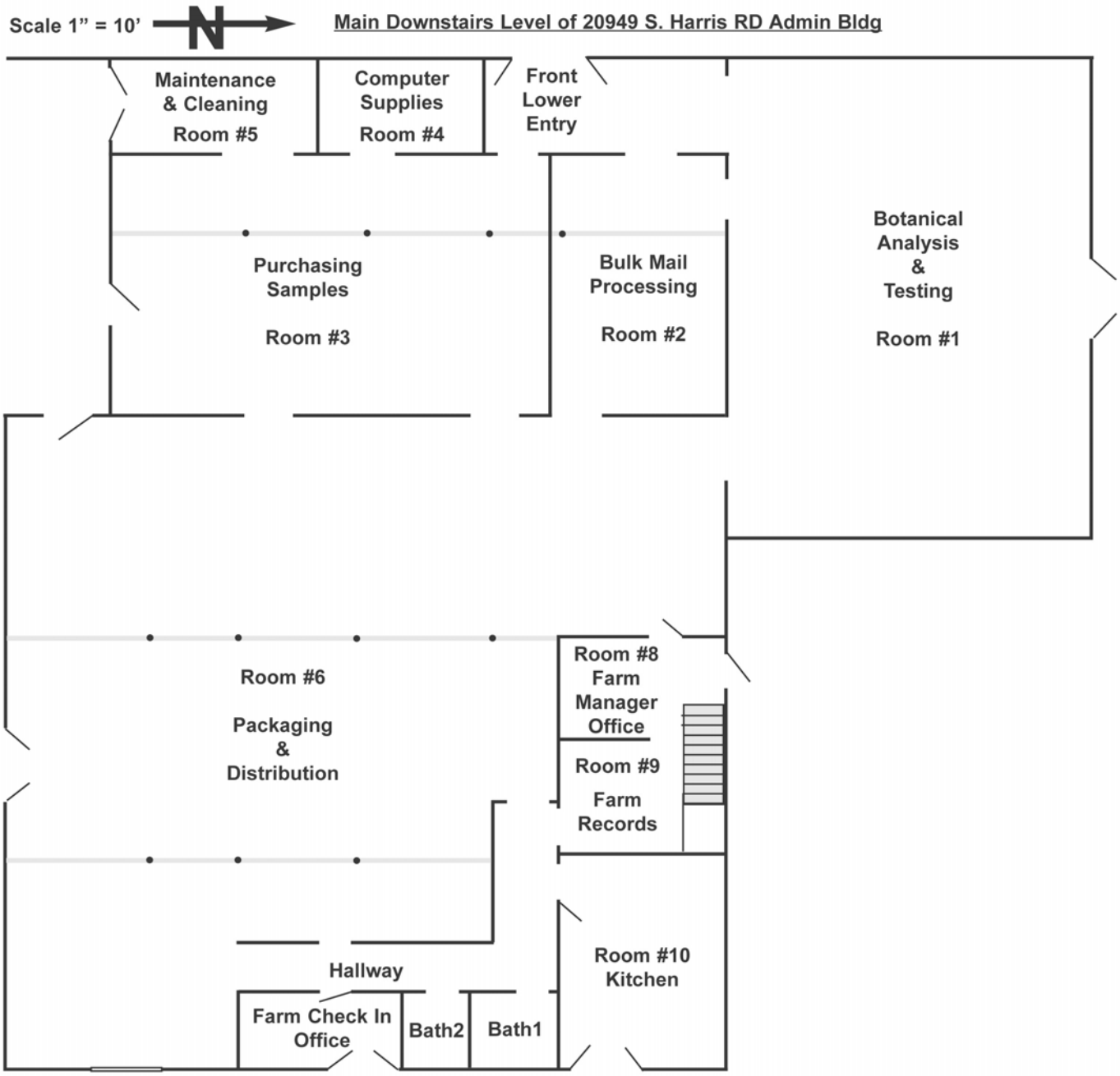
Overview of The Condition of Farm Improvements



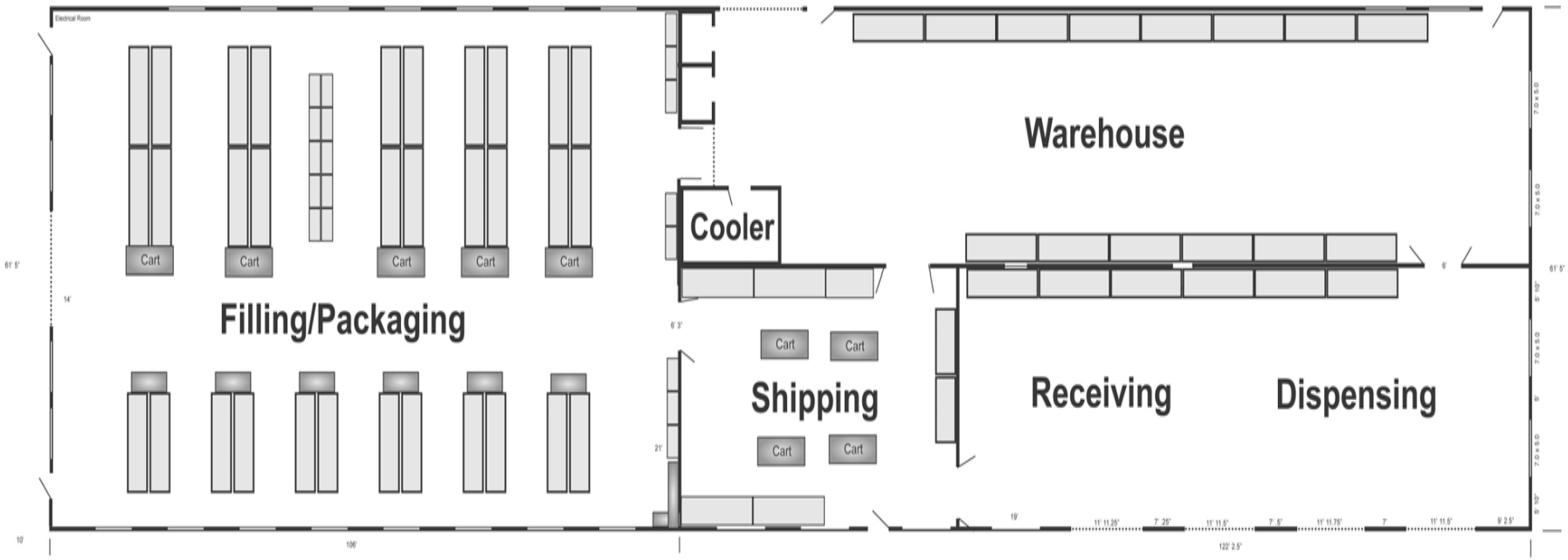
Current Building Use Legend

Administration Building Upstairs

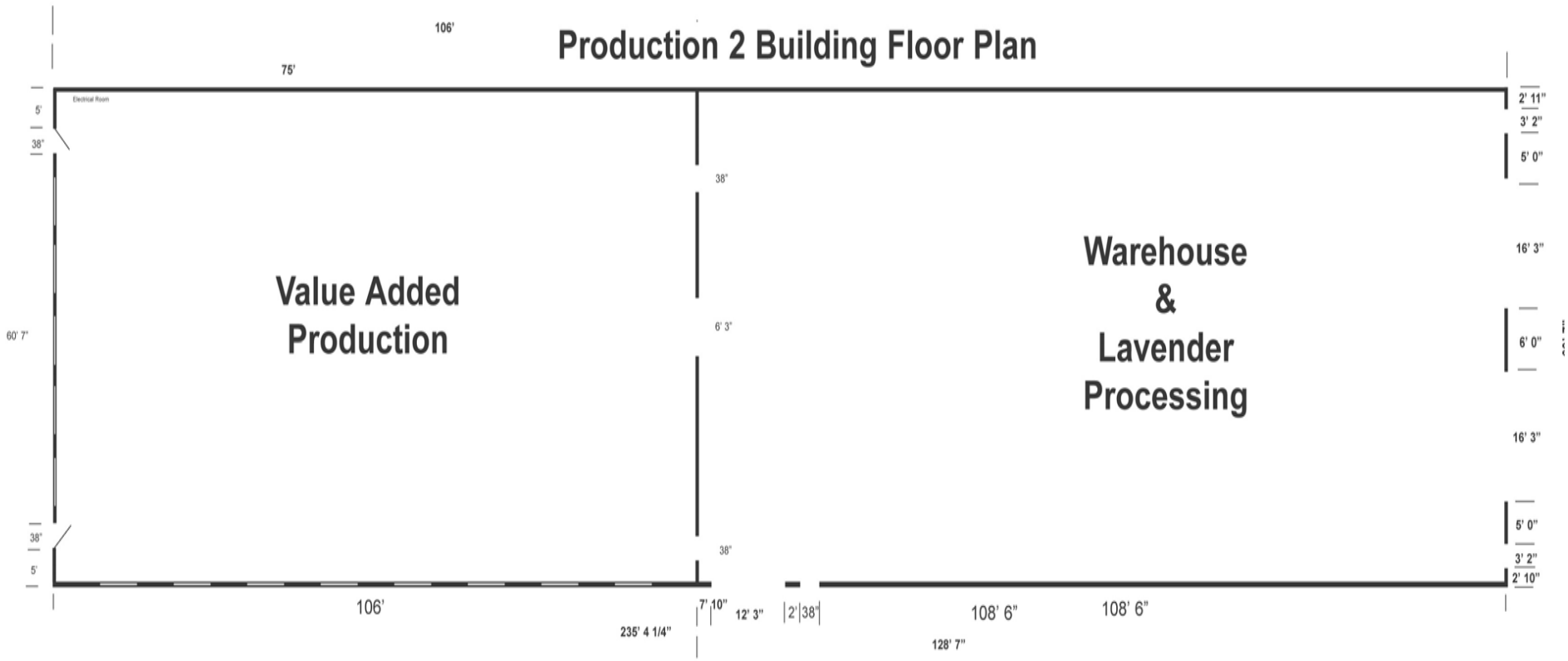


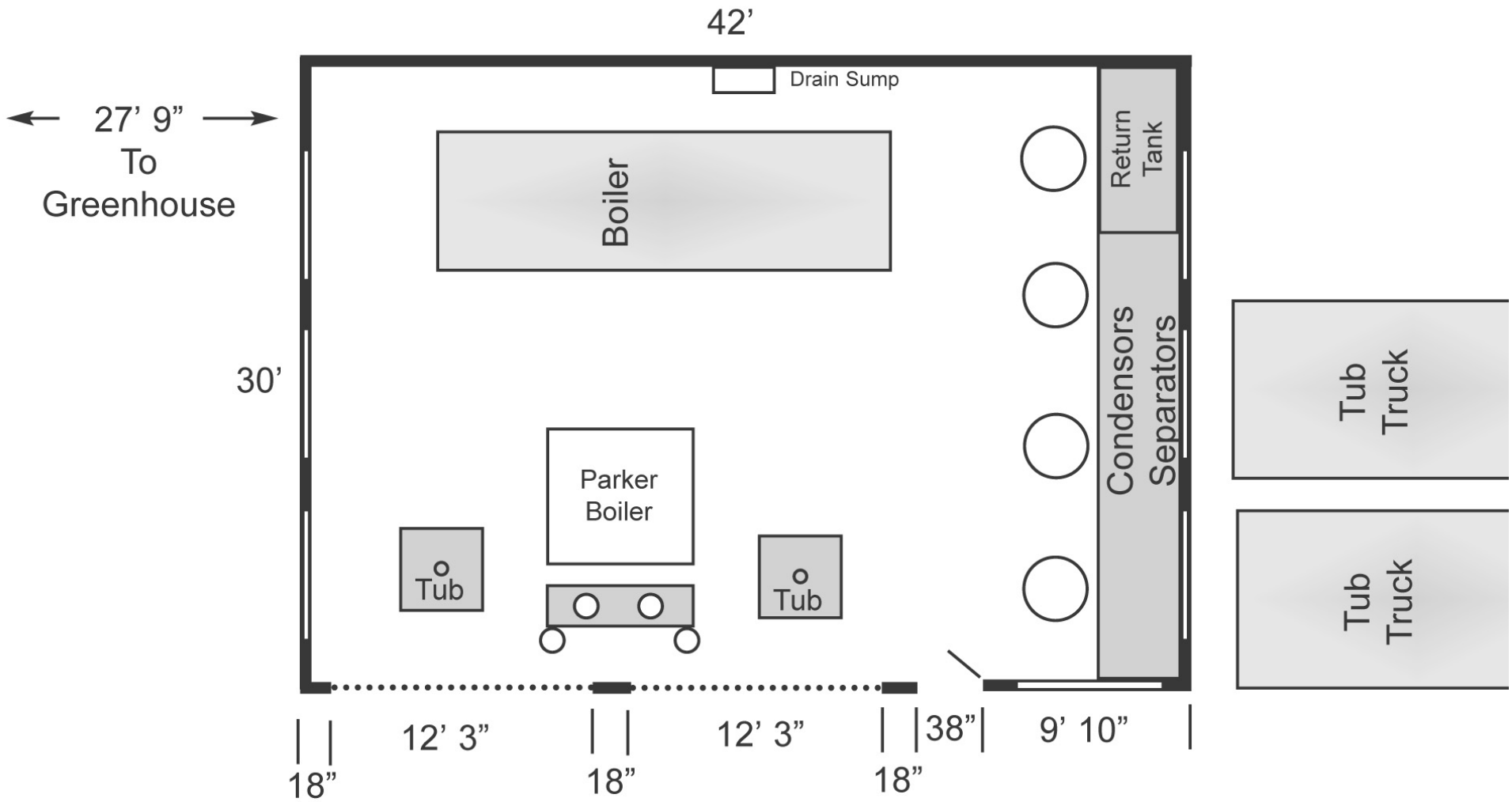

Scale 1" = 10'
N
Main Downstairs Level of 20949 S. Harris RD Admin Bldg
Maintenance & Cleaning Room #5
Computer Supplies Room #4
Front Lower Entry
Purchasing Samples Room #3
Bulk Mail Processing Room #2
Botanical Analysis & Testing Room #1
Room #6 Packaging & Distribution
Room #8 Farm Manager Office
Room #9 Farm Records
Room #10 Kitchen
Hallway
Farm Check In Office
Bath2
Bath1

Production 1 Building Floor Plan



Production 2 Building Floor Plan




42’
Drain Sump
27’ 9”
To
Greenhouse
Boiler
Return
Tank
Condensors
Separators
30’
Tub
Truck
Parker
Boiler
Tub
Tub
Tub
Truck
18”
12’ 3”
18”
12’ 3”
18”
38”
9’ 10”

Cleaver Brooks

Farm Plan 2005 – 2006

Spring 2005

Begin using our new propagation greenhouse for production of lavender plugs for expansion of our lavender fields to a total 20 acres and also for sale to lavender growers and wholesale distributors.

Plant 10 acres of clary sage for 2006 production of essential oil and distillate water.

Begin development and planting of Aromatic Herb Garden.

Summer 2005

Utilize our new distillery facility for the distillation of our lavender cultivation and for fir needle cuttings from our neighbor Dennis Moriarity's Christmas tree farm.

Return farm offices back into the upstairs of the Admin building upon completion of the office updating.

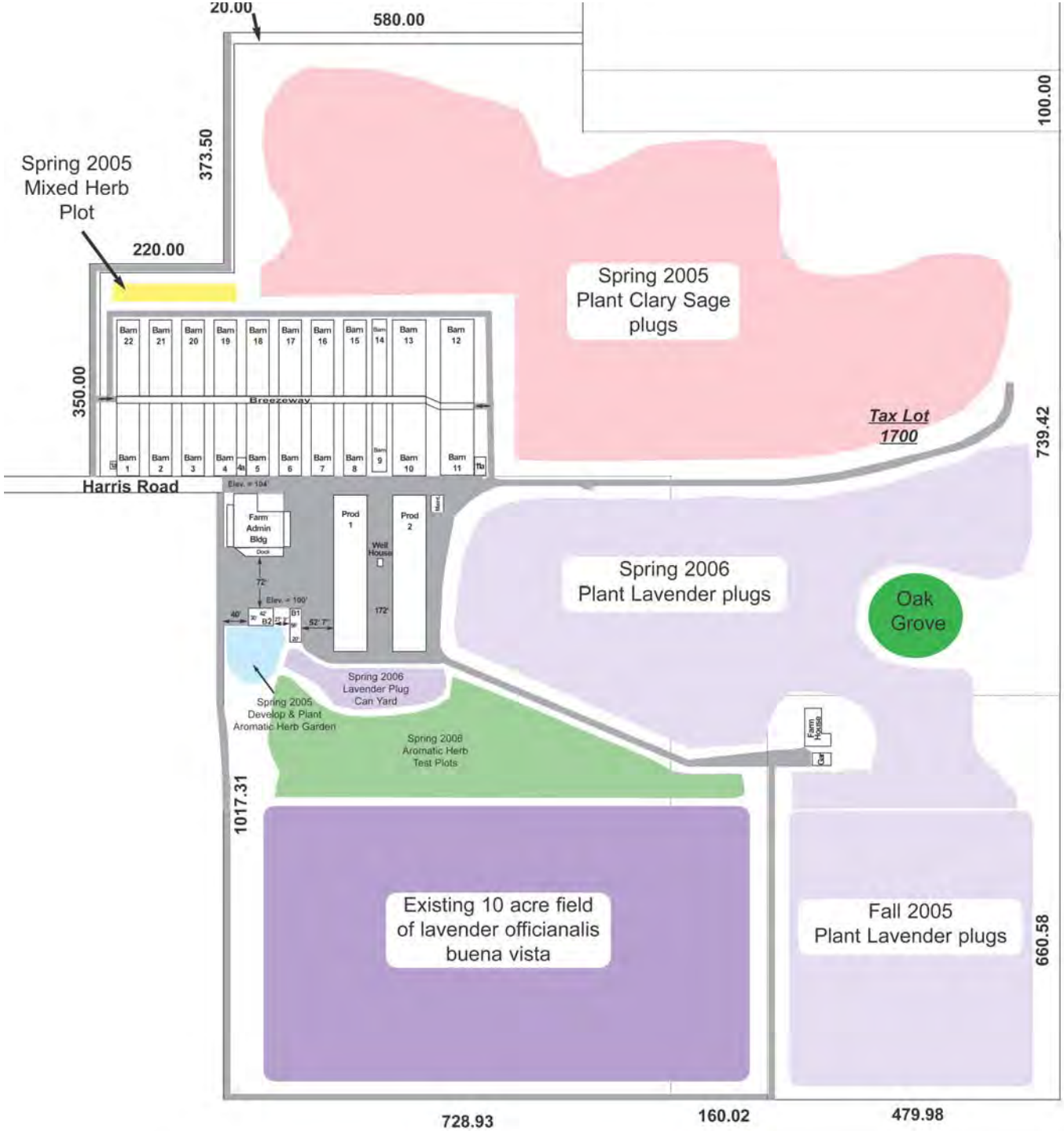
Winter 2005

Finish completion of the updating of the farm's facilities in preparation for expanded farm operations and LNP transition.

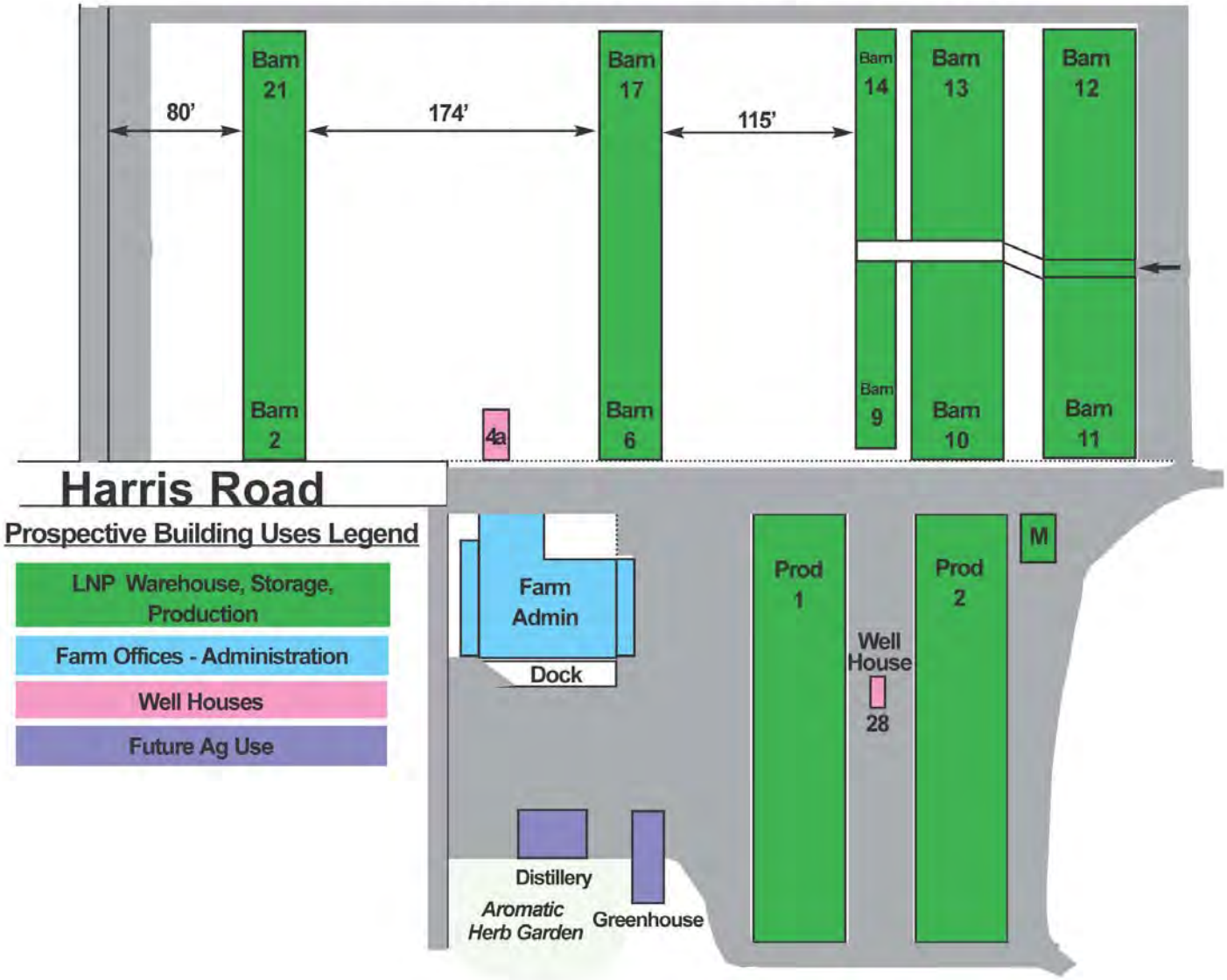
Begin production of value added farm products in updated facilities.

Spring 2006

Begin transitioning our remaining Portland operations to the farm in anticipation of the termination of our lease at that location at the years end.


20.00
580.00
100.00
373.50
Spring 2005
Mixed Herb
Plot
220.00
Spring 2005
Plant Clary Sage
plugs
350.00
Breezeway
Tax Lot
1700
739.42
Harris Road
Farm
Admin
Bldg
Prod
1
Prod
2
Well
House
Spring 2006
Plant Lavender plugs
Oak
Grove
Spring 2006
Lavender Plug
Can Yard
Spring 2005
Develop & Plant
Aromatic Herb Garden
Spring 2008
Aromatic Herb
Test Plots
Farm
House
1017.31
Existing 10 acre field
of lavender officianalis
buena vista
Fall 2005
Plant Lavender plugs
660.58
728.93
160.02
479.98

Map Showing Prospective Removal of Barns in Disrepair

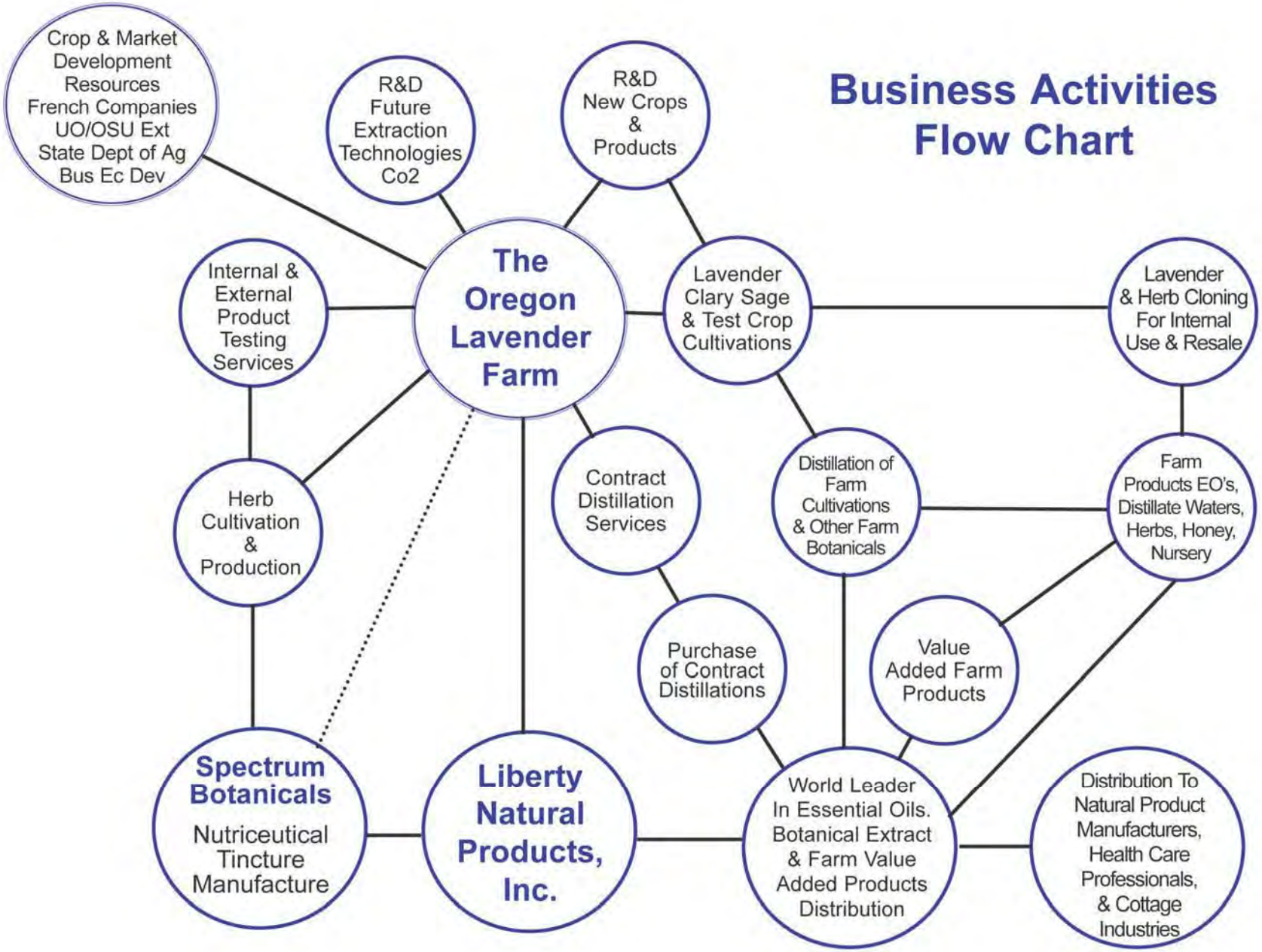


Prospective Farm Use Changes

- Termination of non-conforming use tenancy with Don Swanson. Don Swanson is 64 years old and the sole operator of his business and has been a tenant at the farm for over 10 years. Don suffers from a non-lethal form of leukemia that requires him to avoid excessive stress. Don indicates he will need approximately two years to sell off his inventory in order to make a move without excessive hardship. He is interested in receiving assistance from the County in finding a new location for a significantly scaled down operation. We desire a termination of the tenancy that allows Don sufficient time to reasonably transition under the circumstances. While the rental income has assisted us financially in developing the farm the use is not compatible with our long term farm plan. We are interested in working with the County in ending the occupancy, including a written compliance agreement.

- After the farm planting plan and the improvement of the primary facilities have been accomplished, then we plan to begin incremental removal or renovation of the existing barns in disrepair. We are interested in exploring the market for herb propagation greenhouses and other agriculturally related enterprises that integrate with our overall business plan.

Business Activities Flow Chart



Products & Services Provided By The Oregon Lavender Farm

Dried Lavender - bunches, culinary, cosmetics, soap, sleep pillows, potpourri

Fresh Lavender - bouquet's, culinary, wreaths, wands

Lavender Plugs - field expansion, outside sales to new farms

Lavender Plants - wholesale nursery & landscape

Essential Oils & Distillate Waters of Lavender, Clary Sage, & Fir Needle
Used in personal care products, perfumery, and medicinal applications.

Value Added Products:
Wholesale Lavender Soap, Lavender Sleep & Eye Pillows, Lavender Lotions.

Prospective Products:

Spectrum Botanicals – Extraction of herbal tinctures.

Crop Distillation Services

Outline of History & Operations
of
Liberty Natural Products, Inc.
January 2005

Founded: In Sandy, Oregon, November 1982.
Owner: Jim Dierking
Business Type: Corporation
Assumed Business Names: The Oregon Lavender Farm
Nature of Business: Distribution of Botanical Extracts.
Cultivation and distillation of herbs and aromatic botanicals.
Locations: 8120/8138 SE Stark Street, Portland, Oregon 97215
17,000 sq. ft. Commercial
20949 S. Harris Road, Oregon City, Oregon 97045
140,000 sq. ft. of improvements
90 acres, 45 acres of high value farmland, 2 acre lake.
No. of Employees: 25 – 30
Revenues: 2004, $3.5 Million. 90% of sales come from outside Oregon.
Customer Base: Diverse. Primary categories, Natural Product Manufacturers, Health Care Practitioners, and handcrafters.
Advertising & Sales: Catalog & Internet Sales account for over 90% of sales.
Heavy reliance on computer technology. Website started in 1984.
Sophisticated database applications developed to enable economical and efficient transactions.

Farm Operation: Acquired in 1999.
10 acres of lavender planted in 2001, 2002, 2003.
35 acres of farmland prepared for planting of additional lavender and clary sage.
Propagation greenhouse developed for cloning of lavender.
Distillery building under construction to house a 25 hp and 350 hp boiler.

Liberty Natural Products
Wholesale Catalog
2005
ABSOLUTES
ATTARS
COLORINGS
CONCRETES
COSMETIC BASES
CO2-SCO2 EXTRACTS
DISTILLATE WATERS
ESSENTIAL OILS
FIXED-VEGETABLE OILS
FLAVORINGS
HERBS & STD EXTRACTS
ISOLATES
OLEORESINS
NATURAL SOURCE INGREDIENTS
TINCTURES
WAXES
PACKAGING SUPPLIES BOTTLES, CAPS, SPRAYERS, DROPPERS
AROMATHERAPY SUPPLIES
BOOKS & INFORMATIONAL RESOURCES ON AROMATHERAPY, SOAPMAKING & NATURAL PRODUCTS
NATURAL PERSONAL CARE PRODUCTS

Liberty Natural Products - The Essential Oil Source -

File Edit View Favorites Tools Help

Back Forward Stop Refresh Home Search Favorites Media History Mail Print Edit Discuss

Address http://www.libertynatural.com/ Go Links

Liberty Natural Products

Main Menu Catalog Request Ordering Search

Main Menu

Products
Bulk Ingredients
New Bulk Ingredients NEW
Ordering
Catalog Request
Contact Us
Botanical Info
Internet Resources

Web Order Tracking NEW
Invoice Tracking
Product Search Engine

Welcome To Our Website

We hope you find it useful and informative.
If you require assistance please call us at 800-289-8427.

Liberty is an importer and distributor offering the lowest prices
for vial to drum sizes on ***over 850 quality botanical ingredients.***
Since 1982 we have served companies large & small in a variety of market segments.

Natural Product Manufacturing	Flavor & Fragrance Industry	Private Label Manufacturing	Aromatherapy
Soapmaking	Massage Therapy	Natural Perfumery	Candlemaking

Done Internet

Start 12:16 PM

Liberty Natural Products - The Essential Oil Source -

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Address http://www.libertynatural.com/ Go Links

Liberty Natural Products

Main Menu Catalog Request Ordering Search

Bulk Ingredients Menu

- Agarwood India
- Ajowan India
- Allspice ~ Pimento Berry West Indies
- Allspice ~ Pimento Leaf West Indies
- Alutinosum China
- Amyris Sandalwood Haiti
- Angelica Root England
- Angelica Root Hungary
- Angelica Root India
- Angelica Seed Hungary
- Anise Egypt
- Anise Hyssop Oregon
- Anise Spain
- Anise Star China
- Arina Madagascar
- Armoise ~ Mugwort Morocco
- Basil Bitter Egypt
- Basil Camphor Type India
- Basil Grand Vert Madagascar
- Basil Holy ~ Tulsi India
- Basil Sweet Bulgaria

PEPPERMINT NATURAL WILLAMETTE

MENTHA PIPERITA

Ingredient Type - ESSENTIAL OIL
Extraction Method - STEAM DISTILLED
Safety Guidelines

Liberty Natural Products, Inc.

MSDS

Product No.	Ounces	Milliliter	Cost
64.A	.02	.59	1.00
64.C	.12	3.69	1.81
64.D	.25	7.39	2.24
64.E	.5	14.79	2.96
64.F	1	29.57	4.12

Internet

Start 12:55 PM

Liberty Natural Products
Use & Impact

The restoration and development of the farm property and facilities have been exclusively funded and managed by Liberty Natural Products.

Liberty Natural Products distribution & processing of agricultural products at the Oregon Lavender Farm is similar in nature and scope as the previous processing and distribution functions of the chicken and rabbit husbandry operations.

LNP's operations do not have the waste contamination problems that resulted from the chicken and rabbit operations.

The use of the property does not require expansion of the facilities and will use the existing infrastructure to its highest and best use without significant impact in the zone.

Harris Road was improved by the County to serve and meet the needs of the facility in conjunction with the 1983 conditional use approval.

LNP's business plan anticipates a reduction and further improvement of the barns in disrepair over a period of time.

The Oregon Lavender Farm
& Liberty Natural Products

Liberty Natural Products, Inc. presently performs many of the Oregon Lavender Farms administrative functions using our staff at the Portland location at 8120 SE Stark Street.

The Oregon Lavender Farm	Liberty Natural Products
Bookeeping	Bookeeping
Purchasing	Purchasing
Marketing	Marketing
Sales	Sales
Personnel	Personnel
IT	IT
Field & Grounds Labor	
Cultivation & Harvesting	
Farm Equipment Maintenance & Repair	
Facilities Maintenance & Repair	Facilities Maintenance & Repair
Packaging	Packaging
Shipping	Shipping
Inventory & Quality Control	Inventory & Quality Control

Liberty Natural Products is in the business of processing & distributing agricultural products. The Oregon Lavender Farm benefits because it does not have to duplicate LNP's functions and resources.

Investing In Agriculture

Liberty Natural Products, Inc
&
The Oregon Lavender Farm

- **Acquistion of the farm property cost $565,000.00.**
- **Field Preparation & planting has costs over $100,000.00**
- **Equipment purchases have exceeded $100,000.00.**
- **Maintenance, Repair and Updating of the facilities has cost over $250,000.00.**

Healing The Farm

- **Termination of tenancy of nuisance tenants and removal of tenants substantial property.**
- **Resolve numerous encroachment and easement issues.**
- **Removal of 1000's of yards of debris from barns.**
- **Repair of substantial deferred maintenance to the infrastructure.**
- **Structural fortification of barns to stop further deterioration.**
- **Repair of infrastructure removed by tenants to fund drug addictions.**
- **Remediation of methamphetamine site listed by State of Oregon.**
- **Removal of obsolete equipment and supplies.**
- **Repair roadway deferred maintenance.**
- **Removal of over 20 acres of blackberries, overgrowth, left over logging slash and trees in fields.**
- **Removal of over 100 stumps from fields.**
- **Remove extensive garbage and debris from fields.**
- **Regrade fields, install/repair drain tile and irrigation systems.**
- **De-rock fields.**

POSTED

Sauber

KODIAK

HP-1 L.H.

Surf

Glycerin, U.S.P.

King Fiber Glass Corp.
A CLARK-SCHWEBEL FIBER GLASS COMPANY
366 W. Nickerson
P.O. Box 25
Seattle, Washington 98119
Arlington, Washington 98223
ACETONE
UN 1090
DANGER
HIGHLY FLAMMABLE LIQUID. KEEP AWAY FROM HEAT, SPARKS AND OPEN FLAME. NO SMOKING.
Avoid prolonged or repeated breathing of vapor. Use with adequate ventilation. Avoid
Avoid prolonged or repeated contact with skin. Wash thoroughly after handling.
DO NOT SWALLOW.
FIRST AID: On contact flush eyes or skin with plenty of water for
shoes and clothing. If inhaled remove victim to fresh air. If not breathing
person should administer oxygen, or swallowed, DO NOT INDUCE
IN CASE OF
FIRE: Use water spray, alcohol foam, dry chemical, or carbon dioxide.
SPILL OR LEAK: Absorb with suitable agent, such as vermiculite
For large spills: contain with dikes, absorb material and flush
state, and federal regulations.

MACLAC
INDUSTRIAL LACQUERS
T-88 LACQUER THINNER
5 U.S. GALLONS

OWENS-CORNING
Fiberglas
Building
Insulation
R-11

Preparing The Fields

Lavender Cultivation & Distillation

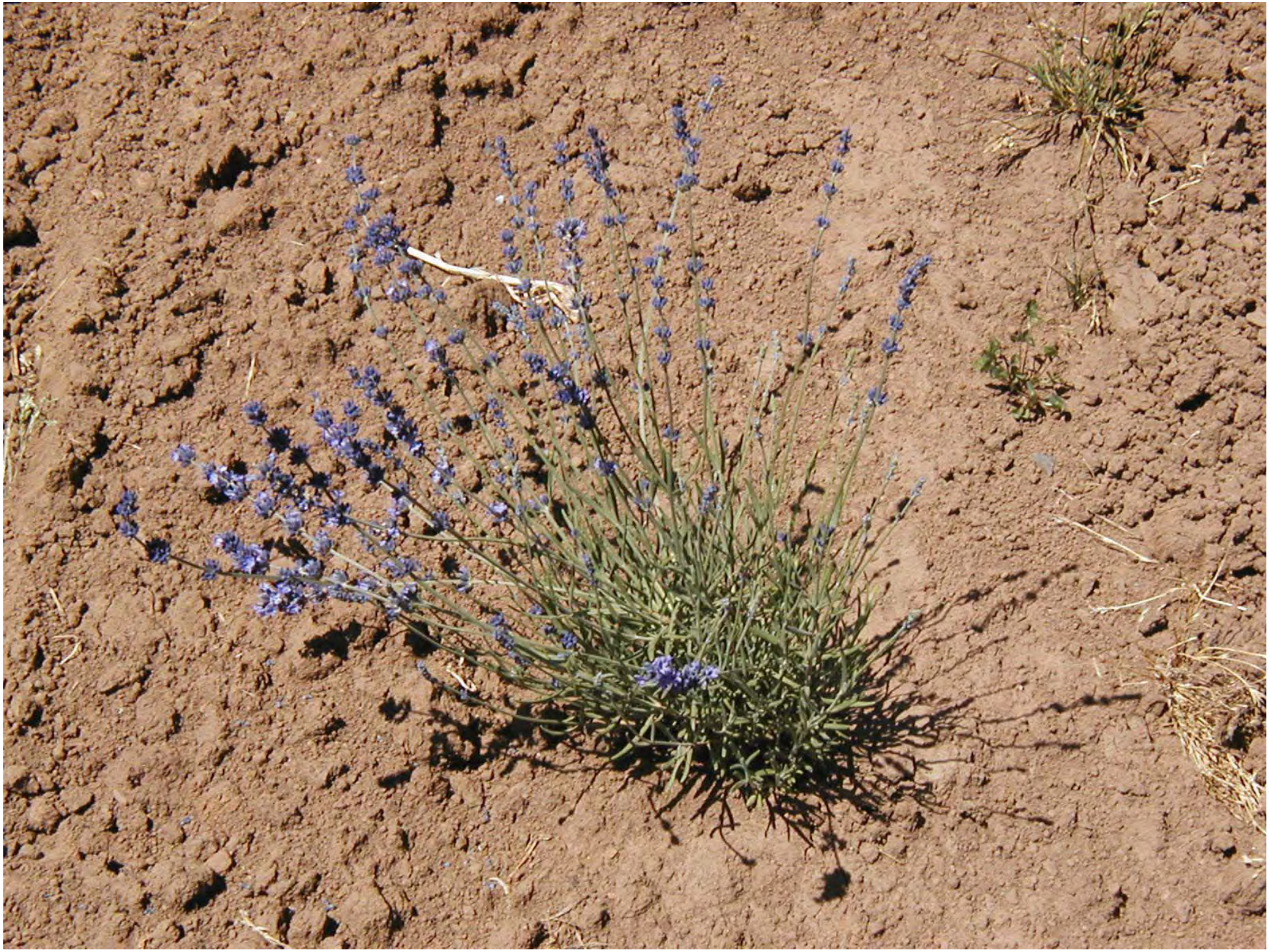
- perennial crop that last 10-15 years.
- 2500 plugs per acre, plugs cost .50 to 1.00 ea.
- well drained soil needed to avoid root rot.
- extensive weeding to avoid competition & oil contamination.
- irrigation needed during heat waves and for immature plants.
- distillery facility costs range from $25,000.00 to $200,000.00.
- significant capital required with a long term payback.

Sustainable Agriculture

The Oregon Lavender Farm is dedicated to creating a healthful farm environment.

Much of the cost of growing lavender is in tilling and weeding.

Despite the fact that it increases our costs, we do not use herbicides or pesticides in growing our lavender.



Harvesting Equipment
For Commercial Lavender Production

- In the United States most farm equipment is manufactured for large scale agribusiness.

- Lavender cultivation is new to the United States and no new equipment is available.

- Older small scale equipment may be modified for lavender harvesting.

- The Oregon Lavender Farm has experimented with several small scale mechanized harvesters, such as the Japanese Ochiai Green Tea Harvester and forage choppers.

- A solution for lavender fields greater than 3 acres is a discontinued self propelled forage harvester that has a direct cut swather head. This unit is similar to the tea tree harvesters used in NSW Australia as to the scale of the harvest tubs.

- The harvester cuts the lavender which is then conveyed into an auger, which feeds a chopper, which then blows the lavender into a smaller harvest distillation tub.

749
751
851
NEW HOLLAND

Mother Distillery

In France the cultivation of lavender for oil production is often located around a primary farm facility that provides services & know how to surrounding farms. Providing these services enables such farms to engage in lavender cultivation when it would otherwise be financially prohibitive.

These services include:

Plugs (Cloned Starter Plants)

Planting

Harvesting

Distillation

Testing & Analysis

Purchase or Brokering of Production

Lavender As A Farm Enterprise

There are two primary paradigms for lavender cultivation and distillation.

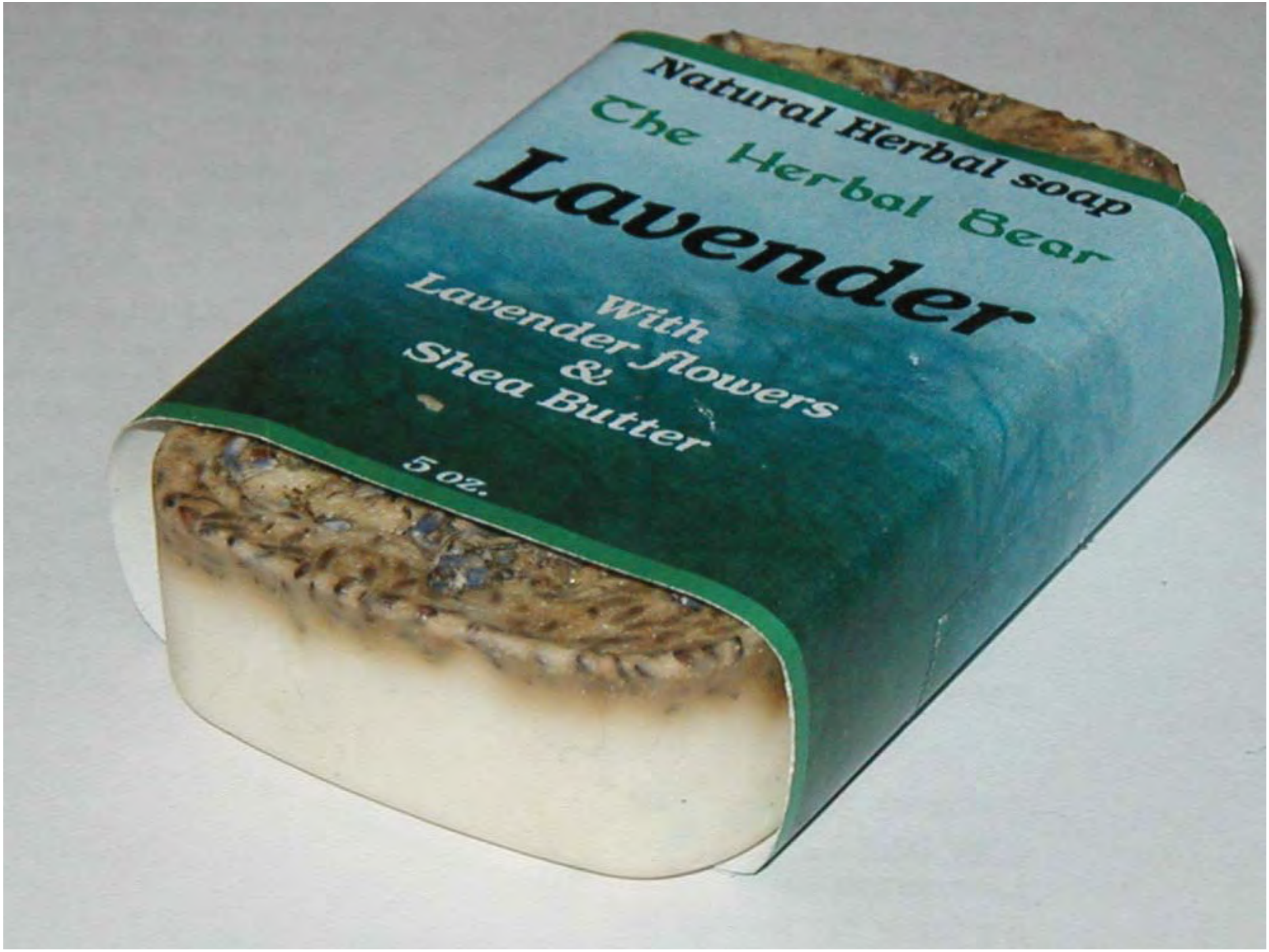
Commercial Lavender Cultivation
3- 100 acres
Primarily for essential oil production.

Mechanized farm equipment required.

Small Farm Lavender Cultivation
Garden Plot to 3 acres
Produce Fresh & Dried Lavender

Primarily for bouquet sales & dried buds,
and value added personal care products.

Can be performed with hand labor
and small engine farm equipment.


Natural Herbal soap
Che Herbal Bear
Lavender
With
Lavender flowers
&
Shea Butter
5 oz.

Pure
Oregon
Lavender
Honey
Pure
Oregon
Lavender
Honey
Pure
Oregon
Lavender
Honey

Support For Value Added Marketing & AgriTourism

Liberty Natural Products, Inc. is a valuable resource for farm based value added production. Many smaller farms are financially viable because they have diversified into producing personal care products using their farm produce. However, they often require additional botanical ingredients and Liberty meets their needs more affordably and effectively than most other companies.

The Oregon Lavender Farm provides an example for other farms on how to create value added products and will be a catalyst for the development of a Lavender Harvest Festival and Tour in Clackamas County and the Willamette Valley.

Address http://www.purplehazelavender.co Go

about purple haze - our store & products - home

PURPLE HAZE LAVENDER LTD.

Click here for Purple Haze PLANTS & PRODUCTS

about lavender - growing lavender - cooking & crafting - events - books & links

About Purple Haze Lavender Farm

SCROLL TO THE BOTTOM OF THIS PAGE FOR MORE LINKS & INFORMATION

Purple Haze Lavender is a 7.5 acre **CERTIFIED ORGANIC LAVENDER FARM** in the Dungeness Valley of Washington's Olympic Peninsula. We are one of more than 36 growers in the valley who are cultivating this wonderful herb.

The rainshadow of the Olympic Mountains creates an ideal microclimate for growing lavender. With less than 20 inches of rain per year, our valley is like those in the Provence region of France where this aromatic herb is native. It is wonderful place to visit while you take the scenic loop around the Olympic Peninsula of Washington State. Our links page will offer you a senic palette of places to visit while on holiday.

View our Photo Tour

Purple Haze Lavender Farm has incorporated the beauty and design of its lavender fields into a landscape of

sequim lavender festival

Join us for the 9th Annual Sequim Lavender Festival July 15, 16, and 17, 2005

The Pacific Northwest's Summer Event of the Senses in Sequim, Washington

Come Celebrate Lavender!

Sequim growers invite you to visit the farms, enjoy sunshine, landscapes of mountains, water, perfumes and colors.

Celebrate the essence of purple fields swaying in the breeze, heady aroma of sun-kissed flowers, a taste of lavender, the sound of music, bees humming blissfully in the fields, and much more. Join more than 30,000 visitors from all over the world in this glorious festival!

THE 2005 CRAFT VENDOR APPLICATION IS NOW AVAILABLE FOR DOWNLOAD HERE!

Opening Ceremonies

Master Gardener Ciscoe Morris, a Northwest media and gardening celebrity, will officially open the Festival on Friday, July 15, 2005 at 11:00 am at the Street Fair Stage. Mr. Morris will also present a herb & garden workshop directly after the Opening Ceremonies.

NEW! Special Seminar: All About Lavender

Monday, July 18, 2005
9 am - 5 am

An all-day workshop on the many uses of lavender, from aromatherapy and medicinal applications to culinary, landscape design and handmade crafts. Robert Kourik, author of *The Lavender Garden*, and Melissa Farris, Certified Herbalist and Aromatherapist, are among the speakers. For costs and reservations, contact info@lavenderfestival.com.

Lavender Buds!

"Lavender Buds" are businesses who support the Lavender Festival. From books and plants to insurance, lodging and travel, they provide a variety of goods and services to our visitors. If you are looking for a good meal or fun shopping, look first to our "Lavender Buds".

Patronize the Lavender Buds today!

Advance Planning

10th Annual Sequim Lavender Festival, July 14, 15 & 16, 2006

11th Annual Sequim Lavender Festival, July 13, 14 & 15, 2007.

For Lavender Festival information, e-mail us at info@lavenderfestival.com or call toll free at 877-681-3035

HIGHLIGHTS GALLERY

PRESENTING PARTNERS

Carroll French and John L. Scott Sequim

Sequim Gazette

Sound Community Bank

Day Trips & Getaways! Clipper Vacations Gray Line

PURCHASE LAVENDER BOOKS 2004 SOUVENIR BUTTONS & POSTERS AND MORE IN THE LAVENDER STORE.

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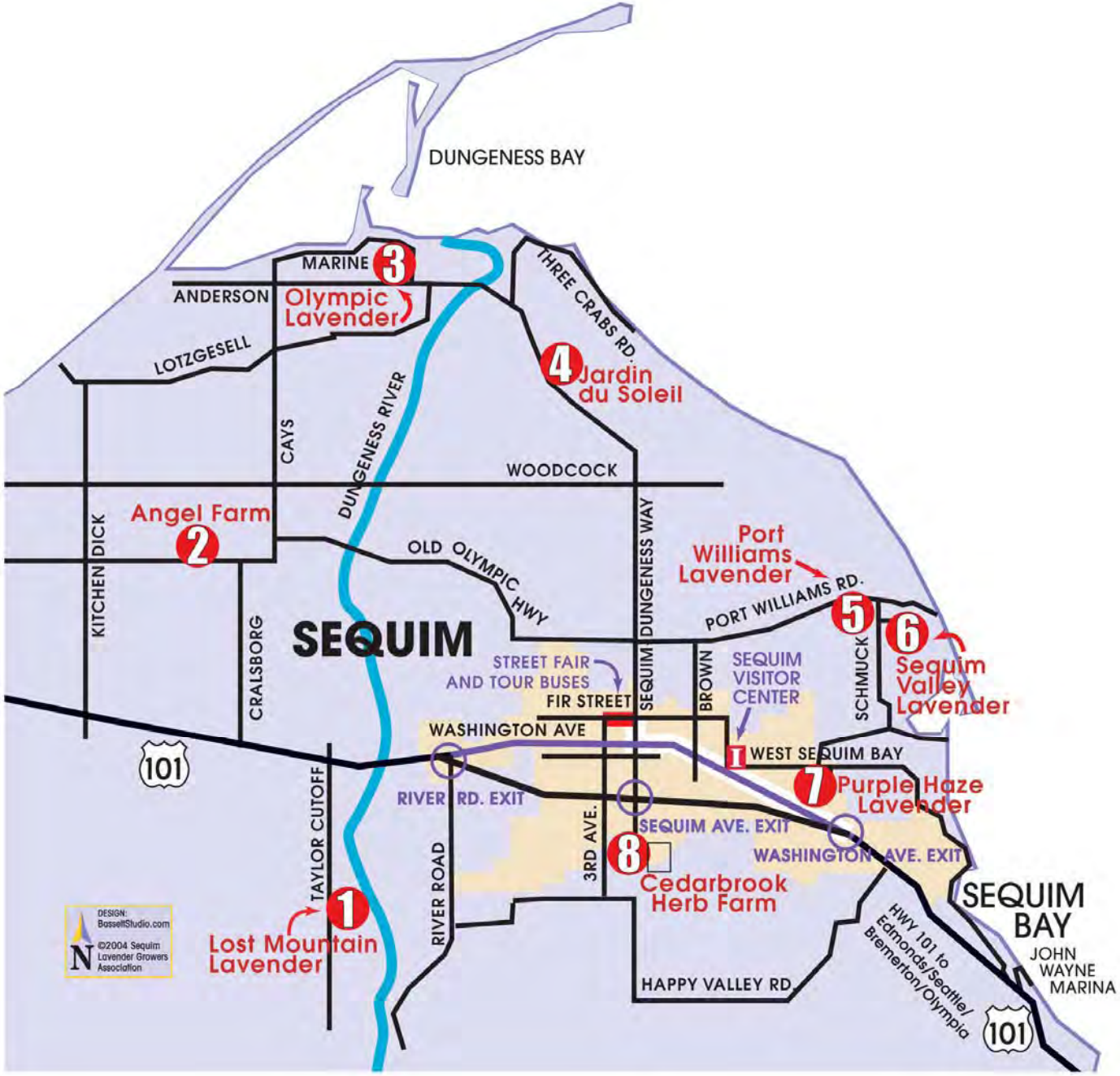

DUNGENESS BAY
MARINE
3
Olympic Lavender
ANDERSON
LOTZGESELL
THREE CRABS RD.
4
Jardin du Soleil
CAYS
DUNGENESS RIVER
WOODCOCK
Angel Farm
2
KITCHEN DICK
OLD OLYMPIC HWY
DUNGENESS WAY
Port Williams Lavender
PORT WILLIAMS RD.
5
6
Sequim Valley Lavender
SEQUIM
CRALSBORG
STREET FAIR AND TOUR BUSES
SEQUIM VISITOR CENTER
FIR STREET
SEQUIM
BROWN
SCHMUCK
WASHINGTON AVE
WEST SEQUIM BAY
101
7
Purple Haze Lavender
RIVER RD. EXIT
SEQUIM AVE. EXIT
WASHINGTON AVE. EXIT
TAYLOR CUTOFF
RIVER ROAD
3RD AVE.
8
Cedarbrook Herb Farm
SEQUIM BAY
JOHN WAYNE MARINA
DESIGN: BassettStudio.com
©2004 Sequim Lavender Growers Association
N
1
Lost Mountain Lavender
HAPPY VALLEY RD.
HWY 101 to Edmonds/Seattle/ Bremerton/Olympia
101

lavenderfarm.com

Now picking

FARM TOUR
PRODUCTS
CRAFT IDEAS
WHERE TO BUY
HISTORY
RECIPES
CONTACT US
BUSINESS CLUB
VARIETIES
BOOK REVIEWS

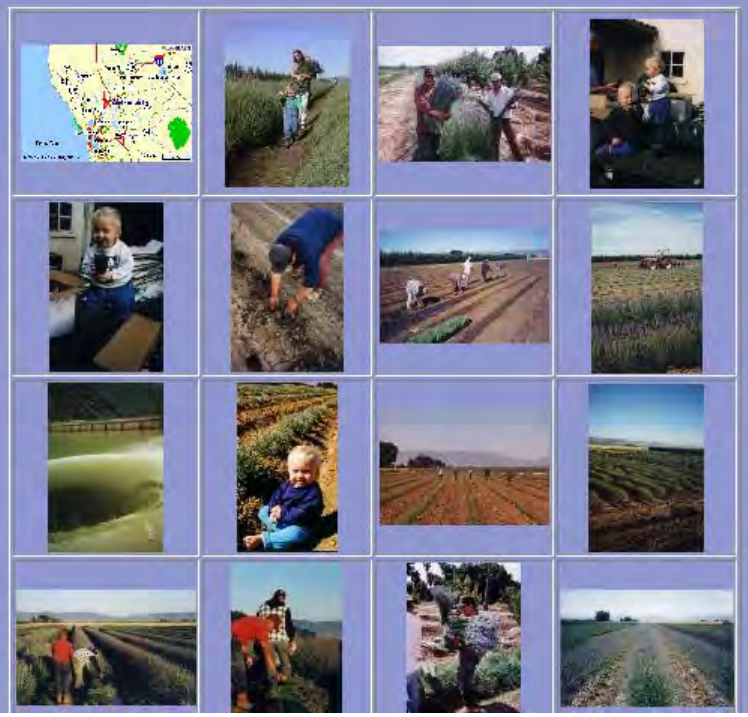
Support small family farmers. Buy direct from the farmers here on the web or at farmers markets.

Farm Tour

Take a tour of the farm from planting to harvest

Lavenderfarm.com is a part of Eatwell Farm.. Our family is Frances and Nigel with twin sons Eric and Andrew. We farm our lavender organically. We have just been inspected and are awiating certification from California Certified Organic Farmers

Please take a tour of the farm.....



1-800-346-9140
ATTRA
National Sustainable Agriculture Information Service
www.attra.ncat.org

Lavender Production, Products, Markets, and Entertainment Farms

Value Added and Processing Guide

Abstract: Intended for a beginning lavender grower with some horticultural experience, this publication discusses geographic and climatic considerations for lavender, soil preparation and cultivation techniques for lavender, lavender propagation materials, field production, lavender essential oils, evaluation of the bulk distillation industry, direct marketing of a variety of lavender products, and the potential for lavender agri-tourism. Besides providing a working farm profile and a list of U.S. lavender farm Web sites, this publication looks in-depth at two clusters of farms in the "lavender entertainment industry" and discusses on-farm lavender product sales. A list of further reading, consultants, and other resources follows. A list of related ATTRA publications includes those that treat marketing in more depth and provide detailed information on plant propagation, especially organic, and the nursery business.

By Katherine L. Adam
NCAT Agriculture Specialist
March 2004
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Illinois lavender field in full bloom. Photo by K. Adam.

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Related ATTRA Publications

Considerations for Organic Herb Production
Direct Marketing
Edible Flowers
Entertainment Farming & Agri-Tourism
Evaluating a Rural Enterprise
Keys to Success in Value-Added Agriculture
Organic Crops Workbook & Resource Guide
Organic Plug and Transplant Production
Suppliers of Plugs for Medicinal Herb Crops
Sustainable Small-Scale Nursery Production

ATTRA is the national sustainable agriculture information service operated by the National Center for Appropriate Technology, through a grant from the Rural Business-Cooperative Service, U.S. Department of Agriculture. These organizations do not recommend or endorse products, companies, or individuals. NCAT has offices in Fayetteville, Arkansas (P.O. Box 3657, Fayetteville, AR 72702), Butte, Montana, and Davis, California.

NCAT

LIBERTY NATURAL PRODUCTS, INC.
20949 S. Harris Road
Oregon City, Oregon 97045
1.503.631.4488 Fax: 503.631.2424
www.libertynatural.com

Mike McCallister
Planning Manager
Clackamas County
Dept of Transportation & Development

December 27th, 2011

Hello Mike,

Last Friday I received a letter from Dean Brown at Clackamas County Code Compliance indicating that it had come to their attention that a commercial activity was operating at the Oregon Lavender Farm without benefit of land use approvals.

Today, I spoke with Diane Batista who provided the particulars of the complaint, indicating that it was an anonymous communication, which only advised that Liberty Natural Products, Inc. was operating a commercial activity at the farm without land use approvals. It was unaccompanied by any facts to support that a land use approval is required or that Liberty's use is violative of any county ordinance.

I am writing to you in advance of speaking with Dean Brown to request your assistance in resolving this issue in the belief that it can minimize the unnecessary consumption of time and resources of both Clackamas County and Liberty Natural.

As you may recall we met in June 2005 at a land use pre-application conference facilitated by Clackamas County Business and Economic Development in January 2005 to discuss the uses at the farm, which included Liberty's integrated farming and distribution business and also our desire to enter into a compliance agreement to transition a non-conforming use hold over tenant who distributed used auto parts from the farm. Liberty presented a power point presentation describing the farm property, its history and uses. A short time thereafter, in a meeting in your office we discussed EFU land use issues with respect to Liberty's business operations at the Oregon Lavender Farm. In that conversation I advanced the position that Liberty's distribution business is a conjunctive use to its farming practice and could be interpreted as a use allowed outright because it is customary to the botanical extract trade.

In the seven years since our meeting, we have enjoyed a good relationship with both Clackamas County and also our neighbors. Kim Priest worked with me patiently in successfully transitioning our holdover tenants business elsewhere. This coming year will be our sixth annual Clackamas County Lavender Festival which has been co-sponsored by Clackamas Community College and Clackamas County Soils and Water. We now have over 25 organically certified acres of lavender and are in the process of expanding our preparation facilities to accommodate the planting of more acreage in the future. We were pleased to be included in Lavender Fields of America, a picture book of 20 of the most picturesque lavender farms in the United States. For the past several years, Liberty has funded a small scholarship for Clackamas Community College horticulture students. We also have developed a relationship with the Springwater Environmental School. Our current project is a demonstration of essential oil extraction from the chippings of the students Christmas trees and education about the use of the spent charge in adding carbon to our horse manure composting. Liberty now employees over 30 people at the Oregon Lavender Farm, the majority of which are Clackamas County residents. Business is thriving and we are proud to be a Clackamas County business success story.

Now here's the story of how we stepped in it. The anonymous complaint came as no-surprise to us. I will try to make a very long story short, which I believe the County should be made aware of in considering its action on this land use complaint. While we do not have evidence of who filed the complaint at this time, we are pretty certain as to the identity of the responsible party and their motivation based on our experiences. We have been in protracted litigation in Oregon, Maine, and Florida since 2008 with a former customer, a non-Oregon resident, for whom we manufactured herbal extracts. The litigation will be coming to trial in all three states in the next few months and the defendant's back is up against the wall. Our customer failed to pay for goods shipped and we litigated the matter in Clackamas County Circuit Court and obtained a final judgment, which included findings of vexatious fabrication of documents and false testimony. Prior to our Oregon contract litigation we discovered that this party had also been subject to a Consumer Unfair Trade Practices Action in Connecticut. That matter was settled with an $88,000.00 payment to the State of Connecticut in 2010. In the course of the 2009 Oregon trial, the defendant filed baseless counterclaims of $476,400.00, defamed us, and is now defending against our defamation claims in Florida. In attempting to collect on our Clackamas County judgment this party has filed two legal actions against our attorneys, three bar complaints, a bar complaint against myself for the unlicensed practice of law, a ~$750,000.00 vexatious lawsuit against a friend who is a consultant, and several complaints with the Oregon Department of Agriculture (ODA) and the Food and Drug Administration. In August 2011, investigator Mike Black of the ODA found that the complaints they received from this party were a waste of the ODA's resources and provided no basis to proceed. The filing of these frivolous complaints has been extremely time consuming and is part of the complainants pattern of disrupting judicial process by taxing the time and resources of parties seeking relief from the court. The defendant and her husband, who sat on a Maine zoning appeals board were themselves subject to code compliance issues in Connecticut. The timing of the complaint and the history of a plethora of vexatious acts leaves us little room for doubt as to who filed the complaint.

It is very likely that as in the ODA complaint, this party will follow up on the status of the complaint and demand that action be taken. If inclined, I encourage the County to obtain the identity of the party. It is understood that this information, if acquired by the County, might only be obtainable by us under court order.

If the complaining party is the subject defendant, then I believe the reasons for the filing of this complaint are inconsistent with Clackamas County's interests in the matter.

I am concerned that if I directly assert to Code Compliance that Liberty's use is allowed outright it will lack credibility and might set things off on the wrong foot. Your permission to ask Dean Brown to confer with you regarding Liberty's operations and the land use at the Oregon Lavender Farm would be would be greatly appreciated.

Sincerely,

Jim Dierking
President
Liberty Natural Products, Inc.
dba Oregon Lavender Farm
503-544-4715
jim@libertynatural.com

CLACKAMAS COUNTY

Campbell M. Gilmour
Director

DEPARTMENT OF TRANSPORTATION AND DEVELOPMENT

SUNNYBROOK SERVICE CENTER
9101 SE SUNNYBROOK BLVD. | CLACKAMAS, OR 97015

April 22, 2008

Subject: **Violation of the Clackamas County Code – File Number V0437-04**

Site Address: 20950 S Harris Rd Oregon City, OR 97045
T2S, R3E, Section 27C, Tax Lot 01701

On April 16, 2008, the County met with Jim, onsite, to discuss the completion of the removal of all items associated with an auto parts storage, scrapping business from the subject property.

The County was pleased to see the majority of the items have been removed; however, there are still some items located onsite which Jim indicated belong to Don.

It is the County's position that adequate time has passed for the abatement of this violation. Jim indicated his business has need for the space and the original agreed upon deadline of November 1, 2007 has long since past and the County has been cooperative in working with you to extend that deadline.

The County can not allow this violation to continue unresolved. In order to avoid further compliance action from this office it is requested that the following action be completed no later than May 1, 2008:

- Remove all items remaining from the auto parts salvage/scrapping business from the property, including but not limited to shopping carts, barrels, parts, and scrap.

Please be advised this is the final extension the County will grant towards bringing the property into compliance. Failure to comply will result in further compliance action.

Kim Priest

Kim Priest
Code Compliance Specialist
Community Environment Division

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VOLUNTARY COMPLIANCE AGREEMENT

This document describes the terms of an Agreement between Clackamas County, "COUNTY," and **James R Dierking, & Don Swanson**, "RESPONDENTS," to achieve voluntary compliance with the laws governing use of the property described herein, that is under Respondent's James R Dierking ownership, possession or control.

1. **Description of Property**: The property where enforcement action is deemed necessary to correct the violations that are the subject of this agreement is located at:

20950 S Harris Rd., Oregon City OR 97045
T2S, R3E, Section 27C, Tax Lot 1400, 1500, 1600, 1700 & 1701
T2S, R3E, Section 28, Tax Lot 304

2. **Respondents' Links to Property**: Respondent **James R Dierking is the Owner** of the Properties described, therefore is responsible for what occurs at the property. Respondent **Don Swanson is the Tenant** on the Property described, who is renting several buildings located on the subject properties to operate his auto salvage and resale business.

3. **Violation(s) to be Corrected Under this Agreement**: The following violations are occurring at the property described, and must be corrected under the terms of this Agreement:

   a. **The Subject property is currently zoned EFU –Exclusive Farm Use District, Section 401 of the Clackamas County Zoning and Development Ordinance. Respondents are operating an automotive parts salvage/recycling and resale business from the subject properties. This activity is not a listed Primary Use, a use subject to review by the planning director or a use listed as a conditional use, thus this activity is a prohibited use, and therefore a violation of Section 401.08 of the Clackamas County Zoning and Development Ordinance.**

   b. **Respondents are using or allowing to be used, four large agricultural rabbit barns for the categorizing, sorting and the storage of automobile parts. Chapter 1, Section 105 of the 2003 State of Oregon Structural Specialty Code requires that a building permit is required for a change of occupancy, thus this commercial use within non-approved buildings creates separate violations of the State Building Code.**

Entering into this Voluntary Compliance Agreement is an acknowledgment by Respondents of sufficient notice that the County intends to follow through with corrective action and enforcement, if necessary. However, entering into this Agreement shall not be considered an admission by Respondents of the existence of the violation(s) for any purpose.

4. **Required Corrective Action & Time Limits for Compliance**: The following actions are required to correct the violations identified above. Each action must be completed in the time frame specified in this Agreement.

Due to the significant volume of automotive parts contained within these four buildings, compliance is being tailored to reduce the total volume by 25% every six months, with total compliance achieved within two years from March 1, 2005, thus Respondents agree to:

A. **Reduce the total volume of automotive parts by 25% by August 31, 2005**
B. **Reduce the total volume of automotive parts by 50% by February 28, 2006**
C. **Reduce the total volume of automotive parts by 75% by August 31, 2006**
D. **Remove the remainder of all automotive parts, all equipment and supplies associated with this automotive parts salvage/recycling and resale business and to completely cease the operation of the auto parts salvage business from the subject properties by February 28, 2007.**
E. **Respondents agree to contact the County on each of the critical dates and to facilitate with the County, inspection of all rabbit barns to ensure that the terms of this agreement are being adhered to.**

5. **Impact of Voluntary Compliance Agreement on Enforcement Action by County**:

County agrees to delay further processing or enforcement action on the violation(s) listed above during the time allotted under this Voluntary Compliance Agreement for completion of all corrective action. County shall take no further action concerning the alleged violation(s) if all terms of this Voluntary Compliance Agreement are satisfied. However, if new evidence comes to County's attention after execution of this Agreement that indicates the violations are more severe or significant than originally believed, County may require Respondents to enter into an Amended Voluntary Compliance Agreement, or an additional Voluntary Compliance Agreement for additional corrective action on these violations. Failure to enter into the Amended or additional Agreement under those circumstances would result in revocation of this Agreement and reinstatement of processing and other enforcement action by County.

If no new evidence arises to alter the terms agreed to here, and if proceedings were initiated against Respondents prior to execution of this Agreement, then those proceedings will be terminated by County when all terms of this Agreement are satisfied.

6. **Impact of Failure to Comply with Terms of this Voluntary Compliance Agreement**:

Failure to comply with any term of this Voluntary Compliance Agreement constitutes a separate violation, and shall be handled in accordance with the procedures established by Chapter 2.07 of the Clackamas County Code, except that the notice provisions in that Chapter are automatically satisfied once this Agreement has been signed. Upon failure by Respondents to comply with any term of this Voluntary Compliance Agreement, County may consider this Agreement voided and proceed with enforcement action on the violation(s) described herein.

By signing below, the parties agree to all terms set out in this Voluntary Compliance Agreement.

COUNTY

Signature

Steve Marshall
Code Compliance Specialist
DTD – Community Environment
9101 SE Sunnybrook Blvd.
Clackamas, Oregon 97015
(503) 353 – 4457

Date: 4-5-05

RESPONDENT

Signature

James R. Dierking
(Print Name)

20950 S. Harris Road
(Print Mailing/Contact Address) 97045

503-544-4715
(Phone Number)

Date: 3-22-05

RESPONDENT

Signature

D. Swanson
(Print Name)

(Print Mailing/Contact Address)

(Print Phone Number)

Date: 3-22-05

This voluntary compliance agreement shall not act to remove any rights respondent may have under County ordinance, State or Federal law.

In the event Respondent obtains a determination under the law that the uses subject to this voluntary compliance agreement are not violations, then such relief from compliance shall not constitute a separate violation as provided in this agreement.

LAVENDER FIELDS of AMERICA

A NEW CROP OF AMERICAN FARMERS

Rebecca Rosenberg and Gary Rosenberg

OREGON LAVENDER FARM

OREGON CITY • OREGON

Jim Dierking's story is a serendipitous case of the tail wagging the dog. Jim, long enamored with essential oils and aromatherapy, owns Liberty Natural Products, distributing more than 1,000 botanical extracts around the world. But in 1999, he needed a bigger place for his growing business and bought a rambling ninety-acre farm which had been a Carnation Egg Ranch and later a Rex Rabbit operation. It had fallen into disrepair. With 150,000 feet of barns and buildings, the farm offered him a chance to renovate the property into a fine facility for his business and plant fields and fields of lavender.

"I chose to plant lavender because women love it," Jim says, smiling. "Besides the fact that it is the most highly regarded and commercially grown oil in the world."

Several friends and colleagues have guided Jim through the ambitious venture.

Dr. Don Roberts, a retired Oregon State University professor, had developed a highly regarded *Lavandula angustifolia* variety, 'Buena Vista', prized for its vibrant blue color and high quality essential oil. Don helped Jim select the varieties of lavender to plant and educated him on cultivation.

Jim was also mentored by Robert Unrath, a flavor and fragrance chemist, and head of the U.S. distribution arm of the French company,

Exhibit 43, Page 3

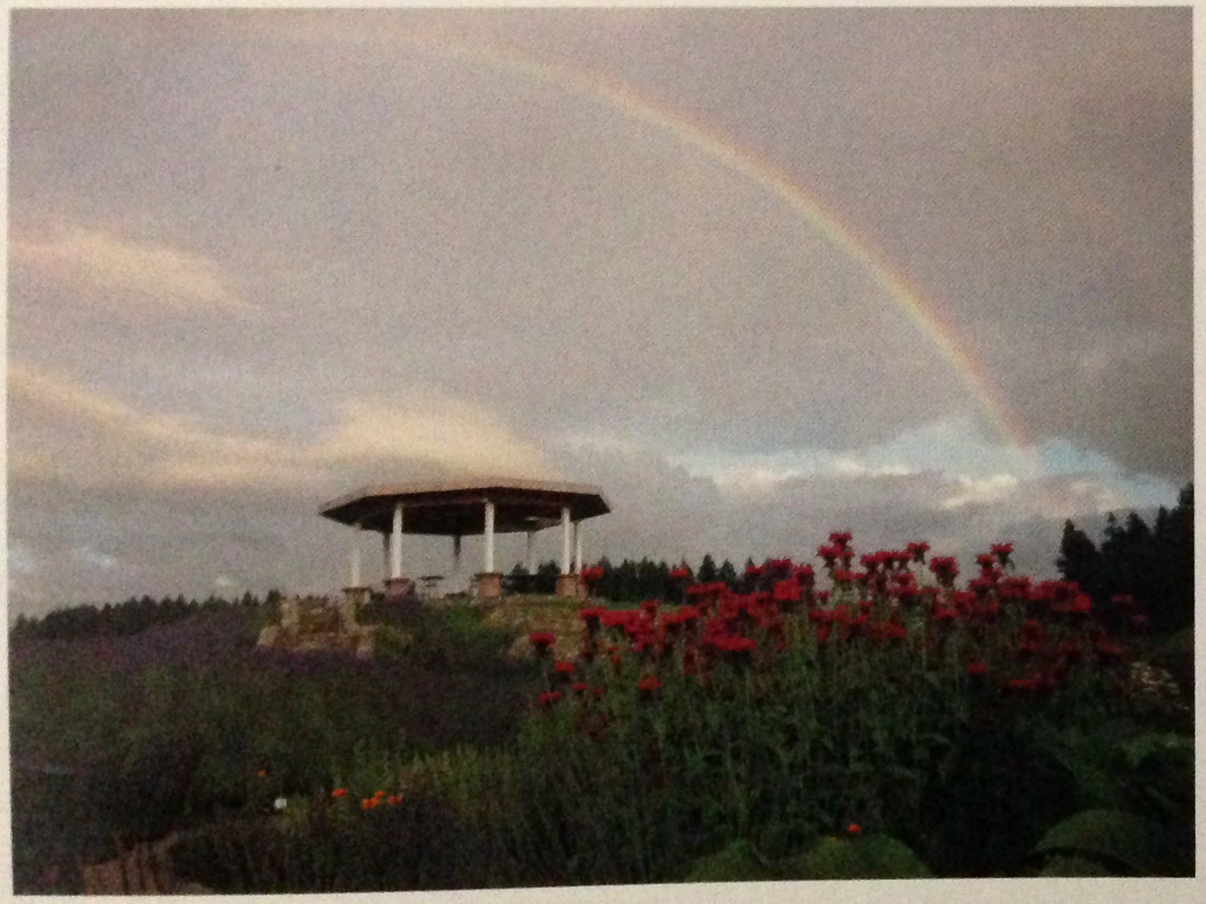
Jim Dierking, Oregon Lavender Farm

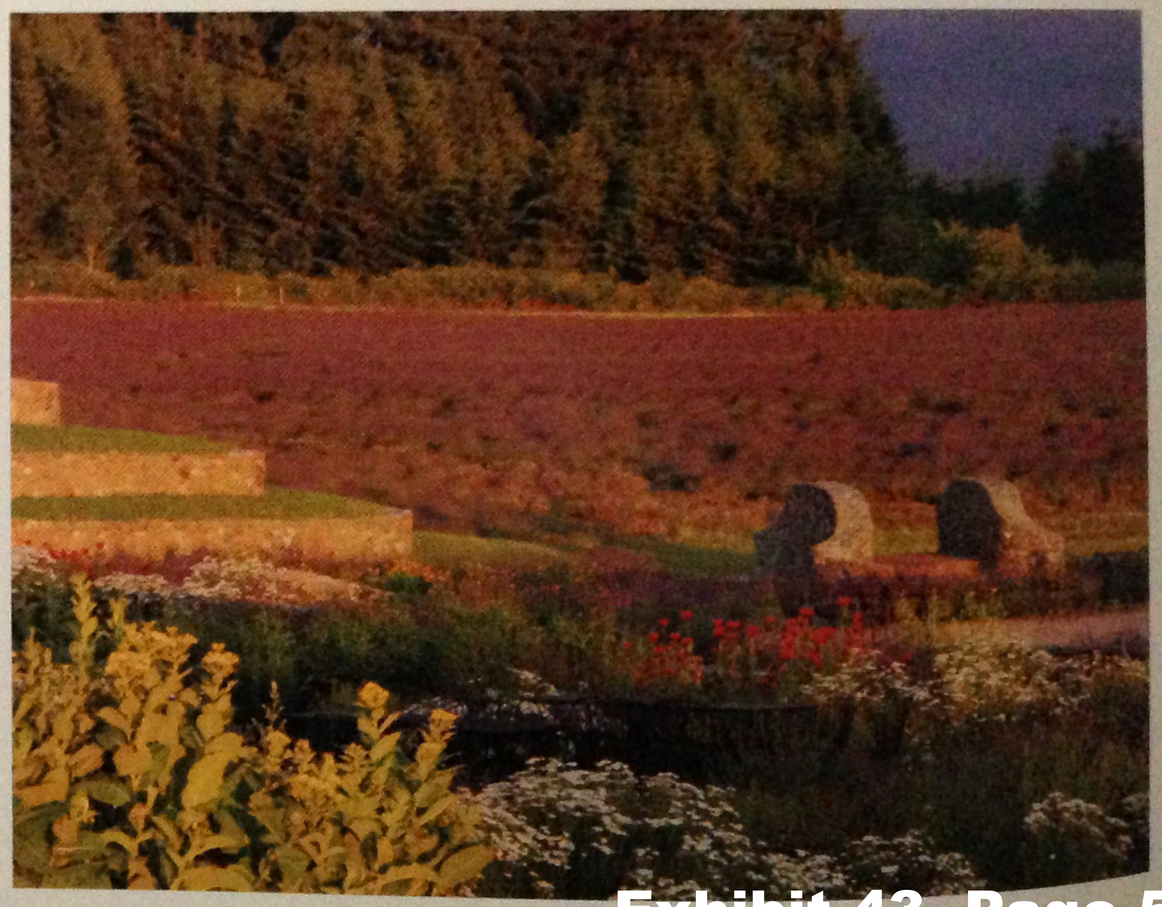
"The healing and aroma of lavender led me into manufacturing
and distributing essential oils around the world."

LAVENDER ✿ LIFESTYLE

Travel with Lavender.

Lavender reduces stress and provides practical solutions for your travels. Lavender-filled slippers soothe tired feet. Lavender Travel pillows and sleep masks relax and rejuvenate. Lavender stuffed animals soothe cranky kids. Lavender spray mist refreshes psyche and hydrates skin. Lavender essential oil heals cuts, relieves pain, relaxes, aides sleep, bans odors.





whose family's great grandfather founded the lavender industry in France. Robert provided Jim with an overview of large-scale lavender cultivation and distillation, and arranged a trip to Provence. The trip inspired Jim to develop the agri-tourism aspect of the farm.

Oregon Lavender Farm's manager, Ivan Grier, has been with Jim since they planted in 2002. Straight out of the horticulture program of Mt. Hood Community College, Ivan helped Jim clear the brush, pull stumps, and remove rocks. Eventually, he learned propagation, cultivation, and distillation of the lavender oil.

Today, Oregon Lavender Farm has 60,000 plants on twenty acres, and Jim plans to expand. They grow *Lavandula angustifolia* 'Buena Vista', *Lavandula x intermedia* 'Grosso', and *Lavandula latifolia*. They have a small scale distillery and are developing a larger distillery to handle their expanding lavender fields.

"My vision is to become the 'Mother' distillery for the Oregon lavender industry," Jim says.

But Oregon Lavender Farm is not all business, proven by the water and light show at the base of the aromatherapy garden. The water cascades down a hillside to a large pond behind a stage and dance floor where fifty water jets and two hundred lights are synchronized to music. In late June, Oregon Lavender Farm hosts the Clackamas County Lavender Festival. Visitors enjoy lavender honey chicken wings, lavender beer, and live music while picking lavender and learning about sustainable agriculture and oil distillation.

'Buena Vista'
Buena Vista, developed by Dr. Don Roberts and grown organically in Oregon is known for its super blue color and high quality essential oil.

Exhibit 43, Page 6

Come and enjoy a fun filled day of bluegrass music, lavender picking, food & wine tasting, wreath making classes, hay rides & maze for kids, arts & crafts, lavender ice cream, local vendors, a morning demonstration of lavender distillation and much, much more….

20949 S. Harris Road
Oregon City, Oregon 97045
Visit www.oregonlavenderfarm.com for more info
or call Jim Dierking at 503-631-4488

Sponsored By: ***CCC Environmental Learning Center***

The Oregon Lavender Farm

The day begins with the season's first harvest and distillation.
And the sweet essence of lavender fills the summer air.

2008 Clackamas County Lavender Festival

SATURDAY, JUNE 28TH
10 AM to 5 PM

Enjoy a Fun Filled Day of Music, Lavender Picking, Food, Beer & Wine Tasting, Wreath Making, Activities for Kids: Horseback Rides, Facepainting, Hay Pyramid, Arts & Crafts and more....

Experience Lavender Chicken Wings, Lavender Ale, Lavender Ice Cream. Many Local Ag Vendors!

Sponsors:
Clackamas Community College
Clackamas County Soils & Water District

20949 S. Harris Road Oregon City, Oregon 97045
www.oregonlavenderfarm.com

Free Admission - Service Animals Only

Copyright 2008 Liberty Natural Products, Inc.

The Oregon Lavender Farm

The day begins with the season's first harvest and distillation.
And the sweet essence of lavender fills the summer air.

2009 Clackamas County Lavender Festival

SATURDAY, JUNE 27th
10 AM to 5 PM

Enjoy a Fun Filled Day of Music, Lavender Picking, Food, Beer & Wine Tasting, Wreath Making, Activities for Kids: Horseback Rides, Facepainting, Water Feature, Arts & Crafts and more....

Experience Lavender Chicken Wings, Lavender Ale, Lavender Ice Cream. Many Local Ag Vendors!

Sponsors:
Clackamas Community College
Clackamas County Soils & Water District

20949 S. Harris Road Oregon City, Oregon 97045
www.oregonlavenderfarm.com

Free Admission - Service Animals Only

Copyright 2008 Liberty Natural Products, Inc.

The Oregon Lavender Farm

The day begins
with the season's first harvest & distillation.
And the sweet essence of lavender fills the summer air.

2010 Clackamas County 4th Annual Lavender Festival

SATURDAY - SUNDAY JUNE 26 & 27
10 AM to 5 PM

Enjoy a Fun Filled Day
Music, Lavender Picking
Food, Beer & Wine Tasting
Wreath Making

Activities for Kids:
Horseback Rides
Facepainting
Water Feature
Arts & Crafts & more....

Experience Lavender
Chicken Wings, Ale
Lemonade & Ice Cream
Local Ag Vendors!

Sponsors:
Clackamas Community College
CC Soils & Water District

20949 S. Harris Road
Oregon City, Oregon 97045
www.oregonlavenderfarm.com

Free Admission - Svc Animals Only

Copyright 2010 Liberty

The Oregon Lavender Farm

The day begins with the season's first harvest and distillation.
And the sweet essence of lavender fills the summer air.

2011 Clackamas County Lavender Festival

Sat-Sun, June 25th & 26th
10 AM to 5 PM

Enjoy a Fun Filled Day of Music, Lavender Picking, Food, Beer & Wine Tasting, Wreath Making, Activities for Kids: Horseback Rides, Facepainting, Water Feature, Arts & Crafts and more....

Experience Lavender Chicken Wings, Lavender Ale, Lavender Ice Cream. Many Local Ag Vendors!

Sponsors:
Clackamas Community College
Clackamas County Soils & Water District

20949 S. Harris Road Oregon City, Oregon 97045
www.oregonlavenderfarm.com

Free Admission - Service Animals Only

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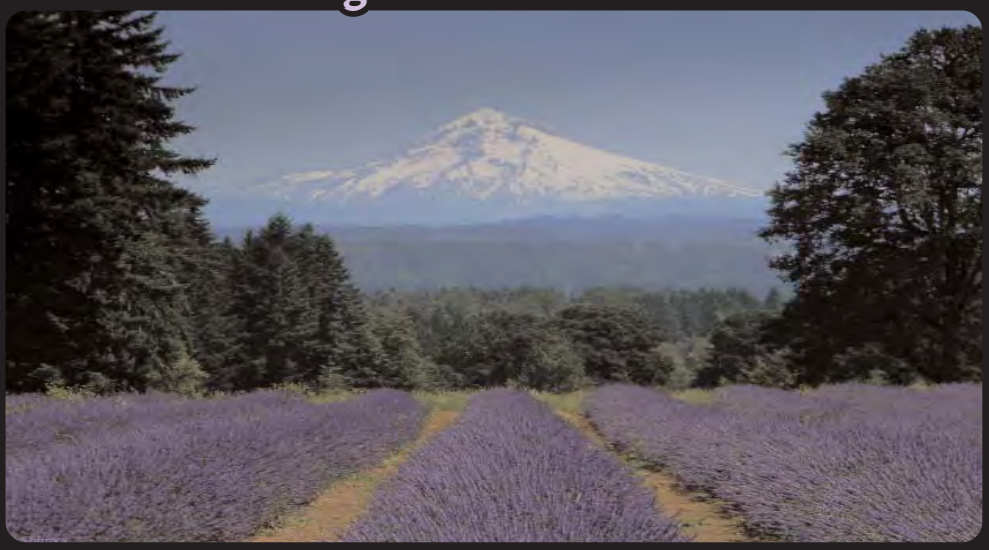
The Oregon Lavender Farm



The day begins with the season's first harvest and distillation.
And the sweet essence of lavender fills the summer air.

2012 Clackamas County Lavender Festival

Saturday June 30th & Sunday July 1st
10 AM to 5 PM

Enjoy a Fun Filled Day of Music, Lavender Picking, Food, Beer & Wine Tasting, Wreath Making, Activities for Kids: Horseback Rides, Facepainting, Water Feature, Arts & Crafts and more....

Experience Lavender Chicken Wings, Lavender Ale, Lavender Ice Cream. Many Local Ag Vendors!

Sponsors:
Clackamas Community College
Clackamas County Soils & Water District

20949 S. Harris Road Oregon City, Oregon 97045
www.oregonlavenderfarm.com

Free Admission - Service Animals Only

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The Oregon Lavender Farm

The day begins with the season's first harvest and distillation.
And the sweet essence of lavender fills the summer air.

2013 Clackamas County Lavender Festival

Sat July 13th Sunday July 14th
10 AM to 5 PM

Enjoy a Fun Filled Day of Music, Lavender Picking,
Food, Beer & Wine Tasting, Wreath Making,
Activities for Kids: Facepainting,
Water Feature, Arts & Crafts and more....

Experience Lavender Chicken Wings, Lavender Ale,
Lavender Ice Cream. Many Local Ag Vendors!

Sponsors:
Clackamas Community College
Clackamas County Soils & Water District

20949 S. Harris Road Oregon City, Oregon 97045
www.oregonlavenderfarm.com

Free Admission - Service Animals Only

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Oregon
Theodore R. Kulongoski, Governor

Department of Agriculture
Office of the Director
635 Capitol Street NE
Salem, OR 97301-2532
(503) 986-4552
FAX: (503) 986-4750

October 11, 2007

Jim Dierking
Liberty Natural Products
8120 SE Stark
Portland OR 97215

Dear Jim:

Thank you so much for participating in the September 29th 2007 Foods of Oregon Symposium. Your contribution of time, to prepare, travel and participate, especially on a Saturday, was very generous and much appreciated.

Your experience and knowledge lent much to the event, and we hope that we can call upon you again in the future, should an opportunity present itself, especially as we continue the process of educating consumers and industry about the importance of Oregon agriculture.

We've heard nothing but positive comments about the Foods of Oregon Symposium, so on behalf of the Oregon Department of Agriculture and the future Portland Public Market, who will receive the proceeds from ticket sales to the Symposium, thanks so much for helping make this a memorable event.

Sincerely,

Katy

Katy Coba
Director

THE FOODS OF OREGON EDUCATIONAL SYMPOSIUM

SEPTEMBER 29, 2007
PORTLAND, OREGON

PROGRAM AGENDA

12:00 Introduction – Katy Coba, Director, Oregon Department of Agriculture

12:15 Luncheon featuring a sample of Oregon's agricultural bounty

Panel Discussions:

12:45 Berries: Blackberries, Blueberries, Raspberries and Strawberries
- Dr. Chad Finn, USDA-ARS
- Roy Malensky, Oregon Berry Packing
- Craig Messmer, Gingerich Farms
- Moderator: Janie Hibler, Writer & Cookbook Author

1:20 Herbs & Essential oils: Hops, Mint and Lavender
- Jim Dierking, Oregon Lavender Farm & Liberty Natural Products
- Doug Walker, Essex Labs
- Moderator (& Speaker): Michelle Palacios, Oregon Hop Commission

1:50 Break

2:00 Cheese & Dairy Products
- Dr. Lisbeth Goddik, Oregon State University
- William Luth, Tillamook Creamery
- Moderator: Steve Jones, Steve's Cheese shop

2:35 Fall Vegetables: Potatoes, Onions, Mushrooms and Truffles
- Greg Bennett, Northwest Onions
- Dr. Charles Lefevre, New World Truffieres
- Nels Iverson, Iverson Family Farms & Oregon Potato Commission
- Moderator: Jack Czarnecki, Joel Palmer House restaurant

3:10 Tree Fruit & Nuts: Cherries, Pears and Hazelnuts
- Dr. Shawn Mehlenbacher, Oregon State University
- Dr. Clark Severt, Oregon State University Extension
- Moderator: Stephen McCarthy, Clear Creek Distillery

3:45 Seafood: Dungeness Crab, Albacore tuna, Salmon, Oysters and Shrimp
- Laura Anderson, Local Ocean Seafoods
- Cindy Simmons, Umpqua Oysters
- Moderator: Dr. Michael Morrissey, OSU Seafood Center & Food Innovation Center

4:20 Break

4:30 Ensuring Quality
- Jim Cramer, Commodity Inspection Division, Oregon Dept. of Agriculture
- David A. Ernst, Bullivant, Houser, Bailey
- Sarah Masoni, Food Innovation Center Product Design Group
- Moderator: Dr. John Henry Wells, Food Innovation Center

5:00 Reception featuring Oregon food and beverages (beer and wine included)

SPONSORS INCLUDE:

Boyds Coffee Company
Hazelnut Marketing Board
Northwest Pear Bureau
Oregon Albacore Commission
Oregon Blueberry Commission
Oregon Brewers Guild
Oregon Dairy Products Commission
Oregon Department of Agriculture
Oregon Dungeness Crab Commission
Oregon Raspberry Blackberry Commission
Oregon Potato Commission
Oregon Strawberry Commission
Oregon Trawl Commission
Willamette Valley Vineyards

THE FOODS OF OREGON EDUCATIONAL SYMPOSIUM
SEPTEMBER 29, 2007
PORTLAND, OREGON

SPEAKER BIOGRAPHIES

Anderson, Laura – Local Ocean Seafoods
Laura Anderson is a third generation commercial fisherman. Working summers on her father's fishing boat (salmon trolling and Dungeness crabbing) gives her an authentic understanding of product quality and sourcing.

Laura completed a Master's program in Marine Resource Management at Oregon State University in June 2000. She has since been an independent Marine Resource Management Consultant to several organizations for community based management, green marketing, and economic development.

In 2002 she co-founded Local Ocean Seafoods, a fish market and restaurant that promotes seafood purchases that support a vibrant and diverse food system, takes care of the environment, connects and respects people and strengthens the local economy.

Bennett, Greg – Northwest Onion
Greg Bennett is a 4th generation Oregon farmer, based in the Brooks-Labish area. The farm operation raises fall storage red and yellow onions along with grass seed, tall fescue, perennial ryegrass and spring wheat. He started Northwest Onion Co. in 1988 with his two brother-in-laws. Most of their onion crop is shipped to Asian markets.

Greg served on the Western Oregon Onion Commission for many years and is past chairman. He is a current member of the National Onion Association and is a trustee for the Association as a chairman of the Industry & Export committee. He also served as its president in 1999 and 2000.

Greg also serves as a current member of: the Shipping Point Advisory committee for ODA as the Salem representative; the Marion County Farm Advisory Board; two water control and improvement districts in the Lake Labish area.

Cramer, Jim – Oregon Department of Agriculture
Jim Cramer is the Administrator, Commodity Inspection Division (CID), Oregon Department of Agriculture, a position he has held for the past six years. The CID inspects and certifies fresh fruits and vegetables for quality and condition to meet domestic and foreign export requirements. For fiscal year 2006 the division inspected and certified over 1.3 billion pounds for the fresh market and over 3 billion pounds for the processing market. Oregon has been very instrumental in developing and implementing the National USDA Good Agriculture Practices and Good Handling Practices (GAP/GHP) Program. The Commodity Inspection Division certified over 24,000 acres covering a variety of crops for fiscal year 2006.

Czarnecki, Jack – The Joel Palmer House restaurant
Jack Czarnecki was born in Reading, Pennsylvania in 1950. He and his wife, Heidi, are graduates of UC Davis and ran the family business, Joe's Restaurant, in Reading from 1975 to 1996, when they moved to Oregon to open The Joel Palmer House restaurant. Jack is the author of three cookbooks on mushrooms including "A Cook's Book of Mushrooms," which won the James Beard Award in 1996. Jack has appeared in numerous publications over the years as well as television specials, the latest of which features a truffle hunting trip on The Travel Channel's "Best Places to Find Cash and Treasures". He lives in Dundee with Heidi and notes he is very close to some great truffle patches.

Dierking, Jim – Liberty Natural Products
Jim Dierking is President of Liberty Natural Products, founded in 1982 in Sandy, Oregon, with the goal of distributing essential oils and producing natural personal care and health food products. Liberty distributes a wide selection of essential oils, and offers approximately 1000 different botanical oils and extracts into the personal care, flavor, fragrance and holistic therapy markets.

In 1999, Liberty Natural Products acquired the 90-acre Oregon Lavender Farm, embarking on lavender growing and distillation. The farm grows a variety of crops, including lavender & clary sage for essential oil distillation, a variety of herbs for herbal extracts, and also grows organic vegetables. The farm is noted for it's spectacular view of Mt. Hood and is used for weddings, special events and site of an annual lavender festival.

Ernst, David A. – Bullivant Houser Bailey, PC
David A. Ernst has been a practicing attorney with the West Coast law firm of Bullivant Houser Bailey, PC since 1985. Mr. Ernst, a Portland native, chairs his firm's Food and Beverage Industry Group and devotes a substantial portion of his practice to matters unique to the food industry. Over the last 15 years, he has represented clients ranging in size from small farms to national restaurant chains in outbreak and food contamination claims throughout the United States. Mr. Ernst has handled over 1,000 claims on behalf of the industry arising from outbreaks, including E. coli, hepatitis A, and salmonella claims. Mr. Ernst is a frequent author and speaker on food safety and liability issues. He has twice been recognized as a premier litigator by Chambers USA: America's Leading Lawyers for Business; the publication described him as having "developed an impressive national reputation in food outbreak disputes."

Finn, Chad – U.S. Dept. of Agriculture, Agriculture Research Service (USDA-ARS)
Chad Finn is a Research Geneticist with USDA-ARS. Their cooperative berry breeding program with Oregon State University has two broad goals: They develop new blackberry, strawberry, blueberry and raspberry cultivars (varieties) for the Pacific Northwest commercial small fruit industry. They address the most pressing needs, such as striving to develop a thornless blackberry with the fantastic fruit quality of 'Marion' and a more disease resistant strawberry that tastes as great as 'Hood'. Their second major emphasis is to expand germplasm available to plant breeders by collecting wild relatives of the crops they work with; this material is then evaluated and incorporated into advanced breeding material. A minor part of their program is the identification and evaluation of potential new small fruit crops such as baby kiwi, lingonberry, and schisandra.

Goddick, Lisbeth – Oregon State University
Lisbeth Goddik, Ph.D., grew up on a farm in Denmark but immigrated to the US when her parents bought a farm in the Willamette Valley. Professional work experience includes production work at three different Danish dairy plants and three years at Yoplait's International Research Center in Paris, France. In addition she has worked in New Zealand, Canada, and Norway. She received her graduate degrees in food science from Cornell University and Oregon State University. She has worked at OSU since 1999 as OSU's dairy processing extension specialist and associate professor in food science. Her job responsibilities include teaching, research, and outreach in the field of dairy processing. She is the current holder of the ODI-Bodyfelt Professorship in dairy science. She and her family have just returned from a one-year sabbatical in France where she studied artisan production of raw milk cheeses.

Hibler, Janie – Writer and Cookbook Author
Award-winning cookbook author, cooking teacher, and frequent magazine contributor, Janie Hibler, was a founder of the International Association of Culinary Professionals and served as president from 1999-2000. She is also a founding member and past president of the Portland Culinary Alliance.

Her published cookbooks include ***Wild About Game*** (Broadway Books, 1998), winner of the James Beard Foundation Award, Best Book Single Subject 1999, ***Dungeness Crabs and Blackberry Cobblers*** (Alfred A. Knopf, 1991), a 1992 James Beard Awards Nominee, ***Fair Game*** (Irena Chalmers, Inc., 1983), a 1984 Tastemaker Awards Nominee, and ***The Berry Bible*** (William Morrow, 2004), a 2005 James Beard Foundation Award Nominee. In 1996, she helped update the game chapter in the newly revised ***Joy of Cooking***. Among the magazines for which Janie has written are ***Gourmet***, ***Food and Wine***, ***Ladies Home Journal***, ***Bon Appetit***, ***Woman's Day***, ***Sunset***, ***Northwest Palate***, ***Cuisine***, and ***Fine Cooking***. Forthcoming in March 2008, is a feature story for Cooking Light Magazine on cooking with frozen berries.

Janie has taught and lectured extensively on game cooking and the food of her native Pacific Northwest. Having been director of the Kitchen Kaboodle Cooking School and the Discriminating Palate, she has since conducted cooking classes in Portland, Seattle, San Juan Island, Chicago, Philadelphia, and Boston, and has appeared on television in New York, Atlanta, Salt Lake City, Connecticut, Seattle and Portland. In 1992 she was a selected speaker in a program titled, "Cook America: Our Culinary Heritage," at the Smithsonian Institute. In 1995 and 1998 she was hired by the state of Oregon to orchestrate a dinner at the James Beard House to showcase the food and wine from the Pacific Northwest. She has been a spokesperson for the Oregon Agri-Business Council, and since its inception, an active committee member working to establish a year-round Portland public market.

Iverson, Nels – Iverson Brothers Farm and Oregon Potato Commission
Nels Iverson is a partner in Iverson Family Farms of Woodburn, OR. Their family operation currently produces potatoes, tulips and daffodils for cut flowers, sweet corn, green beans, grass seeds and vegetable seeds. They also own Wooden Shoe Tulip Farm, Wooden Shoe Gardens, and
The Great Oregon Pumpkin Patch and Corn Maze, on about 2000 acres. They have grown a wide variety of crops, ranging from cauliflower to strawberries.

Nels is a 1976 Oregon State University graduate with a degree in Horticulture. He is the current Chairman of the Oregon Potato Commission, and is involved with trade issues dealing with phytosanitary regulations, tariffs and opening new markets for the potato industry. He has served as the Chairman of the Processed Vegetable Commission, President of Willamette Valley Potato Growers Association, President of Northwest Bulb Growers Association, and currently is a member of Sidney Irrigation District.

Jones, Steve – Steve's Cheese shop
Steve Jones is the owner of Steve's Cheese in Northwest Portland, Oregon. Steve has worked in many aspects of the cheese buying/selling realm. Retail sales have been his primary focus, with time also spent working in importing and distribution, brokering, and marketing. In 2001, Steve interned with Neal's Yard Dairy in London, focusing on affinage and marketing. Working with small producers has always been a central part of Steve's mission. His retail space highlights small producers from around the world.

Lefevre, Charles – New World Truffieres
Dr. Charles Lefevre is the founder of New World Truffieres, a company pioneering the cultivation of truffles in North America, as well as a founder and organizer of The Oregon Truffle Festival, and President of the North American Truffling Society. Dr. Lefevre received his Ph.D. in Forest Mycology at Oregon State University in 2002, conducting research on the host associations of the American Matsutake mushroom. You can reach Dr. Lefevre at Charles@truffletree.com or www.truffletree.com.

Luth, William – Tillamook County Creamery Association
William Luth is Vice President, Quality Assurance for Tillamook County Creamery Association. He has been with Tillamook for nine years. His responsibilities cover all aspects of product quality, including the raw milk quality used in the processes to the quality of the finished product as presented to the consumer.

Before coming to Tillamook, Luth was Director of Corporate Quality Assurance for Universal Foods Corporation (now Sensient Technologies) with responsibilities for food safety and food regulatory areas at 30+ locations and oversight of the Corporate Analytical Laboratory operations. He also worked as a public health microbiologist and in Grade A Milk inspection for the City of Kenosha, Wisconsin Public Health Department.

Malensky, Roy – Oregon Berry Packing
Roy Malensky is President of Oregon Berry Packing, Inc. (OBPI), a family owned business based in Hillsboro, Oregon. Started by his parents in 1948 and with his sons involved, OBPI is a third generation operation. OBPI owns a 320 acre farm: 74 acres blueberries, 15 acres blackberries, 50 acres black raspberries, 49 acres hazelnuts. Their operation houses 225 seasonal workers. They have a processing plant for six million pounds of frozen berries and 1.75 million pounds of fresh berries. 40 percent of their berries are exported and 60 percent are sold domestically. In addition to their own fruit, OBPI purchases berries from 20 local growers.

Masoni, Sarah – Food Innovation Center
Sarah Z. Masoni is the Product and Packaging Development Manager at the Food Innovation Center in Portland, OR, and has been at the Food Innovation Center since it opened in 2000. Her 20 plus years of food industry experience include Wholesome & Hearty Foods, Inc. (makers of the Gardenburger(r)), Columbia Laboratories analytical lab, and Wesman Foods, Inc. (developers of Microgard(r)). Ms. Masoni has a BS, Art and Minor Food Science and Technology from Oregon State University.

McCarthy, Stephen – Clear Creek Distillery
Stephen McCarthy is the President/Owner of Clear Creek Distillery, founded in 1985. His dedication to producing high quality eau-de-vie brandies has gained him recognition and respect from US and international consumers, restaurateurs and writers. His varied background includes: JD from NYU Law School; Executive Director, OSPIRG; Executive Vice President and President/Owner, Michaels of Oregon; Tri-Met Board of Directors; Reed College Board of Trustees; Columbia Gorge Commission; Board of Directors/Board Chair 1000 Friends of Oregon; Nature Conservancy Board of Trustees (Oregon Board); Earthjustice Legal Defense Board of Trustees. Stephen resides in NW Portland, and is married with one daughter.

Mehlenbacher, Shawn – Oregon State University
Dr. Shawn A. Mehlenbacher serves as Oregon Hazelnut Industry Professor, Oregon State University, a position he has had since 2000. His research emphasis includes: breeding new cultivars for Oregon's hazelnut industry; improving breeding methods; studying genetic variability in Corylus. Teaching responsibilities: Plant Breeding (CSS/Hort 450/550) annually; Breeding Clonal Crops (Hort 505B) in even-numbered years; Contribute lectures to Temperate Tree Fruits, Berries, Grapes and Nuts (Hort 251); Contribute lectures to Hort 511 and other courses as requested or needed.

Dr. Mehlenbacher's professional work experience includes:
Professor OSU 2000 – present Tree Crop Breeding;
Professor Oregon State University 7/95 - present Tree Crop Breeding;
Associate Professor Oregon State University 7/90 - 6/95 Tree Crop Breeding;
Assistant Professor Oregon State University 9/86 - 6/90 Tree Crop Breeding;
Assistant Professor Rutgers University (NJ) 9/82 - 9/86 Tree Fruit Breeding.

Dr. Mehlenbacher received his Ph.D. in Plant Breeding from Cornell University 1982, and B.S. Horticulture Pennsylvania State University 1978.

Messmer, Craig – Gingerich Farms
Craig Messmer has a degree in the culinary arts from the Culinary Institute of America in New York. He spent the first 15 years of his career as a chef in various restaurants including several years running Shuckers seafood restaurant at the Four Seasons hotel in Seattle, Washington.

For the past five years he has been with Gingerich Farms, first in the production side and then for the last four years in the marketing side, bringing his culinary perspective to agriculture.

Morrissey, Michael – OSU Seafood Center and Food Innovation Center
Dr. Michael T. Morrissey is Director of the Oregon State University (OSU) Seafood Laboratory and Professor in the Department of Food Science and Technology and recently appointed Superintendent of the OSU Food Innovation Center in Portland, Oregon. He has published more than seventy-five articles in seafood processing, safety, quality and by-product utilization and has an active research program in innovative technologies for seafood such as high pressure processing, product development and seafood safety. He has been invited as a scientific lecturer by Fundacion-Chile, the National Fisheries Institute of Peru, the Japanese Society of Fisheries Science, and several other countries.

Dr. Morrissey is a Principal with the Community Seafood Initiative, which is part of the Oregon Innovation Council Plan, which offers assistance to seafood entrepreneurs, and small and mid-size businesses throughout the Pacific Northwest. He is also a member of the Advisory Board for SEAFOODplus, a 26 million Euro project funded by the European Union, that involves 17 countries and 55 institutions. Dr. Morrissey's accomplishments and professional expertise have been recognized through various awards such as the Oldfield-Jackman Team Award (1996) for Pacific whiting research, the Earl P. McPhee Award (1999) for his contributions to seafood science, an elected Institute of Food Technologists Fellow in (2003), and the Briskey Award for Faculty Excellence from the College of Agricultural Sciences at OSU (2004). He has been Editor-in-Chief of the Journal of Aquatic Food Product Technology since 1998.

Palacios, Michelle – Oregon Hop Commission
Michelle Palacios is the administrator of the Oregon Hop Commission, directing the research, education, and promotion efforts of the Oregon hop industry. She believes that Oregon hops are special and unique and enjoys the opportunity to share that message with brewers, beer enthusiasts, and the public. Palacios also provides administrative duties for the international hop research organization, Hop Research Council. She is a 1997 graduate of Portland State University and recently celebrated her 10th anniversary with the Oregon Hop Commission.

Seavert, Clark – Oregon State University Extension
Clark Seavert is the Administrator for the North Willamette Research and Extension Center in Aurora and Interim Superintendent of the Experiment Station in Hood River. Clark is also an agricultural economist specializing in production economics, budget analysis, and agricultural finance. Clark's research is focused on estimating the profitability and feasibility of adopting technologies and developing risk management tools that help producers make management decisions concerning agricultural economics and finance.

Simmons, Cindy – Umpqua Oysters
Cindy Simmons founded Umpqua Aquaculture in Winchester Bay, OR in 1980 with the addition of partner and now husband Vern Simmons in 1992 the company has steadily grown to present day harvests. Cindy is interested in water quality and small community issues previously serving as chairman of the Winchester Bay Sanitary District and the Port of Umpqua. Currently she is heading up the formation of the Winchester Bay Community Center and is a member of the Winchester Bay Merchants Association.

Walker, Douglas – Essex Laboratories
Douglas B. Walker, Ph.D., is the Managing Director of Essex Laboratories, and has served in that role for 15 years. Essex Laboratories is an employee-owned essential oil and botanicals house with an emphasis on Mentha species, including Mentha oils for flavorings in oral care, chewing gum and confectionery and Mentha leaf for herbal teas. The lab also produces Dillweed Oil, Lavender Oil, Cilantro Oil, Cedarwood Oils, specializing in research and development of novel varieties, innovative processing technologies and optimization of agricultural resources. Essex Labs is an Oregon corporation with facilities in Madras, Oregon and Napavine, Washington.

Dr. Walker is a Portland, Oregon native and graduated from Jesuit High School in Beaverton; obtained a BS from Portland State University; Ph.D. in Chemistry from Univ. of Washington, Seattle. Prior to joining Essex Laboratories he spent three years as Faculty at Michigan State University (East Lansing, MI) and four years as a Research Chemist at an essential oil house.

Wells, John Henry – Food Innovation Center
John Henry Wells is Professor of Food Science Technology with Oregon State University assigned to work at the Food Innovation Center as a food systems engineer. Dr. Wells joined OSU in 1997 after serving 11 years on the faculty of Louisiana State University. Dr. Wells is the founding Superintendent of the FIC Experiment Station (Portland) and currently spearheads the food business entrepreneurship education programs at the Food Innovation Center. Dr. Wells has published research in the areas of carbon dioxide absorption in food and shelf-life extension using modified atmosphere packaging, and is an authority in perishable food inventory management. And as part of his career efforts to this stage has been a named inventor on 6 U.S. Patents, and holds a personal best of supervising the manufacture of 6.3 million pounds of strawberry jam in just over 5 months.

Jim Dierking
President

Liberty Natural Products, Inc
& The Oregon Lavender Farm

Producer & Distributor
Of Essential Oils & Botanical Extracts

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Liberty Natural Products - History

- Founded – Sandy, Oregon in 1982 to distribute essential oils, botanical extracts, and natural health care products.

- Developed & Sold 4 Million TIB Breath Fresheners, which use Willamette Valley Peppermint Oil & other essential oils, into the Health Food Marketplace.

- Pioneered the distribution of Essential Oil Aromatherapy Products into over 1000 Health Food Stores in the late 80's.

- Import from over 40 countries and distribute over 850 botanical extracts throughout the US and Internationally.

- Sales are primarily to natural product manufacturers, which include a significant number of farm operations and small businesses making value added products.

- 90% of sales are outside Oregon.

About The Oregon Lavender Farm

- In 1999 we acquired a defunct 90 acre property that had been a Carnation Egg Ranch & Rabbit Processing & Distribution Facility.

- The property has over 150,000 square feet of buildings, which we have substantially remodeled.

- Planted 10 acres Lavender Officinalis & constructed a Small Scale Distillery for essential oil production.

- Other Current Crops: 5 acres clary sage, 1 acre of Rosemary, a wide variety of aromatic & medicinal herbs, 5 acres of corn, 5 acres of winter squash.

- Developed a 2 acre Aromatic & Medicinal Herb Garden venue that is the site of the Annual Clackamas County Lavender Festival at the end of June each year.

- Organic Certification approved by Oregon Tilth, USDA approval pending.

The Oregon Lavender Farm

Why Grow Lavender?

- It is one of the highest volume selling essential oils.

- The oil enjoys broad application in the making of personal care products and perfumery.

- The plant is also used to make a variety of products, including bouquets, wreaths, wands, buds in potpourri, soapmaking etc.

- The distillate water/hydrosol by-product is finding application as an ingredient in lotions, cosmetic products such as facial spritzes, pet care, laundry care and other natural products.

- As a crop, lavender is one of the most beautiful and offers itself as a draw for farm marketing and agri-tourism.

- Lavender is a perennial crop with two flushes (harvests) that does not require annual replanting.

- Lavender grows well in temperate climates such as Oregon.

- Lavender is resistant to pests and predators, making it one of the most ideal crops to farm organically.

- There are hundreds of types of lavender offering variation in color, fragrance, size, and time of bloom.

Lavender is Loved!

Community Celebration & Agri-Tourism

Sustainable & Organic Agriculture

The Oregon Lavender Farm is dedicated to creating a healthful farm environment and products.

Much of the cost of growing lavender is in tilling and weeding.

Despite the fact that it increases our costs, we do not use herbicides or pesticides in growing our lavender.

Why Lavender Angustifolia var. buena vista?

- We chose "***Lavendula angustifolia***", variety buena vista to be our primary lavender crop for various reasons..

- It is a true lavender that was developed by Dr. Don Roberts of Premier Botanicals in the buena vista area near Albany, Oregon.

- Don, a former OSU Professor, spent years developing a lavender variety suited for growth in the Willamette Valley, with superior oil, desirable super blue color for value added products, and a desirable flavor for culinary use.

- Premier Botanicals had the capacity to provide large quantities of buena vista plugs for planting our large fields.

.

Preparing the land.

- While lavender can grow in poor soil and dry climates it flourishes in quality soil and irrigation increases growth and oil yield.

- Exposure to sun and well drained land are essential. Drain tiling may be required in wet soils to avoid root rot.

- The application of soil amendments such as lime to balance the PH are important to healthy plants and maximizing growth.

Crimson Clover Crop To Fix
Nitrogen In The Soil

Lime To Balance Soil PH

Planted Lavender Plug

Lavender Cultivation & Distillation

- perennial crop that last 10-15 years.
- 2500 plugs per acre, plugs cost .50 to 1.00 ea.
- requires extensive cultivation to eliminate competing weeds which can also contaminate the oil quality.
- irrigation needed during heat waves, particularly for immature plants.
- distillery facility costs range from $25,000.00 to $200,000.00.
- significant capital is required with a long term payback.

Planting Lavender Plugs

Irrigating 1st Year Lavender

2nd Year Lavender Plant

2nd Year Rows of Lavender

2nd Year Lavender Rows
Requiring Weeding

Ivan Gierer OLF Farm Manager

Learning to Cultivate

- Commercial cultivation often resorts to herbicides to control weeds.

- Initially we resorted to expensive hand weeding because we did not understand how organic and traditional farming solved weed problems.

- We learned that a spring tooth harrow with cultivating shoes could be used behind a tractor to surgically and rapidly weed the entire field. Thus, cutting the costs of farming significantly.

- It is important that we maintain the passing down of this information from farm generation to farm generation and that we have education programs that teach this knowledge.

3rd Year Lavender With New
Buds in Late Spring

Harvesting Lavender By Hand

Harvesting Equipment
For Commercial Lavender Production

- **In the United States most farm equipment is manufactured for large scale agribusiness.**

- **Lavender cultivation is new to the United States and no new equipment is available.**

- **Older small scale equipment may be modified for lavender harvesting.**

- **The Oregon Lavender Farm has experimented with several small scale mechanized harvesters, such as the Japanese Ochiai Green Tea Harvester and forage choppers.**

- **A solution for lavender fields greater than 3 acres is a discontinued self propelled forage harvester that has a direct cut swather head. This unit is similar to the tea tree harvesters used in NSW Australia as to the scale of the harvest tubs.**

- **The harvester cuts the lavender which is then conveyed into an auger, which feeds a chopper, which then blows the lavender into a smaller harvest distillation tub.**

1880
NEW HOLLAND

Distilling Lavender 2004

Mother Distillery

In France the cultivation of lavender for oil production is often located around a primary farm facility that provides services & know how to surrounding farms. Providing these services enables such farms to engage in lavender cultivation when it would otherwise be financially prohibitive.

These services include:

Plugs (Cloned Starter Plants)

Planting

Harvesting

Distillation

Testing & Analysis

Purchase or Brokering of Production

Lavender As A Farm Enterprise

There are two primary paradigms for lavender cultivation and distillation.

<u>Commercial Lavender Cultivation</u>
3- 100 acres
Primarily for essential oil production.

Mechanized farm equipment required.

<u>Small Farm Lavender Cultivation</u>
Garden Plot to 3 acres
Produce Fresh & Dried Lavender

For bouquet sales, dried buds,
and value added personal care products.

Cultivation can be efficiently performed with hand labor
& small engine farm equipment.

Products of
The Oregon Lavender Farm

Dried Lavender - bunches, culinary, cosmetics, soap, sleep pillows, potpourri

Fresh Lavender - bouquet's, culinary, wreaths, wands

Lavender Plugs - field expansion, outside sales to new farms

Lavender Plants - wholesale nursery & landscape

Organic Seeds – a variety of herbs & native botanicals

Essential Oils & Distillate Waters of Lavender, Clary Sage, Melissa, & Fir Needle
Used in personal care products, perfumery, and medicinal applications.

Value Added Products:

Wholesale Lavender Soap, Lavender Sleep & Eye Pillows, Lavender Lotions & Lavender Honey.

Herbal Extracts – Various herb tinctures (ex. Hawthorn berry), infusions(ex. Calendula).

Herbs Grown For Tinctures

Calendula

Echinacea

Pure
Oregon
Lavender
Honey
Pure
Oregon
Lavender
Honey
Pure
Oregon
Lavender
Honey

An Oregon Opportunity

Much like the now burgeoning Wine Industry, Oregon's climate is well suited for the production of many high value herb crops as is also found in France. These include essential oils, which are volatile oils obtained through steam distillation, but also include dried herbs such as teas and botanical extracts obtained through other methods.

For a good part of the 20th century Oregon peppermint oil production has been highly valued and a significant portion of world production. However, in the last 10 years, Oregon has lost almost ½ of its mint acreage due to foreign competition primarily from China and India, increased production costs, and plant infestation problems.

Many mint farmers have retired or simply gone out of business, selling off their land, equipment and dismantling their distilleries. The loss is more significant than it would seem. In many cases, production resources and generations of knowledge & experience have been lost to future farmers.

On the positive side some mint farmers have transitioned or diversified into new high value essential oil crops such as Lavender, Clary Sage, Melissa, Roman Chamomile, Mentha Citrata (Bergamot Mint) and others.

The many farmers looking for new alternative high value crops will find a profitable solution in the sustainable cultivation of aromatic & medicinal herb crops.

Promoting Lavender and Other Essential Oil Crops

- Organize an Oregon Lavender Growers Association.

- Obtain support of Oregon State Agencies and Extension Services in promoting this segment of Oregon Agriculture.

- Obtain Approval of Lavender as the "Oregon State Herb"
  Lavender Officinalis, variety Buena vista was born in Oregon and is an excellent symbol for new Oregon agriculture.

- Reduce over-regulation which impedes sustainable Oregon agriculture.

Lavender Officinalis
var. buena vista
“The Oregon State Herb”

proposed

OREGON LAVENDER ASSOCIATION

supporting lavender-based industries in the Pacific Northwest

NEWS & EVENTS

OREGON LAVENDER FESTIVAL!

Join us next for the next Oregon Lavender Festival on July 12 &13, 2014: **Oregon Lavender Festival**

Email the Oregon Lavender Association for more information about joining the festival, joining the association as a lavender lover, or joining the festival for help in marketing your lavender business.

NORTHWEST REGIONAL LAVENDER CONFERENCE II

Join us for the second Pacific Northwest conference for all who have an interest in lavender growing, product development, marketing and more. Oregon, famous for its natural attractions and lush farmlands, is now one of the largest centers in the U.S. for lavender growing. Visit the website now for more information.

PAINT OUT AND PHOTO CONTEST

Capture the Magic of Lavender in the Pacific Northwest! Inviting artists & photographers to capture the allure of lavender bursting into color in the many lavender fields throughout Oregon. See website for details

Paint Out submission deadline July 12, 2014.

Photography Contest submission deadline August 1, 2014.

CONTACT

Oregon Lavender Association

MEMBER LOGIN

WELCOME

The Oregon Lavender Association (OLA) was created to promote lavender as a viable, thriving agribusiness in Oregon and support our members in their efforts to grow successful lavender based businesses. Our membership consists of Pacific Northwest lavender farms, lavender nurseries, lavender growers and suppliers, lavender centric businesses, and those who simply love lavender and want to learn more. We are registered with the State of Oregon as a 501(c)(6) non-profit organization to further these goals and educate the public about lavender.

The Oregon Lavender Association hosts a Lavender Festival each year on the second weekend in July. The Lavender Festival is a successful, well attended and growing festival promoting lavender destinations in the Pacific Northwest. Attendance has increased dramatically each year since the first Lavender Festival in 2000, with visitors touring the countryside to visit lavender destinations and attend a lavender-based Artisan Fair in downtown Yamhill, Oregon.

Please feel free to email us at info oregonlavender.org to request further details.

Or **signup online**. Membership is annual.

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OREGON LAVENDER ASSOCIATION

supporting lavender-based industries in the Pacific Northwest

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CONTACT

Oregon Lavender Association

LAVENDER FESTIVAL

The 2013 Oregon Lavender Festival is scheduled for July 13th & 14th. Since 2000, the festival has been celebrating all things lavender on the second weekend in July (when the majority of lavender is at its peak in the Pacific Northwest). The festival has several components: a tour of lavender farms & lavender-centric nurseries in the region (most offering u-cut lavender and or lavender plants for sale), and an Artisan Fair in downtown Yamhill with lavender-based booths, activities, and food.

More information about the lavender festival can be viewed on the lavender festival website at **www.oregonlavenderfestival.org**.

If you would like to participate in the Oregon Lavender Festival, join us as a member! More information and an online sign up form is on our membership info page.

You are also welcome to Contact us via email with any questions.

oregon lavender destinations (/index.php)

- Home (index.php)

WELCOME!

DESTINATIONS (INDEX.PHP)

- Farm Finder (find a destination.php)
- Maps (maps.php)

FESTIVAL TOUR (FESTIVAL.PHP)

- Tour Participants (festival-tour.php)
- Festival Finder (find a festival location.php)
- Maps (festival-locations.php)
- Vendors (vendors.php)

EVENTS (EVENTS.PHP)

- Festival Tour (festival-tour.php)
- Paint Out (artists.php)
- Photo Contest (photo-contest.php)

INFO (ABOUTOLA.PHP)

- Lavender Info (lavender-info.php)
- About OLA (aboutOLA.php)
- Contact OLA (OLAcontacts.php)
- Photo Gallery (photogallery.php)

THE OREGON LAVENDER ASSOCIATION

The Oregon Lavender Association is a non-profit organization dedicated to the promotion of lavender in Oregon. OLA's primary goal is to promote education about lavender and its benefits and support OLA members in their efforts to grow successful lavender businesses.
Read more on the About page... (aboutOLA.php)

OREGON LAVENDER DESTINATIONS ~ COME RELAX WITH US!

Applegate Valley Lavender Farm (farms applegate-valley-lavender-farm.php)

Barb's Dutchmill Herbfarm (farms dutch-mill-herbfarm.php)

Barn Owl Nursery (farms barn-owl-nursery.php)

Cascade Lavender (farms CascadeLavender.php)

Chehalem Flats (farms chehalem flats.php)

Goodwin Creek Gardens (farms/Goodwin-Creek-Gardens.php)
Helvetia Lavender Farm (farms/helvetia-lavender-farm.php)
Hope Haven Family Farm (farms/hope-haven.php)
Jackson School Lavender (farms/jackson-school-lavender.php)
Kush Hill Farm Alpacas (farms/kush-hill-farm-alpacas.php)
Lavender Fields Forever (farms/Lavender-Fields-Forever.php)
Lavender Lake Farms (farms/lavender-lake-farms.php)
Liberty Natural/The Oregon Lavender Farm (farms/the-oregon-lavender-farm.php)
McKenzie River Lavender (farms/McKenzie-River-Lavender.php)
MoonShadow Lavender (farms/moonshadowlavender.php)
Mountainside Lavender (farms/mountainside-lavender.php)
Purple Ridge Lavender (farms/purpleridge.php)
RavenCroft (farms/RavenCroft.php)
Red Ridge Farms (farms/red-ridge-farm.php)
Still Waters Lavender, LLC (farms/still-waters-lavender.php)
Sundance Lavender Farm (farms/sundance-lavender-farm.php)
TeBri Vineyards (farms/tebri.php)
The English Lavender Farm (farms/the-english-lavender-farm.php)
The Lavender Thyme Herb Farm (farms/lavender-thyme.php)
the Meadow of Lavender (farms/meadow-of-lavender.php)
Two Sisters Lavender Farm, LLC (farms/two-sisters-lavender-farm.php)
Wayward Winds Lavender (farms/wayward-winds.php)
Westwind Farm Studio (farms/westwind-farm-studio.php)
Woodland Lavender (farms/woodland-lavender.php)
Yamhill Lavender Festival (farms/yamhill-lavender-festival.php)

Too many lavender farms -- too little time? Visit our Lavender Destination Finder page (/find-a-destination.php) to filter destinations by offering, to help you identify which place to visit next.

If you need help planning your Festival weekend, our find-a-festival page (/find-a-festival-location.php) will help you choose locations based upon festival offerings. Our maps page (/maps.php)will give you directions.

Oregon has long been a Lavender pioneer, and the variety and breadth of the lavender based industries - from nurseries to farms to craftsmen - located here reflects that long tradition. Please browse through our listings of Oregon Lavender Destinations, visit one or two or all of them, and experience the relaxation of lavender for yourself.

PLACES TO VISIT: All of the lavender destinations listed to the left will be available to the publc this year. Please take a look at what each location has to offer, check their activities and hours (as everyone is different) and then come relax with us!

FESTIVAL TOUR: Many, but not all, of these destinations also host special events on the second weekend of July each year, when the OLA hosts the Lavender Festival Tour. Read more about this on the Festivals page.

While you are thinking lavender, plan to visit the Pacific Northwest's only Lavender Collection and Demonstration Garden, located in Central Point, near Medford.

THE SECOND NW REGIONAL LAVENDER CONFERENCE

Due to the success of the first NW Regional Lavender Conference, it's happening again! Consider joining us for the **Northwest Regional Lavender Conference II.** The conference is for all who have an interest in lavender growing, product development, marketing and more. Oregon, famous for its natural attractions and lush farmlands, is now one of the largest centers in the U.S. for lavender growing. Visit the website now (http://www.growinglavenderconference.com/) for more information.

Pass word on to your friends!

Like Share 4.8k Pinterest (http://pinterest.com/orlav/) Follow g+1 47

OREGON LAVENDER ASSOCIATION
Come Relax with Us

(http://www.oregonlavender.org/)

1

2 IN THE CIRCUIT COURT OF THE 15TH JUDICIAL CIRCUIT

3 IN AND FOR PALM BEACH COUNTY, FLORIDA

4

5

6 LIBERTY NATURAL PRODUCTS,)
INC. and JAMES DIERKING,)
7)
Plaintiffs,)
8)
vs.) No. 2009CA036928
9)
VALERIE HAWK HOFFMAN and)
10 DAVID HOFFMAN,)
)
11 Defendants.)
)

12

13 DEPOSITION OF

14 DIANE BAUTISTA

15 Taken in behalf of Plaintiffs

16 * * *

17 May 8, 2013

18

19 Oregon City, Oregon

20 11:40 a.m.

21

22

ATKINSON-BAKER, INC.
23 COURT REPORTERS
www.depo.com.
24 (800) 288-3376
REPORTED BY: GWEN A. DICKSON, RPR
25 FILE NO.: A704B7B

1 unless it was compelled by a court order; anonymous
2 would be they don't want to give us any
3 information, they don't want any way for us to
4 contact them, they just want to be anonymous.
5 Q. And did the caller here in December 21,
6 2011 land use complaint against Liberty Natural,
7 did they request confidentiality?
8 A. No.
9 Q. It looks like if they had requested
10 confidentiality you would have selected yes in the
11 requested confidentiality section there.
12 A. Yes.
13 Q. All right. This anonymous caller, I'll
14 take you back to December 21, 2011. I know it's a
15 long time ago. Do you remember whether this caller
16 had a male or a female voice?
17 A. I do have an idea, I wouldn't say it was
18 because of this specific day. I would say it was
19 due to additional contact after the initiating
20 complaint.
21 I guess what I'm saying is if it would
22 have just been a one quick call and it was
23 anonymous I would not have any idea.
24 Q. But you do have an idea as to the December
25 21 call based on the additional call?

1 A. I have an idea, yes, sir.
2 Q. And what is that as to the male or female
3 voice?
4 A. I remember it being a woman.
5 Q. And to be clear, you remember the caller
6 being a woman because of her additional phone calls
7 post original complaint?
8 A. Correct.
9 Q. Let's move onto Exhibit 3.
10 MR. FREDERICK: If you can show Alex and
11 Diane, Gwen, Exhibit 3. It should be a two-page
12 document.
13 A. Yes, sir.
14 Q. Take a second to review this, Diane, these
15 two pages, and then let me know when you're done.
16 Okay?
17 A. Okay. I kind of briefly went over it.
18 Q. Do you recognize this document?
19 A. Yes.
20 Q. How do you recognize?
21 A. I recognize my handwriting and I recognize
22 Dean's handwriting and Andrea's handwriting.
23 Q. So yours. Who is Dean?
24 A. Dean Brown is the code enforcement officer
25 it looks like at one time, and it looks like - and

1 these sequence of events and history of violation
2 forms as part of your documenting the files?
3 A. If I do an action item on the file, yes.
4 Q. And does the code enforcement section for
5 Clackamas County generally store these or keep
6 these sequence of events forms as part of its
7 regular business operation?
8 A. Yes.
9 Q. Let's go back to exhibit -- sorry, page two
10 of Exhibit 3. Starting with the January 9, 2012
11 entry.
12 A. Um-hum. Yes.
13 Q. You already mentioned that you wrote these
14 and that there are two of them. Just start with
15 the first entry. The first two words are
16 complainant says. Do you recall if this was -- if
17 this entry that "complainant says" stems from a
18 phone call from the complainant?
19 A. It would be a phone call, yes, sir.
20 Q. And this phone call here on January 9,
21 2012, this first entry, do you recall if that was
22 a -- first of all, did you receive the call?
23 A. Yes.
24 Q. Do you remember if it was a male or female
25 voice?

1 A. This would appear to me to be where I
2 probably - that's why I recall it as a woman. If I
3 wouldn't have received any additional -- and kind
4 of speculating on how I -- why or how I think that,
5 I'm just suggesting to you that the original
6 complaint would have been short and I would have
7 written it and it would be done. But if I get
8 several calls on a file and they are upset or they
9 keep calling, then I might remember them.
10 Q. So do you have an opinion then on who made
11 - if it was a male or female call on this first
12 entry on January 9, 2012?
13 A. I believe it was a woman.
14 Q. Do you have any reason to doubt that it
15 was -- that it was not a woman?
16 A. No, not from my memory but, you know.
17 Q. Do you remember anything else about this
18 conversation with the female complainant here in
19 the first entry on January 9, 2012? For example,
20 was she difficult or rude or anything of note that
21 you might remember?
22 A. While I'm looking at it, the only thing I
23 can say is that the fact that it looks like I put
24 exclamation points at the end; and how I wrote it,
25 I think that this person was upset because I can

1 tell you that I don't generally put exclamation
2 points after an informational conversation.
3 Q. Do you remember anything else about this
4 first conversation on January 9, 2012?
5 A. I do not.
6 Q. Okay. Let's go down to the second entry on
7 January 9, 2012 where it says the complainant
8 called again. Do you see that?
9 A. Yes, sir.
10 Q. Did you receive this call?
11 A. Yes, sir.
12 Q. Do you remember if this was a male or
13 female voice?
14 A. I believe that it was the same complainant
15 and it was female.
16 Q. And your belief is based on the fact that
17 you received multiple calls from the same
18 complainant?
19 A. Correct.
20 Q. Do you remember anything else outside of
21 the complainant being female about this second
22 phone conversation on January 9, 2012?
23 A. No. I'm just reading what it says and
24 that must have been what was told to me.
25 Q. Okay. Let's go down to the January 23,

1 2012 entry on the second page of Exhibit 3 where it
2 says complainant called, checked status. Do you
3 see that?
4 A. Yes, sir.
5 Q. You testified that you recorded this entry.
6 Correct?
7 A. Correct.
8 Q. And you received this call, I presume?
9 A. Yes.
10 Q. Do you remember if this was a male or a
11 female caller?
12 A. I believe it was -- based on what I'm
13 reading, I believe it was the same person and it
14 was a woman.
15 Q. Do you remember anything else about this
16 conversation other than what's written here in the
17 notes and that it was a female?
18 A. No.
19 Q. We're done with Exhibit 3.
20 MR. FREDERICK: Move on to Exhibit 4.
21 Gwen, if you can show that. It's a two-page
22 document.
23 A. I have it.
24 Q. Take a second to look it over, Diane, and
25 let me know when you're done.

EXHIBIT 2

COMPLAINT FORM

Code Enforcement Division

Date: Dec. 21, 2011 Taken By: Diane

Caller: Anonymous Requested Confidentiality ☐ Yes ☐ No

Address: _____ (if yes, must complete reverse)

City/ST/Zip: _____

Home Phone: _____ Cell Phone No: _____

Work Phone: _____ E-Mail: _____

Address of Problem: 20949 S. Harris Rd

T 2 S, R 3 (E)(W), SEC 27C, Tax Lot 1500

Violation of: _____

Description: Operating "Liberty Natural Products" w/out land use appeval. Distilling, packaging, shipping, Classes, events, including food Service

Flood Plain: ☐ Yes ☒ No CE District: DB 3

UGB: ☐ In ☒ Out Acreage 16.66 Zoning: EFU

ASSIGNMENT (staff only)

Project # PR153511

Vio Type	Sub Type	Priority	Description	Violation #
2	HOC	2		V0964-11

Prior Violations: V0998-00 & older CCCE 63

1 C E R T I F I C A T E

2 STATE OF OREGON)
) ss.
3 COUNTY OF WASHINGTON)

4 I, Gwen A. Dickson, a Registered
5 Professional Reporter, do hereby certify that,
6 pursuant to stipulation of counsel for the
7 respective parties hereinbefore set forth, DIANE
8 BAUTISTA personally appeared before me at the time
9 and place set forth in the caption hereof; that at
10 said time and place I reported in Stenotype all
11 testimony adduced and other oral proceedings had in
12 the foregoing matter; that thereafter my notes were
13 reduced to typewriting under my direction; and that
14 the foregoing transcript, pages 1 to 31, both
15 inclusive, constitutes a full, true and accurate
16 record of all such testimony adduced and oral
17 proceedings had, and of the whole thereof.
18 Witness my hand at Portland, Oregon, this 9th
19 day of May, 2013.
20
21 _____
GWEN A. DICKSON
22 Notary Expires: 12/26/14
23
24
25

COMPLAINT FORM

Code Enforcement Division

Date: Dec. 21, 2011 Taken By: Diane

Caller: __ _ Requested Confidentiality
☐ Yes ☐ No

Address: _ __ (if yes, must complete reverse)

City/ST/Z _

Home Phc l Phone No: _____
Work Pho Mail: _____

Address of Problem: 20949 S. Harris Rd

T 2 S, R 3 (E)(W), SEC 27C, Tax Lot 1500

Violation of: _____

Description: Operating "Liberty Natural Products" w/out land use approval. Distilling, packaging, shipping, Classes, events, including food service

Flood Plain: ☐ Yes ☒ No CE District: DB 3
UGB: ☐ In ☒ Out Acreage 16.6 Zoning: EFU

ASSIGNMENT (staff only)

Project # PR153511

Vio Type	Sub Type	Priority	Description	Violation #
2	HOC	2		V0964-11

Prior Violations: V0998-00 & older

CLACKAMAS
COUNTY

SCOTT CAUFIELD
BUILDING CODES ADMINISTRATOR

BUILDING CODES DIVISION

DEVELOPMENT SERVICES DIVISION
150 BEAVERCREEK ROAD | OREGON CITY, OR 97045

December 22, 2011

James Dierking
20949 S. Harris Road
Oregon City, OR 97045

Subject: **Alleged Violations of the Zoning and Development Ordinance, Title 12 of the Clackamas County Code**

Site Address: 20949 S. Harris Rd., Oregon City, OR 97045
Legal Description: T2S, R3E, Section 27C, Tax Lot 01500

It has come to the attention of this office that a commercial business may be operating from the above referenced property without land use approval.

This may constitute a violation of the Zoning and Development Ordinance, Title 12 of the Clackamas County Code.

Please contact me within ten (10) days of the date of this letter in order to discuss this matter. My e-mail address is deanbro@co.clackamas.or.us and my telephone number is 503-742-4459.

Diane Batista
503-742-4452

DEAN BROWN
Clackamas County Code Enforcement

S:\Code Enforcement_VIOLATION FILES_\Harris Rd\20949 S Harris Rd\11-12-22-Dierking-Alleged Business .Doc

SEQUENCE OF EVENTS AND HISTORY OF VIOLATION:

Scott C. will contact County Counsel for guidance
1/9/12 - Complainant says he has a full staff of at least 15 people and running a complete packing facility. Even video on u-tube of his huge distillery. Bottom line is you can't operate shipping/distillery and packing facilities in EFU!!
1/9/12 - Complainant called again - said their web site says "ships over 120 products - only 5% grown on site. ZDO says "must be product that is grown on site" DS
1/23/12 - Complainant called check status per Scott C. Please re-assign to KP AH
1/23/12 - File reassigned to Kim Priest DS
2-?-12 County met onsite w/ Mr Dierking discussed operation onsite
2-12 to 3-12 Reviewed county permit records identified permits status. Talked w/ McAllister regarding activity onsite. Decided w/ McAllister to send letter requesting Mr. Dierking meet w/ Planning staff & Economic development
3-28-12 Correspondence sent to Dierking
4/4/12 File reviewed by Com. Bernard & Sowas - No copy made.

S:\Comenv\Administration\Code Compliance Misc\Sequenceofevents.Doc

SEQUENCE OF EVENTS & HISTORY OF VIOLATION

DEC 2 1 2011 Received file - DNB - Sent 1st Ltr

12/27/11 - Property owner called to discuss the allegations and asked to have Dean call him on Thursday when he gets back from Vacation

JAN 0 3 2012 Discussion with Mike McCallister, Planning Director I will contact Jim Dierking and get his side of the story

JAN 0 4 2012 TCT Jim Dierking we discussed allegations. Per JD they harvest & distill 25 ac of Lavender and package & shipp products made from the lavender grown on-site worldwide. JD says that most of the structures are used for storage of Lavender products and shipping materials packaging and shipping of the Lavender products occur on site in the bldgs JD said they had agricultural & AG Ed classes to the site to observe the crops in the field but no body uses the structures and there are no regularly scheduled education program occuring on site. JD said the only "event" he has is a Two-day Lavender festival that is held entirely out-doors on the property no structures are used and only occurs once per year. JD said there is no food service on site. JD said they have only had about 4 weddings on the site in the past 2 yrs and they were private ceremonies not open to the public I explained that I will do some more research and get back to him During our conversation JD said that he is using Phil Schuster as his attorney. I may have a Conflict of interest as Phil Schuster was my personal attorney for several years. I reported potential COI to Scott Caufield, Building Codes Administrator and Mike McCallister, Planning Director

SEQUENCE OF EVENTS & HISTORY OF VIOLATION

Bautista, Diane

From: [redacted] ← Confidential
Sent: Monday, January 09, 2012 12:10 PM
To: Brown, Dean; Bautista, Diane
Subject: RE LIBERTY NATURAL PRODUCTS 20949 S Harris Rd Oregon City Oregon Complaint

ATT DEAN BROWN CODE ENFORCEMENT

RE LIBERTY NATURAL PRODUCTS 20949 S Harris Rd Oregon City Oregon
http://www.libertynatural.com/

Clearly by the bosting manipulative response Mr Dierking wrote to you you can see this is a man who feels he is above the law by trying to overlook the actual issues and instead bragging about his claimed successes and at the same time basically asking you to turn a blind eye as he admits "some" of his violations only occur on occassion? I have never read such nonsense.

The bottom line is, as you can see from these clear documents here Mr Dierking runs a huge operation, an over 4 million dollar a year operation as a matter of fact with over 30 employees that clearly sells a lot more than the zoning regulations for farming allows as he sells over 1800 products by his own admittance and is only allowed per the regulations allowed to sell what he grows which would be just lavender goods as he writes in his letter to you that is ALL he grows and the regulations clearly state per this ordinance he can only sell what he actually grows on the property. On the contrary,Mr Dierking has a full fledge distilling, extraction, packing, event center, concert hall, wedding operation, wholesale, retail, importing and bottling business right on his property with over 1800 products of only about 3 that are actually GROWN on the property as is required per the EFU Exclusive Farm Use zoning regulations, ORS.215.203
In addition, if you go to his website under wholesale ordering he says he ships FOB from his "factory" at his Harris Rd address!

You will also see in an attached deposition he states he recently purchased another company and is now doing all of THEIR manufacturing at his facility on Harris Rd!

By the type of employment he is seeking as well it shows clearly he is doing all types of the manufacturing at his facility and sells over 1800 products from dental care, cd's, books, childrens goods, health foods, bottles, packing supplies, extracts imported from over a 100 different countries...even toothbrushes!? yet he admits he only grows the lavender there so that means that out of the 1800 products ONLY ONE is being legally produced. You can see he even states he has testing labs, warehouses, shipping departments, festival buildings, education center, band stands, concert hall, dance floor, wedding halls, large offices...clearly this is not a company abiding by the EFU ordinances.

In addition, per ORS.215.203 it states the farm is not to be used for banquets, public gatherings or public entertainment and he admits in his own letter to you he holds events such as his huge lavender festival, classes and even weddings on property-he tries to brush this off by saying he only does a few a year-thats irrelevent its not allowed per the regulations at all on property and **if the town ignores this it puts them at a liability for turning a blind eye.** As you can see from from your visit to the property he hardly does an "occassional" event as he has gone so far as as to build a lavish outdoor complex area with bandstands, patios, fountains, waterways and bars for his

concerts/wedding venues/fairs! Alcohol is even served there at these events no doubt.

As proven by the attached documents this company breaks over 11 EFU regulations as this is a full blown retail and wholesaler as well as an importer and event operation hiding under the cloak of a simple lavender farm and we appreciation your assistance in putting an immediate cease and desist action on this property.

DUE TO THE UNSTABLE NATURE OF THIS MAN I WOULD LIKE TO REMAIN ANONYMOUS

NOTE: This message was trained as non-spam. If this is wrong, please correct the training as soon as possible.
Spam
Not spam
Forget previous vote

IN THE CIRCUIT COURT OF THE FIFTEENTH JUDICIAL CIRCUIT IN AND FOR PALM BEACH COUNTY, FLORIDA

Case No. 502009CA036928 "DIV. AA"

LIBERTY NATURAL PRODUCTS, INC., et al.,

Plaintiff(s),

vs.

VALERIE HAWK HOFFMAN, et al.,
Defendant(s).
_____/

CONTEMPT ORDER

This matter came before the Court as a result of the Plaintiffs' Motion for Civil Contempt. Based on the Plaintiffs' Motion, the Court entered an Order to Show Cause compelling Defendants Valerie Hawk Hoffman and David Hoffman to show cause why they should not be held in contempt for violation of an Agreed Order dated October 18, 2011. An evidentiary show cause hearing was conducted by the Court on May 13, 2013. The Court has considered the evidence presented and has heard the argument of counsel. Upon consideration, the Court makes the following findings.

The issue before the Court is whether Defendants Valerie Hawk Hoffman and David Hoffman should be held in contempt for willful violation the Court's Order of October 18, 2011. It is undisputed that the Court's Order was violated.

The Order of October 18, 2011 related to the discovery of certain tax returns filed by Plaintiff Liberty Natural Products, Inc. ("Liberty") with the IRS. As the tax returns contained private financial information relating to Liberty, the Order provided that the returns would

EXHIBIT
tabbies
/

Copies furnished by e-mail

remain confidential, would not be used for any purpose other than the litigation at hand and would not be disclosed to any third party.

In violation of the confidentiality provisions of the Order, the tax returns at issue were mailed to a regulatory agency in Clackamas County, Oregon. At the show cause hearing, David Hoffman admitted sending the tax returns to an agency with some regulatory control over Liberty's business interests. Mr. Hoffman's claimed motivation was the relentless attack by Liberty and by Plaintiff James Dierking on him personally and on Valerie Hawk Hoffman.

Based on the evidence, the Court concludes that the violation of the Court's Order was willful. The animus between the parties to this action has been clear to the Court throughout these proceedings. Mr. Hoffman's transmission of confidential tax returns to a regulatory body in Oregon is just another example of the scorched earth confrontation raging between these parties both in and out of court. The evidence supports holding David Hoffman in contempt of court.

The more difficult factual issue is whether the evidence supports finding Valerie Hawk Hoffman in contempt of court. Ms. Hoffman[1] claims that she did not know that Mr. Hoffman was sending the tax returns to Oregon. She admits knowing that a package was being sent by Mr. Hoffman, but she denies any knowledge of the actual contents of the package. For his part, Mr. Hoffman likewise contends that Ms. Hoffman did not know about the sending of the tax returns specifically, and that she was unaware of Mr. Hoffman's plan to send the returns.

[1] Valerie Hoffman and David Hoffman are now divorced and Valerie has remarried. While no longer her surname, for the sake of simplicity, the Court will continue to refer to Valerie as Ms. Hoffman.

Candidly, the Hoffmans' story with respect to Ms. Hoffman's lack of knowledge stretches the limits of credibility. Nevertheless, there is insufficient evidence to find a willful violation of the Court's Order by Valerie Hoffman.

Having concluded that David Hoffman is in contempt of court, the final issue is the appropriate remedy. The difficulty here is that civil contempt is coercive in nature and requires a purge provision. Civil contempt cannot be used simply to punish the offender. Punishment requires a finding of criminal contempt.

In this case, the violative act has already occurred and the only matter left to coerce is future compliance with the Court's orders. While civil contempt fines may be used, such fines must either provide a mechanism for avoidance (purge) or, if compensatory in nature, the "amount must reasonably relate to the complainant's losses as shown by the record." *See, Boca Raton Towing, Inc. v. Boca Raton Towing and Recovery, Inc.*, 729 so.2d 531 (4th DCA 1999). Here there is no record evidence of the loss suffered by the Plaintiff.

At this point, the Court is left with a finding of contempt without a remedy. The Defendants should not review this as an opportunity to further disregard the Court's orders. Criminal contempt, which is the appropriate remedy, is still an available option. Criminal contempt may include a fine or incarceration.

Based on the foregoing, it is

ORDERED AND ADJUDGED that Defendant David Hoffman is in contempt of court for willful violation of an order of this Court. While no penalty is assessed given the civil nature of the contempt proceedings, any future violation of an order of the Court by either Defendant

will result in the filing of proceedings for criminal contempt.

DONE AND ORDERED in Chambers, at West Palm Beach, Palm Beach County, Florida this 18th day of June, 2013.

JUDGE GLENN D. KELLEY
CIRCUIT COURT JUDGE

Copies furnished to:

Evan H. Frederick, Esq. – efrederick@mccaberabin.com

Ryon McCabe, Esq. – rmccabe@mccaberabin.com

Richard Woulfe, Esq. – rtw@bunnellwoulfe.com

Matt Habibi, Esq. – matt@mhabibilaw.com

IN THE CIRCUIT COURT OF THE 15TH JUDICIAL CIRCUIT
IN AND FOR PALM BEACH COUNTY, FLORIDA

CASE NO. 2009CA036928XXXXMBAA

LIBERTY NATURAL PRODUCTS, INC.,
and JAMES DIERKING,

Plaintiff,

vs.

VALERIE HAWK HOFFMAN and
DAVID HOFFMAN,

Defendants.
_____/

- - -
SHOW CAUSE HEARING
BEFORE THE HONORABLE GLENN KELLEY
- - -

DATE: MAY 13, 2013

TIME: 2:31 P.M. - 3:30 P.M.

1 Q Okay. Did she help you pick these
2 documents that you were going to put into the 64
3 page fax?
4 A She didn't -- she didn't -- all she knew
5 was that I had put it together and that I was
6 sending it out. She didn't know what there was.
7 There was an awful lot of things in there.
8 Q Okay. Well, what did you talk to her
9 about then if not the contents of the --
10 A I just -- I just told her that I'm gonna
11 try to get back at Dierking for -- for all the
12 trouble that he's been causing for the last five
13 years and that what he's doing is wrong and I'm
14 going to go ahead and report it.
15 Q And she did not help you select these
16 documents to put together?
17 A I told her -- I told her basically what
18 was in there. I told her -- I said, I printed off
19 this Website and there were things about him doing
20 weddings on there and that was about it.
21 Q Where did you get the tax returns?
22 A They were in a file that we had. We had
23 -- we were getting many files from Mr. Dierking and
24 it was in a file in the credenza behind -- behind
25 our desk. It was just a stack of all kinds of just

1 papers that we've gotten from -- from our attorney
2 over the last two or three years.
3 MR. MCCABE: Okay. Your Honor, I'm going
4 to ask him some questions about something
5 that's Exhibit 4 to the depo if you want to
6 follow along.
7 BY MR. MCCABE:
8 Q Mr. Hoffman, there was a January 9th
9 e-mail that was sent the exact same day as the fax.
10 Now, you're saying that you also sent that e-mail,
11 correct?
12 A I don't remember. If it was that day it
13 probably was me, but I'm not positive. I know
14 Valerie followed up on this and I followed up on
15 this. So we e-mailed and we faxed.
16 Q Okay.
17 A It's hard for me to know exactly unless
18 it's, you know, signed by her. I really wouldn't
19 know.
20 Q Well, the e-mail that I'm looking at has
21 the exact duplicate of the factual recitation of the
22 complaint that was in your 64 page fax.
23 A Okay.
24 Q Does that help you?
25 A Well --

1 CERTIFICATE OF REPORTER

2

3 STATE OF FLORIDA)

4 COUNTY OF PALM BEACH)

5

6 I, BETH L. KELLY, Florida Professional

7 Reporter, certify that I was authorized to and did

8 stenographically report the foregoing proceedings

9 and that such transcription, Pages 1 through 64,

10 herein is a true and accurate record of my

11 stenographic notes.

12 I further certify that I am not a relative or

13 employee or attorney or counsel of any of the

14 parties, nor a relative or employee of such attorney

15 or counsel, or financially interested, directly or

16 indirectly, in this action.

17 The certification does not apply to any

18 reproduction of the same by any means unless under

19 direct control and/or direction of the reporter.

20 Dated this 15th day of June, 2013.

21

22

23 _____

BETH L. KELLY, FPR

24

25

H186/11130

IN THE CIRCUIT COURT OF THE 15TH
JUDICIAL CIRCUIT IN AND FOR
PALM BEACH COUNTY, FLORIDA

CASE NO.: 2009CA036928XXXXMBAA

LIBERTY NATURAL PRODUCTS, INC.,
and JAMES DIERKING,

Plaintiffs,

v.

VALERIE HAWK HOFFMAN and
DAVID HOFFMAN,

Defendants.
_____/

DEFENDANTS MOTION TO DISPENSE WITH EVIDENTIARY HEARING

Defendants, VALERIE HAWK HOFFMAN and DAVID HOFFMAN, respectfully request from the Court an Order dispensing with the need for an evidentiary hearing to respond to this Court's Order to Show Cause, and in support state:

1. Defendants understand the Court is inclined to conduct an evidentiary hearing in regards to the Order to Show Cause, as to why the Defendants should not be held in contempt because of a violation of a Court Order. The Defendants do not dispute the Court's right to ensure its Orders are complied with and any decision as to a sanction or fine or even contempt is at the Court's discretion.

2. Defendant David Hoffman takes responsibility for the disclosure of the pages of a tax return to a third party and has attached his sworn affidavit admitting that he was the person to send the 2 pages of a tax return to the Clackamas County, Oregon Code Enforcement Division and that he did so without knowledge that he was violating the Court's Order providing confidentiality and

he sent them without the knowledge of Defendant Valerie Hoffman. *See* David Hoffman's Affidavit, attached as **Exhibit "A".**

3. While Defendants maintain that Mr. Hoffman's violation of the Court's Order was inadvertent and does not rise to the level of indirect criminal contempt and does not justify any criminal sanctions, Defendants have been making efforts to reach an agreement with Plaintiffs and their counsel as to the amount of attorney fees along with a $1000 fine as a financial sanction as discussed at the prior Hearing.

4. Because of Mr. Hoffman's admission and sworn statement that Mrs. Hoffman was unaware that he sent the tax return pages, Defendants suggest to the Court that the only determination left is, whether sanctions are to be imposed, and if so, how much of a sanction to impose on Mr. Hoffman only.

5. Based on the discussion before this Court with Counsel and the possible sanctions that may be imposed on Defendants as discussed at the recent hearing, and mentioned above, Defendants have been making every attempt reasonably possible and in good faith to come to terms with Plaintiff as to an agreeable monetary sanction. Based upon statements made by Plaintiffs' counsel at the previous hearing, Plaintiffs are claiming sanctions should include their attorneys' fees for preparing their Motion for Sanctions and attendance at the last hearing and a fine of $1000.00.

6. In an attempt to avoid the need for further fees for an evidentiary hearing and any preparation for such a hearing, and to determine the amount Plaintiffs may be claiming, Defendants have requested of counsel for Plaintiffs to provide copies of the relevant time records for the work necessary for the filing of the motion and attendance at the last hearing. That way Defendants can determine what might constitute a reasonable time and fee. Plaintiffs have refused to provide this information and have simply stated an amount they claim to be the attorneys' fees incurred. No cost

BUNNELL & WOULFE P.A.
ONE FINANCIAL PLAZA, SUITE 1000 • 100 SOUTHEAST 3rd AVENUE • FORT LAUDERDALE, FLORIDA 33394 • 954.761.8600

information has been provided at all.

7. It is Defendants intention to reduce further fees for preparation for a Show Cause Hearing and Evidentiary Hearing by trying to come to an agreement on reasonable attorneys fees owed as a sanction. This would also alleviate the need for any expert witness testimony as to reasonable attorney's fees as well.

8. While Defendant David Hoffman has sworn in his affidavit that he was not aware of the Court Order at issue, he recognizes his actions violated the Court Order and is making every effort to come to terms for reasonable sanctions with Plaintiffs and their counsel, all subject to this Court's final determination.

9. Plaintiffs have not responded to Defendants request for time records at issue nor responded to Defendants good faith efforts to eliminate disputed issues before the Court.

10. Although not germane to the issue before the Court, Mr. Hoffman is at this time residing temporarily in Maine and is scheduled to undergo hip joint replacement surgery on January 14, 2013. As he is also receiving social security disability, he would be greatly taxed if in addition to facing potential sanctions he was forced to fly down here and testify in person. If the Court requires Mr. Hoffman's attendance in person, Defendants would respectfully request such time be coordinated with his impending surgery.

WHEREFORE, Defendants VALERIE HAWK HOFFMAN and DAVID HOFFMAN, respectfully request this Court dispense with an evidentiary hearing in conjunction with this Court's Order to Show Cause and not require Ms. Hoffman to attend the hearing in person, and for Mr. Hoffman not to be required to attend, or in the alternative if only Mr. Hoffman's presence is required, to schedule the hearing at a time coordinated with Mr. Hoffman's surgery on January 14, 2013.

BUNNELL & WOULFE P.A.
ONE FINANCIAL PLAZA, SUITE 1000 • 100 SOUTHEAST 3rd AVENUE • FORT LAUDERDALE, FLORIDA 33394 • 954.761.8600

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing was sent via e- mail this 20th day of December, 2012, to all counsel on the attached Service List.

BUNNELL & WOULFE P.A.
Counsel for Defendants
One Financial Plaza, Suite 1000
100 Southeast Third Avenue
Fort Lauderdale, FL 33394
Telephone: (954) 761-8600
Facsimile: (954) 463-6643

By:_____
RICHARD T. WOULFE
Florida Bar No.: 222313

LibertyNatural v. Hoffman
Our File No.: H186/11130

SERVICE LIST
Case No.: 2009CA036928XXXXMBAA

Ryon McCabe, Esq.
Centurion Tower
1601 Forum Place, Suite 505
West Palm Beach, Fl 33401
(561) 659-7878
Fax: (561) 242-4848
rmccabe@mccaberabin.com
efrederick@mccaberabin.com
janet@mccaberabin.com
Counsel for Plaintiff

Matt Habibi, Esq.
818 Southeast Fourth Street, Apt. 202
Fort Lauderdale, FL 33301-2242
(954) 728-9696
matt@mhabibilaw.com
Co-Counsel for Defendants

AFFIDAVIT OF DAVID HOFFMAN

STATE OF MAINE)
)ss
COUNTY OF HANCOCK)

BEFORE ME, the undersigned authority, personally appeared DAVID HOFFMAN, who, first being duly sworn, deposes and states as follows:

1. I, David Hoffman, am over the age of eighteen (18), with no criminal record, and the below statements are made based on my personal knowledge and under the threat of perjury.

2. I received tax returns for Liberty Natural Products, Inc. ("Liberty") which were a part of discovery responses provided by Plaintiff Liberty in the matter currently pending in the Circuit Court of the 15th Judicial Circuit in and for Palm Beach County, Florida.

3. I did send a copy of two pages of a tax return for Liberty to the Clackamas County, Oregon Code Enforcement Division.

4. When I forwarded the two pages of a tax return, I was not aware of the Order entered by the Court which prohibited the distribution of these tax returns outside of the lawsuit.

5. I had no intention of violating the Court's Order when the documents were sent out to Code Enforcement.

6. I did not discuss my action of forwarding these documents with Valerie Hoffman prior to sending out these documents.

FURTHER AFFIANT SAYETH NAUGHT.

DAVID HOFFMAN

Exh. "A"

Sworn to and subscribed before me this 10 day of December, 2012, by DAVID HOFFMAN, who is personally known to me or has produced known as identification.

Heather Brackett
(Signature of Notary)

Heather R.P. Brackett
Notary Public, Maine
My Commission Expires January 25 2013
(Name of Notary Typed or printed or stamped)

NOTARY PUBLIC

n/a
(Commission Number)

In the Matter Of:

IN RE VALERIE HOLLAND FUREY, Debtor.

EXAMINATION OF

VALERIE FUREY

October 28, 2013

DISCOVERY LITIGATION SERVICES
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1 UNITED STATES BANKRUPTCY COURT
MIDDLE DISTRICT OF FLORIDA
2 JACKSONVILLE DIVISION
3
CASE NO.: 3:13-bk-04538-JAF
4 CHAPTER 13
5
In re:
6
VALERIE HOLLAND FUREY,
7
Debtor.
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11 EXAMINATION OF
12
13 VALERIE HOLLAND FUREY
14
15 9:00 a.m. through 12:07 p.m.
Monday, October 28, 2013
16
17
1500 Riverplace Tower
18 1301 Riverplace Boulevard
Jacksonville, Florida 32207
19
20
Allison B. Murray, RPR
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25

1 APPEARANCES OF COUNSEL

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3

4 On behalf of Liberty Natural Products:

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6 ROGERS TOWERS
JACOB J. PAYNE, Esquire
7 1500 Riverplace Tower
1301 Riverplace Boulevard
8 Jacksonville, Florida 32207
904.398.3911
9 Jpayne@rtlaw.com

10

11

12 On behalf of the Debtor:

13

14 LAW FIRM OF LANSING J. ROY, P.A.
KEVIN PAYSINGER, Esquire
15 Suite 210
1710 Shadowood Lane
16 Jacksonville, Florida 32207
904.391.0030
17 court@jacksonvillebankruptcy.com

18

19 On behalf of Bunnell and Woulfe:

20 MARKSGRAY
NICHOLAS V. PULIGNANO, JR., Esquire
21 Suite 800
1200 Riverplace Boulevard
22 Jacksonville, Florida32207
904.807.2105
23 nvp@marksgray.com

24

25

1 wasn't really a big detailed explanation.
2 Q. Why were you following up with Clackamas
3 County?
4 A. I explained that to you. Because as
5 part of discovery I have the right to know what's
6 going on with the case. It's a First Amendment
7 right even if I just felt like doing it. But in
8 this situation it was important to know if the other
9 sentence in the supposed defamation claim was valid
10 or not. And, sure enough, it turns out that it is.
11 It turns out that he may be shut down.
12 Q. So you were following up to see whether
13 there was truth to the statement --
14 A. Correct.
15 Q. -- that he was going out of business?
16 A. Correct. But, again, with all due
17 respect to you, anybody can check on anything. I
18 mean, that's a First Amendment. It's all public
19 record. I don't understand where he's going with
20 this. It makes absolutely no sense. Just typical
21 abuse.
22 Q. So you're saying your intent in
23 following up was just to find this information in
24 support of the lawsuit against you for defamation?
25 A. Yeah, that was my thing that I wanted to

1
CERTIFICATE OF OATH
2
3
STATE OF FLORIDA)
4)
COUNTY OF DUVAL)
5
6 I, the undersigned authority, certify
7 that VALERIE HOLLAND FUREY personally appeared
8 before me and was duly sworn.
9
10 WITNESS my hand and official seal this
11 14th day of November 2013.
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15 Allison B. Murray, RPR
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1 REPORTER'S DEPOSITION CERTIFICATE

2

3 STATE OF FLORIDA)
)
4 COUNTY OF DUVAL)

5

I, Allison B. Murray, Registered
6 Professional Reporter, certify that I was authorized
to and did stenographically report the deposition of
7 VALERIE HOLLAND FUREY; that a review of the
transcript was requested; and that the transcript is
8 a true and complete record of my stenographic notes.

9 I further certify that I am not a
relative, employee, attorney, or counsel of any of
10 the parties, nor am I a relative or employee of any
of the parties' attorney or counsel connected with
11 the action, nor am I financially interested in the
action.
12

I further certify the original deposition
13 will be delivered to Jacob J. Payne, Esq., attorney
for Liberty Natural Products, for filing with the
14 court or his safekeeping.

15 DATED this 14th day of November 2013.

16

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18 Allison B. Murray, RPR

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FILED29 MAY '13 10:39USDC-ORP

Roger F. Dierking, OSB No. 69043
Email: dierkingatty@yahoo.com
13513 NE Beech Street
Portland, Oregon 97230
Telephone: (503) 257-7056
Facsimile: (503) 257-7056
Attorney for Plaintiff's Liberty Natural Products Inc. and James R. Dierking

UNITED STATE DISTRICT COURT

DISTRICT OF OREGON

PORTLAND DIVISION

3'13 - CV - 886 BR

LIBERTY NATURAL PRODUCTS, INC. Case No.:

and JAMES R. DIERKING,

Plaintiffs,

v.

VALERIE HAWK HOFFMAN, AKA VALERIE HOLLAND HAWK, AKA VALERIE HAWK FUREY, AKA ARDEN HOFFMAN, AKA ARDEN KOFFMAN, AKA ALLY LOUGHLIN, AKA ALLIE LOUGHLIN, DAVID BOYD HOFFMAN, AKA DAVID BOYD, AKA DAVID KOFFMAN, SUNRISE HERBAL REMEDIES, INC., DISSOLVED, SAGE ADVICE OF PALM BEACH, INC, DISSOLVED, FRESH HERBS AND TEAS, LLC, PEACEFUL PROPERTIES, LLC, HOFFMAN AND HAWK, LLC, AND WESLEY AMOS HAWK.

Defendants

COMPLAINT FOR INTENTIONAL INTERFERENCE WITH BUSINESS RELATIONSHIPS AND FRAUD, FOR INJUNCTIVE RELIEF

AND

DEMAND FOR JURY TRIAL

#52415

Statement of Jurisdiction

1.

Plaintiff Liberty Natural Products, Inc. (Liberty) was and is a duly dedicated corporation, organized and existing under and by virtue of the laws of the state of Oregon, doing business in Clackamas County, State of Oregon and engaged in the marketing, manufacture and distribution of herbal extracts; Plaintiff James R. Dierking (Dierking), is a resident of the state of Oregon and is the President, CEO, and sole shareholder of Plaintiff Liberty. Defendants are all corporations or citizens of states other than Oregon.

2.

Jurisdiction rests with this Court because of diversity of citizenship, and the amount in controversy, without interest and costs, exceeds the sum or value specified by 28 USC §1332.

Parties Defendant

3.

At all times material herein, Defendant Valerie Hawk Hoffman, aka Valerie Holland Hawk, aka Valerie Hawk Furey, ak Arden Hoffman, aka Arden Koffman, aka Ally Loughlin, aka Allie Loughlin, hereinafter (Valerie Hoffman), was and is a resident of the state of Florida and engaged in the sales and distribution of herbal extract consumer goods as the CEO and alter ego of Defendant Sunrise Herbal Remedies, Inc (Sunrise), a dissolved Connecticut corporation doing business in the state of Oregon, and Defendant Sage Advice of Palm Beach, Inc. (Sage Advice), a dissolved Florida corporation doing business in the state of Oregon, Defendant Fresh Herbs and Teas, LLC (Fresh), a Florida corporation in good standing doing business in the state of Oregon.

4.

Defendant David Boyd Hoffman (David Hoffman), aka David Boyd, aka David Koffman, was and is a resident of the state of Maine and a manager and operator of Sunrise, a member-manager of Fresh, and a member of Peaceful Properties, LLC (Peaceful Properties), a Maine corporation.

5.

Defendants David and Valerie Hoffman were and are agents and members of Hoffman and Hawk, LLC (Hoffman and Hawk), dissolved, a Connecticut corporation engaged in residential real estate construction.

6.

Defendant Wesley Amos Hawk (Hawk), father of Valerie Hawk Hoffman, is a resident of the state of Connecticut and is the general manager of Hoffman and Hawk.

First Claim For Relief

(Intentional Interference With a Business Relationship)

7.

At all times material, Plaintiff Dierking was and is the owner of a property located at 20949 S. Harris Road, Oregon City, Oregon; that Plaintiff Dierking, as lessor, and Plaintiff Liberty, as lessee, have a business contractual leasehold interest in the aforementioned real property; Plaintiffs Liberty and Dierking have conducted business at that location since 1999 to the present.

8.

That by virtue of Plaintiffs' occupancy of their business location from 1999 to March 28th, 2012, at all times Plaintiffs have conducted their business lawfully and have enjoyed quiet, peaceful

ownership of their business, with business operations uninterrupted by Federal, State, or Clackamas County local regulatory officials.

9.

That by virtue of Plaintiff's occupancy of the business premises at the aforementioned location, Plaintiff Liberty has been enabled to market, manufacture and distribute its natural oils and herbal extract products in intrastate, interstate, and international commerce; that by virtue of the foregoing, Plaintiff Liberty enjoys a substantial prospective national and international economic advantage in marketing herbal extract products to existing and new customers throughout the world.

10.

That on or about December 21st, 2011, and thereafter, Defendants, and specifically Defendants David Hoffman and Valerie Hoffman, knowingly interfered with Plaintiffs' contractual and prospective economic advantage by filing a false, fraudulent, misleading, disparaging inflammatory, defamatory, and sham complaint with the Clackamas County Oregon Code Enforcement against Plaintiff Dierking; that Defendants Hoffman knew that the interference was substantially certain to occur from their action and was a necessary consequence thereof; that Defendant Hoffman's complaint sought to shut down and terminate all of Plaintiff Liberty's business activity, including its operations and production, entailing the layoff of approximately 30 employees.

11.

That as a direct causal result of the action of Defendants as hereafter set forth in paragraph 10 above, a notice was transmitted to Plaintiff Dierking on December 22nd, 2011 from Clackamas

County Code Enforcement, notifying Plaintiff Dierking that a complaint had been filed alleging that Liberty's operations at the aforementioned property were in violation of the law.

12.

That as a result of the foregoing complaint filed by Defendants, Clackamas County officials transmitted a "Shut Down" notice dated March 28th, 2012, advising Defendant Dierking to move Plaintiff Liberty's substantial operations to another location no later than June 28th, 2012 or to cease and desist operations.

13.

That the Defendants accomplished the actions described in paragraph 10 through improper means or for an improper purpose to wit:

(a) That as part and parcel of their December 21st, 2011 complaint, Defendants David Hoffman and/or Valerie Hoffman sent a January 9th, 2012 fax transmission to Clackamas County in violation of a duty of non-disclosure and non-interference stemming from a Protective Order in the state of Florida litigation pending against the Defendants;

(b) Defendant David Hoffman and/or Valerie Hoffman filed the December 21st, 2011 complaint with Clackamas County for no legitimate purpose other than out of spite, anger, and maliciousness directed at Defendant Dierking stemming from unrelated events involving the Defendants which occurred in litigation arising in other states;

(c) That during the course of litigation filed on March 28th, 2008 by Plaintiff Liberty against Defendant's Valerie Hoffman and David Hoffman, Sunrise and Sage in Clackamas County, Oregon, Case No. CV08030717 (Clackamas County action), Defendant Valerie Hoffman threatened Plaintiff's that unless Plaintiff Liberty paid the sum of $91,200.00 to Defendants, Defendants, including Defendant Valerie Hoffman, would cause claims and

regulatory complaints to be filed against Plaintiffs; on April 21st, 2009, Plaintiff Liberty was awarded money judgments in the Clackamas County action against Defendants Valerie Hoffman, personally, as well as Sunrise and Sage, in the amount of $136,665.10, plus a supplemental judgment for enhanced prevailing party fees, costs, and attorney fees as sanctions for Defendants' filing of frivolous, and meritless counterclaims for an improper purpose; further Plaintiff Liberty never paid Defendants the sum of $91,200.00 or any amount; that Defendants Hoffman filed the December 21st, 2011 complaint, as well as subsequent transmissions with Clackamas County, as a part of Defendants' fulfillment of their threat of filing regulatory reports.

(d) Defendants' filed the December 21st, 2011 land use complaint, as well as subsequent transmissions, with Clackamas County Code Enforcement to retaliate against and punish Plaintiff.

14.

That as a direct causal result of the December 21st, 2011 filing of the land use complaint and subsequent transmissions with Clackamas County Code Enforcement by Defendants, the filings interfered with Plaintiff's business leasehold and Liberty's prospective advantage with customers, and Plaintiff's sustained consequential damages, as follows:

(a) Plaintiff Liberty sustained losses due to the inability of Plaintiff Dierking to spend his services in the development and promotion of corporate business potential during Plaintiff Dierking's involvement with Clackamas County and other elected officials, to prevent the Clackamas County "Shut Down" order from taking effect, to Plaintiff Liberty's damages in the sum of $200,000.00.

(b) Plaintiff's were required to and did incur reasonable and necessary attorney fees and expenses in the protection of Plaintiff's leasehold interest and prevention of the Clackamas County Code Enforcement "Shut Down" order from taking effect, all to Plaintiff Liberty's damages in the sum of $25,000.00;

(c) That the aforementioned actions by Defendants Hoffman caused Plaintiff Dierking severe mental and emotional distress and suffering in dealing with the disruption caused by Defendants December 21st, 2011 filing of a land use complaint and subsequent transmissions with Clackamas County Code Enforcement, including the stress of maintaining staff confidence in the future performance of the business and protecting the present location of Plaintiff Liberty's operations from being relocated, sold or liquidated; that by virtue of the foregoing, Plaintiff Dierking has sustained compensatory damages for mental suffering in the sum of $300,000.00.

15.

The Defendants, and each of them, and specifically Defendants Hoffman, as aforesaid, acted with malice or have shown a reckless and outrageous indifference to a highly unreasonable risk of harm and acted with a conscious indifference to the health, safety and welfare of others, including the Plaintiffs; by virtue of the aforegoing, Plaintiffs are entitled to recover punitive damages from Defendants Hoffman, and each of them, in the sum of $1,000,000.00.

Second Claim For Relief

(Fraud)

16.

Plaintiff's reallege and reincorporate paragraphs 1 through 15 above as if fully set forth herein.

17.

That in August 2005, Defendant Valerie Hoffman entered into a business agreement with Plaintiff Liberty that included a promise to pay invoices for goods shipped on net 30 day terms.

18.

On or about October 1st, 2006, Defendants Valerie Hoffman, David Hoffman and Sunrise and Sage owed a substantial account receivable to Plaintiff Liberty for goods and services sold and delivered; that Defendant Valerie Hoffman acknowledged the debt and represented to Plaintiff that she did not have the financial resources or capacity to pay the debt; further that in consideration for Plaintiff Liberty's forbearance from collecting the debt, Defendant Hoffman represented to Plaintiffs that Defendants would pay the aforementioned indebtedness from the sale proceeds of two residential properties located in Connecticut (hereinafter referred to as "35 Codfish – Hoffman home" and "37 Codfish - spec house") owned by both Defendants Hoffman.

19.

That subsequently, after receiving no payment from Defendants and when Plaintiff Dierking notified Defendant Valerie Hoffman that he intended to pursue collection of the aforementioned debt through litigation against Defendants Hoffman, Defendant Valerie Hoffman threatened retaliatory action in the form of counterclaims and the filing of regulatory complaints against Plaintiffs; further, Defendant Valerie Hoffman represented that she had no interest in either the "35 Codfish - Hoffman home" or the "37 Codfish - spec house" Connecticut properties and that she was judgment proof.

20.

On March 28th, 2008, Plaintiff Liberty filed an action in the state of Oregon Clackamas Circuit Court (Clackamas County action) against Defendants Hoffman, Sunrise and Sage for Breach of Contract, Account Stated and Goods Sold and Delivered with claims totaling $117,605.80.

21.

That during the course of the Clackamas County action, Defendants made the following false representations, to wit:

(a) that Defendant David Hoffman had no interest in Defendants' Sunrise, Sage or Fresh herbal extract businesses;

(b) that Defendants personal and business finances were separate;

(c) that David Hoffman did not have any substantial role in Valerie Hoffman's business affairs;

(d) that David Hoffman's building business was separate from Valerie Hoffman's business affairs;

(e) that the Hoffmans did not own any real property together;

(f) that David Hoffman did not engage in the operation of or manage Valerie Hoffman's business enterprises;

(g) that any position held by David Hoffman in Valerie Hoffman's business enterprises was of short duration and unsubstantial;

(h) that David Hoffman or his business interests had not received or been the beneficiary of the distribution of Valerie Hoffman's business assets.

22.

That based upon the aforementioned false representations, Defendant David Hoffman was dismissed without prejudice from the Clackamas County action; that Plaintiffs did not discover the falsity of the representations set forth on paragraph 21 until June, 2011 and April, 2013.

23.

Subsequently, in April 2009, Plaintiff Liberty obtained against Defendants Sunrise, Sage and Valerie Hoffman personally:

(a) a general judgment for goods shipped from March 2006 through September 2006 in the sum of $136,665.10 plus interest;

(b) a supplemental judgment in August 2009, including an enhanced prevailing party fee, costs and disbursements and attorney fees, in the sum of $14,531.75.

24.

That the aforementioned representations of Defendants Hoffman were false, to wit:

(a) that from March 2006 to the October 2006 agreement to forebear debt collection, and at all times subsequent thereto, Defendants Hoffman have had the financial capacity and resources to pay the indebtedness or judgment owed to Plaintiff Liberty;

(b) that from March 2006, and subsequent thereto, Defendants Hoffman failed to disclose to Plaintiff Liberty that Defendants Hoffman owned or sold assets and businesses, the proceeds of which could have been, but were not, used to pay off the indebtedness or judgment owed to Plaintiff Liberty.

(c) that in April, 2007, unbeknownst to Plaintiffs, Defendants Valerie Hoffman and David Hoffman diminished the equity value of the "35 Codfish - Hoffman home" by obtaining and receiving loan proceeds in the sum of $250,000.00, none of which loan proceeds were used to pay off the indebtedness or judgment owed to Plaintiff Liberty;

(d) that Defendants Hoffman, unbeknownst to Plaintiff, withheld payment of the encumbrances on the "35 Codfish - Hoffman home," causing the lenders to file foreclosure notices;

(e) that in August 2008, unbeknownst to Plaintiff, Defendants Hoffman sold the "35 Codfish - Hoffman home" and entered into an agreement with the State of Connecticut and lenders, placing and insulating the proceeds into an escrow account;

(f) that thereafter, in February 2009, Defendants Hoffman, unbeknownst to Plaintiff, placed UCC liens in favor of their attorney James W. Oliver, on the escrowed sales proceeds of "35 Codfish – Hoffman home";

(g) that on May 27th, 2011, unbeknownst to Plaintiff, the "37 Codfish - spec house" was sold for $688,500, none of which sale proceeds were used to pay off the indebtedness or judgment owed to Plaintiff Liberty;

(h) that in March 2006, Defendants Valerie Hoffman and David Hoffman transferred title to the "35 Codfish - Hoffman home" with the purpose of preventing Plaintiff Liberty from collecting arrearages owed and the subsequent state court judgment;

(i) that Defendants Hoffman have falsely represented they have never had an interest or involvement in Defendant Hoffman and Hawk, LLC, the entity to which the "37 Codfish - spec house" was titled, nor any interest or involvement in the construction and sale of the "37 Codfish - spec house."

25.

That at the time Defendants made the aforegoing false representations to Plaintiff, Defendant Valerie Hoffman chose not to pay Plaintiff Liberty's indebtedness because she did not feel she

owed it; Defendant Hoffman intended not to perform when the promises were made, or Defendant made the promises with reckless disregard as to her ability to perform.

26.

That Defendants Hoffman knew the representations made by Defendant Valerie Hoffman in paragraphs 18, 19 & 21 were false or Defendant Valerie Hoffman made the representations with a reckless disregard for the truth or falsity of the representations made; further Defendants conspired to conceal from Plaintiff Liberty the aforementioned false representations.

27.

That the Defendants Hoffman made the aforementioned representations with the intent that Plaintiffs rely upon them.

28.

That the Plaintiffs relied upon Defendants' false representations, in that Plaintiff delayed action to collect the indebtedness owed to Plaintiff Liberty from October, 2006 to March 28th, 2008; that during March, 2007, when Plaintiff was forbearing to collect the debt owing from Defendants, the state of Connecticut, in an unfair trade practices action (CUTPA) filed against Defendants Sunrise, Sage and Valerie Hoffman, filed a $1.3 million ex parte attachment/prejudgment remedy on the "35 Codfish - Hoffman home," thereby precluding Plaintiff from proceeding with collection efforts against the real property; Defendants Hoffman failed to disclose the filing of the Connecticut CUTPA or attachment to Plaintiff Liberty.

29.

But for the aforementioned fraudulent representations, Plaintiff Liberty would not have entered into the October 2006 arrearage forbearance agreement and would have initiated its collection actions against Defendants earlier than it did.

30.

Plaintiff Liberty had a right to rely upon the aforementioned representations of Defendants; after exercising due diligence by filing litigation in the states of Oregon, Florida and Maine, Plaintiffs did not learn of their falsity until the following dates:

(a) Plaintiffs discovered the falsity of Defendant Valerie Hoffman's promise to pay off the debt owing to Plaintiff Liberty and her intent not do to so on or about December 1st, 2012;

(b) Plaintiffs discovered on July 5th, 2011 that the "37 Codfish - spec home," acquired by and titled to Defendant Hoffman and Hawk had been sold on May 25th, 2011 for $688,500.00;

(c) Plaintiffs discovered in March or April 2012 that Defendant Valerie Hoffman was a grantor of the $250,000.00 Wachovia mortgage obtained on the "35 Codfish -Hoffman home" in April 2007, and further discovered in July 2012 that Defendant Valerie Hoffman had received the funding proceeds of that mortgage;

(d) That in October 2006, at the time of the negotiation of the arrearage agreement with Plaintiff Liberty, Defendants Hoffman executed a deed, a copy of which was subsequently recorded in February of 2007, transferring their interest in their new home in Maine at 869 Summer Harbor Road, Winter Harbor, ME (Winter Harbor home) to Peaceful Properties, LLC (Peaceful Properties); further, in December 2011, Plaintiff Liberty discovered a June 2010 Offset Agreement entered into by Defendants Hoffman and Peaceful Properties, the purpose of which was to further secrete and insulate Defendants interests, so as to prevent Plaintiff Liberty from collecting its judgments from the Winter Harbor home.

(e) That in June 2012 Plaintiff Liberty discovered that Defendants Hoffman entered into a marital dissolution agreement providing for the future proceeds of sale of the Winter Harbor property to be placed in a trust for their children and out of the reach of Plaintiffs for satisfaction of damages arising from their fraudulent actions to evade payment.

31.

At all times since October 1st, 2006, Defendants, and each of them, have engaged in the aforementioned fraudulent scheme to insulate their assets and the sale of their assets so as to obstruct and defeat Plaintiff Liberty's ability to collect the judgments awarded in the Clackamas County action.

32.

That in addition to the aforegoing fraudulent misrepresentations and in furtherance and support of their fraudulent scheme, the Defendants Valerie Hoffman and David Hoffman, and each of them, in a series of court and administrative proceedings in Oregon, Florida, Connecticut and Maine beginning in 2005 to the filing of this complaint, filed sham, frivolous and malicious complaints against Plaintiffs witnesses and legal counsel in an attempt to intimidate Plaintiffs and to fraudulently obstruct and deny Plaintiffs' from exercising their right to due process to lawfully collect Liberty's judgments and Plaintiffs damages; further, Defendants Hoffman fraudulently misrepresented or withheld facts in the aforementioned litigation in order to obstruct and deny Plaintiffs' ability to collect the judgments awarded in the Clackamas County action and Plaintiffs damages incurred incident thereto.

33.

That in reliance upon Defendants false representations, Plaintiff sustained damages which were reasonably expected to result from Plaintiffs reliance, to wit: Plaintiff Liberty was required to

and did expend reasonable and necessary expense for attorney fees and costs in attempting to collect the aforementioned Clackamas County judgments against Defendant Valerie Hoffman; that the financial loss suffered by Plaintiff Liberty far exceeds the expense Plaintiff Liberty would have incurred had Defendants voluntarily paid the indebtedness or judgments owing to Plaintiff Liberty; that by virtue of the aforegoing, Plaintiff Liberty has sustained compensable damages to date in the sum of $300,000.00 and will continue to incur additional damages into the future.

34.

The Defendants and each of them, and specifically Defendants Hoffman, as aforesaid, acted with malice or have shown a reckless and outrageous indifference to a highly unreasonable risk of harm and acted with a conscious indifference to the health, safety and welfare of others, including Plaintiffs; by virtue of the aforegoing, Plaintiffs are entitled to receive punitive damages from Defendants and each of them, in the sum of $2,000,000.00.

35.

That by virtue of the aforegoing, Plaintiffs are threatened with immediate irreparable harm by

(a) the continuation of Defendants' fraudulent scheme to secrete, conceal, and to insulate their assets and the sale of their assets so as to defeat Plaintiffs' ability to collect any judgments from Defendants, and,

(b) the continuation of Defendants' false, malicious, inflammatory and defamatory communications with Clackamas County, causing injury to Plaintiff Liberty's reputation and goodwill, as well as mental and emotional suffering to Plaintiff Dierking, and Plaintiffs have no adequate remedy at law.

Wherefore Plaintiffs request a jury trial and pray for judgment as follows

(a) For Plaintiff's First Claim for Relief

(1) For judgment on behalf of Plaintiffs Liberty and Dierking and against Defendants Hoffman, jointly and severally, for consequential and compensatory damages in the sum of $225,000.00

(2) For judgment on behalf of Plaintiff Dierking and against Defendants Hoffman, jointly and severally for consequential and compensatory damages in the sum of $300,000.00

(3) For Plaintiff's punitive damages in the sum of $1,000,000.00

(b) For Plaintiffs Second Claim for Relief

(1) For judgment on behalf of Plaintiffs and against Defendants, jointly and severally, for consequential and compensatory damages in the sum of $300,000.00, plus further amounts according to proof at the time of trial;

(2) For Plaintiff's punitive damages in the sum of $2,000,000.00

(c) That Defendants be permanently enjoined from secreting, concealing, transferring, selling or encumbering their assets until such time as this Court adjudicates the merits of this case; further, that Defendants be permanently enjoined from having any contact with Clackamas County, its officials or its employees.

(d) For Plaintiff's costs and disbursements incurred herein;

(e) For such other and further equitable relief, including injunctive relief, as the court may deem just.

Dated this 29th day of May, 2013.

s/Roger F. Dierking

Roger F. Dierking OSB No. 69043
dierkingatty@yahoo.com
503-257-7056
Attorney for Plaintiff Liberty Natural Products, Inc.

JURY TRIAL DEMANDED

Plaintiffs demand a jury trial on all questions of fact or combined questions of law and fact raised in this Complaint.

Dated this 29th day of May, 2013.

s/Roger F. Dierking

Roger F. Dierking OSB No. 69043
dierkingatty@yahoo.com
503-257-7056
Attorney for Plaintiff Liberty Natural Products, Inc.

CLACKAMAS
COUNTY

SCOTT CAUFIELD
BUILDING CODES ADMINISTRATOR

BUILDING CODES DIVISION

DEVELOPMENT SERVICES DIVISION
150 BEAVERCREEK ROAD | OREGON CITY, OR 97045

March 28, 2012

James Dierking
20949 S Harris Rd.
Oregon City, OR 97045

Subject: **Violation(s) of the Clackamas County Code**

Site Address: 20949 S Harris Rd., Oregon City, OR 97045
Legal Description: T2S, R3E, Section 27C Tax Lot 01500

Thank you for taking time to meet with the County recently. After that meeting permit records and land use ordinances have been reviewed and the following is a list of items that need to be addressed:

The following permits need to be renewed and obtain final inspections:

- B0350199 Deck addition to main building
- P0280204 2nd floor bathroom remodel
- E0038105 Large production building
- E0057608 Building 10 – 11
- E0332106 Building 2
- E0418306 Building 1
- E0381906 Distillery
- P0068306 Distillery
- E0464311 Service Replacement (unknown location)

Additionally, there is no record of any building permit or agricultural exemption on file for the distillery building. This paperwork will need to be filed as well.

Once the permits are renewed you will need to contact the inspectors to do the final inspections. They will determine, while onsite, that any and all work done has the appropriate permits and inspections. Any items noted by the inspectors as unpermitted will need to be addressed.

S:\Code Enforcement_VIOLATION FILES_\Harris Rd\20949 S Harris Rd\2nd letter 3-27-12.Doc

As for the business activities onsite staff spoke with Clackamas County Planning Director, Mike McCallister who determined a portion of the business *activity conducted* onsite is in violation of Section 401 of the Clackamas County Zoning and Development Ordinance. He has requested that you meet with him and/or Planner, Gary Hewitt to discuss this matter to help you fully understand what would and would not be an allowed use on the land. Please contact him and schedule a time to meet within the next 10 days. His direct number is 503-742-4522.

You may also wish to contact Cindy Hagen with Clackamas County Economic Development who can help you locate potential properties where the unauthorized portion of your business activities can relocate to. Her direct line is 503-742-4328.

Effective January 1, 2012, the County will be assessing a $75.00 per month administrative fee on all open violation files, continuing until the violation(s) are abated.

Please be advised that failure to resolve the violation(s) will result in one or more of the following: (1) a citation and fine, (2) assessment of a monthly administrative fee, and (3) referral of this matter to the County Code Enforcement Hearings Officer for legal action. The Clackamas County Code provides for fine amounts of up to $500 and additional civil penalties of up to $3500 for *each day* of noncompliance. Fine amounts and civil penalties are assessed for each cited violation and may be assessed separately against each named party. In addition, the Code Enforcement Hearings Officer may order the violation to be abated by the County at the expense of the property owner(s) and responsible parties.

Clackamas County encourages voluntary compliance with code violations to support a safe and healthy community for all. Please note that when a property owner works cooperatively with the County to resolve a confirmed code enforcement violation, the County may waive all or part of the $75 per month administrative fee.
Unpaid fines, administrative fees, civil penalties and abatement costs may be recorded as a lien against property owned by any of the parties either jointly or separately. If you do not own real property a lien may be recoded against you personally. Monetary penalties may also be collected by garnishing wages or any other method allowed by law.

Also, be advised that non-compliance with a Hearings Officer's Order may result in the matter being referred to County Counsel for legal action in Circuit Court and may result in additional penalties or other sanctions.

Finally, recurrences of abated violations will result in the issuance of a citation without prior notice.

In order to avoid further enforcement action, please complete the following actions by no later than June 28, 2012,

- Cease or relocate all business activity which is not in compliance with Section 401 of the Clackamas County Zoning and Development Ordinance as outlined by Planning Director, Mike McCallister and/or Planner, Gary Hewitt, and
- Renew and obtain all final inspection on the above noted permits and address any additional permit or inspection requirements as noted by inspectors.

Please feel free to contact me if you have any questions. My direct telephone number is 503-742-4472 and email is kimpri@co.clackamas.or.us.

Thank you for your prompt attention to this matter.

Kim Priest
Clackamas County
Code Enforcement Section

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HB3439

Introduced at the request of Oregon Lavender Farm.

A Bill to Permit Wholesale Distribution of Agricultural Products on EFU lands with Building Improvements Existing on or Before May 19th, 1970.

Chief Co-Sponsors
Rep. Bill Kennemer
Rep. Jeff Reardon

Amends EFU Land Use Statute ORS 215.283 to permit wholesale agricultural distribution from legacy farm buildings.

Authorizes wholesale distribution of agricultural crops, produced on or off the property, in conjunction with farm use in one or more buildings that existed on May 19, 1970.

Adds paragraph (bb) to Section 2 of ORS 215.283 as follows:

((bb) Wholesale distribution, including manufacturing, processing, packaging and repacking, of raw or processed agricultural crops and related products, produced on or off the farm operator's property, that is integrated with farm use of the property and that is conducted in one or more buildings, with a total area of not less than 100,000 square feet, that existed and were used for the distribution of agricultural products produced by other farms on or before May 19, 1970.

HB3439 Amended.

Amended to Ensure Only Significant Legacy Facilities Are Able to Meet the Requirements of the Bill.

- Requires > 100,000 square foot in building improvements existing prior to May 19th, 1970.

- Requires use of building improvements for distribution of the produce of other farms prior to May 19th, 1970.

Allows An Exception for Only Qualifying Legacy Facilities

The Oregon Lavender Farm is the only known qualifying facility.

If other qualifying facilities exist it is in the public interest to allow those facilities to be not be wasted.

If similar facilities exist they likely already enjoy grandfather rights to similar uses.

Passage of this exception will not act to undermine the EFU statute

Public Policy Goals:
Preserve & Protect Agricultural Lands

Large legacy facilities exist on EFU agricultural lands that were established prior to Oregon's implementation of its 1973 Land Use legislation.

Legacy facilities that do not lend themselves to sustainable productive use are a burden on agricultural lands.

Commercial uses in conjunction with agricultural practices that maintain legacy facilities and support agricultural practices meet the spirit and criteria of Oregon's agricultural land public policy goals.

Approval Requires County Conditional Use Permit Evidencing:

No Adverse Changes To Surrounding Farm & Forest Practices

and

No Increased Costs to Surrounding Farm & Forest Practices

Requires Conditional Use Approval pursuant to ORS 215.296

(2) The following nonfarm uses may be established, subject to the approval of the governing body or its designee in any area zoned for exclusive farm use subject to ORS 215.296:

ORS 215.296 Requires County To Find Conditional Use Approval Will NOT:

(a) Force a significant change in accepted farm or forest practices on surrounding lands devoted to farm or forest use;

or

(b) Significantly increase the cost of accepted farm or forest practices on surrounding lands devoted to farm or forest use

The Need for this Legislation Arose in Clackamas County at the Oregon Lavender Farm.

this Clackamas County legacy facility has been utilized for the wholesale distribution of agricultural crops and products since it was acquired and renovated in 1999.

The property owner asserted to the County in 2005 that the use was allowed outright as a customary practice in conjunction with its farm practice and has conducted business there without any evidence of adverse impacts to surrounding practices for over a decade.

The Oregon Lavender Farm

The Oregon Lavender Farm
A Legacy EFU Farm Facility

90 acres of EFU agricultural land located in Clackamas County

150,000+ square foot of building improvements

25 acres of cultivated lavender

Steam Distillation Processing of Farm Grown Lavender & Other Crops for Essential Oils

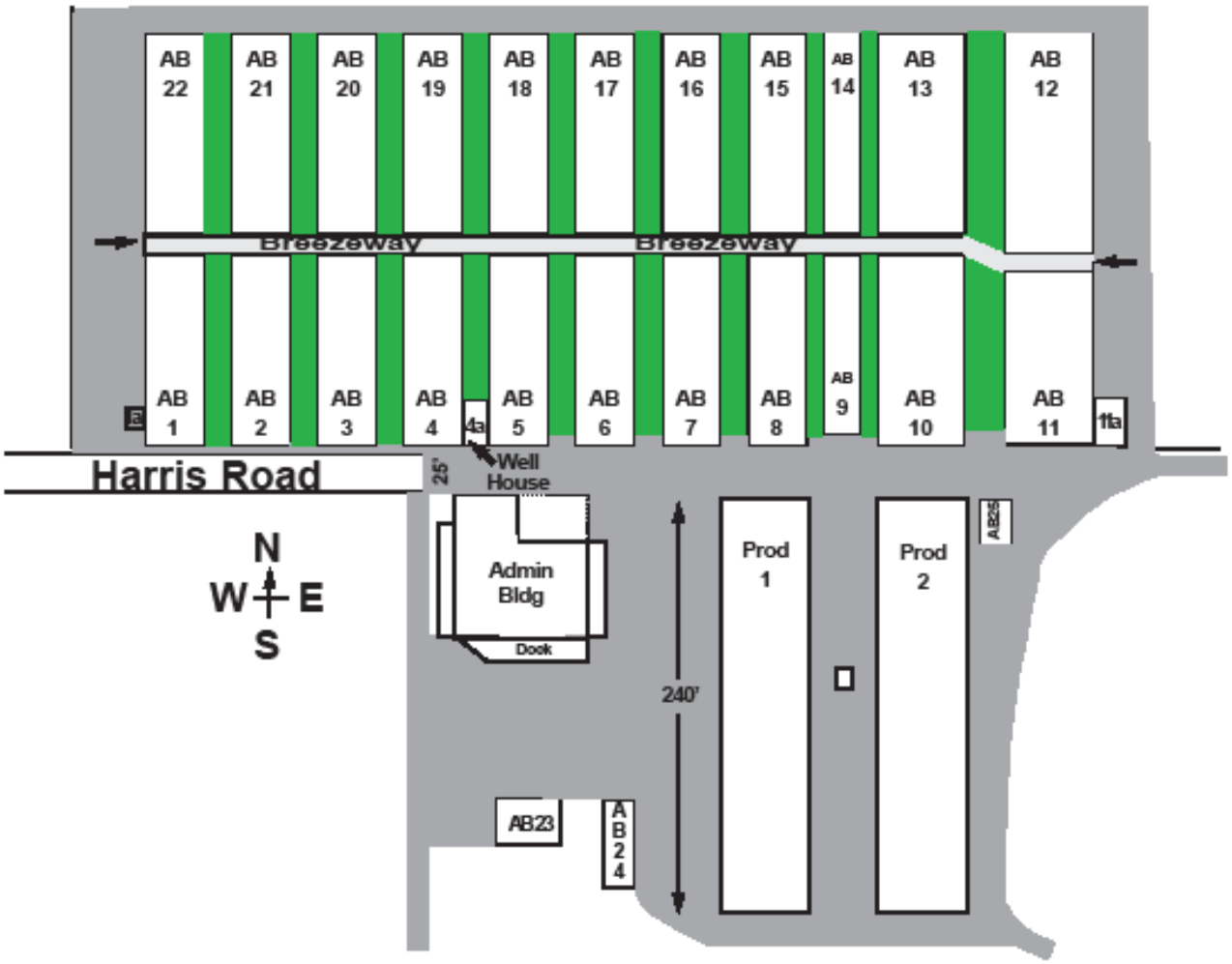
Legacy facility used to process and distribute farm crops including lavender, lavender oil, herbs and herbal extracts

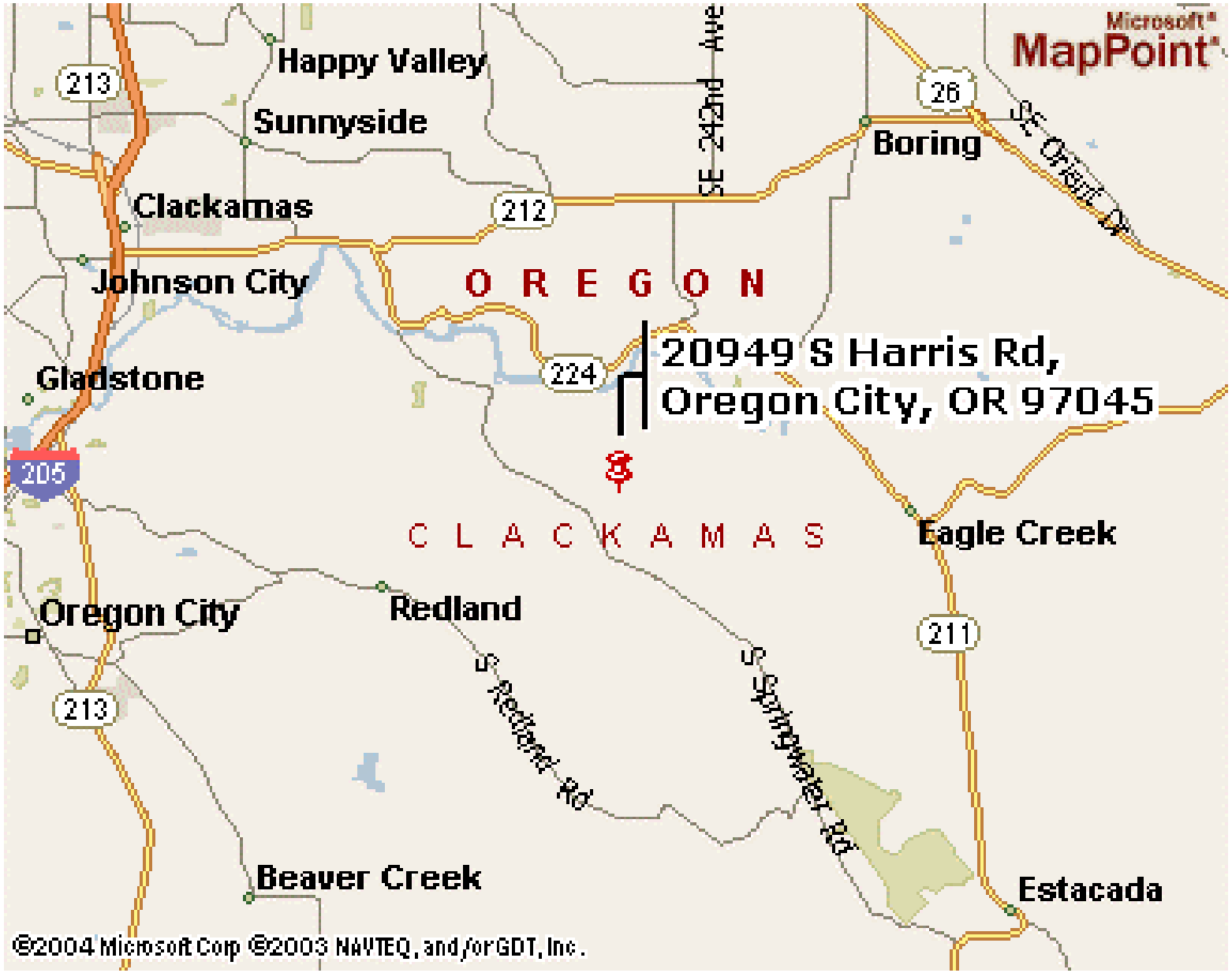
and

The wholesale distribution of crops grown and processed on other farms in Oregon and around the world.

~ 5 acre Commercial Facility

Farm Improvement Map




Microsoft
MapPoint
Happy Valley
Sunnyside
Clackamas
Johnson City
Gladstone
Oregon City
Redland
Beaver Creek
Boring
Eagle Creek
Estacada
O R E G O N
C L A C K A M A S
20949 S Harris Rd,
Oregon City, OR 97045
SE 242nd Ave
SE Orient Dr
S Redland Rd
S Springwater Rd
213
212
224
26
205
211
©2004 Microsoft Corp ©2003 NAVTEQ, and/or GDT, Inc.

GlobeXplorer™
Aerial Map
© 2003 GlobeXplorer, Spencer B. Gross

Clackamas County was Compelled To Act By a Retributive Land Use Complaint.

On December 21st, 2011 an out of state judgment debtor of the property owner who has no interest or standing in Oregon land use matters filed a land use complaint asking for a cease and desist of the distribution operations. The filing was made to cause damage and harm in order to hinder and delay the property owner's claims for relief in courts in three states to recover damages for a series of wrongful acts.

Existing Statutes Substantially Limit the Wholesale Distribution of Agricultural Crops and Products Use

Under ORS 215.283(2)(a) commercial activities in conjunction with a farm use are allowed. These uses are subject to the following limitations:

- Limit the size of the improvements utilized for such uses.
- Limit the amount of goods that may be distributed that are not produced on the farm site.

Under ORS 215.448 Home Occupations are allowed in EFU zones subject to the following limitations:

- No more than five full time employees.

Under ORS 215.283(1)(o) Farm Stands are allowed in EFU zones subject to the following limitations:

- Distribution of local area farm products only.
- Limitation on incidental item sales < 25% of the farm stand

The Assertion of Outright Use and Application Under Other Land Use Provisions Could Result in Costly and Lengthy Litigation.

Given the evaluation by the County that other land use options to reconcile the distribution use were not likely to prevail and the high cost and substantial amount of time to receive a court determination, Clackamas County proposed and the property owner agreed that seeking a legislative solution was the best option.

Historical Uses - Logan Egg Farm

Unsustainable Egg Farm operating from the early 1960's- through the late 1970's

Originally named the Logan Egg Farm after the historic Oregon Trail DLC community established near Bakers Ferry. On site breeding of chickens for eggs and distribution of chicken eggs. Purchased by Carnation in the late 1960's. The business was expanded to manage regional distribution of eggs for other producers. The operations were shutdown by Carnation due to contamination of the ground water supply by excessive nitrate levels caused by large amounts of chicken manure.

Historical Uses – Carnation Egg Farm

Distribution for Other Farms

Carnation

Egg Division

P.O. Box 398
Rochester, Washington 98579
Telephone: (206) 273-5984

July 26, 1983

Dr. Charles Cambell
C/O Dakann Mangement
20949 South Harris Rd
Oregon City, Oregon 97045

Dear Dr. Cambell;

Permit me in offering congratulations on the purchase of Logan Farms. I understand you are converting the poultry house into rabbit raising vacillaties.

Between 1971 and 1979, I managed Logan Farms for Carnation Co. At that time Carnation raised laying hens, and processed eggs for distribution in and around the Portland area. We would also bring in processed eggs from Carnation owned farms in other locations for distribution.

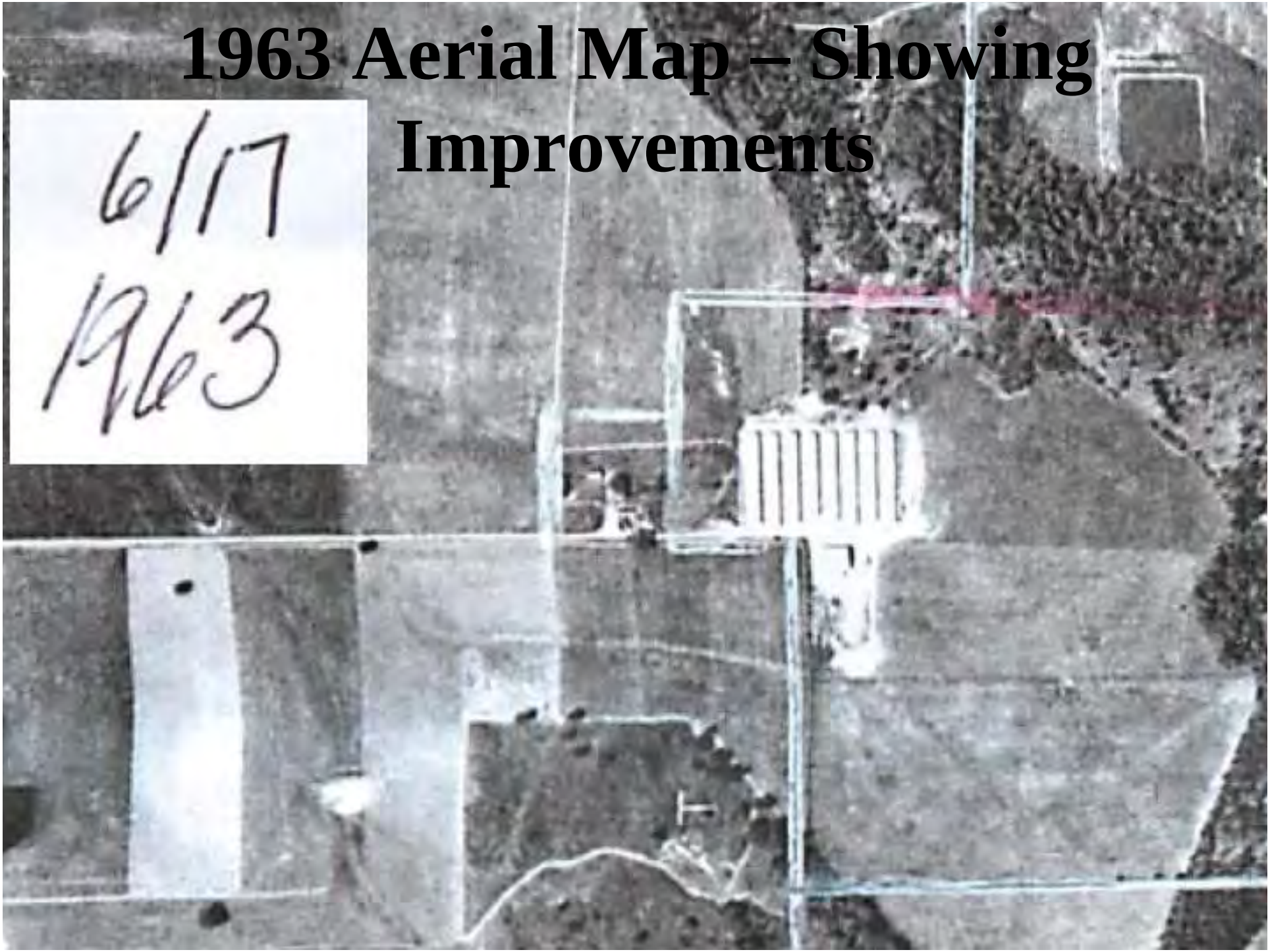
If at any time in the near future you permit visitors, I would enjoy a tour of your location.

Congratulation and best wishes from all of us at Carnation.

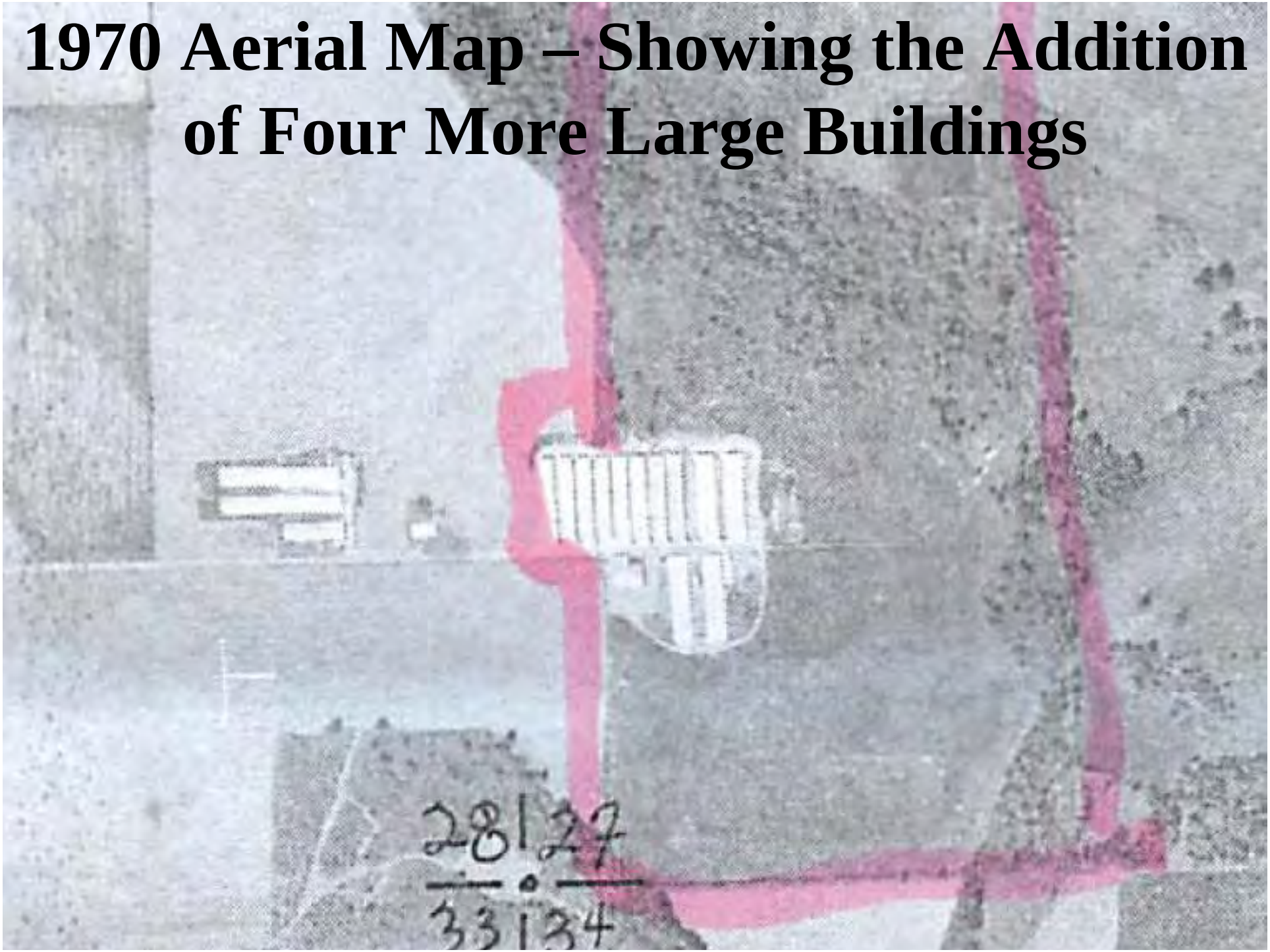
Sincerely,

Don Schaefer

1963 Aerial Map – Showing Improvements



1970 Aerial Map – Showing the Addition of Four More Large Buildings



Historical Uses – Rabbit Ranch

Unsustainable Rex Rabbit Ranch operated from the late 1970's to the mid 1990's

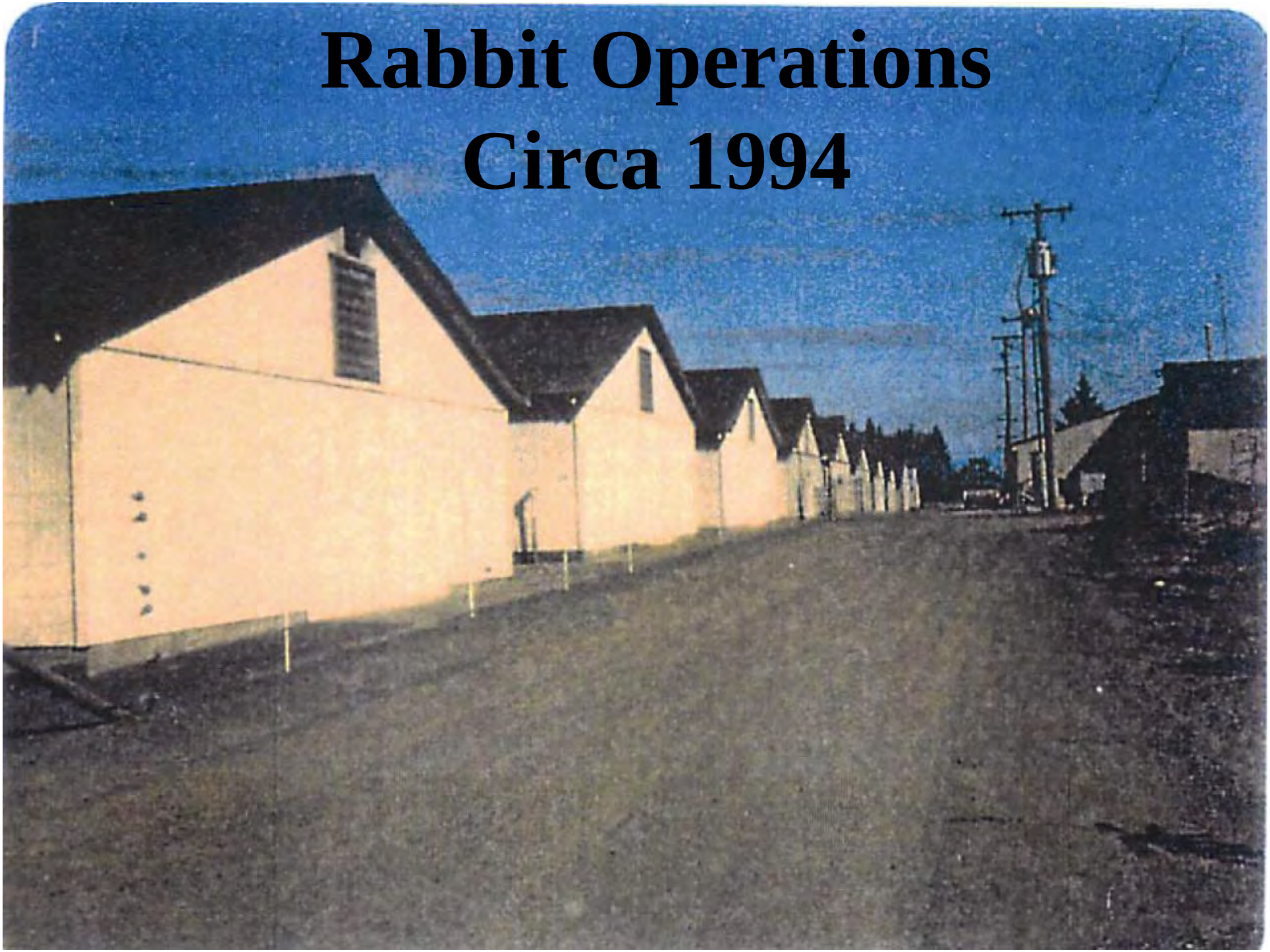
After Carnation Inc. closed the egg operation, the original 200 acre property was divided into several parcels with the largest collection of buildings remaining on the parcel which is now the Oregon Lavender Farm property.

The Rex rabbit operation included the USDA inspected rendering and processing of rabbits for their meat and also a tannery operation for the processing of their high valued fur.

Despite the investment of several million dollars into the operations by successive owners, the rabbit operations were unable to purchase sufficient volumes of rabbits from other farms to meet demand and maintain profitability.

Rabbit Rendering

Rabbit Slaughter Conveyors


Rabbit Operations
Circa 1994

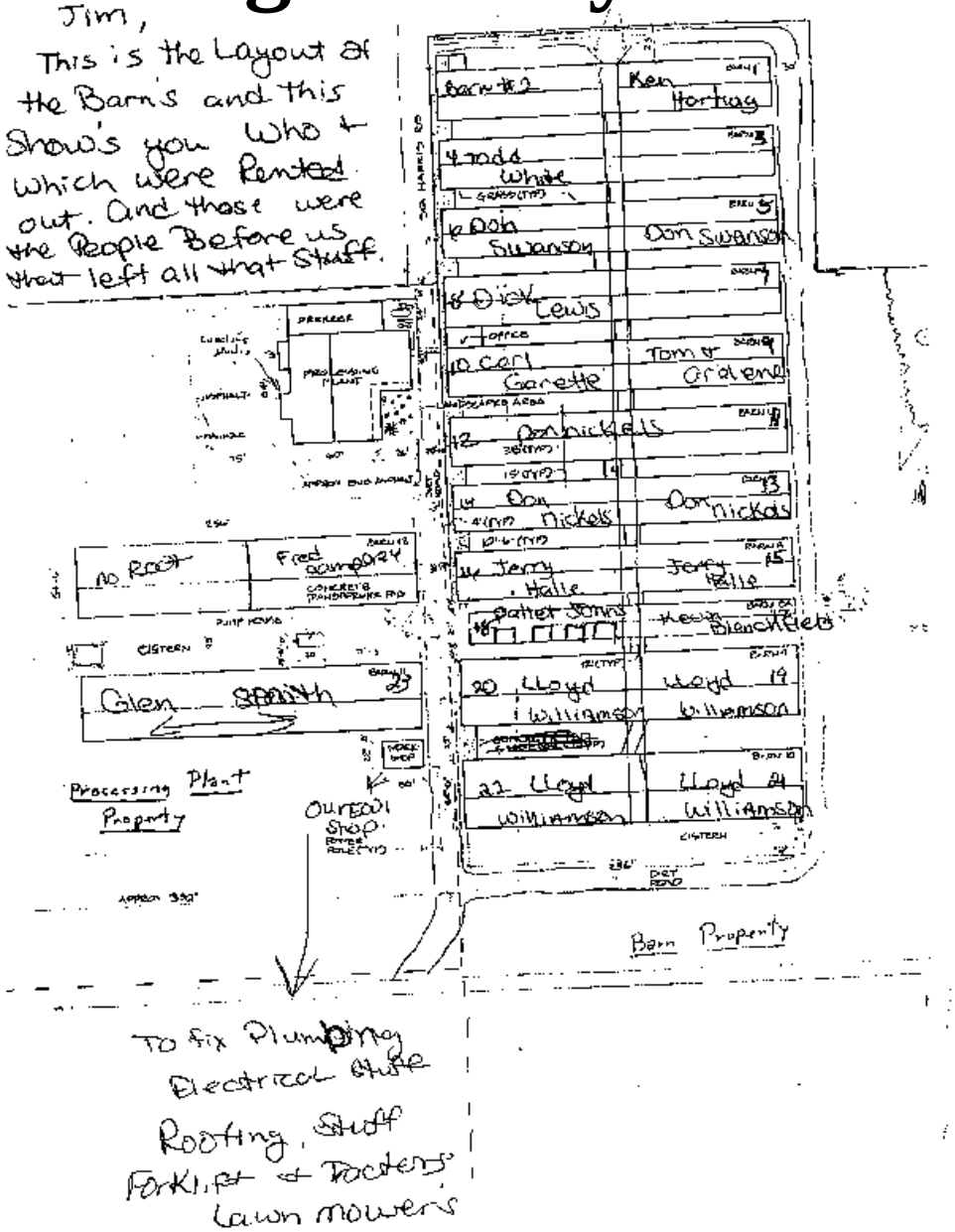
Nuisance, Illegal, and Non-Conforming Uses

As the successive rabbit farming operations failed, the property fell rapidly into disuse and disrepair.

The buildings and property were used for the following uses spanning several decades:

•Drug lab • Cockfights • Barn Residences • Auto Body • Chop Shop • Auto Salvage • Cabinet Making • Towing Company • Feed and Fertilizer Sales • Reptile Business • Misc Storage • Electrical Equipment Salvage • Refrigeration Storage • Sewing of Stuffed Animals • Refrigeration, Sorting and Storage of Mushrooms • Refrigeration and Re-packaging of Jelly

Map Identifying Locations of Non-Conforming Uses By Former Owner



Letter from Former Owner Identifying Long History of Non-Conforming Uses

William G. Ball
1424 Barbis Way
Concord, CA 94518
(925) 827-9395, fax (925) 827-2395

March 27, 2000

Jim Dierking
20949 S Harris Road
Oregon City, OR 97045

RE: Occupancy of barns

Dear Mr. Dierking:

In response to your request of information concerning the occupancy in the barns at 20949 S. Harris Road, Oregon City, Oregon I submit the following:

I first spent any time on the property starting around 1987. At that time there were various entities using or renting the barns.

There was one company renting two barns for storage of feed, materials and raising rabbits until approximately 1991.

Ore-Best was using a barn for the sewing and making of stuffed animals from around 1988 until 1990.

Brad Tylman raised snakes and had built an area for various aspects of the snake business sometime around 1990 - 1992.

Starting in 1991 & 1992 and continuing until approximately 1997 there were numerous short term tenants who used the barns for temporary storage of many items. These included, but were not limited to: storage of autos & pickups. Storage of lumber and other misc. building materials. Storage of liquidation items that were used for flea market and surplus sales. Storage of electric motors and other electrical equipment removed from salvaged buildings. Storage of misc. electronic equipment for repair and ultimate resale at flea markets. Storage of boats. Storage of horse gear.

During this same time one tenant was using the barns for the storage of automobile cores. This use continued until you purchased the property.

I believe it was 1995 or 1996, the nursery used the refrigerator rooms to store plants from her nursery.

The year earlier, the processing plant and refrigerator rooms were used during the mushroom season for sorting and storing of mushrooms.

ny used the processing plant and refrigerator rooms for the bottling and labeling of
ipment of jams for the Trailblazer jam company.

e Ore-Best used the property for the raising of rabbits, storing and sale of fertilizer and
ruction and sale of cages. For approximately 1 year we also operated a tannery on the

at this information will be of use to you.

y Ball
ager for Ore-Best Farms

Meth Lab Operation

School-bus meth operation brings 5-year, 4-month term

OREGON CITY — A Southeast Portland man who cooked methamphetamine while living inside a school bus in 1996 has been sentenced to five years and four months in prison.

Lloyd H. Williamson, 48, was convicted in July in Clackamas County Circuit Court on drug and weapons charges.

Andy Eglitis, a senior deputy district attorney, said police discovered the meth operation along with 19 guns Williamson had stockpiled while living in a bus parked along South Harris Road.

Williamson was scheduled for trial in 1997 but failed to show up in court, Eglitis said. Authorities in California arrested Williamson last May and delivered him to Clackamas County for trial.

Hooley, British Labourite due for tour of county Saturday

OREGON CITY — Rep. Darlene Hooley, D-Ore., will squire a member of the British Parliament

Unfit For Use

```
Permits          Id: ASSR100L Keyword: @ASSRM   User: NANCYD          07/16/99
Parcel File Maintenance - Locks/Holds/Notices
-------------------------------------------------------------------------------
| Locks/Holds/Notices for Parcel - Update Record                              |
|-----------------------------------------------------------------------------|
|                                                                             |
|     Text: UNFIT FOR USE - DRUG LAB ACTIVITY - NO PERMIT TO BE ISSUED        |
|                                                                             |
|        Lock/Hold/Notice (L/H/N): H                                          |
|                                                                             |
|     Effective Date Range - From:  4/ 1/98 Thru: 12/31/99                    |
|                            By: FRONH    Date: 04/01/98                      |
|                                                                             |
|                                                                             |
|                                                                             |
|                                                                             |
-------------------------------------------------------------------------------
-------------------------------------------------------------------------------
| Parcel: 23E27C  01500         Use: 5512     Owner: MDG LLC                |
|  Situs: 20949 S HARRIS RD                                   Acres:      16.45|
|  Legal: #CL 551-710-62-02-92-77     ZONED EFU     - POTENTIAL               |
-------------------------------------------------------------------------------

<ESC>Cancel Update,  <F7>Update Record
```

Before

POSTED

After 14 Years of Stewardship by Liberty to renew the farmland and facilities.

LIBERTY NATURAL PRODUCTS

NatureSource™ Ingredients

Operator of
The Oregon Lavender Farm

Distributor & Processor
of Botanical Products

CERTIFICATE OF FITNESS

The property located at 20949 S. Harris Road, Building #10 (Eastern-most building), Oregon City; Township 25 South, Range 03 East, of the Willamette Meridian, Section 27 C, Tax Lot 1400; Clackamas County, Oregon has undergone a drug lab chemical assessment by a Health Division licensed Illegal Drug Laboratory Decontamination Contractor in accordance with ORS 453.855-453.990, and is hereby certified as fit for use to the extent that can be determined using current techniques and methodologies. Any act of fraud committed in obtaining this Certificate renders said Certificate null and void.

Certificate # 96-002

Thomas W. Johnson
Health Division Authority
March 28, 2000
Date

OREGON HEALTH DIVISION

Healing The Farm

- **Termination of tenancy of nuisance tenants and removal of tenants substantial property.**
- **Resolve numerous encroachment and easement issues.**
- **Removal of 1000's of yards of debris from barns.**
- **Repair of substantial deferred maintenance to the infrastructure.**
- **Structural fortification of barns to stop further deterioration.**
- **Repair of infrastructure removed by tenants to fund drug addictions.**
- **Remediation of methamphetamine site listed by State of Oregon.**
- **Removal of obsolete equipment and supplies.**
- **Repair roadway deferred maintenance.**
- **Removal of over 20 acres of blackberries, overgrowth, left over logging slash and trees in fields.**
- **Removal of over 100 stumps from fields.**
- **Remove extensive garbage and debris from fields.**
- **Regrade fields, install/repair drain tile and irrigation systems.**
- **De-rock fields.**

Aromatic & Medicinal
Herb Garden

Lavender Rows Bathed in Summer Sun

Restored Administration Building

Restored Administration Building

Admin Upstairs Main Room

Admin Upstairs Customer Service Dept

Admin Upstairs Accounting Offices

Admin Upstairs Conference Room

Admin Upstairs Reception

Admin Upstairs Server Room

Admin Upstairs Purchasing Dept.

Restored Farm Buildings: P1

Repackaging of Essential Oils From Drums to Large Containers

Repackaging of Essential Oils to Small Containers

Agricultural Raw Materials Supplier to Oregon & Manufacturers Worldwide

Processing & Packaging Supplies Warehouse

Lavender Products Produced From OLF Lavender and French Sourced Lavender

OLF – LNP Shipping Department

Wholesale Distribution

90% of shipments are via UPS

99% of sales are by phone, fax or internet

Wholesale Distribution

90% of shipments are delivered by UPS

Restored Farm Buildings: P2

Aromatic & Medicinal Herb Garden

Liberty Grows Dozens of Herbs Used to Make Its Line of Over 100 Herbal Extracts

Echinacea Grown in Garden For Herbal Extract & Dried Herb

Rosemary Cultivation for Essential Oil and Herb

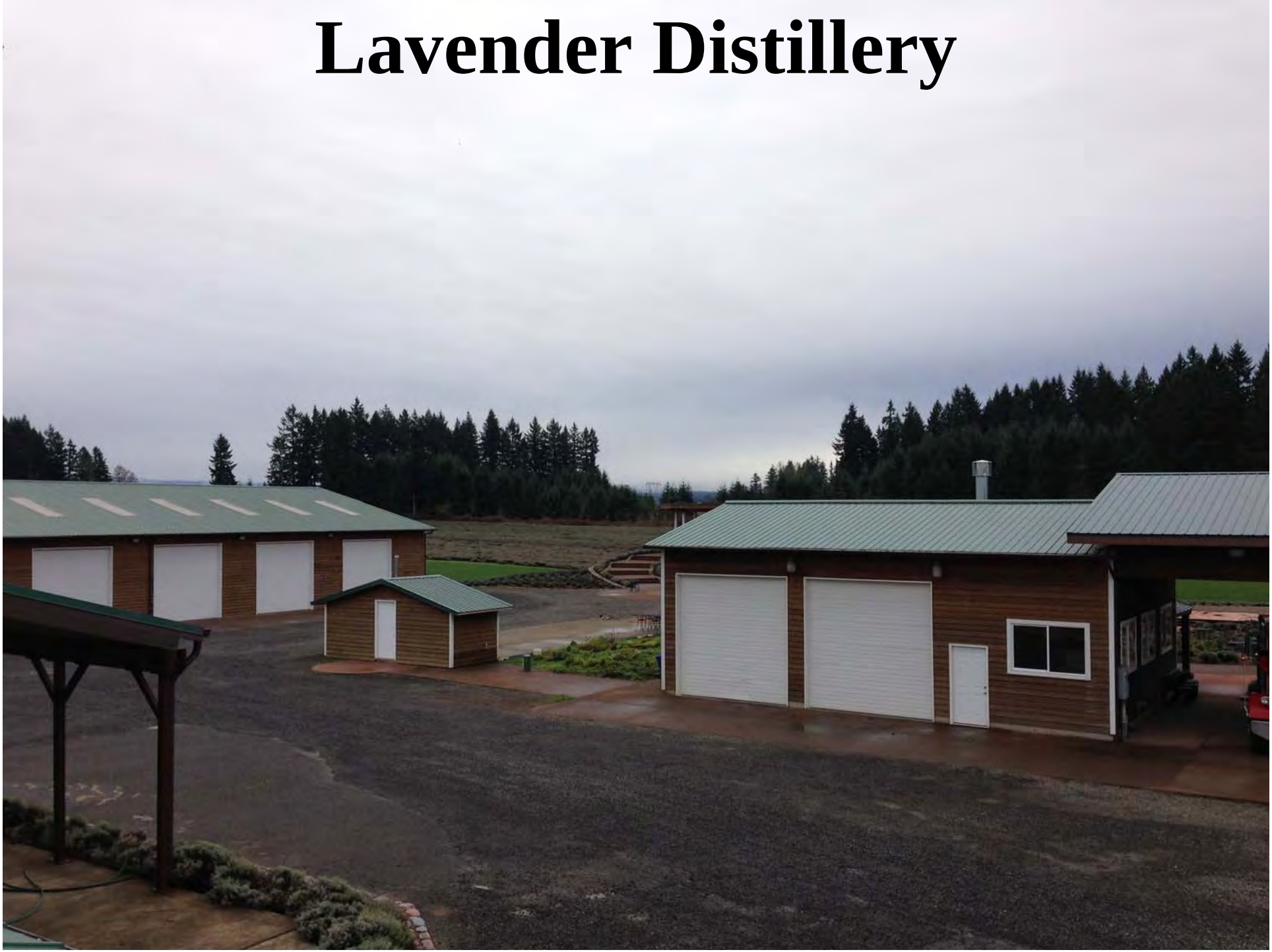
Dried Herbs Warehouse

Garden Grown Dried Herb Storage

Herbal Extract Production

Herbal Extract – Private Label Manufacture

Lavender Distillery



Lavender Distillery

Lavender Distillation – Dispensing From Condensor

Lavender Hand Harvest for Culinary Lavender

Lavender Harvester

Lavender Row Harvester

Lavender Harvester French Clier Head

Lavender Harvester NH 1880

Alternative Energy Projects

In the works are sustainable and alternative energy projects that include:

Reconstruction of an existing building using the Oregon energy efficent Faswall building material.

Geothermal ground heat pump system.

Rooftop Solar Panels

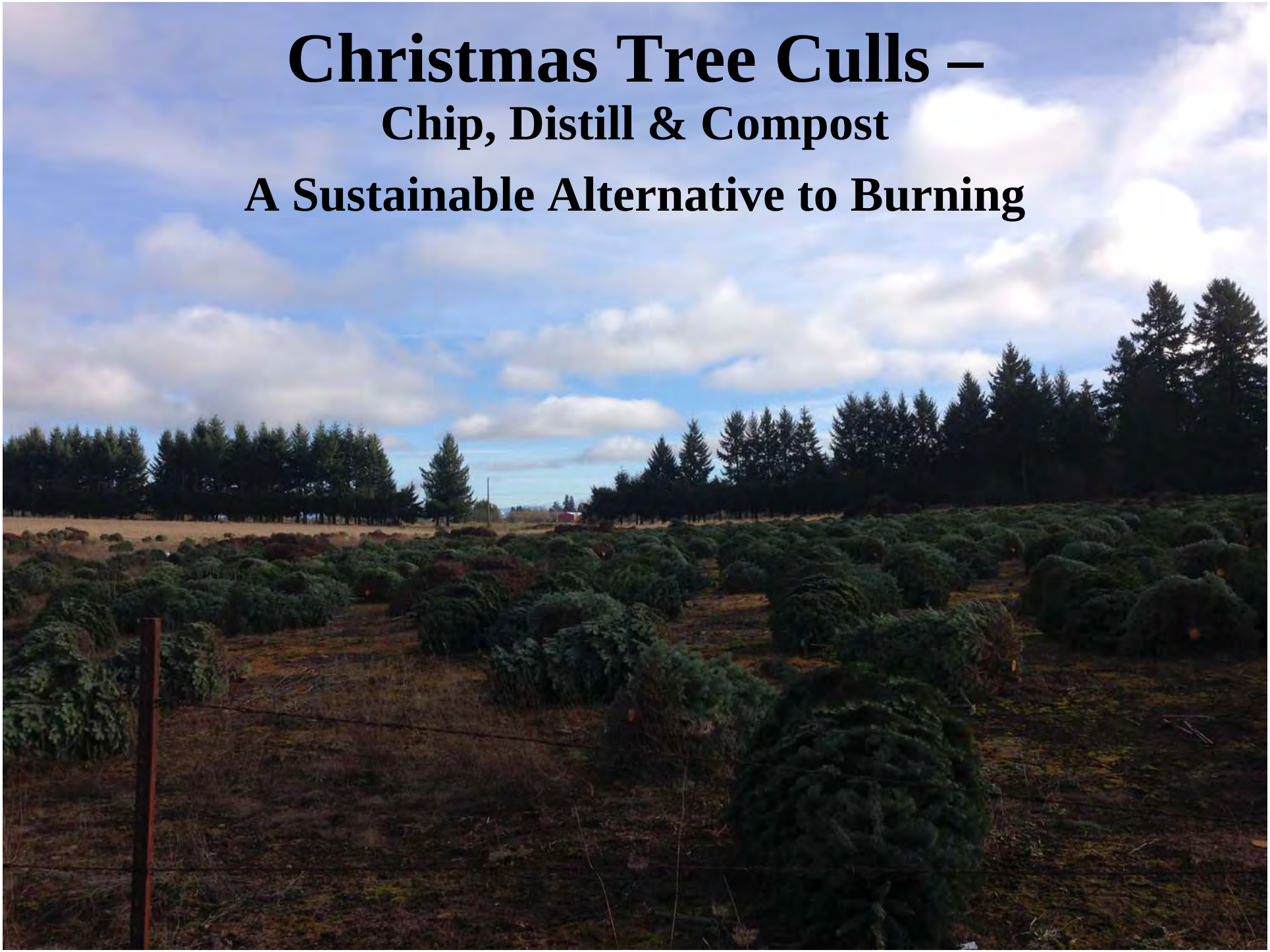
Raindrain – Irrigation – Fire protection – High Head Hydro Pond

Rainwater – Irrigation – Fire Protection Pond

Christmas Tree Culls –

Chip, Distill & Compost

A Sustainable Alternative to Burning



A Sustainable Solution to Christmas Tree Burning and Smoke.

A conditional use permit under HB3439 will also allow Liberty to distill Christmas Tree culls from other farms to help stop air pollution cause by burning the culls.

Christmas Tree Distillation R&D Project

Developing sustainable disposal practices

Liberty has invested in research and development of distilling Christmas Tree culls for their essential oil.

The growth of the Christmas tree practice and its use of burning prompted Liberty to explore the market feasibility for the essential oil.

In order to distill the Christmas trees they first must be chipped. The oil is then obtained through steam distillation of the chips.

The left over spent charge of chips is sterilized and is a valuable complimentary addition of carbon to the composting of high nitrogen horse manure.

Liberty Supports Agriculture

- **Sponsor of the Clackamas County Lavender Festival for 7 years.**

- **Supports a scholarship fund for the Clackamas Community College Horticulture Program since 2007**

- **Supports the Springwater Environmental School enabling students an opportunity to experience the farm as an outdoor agricultural school room.**

7th Annual Clackamas County Lavender Festival
5000 Visitors Each Year
Celebrating Oregon Agriculture

Lavender Festival U-pick

Clackamas County Tourism – Promoting Agri-Tourism

Springwater School Students
2008 Planting of Lavandin Rows

Liberty Natural Products
Use & Impact

The restoration and development of the farm property and facilities have been exclusively funded and managed by Liberty Natural Products.

Liberty Natural Products distribution & processing of agricultural products at the Oregon Lavender Farm is similar in nature and scope as the previous processing and distribution functions of the chicken and rabbit husbandry operations.

LNP's operations do not have the waste contamination problems that resulted from the chicken and rabbit operations.

The use of the property does not require expansion of the facilities and will use the existing infrastructure to its highest and best use without significant impact in the EFU zone.

Harris Road was improved by the County to serve and meet the needs of the facility in conjunction with the 1983 conditional use approval.

The current operations use the substantial electrical infrastructure existing at the farm.

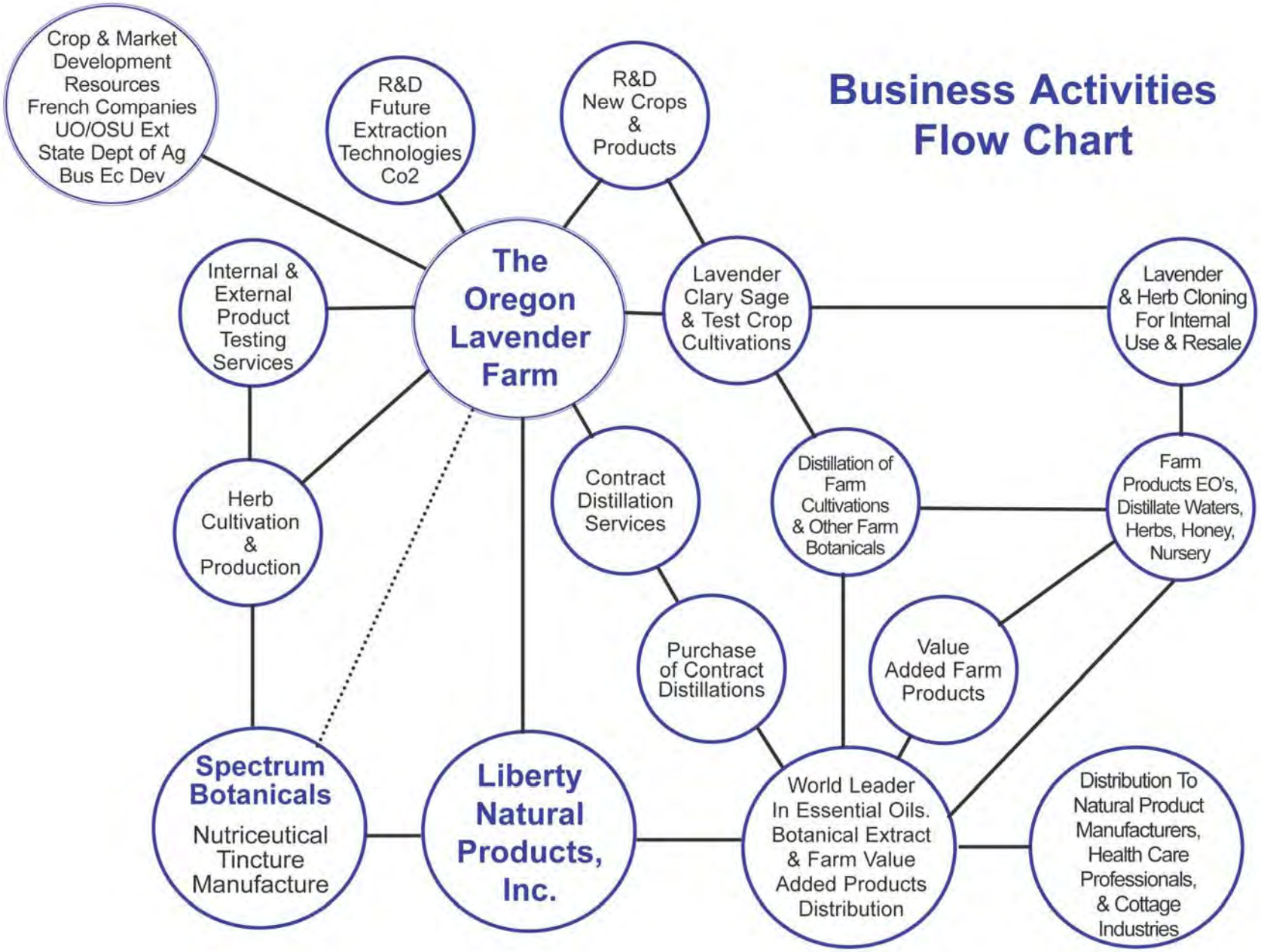
The Oregon Lavender Farm
& Liberty Natural Products

Liberty Natural Products, Inc. presently performs many of the Oregon Lavender Farms administrative functions.

The Oregon Lavender Farm	Liberty Natural Products
Bookeeping	Bookeeping
Purchasing	Purchasing
Marketing	Marketing
Sales	Sales
Personnel	Personnel
IT	IT
Field & Grounds Labor	
Cultivation & Harvesting	
Farm Equipment Maintenance & Repair	
Facilities Maintenance & Repair	Facilities Maintenance & Repair
Packaging	Packaging
Shipping	Shipping
Inventory & Quality Control	Inventory & Quality Control

Liberty Natural Products is in the business of processing & distributing agricultural products. The Oregon Lavender Farm benefits because it does not have to duplicate LNP's functions and resources.

Business Activities Flow Chart



Integrated Farming & Distribution

Liberty's uses at the farm property are multifaceted and integrated with the lavender farming operation.

The removal of the agricultural distribution would be complicated and problematic and would remove the efficient use of resources and workforce that is consistent with Oregon public policy to encourage sustainable business operations and support and preserve agricultural lands.

Your passage of HB3439 will allow an
exceptional solution
to continue.

Passage of HB3439 preserves an Oregon business success story that supports Oregon agriculture.

- **Permits the wholesale agricultural goods distribution of Liberty Natural Products Inc that are integrated with the Oregon Lavender Farm operations.**

Preserves:

25-35 jobs integrated with a lavender agricultural practice

7,000,000.00 per year in revenues

60,000,000.00 in historical revenues

- **Statutory Limitation: Present provisions of commercial uses in conjunction with agriculture limit distribution to only locally produced agricultural goods.**

Liberty Sources and Distributes to Oregon, the United States and Worldwide,
over 1000 Botanical Extracts,
Produced on over 1,000,000 Acres of Agriculture.

- **A proven exceptional solution to a legacy facility problem.**

The 90 acre Oregon Lavender Farm has a large 150,000 square foot
legacy commercial facility established prior to implementation
of Oregon s land use statutes.

Distribution Activities Have Supported the 25 Acre Lavender Farm Use and
Surrounding Practices With Positive Impact since 1999.

Prior Poultry & Rabbit uses failed to be economically or environmentally sustainable.
Non-use of the facility created a public nuisance and waste of an agricultural resource.

- **Legislative relief recommended by Clackamas County is in the public interest.**

Avoids Costly, Lengthy and Unncessary Land Use Litigation
Possible Move of Business Operations Out of State
or Discontinuation of Business

Distribution and Farming Operations at the OLF evolved over a 14 year period.
Separation of the integrated uses could undermine both
the distribution and farm operations.

- **Limited application to legacy facilities. Four Criteria Required.**

(1) Distribution operations integrated with farm use (2) minimum 100,000 sq ft of buildings
(3) buildings established on or before May 19th,1970 (4) used for commercial distribution
of products from other farms on or before May 19th, 1970

Prepared by Jim Dierking, President, Liberty Natural Products, Inc., March 19th, 2013

Facts About Liberty's Oregon Lavender Farm Operations

- Renewed the agricultural lands by de-stumping, de-rerocking, grading, soil supplimentation, composting, propagated and planted 25 acres of cultivated lavender.
- Invested over $2,000,000.00 in renovating the 150,000 square foot legacy commercial facility and lavender cultivation and distillation practice.
- Distribution resource for Oregon existing and R&D essential oil crops.
- Supply resource for Oregon farm value added product manufacturing.
- The Oregon Lavender Farm fields and herb garden have been Oregon Tilth Certified since 2007.
- Features a 2 acre world class aromatic and medicinal herb garden.
- Organic herbs grown in the garden are used for herbal extract production and the production of valued added natural products.
- One of ten lavender farms featured in the new book Lavender Fields of America.
- Supports a scholorship fund for the Clackamas Community College Horticulture Program since 2007.
- Works with the Springwater Environmental School to allow the students to experience the farm as an outdoor agricultural classroom and to teach them about the growing and marketing of agricultural products
- Plans to promote Oregon agriculture through trade conferences in Oregon featuring Lavender, Peppermint and Wine.

CLACKAMAS COMMUNITY COLLEGE
Foundation

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Dr. Joanne Truesdell, *President Clackamas Community College*

December 8, 2008

Jim Dierking
Oregon Lavendar Farm (Liberty Natural Products)
20949 S Harris Road
Oregon City, OR 97045

Dear Jim:

Fall term is well underway and students are hard at work pursuing their educational goals. As a scholarship donor, you have become part of their lives and a contributor to their success.

Students are indeed grateful for the support you provide and have asked us to pass along their appreciation to you. It is clear that they have a dream for a better life and know that education is the key. Without your help, their dreams might not come true.

You have made a difference. Thank you.

Sincereiy,

Karen J. Martini

Karen J. Martini
Executive Director

19600 MOLALLA AVENUE • OREGON CITY, OR 97045 • 503-657-6958 EXT 2402 • FAX 503-655-5153

Shannon Gray
735 SW St. Clair #901
Portland, OR 97205

Dear Mr. Jim Dierking & the Oregon Lavender Farm,

I am so very thankful for the $1,000 scholarship I received from you for the 2008-2009 school year here at CCC. This is my first term as a CCC Horticulture major and I *love* the program; I'm so happy to be enrolled full-time in horticulture classes and to be immersed in the lovely world of plants!

My fondness of plants and the power they have to feed and comfort people started when I moved to Hood River, Oregon at the beginning of middle school. It was there that I discovered the beauty of the natural world and became enthralled with it.

When I started college away from home I began as a political science major at Mt. Hood Community College (their Horticulture program had just been shut down the year before I became a freshman). I enjoyed my studies there, but still felt that there was something missing—I wasn't *doing*, I wasn't getting my hands dirty and wasn't learning how to practically apply my knowledge. This is when I realized that I needed to revisit my love of plants; this is also when my father introduced me to the world of traditional Chinese and herbal medicine—the true discovery of lavender and the many other herbs I've read and studied about since!

Now I'm on a path that will surely lead me to my ultimate goal of working with plants and helping others. My goal is to open a small CSA farm or to work very closely with one in the Pacific Northwest. I know that a big part of my future will do with growing and cultivating herbs like lavender and others that have tremendous healing properties; this is one of the reasons it's so wonderful to have received a scholarship from a lavender farm—it's part of my dream!

Thank you for helping me along this path and helping make it possible for me to stay enrolled full-time and pay the ever-rising tuition costs that students face each year. Without the generous donations from folks like you, a college education just wouldn't be attainable for most people. Thank you, thank you, thank you! I can't express it enough.

Very sincerely,

Shannon Gray

Shannon Gray

OregonLive.com
Everything Oregon

No one wants Oregon City's 90-acre Oregon Lavender Farm to move, but state, county don't know who can help

Molly Harbarger, The Oregonian By **Molly Harbarger, The Oregonian**

Email the author ❑**Follow on Twitter**

on September 04, 2013 at 10:45 AM, updated September 04, 2013 at 7:45 PM

View full size

In the spring, Jim Dierking's Oregon Lavender Farm is awash in purple. The 90-acre farm in Oregon City is praised by neighbors and local politicians, but is caught in a land-use quandary that could compromise Dierking's ability to stay at the foot of Mount Hood.

Molly Harbarger

No one wants the Oregon Lavender Farm to move or go out of business.

Owner Jim Dierking has state legislators, county commissioners, neighbors and fellow farmers on his side. Yet, years after a land-use complaint was filed against the farm with Clackamas County, he is stuck between a Legislature that claims the county should help him and a county that says only a state fix is possible. And neither side wants to set a precedent that could erode the state's landmark agriculture protections.

An anonymous complaint claimed Dierking is violating the state-defined exclusive farm use zoning by importing, exporting, storing and distributing his essential oils and extracts. However, Dierking says he couldn't afford to grow 40 acres of lavender and other herbs on his 90-acre property without Liberty Natural Products.

"The international business supports the local business," he said.

Dierking bought the farm in 1999, more than a decade after he bought **Liberty Natural Products** from a friend. The farm used to be an eyesore, neighbors say. Manure stacked up on the slightly rolling fields when they housed an egg farm. Then, it was a rabbit farm. The next owner used the land for cockfighting, manufacture of illicit drugs and other questionably legal activities, according to neighbors and county officials. Now, the fields turn purple in the spring, and hundreds of people descend on the well-manicured lawn for Dierking's annual Oregon Lavender Festival.

Dierking employs about 35 people, some of whom sit in an open administrative office that used to be the drying room for rabbit pelts. "It's like going from an Old West time that's been abandoned 50 years to going to a place where all the pickets are painted white," Dierking said.

Dierking is violating the zoning restrictions for exclusive farm use land. Besides growing Oregon Tilth organic-certified lavender, he renovated the 150,000 square feet of buildings that were on the farm for use distilling the lavender, creating essential oils and extracts and storing and shipping herbs, extracts and oils that are both his own and those imported from across the globe. The buildings were built before Oregon's land use law existed. Instead of razing the buildings, he turned them into a future winery, a working kitchen to experiment with his products and a warehousing facility that smells like an aromatherapy laboratory.

"We have worked on it nonstop, and we are still working on it," Dierking said.

Dierking says Liberty Natural Products is steadily becoming one of the largest suppliers of obscure plants and oils in the world. The county could allow his commercial business to operate on the land with a conditional use permit, but Clackamas County Planning Director Mike McCallister said that only applies for regional transactions, not international trade.

Rep. Bill Kennemer, R-Oregon City, toured the farm in 2004 when he served as a Clackamas County commissioner and has watched it flourish since then.

View full size

Oils and extracts from around the world sit in Liberty Natural Products' warehouse, which is part of the 90-acre Oregon Lavender Farm. The essential oils business subsidizes the farm, which grows lavender and herbs. However, itis caught in a land-use quandry that could kick the company out.

Molly Harbarger

"I remember I came home and told my wife, 'You know this man has great plans for this horrible derelict farm.' And you know I grew up on farms, and I said I don't know how he has a prayer of turning this thing around," Kennemer said. "He didn't just turn it around, he put it on a whole new level."

Exhibit 60, Page 1

Kennemer **sponsored a bill** that to amend the land use law to allow Liberty Natural Products to remain part of Oregon Lavender Farm.

State legislators chose not to advance the bill, partly because some think a local solution is still viable. **1000 Friends of Oregon**, a land-use advocacy group, and the **Oregon Farm Bureau** both opposed the bill, saying that the matter should be fixed locally, not by changing the state's land use law to benefit one company.

If the county issued a conditional use permit, it could be tested at the state level through the state Land Use Board of Appeals.

Rep. Brent Barton, D-Clackamas County, who sits on the small business task force where the bill died, said the legislature should get involved if the county's permit was overturned but not before local options are tried. "No one wants to shut this thing down. Everyone's on the same page here," Barton said. "It's just a question of how we get there."

Kennemer plans to bring the matter up again in the special session. He said he sympathizes with the fear that granting an exception could lead to more widespread weakening of state land-use protections but is confident his bill is drawn so narrowly that only the lavender farm would benefit. "I don't think that it could apply specifically to any other project in the state of Oregon," Kennemer said.

In the meantime, the county is working with Dierking on other solutions. As long as Dierking is working toward a solution, the county is not required to punish him.

John Ludlow, chairman of the Clackamas County Board of Commissioners, wrote a letter in support of Kennemer's bill. He said that once other avenues are exhausted, perhaps lawmakers will be more open to a legislative solution.

"It's kind of sad that it's come to this," Ludlow said. "We like vital business and successful businesses, that's for sure. ... "Where could somebody do what he's doing in the city? You just can't do it."

-- Molly Harbarger

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Syrian rebels a dilemma for U.S.

Some are al-Qaida allies; many use the same brutal tactics as the regime they are trying to overthrow

By C.J. CHIVERS
NEW YORK TIMES NEWS SERVICE

The Syrian rebels posed casually, standing over their prisoners with firearms pointed down at the shirtless and terrified men.

The prisoners, seven in all, were captured Syrian soldiers. Five were trussed, their backs marked with red welts. They kept their faces pressed to the dirt as the rebels' commander recited a bitter revolutionary verse.

"For 50 years, they are companions to corruption," he said. "We swear to the Lord of the Throne, and it is an oath: We will take revenge."

The moment the poem ended, the commander, known as "the Uncle," fired a bullet into the back of the first prisoner's head. His gunmen followed suit, promptly killing all the men at their feet.

This scene, documented in a video smuggled out of Syria a few days ago by a former rebel who grew disgusted by the killings, offers a dark insight into how many rebels have adopted some of the same brutal and ruthless tactics as the regime they are trying to overthrow.

As the United States debates whether to support the Obama administration's proposal that Syrian forces should be attacked for using chemical weapons against civilians, this video, shot in April, joins a growing body of evidence of an increasingly criminal environment, populated by gangs of highwaymen, kidnappers and killers.

The video also offers a reminder of the foreign policy puzzle the United States faces in finding rebel allies as some members of Congress, including Sen. John McCain, R-Ariz., push for more robust military support for the opposition.

In the more than two years this civil war has carried on, a large part of the Syrian opposition has formed a loose command structure that has found support from several foreign nations, and, to a more limited degree, the West. Other elements of the opposition have assumed an extremist

Please see REBELS, Page A5

Senate panel OKs strikes

Vote is to give President Obama limited authority to use force against Syria; Senate and House to vote in coming weeks | A6

Lovely lavender, in limbo

Clackamas County and the state both punt when it comes to saving a farm whose essential oils business violates land-use law

By MOLLY HARBARGER
THE OREGONIAN

No one wants the Oregon Lavender Farm to move or go out of business.

Owner Jim Dierking has state legislators, county commissioners, neighbors and fellow farmers on his side. Yet, years after a land-use complaint was filed against the farm with Clackamas County, he is stuck between a Legislature that claims the county should help him and a county that says only a state fix is possible. And neither side wants to set a precedent that could erode the state's landmark agriculture protections.

An anonymous complaint claimed Dierking is violating the state-defined exclusive farm use zoning by importing, exporting, storing and distributing his essential oils and extracts. However, Dierking says he couldn't afford to grow 40 acres of lavender and other herbs on his 90-acre property without Liberty Natural Products.

"The international business supports the local business," he said.

Dierking bought the farm in 1999, more than a decade after he bought Liberty Natural Products from a friend. The farm used to be an eyesore, neighbors say. Manure stacked up on the slightly rolling fields when they housed an egg farm. Then, it was a rabbit farm. The next owner used the land for cockfighting, manufacture of illicit drugs and other questionably legal activities, according to neighbors and county officials.

Now, the fields turn purple in the spring, and hundreds of people descend on the well-manicured lawn for Dierking's annual Oregon Lavender Festival.

Dierking employs about 35 people, some of whom sit in an open

Please see LAVENDER, Page A6

Courtesy of JIM DIERKING

In the spring, Jim Dierking's (pictured) Oregon Lavender Farm is awash in purple. The 90-acre farm is caught in a land-use quandary that could compromise Dierking's ability to stay in business at the foot of Mount Hood.

Immigrant students get helping hand

A new Portland program looks to aid newcomers with limited English skills

By NICOLE ZIMDICK
THE OREGONIAN

The group of eight students shuffled through the hallway of Benson High School before briefly stopping in front of a bustling library. Sasha Thompson, their English as a Second Language teacher, motioned to the door. "Can everyone say 'library'?"

The students didn't hesitate.

"Li-brary," they said in unison.

As Portland Public Schools students returned Wednesday for the 2013-14 academic year, the group helped kick off one of the district's newest — but mostly unknown — programs: The Portland International Schools Academy, which aims to help recent immigrant students with very limited English skills get acclimated to high school.

The initiative is a big investment for the district, which allocated about $500,000 for the program in its current budget, including six full-time staff. Averaging, the program could educate 50 students.

Things were off to a slow start Wednesday. Only eight students showed up from 203 to try the new academy, which is optional for students who arrived in the U.S. less than a year ago.

Van Truong, the district's ESL director who pushed

Please see PISA, Page A6

Find more photos and education news and back-to-school coverage at oregonlive.com/education

Khai Nguyen, who recently emigrated from Vietnam, participates in an English comprehension assessment during Portland Public Schools' first day of the academic year Wednesday at the Portland International Schools Academy.

VA ordered to give spousal benefits to same-sex couples

Obama administration directive is latest move in effort to remove federal barriers to gay marriages

By CHARLIE SAVAGE
NEW YORK TIMES NEWS SERVICE

WASHINGTON — The Obama administration Wednesday escalated its effort to dismantle federal barriers to same-sex marriages, announcing that the Department of Veterans Affairs would immediately begin providing spousal benefits to gay men and lesbians despite a federal statute that limits such benefits to veterans' spouses who are "of the opposite sex."

In letters to congressional leaders, Attorney General Eric Holder said that President Barack Obama had directed the executive branch to stop obeying the statute because it had decided that it was unconstitutional in light of a Supreme Court ruling in June that struck down a similar law, a part of the Defense of Marriage Act.

"Decisions by the Executive not to enforce federal laws are appropriately rare," Holder wrote. "Nevertheless, for the reasons described below, the unique circumstances presented here warrant nonenforcement."

The move will allow the same-sex spouses of service members to

Please see BENEFITS, Page A5

In Oregon

Read about Air Force veteran Linda Campbell, who was able to bury her partner Nancy Lynchild, in Willamette National Cemetery, at Oline.ws/linda-campbell

Read more about issues affecting military personnel and veterans at oregonlive.com/oregonatwar

Mother-to-be

Neka the lioness will soon deliver the Oregon Zoo's first lion cubs in decades. But no one is certain how the first-time mother will react during birth or with the newborns

Metro, B1

Awash with rain

Pancakes are steady showers and possible thunderstorms will sweep Oregon today and Friday and might cause floods | Metro, B1

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Thunderstorms
High: 79°
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Full complete weather, page D6

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Oregon City lavender farm, a hit with most everyone, needs protection

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Oils and extracts from around the world sit in Liberty Natural Products' warehouse, part of the 90-acre Oregon Lavender Farm in Oregon City. The essential oils business subsidizes the farm, which grows lavender and herbs.

Molly Harbarger/The Oregonian

It's an unpleasant day when Oregonians get played against themselves. But here we are.

The popular **Oregon Lavender Farm (http://www.oregonlavenderdestinations.com/farms/the-oregon-lavender-farm.php)** -- a 90-acre spread in Oregon City that grows, makes, and ships herbal products nationwide -- has been the subject of a complaint for doing illegal things on Oregon's agricultural lands. And now, with Clackamas County officials fretting over case law that's played out under Oregon's land-use rules, the farm fears for its life.

One of the illicit activities involves importing herbal extracts, which are repackaged in a facility on the farm and sold under the farm's label, Liberty Natural Products. Among the extracts arriving from more than 50 countries are cinnamon oil from Sri Lanka and cardamon oil from India.

Separately, however, the farm's rich Willamette Valley soils produce lush crops annually of lavender across 40 of its acres. The herb is Oregon Tilth-certified and much

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of it cut and steamed on-site for lavender oil, also sold and distributed widely by Liberty Natural Products. Meanwhile the farm opens for a festival every year when the fields turn a mind-boggling purple and a snowy Mount Hood looms in the distance.

But the place was a smelly dump before Jim Dierking bought it, in 1999. Uses had included raising chickens for egg production, with open dung heaps on the rolling fields, and raising rabbits. It was, **The Oregonian's Molly Harbarger reported (http://www.oregonlive.com/oregon-city/index.ssf/2013/09/no_one_wants_oregon_citys_90-a.html)**, the site of cockfighting and the manufacture of illegal drugs. Buildings went up before state land-use laws were adopted and had fallen into disrepair.

Few people saw possibility in the mess as did Dierking. That was evident to **Oregon City Rep. Bill Kennemer (http://www.leg.state.or.us/kennemer/)**, who grew up on a farm and who told his wife after visiting with Dierking that he hoped the energetic fellow could make it but couldn't see how he or anyone would, given the farm's trashed state.

Dierking grew the farm business as clean and fast as his lavender, employing more than 30 Oregonians and finding markets everywhere. He renovated 150,000 square feet of space in the old structures for staff and to create a laboratory, a product warehouse and a future winery. Along the way he made a presentation to public officials to show and explain what he was up to and correctly won their support.

But one of Dierking's clients turned out to be a moneyless Florida company against whom Dierking, after more than a year of going unpaid, secured a judgment in a Clackamas County court. Things turned ugly. The Florida purveyor of herbal products, Dierking told The Oregonian's editorial board, filed a complaint with the county's planning office that challenged Oregon Lavender Farm's right to continue, claiming the farm was in violation of state farm-use zoning because it imported and then distributed essential oils and extracts.

Most everbody likes the lavender farm -- it is a clean, productive and imaginative use of farmland and old structures -- and the legal snag puts public sentiment at odds with the intent of land-use laws otherwise treasured.

In this year's legislative session, Kennemer tried and failed to move a bill that would have narrowly exempted the lavender farm from such challenges. The bill tanked under opposition from, among others, 1000 Friends of Oregon and the Oregon Farm Bureau, which feared that business uses on a farm site might foreshadow the placement of Safeways in open fields elsewhere in Oregon.

The fear is unfounded. The lavender farm is prolific as a site of growth and harvest. Its decrepit facilities have been brought back to life only better. Real jobs have been created where there were few before. And worldwide markets for made-in-Oregon products are cultivated and multiplying. By the way, none of the operation pollutes, and all of it is winsome to the eye.

The farm, most of all, is proof that state land use laws can limit as well as protect. The farm needs a conditional use permit from the county to be assured it has a future and to avoid protracted litigation over the uses on its land.

For the county to properly issue the permit, however, a state law defining farm uses must be narrowly amended to allow the lavender farm as configured and situated in Clackamas County. No Safeways elsewhere would be involved. Oregon's treasured farmland would continue to be safeguarded.

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Kennemer's bill, or a yet more tailored version of it, should rise again in the next session. And the lavender farm should immediately proceed with an application to the county for its permit. Meanwhile, Oregonians need not be played against themselves by an apparent act of retribution by a disgruntled deadbeat client in Florida.

Oregon's precious farmlands should be available for wise and profitable use. The lavender farm scores high on both counts.

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June 11, 2014

Board Of County Commissioners
2051 Kaen Road, Ste 450
Oregon City OR 97045

Re: Oregon Lavender Farm Land Use Application

To whom it may concern:

My name is Caroline Anderson and I am the Vice President of McKenzie Farms located on Gerber Road in Oregon City, Oregon. We farm over 1,000 acres in Clackamas County alone. McKenzie Farms is one of the largest Christmas Tree Growers in the state of Oregon. We have been in business for 23 years, starting as Signature Trees.

We are stewards of the land and maintain very high standards. Our Main Office property located at 17272 South Gerber Road is adjoining to the Oregon Lavender Farm. We farm over 200 acres on Gerber Road. The OLF is not only our neighbor but also outstanding Steward of the land, utilizing organic and sustainable farm practices.

The Oregon Lavender Farm has been our partner in chipping unused Christmas trees as opposed to burning. Thus returning our green product back to the earth and the environment in a positive way. Their (OLF) interest and involvement in chipping unused cull trees and research and development in distilling Fir oils. It gives McKenzie Farms an opportunity to manage our cull disposal in a sustainable way.

McKenzie Farms supports Oregon Lavender Farms planned amendment to rezone its facilities to allow integrated cultivation and distribution to continue. We have toured Oregon Lavender Farms facility, the grounds are immaculate and the operations and organization impressive. Their agricultural processes and use of their land is amazing. OLF use of their land is not only environmentally friendly and organic but an asset to our community, Oregon and the Earth .

Please feel free to contact if you have any further questions.

Sincerely -

Caroline Anderson

Exhibit 61

Dennis Moriarty Christmas Trees, LLC
16500 S. Gerber Rd.
Oregon City, OR 97045
503-631-2470

April 18, 2013

To whom it may concern:

My name is Dennis Moriarty and I operate and live on a 98 acre Christmas tree farm that borders both Harris and Gerber Roads. We have lived on this property since 1984. The property that Liberty Natural Products occupies has had many uses over the last 30 years. At first the property was being developed into a rabbit processing facility that basically used the buildings which existed from the previous chicken egg farm and was short lived, which I feel was due to financial and market conditions for their product. This operation really did not use this land to its full potential.

Next the property went into a caretaker sequence which was a VERY, VERY bad time for our neighborhood. I would often see and talk to the police who were observing the activities on the property. It was well known that cars were being stripped, cock fights were being held and many questionable activities and people were spotted coming and going at all hours. Plus there was a lot of garbage being dumped on and around this area at this time. Not what you want to see in an area where you are raising a family and trying to operate a farm.

Since Jim Dierking (Liberty Natural Products) has purchased and moved onto the property he has worked continuously to clean up and improve the site. He has turned this piece of property from the neighborhood blackeye to a productive farm complex. His operation fits perfectly into our farm use area with no negative impacts to the neighboring properties.

It's refreshing for me to see that property come from what it was and now we see a vibrant farm-based enterprise thriving on this property.

Sincerely,

Dennis Moriarty

Dennis Moriarty

M.S. GROWERS

20930 S. Harris Road
Oregon City, Oregon 97045
503-631-2059 (phone/fax)

APRIL 26, 2013

To Whom it may concern;

I am writing to express my support of Liberty Natural Products continuing to conduct its business at 20949 S. Harris Rd., Oregon City, OR 97045.

My farm is a neighboring property on the west side of Jim Dierking's property. I have lived here since 1979, and have operated a wholesale nursery here since 1981. Before Jim purchased his farm, his property had been abandoned. The buildings were in dire need of repair. There were some secretive, unlawful activities that were settling into this place, and it was common to see police cars driving by to monitor activities. Since Jim purchased his property in 1999, his place has become a beautiful, inviting addition to our community. The activities of Liberty Natural Products have had no negative impact on my nursery business. In fact, Liberty Natural Products and M.S. Growers, Inc. have worked together to facilitate the access of trucks to the loading dock, loaning of equipment, and the movement of cars and people during the lavender festival. Most of my customers notice his beautiful gardens and lavender fields, and are curious to learn more about his operation. The annual lavender festival has become a community event that is enjoyed by many in the surrounding area, as well as some of my customers.

In summary, Liberty Natural Products has contributed to the vibrancy and beauty of our community, and has not harmed M.S. Growers, Inc. financially, or interfered with our daily farm operations.

Sincerely,

Rita J. Snyder

Rita J. Snyder
Owner

L. B. Day
16391 S. Gerber Road
Oregon City, Oregon, 97045
503-631-7717

June 4, 2013

To Whom it may concern:

I have lived on Gerber Road since 1981 and the property now owned by Jim Dierking was so run down and foreboding before he purchased it no one dared venture near the property for fear of physical attack. One time a friend and I were jogging in the neighborhood and as we approached the property entrance -it was a foreboding old rabbit farm full of a large number of rotted outbuildings- we were met by several rough looking armed men who aimed their weapons at us in a menacing fashion. Needless to say this was not the kind of neighbor one hopes to have one's family encounter.

Since Jim Dierking purchased the property and established his beautiful and inviting operation (Liberty Natural Products) the property is entirely rehabilitated. It now is adorned with new tastefully decorated operational buildings, breathtakingly beautiful landscapes and well-tended lavender fields and organic plant gardens. It has been transformed from a 1920s outlaw camp-like abode to a safe, beautiful, family -friendly property that is a source of pride for everyone in our neighborhood. We frequently bring visiting family members and guests to Jim's place to show off this incredible labor of love. In fact, each year Jim sponsors a wonderful lavender fair that has attracted several thousand visitors -- free admission since he does this for the benefit of the community and to be a good neighbor.

Gerber Road is part of Oregon's historic Barlow Trail, a route of extreme historical significance. Before Jim's purchase of his property, the place had become a neglected, dangerous habitat taken over by some bad people whose very presence caused aggravation and stress on the community. Jim has restored this property into a beautiful lavender and natural herb growing habitat. His great foresight, energy, enthusiasm and friendship represent the spirit of our pioneer ancestors in my view. Jim's vision and hard work have made him a critical part of our pioneering-spirited, rural community culture.

Jim Dierking has created through Liberty Natural Products a model of how a neighborhood business should be run. It is beautifully crafted, safe, open to anyone and is a source of pride for the entire community. Our family and all our neighbors that I have discussed Jim's situation with vehemently support him and are committed to seeing him continue to grace our community with his operations. He has definitely enhanced the livability and the quality of life for everyone on Gerber road.

Sincerely,

L. B. Day

6/22/14

To: Board of County Commissioners

From: Joe Stevens (Joe Stevens)
owner/operator of Buzzing Canyon Apiary
503-539-6507 P.O. Box 296
Estacada Or 97023

Greetings: I am the owner of Buzzing Canyon Apiary. This is a small commercial (400 hive) bee keeping pollination for fee company. We provide pollination services in Oregon, California and Washington.

The reason I am writing you is to give my support for the approval of the Oregon Lavender Farm land use application. For the last 12 years our company's have worked together. They have supported my agricultural business in purchase of over 10 thousand dollars of products from honey to bee's wax, ect. They have provided a safe place to over winter hundreds of my hives. I have also attended their wonderful Lavender Festivals held in July of each year. Since 2002 I have had the opportunity to watch it transform from a overgrown undeveloped farm with dilapidated buildings into one of the most beautiful farms in Oregon. I support your approval of the Oregon Lavender Farm land use application. (Sincerely)

Dream Ridge Stables LLC

20524 S. Ridge Rd
Oregon City, OR 97045
503-631-8466
dreamridgestable@aol.com
www.dreamridgestable.com

April 24, 2014

Board of County Commissioners
2051 Kaen Road, Suite 450
Oregon City, Oregon 97045

Re: Oregon Lavender Farm Comprehensive Plan Amendment

I am the owner of Dream Ridge Stables, which is located on Ridge Road a few miles from the Oregon Lavender Farm.

Our equinine operation which stables an average of 25 horses; generates substantial amounts of horse manure. Removing the manure from our location is important to the health of our horses and the cleanliness of the facility.

Since the year 2000, the Oregon Lavender Farm has taken our horse manure and has used it to make compost.

We have also brought our horses to the Clackamas County Lavender Festival and offered horseback riding to the attendees.

We are part of the agri-tourism in our local area. Having the Oregon Lavender Farm a part of our community is extremely beneficial to the nuturing of the tourism in our area.

The Oregon Lavender Farm has actively supported our stables and we support the approval of their continued operations and urge the approval of their land use application.

Sincerely;
Karen Brauer
Owner
Dream Ridge Stables

William M. Jabs
Maslo Farms, LLC
27525 SE Starr Road
Eagle Creek, Oregon 97022

April 30, 2014

Board of County Commissioners
2051 Kaen Road, Suite 450
Oregon City, Oregon 97045

Re: The Oregon Lavender Farm Comprehensive Plan Amendment Application

To Whom This May Concern:

I own a 20 acre farm in Eagle Creek, and have attempted to grow and sell Christmas trees for the past 9 years. The previous owner grew trees successfully in the 1990's, but the market has changed dramatically since then, making small Christmas tree farms that are not on a major highway (u-cut farms) totally uneconomical to operate. For the past 5 years, I have aggressively tried to sell approximately 5,000 trees per year, and have been lucky to sell 500 trees at a below cost price. The large growers control the market and dealing with small farms like ours is not economical for them either.

Approximately three years ago, we started investigating other crops. We investigated hops, blueberries, grapes, bamboo, nursery stock and others. Then, in 2013, we attended the Oregon Lavender Festival, held at The Oregon Lavender Farm. We learned about growing, harvesting, distilling and marketing lavender products. We then visited other lavender operations throughout Oregon and Washington, joined the Oregon Lavender Association, and came to the conclusion that lavender could be a good crop for our situation, with one exception—capital cost of the harvesting and distilling equipment.

One evening, I got the idea that if we could get someone else to harvest and distill lavender for us, lavender may be a viable crop. So, we decided to contact the Oregon Lavender Farm, to see if they would be interested in working with another grower. We met with Jim Dierking and his agronomist, Ivan Gierer and in a short period of time, we have forged a relationship. Oregon Lavender and Liberty Natural Products are providing consultation on planting, cultivation, irrigation and have provided us with plugs (cloned starter plants). We have removed most of our Christmas trees and are preparing our soil for lavender, along with planting six test beds with a variety of lavender species. When mature, we anticipate that Oregon Lavender/Liberty Natural will harvest and distill our crop and will be a local buyer of the essential oil we produce.

We are grateful to Oregon Lavender/Liberty Natural for their assistance and look forward to a long and prosperous relationship for both of us.

William M. Jabs, Owner

Lorraine Cutts
21718 S Bakers Ferry Road
Oregon City, Oregon 97045

April 26th, 2014

Board of County Commissioners
2051 Kaen Road, Suite 450
Oregon City, Oregon 97045

Regarding: Carnation Company -Logan Farms, which is now named the Oregon Lavender Farm

I reside at 21718 S. Bakers Ferry Road, where I have lived continuously since 1958. For 25 years, from the fall of 1962 until 1978, I worked for Carnation Company at its Logan Farms location at 20949 S. Harris Road. My job included the candling of eggs for grading and quality control.

Logan Farms typically employed 40 people and at times up to 50. When I was hired in 1962, the egg operation had just begun. There were three buildings for laying hens on the north side of Harris Road and to the south a processing-administration building.

The processing-administration building included equipment and machines for the washing, sorting, processing and packaging of the eggs for distribution. The residence at 20947 S. Harris Road, located on the north side of Harris east of the first three laying buildings served as the home of the Logan Farms manager.

Five additional buildings for laying hens were added in 1963. Thereafter, three brooding buildings for chicks were added on the property to the west of the manager's residence, two laying buildings were added to the east of the original eight and another two laying buildings were added to the east of the processing administration building.

The operations included brooding, vaccination, egg laying, cleaning, egg inspection and grading, packing, and the processing of liquid eggs for local bakeries. Lower grade eggs were processed and sold for use as ingredients in products such as Blue Mountain dog food and eggshells, which contain albumen, were also used for feed by area mink farms.

In addition to the eggs produced at the Logan Farms facility, eggs were also brought in for processing and distribution from other Carnation operations and independent egg producers located as far away as Washington and California. The other producers included the Carnation operation in Rochester, Washington, Valley Fresh Foods and Skylane Farms located in Woodburn and California.

Logan Farms eggs were distributed to all the Fred Meyer stores and to Thriftway, who in turn transported them to United Grocers for regional distribution.

The egg operation created a large quantity of primarily liquid manure waste, but also some solid waste, which was transported to local farms for use as fertilizer.

On several occasions I have visited the Oregon Lavender Farm for the annual Clackamas County Lavender Festival. The facilities have been aesthetically restored and the land put to a beautiful agricultural use. As one of the longest residents of the area, I support their use of the land. It is a benefit to the community and an example of good stewardship.

Sincerely,

Lorraine Cutts

Lorraine Cutts

Ed Smith
22510 S. Stormer Road
Estacada, Oregon 97023
541-579-3793

April 24, 2014

Board of County Commissioners
2051 Kaen Road, Suite 450
Oregon City, Oregon 97045

Re: Support for Liberty Natural Products Inc. - Oregon Lavender Farm operations

Since 2011, I have been employed with Liberty Natural Products Inc. as a farm maintenance mechanic. Before the passing of my father in 2011 and the closing of our 100-acre blueberry and nursery operation, Don Smith Tree Farm, I had worked at our family farm for over 40 years.

In the late 60's and early 70's, when I was a teenager, one of my first jobs was to load, haul and distribute chicken manure we picked up under a contract my father had with Logan Farms-Carnation Co.

I daily drove a truck to Logan Farms and picked up liquid manure for distribution to our farm and other local farms. At that time, both Harris Road and Gerber Road were gravel roads. One of the things I remember about the Logan Farm operation was that there was a large incinerator that was used to burn up the carcasses of dead chickens. It created an awful smell, one of the most disgusting I have ever encountered.

I count myself fortunate to have found employment at the Oregon Lavender Farm, which in contrast is an incredibly beautiful and enjoyable farm at which to work. In the current economic climate finding farm employment was not a given, much less close to my home.

The operations at the Oregon Lavender Farm are harmonious with surrounding farms and do not have any negative impact that I can see. As a lifetime farmer in the local community and employee at the Oregon Lavender Farm I support the County's approval of the land use application.

Sincerely,

Ed Smith

Ed Smith

May 29, 2014

To Whom It May Concern:

We are submitting this letter to you in support of Jim Dierking and his company Liberty Naturals to be approved for the zoning change necessary in order for the company to continue its current operation in accordance with land use laws.

Although we are the neighbors probably affected most, it is our belief that Jim and Liberty Naturals as well as the Oregon Lavender Farm are making good use of the land in a responsible way and have transformed the property from a much less desirable state.

Thank you for your consideration of this letter of support and we hope that it influences a decision in favor of Jim Dierking and Liberty Naturals.

Sincerely,

Steve and Bobbe Fendall
20947 S Harris Rd.
Oregon City, OR 97045

Hello, my name is Bethany New and I have been employed with Liberty Natural Products, Inc since November 2007. I would like to take a moment to highlight the experiences I have had working with Liberty Natural Products, Inc, at the Oregon Lavender Farm.

Background-

Prior to coming to LNP, Inc, I had spent 15 years working for a retail pharmacy in a management position. I was transferred to multiple locations. Living in the Eagle Creek area, my daily commute would often reach 90+ minutes, depending on traffic.

Working in these locations did not offer opportunities to be outside during the various seasons. There also was typically a very negative group morale associated with the customer service and corporate aspects of the job.

Current-

Since coming to LNP, Inc, I have spent time working in our various departments. There is a freedom of movement between the departments that is beneficial to the business and the associates.

My commute time is now under 15 minutes. I am also less than 15 minutes away from both of my children's schools. This has allowed me for the first time, to be able to assist in my son's classroom once a week.

Having access to the grounds (lavender field, aroma garden, water feature & pond) lends positive impact to associate morale. There is nothing like being able to step outside during a break and sit in the aroma garden while the humming birds feed or listen to the bees buzzing in the lavender! In a world where people often are too busy to appreciate the beauty of the world around us, I am reminded of it daily here. My current office provides me with both a beautiful view of the lavender field and a stunning view of Mt. Hood.

Education/Relationship-

The combined farm and distribution operations have benefited me in performing my position as Office Manager/ Customer Service Manager. There are frequent customer questions that involve aspects of the farming operations. My proximity and involvement in the farm operation has made me more knowledgeable and better aware of crop cultivation and processing and better able to serve the needs of both our customers and our agricultural suppliers.

Morale-

In addition to the benefits listed above, we host the annual Clackamas County Lavender Festival. We take great pride in inviting our friends, neighbors and family to come and share in the Festival and see the beauty that surrounds us daily. The Festival is a large undertaking that requires our entire staff. Without our full staff who are knowledgeable about the facilities and who work

together as a team on a daily basis, it would be difficult to make the festival the success that it has become.

Bethany New
Office Manager
Liberty Natural Products, Inc

THE *Corporate Challenge*

Presented by

LEASE CRUTCHER LEWIS

WEST COAST BANK

Benefitting

CLACKAMAS COMMUNITY COLLEGE

Chair
Stephen Cerri
Norpac Foods International

Steering Committee
Pam Bloom
B & B Leasing

Andrew Brogden
Pioneer Pump Inc.

Todd Coffman
EC Company

Carol Duncan
General Sheet Metal

Tara McKnight
St. Josef's Winery

Richard Oathes
Board of Education

Andrea Parks
Marquis Companies

Allen Patterson
Capacity Commercial Group

Bart Ricketts
Lease Crutcher Lewis

Phil Stevens
CCC Foundation Board

Mark Stoller
Yost Grube Hall Architecture

Jeremy Turner
Hewlett Packard

Paul Winklesky
CCC Foundation Board

Staff
Vicki Smith, CFRE
Development Officer

Janet Meister
Development Assistant

March 22, 2013

ENDORSEMENT OF HB 3439 ON BEHALF OF LIBERTY OREGON LAVENDER FARM

To Whom It May Concern:

I urge the passage of HB3439 which will preserve an Oregon business success story that supports Oregon agriculture.

Over the past seven years I have witnessed the evolution and growth of this amazing property and company.

Liberty Naturals' and the Oregon Lavender Farms' commitment to sustainable farming practices is admirable as well as their commitment to the community.

I have known all who are involved with or operate the Oregon Lavender Farm to be hard working, stellar individuals who toiled to transform a community nuisance into a community asset. I urge legislators to think outside the box: don't be locked into "because we have always done it that way."

In these difficult economic times it would be a travesty to force a successful Oregon company to close its doors due to red tape resulting in the loss of jobs and furthering damage to the State's economic vitality.

Vote yes on HB3439.

Sincerely,

Vicki Smith

Vicki Smith
Development Officer

Clackamas Community College Foundation • 19600 Molalla Ave • Oregon City, Oregon 97045-7998 • (503) 594-3131 • janetm@clackamas.edu

LIBERTY NATURAL PRODUCTS, INC.
at the Oregon Lavender Farm

20949 S. Harris Road
Oregon City, Oregon 9705495
1.503.256.1227 Fax: 503.256.1182
www.libertynatural.com

Clackamas County
Board of County Commissioners
2051 Kaen Road, Suite 450
Oregon City, Oregon 97045

June 17, 2014

Re: Employee Support of Oregon Lavender Farm Zone Change

We the undersigned employees of Liberty Natural Products Inc., support your approval of the Oregon Lavender Farm comprehensive plan amendment - zone change application.

We enjoy and appreciate the opportunity to work in the beautiful setting of the Oregon Lavender Farm and participate in both the farming and distribution operations. A division and move of our distribution operations away from farming operation to a separate location would affect both the efficiency of the operations and employee morale.

x _____ Date 6/17/14
Name: TABOR HELTON

x _____ Date 6-17-14
Name: Kristy Flora

x _____ Date 6/17/14
Name: Bethany A. New

x _____ Date 6-17-14
Name: Timothy Herrings

x _____ Date 6/17/14
Name: Jessica J Woltring

x _____ Date 6-17-14
Name: Kyle Gilstad

x _____ Date 6/17/14
Name: Tracey Helmboldt

x _____ Date 6-17-14
Name: Michelle Van Sandt

x _____ Date
Name:

x _____ Date 6/17/14
Name: Gwyn McWrgn

x _____ Date 6/17/14
Name: HAL SCHACHEL

x _____ Date 6/17/14
Name: Ian McIntosh

x _____ Date 6/17/14
Name: Orion Dierking

x _____ Date 6/17/14
Name: JANE REPPET

LIBERTY NATURAL PRODUCTS, INC.
at the Oregon Lavender Farm

20949 S. Harris Road
Oregon City, Oregon 9705495
1.503.256.1227 Fax: 503.256.1182
www.libertynatural.com

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Kristin Kenshol
x Kristin Kenshol Date 6/24/14
Name:

Amber Van Ausdell
x Amber Van Ausdell Date 06-24-14
Name:

Leah Perry
x Leah Perry Date 6/24/14
Name:

x _____ Date _____
Name:

x Maria Guadalupe Date 6/24/14
Name:

x _____ Date _____
Name:

x Macario Salas Date 6/24/14
Name:

x _____ Date _____
Name:

x Marcelino Macida Date 6/24/14
Name:

x _____ Date _____
Name:

x Ruben Hernandez Date 6/24/14
Name:

x _____ Date _____
Name:

IVAN Griener
x _____ Date _____

x _____ Date _____

LIBERTY NATURAL PRODUCTS, INC.
at the Oregon Lavender Farm

20949 S. Harris Road
Oregon City, Oregon 9705495
1.503.256.1227 Fax: 503.256.1182
www.libertynatural.com

Clackamas County
Board of County Commissioners
2051 Kaen Road, Suite 450
Oregon City, Oregon 97045

June 17, 2014

Re: Employee Support of Oregon Lavender Farm Zone Change

We the undersigned employees of Liberty Natural Products Inc., support your approval of the Oregon Lavender Farm comprehensive plan amendment - zone change application.

We enjoy and appreciate the opportunity to work in the beautiful setting of the Oregon Lavender Farm and participate in both the farming and distribution operations. A division and move of our distribution operations away from farming operation to a separate location would affect both the efficiency of the operations and employee morale.

x _____ Date 6-30-14
Name: Jacob McKinney

x _____ Date 6-30-2014
Name: BRAD GOHR

x _____ Date 6-30-14
Name: Bret Bullock

x _____ Date 6-30-14
Name: Bre Robson

x _____ Date 6/30/14
Name: James D. Truitt

x _____ Date 6-30-14
Name: James Maxey

x _____ Date 6/30/14
Name: Zoë Wellschlager

x _____ Date 6-30-14
Name: Jennifer Lewis

x _____ Date _____
Name:

x _____ Date _____
Name:

x _____ Date _____
Name:

x _____ Date _____
Name:

x _____ Date _____

x _____ Date _____

July 15, 2014

Board of County Commissioners

2051 Kaen Rd., Suite 450

Oregon City, Or 97045

RE: Oregon Lavender Farm/Liberty Natural

To Whom It May Concern:

I am writing in reference to land use for the above mentioned farm on Harris Rd., Oregon City, OR. I have lived on Gerber Rd., which connects with Harris Rd. for the past 24+ years, so have had the privilege of being neighbors with the Lavender Farm since it began operation.

Over the years I have seen many activities happened at the property. When my husband and I first moved to our house with our three small children there was a rabbit farm in the old run down buildings, along with some python snakes. We were aware of this because our girls were in 4-H with their rabbits and so we visited the farm. Next we had illegal cock fights going on with a variety of visitors coming to watch. After that came some illegal activity of stolen vehicles and chopping them up. During this time it was not uncommon to see very late at night trucks hauling cars back there. We also during this time had on occasion a few unmarked police cars that would sit in our driveway watching the property from our driveway.

Personally I do not have a problem with the Lavender Farm and am very happy to see "legal" activities going on. Gerber Rd. has many farms, mine included, most are Christmas tree farms, including a shipping dock for Christmas trees from farms within the surrounding community. We are zoned 80 acres, even if we want to we are not allowed to divide our property, so we have to do some type of farming with the land. Oregon Lavender Farm has provided employment for people as well as a lovely place for us to visit.

I sincerely hope that the Lavender Farm is allowed to stay and continue business because I do not want to go back to what we had before. Please feel free to contact me if you wish.

Lori Kaseweter

Lori Kaseweter

16993 S Gerber Rd.

Oregon City, OR 97045

Exhibit 74

Clackamas County
Board of County Commissioners
2051 Kaen Road, Suite 450
Oregon City, Oregon 97045

Re: Neighborhood Support of Oregon Lavender Farm Zone Change

The undersigned local residents support your approval of the Oregon Lavender Farm comprehensive plan amendment - zone change application.

x Tom L Beck Date 7/27/14
Name: Tom L. Beck
Address: 16700 S Gerber Rd
Oregon City OR 97045

x Marco Bento Date 7/28/2014
Name: MARCO BENTO
Address: 16118 S Gerber Rd 97045

x Harriet Beck Date 7/27/14
Name: Harriet Beck
Address: 16700 S. Gerber Rd.
Oregon City, Or. 97045

x _____ Date _____
Name: _____
Address: _____

x _____ Date 7/27/14
Name: LAWRENCE EADES
Address: 16793 S. Gerber Rd

x _____ Date _____
Name: _____
Address: _____

x F. Anne Eades Date 7/28/14
Name: F. Anne Eades
Address: 16793 S. Gerber Rd.
Oregon City, Or 97045

x _____ Date _____
Name: _____
Address: _____

x Christen Bento Date 7/28/14
Name: Christen Bento
Address: 16118 S. Gerber Rd
OC OR 97045

x _____ Date _____
Name: _____
Address: _____

Exhibit 74

6/10/14

SPRINGWATER

ENVIRONMENTAL
SCIENCES
SCHOOL

16491 S. Springwater Rd.
Oregon City, OR 97045
(503) 631-7700
Fax: (503) 631-7720
www.springwaterschool.com

Dear Ivan and friends at the Oregon Lavender Farm,

We want to thank you so much for accommodating our second and third grade students for a wonderfully informative visit to your farm. We appreciate how you made your facilities available to us (for eating lunch, having some playtime, and most of all for learning!). As your 'neighbor' in the Springwater Road community, we are so pleased that our students could experience one of our local natural resources. It was so beneficial for them to be able to tour your fields, learn about the plants and see your essential oil facilities.

Thank you for making our visit so meaningful and for supporting our natural resources science unit!

Sincerely,
Loren Chasse and Wendy Donohue

Loren Chasse
W. Donohue

2nd/3rd grade teachers
Springwater Environmental Science School

Science meets every child's need to understand the world through active investigation.

Exhibit 75

MARKET OPPORTUNITIES AND STRATEGIC DIRECTIONS FOR SPECIALTY HERBS AND ESSENTIAL OIL CROPS IN MONTANA

This report explores the economic feasibility of specialty herb and essential oil crop production in Montana. The focus is on twenty-four promising medicinal, culinary and essential oil herbs that have been grown in test plots at Montana agricultural experiment stations since 1998. Two additional crops, identified through research and interviews with industry experts as having market potential, are included in the study. The report includes an overview of the market for specialty herb and essential oil crops; details, by crop, about production, use and prices; general strategic management planning; and price and production risk management strategies. A case study of *Echinacea*, with an emphasis on strategic management and the marketing plan, is featured.

The report outlines opportunities and challenges in producing and marketing high-quality, specialty herbs and essential oils. The ability to offer consistent supply and volume of high quality volume will be important competitive factors. Organic production holds some promise. Overall success in this market will require significant expertise and participation of the grower beyond the production stage.

Final Report

Contact:
Brent Poppe
Montana Department of Agriculture
406-444-2402
bpoppe state.mt.us

Market Opportunities and Strategic Directions for Specialty Herbs and Essential Oil Crops in Montana

Contract # 0150620

February 27, 2002

Prepared for:

Montana Department of Agriculture

U.S. Department of Agriculture Federal-State Marketing Improvement Program

Prepared by:

Dr. Gary Brester
Kole Swanser
Tim Watts

Watts and Associates
4331 Hillcrest Road
Billings, MT 59101

(406) 252-7776
Fax (4.6) 252-9753
watts@wattsandassociates.com

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EXECUTIVE SUMMARY

The growth and rising interest in herbal, botanical, and essential oil products in the United States over the last several years has caught the attention of the agricultural community. Reports of high prices for specialty crops, coupled with a decrease in prices for traditional grain crops, has caused many agricultural producers in Montana and other states to consider whether specialty herb crops offer opportunities for diversification and increased profits. This report, prepared for the Montana Department of Agriculture, explores the economic feasibility of specialty herb and essential oil crops (specialty crops) for Montana farmers.

This report explores production, uses, markets, and prices for several specific specialty herb crops. It presents findings from agronomic production trials including test plot yields. Strategic considerations for prospective growers and Montana producers in particular are explored. Available market data is presented; and, market depth, price volatility, and potential trends are analyzed. Risk management considerations are highlighted, and methods of risk management for individual producers are explored.

The research recommends several potential strategies and considerations for prospective Montana growers considering specialty crop opportunities. Notably, it is recommended that the benefits of cooperative arrangements and alliances be explored.

Significant opportunity may exist for some producers in the production and marketing of high-quality, specialty herbs and essential oils. Taking advantage of such opportunities will require significant expertise and participation of the grower beyond crop production. Progress has been made toward the development of production knowledge and research for western Montana climates. The markets for such products are expected to expand. Furthermore, the production of such products, following organic practices in the pristine environments of Montana, may provide an opportunity for some Montana agricultural producers with a desire to further their own active involvement in product research and marketing of their products.

I. INTRODUCTION

The growth and rising interest in herbal, botanical, and essential oil products in the United States over the last several years has caught the attention of the agricultural community. Reports of high prices for specialty crops, coupled with a decrease in prices for traditional grain crops, has caused many agricultural producers in Montana and other states to wonder whether specialty herb crops offer opportunities for diversification and increased profits. This report, prepared for the Montana Department of Agriculture, explores the economic feasibility of specialty herb and essential oil crops (specialty crops) for Montana farmers. Following this introductory section, Section II examines the overall market for specialty crops, types of crops that are grown, ways in which they are used, and the organization and structure of the industry. Section III looks into specific crops that have been grown and evaluated by Dr. Nancy Callan at the Western Montana State University Agricultural Experiment Station and provides more detailed information about their uses and markets. Section IV investigates strategic management considerations for an individual producer considering specialty crops as an agricultural enterprise. Section V describes critical elements of a marketing plan from a producer perspective. Section VI considers the limited production risk management products currently available. Section VII discusses price risk management strategies, and Section VIII presents conclusions and recommendations for producers considering producing specialty crops.

II. THE MARKET FOR SPECIALTY HERB AND ESSENTIAL OIL CROPS

The market for specialty herb, botanical, and essential oil crops has been growing rapidly within the United States for the last several years. Definitions of goods and products that comprise this market vary due to the wide diversity of plants, forms, and uses. This section will describe this broadly defined industry and will identify market segments, marketing channels, and marketing forms that are important when considering a new farming enterprise.

II.A. Market Decomposition and Classification

The market for specialty crops, as defined for this report, is actually a diverse collection of markets for crops that are sold under the broad categories of herbs, botanicals, and essential oils. A comprehensive list of specific crops included under this definition is beyond the scope of this report. However, the market can be classified into several important segments including: foods, medicinal botanicals, essential oils, and florals.

II.A.1. Foods – Teas, Fresh-cut and Dried Culinary Herbs

Specialty crop products are used extensively in many foods including teas, spices and seasonings, flavorings, additives, and condiments. These crops may be consumed in a natural state as teas, fresh herbs, dried herbs, and spices; or, food and spice manufacturers may use them as inputs. Various forms of these crops and their derivatives are sold to consumers by local restaurants, health food stores, multilevel marketing companies (e.g., Amway, Shaklee), mass marketing companies (ex., Wal-Mart, etc), and, in some cases, directly by growers. This market segment overlaps with medicinal botanicals, as medicinal products are often “delivered” to consumers in the form of teas and natural health foods.

Fresh-cut culinary herbs and spices are grown primarily in California and Florida and are marketed through wholesale channels (ATTRA 2000). Buyers demand reliable year-round supplies, limiting the ability of northern regions to compete in this market. Much of the production of these products occurs in greenhouses. Limited local markets exist for supplying upscale restaurants with fresh culinary herbs. Dried culinary herbs can be grown in many northern climates. However, this market is also served by product gathered from the wild (wildcrafted). Organically produced dried herbs are frequently sold through direct marketing channels such as farmers’ markets and Internet sales.

Many herb crops including chamomile, mint, and Echinacea are used in herbal tea formulas. Teas created from medicinal herbs represent a “crossover” market segment – medicinal products contained in foods – sometimes called “nutriceutical.” Herbal teas are also direct marketed by small specialty herb growers. Montana producers have pursued private labeling and brand development of herbal teas with some success. Larger tea companies such as Celestial Seasonings also purchase herbs as inputs, but such companies usually require consistently large quantities at very competitive prices. It appears unlikely that individual Montana producers will be competitive suppliers to herbal tea companies where price competition from the world market is strong and product differentiation may not be important.

II.A.2. Essential Oils

Essential oils, distilled from many plants, are used in the flavor and fragrance industry. They are distilled from many parts of the plant including flowers, bark, seed, leaves, roots, and the whole herb. The cosmetics industry uses many herbs and spices in the manufacture of skin cream, lip balms, shampoos, soaps, and perfumes. Essential oils are also used by soft drink companies and by food companies. The United States is the largest user of essential oils and flavor and fragrance industry continued growth is expected (Alberta Essential Oils 1996).

Distillation of essential oils can be performed in a variety of ways including water distillation, which involves boiling plants with water, and steam distillation, which is preferred for commercial production. An experimental-scale steam distillation facility is located at the Montana Northwestern Agricultural Research Center (NWARC) in Kalispell. Many mint producers in Northwest Montana have commercial-scale steam distillation facilities.

Mint has historically been the most important of the essential oil crops. However, many other herbs and botanicals are distilled into essential oils including anise, clary sage, coriander, caraway, calendula, “Omega” flax, parsley, sage, sweet basil, sweet fennel, lavender, chamomile, and dill to name a few. Markets are served by individuals, who grow, process, and independently market them through cottage industries. Aromatherapy products are commonly sold in this fashion.

II.A.3. Medicinal Botanicals

Many varieties of herbs and botanicals are used for medicinal purposes. In fact, herbal alternatives exist for many traditional medical and pharmaceutical products. The main players in the medicinal herb market are pharmaceutical, medicinal supplement, and nutriceutical companies. The use of herbs as alternatives or complements to traditional medicine has been increasing. A recent study by Harvard researchers estimated that total consumer demand for these products was $5.1 billion in 1997 (Blumenthal 1999).

Medicinal botanical herbs are often purchased from growers by wholesalers and brokers or, in some cases, directly by manufacturers. These “phytomedicinal” herbs are often classified according to standardized extracts, for which quality is based on measurable chemical compounds, and non-standardized extracts, for which quality is not based on a specific compound but rather on the overall herb (stems vs. flowers, time of harvest, etc.). For standardized extracts, higher compound content lowers processing costs and increases value of the herb product. Manufacturers evaluate quality before purchase by analyzing product samples. Much of the input product used by manufacturers is purchased from wholesale distributors.

Medicinal herbs are sold to the end user in the form of dried powdered products, tablets, and capsules. They are also marketed as teas, tinctures, liquid extracts, and creams. A relatively new “delivery” method for medicinal herbs involves “nutraceuticals,” or as healthy ingredients in conventional foods such as ginseng teas or gingko additives to blended fruit drinks.

Some of the most important and widely marketed medicinal herbs are Echinacea, goldenseal, ginseng, and St. Johns Wort. Select market opportunities exist for growers of these crops, but they must be carefully evaluated. Growing and marketing medicinal botanicals requires skill and expertise and demands a high level of knowledge and participation from the farmer. Prospective farmers should expect marketing efforts that are likely to surpass time spent farming. An example of marketing plan considerations for a specific crop (Echinacea) is presented in Section V.

II.A.4. Floral, Decorative, and Ornamental Plants

Many varieties of herbs and flowers can be raised and sold for decorations or ornamental arrangements. This market segment includes the growing of plants such as sage, yucca, and potentillas for use in landscaping. Many floral shops also purchase baby's breath, dried flowers, and other ornamental plants. This market segment may provide opportunities for some specialty herb crops during certain times of the year and certain market conditions. However, it likely will not be the primary market for most Montana growers.

II.B. Marketing Channels and Methods

Within market segments, further market distinctions must be made between bulk commodities (wholesale) and direct niche (retail) marketing. Bulk marketing refers to the production of large volumes of product for sale to large buyers or intermediary market participants such as brokers and wholesalers. Direct marketing refers to selling directly to individual end-users or small buyers.

Bulk herb products are marketed largely to wholesale distributors who warehouse and resell them to manufacturers and other further processing companies, although many such companies also purchase directly from growers. Sales are conducted both on cash basis and through contracts. Discussions with industry buyers suggest that contracts may have become less common in the wholesale herb market for at least two reasons. First, buyers are reluctant to commit to contracts, which limit their flexibility to respond to seasonal and structural fluctuations in demand for certain types of herbs. Second, although quality is very important for this market, it appears that buyers can easily measure quality in product offerings and, therefore, have less need to rely on contractual arrangements to obtain requisite quality.

A large number of specialty herb growers pursue direct marketing of their crops through farmers' markets, direct sales of dried herbs to health food stores, Internet marketing and cottage industries. The term "cottage" relates to small farms that grow, manufacture, and sell end products in a retail environment. Products sold through direct channels and the cottage industry include an assortment of herbal salves and lip balms produced by home distillation, ornamental flowers, dried culinary herbs, herbal teas, tinctures, and potpourris.

II.C. Marketing Forms and Uses

Specialty crops are delivered to various market segments in a multitude of forms that require a variety of harvesting techniques and on-farm processing. Harvested forms of specialty herbs include whole herbs, flowers, roots, bark, seeds, leaves, and buds.

Many require special harvesting and handling techniques because the process can affect quality. Even bulk markets frequently require further processing of the product after harvest. For example, herbs are often sold in dried or in powdered form. Essential oil crops such as anise often must be distilled before sale.

Milled forms of dried herbs include whole, chipped or cut, shredded, chopped, cut and sifted, and tea bag cut. Growers of all types of specialty herb crops, bulk or retail, are often responsible for packaging their product. In many cases the crops will also need to be packaged in burlap or polypropylene bags of a specific weight, in cartons, and in drums, or in the case of retail sales, in tea bags and containers. Such packaging usually requires nutritional labeling and, because of consumer preferences, tamper-resistant closures.

Medicinal botanicals take a number of intermediate forms as they are processed into increasingly valuable products. Fresh herbs are dried and can be made into various extracted forms including tinctures, extracts, and standardized extracts (those with guaranteed levels of chemical compounds).

Organic Certification

Organic certification is an important quality attribute of most types of specialty herb production. Many market channels require organic certification. In the health food industry organic production has become a consumer standard that signals nutritional properties. Growers must, therefore, heed these market signals and must provide the quality of goods demanded by consumers. They should recognize that the market may not differentiate between real and perceived quality. Organic production and certification will therefore be an essential part of quality niche marketing.

II.D. World Production and U.S. Import / Export Data (Size of Market)

North America supplies only a small portion of the world market for herbs and botanicals. Information about the size of the world market for specialty herb crops is scarce. Much of the world's, medicinal herb supply is generated by India, Korea, and European countries. Discussions with key industry players suggest that China and Egypt are also participating important foreign competitors. Both countries are able to produce large volumes at low costs. This is the likely result of large-scale "wildcrafting" (non-cultivated production). Wildcrafting is highly labor-intensive and may result in lower product quality. However, for many products quality does not seem to be the most important feature. In addition, although wildcrafting may be an extremely inefficient method for producing such crops, very low labor costs in some countries more than offset this disadvantage.

Despite the growth in the herb industry and the increase in sales in herbal products, it is important to remember that the scale of agricultural production for these crops is small. Table 1 summarizes the estimated number of acres cultivated for some specific crops in North America and worldwide.

Table 1. Estimated Number of Acres Cultivated for Select Specialty Herb Crops in North America and Worldwide

Crop	North America (Ac.)	World (Ac.)
Anise	22,000	240,000
Basil	2,500	25,000
Calendula	500	2,200
Caraway	6,200	47,000
Chicory	NA	NA
Clary Sage	NA	NA
Coriander	12,000	1,500,000
Dill	10,000	91,500
Echinacea	10,000 (20,000 wildcrafted)	40,000
Fennel	17,000	175,000
Feverfew	400	3,200
German Chamomile	6,000	50,000
Ginseng	18,000	175,000
Goldenseal	17,000	42,000
Lavender	2,500	22,000
Lemon balm	200	2,500
Omega Flax	30,000	NA
Parsley	62,000	620,000
Mint	40,000	600,000
Psyllium Plantain	NA	NA
Sage	6,000	400,000
Savory	800	2,000
Skullcap	1,000	12,500
Thyme	6,000	82,000
Valerian	4,000	12,000
Yarrow	10,000	NA

Sources: *Richters 2000 Catalogue in Ward, Jeff. The Market for Herbs and Essential Oils. Alberta Agriculture, Food & Rural Development.

** Miller, Richard Alan. *Alternative Crop Overviews* . Northwest Botanicals, Incorporated.

As illustrated in Table 1, total world cultivated acres for many specialty herb crops are less than the number of acres of wheat planted on a typical Montana wheat farm. This reflects the small market for these crops as well as their labor-intensive nature which generally prohibits large scale production. Wildcrafting also supplies a significant portion of the industry for many of these crops and competes with cultivated production. It should be noted that opportunities in the specialty herb crop market may be found in crops that are not on the list and, in some cases, are yet to be discovered.

The U.S. Foreign Agricultural Services (FAS) collects and publishes import and export information for some herb crops. Table 2 summarizes this information for some related crop products and calculates implicit per pound prices.

Table 2. Summary of U.S. Imports and Exports of Herb, Spice, and Essential Oil Crops: 1996-2000

IMPORTS	1996			1997			1998			1999			2000		
CROP NAME	Quantity	Value ($)	$/lb	Quantity	Value ($)	$/lb	Quantity	Value ($)	$/lb	Quantity	Value ($)	$/lb	Quantity	Value ($)	$/lb
Anise	1,347.7	2,560,552	0.86	1,211.4	2,709,216	1.01	1,448.6	3,588,515	1.12	1,373.7	3,034,597	1.00	1,503.5	3,017,120	0.91
Anise Oil	61.8	615,091	4.51	98.4	850,906	3.92	106.5	1,000,399	4.26	152.9	1,208,731	3.59	85.9	682,112	3.60
Basil Fresh or Dried	4,195.3	5,589,786	0.60	2,766.0	3,580,329	0.59	3,431.5	4,810,263	0.64	3,241.3	5,106,062	0.71	3,313.4	5,675,028	0.78
Caraway	4,205.6	4,909,411	0.53	3,139.4	2,812,025	0.41	3,238.0	2,535,391	0.36	3,405.1	2,509,688	0.33	3,325.0	2,825,281	0.39
Caraway Oil	6.4	244,946	17.36	7.0	275,413	17.85	6.9	285,103	18.74	4.7	186,142	17.96	5.5	203,795	16.81
Coriander	2,855.0	2,021,889	0.32	3,100.8	2,702,865	0.40	3,268.6	2,723,133	0.38	3,589.9	2,168,507	0.27	4,081.2	2,165,728	0.24
Dill	884.5	908,057	0.47	598.3	768,940	0.58	715.1	900,797	0.57	732.0	945,892	0.59	699.5	1,007,306	0.65
Fennel	2,851.0	3,546,613	0.56	3,418.3	4,069,820	0.54	3,752.2	3,834,845	0.46	3,472.7	3,860,851	0.50	3,262.7	3,761,696	0.52
Ginseng Root, Cultv	456.4	10,749,168	10.68	514.6	10,137,875	8.94	637.2	11,699,521	8.33	495.8	9,468,141	8.66	424.9	12,309,518	13.14
Ginseng Root, Wild	130.9	809,553	2.81	199.3	2,030,104	4.62	452.4	1,054,657	1.06	155.0	1,307,195	3.83	106.7	381,502	1.62
Lavender Oil	510.4	7,775,176	6.91	525.1	8,454,437	7.30	406.8	7,706,789	8.59	474.7	8,998,672	8.60	527.1	8,150,639	7.01
Mint Leaves CR,N/MF	250.2	421,606	0.76	279.1	469,239	0.76	196.3	303,931	0.70	182.5	302,404	0.75	217.5	381,359	0.80
Mint Leaves, F,D,C	66.1	298,536	2.05	40.1	191,616	2.17	79.5	289,902	1.65	102.7	417,701	1.84	92.5	285,717	1.40
Mint Leaves, F/D	279.9	827,049	1.34	138.3	854,815	2.80	107.5	531,674	2.24	106.0	531,709	2.28	83.3	507,556	2.76
Thyme, Nesoi	167.7	228,281	0.62	151.4	281,877	0.84	147.8	205,655	0.63	92.4	207,533	1.02	172.8	570,705	1.50
Thyme; Bay Leaves, CR	2,204.5	6,015,126	1.24	1,962.8	5,191,901	1.20	1,708.5	4,185,932	1.11	2,142.0	5,313,977	1.13	1,980.6	5,151,583	1.18
Peppermint Oil	456.4	7,494,678	7.45	253.7	3,997,337	7.15	356.5	5,691,318	7.24	316.5	4,214,997	6.04	394.7	6,255,748	7.19
Psyllium Seed Husk	8,434.2	21,722,947	1.17	17,013.2	38,564,812	1.03	16,862.8	30,323,494	0.82	10,495.0	16,582,239	0.72	12,744.2	24,634,318	0.88
Sage	2,065.0	3,859,752	0.85	2,007.8	3,384,644	0.76	2,396.6	4,922,034	0.93	2,493.6	4,389,441	0.80	2,473.0	4,523,320	0.83
EXPORTS	1996			1997			1998			1999			2000		
CROP NAME	Quantity	Value ($)	$/lb	Quantity	Value ($)	$/lb	Quantity	Value ($)	$/lb	Quantity	Value ($)	$/lb	Quantity	Value ($)	$/lb
Anise/Badian Seeds	119.7	145,524	0.55	127.2	178,149	0.64	149.3	187,664	0.57	63.4	85,401	0.61	103.4	287,444	1.26
Caraway Seeds	99.9	193,113	0.88	70.6	27,079	0.17	25.8	59,218	1.04	64.8	64,415	0.45	57.7	175,007	1.38
Coriander Seeds	151.8	132,020	0.39	154.9	289,660	0.85	140	425,568	1.38	175	547,227	1.42	201.3	403,220	0.91
Fennel/Juniper Seeds	79.4	328,488	1.88	106.7	295,540	1.26	100.2	216,201	0.98	77.7	153,906	0.90	43.2	80,348	0.84
Ginseng Root, Cltv	669.4	33,270,392	22.54	699.7	31,620,115	20.50	702.2	20,916,992	13.51	447.8	16,377,390	16.59	405.5	16,921,790	18.93
Ginseng Root, Wild	191.5	32,454,473	76.87	143.5	25,340,271	80.10	108.7	13,846,663	57.78	117.1	20,597,315	79.79	144.2	24,496,814	77.06
Lavender Oil	56.5	1,076,070	8.64	62.7	1,226,164	8.87	94.0	1,631,948	7.87	95.1	1,727,334	8.24	121.4	2,118,791	7.92
Peppermint Oil	1,958.9	67,223,834	15.57	2,356.8	73,332,268	14.11	2,511.8	81,657,674	14.75	2,355.7	74,319,607	14.31	2,188.9	63,752,384	13.21
Thyme; Bay Leaves	89.5	293,850	1.49	126.7	391,563	1.40	152.5	410,503	1.22	129.1	305,916	1.07	145.4	346,021	1.08

SOURCE: *Department of Commerce, U.S. Census Bureau, Foreign Trade Statistics

**Note: Wide implicit (calculated) price fluctuations were found for some crops, which may be due to inconsistent unit reporting. Units are reported in metric tons

The types of products for which trade data are collected are limited and may not be exactly comparable to farm specialty herb products. For most crops and products shown in the table it is apparent that more product is imported into the U.S. than is exported with two notable exceptions. The first is mint, which has been an established crop in the Pacific Northwest for several years, and peppermint oil exports far surpass imports. The second is ginseng for which the American variety is very popular and is in demand in Asian markets including China, where Ginseng use is high. Aggregate import and export figures are sensitive to variations in quantity units, but the table suggests that average prices of world imports are lower than prices for similar types of domestic production.

III. POTENTIAL SPECIALTY HERB AND ESSENTIAL OIL CROPS

Twenty-four agronomically promising crops have been grown in test plots at the Western (Corvallis) and Northwestern (Kalispell) Montana Agricultural Experiment Stations over the past several years. Two additional crops have been identified through research and interviews with industry experts as having market potential. The following section contains form, use, pricing, and production information for these crops.

III.A. Forms and Uses

Specialty herb crops are used in a variety of ways as described in Section II. Table 3 summarizes forms, uses, and other important characteristics of selected specialty herb crops. It also summarizes expected yields reported in collected studies as compared to yields from Montana test plots for these crops.

Table 3. Forms, Uses, Markets, and Other Important Characteristics of Selected Crops

Source / Crop	Latin name	Portion Used	Use (type)	Medicinal	Flavoring	Cosmetic	Culinary or Tea	Expected Yield Per Acre from Other Reports	Yield Per Acre (WARC/NWARC)	Components
Western Ag Experiment Station (WARC)										
Anise	*Pimpinella anisum*	seed	oil, tincture	X	X	X	X	446-1,338 lbs - seed	1,100-1,150 lbs. seed; 10 lb.s -oil	Anethole, isomer methyl chavicol, fixed oil, choline, sugar, mucilage
Calendula	*Calendula officinalis*	flowers - entire head or petals, leaves, seed	dried, absolute oil, fresh, orange flowers fed to laying chickens to deepen yolk color	X	X	X	X	400-600 lbs. (up to 1,500 lbs.) -dried flowers	1,100 lbs. - dried herb	calendic acid
Caraway	*Carum carvi*	seed, leaves	bruised seeds, tender leaves, essential oil	X	X	X	X	"few hundred pounds" (annual) to 1000 lbs.(biennial) - seed	1,160 (annual) to 2,400 lbs. (biennial) -seed; 3lbs. (annual) to 42.1 lbs. (biennial) -oil	hydrocarbon termed Carvone, oxygenated oil Carvol, protein, fat
Clary Sage	*Salvia sclarea*	whole herb	fresh, dried, tincture, oil	X	X	X		*not available*	4,700 lbs. -dry herb; 27 lbs. -oil	linalil acetate, sclareol, linalol, nerol, beta-pinene, alpha- and beta-thujone, borneol, mircene, camphor

Table 3. Continued

Source / Crop	Latin name	Portion Used	Use (type)	Medicinal	Flavoring	Cosmetic	Culinary or Tea	Expected Yield Per Acre from Other Reports	Yield Per Acre (WARC/NWARC)	Components
Western Ag Experiment Station (WARC)										
Coriander	*Coriandrum sativum*	seed and fresh leaves	fresh leaves, fruit (seed), powdered fruit, fluid extract, oil	X	X		X	700-900 lbs.-seed	2,360-2,640 lbs. seed; 13 lbs. -oil	volatile oil, malic acid, tannin, fat
Omega' flax	*Linum usitatissimum*	seed	seed, oil, capsules, meal	X			X	535-1,600 lbs. -seed	1,200-2,000 lbs.-seed	omega-3 oil (alpha linoleic acid ALA), lignans, soluble and insoluble fiber
Parsley	*Petroselinum crispum*	root, leaves, seeds	fresh, dried, oil	X	X		X	*not available*	9,355 lbs. -dry herb; 70 lbs. oil	starch, mucilage, sugar, volatile oil, terpenes, Apiin, Apiol
Sage	*Salvia officinalis*	whole herb	fresh, dried, tea, oil,	X	X	X	X	1,000-2,000 lbs. dry herb	4,000 lbs. -dry herb; 2,500 lbs. -leaves, and 37 lbs. oil	salvene, pinene, cineol, borneol, esters, ketone thujone, dextro-camphor, salviol
Summer Savory	*Satureja hortensis*	seeds, leaves	fresh, dried, essential oil, syrup	X	X	X	X	*not available*	2,700-3,000 lbs. -dry herb, 1,650 -leaves,; 37-44 lbs. -oil	essential oil, carvacrol, p-cymene, gamma-terpinene, alpha-pinene, dipentene, borneol, 1-linalool, terpineol, 1-carvone
Sweet Basil	*Ocimum basilicum*	whole herb	leaf products, essential oil, oleoresin	X	X	X	X	*not available*	2,250-3,250 lbs. -dry herb; 8-11 lbs. -oil	*{many different varieties}*

Table 3. Continued

Source / Crop	Latin name	Portion Used	Use (type)	Medicinal	Flavoring	Cosmetic	Culinary or Tea	Expected Yield Per Acre from Other Reports	Yield Per Acre (WARC/NWARC)	Components
Western Ag Experiment Station (WARC)										
Fennel	*Foeniculum vulgare*	seeds, leaves, roots	oil, water, bruised seeds, tender leaves, tender stems	X	X	X	X	*not available*	3,300-4,100 lbs. -dry herb; 22-40 lbs. -oil	volatile oil (Anethol, Fenchone), d-pinene, phellandrine, anisic acid, anisic aldehyde, limonene
Thyme	*Thymus vulgaris*	whole herb	fresh, dried, oil	X	X		X	1,000-1,500 lbs. -dry herb	1,180-4,400 lbs. -dry herb, 2,500 lbs. -leaves; 9-38 lbs. -oil	Thymol, carvacrol, cymene, pinene, menthone, borneol, linalol
Chicory	*Cichorium intybus*	root, leaves (fresh)	dried, roasted, ground	X	X		X	*not available*	*not available*	NA
Lavender	*Lavandula vera Lavandula angustifolia Lavandula officinalis*	leaves, flowers	dried flowers, ointments, salts, oil	X	X	X	X	150-250 lbs. dry flower for *L. angustifolia*	*not available*	ursolic acid, linalyl acetate, linalool, 1.8-cineole, camphor, α-pinene, geraniol, lavandulol, nerol cineole, caryophyllene, limonene, furfural, ethyl amyl ketone, thujone, pinocamphone
Lemon Balm	*Melissa officinalis*	leaves	fresh leaves, dried leaves, essential oil	X	X	X	X	1,500-2,500 lbs. dry herb	*not available*	citronellal, geranial, citral, citronellol, eugenol, geraniol, polyphenols, flavonoids, triterpenoids; caryophyllene, caryophyllene oxide, linalol, limonene
Peppermint	*Mentha piperita*	whole herb	fresh, dried, oil	X	X	X	X	*not available*	*not available*	Menthol, menthyl acetate, menthyl isovalerate, menthone, cineol, inactive pinene, limonene

Table 3. Continued

Source / Crop	Latin name	Portion Used	Use (type)	Medicinal	Flavoring	Cosmetic	Culinary or Tea	Expected Yield Per Acre from Other Reports	Yield Per Acre (WARC/NWARC)	Components
Western Ag Experiment Station (WARC)										
Plantain Psyllium	*Plantago psyllium Plantago lanceolata (leaves) Plantago ovata (seeds)*	seeds, leaves	dried	X				2,000 lbs. -dry herb	*not available*	NA
Skullcap	*Scutellaria galericulata*	whole herb	dried, powdered, dried and fluid extract	X				2,000 lbs. -dry herb	*not available*	volatile oil, scutellarin, bitter glucoside, tannin, fat, sugar, cellulose
Yarrow	*Achillea millefolium*	whole herb	fresh, dried, tea	X			X	*not available*	*not available*	volatile oil, peculiar principle, achillein, achilleic acid, resin, tannin, gum and earthy ash
Northwestern Agricultural Research Center at Kalispell, MT Research (NWARC)										
Echinacea	*Echinacea angustifolia*	root, leaf, flower, seed	fresh tincture, dried	X	X		X	*not available*	*not available*	alkamides, caffeic acid esters, polysaccharides, volatile oil, echinolone, betaine
	Echinacea purpurea	root, leaf, flower, seed	fresh tincture, dried	X	X		X	8,000 -10,000 lbs. -fresh root; 2,500-3,000 lbs. -dried root	*not available*	humulene, caryophylene, sesquiterpenes, polyacetylenes, isobutylalkamines, glycoside, polysaccharide, betaine, inulin, caffeic acid esters, echinolone
NWARC and WARC										
German Chamomile (NW)	*Matricaria chamomilla*	flowers	dried, tea, tincture, oil, topical oitment	X	X	X	X	300-500 lbs. -dried flowers	1,250-3,000 lbs. -dried herb	volatile oils, angelic and tiglic esters, amyl and isobutyl alchohol, anthemol, hydrocarbon anthemene, tannic acid

Table 3. Continued

Source / Crop	Latin name	Portion Used	Use (type)	Medicinal	Flavoring	Cosmetic	Culinary or Tea	Expected Yield Per Acre from Other Reports	Yield Per Acre (WARC/NWARC)	Components
NWARC and WARC										
Dill (NW)	*Peucedanum graveolens*	seeds, leaves	dried leaves, seed, oil	X	X	X	X	*not available*	*not available*	paraffin hydrocarbon, d-carvone, d-limonene
Feverfew (NW)	*Tanacetum parthenium*	herb	dried, tablets, tinctures	X				1,000-4,000 lbs. -dry herb	*not available*	parthenolide
Valerian (NW)	*Valeriana officinalis*	root	tincture, juice, tea	X			X	1,500-2,500 lbs. -dry root	*not available*	volatile oil, valerianic, formic and acetic acids, borneol, pinene, chatarine, valerianine, glucosid, alkaloid, resin
Other Potentially Promising Montana Specialty Herb Crops										
Goldenseal	*Hydrastic Canadensis*	rootstock, leaves	bulk, capsules, tincture, volatile oil, tea	X			X	1,500-2,500 lbs. dried root	*not available*	isoquinoline alkaloids: hydrastine, bereberine, tetrahydroberberine
Ginseng	*Panax quinquefolius*	root	dried, powder, capsules, tincture	X	X		X	*not available*	*not available*	starch, gum, resin, panacon, volatile oil

Note that many of the crops outlined in Table 3 have multiple forms and uses. Growers should consider alternative market channels and expected net returns to each. It is important for growers to remember that crops and forms of crops yielding the highest price or total revenue may not be those that yield the highest net income. Increases in sale price accruing to further processing at the farm level can be more than offset by increased costs in some cases. Individual operations, therefore, will need to evaluate processing options and costs when choosing which form to market. For example, several of the crops considered here are essential oil crops, which may require distillation. Growers should locate possible distillation facilities and estimated costs prior to planting these crops. Distillation facilities may represent an important potential shared resource for farmers in a cooperative arrangement. Many of these crops also have alternative uses, such as fresh or dried herbs.

Expected or reported yields per acre as reported in Table 3 are gathered from various sources in an attempt to estimate industry standards for production of these crops. Given the small scale of production for most crops, the reliability of these results may be limited. Yields per acre obtained on test plots at the WARC and/or NWARC have also been included for comparison. These production trials provide useful information for evaluating the production potential of these crops in Western Montana. However,

growing conditions, soils, and even disease prevalence may vary widely throughout the state; and, results from individual operations in commercial production could produce a very different result.

Table 3 also lists important chemical components of each crop that are often measured when evaluating quality. These components are often of particular importance to buyers of medicinal botanicals for extracts. Presence of these compounds can be affected by many factors including growing conditions, age of plants, and harvesting.

III.B. Price Information

Table 4 presents a summary of price information collected for various crops from a host of sources including references, private retail listings, and Internet postings. The table presents a range of high and low prices observed in the market from several time periods, marketing channels (retail and bulk), and product forms. The wide range and disparity of prices reflect market diversity and lack of depth. Prices for similar products in a single time period frequently vary by 50 to 100 percent based upon quality, quantity, and other sale specific differences.

Prices reported in Table 4 are in dollars per pound and represent and vary over the reported range according to quality, quantity, and use. Forms and types are listed in the table. Prices for herbs in the table assume that the plants have been milled or otherwise processed for sale but have not been distilled into an essential oil.

Table 4. Matrix of Price Data for Selected Crops

Summary Price Survey Crop		**Price Ranges for Selected Crops in Dollars per Pound**			
		High	***Form/type***	***Low***	***Form/type***
Western Ag Experiment Station (WARC)					
Anise	*Pimpinella anisum*	$ 9.60	retail	$ 0.72	dried seed
Calendula	*Calendula officinalis*	$ 20.00	dried flowers	$ 1.10	dried herb
Caraway	*Carum carvi*	$ 12.80	retail (one lb.)	$ 0.95	large quantity
Clary Sage	*Salvia sclarea*	$ 45-$50	essential oil		
Coriander	*Coriandrum sativum*	$ 12.00	retail	$ 0.65	large quantity
Omega' flax	*Linum usitatissimum*	$ 12.41	premium seed	$ .10-$.20	seed for consumption
Parsley	*Petroselinum crispum*	$ 13.60	retail	$ 2.00	large quantity
Sage	*Salvia officinalis*	$ 12.80	retail	$ 0.95	large quantity
Summer Savory	*Satureja hortensis*	$ 9.80	retail	$ 1.20	large quantity
Sweet Basil	*Ocimum basilicum*	$ 8.00	retail	$ 1.60	large quantity
Sweet Fennel	*Foeniculum vulgare*	$ 12.80	retail	$ 0.72	dried seed
Thyme	*Thymus vulgaris*	$ 16.00	retail	$ 1.60	large quantity
Chicory	*Cichorium intybus*	$ 10.40	retail	$ 0.90	large quantity
Lavender	*Lavandula vera Lavandula angustifolia Lavandula officinalis*	$ 24.00	retail	$ 3.50	large quantity
Lemon Balm	*Melissa officinalis*	$ 13.60	retail	$ 1.80	large quantity
Peppermint	*Mentha piperita*	$ 16.00	retail	$ 1.20	large quantity
Plantain Psyllium	*Plantago psyllium, Plantago lanceolata (leaves), Plantago ovata (seeds)*	$ 11.00	wildcrafted	$ 3.11	husks
Skullcap	*Scutellaria galericulata*	$ 17.60	retail	$ 3.50	large quantity
Yarrow	*Achillea millefolium*	$ 16.00	retail	$ 0.65	large quantity
Northwestern Agricultural Research Center at Kalispell, MT Research (NWARC)					
Echinacea	*Echinacea angustifolia*	$ 56.00	retail (root)	$ 7.00	root
	Echinacea purpurea	$ 27.00	small quantity	$ 4.25	root
NWARC and WARC					
German Chamomile (NW)	*Matricaria chamomilla*	$ 12.00	cert. organic	$ 3.00-4.00	bulk non-organic
Dill (NW)	*Peucedanum graveolens*	$ 12.80	retail	$ 1.00	large quantity
Feverfew (NW)	*Tanacetum parthenium*	$ 12.00	dried flowers	$ 1.80	dry herb
Valerian (NW)	*Valeriana officinalis*	$ 14.40	retail	$ 0.85	large quantity
Other Potentially Promising Montana Specialty Herb Crops					
Goldenseal	*Hydrastic Canadensis*	$ 50.00	cert. Organic	$ 24.00	large quantity
Ginseng	*Panax quinquefolius*	$ 500.00	woods grown	$ 20.00	commercial organic

*Note: Prices vary widely by volume, quality grade, processed form, market type (retail, bulk), and current market conditions and demand.
**Many crop buyers require contracts or grower experience as prerequisite to buying.

It is important to caution prospective growers about prices in the market for specialty herb and essential oil crops. While much anecdotal evidence and many undocumented price listings are readily available, accurate and reliable information is scarce. Internet prices often represent seller offers and not transaction prices. Such price information therefore should not be interpreted as the market price for commodities. High prices offered by sellers and low prices offered by buyers often do not accurately represent eventual sale price after negotiation. Transaction quantities are particularly important. In many cases small quantities (perhaps only a few ounces) sell for amounts that would translate into very high per pound prices. However, larger volume sales generally yield much lower aggregate per pound prices. Producers should not be under any illusions that premiums paid for small quantities of product determine the market price for whole farm production. Such misconceptions can lead to the inaccurate expectations of significantly above market returns to specialty crop enterprises. All price information should be thoroughly investigated by the prospective grower to determine the form of the product, terms of sale, quality, and quantity characteristics.

No reliable and consistent data has been found that could be used to analyze intertemporal price series trends for herbal crops. Limited price data is available for fresh culinary herbs at various terminals in Chicago, San Francisco, Seattle, and others through the U.S. Department of Agriculture's Agricultural Marketing Service. However, it is extremely unlikely that Montana's location will allow producers to compete in this market, and these prices are not generally applicable to the types of crops likely to be considered.

III.C. Production, Uses, and Pricing by Crop

This section contains information about a number of crops that have been identified as having agronomic or market potential. The Montana Western Agricultural Research Center (WARC) and Northwestern Agricultural Research Center (NWARC) have grown several of these crops in test plots. A summary of the trial results is presented below.

III.C.1. Anise

Anise is a dainty, white-flowered plant about 18 inches high. It has secondary feather-like leaflets of bright green. The fruit or seeds are grayish brown, ovate, hairy and one-fifth of an inch long.

Uses for Anise

Anise is used for medicinal purposes when dried. Seeds are crushed and are used in cough lozenges and pectoral affections. It is also used as an ingredient in cathartic and aperient pills to relieve flatulence and colic. Anise tea is used to control coughs. The volatile oil, when mixed with spirits of wine, forms the liqueur Anisette, which is claimed to reduce symptoms related to bronchitis and spasmodic asthma. Oil of anise is also used to control insects when mixed with oil of sassafras and carbolic oil.

Production of Anise

Anise is an urnbelliferous annual. Cultivation of anise seed begins in early April. The seeds are sown in dry, light soil in sunny areas. Harvest occurs when the seeds are fully ripe.

Anise is challenging to grow. A long, warm growing season of at least 120 frost-free days is required to ripen the seed. Seedlings are tolerant of frost, so seeds may be planted early. The plant requires good soil and sufficient water and does poorly on dry, sandy soils or heavy, cool soils. Stand establishment may be difficult, as the seed germinates slowly and the seedlings are not competitive with weeds. Seeds should be harvested when they begin to turn gray. If the plant is cut and windrowed when the seeds are green, the seeds will continue to mature without shattering. Seed left on the plants too long becomes an undesirable black color. Reported yield of anise seed ranges from 446-1338 lbs. per acre (Hornock 1992)

Montana WARC Test Plots for Anise

Anise was grown at the Montana WARC under irrigation. Anise was sown in early May at 8.2 lbs. per acre in 8-row plots 15 ft. long with rows 1 ft. apart. Seedling stand was 7.4 plants per foot in 1999. Seed was harvested in late September. The air-dry seed was distilled in 1999 but not in 2000.

Yield of anise seed at WARC was about 1,100 lbs. per acre in 1999 and 1,150 lbs. per acre in 2000. Oil content was relatively low at 10 lbs. per acre, but levels of the anethole compound were high at about 91 percent. This crop may have potential for a grower with rich soil, adequate water, and labor for weed control, as no herbicides are currently registered in the U.S.. Pre-emergence propane flaming may be a practical method of early weed control because anise seedlings emerge slower than many weeds. Additional information regarding anise test plots is available at http://www.ag.montana.edu/warc/Specialty_crops.htm.

Prices for Anise

Retail offering prices for anise seed in whole or powered form ranged from $1.50 to $3.50 per pound in the 1998 to 2000 time frame. Bulk dried seed prices may range under $1.00 per pound. Anise essential oil from seed appears to retail in the range from $20 to $25 per pound.

III.C.2. Calendula

Calendula or marigold (*Calendula officinalis*) is a garden plant with pale green leaves and golden orange flowers.

Uses for Calendula

Calendula yields a yellow dye and is used in numerous cosmetic preparations and potpourri. The deep orange-flowered variety is of medicinal value. Calendula blossoms are used in the treatment of wounds, sores, and other skin problems. The leaves, eaten as a salad, have been considered useful in the control of scrofula in children; and, the acrid qualities of the plant have caused it to be recommended as an extirpator of warts. The Tagetes species is primarily cultivated for oil. It is used as a fragrance in cosmetics and a flavoring additive in foods. Tagetes meal and extract are added to poultry feed to encourage additional yellow coloring in chicken skin and egg yolks.

Production of Calendula

In general, calendula is an annual plant. However, the *Tagetes lucida* species is a perennial. Calendula grows in most soils and in full or partial sunlight. Calendula is sown in mid-spring, blooms in 80-90 days, and self-sows the following year. Harvest is time-consuming and labor intensive because the flowers form over a long period of time, and individual flowers mature quickly. Frequent hand harvesting is necessary to avoid over maturity and to obtain the highest quality product. Some harvest mechanization may be possible for lower-quality products or industrial seed use. Yields are reported to be 400-600 lbs. per acre, and reports of up to 1,500 lbs. per acre have occurred (Sturdivant and Blakley 1999, Ward 2000, Miller 1998).

Montana WARC Test Plots for Calendula

Two different varieties of calendula, “Resina” and “Erfurter Orangefarbige,” were grown at the Montana WARC in 1998 and 1999. Seeding was done in early May at 5 lbs. per acre in six-row plots 8 ft. long with rows 18" apart. Final stand of Resina was 3.3 (1998) and 4.6 (1999) plants/ft. and of Erfurter Orangefarbige was 5.5 and 3.9 plants/ft. Flower heads were plucked from the plants by hand and air-dried out of direct sunlight. In 1998 flowers were harvested biweekly from late July through late August then weekly until late September (13 total harvests).

The two varieties did not differ significantly in total yield, averaging about 1,100 lbs. dry weight per acre. The calendic acid content of oil from the Montana test plots appeared within the range reported by other studies. While the plant is generally easy to grow, aster yellows limits its productivity in many locations, especially for the organic market. Additional information regarding calendula test plots is available at http://www.ag.montana.edu/warc/Specialty_crops.htm.

Prices for Calendula

In 1999 the price range for dried calendula flowers appeared to be $10 to $20 per pound (Sturdivant and Blakley 2000). No price quotes were found for essential oil from calendula.

III.C.3. Caraway

Caraway (*Carum carvi* L.) is a member of the carrot family. It has smooth, furrowed, 1.5 to 2 foot high stems. Stems have finely cut leaves and white flowers that blossom in June.

Uses for Caraway

Caraway has a pleasant aromatic odor and is grown for seed and oil. It has culinary, cosmetic, and medicinal uses. It is a spice used in baked goods and meat dishes. Caraway oil is used in alcoholic and nonalcoholic beverages, frozen dairy desserts, candy, condiments, and relishes. Caraway has a distinctive licorice flavor. Cosmetic products that use caraway include toothpaste, mouthwash, soaps, creams, lotions, and perfumes. Medicinally, caraway is used in some carminative, stomachic, and laxative preparations. The oil has been used as a flavoring in pharmaceutical products. Distilled caraway water is used to treat flatulent colic of infants.

Production of Caraway
Annual and biennial caraway varieties exist. Caraway needs full sun and fairly heavy soil. It should be harvested as soon as the seeds darken and ripen in the fall. Mechanical methods are often used to harvest caraway fields in commercial production. The fruit or seeds are then dried. Expected yields for caraway seed range from a few hundred pounds in the first year to an average of 1,000 lbs. per acre in subsequent years (Alberta agri-fax 1998).

Montana WARC Test Plots for Caraway
Both annual and biennial caraways were grown under irrigation at the Montana WARC. Annual caraway was sown at 12-16 lbs. per acre in early May of 1998 and 1999. Plant stand in 1998 was 10 plants per foot, and in 1999 it was 9 plants per foot. Eight-row plots were 15 ft. long with 1 ft. between rows. In 1998, which was a longer than usual growing season, mature seed was harvested in early October and yielded about 1,160 lbs. per acre. In 1999, which was a normal growing season, plants would not have matured before frost. They were cut in late September when seeds were still immature and distilled without drying to yield somewhat less than 3 lbs. of oil per acre. Annual caraway seed was late maturing in western Montana and yields were lower than those obtained in production trials from other regions.

Biennial caraway was sown at 3.5 lbs. per acre in early May of 1998. Six-row plots were 8 ft. long with 1.5 ft. between rows. Seeds were harvested in late June of 1999 in an immature condition and were distilled for a yield of 42.1 lbs. of oil per acre. Seeds were also harvested in mid-July for a total yield of about 2,430 lbs. of seed per acre. Biennial caraway grew well with no overwintering mortality and produced a good seed crop. It was much more productive at WARC than was annual caraway and appears to grow well in western Montana. Additional information regarding caraway test plots is available at http://www.ag.montana.edu/warc/Specialty_crops.htm.

Prices of Caraway
Retail prices for caraway seed appeared to be in the range of $1.50 to $2.50 per pound for the 1998 to 2000 time frame. Retail price offerings for caraway seed oil were observed for around $50 per pound in 2001.

III.C.4. Clary Sage
Clary sage grows 2 to 3 feet tall. It has brownish, hairy, square stems with few branches. The leaves are arranged in pairs and are almost as large as a hand. A rosette of leaves is formed the first year, and white to pink flowers are produced the second year.

Uses for Clary Sage
Clary sage oil has a strong odor and is used in perfumes, soaps, cosmetics, aromatherapy, and as a flavoring, especially for muscatel wines. Fresh or dried herbs have medicinal uses for treating symptoms related to digestion, kidney diseases, hysteria, and wind colic.

Production of Clary Sage
Clary sage is a biennial or short-lived perennial member of the mint family. The plant is adapted to a dry climate and produces more oil under low fertility and moisture. The plant is harvested during late bloom when the seeds are at the milky stage. Most of the oil is in the flowering stalk, so the plant should be cut to include the inflorescence and only the top few pairs of leaves. The plant material is distilled fresh and should be distilled immediately to avoid volatilization of the oil. Oil content is lowest from noon to 3:00 p.m., so clary sage should be harvested in the evening or morning hours.

Montana WARC Test Plots for Clary Sage
Clary sage was sown in a greenhouse in early April of 1998. Plants were transplanted to the field in early May. Six-row plots were 8 ft. long with rows 18" apart. Plant spacing was initially 1 ft. in the row, but in the early spring of 1999 plants were thinned to stand 2 ft. apart.

Plant growth was vigorous; and, flowering tops were harvested at late bloom in mid- to late-July, 1999, as the flowers were fading and the seeds were in the milk stage. Flower stalks and the top pair of leaves were harvested and immediately distilled. The plants continued to bloom and yielded another harvest in mid-August, 1999.

The first harvest produced about 3,400 lbs. per acre of dry flower stalks and leaves that distilled to approximately 20 lbs. per acre of oil. The second harvest yielded 1,300 lbs. per acre of dry production and 7 lbs. per acre of oil. Thus, total production was about 4,700 lbs. per acre of dry production and over 27 lbs. per acre of oil. The oil from the two harvests did not differ greatly in quality; oil from the first cutting averaged 64 percent linalyl acetate and the second averaged 59 percent.

Overall, it appeared that clary sage was well adapted to the climate of western Montana. Yield and quality of plants grown at the WARC were relatively high, and the plants were free of pests and diseases. Additional information regarding clary sage test plots is available at http://www.ag.montana.edu/warc/Specialty_crops.htm.

Prices for Clary Sage
Price listings for essential oil from Clary Sage were in the range of $45 to $55 per pound. No listings were available for the dried herb.

III.C.5. Coriander
Coriander is a slender, branched plant that grows 1 to 3 feet high. It has pale mauve flowers with bright green, round leaves.

Uses for Coriander
Dried coriander seeds are fragrant and are used for culinary (spices) and medicinal (aromatic stimulant) purposes. Coriander is used as an aromatic stimulant and spice. The seeds and leaves are used in salads and soups. Powdered seeds, fluid extract, and oil are used medicinally as flavoring for active purgatives. Coriander water is used as a carminative for wind colic.

Production of Coriander
Coriander is an annual. It is grown in warm, dry, light soil in full sun. Seeds sown in April and ripen in August. Coriander plants are mechanically harvested and are dried before seeds are collected. Yields of coriander seed in western Canada have been reported to be 700-900 lbs. per acre (Alberta agri-fax 1998).

Montana WARC Test Plots for Coriander
Coriander was direct-seeded in early May of 1998 and 1999 at the rate of 14.4 lbs. per acre. Eight-row plots were 15 ft. long with rows 1 ft. apart. Stand was 15 plants/ft. in 1998 and 14 plants/ft. in 1999. Plants were swathed in mid-September and were combined three days later. Seeds were ground and then distilled in 1998, yielding just under 13 lbs. per acre of oil. Seed yields totaled about 2,650 lbs. per acre in 1998 and 2,350 lbs. per acre in 1999. Additional information regarding coriander test plots is available at http://www.ag.montana.edu/warc/Specialty_crops.htm.

Prices for Coriander
Farmgate coriander seed prices appear to have been in the range of 17 to 47 cents per pound in the 1980s and early 1990s. More recent information has put the range from 65 to 90 cents for bulk product. Retail prices for seed may range as high as $1.50 per pound. Essential oil from coriander has recently been listed in retail offerings from $20 to $25 per pound.

III.C.6. 'Omega' Flax
Omega flax is a new variety of flaxseed developed by researchers at North Dakota State University and South Dakota State University. It was created for the food industry. Omega flaxseed can be stored indefinitely. Once seeds have been ground, the resulting flax meal should be stored in airtight containers. Shelf life is only a few days under refrigeration. However, it lasts for several months if frozen.

Uses for 'Omega' Flax
Omega flax produces oil high in linolenic acid. It has light colored seeds. Freshly ground Omega flaxseed provides health benefits associated with both Omega-3 essential fatty acids and lignans. The fiber is readily absorbed and processed by humans.

Production of 'Omega' Flax
Omega flax is mostly produced without irrigation. Experimental oilseed flax yields varied from 535 lbs.per acre in North Dakota, to 700-1,600 lbs.per acre in northern Idaho, to 1,000–1,100 lbs.per acre in Minnesota and Wisconsin (Kephart and Auld 1990, Oplinger, et. al. 1989).

Montana WARC Test Plots for 'Omega' Flax
'Omega' flax was sown in mid-May of 1999 and early-May of 2000 at 30 lbs. per acre. Plots in 1999 were 8 ft. long with 11 rows 9" apart and in 2000 were 15 ft. long with eight rows 12" apart. Plots were harvested in mid-August of 1999 and 2000. Yield was 1,937 lbs. per acre in 1999 and 1226 lbs. per acre in 2000. Flax was also grown in 1998, but yield was low (432 lb per acre) due to poor stand establishment. The yields at

WARC under irrigation were relatively high, but dryland production is expected to be lower. Additional information regarding 'omega' flax test plots is available at http://www.ag.montana.edu/warc/Specialty_crops.htm.

Prices for 'Omega' Flax

The prices for 'Omega' Flax may vary depending on whether organic or grown for feed and could range between 10 and 20 cents per pound (Miller 1999). Premium seed may sell for as high as $12.00 (Miller 1998).

III.C.7. Parsley

Parsley is a small, bushy green plant with tiny, greenish-yellow flowers.

Uses for Parsley

Parsley has both culinary and medicinal uses. The leaves and stems of parsley are consumed raw, cooked or dehydrated and are used as a garnish or seasoning. The roots, dried leaves, and oil obtained from seeds have medicinal uses. Parsley oil, Apiol, is used for malarial disorders and influences the nerve centers in the brain and spine. Dried parsley leaves (parsley tea) are considered a diuretic and decrease kidney complications caused by dysentery. A fluid extract, prepared from the roots and seeds, also reduces symptoms related to kidney functions.

Production of Parsley

Parsley is a biennial plant but is usually produced as an annual crop. Parsley can be grown from seed or divisions in fertile soil in full or partial sunlight. It matures in 70 to 90 days; and, harvest begins in October and continues through March, depending upon weather and location. Parsley leaves can be hand-harvested three to four times per season. Parsley yields are approximately 20-60 cwt. per acre. Fresh parsley can be stored for up to 2 ½ months at 32° Fahrenheit.

Montana WARC Test Plots for Parsley

"Moss Curled" parsley was hand sown in mid-May of 1998 at 1.5 lbs. per acre. Six-row plots were 8 ft. long with 1.5 ft. between rows. No harvest was taken the first year. In 1999 the top of each seed-bearing plant was cut in late August and was immediately distilled.

Parsley plants formed a healthy rosette the first year, and winter mortality was low. Plant growth and seed production were excellent the second year. Oil production was high with about 70 lbs. per acre of oil from about 9,350 lbs. of dry matter per acre. Yields of parsley herb oil from the WARC are comparable to those reported elsewhere. Oil yield on a fresh weight basis was 0.26 percent. However, small plot yields may be higher than those from commercial production. Note that a low seeding rate was used because of the hand sowing method; the conventional seeding rate is 5.5 lbs. per acre. Additional information regarding parsley test plots is available at http://www.ag.montana.edu/warc/Specialty_crops.htm.

Prices for Parsley

Dried or powdered parsley prices in recent years range from $2.00 for large bulk quantities to $4.80 for one-pound quantities. Parsley flakes were priced at $5.85 (1-4 lbs.) and $5.27 (5-24 lbs.), while powdered parsley herb was priced $3.25 (1-4 lbs.) and $2.93 (5-24 lbs.). Retail prices can range from $6.00 to $13.00 per pound. No prices for parsley seed essential oils were obtained.

III.C.8. Sage

Sage is a small, rounded evergreen shrub that grows up to 3 feet high and 3 feet wide. The flowers are violet-blue, pink, or white and are up to 1 3/8 inches long. The small, tube-like flowers are clustered in whorls along the stem tops. They bloom in May and June. The leaves are woolly white, textured, elongated ovals that are 1-2 ½ inches long. The leaves are grayer in dryer climates.

Uses for Sage

Although well known as a culinary herb, sage also has medicinal uses. It is a drying agent, and sage oil is used to reduce perspiration. Sage herbs and tinctures are used as sore throat gargles and as a poultice for sores and stings. Infusions intended for internal use is called sage tea and is used as a lotion for ulcers and to heal raw abrasions of the skin. It has also been used to darken hair. Sage is a common ingredient in tooth powders.

Production of Sage

An average of 1,000 to 2,000 pounds of dry herb per acre can be expected when properly irrigated (Sturdivant and Blakley 2000). Plants are normally harvested for oil at full bloom and for leaf before bloom. Sage is a perennial plant that prefers fertile, drained soils. It can, however, grow in poor soils.

Montana WARC Test Plots for Sage

Sage “Extrakta” was sown in a greenhouse in mid-April of 1998 and was planted in plots in mid-May. Six-row plots were 8 ft. long with rows 18" apart and 12" between plants. No harvest was done the first year. The top 2/3 of the plant was harvested when in full flower in mid- to late-June of 1999. Yields totaled 1,950 lbs. per acre of dry matter and 1,049 lbs. per acre of leaf. The plants were harvested again in mid-August of 1999 and yielded an additional 2,101 lbs. per acre of dry matter and 1,494 lbs. per acre of leaf. Plants were air-dried. and the entire top was distilled to produce a combined total of just under37 lbs. per acre of oil from both harvests. Additional information regarding sage test plots is available at http://www.ag.montana.edu/warc/Specialty_crops.htm.

Prices for Sage

Dried certified organic sage may sell for $6.00 to $8.00 per pound (Sturdivant and Blakley 2000). However, bulk prices have also been reported for sage at $0.95 to $4.00 per pound (Miller 1998).

III.C.9. Summer Savory

Summer savory is a hardy plant with slender erect stems that grow up to 18 inches high. The leaves are about ½ inch long, narrow, dark green and spice-scented. Summer savory produces small, pale, lilac labiate flowers in the summer.

Uses for Summer Savory

Summer savory is a popular flavoring ingredient for foods. The leaves can be used as a spice, or the entire plant may be distilled for an essential oil. Fresh and dried herbs and the essential oil are used to season tomato sauces, stuffings, sausages, and meat dishes. It is sometimes added to medicines for its aromatic and warming qualities.

Production of Summer Savory

Summer savory is an annual plant that can be grown by direct seeding in the field or from transplants. It grows well in a moderately rich, well-drained soil but is tolerant of poor soils and relatively dry conditions. The plant is harvested at the beginning of its bloom.

Montana WARC Test Plots for Summer Savory

Summer savory “Aromata” was sown in a greenhouse in mid-May of 1998 and was planted in plots in mid-June. Six-row plots were 8 ft. long with rows 18" apart and 8.7" between plants. The plants were poorly anchored and were easily uprooted by cultivation equipment or wind. By the end of the 1998 season, only about 60 percent of the plants remained. In 1999, summer savory was direct sown in mid-June at 1.25 lbs. per acre. Plant stand was 6.3 plants/ft. Plant stand and anchorage were good, and growth was vigorous.

Two harvests were obtained at WARC in 1998 and 1999. The top 2/3 of the plant was cut in early August of 1998 as plants were beginning to flower, yielding about 1,100 lbs. per acre of dry weight and 16 lbs. per acre of oil. A second harvest of the top 2/3 of the plant was done in late September when the plants were in full bloom, which yielded about 1,900 lbs. per acre of dry weight and about 21 lbs. per acre of oil. Total production for 1998 was about 3,000 lbs. per acre of dry weight, which yielded 37 lbs. of oil per acre. In 1999 the entire top of the plant was harvested during bloom in early September and yielded 2,700 lbs. per acre of dry weight. The plants were air-dried and about 44 lbs. per acre of oil was distilled from the entire plant top. Plants grown from transplants bloomed earlier and could be harvested twice. However, a higher oil and dry matter yield was obtained from direct-seeded plants harvested only once. Direct-seeded plants were more vigorous and strongly rooted than those grown from transplants. Additional information regarding summary savory test plots is available at http://www.ag.montana.edu/warc/Specialty_crops.htm.

Prices for Summer Savory

In 1998, prices for dried and milled summer savory were reported to vary from $1.20 to $3.10 by volume. High retail prices were reported to be $9.60 (Miller 1998).

III.C.10. Sweet Basil

Sweet basil is a hairy, labiate plant that grows about 3 feet high. The labiate flowers are white, and the leaves are grayish-green and are dotted with dark oil cells.

Uses for Sweet Basil

Sweet basil is used for cosmetic, culinary, and medicinal purposes. Sweet basil emits a scent of cloves and is sold as crude leaf products, essential oils, and oleoresin. In the cosmetic industry sweet basil is used as a fragrance ingredient in perfumes, soaps, hairdressings, dental creams, and mouthwashes. Sweet basil is used as a spice in foods and chartreuse liqueur. The oil and oleoresin are used as a flavor ingredient in many common food products. Medicinally, sweet basil is used to reduce symptoms from head colds and as a cure for warts and worms.

Production of Sweet Basil

Sweet basil is an annual plant. Germination ranges from 4 to 7 days, and harvests should occur prior to flowering. Sweet basil can be harvested twice (approximately 2 to 3 weeks apart). Harvesting continues until the first frost, after which the plants die.

Montana WARC Test Plots for Sweet Basil

“Italian Large Leaf” basil was sown in a greenhouse in early-May of 1998 and was transplanted to plots in mid-June. Six-row plots were 8 ft. long with rows 18" apart and 8.7" between plants. Plants were harvested three times during the season. In late-July stalks were clipped above the first branch. In early August the top 2/3 of the plants were clipped during the early bloom stage. The final harvest occurred in mid-September. The three harvests yielded 581, 855, and 1,850 lbs. per acre of dry weight, respectively, for a total of about 3,250 lbs. per acre of dry weight. Plant material was air-dried and was distilled in early October. A total oil yield of just over 9 lbs. per acre was obtained.

Three varieties of basil were grown in 1999: Sweet Dani, Cinnamon, and Italian Large Leaf. Seeds were sown in a greenhouse in early-April and were transplanted to plots in mid-June. Sweet Dani and Cinnamon basil were harvested in late-July and mid-August. Plants were cut 6" above the ground. Entire plants were harvested in mid-September. Sweet Dani yielded a total of 1,750 lbs. per acre of leaf and 2,600 lbs. per acre of dry weight and yielded about 10 lbs. per acre of oil. Cinnamon yielded around 1,500 lbs. per acre of leaf and 2,250 lbs. per acre of dry weight and about 11 lbs. per acre of oil. Italian Large Leaf was harvested only twice. It produced a total of about 1,750 lbs. per acre of leaf and 2,400 lbs. per acre of dry weight and yielded roughly 8 lbs. of oil per acre. Plant material was air-dried and was distilled in mid-September. Additional information regarding sweet basil test plots is available at http://www.ag.montana.edu/warc/Specialty_crops.htm.

Prices for Sweet Basil

In 1999 sweet basil retail prices were reported to be $8.00 per pound and $1.60 per pound for larger wholesale quantities (Miller 1998). Sweet basil retail prices were observed from $7.95 (1-4 lbs.) to $7.16 (5-24 lbs.), while powdered sweet basil prices

ranged from $3.60 (1-4 lbs.) to $3.24 (5-24 lbs.). Essential oil prices ranged from a low of $12 to a high of $60 per pound.

III.C.11. Fennel

Fennel (*Foeniculum vulgare*) has yellow flowers and feathery leaves, and it grows 4 to 5 feet high. Its bright golden flowers bloom in July and August.

Uses for Fennel

Fennel seeds, leaves, and oil have culinary, cosmetic, and medicinal purposes. Fresh leaves are served with fish and used in sauces. Fennel seeds are used for flavoring and to produce carminative oil, which has a sweet aromatic odor and flavor. Seeds are also used to make cordials and liqueurs, perfume, and soaps. Fennel seeds and tea are used medicinally to control flatulence in infants and chronic coughs. Powdered fennel is used to rid kennels and stables of fleas.

Production of Fennel

Fennel is a hardy, perennial herb that is native to the Mediterranean and southern Europe. Although it is cultivated as a perennial in warmer climates, it must be grown as an annual in Montana. Seeds are sown in early April in sunny areas in dry soil. Mechanical harvesting methods may be utilized.

Montana WARC Test Plots for Fennel

Fennel was direct-seeded in May of 1998 at 6 lbs. per acre. Six-row plots were 8 ft. long with rows 18" apart with four replications. Plant stands were 15 plants per foot. The top 6-8" of the plants were harvested in October and yielded 3,260 lbs. per acre of dry weight. Plant material was air-dried and was distilled in two ways: (1) the plant tops were distilled intact, which yielded 22 lbs. of oil per acre and (2) the seeds were threshed and crushed before distillation which yielded over 39 lbs. of oil per acre.

Fennel was direct-seeded in early-May of 1999 at 3 lbs. per acre. Eight-row plots were 15 ft. long with rows 1 ft. apart. Plant stand was 8 plants per foot. The top 6-8" of the plants was harvested in mid- to late-September and yielded 4,100 lbs. of dry weight per acre. Harvested plant material was distilled without drying and yielded 37 lbs. of oil per acre.

The test plot results suggested that fennel could be grown in the Bitterroot Valley's short growing season if the plants are harvested while seeds are still immature and are distilled without drying. The composition of the fennel oil was in the acceptable range for both years. Additional information regarding fennel test plots is available at http://www.ag.montana.edu/warc/Specialty_crops.htm.

Prices for Fennel

In 1998, prices for dried and milled sweet fennel were reported to vary from $0.85 to $2.55 by volume (Miller 1998). Whole and powdered fennel seed retail prices ranged from $2.55 (1-4 lbs.) to $2.03 (5-24 lbs.). Essential oil retail prices from $12 to $40 per pound were observed.

III.C.12. Thyme

Thyme is a member of the mint family. It grows to 12 inches high and has small, glossy green leaves clustered along slender woody stems. It spreads one to two feet. The flowers are white to lilac and bloom in summer.

Uses for Thyme

Thyme can be used as a whole herb or can be distilled to produce an essential oil. It is used for flavoring foods and in medicinal products and cosmetics.

Production of Thyme

Thyme has very small seeds and is generally produced from transplants grown in a greenhouse. The herb is harvested once the first year when it starts to flower and then twice a season thereafter to prevent the accumulation of unproductive woody tissues. The first harvest is when it is in full flower, and the second is in the fall. Thyme is a perennial plant that grows best in well-drained, sandy soil and full sun. If cultivated in heavy soils, it becomes less aromatic. Yields of 1,000 to 1,500 pounds of dry herb per acre are possible (Sturdivant and Blakley 2000).

Montana WARC Test Plots for Thyme

"German Winter" thyme was sown in a greenhouse in late-March of 1998 and transplanted to plots in mid-May. Six-row plots were 8 ft. long with rows 18" apart and 10" between plants. In 1998 the top 2/3 of the plants were harvested in late-July when 50 percent of the plants were in bloom. This yielded about 1,200 lbs. per acre of dry weight. Plants were harvested twice in 1999 in late June and late August. Two-thirds of the foliage was removed which yielded about 2,200 lbs. per acre at each harvest (a total of 4,400 lbs. per acre). Plant material was air-dried and was distilled. In 1998 about 9.5 lbs. of oil per acre was produced. In 1999 the two harvests yielded a total yield of 38 lbs. of oil per acre. Additional information regarding thyme test plots is available at http://www.ag.montana.edu/warc/Specialty_crops.htm.

Prices for Thyme

Reported prices range from $2.50 to $4.00 for commercial thyme to $9.00 to $12.00 for certified organic (Sturdivant and Blakley 2000). Thyme leaf prices ranged from $2.80 (1-4 lbs.) to $2.52 (5-24 lbs.), while powdered thyme has prices of $3.15 (1-4 lbs.) to $2.84 (5-24 lbs.). Essential oil prices vary by variety of plant from $40 to $120 per pound.

III.C.13. Chicory

Chicory has a tap root that resembles the root of a dandelion. The stems are 2 to 3 feet high with light blue flowers.

Uses for Chicory

Chicory has culinary and medicinal uses. The leaves of chicory are used in salads. The thick-cultivated root can be sliced, dried, roasted, and ground. Ground chicory is primarily used as a substitute or additive to coffee. It gives coffee a bitter taste and a dark color. Chicory root is used medicinally as a laxative or diuretic. It is used to reduce symptoms related to jaundice, liver enlargements, gout, and rheumatism.

Production of Chicory
Chicory is a perennial plant that will grow in any soil type. Seeds may be sown in the fall because the tops will withstand frost. It may be grown in full sun to produce green leaves or in partial sun to produce white leaves. Leaves are harvested as needed. The roots are dug when fully mature.

Prices for Chicory
Small quantities of chicory appear to sell in the range of $2.00 to $3.00 per pound. Roasted and granulated chicory retail prices of $2.70 (1-4 lbs.) or $2.43 (5-24 lbs.) were observed in 2001.

III.C.14. Lavender
Lavender has narrow gray-green leaves and long spikes with purple, pink, or white flowers.

Uses for Lavender
The fragrant leaves and flowers can be dried or crushed for oil. Both forms are used for culinary, cosmetic, and medicinal purposes. Leaves and flowers are used fresh in salads and fruit dishes and in sauces, candies, baked goods, and jellies. Lavender oil is used to flavor beverages and baked goods. Oil is also used as a fragrance in perfumes and cosmetic products.

Medicinal uses include reducing symptoms related to acne, colic, faintness, flatulence, giddiness, migraine, nausea, neuralgia, headache, palpitations, poor appetite, pimples, rheumatism, sores, spasms, sprains, toothache, vomiting, and worms. Lavender oil vapor is inhaled to prevent vertigo and fainting. Ointments are rubbed into burns, bruises, varicose veins, and other skin injuries. Pure lavender oil is used to stop itching from insect bites.

Production of Lavender
Lavender is a perennial plant. It grows in light, dry soil in full-sun. Lavender can be started from seeds or cuttings. Seeds germinate in 15 to 25 days. Flowers are harvested during the second year. If flowers are to be dried, harvest occurs as the flowers are about to open. For the production of oil flowers are harvested at 50 percent bloom. Yields range from 150 to 250 pounds of dry flowers per acre (Sturdivant and Blakley 2000).

Prices for Lavender
Reported prices range from $10.00 to $15.00 per pound for top quality lavender (Sturdivant and Blakley 2000). Essential oil retail prices were observed from $10 to $30 depending upon quality and type.

III.C.15. Lemon Balm
Lemon balm grows to 3 feet in height. It has small, white, tube-shaped flowers with oval leaves. Lemon balm has a strong lemon scent.

Uses for Lemon Balm
The leaves of lemon balm are used for culinary, cosmetic, and medicinal purposes. Its subtle lemon flavor and fresh lemon fragrance make lemon balm popular in fruit dishes, custards, and tea. Other culinary uses include seasoning fish, stuffing, sauces, vegetables, light grains, roast chicken, rice, yogurt, and fresh berries. Lemon balm oil is used as an aromatherapy ingredient in baths for basic skin care.

Lemon balm's main medicinal use is as a tranquilizer. It is also used to reduce symptoms related to stomach problems and colic. The leaves are used to lower blood pressure. Lemon balm tea relieves cold, flu, and fever symptoms and combats mumps and cold sores.

Production of Lemon Balm
Lemon balm is a hardy perennial plant. It can be produced from seed, cuttings, or divisions. Lemon balm grows best in good soil and partial shade. Seed germination occurs in 7 to 14 days. Lemon balm can be harvested at least twice a year and should be cut before it flowers. Harvested stems can be baled and allowed to dry. Dry herb yields of 1,500 to 2,500 lbs. per acre have been reported (Sturdivant and Blakley 2000).

Prices for Lemon Balm
Reported prices range from $7.00 to $10.00 per pound for certified organic lemon balm (Sturdivant and Blakley 2000). Lemon balm observed retail prices ranged from $4.30 (1-4 lbs.) to $3.87 (5-24 lbs.).

III.C.16. Peppermint
Peppermint (*Mentha piperita*) is extensively cultivated as a source of peppermint oil. The entire plant has a characteristic odor because of the presence of volatile oil. It has an initial hot, aromatic taste that later produces a sensation of cold because of its menthol content.

Most peppermint produced in the United States is grown in the Pacific Northwest and the Great Lakes Regions. Peppermint is a single-harvest, perennial crop. Total U.S. annual peppermint oil production was 6.9 million pounds (89,500 acres) in 1999.

Uses for Peppermint
Peppermint is the primary mint oil used for flavoring chewing gum. It is also used in toothpaste, mouthwash, candy, and medicines.

Production of Peppermint
Peppermint thrives best in warm, moist climates and prefers deep soils rich in humus, open in texture, and well drained. Peppermint is established by planting peppermint roots, grown and dug in separate fields. Production in the first two years is lower than in subsequent years as peppermint stands thicken over time. The highest quality oil is produced in areas with hot days and cool nights. The primary production risk associated with growing peppermint is the risk of producing bitter, low quality oil. Such oil is discounted heavily and sometimes is not marketable.

Peppermint is harvested once annually from stands that are usually kept in production for five years. However, peppermint stands may remain productive for as many as 15 years. At harvest, peppermint is swathed then chopped and hauled to a still where oil is extracted. Farmers then sell peppermint oil to dealers, who eventually sell oil to end-users.

Prices for Peppermint

The average national price for peppermint oil from 1999 to 2001 was $10.75 per pound. New York Spot price for crushed leaves was $2.3 per pound (in 1999, 2000 and 2001). Value of production for peppermint in 2000 was $72.7 million. Same year U.S. export of peppermint oil was 2,208,705 kilograms in the value of $64.4 million, while import was 370,744 kilograms in the value of $6.04 million (USDA NASS).

III.C.17. Plantain Psyllium

Plantain psyllium grows to 16 inches high with spreads up to 16 inches. Flowers are produced on thin stalks and are tiny, yellow-green blooms.

Uses for Plantain Psyllium

Plantain has medicinal uses. Plantain psyllium leaves and seed are utilized in laxative products but can also relieve chronic diarrhea, bladder and kidney problems, urethritis, and hemorrhoids. Psyllium seeds are crushed or boiled to treat rheumatism and gouty swellings, reduce fever, lower blood cholesterol, and treat eye inflammation. Plantain is mainly used to facilitate the healing of wounds and to repel fleas.

Production of Plantain Psyllium

Plantain psyllium is a perennial plant. Seeds or divisions are used to plant crops in any type of soil. It will grow in full- or partial- sun. Plantain leaves are harvested before flowering. Beginning in the second year, two to four harvests are possible with total yields of up to 2,000 pounds of dry herb per acre.

Prices for Plantain Psyllium

Plantain sells for $8.00 to $11.00 per pound dry, most wildcrafted (Sturdivant and Blakley 2000). Observed prices for plantain psyllium ranged from $3.45 (1-4 lbs.) to $3.11 per pound (5-24 lbs.) for whole plantain husks, while powdered plantain husks had prices of $4.50 (1-4 lbs.) to $4.05 (5-24 lbs.). Whole seed had prices of $2.40 (1-4 lbs.) and $2.16 (5-24 lbs.), while powdered whole seed was $4.50 (1-4 lbs.) and $4.05 (5-24 lbs.).

III.C.18. Skullcap

Skullcap grows up to 3 feet in height and spreads broadly. Its blue flowers bloom on just one side of the stalk in summer.

Uses for Skullcap

The whole herb, dried or powdered, has medicinal uses. Skullcap is used to improve the health of the nervous system. It is also used in nervine or sedative formulas to treat headaches, neuralgia, hysteria, convulsions, and hydrophobia.

Production of Skullcap
Skullcap is a perennial crop. It is grown from seeds, cuttings, or divisions in fertile soil in full or partial sunlight. Skullcap is harvested by hand at the start of flowering. Yields of over 2,000 pounds of dry material per acre are possible.

Prices for Skullcap
Prices range from $17.60 retail to $3.50 for large quantities (Miller 1998). Another source listed dried skullcap at $12 to $15 per pound and fresh skullcap at $6 to $9 per pound (Sturdivant and Blakley 2000). Retail prices for the whole herb ranged from $10.35 (1-4 lbs.) and $9.32 (5-24 lbs.).

III.C.19. Yarrow
Yarrow grows to 3 feet high and spreads to 1-2 feet. It has aromatic, finely cut, almost evergreen leaves that range from bright green to grayish. The white, red, or pink flowers are clustered in umbels and bloom in summer. The whole plant is more or less hairy with white, silky hairs.

Uses for Yarrow
Yarrow is used medicinally for easing diarrhea, reducing bleeding internally and externally, and functioning as a diaphoretic. It is also grown for its flowers, which are excellent for fresh or dried arrangements.

Production of Yarrow
Yarrow is a perennial plant. Although it grows everywhere- in the grass, in meadows, in pastures, and by the roadside, it grows best on a well-drained soil and needs good air circulation. The whole plant- stems, leaves, and flowers- are collected when in flower.

Prices of Yarrow
Prices for yarrow ranged from $0.65 per pound for large quantities to $16.00 per pound retail price (Miller 1998). Another source quotes prices of $6 to $10 per dry pound (Sturdivant and Blakley 2000). Retail prices for yarrow flowers for potpourri of $3.35 (1-4 lbs.) or $3.02 (5-24 lbs.) have been observed.

III.C.20. German Chamomile
German chamomile (*Matricaria recutita* L., sometimes referred to as Wild Chamomile) is an annual plant native to Europe.

Uses for German Chamomile
German chamomile has been cultivated in North America as an herb or an essential oil. The flowers are edible and are used in salads or beverages. German chamomile is produced in a variety of forms including dried flower heads, tea, liquid extract, essential oil, and topical ointments. An infusion of the flowers is used in shampoos. An essential oil, distilled from its flowers, is used as perfume in cosmetics and as a flavoring for confections and beverages. This oil is called "blue chamomile" because of the compound chamazulene, which is formed during the distillation process.

Production of German Chamomile

German chamomile is relatively easy to grow but prefers cooler climates. Chamomile may be produced from seed or transplants. Irrigation is usually necessary especially during stand establishment. Chamomile is seeded in early spring, and seedlings will tolerate a light frost. The seed is small and must be planted very shallow. The plant grows to about 20 inches tall. The leaves are finely divided, light green and feathery. The flowers are daisy-like and about 1 inch across. The plant blooms from May to October.

Successive plantings spread out harvest times. Hand harvesting is used to produce the highest quality (tea grade) product. Harvesting involves raking the flower heads from the plants at various intervals. The flowers must be dried carefully to avoid discoloration caused by overheating. Clipped flower heads can be used to produce oil, but lower quality oil results if too much foliage is included. German chamomile will reseed itself, but weeds often create production problems. A yield of 300-500 pounds of dried flowers per acre is often obtained.

Montana WARC Test Plots for German Chamomile

Two varieties of chamomile were sown in a greenhouse in 1998 in early April and transplanted to plots in mid-May. In 1999 chamomile was sown in mid-April and transplanted in mid-May. Plant spacing was 8.4" between plants and 18" between rows. Plots were split to compare harvesting method, raking versus clipping. Rake harvest began in mid-July and was repeated every 10 days until late-July for Bona or early August for Bodegold. Clipped harvesting began in late July and was repeated in late August for Bodegold in 1998. In 1999 clipped harvesting followed the same 10-day intervals as raking. Bona yields from raking ranged from 1,375 to 1,500 lbs. per acre for the two years, and Bodegold yields from raking ranged from 1,250 to 1,900 lbs. per acre. Bona yields from clipping ranged from 2,200 to 3,000 lbs. per acre for the two years. Similar results were obtained from trials conducted at NWARC.

Oil production of at least 3 pounds per acre was obtained at both WARC and NWARC, using either harvest method in 1999. Distillation of German chamomile is difficult because of the viscosity of the oil.

Prices for German Chamomile

Prices range between $8 and $12 per pound for fresh Chamomile flowers (Sturdivant and Blakley 2000).

III.C.21. Dill

Dill grows 2 to 2.5 feet high with feathery leaves and yellow flowers. Seeds are produced in great quantities and are very pungent and bitter. The entire plant is aromatic.

Uses for Dill

Dill has culinary, cosmetic, and medicinal uses. Culinary dill weed and oil are used in baked goods, meat and meat products, condiments and relishes, fats and oils, and

numerous snack foods. The leaves are added to fish or pickled cucumbers to produce a spicy taste. Dill vinegar is used as a condiment.

Dill weed oil is used as fragrance in cosmetics such as soaps, detergents, creams, lotions, and perfumes. The oil and seeds are used as an aromatic carminative and to reduce flatulence of infants.

Production of Dill

Dill is an annual crop. It is best grown in rich, loose soil with full sun and good drainage. Planting begins in May, and harvest can occur in 8 weeks. For high oil and fragrance qualities the seed is harvested mechanically when light brown. The seed is dried and yields oil when added to hot water or alcohol.

Prices for Dill

Observed retail prices for whole dill seed range from $2.45 (1-4 lbs.) to $2.21 (5-24 lbs.) or for dill weed $3.35 (1-4 lbs.) to $7.16 (5-24 lbs.). Dill seed oil retailed from $25 to $60 per pound.

III.C.22. Feverfew

Feverfew grows between 9 inches and 2 feet high. The deeply cut leaves are brightly colored and have a sharp, unpleasantly bitter taste. Feverfew flowers are thick and daisy-like with yellow centers. The whole plant has a strong and bitter smell.

Uses for Feverfew

Feverfew is crushed and is used to reduce coughs and wheezing and to improve breathing. Feverfew tinctures relieve pain and swelling caused by insect bites. It is used for migraine relief, for the prevention of blood clots, as an anti-inflammatory for arthritis and menstrual relief, and as a digestive aid.

Production of Feverfew

Feverfew is a perennial. Planting occurs in well-drained soils in full-sun. Feverfew may be grown from seed, divisions, or cuttings. Seeds should be sown in February or March, while root divisions should be planted in March. Cuttings can be planted in the fall or spring. Leaves and flowers should be cut from the plants when harvested. The flowers may be dried in 4 to 6 days and may be used for potpourri. Feverfew yields range from 1,000 to 4,000 lbs. per acre.

Prices for Feverfew

Prices for dried feverfew are reported in the range from $7 to $12 per pound (Sturdivant and Blakley).

III.C.23. Valerian

Valerian grows 4 to 8 feet high with a spread of 1 to 2 feet. The leaves are deeply divided into 7-10 segments. The stems are hollow and flowers are umbel-like clusters of white to pink. The root consists of spindle-like, fibrous components that are dark on the outside and white on the inside. There are 150-250 species of valerian, but *Valeriana officinalis* dominates the American market.

Uses for Valerian
Valerian is used as a powerful nervine, stimulant, carminative, and antispasmodic. It is also used as a sedative.

Production of Valerian
Valerian is a perennial plant. It does well in all soils but prefers rich, moist soil. Seeds or divisions are planted. If flowering tops are removed as they appear, rhizome development is improved. Valerian roots are harvested in the fall of the second year by hand or mechanically. The roots can be sold fresh or dried. Yields of 1,500 to 2,500 pounds of dry root per acre are possible.

Prices for Valerian
Prices have been reported to be $10 to $12 per pound for certified organic dried root while commercial root goes for less than a half of that (Sturdivant and Blakley). Fresh root sells $6 to $8 per pound. Another source lists a range of prices from $0.85 per pound for a large quantity to $14.40 per pound retail price (Miller 1998). Retail prices observed for valerian root were $4.70 (1-4 lbs.) to $4.23 (5-24 lbs.), while powdered valerian root prices of $5.60 (1-4 lbs.) to $5.04 (5-24 lbs.) were observed.

III.C.24. Echinacea
Echinacea is a perennial plant. It requires dry soil and full or partial sun in hot climates. The plant grows 3 feet high and 2.5 feet wide. Flowers are bright pink/purple, 3-inch long petals around a raised center, orange disk. The plant produces brown, papery seeds. The root is long and spindly. In older plants the roots are grouped together with a fleshy white inside covered by a dark skin.

Uses for Echinacea
Echinacea is a medicinal herb used for flavoring tea and for medicinal purposes. Echinacea root is said to enhance immune systems, reduce symptoms of arthritis, and treat allergies such as asthma or upper respiratory infections. Echinacea is also used as a blood purifier.

When the tops are harvested, they must be dried out of the sun and must be processed before being shipped to a buyer. Most buyers require that the roots and tops be milled to their specifications, pass tests to assure freedom from microbial contamination, and meet standards for medicinal constituents.

Production of Echinacea
Echinacea blooms from July to August during which the plant's petals and leaves can be harvested. Echinacea is a three- or four-year crop with the tops harvested in the second or third years. It takes 3-4 years to develop roots large enough for it to produce a substantial harvest. All plant parts including flowers, leaves, seeds, and roots can be dried and powdered.

There are two main species of Echinachea: *Echinachea Purpurea* and *Echinachea Angustifolia* with different constituents. These include humulene, caryophylene, sesquiterpenes, polyacetylenes, isobutylalkamines with olefinic and acetylenic bonds,

glycoside, polysaccharide, betaine, inulin, caffeic acid esters, echinolone, and alkamides.

Montana NWARC Test Plots for Echinacea

Three species of Echinacea- *E. angustifolia, E. purpurea and E. pallida*- were direct seeded at 9-seeds/linear ft. in early May of 1999 at the NWARC. Tops and roots of *E. purpurea* were harvested in 2000, and tops and roots of the other species will be harvested later.

Two manners of plant harvest were compared for *E. purpurea*. In mid-August the top halves of the plants were removed from fifty percent of *E. purpurea* plots, and the flower heads only were removed from the other fifty percent. Four plots in an adjacent demonstration nursery were left intact but were affected by plant disease. There was no difference in either top growth or root yields between the flower and top harvest techniques. Top half removal yielded approximately 6,950 lbs. per acre, and roots from these plants yielded about 2,000 lbs. per acre. Flower heads from the other half of plants yielded approximately 6,700 lbs. per acre and roots from these plants yielded about 2,000 lbs. per acre. Cichoric acid, an important compound in Echinacea plants, was analyzed at Nutritional Laboratories International, Lolo, MT. Flowers were higher in cichoric acid (3 to 3½ percent) than leaves (2 to 2½ percent) for *E. purpurea* plants harvested in August.

Prices for Echinacea

Prices of Echinacea angustifolia root were $30-$40 per pound in 1998-1999 and $18 to $27 per pound for Echinacea purpurea root (Sturdivant and Blakley). However, more recent prices (2001) for Echinacea angustifolia are in the range of $14 to $18 per pound (Richters Q&A 2001). Some have been reported as low as $7 for E. angustifolia and $4.25 for E. purpurea (Ward 2000).

III.C.25. Goldenseal

Goldenseal is made from the roots of a small forest plant. The plant grows up to 16 inches in height with a spread of 6-12 inches. Leaves are light green, palmate, and deeply toothed. Small flowers with greenish-white stamens bloom in late spring. They live only a week or so and are followed by a soft red berry containing 10-30 black seeds. The yellow rhizome is about one-half to three-quarters of an inch thick and about 2 inches long, covered with skinny fibrous rootlets.

Uses for Goldenseal

Purported medicinal benefits of goldenseal include strengthening immune systems, using it as an antibiotic, and having a variety of anti-inflammatory and antibacterial properties. The herb is also used as a treatment for skin disease, as a wash for sore eyes, and as a mouthwash in treating canker sores. It also has been used to relieve indigestion, stimulate secretion of salvia, and increase appetite.

Production of Goldenseal

Goldenseal is a perennial plant. It grows best in humid regions with rich humus soil in shady areas. Harvest begins after 3-4 years of stand establishment. Rhizomes are

harvested either by hand or with a root digger in the fall after the seed is ripe. Leaves are harvested in late spring/early summer. Goldenseal crops yield 1,500 to 2,500 pounds of dry root per acre.

Prices for Goldenseal

Grower prices in 2000 ranged from $35 per pound for a dry wildcrafted to $50 per pound for organic goldenseal (Sturdivant and Blakley 2000). Observed retail prices for goldenseal powder range from $59.22 to $65.80 per pound.

III.C.26. Ginseng

The most commonly used type of ginseng is Asian ginseng (*Panax ginseng* C.A., Meyer), often sold as Panax, Chinese, or Korean ginseng. Closely related to Asian ginseng is American ginseng (*Panax quinquefolius* L.), which is sometimes preferred for its milder effects. Siberian ginseng, also called eleuthero (*Eleutherococcus senticosus* Rupr ex Maxim), is not as closely related to the other two, is often considered somewhat weaker in action, and is a less expensive ingredient.

Uses for Ginseng

Ginseng is widely used in the U.S. as a dietary supplement and is believed to improve general energy and vitality particularly during times of fatigue or stress. Ginseng-containing dietary supplements are typically made from a powder or extract of ginseng root. Other reported uses of ginseng include normalizing blood sugars, such as in diabetes; stimulating immune functions; and treating impotence. Biologically, ginseng has been shown to allow cells to more readily use stored sugar, enabling red blood cells to carry more oxygen. However, the clinical evidence for ginseng's effectiveness has been mixed.

Production of Ginseng

Ginseng is a fleshy rooted herb and is native to well-drained, cool, shaded hardwood forests. It does not grow in full sunlight. Most ginseng in the U.S. is cultivated under artificial shade. It is a perennial plant, but unlike other perennials, lies dormant some years and does not grow new tops every year. The root does not die but lies dormant until the following year. The time of harvesting depends on the method of propagation used. Ginseng is harvested in the fall in four to nine years, when it is planted from seed, and in two to four years, when transplants are used. Average ginseng roots are about four inches long, one inch thick below the crown, forked, and about one ounce each when fresh. Older roots are larger and receive higher per pound prices. Seeds are harvested in the fall when the berries are ripe. There are usually two seeds per berry. Freshly harvested ginseng must be thoroughly pressure-washed before it is dried. Ginseng is dried for a period of 21 days after being harvested in a moisture-controlled room at a temperature of 100 degrees Fahrenheit. If properly dried, it can be stored in a cool, dry environment for many months.

Yields of dried roots from a well-managed planting should average about one ton per acre, although greater yields are often reported. Crops derived from forest plantings are reported to yield about one-half of those obtained in lath sheds; however, production costs from forest plantings are lower.

Prices for Ginseng

Prices for Ginseng have been reported in 2000 to be $20 to $60 per pound, with organic production going for over $100 per pound. Some wildcrafted Ginseng harvested from the woods may go for as high as $500 per pound (Sturdivant and Blakley 2000).

IV. GENERAL STRATEGIC MANAGEMENT PLANNING FOR SPECIALTY HERB AND ESSENTIAL OIL CROPS

The production and marketing efforts of individual producers or groups of producers related to specialty herbs and essential oil crops must address strategic marketing issues. This section provides a detailed discussion of the critical components of such plans.

IV.A. Industry and Competitive Analysis

The first step in developing a strategic plan is to evaluate the competitive elements of an industry. The process considers 5 elements of an industry, which contribute to the potential success of any single firm within the industry. The 5 elements are (1) a situation analysis, (2) the industry environment, (3) the five competitive forces, (4) driving forces, and (5) key success factors.

IV.A.1. Situation Analysis

An industry situation analysis evaluates the external and internal factors, which define the current and future elements of an industry. In the case of specialty herbs and essential oils, there is ample evidence that the overall market for such products is growing. In 1994 the estimated market for herbal supplements and botanical medicines was approximately $1.6 billion in annual retail sales. In 2000 the size of this market was estimated to be $4.13 billion dollars. As shown in Table 5, the market has leveled off somewhat in recent years but continues to grow.

Table 5. Sales of Herbal Supplements in All Channels of Trade: 1998-2000

Sales by Channel ($ millions)	1998*	1999**	2000**
Natural Food/Health Food stores and Specialty Shops	1,207	1,360	1,400
Mass Market (Food, Drug, Mass Merchandise Retail)	663	760	690
Mail Order	320	340	350
Multi-level Marketing	1,050	1,260	1,290
Practitioner	270	330	350
Tea (All channels)	266	n/a	n/a
Specialty Shops	90	n/a	n/a
Internet	n/a	40	50
Total	**3,866**	**4,090**	**4,130**

*Sources: *Nutritional Business Journal as reported in Brevoort 1998, & Blumenthal 2001*

The source of this growth can probably be traced to increased wealth in developed countries, the high-cost of traditional health care, and a desire by comsumers to have more control over their personal health care. As mentioned earlier in this report, sales of other herbal crop derivatives such as essential oils also continue to increase.

The overall industry environment for herbal products at the retail level appears to be favorable. However, the challenge for individual growers will be to capitalize on this success given price competition, the high level of labor input, and fractured market structure.

IV.A.2. Industry Environment

The business environment for any industry is defined by both its external and internal traits. An industry's external environment is defined by its dominant economic traits and its relative attractiveness. Dominant economic traits for an industry include

- market size and growth rates,
- entry/exit barriers,
- pace of technological change,
- product and customer characteristics,
- scale economies,
- learning curves,
- capacity utilization and capital requirements, and
- industry profitability.

Given the growth of the specialty herb and essential oil market and increasing per capita wealth in developed countries, it appears that this industry is poised for additional growth.

The specialty herb and essential oil industry's internal environment is complex. That is, the industry is fragmented because of product diversity and usage as described in Section II. The market for any individual herb or oil is relatively thin and is subject to wide fluctuations in prices.

Storage is an option for most herb products. Many buyers will only purchase product after it has been processed into a storable intermediate form. Storage will affect industry price response to changes in demand and supply. Supply increases stimulated by new crop opportunities and demand fluctuations will often cause increases in stored inventories. Eventually, these inventories are delivered to the market so that low prices may persist.

Another important characteristic of the industry environment is local regulatory conditions. With the recent emergence of natural medicinal products as an important part of the overall health care industry have come new regulations governing the use of these products. A newly evolving and changing regulatory environment has generated considerable market uncertainty for these crops. Botanical medicinals and dietary supplements are regulated according to the Dietary Supplement and Health and Education Act of 1994 (DSHEA) and defined as “a vitamin, a mineral, an herb or other botanical (or) an amino acid.” (Brevoort 1998) A focus of the current regulatory structure is the substantiation of claims regarding the effects of dietary supplements. Ongoing research findings lead to changes in demand for certain crops.

The herb St. Johns Wort provides a specific example of the impact of research and regulation on the medicinal herb market. In the mid-1990's research findings suggested that a primary active ingredient in the herb, hypericin, may have many of the same effects as the popular anti-depressant Prozac. This report led to an increase in the popularity and market presence of St. Johns Wort. According to one source, "After an episode on the 20/20 television show which portrayed it in a positive light St. Johns Wort sales shot up several hundred percent virtually overnight." (Sturdivant and Blakley 1999) According to one study, the demand for St. Johns Wort increased by 2,801 percent in 1998 (IRI data presented in Brevoort 1998). Recently, the National Institute of Health announced that extensive trials would be conducted to test these claims. Results of such trials obviously are of tremendous importance to the future market demand for the herb and should be carefully monitored by potential growers. However, St. Johns Wort provides another example of the importance of government regulation in the market for specialty herbs. For example, St. Johns Wort is listed by the state of Montana as a noxious weed, prohibiting its commercial cultivation in the state unless variances are obtained.

IV.A.3. Five Competitive Forces

The third element in developing a strategic plan is to evaluate the five competitive forces in an industry. The five competitive forces include

(1) rivalry among competitors,
(2) availability of substitute products,
(3) potential entry of new competitors,
(4) bargaining power of input suppliers, and
(5) bargaining power of buyers (customers).

The relative importance of each of these factors varies, depending upon product. This is especially the case for specialty herbs and essential oils because of the fragmented nature of the industry. Thus, for any single crop, each of the five competitive forces must be evaluated in terms of potential strength. The goal is to identify those production/marketing alternatives, which have the *weakest* competitive forces.

IV.A.3.a. Rivalry Among Competitors

Rivalry among competitors is the most powerful factor of the five competitive forces. Rivals use a variety of factors to influence customers and, thereby, affect the success of other firms in an industry. In addition to price and quality attributes, rivals influence customers by offering a variety of performance features, warranties, customer service, and product innovations. In addition, successful rivals often use advertising and special promotions to gain market share.

An important feature of the competitive environment for suppliers of specialty herb crops is that many growers derive utility from farming and producing these crops. Thus, returns to labor are often quite low. Many specialty herb growers simply enjoy the endeavor and do not require large returns. Interviews with industry participants suggest that for some, growing herbs is an end and not a means to financial success.

Many existing growers have also developed long-term relationships with buyers based upon years of experience. New growers would be expected to have difficulty in establishing equal footing in the short-term. Given the relatively small total market for many of these crops, such relationships are expected to present formidable challenges to new producers.

Low cost competitors also pose a challenge. In most market segments growers must compete in some fashion with foreign growers, wildcrafters, and/or large mainstream suppliers and mass retailers. Montana growers must combat these competitive forces through niche marketing and product differentiation.

IV.A.3.b. Substitute Products

Substitute products, offered by firms in other industries, represent another competitive force. For example, herbal medicine uses of specialty herbs likely compete with traditional pharmaceutical products. The variability of ingredients is likely less in pharmaceuticals that are created in laboratories which suggests that quality is important in specialty herbs.

IV.A.3.c. Entry of New Competitors

The potential for new entrants into a market provides a strong competitive pressure. New entrants increase production and capacity, which divide market share and reduce output prices. The seriousness of this threat depends in large part on the entry barriers. Entry barriers exist when it is difficult for new entrants to enter a market. Barriers to entry include technological or knowledge-based information, comparative production advantages because of location, high-capital requirements, and market dominance by current producers.

In the case of specialty herbs and essential oils, production, processing, and marketing knowledge probably provide the only barrier to entry. Of course, this is a relatively weak barrier and one that must be penetrated by new prospective Montana growers as well. Information on production practices is often lacking for many of these herbs.

Agricultural producers of specialty crops also must face potential entry from wildcraft harvesting of many similar plants. An increase in demand leads to higher prices which likely triggers an increase in both wildcraft and cultivated production. In many cases regulations are being developed and enforced to limit wildcraft production. Nonetheless, wildcrafting poses a competitive threat for many specialty crops.

IV.A.3.d. Bargaining Power of Suppliers

If input suppliers have significant bargaining power, then the industry becomes less attractive to an individual firm. The bargaining power of input suppliers into the production of specialty herb and essential oil crops is relatively low. The exceptions to this would be in three areas: (1) seed and/or transplant suppliers, (2) contract processing facilities (such as commercial distillation), and (3) manual laborers. In general, it is difficult to find agricultural laborers willing to pull weeds and hand pick flowers at prevailing agricultural wage rates.

IV.A.3.e. Bargaining Power of Buyers

The bargaining power of buyers increases when there are few purchasers of a product, when many substitutes exist, and when the buyers maintain a large market share of the industry. It appears that large purchasers of raw input such as herbs used in tea manufacturing and essential oils used in cosmetics and medicinal products have relatively strong bargaining power. These purchasers often argue that they are focused on buying the highest quality of inputs, providing that such inputs are cost competitive with foreign sources. Thus, it appears that quality may be less important than prices in some markets (tea and lotions). It also appears that relatively abundant supplies of many mainstream herbs in the current market environment give buyers additional bargaining power. Purchasers have less need to rely upon contractual relationships to guarantee supplies and are able to "pick and choose" sources for many crops. However, industry purchasers have indicated they are more likely to buy from established producers with experience in the industry who are likely to remain in the marketplace for years to come. This suggests the importance of long-term marketing relationships in the industry.

Bargaining power of buyers may be somewhat less important in the cottage industry, although marketing efforts will be important. In other direct retail channels, such as sales to health food stores and restaurants, sellers will need to consider other options that may be available to these buyers for the herb products supplied. In most cases similar products may also be available from mainstream distribution sources, but growers must attempt to differentiate themselves through quality, freshness, supply consistency, and other important attributes.

IV.A.4. Driving Forces

The driving forces in any industry are those factors, which are generating both change and opportunities. A driving force in the specialty herb and essential oils industry is increasing per capita incomes in developed countries. Increased incomes have allowed for more discretionary spending by populations who already have enough wealth for shelter and food. An aging U.S. population also provides the impetus for additional health and nutrition needs. In addition, rising costs of traditional medical care and a desire by consumers for "natural" solutions to a variety of medical problems has increased the demand for specialty herbs and essential oils.

Increasing involvement of pharmaceutical companies in the herb market has also driven change. The entry of three large pharmaceutical firms into the herbal market in 1998- Bayer, Warner Lambert, and Whithall-Robbins- appears to have changed the dynamics of retail sales channels (Blumenthal 1999). Overall growth in the sector seems to have leveled off at the same time that mainstream channels are becoming more important and price competition is increasing.

IV.A.5. Key Success Factors

Key success factors refer to those issues, which must be addressed for a producer to have an opportunity for sustained profitability in this market. Meeting these factors does not ensure success, but ignoring them will likely guarantee failure. The following key

success factors are expected to be important in the market for specialty herb and essential oil crops:

- Industry research of herbs and their potential health benefits will continue to dictate the market environment and determine the popularity and sales volume of individual crops.
- Grower development of marketing and research must be pursued diligently in order to identify changing environments and emerging opportunities.
- Growers must be able to store and produce multiple products, preferably from a variety of crops in order to reduce dependence on market fluctuations of any single crop.
- Developing a sales network of multiple buyers will reduce dependence on any single purchaser and increase the producer's relative bargaining power.
- Due to the labor intensive weeding and harvesting practices required by many of these crops, growers must be able to secure a consistent labor supply at relatively low cost.

IV.B. Strategy and Competitive Advantage

The production agriculture and food and fiber processing sectors operate in relatively competitive environments. A competitive business environment is one in which the prices of goods and services are driven towards their marginal costs of production by the entry and exit of firms. Entry occurs when firms in an industry are (or anticipate) receiving *above-average returns*, and exit occurs when firms are receiving *below-average returns* over the long term. That is, if a firm's resources are earning *below-average returns*, those resources will be redirected to sectors in which returns are commensurate with opportunity costs.

Competition is not defined in terms of numbers of firms competing in an industry. Rather, it is entry (or threat of entry) and exit of firms which, given consumer demands, alters market supply and prices. Hence, supply, demand, and entry/exit are the mechanisms which drive market prices towards the marginal costs of producing a good or service. In such environments, the average firm will only receive a *normal* rate-of-return over the long term. A normal rate-of-return implies that resources used in the production of goods and services receive compensation equal to their opportunity costs (i.e., the value of their next best alternative) and that returns are sufficient to neither entice additional entry into the industry nor cause additional exit.

Although firms in competitive industries will, on average, receive only a normal rate-of-return on their investment, technological change, management abilities, location advantages, and many other factors will cause some firms to receive higher-than-average returns (and by extension, some firms to earn lower-than-average returns). The concept that, even in a competitive environment, individual firms may have advantages over others is not new. For example, Alderson noted in 1957 that:

> "Every business firm occupies a position which is in some respects unique. Its location, the product it sells, its operating method, or the customers it serves tend to

set it off in some degree from every other firm. Each firm competes by making the most of its individuality and its special character." (p. 101)

Formal aspects of strategic business management were introduced in 1980 by Michael Porter in his seminal book Competitive Strategy. Porter devised a taxonomy for explaining the wide variety of behavior exhibited by business firms as they compete within an industry. Economists have long noted that a variety of positioning activity occurs in markets which are less-than perfectly competitive. For example, Alderson notes that "competition is a war of movement in which each of the participants is searching for strategies which will improve his relative position" (p. 108). Strategic management concepts are widely used by business firms for market positioning and planning.

The purpose of strategic business management is to build a strategic (or competitive) advantage over rival firms which can lead to long-term above-average returns for a firm in an industry. In addition, it is essential that firms consider strategies to defend their competitive position lest it be compromised to other firms who adopt similar market strategies. Porter argues that successful companies employ one of two strategies: (1) a low-cost strategy, or (2) a differentiation strategy. Within each of these strategies producers may choose to focus on a niche. Each of these strategies provides direction for firm-level decision-making and implicitly develops entry barriers to protect the developed competitive position.

A low-cost strategy occurs when a company in an industry makes decisions to gain a competitive advantage by producing output at the lowest cost per unit among rivals. Although all firms try to reduce production and marketing costs, adopting a low-cost strategy requires managerial decision-making which, at all times, seeks to control and reduce average costs of production throughout the value chain. This often requires a complete change in traditional ways of performing tasks and/or by-passing some of these tasks in an effort to reduce costs. The use of private label brands by retailers is an attempt to provide products at the lowest possible cost. Therefore, the provision of private label (or generic) herbal teas is an example of a retail/processing low-cost strategy.

Low-cost strategies can be employed through attaining scale economies, developing new technologies, outsourcing tasks, integrating market segments, or developing strategic alliances. A low-cost strategy provides a competitive advantage and above-average returns because of resulting larger-than-average margins or through increased bargaining power with purchasers. A low-cost strategy provides barriers-to-entry because low-cost firms can price their products or services below those of competitors.

Although low-cost producers may initially generate a competitive advantage, several strategic risks exist. For example, firms which pursue low-cost strategies must ensure that they are the absolute low-cost producer in an industry. That is, little is gained by being the *almost* low-cost producer. In addition, a low-cost strategy will not be successful if technological change alters industry cost structures, or if rivals find it relatively easy or inexpensive to imitate the low-cost strategy. Finally, firms can be so

focused on lowering costs that they overlook important changes in consumer desires for added quality or service, new developments in related products, and declining buyer sensitivity to price.

In a situation where the price elasticity of demand may be high such as the case of a commodity, producers use their low marginal cost structure to enable them to increase market share. For a consumer-type product with a lower price elasticity of demand, producers use their low marginal cost structure and maintain price parity with the competition which results in a higher profit margin.

A differentiation (also called benefit strategy) strategy is one in which a producer incorporates features into goods or services which cause buyers to prefer that firm's product/service over those of others. That is, differentiation seeks to increase the demand for a good or service and/or capture consumers who have relatively inelastic price elasticities of demand. Branded products which are geographically widely distributed (such as Stash or Celestial Seasonings herbal teas) represent examples of differentiation strategies. Because differentiation adds costs to products and services, it is essential that a differentiation strategy produces output for which premiums can be charged in excess of added costs. In addition, successful differentiation strategies must create value for buyers that is not easily copied by rivals. Failure to do so results in a firm developing a market only to find that others can easily enter the market and gain an advantage while not incurring market development costs. Successful differentiation allows firms to command premium prices, increase unit sales, and/or build brand loyalty. Such a strategy can generate larger profit margins and provide bargaining power over purchasers and input suppliers.

Differentiation strategies are often attained by generating product attributes which are valued by purchasers for tangible or intangible reasons. Differentiation strategies fail when focus is erroneously placed on features that buyers do not perceive as providing added value, features for which price premiums in excess of perceived value are charged, or features that exceed buyers' needs. In addition, such strategies sometimes fail because signals of value are inadequately communicated to buyers. Thus, differentiation strategies must not only provide appropriately priced features desired by consumers, but must also signal the value contained in added features.

In a situation where the price elasticity of demand may be high such as the case of a commodity, producers maintain price parity with their competitors and use their superior benefits to increase market share. For a consumer-type product with a lower price elasticity of demand, producers charge a higher price premium which enables them to have a greater profit margin. This latter situation is likely to be the case for herbal flowers.

A focus (or niche) strategy may contain elements of either a low-cost or a differentiation strategy, but is tailored to a narrow market in which buyers have unique characteristics or requirements. Such markets might be defined geographically or by purchaser incomes, ages, demographics, exacting specifications, etc. For example, a western Montana farmer is producing, packaging, and marketing a “Made in Montana” branded

tea product. The tea uses local, organically grown herbs and is sold through specific health food markets. The marketing efforts for such products are often based on direct communication with customers and specialty stores. A focus strategy is centered on providing a differentiated product to a target market niche.

A focus strategy entails doing a better job of serving buyers in a target niche market than rivals. This could be accomplished either through providing products or service at lowest-cost or by providing superior value for a narrowly defined market segment. Such strategies tend to work best in markets which are being "ignored" by other firms because of a lack of knowledge or because established firms find it too costly to tailor products for small volume niche markets.

Knowledge of niche markets and ability to provide exacting products or services provide barriers-to-entry. However, risks of such strategies do exist. For example, larger competitors may find effective ways to match the value being offered by a focused firm in serving a target market. Niche buyers' tastes and preferences may eventually gravitate towards product attributes desired by a broader market. Finally, a niche market may become so appealing that it becomes crowded with aggressive rivals, causing profits to be split among many firms.

The best strategy is ultimately a function of consumer demand and the product/service attributes, core competencies, and managerial skills of each company. However, the worst strategy is being "stuck-in-the-middle". That is, being unable to compete with others on the basis of cost, value, or market specificity. In each case, rivals are able to undercut prices, maintain market share, or be the supplier of choice whenever change in an industry occurs. In addition, strategies must be refined as market conditions change.

IV.B.1. Strategies for Montana Specialty Herb Producers

It is unlikely that Montana producers will be able to compete with foreign providers of specialty herbs and essential oils on a cost basis. Production costs in the U.S. are higher than in developing countries because of higher land values, wage rates, and regulations, which govern environmental and labor standards. However, it may be possible for productivity, knowledge, and infrastructure advantages to offset some of these higher costs.

The fragmentation and diversity of the specialty herb and essential oil industry inhibits the adoption of a differentiation strategy. It seems unreasonable to expect to be able to market such products to a broad spectrum of consumers, especially when these types of products are not generally considered to be "mainstream" other than for use in personal hygiene products.

Specialty herbs and essential oils are used in other products which are used in consumer-type products. However, they are ingredients and cost is clearly going to be important to pharmaceutical firms. Thus, these ingredients are likely to be sold in a high price elasticity of demand situation. But it is apparent that Montana producers will not be able to compete with foreign suppliers on a cost basis. Thus, it will be necessary to

develop and market products for which quality does matter – specifically, as inputs into diet and medicinal supplements. This is a low price elasticity of demand situation.

Of the two generic strategies, a benefits-driven differentiation strategy has the best chance for success. That is, starting as a small, clearly defined producer of specialty herbs and essential oils will be important. This market will require a price premium. In this type of a situation, competition is going to be difficult because a great deal of marketing and promotion is needed to convince the user that the price premium is justified by the benefits of the product.

Montana producers may pursue such a strategy for marketing specialty herb products by adding value in a number of ways:

Entrepreneurial skills

One way in which producers may compete in specialty crop markets is by applying entrepreneurial skills to identify promising emerging markets that can be differentiated by quality. Markets for many herbs have become "commoditized," meaning that the herbs are mass-produced at relatively low cost, often using less expensive overseas labor. Montana producers generally face higher land and labor costs than these overseas competitors and must carefully choose markets that will reward high quality at higher cost with higher prices. Specialty herb production and marketing will require additional skills beyond those required to simply grow and harvest the crop. Specialty herb marketing will require ability to connect with people (customers), entrepreneurial ability, and business acumen. The continuing process of developing new markets and identifying changing market conditions will require ongoing market research. Growers must initiate contact and maintain relationships with prospective buyers. Given the significant commitment, growers should also ask themselves whether they are willing to invest the requisite time needed to build and to maintain a customer base.

Ability to offer consistent supply and volume

Products can be differentiated by providing services or by guaranteeing supplies to customers. Bulk sellers can differentiate their product to customers by offering a consistent supply volume. Industry research and conversations with key players as part of this study indicate that consistent supplies of quality product are valued by customers but that it may take years to develop this reputation.

Vertical Integration/Alliance Strategies

Another strategy will be either to vertically integrate into further processing or to form alliances with marketers or users of these raw inputs. Such alliances have several potential benefits to growers. First, a collection of producers can increase production diversity while at the same time increase production volume. Second, marketing and processing efforts and costs can be spread over a larger enterprise. Third, geographic dispersal of production among farms can decrease production risks. Fourth, larger and more consistent production volumes may give allied farmers increased bargaining power with purchasers.

Defensive Strategies

If successful, producers must plan to defend their advantages. Possible defensive strategies include (1) patenting products or processes and (2) developing brand loyalty through the marketing of climatic or cultural practices used in producing these crops. Montana's reputation for a high quality, pristine environment should be a part of any market strategy.

Strengths and Weaknesses

The strengths and weakness of Montana producers for establishing these new crops will vary by producer. Nonetheless, Montana producers can market a clean environment, high elevations, family labor, and Native American cultures as strengths in producing specialty herbs and essential oils.

Montana producers also face several weaknesses. These are new crops, and field production trials are only now being done. In addition, producers must be concerned about meeting contractual obligations should region-wide drought or hail events destroy crops. Also, current users of these crops appear to already have solid suppliers of these crops; therefore, the market may be difficult to penetrate. Montana producers will find it difficult to compete on a cost basis. Perhaps the biggest weakness is that many Montana producers do not have sufficient capital to accept the risks of developing and marketing these crops. Such crops do not have production insurance mechanisms, and price risk alternatives are limited to, at best, contractual agreements. Furthermore, many producers do not have the entrepreneurial marketing skills (or the desire to develop such skills) to make such activities successful.

Opportunities and Threats

A significant opportunity exists for the production and marketing of high-quality, specialty herbs and essential oils. Initial production research regarding specialty crops has been completed in western Montana. The markets for such products are expected to expand. Furthermore, the production of such products, following organic practices in the pristine environments of Montana, provides a significant opportunity.

Nonetheless, significant threats exist. Substantial labor requirements are needed to produce such crops. In addition, markets appear to be very thin and exhibit much price variability. Thus, significant risks exist for the production of these crops. Marketing is important and most producers are not as knowledgeable about marketing as they are about production. Marketing is much easier for a large entrant that can supply enough volume at a given quality than it is for a small producer.

V. STRATEGIC MANAGEMENT CONSIDERATIONS AND MARKETING PLAN FOR ECHINACEA

An important part of evaluating and ultimately pursuing any business opportunity is creating a marketing plan. The following section outlines the basic elements of such a plan for an example crop- Echinacea. Echinacea has attracted much attention from traditional farmers in recent years due to reports of high revenues. The herb is relatively well known and is used in this example to highlight examples of opportunities and obstacles inherent in this industry.

Industry and Competitive Analysis

Echinacea is grown mainly as a medicinal herb, although it is used as a nutraceutical in teas. The following marketing plan considers important aspects of producing and marketing Echinacea commercially.

V.A.1. Situation Analysis

As the herb industry grows, markets for some crops are maturing; and, others are just being commercialized. One herb with an established market is Echinacea, commonly known as purple coneflowers and native to the central United States. There are nine known species with three having commercial importance: *E. purpurea, E. angustifolia* and *E. pallida.* The dried root is the major product, but the leaves are sometimes also harvested.

Echinacea is highly regarded as a non-specific stimulant of the immune system, as an anti-inflammatory, as a treatment for cold and flu symptoms, and as an aid in wound healing. Traditionally, it has been used as a remedy against infections and for treating poisonous snakebites. North American Indians have used Echinacea for medicinal purposes throughout history.

In recent years Europeans have adopted Echinacea in mainstream medicine. Over 300 different preparations are sold including ointments, lotions, creams, tinctures, liquid and dry extracts, and toothpastes. In the United States the demand for herbs such as Echinacea has been increasing.

In the U.S. the production of Echinacea has occurred both by cultivation of mostly *E. purpurea* and by the digging of native plants (in Montana usually *E. angustifolia)*. In recent years the cultivation of Echinacea has become an important topic for producers seeking to grow alternative crops.

V.A.2. Industry Environment and Production Practices

Production practices are an important crop characteristic that must be explored in order to understand the nature of business opportunities associated with *E*Echinacea production. As with many high-value crops, there are no comprehensive sources of information.

A survey of Great Plains producers was done at Kansas State University to learn more about production practices. Echinacea growers have many different ideas on

production practices and do not readily share the information that they have learned through experience. Most agree that Echinacea grows best on fertile, free-draining soils with a pH range from 6 to 8. However, even these basic requirements are not universally agreed upon. In New Zealand a pH of 5.5 to 6 has produced *E. purpurea* with good results. *E. angustifolia* seems to prefer a more alkaline soil. All agree that a soil texture easily washed off the roots is very important.

Planting and establishing Echinacea is where each grower seems to have their own individual methods for success. Planting can occur in either the spring or fall. For a crop with seed costs ranging from $50 to $500 per pound, most growers believe transplanting is best to ensure uniform, consistent plants. Others feel they can get an adequate stand through direct seeding with a precision planter, which also allows for higher plant densities than transplanting. All are in agreement that learning how to establish a good stand of plants takes a great deal of experimentation and practice. One grower commented that when he first grew Echinacea, only 12 of 8000 transplants survived. Echinacea seed has to be stratified and handled with care to improve germination. Even then the germination may be as low as 20-30 percent. Some form of irrigation is usually needed to establish transplants. Since *Echinacea angustifolia* is a native Montana species, it is very drought tolerant after establishment. However, drip irrigation can be used to ensure that a high value crop of Echinacea is produced. Even brief periods of drought could reduce yield and quality, especially during the maturation process.

The spacing of plants in rows and in-between rows varies among producers starting from 10,000 plants per acre to over 50,000 per acre. Growers tend to start with wide row spacings but tend to decrease them over time.

As with any perennial crop, initial costs are significant. Costs in later years are limited to weed management and to harvesting. Echinacea is a three-year crop. Roots are harvested the third year. If growing conditions have not been ideal, harvest is sometimes delayed until the fourth year.

During the first year controlling weeds is an important consideration. There are no herbicides labeled for Echinacea. Most Echinacea growers are organic growers that do not use herbicides. Much time and effort is therefore spent controlling weeds with mulching, hand pulling, and hoeing. One grower commented that he hoes weeds in his Echinacea 12 hours a day, six days a week and estimates 80 percent of people who plan to grow Echinacea never harvest a crop because of the labor intensive weeding. One large commercial grower did mention he uses grass killers and Roundup wick equipment. Cultivation destroys weeds and increases soil aeration, but the wider plant spacing that allows for mechanical tillage seems to hurt the Echinacea plants because is allows them to lodge. Therefore, this is one reason many growers have decreased plant spacings and have increased plant densities.

Another reason for denser plantings is that in the second and third years the Echinacea plants have developed thick canopies that discourage weed growth. Mulches have been used to control weeds with varying degrees of success. Black plastic mulch

controls weeds but seems to encourage roots to rot. Organic mulches (straw) have been somewhat successful in controlling weeds. Landscape fabric seems to have some potential to control weeds. One grower thought green mulch such as crabgrass in the summer and winter perennials like henbit and chickweed did not hurt his Echinacea. All growers agree that weed control is very important.

Fertilizer requirements are not agreed upon, and growers use a range of fertilizers from nitrogen, phosphorous, potassium combinations to composts to none at all with suitable ph levels are close to 8.

Pests and diseases do not seem to be much of a problem. Intensive production practices can create insect and disease problems that did not exist in plants growing naturally.

There are three distinct parts of the Echinacea plant that are harvested: seeds, leaves and stems, and roots. Seeds may be harvested during the second and third years. Many people are interested in growing Echinacea, and there is great demand for seed especially *E. angustifolia*, which is native to Montana. However, this market will surely decrease since there is a lot of controversy about seed purity (hybridization among species is common), and Echinacea seed already has documented germination problems.

The leaves and stems of Echinacea can be harvested during the second and third years. This process is similar to haying. The plant is cut and allowed to dry; and, the dried plant material can then be used for processing. However, the active medicinal portion of Echinacea does not seem to be as desirable in this part of the plant.
The roots are harvested in the fall of the third (and sometimes fourth) year after planting. Harvesting of roots is often done by hand digging. There are reports of using sub soil knives to undercut the rows and beds and raising the soil several inches and loosening the soil around the root. A large commercial grower has reported using a modified potato digger to harvest the roots. Small growers could use a moldboard plow or some type of modified vegetable root harvester. The roots are then washed and dried at 120 degrees to less than 10 percent moisture.

V.A.3. Five Competitive Forces

The five competitive forces analysis of Echinacea suggests that principal competitive pressure comes from rival competitors and bargaining power of buyers.

V.A.3.a. Rivalry Among Competitors

Echinacea producers face competition from wildcrafting. As recently as 1999 when according to estimates, over 18 percent of production of *E*Echinacea *angustifolia* root was wildrafted. Competition from foreign producers is also a very real threat. According to some industry experts the market for echinacea purpurea has become largely “commoditized.”

V.A.3.b. Substitute Products
Substitute products for Echinacea in other industries include traditional pharmaceutical products.

V.A.3.c. Entry of New Competitors
Recent events in the Echinacea market suggest that new competitors stand ready to enter the market quickly if prices increase. Increases in new end market products and consumer confidence in Echinacea products in 1998 led to an increase in the number of acres planted to the crop (AHPA 1999 Tonnage Survey). Whether these new plantings were a result of new growers or increases in existing acreages is unclear. However, the resulting increase in supply reduced prices from over $20 per pound to under $10 per pound.

V.A.3.d. Bargaining Power of Suppliers
Bargaining power of suppliers is not particularly important in the growing of Echinacea except in the case of certified seed.

V.A.3.e. Bargaining Power of Buyers
The bargaining power of buyers of Echinacea may be considerable in certain cases due largely to current oversupply conditions. Industry research suggests that buyers may be moving away from contract arrangements for medicinal botanical herbs. Since Echinacea is harvested between three and four years after planting, the effects of demand fluctuations between planting and harvesting can leave producers with crops in the ground long after market conditions have changed.

V.A.4. Driving Forces
In addition to consumers, a driving force in the industry is related to market structure as it appears that relatively few large companies control manufacturing, distribution, and marketing of herbal products like Echinacea. The marketing of Echinacea involves many channels. Some growers do their own processing and market their own brands in health food stores. Some growers have a satisfactory outlet through an individual herb distributor. Many growers sell to small dealers or brokers who sell to larger dealers or pharmaceutical manufacturers, which form capsules, extracts, or tincture, that are marketed in grocery and drugstore chains. Native Echinacea that is harvested is currently marketed in this manner as well as many small growers' production.

Neither local dealers nor large dealers will enter into a contract with an inexperienced grower until they know what the grower can deliver. A grower must raise a trial plot to supply the dealer with a product sample and must build a reputation for quality and reliability. Thus a long-term commitment is required to grow Echinacea. Large dealers and manufacturers often have minimum amounts that they will buy and will offer contracts to selected established growers.

V.A.5. Key Success Factors
A grower in Canada suggests these items be addressed before marketing Echinacea:

- Botanical Identity Certification – Growers should know what type of *Echinacea* is being grown. It might be one of the three recognized species or maybe even a hybrid of some sort.
- Organic Certification – In general, small growers will end up marketing their product directly to consumers who want organic production. There is a market for non-organic product, but these processors want large quantities.
- Laboratory Tests -- It is helpful to have the crop tested for levels of active ingredients. At least one eastern Montana producer has developed an industry reputation for above average quality product. Echinacea trials have been conducted at the Montana NWARC in Kalispell, but additional research may be needed to determine whether certain regions of the state enjoy a comparative advantage in production of important chemical compounds.

V.B. Strategy and Competitive Advantage

It is clear that Echinacea producers (as well as those producing other specialty herbs) need to pursue a benefits-driven differentiation strategy. Current prices for all types of Echinacea are much lower than those reported during the peak in 1998. However, it appears that niche marketing quality product to manufacturers may hold some promise. Further testing should be done to evaluate whether any Montana regions enjoy comparative quality advantages in production that could increase competitiveness.

A coordinated effort to raise Echinacea and other herbal botanicals, such as a producer cooperative, may provide valuable resource sharing opportunities and increased ability to market a reputation for quality product. Numerous growers could use the specialized equipment that is needed for production. A cooperative would also allow for vertical integration by processing herbs and drawing closer to the end-users.

Individual prospective Echinacea growers will need to assess their individual operations, growing conditions, and goals. Current market conditions should be carefully studied prior to committing resources to any specialty crop enterprise.

VI. PRODUCTION RISK MANAGEMENT STRATEGIES

The much smaller and clearly defined market size and the lack of production standardization would indicate that prospective growers of specialty herb crops and essential oils must consider significant production and market risk. Risk management tools are less readily available for specialty crops than for traditional crops. However, producers may wish to consider some less well-known tools. The following section outlines some possible production risk management strategies available to producers.

VI.A. Noninsured Crop Disaster Assistance Program

The Noninsured Crop Disaster Program (NAP) provides financial assistance to eligible producers affected by natural disasters. This program covers noninsurable crop losses and prevented plantings, resulting from natural disasters.

Eligible crops include commercial crops and other agricultural commodities produced for food (including livestock feed) or fiber for which the catastrophic level of crop insurance is unavailable.

VI.A.1. Eligible Natural Disasters

An eligible natural disaster is any of the following:

- **damaging weather** such as drought, excessive moisture, or hurricane,
- **adverse natural occurrence** such as an earthquake or flood, or
- **related condition** such as excessive heat or insect infestation associated with damaging weather or an adverse natural occurrence.

VI.A.2. Applying for NAP Coverage

To apply for NAP coverage, eligible producers must file their *Applications for Coverage* and must pay the applicable service fees at their local Farm Service Agency offices.

Applications and service fees must be filed by the application closing date as established by the state-level Farm Service Agency committee.

The service fee schedule is as follows: $100 per crop per county or $300 per producer per administrative county with the total fees not to exceed $900 per producer in all counties. Limited resource farmers may request a waiver of fees.

VI.A.3. Coverage Periods

The coverage period for NAP depends on whether an annual or perennial crop is under consideration.

The coverage period for annual crops begins the latter of (1) 30 days after the producer applies for coverage and pays the applicable fees or (2) the date the crop was planted, not to exceed the final planting date. (Final planting dates will vary by crop. Farm managers will need to confer with Farm Service Agency personnel to identify final planting dates for subject crops). The coverage period for an annual crop ends the earlier of (1) the date the producer completes the crop harvest, (2) the normal harvest date for the crop, (3) the date the crop is abandoned, or (4) the date the producer destroys the entire crop acreage.

The coverage period for perennial crops always begins 30 calendar days after the application closing date and ends the earlier of (1) 10 months from the application closing date, (2) the date the producer completes harvest, (3) the normal harvest date for the crop, (4) the date the crop is abandoned, or (5) the date when the producer will destroy the entire crop acreage.

VI.A.4. Reporting Crop Acreage and Production Information

To remain eligible for NAP assistance, farm managers must annually report both acreage and production information. Local FSA offices can advise producers of reporting dates.

In addition, farm managers must annually provide the following production information:

- the quantity of all harvested production of the crop in which they have an interest during the crop year;
- the disposition of the harvested crop, such as whether it was marketable, unmarketable, salvaged, or used differently than intended;
- verifiable or reliable production records, when required.

The Farm Service Agency (FSA) uses the acreage information to verify that crops exist and to record the number of acres of the subject crop. Acreage information is combined with the production data to calculate an *approved yield*–expected production for the crop year. An approved yield for a crop for an individual producer is usually the average of the producer's actual production history (APH) for a minimum of 4 to a maximum of 10 years.

VI.A.5. NAP Assistance After a Disaster

When an eligible producer's crop or planting is affected by a natural disaster, the farm manager must notify the local FSA office and complete the *Notice of Loss* section of the *Application for Payment* form, within 15 days of the following:

- natural disaster occurrence;
- final planting date, if the farm manager's planting was prevented by a natural disaster;
- date damage to the crop or loss of production becomes obvious to the producer;
- the normal harvest date.

To receive NAP benefits, the farm manager must fully complete the *Application for Payment* form prior to the application closing date for the next crop production year.

In order for a farm manager to receive any NAP payment, the natural disaster must have either

- reduced the expected unit production of the crop by more than 50 percent or
- prevented the producer from planting more than 35 percent of the intended crop acreage.

FSA compares expected production (producer's approved yield), the production expected in the absence of a natural disaster, to the actual production to determine the percentage of crop loss.

VI.A.6. FSA Calculation of NAP Payments

NAP covers the amount of a production loss greater than 50 percent of the producer's expected production, based on the producer's approved yield and reported acreage.

The per unit of production payment rate that FSA specifies is 55 percent of the average market price for the specific commodity, as established by the state FSA committee.

The calculated NAP payment may be reduced by a payment factor, reflecting the decrease in production costs, incurred in the crop production cycle for the crop that is harvested, unharvested, or prevented from being planted. Payment factors will vary by crop.

VI.B. A Request for Actuarial Change

Requests for actuarial change are risk management product offered by the Risk Management Agency (RMA). The following section describes the process of making a request for actuarial change and the type of coverage available.

VI.B.1. The Process of Filing a Request for Actuarial Change

A successful Request for Actuarial Change results in a *Written Agreement*. This agreement, if accepted by the farm manager, is an individualized crop insurance contract on the subject crop in the specified county for that crop year.

The Request for Actuarial Change process is usually initiated with the farm manager conferring with the local crop insurance agent. The farm manager and the crop insurance agent then complete the appropriate form, FCI-5, *Request for Actuarial Change.*

There are details relative to the information that need to be fully understood by the farm manager and the cooperating crop insurance agent. The location of the proposed production requires a *legal description* supported by *Farm Service Agency aerial photography* of the proposed production location.
Crop production history for the subject or *similar* crop needs to be specified. For these purposes the term *similar crop* takes on a relatively generic definition. If the farm manager's subject crop were a particular broadleaf crop, other broadleaf crops would be considered the *similar crop*. The crop production history should include acres, yields,

and production for a minimum of three years. Evidence of the adaptability of the subject crop needs to be provided. Production of the subject crop in the area or like areas should be cited.

Once the *Request for Actuarial Change* form is completed, it is forwarded to the private sector insurance company that the farm manager's crop insurance agent represents for research and review. Subject to the insurance company's review for completeness and accuracy of the information submitted, the request is forwarded to the regional office of the Risk Management Agency, USDA.

VI.B.2. RMA Evaluation of a Request for Actuarial Change

Regional Risk Management Agency specialists will first determine the adaptability of the subject crop. If there is a determination of adaptability, then processing of the request will proceed.

A positive adaptability determination is not assured. The Risk Management Agency determines whether or not general policies are being written for the subject crop somewhere in the United States. If it is determined that no general policies exist for the subject crop, it is unlikely that insurance coverage can be made available to the requesting producer. In other words, there usually has to be a regular multiple peril crop insurance policy available somewhere in the United States for a Request for Actuarial Change to be successful.

With the adaptability of the subject crop affirmed and the reference county designated, the Risk Management Agency then thoroughly reviews the farm manager's production history for the subject or similar crop. The Risk Management Agency prepares a *Written Agreement* with a premium method specified.

VI.B.3. The Written Agreement

The farm manager is provided the Written Agreement with an insurable price for the subject crop, as specified by the Risk Management Agency. The farm manager may denote a price election for the subject crop from 55 to 100 percent of the insurable price.

The farm manager is also notified of the actual production history (APH) yield for the subject crop, as specified by the Risk Management Agency based on the relevant production history. The farm manger may select 50, 55, 60, 65, 70, or 75 percent yield coverage for all insurable crops in the county, as well as 80 and 85 percent for select crops.

Once the desired coverage is fully determined and the farm manager has specified the price and yield elections, the per acre premium rate is determined according to the RMA premium method. The farm manager signs the Written Agreement to signify acceptance of the coverage at the premium rate determined.

VII. PRICE RISK MANAGEMENT STRATEGIES

Price risk in markets for specialty herb and essential oil crops is considerable as a result of the lack of market depth for most crops and of volatile market and price conditions. Farmers have few tools at their disposal for mitigating price volatility. However, this section discusses some management strategies that may be used to reduce exposure.

New specialty crop enterprises should start small to limit the amount of net farm income risk associated with the new enterprise. If the existing enterprise is a traditional farming operation, only small plots should be converted to growing specialty herb crops initially. In fact, the first year of production should be considered entirely experimental as new skills are acquired and production is tested on the operation. But subsequent growth should also proceed slowly so that a large portion of net farm income is not affected by price swings.

Diversification will be an important means of dealing with changing market conditions for various crops. The practice of growing several different crops (at least six) is sometimes called "polyculture." Diversifying specialty herb enterprises also helps guard against drastic fluctuations in market conditions for specific crops that may be caused by changes in regulatory policy or in supply and demand.

In certain situations growers may be able to contract production with buyers. Usually this involves trading some amount of expected revenue and upside price potential for a guaranteed market and price. Contract arrangements can be very beneficial to producers desiring to limit price risk exposure. However, producers should be cautioned that contracts are only as good as the company involved; and, there is always the risk that the company will default on the contract. Reputation is an important consideration when entering into such agreements. At the minimum, producers should be certain that a company for which they are considering contracting is bonded by the state.

Storage capability represents another avenue for controlling price risk at the farm level. If crops can be stored at relatively low cost on the farm, growers have more flexibility in waiting for poor market conditions to improve. In some cases storage allows producers to capitalize on unexpected price increases in times of shortage. Since many specialty herb crops are sold in storable form, this appears to be a useful strategy for producers.

VIII. CONCLUSION AND RECOMMENDATIONS

In conclusion, this research has produced several recommendations and further considerations. The following is a list of some topics that should be addressed and some suggestions for possible strategies for Montana producers of specialty herb products.

Price volatility

Price volatility results from the small overall size of markets for these products and from many external factors, such as scientific research and regulation that can have tremendous impact. Planning for and reducing exposure to price volatility will be an important part of the business plan for new producers. It is expected that some of this uncertainty and risk can be offset by diversification strategies and through gradual development of market expertise. Producers will not generally want to rely too heavily upon only one crop, market, or buyer.

Price volatility, on the other hand, has also been one of the factors that have drawn so much attention to this industry. In some cases growers have been able to capture very high prices and realize significant returns in the short run as a result of supplying markets during shortages. An important part of any grower's market strategy must also involve exploring new and emerging opportunities in markets for various crops. This type of strategy will allow producers to capitalize on opportunities for profit at the same time that they pursue strategies to minimize exposure to loss.

Price Competition versus Niche Marketing

Tremendous price competition appears to prevail in the market for specialty crops. This research suggests that a low-cost strategy is unlikely to be effective for Montana producers for reasons described throughout the report. It will be important for Montana producers to identify crops for which they are able to gain some sort of advantage, whether it is production or market driven. At the same time it will be important to pursue a marketing strategy that allows them to compete for high value, quality-based markets and avoid direct competition with lower cost producers in other countries. Medicinal botanicals appear to be one promising market in this regard because of the apparent quality premium that may be possible. The pursuit of such a strategy is time consuming and demanding. It may be the case that very few individual producers will find that this type of activity matches their goals and skills. Cooperative arrangements and/or alliances may provide one means to spread marketing efforts between operations.

Lack of Production Risk Management Opportunities

As discussed in Section VI, producers of specialty herb crops will find very few production risk management tools at their disposal. Production risk exposure represents another significant consideration in this industry, particularly considering the large investment per acre in some of these crops. Echinacea, for example, takes three years to harvest and may require up to $10,000 per acre investment, which could be wiped out as a result of fire or natural disaster. Growers should explore all possible means of mitigating and planning for such risks.

Information Availability

Information plays a vital role in agricultural commodities markets. However, many key market indicators, such as inventory levels, prices, yields, and production, are not generally publicly available for specialty herb and essential oil crops. This lack of information limits effective allocation of resources and planning by industry participants. Lack of information also limits meaningful quantitative analysis that would allow producers to better understand risks and opportunities and to make better decisions.

The Montana Department of Agriculture could assist farmers in this endeavor by facilitating better information tracking for specialty herb crops, perhaps by working with the USDA Census of Agriculture to collect information through the existing survey questionnaire. Such information is already collected on greenhouse, floral, and some horticultural products. The addition of specialty herb and essential oil crop production to agricultural census data may be a relatively low cost means of improving availability of information in these markets.

Additional information is also needed with respect to on-farm research for these crops. Since very little information is available for specialty herb growers with respect to cultural practices and production costs for specific crops, additional efforts in this area would also be valuable.

Intensive Marketing Efforts

A state level agricultural campaign may be an extremely valuable asset not only to specialty herb and essential oil crop producers but to other Montana businesses as well. In many states such programs have been vigorously pursued with much success. For example, Jersey Pride, which certifies all products made in New Jersey, has received much recent press coverage. A state agriculture official from Vermont discussed a similarly successful effort in his state at a Governor's conference last year. Other programs are in place in Indiana, North Dakota, and Delaware. These types of programs enable increased product differentiation for farmers engaged in niche marketing. By increasing Montana's agricultural "brand recognition," many such producers would benefit.

Product Grading Standards

Public grades for product quality of most specialty herb and essential oil crops do not currently exist. Standardized grading facilitates price tracking and comparison across time periods and regions. It also allows buyers to recognize and reward quality more easily. Development of national grading standards will require further crop-specific research. Perhaps a state sponsored labeling program, if implemented, could include a grade or standard that may come to be recognized by the industry.

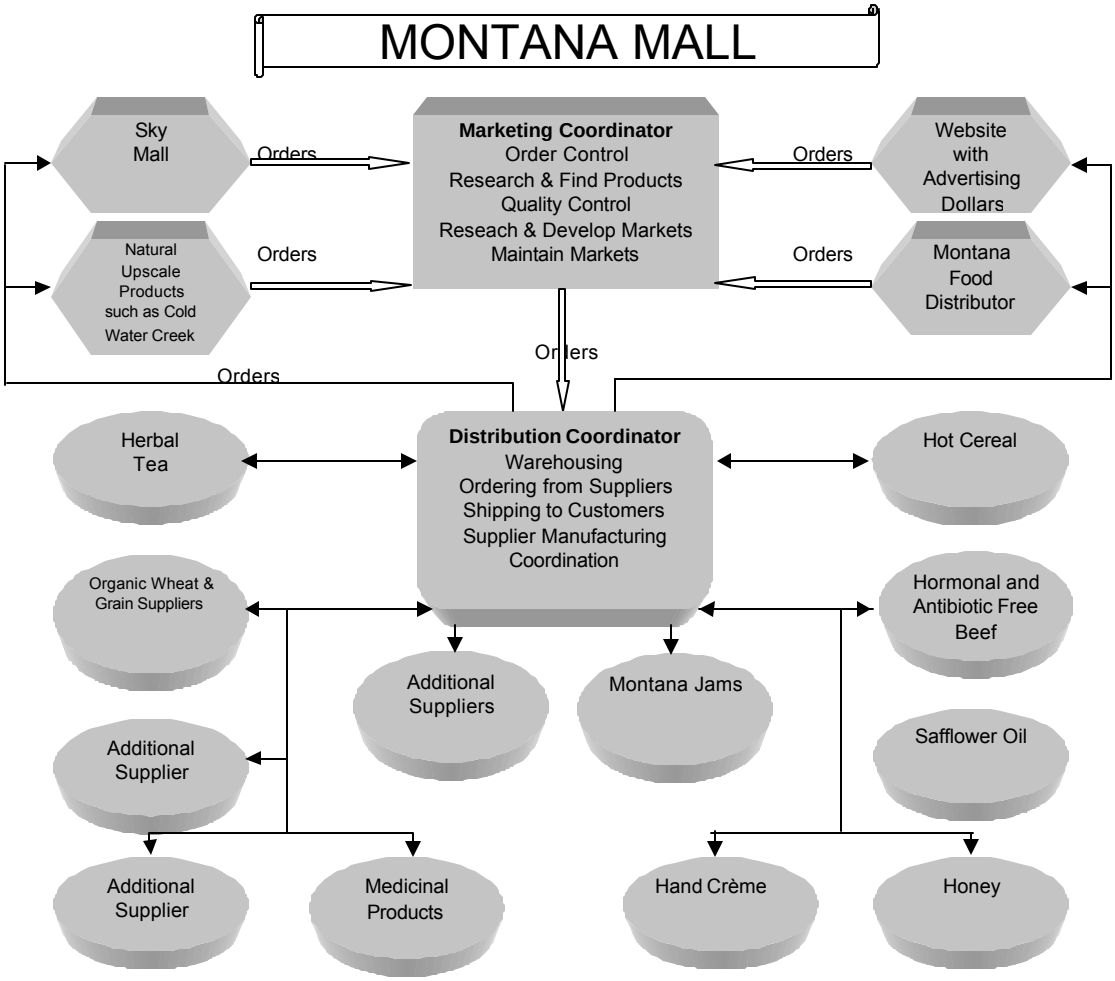
Trade Shows and Fairs

Trade shows and fairs are an important part of marketing many specialty herb products. In particular, producers selling retail products and operating cottage industries rely on fairs and trade shows as a means of reaching consumers. State support for such activities could provide another important benefit to Montana producers.

Potential Market Alliance

With the advent and rapid growth of e-commerce on the Internet, the emergence of upscale product alliances has occurred to create an economy of scale in costs associated with creating a national market presence for a product. An individual producer, incurring the costs to create a national presence, most times is not economically feasible. A joint e-commerce marketing and distribution system that is shared across many producers and possibly is also featured in upscale catalogs such as *Sky Mall* and *Coldwater Creek* is a possibility for products with joint appeal. There are many firms in Montana currently which have a national presence which would benefit from a joint marketing/distribution effort such as the one illustrated in Table 6. In many instances marketing alliances not only spread fixed costs but also create a symbiosis that increases sales for all products involved.

Table 6. Montana Mall



MISSION STATEMENT: To provide a vehicle for Montana producers of healthy, upscale products to market and distribute their products at an economical cost and to create a national market presence.

Conclusion

Significant opportunity may exist for some producers in the production and marketing of high-quality, specialty herbs and essential oils. Taking advantage of such opportunities will require significant expertise and participation of the grower beyond crop production. Progress has been made toward the development of production knowledge and research for western Montana climates. The markets for such products are expected to expand. Furthermore, the production of such products, following organic practices in the pristine environments of Montana, may provide an opportunity for some Montana agricultural producers with a desire to further their own active involvement in product research and marketing of their products.

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New Botanical Suppliers

Liberty Natural Products has an ongoing interest to expand its selection of botanical offerings obtained from growers around the world. If you are a specialty herb crop/botanical extract producer and wish to increase your distribution please contact our purchasing department by email at ***purchasing@libertynatural.com***.

The Liberty website offers one of the widest selections of botanical extracts in the world. We strive to better serve our customers requirements and are very interested in establishing new supplier relationships to obtain new herbs and botanical extracts:

- new varieties
- new origins
- new extraction methods
- organically produced
- fair trade

We have a special interest to:

1) expand our dried herb selection and the purchase of aromatic and medicinal herbs direct from the grower.
2) buy specialty herb crops direct from Oregon and Pacific Northwest growers and wildcrafters.
3) work with Clackamas County growers to develop specialty herb crop acreage

We have plans to construct an expanded essential oil distillery at our 90-acre Oregon Lavender Farm location. The increased capacity will enable us to expand our production and distillation of lavender essential oil, distillation of Christmas tree culls and to also provide distillation services to local growers who are interested in growing specialty herb crops.

Our goal is to:

1) use our processing and distribution capacities to enable and support the expansion of local specialty herb crop cultivation;
2) strategically partner with our local grower neighbors to provide information, services and assistance with cultivation, processing, quality control and distribution of their specialty herb crops.

We look forward to your contact.

Exhibit 77

June 16, 2014

Board of County Commissioners
2051 Kaen Road, Suite 450
Oregon City, Oregon 97045

Regarding: Letter of Support for the Oregon Lavender Farm Comprehensive Plan Amendment and Zone Change to Rural Industrial

I am the retired C.O.O. of the U.S. division of BONTOUX Inc. I still serve as a consultant to BONTOUX and am on their BOARD of DIRECTORS

BONTOUX is a major producer and distributor of specialty herb products with their main headquarters located in the village of St.Auban, France. BONTOUX owns specialty herb/citrus farms and distillation plants in various sections of the world such as but not limited to ITALY,SPAIN AND INDONESIA. Our headquarters in France is very similar to the OREGON LAVENDER FARM and many other specialty herb essential oil operations around the world housing both a farming and distribution operation located in a scenic setting of natural beauty. I personally have over 40 years experience in the essential oil industry serving as a president of two major companies, technical advisor and owner of a company. I have traveled extensively around the world and was part of the company who traveled to MAINLAND CHINA in the 70's after President NIXON opened trade. As a result I have returned there numerous times over the last 20 years. I have orally made numerous presentations to trade organizations and technical groups on the subject of essential oils.

Since 1995, working with Bontoux, I have provided Liberty Natural with essential oil crop information, current market conditions and future forecasts. I have also provided mentorship to JIM DIERKING and LIBERTY NATURAL in their development of the OREGON LAVENDER FARM production and processing facilities, which included a visit to our facility at ST.AUBAN in the PROVENCE region of France.

Historically, essential and botanical oil crops have been produced by less developed nations, such as India and China, which have enjoyed significantly lower land and labor costs. Up until the turn of the 21st century, a substantial portion of these crops, were exported to industrialized countries, such as the United States and Western Europe for use as ingredients in food, personal care and cosmetics.

In the past decade, there has been a worldwide increased demand for specialty herb crops with no significant increases in production or cultivation, which together with increased input costs, have resulted in consistent upward price increases. The demand for natural ingredients has not only been in the USA, but also in the producing countries themselves and worldwide. Today primary specialty herb crop producing countries, such as China and India, now retain significant portions of their crop productions for domestic use. Additionally, population and development

pressures in those countries have increased both labor and land costs. All of which have contributed to significant and ongoing price increases that are projected for the long term.

The global increase in the cost of high value specialty herb crops is now making it economically viable to develop and grow profitable production in the United States. This is particularly true in Oregon's Willamette Valley, which has an abundance of water, high value soils, and moderately sized agricultural lands, which make it ideal for specialty herb crops such as lavender, peppermint, rosemary, clary sage etc.

The growth and development of specialty herb crops is highly dependent on the availability of processing resources, such as essential oil distilleries and other extraction technologies. Extraction facilities for essential oils and botanical extracts are almost exclusively located and performed at agricultural production sites because of the economics of transportation, quality, yield and because of the associated aromas that make it impractical to locate in urban areas.

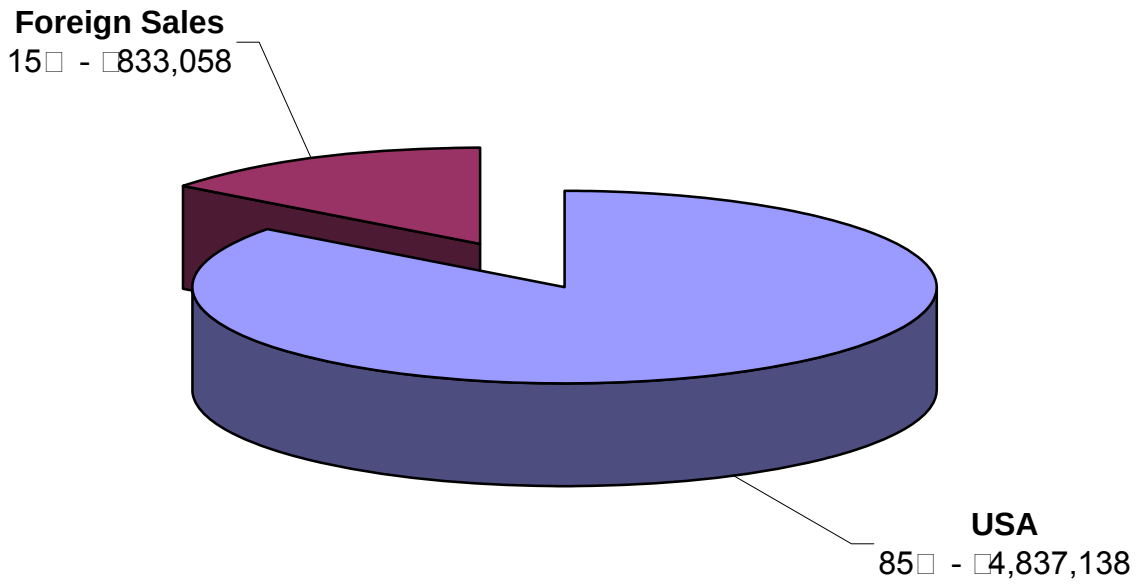
Agricultural producers are unwilling to commit to plant new specialty crops unless they know they have distribution and processing of their crops. The combined processing and distribution resources located at the Liberty Natural's Oregon Lavender Farm support the expansion of specialty herb crop production. Combined production and distribution is common to the specialty herb crop industry and is foundational to its growth and development.

I urge you to approve the Oregon Lavender Farm land use application. It is consistent with similar agricultural operations located on agricultural lands around that world that are owned by Bontoux or that I have visited. Approval will enable Liberty Natural to continue be a valuable resource and support Oregon agriculture.

Respectfully submitted,

Robert K. Unrath
7678 Greenbrier Circle
Port St. Lucie, Fl 34986

Fiscal Year YTD Sales USA vs Foreign Sales Breakdown
July 1, 2013 to May 4, 2014.
Projected Fiscal Year Sales $6,500,000.00



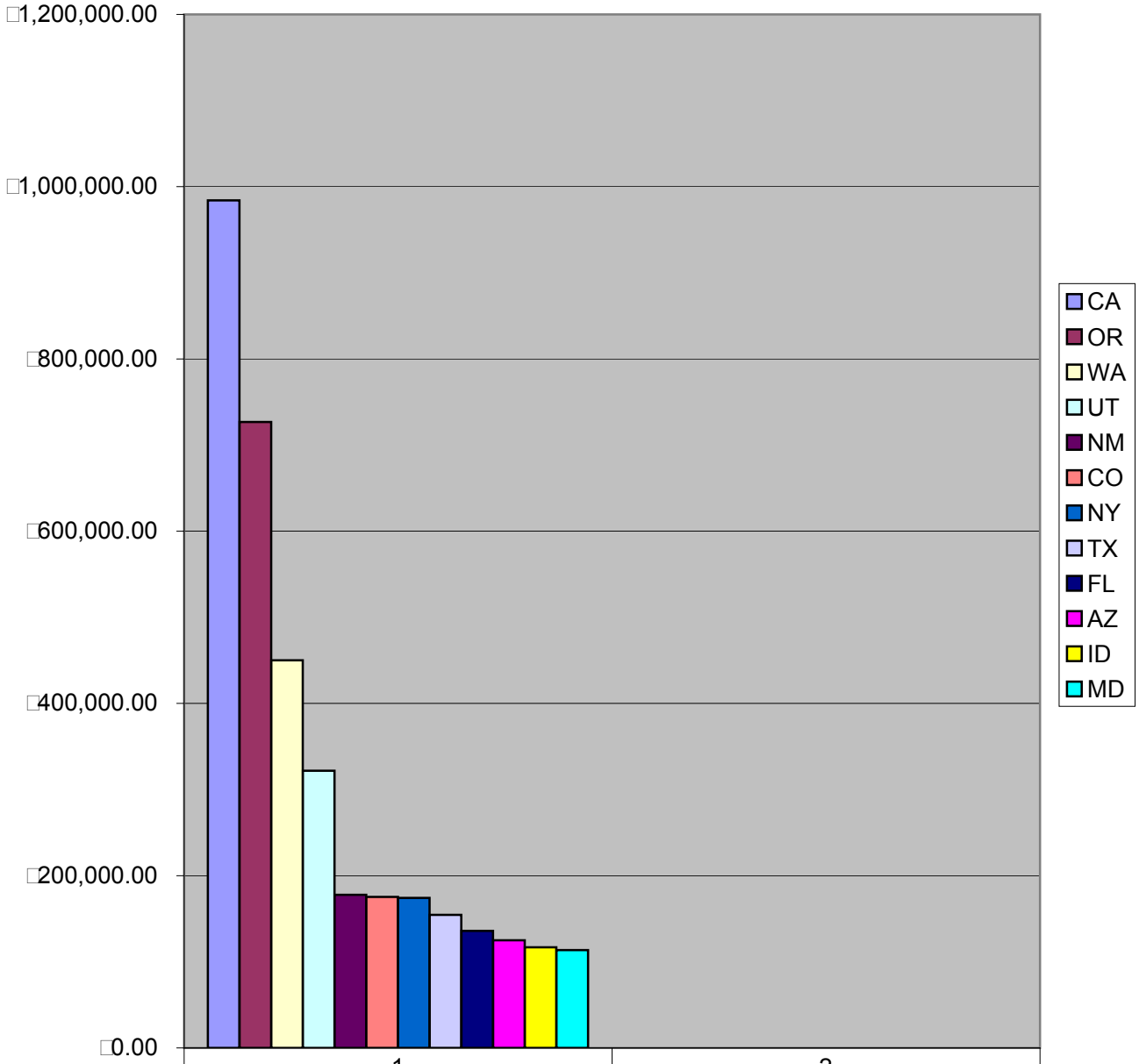
Sales July 1, 2013 through May 4, 2014

Domestic USA Sales	Sales $	% of USA Sales
AK	18,294.58	0.38
AL	6,998.79	0.14
AR	11,658.74	0.24
AZ	124,976.40	2.58
CA	984,005.57	20.34
CO	175,306.82	3.62
CT	14,690.48	0.30
DC	386.01	0.01
DE	1,071.15	0.02
FL	135,880.50	2.81
GA	41,212.53	0.85
HI	55,370.76	1.14
IA	13,146.93	0.27
ID	116,772.25	2.41
IL	52,539.46	1.09
IN	51,080.22	1.06
KS	21,979.57	0.45
KY	5,534.24	0.11
LA	22,122.81	0.46
MA	55,763.19	1.15
MD	113,635.39	2.35
ME	21,570.84	0.45
MI	27,150.73	0.56
MN	72,046.72	1.49
MO	63,742.17	1.32
MS	5,115.59	0.11
MT	78,010.10	1.61
NC	72,031.24	1.49
ND	3,698.62	0.08
NE	8,852.86	0.18
NH	15,381.37	0.32
NJ	41,089.31	0.85
NM	177,768.96	3.68
NV	41,377.40	0.86
NY	174,194.84	3.60
OH	55,753.58	1.15
OK	15,493.30	0.32
OR	726,728.97	15.02
PA	70,497.84	1.46
PR	3,487.11	0.07
RI	3,512.28	0.07
SC	3,565.22	0.07
SD	1,745.18	0.04
TN	27,377.07	0.57
TX	154,537.22	3.19
UT	321,780.72	6.65
VA	87,320.53	1.81

VI	401.18	0.01
VT	16,729.92	0.35
WA	450,072.74	9.30
WI	65,960.45	1.36
WV	1,507.16	0.03
WY	6,210.01	0.13

Total Fiscal YTD USA Sales	4,837,137.62
Total World Sales July 1, 2013 to May 4, 2014	5,670,195.21
Projected Fiscal Year Total Sales July 1, 2013 to June 30, 2014	6,500,000.00

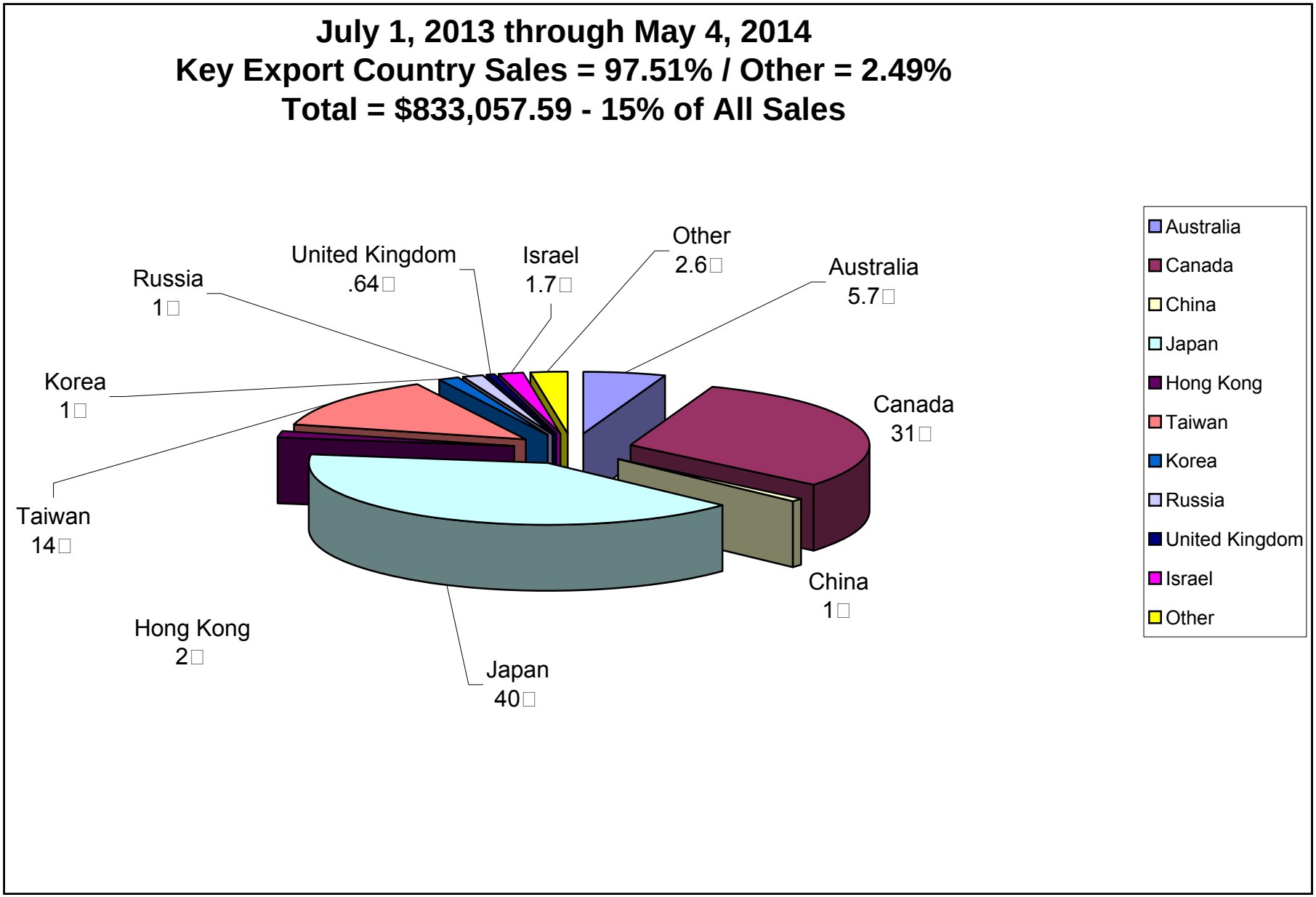
Top USA State Sales July 1, 2013 to May 4, 2014
Tweleve Top States = 75% of Sales



	1	2
CA	984,005.57	20.34
OR	726,728.97	15.02
WA	450,072.74	9.30
UT	321,780.72	6.65
NM	177,768.96	3.68
CO	175,306.82	3.62
NY	174,194.84	3.60
TX	154,537.22	3.19
FL	135,880.50	2.81
AZ	124,976.40	2.58
ID	116,772.25	2.41
MD	113,635.39	2.35

Sales July 1, 2013 through May 4, 2014

Foreign Sales			of Foreign Sales
Other		438.60	0.05
Australia		47,362.26	5.69
Brazil		427.30	0.05
Canada		254,268.06	30.52
Chile		283.80	0.03
China		7,034.47	0.84
Costa Rica		129.25	0.02
Czechoslavakia		3,607.54	0.43
Finland		1,013.88	0.12
France		168.61	0.02
Germany		418.86	0.05
Hong Kong		14,606.55	1.75
India		376.19	0.05
Israel		13,924.63	1.67
Italy		340.78	0.04
Japan		333,614.15	40.05
Korea		11,679.35	1.40
Lithuania		2,170.78	0.26
Mexico		2,688.28	0.32
Netherland		342.78	0.04
New Zealand		250.60	0.03
Puerto Rico		194.70	0.02
Quatar		129.41	0.02
Russia		9,905.91	1.19
Saudi Arabia		85.67	0.01
Singapore		1,139.67	0.14
Spain		384.46	0.05
Switzerland		570.76	0.07
Taiwan		114,649.87	13.76
Turkey		267.27	0.03
Ukraine		4,241.65	0.51
United Kingdom		5,290.39	0.64
Virgin Islands		688.37	0.08
West Indies		362.74	0.04
Total Foreign Sales	**$**	**833,057.59**	**100%**
Foreign Sales as % of Total Sales			**14.69%**


July 1, 2013 through May 4, 2014
Key Export Country Sales = 97.51% / Other = 2.49%
Total = $833,057.59 - 15% of All Sales
Russia
1
United Kingdom
.64
Israel
1.7
Other
2.6
Australia
5.7
Korea
1
Canada
31
Taiwan
14
China
1
Hong Kong
2
Japan
40
Australia
Canada
China
Japan
Hong Kong
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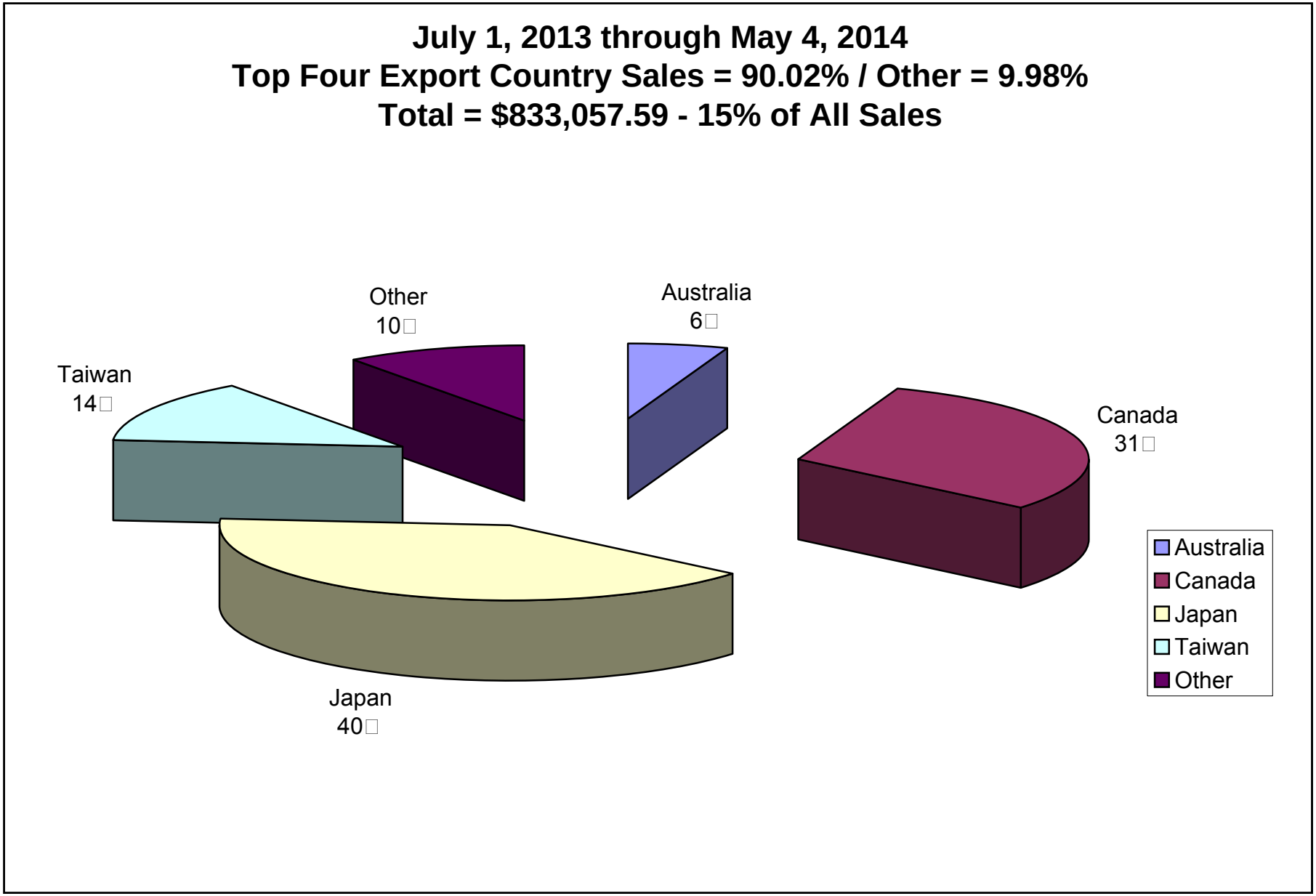
Korea
Russia
United Kingdom
Israel
Other


July 1, 2013 through May 4, 2014
Top Four Export Country Sales = 90.02% / Other = 9.98%
Total = $833,057.59 - 15% of All Sales
Other
10
Australia
6
Taiwan
14
Canada
31
Japan
40
Australia
Canada
Japan
Taiwan
Other

Subject: Liberty Natural Products ORDER 03-09-14_59527_
From: "friedlan@hawaii.edu" <sales@libertynatural.com>
Date: 3/9/2014 10:30 PM
To: jim@libertynatural.com
Message-ID: f99050411111859527_2@libertynatural.com
ReturnPath: <>
MIME-Version: 1.0
Content-Type: multipart/mixed; boundary="==_1234567890==_"

Liberty Natural Products
20949 S. Harris Road
Oregon City, OR 97045
800-289-8427

Order Confirmation

Web Order No - 59527 / Order Password : 21586
(Use The Order# & Password To Obtain an Invoice# To Track & Review Shipment

Date - 03-09-14 - 22:30:40

Customer_No.	147309
Customer	UNIVERSITY OF HAWAII
Name	ALAN FRIEDLANDER
Address	Dept Biology, Univ Hawaii
City, St Zip	Honolulu, HI 96822
Phone	8082625214
Fax	
Email	friedlan@hawaii.edu
Ship Via	UPS 3rd Day
Card	VISA
Card Name	ALAN M FRIEDLANDER
Ex Date	11/16

Item #	Description	QTY	Size	Each	Total
1159.N	# CLOVE LEAF CRUDE INDONESIA EO	10	10 lbs. min	11.31	$113.10
	Total				**$113.10**

We will Email you when your order ships with the total including shipping.

Thank you for your order.

Exhibit 80

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Wearing perfume? You're not allowed in here

By Judy Keen, USA TODAY

Updated 7/3/2012 8:02 AM

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Wearing perfume or after-shave? You're not allowed in here.

By Todd Plitt for USA TODAY

Some government offices are banning the use of perfumes.

That's the message some government offices and hospitals are giving visitors.

Tuttle, Okla., warns on its website and in signs that visitors to City Hall must "remain at the front of the building" if they're wearing fragrances. "Every now and then, you get some people who think it's stupid," says City Manager Tim Young, but fragrance-free air is a relief for allergy sufferers.

Portland, Ore., banned fragrance use by city workers last year and asked custodians to use unscented cleaning products.

Lancaster, Pa., allergist Clark Kaufman says fragrances can trigger reactions in people with underlying allergies, asthma and other conditions and lead to respiratory infections. "I equate it with cigarette smoke," he says.

Elena Solovyov of the International Fragrance Association says industry statistics show "a growing trend" of scent use in hospitals and hospitality businesses. The industry group believes fragrance use "should be guided by personal courtesy and common sense, not by policies or procedures," she says.

Elsewhere:

•Harrison Medical Center in Bremerton, Wash., asks employees and visitors to skip scents and suggests that visitors choose "less fragrant" flowers, spokeswoman Jacquie Goodwill says.

•The parks and recreation department in Jefferson City, Mo., asks people attending meetings and programs to "remain as fragrance-free as possible," says parks director Bill Lockwood.

•Windom Area Hospital in Windom, Minn., has been fragrance-free since 1999. "At first there was some grumbling," human resources director Katie Slette says. "Now it's our new normal."

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Posted 7/2/2012 5:43 PM Updated 7/3/2012 8:02 AM

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Most popular right now:
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Exhibit 81

- Email newsletters
- Mobile apps

Portland city employee says co-workers' perfumes, lotions, are noxious -- wants fragrance-free workspace

Bryan Denson | bdenson@oregonian.com By **Bryan Denson | bdenson@oregonian.com** **Print**
Email the author | **Follow on Twitter**
on May 13, 2013 at 4:51 PM, updated May 13, 2013 at 5:12 PM

View full size The city of Portland was served with a lawsuit on Monday that accuses Bureau of Maintenance managers of failing to accommodate an employee who suffers from a condition called Multiple Chemical Sensitivity.

Julee Reynolds says co-workers wearing scented products such as perfume and hand lotion have triggered the disorder, causing her respiratory distress, dizziness, headaches, nausea, and anaphylaxis, a potentially deadly allergic reaction.

Reynolds' suit, filed Friday in Portland's U.S. District Court, accuses the city of common-law negligence and violating the Americans with Disabilities Act.

"We were just served today," said Kim Sneath, office administrator for the city attorney. "We don't comment on pending litigation."

Reynolds claims that a June 2011 workplace exposure caused her to be hospitalized and that her doctor allowed her to return to full duty for the city but with "no exposure to fragrances."

She met with Richard Herrington, the city's safety officer, to discuss ways to limit her exposure to potential allergens.

"Ms. Reynolds suggested rearranging the workspace, placing fragrance-free signs in her workspace, educating her co-workers, and enforcing the city's fragrance-free policy," the lawsuit alleges. "However, the city refused to implement these suggestions."

Early last year, the lawsuit alleges, Reynolds formally requested that the city make those accommodations -- along with installing a fan to push the offending scents away from her. She suggested that her co-workers and other employees undergo awareness training "to heighten their appreciation of the impact of fragrance-bearing products and how to avoid triggering Ms. Reynolds' condition."

The city did nothing to address Reynolds' concerns, the lawsuit alleges.

On March 19, 2012, a lawyer for Disability Rights Oregon sent a letter to the city on behalf of Reynolds. In it, the nonprofit asked the city to make accommodations for her.

Two weeks later, Reynolds' alleges, city representatives met with her and said she was suffering from nothing more than allergic symptom and that -- in the city's view -- she had no disability.

-- Bryan Denson

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Experts must sniff out source of smell at Sriracha factory

Huy Fong Foods refuses to speculate on how a judge's order to partially shut down affects next year's supply of the hot sauce.

November 29, 2013 | By Frank Shyong

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After a judge ordered the partial shutdown of the Sriracha hot sauce plant in Irwindale, experts must now determine which parts of the factory's operation cause odors — a decision that could affect next year's sauce supply.

Sauce maker Huy Fong Foods has already ground all the chiles for next year's supply of Sriracha hot sauce. The raw materials for its three sauces, Sambal Oelek, Sriracha, and Chili Garlic, are created during a three-month harvesting and production cycle that concluded earlier this month.

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But the sauce must still be mixed, poured, bottled and boxed, and so far, the city and the factory have not been able to agree on where the smell is coming from or how to mitigate it.

Irwindale City Atty. Fred Galante said that he does not want to speculate whether the injunction will affect next year's supply. Both the city and the factory have retained separate air quality consultants.

"We have to rely on the experts to determine which parts of the operations have the potential to cause odors," Galante said.

Huy Fong Foods officials did not comment specifically on the ruling or elaborate on whether the factory would be able to continue operations. A source with knowledge of the business said there should be no effect on next year's supply of hot sauce.

Chief executive David Tran released a statement thanking the fans of the hot sauce for their support. The statement was largely identical to a previous statement released to The Times, except for a response to residents claiming that the odor emanating from the factory was similar to that of capsaicin, an active ingredient in pepper spray.

"We don't make tear gas here," Tran wrote in the statement.

Inspectors with the South Coast Air Quality Management District, which is traditionally the lead agency in declaring odors a public nuisance, have not issued a violation. Although inspectors have verified smells on three different occasions, the complaints must come within the space of a day and the inspectors must be able to track the smells back to the plant. That threshold has not been met, said spokesman Sam Atwood.

The city of Irwindale filed a public nuisance claim against Huy Fong Foods on Oct. 21 after a month-long disagreement over where the smell was coming from and how to mitigate it. Residents, beginning with an Irwindale city councilman's son, had complained of a spicy, painful smell that was inflaming respiratory

FROM THE ARCHIVES

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November 9, 2013

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October 31, 2013

Sriracha factory can stay open for now, judge rules
October 31, 2013

Nearing Sriracha court decision could endanger hot sauce...
October 30, 2013

Sriracha hot sauce price may jump if factory shuts down...
October 29, 2013

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David Tran

Factory

conditions, causing nosebleeds and even heartburn in one case.

Judge Robert H. O'Brien sided with Huy Fong Foods at first, denying the city's request for a temporary restraining order. But in a ruling Tuesday, O'Brien wrote that the odor could be "reasonably inferred to be emanating from the facility," and determined that the city is "likely to prevail" in declaring the odor a public nuisance.

Sales of Sriracha have grown by about 20% each year since Tran created it. In 2012, Huy Fong Foods sold $60 million worth of the sauce, aided by a newfound popularity on the Internet. The sauce has also inspired a cottage industry of Sriracha-inspired products like iPhone cases, cookbooks, Subway sandwiches, Lay's potato chip flavors, a food festival and even a lip balm.

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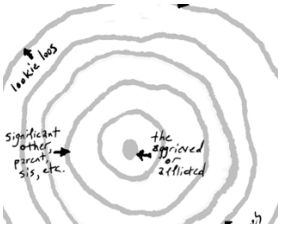

How not to say the wrong thing

Bree Walker talks about her sobriety, her arrest, and that mug shot

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BUSINESS / CONSUMER

Nov 27

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That stinks! Judge tells hot sauce maker to curb smelly chili

BY FROM WIRE SERVICES

An L.A. judge has ordered the maker of the popular spicy condiment Sriracha to stop the stink. Neighbors of the plant in Irwindale. Calif., have complained of noxious fumes.

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The maker of Sriracha, a popular spicy condiment, has been ordered to stop the stink. But fans of the food need not worry, the company was not told to shut down all operations.

A judge ruled Tuesday that the factory that manufactures the trendy hot sauce must partially

abate noxious fumes strong enough to irritate their eyes and throats.

The company's red Sriracha Hot Chili Sauce, sold in clear squeezy bottles with a green cap and trademark rooster logo, has become one of the top-selling condiments in the United States.

Los Angeles Superior Court Judge Robert O'Brien ruled on Tuesday that the plant must cease any operations that cause - and make swift changes to help mitigate - the tear-inducing fumes, Irwindale attorney Stephen Onstot told Reuters.

However, the judge denied a request that all operations be shut down, Onstot said.

"Neither the city, nor the judge, was specific in terms of what has to be done to cease the odors and left how that goal is achieved up to the defendant," Onstot said.

The judge imposed his order as an interim measure while the court considers the lawsuit from residents. The suit says some have complained of headaches and others have been forced to remain indoors, or even temporarily flee their homes, to get relief from the smell of locally grown jalapeno chili peppers being crushed at the plant.

O'Brien pointed in his ruling to a "lack of credible

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David Tran, an ethnic Chinese immigrant from Vietnam. The company did not respond to requests for comment.

John Tate, an attorney for the company, has said in court that it has installed a filtration system to take care of excessive odor. He acknowledged that it did not resolve the problem completely but said it had "certainly improved the situation."

The case is not expected to come to trial until "a few months down the road," Onstot said.

First published November 27th 2013, 4:40 am

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June 5, 2014

HUFF POST SAN FRANCISCO RESTAURANTS

Bacon Bacon Restaurant In San Francisco Forced To Close Because Of Smell (VIDEO)

By Carly Schwartz
Posted: 05/17/2013 6:07 pm EDT | Updated: 05/17/2013 7:10 pm EDT

The Upper Haight smells like a lot of things. On any given day, the aroma of marijuana smoke, Muni exhaust, various forms of human waste and any combination thereof inevitably wafts through the air, delighting residents and tourists alike.

But the biggest offender, according to a group of neighborhood activists, isn't drug or excrement related. It's bacon. Sizzling, crispy, fresh-off-the-fryer bacon.

Bacon Bacon restaurant, the brick and mortar outpost of the cult-followed food truck with the same name, shut down Friday after a barrage of complaints about the smell.

According to unhappy neighbors, the "porcine aroma" was too much to endure and proprietors illegally dumped excess grease in the sewers. When authorities responded, they discovered the small eatery, located on the corner of Frederick and Ashbury streets, lacked the proper health permits to continue operating.

Bacon Bacon's avid fans have already begun fighting back, launching a petition and airing their grievances on the restaurant's Facebook page.

"I'm one of Bacon Bacon's neighbors and I believe I speak for 99% of the neighborhood when I say: 'Stay HERE,'" Facebook user Lucia Tallchief Mele said in a comment. "Don't let a coupla nasty nay-sayers or clueless bureaucrats deprive you of your livelihood! We will fight for you!"

Meanwhile, the Bacon Bacon food truck will continue to appear at various Off the Grid events throughout the city.

Filed by Carly Schwartz |

30 people are discussing this article with **43 comments**

Comments are closed on this entry.

Highlighted Most Recent Oldest Most Faved My Conversations

Tyler Scheib (southparkrox) 3
18 Fans

Everyone who complained of the smell of bacon is a communist and I want them to leave the country.
19 MAY 2013 3:02 PM

FAVE SHARE MORE

Bob_Vance87 3
SUPER USER · 77 Fans

They are most likely vegan feminists
19 MAY 2013 10:04 PM

FAVE SHARE MORE

Karl Hildebrand (Karl_Hildebrand) 4
2,033 Fans · The GOTP Is Disorganized Hypocrisy

What, you clowns can't recycle your grease? It's a money maker.
18 MAY 2013 5:57 AM

FAVE SHARE MORE

dbrett480 4
365 Fans

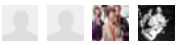
I'd gladly take the smell of bacon over the typical aroma of unwashed San Francisco hippie.
18 MAY 2013 11:46 AM

FAVE SHARE MORE

James Russell (themanwithnoname)
SUPER USER · **160 Fans**

Pot>Bacon
19 MAY 2013 12:51 AM

FAVE SHARE MORE



4 PEOPLE IN THE CONVERSATION Read Conversation ⟶

Karl Wilder (Karl_Wilder) 2
SUPER USER · **190 Fans** · Chef Stirring The Pot Harlem

San Francisco is a funny town, I remember a sandwich shop had to close because they were successful and had lines. IF the health permits were a problem, okay, but get the permits in order and re-open. Forget the psycho neighbors.

In NY my gym used to be above a bagel shop and we smelled freshly baked bagels all the time. I love it.
18 MAY 2013 11:39 AM

FAVE SHARE MORE

James Russell (themanwithnoname)
SUPER USER · **160 Fans**

Psycho?!?!?. bacon has a very powerful aroma, and it is much more polarizing than you think
19 MAY 2013 12:52 AM

FAVE SHARE MORE

2 PEOPLE IN THE CONVERSATION Read Conversation ⟶

wtf_is_this 3
773 Fans · It depends.

They should've had the proper equipment & permits. Nobody should be allowed to give bacon a bad name. Hopefully they can clean up their act & get back in business.
18 MAY 2013 4:19 PM

FAVE SHARE MORE

KaliKross
SUPER USER · **188 Fans** · Don't blame me. I'm just the messenger.

Right on, SF! But, if they had named the place "Poison, Poison," people hellbent on toxifying their bodies and the planet on which we live would still have their blinders on. Smh.
18 MAY 2013 6:47 AM

FAVE SHARE MORE

joebobjones 3
152 Fans · Eat everything.

Don't get too pious. Soy production has resulted in more deforestation than cattle and hog farming, which in turns contribute to increasing greenhouse gases. Not saying that raising meat isn't inefficient, but so is much of the global soy cultivation.
18 MAY 2013 9:33 PM

FAVE SHARE MORE

Jim_DiGriz 3
75 Fans · Every day should be unwrapped as a gift

Its not the smell of the bacon, its the smell of the bacon fat and other cooking by-products that the restaurant does not clean up and dispose of before they turn rancid. This is much, much worse than the smell of bacon cooking.
20 MAY 2013 12:03 PM

FAVE SHARE MORE

BuckyJamesDio 2
1,244 Fans · Watching the Friend count drop ...

Ahh, San Francisco. Where being outraged at something or other is a martial art.
20 MAY 2013 7:23 AM

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Online Athens

Rolled over by a foul odor

Bogart residents fuming over stench they say is coming from local bakery

Posted: Thursday, June 22, 2000

By Kevin Conner
Staff Writer

BOGART -- Some folks who are fed up with what they claim to be a foul smell coming from Benson's Old Time Kitchens erected a sign Wednesday in a prominent downtown Bogart location denouncing the business.

Benson's, a manufacturer of packaged cakes, faces the Atlanta Highway in downtown Bogart. The business has been in the Oconee County town since the early 1960s and is located next to a residential neighborhood.

Some neighbors say an oxidation pond where the business releases its sewage is the cause of a foul odor that has grown progressively worse within the past year.

John Martin, a lifelong Bogart resident, and David Dixon, a Winterville resident who works at Gary's Automotive near downtown Bogart, erected a sign Wednesday that reads "What stinks? Benson's."

The sign was installed with permission at Ralph Sheridan's home at Elder Street and North Burson Avenue, directly across the road from Benson's.

Martin, who has lived in a residence close to Benson's for the past 40 years, said the bakery's smell has gotten progressively worse in recent days.

"You can't do anything outside it smells so bad," he said Wednesday. "If you want to have a cookout or barbecue, you can't have one ... You've been around a hog parlor haven't you? It's worse than that."

Dixon said he believes a new warehouse refrigeration building constructed at Benson's this year is overburdening the business's sewage pond and adding to its smell.

Terri Ferguson, a North Burson Avenue resident, stopped with her children after seeing the sign. Ferguson said when she moved into her home in 1981 there were no foul odors coming from Benson's.

But she said that over the past year, the smell in the neighborhood has gotten worse, so that she and her family haven't been able to enjoy their outdoor swimming pool.

Attempts Wednesday to reach Larry Benson, company president, and Ed Benson, chairman of the company's board of directors, were unsuccessful. Mack Caldwell, the company's human resources specialist, said Larry Benson was busy at meetings all day and Ed Benson was out of town.

Caldwell released a prepared statement he said was compiled by company management.

"Benson's is working with members of the Bogart Community toward implementing a solution," it stated.

Caldwell said no one would be available Wednesday for further comment.

Terri Garrett, a secretary at the Oconee County Health Department, said she has fielded numerous complaints about Benson's. She acknowledged Benson's has committed no violations, and said the health department has worked with Benson's to improve the oxidation pond.

"We're working with Benson's to make sure the pond can work correctly," she said. "Our involvement is that we want them to get the pond working so we don't get the phone calls coming in (complaining about the stench)."

Danny Rice, environmental specialist for the state Environmental Protection Division, said he also has gotten calls over the past two years concerning the smell coming from Benson's. Rice said a foul smell was being emitted by the business's oxidation pond, but added the business has committed no EPD violations because the pond has not discharged effluent into public waters.

"When there's a little air movement, you can smell it," Rice said. "I know the people who live in that neighborhood have a legitimate complaint. I've written letters and made suggestions (to Benson's). They went to a wastewater consultant who made recommendations to them. But I have no way of knowing if they followed through."

Rice said a few possible solutions to the stench include hooking the business into sewage lines, or possibly establishing a land application system, which treats sewage and then sprays it over open land for further treatment.

"There are ways to deal with it, but nothing inexpensive," he said.

Rice doesn't feel the new refrigeration warehouse contributes to the smell. He attributed the stench to the age of the oxidation pond, which was installed more than 20 years ago.

"Ponds are just like anything else. When they get older they need revitalization," he said.

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Sacramento neighbors sue city over brewery odor

Submitted by George Warren
Wednesday, June 19th, 2013, 6:53pm

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SACRAMENTO, CA - Neighbors of a proposed microbrewery in midtown Sacramento say the planning commission didn't adequately consider the odor of beer

making before approving the project.

A group calling itself Citizens Against Alcohol Manufacturing in Midtown has filed a lawsuit claiming an environmental impact review is required by state law.

The planning commission approved the Mill Supply Building project at 26th and R Streets on May 9 and determined it was exempt from environmental review.

"Breweries emit (various chemicals) and all those things smell like rotten eggs," said Eileen Downes, who said she represents the opposition group.

Downes owns a 10-unit apartment complex around the corner from the Mill Supply Building.

Developer Jim Quessenberry was surprised when he learned of the lawsuit.

"There are several breweries that have just popped up around town and this is the first that I've heard of an issue with the smell," he said.

Quessenberry said the brewery would only be boiling malt and hops for about eight hours a week, and one of the conditions of the special use permit was the installation of a scrubber on the exhaust.

Other neighbors have expressed concern about noise, traffic and public drunkeness from the brewery's tasting room, but the lawsuit focuses strictly on the environmental impacts, which include the use of water and the sewer system.

"Why is the city trying to hide the environmental issues here?" Downes asked.

A developer building 34 new homes across the street from the Mill Supply Building has come out firmly in support of the project, saying he prefers a brewery to a vacant warehouse.

"I've studied the plan," said Mark Wiese of Pacific Housing. "I don't think it's going to be a bad neighbor at all."

In addition to the lawsuit, project opponents have appealed the planning commission's approval to the city council, which will take up the issue next month.

Along with brewery, a hard cider producer and several separate retail businesses plan to move into the Mill Supply Building.

Quessenberry was hoping to be open for business by the end of the summer, but recognizes that's not likely to happen because of the opposition.

"I think it's just another hurdle in the process," he said.

By George Warren, GWarren@news10.net (mailto:GWarren@news10.net)

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St. Paul's new Buffalo Wild Wings' odor irritates neighbors

By Will Ashenmacher
washenmacher@pioneerpress.com

Posted: 07/09/2013 12:01:00 AM CDT
Updated: 07/10/2013 10:12:05 AM CDT

The Buffalo Wild Wings opened on Snelling Avenue two weeks ago. (Pioneer Press: Lisa Legge)

The new Buffalo Wild Wings on Snelling Avenue hasn't produced much in the way of noise or traffic issues. But then, there's that smell.

View 130709_BuffaloWW_StPaul in a larger map

Several neighbors around the restaurant, which became the chain's first St. Paul location when it opened at 80 N. Snelling Ave. two weeks ago, have complained about a deep-fryer smell enveloping their neighborhood.

"It basically abuses our senses and reduces the usability of our property," said Jack Nelson, who lives nearby in the 1500 block of Portland Avenue. "You can't be outside when it smells like this."

Nelson described it as a "stinky french-fry smell." His neighbor Gretchen Robertson, who lives in the 1500 block of Laurel Avenue, said it smells like grease with some sort of spice-flavored undertone.

Neighbors are puzzled as to why Buffalo Wild Wings emits more odor than do other area restaurants.

"We can walk down Grand Avenue, and sometimes you're hard-pressed to smell any of those restaurants in the area at all," Nelson said. "It's kind of extraordinary, if you think about it."

Neighbors say responses from Buffalo Wild Wings have been slow in coming. Nelson, who first reached out to the eatery's attorney, now has contacted city officials in hopes of prompting action.

Sue Benson, the regional manager for Buffalo Wild Wings, said no neighbors have approached her about the smell.

"It's news to me, but we'll continue to investigate any legitimate concerns," she said. "Obviously, we want to be great neighbors."

The restaurant's move into the neighborhood was a contentious one, with neighbors raising concerns about parking and traffic. There were even dueling Facebook pages for neighbors against the eatery and those who supported it.

Robert Humphrey, a spokesman for the city's Department of Safety and Inspections, said a

cursory glance at his department's records showed no complaints logged with the city.

Noel Nix, a legislative aide in the St. Paul City Council Ward 1 office, said residents have contacted the office to share their concerns, "and we're continuing to reach out to Buffalo Wild Wings to see what steps they're willing to take to address the issue."

Frederick Melo contributed to this report.

A selection of wings from Buffalo Wild Wings. (Pioneer Press file photo: Sherri LaRose-Chiglo)

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Eatery neighbors in smell hell

By Rich Calder January 21, 2013 | 5:00am

You'd think it would be heavenly living above a gourmet food shop — but neighbors of one Brooklyn cafe say it just stinks.

The opening of the trendy Iris Café in 2009 and its adjoining takeout shop last year helped breathe new life into the sleepy cobblestone streets of southwest Brooklyn Heights.

But while the Columbia Place eatery has morphed into a trendy weekend brunch and dining hot spot with a citywide clientele, it's been nothing but agita for some residents who live above it.

The residents in the historic A.T. White Riverside Apartments gripe that they're sick of the overpowering fumes from the coffee, baked goods, beef jerky and other artisan eats that the hip cafe churns out.

That's because the eatery and take-out shop don't have ventilation systems, so the strong aromas rise into some of the 157 apartments at the 122-year-old complex, the residents said.

"It's been horrible," said Ida Cigara, who lives above the takeout shop with her husband, Jimmy, and their 5-month-old son.

"When I was pregnant last year, I was puking every day from the smell, and now we're concerned the odors are going to cause our son respiratory problems. His room smells so bad — even the stuffed animals stink of food."

The city's Environmental Control Board last year slapped the takeout shop with $2,400 in fines after Department of Environmental Protection inspectors responded to 3-1-1 complaints in May, June and September. Each time, the summonses were issued because "strong odors" of brewed coffee and muffins came from an "unregulated source" and reached the Cigaras' apartment.

While Iris's reps contended the smells are "ordinary" for a café, a DEP inspector testified before the board in August that he found the odors in Cigaras' apartment "offensive."

The Cigaras said they also have complained to their landlord, the Pinnacle Group Inc., as well as Iris's owners, to no avail. The couple is now considering taking the eatery to court.

Others at the apartment complex who spoke on the condition of anonymity also said the smells are infuriating — especially if something burns.

Iris's co-owner Salah Hamden said he legally doesn't have to install a ventilation system because he cooks with an electric stove, not a gas-fired appliance.

"I want to be a good neighbor and am always willing to talk, but if I install a ventilation system, then other people in the building might complain it's too noisy," he said.

Hamden lives above the eatery and claims the smells don't bother him.

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Pinnacle's spokesman, former City Councilman Ken Fisher, said in a statement, "We recently became aware of the tenants' concerns, have discussed them with the café and will follow up by inviting the tenant and the café to meet."

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CLACKAMAS COUNTY

Clackamas County Agriculture and Foodshed Strategic Plan

June 2012

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Board of County Commissioners

Charlotte Lehan, Chair – Liaison to the Agricultural Investment Plan
Jim Bernard
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Ann Lininger
Paul Savas

Business & Economic Development Staff

Gary Barth, Business & Community Services Director
Catherine Comer, Manager
Jamie Johnk, Project Manager
Cindy Hagen
Teresa Sears

Agricultural Task Force

Danielle Cowan, Clackamas County Tourism & Cultural Affairs
Susan Ziolko, Clackamas County Office of Sustainability
Eben Polk, Clackamas County Office of Sustainability
Tom Salzer, Clackamas County Soil & Water Conservation
Lisa Bucy, Clackamas County Soil & Water Conservation
Elizabeth Peters, Oregon Association of Nurseries
Laura Barton, Oregon Department of Agriculture
Mike Bondi, OSU Extension/North Willamette Research and Extension Center
Kathleen West, Multnomah County Office of Sustainability
Janine Leaper, Multnomah County Office of Sustainability

Primary Consultant Team

Bob Wise, Cogan Owens Cogan
Steve Faust, Cogan Owens Cogan
Kirstin Greene, Cogan Owens Cogan
Mary Stewart, MARStewart Group
Ken Meter, Crossroads Resource Center

Contributing Consultants

Michael Mertens, Ecotrust
Analisa Fenix, Ecotrust
Todd Chase, FCS GROUP

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Appendix B. Producers Survey Results

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Appendix D. GIS Agricultural Land Analysis

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Executive Summary

Purpose

This Agriculture and Foodshed Strategic Plan (Plan) is a strategic analysis of the potential to expand the County and regional food system cluster. The Plan is an addition to the County's ongoing focus on large or fast-growing economic clusters including, nurseries and greenhouses, food and beverage manufacturing, Christmas trees and wood products among others. It furthers Clackamas County's goal of supporting economic development and job creation in natural resource-related businesses. The Plan is an important building block in the County's Agricultural Investment Plan (AIP) and associated implementation strategies. The AIP seeks to build upon the County's rich agricultural tradition by focusing on three major areas of potential growth: Renewable Energy; Regional Foods; and Agricultural Tourism.

Primary data was collected through interviews and surveys conducted with more than 1,000 agricultural producers in Clackamas County. Interviews and surveys also were conducted with 42 unique processors, distributors and institutional purchasers. The Plan also relies on other reports commissioned by Clackamas County and related national and regional sources.

Major Trends Driving Opportunity

Clackamas County is an agricultural powerhouse:

- First in Oregon and the U.S. for sales of Christmas trees
- First in Oregon for poultry and egg sales
- First in Oregon for horse sales
- Second in Oregon for hog and pig sales
- Second in nursery, greenhouse and horticulture
- Sixth in Oregon for vegetable sales
- Seventh in Oregon for fruit, nut and berry sales

Trends point to increased demand for food production for local consumption and export. There also is widespread interest in the Plan exhibited by a high rate of participation in the research and the willingness of partner organizations to contribute to Plan implementation. Other major trends driving opportunity include:

- Clackamas County has a wide range of farm sizes focused on a variety of markets. This farm infrastructure provides a stronger and more resilient foundation for innovation and growth in regional and export markets.
- The Portland region is a leader in developing an internationally-recognized regional foodshed economy and there is strong interest in a regional food supply.
- The Portland region currently imports approximately 95 percent of the food we eat from outside the region.
- The region, and Clackamas County in particular, has the productive capacity to meet many of the region's food needs.
- Oregon ranks third in the nation in hunger, while at the same time, more than 25 percent of

Oregonians are obese. Producing more local healthy food is a major opportunity to address these challenges.
- The global food price index jumped 32 percent in the second half of 2010; the largest increase on record.

Recommendations

The analysis of supply and demand reveals gaps in the regional food system as well as opportunities that have the potential to drive market development and job creation in Clackamas County. The following recommendations address these barriers, gaps and opportunities. Most of these recommendations focus on the productive capacity, profitability and market expansion of small farms of fifty acres or less. Farms of this size are often family-owned and need assistance to expand, reach a market, or obtain efficiencies available to larger farms or farms that work together. A complete matrix of implementation strategies can be found in Appendix A.

- Develop an agriculture economic cluster strategy
- Focus on Import Substitution
- Maximize by-product resources
- Invest in specialty and organic agriculture
- Support food processing and distribution industries
- Increase the markets available to small farmers
- Assist farmers with ownership, management and succession planning
- Support provision of small business assistance and training for farmers
- Improve access and training for a qualified farm labor force
- Diversify agricultural incomes including as agricultural tourism
- Reduce conflicts between farmers and non-farm neighbors
- Help farmers reduce costs through water and energy conservation
- Support growers' efforts to protect their crops and workers

The implementation strategy includes recommendations on ways to promote agricultural investment, protect and grow the regional foodshed and support foundational farmland. The strategy incorporates innovative approaches to increasing production and marketing specialty foods. These can lower costs, create new marketing opportunities for larger-scale distribution, distribute products more efficiently, and expand production for large institutional purchasers and export distributors. The Plan recommends further analysis to help producers identify areas suitable for production of crops that are in high demand.

Implementation of these recommendations could lead to important local economic benefits. An increase of 10 to 20 percent of regional purchases of County food products would result in increased Clackamas County economic output of up to $115.5 million and add between $21.8 and $43.6 million in gross domestic product.

Overview

With quality soil, productive farmlands, a climate conducive to high crop variety and yields, many rivers and water reserves, and major arterial transportation corridors, Clackamas County is a key foundational area for agriculture in the Portland Metropolitan area. The County possesses a diversified land base that can adequately support many types of agricultural uses while maintaining the area's rich natural assets. In 2011, the County ranked fourth among Oregon counties with $332 in gross farm sales.

The Clackamas County Agriculture and Foodshed Strategic Plan (Plan) is part of the County's Agricultural Investment Plan (AIP) to expand countywide economic growth by fostering and capturing emergent markets and business opportunities in the agricultural sector. The AIP seeks to build upon the County's rich agricultural tradition by focusing on three major areas of potential growth: Regional Foods; Agricultural Tourism; and Renewable Energy. This Plan is an addition to the County's ongoing focus on large or fast-growing economic clusters including, nurseries and greenhouses, food and beverage manufacturing, Christmas trees, and wood products among others.[1]

Purpose and Organization

The Agriculture and Foodshed Strategic Plan analyzes the County and regional food system cluster through an economic development lens. The first portion of the Plan is an analysis of the County's current and potential agricultural supply, including food and nonfood production. The Plan also incorporates information on agricultural tourism, as it is a supplementary source of income for a number of agricultural producers. This is followed by a demand analysis that examines regional food consumption, purchasing, processing and distribution.

An evaluation of the gaps between supply and demand identifies barriers to sustainable food production and diversified agricultural activities. It also examines barriers that limit processors, distributors and retailers from sourcing local and regional products. The supply-demand analysis also identifies opportunities to grow the agricultural economy.

The economic benefits analysis outlines the potential economic impacts of an enhanced regional food system cluster, including qualitative and quantitative measures of community benefits, direct and indirect jobs created, economic output and gross domestic product value added.

The implementation strategy includes recommendations on ways to promote agricultural investment, protect and grow the regional foodshed and support foundational farmland. The strategy incorporates innovative approaches to increasing production and marketing specialty foods which in turn can lower costs, create new marketing opportunities for larger-scale distribution, distribute

[1] Clackamas County Economic Landscape: Emerging Trends and Opportunities, March 1012.

products more efficiently, and expand production for large institutional purchasers and export distributors.

Methodology

As mentioned in the overview, the purpose of this report is to provide a strategic analysis of the County and regional food system cluster for use in the AIP and associated implementation strategies. Primary data was collected through interviews and surveys conducted by Clackamas County with more than 1,000 agricultural producers in the County. Interviews and surveys also were conducted with 42 processors, distributors and institutional purchasers. Additionally, the Plan relies on other reports commissioned by Clackamas County and regional sources, including:

- Clackamas County
  - ✓ *Clackamas County Agricultural Investment Plan,* Clackamas County, 2010
  - ✓ *Developing Scenarios for Ecosystem Services and Resilience in the Greater Portland Region*, Ecotrust, 2012
  - ✓ *Clackamas County Economic Landscape*, FCS GROUP, 2012
  - ✓ *Draft Master Plan for the Development of Agri-tourism in Clackamas County, Oregon*, MARStewart Group, 2012
  - ✓ *Food Safety and Security in Clackamas County*, MARStewart Group, 2012
  - ✓ *The Equine Industry Impact Analysis in Clackamas County, Oregon*, MARStewart Group, 2012
- Region
  - ✓ *Lane County Local Food Market Analysis*, Community Planning Workshop, University of Oregon, 2010. http://csc.uoregon.edu/cpw/
  - ✓ *Portland Regional Foodshed Current Situation Report*, Cogan Owens Cogan with Ken Meter for the U.S. Department of Agriculture (USDA) Western Sustainable Agriculture Research and Education (Western SARE) program, 2011
  - ✓ *Draft Portland Regional Foodshed Policy Toolkit,* Cogan Owens Cogan for the U.S. Department of Agriculture (USDA) Western Sustainable Agriculture Research and Education (Western SARE) program, 2012
  - ✓ Interviews with Retail Chains, Multnomah County, 2012

A database of agricultural producers was created with a list of tax deferral properties from the County Tax Assessor's Office and supplemented with mailing lists of various Oregon-based commodity groups. Several commodity groups were not willing to share their mailing lists, but did distribute information provided by the project team.

A cornerstone of the outreach effort included two direct mailings to the approximately 5,600 addresses in the agricultural producers database. The mailing consisted of a paper survey and information directing recipients to an identical online survey. The four-page survey included a series of questions about farm type, size and location. Follow-up phone calls were made to each address for which phone numbers were available and County staff met with several major producers for in-person interviews.

In addition to direct mailing and phone calls, several strategies were used to increase awareness of the producer survey: counter-top or bulletin board displays with informational postcards designed and placed in all major farm and feed stores in the County; presentations at formal and informal gatherings of agricultural producers; and articles about the study in industry newsletters and websites. These efforts resulted in responses from 1,008 Clackamas County-based agricultural producers. Additional outreach efforts included surveys and interviews with food processors and distributors and the equine industry.

Regional Food System

The "foodshed" is defined as the geographic area for which Clackamas County aspires to increase its markets share of food-related agricultural products. It is also a mechanism for understanding the systems in place that drive food supply.[2] Foodsheds exist at many scales: regional (e.g., Portland metro area, Willamette Valley, Pacific Northwest), state, national and international. This Plan focuses on the regional foodshed by examining the role of Clackamas County in production, and the Portland region in processing, distribution and consumption. Unless otherwise noted, the Portland region is defined as Clackamas, Columbia, Multnomah, Washington and Yamhill Counties.

This analysis of the regional food system cluster is organized according to the four closely interrelated sectors of the food economy:

Production. People, places and supplies needed to grow food. Producers refers to growers/farmers and their suppliers.

Processing. Methods and facilities where raw foods and by-products are processed and packaged for distribution.

Distribution. Various distribution channels and market outlets by which food gets to consumers.

Consumption. Those who consume and utilize food and its by-products made by producers and processors at all geographic scales and delivered by various distribution methods.

[2] Blum-Evitts, Shemariah, *Designing a Foodshed Assessment Model: Guidance for Local and Regional Planners in Understanding Local Farm Capacity in comparison to local food needs,* May 2009.

Supply Analysis

The following supply analysis provides an overview of food production and associated infrastructure within Clackamas County and the Portland region. The analysis includes a review of existing agricultural data sources, a summary of the results of County outreach efforts, and an examination of the potential for increasing supply and developing supplemental revenue streams.

Production

The *Portland Regional Foodshed Current Situation Report (SARE report)* summarizes agricultural production data for Clackamas County and the region from the 2007 U.S. Census of Agriculture and other federal sources.[3] According to the 2007 Census of Agriculture, there are 3,989 farms in Clackamas County, the highest number of any county in Oregon. This represents 43 percent of the farms in the Portland region and 10 percent of all farms in the State. Farms in the County cover 182,743 acres of land which is approximately 32 percent of the regional total and just under one percent of farm acreage in Oregon. More than 104,000 acres are classified as cropland, of which 86,400 acres are harvested.

Most farms in Clackamas County are small, with approximately 38 percent less than 10 acres and another 44 percent between 10 and 49 acres. The average farm size is 46 acres and the median size is 15 acres. More than 1,240 farms, 31 percent of the County-based farms, had less than $1,000 in annual sales in 2007 and 73 percent had sales of less than $10,000.

Farms in Clackamas County produce a broad mix of food and nonfood products. Food products include berries, fruits and nuts, grains, livestock, milk and eggs and vegetables. Nonfood products include Christmas trees, grass and other seeds, greenhouse, horses, nursery stock and timber. Statewide, the County ranks first in acreage of Christmas trees (23,295) and nursery stock (12,859), and fourth in acres devoted to hazelnuts (4,474). The County also ranks first in the inventory of laying hens[4] and pullets to produce laying hen stock,[5] fourth in mink inventory (4,859) and fifth in broiler chickens (3.2 million).

The agricultural economy is an economic engine for the region and a vital part of the County's industrial mix.[6] Agriculture in the County has a significant economic impact across the state. Farms in Clackamas County sold nearly $400 million of agricultural products in 2007. This was second highest in Oregon and an increase of 20 percent over 2002. Crops made up the majority of sales with $335 million and livestock sales accounted for the remaining $62 million.

[3] Cogan Owens Cogan with Ken Meter for Western SARE, *Portland Regional Foodshed Current Situation Report*, 2011.
[4] Inventory data suppressed by USDA to protect confidentiality.
[5] Ibid.
[6] The geographic concentration of interconnected agricultural producers, processors, distributors and consumers.

As shown in Table 1, food products accounted for $103 million in agricultural sales. Nonfood products accounted for more than two-thirds of total agricultural sales. Nursery products made up the majority of nonfood sales, totaling more than $227 million, supplying a portion of the plant material used in food production. Sales for Christmas tree farms were nearly $46 million. Poultry and eggs earned the highest sales for food products at more than $41 million, followed by fruits, tree nuts and berries, vegetables and cattle and calves.

Table 1. Agricultural Products Sold by Farms in Clackamas County, 2007

Product	Food Sales	Nonfood Sales	Total Sales
Crops, including nursery and greenhouse	$47,328,000	$274,012,000	$335,357,000
Grains	*$549,000*		*$549,000*
Vegetables	*$19,212,000*		*$19,212,000*
Fruits, tree nuts and berries	*$27,567,000*		*$27,567,000*
Nursery, greenhouse and horticulture		*$227,114,000*	*$227,114,000*
Christmas trees		*$46,898,000*	*$46,898,000*
Other crops and hay			*$14,017,000*
Livestock, poultry and their products	$56,110,000	$2,306,000	$61,962,000
Poultry and eggs	*$41,067,000*		*$41,067,000*
Cattle and calves	*$7,985,000*		*$7,985,000*
Milk and dairy	*$4,859,000*		*$4,859,000*
Hogs and pigs	*$994,000*		*$994,000*
Sheep, goats and their products	*$689,000*		*$689,000*
Horses		*$2,306,000*	*$2,306,000*
Aquaculture	*$516,000*		*$516,000*
Other animals and animal products			*$3,546,000*
Total	$103,438,000	$276,318,000	$397,318,000

USDA Census of Agriculture, 2007

Highlights of the County's rankings statewide include:

- First in Oregon and the U.S. for sales of Christmas trees
- First in Oregon for poultry and egg sales
- First in Oregon for horse sales
- Second in Oregon for hog and pig sales
- Second in nursery, greenhouse and horticulture
- Sixth in Oregon for vegetable sales
- Seventh in Oregon for fruit, nut and berry sales

Agricultural suppliers of farm equipment, such as machinery, greenhouses, buildings and chemicals are also part of the supply chain. Clackamas County has 103 agricultural suppliers that provide 916 jobs and approximately $37 million in annual payroll.[7]

In 2007, 84 farms in the County sold certified organic foods totaling nearly $5.8 million, representing more than six percent of Oregon's organic sales. These farms sold more than $3.6 million of food directly to consumers.

Clackamas County Agricultural Producer Survey

Clackamas County assembled a database of agricultural producers and conducted a survey (Producers Survey) and interviews to gain a better understanding of what types of agricultural resources are located in the County. 1,008 producers responded to the survey or were interviewed. The survey assessed crops, size of operations, number of farms, acres farmed and net economic value. A summary of information regarding Clackamas County producers gathered through the survey follows. Additional detail is included in Appendix B.

Responses from more than 900 of the respondents to the Producers Survey indicate that of the 74,733 acres reported, respondents own 48,766 acres and lease 25,967 acres as shown in Figure 1. The average acreage in production among survey respondents is 59.2 acres (total acres 30,859.50) per 563 respondents.

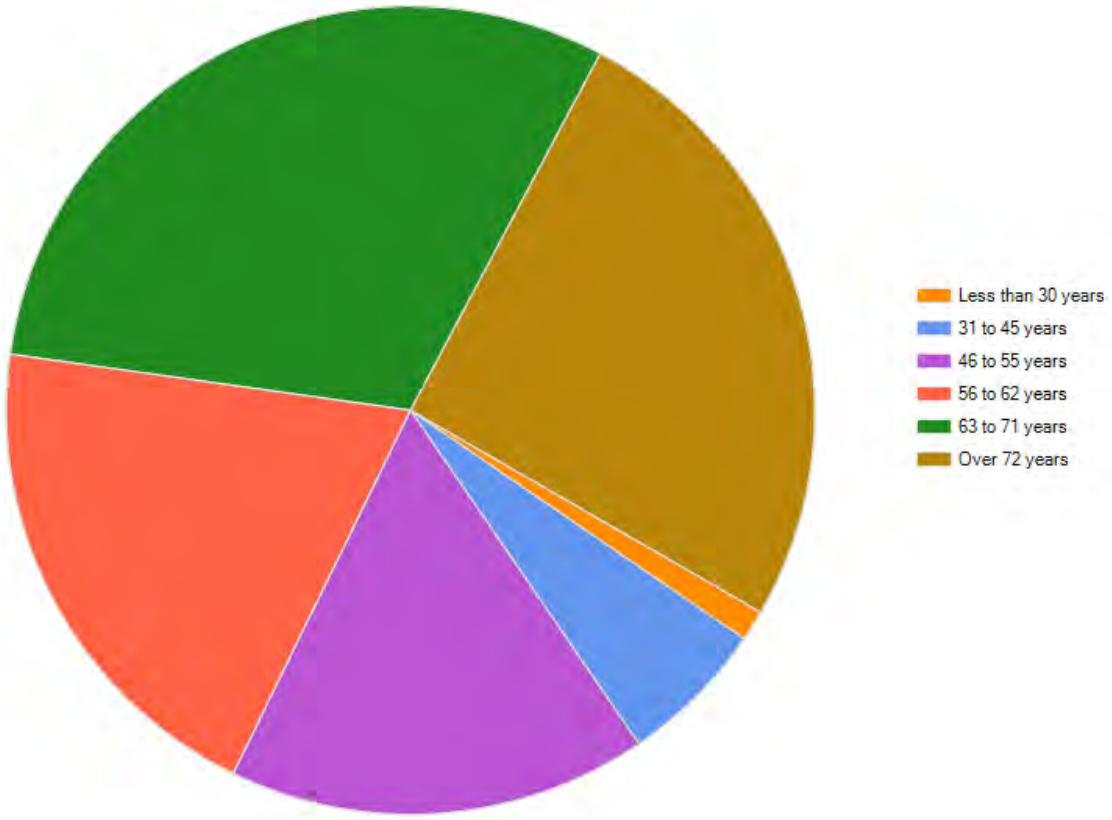
When asked about the products that make up their gross farm income, respondents cite a wide variety of crops and livestock as indicated in the 2007 USDA Census of Agriculture, including: berries; Christmas trees; grain or hay; grapes; grass and other seeds; greenhouse; horses; cattle and calves; milk or eggs; nursery stock; timber; tree fruits and nuts; and vegetables. Only 12 percent of respondents perform additional processing or packaging of their products before selling them to customers.

Approximately 29 percent of respondents generate at least some of their sales from organic production. A majority of organic farmers do not obtain any certification (82%). Most farmers who use organic production do so to practice good stewardship (69%). Other reasons cited for organic production include food safety (33%) and use as a marketing tool (33%).

[7] Cogan Owens Cogan with Ken Meter, *Sustainable Agriculture Research and Education: Portland Regional Foodshed Current Situation Report*, 2011.

More than 30 percent of the 900 principal farm owners responding to the Producers Survey indicate their average age is between 63 and 71 years of age. Over 93 percent of farm owners are over 46 years old as shown in Figure 2. Less than 39 percent of respondents have a plan to transfer farm ownership when they retire, and only 43 percent of those who do have their transfer plan formalized in a legal document.

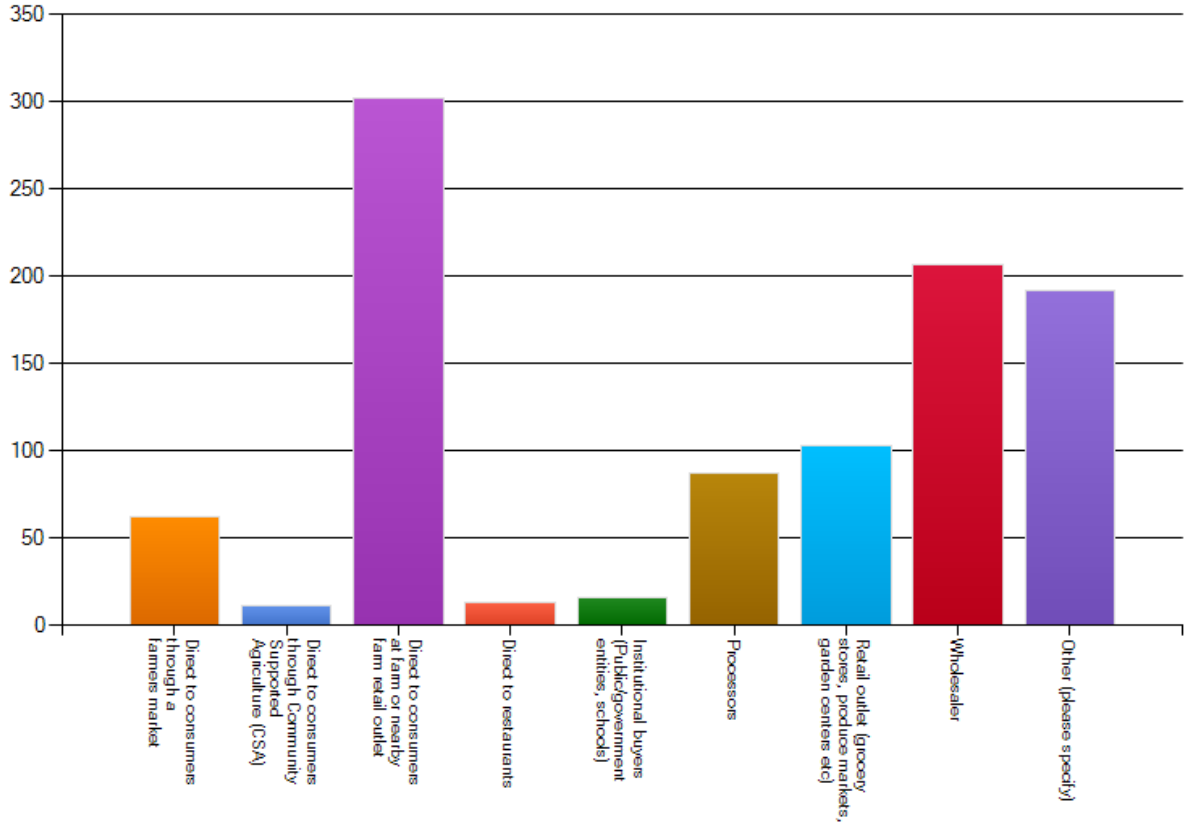
Figure 2. Average Age of Principal Farm Owners in Clackamas County



Clackamas County Agricultural Producers Survey, 2012

As illustrated in Figure 3, survey respondents primarily connect to their customers in person (66%). They primarily market their products direct to consumers who come to their farms or nearby retail outlets (45%) or to wholesalers (31%), retail outlets (15%) or processors (13%). Farmers also market their products to wholesalers, retail outlets, processors and directly to customers through farmers' markets. Other reported means of connecting with customers are via telephone and website. Approximately 76 percent of respondents are satisfied with current market outlets. However, 248 respondents indicate an interest in expanding to other outlets.

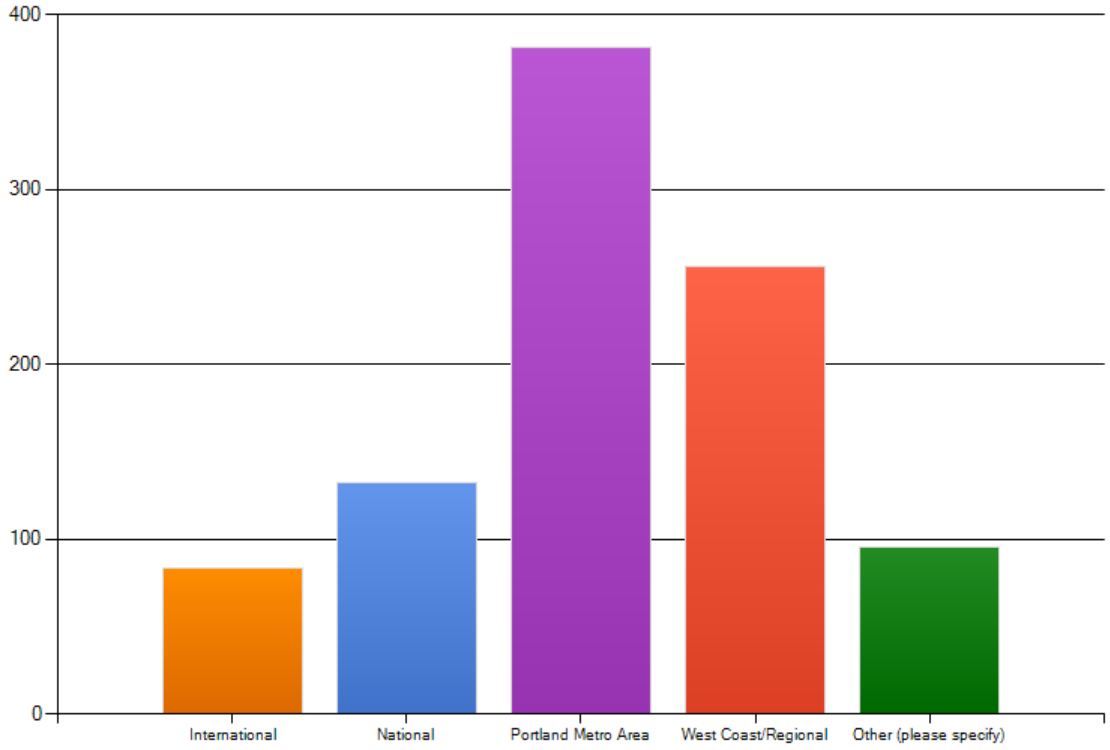
Figure 3. Primary Markets of Producers in Clackamas County



Clackamas County Agricultural Producers Survey, 2012

The primary geographic market for Clackamas County producers is the Portland Metro Area (53%), followed by the West Coast/Regional (36%), national (18%) and international (12%) as shown in Figure 4. The primary product of farms in the County travels an average distance of 254 miles to its first point of sale.

Figure 4. Primary Geographic Markets for Producers in Clackamas County



Clackamas County Agricultural Producers Survey, 2012

Producer Survey responses indicate that farmers and their families are the primary labor source for farming operations. Seventy-five percent of respondents indicate their main source of labor is non-seasonal, local or family employees. Approximately 69 percent of respondents do not employ non-seasonal workers and 71 percent do not hire seasonal workers. Just more than one quarter of respondents hire between one and five non-seasonal workers and 20 percent employ between one and five seasonal laborers. Thirty percent of respondents do not have an available, reliable labor force and 13 percent indicate their labor force does not have the appropriate skills for the tasks they are assigned.

When asked about their business, more than 36 percent of Producer Survey respondents are not satisfied with the size and productivity of their operation and would like to increase revenue and/or reduce costs. 15 percent of farmers would like to increase their land base. To do so, a vast majority would pay for the necessary investments themselves or with family assistance (81%). Only 18 percent said they would rely on a commercial lender.

Reported barriers to expanding products include:

- Current economic environment (33%)
- Cost, availability and skill of labor (31%)
- Size, capacity of their operation (21%)
- Marketing (20%)
- Access to land (18%)
- Financing (16%)

More than 30 percent of respondents would be interested in joining an association, cooperative or similar organization to access equipment, resources and other inputs, lower costs and expand their market. Approximately 26 percent are interested in crops/species they are not currently growing.

Potential Supply

Although a range of public and private individuals and organizations have embraced the goal of greater regional food self-reliance, no current plans in the Portland region offer specific targets for satisfying regional demand. Therefore, Ecotrust conducted a landscape suitability exercise[8] in order to develop a baseline understanding of Portland-area foodshed potential.[9] The analysis matches potential production of general crop categories to current consumption of those same general crop categories in an attempt to address questions about whether the Portland region could feed itself and the number of proximate farmland acres required to feed the region.

The analysis aggregates multiple crops within broad crop categories and therefore does not address the diversity of demand within each category. For example, demand for nuts is currently met by production within the tri-county area. However, the majority of these nuts are hazelnuts produced specifically for export. This approach assumes that land suitable for production of a single product within any given crop category is suitable for all products within that same crop category. Furthermore, the analysis does not consider costs of production and therefore, while it may be ecologically feasible to grow some crops in the region, it may not be economically feasible.

[8] Ecotrust, *Partners with Nature: Developing Scenarios for Ecosystem Services and Resilience in the Greater Portland Region*, March 2012.

[9] For the potential supply analysis, the Portland-area foodshed is defined as the current 265,869 acres zoned for agriculture (i.e. "exclusive farm use" under state land use designations) within the Clackamas-Multnomah-Washington County area.

Table 2. Potential Satisfaction of Current Food Demand for the Tri-County Region

Crop category	Current production (acres, USDA)	Yield (lbs. / acre)	Existing production (lbs.)	Demand (lbs.)	Surplus (or shortfall) (lbs.)	Potential (acres)	Potential (lbs)	Current demand met (%)
Grain	43,379	6,500	281,960,655	276,186,359	5,774,296	43,379	281,960,655	102%
Berries and grapes	3,469	10,200	35,385,202	33,313,031	2,072,171	3,469	35,385,202	106%
Hay	38,869	12,000	466,423,402	305,478,851	160,944,551	25,684	308,204,582	101%
Nuts	6,414	1,500	9,621,469	7,302,610	2,318,859	5,150	7,725,664	106%
Oil seeds	261	5,800	1,515,621	6,441,500	(4,925,879)	1,132	6,568,121	102%
Tree fruit	1,609	12,000	19,305,653	96,000,606	(76,694,953)	7,975	95,695,619	100%
Vegetables	11,501	25,000	287,534,314	729,899,992	(442,365,678)	29,223	730,572,675	100%
Pasture	105,203			218,879*	(113,676)	105,203	n/a	48%
Other	15,426					4,916	n/a	
Sod and grasses	39,738					39,738	n/a	
Total	**265,869**					**265,869**		

* Demand reported in acres

Ecotrust, *Partners with Nature: Developing Scenarios for Ecosystem Services and Resilience in the Greater Portland Region*, 2012
Note: Current demand met (%) represents the percent of current demand that could be satisfied by shifting crop production.

As shown in Table 2, the gross quantity of grain, berries and grapes, hay, and nuts produced already satisfies regional demand. Estimated production of oil seeds, tree fruit, and vegetables could meet demand if additional acres were devoted to them by shifting production from non-edible crops. Existing pasture lands could support roughly half of current beef consumption.

Given the limitations identified above, the analysis still provides us with a general sense of the productivity potential of agricultural lands and regional demand that, with supporting market conditions, might be met by Clackamas County producers.

Agricultural Tourism

The *Draft Master Plan for the Development of Agri-tourism in Clackamas County, Oregon* indicates that agricultural tourism or "agri-tourism" is an alternative market channel for farmers to profit from the distribution of agricultural products.[10] Agri-tourism enables farmers to add a new revenue stream by offering activities, such as:

- For-fee farm recreation
- Education
- Entertainment and events
- Hospitality
- Off-farm direct sales
- On-farm dining
- On-farm direct sales
- On-farm stays

[10] MARStewart GROUP, et al, *Draft Master Plan for Development of Agri-tourism Development in Clackamas County, Oregon*, 2012.

More specifically, these activities include: hiking, biking and camping; tours; festivals and fairs; farmers markets; farm stands; overnight farm stays; World Wide Opportunities for Organic Farms (WWOOF); catering; on-farm dining; tasting rooms; pick-your-own operations; and rodeos. Due its unique natural and agricultural assets, the County is uniquely positioned to become a center for agri-tourism. Agri-tourism in Clackamas County is growing due to popular attractions such as wineries, flower farms and specialty nurseries.

Equine Industry

As reported in *The Equine Impact Analysis in Clackamas County, Oregon* study, the 2007 USDA Census of Agriculture indicates there are approximately 7,015 equines[11] on County-based farms.[12] It is the largest equine county in the state and one of the largest in the nation. Several different categories of horse use are found in the county, as are a variety of breeds, and various subsectors in the equine industry. The primary uses of equines in Clackamas County are for pleasure, teaching, competition, breeding, farm work and retired race or performance horses. Direct effect value of the equine industry in Clackamas County exceeds $25 million.

The presence of these horses generates revenue for a variety of secondary businesses that care for them, including feed providers, stabling and pasturing, shoeing farriers, veterinarians and other horse care, photography, tack and clothing and transportation. Equine events, such as circuit shows, rodeos and clinics, are another important source of revenue for Clackamas County. Major horse shows in the County attract more than $2 million in revenue per event. Manure processing for fertilizer, sales and related energy production provide on-farm opportunities.

[11] Horses, ponies, mules, burros and donkeys.

[12] MARStewart Group, *The Equine Impact Analysis in Clackamas County, Oregon*, 2012. The vast majority of equines in the County are horses with a small number of mules, donkeys and burros.

Demand Analysis

The demand analysis is a regional assessment of market potential that examines demand resources and market trends, including socioeconomic data, import levels, institutional and governmental purchases and comparable markets. The analysis looks at regional consumption, processing and distribution.

Consumption and Health

According to the *SARE Report,* in 2009, the 1.8 million residents in the Portland Metropolitan Statistical Area generated $72 billion in income.[13] Real personal income has increased more than three-fold since 1969. Food consumption has consequently increased, as has the retail price of food.

As shown in Table 3, Portland region residents purchase $4.8 billion of food each year; $2.8 billion to eat at home.[14] Most of this food, an estimated $4.3 billion, comes from outside of the region. Clackamas County residents spend $1 billion on annual food purchases and $598 million to eat at home. Approximately $12 million in food products are sold by 1,796 regional farmers directly to consumers. These are not always to Portland region consumers, since these may include Internet-based sales.

Table 3. Food Eaten at Home in the Portland Region and Clackamas County, 2009

Food	Portland Region	Clackamas County	County % of Region
Meats, poultry, fish, and eggs	$605,000,000	$130,000,000	21.5%
Fruits & vegetables	$512,000,000	$110,000,000	21.5%
Cereals and bakery products	$357,000,000	$77,000,000	21.6%
Dairy products	$299,000,000	$64,000,000	21.4%
Other, including sweets, fats, & oils	$1,011,000,000	$217,000,000	21.5%
Total	$2,784,000,000	$598,000,000	21.5%

U.S. Bureau of Labor Statistics, 2009

The *SARE Report* indicates that approximately 26 percent of the region's residents earn less than 185 percent of the federal poverty guideline. At this level of income, children qualify for free or reduced-price lunch at school. In the regional foodshed, more than one out of every four people is uncertain about their ability to purchase essential foods. These lower-income residents constitute a significant market, spending $900 million each year buying food, including $359 million of Supplemental Nutrition Assistance Program (SNAP) benefits and additional millions of Women Infants and Children (WIC) coupons. From 1999 to 2009, farmers in the region received an average combined total of $61

[13] Clark, Columbia, Clackamas, Multnomah, Skamania, Washington and Yamhill Counties.
[14] This total was calculated by multiplying the average household expenditure on food (reported in surveys of consumers by the Bureau of Labor Statistics Consumer Expenditure survey) by the number of households in the region.

million in subsidies, mostly to raise crops such as wheat or corn that are sold as commodities, not to feed the region's residents.[15]

Improved health is another opportunity target. Just 24 percent of Portland region residents reported in 2009 that they eat five or more servings of fruit or vegetables each day.[16] This is a key indicator of health, since proper fruit and vegetable consumption have been connected to better health outcomes. Approximately 55 percent of the region's adults report they engage in at least 30 minutes of moderate physical activity five or more days per week, or vigorous physical activity for 20 or more minutes three or more days per week. 60 percent of the region's residents are overweight (36%) or obese (24%) and seven percent have been diagnosed with diabetes.[17] Medical costs for treating diabetes and related conditions in the metro region are estimated at $1 billion per year.[18]

Aggregation

Processing and Distribution

The *SARE Report*, indicates that the Oregon food processing and distribution sectors include 197 companies not including final food preparation at retail supermarkets or other food-related businesses downstream of the initial food processors.[19] In addition to food processing, the expanded food cluster also includes farm production, packaging and machinery, transportation and warehousing. The sector in Oregon generates $6.1 billion in added value and directly employs more than 23,000 workers (2006).[20]

Agricultural distributors, such as food banks, food brokers and delivery companies, play a critical role in the food system cluster. Distributors obtain and consolidate agricultural products from numerous producers and make them available to consumers through various distribution channels. As confirmed by the *SARE Report*, there is no known data source that accurately measures internal and external regional food supplies as distributed.

FCS GROUP prepared an *Economic Landscape* report for Clackamas County to provide insight and improve understanding of the County's economy, specifically within the context of the greater Portland regional economy. FCS GROUP analyzed emerging trends and strategies to convey economic forces that are currently driving the County's economy. Two of the 10 key industry clusters identified in the report are related to the food economy: 1) Food and Beverage Manufacturing and 2) Agriculture and Food Systems.

[15] 2000 U.S. Census, Bureau of Labor Statistics and Bureau of Economic Analysis.
[16] Centers for Disease Control and Prevention.
[17] Centers for Disease Control.
[18] American Diabetes Association medical cost calculator.
[19] Includes companies of at least 20 employees or estimated annual sales of $1 million or more.
[20] Oregon Business Plan: www.oregonbusinessplan.org.

Food and beverage manufacturing is an emerging cluster in Clackamas County. Establishments within this cluster range in size from small independents to large international practices. Food processing and manufacturing includes milking, baking and refining food products to produce food and other edible items such as coffee and seasoning. Beverage manufacturing encompasses bottling, producing, fermenting and distilling beverages and includes breweries, wineries, bottling plants and liquor distilleries. This cluster now derives the majority of its sales from customers outside Clackamas County, and includes seven of the County's Top 100 private employers.

The average compensation in this cluster is well above the county-wide average for all jobs and the valued added increased by 25 percent from 2009 and 2010. However, direct employment decreased by three percent during the same time period. This cluster currently accounts for only one percent of the County's annual gross domestic product (GDP), but derives 35 percent of its sales from customers located outside the region (domestic and foreign trade). This cluster should continue to experience positive growth as overall economic conditions improve nationally and internationally.

According to the FSC GROUP, there is a growing trend towards buying locally produced food and organic products. According to the U.S. Bureau of Labor Statistics, people spend approximately 10 percent of their gross earnings on food. This level of spending amounts to nearly $1.9 billion in Clackamas County and $7.5 billion in the nine-county Portland MSA region every year. In addition, there is a significant level of food purchased by businesses, such as food processors, breweries, and restaurants. While the agriculture and food systems cluster represents only two percent ($99 million) of the annual GDP produced by Clackamas County, a supplemental analysis by FCS GROUP indicates that increasing local purchases by 20 percent could increase regional GDP by $44 million, with Clackamas County capturing 15-20 percent of this increase.

While average compensation in the agriculture and food systems cluster is well below the county-wide average for all jobs, the potential for future growth is strong. This cluster derives nearly half of its sales from customers located outside the region (domestic and foreign trade). As the trend towards buying local increases, this cluster should continue to improve.

The *SARE Report* confirms that no comprehensive study of food processing has been completed for Clackamas County or the Portland region. Five processing sectors in Oregon make up $7.6 billion or 62.3 percent of processing sales: frozen food manufacturing; dairy; fruit and vegetable canning, pickling, and drying; breweries, wineries, and distilleries; and bakery goods, pasta, and tortilla manufacturing.[21]

In 2009, processing comprised the largest portion of direct agricultural sales in Oregon, with an output of more than $12 billion. The processing sector employed 31,308 people and contributed

[21] Oregon State University Extension Service, Rural Studies Program, *Oregon Agriculture and the Economy: An Update,* February 2011.

more than $2 billion in value added expenditures. This sector has an even broader impact on Oregon's economy when looking at direct and indirect expenditures, accounting for more than $20 billion in sales, employing approximately 98,000 people and contributing nearly $7 billion in value added expenditures.[22] In the Portland region food sector, food manufacturing generates $500 million in personal income, while retail food workers earn about $670 million, and dining service workers earn $1.6 billion.[23]

Institutional Purchasers

Interviews were conducted with a variety of key institutions (e.g., schools, hospitals, agricultural aggregators) and retail chains.[24] They play a key role as major purchasers of regional food and ability to influence the regional food economy. Key findings from those interviews are as follows:

- Definitions of "local and regional food," range from products sourced anywhere between 200 and 800 miles from the Portland region.
- Reasons for purchasing local products include quality and supporting the local economy. Purchasing targets range from undefined to 80 percent.
- Increased awareness, decreasing prices, political pressure and economic development opportunities will amplify the demand for locally/regionally sourced food over the next ten years.
- Institutional purchasers indicate that the primary barriers to sourcing local foods are availability, cost, distribution, processing and promotion.
- Market opportunities include: purchasing growing season extension equipment; developing procurement strategies with institutional purchasers, including schools and large employers; and pursuing aggregated cooperatives or land trust farms.

Agricultural Aggregator Overview

As with producers, Clackamas County conducted a survey and interviews with regional agricultural aggregators (processors and distributors). The following profile is a summary of information regarding the region's processors and distributors gathered through the survey.

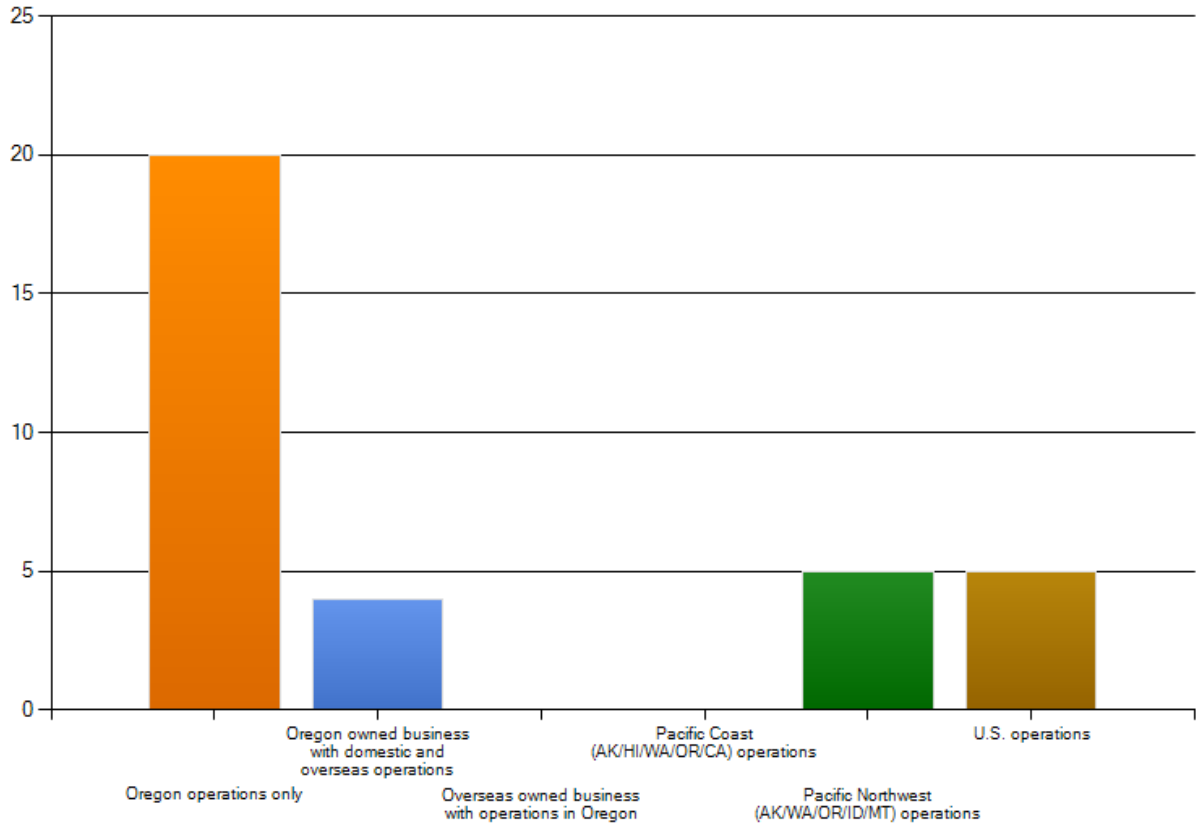
[22] Ibid.

[23] This total was calculated by multiplying the average household change in net assets (reported in surveys of consumers by the Bureau of Labor Statistics Consumer Expenditures survey) by the number of households in the region.

[24] Information is derived from efforts conducted by Clackamas and Multnomah Counties. For a more detailed description, see Appendix A.

The 34 aggregator responses were evenly mixed between processors and distributors along with some importers, exporters and cold storage respondents. Approximately 76 percent of respondents were located in Clackamas County, 15 percent in Multnomah County and the remaining nine percent in Marion County. As shown in Figure 5, 20 respondents categorize their operations as Oregon only. Five self-identify as operating on the Pacific Coast and five in the U.S. Four respondents identify as Oregon-owned with domestic and overseas operations. A majority of these businesses are private corporations or limited liability corporations. Other ownership structures include sole proprietorships, public corporations and cooperatives.

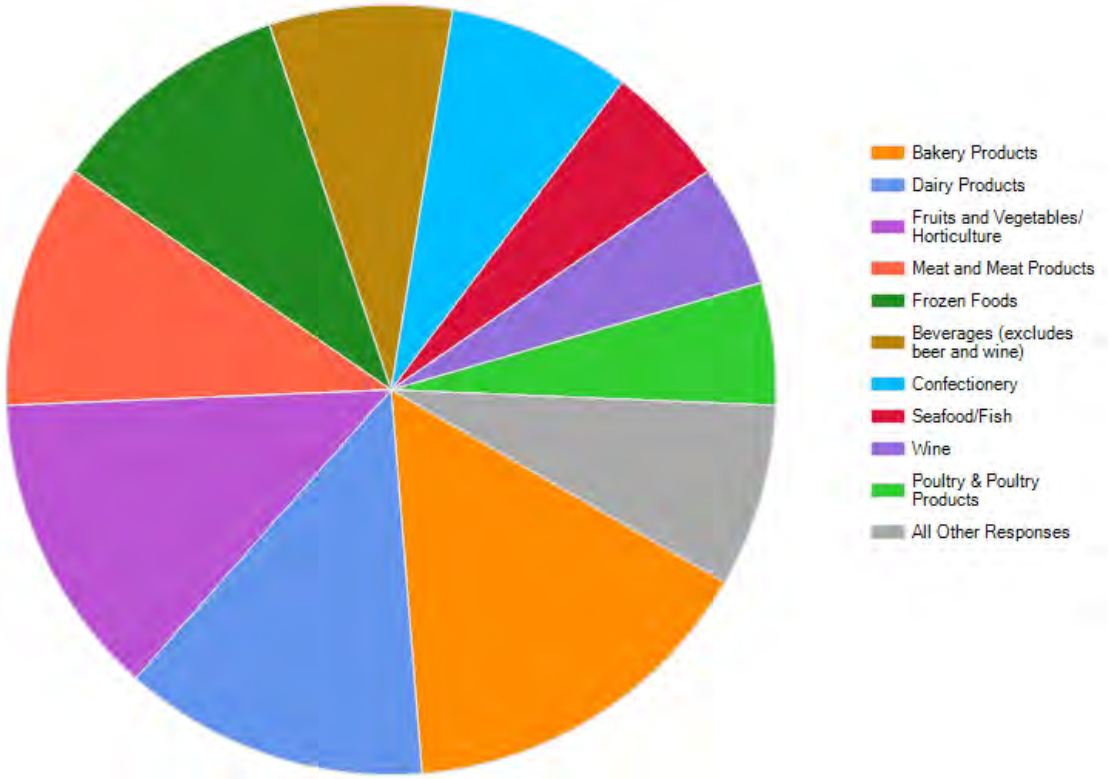
Figure 5. Operations of Processors and Distributors in Clackamas County



Clackamas County Agricultural Processors and Distributors Survey, 2012

Processors and distributors are involved in a variety of industries, as illustrated in Figure 6. The most common industry sectors include bakery products, fruits and vegetables/horticulture, dairy products, frozen foods and meat products. More than half of food processors identify their principal activity as manufacturing food products for human or animal consumption. Other food processing activities include distribution, primary processing of raw agricultural products and supplying semi-prepared food products for use in further processing.

Figure 6. Primary Agricultural Industry Sectors for Processors and Distributors in Clackamas County

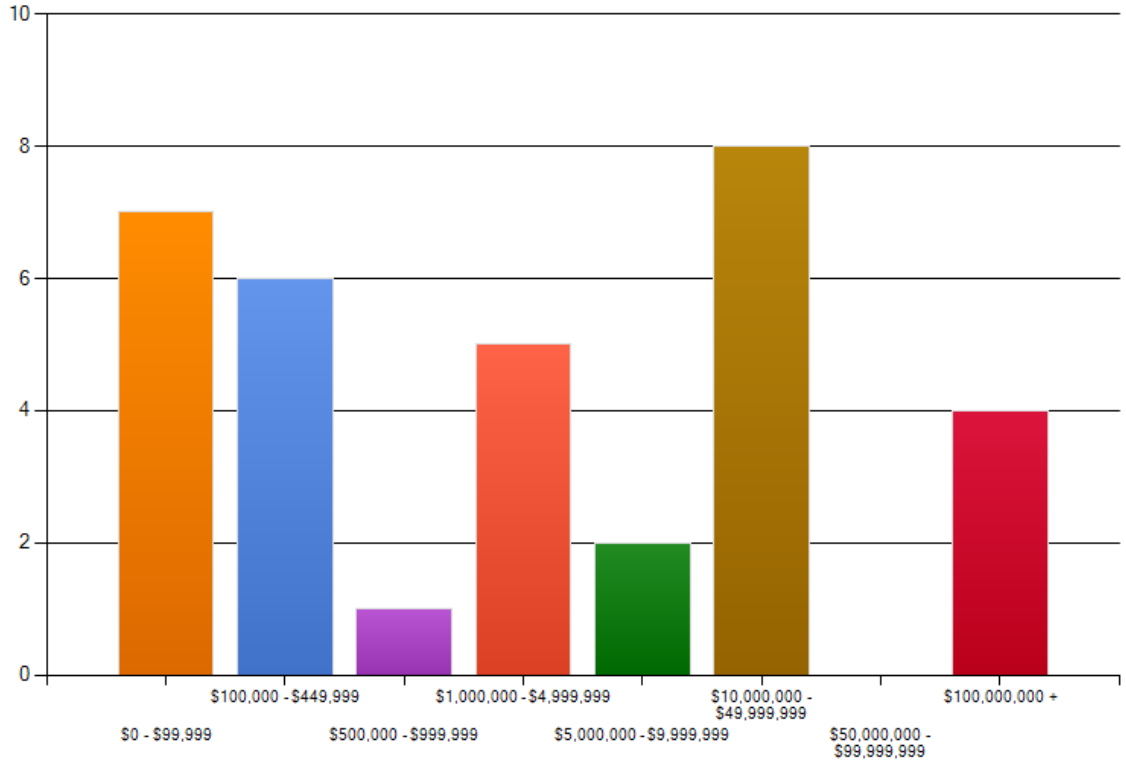


Clackamas County Agricultural Processors and Distributors Survey, 2012

Most suppliers for these processing and distribution businesses are located within the Portland metro area, with a large number also coming from California. Approximately 40 percent have national suppliers and another 31 percent have international suppliers. The most common barrier to using Clackamas County suppliers is limited availability of needed products. This gap between supply and demand appears to be a major opportunity for food production. Price, quality and connecting to these suppliers are concerns.

As shown in Figure 7, processors and distributors report a wide range of revenues that includes multiple small, medium and large-revenue-generators. Fourteen respondents have total annual sales of less than $1 million. Seven report sales of between $1 million and $10 million. Eight respondents have sales of between $10 million and $50 million and four report sales of more than $100 million. Distribution, wholesale sales, processing and restaurants are the largest sources of revenues.

Figure 7. Total Production Sales for Processors and Distributors in Clackamas County, 2010 Fiscal Year

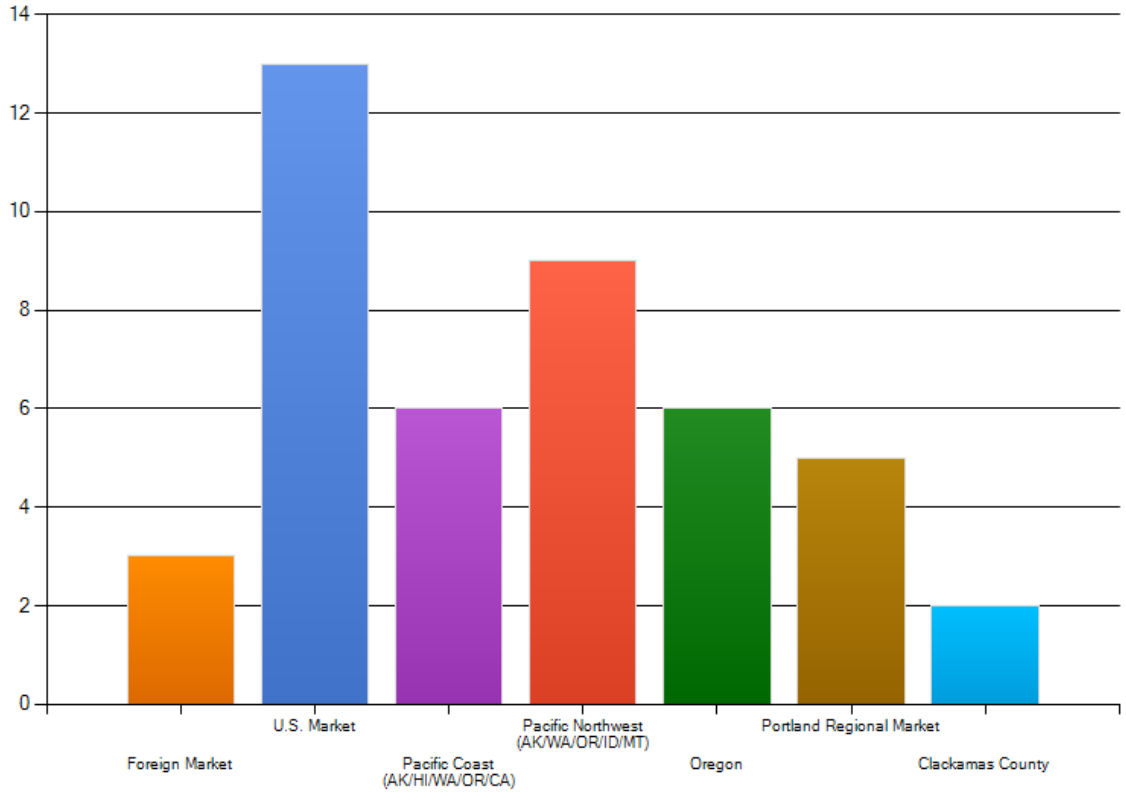


Clackamas County Agricultural Processors and Distributors Survey, 2012

Thirteen respondents indicate that they do not export their products and have no intention of doing so. Another ten state that they do not export currently, but intend to do so within the next five years. Eight respondents currently export some or all of their products. Fourteen processors/ distributors who export their goods, ship them a distance of greater than 1,000 miles.

As shown in Figure 8, Respondents indicate the most common market for their products is the United States, followed by the Pacific Northwest, including Alaska, Washington, Oregon, Idaho and Montana. Additional markets include the Pacific Coast (AK/HI/WA/OR/CA) and Oregon, the Portland region and foreign markets. While there appears to be a relatively small interest in foreign exports among respondents, there is a growing interest in regional and national markets. Among foreign markets, Canada and Japan are the most popular current and future export targets, with additional interest in South Korea, China and Taiwan.

Figure 8. Primary Geographic Markets for Clackamas County Processors and Distributors



Clackamas County Agricultural Processors and Distributors Survey, 2012

One-half of processors and distributors employ fewer than 20 workers and 95 percent have fewer than 250 employees. Nearly all processors and distributors are satisfied with their labor force and indicate their workers are adequately skilled. However, 44 percent are interested in training resources.

Processors and distributors identify several forces that impact their bottom line performance, including consumer preferences, the cost of fuel and logistics and food safety. Survey respondents report that access to capital and the lack of programs designed to facilitate expansion are significant barriers to growth. Other barriers include regulatory compliance, financial incentives and the ability to realize return on investment.

Agricultural Tourism

As shown in Table 4, an excerpt from the *Draft Master Plan for the Development of Agri-tourism in Clackamas County, Oregon*, Agri-tourism is growing nationwide as farm operators in many states offer agri-tourism activities as one way to diversify and increase their on-farm profits.

Table 4. Agri-Tourism Adds Value to Agriculture Production

Raw Products	Value Added	Value Added Plus
	Add features Earn more money	Add features Earn more money
Nursery Stock	Cut flowers, Landscaping	Lavender Festival, Garden Centers
Christmas Trees, Woodlands	Choose 'N Cut, Wreaths, Firewood	Christmas Show, SummerYule
Berries and Nuts	Jams, Syrups, Candied Nuts	Gourmet Food Shops, Catalogs
Horses	Riding Lessons, Trail Rides	Horse Shows, Tours
Vegetables, Fruits	Packaged, Processed, CSA baskets	Farmers Markets, Restaurants
Wine Grapes	Wines	Wine tastings, Events
Alpacas and Llamas	Fiber, Garments	Events, Tours
Livestock, Poultry	Goat Cheese, Eggs, Feathers	Rodeos, Events, Tours, CSA

MARStewart Group, 2009

The *Draft Master Plan for the Development of Agri-tourism in Clackamas County, Oregon* states that although the economic impact of agri-tourism has not been thoroughly researched, a variety of recent state surveys have indicated its importance to the local farm economy. National data supports the economic development potential of agri-tourism. Nearly two-thirds of all adults took a trip to a rural destination from 2002 to 2005, and more than 82 million people visited farms during a one-year period in 2000 and 2001, including approximately 20 million youth and children under the age of 16. In Vermont, a 2003 survey revealed that one-third (2,200) of farms received an average of $8,900 from agri-tourism activities in 2002. In California, half the operators responding to a state survey reported less than $10,000 in agri-tourism revenues for 2008, while 21 percent (55) had agri-tourism revenues of $100,000 or more.

Gaps and Opportunity Analysis

The supply and demand data analysis reveals gaps in the regional food system as well as opportunities that have the potential to drive market development and job creation in Clackamas County. The following is a summary of regional food system barriers, challenges and opportunities.

Agricultural Economic Cluster Strategy

Clackamas County has made foodshed development an important economic development goal. However, the regional food economy is not a selected cluster for focus by regional economic development organizations, such as Greater Portland, Inc. and the Portland Development Commission. The State of Oregon continues to focus on protection of prime productive farmland and exports and has limited focus on increasing the economic viability of small-medium sized farmers surrounding the Portland urban region. There appears to be an opportunity for regional and state economic development officials to focus more attention on the regional food economic cluster given its large relative size and extent of exports outside the region.

Manufacturing food products for human or animal consumption is the most common principal food processing activity reported by survey respondents. When food processors and distributors were asked to describe their industry, the primary responses were bakery, dairy, and fruits and vegetables/horticulture. These industries could serve as the basis of a food cluster in Clackamas County.

A majority of respondents to the processor and distributor survey believe that a coordinated regional brand could be beneficial to the local agricultural industry. One quarter of producer survey respondents feel that a collaborative branding campaign would be of value to their operations.

Import Substitution and Exports

The *SARE Report* indicates that the Portland region currently imports over 95 percent of the food consumed. Direct farmer-to-consumer sales are a relatively small part of the regional foodshed economy at $12 million. If ten percent of food currently imported from outside the region was locally produced, this would generate approximately $470 million in increased local economic wealth per year, not including economic multipliers. This assumes adequate capacity for additional production by that amount while maintaining food exports.

There appears to be capacity in the region to produce more food for local sales and exports. Ecotrust's 2012 study of the potential for food production in Clackamas County found that there is significant opportunity to grow local food to substitute for a large portion of currently imported food crops, especially fruits and vegetables.

No regional comprehensive economic development strategy designed to increase regionally produced food currently exists. In addition, there is no regional organization currently charged to coordinate development of such a strategy. This presents an opportunity to fill the gap.

By-product Resources Business Models

Clackamas County is exploring opportunities for waste-to-energy projects and included questions on the agriculture producer survey inquiring as to whether their agricultural operations generated residual waste. More than 53 percent of survey respondents affirm a residual waste product from operations, such as surplus Christmas trees, clippings, slash and animal waste. The most reported waste management practices by respondents include composting the waste and spreading on fields, burning, grinding and chipping.

Specialty and Organic Agriculture

Results of the Producers Survey indicate that organic production comprises more than 29 percent of all farm sales generated in Clackamas County. One reason Clackamas County agricultural producers cited for expanding organic production is their interest in increasing the size of their operation in order to create new market opportunities. Oregon has a specific focus on foreign exports to the Pacific Rim. An example is the recent trade success of the South Korean market opening to Oregon blueberries, which grow abundantly in the County and the region. Interviews with processors and distributors indicated there is a gap in the development of emerging industrial food production techniques, such as hydroponics, aquaponics, aquculture, vertical farming and intensive greenhouse production in the region.

Aggregation

Most farms in Clackamas County are relatively small in terms of acreage and production. Currently, there are multiple and uncoordinated efforts focused on helping these small producers improve their business operations or market, brand products, process and distribute their food within the region. Few funding sources exist to cultivate key grower/distributor partnerships necessary to expand regional markets. Organizations like the Clackamas County Extension Office and Molalla-based Friends of Family Farmers, could be strategic partners focused on Clackamas County. Few funding sources exist to cultivate key grower/distributor partnerships necessary to expand regional markets.

On-site processing of agricultural products is of particular interest for urban area farmers. Thirty-six percent of respondents to a regional survey identify “value added and processing activities” as a primary source of their gross farm income. Value-added food products will continue to be a major feature of the regional food economy and the region has significant food processing expertise. Currently, small scale processing locations such as USDA certified collective kitchens and small-medium meat processors do not appear to be adequate to meet the potential demand. Interviews with regional processors and distributors support these findings, citing inefficient distribution systems and processing facilities that do not serve the needs of small farmers.

The USDA supports expansion of food hubs which are businesses or organizations that connect producers with buyers by offering a suite of production, distribution, and marketing services. It's an innovative business model that allows farmers of all sizes to meet the growing consumer demand for fresh, local food by gaining entry into commercial and larger volume markets such as grocery stores,

hospitals and schools. Ecotrust currently operates an online virtual food hub to link buyers and sellers. Several other models exist including physical locations to create markets between buyers and food producers.[25]

Approximately 30 percent of agricultural producers would be interested in joining an association or cooperative to explore new market opportunities, expand their current market and gain access to equipment and resources they are currently lacking.

Farm Ownership, Succession and New Farmers

Results of the Producers Survey indicate that the average age of the principal owner/farmer is between 63 and 71 years old. Succession planning is an area where additional assistance and resources may be needed as a majority of producers do not currently have a plan of transfer.

New Markets

Research suggests there are a variety of opportunities to expand into new industry product and geographic markets. According to the Producer Survey, Clackamas County growers are considering expanding into markets such as direct on-farm sales, nearby retail outlets, wholesale markets, retail outlets, direct to consumers through farmers markets, and direct to restaurants.

There appears to be a growing interest in national, Pacific NW and Pacific Coast markets among respondents to the Clackamas County Producers and Processors and Distributors Surveys. The current primary geographic market for farmers surveyed in Clackamas County is the Portland Metro Area with secondary markets of West Coast/Regional, national and international. Producers are interested in expanding into the Portland Metro, West Coast/Regional, national and international markets. Current primary markets for processors and distributors responding to the survey are the United States and the Pacific Northwest.

Interviews with aggregators indicate there are opportunities to sell more products in the region year-round and in larger volumes. A fast food aggregator indicates that they would like regional sources of organically and humanely grown pork, turkeys, and chickens. They could also purchase lettuce and tomatoes in four seasons if they are available. Other aggregators indicate that growers need guidance to grow products organically and sustainably, seasonally, and of high quality for storage and when they reach the market.

Small Business Assistance and Training

Producers Survey respondents indicate a need for financial, legal, tax and workforce development assistance. OSU Extension (Corvallis), as part of the SARE project, identifies improved farm business practices as a major target for development of future education and training packages.

[25] http://www.usda.gov/wps/portal/usda/usdahome?contentid=2012/04/0127.xml

Labor

Responses to the processors and distributors survey indicate that the availability of a skilled work force impacts their bottom line performance and is a barrier to growth. Approximately 44 percent of processing and distribution employers are interested in workforce training resources.

More than 31 percent of Producers Survey respondents who are considering producing or expanding current product for market say that labor costs and availability are one of the most significant barriers to doing so. In addition, a survey and interviews conducted with producers for the *SARE Report* indicates that worker education on safe food handling practices is a specific need.

Diversification/Agri-tourism

Agri-tourism is another economic growth opportunity in Clackamas County. However, state and local land use regulations designed to protect agricultural land, or the interpretation of these regulations, appear to limit the level of activities that can take place on farms.[26] This can present barriers to diversifying agricultural activities on rural lands. Additional barriers identified for the equine industry include a lack of event grounds, shortage of hospitality (lodging and restaurants) and the high cost of liability and legal protection.

Survey respondents are most interested in learning about agri-tourism opportunities including: selling products direct to consumers on the farm through a stand or shop; farm tours, educational experiences and wine or product tasting; and hosting celebrations, events and/or festivals on the farm.

Regulatory

Respondents to the Producer Survey cited a number of regulatory barriers, the most common of which are land use/zoning/permitting, fertilizer/pesticide regulations and labor laws and regulations. Other regulatory barriers cited include water rights, tax structure and organic and other certification systems.

Conservation

Many Clackamas County producers are interested in conservation opportunities. One of the primary reasons cited by producers who would like to increase the size of their land base is "for the protection/preservation of the environment." One area of interest cited is rainwater harvesting. Also, as the cost of energy has increased, growers are also interested in energy efficiency and developing renewable sources. Oregon's energy plan and the West Coast trends suggest emerging opportunities for agricultural producers in Clackamas County in carbon management, offsets, sequestration and adaptation.

[26] For more information, see the *Draft Master Plan for the Development of Agri-tourism in Clackamas County, Oregon.*

Food Safety

Agricultural producers, processors and distributors all cite food safety regulations as having a major impact on their bottom line performance. New legislation related to food safety, including the federal Food Safety Modernization Act and Oregon Farm Direct Bill, were passed within the past year. This legislation provides an opportunity to develop policies and procedures to promote and implement sustainable and safe practices for producers and suppliers.

Economic Benefits Analysis

The following 2032 scenario presents some of the actions necessary to achieve a 10-20 percent increase in regionally produced food consumed in the region. It provides a high level scenario based on supply, demand and gaps analysis. The scenario describes the driving forces externally and locally and summarizes their potential impacts. Finally, it provides a summary of the economic benefits of local food purchases measured by money spent locally, direct and indirect jobs created, output and GDP value added. In addition, the scenario identifies the sectors benefiting from the growth in local food purchases in terms of GDP value added.

Food System Cluster Benefits Scenario

In his book the *Art of the Long View*, Peter Schwartz describes the scenario development process where managers invent and then consider stories of a plausible future.[27] The story is researched, appropriately detailed, oriented toward real life decisions and, ideally, brings forth unexpected results. Multiple scenarios are sometimes developed to illustrate alternative futures. The following scenario describes the possible food and related agricultural industry in Clackamas County, Oregon in 2032. It integrates information and outcomes from the research and outreach summarized in this document.

There are several driving forces in the external environment:

- Global demand for food is on the rise. The World Watch Institute reports that there are 925 million undernourished people worldwide.[28] The world population is growing. There are an estimated 80 million new mouths to feed every year. Food prices have been increasing. The global food price index jumped 32 percent in the second half of 2010; the largest increase ever recorded.
- Regional competition. Several metropolitan areas in North America, including New York, Vancouver, B.C., Minneapolis, San Francisco, Eugene and Seattle, have undertaken studies or developed strategies to strengthen their metropolitan food economies.
- Increased market focus on local healthy food and nutrition. Recent studies have focused on two unintended consequences of the current food system: hunger and obesity. Oregon ranks third in the nation in hunger,[29] while at the same time, more than 25 percent of our residents are obese.[30] Getting local and healthy food from farmers to people in a sustainable manner can address these challenges simultaneously and create jobs.
- Global cost of motor fuels and supply disruptions. The last fifty years have seen gasoline and diesel fuel prices increase from $0.30 per gallon to more than $4.00 per gallon. Even with increased availability of Canadian tar sands and U.S. oil shale-based fuels, oil-based

[27] *Art of the Long View.* Peter Schwartz. Currency Doubleday, 1991, pages xii- xvi and 241-248.
[28] *State of the World, 2011*. Worldwatch Institute, Washington, DC.
[29] Daily Beast: http://www.thedailybeast.com/articles/2009/11/18/our-ranking-of-the-hungriest-states.html.
[30] Trust for America's Health: http://healthyamericans.org/report/88/.

commodities will be priced on the global market and may well become more expensive. Consumption in Asia alone is forecast to double between 2005 and 2030 to a total of two times U.S. consumption.[31]

- Climate refugees. One possible external force on the region is the forecasted influx of climate refugees from areas of water shortages and reductions of arable land in the American Southwest and Southeast. Researchers at Portland State University assume that impacts of climate change on Oregon's Willamette Valley will not limit water resources or arable land to a great extent. They hypothesize that this situation could result in dramatic increases in Oregon's population.[32]
- Increasing productivity of small farms through four-season growing season-extending technologies. Global innovations in intensive small farm agriculture, aquaculture, hydroponics, aquaponics, Spanish Tunnels and large-scale greenhouses can dramatically increase productivity on relatively small-scale farms. These technologies are used elsewhere internationally and in the United States and appear to have major potential in Clackamas County.

Clackamas County 2032 Scenario – A Center for Food Business Innovation

Summary: Clackamas County, already a leader in the Christmas tree and nursery industries is now a center for food business innovation. Key scenario elements include:

- The County is positioned with its land use laws, productive soils, moderate climate and access to West Coast and Asian markets as one of the West Coast's most crop-diverse and productive landscapes.
- Clackamas County is considered an agricultural food center by regional, national and international businesses.
- Food production is focused on fresh and processed food products consumed regionally, in North America and internationally.
- The food economy is connected and works together – including growers, processors, distributors/distributor channels and consumers.
- Innovation is focused on "changing the yield or resources or changing the value and satisfaction derived from resources by the consumer."[33]

Key forces in the local/regional environment include:

- The Portland region is a leader in developing an internationally-recognized regional foodshed economy.

[31] Asia energy outlook to 2030: Impacts of energy outlook in China and India on the world. Ryoichi Komiyama, The Institute of Energy Economics, Japan (IEEJ) – EDMC.

[32] Environmental Migrants and the Future of the Willamette Valley: A Preliminary Exploration. USP 594: Planning in the Pacific Northwest, Fall 2011.

[33] Innovation and Entrepreneurship: Principles and Practices. Peter Drucker. Harper and Row, 1985.

- Continuing analysis finds that the region, and Clackamas County in particular, has the productive capacity to meet many of the region's food needs.
- Clackamas County has a wide range of farm sizes focused on a variety of markets. This farm infrastructure provides the foundation for innovation and growth in both regional and export markets.
- By 2032, ten to twenty percent of the food consumed in the region is produced here. Currently, most of this food, at an estimated value $4.3 billion, is sourced outside of the region. Approximately $12 million of food products are sold by farmers in the Portland region directly to consumers, but not always to Portland region consumers, since these may include internet sales.[34]
- Oregon's land use system continues to place a priority on protection of farm and forest lands from conversion to other uses while supporting on-farm incubation and innovation, diverse farm ownership patterns, agricultural tourism, use of organic fertilizers, and farm related processing and distribution.
- Clackamas County works closely with the Food Innovation Center[35] and the North Willamette Research and Extension Center[36] and other regional resources to help support farmers in Clackamas County and the evolution of the regional foodshed economy.
- Strong public, private, academic, non-profit and community-based partnerships exist to support the foodshed economy.

Scenario Factors Summary

The summary below attempts to assign qualitative rankings to the importance of internal and external factors. More pluses or minuses assigned to each factor represent greater opportunities or challenges to the future of Clackamas County agriculture and its potential for expansion. Some are both challenges and opportunities.

- External Factors
  - ✓ Global demand for food is on the rise +++
  - ✓ Increased market focus on local healthy food and nutrition ++
  - ✓ Increasing productivity of small farms ++
  - ✓ Regional competition +
  - ✓ Global cost of motor fuels and supply disruptions + --
  - ✓ Climate refugees + --
- Internal Factors
  - ✓ Productive agricultural land and capacity for production ++++
  - ✓ Crop diversity and specialization +++
  - ✓ Potential regional demand +++

[34] Agricultural Census, 2007.
[35] http://fic.oregonstate.edu/.
[36] http://oregonstate.edu/dept/NWREC/.

- ✓ County and regional partnerships exist and are evolving to support the regional foodshed economy +++
- ✓ Range of farm sizes ++
- ✓ Regional/local healthy food movement ++
- ✓ Strong land use protections protects farm lands ++
- ✓ Strong land use protections may limit industry diversification and growth --

Scenario Summary

The County leverages major strategic advantages including productive soils, climate, water supply and a strong base of growers. With healthy regional processing and distribution industries, the County develops strategies for both local/regional import substitution and value-added export markets. Due to regional and county branding, local markets are expanding and the area is recognized as a North American hub for innovative food system leadership. The local food movement supports expanding agriculture serving farmers' markets, Community Supported Agriculture (CSAs), institutional purchases, caterers, regional markets (e.g., New Seasons), restaurants and fast food establishments (e.g., Burgerville), distributors (e.g., Organically Grown Co.), processors, major national markets (e.g., Fred Meyer), and processors of value-added products for export.

The County is an active partner in expanding these linkages to all institutional purchasers and larger employers in the County and region. Land is protected for future agriculture while allowing multiple farm ownership patterns, supporting farm incubation and product development, farm-related processing and storage, organic and bio-based fertilizers, bio-fuel production and expanded agricultural tourism. Higher wages are encouraged by focusing on small business and farm ownership strategies and expanding the processing and distribution industries. Strongly branded marketing to regional consumers strengthens demand for County-produced foods.

Working with regional partners, Clackamas County benchmarks against other regional foodshed strategies and considers and addresses global food needs appropriately. Food marketing strategies are focused, at least in part, on addressing both hunger and obesity challenges and increasing access to local healthy foods. Through cooperative activities, efficiencies are achieved for both small and large farmers and distributors.[37] The County scans the horizon to identify regional, North American and global trends and food demand. The timing and possible impact of climate refugees on regional population growth is factored into strategies. The County works closely with small growers to become a hub of innovations in season-extending and intensive advanced industrial farming techniques.

Taking advantage of external factors and internal assets, Clackamas County attracts and grows its own food system cluster innovators to serve the region and as a major center on the Pacific Rim.

[37] Specific analysis is needed to address the challenge of high motor fuel prices on food distribution.

Potential Benefits and Measures of Progress:

- Production – It is reasonable to assume that Clackamas County can provide food products to replace a portion of the $4.3 billion in food imported from outside the Portland region.[38] Measure: The dollar value of food sold to the Portland region and for export.
- Processing – There appears to be increased employment possible in local value-added processing. These jobs are often in the export or traded sector and frequently support higher wages than food production. Measures: Employment in food processing and dollar value of food exports.
- Distribution – Due to the County's location along I-5, I-205 and I-84, and access to the Port of Portland facilities, the County becomes a major hub for food distributors (e.g., Fred Meyer). Measure: Employment in food distribution industry.
- Food consumption –The consumption of County-produced food can expand substantially. Measures: Percentage of on-farm sales, percentage of County and regionally produced food in these market channels: farmers' markets, CSAs, institutional purchases, caterers, regional grocers, restaurants and fast food establishments, distributors, processors, major national grocers, and processors of value-added products for export.
- Food economic cluster development – A clear focus on the food economic cluster (production, processing, distribution and consumption of local food and exported food and food products) can provide synergies within the cluster. Specific sales strategies can be targeted to each market channel described previously. Measures: Percent of County/regional food dollar value provided through each of these industry segments.
- Rural land use and landscape – Facilitating food system cluster innovation and business expansion is a key requirement for success. A key part of this innovation process can be supporting incubation and innovation, multiple farmer ownership patterns, agricultural tourism, use of organic fertilizers, bio-fuels and farm related processing and distribution. Measure: Land use regulations and practices review and revision.
- Rural economic vitality – Ideally, major farm business innovation can take place in the County's small cities, hamlets and villages. Measure: Farmers' market sales for each local market.
- Public health – Addressing the food access challenges related to obesity and hunger can be a key strategy in growing the market for local healthy foods. Measure: The percentage of school, hospital, Food Banks, WIC, SNAP and other programs used to purchase local healthy foods.
- Resiliency – There is a growing body of literature indicating the need to design regional ecosystem services strategies to encourage regional resiliency based on the assumption that

[38] This total was calculated by multiplying the average household expenditure on food (reported in surveys of consumers by the Bureau of Labor Statistics Consumer Expenditure survey) by the number of households in the region.

healthy ecosystems are necessary to support human life.[39] These services are based on the region's biological systems (e.g., forests, soils water supply), green infrastructure (parks, etc.) and food production. For regional human communities to be resilient in the face of change, it is assumed that the region is not dependent on food from outside the region for survival. Measures: Percentage of imported and locally produced food, soil fertility, carbon storage on farms and miles of "healthy" waterway habitat.

Based on an analysis of the regional agriculture and food systems cluster, one preliminary estimate projects the following economic benefits of 10 and 20 percent increases in local purchases of County food products as shown in tables 5 and 6.

Table 5. Increasing Regional Purchases of Locally Produced Food

	Scenario A: 10% increase in local food purchases	**Scenario B: 20% increase in local food purchases**
Increase in local Purchases	10%	20%
RPC factor (4.2% currently)	4.6%	5.0%
Additional local purchases ($M)	$43.1	$86.1
Direct Jobs Created	34.5	68.9
Indirect/Induced Jobs Created	17.9	35.8
Total Jobs Created	52.4	104.7
Output (direct & secondary)	$57,749,695	$115,499,389
GDP valued added (direct & secondary)	$21,809,558	$43,619,116

FCS GROUP, 2012

[39] *Partners with Nature: Developing Scenarios for Ecosystem Services and Resilience in the Greater Portland Region*, Ecotrust, 2012.

Table 6. Top 10 Job Sectors Benefited, Annual GDP Value Added

Sector	Scenario A: 10% increase in local food purchases	Scenario B: 20% increase in local food purchases
Farming	$7,771,326	$15,542,652
Food Processing	$4,202,489	$8,404,978
Transport by truck	$934,295	$1,868,590
Fertilizer manufacturing	$2,083,238	$4,166,476
Real estate establishments	$999,546	$1,999,091
Health Care	$219,861	$439,722
Food services and drinking places	$205,835	$411,669
Services to buildings and dwellings	$187,792	$375,583
Support activities for agriculture	$97,328	$194,656
All other crop farming	$81,438	$162,877
Other Sectors	$5,026,411	$10,052,821
Total	**$21,809,558**	**$43,619,116**

FCS GROUP, 2012

Recommendations and Strategies

The following recommendations respond to the barriers and opportunities identified earlier in the Plan. Most of the challenges outlined above can be addressed by focusing on the productive capacity, profitability and market expansion of small farms of fifty acres or less. Farms of this size are often family-owned and need assistance to expand, reach a market, or obtain efficiencies available to larger farms or farms that work together.

Agriculture Economic Cluster Strategy

Markets for agricultural production depend on producers' connections to processors, distributors and consumers. Understanding the current relationship among these four sub-sectors of the economy is critical to economic development strategies to help smaller farmers thrive.

1. Undertake regional marketing/branding. The County can develop a County brand and explore how this brand will nest with brands for the Portland region, Willamette Valley and Oregon.
2. Deepen the economic landscape analysis. The County initiated an *Economic Landscape Analysis* of the food system cluster in the County. This work can be continued and expanded, possibly in cooperation with Multnomah County or Greater Portland, Inc.
3. Link resources. Define key links necessary to expand markets for local foods through local regional processors, distributors and consumer outlets. Focus market expansion initially on institutional purchases and large employers, wholesalers/distributors and small and regional commercial markets.
4. Research, development and innovation. Work closely with the Food Innovation Center and North Willamette Research and Extension Center to help develop value-added food products.
5. Process. Develop a strategy to attract and grow more food processing companies. Focus especially on processing for small farmers and incubating new value-added products.
6. Engage. Consider how the diverse food and agricultural interests can be engaged and assisted regionally in the future.
7. Fund. Conduct a feasibility analysis of reforming property tax farm deferrals to provide a funding stream for the County's Agricultural Investment Plan.

Import Substitution and Exports

Many agricultural producers are focused on exporting products to markets outside the region. This strategy is often not available to small farms. In addition to export strategies there needs to be a major focus on the opportunity to sell food to the region.

1. Initiate an import substitution strategy. There is clear opportunity for local producers to increase production and sales of local food products within the region. There also is a very large opportunity to expand local food consumption. An import substitution strategy can be developed in cooperation with Multnomah County.
2. Deepen information on demand and production capacity. To help increase local grower incomes, the County can provide information on potential target markets such as regional distributors (e.g. Organically Grown Company) and products (e.g. carrots) where there are clear opportunities to substitute locally grown products for those currently imported into the

region.

By-product Resources Business Models

The County has major farm, forest and Christmas tree biomass assets. These assets can potentially be converted to energy production or other uses.

1. Conduct outreach on biomass opportunities.
2. Prepare case studies of innovative bio-energy model farms, such as Stahlbush Island Farms in Corvallis, Oregon (http://www.stahlbush.com).
3. Provide information to farmers on potential projects such as bio-generation opportunities, including wood pellets for heating, manure for methane, bio-based fertilizers, soil amendments and other bi-products.

Specialty and Organic Agriculture

Clackamas County and Oregon are known for highly specialized agriculture, such as blueberries and hazelnuts. Based on Ecotrust's research on potential future crop production, there is capacity in Clackamas County to supply the entire region's needs for many fruits and vegetables. In addition, new technologies in industrial food production such as vertical farming, intensive greenhouse, hydroponic, and aquaponic production may revolutionize food production.

1. Productive capacity. Provide information on alternative crops and farm suitability. The County can build on current Ecotrust work to develop and update a dynamic database on existing cropping patterns and crop suitability in the County, targeting regional potential demand. This database, ideally, will support growers in understanding the size of potential regional markets and select crops that would be suitable for their farm's location.
2. Expand organic and sustainable certification. Work with the Clackamas County Extension Office to provide information and technical assistance on a variety of organic certification systems and processes.
3. Recruit and support incubation of industrial food production businesses in aquaculture, hydroponics, aquaponics, Spanish Tunnels and large-scale greenhouses.
4. Identify major national and global demand trends, such as flax production that can stimulate new specialty crop production.

Aggregation

Processing and distribution are major and growing industries in the Portland metro area. To be successful in the regional foodshed economy, small farmers need assistance to scale up, add value, jointly market and distribute their products.

1. Form a producers' association, cooperative, limited liability corporation. Explore development of a Clackamas County-based organization to help small farms meet their food processing, distribution and marketing needs in the region. Organically Grown Company started as a producers' cooperative to support joint marketing and evolved to a West Coast distributor of organic produce. There appears now to be the need for an organization similar to the original cooperative to focus on the Portland regional foodshed market.
2. Form a CSA cooperative. CSAs currently have an informal organization, Portland Area CSA

Coalition, for mutual support and sharing information. This organization currently is not a legal entity and has no staff. It can be formalized as a nonprofit corporation and staffed to support the needs of the CSAs in the region.

3. Expand farmers' markets. Support development of a farmers' market in each city in the region and work with Clackamas County Extension Office to develop a support system for all farmers' markets in the County.
4. Marketing. Promote farm-to-fork dining to expand direct sales to restaurants, bars, chain markets, major employers and cafes.

New Markets

Several ways to increase the markets available to small farmers should be explored.

1. Develop a growers' website. Work with existing networks, including Ecotrust's Food Hub, to develop a Craigslist-like website for farmers to contact customers and facilitate the sharing/exchange of services and equipment among growers in the County.
2. Develop markets to address food access and obesity. Work with Multnomah County to develop target markets such as health care, social services and educational institutions to expand demand for local healthy and nutritious food and address obesity and hunger.
3. Link Institutional purchasers and farmers. Develop a program or organization to link large employers and institutions in the County to farmers and local product distributors in the County.
4. Identify high demand regional targets. Work with food processors, distributors and markets to identify high demand products that can be produced in the region. For example, Food Alliance, Burgerville, New Seasons, and Bon Appétit could support development of new businesses in organically and humane raised pork, chickens and turkeys and four season vegetable crops, especially tomatoes and lettuce.
5. Expand target markets. Pursue expanding markets (Asia, west coast, food chains, fast food). Develop targeted plans to expand markets for producers including institutional purchasers, regional markets, major west coast distributors and fast food companies.

Farm Ownership, Succession and New Farmers

One of farmers' major concerns is how to transfer their land and expertise to family members or a new generation of farmers so their farmland can be preserved.

1. Support training. Work with Clackamas County Extension Office and Austin Family Business Center to expand and further develop training programs that address succession planning.
2. Support farm ownership succession. Work with Clackamas County Extension Office to develop educational materials that can be distributed to producers who want help in planning farm ownership succession. Build the capacity of family counselors to assist farmers with difficult transitions.
3. Identify capital source for succession. Work with Clackamas County Extension Office to identify capital sources/models for farm transfers (e.g., transfer farm assets over time through an exchange of equity for labor and payments).
4. Support new farmers. Work with Clackamas County Extension Office, Clackamas Community

College and other regional resources to support new farm business formation and success. Focus on high priority needs for land acquisition strategies.

Small Business Assistance and Training

Farmers play the roles of producers and business managers. Several strategies to support small farm business should be considered to improve chances of success.

1. Build awareness of capital sources. Develop a contact database of funding sources for growers.
2. Provide assistance and information. Develop and maintain an online list of agencies providing assistance to agricultural businesses, including financial resources.
3. Expand business practices training. Work with Clackamas County Extension Office to access or provide farmers' education and training resources for business practices, including business expansion.
4. Investigate local industry incubation. Determine the feasibility of attracting and incubating more local processing and other industry needs to support regional cluster sales and exports, possibly in cooperation with the Northwest Food Processors Association.
5. Undertake marketing/customer relations training. Develop a specific training package for growers on customer relations. This training package can define various customer targets (e.g., personal, CSA, institutional, processor, distributor, major market, restaurants, and fast food) and tailored customer relations strategies for these targets.

Labor

Labor is an essential and challenging factor in successful farming. Many aspects of farm labor are outside the purview of County government. The areas with the most promise for positive results include the following:

1. Support agricultural-specific workforce training program. Encourage the Workforce Investment Council of Clackamas County (WICCO) to develop programs tailored to address the specific needs of agricultural producers.
2. Create shared labor opportunities. Work with a small group of growers to determine the feasibility of sharing farm workers given seasonal needs.
3. Develop food safety and handling information. Develop a food safety and handling education package for growers and their employees recognizing new state and federal legislation.
4. Support farmworker housing in communities. Work with farmers, affordable housing organizations and other partners to investigate farmworker housing programs. Support the development of farmworker housing in communities with support services focused on early childhood development, education and incubation of new agricultural and other businesses.

Diversification/Agri-tourism

Agri-tourism is a successful source of income for farmers in places like Vermont, California, Italy and France. Opportunities should be explored to support initiatives that expand these value-added opportunities while supporting long term land conservation.

1. Support agri-tourism. Support Clackamas County agri-tourism as a value-added strategy for

farms and ranches. Work with the Clackamas County Department of Tourism and Cultural Affairs to implement elements of the *Draft Master Plan for the Development of Agri-tourism in Clackamas County, Oregon*. Develop policies and programs to support agri-tourism activities, such as wine-tasting, dining, short and long-term farm stays, farm dinners, farmers markets and equine activities.

2. Review land use policies and interpretation. Review land use policies regarding agri-tourism areas of interest; advocate for changes. Work with County staff and growers to review and make recommendations for change in the County's land use, zoning and development codes and interpretation of these codes to allow more farm-focused economic development in rural zones.
3. Approved farm models. Develop pre-approval packages for on-farm economic development permitted uses (e.g. Portland has a similar program for "skinny" houses). These pre-approved packages might include on-farm stays, dining, storage, processing, education/training, and distribution facilities as well as intensive greenhouse, vertical farming, hydroponic and aquaponic developments.

Regulatory

Challenges exist between farmers and non-farm neighbors over spraying and fertilizers. These tensions can be addressed as follows:

1. Review land use regulations. Review and update land use regulations to remove barriers to agricultural production. Advocate for changes to state regulations as needed.
2. Develop spraying mitigation plan. Identify/develop spraying mitigation plan or strategy (e.g. no spray area utilizing GIS, signage, and other techniques.
3. Safe spraying support program. Support develop safe spraying support program similar to the WeedWise program to help growers with safe spraying practices.
4. Encourage use of organic fertilizers. Support development of a guide to best practices and streamline the use of organic fertilizers in the County. In some cases organic fertilizers (e.g. food waste and manure) are more highly regulated than synthetic bio-accumulating pesticides and herbicides.

Conservation

Water and energy are two primary and increasingly expensive inputs to food production that are of concern to small farmers.

1. Develop a water system strategy. Develop a model farm demonstration for comprehensive water cycle planning and use including rainwater harvesting, storage, irrigation, reuse, in-stream, and well water management.
2. Support rainwater harvesting innovations. Work with Clackamas Soil and Water Conservation District and others to foster rainwater harvesting efficiency and reuse on small farms.
3. Encourage farm energy efficiency. Encourage outreach and education on energy efficiency assistance and water conservation programs for farmers to better connect farmers to excising resources and build momentum for implementation. Support development of on-farm models for energy conservation and renewable energy production.

4. Research innovations in carbon credits and ecosystem services. Explore the potential for producers to gain income from various forms of carbon sequestration and offsets and ecosystem services (e.g., stormwater management, soil management, stream protection, groundwater protection).

Food Safety

Food safety continues to be a challenge, as foodborne illnesses occur regularly in the U.S. Several steps can be taken to support growers protect their crops and train their workers.

1. Provide information of food safety rules. Provide accurate and timely information to producers and processors in the County.
2. Support outreach and training. Provide outreach and training for farmers who are interested in serving food to farm visitors. Include information on obtaining permits and restaurant licenses and about best practices for safe food service on farms.
3. Participate in Partnership for Food Safety. Send a representative to the next "Partnership for Food Protection" conference, and be part of the dialogue about new food safety laws and regulations.
4. Establish a pilot location for policy implementation trials. With the large population of farmers and processors in the County, this would be a proactive way to ensure food safety strategies are suitable for the Clackamas County agriculture community.
5. Provide Oregon Department of Agriculture (ODA) best practices information. Disseminate ODA best practices information on federal and state rules as they become available.
6. Work with health department. Work with the County Department of Community Health to consider whether further County action is required.

Next Steps

The Implementation Matrix in Appendix A details action plans and assignments. The Matrix represents the results of a consultation process with key partners identified above in the Acknowledgement section of this report. These partners, together with several agencies of County government are critical to successful implementation.

The following next steps should be considered as implementation is pursued:

1. Encourage partner agencies to work together to address all of the implementing actions.
2. Conduct further outreach to industry associations such as the Oregon Association of Nurseries, Clackamas County Extension Office, and key commodity commissions. These organizations can work with the County to ensure that the food system plan and implementing actions are presented to the larger agricultural community in a productive manner. It will be important to show how the Plan fits within the context of existing and planned County strategies to support all elements of the County agricultural economy.
3. Prioritize first and second year actions outlined in the Matrix. Later year actions should be carefully monitored and pursued if demand increases or special funding or partnerships become available.
4. Consider additional actions for implementation as they arise from partners and industry needs.
5. Support agricultural tourism as a major opportunity for the County. Review the forthcoming *Draft Master Plan for the Development of Agri-tourism in Clackamas County, Oregon* and add key recommended actions to this implementation matrix.
6. Prioritize further Ecotrust GIS mapping of potential productive crops based on emerging food market trends and opportunities. For example, commercial demand appears to exist for local tomatoes, cucumbers, and humanely raised turkeys, chickens and hogs. Data on existing and potential crops will need to be updated on a regular basis.
7. Build on existing momentum to identify and engage additional federal, state and regional partners. These include: the USDA Natural Resources Conservation Service, Economic Development Administration, Department of Housing and Urban Development and Department of Energy; Oregon Department of Agriculture, Travel Oregon and Business Oregon; Metro, Greater Portland Inc., Portland Development Commission and Washington County.
8. Target innovative funding sources such as the Meyer Memorial Trust emerging agricultural investment strategy, other regional foundations and USDA for future funding.
9. Designate a Clackamas County point person to lead and coordinate implementation and further development of the plan.

18 98 Bontoux SA
Matières Premières Aromatiques

April 11th, 2013

To whom it may concern

Subject : Bontoux SA, essential oil producer

Located in Provence, South of France, the Bontoux family business started with the planting of Lavender back in 1898, although the production of Lavender flowers was a valuable alternative to edible crops it appeared to be limited in demand. The wanted product was the essential oil of Lavender.

René Bontoux 1901-1995

Lavender oil can only be produced from freshly cut flowers and so the addition of a distillery on the spot became necessary. It was a good move, the oil was easy to store and ship as requested.

After World War 2, the customer base has expanded from local to national then international.

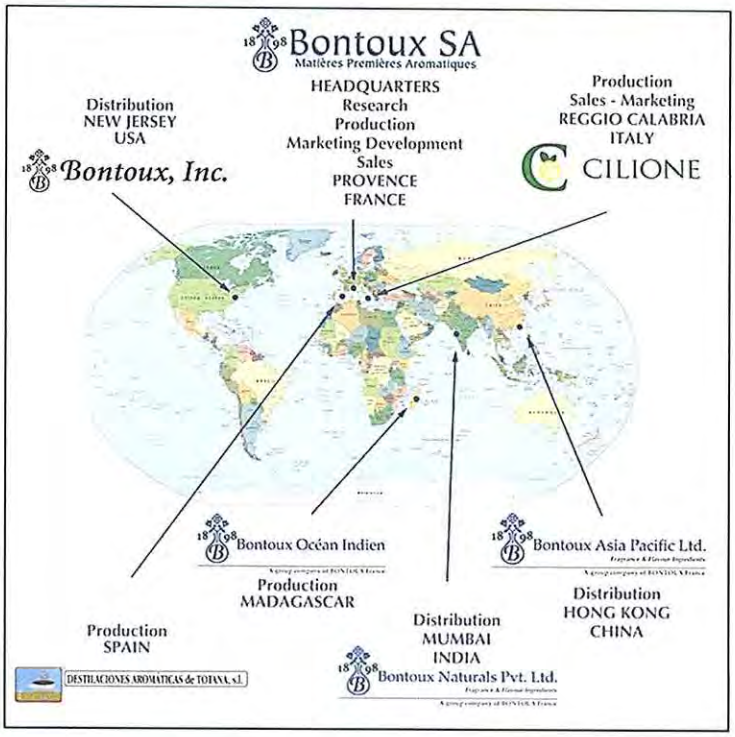
Bontoux SA - Quartier Aguzon - 26170 Saint Auban sur l'Ouvèze - France
Tél. : +33.(0)4.75.28.64.64 - Fax : +33.(0)4.75.28.60.32 - e-mail : contact@bontoux.com
Siège social : lieu dit Le Clos
Capital : 15 155 360 € - SIRET : 504 506 593 00012 - RCS Valence 2008 B 243 - NAF 2053Z - TVA FR 79 504 506 593

Those new customers came with new technical needs, and other equipment was added like rectification unit, laboratory and storage capacity.

The result was an increase overhead cost which has been balanced by adding new essential oil from other origin to fulfill customer current needs.

A distribution business was born. Nowadays, Bontoux company has 70 employees in Saint Auban sur l'Ouvèze which operates in a very diversified business including essential oil and natural extract in the middle of the lavender fields and continue to distil Lavender every year in July.

Bontoux SA - Quartier Aguzon - 26170 Saint Auban sur l'Ouvèze - France
Tél. : +33.(0)4.75.28.64.64 - Fax : +33.(0)4.75.28.60.32 - e-mail : contact@bontoux.com
Siège social : lieu dit Le Clos
Capital : 15 155 360 € - SIRET : 504 506 593 00012 - RCS Valence 2008 B 243 - NAF 2053Z - TVA FR 79 504 506 593



In order to keep up with demand, production units have been established in Italy, Spain and Madagascar to distil the local plants and distribution subsidiaries have been established in the Unites States, India and China (125 employees worldwide).
By keeping the same integrated model from production to distribution.

Remy Bontoux
CEO
BONTOUX SA

Bontoux SA - Quartier Aguzon - 26170 Saint Auban sur l'Ouvèze - France
Tél. : +33.(0)4.75.28.64.64 - Fax : +33.(0)4.75.28.60.32 - e-mail : contact@bontoux.com
Siège social : lieu dit Le Clos
Capital : 15 155 360 € - SIRET : 504 506 593 00012 - RCS Valence 2008 B 243 - NAF 2053Z - TVA FR 79 504 506 593

PREMIER BOTANICALS LIMITED

Herbs, Spices & Essential Oils

Dr. Don Roberts
Premier Botanicals Ltd
3395 South Pacific Highway
Independence, Oregon 97351
503-838-2620
503-329-1352

February 26, 2014

Board of County Commissioners
2051 Kaen Road, Suite 450
Oregon City, Oregon 97045

Re: The Oregon Lavender Farm Land Use Application

I am writing in support of authorization of the uses conducted at the Oregon Lavender Farm. Since 1999, I have provided consultation and assisted the Oregon Lavender Farm in development of their lavender practice and provided "Buena Vista" lavender plants, a variety I developed for cultivation in Oregon's Willamette Valley. I have direct knowledge of the Oregon Lavender Farm operations and business plan.

Since 1992, Liberty Natural Products Inc. has purchased and distributed nearly $100,000.00 of our Oregon grown essential oil crops.

As my attached curriculum vitae reflects, I have substantial experience and knowledge of herb and essential oil crop cultivation, propagation, chemistry, distillation, and commercial agricultural distribution and marketing.

Steam distillation is the most common and customary practice of extracting essential oils from herb crops, such as lavender. Distillations are customarily performed at the farm location where the crops are grown or at neighboring farms with available distillation facilities. Typically, freshly harvested essential oil crops are distilled as soon as possible because of a loss of the volatile oils as the harvested crop dries. Transportation of the crop to another location, much less a long distance, may result in a loss of oil yield due to drying and adds the time and expense of shipping, which undermines the overall profitability and the sustainability of the enterprise. The substantial aromas generated and discharged by the steam distillation process make it problematic to locate such operations in urban locations because of likely conflicts with neighboring uses.

3395 S. Pacific Hwy Independence, OR 97351
Phone: 503-838-2620 Fax: 503-838-2425

The first distillation of an essential oil crop generates substantial amounts of biomass referred to as the spent charge. The spent charge may be used either as fuel for the steam distillation boiler or, as is more customary in the US, as a carbon input for composting, which is then used as a soil amendment to maintain soil health and sustainability.

It is a customary practice worldwide and in the US for essential oil - specialty crop farmers to also distribute crops produced by other farms in order to provide additional income and economic stability to their farm enterprise.

The botanical distribution performed at the Oregon Lavender Farm by Liberty Natural Products, Inc. economically and administratively supports the essential oil crop farm use, and is a valuable resource for local farmland owners to process and distribute their farm crops.

Agri-Tourism scale lavender cultivation, typically involves small plots of less than one acre that do not require machine cultivation, harvesting and distillation equipment. The lavender crop is most often harvested and market through u-pick events or through lavender bunch sales, value added manufacture of personal care and other lavender specialty products from the small plot lavender production. Many of these small plot farms also purchase lavender essential oil to sell at their events and agricultural raw materials for use in making value added products, which bring profitability and sustainability to their enterprises. Many small plot agri-tourism lavender operations have been established throughout the US in the last two decades. The Sequim, Washington lavender farm tours exemplify the aesthetic, economic, employment and tourist benefits of small plot lavender operations.

Commercial scale lavender essential oil crop cultivation typically involves parcels of 5 to 10 acres and larger, which require machine cultivation, machine harvest and distillation and processing equipment. Distillation of the lavender crop enables the farmer to harvest and then distill the lavender crop into a high value product that can be stored for years and economically transported.

The per acre cost of establishing lavender fields is substantially less than vineyards. A lavender essential oil crop practice offers a yearly profit per acre of $1000 to $2000.00

Lavender, a perennial herb with a plant life of 10-15 years is a relatively easy crop to cultivate. It is regarded as one of the most aesthetic crops, visually and aromatically. Lavender can thrive on high value soils or lesser quality soils. Lavender is one of the most sustainable crops that can be grown as an organic practice. It can be cultivated without the use of herbicides and pesticides and does not attract predator wildlife such as deer or rabbits.

The cost of establishing a distillery requires a substantial capital investment estimated at a minimum of $50,000.00 to $100,000.00 for a smaller distillery serving an individual lavender operation and $250,000.00 to $500,000.00 for a "mother distillery" capable of serving a local area of essential oil crop farmers. A distillery can be used for a variety of

essential oil crops or forest products, such as distillation of Christmas tree culls as contemplated by the Oregon Lavender Farm business plan.

There is an established 100 year-old market for lavender and lavender oil. The lavender industry was established at the turn of the 20th century in France. The worldwide demand for lavender oil, which is one of the most favored essential oils used in personal care products, continues to increase every year. In recent years, the quantity of lavender production has decreased worldwide due to a loss of planted acreage, adverse weather and cultivation issues. Increased demand, decreased production and added fuel and production costs all have contributed to a consistent rise in the price for lavender oil in the past decade.

Lavender production is a companion to the wine industry in Southern France. It is a source of agricultural revenues and an additional draw for tourism commerce. As with Oregon's sustainable and profitable wine industry, Oregon has an opportunity to develop a synergistic commercial lavender industry and reap the benefits in agricultural sales, employment and tourism.

Access to a distillation facility creates an opportunity for local farmland owners to grow sustainable essential oil crops by removing the capital cost of a distillery, which is the most significant of several hurdles to the growth and development of a commercial lavender industry in Oregon.

The capital cost of harvesting equipment is also an impediment to growing a lavender crop. Presently, there is a lack of available harvesting equipment as there are no US manufacturers or distributors of lavender harvesting equipment. Harvesters must be either imported or created by modification of existing equipment.

A mother distillery also may provide a host of services that support a local lavender industry. These services include propagation and sale of plants for establishing new lavender fields, assistance with field layout and design, planting, cultivation practices, harvesting, testing and certification of quality, distribution and marketing.

The marketing capacity of an agricultural crop distributor such as Liberty Natural Products Inc. is an important resource for Oregon growers, which will support the growth and development of high value specialty herb crops such as lavender and other essential oil crops.

Historical studies of farm creation and attrition has found that it takes on average three generations to bring a farm operation to sustainable profitability. Liberty's production and processing of a broad spectrum of agricultural products is an example of a vertically and horizontally integrated economic agricultural model that has brought profitability and sustainability in one generation.

Approval of the OLF operations supports not only its continuation, but provides support to local and Oregon agribusiness consistent with Oregon's agricultural public policy goals to support agricultural practices and preserve farmland.

Dr. Donald Roberts
President/CEO
PremierBotanicals, LLC

DONALD D. ROBERTS, Ph.D.

Premier Botanicals Ltd., 3395 S. Pacific Hwy, Independence, OR 97351
(503) 838-2620 ● E-mail: premierbot@aol.com

WORK EXPERIENCE

1981 – Present: President/CEO/Plant Geneticist, *Premier Botanicals Ltd., Independence, OR.*
Dr. Donald D. Roberts, President and Founder of Premier Botanicals Ltd. has 40 years of experience of plant breeding based on the chemical composition of plant extracts. He has performed contract research for major flavor houses and industry research associations for production of specific flavorants: Givaudan-Roure, Quest International, Vlasic Foods Inc. and the Mint Research Council. He has released 6 varieties of lavender, 5 commercial mint varieties, has developed a slow-bolting coriander line and a selection of dill weed for oil production. He has two plant patents, seven pending plant patents and a natural pesticide patent.

1978 – 1981: Research Geneticist, *U.S. Department of Agriculture, Oregon State University, Corvallis, OR.*
Variety development in *Menthae sp*. (Mint) for improved disease resistance.

1975 – 1978: Research Geneticist, *U.S. Department of Agriculture, Brownwood, TX.*
Variety development in *Carya illinoensis* (Pecan tree).

1970 – 1975: Agronomist, *U.S. Department of Agriculture, Oregon State University, Corvallis, OR.*
Humulus lupulus (Hop) research on nutrient requirement and pesticide utilization.

1967 – 1970: Research Technician, *U.S. Department of Agriculture, Prosser, WA.*
Technical support to Principal Investigator conducting research on *Pisum sativum* (Pea) diseases.

EDUCATION

1975 Ph.D. Plant Genetics, *Oregon State University, Corvallis, OR.*
Thesis: Genetic variability and associations between agronomic and quality characteristics in twenty-nine female genotypes of *Humulus lupulus L*.

1971 M.S. Plant Pathology, *Washington State University, Pullman, WA.*
Thesis: The effect of cultivar, inoculum density, soil temperature, and root rotting pathogens on the development of pea wilt caused by *Fusarium oxysporum f. pisi* race 5.

1965 B.S. Biological Science, *Fort Lewis College, Durango, CO.*

MEMBERSHIPS

Since 1993: American Chemical Society

PUBLICATIONS

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Grants:

USDA, Small Business Innovation Research, Fiscal Year 2001. "Use of essential oils as natural postharvest fungicides." Submitted by Premier Botanicals Ltd. Funded 2001.

Research Reports:

● Roberts, D.D., and A. Plotto. 1999. Echinacea breeding for phenolic compounds and disease resistance. Progress Report.

● Roberts, D.D. 1984–1993. Mint Breeding and Plant Improvement. Mint Industry Research Council Annual Reports.

● Roberts, D.D. 1984–1986. Pyrethrum Variety Development. Progress Report.

Patents:

- Mint Plant Named 'Aquamint'–"U.S. Plant Patent PP13720'
  Inventor: Donald D. Roberts, Date of Patent: April 8, 2003

- Mint Plant 'Cascade Mitcham'–"U.S. Plant Patent PP11,788 P2'
  Inventor: Donald D. Roberts, Date of Patent: February 27, 2001

- Pesticidal Properties of Prunus —"U.S. Patent 7195788'
  Inventor: Donald D. Roberts, Date of Patent: March 27, 2007

EDWARD L. KALBERG, *CERTIFIED PUBLIC ACCOUNTANT*

P.O. Box 2063, Fairview, OR 97024
cell [503] 705-9295
email=edkalberg@aol.com

MAIN OFFICE: 24111 NE Halsey, Suite 104; Wood Village, OR 97060
voice [503] 661-1451 fax [503] 667-8253

May 28, 2014

Board of County Commissioners
2051 Kaen Road, Suite 450
Oregon City, Oregon 97045

Re: Economic analysis of the Oregon Lavender Farm/Liberty Natural Products Inc. operations.

I am a Certified Public Accountant (Oregon License #3609) since 1979. I have had my own practice, serving a variety of business and individual interests, since 1980. I have served as the independent accountant and business advisor for Liberty Natural Products, Inc. (also doing business under the name Oregon Lavender Farm) and its sole shareholder/CEO (James R Dierking) since 1999. I have prepared both corporate and individual income tax returns and various financial data since that time.

The tax returns I have prepared for Liberty Natural Products Inc. account for both its agricultural enterprise and distribution operation as a singular entity.

I have reviewed the Comprehensive Plan Amendment – Zone Change land use application. I find the conclusions regarding the economic benefits of maintaining the integrated operations consistent and accurate with the accounting records, my knowledge of the operations and the information contained in the land use application.

For every year in which I have prepared its tax returns and financial statements, Liberty has been a profitable enterprise. Liberty's financial records further indicate that since the acquisition of the farm in 1999 it has spent in excess of $500,000.00 in agricultural and farm related equipment to support the growth and development of the agricultural operation.

I have been asked to provide an opinion of the economic impact on Liberty's operations should the distribution operations be forced to move to an off site location. My conclusions rely upon the lease/acquisition data contained in the land use application.

- The information presented does not support nor indicate that the lease or acquisition of an additional facility would result in any significant increase in revenues and/or overall profitability.

- Given the current NNN/lease rates or the debt service of an acquisition, the expenditures for an off-site facility are estimated to range between $35,000-$50,000 per month ($420,000-$500,000 annually). Liberty presently expends $165,000 per year for its present on-site facility. The additional annual facilities expense of $255,000-$335,000, along with the loss of certain shared economies (as mentioned following) would completely erode Liberty's reserves within a few years.

- Further, the costs of a move would not only impair Liberty's cash flow for its distribution operation, but it would also impact the agricultural operation in two regards: 1) it would remove the monetary and operational efficiencies of shared resources cross-utilized and co-located with the distribution operation, (eg employees, equipment, management, data processing) and thereby increase costs; 2) it could impair, if not altogether remove, Liberty's ability to continue to capitalize on the agricultural operations to (in accordance with the Company's business plan) further grow and develop the scope of it's products and services.

Although the scope of my opinion addresses the tangible monetary effects of an off-site relocation of the Company's distribution operations there are also various intangible benefits to both the Company and the Community it serves which should be weighed when considering this matter.

Respectfully,

Edward L. Kalberg, CPA

Edward L. Kalberg, CPA

Agritourism Master Plan for Clackamas County

A comprehensive, explanatory and practical approach to developing and promoting Clackamas County as one of the world's premier agritourism travel destinations, in order to increase travel-related revenues and tourism jobs in Clackamas County while strengthening the economic future of local farms.

Produced for the:

Clackamas County
Tourism Development Council
Peter Watts, Chair
Danielle Cowan, Executive Director

By:
Mary D. Stewart
MARStewart Group

With:
Cogan Owens Cogan, LLC.
Roth Bates, Inc.
Stanley D. Miles, professor emeritus
Oregon State University

OREGON'S MT. HOOD TERRITORY
explorers welcome

2012

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Clackamas County Tourism and Cultural Affairs
150 Beavercreek Rd, Suite 245
Oregon City, OR 97045

Telephone: (503) 655-8490
Fax: (503) 742-5907
info@mthoodterritory.com
www.mthoodterritory.com

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For information about the content of this document, contact:
Mary D. Stewart, author
MARStewart Group
Marystewart200@gmail.com

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Appendices

A. Agritourism Development and the 2007 White Paper
B. Resources, Reports, and Plans Reviewed for Initial Master Plan Development

I. Introduction

The Clackamas County Tourism Development Council (TDC), through its grant process, initiated a comprehensive and practical approach to "master plan" the development of agritourism in the county. The Master Plan defines the basic framework of agritourism and allows the TDC to envision, initiate, organize, plan, budget, manage, develop and report the work of the TDC.

The plan draws from the evolution of agritourism over many decades in the United States and in Europe and puts forward proven concepts of development. In addition, the plan builds on the expertise of numerous local, national and international specialists who are experts in their respective fields and in the overall discipline of agritourism. Clackamas County farmers representing major farm sectors, farm-related businesses and organizations also provided input.

The Master Plan provides the agritourism community (TDC, the Board of County Commissioners, staff, partners, stakeholders and landowners) with a benchmark, or common base of information. This benchmark may be used to compare progress over time. The explanatory plan includes extensive detail, case studies and development opportunity scenarios meant not only to promote overall understanding of the industry, but also to provide practical information for tourism developers who are building programs.

The Master Plan is powered by the TDC, Danielle Cowan, the Clackamas County Tourism and Cultural Affairs staff and the Board of County Commissioners. It was authored by Mary Stewart, MARStewart Group, with some information provided by partners Cogan Owens Cogan, LLC (agritourism models; some land use law analysis); Roth Bates, Inc. (research of existing plans); and Stanley D. Miles (economic history and projections). Kathi Jaworski and Jae Heidenreich provided guidance on format and content. In addition, many other experts who provided information are acknowledged at the end of each section.

Agritourism Development, the White Paper & Tourism Development Task Force

The Tourism Development Task Force (2009) identified Key Points and Recommendations to be fulfilled through agritourism development. As the Tourism 5-year plan is created in 2012, it may be helpful to compare progress made on the 2009 goals, and to incorporate new ideas from this Master Plan and related works.

- Connect residents and visitors to restaurants and farm events that feature locally-grown.
- Work to change/implement laws that allow farms to host events, markets, tours and home stays while not compromising agricultural and forest resources.
- Create a new wine region.
- Attract the geo-tourism traveler with the richness of offerings, and make it easy for them to find unique lodging, spas, dining, specialty shopping, sightseeing and transportation.
- Encourage the development and support for services needed by visitors to enjoy recreational activities (on farms).
- Develop good quality, unique lodging in rural areas that match the experiences and desires of visitors.
- Provide financial incentives to businesses interested and qualified to provide recreational services to visitors.
- Create an identity for our destination from products manufactured in the county. Items could be feature displays at Destination Welcome Centers and featured on websites, and in catalogs and brochures.
- Develop a consistent signage and communications program.

II. Profile and Context

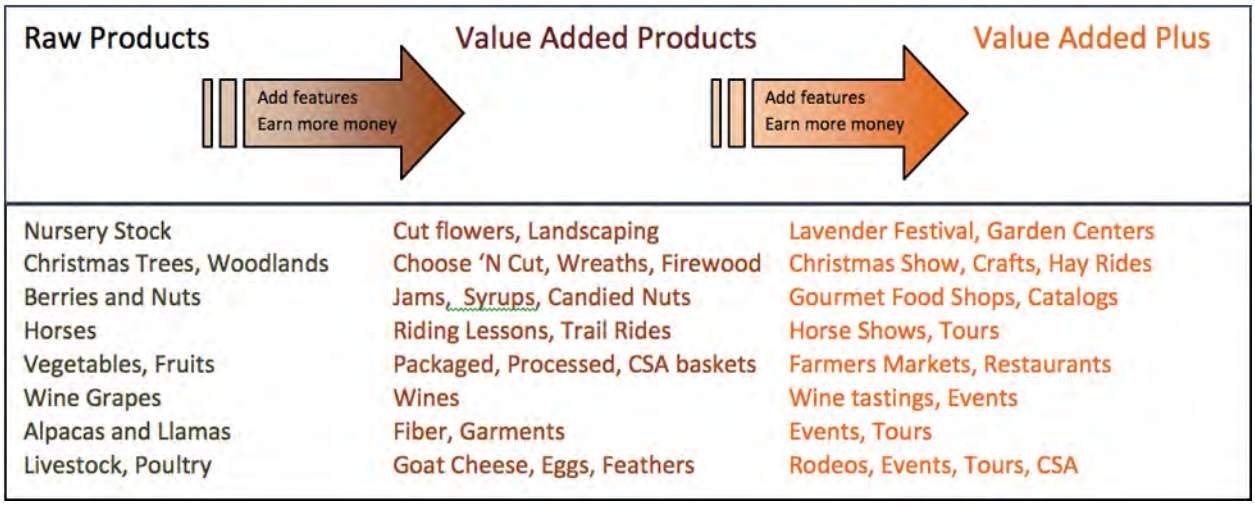
A. About Agritourism

Agritourism is defined as an enterprise at a working farm or woodland, ranch or agricultural plant conducted for the enjoyment and benefit of visitors that generates supplemental income for the owner. It combines the best of what we produce locally in Clackamas County and our local sustainable vision with the public's desire for local products and experiences resulting in increased local revenue and in keeping family farms viable.

Fig. 1 Agritourism Adds Value and Value Plus to Agriculture Production

Agritourism adds value to raw products. The agritourism industry provides a market for value-added products and once again for value added plus products. As more value is added, more money is earned by the producer. The result is a greater profit earned on the original raw product raised on the farm. (Stewart 2009)

Fig. 1



Stewart 2009

B. Agritourism is Popular Around the World

Tourism is the largest industry in the world. Agricultural tourism "agritourism" is especially popular. Called "agriturismo" in Italy, and referred to as "sleeping in the straw" in Switzerland, agritourism is well established in Europe, New Zealand and Australia. In the United States, interest in and desire for information about agritourism is growing.

Agritourism promotes the sales of farm products and generates additional farm income while it provides visitors with entertainment, recreation, participation and education and infuses dollars into tourism. It is growing nationwide as farm operators in many states offer agritourism activities as on way to diversity and increase their on-farm profits (Brown. Reeder. 2007).

C. What is the Business Growth Potential in Agritourism?

Agritourism is a rapidly growing industry in many parts of the country. It is gaining momentum as urban populations grow and search for "down to earth" fun recreational activities close to home. "Many urban residents long to experience more of the countryside than they can see from the highways, yet few have friends and family who are farmers." (Tosetti 2001). "With the average American now three generations removed from the farm, they are seeking to return to their agrarian roots to learn first-hand how food and fiber is produced." (Stewart 2003). Europeans seek agritourism as a fulfillment of their romance with the culture of the west. Asians enjoy agritourism as they explore and compare cultural differences in a country setting.

Hollie George and Ellie Rilla

According to University of California agritourism specialists, Holly George and Ellie Rilla, "opportunity knocks at the doors of farmers and ranchers who have vision, skills and commitment. This opportunity unites tourists' pursuit for well-being and rural experiences with farmers' and ranchers' need to supplement their income. It provides operators an opportunity to diversify and protect themselves from fluctuating markets and can allow landowners to benefit financially from wise use of their land." (H. George, E. Rilla 2011).

1. Data about Agritourism Visitors, Income and Jobs

National data sources support the economic development potential of agritourism. Nearly two-thirds of all U.S. adults (87 million) took a trip to a rural destination from 2002 to 2005 (Geisler 2011), and more than 82 million people visited farms during a one-year period in 2000 and 2001, including approximately 20 million youth and children under the age of 16 (U.S. Forest Service 2003).

Although the economic impact of agritourism has not been thoroughly researched, a variety of state surveys have indicated its importance to the local farm economy. In California, half the operators responding to a state survey reported less than $10,000 in revenues for 2008, while 21 percent (55) had Agritourism revenues of $100,000 or more; one-third of the operators had annual gross profits of between $10,000 and $99,000 (Rilla et al. 2011).

2. Tourism Pays!

In 2010, tourism and travel composed nearly 9 percent of the global economy (ILO 2010). The number of "person-trips" in the United States increased as well, though numbers are down during the 2009 economic downturn. (One person-trip is a trip of more than fifty miles from home for reasons other than work or school.) In 2008, Americans took 1,987 billion person-trips, down 0.6 from 2007 (OTTI 2010).

3. Jobs Here Have Remained Stable

In Clackamas County, tourism employed 4,700 people in 2010, down from a peak of 5010 in 2007. In spite of the economic downturn, the jobs have remained fairly stable. It is likely that tourism is a much more significant part of the local job count in more rural communities, especially those near Mount Hood (Jaworski 2012).

4. Why Vacation?

Agritourists vacation away from home, in the rural countryside. The Agri-Business Council of Oregon's Agritourism Workbook (2003, 2007) reported the following reasons people vacation away from home, ranked according to importance.

To build and strengthen relationships
The primary reason Americans travel on vacation is to spend time along with their family. They want to be together with their family in stress-free surroundings, and they consider a trip away from home to be the ideal opportunity. They view travel as a time to rekindle and strengthen their relationships. Many Americans also view travel as a time to start new friendships, as they look for social interaction throughout their trips.
To improve health and well-being
Vacations are vital to travelers' physical and mental well-being, both for individuals and families.
To rest and relax
Americans on vacation want to rest and relax. A trip away from home is a trip away from work and worry. When they return, they feel refreshed and renewed.
To experience adventure
Some travelers vacation away from home to find adventure. They want their vacations to provide excitement, be it dangerous or romantic.
To escape
Most tourism surveys indicate that many people travel to escape their daily routine, worry and stress, and to attain what they sense is missing in their lives (Krippendorf 1986). They seek something different: perhaps a better climate, a slower pace of life, cleaner air, prettier scenery or quieter surroundings.
To learn
Better-educated travelers reported that they travel to learn and discover. They want to see, hear, touch, and feel unfamiliar things. More specifically, they want to learn or practice a language, study a culture, explore gourmet foods or wines or investigate spirituality.
To mark a special occasion
Many Americans vacation away from home to celebrate life milestones and special occasions. New relationships, marriages, birthdays, and professional achievements provide a reason. These people usually travel with loved ones, creating memories that last a lifetime.
To save money or time by traveling locally
Tourists sometimes take short, local vacations to save money or time. Indeed, both money and time limit nearly every vacation decision. Some vacationers are very frugal.
To reminisce
Another reason Americans travel is to relive fond memories. Some vacationers—particularly older ones—visit a farm to rekindle memories of the simple rural lifestyle they once knew. Although these people buy food, lodging, transportation and souvenirs, they in fact are purchasing a sentimental journey.
To view nature
In addition to the above survey information, a recent U.S. Fish and Wildlife survey reported that on average nature tourists view wildlife to observe nature's beauty, relax from daily pressures, get away from home, and be with family and friends (Leonard 2008). These tourists like learning about nature, being physically active, and meeting people with similar interests. Social interaction and relaxation are particularly important, sometimes secondary to seeing wildlife.

5. The Trend to Buy Local Healthy Food

Visitors are trekking to rural areas in pursuit of healthy food choices. They will travel to find the juiciest berries high in antioxidants, the creamiest goat cheese free of hormones, the freshest greens grown using sustainable practices, the leanest meats raised by a farmer whom the visitors can get to know personally, and just-laid eggs from hens they can see scratching about in the chicken yard or pasture. Visitors will come to farms or farmers markets to buy their weekly or monthly food, and to buy seasonal foods in large batches for food preservation, historically known as "putting food by."

Two young shoppers learn how to select healthy foods at the Oregon City Farmers Market.
Photo: Barbara Fleming. 2011

Acknowledgements: Contributors to this section include - Agritourism and Nature Tourism in California, H. George, E. Rilla, U of C Agriculture and Natural Resources, publication 3484. Agritourism Workbook, Agri-Business Council of Oregon, Revised, (Turco, Stewart 2003), 2007. Kathi Jaworski-Write to Know

D. Strong County Agriculture Supports Successful Agritourism

1. One of the top four ag-producing counties in Oregon

Clackamas County has a long history of successful agricultural production. The agricultural sector of the county's economy is an important foundation for the region and contributes significantly to the health and well-being of its citizens. With a growing interest in sustainable and locally-produced farm products, Clackamas County's agricultural economy and lifestyle are expected to become more important in the years ahead. (Rural Lifestyles 2009, R. Oberg, M. Stewart.)

Clackamas County consistently ranks between second and fourth annually in agriculture sales "at the farm gate" in Oregon. The county is an agricultural powerhouse that has the capability of growing a variety of agricultural products.

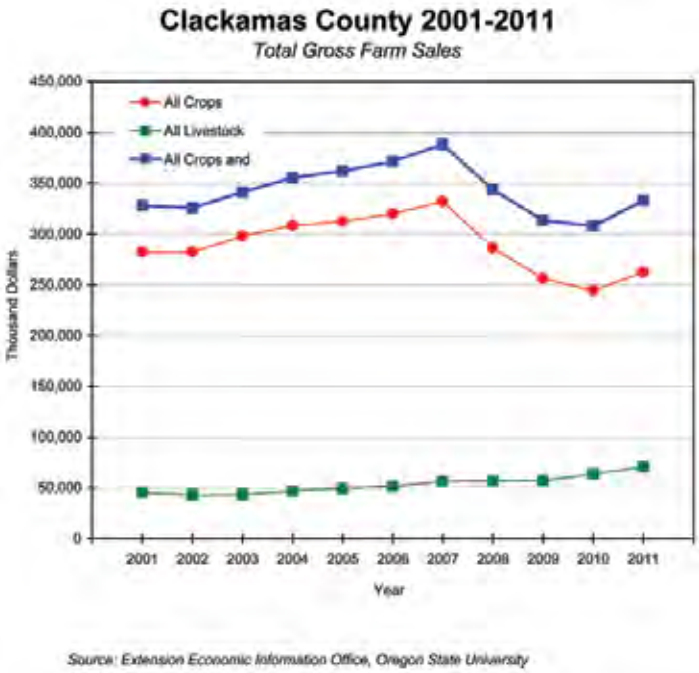


Fig. 2

While farm sales have dipped during the recent economic downturn, 2011 sales shot up 12 percent to $330 million at the farm gate. Ag economists forecast continued improvement in the future, putting the development of agritourism in the county on firm footing.

2. A 40 - year Economic Snapshot of Agriculture in Clackamas County

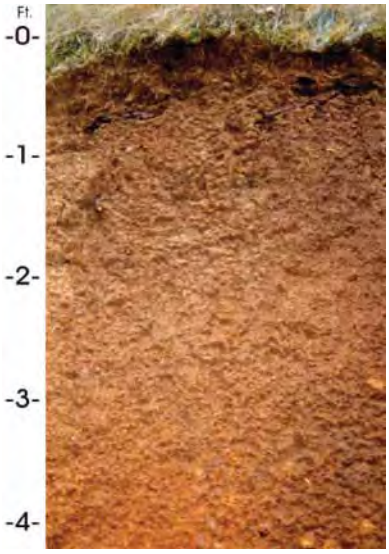
According to Stanley D. Miles, Agricultural Economist Emeritus, Oregon State University, in his report generated for this Master Plan, Clackamas County is one of the top counties in Oregon in agricultural production and sales. Sales have gone from about $100 million in 1980 to $355 million in 2005, and dropped to $295 million in 2010 with the economic downturn. The farm economy ticked back up in 2011 with sales of $330 million. Sales are expected to continue to recover in the coming years as the economy strengthens, so agriculture remains an important part of the economy and future of Clackamas County. The grains, hay and forage, and grass and legume seeds categories have gone down in past years and will probably not be back to previous numbers given the demand for higher valued crops.

- **Grains** have gone from more than 21,000 planted acres in 1980 to less than 5,000 acres in 2010. This acreage was down to 1,700 acres in 2000 but has gone back up some in recent years. This is due mainly to the price of wheat showing some strength.
- **Hay and forage** has gone from 27,200 acres in 1980 to more than 35,000 acres in 1990 and then gradually gone down to less than 18,000 acres in 2010. Strengthening hay prices in recent years may push this back up some in years to come.
- **Grass and legume seeds** have gone from more than 11,000 acres in 1980 to 6,400 in 2010. And, probably down even more in 2011. This is down almost half in the 40-year span and is due primarily to price. The economic downturn in recent years has really affected the price of grass seed as homeowners, golf course managers, and other users just are not buying much grass seed.
- **Tree fruits and nuts, small fruit and berries and vegetables and truck crops**, have bounced around somewhat in the last 40 years but the acreage is about the same. The demand for these products should be fairly strong from the Portland Metropolitan area in the years to come.
- **Nursery Crops** is the big item. Sales have gone from $22.5 million in 1980 to $114.3 million in 2010. Sales reached a peak at $162 million in 2005. Sales should return once we get out of the economic doldrums of recent years. Sales of nursery crops have increased dramatically in Oregon and in Clackamas County. We have the right environment to grow the many different trees, shrubs, flower bulbs, etc. These crops are shipped all across the U.S. and many foreign countries.
- **Greenhouse crops** have grown over the years, but on a much smaller scale. Sales went from $3.5 million in 1980 to about $19 million in 2010; with a high in 2005 of $24.9 million.
- **Livestock** in the county have been fairly consistent with a few changes. Chicken eggs have gone from $9.4 million in 1980 to $34.9 million in 2010. Eggs are now produced (primarily) in large operations on a few farms. Cattle and dairy numbers are going down gradually. Broilers are staying about the same as well as miscellaneous animals.
- **Christmas trees** are still the largest sales in the state, yet are at a low point in a 20-year cycle. Predictions are for recovery. Sales went from $36.4 million in 2007 to $25.7 million in 2010. Acreage dropped from 19,000 in 2007 to 16,900 in 2010. This commodity benefits from a strong county transportation program. Some farms are finding it difficult to work with demands for palletization, pest control and shortage of labor. Growers encourage that marketing continue with messaging that it is the Christmas Tree Capital of the World.

3. Natural and Intellectual Assets set Clackamas County Agriculture Apart

Soils, Water and Climate

The county's soils are some of the best in the world. In much of the county's valley or prairie land, the soils are deep, friable, fertile and free of rocks making them an excellent medium for growing hundreds of different crops, managed woodlands and lush pastures to graze livestock and horses. The recently-chosen official state soil, "Jory," is common to the county's geography. Both ground and surface water are available for irrigation, although water is more plentiful in some areas than others. The growing conditions of rainfall and moderate temperatures add favorably to the list of assets.



Jory soil

Proximity

The distance to move farm and timber products to market is much easier than many Oregon counties and many transportation methods are available. The county is on the edge of Portland - the state's largest population center, and a reasonable travel time from Salem, Corvallis, Eugene and even Medford, Bend and Seattle are within a half-day drive.

Business Development Resources

Hand in hand with the rich natural resources, are the technical assistance resources of informal education and support available from the Oregon State University Extension Service including the North Willamette Experiment Station, federal farm and conservation agencies, farm non-profit organizations and the county's departments of Business and Economic Development and Tourism and Cultural Affairs.

Landowner Vision and Talent

Caleb Kirk of Marquam Meadows Fruit Company, Molalla, is a second generation apple grower with a vision for expanding his business in the future. Photo: Mary Stewart 2011

Land owners are weighing how they can optimize the production value of their farmland while also pursuing traditional or innovative activities that appeal to their own business sense, interests, values and personalities. For example, there is a marked local interest in sustainable farming, in the green movement and in food systems development.

Agritourism Master Plan for Clackamas County. Printed by Clackamas County 2012. Please obtain permission before reproducing.

4. Agritourism is an Alternative Market Channel for Agricultural Products

When it comes to the distribution of products including foods, Christmas trees and landscape materials, agritourism would be considered an alternative market channel, as compared to a mainstream market channel.

These alternative market channels can be divided into two categories: **farm-to-consumer** marketing and **farm-to-firm** marketing.

In **farm-to-consumer** marketing, the farmer sells directly to individual consumers without an intermediary. Farmers markets, farm stands, specialty nurseries, subscription farming schemes (also known as community supported agriculture or CSA, in which consumers prepay for a season's worth of farm products, thus sharing the risk with the farmer), pick-your-own operations, and flea markets are the most common forms of farm-to-consumer marketing.

In **farm-to-firm** marketing, the farmer sells directly to other businesses, such as a larger farm stand, specialty garden center or restaurant.

Good to Know
Enhancing Potential for Smaller Farmers

Agritourism is riding the crest of an emerging wave of alternative marketing channels now enhancing the potential for smaller farmers—and mid-size and larger farmers who wish to add a new revenue stream—to generate larger revenues by offering products with specific qualities or production process characteristics not commonly available from mainstream suppliers.

These might include featuring unusual or "heirloom" varieties of products (especially agricultural products with characteristics that deteriorate or diminish when transported long distances). Other traits that may increase marketability include organic certification, integrated pest management, sustainable farming methods, or locally grown product.

Generally speaking, in these alternative market channels, farmers are "price makers," able to determine prices because their products have distinct characteristics that are not easily substituted and that consumers or other firms want. Additionally, these market channels often are suitable for small, diversified farm operations because customers at these markets frequently want to buy a variety of products.

Left: A local example of a specialty nursery is Out in the Garden Nursery, Molalla.

Right: 19th Street Farm and Ribera Vineyard in West Linn sell directly to Allium Restaurant, also in West Linn.

Acknowledgements: Adapted from *Emerging Market Opportunities for Small Scale Producers*, USDA, 2009

III. Qualitative Assessment of the Six Sectors of Agritourism

A. Sector 1: Farm & Ranch Recreation

Visitors can exercise, relax, and explore the outdoors. Includes: fee fishing, fee hunting, fee horseback riding, fee hiking, fee biking, fee birding, fee photography, and outdoors guiding.

A.1. Increasing For-Fee Recreation on Farms

There is a great deal of potential for increasing farm revenue through Fee Recreation on Clackamas County farms. Currently many farmers graciously allow people to use their farmland for recreation, including access to water bodies and natural areas, without charging them a fee.

Farmers could use help determining if there is a potential for fee recreation on their land, and then education about how to prepare for visitors. There is also the question of how much to charge for Fee Recreation. Once a fee structure is established, some adjustment may need to be made in the farm's insurance policies and farmers should consult their insurance agents.

The rural tourism recreation activities listed in Fig. 3 may not be considered farm use on EFU land and may have land use issues in relation to farm use. Some are compatible, and many are not. It is important to realize that these agritourism activities need to be reviewed against criteria established for other nonfarm uses such as private parks and home occupations, depending on the county code.

Examples of Clackamas County Farms Currently Involved in Fee-Recreation Include:

- Rainbow Trout Farm (fishing, picnicking),
- Fir Point Farm (restoring nature trail for hiking, hay maze),
- Liepold Farm (corn maze, hay rides, pumpkin pults),
- Mira Monte Farm Horseback Riding (trail riding, summer camps),
- Demonstration Farms: Hopkins Demonstration Forest (hikes), Philip Foster Farm (historical games).

Ideas for For-Fee Recreation on Farms

- Access to water bodies, natural areas, and scenic sites
- Archery
- Bicycle riding and rentals
- Bird-watching; wildlife viewing
- Camping
- Canoeing, kayaking, boating
- Fishing from stream or riverbank
- Fishing-trout ponds
- Gathering mushrooms, wild berries, plants, flowers, rocks and gems
- Grass sledding
- Hang gliding
- Hiking
- Horseback riding (rent horses or bring your own; provide guide)
- Hunting; junior hunts
- Mountain biking
- Nature photography
- Off-road biking
- Picnicking
- Rock climbing and rappelling
- Scenic trails: walking, jogging, cross-country skiing, hiking, snowshoeing, horseback riding
- Shooting range: firearms, moving-target skeet
- Stargazing
- Tricycle maze for children; tricycle racing
- Tubing on rivers, ponds, lakes
- Turkey shoots

Fig. 3

Agritourism Master Plan for Clackamas County. Printed by Clackamas County 2012. Please obtain permission before reproducing.

A.2. Development Opportunity: Private Campground

Case Study: Snowline Tree Farm/CSA, Molalla – Private Campground Development

The Greif family manages a small woodland, grows Christmas trees, sells those Christmas trees wholesale and also has a well-developed U-cut Christmas tree program with wreaths, swags, crafts, homemade cookies and other amenities. In the warmer months, they also have a newer, small Community Supported Agriculture (CSA) membership program and sell eggs. They are members of the Molalla Country Farm Loop. Their farm is zoned Forest Timber 1 and Timber 2. They apply for and receive an exemption, every other year, for the farm use on timber land.

They would like to develop a private overnight campground on a small portion of their farm. Snowline's farm has a pocket of gently sloped land, which is isolated from neighboring farms and edged by a semi circle of woodland, where it is more difficult to grow and harvest Christmas trees. They would like to convert that Christmas tree growing land parcel to a campground, including yurts or tents with woodstoves, and as the project develops, add an element of food service: a kind of "American Plan" in the wood, by suiting up a taco truck to serve as a chuck wagon. As the project develops, there is potential for two creek-fed small ponds to be stocked for fee fishing. This would provide a lodging option during Buckeroo events and create a new revenue stream.

Land use laws have been identified as a possible barrier. See LCDC administrative rule; 660-030-0130(19) for EFU lands and OAR 660-006-0025(4)(e) for forest land to see the discussion of campsite size and yurt use.

A yurt is a temporary building located on the ground or on a wood floor with no permanent foundation. Yurts and tents with flooring and woodstoves are being used with success in private campgrounds.

Recommendation: *Approve and support the development of campgrounds on private farmland, including land zoned Forest.*

A.3. Development Opportunity: Hiking, biking or equestrian trail connecting farms and winery on the Canby Area Farm Loop.

Farmers in New Era would like to see a hiking, biking and/or equestrian trail wind around the farmland area starting with the demonstration gardens at Rare Plant Research and ending with King's Raven Winery. A barrier to this development is that the farms along the route are concerned that the public will have access to the farms and may cause damage or theft. Possible solutions to the landowner's concerns are to have the trail fenced, to have the trail start on private land, and that the hikers or trail riders must have a guide that is affiliated with this group of farms in order to use the trail. A model to compare and contrast is the vineyard trail ride in Yamhill County.

A.4. Development Opportunity: Recreational horseback riding for horseless horse lovers

Clackamas County is the center of Oregon Horse Country. To meet the demand for horseback riding, there are a variety of riding opportunities available–regardless of whether the visitor wants to ride only once, several times, or become permanently involved in equestrian sports. Many of the stables in Clackamas County offer lessons as well as host 4-H or Pony Clubs. Stables often have horses that are available for short-term and long-term lease that may be used for the youth group activities, as well as programs for adults to lease a horse part time or full time.

One area needing development and promotion is trail rides. There is a market for groups who would like to ride horses in a natural area on a farm. The market is there both for those who have their own horses and are looking for a place to ride, as well as those who want to rent horses and ride with a guide. Encourage the development of trails.

An opportunity for horse and stable owners is to become a licensed guide and offer trail rides off the farm in parks or on other public land. Permission will need to be obtained from the Parks Service or BLM to use the land for trail rides. There are some established equestrian trails (such as in Tryon Creek Park) available for organized rides. More information is available about becoming a guide from the Oregon Outfitters and Guides Association www.ogpa.org

A.5. Development Opportunity: Bird-Watchers

The fastest sector of the nature tourism business is bird watching. It is more popular than hiking, camping, fishing or hunting. It's even more popular than golf, reported Fortune Magazine, with Americans preferring bird-watching to golfing as a way to unwind during vacation (USFWS 2000). According to the National Birding Survey conducted in 2006, the average birder is fifty years old and more than likely has a better-than-average income and education (Leonard 2008). The higher the income and education level, the more likely a person is to be a birder. The survey presented information on the participation and expenditure patterns of 48 million birders in 2006. Trip-related and equipment-related expenditures associated with birding generated over $82 billion in total industry output, 671,000 jobs, and $11 billion in local, state and federal tax revenue. This impact was distributed across local state and national economies.

In short, bird-watchers represent a significant market segment that farmers and ranchers can attract to supplement their income. When farmers cultivate healthy habitats, they bring in birds that bring in bird-watchers who bring in dollars. In 2010, there were 37 birding and wildlife festivals at the California watchable wildlife website www.cawatchablewildlife.org

Acknowledgements: Bird Watchers information adapted from *Dean Runyan Research on recreation*- http://industry.traveloregon.com/Research.aspx

B. Sector 2: Educational Experiences

Visitors can learn something new or improve a skill through hands-on experiences, classes, demonstrations, and tours, or simply through conversations with the farmer. Includes: wine tasting, cooking schools, 'How To' demonstrations, educational and historical tours, visit a farm to see/watch flowers bloom, alpaca babies, sheep shearing, planting or harvest. Farm loop tours (clusters of closely-located farms to visit) may include all of the above educational experiences.

Within the Educational Experiences sector, some of the subsectors and clusters showing the most immediate promise or "low hanging fruit" for agritourism development are the wine industry, farm loops and the equine industry.

B.1. Emerging Wine Industry a Strong Agritourism Prospect

While the number of acres planted to vineyard and tons of winegrapes harvested in Clackamas County is relatively small, wine grapes and wines are an emerging industry segment. The climate and suitable vineyard sites with choice soils and slopes are complementary to successful viticulture, and the close proximity to population centers provides a great potential for agritourism through education about, tasting of and consumer-direct sales of wines from Clackamas County.

According to National Agricultural Statistics Service (NASS) Oregon, in 2010 there were 48 Clackamas County vineyards in commercial production. The vineyards grew winegrapes planted on 411 acres, and harvested 296 acres, producing 1.67 tons per acre for a total production of 494 tons. Decreased wine grape production in 2010 was attributed to a variety of reasons including poor fruit set for some growers, a very cool growing season, mold, birds, and deer. Clackamas County appears to rank 11th in the state for acres of vineyard planted. Yamhill County has the largest planting.

There appear to be three distinct pockets of wine-growing areas in the county: 1. Chehalem AVA on the northwest edge of the county, 2. East valley wineries (from New Era south to Marquam) and 3. West Linn. Areas 2 and 3 are part of the Willamette Valley AVA. Small farm-vineyard tasting rooms and wineries may be permitted on all of the natural resource zones in Clackamas County—including EFU, Ag/Forestry and Rural Residential -zoned lands—subject to review of the planning department.

For more information about the NASS vineyard study:

www.nass.usda.gov/Statistics_by_State/Oregon/Publications/Vineyard_and_Winery/vw_2010_final.pdf

Good to Know
Economics a Precursor to Growth

According to Dr. Patricia A. Skinkis, Viticulture Extension Specialist & Assistant Professor with the Oregon Wine Research Institute at Oregon State University, a major consideration for Agritourism and winery development is economics. She encourages the county to understand who their producers are. "Just because there are vineyard acres and the potential to make more money with a winery does not mean that they have the capital to do so. Furthermore, they may not be set up to do so. In this economy, having the proper business plan is essential, and I think that many growers who are very small and have established vineyards/wineries have learned while doing rather than being prepared prior to establishing their business. This puts them at a disadvantage in moving forward, and there needs to be educational outreach and development of their own understanding of their business operation on the vineyard and winery end before they can focus 100 percent on marketing and agritourism, "says Skinkis.

Recommendation: *Approve and support the development of campgrounds on private farmland, including land zoned Forest.*

B.2. Case Study #1: Barriers Caused by Land Use Laws and OLCC Procedures

While there are currently no major wineries in Clackamas County matching the scale of the largest wineries in Oregon, there are several commercial boutique wineries and commercial small-farm vineyards with tasting rooms in operation. In addition, there are several small-farm vineyards currently working through the zoning and permitting process so that they may open on-site tasting rooms or to expand the number of days their existing tasting room may be open to the public.

There is potential for additional small farm-vineyard businesses to develop winery business plans, and for new and larger-scale acreage vineyards to be planted in Clackamas County. The feasibility of larger-acreage vineyards in Clackamas County is worth investigation and consideration, since larger production-size wineries have recently planted sizable vineyards in northern Marion County.

Some vineyard businesses only grow grapes with the goal to sell to other wineries on contract. Other vineyard businesses are designed to grow grapes for wine production at their own estate winery and still other vineyard businesses are designed to grow grapes for wine production, have wine made from their grapes off-property and market their wines through a tasting room on their property or in a rural population center. Regardless of size, all the businesses that make wine hold a winery license from Oregon Liquor Control Commission (OLCC) to make and sell their own wine.

With that license, they may make wine on their property or may make the wine off-property. That OLCC license must be supplemented with local land use approval before a vineyard business may make wine on their land or before they may operate a wine-tasting room on their land. According to Oregon land use laws, vineyard businesses on EFU-zoned land cannot produce wine on site unless they have at least 15 acres in grapes. This may be 15 acres of grapes on the estate or a combination of estate acres and acres of grapes purchased from a neighboring farm with a different owner that adds up to 15 acres in total. Some counties authorize facilities as a commercial use in conjunction with farm use as a small scale food processing facility (<10,000 feet).

A farm that both grows grapes and produces wine on their land is known as an estate. An estate winery making wine from their own vineyards is desirable because farm-vineyard owners receive a greater profit margin if they use their grapes to produce and sell wines under their own label rather than just selling the wine grapes to another winery. Wine is considered a value-added agricultural product. Estate wineries can distribute those wines consumer-direct from their winery through direct sales to consumers through their tasting rooms, establishment of wine clubs and online sales, by offering winery tours and events to further build consumer relationships and repeat buying.

Often wineries may purchase wine grapes from other viticulture areas and use them to develop new wine offerings or to blend with the estate grapes in order to change the character of the wines. These practices make it possible for a winery to increase wine production volume and develop new wines to meet consumer preferences.

Case study #1, continued.

Small, Farm-Vineyards required to make Wine Off Site: In Clackamas County, small farm-vineyard businesses (fewer than 15 acres) required to make wine off -site include, but are not limited to:

West Linn:

- Ribera Wines; (not EFU zone) they grows grapes; have wines produced in another county; sell from a recently-completed tasting room on their farm;

Chehalem AVA wineries on the western edge of the county:

- K&M Wines – (not EFU zone) they grows grapes; have wines produced in another county-are working with planning department to get permanent county approval for tasting room;
- Terra Vina Wines – (EFU zone) they grows grapes; have wines produced in another county; sell from a tasting room in another county; and as of 2012 they also sell their wine from their farmstand;
- Quailhurst- (unknown zone) they grows grapes; have wines produced in another county and sell from a tasting room on their farm;
- Beckham Estate Vineyard–(not EFU zone) they grow grapes; have wines produced in another county; have just received permanent approval for tasting room on their farm;
- Carabella – (unknown zone) they grows grapes; have wines produced in another county; tasting event Thanksgiving weekend in a tent.

The small farm-vineyards that are not yet permitted to sell from on-site tasting rooms because they are currently working through the permitting process are very enthusiastic about making that business expansion. In two cases, once approval is received, the small farm-vineyards will be able to sell their wines on-site instead of selling from a tasting room in another county. This business goal is consistent with Clackamas County's green philosophy and keeps the agritourism dollars centered on winery tasting rooms in the county.

Activity Level and On-Site Wine Tasting Rooms: Agritourism activity level of the winery or small farm-vineyard business is important when considering land use laws. Several business models are observed in Clackamas County, and current land use ordinances do not easily accommodate all business models.

Business Models by Activity Level:

- Wasson Bros; makes wine in Sandy from their grapes grown in Oregon City – open daily for tasting.
- Some commercial wineries including St. Josef's have a winery-based tasting room open on weekends and by appointment.
- Some commercial wineries and small farm-vineyards have tasting rooms open only on the weekends and by appointment during the warmer months, including AlexEli, Oswego Hills, Quailhurst, Ribera and Christopher Bridge.
- Still others have their tasting rooms open less frequently—one day a month from spring through fall and by appointment, or on the traditional holiday weekends of Thanksgiving, Labor Day and Memorial Day, such as Cabella.

Some small farm-vineyard businesses desire to have their on-site tasting rooms open more frequently, but appear to be limited in the number of days of operation by land use laws. Lands that are EFU appear to have more of these restrictions than non-EFU lands.

Recent legislation, SB 960, has created a framework for activities and events allowed on EFU land, but it is still not possible for a small farm-vineyard on EFU land to operate their on-site tasting room for regular weekend tastings and not for true "events" unless they are selling wine from their farm stand. The question could be asked, "Shouldn't wine be allowed to be sold from a farm with the same frequency as selling any raw or value-added product, such as nuts, nursery stock, eggs, fresh produce or jams from a farm stand?

A definition of the terms "activity" and "event" is needed and consideration of the question of whether wine tasting (sampling) to generate sales is truly an event, or just part of the process of selling an ag product.

B.3. Potential Land Use Zoning Ordinance Changes for the Wine Industry

The Clackamas County Planning Director is working to develop a way to accommodate the process of granting permits to small farm-vineyard businesses who wish to establish wine tasting rooms yet are open less frequently, such as those open only one day a month and/or on the holiday weekends. He envisions the development of a *Planning Director Review*, a permit process that will be less complex and less costly than the current $3,700 Conditional Use Permit process. The director currently has this idea under consideration in his review of all zoning ordinances.

One possible home for the *Planning Director Review* permit process, as applied to small farm-vineyards in Rural Residential and Ag/Forestry zones, is in the Level Three Major Home Occupation 822.05 section of the ordinances.

Recommendations: *Modify the county land use ordinances to accommodate the business models of small farm-vineyard tasting rooms in Rural, and Ag/Forest zones. Work to modify the state land use laws to accommodate the business models of small farm-vineyard tasting rooms on EFU land less than 15 acres in size.*

Monitor and be involved in wine industry-related policy and legislation. Oregon's wine industry continues to be in discussion internally and with other entities to find agreement on industry definitions and on activities and events permitted on wineries. Clackamas County should advocate for small wineries and small-farm vineyards that have or desire wine tasting rooms.

Case Study #2: Barrier - Some Farm-Vineyard Owners Confused by Need for Land Use Permits beyond OLCC Licensing and Operations Procedures

When vineyard businesses decide to make wine from their own grapes, they go through a licensing process with the Oregon Liquor Control Commission (OLCC). The design of that OLCC license process has caused confusion because there appears to be a county sign-off on the approved application, and landowners have assumed there is no need for additional permits with the county in order to open an on-site tasting room. When vineyard business owners receive no additional contact or instructions about county permits from the county or from OLCC after the OLCC license is received by the farm, some landowners have the impression that they do not need to pursue additional county permits.

What is the Source of the Confusion?

Some landowners are not aware of the need to communicate with the planning department when they are considering business expansion to include on-site wine tasting, and for those landowners, the design of OLCC license application may give them the false sense that no additional permit from the county is needed.

In looking at the approved OLCC license, the business owner sees the OLCC official's signature, and also a section of the form that is signed by a representative of the county. Apparently the form is reviewed and signed by the Sherriff's office and not by the planning department, causing a disconnect.
This licensing process with OLCC results in the receipt of a license certificate that grants approval of:
Various wine-related activities on their premises, including the following:

- Wholesale sales of wine or cider to the OLCC or OLCC licensees
- Retail sales of wine, cider or malt beverages directly to the consumer for consumption on or off the licensed premises.
- Ship up to two cases (not more than nine liters per case) of wine each month for personal use and not for resale, to any Oregon resident who is at least 21 years old.

And may also allow the holder to do the following:

- Exercise the above privileges at a 2nd or 3rd premises with OLCC approval.
- Hold a *Full On-Premises Sales license* (see conditions)
- Apply for a Special Event Winery license
- Provide on-premises wine tastings
- Exercise winery license privileges at another licensed winery (with OLCC approval)
- Request approval to deliver wine and malt beverages in factory sealed containers to consumers on any day after the day the licensee receives the order.

The OLCC License Certificate reads as follows:

- *Issued to: Name of business*
- *Trade Name: Name of Vineyard or Winery*
- *Located at: (usually location of the vineyard if the office is there as well)*
- *Privileges: This license allows the licensee to import, bottle, produce, blend, store, transport and*

export wines, and allows wholesale sales to OLCC AND Licensees and retail sales of malt beverages and wine for consumption on or off the licenses premises (417.223)

- *Signed by the Executive Director of OLCC and shows an expiration date and license number.*

In the licensing process, the county Sherriff's department investigates and signs off on the applicant business before the OLCC license is issued. The basis used for approval by the Sherriff's office as well as the level of coordination between Sherriff's office, County Planning and OLCC needs further investigation.

In some cases, the approved OLCC license was received by the farm-vineyard, but they received no education about the need to contact the county regarding permits. This resulted in confusion and lack of county permits because it appeared the county had signed off on the winery license and so it was assumed no further action was needed by the farm-vineyard. In at least one case, a subsequent request to OLCC for physical changes to a wine tasting area was approved but that request was never passed by the county planning department.

Winery Privileges

A winery license allows for the manufacture, storage and export of wine or cider in Oregon. It allows for the sale of wine and cider to wholesale and retail licensees in Oregon and to individuals in Oregon for consumption on or off site. There are optional privileges arranged through OLCC that allow for consumption at a special event winery or special event.

Recommendations: *Farm-vineyard business owners need to work with both the OLCC and the county planning department to ensure all the necessary permits and licenses are in place. To improve the chances of this happening, consider adding county planning staff or consultant time to design and deliver a landowner education campaign pertaining to the planning, land use laws, permit procedures and licensing of wineries and on-site wine tasting rooms.*

Mark Stewart 2010

When the Clackamas County Sheriff's department approves an OLCC license application, they should alert the planning department, who in turn should proactively complete a contact with the farm-vineyard to: 1. Determine what permits are already in place and to 2.Educate the landowner about county permits that may still be needed, 3.Offer assistance and education.

Another approach is to mandate OLCC to not approve licenses until they obtain a land use compatibility statement from the county planning department stating that the proposed use is authorized by county land use codes.

Acknowledgements: Contributors to this section include, Dr. Patricia A. Skinkis, Viticulture Extension Specialist & Assistant Professor with the Oregon Wine Research Institute at Oregon State University

C. Sector 3. Agri-tainment

Visitors have fun, find entertainment, make crafts, exercise, shop for gifts or seasonal décor. Includes: on-farm flower festivals, harvest festivals, corn mazes, holiday wreath making, craft-making at farms, lead alpacas, feed horses, and trout fishing.

Clackamas County has some definite assets in agri-tainment. Some of the farms with larger agri-tainment offerings are:

Mark Stewart 2012

Wooden Shoe Tulip Festival - Iverson Farm, Monitor. 150,000 visitors come to Clackamas County over a 4-6 week period in late March through April to view fields of tulips and daffodils in bloom, and enjoy food and other vendors, gift shop, activities. Purchase bulbs and cut flowers.

Oregon Lavender Festival - A mid-July tour 24 lavender farms, including Clackamas County farms: Starr Alpaca, Lavender Thyme, Barn Owl Nursery and Lavender at Stonegate.

Liepold Farms Harvest Festival - Liepold Farm, Boring. Huge crowds come to the farm during October to find the perfect pumpkin and fall decor, run through the corn maze, take a tractor-drawn hay ride around the farm, and enjoy the pumpkin pult, pony rides, kid's activities, crafts and food.

Molalla Buckeroo, Molalla - An action-packed rodeo event held during the 4th of July holiday.

Bushue Farms Pumpkin Patch - Bushue Farms, Boring. A nice crowd comes in October to ride the pig train out to select a pumpkin. Visitors may also play in the hay maze; make dirt babies and crafts under cover.

Snowline Tree Farm, Molalla - During Christmas tree harvest time from Thanksgiving to just before Christmas-crafts for kids (such as making a pinecone bird feeder) in the covered area by the warm fireplace.

Alpacas at Marquam Hill, Marquam - A large, modern barn packed full of show-quality alpacas. Gift shop. Meet the BIG and funny guard dogs who keep the alpacas safe from predators. Groups welcome.

Rosse Posse Elk Farm, Molalla - A petting zoo where human kids can play with the goat kids and see many farm and unusual animals up close.

Rainbow Trout Farm, Sandy - Catch a trout and make a memory. 10 sparkling pools on an estate. Fee fishing -pay by the inch. Fishing equipment provided. Free fish cleaning. Barbecue area.

Cedar Springs Alpacas, Sandy - See and pet the gentle alpacas and hear the story of their lives. New babies in spring and summer. Animals, yarn and fiber for sale. Picnic, Hobbit cottage, kids play area.

Recommendation: *Update the inventory of agritourism farms on a continuous basis; and perform a proactive inventory survey annually.*

D. Sector 4: Hospitality Services

Visitors enjoy the hospitality of winemaker dinners, overnight farm stays, and private events hosted on the farm.

D.1. Farm Stay and Bed & Breakfast Operations

Promoting the success of Farm Stay and Bed & Breakfast (B&B) operations is a positive economic strategy for rural population centers and farms/ rural areas outside city limits in Clackamas County. While B&B operations may be located in cities as well as rural areas, Farm Stays are located only on farmland. Farm Stay operations may also be registered as B&B operations. Farm Stays are an emerging farmland use and organizers are trying to establish Farm Stays as an entity separate from Bed & Breakfast stays. Farm Stay operations need to collect and pay the transient tax at the rate determined by the county in the same manner that a Bed & Breakfast operations would.

Farm Stays bring revenue to the families who operate them, and to nearby businesses such as Farm Loop farm stops, historic farms, restaurants and rural retailers that need the lodging options to encourage travelers to come to the area, to stay overnight and also to extend their stay in the area.

These private, homey and relaxing accommodations provide ideal lodging for families, small groups, outdoorsmen, and bicycle or motorcycle touring groups. Small groups, families or individuals interested in helping work a farm, birding, bicycling, photography, hiking, fee hunting, fee fishing or fee recreation such as horseback riding and camping all find this type of lodging appealing.

Good to Know

Farm Stay U.S. www.farmstayus.com
A Resource for Farm Stay Development

Farm Stay U.S. is a member organization across all 50 states; however, it is based in Oregon and, as such, is active in assisting local farms and ranches interested in adding lodging to their operations. Less than three years old, Farm Stay U.S. is in the process of compiling training materials for its membership of both new and existing operations so that there is a clear understanding of necessary precautions, steps, and regulations required when hosting guests on a farm or ranch. The founder is an Oregon farm stay operator herself.

To fit the criteria for membership, farm or ranch partners must be working operations growing livestock and/or produce for sale to the public. Alternatively, farms and ranches growing and using everything for themselves in a self-sustainable model, and non-profit farms educating their guests through on-site food production are also welcomed as members. These characteristics were chosen to distinguish farm and ranch stays from regular bed and breakfast accommodations. Membership is paid at varying rates depending on the level of marketing desired on the site.

Farm Stay U.S. believes the majority of Americans are hugely disconnected from their food and the land. Farm stays provide an opportunity to put down the cell phone and connect with all a rural life has to offer.

a. What is a Farm Stay?

A Farm Stay is an overnight stay on a farm, giving you the experience of life in the country on a working farm. A Farm Stay is a hosted accommodation, which means the hosts provide a personal on-the-spot welcome to their guests on arrival and they are "available" for them during their stay for advice or suggestions of the locality. The host's focus is on establishing a warm and friendly, though not intrusive, relationship with their guests. Sometimes guests may help work the farm, such as gathering eggs, grooming animals, or helping with planting or harvesting of crops.

Farm Stay operations may or may not also register as a Bed & Breakfast, but could be regulated under Bed & Breakfast ordinances until the term Farm Stay can be added to county and state land use laws.

b. Farm Stays Popular in Europe

In Switzerland, agritourism and Farm Stays are referred to as "sleeping in the straw." While that may not be literally what happens, it does suggest the element of romance that visitors find so compelling – to go to the farm and to reconnect with the land at the simplest level. Farm Stays are a popular tourism destination in Europe, with many farms hosting visitors. These visitors may choose to just enjoy the scenic serenity of their visit, or might help work the farm. A popular model in Italy is a demonstration tour, which takes the visitor on a progressive, experiential farm-culinary learning experience taking them from field to the hands-on creation of a food item such as cheese.

c. Development Opportunity: Add Farm Stay Accommodations and B&Bs in Rural Towns

In 2012, there are 10 B & B lodging operations in Clackamas County. Most of these accommodations are located in the Mt. Hood area region of Clackamas County. None of these operations are Farm Stays located on farms. All three Clackamas County Farm Stays present in 2007, have closed. These Farm Stay operations were also registered as Bed & Breakfast operations.

Three farms have expressed interest in developing Farm Stays, and t currently working through the permitting process. With an awareness program and with the support of the Planning Department and Tourism Development Department, several Farm Stay operations could be established in the county.

Farm stay accommodations have been authorized in EFU zones as home occupations and Room and Board facilities (both listed in the EFU zone as "conditional uses" subject to state law and any additional law a county may establish.) Farms should work with the county planning director in regards to county application and interpretation including the establishment of a special Agritourism District to accommodate the unique zoning needs of Farm Stays.

A Bed & Breakfast in a rural population center has recently re-opened. Prairie House Inn in Molalla has been refurbished and has expanded their food service.

d. Case Study #1: Farm Stay Operations in Clackamas County:

No Farm Stays are currently operating in Clackamas County. Recently closed accommodations are:

- Molalla: Rosse Posse Elk Farm (their farm remains part of the Molalla Country Farm Loop) Closed because of the schedules of their busy school-aged children was not compatible with the needs of lodging guests.
- Molalla: Maple House Cottage - South Sawtell Road. Closed due to family changes. Not planning to reopen at this time.
- Mulino: Mulino House Bed & Breakfast and Quilt Studio. Closed because of road construction. Physically moved the building to another location. Plans to reopen unknown at this time.

e. Case Study #2: Farm Stay models outside Clackamas County on farms or in rural population centers surrounded by farmland: Many other models are present in Central, Eastern and Southern Oregon.

Columbia Gorge area:
Hood River: Sakura Ridge www.sakuraridge.com
Hood River: Bella Vista www.bellavista.com
Parkdale: Draper Girls Country Farm www.drapergirlscountryfarm.com
Yamhill Co:
Carlton: Abbey Road Farm www.abbeyroadfarm.com
Carlton: Lobenhaus Bed and Breakfast and Vineyards www.lobenhaus.com
Dayton: Stoller Vineyards www.stollervineyards.com
Dayton: Wine Country Farm www.winecountryfarm.com
McMinnville: Youngberg Hill Vineyards and Inn www.youngberghill.com
Newberg: Deer Haven Farms www.deerhavenfarmsbb.org
Yamhill: Flying M Ranch www.flyingmranch.com
Northern Willamette Valley/Coast Range:
Alsea: Leaping Lamb Farm www.leapinglambfarm.com
Hubbard: B and B Orchards
Independence: Chatoe Rogue Hop n' Bed www.rogue.com/locations

Good to Know
How is a Bed and Breakfast different from a Farm Stay?

A Bed & Breakfast (B&B) is a lodging and limited meal operation. A bed and breakfast can be sited within a population center or on rural land or farmland. The operator or owner must reside at the B&B. Bed & Breakfast operations located in a city will also need to comply with the regulations of that municipality. There are different structure types and appearances allowed in Clackamas County:

- Bed and Breakfast Homestay.
- Bed and Breakfast Residences: Single-family dwellings, guest houses, and Historic Landmarks are the only eligible structures for this use. In zones R-2.5, R-5, R-7, R-8.5, R-10 and HR zoning districts, the maximum number of guest rooms allowed is five.
- Bed and Breakfast Inns: This use may be established only in single-family dwellings, guest houses, Historic Landmarks, and pre-existing structures built as manor houses or inns. *N zones R-15, R-20, R-30, FU-10, RR, Ra-1, RA-2, RRFF-5 and FF-10, the maximum number of guest rooms is seven*. No new structures may be built for this use except in commercial or multifamily zoning districts. Once an inn reaches six rooms in size, it must obtain a restaurant license, and be ADA compliant.

Bed & Breakfast Operations in Clackamas County:

- Brightwood/Sandy/Aspen Creek: Hidden Woods Bed & Breakfast
- Brightwood: Brightwood Guest House Bed & Breakfast
- Clackamas: Clackamas River House
- Damascus: Fagan's Haven Bed & Breakfast
- Eagle Creek: Hidden Lake Retreat
- Happy Valley: Mt. Hood Manor Bed & Breakfast
- Milwaukie: Sandes of Time Bed & Breakfast
- Molalla: Prairie House Bed & Breakfast (was closed; recently reopened)(member of Molalla Country Farm Loop)
- Sandy/Welches: Sandy Salmon Bed & Breakfast (member of Sandy Area Farm Loop)
- Welches: Doublegate Inn

Agritourism Master Plan for Clackamas County. Printed by Clackamas County 2012. Please obtain permission before reproducing.

The Oregon Bed and Breakfast Guild (OBBG) www.obbg.org is a membership organization for Bed & Breakfast operations. They offer cooperative advertising through the Guild's website, a print brochure, toll-free information phone line, and lodging gift vouchers. Details: 1-800-944-6196.

Recommendation: *Tourism, County Planning and Business Development departments work together to build an inventory of Farm Stays, followed by a program to build awareness of Farm Stays accommodations in the county.*

Recommendation: *Work to develop a special Agritourism Zoning District that will better accommodate Farm Stays.*

Recommendation: *Working within state land use laws, add a definition of Farm Stay to the county code.*

> *"A Farm Stay is an overnight stay on a farm, giving you the experience of life in the country on a working farm. A Farm Stay is a hosted accommodation, which means the hosts provide a personal on-the-spot welcome to their guests on arrival and they are "available" for them during their stay for advice or suggestions of the locality. Sometimes guests may help work the farm, such as gathering eggs, grooming animals, or helping with planting or harvesting of crops."*

Farm Stays should be allowed in the zoning ordinances wherever Bed & Breakfast operations are allowed.

Recommendation: *Work to change state land use laws to allow Farm Stays in accessory structures or a portion there of, including Guest Houses and Studios. To prevent misuse of the building as a long term rental, set a limited number of days each guest could stay. In addition, to accommodate visitors with small children or special medical needs, allow the presence of a refrigerator, and in farms that cannot get a commercial kitchen because of the presence of animals, allow the presence of cooking facilities in the farm stay accommodations.*

Recommendation: *Work to change state land use laws to allow Farm Stay operations to lodge enough guests to make economic sense for the operation.*

Leaping Lamb Farm Stay in Alsea is a strong local business model

Acknowledgements: Contributors to this section include: Scottie Jones, Farm Stay U.S. and the Oregon Bed & Breakfast Guild.

D.2. Preparing and Serving Food to Visitors on Farms in Clackamas County

As agritourism develops, more and more farms are expressing interest in serving food to farm visitors as part of their product marketing, for hospitality, and to add revenue to their bottom line. The addition of food service requires some familiarity with zoning ordinances, and with food service licensing.

D.2.a. Getting Ready to Serve Food on Farms

1. Check zoning ordinances. When farms consider serving food other than tasting samples to the public—either as a giveaway or for sale—the first step is to check the zoning ordinances to make sure food service is allowed in their farm's zone. This does not apply to serving samples of the agriculture products raised or processed on the farm, which is allowed in all zones. For help with zoning ordinances, visit the county planning department website or contact staff.

2. Check with Health Department. If zoning does allow food service, and farms want to prepare and serve snacks or meals, they should contact the county health department and inquire about food service licensing. There are temporary and permanent licenses. When the farm starts serving food to visitors in a volume larger than a sample, they need to work with the county health department.

3. Cookies OK but verify menu. The preparation of low-risk foods given to farm visitors as a hospitality practice, such as non-perishable cookies, is generally not a food service practice the county or state would want to take the time to inspect, and so can usually be done without need for a license, however, it is recommended you call the county health department to verify the menu.

4. Check well water. If well water is used in the preparation of food, for dish washing, or for consumption, farms should contact Clackamas County Community Health for information about water testing and if necessary, state approval for the water source. For information on water testing and water source approval in Clackamas County contact Joel Ferguson (503) 742-5367.

5. Understand and use safe food handling procedures. Whenever food is prepared, safe food handling procedures must be used to protect farm families and the public from food or water-borne illness. For example, it would be devastating if E. coli bacteria found its way into fresh pressed apple cider, or Staph A caused stomach upsets when a farm snack was not handled correctly. In order to prevent harm to farm visitors, as well as to prevent damage to a farm or event's reputation, it's important to follow the applicable 2009 food code safe food handling procedures when preparing food for visitors, whether that food is given away or sold. For basic information about keeping food service safe, visit: http://public.health.oregon.gov/Partners/foodsafetycounty/Pages/index.aspx http://oregon.gov/ODA/ADMD/docs/pdf/gap_dm_pamphlet.pdf

6. Consider hiring a chef of caterer. An alternative idea to preparing food on the farm is to hire a licensed chef or caterer to prepare and serve the food. The caterer prepares the food in a licensed commercial kitchen and supplies all the necessary licenses and usually some insurance. Servers should have adequate training in food handling (serving).

7. Purchase prepared food. Another alternative idea is to purchase prepared and packaged food at a store and serve that food.

8. Processing and packaging food on a farm is not Food Service. For new information about processing and packaging foods on farms for direct sale to the end user from the HB 2336 Farm Direct Bill, see Appendices A, B and C.

D.2. b. Food Sampling and Types of Food Service on Farms

1. Food Sampling: Serving samples of food produced on the farm for tasting, as part of a farm's marketing efforts, does not require inspection of the food handling area or licensing. Farmers should follow safe food handling procedures including: cleaning and sanitizing food contact equipment, washing hands well before serving samples, washing hands after using the restroom, keeping animals away from the area where food samples are served, providing a hand washing station for visitors (pump soap, a potable water container with an adjustable drain spigot, a container for collection of waste water, and paper towels), and ask visitors to wash their hands after touching animals or soil. Farms may serve a sample up to 2 oz. in size per product. Serving portions larger than this requires an inspection and possibly a permanent or temporary restaurant license.

2. Special Event Food Service: If food will be prepared and served to farm visitors at a special event, an inspection and temporary restaurant license from the county health department will be needed in addition to land use permits. Farms do not need to call Oregon Department of Agriculture regarding this inspection. The cost of that temporary license in Clackamas County is currently $118. Examples of this type of food service are barbecues, salads & sandwich lunches for tour groups, festival food, and Farm to Fork dinners.

Good to Know
The Pickle Bill Allows Small-scale, On-farm processing of Food for Sale

Legislation that took effect January, 2012 (HB 2336) allows for the preparation of certain types of foods for sale at on-farm or off-farm direct markets, without the need for a kitchen inspection. If a farm makes less than $20,000 in annual sales of these products, and is preparing low-risk processed foods including jams, syrups and high-acid canned foods such as pickles, the kitchen does not need to be inspected.

However, in the processing of these foods, Direct Market Rules from Oregon Department of Agriculture do need to be followed.

3. Ongoing Food Service: If food will be prepared and served on a regular basis for visitors to the farm, then a restaurant license will need to be obtained from the county health department in addition to county land use permits. The cost of a permanent restaurant license through the county health department is typically $400, but the price varies according to capacity. The license needs to be renewed annually.

4. The Predominant Rule – Farms will usually not need to be inspected and licensed by both ODA and the Health Department. The two agencies have a cooperative agreement used to determine who has licensing authority or responsibility. When more than 50 percent of sales are predominant, it is that predominant agency that inspects and licenses the farm to handle food. For example, if more than 50 percent of the farm sales are from food processing and packaging, then ODA will issue the appropriate license and conduct inspections. If more than 50 percent is for food service (food for immediate consumption), then the Health Department will provide the inspection and licensing. For a special event, however, contact the Health Department.

Farm Example: A winery currently licensed by ODA wants to prepare pizza on a continuous or regular basis in their brick oven and serve it with their wine tasting. Since they are already licensed by ODA for the processing of making wine they should first contact ODA for a plan review to determine if the winery meets minimum construction standards for the proposed food service activities. After the winery receives approval from ODA for the permanent food service facilities, the farm still needs to go through the county zoning ordinance permit process. If a licensed winery cannot meet minimum facility requirements for preparing food for immediate consumption under their current ODA license, they must contact the local county health department for approval to temporarily serve food for immediate consumption during an event. ODA does not approve outdoor food service activities or food service activities without adequate permanent facilities. Outdoor and non-permanent food service activities at ODA licensed facilities need temporary restaurant licenses issued by the local county health department.

D.2.c. Bed & Breakfast Food Service:

Bed & Breakfast and Farm Stay operations need to consult county zoning and the health department for complete information on food service licensing requirements. Bed & Breakfast operations must have a B&B license. If the B&B serves lunch, dinner, both, or cater they will need a restaurant license. The state health department's website contains the application form and additional helpful information: http://public.health.oregon.gov/Partners/foodsafetycounty/Pages/index.aspx

Good to Know

Preparing Foods in Domestic Kitchens on Farms

Foods may be processed and packaged on farms for sale with appropriate inspection and licensing. The Oregon Administrative Rules 603-025-0200 guides and mandates how food may be prepared in domestic kitchens. This pertains to only processed and packaged food. If farmers want to serve non-packaged food at the farm, they need a temporary or permanent restaurant permit. Adherence to county zoning rules and approval for septic systems may be required.

Establishments Utilizing Domestic Kitchen Facilities

(1) In addition to the provisions of OAR 603-025-0020 (General Standards of Food Establishments Construction and Maintenance) a food establishment in an area which is part of a domestic kitchen shall comply with the provisions of section (2) of this rule.
(2)(a) All domestic kitchen doors or openings to other rooms of the building or structure shall be kept closed during the processing, preparing, packaging, or handling of commercial foods;
(b) No person other than the food establishment licensee, or one under the direct supervision of such licensee, shall directly engage in the processing, preparing, packaging, or handling of commercial foods and no other person shall be allowed in the domestic kitchen during such periods of operation;
(c) No infants or small children shall be allowed in the domestic kitchen during the processing, preparing, packaging, or handling of commercial foods;
(d) No pets shall be allowed in the structure or building in which the domestic kitchen is located;
(e) No processing, preparing, packaging, or handling of commercial foods shall be carried on in a domestic kitchen while other domestic activities are being carried on in such domestic kitchen, including, but not limited to, family meal preparation, serving, eating, dishwashing, clothes washing and ironing, cleaning of floors, walls, cabinets and appliances, or entertaining guests;
(f) Each domestic kitchen shall include and be provided with the following:
(A) A separate closed storage space for ingredients, finished product containers, and labels for commercial foods;
(B) Separate refrigerated facilities for storage of perishable products or ingredients utilized in the processing, preparing, or handling of commercial foods;
(C) A separate storage area for household cleaning materials and other chemicals or toxic substances.
(g) Medical supplies or equipment shall not be stored or allowed in the domestic kitchen;
(h) All domestic kitchens shall be available for inspection by the department between the week-day hours of 8 a.m. to 5 p.m., and the department shall, if it deems it advisable or necessary, inspect such premises on Saturdays or holidays or other times commercial foods are being processed, prepared, packaged, or handle

For more information:

- www.oregon.gov/ODA/FSD
- Clackamas County Department of Health; Restaurant Inspection and Licensing- Steve Dahl: (503) 655- 8386. steved@co.clackamas.or.us
- Oregon Department of Agriculture; Food Safety Division: (503) 986-4720.

Acknowledgements: Contributors to this section include: Steve Dahl, Manager of Environmental Health, Clackamas County Health Department and Dawn Smith, Food Program Manager, Food Safety Division, Oregon Department of Agriculture.

Recommendation: *Educate farms about the need for permitting and restaurant licensing when they approach any of the county departments for development advice. Develop and provide a printed information piece, and supplement that piece with information presented on the county's website. Schedule outreach to various farm organizations.*

Recommendation: *Schedule trainings on "Healthy Food Handling on Farms" in several locations around Clackamas County that would educate farmers on safe food handling practices for tasting samples and for temporary and permanent food service. Include the topic of Healthy Food Handling on Farms in Agritourism training. For basic information on licensing and keeping food service safe: http://public.health.oregon.gov/Partners/foodsafetycounty/Pages/index.aspx and http://oregon.gov/ODA/ADMD/docs/pdf/gap_dm_pamphlet.pdf*

Recommendation: *Work with ODA and the health department to create a FAQ guide that can provide instruction for food service on farms. There is the need for clear and simplified information to illustrate the steps in the process.*

Recommendation: *Consider a change in the policies that would create a modest fee structure for/and limited frequency restaurant license for farms that prepare and serve food to very small numbers of visitors, but on a regular basis during the growing season.*

Recommendation: *Watch for a revision in the state food codes. The Oregon Department of Agriculture (ODA) and the state's Health Division (OHA) are collaborating to make their two separate food codes into one joint code. The code changes are currently in process and will filter down to the county level automatically; OHA rules should be in place in 2012 and ODA rules should be in place in 2013. The two agencies should be commended for their collaboration to tackle this difficult task.*

Recommendation: *Work to revise the state land use rules to provide the option to allow temporary and permanent restaurant licenses on farms zoned EFU land in situations where this practice will not be detrimental to the production of commercial agriculture in the immediate area.*

Recommendation: *Attract a rustic and cozy boutique hotel to the county – tucked away on one of the interior country roads in the county – serving the demographic who would be attracted to on-farm dinners and farm tours that include food service. Study the weaknesses and strengths of The Oregon Garden Resort. This boutique hotelier may be a potential developer.*

D.2.d. Development Idea: On-Farm Dinners

On-Farm dinners are a type of culinary tourism that has been gaining momentum and success over the past decade. Clackamas County has all the right "raw ingredients" for successful On-Farm Dinners: close proximity to the state's largest population center; a strong "foodie" mentality; hundreds of farms that have scenic locations for dinners; multiple sources of a variety of top-quality local food, beers and wines; talented caterers and chefs, and motivated farmers.

The premise of these dinners is to reconnect people to their true source of food and wines while bringing a new revenue source to the farmer. Other names for these events include: Farm to Fork, Field to Table, Plate & Pitchfork, Dinner on the Farm, and Winemakers Dinner. While the event names are different, they are all similar in format and all add up to an enchanting dining experience.

The French Country Style Dinners are a darling of the slow food movement, and include the opportunity for the public to come to a working farm and savor a sit-down, three-to-five-course meal with wines or beers paired to each course. One dinner offered a food-only option at a lower price. The dinners are set in the field, orchard, vineyard or historic barn. The tables are tastefully set with white linen, china, candles and flowers and the menus include several courses of appetizers, entrées, and dessert.

The mouth-water menus are created from fresh, local foods that are sourced from nearby farms and wineries as much as possible. The varietal choices change depending on what is in season. The chefs seem to enjoy the challenge of taking what is available and preparing a feast that is both delicious and unusual.

The program for the night includes a welcome, the farmer and winemaker telling their stories of food and wine production; tours of the farm by the farmer; the meal and live music.

Four events were studied in depth: Allium Restaurant's Dinner on the Farm, Farm to Fork, Plate & Pitchfork and Heidi Tunnell Catering. Of the four On-Farm Dinners studied, two indicated the event benefitted a charitable organization that was tied to the idea of sustainable or organic farming. Beneficiaries included Oregon Tilth Organic Education Center and Friends of Family Farmers.

Pricing of the event varied from $55 per person to $180 per person. In most cases, the closer the event was to Portland, the higher the price.

The meal is typically prepared and served by a licensed caterer or restaurant chef and staff. In most cases, the meals are prepared in a commercial kitchen and brought to the farm for finishing and plating.

Instead of using professional catering food preparation facilities or restaurant, there is the opportunity for the meals to be prepared on the farm if that farm has a kitchen licensed as a temporary or permanent restaurant. An example of a farm already set up for this is Iverson Farms (Wooden Shoe Tulip Farm), who have a "commercial kitchen" already on site. It would also be worthwhile to investigate and determine if a domestic kitchen on a farm could be used for preparation of a large meal of this nature.

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for the meals to be prepared on the farm if that farm has a kitchen licensed as a temporary or permanent restaurant. An example of a farm already set up for this is Iverson Farms (Wooden Shoe Tulip Farm), who have a "commercial kitchen" already on site. It would also be worthwhile to investigate and determine if a domestic kitchen on a farm could be used for preparation of a large meal of this nature.

Recreation was paired with Farm Dinners when Farm to Fork teamed with Momentum River Expeditions to produce a four-day river expedition down the wild and scenic portions of the Rogue River with gourmet cuisine along the way. Some 21 guests floated by day and consumed artisan meals by night that included wine pairings with each course and discussions with farmers and winemakers around the campfire. The event sold out so will probably be repeated.

Interviews with caterers who run these events have revealed that they would consider Clackamas County as a location for their event. One of the potential barriers, according to the caterers, is the cost of the per event. Also, one caterer indicated that people do not want to have dinner on a farm where they can see the type of animal that they will be eating, such as eating lamb on a sheep farm.

Recommendation: *Encourage the growth of Farm Dinners in Clackamas County. Pitch the catering organizations that already have been operating these dinners and encourage them to locate an event in Clackamas County. Work with the Planning Department to offset the cost of the permits if necessary. Provide support to Clackamas County-based caterers and restaurants, such as Allium Restaurant, so they will be encouraged to continue Farm Dinner event development. Encourage new Farm Dinner entrepreneurs.*

Case Study #1: Successful On-Farm Dinner in 2011; More Planned in 2012

In August, 2011 a partnership of West Linn farms and a restaurant teamed up to produce a very successful on-farm dining experience. Because of the success of this event, additional dinners are planned by Allium in Clackamas County in 2012. Other Clackamas County restaurants, including "503" are exploring a similar event. The partnership involved Miles McCoy, owner of 19th St. Farms in West Linn, chefs Pascal Chureau and Ian Ragsdale of Allium restaurant in West Linn Sarah Bader, owner of Stonegate Lavender Farm in West Linn. Food was prepared at Allium Restaurant, and transported by hot box and coolers in a truck to the farm.

Event Statistics:

- Audience: 100 (sold out) diners, many from the "neighborhood" of West Linn and Lake Oswego. Some were customers of 19th St. Farms reached through social media.
- Tickets for event were $55 per person. Gross income estimated at over $50,000.
- Parking for all the guests was easily handled on-site. The restaurant did suggest parking at the restaurant and carpooling to the site for the next event.
- Location was relatively easy to reach from two exits off I-205; from the west at the Stafford Rd. Exit;

and from the east, at the 10th St. Exit, which takes them through the "Willamette area" retail district.

- The dinner also provided indirect marketing opportunities for all the businesses involved.

The success of this event looks like a marketing opportunity for the nursery (renting the space), 19th St. Farms (vendor of produce for dinner/wedding/event). A description of each partner follows:

- **19th Street Farm** provided fresh produce for the event, connected the chefs to the lavender farm event location and provided some coordination and marketing for the event. 19th Street Farm is a small-acreage farm using sustainable practices to produce a wide range of year-around produce. The farm's markets include Community Supported Agriculture (CSA), the local farmers market, and direct sales to restaurants, including Allium.

  The farm was started on a half-acre lot in 2007, selling mostly to friends and neighbors. Then in 2009, a rare partnership was formed that allowed the farmers to expand their operations and start farming on the flood plain of a nearby residence's land flanking the Tualatin River— just outside the urban growth boundary. The owner accepted a small payment for rent per year. He also supplied a tractor/tiller and had built a main water line to the edge of where they now farm. His family also has open access to all the produce and they even grow special older and rare varieties of vegetables for his culinary hobby…Medieval cooking. They are now farming roughly two acres on this site, with still some room for expansion.

  Then, the flood plain land next to their farm became available. It had been farmed for several years, serving high-end restaurants in Portland, until the farmer died suddenly. Again, there was some infrastructure in place that allowed 19th St Farm to again expand their operations despite their labor limitations.

- **Allium Restaurant:**

Allium catered the event, and carried out considerable marketing of the event with their customer base. This successful restaurant has been open in West Linn for about a year and half. Opened by Pascal Chureau and Ian Ragsdale, it focused on using local, seasonal produce and products on their menu. Both chefs have run successful Portland restaurants and saw opportunities in West Linn. 19th St. Farms has been a vendor from their opening. 19th Street Farm is also featured in one of the restaurant's monthly Family Dinners, with a menu using the farm's produce in at least several dishes. This concept is repeated with other vendors. They have also paired with other related organizations such as Oregon Tilth, for one of their monthly restaurant dinners, and the local Luscher Farms for an on-site event that included youngsters being involved in the harvest and preparation of food from the farm.

- **Lavender at Stonegate Nursery:**

This is both a retail and wholesale lavender nursery, with the majority of the income from wholesale. Owner Sarah Bader has extensive background with lavender and has developed unique knowledge. In fact, Timber Press, a leading horticultural press located in Portland, is publishing her new book on lavender. This should lead to many PR opportunities including interviews, speaking (both at the consumer and professional levels), and references both in print and through social media. Meanwhile, Bader puts together several annual events at her nursery, which draw hundreds of guests. This includes an annual lavender festival that is supported and produced by several Willamette Valley lavender nurseries and product companies.

Case Study #2: Failed On-farm Dinner 2011; Retry in 2012

According to Laura Unger, farm store manager for Unger Farms in Washington County, "We had to cancel our farm dinner because the chefs flaked out." Laura indicted that several independent chefs were tried, but none were a good match because they didn't want the roles of deciding the menu, and telling the guests about the preparation of the food at the event. The chefs seemed overwhelmed. The lesson she learned was to use an established catering company. But Laura got back on the horse: she has found a talented catering company in the area for her summer 2012 Farm Dinners and proceeds are benefitting the Beaverton and Hillsboro farmers markets. Laura markets the events through her booths at 14 farmers markets in the area and also at her farm store. She feels there is a large and enthusiastic market for these types of dinners.

D.3. Events and Activities on Farmland

The topic of allowing various nontraditional events and activities on farmland has been the subject of much discussion, studies and some legislative action.

D.3.a. Farmland Activities Task Force-Report and Recommendations.

Once such study and related legislative action occurred in December 2010, when the Association of Oregon Counties completed the "Farmland Activities Task Force-Report and Recommendations" which reviewed current patterns of use on farm land; assessed the impact and compatibility of agricultural tourism on farming operations and the farming community; identified infrastructure needed to support appropriate uses in agricultural areas; and developed recommendations to minimize conflicts.

A Task Force made up of state agencies and interest groups was involved in the process. This group developed a set of principles to guide its work, including:

1. Give preference to "farm use" as defined in ORS 215.203(2) (a) on farmland.
2. Support economic activities that compliment farm use.
3. Seek opportunities for better communication between those wishing to establish non-traditional farm uses and those who may be impacted by such activities.
4. Ensure compliance with public health, environmental health and safety requirements when establishing other uses on farm land.
5. Ensure activities associated with "farm use" (i.e. efficient operation of equipment and transport of products to market in a timely manner) are not impaired.
6. Assist counties with establishment of clear, transparent, and to the extent possible, consis¬tent processes for consideration of traditional and nontraditional farm activities.
7. Identify "best practices" in the public process for consideration of nonfarm issues on farmland.

And the planners and stakeholders raised the following issues:

1. Activities/Events
   - Dinners/food service
   - Entertainment/concerts
   - Charitable, corporate and political functions

- Weddings/reunions
- "Farm to Table" dinners
- Bike and running/walking events
- Pumpkin patches and corn mazes
- Recreation/sporting events, such as soccer, motor/bike cross, ATVs, etc.
- Recreational complexes with permanent improvements
- Shooting Ranges
- Dog agility training
- Art and landscape painting at farms
- Farm stays (similar to dude ranch)
- Farm to school/education

2. Compatibility
   - Traffic volume and congestion
   - Noise
   - Lighting
   - Hours of operation
   - Dust and spraying
   - Trespass
   - Frequency and scale of activity
   - Impacts to resource production (on site and surrounding area)
   - Aesthetics – maintaining rural atmosphere/lifestyle
3. Support Services and Requirements
   - Transportation issues such as traffic flow, parking, emergency services
   - Public health requirements, including food service, sanitation, garbage
   - Groundwater/wells
   - Building/fire safety
4. Process
   - Consistent county interpretation of what activities are allowed on farm land
   - Public notice
   - Neighborhood compatibility/impact
   - Enforcement
   - Consistency between farm uses
   - Coordination between state agencies and county departments
   - Property tax consequences and differential between farm deferral and tax on land uses for activities/events.

Upon review, the Task Force found that existing state law did not clearly provide opportunities to conduct activities and events on farmland. While state law was quite prescriptive regarding uses that may be established on farmland, it was vague when it came to nontraditional activities which promote Agritourism. As a result, counties had taken different approaches to address questions related to the establishment of events and activities on farmland.

The Task Force developed a legislative concept that became HB 960, to clarify how events and activities in conjunction with farm use may be permitted on farmland. The bill passed in the 2011 session and amended state statute to include activities that promote farm use. Additionally, two new sections provided for a Limited Use Permit and a Single Use Permit.

One issue of general interest was that of food inspection on farms. Food inspection has been con-

ducted both by Oregon Department of Agriculture and by the Department of Human Services (Health Department). These two agencies are currently developing a new and more efficient process for the inspection of food.

Another issue was related to preparation of food for public consumption on farms (commercial kitchens); restaurant facilities; rental space for conferences, receptions and weddings. The Task Force concluded that these types of activities should be considered through the conditional use permit process as commercial activities in conjunction with farm use. It was intended that counties would have the flexibility, through this process, to determine the level and frequency of food service and have the authority to condition such uses accordingly. The amendment to ORS 215.283 (2)(a) was intended to clarify that commercial activities may include activities that promote farm use and are subordinate to the primary farm use of a tract.

D.3. b. Case Studies: Comparison by County of Events and Activities on Farmland

The following comparisons were taken directly from the June 2010 AOC surveys completed by county planning departments. They were asked to describe the activities, review process, conflicts, other limits, and to evaluate the significance of issues and give suggestions.

Case Study #1 Benton County

There were activities going on "under the radar" as the activities were not submitted and so not approved by the county and complaints had not been received. Examples include: winery events, coffee stands, produce stands, bike rides, festivals and others. According to the county, many of these events would not be allowed if they were reviewed.

Farm-based processing, farm stays, and events as an element of commercial activity in conjunction with farm use were reviewed under the conditional use permit process. Festivals were reviewed as a Mass Gathering, and produce stands were permitted outright. Occasionally, a farmer would report that a non-farm use in their vicinity made farming more difficult. In Benton County, weddings can be allowed under the provisions for mass gatherings but not allowed as an ongoing business. Regarding the many uses already occurring, county does not pursue enforcement unless complaints are received.

Case Study #2 Hood River County

Activities include weddings, road rally race, bike touring rallies, bike/ped trail, beer brewery and one bakery. There were a few noise complaints about weddings. With weddings the number of events ad guests are regulated, stricter noise standards and operating hours. The road Rally race is regulated by the Sherriff and Public Works Director and the beer brewery is treated the same as a winery. The Bike/Ped trail required stream side mitigation, special gates and signage and closure during orchard spraying.

The review process shows that weddings need a conditional use permit, road rally and bike touring not reviewed, brewery and bike/ped trails needs CUP and bakery need a farm stand application.

This has worked well and is a "nice marriage of tourism with agricultural activities through such things as the Fruit Loop Tour Ride, etc." 'HR County suggests counties have as much flexibility and local control as they can so that each county can decide what the best firs are for the rag community and local economy. Many of the non-traditional events occurring on EFU lands are being operated by long-time farmers.

Case Study #3 Multnomah County

Activities include weddings, large parties, farm to plate dinners, concerts, bike races, fee-based events such as corn mazes, pumpkin slinging, school group tours, hay rides, kid slides, flower sales, corporate picnics

Weddings are not reviewed, farm-to-plate dinners are approved through a farm stand review, some concerts are reviewed, and when they are it's through a farm stand review. Some of the other events are also reviewed and approved through a farm stand review process.

Complaints from neighbors of disruptions to "rural setting life" for non-permitted and permit¬ted activities from noise created and excessive traffic on rural roads. Also, complaints of turning EFU land into seasonal circus/fair venues, events potentially hindering movement of farm equip¬ment and emergency services on narrow roads, concerns that farmers will not be able to conduct legitimate farm practices adjacent to public events without being asked to cease. Parking within the right-of-way on narrow roads has also been a problem.

Aside from events qualifying under state mass gathering statutes, events are regulated through the farm stand provisions. All incidental sales, prepared food items and fee-based activities limited to 25% of the total sales of the farm stand, use of structures prohibited, traffic studies required, sanitation must be provided, and the applicant must show a reasonable tie between the farm and the proposed fee based activity and demonstrate the farm is not just being used as a backdrop to the activity. Also consider whether the primary focus is the event itself (commercial weddings) or to promote the sale of farm products (open air "plate and pitchfork" dinners)

Increase over the past few years in the number of complaints received for expanded non-permit¬ted and/or non-farm activities occurring on EFU land. Major source of conflict when there are unpermitted activities on EFU land. Typically, if the property has secured permits, there are no major conflicts. The time spent on implementing the farm program has generally increased due to difficult to apply regulations, complaint responses, and issuing land use decisions that cover all of the bases.

Would like to see the state consider allowing zoning changes on select farm lands for true "agri¬tainment" operations. These commercial centers could serve as a valuable community asset but should be consolidated into larger, more viable commercial footprints, rather than a scattering of medium-sized businesses throughout the agricultural landscape.

Case Study #4 Polk County

Activities include weddings, paintball facilities, concerts, art shows, mud bogging.

Most begin as an illegal use and are guided through a land use application as the result of a code enforcement action. Most are then reviewed through an administrative review process. Some require a conditional use permit (home occupations, private parks). However, one-time events that do not trigger a mass gathering are generally not regulated and there are seldom applications for outdoor mass gatherings. Some applications have been denied, such as for motocross tracks, and some have had extensive conditions placed on them, such as mud bogging events.

Not many complaints about activities that are operating in compliance with a land use approval impacting accepted farm practices on neighboring properties. Complaints are typically related to noise, traffic, lighting, and sometimes litter. These complaints may be valid but are typically filed without a clear nexus to how they are impacting accepted farm practices. Some unauthor¬ized activities have resulted in excessive dust and trespassing.

Hours of operation, frequency, parking noise, special engineering for race tracks and specta¬tor stands, security. Potential conflicts are evaluated through the land use process and limit the applicant to a specific proposal that provides certainty for surrounding property owners and the applicant.

Polk's approach has been effective at limiting conflicts. Allowing activities on EFU land is a significant issue in the county as wineries, diversified agriculture (niche organic, gourmet crops, farms stands) and Agritourism are becoming an important part of the rural economic landscape. Overall, activities and events on EFU land have not been a major source of conflict.

Important to understand that many approved activities benefit agricultural enterprise areas and the local economy, while others have provided ways for farmers to supplement their income and provide opportunity in economically distressed rural areas. Dynamic land use laws are needed to foster and balance these opportunities and should be re-evaluated to determine how best to balance conflicts and provide opportunities in the changing agricultural economy. Allowing the opportunity to evaluate EFU activities through the local process, with local control and discre¬tion, is a better approach than a "one-size fits all" approach.

Case Study #5 Washington County

Activities include weddings, bike races, concerts, farm dinners, soccer games. Most are not regulated via land use approvals but are handled by Code Enforcement if complaints are received. Some events, when requested in advance, are categorized as small "mass gatherings" not subject to land use review because the County has not adopted regulations addressing "small gatherings." Some events may require permits from the Road Operations Division because public roads may be impacted by the event. Weddings and concerts likely occur weekly during summer, bike races occur sporadically. Soccer games reviewed by Code Enforcement. Typical complaints relate to traffic/parking issues spilling onto adjacent private property or public streets. Rarely have farm impacts been the reason for the complaints. Code Enforcement files are opened when complaints are received regarding businesses operating without land use permits. Issues arise when attempting to regulate activities and events on EFU consistent with current OAR's. The perception in the farming/winery community seems to be that Washington County is stricter than Yamhill County. Without clearer direction on these state standards, conflicting interpretations invite comparisons and conflicts. Sometimes the conflict rises to a level of a major conflict when the difference in approach between different counties is brought to the attention of decision-makers/political campaigns and divides the farming community. As a result, enforcement actions are often abandoned.

Clear and objective standards should be established so that there is consistency across county boundaries, which would benefit landowners and result in better planning decisions. The process of updating OAR's to respond to new "business plans" would help ensure a balance between economic development goals and protection of farm operations. The OAR's could clarify whether these new business plans fit within existing allowed non-farm uses, or whether it is a new non-farm use. For example, the OAR's could clarify whether weddings are allowed as private parks, home occupations, or accessory to a winery. Currently, every county treats them differently. Also, state agency actions must be consistent with local land use. For example, OLCC permits B14 should not be issued when the operation is not permitted by a land use decision.

Case Study #6 Yamhill County

Weddings, winemaker dinners, concerts, reunions, corporate retreats. This year, two groups are proposing half-marathons through the countryside. The winemaker dinners occur year-round and the other activities are typically occurring on summer weekends. Events related to the promotion of farm products are generally reviewed as a conditional use for a commercial activity in conjunction with farm use. Larger gatherings are reviewed as mass gatherings. Many of the smaller events, like weddings, are not reviewed because the county is often not aware of them until after the event.

Considering the large number, there have not been many conflicts. One incident was that a wed¬ding party was alleged to have chased a farmer off his tractor because he was plowing during their event. Limited time, duration and numbers that can attend the events. These limits are generally placed due to the limits of the facility.

At this point, minor source of conflict but one that is growing. Main culprit is the weddings. Over the past 15 years, wineries have gone from hosting the occasional wedding or dinner to aggressively pursuing these uses as part of their business model. Problem is the growing off-site conflicts. In most cases, activities should be allowed through the conditional use process and should only be allowed when there is a clear link to the promotion of farm use.

Case Study #7 Clackamas County

Activities allowed include weddings, soccer tournaments, outdoor concert, motorcycle/bicycle and ATV tracks and private recreational parks.

Weddings are reviewed under home occupation ordinance. Two conditional use permits have been approved under this ordinance. The ordinance allows up to two events per day. A soccer tournament took place in 2010 unpermitted but for the next year sponsors were told it may only be approved through a Mass Gathering permit. Otherwise, these types of facilities may be permitted on low value farmland as a private park. The outdoor concert was approved in 2010 as a temporary event that did not rise to the level requiring land use approval. The event was deemed a disaster for several reasons and the belief is that events such as this should be reviewed as a Mass Gathering.

Most complaints are noise, dust, trespass, traffic, impacts on groundwater (wells) and surface water, and the ability to conduct common farm/forest practices. Noise is the most common complaint, however, in most cases it is noise conflicts in residential and not farm areas. Traffic is almost always raised as an issue, but traffic concerns are normally relative to overall capacity and the safety of the road system and not impacts on farm uses. Liability issues are also common impacts raised by farmers due to increased activity and people in the area and the concern of conducting common farming practices such as spraying and fertilizing. The County Home Occupation to Host Events ordinance limits the hours of operation, number of events per week and per day, the size of events and also addresses lighting, noise and parking requirements.

Clackamas County has a large EFU land base, much of it in close proximity to the Metro area or one of the many rural cities in the county. Therefore there is pressure to conduct many activities and land uses. Farmers operating valid commercial farms are looking for ways to expand, broaden and market their farms. Additional activities that can be done “in conjunction with a commercial farm operation” should be considered.

Suggestions: Events, private recreational parks and facilities and other similar land use proposals should be evaluated through a conditional use process (public hearing). The nature of these events generally include activities that can have significant impacts on farm uses, with impacts varying based on the proposed use, size and physical characteristics of the property. The combination of all these factors warrant a thorough review to ensure the protection of farm uses in the area.

Wedding venue at St. Josef’s winery, Canby

D.3.c. New Legislation Provides a Framework for Events and Activities on Farmland

SB 960: Agritourism
This bill took effect in June, 2011 and expands the opportunities for farmers to supplement their farm income with agritourism activities, like special events and weddings, in compliance with county approvals and permits, incidental to farming activities. It provides a framework for the planning of events and activities on land zoned for exclusive farm use (EFU). To view the entire bill, click on:
www.leg.state.or.us/11reg/measpdf/sb0900.dir/sb0960.en.pdf

HB 3280: Expands On-Site Winery Activities (Sunsets in early 2013 unless replaced)

This bill took effect June, 2011 and relates to wineries in exclusive farm use zones; creating new provisions and amending and repealing some laws. Allows wineries to market and sell wine produced in conjunction with the winery, including wine tours; wine tastings in a tasting room or other location at the winery; wine clubs; and similar activities conducted for the primary purpose of promoting wine produced in conjunction with the winery; market and sell items directly related to the sale or promotion of wine produced in conjunction with the winery, the marketing and sale of which is incidental to retail sale of wine on-site, including food and beverages served by a limited service restaurant, as defined in ORS 624.010; and provide services, including private events, hosted by the winery or patrons of the winery, incidental to the retail sale of wine on-site that are limited to 25 days or fewer in a calendar year. The gross income of the winery from the sale of incidental items may not exceed 25 percent of the gross income from the on-site retail sale of wine produced in conjunction with the winery. To see the entire bill, click on:
www.leg.state.or.us/11reg/measpdf/hb3200.dir/hb3280.en.pdf

HB 1055: Sunsets most of HB 3280 at the beginning of 2013
SB 1055 is in effect. Unless HB 3280 is replaced, events at wineries will be subject to SB 960

Recommendation: *Continue to work on the writing and implementation of the new legislation into county zoning code.*

Recommendation: *Work proactively with farms to help them improve existing and to offer new events and activities on their farms. Keep in mind that events and activities on farms should not have a negative impact on agriculture production on neighboring farms and that agriculture production needs to be the dominant income on the farm, and not the events. Help farms who are considering adding or expanding events form a cooperative and synergistic relationship with neighboring farms, and with the nearest rural population center.*

Recommendation: *Work at the state level to distill a definition of "events" and "activities."*

Recommendation: *Ensure that farms are not precluded from holding events and activities because of size or type of crop grown. Treat events on farmland the same for all of agriculture.*

E. Sector 5: On-Farm Direct Sales

Visitors enjoy buying fresh, packaged and crafted projects from farm stands, wine clubs, specialty nurseries, U-pick, Choose-N-Cut, and other direct sales on the farm or at the plant.

Clackamas County is the home of a wonderful variety of farms who sell their products directly to consumers. In 2012, the county has at least 20 farm stands selling fresh produce, 15 wineries or tasting rooms (and 49 vineyards who raise and sell grapes), 29 specialty nurseries, 21 choose-n-cut Christmas tree operations, 7 pumpkin patches, 1 animal feed mill, 1 food grain mill with a whole grain store, 5 Community Supported Agriculture and 2 micro-breweries. This great variety of faire should appeal to the consumer.

This inventory of destinations can be optimized with development and marketing. Since the county offers even more than popular Sauvie Island, it could be positioned as a great place to go to harvest and buy fresh produce, meat, eggs and cheese as well as landscape plants, flowers, Christmas trees, pumpkins, animals, horses, woolens and fibers, wines, whole grains, candies, nuts, jams, specialty baked goods and microbrews.

E.1. Farm Stands Provide an Attractive Source of Ready-Picked and Packaged Goodness

Farm stands, also known as roadside stands, produce stands, or farm direct markets, are a time-honored way of selling products right from the farm. Farm stands are small enterprises intended to provide consumers with fresh and flavorful locally-raised foods, herbs, nuts, eggs, meats and cheeses as well as nursery stock—flowers, bulbs, vegetable starts and landscape plants, fiber products such as yarns or hazelnut shells for gardening and value-added products such as jams and wines. In addition to finding fresh, high-quality products, many visitors want to meet and talk with the people who grow the products.

A farm stand provides farmers with the opportunity to display and sell products they are currently harvesting, as well as value-added products from their farm, such as jams. Non-food items produced on the farm are also sold from farm stands, including wool, yarns, flowers, plants, Christmas trees and wreaths. A certain percentage of non-farm products, such as cookbooks and crafts, may also be sold as long as sales revenue is secondary to the farm products.

Farm stands are a feasible way for small enterprises to enter local markets and are an important first step in a company's evolution. On-farm markets come with fewer risks than markets off the farm. The path to success is easier and the consequences of failure are usually less costly than local markets. Once success is achieved at the farm stand level, farms may consider selling product to restaurants, grocery stores or at farmers markets as well as vertical integration to move into production of value-added products.

Good to Know
Follow the Rules to Keep Customers Safe

There are some special rules for the sale of cow, sheep and goat fluid milk and their value-added dairy products on the farm, and these rules can be accessed on the Food Safety Division's pages of ODA's website. In-shell eggs do need to be stored out of the sun and refrigerated, or packed on ice in a cooler and monitored for temperature. Egg cartons from other retailers may be (re) used, but farmers need to make sure their current contact information is on it, placed over the original name. Farmers using farm stands or considering these stands as a way to distribute ag products, should familiarize themselves with new laws that pertain to food handling and processing, including HB 2337 and SB 960. If a scale will be used to weigh product for sale, it needs to be licensed through the ODA's Measurements Standards Division.

Establishing picnic areas may entice visitors to stay and enjoy some of the wholesome goodness they have just purchased at the stand. Farm stands may also be a venue for classes and demonstrations, or a meeting place for buying clubs or CSA members.

Registering or licensing farm stands with the Oregon Department of Agriculture is not necessary, unless the farmer is selling products produced on other farms. In that case, the farm needs to be licensed as a reseller. It is also important to check the county zoning ordinances, including road access and signage rules.

Under the new Food Safety Modernization Act, the FDA has the authority to visit any farm to monitor farm practices; the rules for the implementation of this act are currently being developed.

Visitors find farm stands through word-of-mouth, roadside stands, farm loop marketing, on-line searches and interactive on-line lists such as Tri-County Farm Fresh Foods and Pick Your Own.com. Clackamas County's tourism website also lists some of the farm stands.

3. U-Picks and Choose-N-Cut Attract Visitors who want to "get their hands dirty"

The opportunity to pick or harvest your own food, flowers or Christmas tree is attractive to a certain segment of visitors. There are many farms that allow visitors to participate in the harvest in Clackamas County. U-pick operations offer this, and some Community Supported Agriculture (CSA) operations allow members to help work the farm. Choose-N-Cut Christmas trees are a family holiday tradition that brings family groups to tree farms.

Clackamas County is the Christmas tree capital of the world. However, sales of Christmas trees have seen a decline in recent years. As such, some of the wholesale growers are considering retail sales from their farm or local lots. This will expand the 21 Choose-N-Cut operations already in existence.

Recommendation: *While revising the inventory of agritourism farms, create a list of county farm stands that could be found online (there is no statewide list at this time). Activate an interactive Clackamas County search-by-product function on the OMHT website. Enhance with an online search by activity: such as hay ride, corn maze, farm tours, pick fresh fruit, pumpkin pult, pet farm animals, etc. In addition to the search function, an alert system would be beneficial. For example, the system could alert registered website users when certain products are ripe, babies have been born and can be viewed, or special farm "events" are scheduled.*

Recommendation: *Enhance the established farm loop program in order to attract more visitors to the area. Provide development and marketing support that will drive more customers to these farms including expanded presence on the county website, social marketing and a formal signage program. Support the creation of a final farm loop so that the all farming areas in the county are included, and the re-invention of the Sandy Farm Loop that includes Estacada, more of Damascus, and Culver. Support the development of Bed & Breakfast and Farm Stays that will provide lodging for visitors who are touring the farm loops. Encourage lodging facilities to offer Farm Loop packages in their marketing and listed in their online description of assets/ things to do.*

Recommendation: *Support a marketing effort to motivate Christmas tree shoppers to come to Clackamas County to shop for their Christmas tree. Establish or enhance theme-based lots with activities that sell Clackamas County trees in cities. Add interest to the drive around the county to get a tree on a farm. One idea for growers to tether a Christmas-themed blow up (snowmen, Santa Claus) at the entrance of their Christmas tree farm. It would be fun for visitors to see all the blow-ups as they drive along. Consider a contest for most original entrance--a people's choice award.*

Development Opportunity: Farm Stands and State-Administered Federal Nutrition Programs

Farm stands that are registered as part of the state administered federal nutrition program will attract visitors who wish to use food stamp coupons to purchase fresh food. Oregon currently offers two state-administered federal nutrition programs providing sales opportunities for farmers selling directly to consumers: The Farm Direct Nutrition Program (FDNP) distributes approximately $1 million dollars to seniors (identified by Seniors & People with Disabilities Division as of April 1 each year), and families enrolled in the WIC (Women Infants & Children) program. Eligible participants will receive these funds as $4 checks (WIC families receive $20, and each senior client will receive $32), specifically to purchase locally produced fresh fruit and vegetables directly from authorized farmers at farm stands and farmers markets from June 1 to October 31.

12 Clackamas County Farms are currently registered to offer the federal nutrition programs. This list can be found at http://myoregonfarm.org/fdnp_wic_shopperguide/?page=1
Review the Farm Direct Nutrition Program fact sheet to learn more.

In addition, WIC also provides a separate Fruit & Veggie voucher that allows WIC participants to purchase fresh and frozen fruit and vegetables at authorized retailers or from authorized farmers at a farm stand or farmers' markets. Approximately $8 million dollars worth of $5, $6 or $10 vouchers will be issued to WIC participants annually. The vouchers are distributed year-round and each voucher is valid for one month. Review the WIC Fruit & Veggie voucher fact sheet to learn more.

How to become an authorized farmer
To become an authorized farmer and accept Farm Direct (FDNP) checks and/or WIC Fruit & Veggie vouchers, you must own, lease, rent or sharecrop land to grow, cultivate or harvest crops on that land AND grow fresh fruit, vegetables in Oregon or a bordering county to sell at your farm stand or at a farmers market. Farmers must fill out and sign an application with the Oregon Department of Agriculture (ODA) and complete a mandatory training coordinated by the Oregon Health Authority (OHA) to enroll. To request an application packet contact the Oregon Department of Agriculture with your name, farm name, mailing address and telephone number by E-mail or call 503-872-6600. If you are currently authorized and want to add either the Farm Direct (FDNP) checks or the WIC Fruit & Veggie voucher programs you must contact the Oregon Department of Agriculture by E-mail or calling 503-872-6600 to update your application.

Acknowledgements: Contributors to this section include: Laura Barton, Trade Manager, Agriculture Development and Management Division, Oregon Department of Agriculture.

Recommendation: *Encourage all farms in Clackamas County with farm stands/direct farm markets to become an authorized farm and participate in the state-administered federal nutrition programs in order to generate additional sales. Currently only 12 farm stands are registered in the county. To see the listing of these registered farms, visit ODA's Oregon Farm Direct: Farm Stands and Farmers' Markets Directory, and scroll for Clackamas County. http://myoregonfarm.org/fdnp_wic_shopperguide/?page=1*

Case Study: Diversifying Business with Agritourism in the Christmas tree/Timber sector

Timbergrove Farms, LLC- Beavercreek (A Century Farm)
Currently Timbergrove Farms LLC produces a mix of timber (small woodland), and wholesale Christmas trees.

Irv and Joan Wettlaufer would like to expand their business operation as follows:

- Add a Christmas tree U-Cut operation;
- Plant berries and sell them out of a farm stand on their land;
- Have a small lumber mill to make their timber into boards; sell those boards on their farm;
- Put out a sign promoting the sale of these products.

They were informed by the county zoning department (10 years ago) that they cannot operate these agriculture and retail activities on Timber-zoned land in Clackamas County. In Clackamas County, the Forest zone (state term) is called a Timber zone.

Jim Johnson, ODA land use specialist, indicates that certain farm uses are allowed in a Timber zone. Erecting a farm stand or converting an existing structure to be used as a farm stand is a separate question and may need to have a permit for the structure.

Recommendation: *In Forest zones, encourage farm use of retail agriculture sales and value-added business choices, including establishing a U-Cut Christmas tree operation; finding a crop alternative to Christmas trees (berries) and selling those products at a farm stand on their land; and milling their own timber and selling boards on farms.*

Holiday visitors enjoy a hay ride while choosing and cutting their Christmas tree on Snowline Tree Farm.
Photo: Mary Stewart 2011

Right: Choosing the holiday tree is a family affair on Dutchers Tree Farm, including the pooch!
Photo: Mary Stewart 2011

Agritourism Master Plan for Clackamas County. Printed by Clackamas County 2012. Please obtain permission before reproducing.

F.1. Farmers Markets: An Effective Consumer-Direct Marketing Method

Farmers markets are growing in importance to the citizens and farmers of Clackamas County. They provide people with multiple benefits such as access to a variety of fresh, nutritious foods. They connect small and mid-size local farmers with consumers in a unique community gathering; they provide valuable outlets for local growers and they bring people together and build social capital in neighborhoods. Farmers markets are an ancient institution that is enjoying an incredible revival across the nation and here in Clackamas County.

Photo: Mary Stewart 2012

There are several farmers markets in the county–with the most established markets being those in Lake Oswego, Milwaukie, and Oregon City. There are also markets in Boring, Canby, Colton, Estacada, Happy Valley, Sandy, West Linn and Wilsonville. The markets are located at a variety of venues across the county— from the parking lot next to the county buildings in Oregon City, to the common area across from City Hall in Sandy, to Millennium Park in Lake Oswego. Most are in the city center. Possibly the most ideal location is in Lake Oswego, where the park was designed with the farmers market in mind, and includes ample flat space on a footing of pavers for vendors, public restrooms, customer seating, parking and a covered area for entertainment or classes.

F.1.a. Markets are an Agritourism Attraction

People are usually drawn to farmers markets the first time because they are passionate about buying fresh, local food. Once a shopper catches the "farmers market bug" they return regularly. They enjoy meeting the farmers and learning about their family farm history and discussing their philosophy on how they raise their crops, eggs or animals.

"The market is an important place for parents to teach their children about where their food comes from and about good nutrition," says Jackie Hammond, market manager for the Oregon City Farmers Markets. Her markets offer an ambitious youth education program that grows more popular each year.

According to Tara McDonald, the Executive Director or Your Local Farmers Market Society, which operates the Vancouver, B.C. markets, "Farmers markets are like the new church where people come once a week to meet other, exchange information and gather as human beings."

F.1.b. Even in Growth there are Barriers to Success

Nationally, the numbers of farmers markets is growing, adding 3000 markets since 2004. In spite of this growth, and all the great benefits the markets provide, farmers markets are as vulnerable as any other business enterprise. Many markets, especially new ones, fail each year. A 2006 OSU study of the failures found that while 62 new markets started in Oregon between 1998 and 2005, 32 did not reopen. Among the factors associated with market failures are the small size of the markets, the shortage of products and lack of diversity in the markets' offerings, the high turnover in management staff and a lack of stable funding. Further, indicates the study, some cities have not done much to support farmers markets in the communities that host them.

Not all farms and farmers are cut out for farmers market selling. Some cannot overcome the barriers of setup costs, the time away from the farm, lifestyle adjustments and the people skills (or finding willing farm staff or family members with those people skills) that markets require.

According to Chris Heitmann, Project for Public Spaces (New York), "The biggest threat to markets is that they lose their location. Ensuring some form of security for a market to operate is critical. When a market has to move, it virtually has to rebuild the operation from scratch, as considerable investment goes into branding a particular location as the destination for the market."

Rickard McCarthy, vice president of the Famers Market Coalition and cofounder of the Crescent City Farmers Market says, "At first sight farmers markets are very simple ancient mechanisms where you have a public space, you bring in farmers, you bring in consumers and it runs itself. But you discover very quickly that there are some critical issues regarding criteria, management, customer service, food handling, licensing, and zoning – all of these issues that market organizers don't have the skill set or the organizational capacity to handle in a systematic way."

F.1. c. Taking Positive Action

"Cities are walking a tight rope between embracing the markets – and supporting them as much as possible – and not regulating or bureaucratizing them so that they become encumbered in terms of their development and creativity," says Gary Stephenson, OSU Extension Service.

In Clackamas County, the markets have spread their schedules out to different days of the week so farmers would have the advantage of selling at multiple markets. This staggered market day schedule also reduces the competition for vendors and customers between markets. Several years ago concerns were voiced in Northern California that the farmers market sector was saturated as communities set up new markets not to meet farmer or consumer needs but rather to promote the status and well being of the community. The recognition that farmer and consumer needs must remain at the forefront is critical.

Acknowledgements: Contributors to this segment are: Jim Bernard-County Commissioner and Milwaukie Farmers Market founder; Jackie Hammond – market manager, Oregon City Farmers Markets; Miles McCoy-market manager, West Linn Farmers Market; Larry Lev, OSU Professor and Extension Marketing Specialist, Garry Stephenson, *Farmers Markets: Success, Failure and Management Ecology*. Isabelle Groc, *Planning* magazine.

Case Study: Milwaukie Farmers Market

Jim Bernard and a group of interested citizen volunteers founded the Milwaukie Farmers Market 13 years ago. The market opened with seven vendors on a location across from City Hall in Milwaukie. "The first five years were very challenging!" says Bernard.

The market has been developed by a small band of dedicated and visionary volunteers, led by Bernard. Their commitment has helped the market grow steadily over the years and gross annual revenue now exceeds $80,000 for their non-profit organization. After paying the costs of running the market, which includes the salary for the market master, the market provides funding for festivals, the local food bank and other efforts that benefit the citizens and business community of Milwaukie.

The market is open Sundays, May through October. With a city information booth, and an environment ripe for community building, the market is a place people go to gather and visit, in addition to buying fresh, wholesome food.

"Probably our biggest asset is location, location, location," says Bernard. People can see the market tents from McLoughlin Street. As part of their promotion efforts, they used to stretch a banner across McLoughlin, but when Oregon Department of Transportation changed their policies, it was no longer possible to hang the banner. Fortunately, with the market's high visibility from the road, signage at the market seems to be working.

Bernard says they have always had live music. "We hire local musicians and that helps them and I have nothing but good things to say," he says.

Vendor relations and strong sales are key to keeping vendor loyalty. Even though there is competition from other markets, vendors know they will make money at the Milwaukie market. Management strives for a good variety of products. Vendors must grow, raise or manufacture what they sell. Products are limited to agriculture including seafood, and value-added agriculture; craft vendors are not allowed. Some vendors travel from Hood River or even eastern Oregon to sell at the Milwaukie Farmers Market.

Keeping steady income and controlling costs is important to the continuing success of the market. Grants from New Season's Market, Clackamas Soil and Water Conservation District and the city were obtained this year. The market master manages the vendors and some of the logistics. Market-goers buy script, in the form of "wooden nickels" instead of paying cash to each vendor. The market makes $1.50 on each transaction. Bernard says that the market benefits from the novelty of the wooden tokens, since some folks will keep them as memorabilia rather than using them to buy product. The cost of insurance for the market has grown significantly.

Their $12,000 annual budget for advertising is significant, and they run a mix of print advertisements and are enhancing their website presence.

"The competition in markets may damage some markets and it would be good to have more control over who establishes farmers markets. There is a limited audience," says Bernard. "If they try a farmers market and fail that hurts the farmers, too. I think we are at saturation now," he adds.

In the future, the Milwaukie Farmers Market may relocate to the new plaza next to the light rail station and add a Wednesday market. They will also do more cooking classes, canning classes, things that might promote, and bring special restaurants in.

Recommendations:

1. Encourage cities to take the steps to formalize the relationships between farmers market grassroots institutions and the spaces they occupy in the local communities. Make sure that code supports the market's operation so that a complaint can't cause closure. Support the markets as much as possible without regulations and bureaucracy so they retain their development zeal and creativity.

2. Encourage cities to help the farmers market organizations find a suitable location, and then support long-term tenancy at that location.

3. Encourage cities to include farmers market management and operating funds in their future planning and budgets. Currently, some cities in Clackamas County provide some financial support for the market manager position and/or operations of the market, and some provide a staff liaison to help ease the process of permitting, parking and policies and take than burden off market managers.

4. Food policies need to support the establishment and operations of farmers markets and streamline the number of entities that the market managers have to work with in order to keep the market going.

5. Encourage an organized effort for relationship- and network- building and technical training for the market managers in the county. Encourage the managers to share best practices and to make decisions that will be synergistic and attract more shoppers to all farmers markets. This may be a county effort, or part of the metro organization.

6. Study successful farm direct market models, such as Puget Sound Fresh www.pugetsoundfresh.org/ and help implement the best ideas for Clackamas County.

7. Connect with the Oregon Farmers Markets Association and with the Small Farms program of the Oregon State University Extension Service for the latest farmers market growth opportunities.

8. Research and find, or create a way to determine when the number of farmers markets has reached the saturation point in a county. Oregon Farmers Market Association may be doing some work in this area.

9. Monitor food security in the county, and find ways for citizens to have access to fresh, affordable foods in areas where there is no farmers market. One solution is to connect these citizens with nearby farm stands. Another idea is a mobile farmers market, such as the model run by the Gorge Food Network.

References:

www.ams.usda.gov/AMSv1.0/ams.fetchTemplateData.do?template=TemplateS&navID=WholesaleandFarmersMarkets&leftNav=WholesaleandFarmersMarkets&page=WFMFarmersMarketGrowth&description=Farmers%20Market%20Growth&acct=frmrdirmkt

F.2. The Equine Industry and Agritourism in Clackamas County

Equine operations, events and activities have a major economic impact and bright future in the county.

According to Oregon State University Extension Service, the inventory of equines in Clackamas County in 2010 was 15,000. This impressive inventory sets Clackamas County apart as the largest equine county in the state and one of the largest in the nation. Several different categories of equine use are found in the county, along with a variety of breeds. The strength of the equine industry here means there is related business development and exciting agritourism growth potential.

Equine events are a significant source of revenue and range from world-class hunter-jumper shows and barrel racing matches to 4-H horse shows and organized trail rides. Each of these disciplines include activities with horses that attract visitors who come for competitions, clinics, lessons and trail riding. Studies suggest that from four to six people travel with each horse and the average stay is three days, creating a positive impact on lodging, restaurants and other hospitality and retail operations.

While there are some equine event grounds located in the county, the growth of equine activities is currently limited by event ground size, availability and ease of reservation.

In addition, expanded outreach efforts will connect equine event managers who are seeking locations for their events.

Good to Know

Status and Future of Private Equine Properties

According to Debi Laue, real estate broker with Hasson Company, and Terri Wilson, real estate broker with Prudential Northwest Properties, there is currently a glut of equine properties on the market, and sales are beginning to improve as the economy strengthens.

In the early to mid-2000s, equine properties were selling for a premium, and were not easy to find. Buyers were looking for a horse property that was “move-in ready” or on which they could build a small arena and a barn. They were willing to pay a high price to get it.

With the economic downturn, the sales of properties has decreased because: 1. Buyers are having a difficult time finding financing, and realtors are struggling to find market comparisons, especially for properties larger than 20 acres, 2. Buyers are waiting for selling prices to match up with their perceived value of the property, 3.The equine industry is in a slump, with some owners having to sell or give away equines, or decrease their level of care, 4. A lot of properties that had sold before are now coming back on the market, creating a large inventory.

The market for equine properties is starting to return as buyers are gaining confidence. When properties are “priced right,” sellers are getting multiple offers. Debi and Terri predict this trend will continue. Buyers who have cash are getting some real opportunities.

According to Terri, “Right now buyers are looking for 5-10 acres for a private horse operation rather than boarding their horses.” She feels people with a hobby operation want to enjoy their horses for recreation rather than show. The larger barns are still very visible at shows. The 24-stall barns are more difficult to sell now because keeping the barn full is less likely.

Debi predicts the equine property market will recover, and in her opinion, based on decades of working with people in the equine industry, she feels the industry will remain intact because, “People love their horses, so I don’t think the industry will go by the wayside. The entire industry is not in jeopardy, it is just going through a slump, like everything else.”

IV. Agritourism Models: Lessons Learned from Elsewhere

For the purposes of this Master Plan production, Cogan Owen Cogan LLC conducted a study of domestic and international agritourism models. Four were selected for possible application in Clackamas County. Two of the models are international, one is statewide and one is a local cluster within a state (similar to a farm loop). Information about each model includes: model name, contact for information, summary of the model, detailed description and applicability to Clackamas County.

A. Name of Model: Italian Agritourism Model

1. **Location and Geographic Coverage:** Italy with provincial and local strategies and membership associations.

2. **Leadership Contact:** Agricultural tourism in Italy has many dimensions and varies somewhat by region. One example of a leading organization of growers is the Gallo Rosso. See: http://www.redrooster.it/en/

   Südtiroler Bauernbund
   Red Rooster
   K.-M.-Gamper-Str. 5
   I- 39100 Bozen/Südtirol

   Tel. 0471 999 325
   Fax 0471 999 492
   E-Mail info@redrooster.it

3. **Summary of the Model:** Italy has a widely recognized advanced system of agricultural tourism that is a vital part of the rural economy. National legislation that established the program in 1985 defines agricultural tourism as "activities of hospitality performed by agricultural entrepreneurs and their family members that must remain connected and complementary to farming activities." The focus is on small family farming operations often with a high level of craft involved. The policy has evolved in parallel with the Italian Slow Food Movement which promotes special traditional and local food products. This strategy is supported by similar policies of the European Union.

4. **Description**
   a. Vision: The strategic objective is to halt rural out-migration by keeping farmers on the land.
   b. Goals:
      - Farming must remain the primary revenue source
      - Supports financially by government and training offered
      - Operators must remain in business at least 10 years and must be under 50 years of age (supporting new farm ownership)
      - Provides for permitted maximum occupancy of faculties e.g. 30 beds in the Venice Region
      - Protects the agricultural industry and regional hotel and restaurant businesses
      - Regulated building and development at the regional and local levels
      - Retains and renovates old buildings
   c. Organization: National legislation and provincial and local implementation. Growers associations and cooperatives promote and connect local resources to the market.

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[1] See www.slowfood.com for Slow Food International and www.slowfoodportland.com for Slow Food Portland
[2] Page 8 of www.card.iastate.edu/iowa_ag_review/summer_04/IAR.pdf

d. Activities/Programs (typical):
- Lodging and meal services
- Innovative and high quality value-added local products, many are artisanal focused juices, olive oil, cordials, preserves, dried fruit, spirits, vinegar, herbs, cheese, eggs, fruit vegetables
- Farm bars offering simple high quality local fare
- Local hospitality and education of others regarding arts and crafts of food and agriculture
- Links with city, village cultural life e.g., a visit to an urban small hotel might results in a field trip to a farm or a trip to stay on a farm estate might result in a tour of the city's museums or opera
- Agritourisms (locations and venues) are ranked by stars five, four, and three star as well as educational farms, camping etc.
- Regional branding and marketing
- Educational programs such as food tours with hands on wine, cheese, pasta, sauce making, animal study, viniculture, etc
- Hikes and bicycle tours between villages and farms.
- Government supported training programs.

e. Outcomes or Results: A global model of agricultural tourism that diversifies farm income and links urban, village, rural tourist economic venues and economies..

f. Financing: Various including public agency support for education and training and local or association/cooperative support for local areas marketing and event coordination.

g. Governance: European Union, Italian government, provincial governments, local governments and local associations/cooperatives.

h. Links to tourism: National, provincial, local and membership associations or cooperatives

i. Links to other economic development strategies: Urban and rural connections through event and trip planning.

5. Applicability to Clackamas County

a. Vision (including level of anticipated success/results): Italy's system is a high benchmark for public policy and legislation. The goals and framework of Italy's national legislation may be appropriate for County level policy development. The Italian vision of a healthy farm economy is very similar to the vision of Clackamas County.

b. Policy: The Italian model, because of its advanced development, may provide a good framework for local policy over time. Successful agricultural tourism similar to Italy's is a long term strategy. It will probably require a regional strategy and possibly state government support.

c. Program: Elements of the program of Gallo Rosso, a regional association of growers, is suitable for Clackamas County. See: http://www.redrooster.it/en/

d. Projects: The County could assist the growers create an association, maintain a web site, and develop educational and training programs to advance the vision. Standards could be set for categories of growers, events, lodging etc.

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[3] For example Alto Adige region, in the far north of Italy near the Swiss border, agritourisms grew as follows: 1989/33, 1994/1114, 2004/ 2328. 2006/2506. Alto Adige has 13,607 sq.km, 3,8 million visitors from outside the region per year,

[4] Gallo Rosso, a marketing organization, offers its members business consultant services, training courses and conferences, advertizing in catalogues and web pages (in four languages), newsletters with business development ideas, and research. In addition, advertizing in newspapers, radio, TV, trade shows inside and outside Italy are offered. In addition there is a rigorous assessment of the farm environment, facilities, and services. Approved facilities receive the Red Rooster brand icon for exteriors and Three Flowers brand for interiors.

Tourism has benefited from this Association with 223 percent guest arrival growth from 1999-2007 and 207 visitor nights. See www.redrooster.it/en/

e. Investments: The County could help support this vision by adopting it and supporting it with Metro, the State of Oregon, and the USDA and supporting it with funding from an occupancy tax or other source.
f. Collaboration: Economic Development and Tourism, County Planning and possibly Cooperative Extension and the Soil and Water Conservation District. To advance a vision of Italian style agricultural tourism Metro, Oregon Department of Agriculture and the Oregon Department of Land Conservation and Development would be important to make adjustments in permitted land uses and marketing strategies.

6. Sources:
www.tourismfutures.com.au/Publications/2009Presentations/Porcaro%20Pauline%20PP.pdf
www.card.iastate.edu/iowa_ag_review/summer_04/IAR.pdf (PAGE 8)
www.slowfood.com
http://slowfoodportland.com/events/
www.redrooster.it/en/contact-southtyrol/

B. Name of Model: British Columbia Agritourism Alliance (BCATA)

1. Location and Geographic Coverage: British Columbia, Canada

2. Leadership Contact:
British Columbia Agritourism Alliance
5266 Coldham Road
Peachland BC
V0H 1X2
info@bcagritourism.ca

3. Summary of the Model: BCATA is focused on growing an industry where agriculture and tourism meet. BCATA was formed in 2002 to facilitate the development of an inclusive and viable provincial agricultural tourism sector.

4. Description:
a. Vision: A self-sustaining, vital agricultural tourism industry built on the bounty, values and character of British Columbia's rural life.
b. Goals: Facilitate and support:
- Strategic partnerships among industry partners
- Establish quality standards
- Market and product development
- Education and awareness initiatives which strengthen agricultural tourism in British Columbia

c. Organization: Board of Directors with committees on publications, membership and ethics, planning and development, communications, historian, events, marketing.
d. Strategic Plan: Developed in 2002 identified development of an agricultural tourism code of standards to guide operators to attain recognized quality product/service standards for quality control and industry recognition as a major goal. As a result of the plan a quality standards project was launched that established required standards for:
- Necessary permits and licenses
- Food safety and serving standards
- Posted business hours and adherence

- Adequate insurance including liability insurance
- Accurate and current marketing information
- Clean restrooms and staff cleanliness
- Handwashing stations and signs at petting farms
- Maintaining guest areas free from hazards

Recommended standards include:

  - Greeting customers in a friendly manner
  - Knowledgeable staff
  - Staff training including customer service

e. Activities/Programs:

- Quality Assurance Program
- Branding with logo and highway sign
- Insurance program for members
- Provincial government marketing opportunities
- Use of BCATA accreditation logo
- Links to:
  1. "Taste" activities: seasonal eating, recipes, dining out, farmers markets.
  2. "Experience" activities: agricultural-touring, festivals and events.
  3. Exploring" activities: farms and ranches, orchards, wineries.

f. Outcomes or Results: Quality standards, strong association, strong regional brand, economic benefits.

g. Financing: Dues, advertising revenues, donations, product sales (cookbook and brochure).

h. Governance: Private non-profit organization Board of Director.

i. Links to tourism: Fraser Valley Wineries, BC Culinary Tourism Society, Wine Islands Vintners Association, Association of British Columbia Winegrowers

j. Links to other economic development strategies: BC Ministry of Agriculture and Lands, Capri (a comprehensive insurance source for the industry).

5. Applicability to Clackamas County:

a. Vision (including level of anticipated success/results): BCATA is a major provincial (state) level effort. It is a good model for the County for marketing and branding ideas. As a provincial scale project is applicable to the State of Oregon or the Portland Metro area. It has a clear and simple web site to navigate but does not have the excitement of the Apple Hill site.

b. Policy: This project requires no explicit County policy. Successful agricultural tourism similar to BCATA could probably benefit from the County's support for incubation of a growers association, strategic planning, land use rules that accommodate the activities involved, co-branding, and links to other agricultural economic sectors including restaurants, markets, processors and distributors and links to related activities in the cities of Clackamas County.

c. Program: A main program element that should be studied is the BCATA quality assurance program which seems to have elements similar to the Italian system with an intense focus on quality and the customer experience. This approach, which is common in advanced agricultural tourism strategies in Europe and Canada, will be challenging to implement in the Oregon context with local growers relatively averse to regulation.

d. Projects: The County could assist with strategic planning, forming as Association and maintain a web site.

e. Investments: The County could help support a feasibility study/strategic plan and serve a convening role for producers interested in forming a similar organization.

f. Collaboration: County Planning, Oregon State University Extension Service, Farm Loops, and Soil and

Water Conservation District. There could also be a close link to the eco and recreational tourism programs in the County.

6. **Source: B**CATA web site: www.bcagritourism.ca. BCATA overview and information on quality assurance program: www.investcomoxvalley.com/businessresources/documents/B.C.AgriculturalTourismAlliance.pdf.

C. Name of Model: California Rural Tourism Strategic Plan

1. **Location and Geographic Coverage:** State of California and 16 regional lodging and tourism associations in eight regions.

2. **Leadership Contact:**
Jonelle Tannahill
Rural Tourism Development Manager
California Travel and Tourism Commission
980 Ninth St., Suite 480
Sacramento, CA 95814-2715
Phone: (916) 319-5438, Fax: (916) 444-0410
Email: jtannahill@visitcalifornia.com

Susan Wilcox
Chief Deputy Director of Operations
California Travel and Tourism Commission
980 9th St., Suite 480
Sacramento, CA 95814-2715
Phone: (916) 319-5412, Fax: (916) 444-0410
Email: swilcox@visitcalifornia.com
visitcalifornia.com

3. **Summary of the Model:** The Rural Tourism Strategic Plan is a comprehensive strategy developed by the California Travel and Tourism Commission (CTTC). It is designed as a comprehensive strategy to promote rural tourism in the state. The Planning process includes five steps: data and information collection (SWOT), strategic plan development (goals and objectives), implementation (marketing strategies), measurement and refinement, and maximizing goals.

4. **Description**
a. Vision: To promote California (CA) as one of the world's premier travel destinations in order to increase travel-related revenues and tourism employment in California. (The rural tourism focus is one aspect of addressing the vision of the CTTC).
b. Goals:
- To extend awareness of the eight tourism marketing regions in CA
- To act as a catalyst to partnership development between stakeholders and regional marketing groups
- To facilitate development of fully integrated regional marketing plans with a cohesive approach to incorporate California regional brand into cooperative marketing tactics, public relations opportunities and trade messaging

c. Organization: The CTTC sponsored the plan supported by the staff of the internal Strategic Marketing Group with input from the regional tourism marketing organizations.

d. Activities/Programs- Strategies and Action Plans:
- Build the brand/reposition rural tourism unifying all of rural CA
- Research on the effective use of dollars to increase visitation
- Develop products that visitors will remember
- Develop technology to best support the rural brand across the whole industry and coordinate online efforts
- Create and leverage partnerships with local/regional organizations and cultural/heritage sites
- Identify creative ways to support rural tourism

e. Outcomes or Results: A comprehensive strategy that links state and regional strategies. Guides state spending on rural tourism.

f. Financing: State revenues.

g. Governance: State level commission and regional partner non-profit organizations.

h. Links to tourism: To overall state tourism strategy and to regional strategies including recreational and cultural tourism.

i. Links to other economic development strategies: Not clear.

5. Applicability to Clackamas County:

a. Vision (including level of anticipated success/results): The CA plan provides an inspiring document that is clear and readable. The main result of this document is clarity of strategy within state government, with regional partners, and with cultural heritage and other tourism organizations.

b. Policy: This plan is comprehensive and identifies the relationship of an area-wide (state) tourism strategy to its regional partner organizations.

c. Program: The strategic plan is a source of ideas for strategies and tactics for marketing, brand development, research needs, product development for the partners, web site, collaboration and partnerships, and funding.

d. Projects: The CTTC is currently implementing the short range actions (6-18 months). The idea of short and long range projects can be utilized in the planning for Clackamas County.

e. Investments: The County is making its investment in developing the strategy at this time.

f. Collaboration: County Planning, Oregon State University Extension Service, Farm Loops, and Soil and Water Conservation District..There could also be a close link to the eco, cultural, and recreational tourism programs in the County and city tourism strategies. The CA strategy could be a model for the State of Oregon or the Portland Metro area.

6. Source: California Rural Tourism Strategic Plan, California Tourism Commission, no date. www.visitcalifornia.com/media/uploads/files/00698CTTCRuralStrategicPlan_3.pdf

[5] The strategic plan includes action plans for each key strategy with detailed tactics with timetables of short term (0-18 months) and long term (19-36 months).

D. Name of Model: Apple Hill Growers Association

1. **Location and Geographic Coverage:** An area of farmland east of Sacramento near Placerville, California. The area is relatively small with approximately ten miles between the far western to the far eastern ranch and about four miles north to south.

2. **Leadership Contact:**
   Ann Woffard, Director
   Apple Hill® Growers
   P. O. Box 494
   Camino, CA 95709
   (530) 644-7692
   info@applehill.com

3. **Summary of the Model:** Apple Hill is a growers association that was formed including 16 ranchers in 1964 and based its organization on the Washington State Apple Grower Association. To launch Apple Hill the growers sponsored a press picnic where each Apple Hill family hosted individual members of the press for a meal at their home. Many of them became close friends. The growers also produced 50,000 paper litter bags that they passed out at the State Fair that year, offering two pounds of free apples to visitors who brought the litter bag to Apple Hill with them. The Apple Hill Growers Association has grown from 16 original ranchers to over 55 ranchers, including Christmas tree growers and wineries, vineyards, a micro brewery and a spa.

4. **Description**
   a. Vision: A growers association to promote local farms and ranches agricultural tourism to save the local apple industry and increase farm income.
   b. Goals:
      - Create a growers association
      - Create web site
      - Establish strong brand in the market creating visibility locally, regionally and, eventually, internationally
      - Attract local, national and international visitors to farms and ranches in the area
   c. Organization: Board of Directors with committees on publications, membership and ethics, planning and development, communications, historian, events, marketing.
   d. Activities/Programs:
      - U pick network
      - Publications supported by advertisement revenues including the Cider Press Guide to Apple Hill which are sold for $2.00 each
      - Maps of the east and west areas of the association
      - Guides for: apple and fruit, summer fruit, products and attractions, Christmas trees, wine and beer, growers serving lunch, easy mobility locations, organic growers
      - Connection to tour and shuttle services, offered by the Eldorado Transit Agency, to provide services to the area during the busiest times of year
      - Kid's activities
      - Harvest Run event to support local school
      - Apple Blossom Festival
      - Ripening guide
      - Links to growers where large groups can be accommodated for events
      - Scholarships to two students per year who have excelled in academics and commu¬nity service;

agricultural interests and work at member ranches are also consid¬ered when selecting the recipients
- Growers cookbook

e. Outcomes or Results: Saved part of the rural apple industry, attracts thousands of visitors per year, increased and diversified farm income and has strong grower support, established a strong regional brand.

f. Financing: Dues, advertizing revenues, donations, product sales (cookbook and brochure). Member ship dues are assessed based on size of farm: 1-5 acres $90; 5-10 acres $190; over 10 acres $290. A Christmas Tree Grower can be a member without voting privileges for $175. Other types of vendors can join for the $175 minimum.

g. Governance: Private non-profit organization Board of Directors.

h. Links to tourism: Eldorado County Farm Trails systems.

i. Links to other economic development strategies: Placerville Downtown, Local advertisers for a wide range of products and services.

5. Applicability to Clackamas County:

a. Vision (including level of anticipated success/results): The Apple Hill project began relatively small with 16 fruit growers and has grown to over 60 fruit, wine, microbrewery and Christmas tree growers. The mix of businesses is similar to the mix in Clackamas County. Clackamas County's mix of products also includes eggs and poultry, meat products, equine activities, and special producers (e.g., Bob's Red Mill). Results in Clackamas County will depend on the willingness of producers to work together and self-finance the project.

b. Policy: This project requires no explicit County policy. Successful agricultural tourism similar to Apple Hill could probably benefit from the County's support for incubation of a growers association, land use rules that accommodate the activities involved, co-branding, and links to other agricultural economic sectors including restaurants, markets, processors and distributors and links to related activities in the cities of Clackamas County.

c. Program: The program elements of Apple Hill outlined above are largely suitable for Clackamas County farmers and ranchers.

d. Projects: The County could assist the growers create and maintain a web site.

e. Investments: The County could help support a feasibility study and serve a convening role for producers interested in forming a similar organization.

f. Collaboration: County Planning, Oregon State University Extension Service, Farm Loops, and Soil and Water Conservation District. There could also be a close link to the eco and recreational tourism programs in the County.

6. Source: Apple Hill web site: www.applehill.com. Information contained in this profile is based on the web site.

V. Marketing

A. Consumer Trends and Types

- Culinary enthusiasts
    - Includes Farm Dinners, Farmers Markets, clinics and demonstrations
- Wine enthusiasts
- Farm enthusiasts – help work the farm, farm stays, farm loop tours
- Families
- Senior Citizen groups
- Nature lovers - Birding and other wildlife watching, photography
- Hunters and Anglers
- Bicyclists, Hikers and Sightseers
    - Sidebar: Package tours
- Campers
- Equine enthusiasts
- Gardeners

B. Signs, Wayfinding

The creation and use of various types of signage is critical for marketing and to help visitors easily find their way to destinations. Signage can start at main highways and rest stop kiosks, be present at key intersections in the county; at the city- rural interface; along the road if there is a route or loop; and at entrances to agritourism destinations.

C. Farm Loops as a Marketing Tool

A farm loop is a self-guided or guided tour route that leads the visitor to a collection of farm stops (a marketing group) in a small geographic area. The visitor can pick and choose where to stop for products or experiences along the route. A farm stop is typically a working farm, but also may be a farmers market, country event or business. A farm loop is inclusive of all agritourism entities in the geographic area. It is designed as a year-round destination that would attract visitors both locally and from a distance. Farm loops are in the startup stage in Clackamas County. Farms receive more exposure to their market as part of the larger group than they might individually. Cross-marketing (referral) of other farm loop members is very effective. Each of the farm loops in the county has its own brochure/map and website, yet all the creative has a familiar style. Once the final farm loop in the county is completed, a countywide, comprehensive brochure and website should be created that includes all the loops for broader cross-marketing.

D. Website, Social Media, Smart Phones

This set of marketing tools are effective since visitors use them so heavily to make their travel plans and to get directions and hours of operation—even when they are already en route. If agritourism destinations have an easy-to-find presence on the county website, social media and mobile phones then chances for visitors to find them are improved. A mobile app for agritourism could be established. Individual agritourism websites need to work well with mobile devices. Agritourism operators should all have a website and a facebook presence and learn how to use these tools. All agritourism farm websites should connect to the county website and to each other's websites. On the county website and facebook, develop system that will alert clientele when products are ripe and ready on a farm, babies or born, and highlights such as "come and see lamb shearing today," or other special events are scheduled.

E. Events as a Marketing Tool

Agriculture events and activities such as festivals, tours, educational classes and competitions are an effec-

tive way to attract visitors to the county and on to farms and processors where they can purchase agricultural products and experiences. Non-agriculture events, such as weddings, non-animal sporting events and corporate events are also a match for certain farm situations but income from non-agriculture events and activities must be secondary to the agriculture product income. Agritourism farms need help with event promotion.

F. Creative Campaign to Boost Awareness
Agritourism would benefit by a countywide creative campaign produced to build awareness of agritourism, tied in to the overall county creative campaign.

G. Cross Marketing with Bicycle Touring, Hiking, Equestrian Trail riding and Waterways
Recreational tourism with bicycles is rapidly gaining a foothold in the county. Using farms and wineries as jumping off points as well as stops along the route is a promising opportunity for development. Farms may organize and present a bicycle event including food service and a shopping shuttle.

The same idea will work with hiking, equestrian trail riding and waterways events and activities.

Case Study: Farm Loops

A farm loop or farm trail helps people find the answer to that perennial question, "Where does my food and fiber come from?" The interesting and scenic tour routes feature unique farm stops along the way. Visitors can select one or more farms to visit during their outing. Each loop has an official lodging venue.

Visiting a farm loop is a fun and personal way to get to know your local farmer, and to glimpse a first-hand look at country life. On a farm loop, there is a new adventure at every turn of the road. Visitors learn about the food and fiber they use every day, and about the modern farming techniques used to produce them. Or perhaps they will discover products that they may not have known existed. There are lots activities on a farm loop, making it fun for children and adults alike. They can try a corn maze, discover how cows are milked, how elks shed their horns or how Christmas trees are raised, sheered and cut. They may buy some flowers or fresh produce...or even pick it themselves. A farm loop can offer all this and more.

The farm loop experience changes every week, as new foods ripen, landscape plants bloom and are harvested, new babies are born, western apparel and tack offerings change in the stores and different events are held, so visitors can come back again and again for a new experience.

There are two active farm loops in Clackamas County: Canby Area Farm Loop, Molalla Country Farm Loop. The Sandy Area Farm Loop is reorganizing to include Estacada. A fourth loop is planned for introduction in 2013-14 pending available sponsorship.

VI. Land Use Laws when Applied to Agritourism Development

A. Overview
Clackamas County holds the urban-rural interface where the urban population center of Portland transitions into land used partially and then exclusively for farming and timber production. Land use laws at the state and county level have been put in place to optimize the future use of land on the rural fringe. Land use laws are a key consideration in the plans for successful development of Agritourism in Clackamas County.

B. Land Use Laws Protect Farmland
For more than three decades, Oregon has maintained a strong policy to protect farmland. The policy was adopted by the state legislature in 1973. It calls for the "preservation of a maximum amount of the limited supply of agricultural land" (Oregon Revised Statutes 215.243).

The main tool for carrying out that policy is the Statewide Planning Program. Oregon's Land Conservation and Development Commission (LCDC) sets standards for such planning. The cities and counties then apply them through local comprehensive plans and land-use ordinances. Under this system, all counties in Oregon have adopted planning and zoning measures to protect agricultural land.

Good to Know
What is Commercial Agriculture?

The term commercial agriculture means "farming with the intent to make profit in money." This is not the same as corporate or factory farms. In Oregon, 99 percent of the farms in the state are family farms or family farm corporations. With the exception of only a handful of operations, Oregon farms are not corporate farms. Reference: ORS 215.203(2).

What is a Farm?

According to the Census of Agriculture, a farm is a place from which $1000 or more of agricultural products were produced and sold or normally would have been sold during the census year.

Clackamas County government determines how it applies to local rules and regulations to the state land use laws.

C. Rural Land Use Laws are Localized, Complex and May be Puzzling to Landowners
Land use laws or "zoning" is possibly the most misunderstood area involving rural properties and at the same time, one of the most important areas. These laws determine how land may be used outside the urban growth boundary, from small rural residential parcels up to large farms and forestlands. It's important for landowners considering a change in land use, or for prospective landowners to check with the County Planning Department for information regarding the zoning of a specific property, since the approved uses will vary. Example: 10 acres of farmland will usually qualify for farm use county-wide, but approved uses on that 10 acres will vary depending on the land use zone and the county ordinances. County ordinances will vary from county to county, so some types of land uses allowed in Yamhill County may not be accepted in Clackamas County and vice versa.

D. Comprehensive Land Use Designations
The Comprehensive Land Use Plan is the countywide guide for how land is used. Within the Comprehensive Plan map, farmland is divided into big picture designations including unincorporated community, agriculture areas, forest areas and rural areas. In each designation you may have more than one zone. In the Forest designation, there are Timber (TBR) zone and Ag-Forest mixed use zones. In the Agriculture designation there is the Exclusive Farm Use (EFU) zone.

[6] LCDC

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E. Unincorporated Community Designation
Unincorporated Communities or Rural (Population) Centers are settlements located outside urban growth boundaries in which concentrated residential development is combined with limited commercial, industrial or public uses. Unincorporated communities in Clackamas County include Beavercreek, Redland, Mulino, Colton, Marquam, Boring, Wildwood, Welches, Zig Zag and Rhododendron. Farms in unincorporated communities have good potential for agritourism income.

F. Agriculture Area Designation
Agriculture areas are lands in the county capable of supporting commercial agriculture (farming for profit). They are suitable for farm uses because of good soil, suitability for grazing, good climate conditions and have existing (or the potential for) irrigation. Agriculture lands have appropriate land use patterns with areas of large lots, existing farming or land necessary to support farming on land close to existing farms. Agricultural areas have great potential for developing Agritourism. These districts are also the lands that have the most to lose if agritourism is not developed strategically and with the cooperation of neighbors. Agritourism could be considered a value-added soft product of commercial agriculture, and should be developed in harmony with other types of commercial agriculture.

G. Forest Area Designation
Forest areas are composed of existing and potential forestlands suitable for a variety of commercial forest uses. Most types of commercial agriculture are allowed in Forest Areas, even if the agriculture does not involve the growing of trees. Forest Area zones are called Timber Zone or Ag-Forestry mix zone in Clackamas County. Also included in this designation is land needed for watershed protection, wildlife and fish habitat, recreational use, lands with extreme climate, soil capable of growing trees and steep hillsides requiring vegetative cover for stability. Forestland provides buffers from small lot rural residential development, provides wind breaks, has large unpopulated areas for wildlife habitat and includes areas along scenic corridors. Timber zones have great potential for developing agritourism.

H. Rural Area Designation
Rural districts are lands that are outside urban growth boundaries. These rural lands are typically suitable for sparse settlement such as small farms, woodlands or a variety of small to large acreage home sites. They typically do not have public facilities, or have limited facilities, and are not necessarily suitable or intended for urban small lot development. These land parcels have the potential to be of meaningful agricultural or forest use, with thoughtful planning and alignment of resources. Rural Lands have potential as valuable agritourism properties, because of their proximity to urban populations. Also, small acreage farmers might find it more difficult to earn a family wage income from growing crops or raising livestock because they do not have the volume. Agritourism can provide an additional revenue stream.

I. Rural Residential Lands
Rural Area, Rural Residential or small Farm Forest lands are most commonly seen on the edge of the urban growth boundary, or at the border of a rural center. If you look at the map of Clackamas County land zones, you see an abundance of Rural Residential areas on the interface to EFU land. These land parcels have the potential to be of meaningful agricultural or forest use, with thoughtful landowner planning and application of resources. They have potential as valuable agritourism properties, because of their proximity to population centers. Rural Residential areas allow one dwelling unit (mobile home, manufactured home, conventional constructed home) per legal lot. This is subject to obtaining septic approval and meeting other applicable development standards. Minimum setbacks are very important to check in this area (distance from property lines). It is suggested that any setback question be verified with the County Planning Division prior to beginning any development.

I.1. Types of Rural Area, Rural Residential or Small Farm/Forest Zones

a. RA-1: Rural Area Single Family Residential

- Located in a Rural Center. Places like Redland, Beavercreek, Boring or Welches.
- Public water is typically available.
- Minimum size for new lots is generally one acre.

b. RA-2: Rural Area Single Family Residential

- Applies to areas adjacent or in close proximity to Rural Centers. Parcels are typically two acres or less
- (but not always) and are significantly affected by development.
- Public or private community water may be available.
- Minimum size for new lots is two acres.

c. RRFF-5: Rural Residential Farm/Forest

- Provides for rural living on larger lots where the area has generally been developed by dwellings.
- The general parcel size is five acres.
- Easily accessible to a rural center or incorporated city.
- Minimum size for new lots is five acres.

d. FF-10: Farm/Forest

- Areas for rural living on larger lots compatible with far m and forest uses.
- Applies to rural areas developed with a mixture of uses which are generally not high-end commercial type agricultural or forestry uses.
- Areas having a general parcel size of 10 acres.
- Minimum size for new lots is 10 acres.

I.2. Types of Natural Resource Zones

These areas do not allow homes outright. Land Use Permits are required and specific qualifications must be met before building a home. Natural Resource Districts include areas designated agriculture or forest on the Comprehensive Plan.

a. Exclusive Farm Use (EFU) Zone

Oregon's land use program places major emphasis on maintaining commercial agriculture*. EFU zoning limits development that could conflict with farming practices. It keeps farmland from being divided into parcels too small for commercial agriculture. Lands in these zones are automatically eligible for lower property taxes based on the land being farmed.

The goals of this natural resource zone in Clackamas County are to increase agricultural production, protect agricultural lands, air quality and wildlife and increase agricultural income and employment opportunities by furthering the growth and expansion of agriculture uses. While the EFU laws are established by the state LCDC, reviews by the Clackamas County Planning Department are designed to protect agricultural lands from conflicting uses, high taxation and public facility costs such as water and sewer districts. The land typically has excellent to very good agricultural soils and is generally suitable for, or characterized by, small or large scale agricultural farm uses.

- Primary uses are farm and forest activities.
- New residences require application and approval of a Farm Dwelling, Non-Farm Dwelling or Lot of Record Dwelling land use permits.

• The minimum lot size for new parcels is 80 acres.

Farm Dwelling Permit: State law requires parcels deemed to be high value farmland (a tract that is predominantly composed of high-value soil) to produce $80,000 in gross annual income for two years in a row or three out of the past five years before an application can be filed with the county. Parcels with less productive, low-value soils must produce at least $32,500 in gross annual income for two years in a row or three out of the past five years before an application may be filed with the county.

Non-Farm Use Permit: A single family residence not used in conjunction with farm use may be approved but is difficult to get approved. Written findings and a decision are made against established criteria. These findings must be factually based and must conclude that, among other things, the non-farm site is unsuitable for farm use, is compatible and will not interfere or detract from existing or potential farm uses and cannot be physically combined with contiguous farm parcels. A non-farm use does not have final approval until the affected parcel is removed from tax deferral status and all back taxes are paid.
This provision seeks to prevent the addition of non-farm dwellings on farmland.

Lot of Record Dwelling Permit: A single family residence maybe allowed under specific conditions if the parcel was owned prior to January 1, 1985, and has been under the continuous ownership of that pre-January 1, 1985 owner or family member of the original owner. Contact the Planning Department for a definition of 'owner' and other requirements.

b. Timber (TBR) Zone – (known as Forest in state Planning terminology)
The purpose of this natural resource zone is to conserve forest lands, encourage forest production and protect forest lands with economically efficient forest practices that assure the continuous growing and harvesting of timber and to protect and enhance watersheds, wildlife and fisheries, agriculture and recreation opportunities that are compatible with forest production. The land generally consists of excellent soils for the production of timber.

- Minimum lot size for new parcels is 80 acres.
- New residences require approval of a forest dwelling land use permit.

c. Agricultural/Forest (AG/F) Zone
The purpose of this natural resource zone is to ensure the compatibility of forest and agricultural operations and to maintain the opportunity of economically efficient mixed forest and agricultural practices. The zoning applies to large areas characterized primarily by a mixture of agricultural and timber uses. The land generally consists of excellent soils for the production of farm and forest products.

- Minimum lot size for new parcels is 80 acres.
- New residences require approval of a Forest Dwelling land use permit or if the predominant use as of January 1, 1993 was a farm use, will require an Agricultural Dwelling land use permit. Forest Dwelling Permit: Several options are available to acquire a forest dwelling permit. Check with the Planning Department for specific requirements.

J. Reclassifying Zones
If a landowner wishes to have land rezoned, they should contact their planning department. Final zoning changes are made by the County Commission, subject to comprehensive plan and state laws.

K. Establishing a New Zoning District for Agritourism in Clackamas County
Currently there is a special Urban and Rural Residential Zoning District in Clackamas County, known as the

Mountain Recreational Resort District and a Commercial District known as the Rural Tourist Commercial Districts. These districts show flexibility in lodging, signage and other visitor accessories. There would be value is reviewing these districts (section 306; section 504), to see if they might be a model for the creation of an agritourism district in the farming area. This would apply only to rural residential zoned farmland.

L. The Urban Growth Boundary

The Urban Growth Boundary (UGB) is a line or boundary where the urban land use laws change to the rural land use laws. It provides for an orderly and efficient transition from rural to urban land use, to accommodate urban population and urban employment inside the boundary, to ensure efficient use of land and to provide for livable communities.

M. Nonfarm Activities Accepted for Farm Use

To clarify what types of activities or uses are suitable for Exclusive Farm Use zone, the state provides the following discussion and a list of Nonfarm Activities Accepted for Farm Use. One of the first steps when a farmer is considering a use that will bring the public on to their land, as in for agritourism, is to ask the zoning department to ensure the proposed use matches the list of Nonfarm Activities Accepted for Farm Use. If the proposed use is a match, then certain land use permits are not necessary. However, even if the "use" is on the list, it may still be necessary to obtain certain permits or inspections, including event permits or home occupancy permits, from the county. Fines may be levied by the county if prior approval is not obtained.

N. The Definition of Farm use (ORS 215.203)

Farm use means the current employment of land primarily for obtaining a monetary profit by raising, harvesting, and selling crops; feeding, breeding, managing and selling livestock, poultry, fur-bearing animals, and honeybees; dairying; or any other agricultural or horticultural use. Farm use also includes the preparation, storage, and disposal by marketing or otherwise of the products or by-products raised on such land for human or animal use. The definition includes land lying fallow for one year as a normal and regular requirement of good agricultural husbandry; land planted in orchards or other perennials prior to maturity; any land constituting a woodlot of less than 20 acres contiguous to and owned by the owner of land classified for farm use; dry or water covered wasteland in or adjacent to land in farm-use; or land under dwellings or buildings supporting farm practices. Farm use also includes the stabling or training of equines (horses, mules, etc.) along with riding lessons and training clinics. Horse shows as an approved farm use is a grey area, and may instead be considered an event.

Here is a listing of the EFU nonfarm land uses listed in statute. Note that the statute is not the final say in terms of what is allowed in the EFU zone. LCDC administrative rules preclude many of these uses on high-value farmland and also establish additional criteria and definition.

N.1. Accepted Nonfarm Uses permitted in exclusive farm use zones (EFU) in Clackamas County
See complete rules for important use details.

Section (1) The following uses may be established in any area zoned for exclusive farm use. Note: This list may change with each legislation session.

(a) Churches and cemeteries in conjunction with churches.
(b) The propagation or harvesting of a forest product.
(c) Certain utility facilities.
(d) A dwelling on real property used for farm use if the dwelling is occupied by certain relatives of the farm operator or the farm operator's spouse.

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(e) Primary or accessory dwellings and other buildings customarily provided in conjunction with farm use.
(f) Operations for the exploration for and production of geothermal resources.
(g) Operations for the exploration for minerals.
(h) Climbing and passing lanes.
(i) Reconstruction or modification of public roads and highways.
(j) Temporary public road and highway detours.
(k) Minor betterment of existing public road and highway related facilities.
(L) A replacement dwelling to be used in conjunction with farm use if the existing dwelling has been listed in a county inventory as historic property.
(m) Creation, restoration or enhancement of wetlands.
(n) A winery
(o) Farm stands
(p) Alteration, restoration or replacement of a lawfully established dwelling
(q) A site for the takeoff and landing of model aircraft, including such buildings or facilities as may reasonably be necessary.
(r) A facility for the processing of farm crops, or the production of biofuel
(s) Fire service facilities providing rural fire protection services.
(t) Irrigation canals, delivery lines and those structures and accessory operational facilities associated with a district
(u) Utility facility service lines.
(v) the land application of reclaimed water, agricultural or industrial process water or biosolids for agricultural, horticultural or silvicultural production, or for irrigation
(w) A county law enforcement facility.

Section (2) The following nonfarm uses may be established, subject to the approval of the governing body or its designee in any area zoned for exclusive farm use subject to ORS 215.296 (Standards for approval of certain uses in exclusive farm use zones):

(a) Commercial activities that are in conjunction with farm use, including the processing of farm crops into biofuel
(b) Operations conducted for (A) Mining and processing of geothermal resources, (B) Mining, crushing or stockpiling of aggregate and other mineral and other subsurface (C) Processing of aggregate into asphalt or Portland cement; and (D) Processing of other mineral resources and other subsurface resources.
(c) Private parks, playgrounds, hunting and fishing preserves and campgrounds. Subject to the approval of the county governing body or its designee, a private campground may provide yurts for overnight camping.
(d) Parks and playgrounds. A public park may be established.
(e) Community centers owned by a governmental agency or a nonprofit community organization and operated primarily by and for residents of the local rural community.
(f) Golf courses on land determined not to be high-value farmland.
(g) Commercial utility facilities for the purpose of generating power for public use by sale.
(h) Personal-use airports for airplanes and helicopter pads, including associated hangar, maintenance and service facilities.
(i) Home occupations as provided in ORS 215.448 (Home occupations).
(j) A facility for the primary processing of forest products
(k) A site for the disposal of solid waste approved by the governing body of a city or county.
(L) One manufactured dwelling or recreational vehicle, or the temporary residential use of an existing building, in conjunction with an existing dwelling as a temporary use for the term of a hardship suffered by the existing resident or a relative of the resident.
(m) Transmission towers over 200 feet in height.

(n) Dog kennels.
(o) Residential homes.
(p) The propagation, cultivation, maintenance and harvesting of aquatic species that are not under the jurisdiction of the State Fish and Wildlife Commission or insect species.
(q) Construction of additional passing and travel lanes requiring the acquisition of right of way but not resulting in the creation of new land parcels.
(r) Reconstruction or modification of public roads and highways involving the removal or displacement of buildings but not resulting in the creation of new land parcels.
(s) Improvement of public road and highway related facilities, such as maintenance yards, weigh stations and rest areas, where additional property or right of way is required but not resulting in the creation of new land parcels.
(t) A destination resort
(u) Room and board arrangements for a maximum of five unrelated persons in existing residences.
(v) Operations for the extraction and bottling of water.
(w) Expansion of existing county fairgrounds and activities directly relating to county fairgrounds governed by county fair boards.
(x) A living history museum
(y) An aerial fireworks display business that has been in continuous operation at its current location within an exclusive farm use zone since December 31, 1986, and possesses a wholesaler's permit to sell or provide fireworks.
(z) A landscape contracting business, if the business is pursued in conjunction with the growing and marketing of nursery stock on the land that constitutes farm use.
(aa) Public or private schools for kindergarten through grade 12

N.2.Accepted Nonfarm Uses permitted in Non-EFU Natural Resource Districts in Clackamas County
For the most part, the list of Accepted Nonfarm Uses on Non-EFU Farmland mirrors the list for EFU lands. There are, however, some differences that have been developed at the discretion of the county planning department.

O. Check the CCNRs
Landowners considering buying property to use for agritourism purposes, such as equestrian properties, need to check the CCNRs attached to that land before the purchase is completed, to ensure that the buildings and events envisioned will be allowed.

P. Eligibility for special tax use zoning (also known as Farm Deferral)
To be eligible for preferential farm value assessment under an exclusive farm-use zone, the land must be employed in a farm use as described in ORS 308A.056. For lands located outside an exclusive farm-use zone, the landowner must file an application with the county assessor by April 1 of the first year in which such assessment is desired. Applications for farm use special assessment only apply to non-EFU zones.

Q. Limitation on Restrictions by Governing Bodies
No state agency, city, county, or political subdivision may enact local laws or ordinances, restrictions or regulations that would restrict or regulate farm structures or accepted farming practices because of noise, dust, odor, or other materials carried in the air, arising from farm operations in farm use zones, that do not extend into an adopted urban growth boundary, unless the practice affects the health, safety and welfare of the citizens of the state. (ORS 215.253)

R. Nuisance Complaints
One of the largest barriers to the development of agritourism is nuisance complaints. These complaints

typically come from neighbors – including both other farms and non-farm properties. These complaints use a significant account of time and resources by the Planning Department staff, and by the farm that has the complaint lodged against them. The complaints are often emotionally-charged situations, and demand a great deal of energy for all to deal with. It points to the importance of bringing neighbors along in the process of agritourism program development. It also points to the need for zoning department and law enforcement to have some way to end the complaint process once it has been resolved.

A county governing body or its designate may require, as a condition of approval of a single-family dwelling, that the landowner of the dwelling sign a statement declaring that the landowner will not complain about accepted farming or forest practices on nearby lands devoted to farm or forest use (ORS 215.293). Farm operators may want to contact their county planning department regarding this option if nuisance complaints are increasing as a result of new single-family dwellings near exclusive-use farm land. Additionally, the 1993 Oregon Legislature passed "right to farm" provisions (see Chapter 792, Oregon Laws 1993. ORS 30.930 – 30.947), which protect acceptable farming practices from nuisance suits. Since many agritourism activities are not considered a farm use, they would not be protected by Oregon's Right to Farm Laws. Contact the Oregon Department of Agriculture (Jim Johnson, 503-986-4706) for information on the Right to Farm Law.

Another option for resolving nuisance complaints is mediation. Contact the Oregon Department of Agriculture Farm Mediation Program (1-800-347-7028) to discuss this alternative. Mediation is a voluntary process involving a third-party mediator who facilitates discussions and seeks potential resolutions to the disputes of the parties. This service is underutilized. The challenge is getting all parties to come to the table.

S. Land Use Laws and Events and Activities on Farms

S.1. Events Sometimes a Source of Friction between Neighbors

Events may be a source of concern amongst farming neighbors. It we are to accommodate the development of special events on farmland, there needs to be a measure of cooperation that goes along with it, on all sides of the fence. One source of conflict comes about when a farmer needs to change or delay a farming practice in order to accommodate an agritourism event at the neighboring farm that day, or conversely, an event needs to change to accommodate the farming practice. For example, the weather and occurrence of disease may create the need to spray a plant protectant on the morning of the neighbor's event, leaving an odor that will be unacceptable to the event client.

The needs of both farms can often be addressed with adequate advance and continuous communications and cooperation. The Oregon Department of Agriculture has some excellent educational fliers on neighbor relations. A proactive program and the development of additional tools to help neighbors communicate and cooperate should be considered.

Increased traffic, or cars parked along roads that is related to events is sometimes the reason for a complaint against events on farms. Slow moving farm equipment on the road, is often a complaint in farming areas.

T. Why is there a Land Use Permit Process?

Any time farmers bring the public onto their land, they are dealing with lots of things they didn't have to think about before. If everyone knew what to do and followed the rules, we wouldn't need permits. Permitting makes sure that landowners comply with all the issues that have been deemed necessary to protect the public's health, safety and welfare. In relation to agritourism, it is meant to keep the public safe when they access farmland for agritourism activities. It is a way to ensure that a minimal level of compliance is happening. It also provides a vehicle for ongoing monitoring. Permitting is a way for government to administer their codes. Often landowners don't understand the rules and regulations so the permit process is a way for people

to become educated about laws, rules and regulations. Permitting also creates the opportunity for landowner education by the planning department. The planning department is often the first point of contact with farmers and so could refer a landowner to the Business & Economic Development Department or the Tourism Development Department for further business development opportunities.

Permitting is not meant to increase revenue into the county coffers, but in today's economy, fees do need to cover the true cost of considering the permit application. Some counties still subsidize the permits. State law prevents permitting to bring in more money than the actual cost to conduct the process.

U. Lack of Understanding and the High Cost of Failed or Slowed Business Development

During the course of research for this Master Plan, numerous stories were heard about how a farm's investment in agritourism or agriculture production development was wasted when land use laws stopped the project from reaching fruition, or delayed the project so long that the expected income was so late in coming that the family business economics was put in jeopardy.

Clearly, there would less waste and private farm development dollars could affect more business growth if farm owners better understood and were willing to work within the land use laws.

V. What are Typical Permits Needed for Agritourism Farms?

1. Site plan review – such as does your building meet setbacks, landscaping, parking. There is a fee for this type of permit. Contact the Building Department in the Transportation & Development department to start the permit process; indicate your interest in applying for a site plan review. http://www.clackamas.us/transportation/permits/process.htm

2. Land Use permits – use will be allowed subject to criteria (called a Conditional Use Permit in Clackamas County, and called a Land Use Subject to Review Permit in some counties). This means that conducting the proposed activity on the farmland may not be allowed outright, but "subject to review" it may be permitted. By state law, the planning department must reply to the permit application within 150 days, and must take action within (an additional) 150 days. Contact the planning department to start the permit process; indicate your interest in applying for a Conditional Use Permit.

3. Road Approach Permits or Road Permits (Access related codes)
Ensures that vehicles driven by the public can enter and exit the farm safely. When a farm applies for a land use permit, their situation will be analyzed for access.

4. Other

- Variances – change in setback due to physical and engineering
- Septic tank permits related to building something
- Building permits* – structural

*Note: whenever there is a change in occupancy planned for a building, a building permit must be completed. An example of this is when converting a garage to a wine tasting room or to use as a farm stand.

- Licenses relating to food service (ODA or county health) and food processing (ODA).

W. Accommodating Land Use Ordinances for Small Size Operations with Low Activity Level

Some small family farms and wineries, grow/process only a small volume of product, and have only a limited number of customers who visit their farms to buy product (or pick up previously-ordered product) during their open farm days/ open season. Some have a regular but light flow of visitors, such as a small specialty nursery, and others have a certain harvest window, such as an organic blueberry farm, and some have special weekends

they are open, such as the traditional Thanksgiving, Labor Day and Memorial Day Weekends for the small wineries. For small farm-wineries in Rural Residential zones, the Planning Director is considering the development of a "Planning Director Review" permitting process that will offer an alternative option of low-activity permitting.

X. Comparison of Lane Use Zones in Six Counties

For this Master Plan, Cogan Owens Cogan attempted a comparison of the land use zones in six counties close to Portland and found this task to be difficult because the county code writers do not use the same terms and there appears to be a lack of universal definitions.

A survey of Clackamas, Columbia, Hood River, Multnomah, Washington, and Yamhill counties showed a broad range of regulations on agriculture-related uses in agriculture and rural zones that are often more restrictive than state requirements. Wineries are allowed in all six counties, but regulations vary on other activities such as event hosting, farm stays, farm stands, signs and parking, storage, and the processing and sales of agricultural products. This indicates that some county ordinances are not in alignment with state regulations.

A series of case studies describing Events and Activities on Farmland in nearby counties may be viewed in the *Events and Activities* section of this Master Plan.

Y. Vehicle Activity and Codes

Not all rural areas are created equal. There may be a need for study of the rural road use and transportation codes in rural areas to learn traffic use patterns and volume. For example, since there is a heavier car trip load in Stafford area than on Parrot Mountain, Ladd Hill or Mulino, ordinances may be adjusted and less restrictive for lighter-vehicle trip areas.

Z. ADA Compliance

A farm may need to accommodate ADA laws if depending on occupancy and if they have certain types of structures. That is a health-safety issue and farms need to talk with someone in building codes regarding ADA compliance. A B&B or Farm Stay Inn of six rooms or more must be ADA compliant, unless it is a registered historical building.

A.A. Paving of Farmland for Roads and Parking Areas

The paving of farmland for roads and parking area should be discouraged because paving is a source of runoff pollution, because it takes farmland permanently out of production and because of the high cost to the landowner. A good quality gravel or gravel and tar road and parking area should accommodate most agritourism activities. When a farm stand or winery generates large numbers of car trips on a regular basis, such as an operation the size of EZ Orchards farm market in Salem, then paving is appropriate.

Learn More:

- Clackamas County Planning Division 503-742-4500
  www.clackamas.us/planning
- Department of Land Conservation and Development (Main Office) 503-373-0050
  635 Capitol Street, N.E., Suite 150
  Salem, OR 97301-2540
  www.lcd.state.or.us

Acknowledgements: Information was contributed to the Land Use section of the Master Plan by: Jim Johnson-Oregon Department of Agriculture; Mike McCallister-Planning Director, Clackamas County; and Terri Wilson-broker, Prudential Northwest Properties.

Recommendations:

1. Educate the landowner on when and how to apply for permits.

a. Create simple educational tools and presentations that lead the landowner through a simple process of steps. Include simple factsheets and web pages that are specific to typical agritourism themes, such as: "So You want to Develop a Vineyard and Tasting Room," "So You want to Develop a Specialty Nursery," and so on. Create for distribution, a list of Nonfarm Uses Acceptable on Rural Lands that includes lists pertaining to both EFU and non-EFU land. Incorporate the neighbor relations materials offered by Oregon Department of Agriculture in the county planning handout offerings. Add staff resources as necessary to accomplish.

b. Schedule Town Hall Forums or Focus Groups to generate open discussion, to learn about concerns and misunderstanding of land use laws and the permitting process; and to deliver basic information. Use a panel of local famers and an Extension agent to answer questions about their experience (positive-informative).

2. Continue to ensure the process of applying for permits is as simple and as quick as possible. Keep the permitting process affordable for the average small farmer. In the permit application review process, strive to ask for all revisions at one time to keep revision costs low for the farmer. Respond to the permit applicant or responses to code violation letters within a few days rather than within a few weeks or a few months. Make sure code enforcement has a business development focus. Test the process with different types of farmers to ensure the new process is spot on.

3. Be a cohesive team. The departments of Business and Community Development, Tourism Development, Planning and Code Enforcement need to continue to work together closely and to stress positive "can do" business development for farm business owners. Good progress has being made in this effort this year.

4. Review with planning staff/other the clarity and quality of the information that is presented in response to zoning/permitting inquiries, regardless of if that information is presented at the counter, over the phone, by email of letter or off-site. Ensure that the delivery of that information is consistent and includes current information. This will be key to cutting down confusion about the permitting process. Develop talking points and answers to FAQs that are easy for the public to understand and are followed closely by staff.

5. Establish a special Agritourism zone, similar to the Mountain zone in Clackamas County.

6. Establish a "Planning Director Review" permitting process that will offer an alternative option of low-activity permitting. These low activity operations may be accommodated by this Planning Director Review process, rather than needing to pursue a Conditional Use Permit.

7. Recognize SB 960 as a framework that establishes a process for events on EFU farmland. Implement the provisions of SB 960 in Clackamas County so there is a structured, known process for event permit process management.

8. Encourage the state land use laws to determine a definition for a private park on farmland. Encourage the state laws to allow small campgrounds and limited meal service in private parks on farm land, including on private parks on EFU and Forest zoned land.

9. Provide equal permit consideration to all types of farms wishing to hold events on their land, within the ordinances of the land use laws by zone. For example, give equal consideration to a flower farm or hazelnut farm to hold events on their land as you would give to a farm-vineyard or winery.

VII. Major Potential Barriers to Success

A. Barrier: The High Cost of Liability Protection

Any time visitors come on to farmland, there is a possibility for risk. Farmers considering the addition of agritourism in their business mix need to check with their insurance provider to ensure that farm insurance will cover agritourism activities or if a rider needs to be written or additional insurance purchased. Most times, agritourism is seen as marketing of farm products, rather than as a separate business that needs a separate insurance policy.

Some solutions to the problem of agritourism risk may be found in the development of public policy. North Carolina has done some impressive work in the area of liability protection for agritourism farms. The state agritourism office (Department of Agriculture) and the Extension service provides farms with consumer safety training; have established guidelines to keep farms safe for visitors, have developed some signs about risk to post at the entrance of and around the farm, and have passed legislation (North Carolina Session Law 2005-236; House Bill 329) that provides some protection for agritourism farms. The North Carolina model should be explored further. The following signs are reflected in state law, and are posted at each farm:

'WARNING'

> Under North Carolina law, there is no liability for an injury to or death of a participant in an agritourism activity conducted at this agritourism location if such injury or death results from the inherent risks of the agritourism activity. Inherent risks of agritourism activities include, among others, risks of injury inherent to land, equipment, and animals, as well as the potential for you to act in a negligent manner that may contribute to your injury or death. You are assuming the risk of participating in this agritourism activity.'

In Oregon, there is currently the Equine Liability Act ORS 30.687 to 30.697that provides some protection to equine operations. This act stipulates that an equine sponsor or an equine professional is immune from liability for the death or injury of a participant, arising out of riding, training, driving, grooming or riding as a passenger upon an equine. However, there are exceptions to this rule: an equine sponsor or professional will be held liable for injuries of an equine activity participant if he or she displays a willful and wanton or intentional disregard for the safety of the participant. To read the complete law, visit: www.oregonlaws.org/ors/30.687

Recommendation: *Explore the North Carolina model for liability protection through legislation, safety program and signage. Consider what practices may be adapted to Oregon.*
Recommendation: *Offer education about liability and protection at a training for agritourism farms.*

B. Barrier: Size, Seasonality and Availability of Event Grounds

Size, limited seasonal use and availability of event grounds in the county appear to create a barrier for horse, livestock and other animal event business growth.

Recommendation: *Move forward with strategic planning for the Clackamas County Events Center (CCEC). Work with Oregon Horse Country, and various event groups to determine needs in each equine subsector.*

C. Barrier: Location of/Shortage of Hospitality

While there is a good supply of lodging and restaurants in the Wilsonville area, and close to Mt. Hood, there is a shortage of lodging and restaurants in the interior of the county, including the vicinities of Canby and Molalla where many equine events are held. This shortage is especially apparent during large events. The capacity of lodging and restaurants may be a limiting factor in the success of expanded event facilities. The county should encourage the success of Bed & Breakfast Inns such as the Prairie House Inn Bed & Breakfast-Molalla, Farm Stays, and consider developing a new rustic Inn or small resort and new camping/RV accommodations or innovative "pop-up" glamping sites, a Home Occupation Network such as is found on Ireland's farms as well as new restaurant offerings in the interior of the county. Find a way to incorporate TRT into RV and camping fees. Encourage development of comfortable hospitality close to horse event grounds and for bicycle, birding or walking groups that are remote.

Recommendation: Encourage the success of Bed & Breakfast residences and Inns in farming areas, such as the Prairie House Inn Bed & Breakfast-Molalla, Farm Stays, and new camping and RV accommodations, as well as allow new commercial restaurant applications.

D. Barrier: Lack of Land Use Law Knowledge and Resistance to Compliance with Laws

Landowners have made some costly mistakes when they have proceeded with development of a facility without completing the permitting process, and not checking the Covenants, Conditions and Restrictions (CCNRs) for restrictions on use of roads, land, etc.

Recommendation: *A continuous outreach effort is needed to encourage operators to approach the Planning Department for advice. Produce bulletins that provide guidance on developing business in specific segments.*

E. Barrier: Difficulty of the Land Use Permitting Process

Those seeking to plan and operate agritourism events have expressed frustration with the cost, time lag and difficulty of working through the land use permitting process. This frustration has delayed business income or stopped the development process.

Recommendation: *Tourism and Planning Departments should work together to review the permitting process for agritourism operations and evaluate fit and simplicity. Establish a special Agritourism Zone.*

F. Barrier: Agritourism a Questionable Use of Farmland to Some

There is a segment of the public who feel agritourism operations are not a legitimate agricultural use of farmland, unless they are a breeding or rearing operation. This lack of understanding and support may create barriers in the business development process.

Recommendation: *The Tourism and Planning Departments need to stay cognizant of the need for agritourism to be developed in such a way that it does not damage commercial agriculture.*

G. Barrier: Lack of Awareness of Agritourism Resources for Event Planners and Tour Operators
Event planners need better awareness of Clackamas County as a quality place to hold their events. Tour operators need better awareness of tour routes and itineraries they can access. Once they are aware, they needed to be recruited to bring their event or tour group to the area.

Recommendation: *A continuous marketing and outreach effort is needed to reach and recruit event coordinators and tour operators to Clackamas County.*

H. Barrier: Lack of Awareness of Recreational Activities and Resources for Individuals and Families
The general public in the Portland metropolitan area is looking for sources of fun and recreation close to home. Visitors from 50 miles away and farther are looking for interesting day trips, weekend get-aways and that vacation that offers "something different" in the outdoors.

Recommendation: *A continuous marketing effort is needed to reach and educate the public about the agritourism activities and events in Clackamas County.*

I. Barrier: The Inability to Self-Finance Agritourism Business Development
While a farmer or country business owner may have a great idea and a suitable location for an agritourism business, finances are at times insufficient to start up or expand the business.

Recommendation: *Tourism, Planning and Business & Community Development departments should keep informed of funding sources and include funding source information on their website. Consider implementing a lower fee during start up years, a payment schedule or needs-testing for parties who cannot afford costly fees prior to start up.*

J. Barrier: Agriculture producer lack of skills or knowledge about business development – especially economics.

Recommendation: *Encourage the success of Bed & Breakfast residences and Inns in farming areas, such as the Prairie House Inn Bed & Breakfast-Molalla, Farm Stays, and new camping and RV accommodations, as well as allow new commercial restaurant applications.*

VIII. Moving to Action – Getting to Yes!

This Master Plan provides overall strategies for building a successful and sustainable agritourism program. The critical step is to move those strategies to action.

A. Create and Work an Action Plan
A check list will be created with recommendations of priority, timeline and people or departments responsible for implementation. Build this check list into the 5 year plan and the annual plans of work.

B. Form a Grassroots Advisory Group
Select nine visionary people to form an agritourism advisory group for the county. Use that group to give direction to the TDC in regards to the development and marketing of agritourism in the county. Membership should include an individual from each of the six agritourism sectors, a farm loop representative, a farmers market representative, and a member of the farm media or public relations. Resource people could meet with and support this group and might include: OSU Extension Service, Oregon Farm Bureau Federation, Friends of Family Farmers, Hamlet program manager, CCTCA tourism development officer, and an agritourism specialist.

C. Educate the Agritourism Operators

- Provide operators with two or more formal agritourism educational programs each year. These programs could be local, regional or statewide. These educational programs will provide practical technical information, along with the chance for farmers to hear about actual and practical business model examples from their peers. Figure 4 below shows the session agenda for the 2012 Oregon Agritourism Summit, which is a statewide training designed to offer operators and prospects practical information and business models.
- Encourage and provide mentoring and a business incubator.
- Create a local training booklet that will help educate agritourism operators or prospects.
- Tie into the educational resources of the Oregon State University Extension Service.

Fig. 4 2012 Oregon Agritourism Summit

9:00	**Welcome**
9:15	**Getting to Yes for Agritourism in Oregon**
9:45	**Market Trends, 6 Kinds of Agritourism, Why is this an opportune time?**
10:15	**Need Motivation?** Panel of Agritourism Business Owners
11:15	**Concurrent Sessions** (choose 1) • Marketing your Destination: Internet and Beyond • Navigating Regulations • Getting Started with Business Planning
1:30	**Concurrent Sessions** (choose 1) • Reducing Risk by Managing Liability • Hospitality: Creating the Customer Experience • Collaborative Models for Agritourism
3:00	**Moving Towards Yes: Oregon Policy Changes** Looking at some of the recent policy changes that support the agritourism business model.
3:45	**Ready…Set…Yes!**

Agritourism Master Plan for Clackamas County. Printed by Clackamas County 2012. Please obtain permission before reproducing.

D. Enhance Existing Networks

Start with the existing agritourism networks or clusters in the county, and enhance these in order to increase cooperation, familiarity and communications with county tourism staff. Everyone will benefit. Existing agritourism networks in the county include but are not limited to:

- **Farm Loops:** marketing groups built on the ideas of networking and expanding capacity. The vision of the farm loops is that all agritourism entities within that loop area would be involved in the local farm loop. Business development through networking, cross marketing, skills building and synergism are all outcomes of a farm loop process. Currently there are 28 farm stops in the Molalla Country Farm Loop, 21 farm stops in the Canby Area Farm Loop and 15 farm stops in the Sandy Area Farm Loop. A Wilsonville, West Linn & Milwaukie Farm Loop is forming.
- **Chehalem Valley AVA:** wineries on the west edge of the county. Includes some Yamhill Co. wineries.
- **East Valley Wine Tour:** wineries on the east side of the river. Includes some Marion Co. wineries.
- **Hamlet:** community-based group from a rural geographic region and resourced by the county.
- **Cascade Nursery Trail:** marketing group of specialty nurseries. Includes some Marion Co. nurseries.
- **Grange:** rural membership organization. In some communities many of the members have farms.
- **Chamber of Commerce:** chambers are a network of all businesses including farms and related.
- **Oregon Horse Country:** a network of people who own or appreciate equines or operate equine-related businesses.
- **OSU Extension Service:** networks of people who are interesting in improving their business or lifestyle through learning. The Extension service has networks in the program areas of families, nutrition, agriculture, forestry and natural resources, fisheries, 4-H Youth, Latino outreach, home horticulture and Master Gardeners.™

E. Provide financial assistance for agri-tourism development to agriculture producers, communities or groups.

- Provide grants, sponsorships and in-kind assistance to encourage development.
- Help landowners connect with sources of funding and develop partnerships.

F. Initiate accommodations in laws, policies and ordinances that will facilitate development.

- Keep local ordinances current with state law.
- Consider accommodations in laws, or creating new laws that will make it easier to be successful in agritourism development including laws that will reduce risk to the landowner.
- Because land use is so critical to agritourism growth, examine the dynamics between planning department staff and economic development staff and landowners who wish to start up or expand agritourism operations. Ensure that communications are clear and understandable, and that regulations are kept as simple and "achievable" as possible. Ensure that planning and development staff, as well as code enforcement staff, first take the approach of "How can we get to YES." Provide educational programs and outreach efforts that will inform and build trust in local government resources.
- Consider approaches in permit fees that will be affordable for small family farms.

IX. Agritourism Master Plan for Clackamas County 2012

Executive Summary

A comprehensive, explanatory and practical approach to developing and promoting Clackamas County as one of the world's premier agritourism travel destinations in order to increase travel-related revenues and tourism jobs in Clackamas County while strengthening the economic future of local farms.

--Mary D. Stewart, MARStewart Group

We've "Got Good Bones"

Agritourism is an enterprise at a working farm or woodland, ranch or agricultural plant conducted for the enjoyment and benefit of visitors that generates supplemental income for the owner. It combines the best of what we produce locally in Clackamas County and our local sustainable vision with the public's desire for local products and experiences resulting in increased local revenue and in keeping family farms viable.

There is **Potential for Growth**. Urban populations are seeking "down to earth" fun recreational activities close to home; consumers want to learn where their food and fiber comes from; Europeans and Asians are fulfilling their dream of western adventures; two-thirds of all U.S. adults take trips to rural destinations. In California, 21 percent of agritourism operators who reported had incomes of $100,000 or more and 33 percent had incomes between $10,000 and $99,000.

Strong Agriculture is the foundation of successful agritourism. Agriculture sales here jumped up 12 percent in 2011 to $332 million, ranking Clackamas County fourth in the state. Economists predict a strong future for ag. County ag has assets of soil, water, climate, proximity to market, education and business development resources and talented ag producers.

Agritourism is an **Alternative Market Channel** for agricultural products and provides a way for farmers to add value to what they raise.

We have Strengths

- Market demand.
- An existing inventory of 200 agritourism entities, representing a variety of offerings.
- Existing and successful business models, effective farm organizations and networking groups are in place. The Master Plan presents new models from around the world for the TDC and staff to examine.
- Excitement about developing agritourism. Ag producers are considering adding it to their business mix. It is a county government priority. County departments are engaged and making good progress on "getting to Yes" in agritourism business development; a staff agriculture liaison has been added.
- An enabling tourism development staff person, and a visionary TDC, Director and staff are in place. A marketing firm and tourism partners to support us. An Agritourism Master Plan to provide guidance.

We have Six Agritourism Business Sectors

There are **Six Standard Agritourism Sectors**, and we have them all in Clackamas County—some more developed than others, but all with potential.

Sector 1. Farm and Ranch Recreation-Visitors can exercise, relax, and explore the outdoors. Includes: fee fishing, fee hunting, fee horseback riding, fee hiking, fee biking, fee birding, fee photography, and outdoors guiding. This sector is the least well developed in Clackamas County.

Recreation is a popular use of leisure and vacation time. Help farmers determine how to charge fees for what is currently free. Best potential: horseback riding, private campgrounds, fee fishing, birding & photography; farms as a 'stop' on a planned recreational route e.g. bicycle event; farms offer recreational experience as incentive to buy products. Provide training on how to establish private campground; align zoning ordinances. Establish demonstration campground and offer an instructional tour for potential private campground developers. Examine how to collect room taxes from a private campground. Promote recreation agritourism.

Sector 2. Educational Experiences-Visitors can learn something new or improve a skill through hands-on experiences, classes, demonstrations, and tours, or simply through conversations with the farmer. Examples are: wine tasting; cooking schools; equestrian clinics; demonstrations, educational and historical tours; visit a farm to see/watch flower bloom, alpaca babies, sheep shearing, planting or harvest. Farm loop tours (self-guided or guided tours of clusters of closely-located farms) may include all of the above educational experiences.

The boutique and estate wine market is expanding. Continue work to dissolve barriers to vineyard and winery growth. Help develop business plans. Expand the farm loop tour program to cover all county farming areas. Attract world-class equestrian clinics/events. Contact and educate small and large package tour operators. Develop and market itineraries, including the idea of field-to-table and cooking school experiential tours. Promote educational agritourism.

Sector 3. Agri-tainment-Visitors have fun, find entertainment, make crafts, exercise, and shop for gifts or seasonal décor. Includes: on-farm flower festivals, harvest festivals, corn mazes, holiday wreath making, craft-making at farms, lead alpacas, gather fresh eggs, feed horses, and trout fishing.

Visitors are looking for fun country experiences. Position Clackamas County as the place to come for farm fun! Keep an accurate and updated inventory of all agritourism farms. Proactively contact farms and check accuracy of information annually. Keep website information current. Promote agri-tainment!

Sector 4.-Hospitality Services-Visitors enjoy the hospitality of winemaker dinners, overnight farm stays, and private events hosted on the farm.

Farm and winemaker dinners are popular and high-ticket entertainment. Provide encouragement to the small number of existing farm and winemaker dinners; attract other farm to fork vendors to the county. We have no farm stays yet, (like a B&B, but on a farm) but there is interest. Food Service on Farms is an area of interest, but there is confusion about licensing and food safety – provide training and advice. Build events and activities while encouraging cooperation with the neighbor's production ag practices. Promote hospitality!

Sector 5: On-Farm Direct Sales-Visitors enjoy the direct buying of fresh, packaged and crafted projects from farm stands, wine clubs, mills and plant stores (Bob's Red Mill; Pendleton), specialty nurseries, U-pick and Choose-N-Cut. There is a larger market here for horses, alpacas, sheep, other animals and breeding services.

Locals will come to buy ag products; others will travel and stay overnight to purchase products. Position Clackamas County as 'the place' to buy fresh, packaged and crafted products as well as Christmas trees, horses and other animals. Encourage new or expanded farm stands. Create 'way finder' signage to generate awareness and to make it easier to locate the destination and have a positive customer experience. Develop a Christmas tree farm driving attraction to entice visitors to find special lots or choose-n-cut Christmas tree operations. Promote on-farm direct sales!

Sector 6: Off-the-Farm Direct Sales-Visitors will travel to visit farmers markets, farm booths at community fairs, county fair, horse, alpaca and other animal shows to meet farmers and buy their products.

There is promising potential to attract more and larger horse and livestock shows. Contact and entertain potential event coordinators and recruit their events. Work to have adequate event grounds and hospitality to serve the events. Conduct a strategic plan of the Clackamas County Events Center. Feature farmers markets and fairs. Promote off-the-farm direct sales!

We have Barriers to Success (not listed in order of importance):

A. Barrier: The high cost of liability protection
B. Barrier: Size, seasonality and availability of event grounds
C. Barrier: Location of/shortage of hospitality
D. Barrier: Lack of land use law knowledge and resistance to compliance with laws
E. Barrier: Difficulty of working within the land use permitting process
F. Barrier: Agritourism a questionable use of farmland to some
G. Barrier: Lack of awareness of agritourism resources for event planners and tour operators
H. Barrier: Lack of awareness of recreational activities and resources for individuals and families
I. Barrier: The inability to self-finance agritourism business development
J. Barrier: Ag producer lack of skills or knowledge about business development—especially economics.

We have Overarching Recommendations

A. From the Master Plan, create and work an Action Plan.
B. Form a grassroots Agritourism Advisory Group and support networks.
C. Provide advice and training for agritourism farm, country business and event operators.
D. Build on existing networks.
E. Provide financial assistance for agritourism development to ag producers, communities or groups.
F. Initiate accommodations in laws, policies and ordinances that will facilitate development.

APPENDIX A

Agritourism Development and the 2007 White Paper

The White Paper: The Tourism Development Task Force, Jan. 2009 identified five opportunities and challenges for tourism economic-related development. Two of the five topics remain especially pertinent to the development of agritourism in 2012 and beyond: *Develop unique lodging in rural areas, and Refocus agritourism to fit the geo-tourism niche*. 2009 Key Points and Recommendations that may continue to be fulfilled through agritourism development include:

C.1.Connect residents and visitors to restaurants and farm events that feature locally-grown.

C.2. Work to change (implement changed 2011-12) laws that allow farms to host events, markets, tours and home stays while not compromising agricultural and forest resources.

C.3. Create a new wine region.

C.4. Attract the geo-tourism traveler with the richness of offerings, and make it easy for them to find unique lodging, spas, dining, specialty shopping, sightseeing and transportation.

C.5. Encourage the development and support for services needed by visitors to enjoy recreational activities (on farms).

C.8. Develop good quality, unique lodging in rural areas that match the experiences and desires of visitors.

C. Recommendation 4. Provide financial incentives to businesses interested and qualified to provide recreational services to visitors.

E.3. Create an identity for our destination from products manufactured in the county. Items could be feature displays at Destination Welcome Centers and featured on websites, and in catalogs and brochures.

E. Recommendation 7. Develop a consistent signage and communications program.

As the Tourism plan is updated in 2012, it will be helpful to compare progress made on the 2009 goals, and to incorporate new ideas from this Master Plan and related works.

APPENDIX B

Resources, Reports, Plans, Entities That Promote Oregon Rural Tourism, Economic Development, et. al.

The following list of resources were part of the review of existing research that was considered at the beginning of the master planning process for agritourism development in Clackamas County. The list was generated by Christine Roth, Roth Bates, Inc.

1. BAKER COUNTY
County, city efforts:
www.bakercity.com
Organizations:
www.visitbaker.com
Greater Eastern Oregon Development Corp. www.geodc.net
Northeast Oregon Economic Development www.neoedd.org
Reports Reviewed: strategicplan2008/Baker, TravelOR/LaGrande/Union presentation, North/Central OR econ dev plan

2. BENTON COUNTY
County, city efforts:
Albany-Millersburg Econ Dev Corp
Oregon Cascades West Economic Development District
Organizations:
Business Enterprise Center, Inc. www.thebec.com

3. CLACKAMAS COUNTY
County, city efforts:
Clackamas County Tourism and Cultural Affairs www.mthoodterritory.com/things-to-do/
METRO www.oregonmetro.gov
Clackamas County Business and Economic Development Agency www.clackamas.us/business
Clackamas County Economic Development Commission www.clackamas.us/business
Portland Development Commission www.pdc.us
Organizations:
Molalla Country Farm Loop www.molallafarmloop.com
Canby Area Farm Loop www.canbyfarmloop.com
Greenlight Greater Portland www.greenlightgreaterportland.com
Mt Hood Economic Alliance www.mthoodea.org
Portland-Vancouver Regional Partners Council for Econ. Dev.
www.portlandregionalpartners.com
West Columbia Gorge Econ. Dev.

4. CLATSOP COUNTY
Organizations:
Clatsop Economic Development Resources (CEDR) www.clatsoped.com

5. COLUMBIA COUNTY
County, city efforts:
Columbia County Economic development Team, www.columbiacountyoregon.com
Columbia-Pacific Economic Development District www.nworegon.org/colpac
Northeast Oregon Economic Development www.neoedd.org

6. COOS COUNTY
Organizations: Coos, Curry, Douglas Business Development Corp. www.ccdbusiness.com
South Coast Development Council www.scdcinc.org

7. CROOK COUNTY
County, city efforts: Economic Development for Central Oregon www.edcoinfo.com
Central Oregon Intergovernmental Council www.coic.org

8. CURRY COUNTY
Organizations: Coos, Curry, Douglas Business Development Corp.
South Coast Development Council www.scdcinc.org

9. DESCHUTES COUNTY
County, city efforts: Redmond Economic Department www.redap.org
Economic Development for Central Oregon www.edcoinfo.com
Central Oregon Intergovernmental Council www.coic.org
Private Company: www.oregoncountrytrails.com/ShowArticle.aspx?ID=1
www.faithhopeandcharityevents.com

10. DOUGLAS COUNTY
Organizations: Coos, Curry, Douglas Business Development Corp. www.ccdbusiness.com
Umpqua Econ. Dev. Partnership www.uedpartnership.org
Reports Reviewed: Douglas county econ dev. Report

11. GILLIAM COUNTY
County, city efforts: Mid Columbia Council of Governments www.mccog.com
Reports Reviewed: Gilliam country rural workshop notes 12/10, Gilliam County strategic plan 2010, CEDS/econ dev 7 rural OR counties-2010.doc

12. GRANT COUNTY
Organizations: www.gcfoodguide.com
Reports Reviewed: CEDS/econ dev 7 rural OR counties-2010.doc

13. HARNEY COUNTY
County, city efforts: www.harneycounty.org/businessdevelopment.html
Harney County Economic Development www.harneycounty.org
Reports Reviewed: CEDS/econ dev 7 rural OR counties-2010.doc

14. HOOD RIVER COUNTY
County, city efforts: Hood River Economic Development Office/Planning Dept
www.ci.hood-river.or.us/planning
Organizations:
www.thecentralcascades.com/category/agritourism-and-wineries
www.hoodriverfruitloop.com
www.hoodriver.org
www.cgeda.com
Mid Columbia Council of Governments www.mccog.com
West Columbia Gorge Econ. Dev. www.westcolumbiagorgechamber.com/edhome.htm
Reports Reviewed: Mid-Columbia Econ Dev. str. plan 2011

15. JACKSON COUNTY
County, city efforts: Rogue Valley Council of Governments www.rvcog.org
Organizations: Southern Oregon Regional Economic Dev., Inc. www.soredi.org

16. JEFFERSON COUNTY
County, city efforts: Central Oregon Intergovernmental Council www.coic.org
Organizations: Economic Development for Central Oregon www.edcoinfo.com

17. JOSEPHINE COUNTY
Organizations: Rogue Valley Council of Governments www.rvcog.org
Southern Oregon Regional Economic Dev., Inc. www.soredi.org

18. KLAMATH COUNTY
County, city efforts: South Central Oregon Econ. Dev. District www.scoedd.org
www.scoedd.org/docs/CEDS%20UPDATED.pdf
Organizations: www.discoverklamath.com
Klamath County Economic Development Assoc www.sobusi.com
Reports Reviewed: South OR Econ dev. Plan/Klamath&Lake

19. LAKE COUNTY
County, city efforts:
Lake County Economic Dev. Department and Committee www.lakecountyor.org
South Central Oregon Econ. Dev. District www.scoedd.org
www.scoedd.org/docs/CEDS%20UPDATED.pdf
Reports Reviewed: South OR Econ dev. Plan/Klamath&Lake

20. LANE COUNTY
County, city efforts: Lane Council of Governments (LCOG) www.lcog.org
Lane County Community & Economic Development www.lanecounty.org
Organizations:
www.eugenecascadescoast.org/
Private Company: www.oregoncountrytrails.com/ShowArticle.aspx?ID=1
Reports Reviewed: 09summersurvey/Lane, 2010-Post-Summer/Lane,2010-Summer-Travel-Outlook-Survey-Results/Lane, 2011-Post-Summer-Fall-Outlook-Survey/Lane, Facts About Eugene | Lane County Information | Eugene, Cascades & Oregon Coast, OregonJobsForumAlbany2010Jan21

21. LINCOLN COUNTY
County, city efforts: Oregon Cascades West Economic Development District www.ocwcog.org
Organizations:
www.albanyvisitors.com
Central Coast Economic Development Alliance www.coastbusiness.info
North Santiam Canyon Econ Dev. Corp. www.growsantiam.org

22. LINN COUNTY
Organizations: www.oregonlakesandrivers.com/content/passport-linn-county
Oregon Cascades West Economic Development District www.ocwcog.org

23. MALHEUR COUNTY
County, city efforts: Malheur County Economic Development Department
Organizations:
Reports Reviewed: CEDS/econ dev 7 rural OR counties-2010.doc

24. MARION COUNTY
County, city efforts: www.co.marion.or.us
Organizations:
www.travelsalem.org
North Santiam Canyon Econ Dev. Corp. www.growsantiam.org
Mid-Valley Community Development Partnership www.mwvcog.org
Strategic Economic Development Corporation www.sedcor.com
Reports Reviewed: Marion Co.StrategicPlan2011Final

25. MORROW COUNTY
Organizations: www.miltonfreewatertravel.wordpress.com
Reports Reviewed: CEDS/econ dev 7 rural OR counties-2010.doc

26. MULTONOMAH COUNTY
County, city efforts: METRO www.oregonmetro.gov
Portland Development Commission www.pdc.us
Organizations: www.travelportland.com
Greenlight Greater Portland www.greenlightgreaterportland.com
Portland-Vancouver Regional Partners Council for Econ. Dev.
www.portlandregionalpartners.com

27. POLK COUNTY
County, city efforts: Mid-Valley Community Development Partnership www.mwvcog.org
Organizations: www.travelsalem.com

28. SHERMAN COUNTY
County, city efforts: www.sherman-county.com
Sherman Co. Econ. Dev & Planning www.shermancountyed.org
Organizations: www.fs.fed.us/r6/
Mid-Columbia Economic Development District www.mcedd.org
www.mcedd.org/reports/documents/CEDS2011.pdf (pg. 25-27)
Mid Columbia Council of Governments www.mccog.com

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Reports Reviewed: MidColumbia Econ Dev. str. plan 2011

29. TILLAMOOK COUNTY
Organizations:
Economic Development Council of Tillamook County www.edctc.com
www.geodc.net/CEDS%20Docs/CEDS-2010.doc
www.tillamook.com
Northeast Oregon Economic Development www.neoedd.org

30. UMATILLA COUNTY
County, city efforts: Hermiston Development Corporation, www.portofumatilla.com
Umatilla County Econ. Dev. www.co.umatilla.or.us
Organizations: www.neoedd.org/documents/NEOEDD_CEDS_2011_Update.pdf
Greater Eastern Oregon Development Corp. www.geodc.net
Round-up City Development Corp. www.pendleton.or.us
Reports Reviewed: ORDINANCE-2178-For-Goal-9/Umatilla, CEDS/econ dev 7 rural OR counties-2010.doc

31. UNION COUNTY
Organizations:
www.ucedc.org
www.visitlagrande.com
Greater Eastern Oregon Development Corp. www.geodc.net
Northeast Oregon Economic Development www.neoedd.org
Reports Reviewed: TravelOR/LaGrande/Union presentation, North/Central OR econ dev plan

32. WALLOWA COUNTY
Organizations:
Greater Eastern Oregon Development Corp. www.geodc.net
Northeast Oregon Economic Development www.neoedd.org
Reports Reviewed: North/Central OR econ dev plan

33. WASCO COUNTY
County, city efforts: Wasco County Econ. Dev. Commission www.co.wasco.or.us
Mid Columbia Council of Governments www.mccog.com
Organizations: Mid-Columbia Economic Development District www.mcedd.org
Mt Hood Economic Alliance www.mthoodea.org
Reports Reviewed: Mid Columbia Econ Dev. str. plan 2011

34. WASHINGTON COUNTY
County, city efforts: Portland Development Commission www.pdc.us
Hillsboro Economic Development Partnership www.hillchamber.org
METRO www.oregonmetro.gov
Organizations: visitwashingtoncountyoregon.com
Greenlight Greater Portland www.greenlightgreaterportland.com
Portland-Vancouver Regional Partners Council for Econ. Dev. www.portlandregionalpartners.com
Reports Reviewed: Forest-Grove-Economic-Opportunities-Analysis-8-12 WashCoVA-Develop-Plan-2005

35. WHEELER COUNTY
County, city efforts: Mid Columbia Council of Governments www.mccog.com
Reports Reviewed: CEDS/econ dev 7 rural OR counties-2010.doc

36. YAMILL COUNTY
County, city efforts:
Mid-Columbia Economic Development District www.mcedd.org
McMinnville Economic Development Partnership
www.mcminnvilleedp.com
Mid-Valley Community Development Partnership www.mwvcog.org
Organizations:
Yamhill Wineries Association www.williamettewines.com
Reports Reviewed: ag-tourism_profile_for_yamhill_county_oct-1._2008.doc, future_for_yamhill_county_tourism_jan_09-1.doc, Yamhill Co stakeholder tourism, Yamhill_County_Agri-Business_Presentation,report_summary_of__stakeholder_interviews_agriculture/yamhill, and tourism/yamhill.

ORGANIZATIONS, GROUPS, STATE EFFORTS, MISC:

I. TRAVEL/DESTINATION AGENCIES:

A. Travel Oregon: Rural workshops, presentations
www.industry.traveloregon.com/upload/otc/departments/tourismdevelopment/rtsprogramoverview.pdf
www.industry.traveloregon.com/upload/OTC/Departments/TourismDevelopment/2011_RTS_Workshop_Offerings.pdf
www.industry.traveloregon.com/upload/OTC/Departments/TourismDevelopment/McKenzieRiverRTSAgritourismNotes.pdf
www.industry.traveloregon.com/upload/OTC/Departments/TourismDevelopment/RuralTourism/AgriTourismPresentationJDRTNov2010UPDATE.pdf
B. Central Oregon Visitor's Association
C. Eastern Oregon Visitor's Association
D. Oregon Coast Visitor's Association
E. Southern Oregon's Visitor's Association
F. www.shadycoveupperrogue.org (tourism alliance)

II. STATE OF OREGON

A. ODA www.oregon.gov/ODA

III. REGIONAL ORGS

A. www.thecentralcascades.com/get-to-know/natures-bounty
B. www.thecentralcascades.com/category/agritourism-and-wineries/
C. Associated Oregon Industries (AOI) www.aoi.org
D. Rural Development Initiatives, Inc. www.rdiinc.org

IV. EDUCATIONAL INSTITUTIONS

A. smallfarms.oregonstate.edu
B. ewp.uoregon.edu

C. Southern Oregon University tourism program
D. UC Davis: great interactive links and reports
sfp.ucdavis.edu/events/11agritourism

V. BRANDED TOURISM ENTERPRISES

A. www.oregoncountrytrails.com
B. www.traveloregonforever.com/giveback/current
C. www.molallafarmloop.com
D. www.canbyfarmloop.com
E. www.hoodriverfruitloop.com
F. www.agritourismworld.com
G. www.farmstayus.com
H. www.farmstayus.com/Map.aspx?state=37

VI. FEDERAL ORGANIZATIONS

A. www.rurdev.usda.gov/or/OregonJobsForumAlbany2010Jan21.pdf
B. National Sustainable Ag Info Service, www.attra.ncat.org

VII. ARTICLES

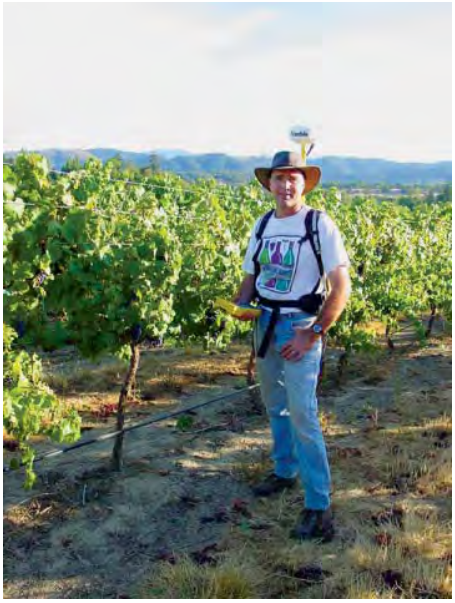
A. www.news.opb.org/economy/rural-economy-project
B. www.news.opb.org/article/dough_for_oregon_cheese_trail_local_food_projects/
C. www.blog.oregonlive.com/washingtoncounty_impact/print.html?entry=/2010/06/washington_county_visitors_ass.html
D. www.qualityinfo.org/olmisj/ArticleReader?itemid=00006456
E. www.leapinglambfarm.com/cvfff08.pdf
F. www.qualityinfo.org/olmisj/ArticleReader?itemid=00006456
G. www.nytimes.com/2011/06/10/business/10tourism.html tweets

VIII. OTHER ENTITY REPORTS OF INTEREST:

A. State of Arizona
www.ag.arizona.edu/AREC/pubs/dmkt/directfarmmarket&tourbook.pdf
B. Sea Grant, New York
C. www.oregoncheeseguild.org
D. State of Washington faculty.ses.wsu.edu/WorkingPapers/Galinato/WP2010_10.pdf
Skagit Valley agritourism workshop, Agritourism study by WSU, Agritourism in WA, SkagitCounty-Workshop11_04-1.ppt, SkagitCountyWorkshop11_04-2.ppt,
E. Miscellaneous: attra_agritourism overview, FirstSteps/sustainruralOR, SOU tourism/mgt program 2010, AOC farmland activities T.F. Report 2010,Ostrom Direct Marketing paper.doc, Research_Notes_0110-1.docx

EARTH The Science Behind the Headlines

Climate, terroir, and wine: What matters most in producing a great wine?



Scientists (including the author, Greg Jones, shown in a vineyard in Oregon) help winegrape growers identify the "goldilocks zone" — the combination of water and soil types that is just right for grapes to produce the best wine. Trenching and studying the soils reveal key nutritional mineral contents.

Credit: Gregory V. Jones

Wine can grow all over the world, including the pre-Alps of the Veneto region in Italy where Prosecco is produced.

Credit: Gregory V. Jones

Weather and climate have played decisive roles throughout human existence — where and how cultures developed, where they migrated and even how some died out. The most successful early civilizations were those that developed strong agrarian systems based on what crops were most compatible with the climate. If conditions changed for one reason or another, people migrated to areas with a more suitable environment to grow a certain crop or raise specific animals. Today, as in the past, climate is clearly one of the most important factors in the success of all agricultural systems, influencing whether a crop — including winegrapes — is suitable to a given region, largely controlling crop productivity and quality, and ultimately driving economic sustainability.

Today, wine is produced all over the world, from Australia to Scandinavia, Brazil to South Africa, and Argentina to Wisconsin. Although decisions about what crops to grow commercially are largely driven by regional history and tradition, they are also influenced by regional and international economics. However, both tradition and economics have ultimately been driven by the ability to grow the crops sustainably within a given climate.

This fact is most evident with viticulture and wine production, in which climate is arguably the most critical environmental aspect in ripening fruit to its optimum quality to produce a desired wine style. Wine, which captures aspects of history, art, romanticism, geography, cultural identity, gastronomy, investment potential, and science — all in one agricultural pursuit — provides countless avenues for research and enjoyment, both academically and by wine aficionados everywhere.

Terroir

The complex influences that result in a wine's unique traits are embodied in the concept of "terroir," a term that attempts to capture all of the myriad environmental and cultural influences in growing grapes and making wine. Terroir is derived from the Latin "terre" or "territoire," and its first modern definition appears as "a stretch of land limited by its agricultural capacity."

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Historically, the use of terroir as a defining aspect of landscapes grew out of the traditions of the Cistercian monks in Burgundy, France, but the term was also broadly embraced by the French as an agricultural production concept tied to specific regions and numerous other crops or food products. Burgundians also used the concept to market their wine, promote tourism, affirm regional traditions and obtain a comparative advantage over other regions, leading some to see it as a centuries-old economic protection mechanism.

The concepts embodied in terroir eventually led to the "appellation d'origine contrôlée" (AOC) system in 1935 — a French certification system that legally delineates geographical regions and regulates agricultural products ("produits du terroir"). As applied to wine, this also led to the notion that a wine region is a collection of terroirs, some better than others. The concept has spread to other countries, including the U.S., where the regions are called American Viticultural Areas, or AVAs.

The importance of regional ties to the climate, soil and grape varieties is at the core of terroir. However, terroir remains one of the most intriguing and perplexing challenges in the world of wine today, largely because what terroir encompasses is not universally understood or accepted. Nonetheless, the concept has become woven into the thinking and commentary of nearly all journalists, winemakers and educators who discuss wine.

Perspectives on terroir tend to range from it being an all-encompassing concept (wine is a holistic result of nature and nurture), to nature in isolation (fixed and largely immutable by humans). In more general terms, public perceptions of terroir tend to associate it with "land" or "soil," a form of "geographic identity," "a sense of place," or as Matt Kramer of Wine Spectator eloquently put it, "somewhereness." As one might expect, there has also been controversy and debate in wine circles between the Old World (Europe) and New World (everywhere else), whereby terroir is discussed in production terms as either "traditional" in the Old World or "industrial" in the New World; as being "naturally endowed" (Old World) versus being used just for "marketing" (New World); or in terms of "protectionism" of a long-standing tradition (Old World) versus "experimentation" (New World) in approaches to growing grapes and making wine.

Terroir and Science

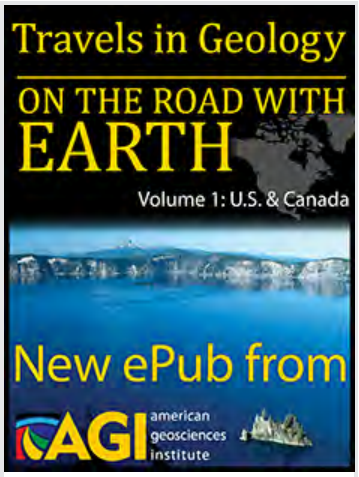
Increasingly, scientists have been asked to help identify the most important aspects of terroir and help define the boundaries between nature and nurture. As such, the study of terroir has developed tremendously over the last 20 years and has typically followed five main areas of study: quantifying terroir component influences on vine growth through the examination of climate-soil-water relationships; quantifying terroir component influences on fruit composition and wine quality; regional fingerprinting of wines (chemical signatures); viticulture zoning (finding the best terroirs); and precision viticulture (spatial technologies to manage and improve the crop).

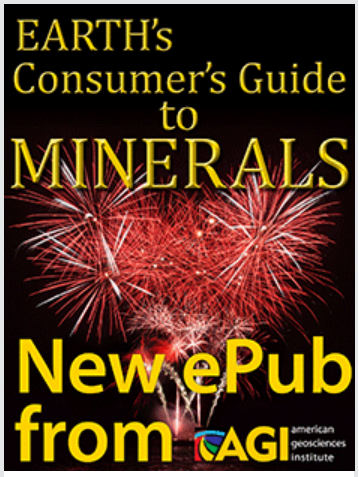
From this call for a better scientific understanding of terroir, scientists have identified more than 400 aromatic compounds in wine, with most resulting from fermentation, yeasts, grape variety and the way wine matures. So far, research has shown very little evidence that these aromatic compounds come directly from the climate, soil or geology. But certainly the climate, soil and geology affect what's grown where, so they do indirectly impact the wines in that way. In addition, recent research has shown that chemical fingerprinting of wine from different regions may be possible, with more than 60 trace elements tied to soil and variety. Other research has shown that even after aging, wine still holds onto the chemical signature of the forest from which the wood in the wine barrel was harvested. These results are also being examined as a means to authenticate wine — detecting fraud — by region, variety, age and processing.

All that said, science has a long way to go in explaining the differences in taste and aroma that we experience in wine. This raises the question: Can you taste terroir? This has been difficult to prove due to the complex chemical processes that occur in wine production, but many wine drinkers say that you absolutely can taste it.

One example is with the growing use of the term "minerality" to describe some wines. Despite what people might think, minerals from the geology have no taste, as these are complex crystalline and insoluble compounds with no flavor. Even the mineral nutrients in wine — for example, magnesium, zinc, iron — are found largely in very low, undetectable concentrations, or are completely lacking flavor. Yet some magical permutation of complex organic compounds, whose production has been influenced by inorganic cations, has produced a characteristic that reminds us of minerals.

Another part of the challenge is that taste and/or aroma sourcing in wine is tied to human sensory abilities and psychological influences. Large variations in tasting abilities lead to "informed" tasters





identifying wines from different localities and even down to the vineyard block, but what about the untrained or uninformed wine drinker? The difficulties are that taste and/or aroma judgment is intuitive and subjective, prone to experience, suggestion and expectation. A given wine might remind you of a taste or smell from your childhood, regardless of what anyone else thinks. Or because many people are intimidated by those "in the know," they may tend to believe a wine has the aroma or flavor they are told it does, even if that judgment is completely bogus!

But even if we can overcome these obstacles and scientifically identify a flavor or aroma in a wine, how do we know with any certainty it is because of the soil, geology, grape variety (or different clones of a variety) or other factors?

The Climate Component of Terroir

Climate provides the most identifiable differences in wine styles for nearly all wine drinkers. The general characteristics of wines from a cool climate vary distinctly from those from a hot climate. Grape varieties best suited to a cool climate tend to produce wines that are more subtle with lower alcohol, crisp acidity, a lighter body, and typically bright fruit flavors. Those from hot climates tend to produce bigger, bolder wines with higher alcohol, soft acidity, a fuller body, and more dark or lush fruit flavors. Geology and soil do not produce these broad differences, but they do produce the subtle expressions of these qualities within the same climate or region.

Wine production occurs over relatively narrow geographical and climatic ranges, most often in mid-latitude regions that are prone to high climatic variability (the vintage effect). The result is that wine production typically occurs within climates where the growing season averages 12 to 22 degrees Celsius. Furthermore, individual winegrape varieties have even narrower climate ranges, which further limit the areas suitable for their cultivation. For example, pinot noir is grown mostly in cool climates with growing seasons that range from roughly 14 to 16 degrees Celsius in places such as Burgundy or Northern Oregon. Across this 2 degree climate niche, pinot noir produces the variations in style for which is it known, with the cooler zones producing lighter, elegant wines and the warmer zones producing more full-bodied, fruit-driven wines. Although pinot noir can be grown outside these climate bounds, it readily loses the style and quality for which it is known.

Globally, these temperature limits are found mostly in the mid-latitudes; however, latitude as a comparison for climate suitability for viticulture and wine production has been misunderstood. The classic comment is that "we are on the same latitude as Bordeaux; therefore we can grow the same varieties and make the same quality and style of wine as Bordeaux." But the climate in Bordeaux is substantially more humid and receives much greater rainfall during the growing season than, say, the often-compared Napa Valley. Both are known for their cabernet sauvignon wines, but they produce them in quite different climates. Bordeaux has relatively low daytime temperatures and high nighttime temperatures due to higher humidity, whereas the Napa Valley has much higher daytime temperatures and much lower nighttime temperatures due to lower humidity.

Furthermore, general comparisons with Mediterranean climates have also been misinterpreted. One of the reasons is that the Mediterranean region is influenced by two large bodies of water — the Atlantic and the Mediterranean — whereas most other regions that have comparable climates have a more linear coastline, cooler ocean temperatures, and typically one body of water (with the exception of South Africa). Another interesting example of climate differences is in Italy, where the dry, Mediterranean climate in the south gives way to more humid subtropical climates in the north. In the United States, a similar transition is found when one goes from California to the East Coast.

Even the limitation of wine production to Mediterranean-like climates has shifted. Viticulture has spread throughout much of the world, with vineyards found as far north as Scandinavia (helped by a warming climate) and even near the equator, such as in Brazil, where two crops per year are produced. In these regions, however, growing winegrapes is far riskier due to the potential for winter freezes, untimely rainfall, tropical cyclones and increased disease risk. But innovation and intent have developed thriving local to regional wine identities all over the world.

Are there ideal weather conditions for growing winegrapes? Although no two vintages in any region are exactly alike, growers everywhere would be ecstatic with adequate precipitation and warmth to grow the vine and ripen the fruit, with no weather extremes (like frost, hail and heat waves) and disease. During the dormant period, this would equate to enough soil-replenishing rainfall and a cool to cold winter, without vine-killing low temperatures but with enough chilling to ensure bud fruitfulness the following year. The spring would be free from wide temperature swings and frost, and have enough precipitation to feed vegetative growth. During flowering, the weather would be cloud-free with moderately high temperatures and high photosynthetic potential to allow the flowers to fully set into

fruit. The summer growth stage would be dry, with heat accumulation to meet the needs of the variety and few heat stress events. The ripening period would be dry with a slow truncation of the season toward fall, with moderately high daytime temperatures and progressively cooler nights.

Although conditions like these may happen in a given vintage, it's more likely that variation in one or more weather aspect will deviate from an ideal vintage, often changing the overall wine style, influencing one or more flavor and aroma nuance of the wine, or limiting yields and quality. The result is that no two vintages are exactly the same, either in their weather or wine.

A Changing Climate

Given how important climate is to grapes and wines, climate change poses a challenge. Climates have changed throughout Earth's history, of course, but the rate and magnitude of change occurring today appear to be greater than what has been experienced in the past. Given that many crops, including winegrapes, have relatively narrow climate niches for optimum production and quality, even small changes in climate could bring numerous challenges. Fortunately, growers have already and will continue to apply numerous adaptations in both the vineyard and winery.

One of the most obvious adjustments is to change to a winegrape variety that is more suited to the new climate; however, knowing when to do this for long-term sustainability will be a challenge. Furthermore, changes to varieties will likely bring additional challenges in marketing new regional identities in an ever-competing international marketplace. Other adjustments include modifying vineyard row orientation, trellising and irrigation, as well as working with virus- and disease-free plant material and understanding the genetic diversity of grapevines. There is a wealth of potential adaptive strategies for growers. However, the next logical question in terms of terroir is then: Are the terroirs that are best for one variety also best for another? Can you just switch winegrape varieties without consequences?

What Aspect of Terroir Is Most Important?

In the continuum of terroir influences, climate is the most basic and most profound in terms of what can be grown where and how. Geology, landscape and soil are important factors that mediate the interaction between climate and the vine, especially soil water supply and nutrition. Proof comes from observations that the same grape variety will not grow to the same quality in different climates; but locations with a similar climate but different geology and soils will often produce similar quality wines with flavors and aromas typical for that variety. This sequence also follows from observations that some vineyards consistently produce fine wine, no matter what the weather does, but when the weather is just right, these sites produce exceptional wines. However, it is important to remember that people play significant roles in the entire continuum — through choosing a variety that suits the climate and site, managing the vine within the vagaries of the climate, and processing the fruit into wine.

Even if we can make these statements about which aspects of terroir are most important, numerous questions surrounding the notion of terroir are still asked by wine writers, scientists and the public. One common question is whether terroir is real or simply a suite of purposefully vague, indefinable influences. Experiments have clearly shown that numerous aspects of terroir can be specified.

Another interesting question is whether the best terroirs have been found. Are there more out there like Romanée-Conti, where a mere 1.8 hectares of land in Burgundy planted with pinot noir can command some of the highest wine prices in the world? And how might a changing climate affect such terroirs?

But as terroir is further examined, we might ask ourselves whether we really want to fully quantify the effects and potentially lose the mystique that makes it an enjoyable debate topic over a glass of wine.

Gregory V. Jones
Jones is a professor and research climatologist in the department of environmental studies at Southern Oregon University who specializes in the study of climate structure and suitability for viticulture, and in the ways that climate variability and change influence grapevine growth, wine production and quality. He conducts applied research for the grape and wine industry in Oregon and has given hundreds of international, national and regional presentations on climate and wine-related research. He is the author of numerous book chapters, reports and articles on wine economics, grapevine phenology, site assessment methods for viticulture, climatological assessments of viticultural potential, and climate change. He was named to Decanter Magazine's 2009 Power List representing the top 50 most influential people in the world of wine, named the Oregon Wine Press's 2009 Wine Person of the Year, and has been in the top 100 most influential people in the U.S. wine industry in 2012 and 2013.

wine january 2014 gregory v. jones feature climate change agriculture science and society soil

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Community & Economic Development

FSCED6

Economic Multipliers: How Communities Can Use Them for Planning

Wayne P. Miller
Professor - Community and Economic Development

The economic structure of rural communities in Arkansas is changing. Rural Arkansas communities have lost manufacturing, farm and forestry jobs. This has resulted in declining populations, which has caused ripple effects throughout rural Arkansas. Some leaders are revitalizing their communities by diversifying their local economies. Economic multipliers help leaders predict the "ripple effects" of new and expanding, as well as declining, industry.

A new or expanding industry can have economic impacts beyond the jobs and income generated by the original project. Often community leaders do not have the time or expertise to obtain and decipher complex economic data to evaluate the benefits and costs of using tax dollars to encourage industry to locate or expand. A multiplier is a single number which summarizes the total economic benefits resulting from a change in the local economy.

If used wisely, multipliers provide planners and community leaders with estimates of employment, gross sales and income that will result from new economic activity. Comparison of the alternatives can help communities decide where to invest time and resources to get the greatest benefit.

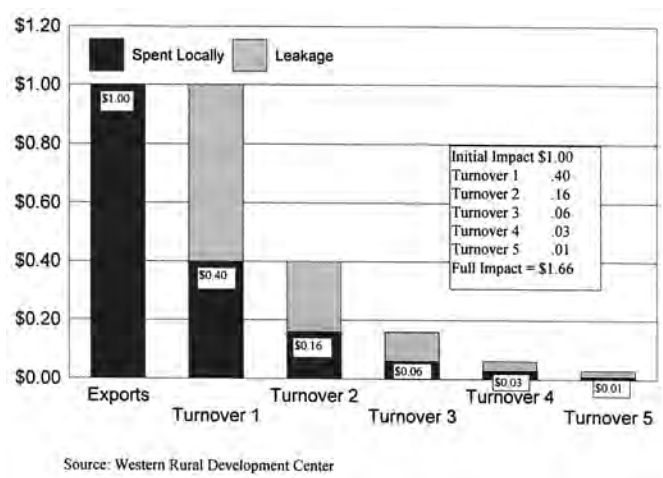
In this fact sheet we define multipliers and show how they are calculated, explain how to interpret them and identify their limitations. We also provide an example to illustrate the use of multipliers.

Multiplier

A multiplier summarizes the total impact that can be expected from change in a given economic activity. For example, a new manufacturing facility or an increase in exports by a local firm are economic changes which can spur ripple effects or spin-off activities. Multipliers measure the economic impact of these new exports, including the resulting spin-off activities.

Figure 1 illustrates the multiplier concept. One dollar is received into the local economy from export sales of a commodity.[1] Of this $1, 40 cents

Figure 1. Multipliers and Turnover



Source: Western Rural Development Center

[1] By export we do not necessarily mean international export, rather, sales beyond the community borders.

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is spent for goods and services within the community. The firms and individuals who receive this 40 cents spend 16 cents within the community. Of the 16 cents, only 6 cents is spent locally, and so on. The total amount of money received by local firms and residents as a result of the initial $1 in added export earnings is $1.66. Therefore, the multiplier is 1.66.

Types of Multipliers

Change may be measured in several ways. Some community leaders may be primarily concerned with employment or income while others may want to estimate the total value added to the local economy. Since multipliers are simple ratios of total to initial change, numerous economic multipliers are easy to calculate (see Appendix). Four multipliers are commonly used to assess impacts of an initial increase in production resulting from an increase in sales, usually called final demand in multiplier analysis. The four are: (1) Output, (2) Employment, (3) Income and (4) Value Added Multipliers.

Output Multiplier

The output multiplier estimates the total change in local sales, including the initial $1 of sales outside the area, resulting from a $1 increase in sales outside of the study area (final demand). Multiplying the increase in sales of the exporting industry by the output multiplier provides an estimate of the total increase in sales for the study area, including the $1 export sales. The output multiplier is used to assess the interdependence of sectors in the local economy.

To illustrate the use of multipliers, consider the following hypothetical situation. Lumberland Inc., a sawmill operation in Wilburn County, gets an order from a Japanese furniture manufacturer for an additional $1 million lumber products.

Using this example, an output multiplier of 1.9 indicates that for every $1 of lumber exported to Japan, an additional $0.90 of output is produced in the local economy. If Lumberland sells $1 million of lumber to Japan, then $900,000 of additional output is produced locally to supply Lumberland Inc., other affected industries and consumers. If most of the supplies and services are purchased outside the local community, the output multiplier would be considerably lower, such as 1.4, or 40 cents for every dollar of export sales.

Employment Multiplier

Communities often wish to know the number of jobs that will be created as a result of a new economic activity. The employment multiplier measures the total change in employment resulting from an initial change in employment of an exporting industry. The additional employment in the new activity multiplied by the employment multiplier for the industry provides an estimate of the total new jobs created in the area of study (i.e., county, district, state or region).

Consider the example of Lumberland hiring 300 new employees if the employment multiplier for sawmills is 2.1. In this scenario, an additional 330 jobs (630 - 300) would be created as a result of the 300 new jobs in Lumberland.

Income Multiplier

The income multiplier measures the total increase in income in the local economy resulting from a $1 increase in income received by workers in the exporting industry. Multiplying the initial change in income by the income multiplier for the industry provides an estimate of the increase in income for all individuals in the study area resulting from the initial growth of one industry.

Consider the Lumberland sawmill example. If it is known that Lumberland will pay out new wages and salaries of $350,000 and the income multiplier is 2.0, then the resulting increase in income in all sectors is $700,000 ($350,000 x 2.0). For every $100 in wages Lumberland pays, an additional $100 in wages will be added to the total payroll of the study area.

Value Added Multiplier

The value added multiplier provides an estimate of the additional value added to the product as a result of this economic activity. Value added includes employee compensation, indirect business taxes, proprietary and other property income.

Consider again the situation of Lumberland which is to produce $1 million worth of lumber products to be exported to Japan. The total value added that is generated from the production of the lumber products can be calculated by multiplying the value added to the lumber products times the multiplier. If the value added to the $1 million of lumber products is $360,000 and the value added multiplier is 2.2, then $432,000 ($360,000 x 1.2) of "value" is added to products in other industries affected by the increase in lumber sales.

Geographic Area and Multipliers

Everyone, especially economic development workers, likes to show that the new firm being recruited or the existing industry being expanded will have large spin-off effects (i.e., high multipliers). Multipliers usually range between 1.0 and 3.0 and vary by the amount of economic activity within an

area and by the interaction of industries within the area. The more inputs purchased locally and the more consumer expenditures at local shops, the higher the multiplier. The larger the area, the more economic activity will likely occur within the area.

Figure 2 illustrates this concept. The output multiplier for poultry processing increases as we expand the area. The multiplier increases from 1.3 for Howard County to 1.5 for the Southwest Planning and Development District and is 2.3 for Arkansas. It would be inappropriate to use the state multiplier of 2.3 to estimate the economic impact on Howard County.

Figure 2. Output Multipliers

Type of Industry	Howard Co.	Southwest PDD	Arkansas
Poultry Processing	1.3	1.5	2.3

The area included when computing multipliers should be large enough to serve as a functional economic unit. However, it would be inappropriate to use a state or multi-state multiplier to analyze the economic impact on a county's local economy. As you expand the geographic area to include more of the backward-linked industries and businesses that supply goods and services, you increase the size of the multiplier. A state multiplier will reflect all interactions between businesses and industry throughout the state and not the economic interrelationships within a county or region within the state.

Danger in Generalization

Multipliers vary widely from industry to industry depending on where input purchases are made. In Arkansas, poultry processing plants have an output multiplier of 2.3, whereas the canned fruit and vegetable industry has a multiplier of 1.6. Increasing sales (final demand) by $1 in the poultry processing industry increases production and sales in other sectors of the economy by $1.30. This compares with an increase of only 60 cents for every $1 increase in sales in the canned fruit and vegetable industry.

Using the average multiplier for manufacturing, which is 2.0, would overestimate the impact of the canned fruit and vegetable industry and underestimate the impact in the poultry processing industry. Using an industry specific multiplier provides more accurate estimates of economic impacts.

Multipliers Versus Turnover

Turnover refers to the number of times some of the initial dollar, that is received from outside the community, changes hands within the community. Turnover is sometimes incorrectly used interchangeably with multiplier. When money is received from outside the community, only part of the money remains in the community when it changes hands. Therefore, turnover is the number of times some portion of the money changes hands within the community. A multiplier, however, reveals how much of each dollar turns over in the community.

Figure 1 illustrates the difference between turnover and multiplier. In the example, $1 received from exports changes hands five times within the local economy. The multiplier is 1.66, although some portion of the initial dollar turns over five times.

During each exchange of money for goods or services, some of the original dollar leaves the local economy, which reduces the amount spent locally during the next exchange. Multipliers measure the full impact of a dollar on the local economy, whereas turnover merely indicates the number of times some of the initial dollar is spent locally.

APPENDIX

Computing Multipliers

Direct, Indirect and Induced Effects

To understand how multipliers are calculated, knowing the meaning of direct, indirect and induced effects is essential.

- **Direct effects** are those occurring to the firm that exports additional goods or services.
- **Indirect effects** occur to industries in the backward-linked industries that supply the exporting firm.
- **Induced effect**s result from households spending some of the additional income they receive in the local area.

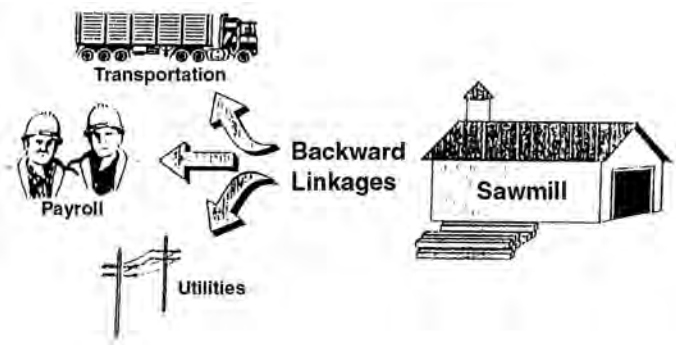
To illustrate the three effects, the Lumberland sawmill example will be further developed.

Lumberland gets an order from a Japanese furniture manufacturer for an additional $1 million of lumber products. Because of the new contract, Lumberland must add workers and spend additional dollars for transportation services, utilities and other production needs. Lumberland's expenditures for the additional production inputs used in manufacturing the Japanese order are referred to as "direct effects." "Direct effects" are production changes required to produce the product.

Lumberland's additional spending triggers a series of chain reactions, or spin-off effects. Logging companies and businesses which supply Lumberland

Inc. with raw materials and services must increase their production to meet Lumberland's needs. Likewise, the increase in sales of Lumberland's suppliers generates more business for the firms that supply them. These effects are referred to as "indirect effects" and occur in the backward-linked industries (see figure 3). Indirect effects result from production changes in industries that supply the firm where the change was initiated.

Figure 3. Indirect Effects



Each dollar of employee income earned in the direct and indirect activities triggers an additional chain of spending. This spin-off effect is referred to as an "induced effect," which is sometimes called the consumption effect. The workers hired by Lumberland to fill the order for Japan earn new income as do the new workers hired to supply Lumberland's increased needs.

Induced effects occur as households spend some of their additional income on goods and services in the local community. The increased production of lumber generates additional income, some of which is spent on goods and services within the community, thus increasing the multiplier effect.

Type I and Type II Multipliers

A multiplier is a simple ratio. Most multipliers are calculated as:

$$\text{Multiplier} = \frac{\text{Total Change}}{\text{Initial Change}}$$

You will most often hear or read of Type I and Type II multipliers. This is economic jargon for identifying which effects are included when calculating the multiplier. Type I multipliers include the direct and indirect effects. The indirect effects are those associated with changes in the backward-linked industries due to an increase in demand from the directly affected industry. Therefore, Type I multipliers are calculated as follows:

$$\text{Type I Multiplier} = \frac{\text{(Direct + Indirect Effects)}}{\text{Direct Effects}}$$

A Type II multiplier (sometimes referred to as Type III) includes the direct, indirect and induced effects. It includes the effect on the backward-linked industries as well as the induced or consumption effect. Type II multipliers are similar to Type III multipliers, except the method of calculating the induced effects is different. Type II (and Type III) multipliers are calculated as follows:

$$\text{Type II Multiplier} = \frac{\text{(Direct + Indirect + Induced Effects)}}{\text{Direct Effects}}$$

The reader may find it helpful to remember and interpret multipliers as simple ratios. Economic multipliers provide estimates of the total impact resulting from an initial change in economic output (final demand). The higher the multiplier, the greater the effect on the local economy.

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DR. WAYNE P. MILLER is professor - community and economic development with the University of Arkansas Division of Agriculture, Little Rock.

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4-24-14

Liberty Natural Products
Attn: Jim Dierking
20949 South Harris Road
Oregon City, OR 97045

To Whom it may concern:

Since 1987, Klamath Valley Botanicals, LLC has specialized in the harvesting and processing of Aphanizomenon flos-aquae, also known as blue green algae from the Klamath Lake. Klamath Valley Botanicals, LLC was originally formed in 1987 as a harvesting company. Most of the harvesters on the lake today are designed after Grant Brown, company founder's original technology.

Klamath Valley Botanicals, LLC original harvest strength combined with the marketing and quality control expertise has resulted in one of the strongest suppliers of green foods in the industry.

Klamath Valley Botanicals, LLC has marketed this blue green algae by its registered trademark *Klamath's Best®*. The product is sold in capsule, tablet and powder form. It sells finished labeled products as well as bulk powder blue green algae. Klamath's Best® blue green algae is open water fresh harvested from the Klamath Lake located in Southern Oregon. All products are Certified Organic by Oregon Tilth, who is an internationally recognized Organic certification entity, 100% USDA Organic, certified Kosher by K of K, 100% Vegan, GMO-free, Gluten-free, FDA Export Certificates and Certified by the Oregon Department of Agriculture.

Liberty Natural Products, Inc. is a purchaser and distributor of our Klamath's Best® Blue Green Algae since 2006. Historical purchases of bulk product by Liberty Natural Products in Oregon City, Oregon have been in excess of $32,000.

Best Regards,

Kim Padula

Kim Padula
Vice President
Klamath Valley Botanicals, LLC

Klamath Valley Botanicals, LLC
P.O. Box 7362, Klamath Falls, OR 97602 (541) 783-3826 Fax: (541) 783-3827

AMG
Advanced Marketing Group, LLC

Advanced Marketing Group, LLC
P.O. Box 720 Donald Or. 97020
Phone: 503-776-9053 ~ Fax: 503-776-9055

May 20, 2014

Board of County Commissioners
2051 Kaen Road, Suite 450
Oregon City, Oregon 97045

Re: Oregon Lavender Farm Comprehensive Plan Amendment

Our company markets farm soil amendments and natural and organic fertilizers, herbicides, and pesticides.

We have purchased $108,973.66 of essential oils from Liberty Natural Products Inc. in the last three years. The essential oils purchased are for natural weed and pest control.

We support approval of the Oregon Lavender Farm land use application.

Sincerely,

Allan Zimmer
Co-Owner
Advanced Marketing Group, LLC

Funke Essential Oils
Natural Herb Oils
ESSENTIAL OILS

1402 S.E. Kiger Island Drive Corvallis, OR 97333
Tel. (541) 738-6309 Fax (541) 738-6309
funkeoils@gmail.com

Board of County Commissioners
2051 Kaen Road, Suite 450
Oregon City, OR 97045

April 26, 2014

RE: Liberty Natural Products, Inc. - Oregon Lavender Farm

Funke Essential Oils, Inc. is located near Corvallis, Oregon. We have been growing essential oil crops and distilling essential oils since 1926. I am the third generation of our family farm, which is now transitioning to the fourth generation. Our crops included Peppermint, Clary Sage, Native Spearmint, Parsley, Roman Chamomile, Tarragon, and Dill Weed.

We have been selling essential oils to Liberty Natural Products, Inc. for over three decades. During that time Liberty has purchased more than $150,000 of essential oils, which were grown and distilled from our Oregon crops.

Distribution is very important to specialty crop agricultural producers. Liberty's distribution is a valuable resource that supports our farm and other Oregon specialty crop growers.

I understand that there is a question as to the feasibility of locating an essential oil distillery on urban commercial or industrial lands. Today, farmers are challenged by increased conflicts with non-agricultural as well as agricultural uses on EFU land. Distillation in an urban setting is not desirable for a variety of reasons. First, it would invariably produce aromas that will be a source of objection by adjoining uses. Second, distillation requires substantial amounts of water that are most effectively, economically and sustainably disposed or utilized on a farm setting. Third, transportation of essential oil crops from the area in which they are grown adds unnecessary transportation expenses. Fourth, the transportation of the spent charge left over from the distillation process, if done at an urban commercial or industrial center, would also add additional transportation expenses or disposal costs. It is most optimal to return the spent charge biomass to our fields as a valuable amendment to maintain soil quality.

We support approval of the Oregon Lavender Farm land use application.

Richard Funke
President/CEO, Funke Essential Oils, Inc.

Randall Funke
Sales/QA Lab, Funke Essential Oils, Inc.

Norwest
INGREDIENTS
5314 Road 13.9 SW ~ Royal City, Washington 99357 ~ Tel: (509) 346-2200 ~ Fax: (509) 346-2320

Norwest Ingredients
5314 Road 13.9 SW
Royal City, Washington 99357

June 16th, 2014

Board of County Commissioners
2051 Kaen Road, Suite 450
Oregon City, Oregon 97045

Re: Oregon Lavender Farm Comprehensive Plan Amendment and Zone Change

Norwest Ingredients/Jet Farms is a grower and dealer of mint oils and specialty crops grown in Central Washington, and the Willamette Valley and other origins. Our specialty herb crops include: Peppermint, Spearmint, Roman Chamomile, Clary Sage, Dill, Dillweed and Oregano.

Liberty Natural Products Inc. has purchased from us $944,153.64 of essential oils produced in Oregon and Washington since 1999.

We support approval of the Oregon Lavender Farm land use application, to allow Liberty Naturals to continue its wholesale distribution of essential oil crops and botanicals from their farm. Wholesale farm distribution of crops grown on and off the farm is a practice customary to the essential oil trade around the world.

Sincerely,

Terry Cochran
President

Exhibit 100

June 8, 2014

HUFF POST GREEN

The Cruelest of All Factory Farm Products: Eggs From Caged Hens

Posted: 01/14/2013 10:12 am

Battery cages are small wire cages where about 95 percent of laying hens spend their entire lives; each hen is given about 67-76 square inches of space (a standard sheet of paper measures 94 square inches). To get a sense of a hen's life in a battery cage, imagine spending your entire life in a wire cage the size of your bathtub with four other people. You wouldn't be able to move, so your muscles and bones would deteriorate. Your feet would become lacerated. You would go insane. That's precisely what happens to laying hens.

In the United States, roughly nine billion chickens, pigs and other farm animals are consumed annually, and the vast majority of them are abused in ways that would warrant felony cruelty to animals charges were dogs or cats the victims. But three systems are particularly cruel -- gestation crates for pregnant pigs, veal crates for calves, and battery cages for laying hens. As of Jan. 1, all three are illegal across Europe, and it is past time for the United States and Canada to follow suit.

After decades of consumer outcry, the veal industry recently took the important step of announcing that it will work toward eliminating the crate confinement of calves. And as discussed previously, gestation crates may also be headed for the dust bin of history. While this is positive news for pigs and calves, there is currently no clear end in sight for battery cages, with roughly 95 percent of all eggs in the U.S. still coming from caged hens. There are roughly 4.5 million mother pigs and fewer than 500,000 calves in crates, and approximately 250 million hens in battery cages. So for every caged calf or pig, there are roughly 50 caged hens.

Barren battery cages are so hideously cruel that in addition to having been outlawed across the European Union, they have been condemned by the Pew Commission on Industrial Farm Animal Production, which included former Kansas governor John Carlin, former Secretary of Agriculture Dan Glickman (who also chaired the House Agriculture committee), as well as farmers and ranchers. They're also condemned by every animal protection group in the world.

Here's why:

Battery Cages Destroy Chickens' Bodies

Battery cages are so small that not one hen can extend her wings, and yet there are three or more in each cage. The animals' muscles and bones waste away from lack of use; by the time hens are removed from cages after about two years, they've suffered from severe bone loss and tens of millions suffer new broken bones as they're ripped from their cages.

Some birds' skeletal systems become so weak that their spinal cords deteriorate and they become paralyzed; the animals then die from dehydration in their cages. This unimaginably horrid situation is so common that the industry has a term for it, "cage fatigue," and investigation after investigation finds living birds forced to stand on the rotting, mummified carcasses of their dead cage-mates. Additionally, standing and rubbing against wire cages destroys the health of hens' feathers and skin, and the birds' overgrown claws often become caught in cage wires; they either die where they are trapped, or they have to tear their skin to escape. Click here or here for documentation and video; it is hard to imagine a life worse than that of a battery caged hen.

Battery Cages Destroy Chickens' Minds

Chickens outperform both dogs and cats on tests of cognitive, emotional, and behavioral complexity. Dr. Jane Goodall explains that "farm animals feel pleasure and sadness, excitement and resentment, depression, fear, and pain. They are far more aware and intelligent than we ever imagined... they are individuals in their own right." On chickens specifically, *Discovery Magazine* explains research from the University of Bristol: "Chickens do not just live in the present but can anticipate the future and demonstrate self-control... something previously attributed only to humans and other primates..."

In battery cages, these inquisitive and social animals -- who are particularly doting mothers -- have their every natural desire frustrated. They never perch, forage, take a dust bath, nest, or explore their surroundings. Their lives are categorized by unmitigated mental suffering -- from the moment they're crammed into a cage until the moment they are torn from it two years later, as well-documented in this Humane Society of the United States report.

Exhibit 101, Page 1

This is what housing looks like for 95 percent of American hens -- each egg requires 34 hours in these conditions:

Conclusion

So far, the only national grocery store chain to have banned the sale of eggs from caged hens is Whole Foods. The only restaurant chain to promise to ban them from their supply chain is Burger King (by 2017). These companies deserve plaudits for their progress. These types of cages will also be illegal in California in 2015 and in Michigan in 2019, and legislation to ban them will be introduced in Massachusetts soon (if you live in Massachusetts, check FarmSanctuary.org for updates).

At Farm Sanctuary, we spend our lives with farm animals, and we wouldn't eat them or their eggs under any circumstances. We recoil at the abuse of hens in all systems, including cage-free and colony cage conditions. But we also work to abolish the very worst abuses of farm animals, and it's hard to imagine anything worse than the tiny, barren, cramped battery cages where 250 million hens currently are forced to spend their lives.

Battery cages have to go. Please visit FarmSanctuary.org to find out how you can help.

Allison Janney introduces Symphony, a hen who escaped from a battery cage:

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Precisely why I will not eat eggs or chickens ever ... or any other animals products either.
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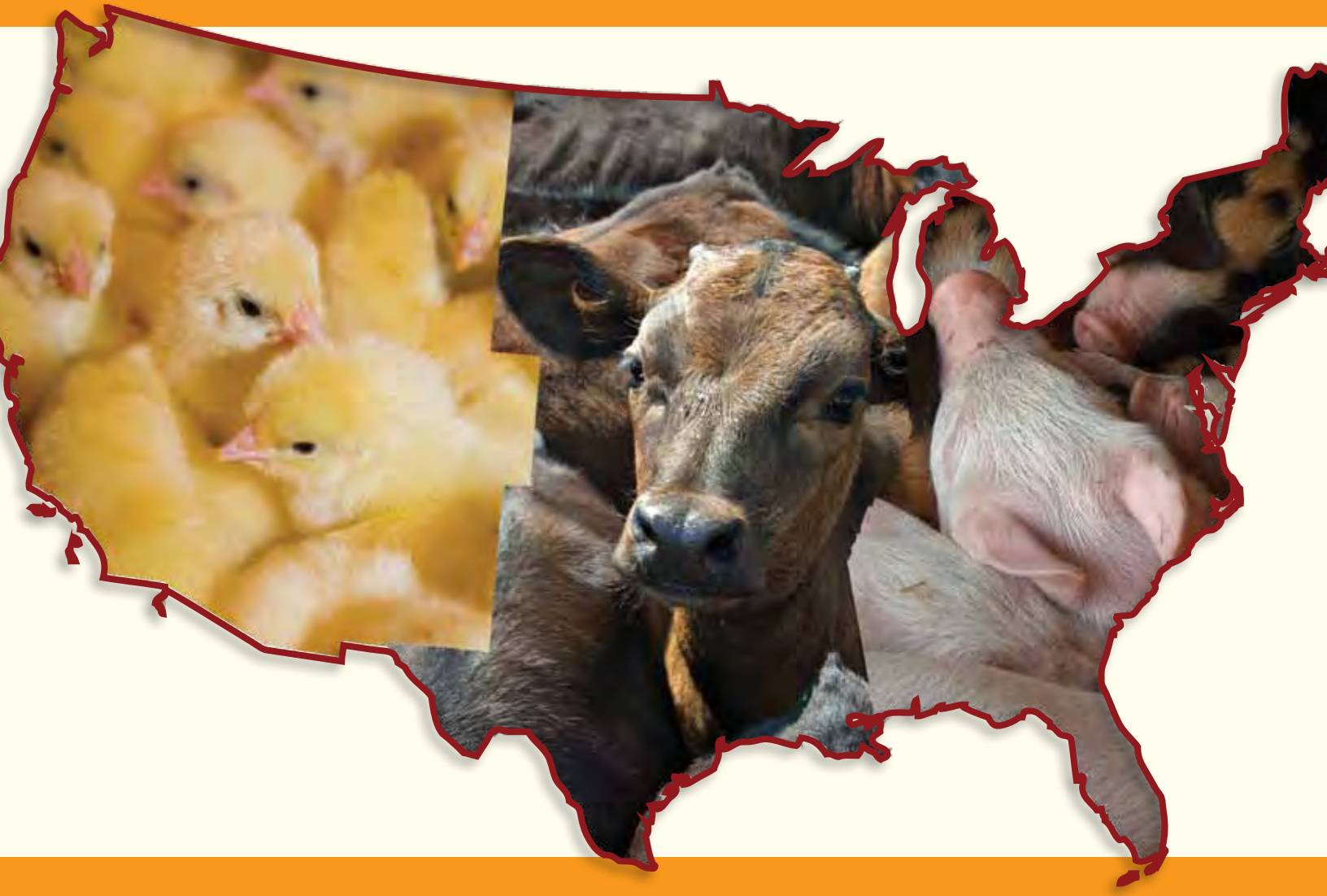
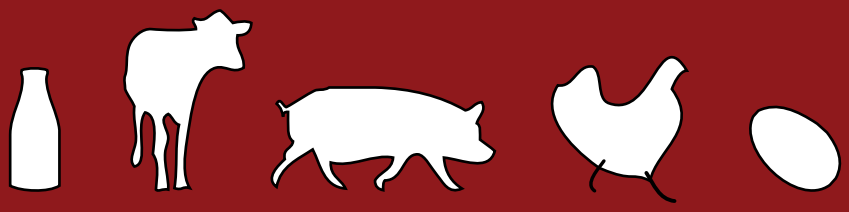
Factory Farm Nation

How America Turned Its Livestock Farms into Factories



www.factoryfarmmap.org



food&water watch

About Food & Water Watch

Food & Water Watch works to ensure the food, water and fish we consume is safe, accessible and sustainable. So we can all enjoy and trust in what we eat and drink, we help people take charge of where their food comes from, keep clean, affordable, public tap water flowing freely to our homes, protect the environmental quality of oceans, force government to do its job protecting citizens, and educate about the importance of keeping shared resources under public control.

Food & Water Watch
Main office:
1616 P St. NW, Suite 300
Washington, DC 20036
tel: (202) 683-2500
fax: (202) 683-2501
info@fwwatch.org
www.foodandwaterwatch.org

California Office:
25 Stillman Street, Suite 200
San Francisco, CA 94107
tel: (415) 293-9900
fax: (415) 293-8394
info-ca@fwwatch.org

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Factory Farm Nation

How America Turned Its Livestock Farms into Factories

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Executive Summary

Over the last two decades, small- and medium-scale livestock farms have given way to factory farms that confine thousands of cows, hogs and chickens in tightly packed facilities. Farmers have adopted factory-farming practices largely at the behest of the largest meatpackers, pork processors, poultry companies and dairy processors. The largest of these agribusinesses are practically monopolies, controlling what consumers get to eat, what they pay for groceries and what prices farmers receive for their livestock. This unchecked agribusiness power and misguided farm policies have pressed livestock producers to become significantly larger and adopt more intensive practices. Despite ballooning in size, many livestock producers are just squeezing by because the real price of beef cattle, hogs and milk has been falling for decades.

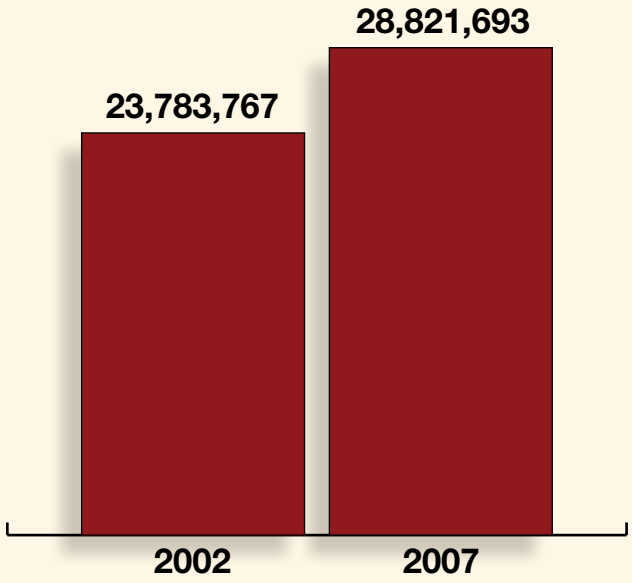
These intensive methods come with a host of environmental and public health costs that are borne by consumers and communities; none of the costs are paid for by the agribusiness industry.

Factory farms produce millions of gallons of manure that can spill into waterways from leaking manure lagoons or fields where manure is over-applied as fertilizer. Manure contains hazardous air pollutants and contaminants that can endanger human health. Neighbors and workers in these animal factories often suffer intensely from overwhelming odors and related headaches, nausea and other potentially long-term health effects.

Even people thousands of miles away from these facilities are not immune to their impacts. Thousands of animals crowded into unsanitary facilities are vulnerable to disease. Consumers eating the dairy, egg, and meat products produced in factory farms can inadvertently be exposed to foodborne bacteria such as *E. coli* and *salmonella*, as well as to the public health consequences of unchecked antibiotics and artificial hormones. And yet, despite all of the well-documented problems and health risks, the number and concentration of factory farms in the U.S. continues to increase.

For more, see our Factory Farm Map at www.factoryfarmmap.org.

Total Animals on Factory Farms in the United States



Source: Food & Water Watch analysis of USDA data, measured in animal units

What Is a Factory Farm?

Beef cattle: 500-head on feed (feedlot)

Dairy: 500-head

Hogs: 1,000-head

Broiler Chickens Sold Annually: 500,000

Egg-Laying Chickens: 100,000

Key Findings

Between 1997 and 2007, there was a geographic and economic shift in where and how food is raised in the United States. Even a few decades ago, there were small- and medium-sized dairy, cattle and hog farms dispersed all across the country. Today, these operations are disappearing. The remaining operations are primarily large-scale factory farms that are concentrated in specific regions, states and even counties where the thousands of animals on each farm can produce more sewage than most large cities, overwhelming the capacity of rural communities to cope with the environmental and public health burdens.

Food & Water Watch analyzed U.S. Department of Agriculture (USDA) Census of Agriculture data from 1997, 2002 and 2007 for beef cattle, hogs, dairy cattle, broiler meat chickens and egg-laying operations. In this report, factory farms were defined as operations with more than 500 beef cattle (feedlots only), 1,000 hogs, 500 dairy cows, 100,000 egg-laying chickens and 500,000 broiler chickens, the largest size categories that USDA recognizes in its survey. (*See* methodology section for a more detailed description of Food & Water Watch's data analysis.) Key findings from Food & Water Watch's analysis include:

- **The total number of livestock on the largest factory farms rose by more than one-fifth between 2002 and 2007.** The number of livestock units on factory farms rose 21.2 percent from 23.8 million in 2002 to 28.8 million in 2007.[1] "Livestock units" is a way to measure different kinds of livestock animals on the same scale based on their weight — one beef cattle is the equivalent of approximately two-thirds of a dairy cow, eight hogs or four hundred chickens.[2]

- **The number of factory-farmed animals increased significantly for all types of livestock.**

- **Dairy cows on factory farms (over 500 cows) nearly doubled.** The number of dairy cows rose 93.4 percent from 2.5 million cows in 1997 to 4.9 million in 2007. On average, nearly 650 additional dairy cows were added every day over the decade. The growth of factory-farmed dairies in western states like Idaho, California, New Mexico and Texas shifted dairy production away from traditional dairy states like Wisconsin, New York and Michigan.

- **Beef cattle on feedlots (over 500 cattle) rose 17 percent.** The number of beef cattle on operations with at least 500-head grew by 17.1 percent from 11.6 million in 2002 to 13.5 million in 2007 — adding about 1,100 beef cattle every day for five years. The five states with the largest numbers of beef cattle on feedlots all have more than 1,000,000-head.[3]

- **Hogs on factory farms (over 500 hogs) increased by one-third.** The number of hogs on factory farms grew by more than a third (36.3 percent) from 46.1 million in 1997 to 62.9 million in 2007, adding 16.7 million hogs. Nationally, about 4,600 hogs were added to factory farms every day for the past decade.

- **Broiler chickens on the largest factory farms nearly doubled to 1 billion.** In 2007, there were over one billion broiler chickens on large farms in the United States — more than three birds for every person in the country. The number of broiler chickens raised on factory farms nearly doubled over the decade, rising 87.4 percent from 583.3 million in 1997 to 1.09 billion in 2007.[4] The growth in industrial broiler production added 5,800 chickens to factory farms *every hour* over the past decade.

- **Egg-laying hens on factory farms increased by one-quarter to 266 million.** The number of egg-producing layer hens increased by nearly a quarter over the decade, rising 23.6 percent from 215.7 million in 1997 to 266.5 million in 2007. Half the egg-laying hens in 2007 were in the top five egg producing states — Iowa, Ohio, Indiana, California and Pennsylvania.

- **The average size of factory farms increased 9 percent in five years.** The size of the average large-scale livestock operation increased from 1,018 animal units in 2002 to 1,108 in 2007. The shift to industrial scale livestock production has crammed more animals onto each operation.

(Continued.)

- **Average factory-farmed dairy size swells by one-third.** The average size of factory-farmed dairies increased by a third over the decade, rising from 1,114 head in 1997 to 1,481 in 2007. In Kansas the average size was more than twice the national average, with nearly 3,600 cows on each operation in 2007. Average-sized mega-dairies in Arizona, Oklahoma, New Mexico, Idaho and Nevada held more than 2,000 cows.

- **Average beef feedlot has more than 3,800-head.** The average size of beef cattle feedlots nationally declined slightly from 2002 to 2007, falling by 8.7 percent to 3,810 in 2007. In Texas, the average feedlot inventory was over 20,000. Average-sized feedlots in California, Oklahoma and Washington were over 12,000 head.

- **The average size of hog factory farms increased by 42 percent over a decade.** The average hog factory farm rose from 3,612 hogs in 1997 to 5,144 in 2007. Seven states averaged more than 10,000 hogs per factory farm.

- **The average broiler chicken operation size grew to 168,000 birds.** The average size of U.S. broiler chicken operations rose by 7.4 percent from 157,000 in 1997 to 168,000 birds in 2007. The states with the largest operations are considerably larger than the national average. Five states (California, Florida, Ohio, Oklahoma and Indiana) averaged broiler flocks in excess of 200,000 birds. The USDA Agricultural Census only measures broiler operations by annual sales, not by facility size. An average of 5.5 batches of broilers is produced per year at any given facility, so facility size is estimated by dividing annual sales by 5.5.

- **The average size of egg operations has grown by half over the decade.** Average-sized U.S. layer chicken operations have grown by 53.7 percent from 399,000 in 1997 to 614,000 in 2007. The states with the largest layer operations were both considerably larger than the national average and grew much faster over the decade. The five states with the largest average layer flocks (Florida, Missouri, Iowa, Michigan and Illinois) all averaged at least 750,000 hens per factory farm.

The incredible growth of factory farming is the result of three key factors. First, misguided farm policy encouraged over-production of commodity crops such as corn and soybeans, which artificially depressed the price of livestock feed and created an indirect subsidy to factory farm operations. Second, unchecked mergers and acquisitions between the largest meatpacking, poultry processing and dairy companies created an intensely consolidated landscape where a few giant agribusinesses exert tremendous pressure on livestock producers to become larger and more intensive. And finally, lax environmental rules and lackluster enforcement allowed factory farms to grow to extraordinary sizes without having to properly manage the overwhelming amount of manure they create.

The combination of these trends eroded rural economies, drove independent producers out of business, and allowed the largest livestock operations to dominate animal agriculture in the United States. The manure from these factory farm operations pollutes the environment and endangers public health. Crowded, unsanitary conditions leave animals susceptible to disease, drive the overuse of antibiotics and hormone treatments, and can contribute to foodborne illnesses. As consumers saw during the 2010 egg recall, food safety problems on even a few factory farms can end up in everyone's refrigerator.

The stakes are high for the future of livestock production. Because government at all levels has made decisions that contributed to the rise of factory farms, all levels of government must be involved in changing policies and enforcing existing laws to rein in this industry. Food & Water Watch recommends the following courses of action: Congress must restore sensible commodity programs that do not prioritize the production of artificially cheap livestock feed over fair prices to crop farmers. The U.S. Environmental Protection Agency (EPA) must implement and enforce appropriate environmental rules to prevent factory farm pollution. The Food and Drug Administration (FDA) must reverse its approval of controversial hormone, non-therapeutic antibiotic and other livestock treatments that facilitate factory farming at the expense of public health. The USDA must enforce livestock marketing regulations that allow independent livestock producers' access to markets. State environmental authorities must step up their coordination and enforcement of regulations on factory farms.

The aftermath of Hurricane Floyd on a factory farm site in North Carolina in 1999. Photo by Rick Dove, www.doveimaging.com.

Introduction

The significant growth in industrial-scale, factory-farmed livestock has contributed to a host of environmental, public health, economic, food safety and animal welfare problems. Tens of thousands of animals can generate millions of tons of manure annually, which pollutes water and air and can have health repercussions on neighbors and nearby communities. Consumers in distant markets also feel the impacts, either through food-borne illness outbreaks or other public health risks or through the loss of regional food systems. Even the producers are not benefitting from this system of production because they are not getting paid much for the livestock they raise.

The rise of factory farming was no accident. It resulted from public policy choices driven by big agribusinesses, especially meatpackers and processors that dominate the critical steps in the food chain between livestock producers and consumers. The silos and gentle meadows pictured on the labels of the food most Americans buy have little relation to how that food is actually produced. Most of the pork, beef, poultry, dairy and eggs produced in the United States come from large-scale, confined livestock operations.

These animals produce tremendous amounts of manure. Large-scale commercial livestock and poultry operations produce an estimated 500 million tons of manure each year, more than three times the sewage produced by the entire U.S. human population.[5] Unlike the household waste produced in an overwhelming majority of U.S. communities, which have municipal sewer systems, the manure and waste from livestock operations is untreated. Instead, the factory farm waste is stored in manure pits or lagoons, and ultimately it is applied to farm fields as fertilizer. As the *Wisconsin State Journal* noted, "[u]nlike cities, which treat their waste, most of the large farms dispose of manure the same way farmers disposed of it in the Middle Ages — by spreading it on fields as fertilizer."[6]

Small, diversified farms that raise animals as well as other crops have always used manure as fertilizer without polluting water. The difference with factory farms is scale. They produce so much waste in one place that it must be applied to land in quantities that exceed the soil's ability to incorpo-

rate it. The vast quantities of manure can — and do — make their way into the local environment where they pollute the air and water. Manure contains nitrogen, phosphorus and often bacteria that can endanger the environment and human health. Manure lagoons leak, and farmers over-apply manure to their fields, which allows manure and other wastes to seep into local streams and groundwater. Residential drinking wells can be contaminated with dangerous bacteria that can sicken neighbors and the runoff can damage the ecological balance of streams and rivers. In some cases, manure spills that reach waterways can kill all aquatic life.

Large quantities of decomposing manure doesn't just stink, it can be a health hazard as well. Noxious gas emissions from manure holding tanks and lagoons — including hydrogen sulfide, ammonia and methane — can cause skin rashes, breathing problems and headaches, and long-term exposure can lead to neurological problems. For children, senior citizens and adults with other health problems, exposure to these fumes can cause even more problems.

Industrial livestock operations also can create public health hazards in other ways. The facilities are over-crowded and stressful to animals, making it easy for disease to spread. When thousands of beef cattle are packed into feedlots full of manure, bacteria can get on their hides and then into the slaughterhouses. Contamination on even one steer can contaminate thousands of pounds of meat inside a slaughterhouse. In 2010, the crowded, unsanitary conditions at two Iowa egg companies caused a recall of more than half a billion potentially *salmonella*-tainted eggs.

Factory farms can create public health concerns beyond foodborne illness. Because over-crowded animals are susceptible to infection and disease, most industrial livestock facilities treat the animals with low-levels of antibiotics to prevent illness and also promote weight gain. By creating a breeding ground for antibiotic-resistant bacteria, the sub-therapeutic dosages used on millions of factory-farmed livestock can reduce the effectiveness of antibiotics for human patients. The feed used for livestock can also introduce public health threats. Broiler chickens often receive arsenic-based feed additives to promote pinker flesh and faster growth, and beef cattle continue to be fed with animal byproducts, which increases the risk of mad cow disease.

These unhealthy conditions and additives not only pose threats to the environment and public health, they are also detrimental to the animals themselves. Most factory-farmed hogs and chickens have no access to the outdoors and never see daylight. Beef cattle and dairy cows spend time outside, but they are crammed onto feedlots with no access to pasture or grass, which is what they are designed to eat. The lack of outdoor access, inability to express natural behaviors, health problems and stress caused by production practices, and breeding designed to maximize weight gain or egg and milk production take a toll on animal welfare.

Nor do most farmers benefit from the shift to factory farming. The number of dairy, hog and beef cattle producers in America has declined sharply over the last twenty years as the meatpacking, processing and dairy industries have pressed farmers to increase in scale. Most farmers barely break even. In 2007, more than half of family farmers lost money on their farming operation.[7] The tiny handful of companies that dominate each livestock sector exert tremendous control over the prices farmers receive, and they micromanage the day-to-day operations of many farms. The real price that farmers receive for livestock has fallen steadily for the last two decades.

The rapid transformation of livestock production from hundreds of thousands of independent farmers with reasonably sized operations to a few thousand mega-farms did not evolve naturally. Factory farming was facilitated by three policy changes pushed by the largest agribusinesses: A series of farm bills artificially lowered the cost of crops destined for livestock feed; the EPA ignored factory farm pollution; and the Department of Justice (DOJ) allowed the largest meatpackers to merge into a virtual monopoly.

Since the 1980s, U.S. farm policy has encouraged the overproduction of corn, soybeans, oats and other crops used for livestock feed. For most of the past quarter century, this overproduction made the cost of feed artificially low — below the cost it took to raise the crops. Permitting crop prices to fall below their cost of production and then paying farmers some of the difference with taxpayer dollars indirectly subsidizes meatpackers, factory farms and food processors. Artificially low commodity prices encouraged livestock producers to buy feed rather than pasture their livestock or grow their own feed crops. Since producers no longer needed land for pasture or feed crops, and feed costs were low, it became economically feasible to confine large numbers of animals together in factory farm facilities without an enormous amount of land. The failed farm policies often proved disastrous for crop farmers because in most years, they were paid little for their production, and the new policies facilitated a transformation of livestock production into factory farming.

Second, the environmental oversight of factory farms is disjointed, toothless and almost non-existent. Weak oversight of waste disposal, a major expense in livestock operations, reduces the costs of factory farming and encourages the development of larger and larger operations. Although the EPA is tasked with regulating factory farms, it has done little or nothing to control the environmental damage caused by factory farms. Adequate oversight was repeatedly blocked by the livestock industry, which opposed any safeguards or oversight of factory farm pollutants.

These two policies reduced the major operating costs of factory farming — feed and manure disposal. The growing trend toward consolidation within the meatpacking, poultry and dairy industries cemented factory farming as the dominant model of livestock production. Over the past two decades, a wave of mergers and acquisitions has concentrated the livestock sectors into the hands of just a few dominant companies. These powerhouses employ heavy-handed tactics, abusive contract terms and manipulative practices that minimize the prices they pay for livestock. In many cases, the companies encourage or require farmers to increase the scale of their operations or the companies will not buy their livestock.

The results of these converging trends are clear: Most animals raised for food in the United States are raised on factory farms. As this report outlines, over the past decade factory farms have become the dominant method of livestock production and factory farms are getting bigger and more concentrated in certain regions of the country.

An example of a leachate pond from a factory dairy farm in Northwestern Illinois that discharges livestock waste into a tributary of the Apple River. Photo by Helping Others Maintain Environmental Standards (HOMES); more information at www.StopTheMegaDairy.org.

Dairy

In recent years, small and mid-sized dairy farms have been disappearing and are being replaced by factory-farmed dairies that now dominate milk production. Between 1997 and 2007, the United States lost 52,000 dairy farms — about 5,000 farms every year — but because the remaining farms added more and more cows, milk production has remained constant.[8]

Food & Water Watch's analysis of USDA Census of Agriculture data found that the number of cows on factory farms with over 500-head nearly doubled from 2.5 million in 1997 to 4.9 million in 2007.[9] About 2.4 million dairy cows were added to factory-farmed dairy operations over the decade — nearly 650 additional dairy cows every day.

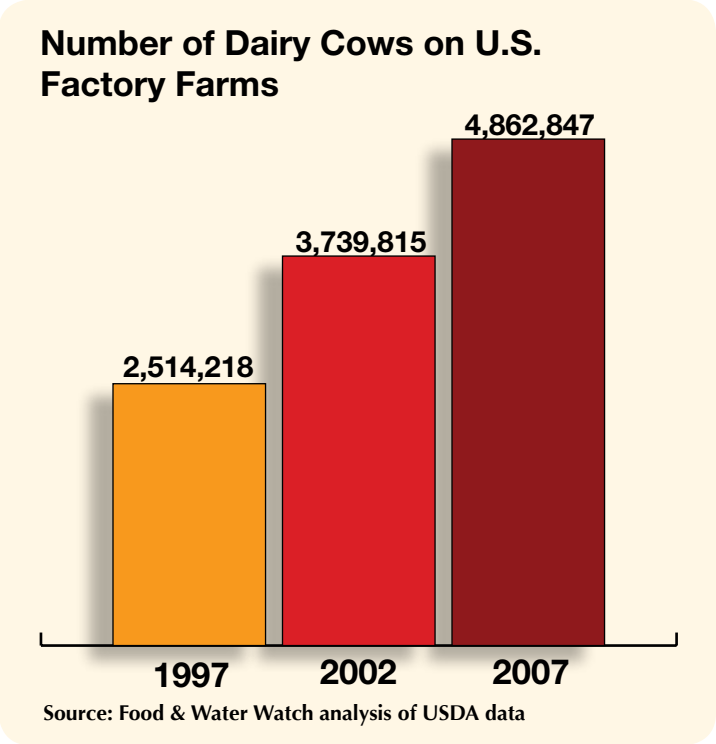
The rise of the factory-farmed dairy industry has been more pronounced in western states and has transformed the national dairy landscape over the past decade. Food & Water Watch found that although traditional dairy states like Wisconsin and New York added 340,000 dairy cows to the largest operations over the decade, these states were overwhelmed by the size and growth of factory-farmed dairies in western states. In 2007, there were more than 2.7 million cows on factory-farmed dairies in California, Idaho, Texas and New Mexico. The emergence of western factory-farmed dairies has contributed to the decline of local dairy farms in the Southeast, Northeast, Upper Midwest and parts of the Midwest.[10]

Increasing Size

Food & Water Watch found that the average size of factory-farmed dairies increased by a third over the decade, rising from 1,114 head in 1997 to 1,481 in 2007. Many states have higher average sized factory-farmed dairies. Average-sized factory-farmed dairies in Arizona, Oklahoma, New Mexico, Idaho and Nevada all contained more than over 2,000 cows.

Manure Spills

Small dairies generate less manure than factory farms; they usually apply that manure to cropland or incorporated it into pasture as fertilizer. Because big dairies generate far more manure than they can use as fertilizer, they must either store it in giant lagoons or apply it to cropland at excessive rates, where it leaches into groundwater and runs off into nearby rivers and streams. Many factory-farmed dairies have caused significant manure spills and environmental hazards in recent years.



Indiana: In 2010, at a 1,650-cow Randolph County, Indiana dairy operation, a manure lagoon liner detached, floated to the surface of the lagoon, and became inflated with decomposing manure gases. [11] The manure bubbles were large enough to be seen from satellite photos, but the operator, who had declared bankruptcy after milk prices collapsed, could not afford to repair the liner.[12] After the county shut down local roads and banned school buses from the surrounding area because of the risk posed by potential noxious gas releases or explosions, Indiana environmental officials deflated the bubbles.[13] (See photo, below at right.)

Maryland: In 2009, a 1,000-cow Frederick County, Maryland dairy operation reimbursed the county and a local city $254,900 for providing emergency water supplies, testing and other costs after a 576,000 gallon manure spill in 2008 polluted the town's water supply, which had to be shut off for two months.[14]

Minnesota: In 2009, a 250,000 to 300,000 gallon manure spill from a 660-head Pipestone County, Minnesota dairy leaked into a tributary after a pipe between manure basins clogged and overflowed. The spill killed fish and closed a state park to swimmers for Memorial Day weekend after heightened levels of fecal *coliform* were found in the park's waters.[15]

The largest factory-farmed dairy counties produce as much untreated dairy waste as the sewage produced in major American metropolitan areas, which goes to treatment plants. The more than 464,000 dairy cows on factory-farmed dairies in Tulare County, California produce five times as much waste as the population in the greater New York City metropolitan area.[16] The nearly 240,000 dairy cows in Merced County, California produce about ten times as much waste as the metropolitan area of Atlanta, Georgia.

Top Dairy Counties	Dairy Cows on Factory Farms	Human Population Sewage Equivalent (millions)	Comparable Metropolitan Area
California\Tulare	464,863	103.0	5 x New York City
California\Merced	239,927	53.1	10 x Atlanta
California\ Stanislaus	163,011	36.1	6 x Philadelphia
California\Kings	155,376	34.4	2 x New York City
Idaho\Gooding	135,565	30.0	New York City + Chicago
California\Kern	124,278	27.5	5 x Washington, DC
California\Fresno	108,257	24.0	New York City + Washington, DC
California\San Bernardino	105,095	23.3	New York City + San Diego
California\San Joaquin	96,977	21.5	New York City + Denver
Arizona\Maricopa	93,547	20.7	New York City
Washington\ Yakima	86,038	19.1	New York City
New Mexico\ Chaves	85,041	18.8	Los Angeles + Philadelphia

Gas bubbles in the liner of the Union Go Dairy manure lagoon in Randolph County, Indiana. Photo by BloomingtonAlternative.com.

Dairy Industry Concentration

Up until the 1990s, medium-sized fluid milk processors were local, family-owned businesses that bought milk from local dairies and supplied local consumers and retailers.[17] Today, a tiny handful of companies buy the majority of milk from farms and process it into dairy products and industrial food ingredients. These larger market players increasingly source their milk from industrial mega-dairies that dominate milk production. The largest milk processing company, Dean Foods, controls around 40 percent of the nation's fluid milk supply[18]and 55 percent of all organic milk.[19]

Dean Foods is the most common source of milk in the dairy case, but consumers might not see a Dean label. Dean or one of its subsidiaries owns or sells more than 50 brands, including AltaDena, Berkeley Farms, Borden, Country Fresh, Garelick, Land O'Lakes, Lehigh Valley, Meadow Brook, Meadow Gold, Mayfield Farms, Reiter, Shenandoah's Pride, Verifine, Horizon Organic, Silk Soymilk, Swiss Dairy and several dozen others.[20] Consumers see a familiar label they may associate with a local or regional company, but the company behind most of the labels is Dean.

Dairy Crisis Drives Farm Losses

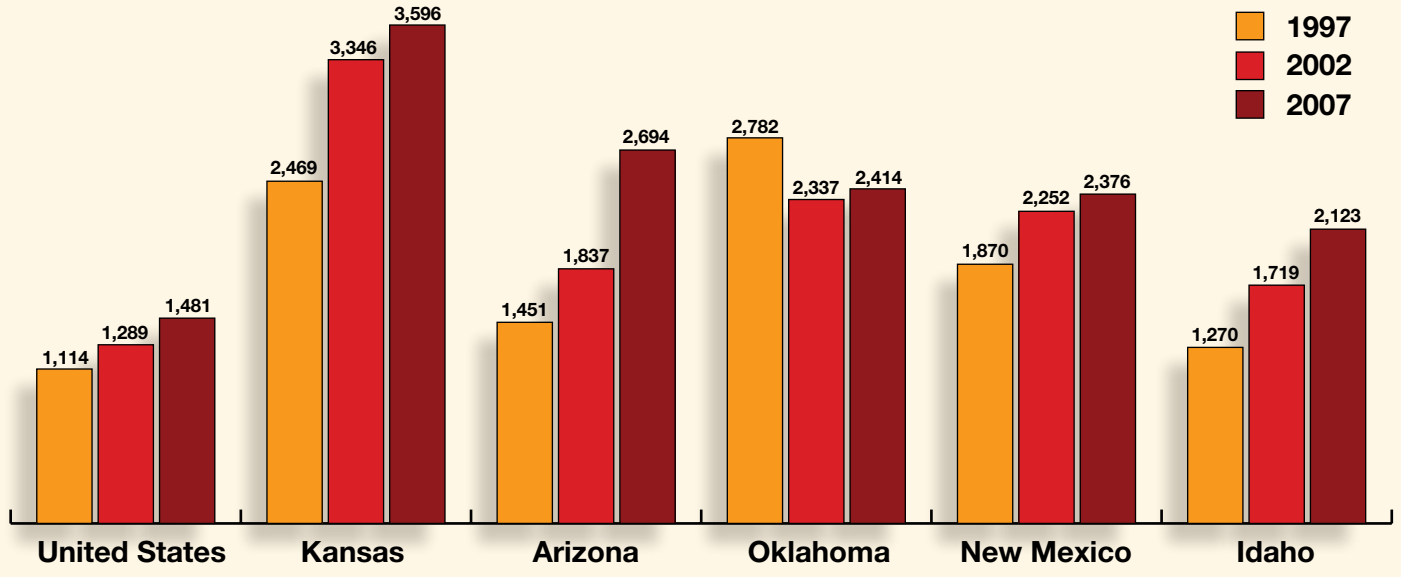
In 2009, milk prices paid to farmers plummeted after a roller-coaster upswing a few years earlier. When prices rose, many large-scale dairies added more cows to capitalize on favorable prices, but higher prices evaporated after the global recession. The average price farmers received for milk in 2009 was among the lowest since the 1970s.[21]

During the summer of 2007, the price farmers received for milk reached a record high $21.70 per hundred pounds of fluid milk (known as a hundredweight).[22] Over the following two years, these prices fell by nearly half (47.7 percent) from $21.60 per hundredweight in July 2007 to $11.30 in June 2009.[23] Although milk prices fell, production costs did not, because the cost of feed rose 35 percent and the cost of energy rose by 30 percent during 2008.[24] Feed costs alone were higher than the price California and Pennsylvania farmers received for milk in 2009.[25] Many dairy farmers lost between $100 and $200 per cow every month in 2009.[26]

Dairy farms faced an unprecedented economic catastrophe that drove many multi-generational farms out of business. One New York and two California dairy farmers committed suicide in the face of failing farms.[27] An Illinois dairy farmer in operation since 1980 told Reuters,

"We've dealt with farm recession. We've dealt with droughts and floods and this is by far the worst economic situation we have ever dealt with in our years of farming."[28] At the USDA and Department of Justice workshop on the state of competition in the dairy industry in July 2010, dairy farmers from across the country with herds ranging from 50 cows to over 10,000 agreed that historic low milk prices was causing economic problems for all dairy farms.[29]

Average Size of Factory-Farm Dairies (number of cows)



Source: Food & Water Watch analysis of USDA data

Beef

Over the past decade, large-scale industrial feedlots that fatten beef cattle prior to slaughter came to dominate the entire cattle industry. These feedlots buy from small or mid-sized ranches that raise young cattle and then "finish" cattle to market weight. Even in 2008, nearly half (46 percent) of all beef cattle were raised on 675,000 farms and ranches with fewer than 100 head of cows.[30] But most of these cattle ultimately end up on feedlots.

These feedlots have gotten much larger and often partner with or are owned by meatpackers. Until the mid-1960s, most feedlots were small, family-owned-operations that handled fewer than 1,000 head. They marketed most of the nation's beef cattle.[31] Now, the largest beef feedlots finish the vast majority of beef cattle. In 2008, the largest 12.1 percent of feedlots each finished more than 16,000 cattle and marketed nearly three-quarters (70.2 percent) of beef cattle.[32]

Top Beef Feedlot States

State	Beef Cattle Inventory 2002	Beef Cattle Inventory 2007
Texas	2,644,450	2,993,215
Kansas	2,223,850	2,566,734
Nebraska	2,173,979	2,512,659
Iowa	606,648	1,178,958
Colorado	1,062,357	1,102,792

Increasing Size

Food & Water Watch found that the number of beef cattle on feedlots larger than 500-head grew by 17.1 percent from 11.6 million in 2002 to 13.5 million in 2007, adding about 1,100 beef cattle every day for five years.[33] The five states with the largest inventories of beef cattle on feedlots all have more than 1,000,000 factory-farmed beef cattle. Combined, these five states (Texas, Kansas, Nebraska, Iowa and Colorado) held 10.3 million head of beef cattle on feedlots in 2007 — about three-fourths (76.4 percent) of all factory-farmed beef in the country.

The national average for beef feedlot size is over 3,800-head. The average size of feedlots nationally declined slightly from 2002 to 2007, falling by 8.7 percent to 3,810 in 2007. In many states, however, the average feedlot size increased significantly over the decade and is now quite high. In six states, average feedlot size was double the national average in 2007. In Texas, the average feedlot was over 20,000-head. In California, Oklahoma and Washington it was over 12,000-head.

Most cattle feedlots are located in rural counties but the large number of cattle in these areas produces the same amount of waste as some of America's largest cities. The manure from cattle feedlots is stored on site until it is spread onto nearby farm fields. But feedlots can flood or generate polluted runoff, and over-applied manure on farm fields can leach into groundwater or leak into nearby waterways.

Manure Spills

Idaho: In 2010, the EPA ordered a Grand View, Idaho feedlot containing between 30,000 and 65,000 beef cattle to cease discharging fecal bacteria-contaminated water from its stock watering system into a tributary of the Snake River. The EPA noted that the feedlot "discharges a tremendous volume of contaminated water into a river already impaired by bacteria and nutrient pollution."[34]

Iowa: In 2009, a 4,600-head Sioux County, Iowa cattle operation agreed to pay $25,000 to settle allegations that it violated the Clean Water Act by allowing manure and wastewater to runoff into tributaries of the Floyd River.[35]

Texas: In 2008, a surprise EPA inspection of an non-permitted Texas cattle feeder found that because was not properly constructed or operated, it could not contain all of the operation's manure waste, was unable to treat its wastewater and storm water runoff, and had caused an unauthorized waste discharge into a tributary of the Pease River.[36]

Untreated manure spills and discharges can be a significant public health risk in counties where hundreds of thousands of beef cattle are fattened on feedlots. The nearly 466,600 beef cattle on feedlots in Deaf Smith County, Texas produce about four times as much manure as the human sewage output of greater Los Angeles.[37] The 399,000 beef cattle on feedlots in Imperial County, California produce twice as much waste as the entire New York City metropolitan area.

Top Beef Cattle Counties	Beef on Feedlots	Human Sewage Equivalent (millions)	Comparable Metro Area
Texas/Deaf Smith	466,579	47.0	4 x Los Angeles
California/ Imperial	399,043	40.2	2 x New York City
Texas/Castro	339,125	34.2	New York City + Los Angeles
Texas/Parmer	299,056	30.1	5 x Philadelphia
Colorado\Weld	295,255	29.7	New York City + Chicago
Nebraska/ Cuming	253,940	25.6	New York City + Miami
Kansas/Scott	224,926	22.7	New York City + Seattle
Texas/Hansford	194,299	19.6	New York City
Iowa/Sioux	190,201	19.2	New York City
Colorado/Yuma	181,453	18.3	Los Angeles + Atlanta

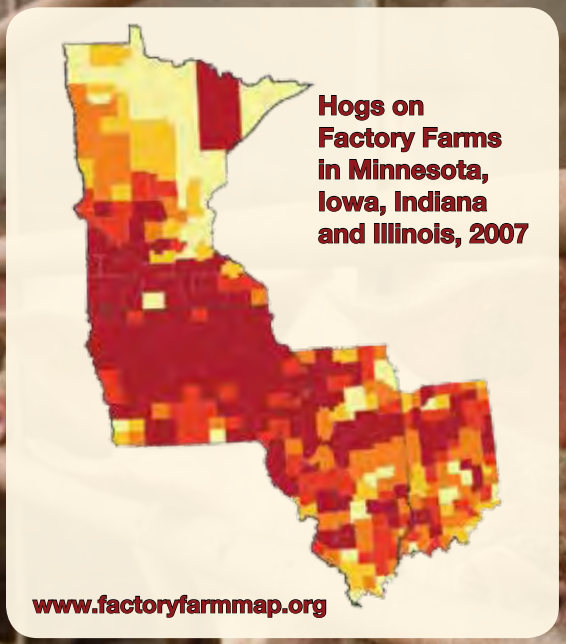
Packers v. Cowboys: How Meatpackers Manipulate Cattle Markets

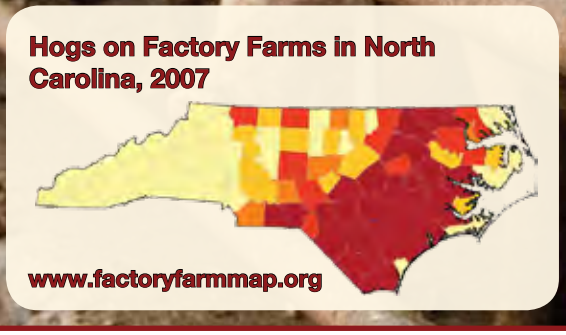
The beef-packing industry is more powerful and consolidated now than it was a century ago when Congress enacted the Packers & Stockyards Act to break up the beef monopolies.[38] Beef packing is the most concentrated industry in the livestock sector. Feedlots are getting larger in order to sell into an increasingly consolidated meatpacking industry, with just four firms slaughtering more than four out of five beef cattle.[39] This concentration gives large packers tremendous leverage over independent cattle producers. The pressure to sell to larger meatpackers has encouraged independently owned feedlots to get bigger, in part to compete with the large meatpacker-owned feedlots.

The large beef packers now own their own cattle and operate feedlots, thus controlling supply through all stages of production and reducing their need to buy cattle from independent and small operators. About one in 12 cattle (between 7 and 8 percent) slaughtered in 2007 were packer-owned.[40] Packer-owned feedlots enable the meatpackers to drive down cattle prices, keep consumer beef prices high and push down the prices paid to producers. Because meatpackers who own cattle can be sellers, buyers or on both sides of a sale, they can distort or manipulate prices. They can slaughter their own cattle when the cash price is high or buy at auction when prices are low, which can drive down prices for other independent cattle producers.[41]

Company-owned feedlots can be immense. The world's largest beef processor, JBS, owns the Five Rivers Cattle Feeding company, which in 2010 had a capacity of 839,000-head on 13 feedlots in Colorado, Idaho, Kansas, New Mexico, Oklahoma, Texas and Wisconsin.[42] The average Five River feedlot has about 65,000-head capacity, but the largest in Yuma, Colorado, has a capacity of 125,000.[43] In 2007, Cargill's cattle feedlot business was the third largest in the United States, feeding 700,000 head of cattle each year.[44]In 2010, Cargill operated three feedlots in Texas, one in Kansas and one in Colorado.[45]

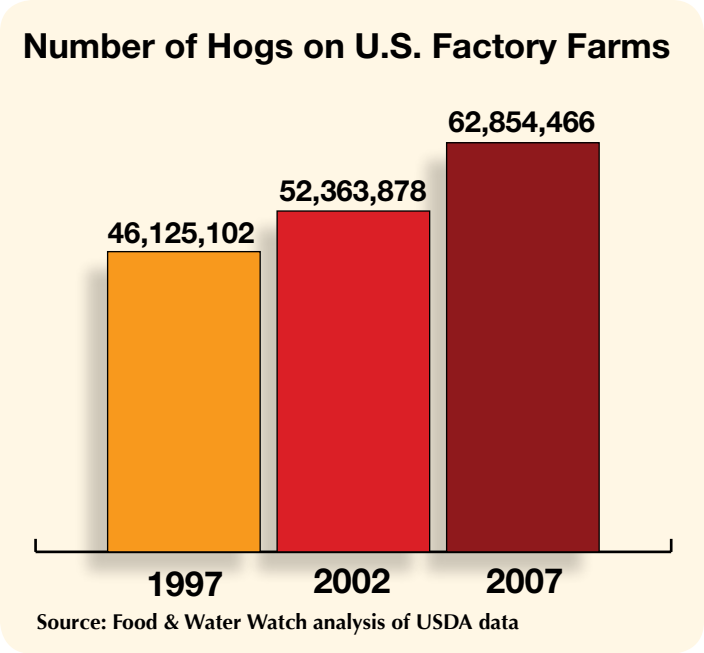
These corporate-owned feedlots are generally bigger than independently owned feedlots and they lack roots in their local communities. Cargill is headquartered in Minnesota, but its feedlots are located in Texas, Colorado and Kansas. JBS is a Brazilian company. While farmers and ranchers drink the same water and breathe the same air as their neighbors, the corporate owners of these largest feedlots are located thousands of miles from any environmental problems they may create.





Pork

Hog farms have grown dramatically with thousands of hogs packed into confinement barns. In many regions, there are only one or two pork packers so hog producers have few potential buyers for their hogs. This economic pressure has led many hog producers to follow the meat industry's mantra to "get big or get out."[46] In less than two decades the number of hog farms declined by 70 percent, from more than 240,000 in 1992 to fewer than 70,000 in 2007.[47] Despite the collapse in the number of farms, the number of hogs remained fairly constant as the scale of the remaining operations exploded. What makes the rise of factory farms in the hog industry so noteworthy is that it happened recently and quickly. In 1992, less than a third of hogs were raised on farms with more than 2,000 animals; by 2004, four out of five hogs were raised on these giant operations.[48] By 2007, 95 percent of hogs were raised on operations with more than 2,000 hogs.[49]

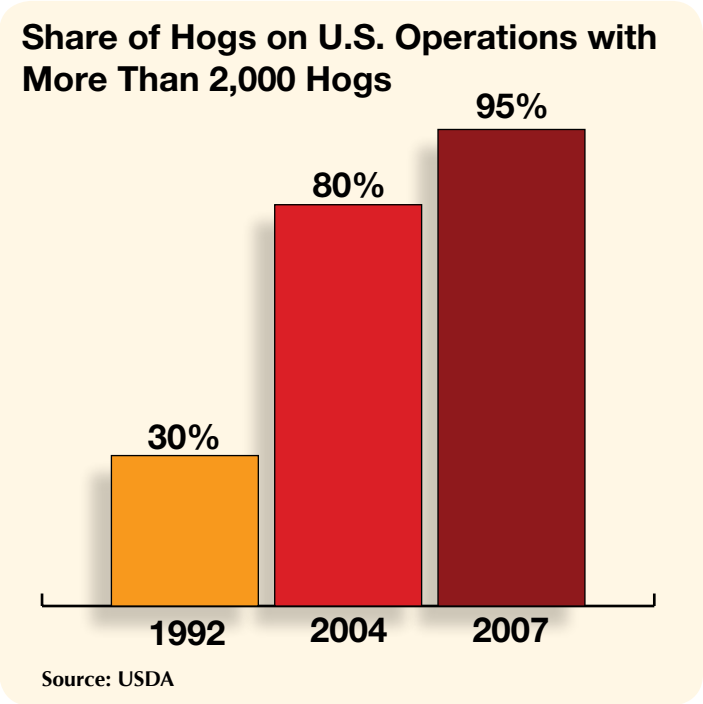


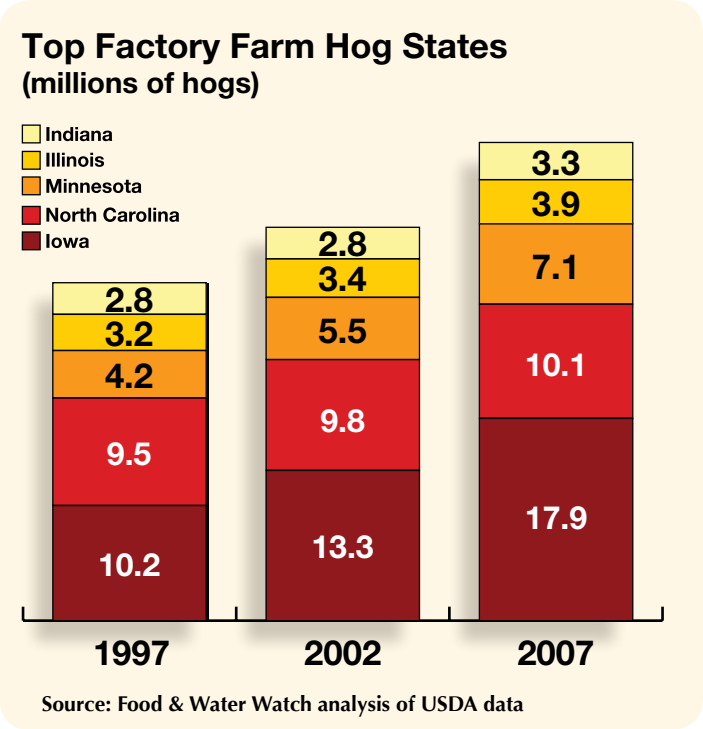
Increasing Size

Food & Water Watch found that the number of hogs on factory farms with more than 500-head grew by more than a third (36.3 percent) from 46.1 million in 1997 to 62.9 million in 2007. The addition of 16.7 million hogs in a decade put 4,600 more hogs onto factory farms *every day*.

The five largest states for factory-farmed hogs (Iowa, North Carolina, Minnesota, Illinois and Indiana) represent about two-thirds of all factory-farmed hogs. They have held this ranking since 1997, but the most rapid growth has been in the Midwest. The number of hogs on factory farms in Iowa grew by 75 percent between 1997 and 2007 and in Min-

nesota the number surged 71 percent. In contrast, although North Carolina has maintained the number two ranking for the number of factory-farmed hogs, the growth in hogs there has been much smaller, only six percent between 1997 and 2007. This more moderate growth resulted from state laws that have curtailed unlimited expansion of hog factory farms (see box on opposite page).





Food & Water Watch found that the average hog factory farm size increased by 42.4 percent over a decade, rising from 3,612 hogs per farm in 1997 to 5,144 in 2007. The largest hog factory farms were not in the states with the largest number of hogs, but in states where hog production was largely limited to a few counties with enormous operations. Seven states averaged more than 10,000 hogs per factory farm. The average operation in Texas contained 100,000 hogs.

Manure Spills

Much of the U.S. hog production is concentrated in the grain and soybean producing Midwest. The tremendous amount of manure produced on hog factory farms is stored in lagoons and applied — often over-applied — to cropland. In the upper-Midwest, where farmland freezes solid during the winter, manure applied to frozen fields cannot be absorbed so it quickly runs off into local waters. When manure storage lagoons spill or leak, or if manure is over-applied on farmland, it can easily spill into local waterways. Recent manure spills include:

North Carolina: In 2010, a North Carolina grand jury indicted a Columbus County hog farmer for violating the Clean Water Act after an investigation found that a 332,000 gallon hog manure spill in 2007 was not the result of a manure system failure, an accident or vandalism.[50]

Iowa: In 2009, 25,000 gallons of manure released over a farm field at a Mitchell County, Iowa sow operation killed 150,000 fish over four miles of a local stream.[51]

Illinois: In 2008, the Illinois Environmental Protection Agency investigated an estimated 90,000-gallon manure spill from a 6,000-head Adams County hog facility after construction equipment broke a manure pipe that spilled waste into Cedar Creek.[52]

In 2007, each of seventeen U.S. counties held more than half a million hogs on factory farms. These counties effectively generated the same amount of untreated manure as the volume of sewage that enters the wastewater treatment plants of some of America's largest cities. The nearly 2.3 million hogs in Duplin County, North Carolina generated twice as much

County	2007 Factory Farmed Hogs	Human Sewage Equivalent (millions)	Comparable Metropolitan Area
North Carolina\ Duplin	2,274,524	39.7	2 x New York City
North Carolina\ Sampson	2,145,523	37.4	6 x Philadelphia
Oklahoma\ Texas	1,145,735	20.0	New York City
Iowa\Sioux	1,015,831	17.7	Los Angeles + Atlanta
Iowa\Hardin	857,385	15.0	3 x Atlanta
North Carolina\ Bladen	811,665	14.2	Chicago + Atlanta
Iowa\Plymouth	732,736	12.8	2 x Dallas-Fort Worth
Iowa\Kossuth	727,507	12.7	Los Angeles
Minnesota\ McLeod	679,577	11.8	2 x Houston
Iowa\Franklin	588,814	10.3	3 x Seattle

North Carolina

North Carolina, where intense hog production increased significantly during the 1980s, embodies the risks created by the rapid rise of big pork packing companies and factory farms. In the 1990s, lenient environmental regulations and local zoning exemptions attracted corporations like Smithfield and Premium Standard Farms that transformed the state into a pork powerhouse. After Smithfield and Premium Standard merged in 2007, Smithfield controlled an estimated 90 percent of the hog market in the state.[56] North Carolina now has more hogs than people.[57]

The hog population in North Carolina nearly quadrupled from 2.5 million hogs in 1988 to more than 10 million by 2010.[58] While the number of hogs surged, the number of farms fell by more than 80 percent, as factory farms drove traditional farms out of business. In 1986, there were 15,000 hog farms, but by 2007, just 2,800 remained.[59] The state's 10 million hogs produce 14.6 billion gallons of manure every year.[60]

The burden of these facilities is concentrated in some of North Carolina's most impoverished areas. Nearly two-thirds (61 percent) of North Carolina's factory-farmed hogs are located in five counties in the eastern part of the state.[61] One study found that North Carolina industrial hog operations are disproportionately located in communities of color and communities with higher rates of poverty.[62]

North Carolina's waters have been polluted repeatedly by waste from hog factory farms. The public first became aware of problems with the lagoon and sprayfield system when in 1995, a lagoon burst and released 25 million gallons of manure into eastern North Carolina's New River.[63] Hog lagoon spills were responsible for sending one million gallons of waste into the Cape Fear River and its tributaries in the summer of 1995,[64] one million gallons into a tributary of the Trent River in 1996,[65] and 1.9 million gallons into the Persimmon Branch in 1999.[66] Hog waste was also the likely culprit for massive fish kills in the Neuse River in 2003; at least 3 million fish died within a two-month span.[67]

Perhaps the most infamous example of the danger hog factories pose to the environment occurred in 1999 when Hurricane Floyd hit North Carolina. The storm flooded fifty lagoons and caused three of them to burst, which led to the release of millions of gallons of manure and the drowning of approximately 30,500 hogs, 2.1 million chickens and 737,000 turkeys.[68]

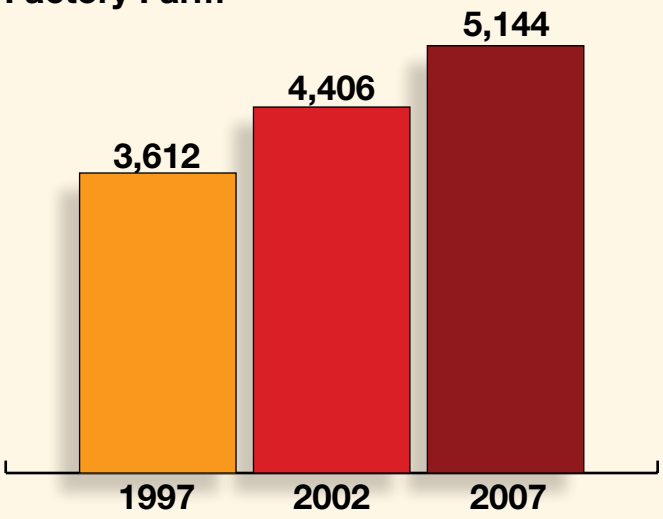
In 1997, North Carolina established a moratorium on building new hog waste lagoons, and in 2007 the legislature made the ban permanent.[69] Unfortunately, this doesn't impact existing lagoons. Watchdog groups that have been tracking the industry for years note that it continues to expand.[70]

waste as the entire New York City metropolitan area. Sampson County, North Carolina generated six times as much waste as greater Philadelphia, Pennsylvania. In Texas County, Oklahoma, more than 1.1 million hogs generated the waste equivalent of the New York City metro area; and the one million hogs in Sioux County, Iowa produced as much manure as the sewage from Los Angeles and Atlanta combined.

Pork Industry Concentration

Since the 1990s, a wave of mergers has significantly increased consolidation in the pork packing industry. In 1995, the top four pork packers slaughtered less than half of the hogs (46 percent), but by 2006 the top four firms slaughtered two-thirds of the hogs.[53] These companies pressed farmers to enter into contracts to sell to or raise hogs owned by the packers. In 1993, almost all (87 percent) hog sales were open market sales between farmers and pork packers or processors. By 2006, nearly all (90 percent) hogs were controlled well before the time of slaughter by the pork packers either because they owned the hogs (20 percent) or because they had already contracted to buy the hogs (70 percent). [54]The use of these contract arrangements depresses the price of hogs. Average monthly hog prices were $75 per hundredweight between 1989 and 1993 (in 2009 dollars), when most hogs were not under contract. During the 2004 to 2008 period, average monthly hog prices were $52 per hundredweight, a 31 percent decline.[55]

Average Number of Hogs per U.S. Factory Farm



Source: Food & Water Watch analysis of USDA data

Utah

Utah is home to the enormous Circle Four Farms, which is owned by Murphy Brown LLC, a production arm of pork-processing giant Smithfield Foods.[71] Western hog production proliferated as North Carolina hog operations were unable to expand (see North Carolina box).[72] Circle Four launched in 1994 and expanded to become one of the largest U.S. hog farms, producing roughly one million pigs in 2008.[73] This growth was facilitated by the Circle Four-promoted 1994 "Agricultural Protection Act," which exempted Utah livestock operations from nuisance lawsuits and zoning requirements.[74]

Soon after Circle Four opened, Milford residents complained of severe odors coming from the complex.[75] Circle Four has been plagued by environmental problems ever since, including contamination of groundwater with 80,000 gallons of manure in 1996, leaking lagoons in 1999 and 2000, and a 60,000 gallon manure spill onto surrounding farmland in 2001.[76] The facility is so big that in August 2010, after a nearby rendering plant that processed dead pigs closed down, Circle Four applied for a permit to open its own landfill to dispose of 40,000 pounds of hogs daily — about 160 pigs — that die at the facility.[77]

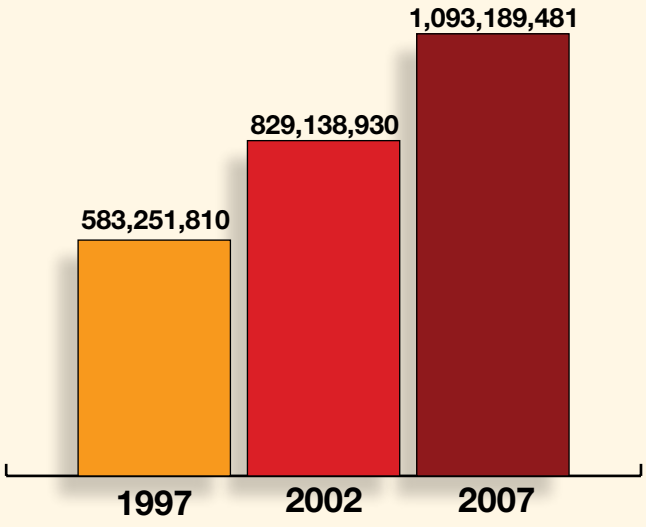
Chicken

Chicken meat comes from billions of chickens raised on thousands of broiler chicken operations where farmers raise birds on contract for the few poultry processing companies that dominate the industry. This means that the companies own the chickens and pay farmers to raise them. Under these contracts, the companies make management decisions like feed and chick delivery scheduling, and they lock farmers into contracts that prohibit them from selling chickens to anyone else. The scale of poultry farms has grown rapidly, as growers try to eke out a living by increasing the volume of birds they produce on contract. The median-sized poultry operation increased by 15 percent in four years, rising from 520,000 birds annually in 2002 to 600,000 birds in 2006.[78]

Increasing Size

Food & Water Watch found that in 2007 over one billion broiler chickens were raised on large farms in the United States — more than three birds for each person in the United States.[79] The number of broiler chickens nearly doubled over the decade, rising 87.4 percent from 583.3 million in 1997 to 1.09 billion in 2007. Over the past decade, the growth in industrial broiler production added 5,800 chickens *every hour.*

Broiler Chickens on U.S. Factory Farms



Source: Food & Water Watch analysis of USDA data

Broiler production is concentrated in Southeastern states and concentrated within states into localized clusters.[80] Three-fifths of broilers are raised in Georgia, Arkansas, Mississippi, Alabama and Texas. In each of these states, the number of broilers nearly doubled between 1997 and 2007. The con-

Top Factory-Farmed Broiler States			
State	1997	2002	2007
United States	583,251,810	829,138,930	1,093,189,481
Georgia	111,531,597	148,756,228	204,868,424
Arkansas	58,804,907	84,236,645	133,823,449
Mississippi	51,758,060	75,418,401	110,t316,732
Alabama	68,294,243	99,502,886	107,616,715
Texas	46,663,562	77,935,404	90,428,689

centration of broiler operations means that twenty-one states have no large-scale broiler production at all.

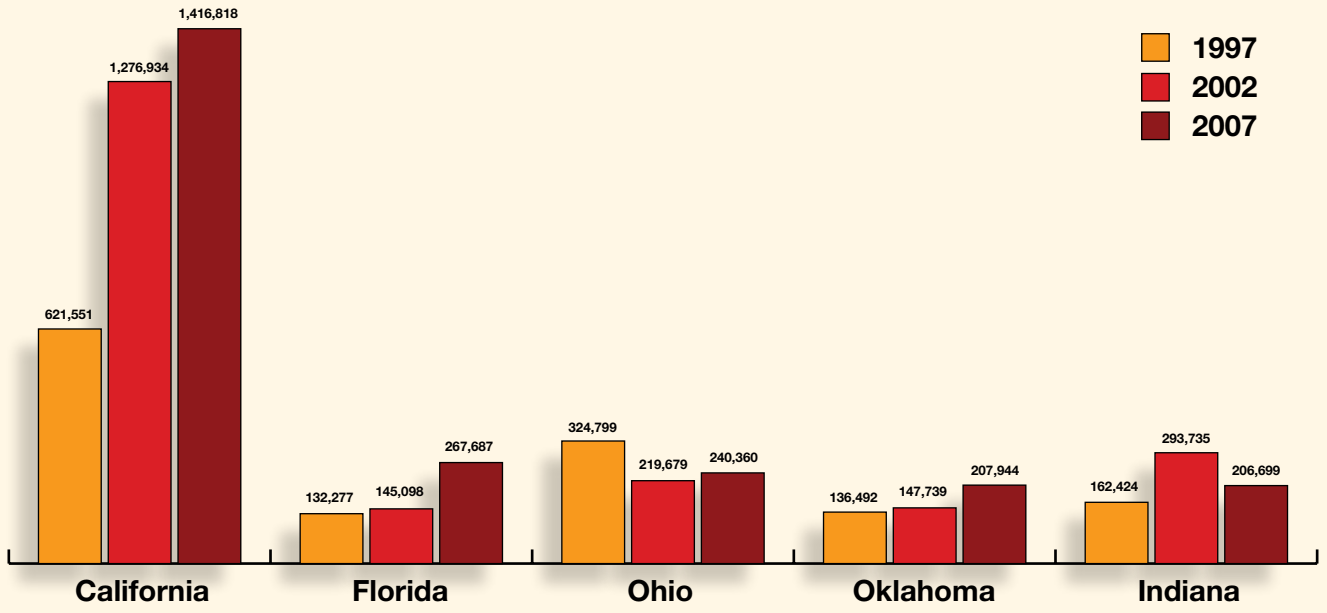
The average size of U.S. broiler operations remained steady between 1997 and 2002, but by 2007 it rose by 7.4 percent to 168,000 birds. These figures represent the average number of birds housed in facilities at any one time. Over the course of a year, 924,000 broilers would have passed through the average operation. The states with the largest operations are considerably larger than the national average — five states averaged broiler flocks in excess of 200,000 birds at any one time.[81] In 2007, the average broiler operation inventory in California exceeded 1.4 million birds.

Water Pollution

Although the poultry companies own the chickens and the feed that goes into them, the farmers are responsible for the management of the manure. Poultry litter — chicken manure and manure-laden bedding (usually rice hulls or straw) — is stored on farms where it is applied to farmland as fertilizer. In many dense poultry production areas, the volume of poultry litter greatly exceeds the fertilizer need and capacity of nearby farmland. With so many birds and so much manure, the accumulated litter can pose a significant environmental risk.

Top Broiler Counties	Broiler Chickens	Human Sewage Equivalent (Millions)	Comparable Metro Area
Texas\Shelby	20,161,805	6.78	Dallas-Fort Worth
Georgia\ Franklin	17,535,348	5.90	Philadelphia
Arkansas\ Benton	16,192,161	5.44	Atlanta
California\ Fresno	15,584,997	5.24	2 x Denver
Missouri\Barry	15,310,731	5.15	2 x Denver
Delaware\ Sussex	14,387,201	4.84	Boston
Arkansas\ Washington	14,128,454	4.75	Boston
Texas\ Nacogdoches	13,973,528	4.70	Detroit
North Carolina\ Wilkes	12,484,993	4.20	Riverside, Calif.
Georgia\Gilmer	10,764,273	3.62	Seattle

Average Size of Broiler Chicken Operations (number of chickens)



Source: Food & Water Watch analysis of USDA data

Manure Problems

Virginia: In 2010, the EPA ordered a 100,000 broiler chicken operation in Virginia to cease discharging pollutants from large piles of uncovered chicken manure that were leaching nitrogen and phosphorus into a tributary of the Shenandoah River.[82]

Texas: In 2009, the EPA issued an administrative order to a Hopkins County, Texas broiler operation for violating the Clean Water Act for unauthorized discharge of chicken litter from the farm's litter staging area.[83]

Maryland: In 2009, the Waterkeeper Alliance and Assateague Coastkeeper filed suit against an Eastern Shore, Maryland broiler farm and Perdue, which contracted with the farmer, for allegedly allowing an uncovered manure pile to drain into a tributary of the Pocomoke River, leading to elevated nitrogen, *E. coli* and fecal *coliform* levels.[84]

Even though chickens are small and produce less manure than cattle or hogs, the sheer number of broilers in many rural counties produces as much untreated manure as the sewage output of some major and mid-sized metropolitan areas. The more than 20.1 million broiler chickens on factory farms in Shelby County, Texas produce about as much waste as the population of the entire Dallas-Fort Worth metropolitan area. The 17.5 million broilers in Franklin County, Georgia produce as much waste as the greater Philadelphia metro area.

Contract Abuse

The broiler industry is the most "vertically integrated" segment in agriculture — a system where companies own and control every step of the chicken supply chain. Over the past 20 years, as larger companies acquired smaller, regional processors and cooperatives, it has become increasingly concentrated. In the past decade, the share of the market controlled by the four largest broiler companies has increased by nearly a third, from 46 percent in 1995 to 58.5 percent in 2006.[85]

These companies control the entire chicken meat production chain: operating hatcheries and specialized feed mills, contracting with growers to raise the chickens for them and running processing plants.[86] Production contracts exist for almost all types of livestock, but the broiler industry is unique in the near-universal use of production contracts.[87] Under these contracts, the companies deliver chicks and feed to the farmers, tell them how to raise the chickens and collect the birds when they have reached their full weight.[88] The farmers don't own the chickens. These production contracts pay the growers for raising the birds, not for the actual chickens.[89]

The transformation of chicken farmers from independent producers to subcontractors of the poultry companies began more than 50 years ago.[90] Over the past five or six decades, the poultry industry has strengthened its grip on contract poultry growers through unfair and often abusive "take-it-or-leave-it" contracts.[91] About half of growers only have one or two processors located near enough to get contracts, so they have little choice but to accept whatever terms the companies offer.[92] Many contracts only cover growing a single flock of birds, which takes about seven weeks. Even when flock-to-flock contracts are automatically renewed, growers are dependent on the companies to maintain new deliveries of birds, and thus income.[93]

The short-term contracts must generate enough income to support the farmers and repay significant long-term loans on their broiler houses.[94] Many processors demand that poultry growers invest in significant upgrades to broiler houses and other equipment to secure contracts.[95] New broiler houses are extraordinarily expensive, often costing between $350,000 and $750,000 for the two houses that most growers use.[96] Although processors require these new investments, their contracts do not pay more to the farmers who must repay the loans required to make the upgrades.[97] Nor do growers who make upgrades receive guaranteed long-term contracts that ensure they can pay off these debts.[98] Even after growers made the required investments, some integrators have cancelled contracts.[99]

Many contract poultry growers barely break even, as the prices growers receive for broilers have been falling steadily and the mandated upgrade investments can mire growers in debt. In 2006, the average on-farm total income was $10,000 for small poultry operations (with fewer than 266,000 birds a year) and $20,000 for medium sized poultry operations (between 266,000 and 660,000 million birds annually).[100] These meager earnings can barely make a dent in the debt from poultry house upgrades. Poultry growers lost money 10 years of the 15 years from 1995 and 2009.[101]

Eggs

Eggs are also produced on large-scale operations with hundreds of thousands of layer hens held in each facility. A handful of firms own multiple farms or contract with a number of large layer operations, most of which house their birds in small cages that are stacked from floor to ceiling.

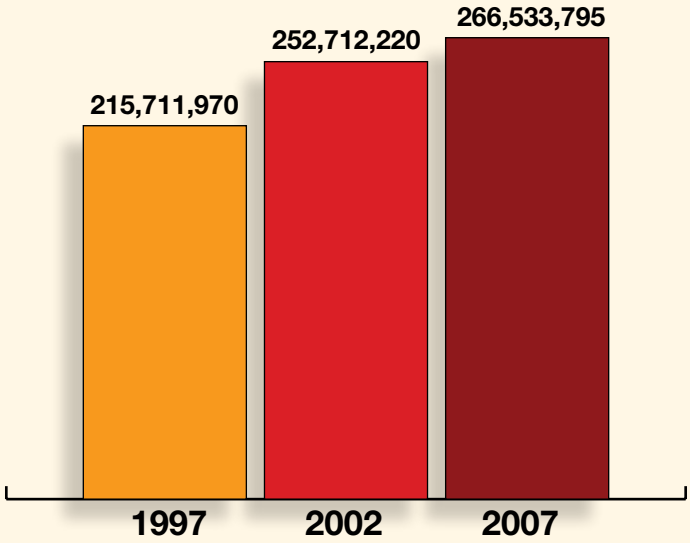
The number of egg-producing layer hens increased by nearly a quarter over the decade, rising 23.6 percent from 215.7 million in 1997 to 266.5 million in 2007. Because each hen can lay about 260 eggs a year, the additional 50 million hens added since 1997 produce an additional 13 billion eggs.[102] In total, the layer hen flock produced an estimated 69 billion eggs in 2007.

Egg production is concentrated in only a few states. Nearly half the hens in 2007 were located in the top five states — 52.5 million in Iowa, 23.2 million in Ohio, 22.5 million in Indiana, 19.7 million in California and 15.2 million in Pennsylvania. Ten states had no industrial scale layer operations at all in 2007.

Increasing Size

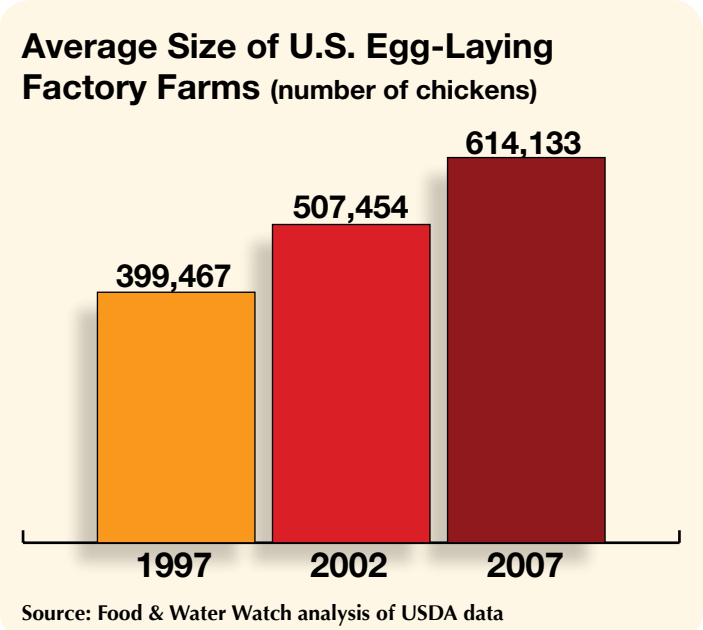
The average size of layer operations has grown by half from 399,000 in 1997 to 614,000 in 2007. The states with the largest layer operations (Florida, Missouri, Iowa, Michigan and Illinois) were both considerably larger than the national average and grew much faster over the decade. The five states averaged at least 800,000 hens.

Number of Egg-Laying Hens on U.S. Factory Farms



Source: Food & Water Watch analysis of USDA data

Top Layer Counties	Factory-Farmed Egg Laying Hens, 2007	Human Sewage Equivalent (millions)	Comparable Metropolitan Area
Ohio\Mercer	13,840,543	6.7	Dallas-Fort Worth
Iowa\Sioux	7,676,062	3.7	Seattle
Indiana\Adams	6,261,275	3.0	San Diego
Ohio\Darke	4,464,691	2.1	Cincinnati
Iowa\Winneshiek	3,838,031	1.85	San Jose
Texas\Gonzales	3,836,086	1.84	San Jose
Indiana\Jay	3,756,765	1.81	Columbus, Ohio
Pennsylvania\ Lancaster	3,716,411	1.8	Columbus, Ohio
Michigan\ Allegan	3,502,800	1.7	Austin
California\San Bernardino	3,194,989	1.5	Jacksonville

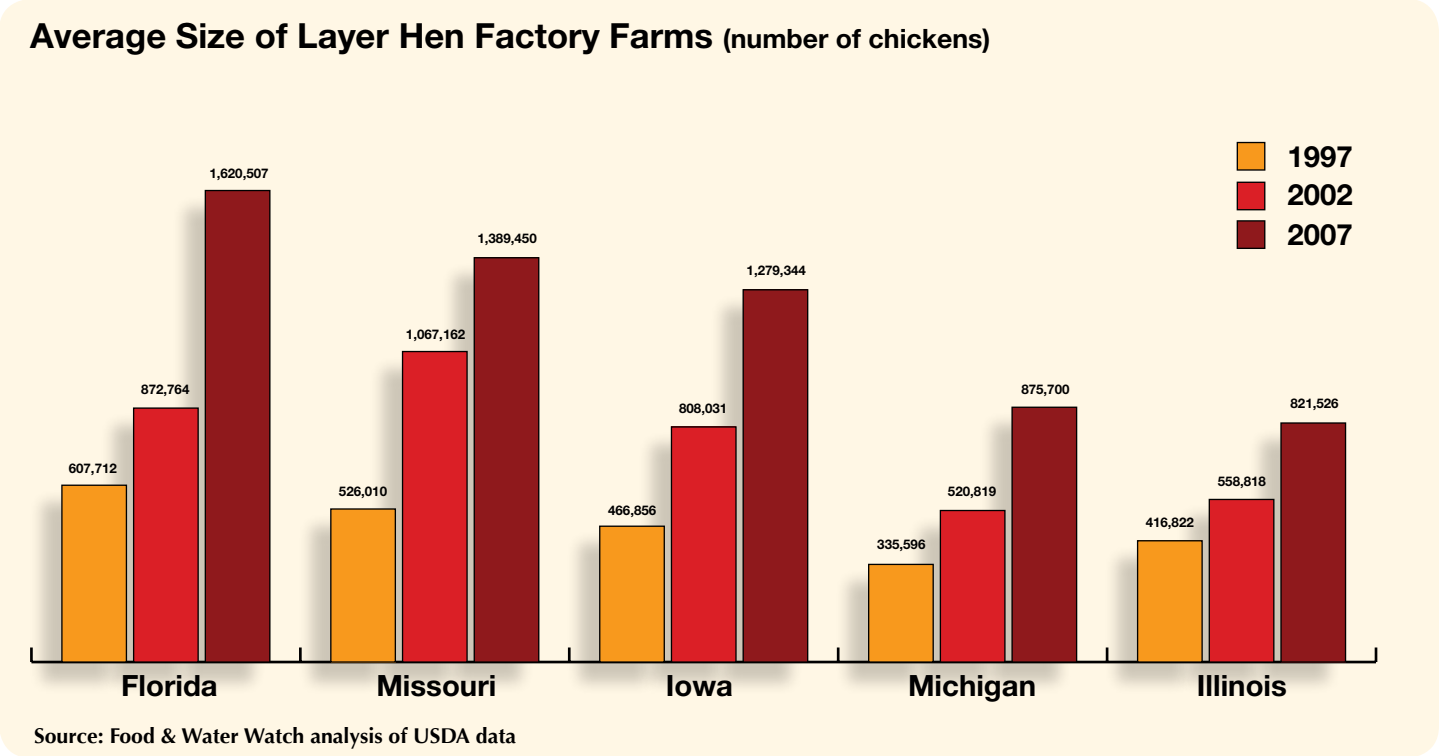


Manure Problems

Large layer facilities generate tremendous volumes of manure and manure-tainted litter. Some operations have been found to violate environmental rules.

Ohio: In 2009, Ohio's largest egg producer pleaded guilty to illegally discharging egg wash water, which contains chicken manure, from its three million hen facility in Marseilles, Ohio into a local stream in negligent violation of the Clean Water Act.[103]

California: In 2008, a California Regional Water Quality Control Board issued a notice of violation to a 500,000-hen egg facility in Valley Center and Ramona, California for violating water discharge rules. The notice followed six similar warnings from San Diego County between 2005 and 2008 for allegedly allowing contaminated water to flow onto neighboring properties and into storm drains.[104]



The counties with the largest concentrations of layer hens can produce as much manure as the sewage from medium-sized cities. The more than 13.8 million layers in Mercer County, Ohio produce as much untreated waste as the entire population of greater Dallas-Fort Worth, where all of the water is treated. The 7.7 million layers in Sioux County, Iowa produce as much manure as all the sewage in Seattle.

Egg Industry Concentration

A handful of egg companies produce a large proportion of the eggs most Americans eat. In 2009, the four largest firms owned 30.2 percent of the laying hens in production.[105] When a few firms dominate the marketplace, the major players can collude and manipulate prices and drive practices that are more intensive and larger scale. Some of the largest companies have been implicated in a scheme to manipulate the price of eggs at the grocery store by allegedly colluding to artificially reduce egg production and drive up retail prices. In 2009, Land O'Lakes and its egg supplier MoArk LLC agreed to pay $25 million to settle a price fixing class action suit that alleged that the Land O'Lakes companies conspired with other industry partners to reduce the supply and drive up the retail price of eggs.[106] The suit contended that producers lowered hen cage space (which reduces egg production), coordinated practices to reduce flock size between firms, and exported eggs below their cost, all in an effort to reduce supply and raise prices.[107] Land O'Lakes agreed to provide documents related to other companies' participation in the alleged conspiracy.[108]

Historic Egg Recall Reveals Factory Farm Risks

In the summer of 2010, more than half a billion eggs were recalled from two large Iowa egg companies after the largest *salmonella* outbreak since the 1970s sickened nearly 1,500 people.[109] Wright County Egg, which is owned by the DeCoster family, recalled 380 million eggs, and Hillandale Farms, which shared a feed and hatchery supplier with Wright County Egg, recalled 170 million eggs.[110] Companies controlled by the DeCoster family run nine egg confinement facilities in Wright County, Iowa with 8.9 million layers.[111]

The DeCoster family businesses are tied to a long-standing series of lawsuits and investigations. In 1988, eggs from a Maryland DeCoster operation were linked to a New York City hospital *salmonella* outbreak in which 11 people died.[112] In the early 1990s, DeCoster successfully sued the state of Maryland for trying to prohibit the company's Maryland operations from selling *salmonella*-tainted eggs across state lines; federal officials took no action against the operation at that time.[113] In 1997, one of the DeCoster companies agreed to pay $2 million to settle workplace safety violations that included forcing employees to live in rat-infested trailers and handle manure and dead chickens with their bare hands. [114] In 2001, the Iowa state Supreme Court prohibited Jack DeCoster from building a hog factory farm for his son after repeated environmental violations.[115] Iowa officials described DeCoster as "a habitual violator" of state environmental rules.[116] In 2002, the federal government fined him $1.5 million for employee discrimination and harassment charges for mistreatment of female employees, including charges of rape, sexual harassment and other abuse.[117] In 2008, federal workplace safety inspectors cited DeCoster for forcing workers to recover eggs from a building that had collapsed in a winter storm.[118] In 2010, DeCoster Egg Farm in Maine paid $125,000 to settle charges that it mistreated hens by keeping too many of them in each cage, failing to treat wounded birds and failing to remove dead birds from cages.[119]

State public health officials traced the 2010 *salmonella* outbreak to eggs from Wright County Egg.[120] The Centers for Disease Control found four times as many cases of the specific type of *salmonella* than usual.[121] A later federal analysis linked 15 of 26 national outbreaks of this type of *salmonella* to Wright County Egg.[122] Despite its history of problems, FDA officials had never inspected any of DeCoster's Wright County Egg facilities.[123] After the recall, FDA investigators uncovered a host of unsanitary conditions at Wright County Egg, including fly, maggot and rodent infestations; towering piles of manure; wild birds and freed hens tracking through the manure; and other significant problems.[124]As of late October 2010, no penalties had been levied against Wright County Egg or Hillandale Farms.

Why Farms Got Big or Got Out

Industrial-scale livestock production emerged over the past quarter century but accelerated rapidly over the past decade. Between 2002 and 2007, about five million livestock units were added to America's largest livestock operations. The number of factory-farmed dairy cows, beef cattle, hogs, broiler chickens and layer hens all increased and the average size of most operations grew significantly.

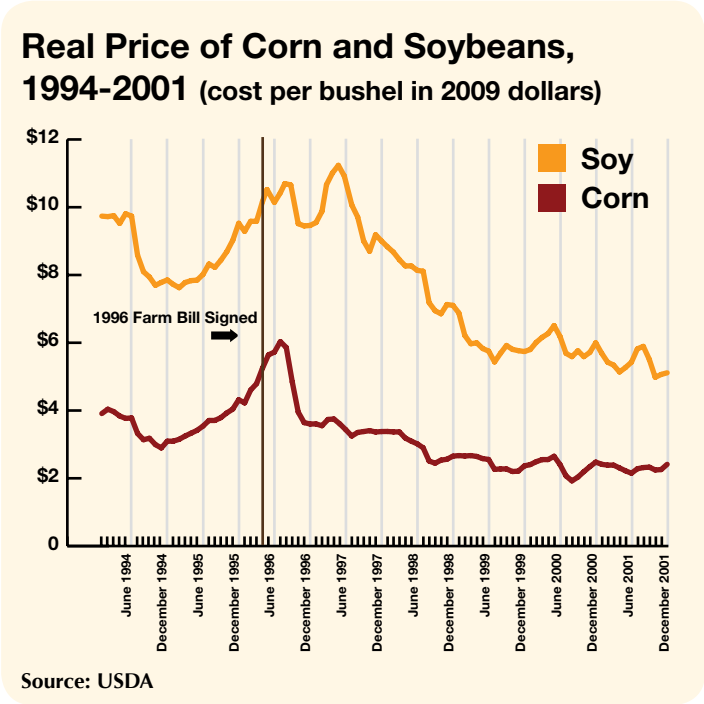
This growth was not due to a superior business model or some breakthrough in efficiency; it was facilitated by poor public policy decisions. Although the livestock processing industries contend that the transformation of medium-sized, diversified livestock farms into industrial-scale factory farms was driven by efficiency, the purported efficiencies have rarely materialized. The two largest costs of industrial livestock production — feed and manure management — have been artificially reduced by federal policies. Feed has been sold at extremely low prices, often below the cost of production — for most of the past fifteen years as a result of farm programs that promote over-production of corn and soybeans. And while this was happening, federal and state environmental authorities turned a blind eye to the growing pollution from factory farms, allowing bad management practices to become the industry standard.

Cheap feed and nonexistent oversight of manure management artificially lowered the operating costs of factory farms. This allowed livestock operations to balloon in size, but the shift was cemented by rapid consolidation in the meatpacking and livestock processing industries. During the 1980s and 1990s, regulators approved a wave of mergers between the largest firms in the beef, pork, poultry and dairy sectors. Their concentrated market power allowed the biggest firms to exert tremendous leverage over farmers. They could lower the prices they paid to farmers because there were so few firms to bid for livestock. The big firms also pressed farmers to enter contracts — often with unfair terms and prices — that reduced meatpackers' need to buy animals on the open market, such as a livestock auctions. As farmers received less for each steer, hog, chicken or gallon of milk, they added more livestock on factory farms to try to recoup their losses from low prices with increased volume.

The rise of factory farms was not a natural evolution of a more mature business model; it was the result of political decisions orchestrated by the largest livestock processors.

The High Cost of Low-Priced Feed

Traditionally, farmers usually raised livestock on pasture and also grew the feed they needed to sustain their animals over the winter. Farmers continued to pasture and cultivate feed



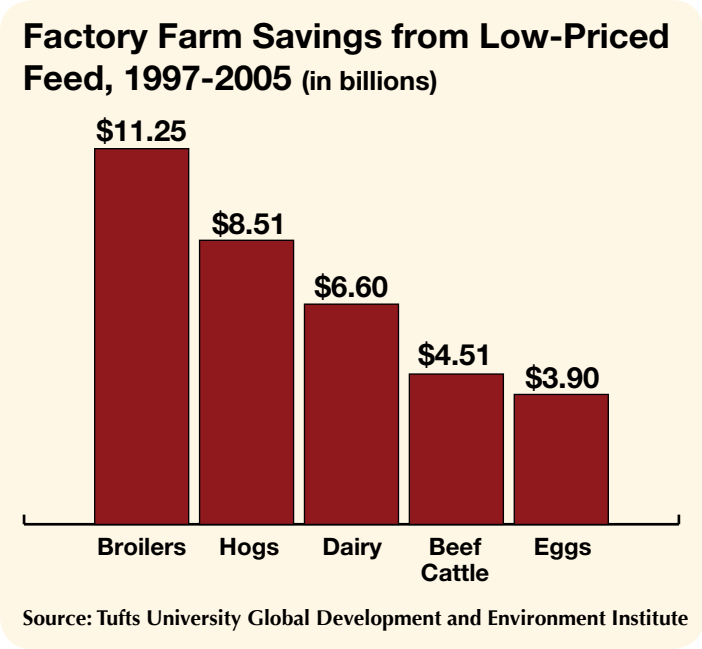
for their animals because prior to the 1990s buying feed was expensive. Factory farms, however, must purchase enough grain to feed the thousands of animals they keep at each site. Over the past twenty years, changes to federal farm policy have promoted the over-production of feed crops like corn and soybeans, which drove prices down during most years. This reduction in feed price is an indirect subsidy for factory farm operators.

The 1996 farm bill, called the Freedom to Farm Act, marked the end of policies designed to stabilize farm prices. It eliminated the requirements to keep some land idle as a way to manage supply and prevent overproduction. Instead, farmers could plant crops on as much land as they wanted. They harvested 7.5 million more acres of corn and 7.6 million more acres of soybeans in 1997 than in 1995.[125]Additionally, the government eliminated reserves of grain, allowing all the grain produced onto the market at once. Even the system of loans to farmers was reworked, which destabilized failing to stabilize prices and encouraging overproduction. Farmers could no longer forfeit a portion of their crops to the government as repayment for their loans if crop prices fell below the cost of production. Farmers instead sold their entire crop, further eroding prices.

As a result of this drastic increase in production, crop prices plunged. Between 1996 and 1997, real corn prices dropped by 28.4 percent.[126] The crop price free fall continued for years. By 1999, the real price of corn was 50.0 percent below 1996 levels and the soybean price was down by 40.9 percent. As prices fell, farmers planted additional acres to try to make up for their lost income, which then caused more supply and further price drops. The Freedom to Farm Act thus became known in farm country as "Freedom to Fail."

To quell criticism after prices collapsed, Congress authorized emergency payments to farmers that reached $20 billion in 1999.[127] However, these payments could not make up for the decline in prices. Even with the payments, U.S. net farm income declined by 16.5 percent from 1996 to 2001.[128] In the 2002 farm bill, Congress voted to make these "emergency" payments permanent. Rather than address the primary cause of the price drop, they perpetuated overproduction.

The 2002 and 2008 farm bills largely maintained the commodity programs created by Freedom to Farm and the ensuing emergency payments. This effectively replaced supply and price management policies that had characterized federal farm policy since the 1930s with income supports designed to compensate for low prices generated by overproduction. Since then, taxpayer money has been used to make up some of the income lost by farmers who grow cheap commodity inputs for agribusiness, including animal feed. Instead of programs that could put a brake on collapsing prices, government payments make up the difference between the low price agribusiness pays farmers for crops, and the farmers' cost of sowing, growing, harvesting and transporting them. Permitting crop prices to fall below their production costs and then paying farmers some of the difference with taxpayer dollars indirectly subsidizes discounted commodity purchases by meatpackers, factory farms and food processors.



These indirect subsidies for artificially low-priced feed have saved industrial livestock producers billions of dollars. Until 2007, when commodity prices began to rise, factory farms could actually buy feed on the market at a price lower than what the grain cost to produce. A 2007 Tufts University study found that factory farms saved $34.8 billion between 1997 and 2005 because they were able to buy feed at below-production cost.[129] This indirect subsidy has been a key element of the so-called efficiency of factory farming. When commodity prices rose in 2007 and 2008, meatpackers, industrial feedlots and poultry processors saw significant drops in profit as the cost of their major input — feed — started to rise.[130]

Weak Environmental Oversight

The main costs of factory farms are what goes in — feed — and what comes out — manure and other livestock waste. Giant commercial confined livestock and poultry operations produce half a billion tons of manure each year, more than three times as much as that produced by the entire U.S. population.[131]

But as the number of animals on factory farms has ballooned, federal and state environmental officials have largely ignored the growing pollution burden on rural communities, waterways and aquatic ecosystems. The USDA offers a direct subsidy to factory farms under the Environmental Quality Incentives Program (EQIP), which dedicates 60 percent of program funding to upgrading manure management systems. Taxpayers paid $179 million between 2003 and 2007 to cover manure management costs just for industrial dairies and hog operations (not counting chickens or cattle) under EQIP.[132] Weak environmental enforcement also amounts to a subsidy to factory farms that are not required to meet pollution control standards similar to those of municipal sewer systems or even factories that emit the same kinds of contaminants.

The EPA and state regulators are tasked with regulating factory farms' impact on the environment. Oversight of water pollution is shared with state regulators, and while water pollution discharge rules are rife with generous loopholes that essentially let factory farms manure management practices go unregulated. The EPA has barely attempted to safeguard the public from air pollution from factory farms. For the last five years it has done nothing but study the problem.

Water

EPA's discharge permit system is the national regulation over water pollution from factory farms. However, until 2009, the agency essentially did nothing to control the environmental damage caused by factory farms, in part because of constant efforts by the livestock industry to weaken or eliminate environmental regulations. The industry vigorously lobbied

Congress for exemptions from pollution reporting requirements and mandatory permits for releasing into local waters. Rules for Clean Water Act permits for water discharge permit rules were tied up in court for decades.

The factory farm water discharge-permitting program is implemented and enforced by individual state environmental agencies, leading to a patchwork federal and state system of rules and regulations. The many state interpretations of federal rules leave communities vulnerable to often indifferent and underfunded state environmental enforcement. In some states, enforcement has been so lax that the EPA has attempted to revoke the state's authority to oversee the factory farm permitting system. For example, in 2010 the EPA announced that due to widespread problems with enforcement and oversight, it was giving the state of Illinois one month to improve its permitting program for factory farms[133]

The directive to Illinois came after years of EPA inaction. In 2008 under the Bush administration, EPA finally released updated rules for permitting factory farms under the Clean Water Act. However, the rules allowed factory farm operations to avoid water permit requirements altogether unless they "discharge or propose to discharge."[134] Permits were only required for facilities that stated their intention to release manure directly into waterways. Common manure management and disposal techniques such as lagoons and applying manure to cropland did not require any permit at all. The rule also provided a certification system to partially protect unpermitted facilities that were later found to be discharging waste.[135] Under the rules, a factory farm that certified that an accidental discharge was remedied still does not need a permit.[136] Several environmental groups challenged the rule in court and in 2010 a settlement agreement was announced under which the EPA would re-work its factory farm permit program.[137]

Manure poses a significant risk to communities and the environment. Unlike in cities, where human waste ends up at a sewage treatment plant, untreated livestock waste is flushed out of confinement buildings into large cesspools, or lagoons. These waste pools can leak or burst, especially during storms, spilling into local waterways, killing fish and spreading waste and odor across communities. Manure from lagoons is applied to fields as fertilizer, but when the application exceeds the ability of fields to absorb the nutrients, the residual manure nutrients — mostly nitrogen and phosphorus — and any bacteria leach off fields and into groundwater and rivers.[138]

The long list of contaminants making their way from manure into drinking water includes heavy metals, antibiotics and pathogenic bacteria.[139] Six of the 150 pathogens found in animal manure are responsible for 90 percent of human food- and water-borne diseases: *Campylobacter*, *salmonella*, *Listeria*, *E. coli* 0157:H7, *Cryptosporidium*, and *Giardia*.[140] Between 1991 and 2000, groundwater-based drinking water systems were associated with 68 disease outbreaks that affected nearly 11,000 people, accounting for over half of the decade's waterborne disease outbreaks.[141]

Even small amounts of pathogenic bacteria in drinking water can lead to disease[142] For example, in 2006, an early thaw leached *E. coli* and bacteria from the 260 million gallons of manure produced by 41,000 dairy cows in Brown County, Wisconsin. It polluted more than 100 nearby wells. Residents of the town of Morrison, Wisconsin suffered from chronic diarrhea, stomach illnesses and ear infections, and one household that tested its tap water found *E. coli*, *coliform* bacteria and other contaminants associated with livestock manure.[143]

The nutrients flowing off factory farm fields and leaking from manure lagoons are also detrimental to the health of ecosystems and aquatic life. Large manure spills can rapidly overwhelm smaller waterways and kill almost all aquatic life. In 2009, as many as 200,000 fish were killed in a 12-mile length of the Black River in Sanilac County, Michigan after dairy manure was improperly spread on fields.[144]

Air

The EPA does almost nothing to prevent factory farms from releasing dangerous air pollutants. In 2005, the EPA under President Bush announced a Clean Air compliance agreement with the large-scale livestock industry that exempted participating operations from air quality violations if they joined a study on factory farm air emissions.[145] This was a sweetheart deal for factory farms. In exchange for a nominal fee, factory farm air pollution emissions would be monitored, and the operations would be excused from any air quality enforcement. EPA claimed that without the study it did not have enough data on air emissions to apply the Clean Air Act to factory farms.[146] By 2010, five years after the survey began, the EPA had yet to provide any information on the volume of factory farm air pollution emissions. According to the GAO, this study might not even provide the necessary information to oversee air pollutants because of incomplete data collection and a distorted factory farm sample.[147]

Federal law requires all facilities — factories or factory farms — to report any *significant* accidental releases of certain dangerous air pollutants, like ammonia.[148] In 2008, the EPA announced that most factory farms were to be exempt from reporting large releases of hazardous chemicals into the air.[149] This exemption removed the air pollution-reporting requirement from all but the largest factory farms.[150] The factory farms participating in the Air Compliance Agreement also received an exemption from the hazardous release reporting requirements.[151] Industry groups, apparently not realizing that they had previously been required to report emissions, sued EPA, claiming this was a new obligation.[152] The EPA noted that the statutory reporting requirement was long-standing,[153] but this did convince the livestock industry to drop the challenge.[154] As of 2010, the case was still pending.

Factory farms can release significant volumes of toxic chemicals into the air. Decomposing manure releases ammonia and hydrogen sulfide gases in concentrations that are poten-

tially harmful to nearby residents.[155] The GAO reported that storing large quantities of livestock manure on factory farms could cause emissions of "unsafe quantities" of ammonia, hydrogen sulfide and particulate matter.[156]

Overexposure to hydrogen sulfide can cause dizziness, nausea, headaches, respiratory failure, hypoxia and even death.[157] Factory farm hydrogen sulfide releases have contributed to excess diagnoses of respiratory and digestive disturbances; workers in factory farm facilities experience high levels of asthma-like symptoms, bronchitis and other respiratory diseases.[158] In liquid manure holding pits, releases of hydrogen sulfide can exceed lethal levels when waste from the lagoons is agitated prior to being pumped out of the facility.[159]

One 1,500 cow dairy in Minnesota released so much hydrogen sulfide gas in 2008 that the state evacuated nearby residents and declared it a public health hazard.[160] Although residents had complained about odors from the dairy for years, the Minnesota Pollution Control Agency did not install a monitor to measure emissions until the spring of 2008.[161] Emissions levels remained high throughout the summer. That October, the Minnesota Department of Health declared the Excel Dairy a public health hazard, the first time Minnesota declared a large livestock operation a public health risk.[162]

In addition to the health risks, factory farm odors diminish the quality of life for neighbors who can no longer hang their laundry out to dry, picnic in their yards, sit on their porches or even open their windows. In 2010, a Missouri jury awarded $11 million to neighboring farmers of Premium Standard Farms who complained of odors from the 1.8 million hogs produced annually on the company's Missouri operations.[163] The significant nuisance of living near the overwhelming stench of factory farms even erodes the wealth of their neighbors. A 2003 study found that living downwind from industrial hog operations reduced the property values of neighboring residential homes by approximately 10 percent.[164]

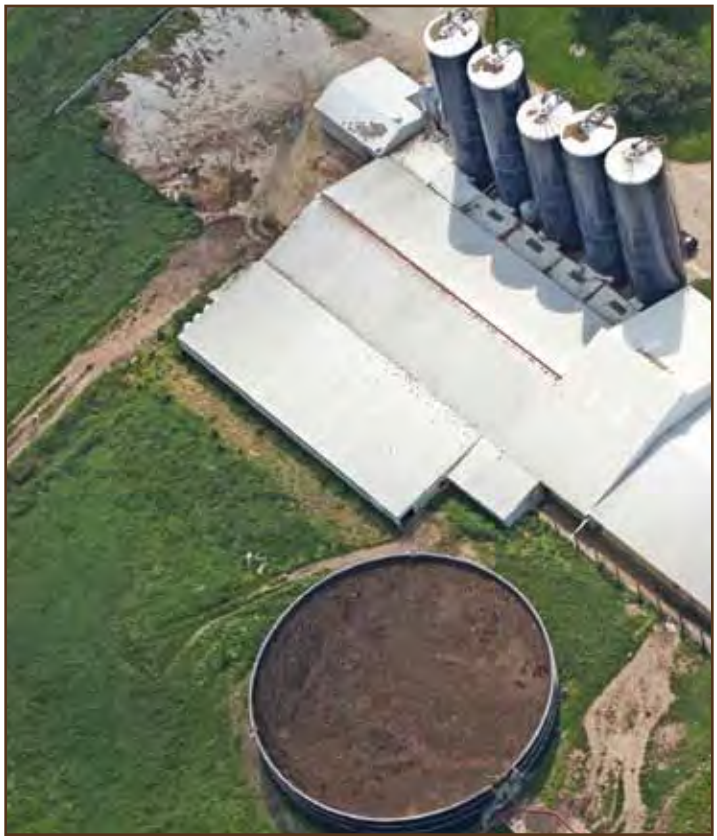
Weak environmental oversight reduces the cost of factory-farmed livestock operations. Municipal sewer systems must treat the wastewater that is discharged into waterways, and factories cannot simply pump ammonia and hydrogen sulfide gas out their smokestacks without some kind of treatment. Although factory farms pay the cost of storing manure in lagoons and spraying waste on their fields, the weak environmental oversight allows a continual discharge of water or air pollutants. If factory farms had to bear the full cost of managing, treating and disposing of the waste they generate, the purported efficiencies of their large scale operations would begin to evaporate.

Agribusiness Consolidation

For many years, the largest meatpackers, poultry companies and milk processors took advantage of low-cost feed and weak environmental enforcement to consolidate their stranglehold over the entire livestock sector. After decades of mergers, the concentrated market power of meat, poultry and dairy companies has pushed livestock operators to become significantly larger. By pushing down the prices farmers receive for their livestock and often imposing unfair contract terms, the dwindling number of larger companies that buy or contract for cattle, hogs, poultry or milk exert tremendous pressure on the hundreds of thousands of livestock producers.

Over the past two decades, the Department of Justice has approved mergers between the some of the biggest companies in each type of livestock. In 2007, Brazilian beef giant JBS bought the U.S. meatpacker Swift.[165] In 2007, the largest hog processor, Smithfield Foods, merged with Premium Standard Farms.[166] In 2006, Pilgrim's Pride (itself now part of JBS USA) bought Gold Kist, making it the world's largest chicken producer.[167] In 2001, two of the dominant milk processors, Dean Foods and Suiza, merged.[168]

These mega-mergers between some of the largest livestock processing companies have led to an unprecedented concentration of buyer power over farmers. The four largest firms

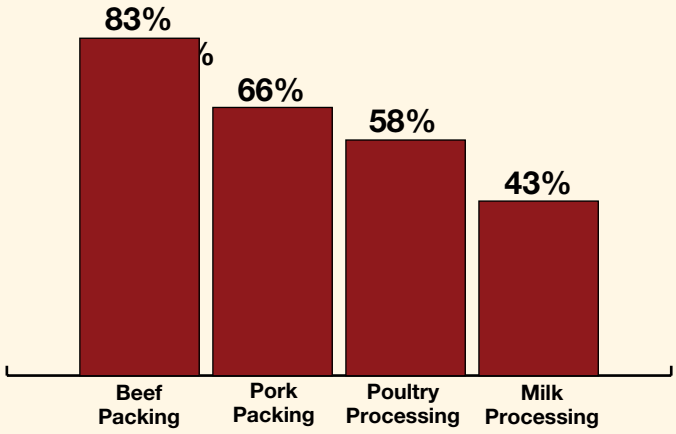


control 83 percent of beef packing, 66 percent of pork packing, 58 percent of poultry processing and 43 percent of fluid milk processing.[169]

Livestock producers have always needed access to slaughter and processing to sell their livestock, eggs and milk and this relationship has always been prone to an imbalance of power. Consolidation has left producers with fewer and fewer options for getting their livestock to market. In fact, the number of cattle and hog slaughter plants declined by about than a third between 1996 and 2006.[170] And between 1972 and 1992, the number of fluid milk processing plants fell by 70 percent.[171] The national dominance of these companies may understate the pressure farmers face on the local or regional level because most regions do not have processing facilities run by all of the top players. A large beef packing plant controls a large purchasing territory because most beef cattle are shipped less than 300 miles.[172] Poultry growers typically sell to processors within only 20 or 40 miles; only one or two companies serve most growers within a practical distance.[173]

Food & Water Watch's Factory Farm Map shows factory-farmed livestock operations clustered around the geographic territories of the four largest beef, hog and poultry processing companies.[174] The poultry processing facilities are located primarily in a band between western Arkansas across the Southeast to central North Carolina and in other poultry areas, including the Chesapeake Bay, the Shenandoah Valley in Virginia and the lower Ohio River Valley. Almost all of the large poultry farms are within a few counties of these processing plants.

Market Concentration of Top Four Firms, 2007

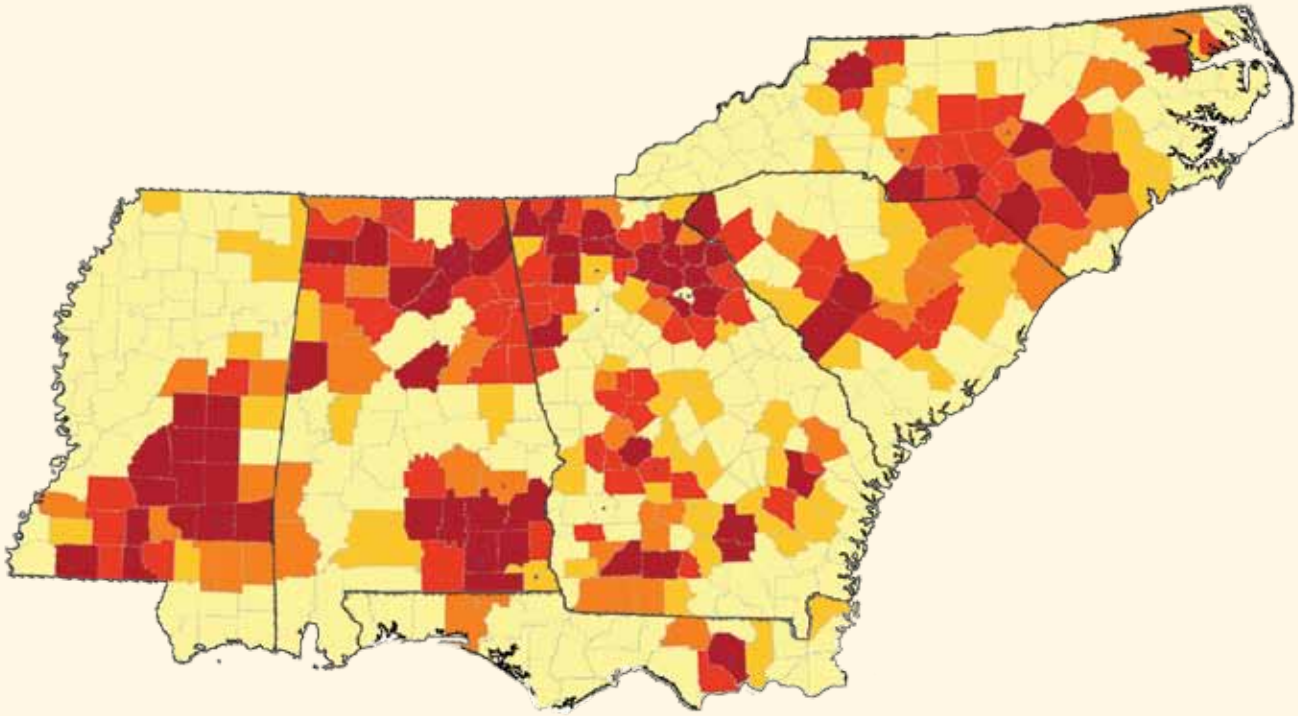


Source: Hendrickson & Heffernan; USDA

Similar patterns are evident in the beef and hog packing industry. Most of the beef slaughter facilities are located in a triangle between the Quad Cities on the Iowa-Illinois border, the front range of the Colorado Rockies, and the Texas panhandle. They are co-located with the greatest density of large beef cattle feedlots and operations. There are five plants west of the Rocky Mountains that are close to counties with large beef feedlot operations. There are a few slaughter plants in dairy areas as well, where dairy cows are slaughtered and processed when their milking days are over. Most hog slaughter and processing plants are located between eastern Nebraska and western Illinois, with the highest concentration of plants in Iowa surrounded by the highest concentrations of factory-farmed hogs. There are also plants in North Carolina, Indiana and Kentucky, which serve industrial hog operations in North Carolina, Ohio and Indiana.

The decline in buyers and processing plants has left fewer selling options for livestock producers, which puts them under increased pressure to take whatever price they can get, even if it does not cover their costs. Over time, this forces small operations to grow in order to recoup low prices with higher volume (more animals) or leave the business entirely. In farm circles, this phenomenon is described as "get big or get out."

Concentration of Broiler Chickens in Mississippi, Alabama, North Florida, Georgia, South Carolina and North Carolina, 2007

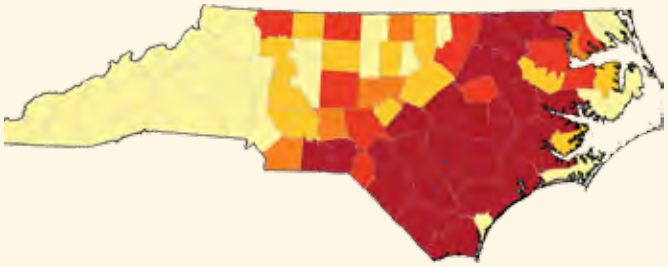


Source: www.factoryfarmmap.org

Meatpackers, poultry companies and milk processers exert control over livestock producers by controlling many links in the food chain and using contracts to bind farmers to the company. Theoretically, contracts give farmers a guaranteed market for their livestock, but large contract livestock buyers can extract lower prices and impose exploitative contract terms on farmers. Cattle, hogs and milk are often sold under marketing agreements that ensure future sales of livestock products — sometimes for a pre-arranged price and sometimes for a price to be determined upon delivery.

Poultry and hogs are often delivered under production contracts where the farmers raise company-owned animals. The farmer provides the service of raising the livestock, but does not own the animals. The terms of production contracts can be severe, and many of them effectively shift the cost and risk of doing business from the company to the hog farmers or poultry growers.[175] For example, poultry growers are responsible for securing environmental permits for disposing the chicken manure and are financially and legally responsible for the manure disposal.[176] Contract livestock operators are also often required to make significant investments — in land, buildings and equipment — in order to secure contracts.[177] Farmers take on long-term debt with no matching long-term guarantee that the company will keep using them. Both types of contract have been used to lower prices farmers receive for their livestock and push producers to increase the size of their operation. Contracting companies primarily do business with the largest operations and are reluctant to deal with medium-sized or smaller producers.[178]

Concentration of Hogs on Factory Farms in North Carolina, 2007



Source: www.factoryfarmmap.org

The High Costs of Factory Farms

In rural communities, factory farms pollute nearby air and water, undermine rural communities, reduce the quality of rural life, and trample the democratic rights of citizens to participate in their community. But the impacts of factory farms reach far beyond rural communities to suburban supermarkets.

The crowded, unsanitary conditions in industrial livestock facilities make the animals susceptible to disease — both pathogens that cause foodborne illnesses and other contagious diseases. Other factory farm methods that are designed to promote production or weight gain, including artificial hormones and antibiotics as well as the addition of chemicals and animal byproducts to livestock feed, can also endanger public health. The animals themselves are raised in over-crowded conditions with no access to the outdoors or even natural light. Breeding for specific production traits like rapid weight gain, larger breasts on chickens, or high milk or egg production has made animals susceptible to structural deformities and infections, such as mastitis in dairy cows.[179] These practices, along with methods used to promote fast growth and maximum production, such as antibiotics and feed additive use, artificial growth hormone use, and diets that may promote weight gain but not be appropriate for animals, all lead to welfare problems for animals raised on these facilities.

In addition to the water and air pollution, the burden of industrialized livestock operations creates long-term impacts. This industry contributes to global warming, over-consumes water and energy resources, and degrades regional waterways. Livestock production is the dominant source of the greenhouse gas methane in the United States, and manure management is the fastest growing large source of methane, increasing by more than 50 percent between 1990 and 2008.[180] Livestock drink tremendous amounts of water and additional water is required to move manure around on factory farms. Livestock operations consume more than two billion gallons of water every day in the United States.[181] Many industrial cattle feedlots sit atop the overstressed Ogallala aquifer that lies beneath most of the land between Nebraska and Texas. The explosion of mega-dairies in the arid Southwest puts a tremendous strain on the Rio Grande and Colorado River basins. Livestock manure from the watersheds that feed the Chesapeake Bay are the source of approximately one-fourth of the pollution that causes oxygen-depleted dead zones in the Chesapeake Bay.[182] There are ongoing debates about the extent and role of livestock on these environmental problems, but the impacts on local communities, food safety and public health are sufficient reasons to reject the factory-farmed livestock model. The potential contribution of these additional long-term sustainability issues is just further reason to reevaluate how we raise food animals.

The meatpacking, poultry and dairy companies contend that these industrialized production methods are more efficient and deliver lower prices to consumers. Although the big companies have reduced the prices they pay farmers for their livestock, consumers have not seen a reduction in their grocery bills. The real, inflation-adjusted consumer prices

for meat, milk and eggs have been steadily rising while the farmer share of the grocery dollar has been falling during the period when factory farms became dominant.

Impact on Farmers

The rise of factory farming has put more animals on fewer farms and has pushed large numbers of farmers out of business altogether. For those that remain, the concentrated power of the big meatpackers, processors and poultry companies has made it hard for many livestock producers to eke out a living. The real, inflation adjusted prices that farmers receive for beef cattle, hogs and milk have been falling as big meatpackers and dairy companies gained a stranglehold on the livestock sector. Contract poultry operators have an even tougher time.

The number of livestock producers has dropped steeply over the past few decades even as the total number of farmers has hovered around two million for 10 years. The rise of factory-farmed livestock has meant that although the number of livestock producers has collapsed, the number of hogs, beef cattle, dairy cows and chickens has risen because each farm has so many more animals. Between 1980 and 2008, the number of beef cattle operations has fallen by 41 percent from nearly 1.3 million producers in 1980 to 757,000 in 2008.[183] The number of hog farms declined by 90 percent from 667,000 in 1980 to 64,760 in 2008 and the number of dairy farms fell by 80 percent from 335,270 in 1980 to 67,000 in 2008.[184]

The prices farmers receive for their beef cattle have fallen steadily over the past 20 years. The real, inflation-adjusted farmgate price for beef cattle has fallen by nearly a fifth (18.5 percent) from an annual monthly average of $116 between 1989 and 1992 to $94.60 between 2004 and 2008 (in constant 2009 dollars).[185] Between 1981 and 1994, cattle producers received an average of $36 a head after production costs, but between 1995 and 2008 farmers netted out an average of $14 a head.[186] Hog and dairy farmers faced similarly steep declines in farmgate prices. Real average monthly hog prices were $75 per hundredweight between 1989 and 1993 (in 2009 dollars), when the minority of hog farms used contract production. During the period between 2004 and 2008, when the majority of hog farms used contract production, average monthly farmgate hog prices were $52 per hundredweight, a 31 percent decline.[187] Even before the dairy crisis that began in 2007, real farmgate milk prices had been falling for decades. They fell 23.3 percent from $18.01 per hundredweight in 1997 to $13.81 per hundredweight in 2006. Although dairy prices spiked to over $20 per hundredweight in 2007, they rapidly collapsed (see dairy crisis section). The decline in dairy prices has pushed many dairy farmers into desperate debt and bankruptcy.

Impact on Rural Communities

Agribusiness consolidation and the increase in factory farming can sap the economic vitality of rural communities. Economically viable farms are the lifeblood of rural communities.[188] The earnings from locally owned and locally controlled farms generate an economic "multiplier effect" when farmers buy their supplies locally and the money stays within the community.[189] The loss of nearly 1.4 million cattle, hog and dairy farms over the past 30 years has drained the income out of rural communities.[190]

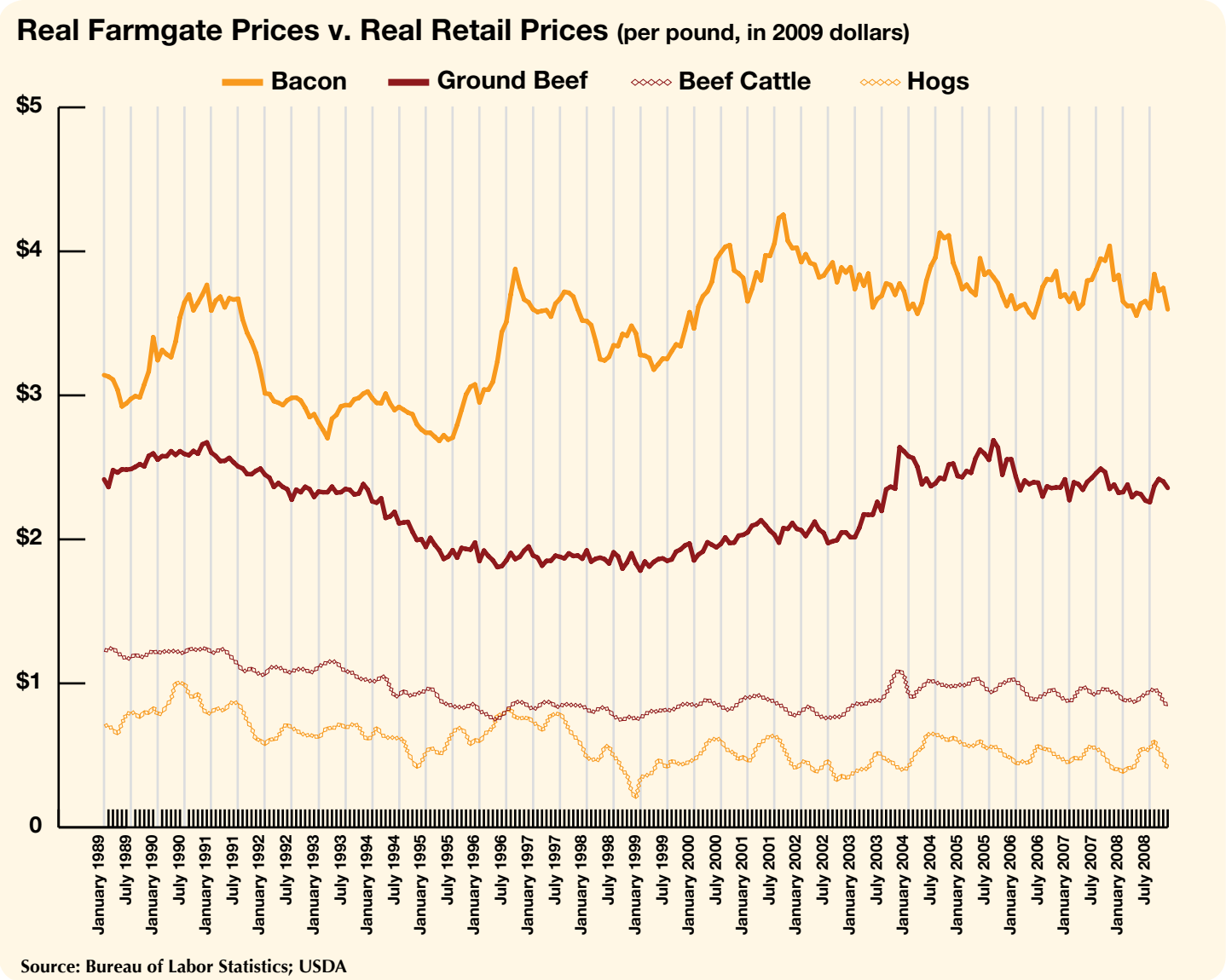
Fewer, larger factory farms pump less money into rural communities. Several studies have reported that large-scale livestock operations were more likely than smaller livestock farms to bypass local suppliers for inputs like feed and equipment[191] An Iowa study found that more than two-thirds (70 percent) of smaller livestock operations bought feed locally, but only two out of five (43 percent) large-scale livestock operations bought local feed.[192] The economic multiplier effect is much lower with large corporate-owned factory farms than with smaller independent farms.[193] The earnings and profits from meatpacker-owned cattle feedlots and hog production facilities are shipped to corporate headquarters instead of invested locally.

The loss of local meatpackers, poultry producers and milk processing plants undercuts rural economies in other ways, too. Independent small slaughterhouses and medium-sized regional milk and meat processing firms as well as locally owned grain elevators and local feed and equipment dealers provide employment, investment and stability to rural communities. According to Auburn University Professor Robert Taylor, concentrating economic power in the hands of few companies effectively "siphons profits out of rural areas and moves them to international financial centers."[194]

Impact on Consumer Prices

Although the real prices farmers received for their livestock have been falling for decades, few of these savings are passed on to consumers. The largest meat and milk companies, along with the big grocery chains, can seize more of the margin between the farmgate and retail prices. Since the mid-1980's, the inflation-adjusted cost of a market basket of groceries has risen relatively steadily.[195] In contrast, the farmer share of the same market basket of groceries remained at about a third of the retail grocery sales between 1960 and 1980, but then declined sharply to 24 percent in 1990 and to 19 percent in 2006.[196]

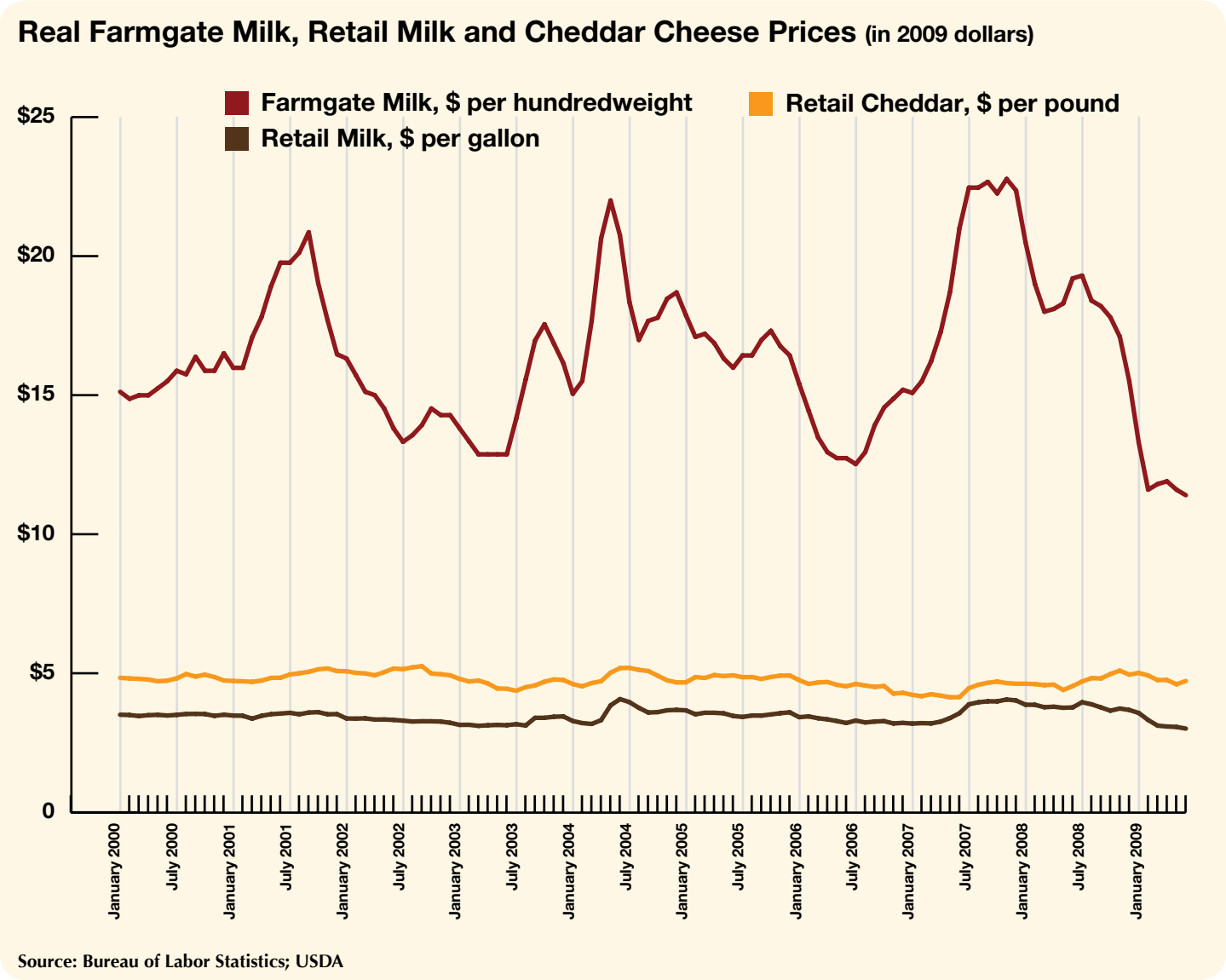
Food & Water Watch compared real consumer retail prices and real farmgate prices for common meat and milk products and found that consumers paid more and livestock producers received less over the past several decades.[197] Over the past 10 years, real, inflation-adjusted consumer prices for ground beef have increased by 24.0 percent, from a monthly average



price of $1.89 a pound in 1999 to $2.34 a pound in 2008 (in constant 2009 dollars). Over the same period, farmgate prices for beef cattle only rose by 8.5 percent — a third as fast as retail prices increased. Similarly, the real price consumers paid for bacon increased by 19 percent, from $3.07 per pound in 1989 to $3.66 in 2008, but the price farmers received for hogs fell by 36 percent from $75 per hundredweight in 1989 to $48 in 2008.

Dairy products present the starkest picture of the disconnect between what consumers pay in the grocery store and what farmers get paid. Even before the dairy crisis that began in 2007, real farmgate milk prices had fallen sharply while retail prices for cheese rose and retail prices for milk fell only slightly. Real farmgate prices for milk fell 23.3 percent from $18.01 per hundredweight in 1997 to $13.81 per hundredweight in 2006. Over the same period, the real consumer price for a gallon of milk fell only by 6.6 percent and the price of cheddar cheese actually increased by 4.7 percent.

When milk prices collapsed between 2007 and 2009, the price consumers paid for dairy products fell only modestly — if at all. Between July 2007 and June 2009, the real price farmers received for milk fell by 49.3 percent, but the retail price for milk fell only half as fast (declining by 22.6 percent) and the price of cheddar cheese increased by 5.8 percent. As the Utah Commissioner of Agriculture noted, "We are concerned that retailers have not reduced the retail price of milk to reflect the huge reduction in the wholesale level."[198] Very little of the money consumers pay for milk ends up in the hands of farmers. In 2009, farmers only received 97¢ for every $2.99 gallon of milk and less than $1.00 for every $4.99 pound of cheddar cheese.[199] This is one more supposed efficiency of factory farms that does not actually exist.



Source: Bureau of Labor Statistics; USDA

Impact on Public Health

Even people who don't live in rural communities are harmed from factory farming. Practices common on factory farms can lead to foodborne illness, including outbreaks from *E. coli* and *salmonella* contamination and the risk of mad cow disease. The large number of animals raised in cramped conditions is a breeding ground for the formation of new diseases, and the routine use of antibiotics in livestock can lead to the creation of deadly antibiotic-resistant bacteria. Dairy cows are injected with rBGH, a synthetic hormone that increases udder infections (requiring the increased use of antibiotics for treatment) and may increase the risk of certain cancers in humans. Chickens are routinely fed arsenic, a known carcinogen that can end up in chicken meat and can contaminate soil and streams.

E. coli

Cattle are uniquely suited to eat grass, but cattle finished in factory farm feedlots are instead fed grains like corn and soybeans. This practice has serious human health impacts. The diets fed to factory farm animals increase the concentration and length of time that *E. coli*, including dangerous strains like O157:H7, survives in manure.[200] Not only does the bacterium pass on to meat from the intestines, hides and hooves of cattle that stand in their own feces all day,[201] but it also can contaminate other food sources, such as vegetables.[202] The 2006 case of *E. coli*-O157:H7, contaminated spinach in California that killed three people and sickened hundreds offered a dramatic example of how this can happen.[203] Agricultural sources have also been shown to be a considerable source of *E. coli* in recreational waters, potentially sickening people who swim.[204]

Salmonella

One of the most common causes of foodborne illness, *salmonella* is a bacteria found in the intestinal tracts of animals.[205] Meat, poultry, and eggs are common sources of *salmonella* infection for people, although produce has also been contaminated with the bacteria. The tight confinement and crowded conditions found in U.S. operations are thought to increase the risk of *salmonella*. Surveys done in the European Union led researchers to conclude that "cage production as well as a larger flock size were associated with a higher risk of positivity [for *salmonella*]" in eggs.[206] In addition to the threat of foodborne illness posed by *salmonella*, the medical community has worried that the overuse of antibiotics in livestock production could make these illnesses harder to treat.[207] In 2009, *Consumer Reports* magazine conducted a study of 382 chickens bought in more than 20 states. Among the birds tested, 14 percent tested positive for *salmonella*, and 68 percent of the *salmonella* and 60 percent of the *campylobacter* organisms analyzed showed resistance to one or more antibiotics.[208]

Mad Cow Disease

The materials fed to livestock can impact public health. Animal feed has long been used as a vehicle for disposing of animal byproducts.[209] Scientists believe that "mad cow disease," or bovine spongiform encephalopathy (BSE), is spread when cattle eat nervous system tissues, such as the brain and spinal cord, of other infected animals.[210] Variant Creutzfeldt-Jakob disease (vCJD), which causes dementia and ultimately death in humans, is almost certainly caused by eating BSE-infected beef.[211] Keeping mad cow disease out of the food supply is particularly important because, unlike most other foodborne illnesses, it cannot be eliminated by disinfection or cooking the meat.[212]

Three cases of mad cow disease have been identified in cattle in the U.S. — in December 2003, June 2005, and March 2006.[213] In fall 2006, the USDA decided to scale back testing for mad cow disease by over 90 percent, claiming that testing was expensive and detection of infected cows was rare.[214]

In 1997, the FDA instituted a rule that banned certain animal proteins from cattle feed, but it continued to allow those proteins in other animal feed,[215] and it did not ban blood products and poultry litter from cattle feed.[216] In 2008, the FDA updated the rule to ban the entire carcasses of BSE-positive cattle, as well the brains and spinal cords of cattle 30 months of age or older, from all animal feed.[217] A safer policy for consumers would be to remove all cattle tissues from the feed system, regardless of their age or BSE status, and also to ban restaurant plate waste, cattle blood and poultry litter from cattle feed.

Growth Hormones

More than 40 percent of cows in industrial dairies are injected with a genetically engineered growth hormone called recombinant bovine growth hormone (rBGH) to increase their milk yields.[218] This artificial hormone's known side effects include increased udder infections (mastitis) and reproductive problems in cows. In addition, a growing body of scientific research also suggests a link between drinking milk from rBGH-treated cows and certain types of cancer in humans.

Dairy cows treated with rBGH increase production of a protein called insulin-like growth factor-1 (IGF-1).[219] Humans naturally produce their own IGF-1, but humans drinking milk from treated cows will consume more IGF-1 than they otherwise would. Recent research shows that when present in the human body at elevated levels, IGF-1 increases the risk of breast, colon, prostate, and other cancers.[220] rBGH has never been approved for commercial use in Canada or the European Union due to concerns about the drug's impact on animal health and welfare,[221] and is also banned in Japan and Australia.[222] In 2007, nearly 43 percent of large-scale dairies (over 500 head), 30 percent of mid-sized dairies, and nine percent of small dairies used rBGH on their cows.[223]

Antibiotic-Resistant Bacteria

In factory farms, thousands of genetically similar animals are breathing, urinating and defecating in cramped conditions. This intense confinement creates a breeding ground for viruses to mutate and for diseases and contamination to spread quickly, not just to livestock but also to farm workers and other people in contact with those animals.[224] This threat became very real with the spread of avian flu to humans, which first appeared in 1997, and with the swine flu outbreak that began in 2009.[225]

Factory farms typically mix low doses of antibiotics (below the amount used to treat an actual disease or infection) into animals' feed and water to promote their growth and to preempt outbreaks of disease. This continual use of antibiotics can lead to the creation of antibiotic-resistant bacteria.[226] Methicillin-resistant *Staphylococcus*, or MRSA, is a deadly strain of staph infection that is resistant to certain antibiotics.[227] Hogs and other animals can be carriers of MRSA. Employees working in large operations are hundreds of times more likely to be carriers of MRSA than the general public, suggesting that MRSA is passing from animals to humans.[228]

Because of the threat posed by life-threatening antibiotic-resistant bacteria, numerous groups, including the American Public Health Association,[229] the American Medical Association, [230] and the Pew Commission on Industrial Farm Animal Production,[231] have requested a ban on the non-therapeutic use of antibiotics in animals.

Arsenic

U.S. poultry farmers have used drugs containing arsenic (a known poison) to control the common disease coccidiosis for decades.[232] The chicken industry discovered that the arsenic-based drug roxarsone also promoted growth, increased feed efficiency, and improved flesh pigmentation.[233] Between 1995 and 2000, 70 percent of chicken producers used roxarsone feed additives.[234]

Although the chicken industry maintains that arsenical drugs are safe, arsenic poses problems in chicken meat and waste. Chronic exposure to arsenic is associated with increased risk for several kinds of cancer, including bladder, kidney, lung, liver, and prostate,[235] and it leads to cardiovascular disease and diabetes as well as neurological problems in children.[236] Areas of concentrated poultry production have experienced public health concerns tied to the use of arsenic feed additives, such as increased arsenic concentrations in soil and even arsenic in house dust.[237] When chicken litter containing arsenic is used as fertilizer, it can contaminate soil and water, a particular threat to the local populations.[238]

Impact on Communities

With all of the harmful environmental, social, economic and public health impacts of factory farming, it comes as no surprise that citizens and communities near factory farms have attempted to fight back against the spread of these facilities. Some municipalities and counties have tried zoning restrictions and siting requirements for new factory farms, while others have tried to prevent corporate and outside ownership of farms. However, in many parts of the country, agribusiness has been able to exert considerable influence, and state legislatures have acted on behalf of corporate agriculture by taking control away from citizens and handing it over to state governments or boards that are controlled by factory farming interests.

Nebraska is a premier example. In 1982, Nebraska voters approved Initiative 300, a constitutional amendment that created one of the country's strongest prohibitions on the corporate ownership of farmland and livestock.[239] Unfortunately, in 2005 a federal district court declared that I-300 violated the U.S. Constitution,[240] and the U.S. Court of Appeals for the Eighth Circuit upheld the lower court ruling.[241]

Despite the setback in Nebraska, citizens in a number of other states and municipalities have attempted to pass similar measures intended to prevent outside agribusiness interests from running roughshod over democratic values. To date, none has succeeded.

Ohio

In Ohio, proponents of industrial livestock production launched a new offensive in 2009 designed to wrest oversight of livestock operations from state agricultural and environmental agencies and shift it to a commission that could be easily dominated by special interests representing factory farms. A 2009 referendum, Issue 2, was an agribusiness-backed attempt to change the Ohio state constitution by establishing an appointed Livestock Care Standards Board that would have unchecked power to establish standards for livestock and poultry in the state.

Groups representing major agribusiness interests, including the Ohio Farm Bureau and the Ohio Pork Producers Council, heavily backed Issue 2.[242] The effort was promoted as an initiative to protect family farms from excessive regulation, but the majority of the financial backing came from the largest agriculture trade associations and agribusinesses, and much of the support came from outside of Ohio. Trade associations like the Farm Bureau (national, state and local chapters), industry trade groups including the National Pork Producers Council, and agribusiness provided $3.1 million to support the initiative — 58 percent of all money raised by supporters of the initiative.[243] Because the agribusinesses outraised the critics of Issue 2 by more than 50-to-1, the initiative passed and successfully provided the industry with a way to regulate itself.[244]

Pennsylvania

Citizens in both Pennsylvania and Indiana now have to contend with an invasion of factory farms without any power over these operations at most local levels of government. In 2005, the Pennsylvania legislature essentially eliminated local control of agriculture when it passed the Agricultural, Communities and Rural Environment Act, a bill that allowed the state's attorney general to sue municipalities on behalf of factory farm owners if local ordinances "restricted" agricultural operations or ownership.[245] State Attorney General Tom Corbett wasted no time in using this law to aggressively go after local townships that had attempted to protect their communities from factory farming. He sued five municipalities in 2006.[246] He has continued to use the law to attack local ordinances, suing a township in 2009 for attempting to restrict factory farms to land of low agricultural quality, and settling with a number of others that amended their ordinances to avoid a lawsuit.[247]

Indiana

In 2005, in an economic development plan akin to promoting the construction of landfills and prisons, Indiana governor Mitch Daniels announced his intention to double pork production in the state by 2025.[248] With minimal public input, Governor Daniels and his newly established Department of Agriculture quickly established rules to increase the number of factory farms in the state.[249] They included limiting citizens' ability to sue factory farms for losses in their property values,[250] creating model zoning restrictions to facilitate siting new factory farms,[251] and fast tracking hog factory farm permits through the Indiana Department of Environmental Management.[252] In return, residents have experienced rivers polluted by millions of gallons of spilled manure,[253] tens of thousands of dead fish,[254] and community strife and unrest,[255] while Food & Water Watch found the number of hogs in the state raised on factory farms increased by over 460,000.

Missouri

Community organizations in Missouri have had to repeatedly fight to maintain local government control over factory farms. Every year since 2003, agribusiness industry groups have attempted to push measures through the state legislature that would eliminate local control, and each year citizens have successfully preserved their right to protect their communities.[256] For example, in 2007, then-State Senator Chris Koster sponsored the anti-local control Senate Bill 364, which would have abolished all Missouri health ordinances that were enacted to protect citizens and farmers from the negative impacts of factory farms.[257] According to Rhonda Perry, a livestock and grain farmer and program director of the Missouri Rural Crisis Center, "Missouri's family farmers, rural citizens and landowners have seen firsthand what these corporate controlled industrial livestock operations have done to their economies, the environment and rural health. In response, our local elected county officials have exerted 'local control' by passing health ordinances and making these operations more accountable to the people, taxpayers and environment of the county. At the state legislature, corporate agri-business lobbyists and their allies attempt to take away local control from our counties and their citizens, but every year family farmers and rural people stand up and say 'NO! Government is best when it is closest to the people.'"[258]

In addition to bills in the state legislature, agribusiness interests have also used the courts to try to wrestle control of factory farms away from communities. In 2007, 81 percent of voters in Richland Township, Missouri passed a referendum authorizing the township to regulate factory farms through a zoning ordinance, but a judge tossed out the rules because the township lacked authority to regulate farm buildings.[259] And in a case that began in 2007 with a lawsuit by a community organization attempting to protect a historic landmark from encroachment by a proposed 4,800 hog farm, a judge set up a protective two-mile buffer around the park. Former state Senator Chris Koster, now acting as the state Attorney General, appealed the ruling, and the buffer was overturned in 2010.[260]

The battle over local control shows the lengths agribusiness will go in order to have its way. By trying to resist local democratic processes, the industry is trying to consolidate not only the markets for livestock, but also its power over government.

Impact on Animal Welfare

Chickens and hogs raised in factory farms usually have no access to the outdoors, fresh air or natural light, and spend much of their time confined in crates that are so restrictive the animals cannot stand up, turn around or fully extend their wings.[261] Dairy and beef cattle on factory farms do not have access to pasture where they could express their natural behavior (and ideal diet) of grazing.[262]

With 100,000 chickens or 1,000 hogs in one building, and thousands of cattle held together in one dirt lot, industrial livestock conditions make animals vulnerable to disease. A growing body of research has examined the heightened risk that influenza viruses can originate, mutate, and circulate among animal populations, specifically confined livestock operations that rely on genetically similar animals. Concern escalated several years ago when a highly pathogenic strain of avian flu caused a worldwide human influenza outbreak and was re-invigorated with the global spread of the H1N1 strain of swine flu. Many public health authorities and animal scientists have identified workers at these facilities as an important potential transmission link between livestock and humans and have called for increased study into the role of industrialized livestock operations in the spread of influenza.[263]

In addition to the burden put on animals from densely crowded conditions, most livestock breeds have been bred for specific production traits like rapid weight gain, larger breasts on chickens, or high milk or egg production. For example, since the 1920s, changes to broiler chicken breeding and production have resulted in chickens that grow twice as big in half the time.[264] This selective breeding, which emphasizes high production over animal fitness or hardiness, has created animals that are prone to structural deformities such as lameness and bone deformities, metabolic problems, and susceptibility to infections.[265]

Selective breeding that makes livestock prone to health problems are coupled with unhealthy growing methods, such as the use of artificial growth hormones. The long list of side effects on dairy cows treated with the artificial growth hormone rBGH includes potential increased rates of mastitis (udder infections), reproductive problems, foot and knee disorders, potential swelling at injection site and digestion problems.[266]

If the biotechnology industry has its way, livestock production will soon incorporate even more exotic technologies that could impact the welfare of animals. In 2010, the Food and Drug Administration moved closer to approving the first genetically engineered (GE) food animal, a salmon engineered for fast growth in large-scale fish farms. Close behind it in the regulatory pipeline is another GE animal, called Enviropig, that has been engineered to produce manure with lower levels of phosphorous — an ideal characteristic for factory farms that have to deal with the manure from tens of thousands of animals. The FDA has already approved cloning of food animals. Cloning animals is an inexact science with very low survival rates — less than 5 percent.[267] Internal hemorrhaging, digestive problems and multiple organ failure are some of the most common causes of death among cloned animals in the first week of life.[268] Regulators have typically brushed aside potential health impacts for people eating these engineered or cloned food animals, or for the welfare of the animals themselves due to deformities and susceptibility to disease.

These technologies represent more dramatic attempts by meat companies to force animals into their preferred production models instead of adapting production systems that maximize animal welfare, ensure the wholesomeness of the food produced there or protect the environment. For years, investigations have revealed conditions on some factory farms that result in extreme animal suffering, ranging from cramped cages to rough handling and extreme stress. The meat industry typically claims these harmful conditions are the work of just a few bad actors, but factory farms are different from the small-scale farms they have replaced in more than just size. The methods used to raise the animals on factory farms are more likely to compromise the welfare of the animals.

What About Organic?

The USDA sets standards for organic food. For meat, poultry, eggs, and dairy to be certified organic, they must come from animals that only eat organic feed (raised without synthetic fertilizers or pesticides and from crops that were not genetically engineered), and they cannot be given growth hormones or antibiotics. The organic standards do say that animals should be able to express their natural behaviors and that organic production must minimize environmental impacts. However, organic standards do not include specific animal welfare conditions and they do not restrict the size of livestock operations. In 2010, after years of controversy, and inaction by the USDA, the organic standards were updated to specify how much "access to pasture" organic cattle must receive and how this requirement could be enforced.[269] Requiring organic dairy and beef cattle to spend a significant portion of their time on, and receive a significant portion of their nutrition from, pasture was a major step toward making sure that organic products live up to consumer expectations. For "organic" to be even more meaningful to consumers, the USDA needs to specifically address animal welfare with standards that require outdoor access for chickens, end the use of feed additives meant to replace the nutrients chickens would get from foraging outdoors, and outline specific animal welfare practices for stocking density, handling and transportation.

Conclusion

The dominance of factory farm production in the United States is neither mysterious nor accidental. The livestock sector responded aggressively to tough economic conditions for producers and influenced lawmakers and regulators to prioritize corporate interests above public health, sound food policy, community participation, or environmental concerns. The growth of factory farming is the result of bad farm policies that subsidize artificially-cheap feed; lax regulatory enforcement that enabled factory farm expansion without addressing the environmental and human impacts of their massive quantities of waste; and unchecked corporate consolidation that allowed giant agribusiness companies to pressure farmers to get big or get out.

Factory farms have caused extensive environmental damage and have exploited natural resources. Agribusiness interests prevent citizens from exercising democratic control in their communities and have left communities with fewer independent family farms, unsafe water, reduced air quality and depressed economies. Instead of benefitting from the supposed efficiencies in this system, consumers instead face foodborne illness outbreaks and public health threats like antibiotic-resistant bacteria. As consumers saw during the 2010 egg recall, food safety problems on even a few factory farms can end up in everyone's refrigerator.

Congress, regulatory agencies and states need to put a stop to the policies that have allowed these facilities to proliferate, and they must create and enforce policies that allow food to be produced in a way that allows farmers to make a living and does not harm communities, the environment or public health.

To address the impact factory farms have on the environment, public health, food safety and rural communities, Food & Water Watch recommends:

- The EPA and states should establish a moratorium on the construction of new factory farms and on the expansion of existing facilities;
- The EPA and states should establish and enforce strong pollution laws and water use standards, as well as pollution reporting requirements; eliminate the regulatory loophole that exempts factory farms from having to report large releases of hazardous chemicals into the air; and end the ongoing factory farm air emission monitoring study program that essentially allows factory farms to violate air quality standards without consequence;
- The Justice Department should reassess the impact of the major agricultural mergers approved in the past decade and rectify any anticompetitive developments that have occurred as a result of those mergers. Further, the department should establish a moratorium on any proposed agricultural and food company mergers by the top four firms in any sector of the food system;
- The USDA should finish and enforce the long-overdue rule to help restore real competition in livestock markets and ensure contract fairness. It should continue to work to end unfair contract practices used in the livestock sector as well as address the unfair power exerted by meatpackers over livestock producers through marketing agreements and packer-ownership of livestock;
- The FDA should ban non-therapeutic use of medically-important antibiotics in livestock, the use of the artificial growth hormone rBGH and the use of arsenic-based drugs for livestock;
- Congress should reform federal farm policies to stop encouraging overproduction of corn, soybeans, and other commodities that have resulted in cheap feed for animals in factory farms, including the establishment of commodity reserves to reduce price volatility and manage the supply of agricultural commodities;
- Congress should revamp the federal milk pricing system to ensure that farmers receive a price for milk that covers at least their cost of production and a fair return. Congress should also safeguard the milk pricing system against easy manipulation by corporate interests;
- Congress should cap payments made to farms under the Environmental Quality Incentives Program to ensure that the program no longer serves as a subsidy for the manure management technology required by large factory farms;
- State legislatures should enact laws that affirmatively allow local governments to retain the authority to impose strict health and zoning regulations for factory farms and restore them in states that had previously taken away local control.

APPENDIX: Factory Farm Map Methodology

Food & Water Watch compiled the data on the largest livestock farms from the USDA Census of Agriculture — a five-year survey of America's farms — from 1997, 2002 and 2007. The Census of Agriculture collects and reports data on livestock operations for every county and state in the United States, including the number of operations (farms) and the number of livestock. The USDA also reports the distribution of the number of livestock on different sized farms by state and by county. For this map, Food & Water Watch only analyzed the number of livestock on the largest categories of operations for beef cattle, dairy cows, hogs, broilers (chicken) and layers (eggs). The Census of Agriculture is available online at: http://www.agcensus.usda.gov/

Definitions

Food & Water Watch analyzed the county-level data for the USDA's largest categories of farms based on the number of livestock — either the inventory of livestock on an operation or, in the case of broiler chickens, the annual number of birds sold. The livestock operations that were analyzed for the map and report have at least:

Factory Farm Size Definitions	
Beef cattle:	500 or more beef cattle "on feed" (see below)
Dairy:	500 or more dairy cows
Hogs:	1,000 or more hogs
Broiler chickens (broilers):	annual sales of 500,000 or more broiler chickens (see below)
Egg-laying hens (layers):	100,000 or more egg-laying hens

"All Livestock" Calculation

Food & Water Watch compared the total number of livestock across different animal types — comparing chickens to cattle and hogs — by using the USDA definition of a "livestock unit," which measure different kinds of livestock animals on the same scale based on their weight. A livestock unit is a comparison of 1,000 pounds of live weight based on the type of animal. One beef cattle is the equivalent of approximately two thirds of a dairy cow, eight hogs or four hundred chickens.[270] The average livestock units per farm were calculated by dividing the total livestock units by the number of livestock operations. (This may slightly underestimate the size of livestock operations because some farms may raise more than one type of livestock, although it has become significantly less common for farms to have diversified livestock production.) Because the USDA did not report beef cattle on feed prior to 2002 (see below), the "all livestock" measurement covers only 2002 and 2007.

Livestock Density

The map displays the number of livestock on the largest operations in every county, by type of livestock, which is displayed on the density color scheme. The map displays five levels of livestock density, which reflect the 2007 distribution of the number of livestock by type and by county broken into four equal parts (quartiles). These levels are applied to the prior years, which show how livestock operations grew in size over the studied decade. See chart below.

Density	Map Color	All Livestock (Animal Units)	Dairy Cows	Beef Cattle on Feed	Hogs	Broiler Chickens Sold	Egg-Laying Hens
Extreme	Dark Red	More than 13,200	More than 4,200	More than 17,400	More than 48,500	More than 2.75 million	More than 1.25 million
Severe	Red	5,200-13,200	2,100-4,200	7,300-17,400	19,000-48,500	1 million - 2.75 million	750,000-1.25 million
High	Orange	2,000-5,199	1,200-2,099	2,175-7,299	9,500-18,999	350,000-999,999	500,000-749,999
Moderate	Light Orange	Fewer than 2,000	Fewer than 1,200	Fewer than 2,175	Fewer than 9,500	Fewer than 350,000	Fewer than 500,000
Low	Yellow	None	None	None	None	None	None

Average Size

The average size of operations was calculated by dividing the number of livestock on the largest operations by the number of the operations. The USDA Census of Agriculture does not disclose these figures if the number of operations in any one county is very low (about one or two operations), because doing so would effectively disclose private or proprietary information about a specific farm. For counties where the number of operations is reported but the number of livestock is not disclosed, Food & Water Watch calculated an average size of the county operations based on state figures.

In most cases, Food & Water Watch calculated a residual average within each state by subtracting the reported county livestock numbers from the state livestock total numbers (for each type of animal) and dividing the remainder by the number of farms with undisclosed livestock numbers. (State livestock total - reported county livestock numbers within that state / number of operations with undisclosed livestock numbers.) This provides a close average for the livestock on operations that do not disclose the number of animals.

In a few cases, the USDA does not disclose the size of any operations in the state (if there are too few or if the few that do exist are dispersed among many counties). For states with small numbers of livestock and when operational size was not disclosed, Food & Water Watch used the threshold figure for the largest types of operations (500 for beef cattle and dairy and 1,000 for hogs) for these counties. Poultry operation sizes were not disclosed for any county, and these averages are calculated by dividing the total number of broilers or layers by the total number of farms, see below. For states that were among the top ten livestock producers in any animal type that did not disclose the size of any operations in the state, Food & Water Watch calculated a residual average based on operational size classifications by subtracting the largest possible number of livestock on smaller farms from the state total, and divided the residual figure by the number of the largest category of farms.

Slaughterhouses and Processing Plants

The map also shows the county location of the slaughter facilities and poultry processing plants for the top four beef, pork, and poultry processing companies in the United States. The top four companies and their locations were taken from industry sources (*Cattle Buyers Weekly*, the National Pork Board and *Watt PoultryUSA*).[271] The displayed location on the Factory Farm Map reflects only the county where the facilities are located; it does not reflect the exact geographic location of the facility. In counties where there is more than one slaughter or processing facility, the map display represents an even distribution of facilities. Again, this does not reflect the exact location of the plants.

Cattle on Feed

Until 2002, USDA did not separately report the number of beef cattle operations that finish cattle on feed, which distinguishes feedlots from younger cattle on cow-calf, backgrounder and stocker operations that pasture their cattle or those that are entirely grass-fed and do not spend any time on a feedlot. The inventory of "Cattle on feed," was a new item in the 2002 Census, and refers to cattle being fattened on feedlots with grain prior to slaughter. The map and analysis does not display data for 1997 for cattle on feed, and, as a consequence, cannot report total animal units for 1997 because there is no comparable information.

Broilers and Layers

The USDA's Census of Agriculture does not report the number of chickens by county but it does report state totals for broilers and layers. For broiler and layer operations, Food & Water Watch divided the total number of birds in each state by the number of operations and attributed the state average to every operation in the state. This necessarily is a less precise average than for some other livestock average size figures but it does reflect the average in that state. For broiler operations, USDA does not report the number of birds on the farm by size class; it only reports the annual sales of broiler operations by size class. The largest category of broiler operations sold at least 500,000 broiler chickens. To determine the average size of these operations, Food & Water Watch divided the total state number of broilers sold on the largest operations by 5.5 (the number of flocks of broilers sold annually by typical operations), which generates the statewide broiler inventory. The statewide broiler inventory was divided by the number of broiler operations to calculate the average broiler inventory.

Endnotes

1 The comparison for animal units only goes back to 2002, as USDA did not collect inventory data on beef cattle feedlot operations prior to that. Inventory of "Cattle on feed," was a new item in 2002, and refers to cattle being fattened on feedlots with grain prior to slaughter, not cattle that were pastured only. *See* USDA Census of Agriculture 2002, Appendix A at A-8 and USDA Census of Agriculture 2007, Appendix B at B-5.

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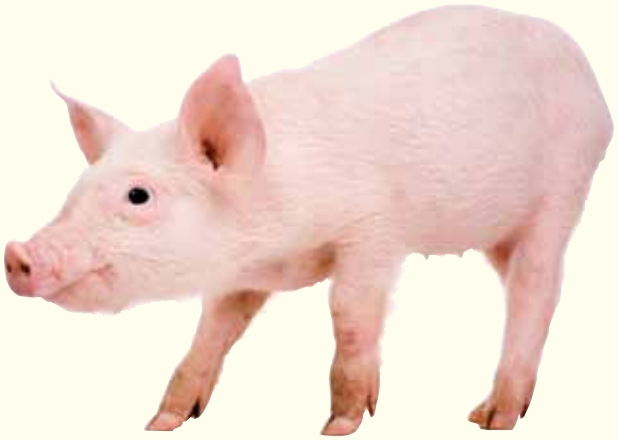

Food & Water Watch
Main office:
1616 P St. NW, Suite 300
Washington, DC 20036
tel: (202) 683-2500
fax: (202) 683-2501
info@fwwatch.org

California office:
25 Stillman Street, Suite 200
San Francisco, CA 94107
tel: (415) 293-9900
fax: (415) 293-8394
info-ca@fwwatch.org

www.foodandwaterwatch.org

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ENVIRONMENTAL HEALTH

Understanding Concentrated Animal Feeding Operations and Their Impact on Communities

N A L B O H
National Association of Local Boards of Health

Understanding Concentrated Animal Feeding Operations and Their Impact on Communities

Author
Carrie Hribar, MA
Project Coordinator – Education and Training
National Association of Local Boards of Health

Editor
Mark Schultz, MEd
Grants Administrator/Technical Writer
National Association of Local Boards of Health

©2010 National Association of Local Boards of Health
1840 East Gypsy Lane Road
Bowling Green, Ohio 43402
www.nalboh.org

Foreword

The National Association of Local Boards of Health (NALBOH) is pleased to provide *Understanding Concentrated Animal Feeding Operations and Their Impact on Communities* to assist local boards of health who have concerns about concentrated animal feeding operations (CAFOs) or large industrial animal farms in their communities. The Environmental Health Services Branch of the Centers for Disease Control and Prevention (CDC), National Center for Environmental Health (NCEH) encouraged the development of this product and provided technical oversight and financial support. This publication was supported by Cooperative Agreement Number 5U38HM000512. Its contents are solely the responsibility of the authors and do not necessarily represent the official views of the CDC.

The mission of NALBOH is to strengthen boards of health, enabling them to promote and protect the health of their communities, through education, technical assistance, and advocacy. Boards of health are responsible for fulfilling three public health core functions: assessment, policy development, and assurance. For a health agency, this includes overseeing and ensuring that there are sufficient resources, effective policies and procedures, partnerships with other organizations and agencies, and regular evaluation of an agency's services.

NALBOH is confident that *Understanding Concentrated Animal Feeding Operations and Their Impact on Communities* will help local board of health members understand their role in developing ways to mitigate potential problems associated with CAFOs. We trust that the information provided in this guide will enable board of health members to develop and sustain monitoring programs, investigate developing policy related to CAFOs, and create partnerships with other local and state agencies and officials to improve the health and well-being of communities everywhere.

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Introduction

Livestock farming has undergone a significant transformation in the past few decades. Production has shifted from smaller, family-owned farms to large farms that often have corporate contracts. Most meat and dairy products now are produced on large farms with single species buildings or open-air pens (MacDonald & McBride, 2009). Modern farms have also become much more efficient. Since 1960, milk production has doubled, meat production has tripled, and egg production has quadrupled (Pew Commission on Industrial Animal Farm Production, 2009). Improvements to animal breeding, mechanical innovations, and the introduction of specially formulated feeds and animal pharmaceuticals have all increased the efficiency and productivity of animal agriculture. It also takes much less time to raise a fully grown animal. For example, in 1920, a chicken took approximately 16 weeks to reach 2.2 lbs., whereas now they can reach 5 lbs. in 7 weeks (Pew, 2009).

New technologies have allowed farmers to reduce costs, which mean bigger profits on less land and capital. The current agricultural system rewards larger farms with lower costs, which results in greater profit and more incentive to increase farm size.

AFO vs. CAFO

A CAFO is a specific type of large-scale industrial agricultural facility that raises animals, usually at high-density, for the consumption of meat, eggs, or milk. To be considered a CAFO, a farm must first be categorized as an animal feeding operation (AFO). An AFO is a lot or facility where animals are kept confined and fed or maintained for 45 or more days per year, and crops, vegetation, or forage growth are not sustained over a normal growing period (Environmental Protection Agency [EPA], 2009). CAFOs are classified by the type and number of animals they contain, and the way they discharge waste into the water supply. CAFOs are AFOs that contain at least a certain number of animals, or have a number of animals that fall within a range and have waste materials that come into contact with the water supply. This contact can either be through a pipe that carries manure or wastewater to surface water, or by animal contact with surface water that runs through their confined area. (See Appendix A)

History

AFOs were first identified as potential pollutants in the 1972 Clean Water Act. Section 502 identified "feedlots" as "point sources" for pollution along with other industries, such as fertilizer manufacturing. Consequently, a permit program entitled the National Pollutant Discharge Elimination System (NPDES) was created which set effluent limitation guidelines and standards (ELGs) for CAFOs. CAFOs have since been regulated by NPDES or a state equivalent since the mid-1970s. The definitions of what was considered an AFO or CAFO were created by the EPA for the NPDES process in 1976. These regulations remained in effect for more than 25 years, but increases and changes to farm size and production methods required an update to the permit system.

The regulations guiding CAFO permits and operations were revised in 2003. New inclusions in the 2003 regulations were that all CAFOs had to apply for a NPDES permit even if they only discharged in the event of a large storm. Large poultry operations were included in the regulations, regardless of their waste disposal system, and all CAFOs that held a NPDES permit were required to develop and implement a nutrient management plan. These plans had CAFOs identify ways to treat or process waste in a way that maintained nutrient levels at the appropriate amount.

The 2003 CAFO rule was subsequently challenged in court. A Second Circuit Court of Appeals decision required alteration to the CAFO permitting system. In *Water Keeper et al. vs. the EPA*, the court directed the EPA to remove the requirement for all CAFOs to apply for NPDES. Instead, the court required that nutrient management plans be submitted with the permit application, reviewed by officials and the public, and the terms of the plan be incorporated into the permit.

As a result of this court decision, the CAFO rule was again updated. The current final CAFO rule, which was revised in 2008, requires that only CAFOs which discharge or propose to discharge waste apply for permits. The EPA has also provided clarification in the discussion surrounding the rule on how CAFOs should assess whether they discharge or propose to discharge. There is also the opportunity to receive a no discharge certification for CAFOs that do not discharge or propose to discharge. This certification demonstrates that the CAFO is not required to acquire a permit. And while CAFOs were required to create nutrient management plans under the 2003 rule, these plans were now included with permit applications, and had a built-in time period for public review and comment.

Benefits of CAFOs

When properly managed, located, and monitored, CAFOs can provide a low-cost source of meat, milk, and eggs, due to efficient feeding and housing of animals, increased facility size, and animal specialization. When CAFOs are proposed in a local area, it is usually argued that they will enhance the local economy and increase employment. The effects of using local materials, feed, and livestock are argued to ripple throughout the economy, and increased tax expenditures will lead to increase funds for schools and infrastructure.

Environmental Health Effects

The most pressing public health issue associated with CAFOs stems from the amount of manure they produce. CAFO manure contains a variety of potential contaminants. It can contain plant nutrients such as nitrogen and phosphorus, pathogens such as *E. coli*, growth hormones, antibiotics, chemicals used as additives to the manure or to clean equipment, animal blood, silage leachate from corn feed, or copper sulfate used in footbaths for cows.

Depending on the type and number of animals in the farm, manure production can range between 2,800 tons and 1.6 million tons a year (Government Accountability Office [GAO], 2008). Large farms can produce more waste than some U.S. cities—a feeding operation with 800,000 pigs could produce over 1.6 million tons of waste a year. That amount is one and a half times more than the annual sanitary waste produced by the city of Philadelphia, Pennsylvania (GAO, 2008). Annually, it is estimated that livestock animals in the U.S. produce each year somewhere between 3 and 20 times more manure than people in the U.S. produce, or as much as 1.2–1.37 billion tons of waste (EPA, 2005). Though sewage treatment plants are required for human waste, no such treatment facility exists for livestock waste.

While manure is valuable to the farming industry, in quantities this large it becomes problematic. Many farms no longer grow their own feed, so they cannot use all the manure they produce as fertilizer. CAFOs must find a way to manage the amount of manure produced by their animals. Ground application of untreated manure is one of the most common disposal methods due to its low cost. It has limitations, however, such as the inability to apply manure while the ground is frozen. There are also limits as to how many nutrients from manure a land area can handle. Over application of livestock wastes can overload

soil with macronutrients like nitrogen and phosphorous and micronutrients that have been added to animal feed like heavy metals (Burkholder et al., 2007). Other manure management strategies include pumping liquefied manure onto spray fields, trucking it off-site, or storing it until it can be used or treated. Manure can be stored in deep pits under the buildings that hold animals, in clay or concrete pits, treatment lagoons, or holding ponds.

Animal feeding operations are developing in close proximity in some states, and fields where manure is applied have become clustered. When manure is applied too frequently or in too large a quantity to an area, nutrients overwhelm the absorptive capacity of the soil, and either run off or are leached into the groundwater. Storage units can break or become faulty, or rainwater can cause holding lagoons to overflow. While CAFOs are required to have permits that limit the levels of manure discharge, handling the large amounts of manure inevitably causes accidental releases which have the ability to potentially impact humans.

The increased clustering and growth of CAFOs has led to growing environmental problems in many communities. The excess production of manure and problems with storage or manure management can affect ground and surface water quality. Emissions from degrading manure and livestock digestive processes produce air pollutants that often affect ambient air quality in communities surrounding CAFOs. CAFOs can also be the source of greenhouse gases, which contribute to global climate change.

All of the environmental problems with CAFOs have direct impact on human health and welfare for communities that contain large industrial farms. As the following sections demonstrate, human health can suffer because of contaminated air and degraded water quality, or from diseases spread from farms. Quality of life can suffer because of odors or insect vectors surrounding farms, and property values can drop, affecting the financial stability of a community. One study found that 82.8% of those living near and 89.5% of those living far from CAFOs believed that their property values decreased, and 92.2% of those living near and 78.9% of those living far from CAFOs believed the odor from manure was a problem. The study found that real estate values had not dropped and odor infestations were not validated by local governmental staff in the areas. However, the concerns show that CAFOs remain contentious in communities (Schmalzried and Fallon, 2007). CAFOs are an excellent example of how environmental problems can directly impact human and community well-being.

Groundwater

Groundwater can be contaminated by CAFOs through runoff from land application of manure, leaching from manure that has been improperly spread on land, or through leaks or breaks in storage or containment units. The EPA's 2000 National Water Quality Inventory found that 29 states specifically identified animal feeding operations, not just concentrated animal feeding operations, as contributing to water quality impairment (Congressional Research Service, 2008). A study of private water wells in Idaho detected levels of veterinary antibiotics, as well as elevated levels of nitrates (Batt, Snow, & Alga, 2006). Groundwater is a major source of drinking water in the United States. The EPA estimates that 53% of the population relies on groundwater for drinking water, often at much higher rates in rural areas (EPA, 2004). Unlike surface water, groundwater contamination sources are more difficult to monitor. The extent and source of contamination are often harder to pinpoint in groundwater than surface water contamination. Regular testing of household water wells for total and fecal coliform bacteria is a crucial element in monitoring groundwater quality, and can be the first step in discovering contamination issues related to CAFO discharge. Groundwater contamination can also affect surface water (Spellman &

Whiting, 2007). Contaminated groundwater can move laterally and eventually enter surface water, such as rivers or streams.

When groundwater is contaminated by pathogenic organisms, a serious threat to drinking water can occur. Pathogens survive longer in groundwater than surface water due to lower temperatures and protection from the sun. Even if the contamination appears to be a single episode, viruses could become attached to sediment near groundwater and continue to leach slowly into groundwater. One pollution event by a CAFO could become a lingering source of viral contamination for groundwater (EPA, 2005).

Groundwater can still be at risk for contamination after a CAFO has closed and its lagoons are empty. When given increased air exposure, ammonia in soil transforms into nitrates. Nitrates are highly mobile in soil, and will reach groundwater quicker than ammonia. It can be dangerous to ignore contaminated soil. The amount of pollution found in groundwater after contamination depends on the proximity of the aquifer to the CAFO, the size of the CAFO, whether storage units or pits are lined, the type of subsoil, and the depth of the groundwater.

If a CAFO has contaminated a water system, community members should be concerned about nitrates and nitrate poisoning. Elevated nitrates in drinking water can be especially harmful to infants, leading to blue baby syndrome and possible death. Nitrates oxidize iron in hemoglobin in red blood cells to methemoglobin. Most people convert methemoglobin back to hemoglobin fairly quickly, but infants do not convert back as fast. This hinders the ability of the infant's blood to carry oxygen, leading to a blue or purple appearance in affected infants. However, infants are not the only ones who can be affected by excess nitrates in water. Low blood oxygen in adults can lead to birth defects, miscarriages, and poor general health. Nitrates have also been speculated to be linked to higher rates of stomach and esophageal cancer (Bowman, Mueller, & Smith, 2000). In general, private water wells are at higher risk of nitrate contamination than public water supplies.

Surface Water

The agriculture sector, including CAFOs, is the leading contributor of pollutants to lakes, rivers, and reservoirs. It has been found that states with high concentrations of CAFOs experience on average 20 to 30 serious water quality problems per year as a result of manure management problems (EPA, 2001). This pollution can be caused by surface discharges or other types of discharges. Surface discharges can be caused by heavy storms or floods that cause storage lagoons to overfill, running off into nearby bodies of water. Pollutants can also travel over land or through surface drainage systems to nearby bodies of water, be discharged through manmade ditches or flushing systems found in CAFOs, or come into contact with surface water that passes directly through the farming area. Soil erosion can contribute to water pollution, as some pollutants can bond to eroded soil and travel to watersheds (EPA, 2001). Other types of discharges occur when pollutants travel to surface water through other mediums, such as groundwater or air.

Contamination in surface water can cause nitrates and other nutrients to build up. Ammonia is often found in surface waters surrounding CAFOs. Ammonia causes oxygen depletion from water, which itself can kill aquatic life. Ammonia also converts into nitrates, which can cause nutrient overloads in surface waters (EPA, 1998). Excessive nutrient concentrations, such as nitrogen or phosphorus, can lead to eutrophication and make water inhabitable to fish or indigenous aquatic life (Sierra Club Michigan Chapter, n.d.). Nutrient over-enrichment causes algal blooms, or a rapid increase of algae growth in an aquatic environment (Science Daily, n.d.). Algal blooms can cause a spiral of environmental problems to an aquatic system. Large groups of algae can block sunlight from underwater plant life, which are

habitats for much aquatic life. When algae growth increases in surface water, it can also dominate other resources and cause plants to die. The dead plants provide fuel for bacteria to grow and increased bacteria use more of the water's oxygen supply. Oxygen depletion once again causes indigenous aquatic life to die. Some algal blooms can contain toxic algae and other microorganisms, including *Pfiesteria*, which has caused large fish kills in North Carolina, Maryland, and the Chesapeake Bay area (Spellman & Whiting, 2007). Eutrophication can cause serious problems in surface waters and disrupt the ecological balance.

Water tests have also uncovered hormones in surface waters around CAFOs (Burkholder et al., 2007). Studies show that these hormones alter the reproductive habits of aquatic species living in these waters, including a significant decrease in the fertility of female fish. CAFO runoff can also lead to the presence of fecal bacteria or pathogens in surface water. One study showed that protozoa such as *Cryptosporidium parvum* and *Giardia* were found in over 80% of surface water sites tested (Spellman & Whiting, 2007). Fecal bacteria pollution in water from manure land application is also responsible for many beach closures and shellfish restrictions.

Air Quality

In addition to polluting ground and surface water, CAFOs also contribute to the reduction of air quality in areas surrounding industrial farms. Animal feeding operations produce several types of air emissions, including gaseous and particulate substances, and CAFOs produce even more emissions due to their size. The primary cause of gaseous emissions is the decomposition of animal manure, while particulate substances are caused by the movement of animals. The type, amount, and rate of emissions created depends on what state the manure is in (solid, slurry, or liquid), and how it is treated or contained after it is excreted. Sometimes manure is "stabilized" in anaerobic lagoons, which reduces volatile solids and controls odor before land application.

The most typical pollutants found in air surrounding CAFOs are ammonia, hydrogen sulfide, methane, and particulate matter, all of which have varying human health risks. Table 1 on page 6 provides information on these pollutants.

Most manure produced by CAFOs is applied to land eventually and this land application can result in air emissions (Merkel, 2002). The primary cause of emission through land application is the volatilization of ammonia when the manure is applied to land. However, nitrous oxide is also created when nitrogen that has been applied to land undergoes nitrification and denitrification. Emissions caused by land application occur in two phases: one immediately following land application and one that occurs later and over a longer period as substances in the soil break down. Land application is not the only way CAFOs can emit harmful air emissions—ventilation systems in CAFO buildings can also release dangerous contaminants. A study by Iowa State University, which was a result of a lawsuit settlement between the Sierra Club and Tyson Chicken, found that two chicken houses in western Kentucky emitted over 10 tons of ammonia in the year they were monitored (Burns et al., 2007).

Most studies that examine the health effects of CAFO air emissions focus on farm workers, however some have studied the effect on area schools and children. While all community members are at risk from lowered air quality, children take in 20-50% more air than adults, making them more susceptible to lung disease and health effects (Kleinman, 2000). Researchers in North Carolina found that the closer children live to a CAFO, the greater the risk of asthma symptoms (Barrett, 2006). Of the 226 schools that were included in the study, 26% stated that there were noticeable odors from CAFOs outdoors, while 8% stated

Table 1 Typical pollutants found in air surrounding CAFOs.

CAFO Emissions	Source	Traits	Health Risks
Ammonia	Formed when microbes decompose undigested organic nitrogen compounds in manure	Colorless, sharp pungent odor	Respiratory irritant, chemical burns to the respiratory tract, skin, and eyes, severe cough, chronic lung disease
Hydrogen Sulfide	Anaerobic bacterial decomposition of protein and other sulfur containing organic matter	Odor of rotten eggs	Inflammation of the moist membranes of eye and respiratory tract, olfactory neuron loss, death
Methane	Microbial degradation of organic matter under anaerobic conditions	Colorless, odorless, highly flammable	No health risks. Is a greenhouse gas and contributes to climate change.
Particulate Matter	Feed, bedding materials, dry manure, unpaved soil surfaces, animal dander, poultry feathers	Comprised of fecal matter, feed materials, pollen, bacteria, fungi, skin cells, silicates	Chronic bronchitis, chronic respiratory symptoms, declines in lung function, organic dust toxic syndrome

they experience odors from CAFOs inside the schools. Schools that were closer to CAFOs were often attended by students of lower socioeconomic status (Mirabelli, Wing, Marshall, & Wilcosky, 2006).

There is consistent evidence suggesting that factory farms increase asthma in neighboring communities, as indicated by children having higher rates of asthma (Sigurdarson & Kline, 2006; Mirabelli et al., 2006). CAFOs emit particulate matter and suspended dust, which is linked to asthma and bronchitis. Smaller particles can actually be absorbed by the body and can have systemic effects, including cardiac arrest. If people are exposed to particulate matter over a long time, it can lead to decreased lung function (Michigan Department of Environmental Quality [MDEQ] Toxics Steering Group [TSG], 2006). CAFOs also emit ammonia, which is rapidly absorbed by the upper airways in the body. This can cause severe coughing and mucous build-up, and if severe enough, scarring of the airways. Particulate matter may lead to more severe health consequences for those exposed by their occupation. Farm workers can develop acute and chronic bronchitis, chronic obstructive airways disease, and interstitial lung disease. Repeated exposure to CAFO emissions can increase the likelihood of respiratory diseases. Occupational asthma, acute and chronic bronchitis, and organic dust toxic syndrome can be as high as 30% in factory farm workers

(Horrigan, Lawrence, & Walker, 2002). Other health effects of CAFO air emissions can be headaches, respiratory problems, eye irritation, nausea, weakness, and chest tightness.

There is evidence that CAFOs affect the ambient air quality of a community. There are three laws that potentially govern CAFO air emissions—the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA, also known as the Superfund Act), the Emergency Planning & Community Right to Know Act (EPCRA), and the Clean Air Act (CAA). However, the EPA passed a rule that exempts all CAFOs from reporting emissions under CERCLA. Only CAFOs that are classified as large are required to report any emission event of 100 pounds of ammonia or hydrogen sulfide or more during a 24-hour period locally or to the state under EPCRA (Michigan State University Extension, n.d.). The EPA has also instituted a voluntary Air Quality Compliance Agreement in which they will monitor some CAFO air emissions, and will not sue offenders but instead charge a small civil penalty. These changes have attracted criticism from environmental and community leaders who state that the EPA has yielded to influence from the livestock industry. The changes also leave ambiguity as to whether emission standards and air quality near CAFOs are being monitored.

Greenhouse Gas and Climate Change

Aside from the possibility of lowering air quality in the areas around them, CAFOs also emit greenhouse gases, and therefore contribute to climate change. Globally, livestock operations are responsible for approximately 18% of greenhouse gas production and over 7% of U.S. greenhouse gas emissions (Massey & Ulmer, 2008). While carbon dioxide is often considered the primary greenhouse gas of concern, manure emits methane and nitrous oxide which are 23 and 300 times more potent as greenhouse gases than carbon dioxide, respectively. The EPA attributes manure management as the fourth leading source of nitrous oxide emissions and the fifth leading source of methane emissions (EPA, 2009).

The type of manure storage system used contributes to the production of greenhouse gases. Many CAFOs store their excess manure in lagoons or pits, where they break down anaerobically (in the absence of oxygen), which exacerbates methane production. Manure that is applied to land or soil has more exposure to oxygen and therefore does not produce as much methane. Ruminant livestock, such as cows, sheep, or goats, also contribute to methane production through their digestive processes. These livestock have a special stomach called a rumen that allows them to digest tough grains or plants that would otherwise be unusable. It is during this process, called enteric fermentation, that methane is produced. The U.S. cattle industry is one of the primary methane producers. Livestock production and meat and dairy consumption has been increasing in the United States, so it can only be assumed that these greenhouse gas emissions will also rise and continue to contribute to climate change.

Odors

One of the most common complaints associated with CAFOs are the odors produced. The odors that CAFOs emit are a complex mixture of ammonia, hydrogen sulfide, and carbon dioxide, as well as volatile and semi-volatile organic compounds (Heederik et al., 2007). These odors are worse than smells formerly associated with smaller livestock farms. The anaerobic reaction that occurs when manure is stored in pits or lagoons for long amounts of time is the primary cause of the smells. Odors from waste are carried away from farm areas on dust and other air particles. Depending on things like weather conditions and farming techniques, CAFO odors can be smelled from as much as 5 or 6 miles away, although 3 miles is a more common distance (State Environmental Resource Center, 2004).

Because CAFOs typically produce malodors, many communities want to monitor emissions and odors. Quantifying odor from industrial farming can be challenging because it is a mixture of free and particle-bound compounds, which can make it hard to identify what specifically is causing the odor. Collecting data on specific gases, such as hydrogen sulfide, can be used as a proxy for odor levels.

CAFO odors can cause severe lifestyle changes for individuals in the surrounding communities and can alter many daily activities. When odors are severe, people may choose to keep their windows closed, even in high temperatures when there is no air conditioning. People also may choose to not let their children play outside and may even keep them home from school. Mental health deterioration and an increased sensitization to smells can also result from living in close proximity to odors from CAFOs. Odor can cause negative mood states, such as tension, depression, or anger, and possibly neurophysciatric abnormalities, such as impaired balance or memory. People who live close to factory farms can develop CAFO-related post traumatic stress disorder, including anxiety about declining quality of life (Donham et al., 2007).

Ten states use direct regulations to control odors emitted by CAFOs. They prohibit odor emissions greater than a set standard. States with direct regulations use scentometers, which measure how many times an odor has to be doused with clean air before the smell is undetectable. An additional 34 states have indirect methods to reduce CAFO odors. These include: setbacks, which specify how far CAFO structures have to be from other buildings; permits, which are the most typical way of regulating CAFOs; public comment or involvement periods; and operator or manure placement training.

Insect Vectors

CAFOs and their waste can be breeding grounds for insect vectors. Houseflies, stable flies, and mosquitoes are the most common insects associated with CAFOs. Houseflies breed in manure, while stable and other flies breed in decaying organic material, such as livestock bedding. Mosquitoes breed in standing water, and water on the edges of manure lagoons can cause mosquito infestations to rise. Flies can change from eggs to adults in only 10 days, which means that substances in which flies breed need to be cleaned up regularly.

Flies are typically considered only nuisances, although insects can agitate livestock and decrease animal health. The John Hopkins Bloomberg School of Public Health found evidence that houseflies near poultry operations may contribute to the dispersion of drug-resistant bacteria (Center for Livable Future, 2009). Since flies are attracted to and eat human food, there is a potential for spreading bacteria or pathogens to humans, including microbes that can cause dysentery and diarrhea (Bowman et al., 2000). Mosquitoes spread zoonotic diseases, such as West Nile virus, St. Louis encephalitis, and equine encephalitis.

Residences closest to the feeding operations experience a much higher fly population than average homes. To lower the rates of insects and any accompanying disease threats, standing water should we cleaned or emptied weekly, and manure or decaying organic matter should be removed twice weekly (Purdue Extension, 2007). For more specific insect vector information, please refer to NALBOH's vector guide (*Vector Control Strategies for Local Boards of Health*).

Pathogens

Pathogens are parasites, bacterium, or viruses that are capable of causing disease or infection in animals or humans. The major source of pathogens from CAFOs is in animal manure. There are over 150 pathogens in manure that could impact human health. Many of these pathogens are concerning because

they can cause severe diarrhea. Healthy people who are exposed to pathogens can generally recover quickly, but those who have weakened immune systems are at increased risk for severe illness or death. Those at higher risk include infants or young children, pregnant women, the elderly, and those who are immunosuppressed, HIV positive, or have had chemotherapy. This risk group now roughly compromises 20% of the U.S. population.

Table 2 Select pathogens found in animal manure.

Pathogen	Disease	Symptoms
Bacillus anthracis	Anthrax	Skin sores, headache, fever, chills, nausea, vomiting
Escherichia coli	Colibacilosis, Coliform mastitis-metris	Diarrhea, abdominal gas
Leptospira pomona	Leptospirosis	Abdominal pain, muscle pain, vomiting, fever
Listeria monocytogenes	Listerosis	Fever, fatigue, nausea, vomiting, diarrhea
Salmonella species	Salmonellosis	Abdominal pain, diarrhea, nausea, chills, fever, headache
Clostirdum tetani	Tetanus	Violent muscle spasms, lockjaw, difficulty breathing
Histoplasma capsulatum	Histoplasmosis	Fever, chills, muscle ache, cough rash, joint pain and stiffness
Microsporum and *Trichophyton*	Ringworm	Itching, rash
Giardia lamblia	Giardiasis	Diarrhea, abdominal pain, abdominal gas, nausea, vomiting, fever
Cryptosporidium species	Cryptosporidosis	Diarrhea, dehydration, weakness, abdominal cramping

Sources of infection from pathogens include fecal-oral transmission, inhalation, drinking water, or incidental water consumption during recreational water activities. The potential for transfer of pathogens among animals is higher in confinement, as there are more animals in a smaller amount of space. Healthy or asymptomatic animals may carry microbial agents that can infect humans, who can then spread that infection throughout a community, before the infection is discovered among animals.

When water is contaminated by pathogens, it can lead to widespread outbreaks of illness. Salmonellosis, cryptosporidiosis, and giardiasis can cause nausea, vomiting, fever, diarrhea, muscle pain, and death, among other symptoms. *E.coli* is another serious pathogen, and can be life-threatening for the young, elderly, and immunocompromised. It can cause bloody diarrhea and kidney failure. Since many CAFO use sub-therapeutic antibiotics with their animals, there is also the possibility that disease-resistant bacteria can emerge in areas surrounding CAFOs. Bacteria that cannot be treated by antibiotics can have very serious effects on human health, potentially even causing death (Pew Charitable Trusts, n.d.).

There is also the possibility of novel (or new) viruses developing. These viruses generate through mutation or recombinant events that can result in more efficient human-to-human transmission. There has been some speculation that the novel H1N1 virus outbreak in 2009 originated in swine CAFOs in Mexico. However, that claim has never been substantiated. CAFOs are not required to test for novel viruses, since they are not on the list of mandatory reportable illness to the World Organization for Animal Health.

Antibiotics

Antibiotics are commonly administered in animal feed in the United States. Antibiotics are included at low levels in animal feed to reduce the chance for infection and to eliminate the need for animals to expend energy fighting off bacteria, with the assumption that saved energy will be translated into growth. The main purposes of using non-therapeutic doses of antimicrobials in animal feed is so that animals will grow faster, produce more meat, and avoid illnesses. Supporters of antibiotic use say that it allows animals to digest their food more efficiently, get the most benefit from it, and grow into strong and healthy animals.

The trend of using antibiotics in feed has increased with the greater numbers of animals held in confinement. The more animals that are kept in close quarters, the more likely it is that infection or bacteria can spread among the animals. Seventy percent of all antibiotics and related drugs used in the U.S. each year are given to beef cattle, hogs, and chickens as feed additives. Nearly half of the antibiotics used are nearly identical to ones given to humans (Kaufman, 2000).

There is strong evidence that the use of antibiotics in animal feed is contributing to an increase in antibiotic-resistant microbes and causing antibiotics to be less effective for humans (Kaufman, 2000). Resistant strains of pathogenic bacteria in animals, which can be transferred to humans thought the handling or eating of meat, have increased recently. This is a serious threat to human health because fewer options exist to help people overcome disease when infected with antibiotic-resistant pathogens. The antibiotics often are not fully metabolized by animals, and can be present in their manure. If manure pollutes a water supply, antibiotics can also leech into groundwater or surface water.

Because of this concern for human health, there is a growing movement to eliminate the non-therapeutic use of antibiotics with animals. In 2001, the American Medical Association approved a resolution to ban all low-level use of antibiotics. The USDA has developed guidelines to limit low-level use, and some major meat buyers (such as McDonald's) have stopped using meat that was given antibiotics that are also used for humans. The World Health Organization is also widely opposed to the use of antibiotics, calling for a cease of their low-level use in 2003. Some U.S. legislators are seeking to ban the routine use of antibiotics with livestock, and there has been legislation proposed to solidify a ban. The Preservation of Antibiotics for Medical Treatment Act (PAMTA), which was introduced in 2009, has the support of over 350 health,

consumer, and environmental groups (H.R. 1549/S. 619). The act, if passed, would ban seven classes of antibiotics important to human health from being used in animals, and would restrict other antibiotics to therapeutic and some preventive uses.

Other Effects – Property Values

Most landowners fear that when CAFOs move into their community their property values will drop significantly. There is evidence that CAFOs do affect property values. The reasons for this are many: the fear of loss of amenities, the risk of air or water pollution, and the increased possibility of nuisances related to odors or insects. CAFOs are typically viewed as a negative externality that can't be solved or cured. There may be stigma that is attached to living by a CAFO.

The most certain fact regarding CAFOs and property values are that the closer a property is to a CAFO, the more likely it will be that the value of the property will drop. The exact impact of CAFOs fluctuates depending on location and local specifics. Studies have found differing results of rates of property value decrease. One study shows that property value declines can range from a decrease of 6.6% within a 3-mile radius of a CAFO to an 88% decrease within 1/10 of a mile from a CAFO (Dakota Rural Action, 2006). Another study found that property value decreases are negligible beyond 2 miles away from a CAFO (Purdue Extension, 2008). A third study found that negative effects are largest for properties that are downwind and closest to livestock (Herriges, Secchi, & Babcock, 2005). The size and type of the feeding operation can affect property value as well. Decreases in property values can also cause property tax rates to drop, which can place stress on local government budgets.

Considerations for Boards of Health

Right-to-Farm Laws

With all of the potential environmental and public health effects from CAFOs, community members and health officials often resort to taking legal action against these industrial animal farms. However, there are some protections for farms in place that can make lawsuits hard to navigate. Right-to-farm laws were created to address conflicts between farmers and non-farming neighbors. They seek to override common laws of nuisance, which forbid people to use their property in ways that are harmful to others, and protect farmers from unreasonable controls on farming.

All 50 states have some form of right-to-farm laws, but most only offer legal protections to farms if they meet certain specifications. Generally, they must be in compliance with all environmental regulations, be properly run, and be present in a region first before suburban developments, often a year before the plaintiff moves to that area. These right-to-farm laws were originally created in the late 1970s and early 1980s to protect family farms from suburban sprawl, at a time when large industrial farms were not the norm. As industrial farms grew in size and number, the agribusiness industry lobbied for and achieved the passage of stricter laws in the 1990s, many of which are now being challenged in court by homeowners and small family farmers. Opponents to these laws argue that they deprive them of their use of property and therefore violate the Fifth Amendment to the Constitution.

Some state courts have overturned their strict right-to-farm laws, such as Iowa, Michigan, Minnesota, and Kansas. Others such as Vermont have rewritten their laws. Vermont's updated right-to-farm bill

protects established farm practices as long as there is not a substantial adverse effect on health, safety, or welfare.

Boards of health need to be aware of what legal protection their state offers farms. Right-to-farm laws can hinder nuisance complaints brought about by community members. State laws can prevent local government or health officials from regulating industrial farms.

Board of Health Involvement with CAFOs

Boards of health are responsible for fulfilling the three public health core functions: assessment, policy development, and assurance. Boards of health can fulfill these functions through addressing problems stemming from CAFOs in their communities. Specific public health services that can tackled regarding CAFOs include monitoring health status, investigating health problems, developing policies, enforcing regulations, informing and educating people about CAFOs, and mobilizing community partnerships to spread awareness about environmental health issues related to CAFOs.

Assessment: Board of health members should ensure that there is an effective method in place for collecting and tracking public complaints about CAFOs and large animal farms. Since environmental health specialists at local health departments are often responsible for investigating complaints, the board of health must take measures to ensure that they are properly trained and educated about CAFOs. It is possible that the board of health may be responsible or choose to do some investigations itself. Schmalzried and Fallon (2008) advocate that local health districts adopt a proactive approach for addressing public concerns about CAFOs, stating that health districts can offer some services that may help ease public frustration with CAFOs. A fly trapping program can establish a baseline for the average number of flies present prior to the start-up of CAFOs or large animal farms, which can then establish if a fly nuisance exists in the area. Testing for water quality and quantity can provide evidence if CAFOs are suspected of affecting private water supplies. Boards of health can also monitor exposure incidences that occur in emergency rooms to determine if migrant or farm workers are developing any adverse health conditions as a result of their work environments. Establishing these programs benefit both members of the community and provide information to future animal farm operators, and local boards of health should recommend them if they've been receiving complaints about CAFOs.

Policy Development: Boards of health in many states can adopt health-based regulations about CAFOs, however, they may be met with some resistance. Humbolt County, Iowa, adopted four health-based ordinances concerning CAFOs that became models for regulations in other states, but the Iowa Supreme Court ruled the ordinances were irreconcilable with state laws. Boards of health that choose to regulate CAFOs can also be subject to pressure from outside forces, including possible lawsuits or withdrawal of funding. Boards of health should also consider working with other local officials to institute regulations on CAFOs, such as zoning ordinances.

Assurance: Boards of health can execute the assurance function by advocating for or educating about better environmental practices with CAFOs. Board members may receive complaints from the public about CAFOs, and boards can hold public meetings to receive complaints and hear public testimony about farms. If boards of health are not capable of regulating industrial farms in their communities, they can still try to collaborate with other local agencies that have jurisdiction. Board of health members can educate other local agencies and public officials about CAFOs and spread awareness about the environmental and health hazards. They can request a public hearing with the permitting agency of the

CAFO to express their concerns about the potential health effects. They can also work with agricultural and farm representatives to teach better environmental practices and pollution reduction techniques.

In many states, boards of health are empowered to adopt more stringent rules than the state law if it is necessary to protect public health. Board of health members should examine their state laws before they take any action regarding CAFOs to determine the most appropriate course of action. Any process should include an investigative period to gather evidence, public hearings, and a time for public review of draft policies.

Board of Health Case Studies

Tewksbury Board of Health, Massachusetts

Locals have complained about Krochmal Farms, a pig farm, for many years, but complaints have increased recently. The addition of a hog finishing facility to the farm coincided with the time that community member complaints grew. Most complaints are centered on the odor coming from the farm. The complaints were originally just logged when phone calls were received; however, the health department added a data tracking system as the number of complaints increased. After a complaint is received, the sanitarian or health director does a site visit to investigate.

The health director in Tewksbury filed an order of prohibition against the farm, which is allowed under Massachusetts law 111, section 143, for anything that threatens public health. The order of prohibition was appealed and the matter was taken to the board of health for a grievance hearing. The board of health hearing included months of testimony about the pig farm. The board of health is also doing a site assignment, which determines if a location is appropriate for treating, storing, or disposing of waste, including agricultural waste. The site assignment process includes both the Department of Environmental Protection (DEP) and the local board of health. The board of health holds a public hearing process, while the DEP reviews the site assignment application. The board of health grants the site assignment only if it is concurrently approved by the DEP.

The health director in Tewksbury points out that the only laws the board of health is able to regulate the farm under are nuisance laws. There have been efforts by the community to do a home rule petition to address the air quality and pest management complaints. The home rule petition is currently working its way through the Massachusetts state house. The status of the petition is unknown.

The board of health has tried to work directly with the pig farm to manage complaints. The farm contains manure composting facilities and the health district has requested advance notice to warn the community before manure is treated or applied to the soil. The farm has adopted a new manure management system. This system uses Rapp technology to control odors and reduce ammonia and hydrogen sulfide levels. However, questions still remain as to whether this addition will fully solve the odor issue. Typically, systems using Rapp technology include an oil cap that floats on manure holding pools and helps seal odors inside. These techniques have been researched and proven to reduce odors. However, the Tewksbury farm did not install the oil cap, and it is unknown whether the exclusion of the cap will hinder the technology's ability to reduce odors.

The complaints about the farm primarily concern the odor that emanates from the farm. The complaints do include mention of health side effects, including nausea and burning eyes. The health director has also heard concerns about potential environmental effects from the pig manure. Community members are

worried the manure runoff is entering and contaminating Sutton Brook, since there has been flooding in that area. There has been no confirmation of this occurring. The board of health is aware that the farm has a nutrient management plan, but they are not allowed to request and find out what is incorporated in that plan.

The Tewksbury piggery is technically not classified as a CAFO, though it is believed to be the largest pig farm in the commonwealth of Massachusetts. The area around it has become densely populated and the community members state that they just want to live peacefully with the farm. The board of health has submitted multiple grant applications to study the health effects associated with the farm. After the site assignment process is complete, the board of health will decide how it will regulate the farm. At the beginning of 2010, the board of health was still working on drafting regulations for the pig farms.

Wood County Board of Health, Ohio

Wood County, Ohio, contains two existing large dairy farms, both of which were proposed in 2001 to be expanded to over 1500 cows each. It is also the site for three other proposed dairy farms. There is a large community effort that supports restricting the operation and expansion of these farms, mainly represented by the community group Wood County Citizens Opposed to Factory Farms. The Wood County Board of Health became involved in investigating these dairy farms through this community group and other local officials. The Trustees of Liberty Township requested assistance from the Wood County Board of Health in supporting a moratorium on factory farm operations until local regulations were in effect. The trustees believed that manure runoff from the farms could contaminate local waterways, lower the ground water table, increase the presence of insect vectors, and devalue local properties.

The Wood County Health Director, in cooperation with the board of health, contacted nearby counties to determine what actions they had taken against farms in their communities. While the health director and board of health investigated action in the form of a nuisance regulation against the farms, they were advised that nuisance lawsuits filed against farms in Ohio were held to a tough standard, and they would be forced to demonstrate with scientific proof that the farms have a substantial adverse effect on health. They found that no other board of health in Ohio had opted to regulate farming operations and relied on the enforcement of existing state laws.

The board of health held a public forum to hear public opinion regarding the industrial farms. Ultimately, the Wood County Board of Health took actions other than regulations to help protect the health and environment of its community. They helped community members protect the safety of their water wells by offering free and low cost water well testing and inspections. They tested area ditch and water ways for fecal coliform bacteria, phosphorous, and nitrates to monitor the impact of farm runoff. They also purchased fly traps to monitor and count fly types to determine if the farms have caused an increase in insect vectors. Board of health members also met with state officials from the Ohio EPA in an effort to facilitate cooperation regarding the factory farms. While the Wood County Board of Health and Health Department chose not to institute any local regulations, they continue to monitor the situation and respond to community complaints.

Cerro Gordo County Board of Health, Iowa

Officials in Cerro Gordo County, Iowa, began looking into regulating animal feeding operations after the number of hog farms in Iowa started to grow. Floods in North Carolina and new regulations in Colorado meant that many hog farms began relocating to Iowa. Many citizens had concerns over the effects of

CAFOs, and the Iowa State Association of Counties wanted to review air quality issues. Officials in Cerro Gordo County originally began working on a regulation that required inspections and was based on public health concerns, since farms were already exempt from any regulations related to zoning. However, Iowa state senators soon introduced legislation that passed and prevented any animal feeding operations from being regulated from a public health angle as well.

As Iowans were now prevented from regulating animal feeding operations in terms of zoning or public health, officials in Cerro Gordo County decided to place a moratorium on the construction of new animal feeding operations in that county. They wanted to temporarily stop the growth of animal feeding operations until they could get better science about their effects. Cerro Gordo County Ordinance #40, the "Animal Confinement Moratorium Ordinance," went into effect on May 14, 2002. Since the moratorium did not address public health or zoning, officials were able to get around the rules and still have a way to temporarily control animal feeding operation growth in their county. The ordinance placed "a 1-year moratorium on any new construction, expansion, or activity occurring on land used for the production, care, feeding, or housing of animals." The ordinance also afforded "local public health officials adequate time to appropriately assess health and environmental concerns that may be related to confined animal feeding operations and concentration of animals; establish objective measurable standards of enforcement; exercise the Board of Health's responsibility to protect and improve the health of the public; refrain from impacting farm operators unfairly; and provide penalties for violations of the provisions hereof pursuant to Chapter 137, Code of Iowa" (Cerro Gordo County, 2002).

The moratorium was first adopted by the Cerro Gordo County Board of Health. It was then presented to the county board of supervisors by the health director on behalf of the board of health. Before the board of health adopted the moratorium, they held an investigative meeting in which representatives from the Iowa Farm Bureau and other industry spokespeople exchanged opinions on the issue of animal feeding operations. The moratorium was created through a collaboration between local and county officials—health department staff, the board of health, and the board of supervisors. The moratorium did not receive any help or backing from state officials, who were concerned about the political nature of the ordinance. However it did receive backing from a *Globe Gazette* editorial.

The moratorium was immediately met with resistance from state officials. The Cerro Gordo County Board of Supervisors was contacted by a local legislator, and the Iowa Farm Bureau stated they would challenge the county budget. The Iowa Farm Bureau threatened to take the county to court. There were concerns over the cost of a court trial, which was estimated to be as high as $60,000. The county attorney doubted the legality of the moratorium and ultimately recommended removing it. The moratorium was in effect until June of 2005, when it was repealed by the county board of supervisors.

Since the moratorium was repealed there have been a few hog farms built in Cerro Gordo County, but the decline in pork prices has prevented any large growth of hog farms. Health officials believe that if the county had not implemented the animal confinement moratorium, there would have been many more farms built in their county, since many hog farms were built in counties south of Cerro Gordo County. There is now a process for siting new animal confinement operations in Iowa that uses a Master Matrix scoring system. The Cerro Gordo County Board of Supervisors tracks the Master Matrix system, but so far no animal feeding operations in Iowa who have applied using this system have been denied the right to build.

Conclusion

Concentrated animal feeding operations or large industrial animal farms can cause a myriad of environmental and public health problems. While they can be maintained and operated properly, it is important to ensure that they are routinely monitored to avoid harm to the surrounding community. While states have differing abilities to regulate CAFOs, there are still actions that boards of health can and should take. These actions can be as complex as passing ordinances or regulations directed at CAFOs or can be simply increasing water and air quality testing in the areas surrounding CAFOs. Since CAFOs have such an impact locally, boards of health are an appropriate means for action. Boards of health should take an active role with CAFOs, including collaboration with other state and local agencies, to mitigate the impact that CAFOs or large industrial farms have on the public health of their communities.

Appendix A: Regulatory Definitions of Large CAFOs, Medium CAFOs, and Small CAFOs

Animal Sector	Size Thresholds (number of animals)		
	Large CAFOs	Medium CAFOs[1]	Small CAFOs[2]
Cattle or cow/calf pairs	1,000 or more	300-999	Less than 300
Mature dairy cattle	700 or more	200-699	Less than 200
Veal calves	1,000 or more	300-999	Less than 300
Swine (over 55 pounds)	2,500 or more	750-2,500	Less than 750
Swine (under 55 pounds)	10,000 or more	3,000-9,999	Less than 3,000
Horses	500 or more	150-499	Less than 150
Sheep or lambs	10,000 or more	3,000-9,999	Less than 3,000
Turkeys	55,000 or more	16,500-54,999	Less than 16,500
Laying hens or broilers[3]	30,000 or more	9,000-29,999	Less than 9,000
Chickens other than laying hens[4]	125,000 or more	37.500-124,999	Less than 37,500
Laying hens[4]	82,000 or more	25,000-81,999	Less than 25,000
Ducks[4]	30,000 or more	10,000-29,999	Less than 10,000
Ducks[3]	5,000 or more	1,500-4,999	Less than 1,500

Data: Environmental Protection Agency

1 Must also meet one of two "method of discharge" criteria to be defined as a CAFO or must be designated.

2 Never a CAFO by regulatory definition, but may be designated as a CAFO on a case-by-case basis.

3 Liquid manure handling system

4 Other than a liquid manure handling system

Appendix B: Additional Resources

American Public Health Association. *Precautionary moratorium on new concentrated animal feed operations*. http://www.apha.org/advocacy/policy/policysearch/default.htm?id=1243

Center for a Livable Future. http://www.livablefutureblog.com/

Environmental Health Sciences Research Center. *Iowa concentrated animal feeding operation air quality study*. http://www.public-health.uiowa.edu/ehsrc/CAFOstudy.htm

Environmental Protection Agency. *Animal feeding operations*. http://cfpub.epa.gov/npdes/home.cfm?program_id=7

Food and Water Watch. http://www.foodandwaterwatch.org/

Impacts of CAFOs on Rural Communities. http://web.missouri.edu/ikerdj/papers/Indiana%20--%20CAFOs%20%20Communities.htm#_ftn1

Land Stewardship Project. http://www.landstewardshipproject.org/index.html

Midwest Environmental Advocates. http://www.midwestadvocates.org/

National Agriculture Law Center. *Animal feeding operations reading room*. http://www.nationalaglawcenter.org/readingrooms/afos

National Association of Local Boards of Health. *Vector control strategies for local boards of health*. http://www.nalboh.org/publications.htm

Pew Charitable Trusts. *Human health and industrial farming*. http://www.saveantibiotics.org/index.html

Pew Commission on Industrial Animal Farm Production. http://www.ncifap.org/

Purdue Extension. *Concentrated animal feeding operations*. http://www.ansc.purdue.edu/CAFO/

State Environmental Resource Center. http://serconline.org

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The National Association of Local Boards of Health has publications available in the following public health programs:

BOARD GOVERNANCE

ENVIRONMENTAL HEALTH

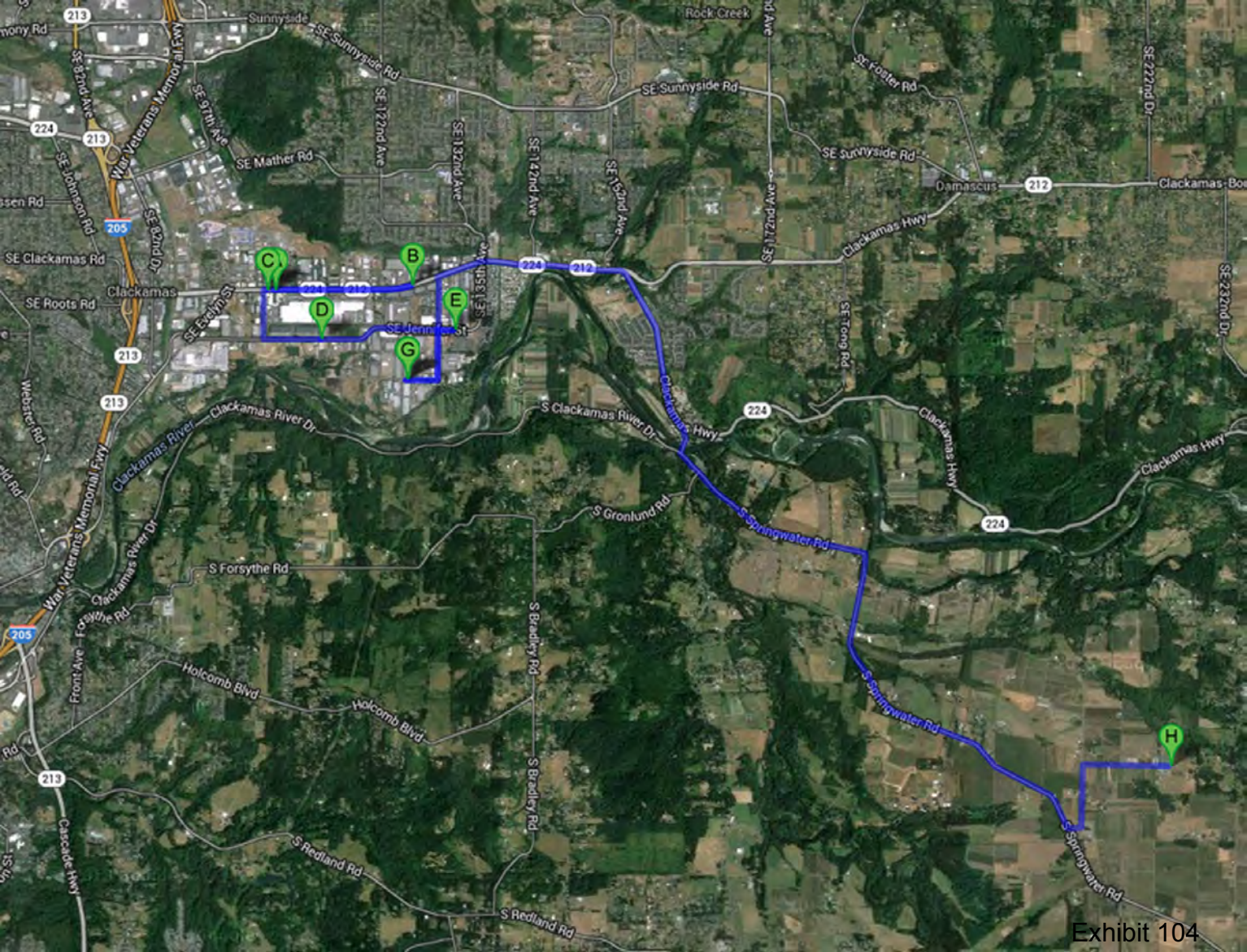
COMMUNITY HEALTH

EMERGENCY PREPAREDNESS

For a complete listing of all available NALBOH publications, please visit www.nalboh.org.

N A L B O H
National Association of Local Boards of Health

1840 East Gypsy Lane Rd., Bowling Green, OH 43402 Phone: (419) 353-7714 Fax: (419) 352-6278 www.nalboh.org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Rock Creek
SE Foster Rd
SE 222nd Dr
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SE 97th Ave
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SE 132nd Ave
SE 142nd Ave
SE 152nd Ave
SE 172nd Ave
SE 232nd Dr
SE Johnson Rd
War Veterans Memorial Fwy
SE Mather Rd
Damascus
Clackamas Hwy
SE Clackamas Rd
Clackamas
SE Roots Rd
SE Evelyn St
SE Jennifer St
SE 135th Ave
SE Tong Rd
S Clackamas River Dr
Clackamas River
S Springwater Rd
S Gronlund Rd
S Forsythe Rd
Front Ave
Holcomb Blvd
S Bradley Rd
S Redland Rd
Cascade Hwy
Webster Rd

Exhibit 104

STATE OF OREGON

COUNTY OF CLACKAMAS

PERMIT TO APPROPRIATE THE PUBLIC WATERS

THIS PERMIT IS HEREBY ISSUED TO

JAMES DIERKING
20950 S HARRIS RD
OREGON CITY, OR 97045

The specific limits and conditions of the use are listed below.

APPLICATION FILE NUMBER: G-16444

SOURCE OF WATER: WELL 3 IN CLEAR CREEK BASIN

PURPOSE OR USE: NURSERY USE ON 52.9 ACRES

MAXIMUM RATE AND PERIOD OF USE:

MAY 1 THROUGH JUNE 30 AND NOVEMBER 1-30: 0.223 CFS
JULY 1 THROUGH OCTOBER 31: 0.056 CFS

DATE OF PRIORITY: APRIL 20, 2005

WELL 3 LOCATION: SW ¼ SW ¼, SECTION 27, T2S, R3E, W.M.; 818 FEET NORTH & 431 FEET EAST FROM SW CORNER, SECTION 27

THE PLACE OF USE IS LOCATED AS FOLLOWS:

NE ¼ SW ¼ 2.7 ACRES
NW ¼ SW ¼ 8.7 ACRES
SW ¼ SW ¼ 29.2 ACRES
SE ¼ SW ¼ 12.3 ACRES
SECTION 27
TOWNSHIP 2 SOUTH, RANGE 3 EAST, W.M.

The amount of water used for nursery use is limited to a maximum of 5.0 acre feet per acre and a diversion of 0.15 cubic foot per second per acre. For irrigation of containerized nursery plants, the amount of water diverted is limited to one fortieth of one cubic foot per second and 5.0 acre feet per acre per year. For irrigation of in-ground nursery plants the amount of water diverted is limited to one eightieth of one cubic foot per second and 2.5 acre feet per acre per year. The use of water for nursery use may be made at any time, during the period of allowed use specified above, that the use is beneficial. For irrigation of any other crop, the amount of water diverted is limited to one eightieth of one cubic foot per second and 2.5 acre feet per acre during the irrigation season of each year.

Measurement, recording and reporting conditions:

A. Before water use may begin under this permit, the water user shall install a meter or other suitable measuring device as approved by the Director. The water user shall maintain the meter or measuring device in good working order, shall keep a complete record of the amount of water used each month and shall submit a report which includes the recorded water use measurements to the Department annually or more frequently as may be required by the Director. Further, the Director may require the water user to report general water use information, including the place and nature of use of water under the permit.

B. The water user shall allow the watermaster access to the meter or measuring device; provided however, where the meter or measuring device is located within a private structure, the watermaster shall request access upon reasonable notice.

Ground water production shall be only from the alluvial ground water reservoir.

Use of water under authority of this permit may be regulated if analysis of data available after the permit is issued discloses that the appropriation will measurably reduce the surface water flows necessary to maintain the free-flowing character of a scenic waterway in quantities necessary for recreation, fish and wildlife in effect as of the priority date of the right or as those quantities may be subsequently reduced.

STANDARD CONDITIONS

If the number, location, source, or construction of any well deviates from that proposed in the permit application or required by permit conditions, this permit may not be valid.

If substantial interference with a senior water right occurs due to withdrawal of water from any well listed on this permit, then use of water from the well(s) shall be discontinued or reduced and/or the schedule of withdrawal shall be regulated until or unless the Department approves or implements an alternative administrative action to mitigate the interference. The Department encourages junior and senior appropriators to jointly develop plans to mitigate interferences.

The wells shall be constructed in accordance with the General Standards for the Construction and Maintenance of Water Wells in Oregon. The works shall be equipped with a usable access port, and may also include an air line and pressure gauge adequate to determine water level elevation in the well at all times.

Where two or more water users agree among themselves as to the manner of rotation in the use of water and such agreement is placed in writing and filed by such water users with the watermaster, and such rotation system does not infringe upon such prior rights of any water user not a party to such rotation plan, the watermaster shall distribute the water according to such agreement.

Prior to receiving a certificate of water right, the permit holder shall submit the results of a pump test meeting the department's standards, to the Water Resources Department. The Director may require water level or pump test results every ten years thereafter.

Failure to comply with any of the provisions of this permit may result in action including, but not limited to, restrictions on the use, civil penalties, or cancellation of the permit.

This permit is for the beneficial use of water without waste. The water user is advised that new regulations may require the use of best practical technologies or conservation practices to achieve this end.

By law, the land use associated with this water use must be in compliance with statewide land-use goals and any local acknowledged land-use plan.

The use of water shall be limited when it interferes with any prior surface or ground water rights.

Completion of construction and complete application of the water to the use shall be made on or before October 1, 2010. If the water is not completely applied before this date, and the water user wishes to continue development under the permit, the water user must submit an application for extension of time, which may be approved based upon the merit of the application.

Within one year after complete application of water to the proposed use, the water user shall submit a claim of beneficial use, which includes a map and report, prepared by a Certified Water Rights Examiner (CWRE).

Issued May 18, 2006

E. Timothy Wall

Phillip C. Ward, Director for
Water Resources Department

CLAIM OF BENEFICIAL USE for Permits claiming more than 0.1 cfs and All Transfers

Oregon Water Resources Department
725 Summer Street NE, Suite A
Salem, Oregon 97301-1266
(503) 986-0900
www.wrd.state.or.us

SECTION 1
GENERAL INFORMATION

1. File Information

APPLICATION # (G, R, S OR T)	PERMIT # (IF APPLICABLE)	PERMIT AMENDMENT # (IF APPLICABLE)
G-16444	**G-16055**	**N/A**

2. Property Owner (current owner information)

APPLICANT/BUSINESS NAME		PHONE NO.	ADDITIONAL CONTACT NO.
James Dierking		**503-631-7755**	**503-556-1182 (Fax)**
ADDRESS **20950 South Harris Road**			
CITY **Oregon City**	STATE **OREGON**	ZIP **97045**	E-MAIL **jim@libertynatural.com**

If the current property owner is not the permit or transfer holder of record, it is recommended that an assignment be filed with the Department. ***Each*** *permit or transfer holder of record must sign this form.*

3. Permit or transfer holder of record (this may, or may not, be the current property owner)

PERMIT OR TRANSFER HOLDER OF RECORD		
James Dierking		
ADDRESS **20950 South Harris Road**		
CITY **Oregon City**	STATE **OREGON**	ZIP **97045**

ADDITIONAL PERMIT OR TRANSFER HOLDER OF RECORD		
N/A		
ADDRESS		
CITY	STATE	ZIP

4. Date of Site Inspection: **2013/09/20**

5. Person(s) interviewed and description of their association with the project:

NAME	DATE	ASSOCIATION WITH THE PROJECT
James Dierking	**2013/09/27**	**Land Owner**
Ivan Gierer	**2013/09/20**	**Farm Manager**

6. County: **Clackamas**

7. If any property described in the place of use of the permit or transfer final order is excluded from this report, identify the owner of record for that property (ORS 537.230(4)):

OWNER OF RECORD **N/A**		
ADDRESS		
CITY	STATE	ZIP

Add additional tables for owners of record as needed

SECTION 2
SIGNATURES

CWRE Statement, Seal and Signature

The facts contained in this Claim of Beneficial Use are true and correct to the best of my knowledge.

Seal and Signature

Certified Water Right Examiner #056
J. H. Greenman
Nov. 19, 1987
STATE OF OREGON

CWRE NAME **J. H. Greenman**		PHONE NO. **503-657-1384**	ADDITIONAL CONTACT NO. **503-657-1387 (Fax)**
ADDRESS **2895 Beavercreek Road, Suite 101**			
CITY **Oregon City**	STATE **OR**	ZIP **97045**	E-MAIL **jimg@hrs-engrs.com**

Permit or Transfer Holder's of Record Signature or Acknowledgement

Each *permit or transfer holder of record must sign this form in the space provided below.*

The facts contained in this Claim of Beneficial Use are true and correct to the best of my knowledge. I request that the Department issue a water right certificate.

SIGNATURE	PRINT OR TYPE NAME	TITLE	DATE
	James Dierking	**Owner**	9-30-13

SECTION 3

CLAIM DESCRIPTION

1. Point of diversion/appropriation name or number:

POINT OF DIVERSION/APPROPRIATION (POD/POA) NAME OR NUMBER (CORRESPOND TO MAP)	WELL LOG ID # FOR ALL WORK PERFORMED ON THE WELL (IF APPLICABLE)	WELL TAG # (IF APPLICABLE)
Well No. 3	**Clack 62440**	**76452**

Attach each well log available for the well (include the log for the original well and any subsequent alterations, reconstructions, or deepenings)

2. Point of diversion/appropriation source and, if from surface water, the tributary:

POD/POA NAME OR NUMBER	SOURCE	TRIBUTARY
N/A		

3. Developed use(s), period of use, and rate for each use:

POD/POA NAME OR NUMBER	USES	IF IRRIGATION, LIST CROP TYPE	SEASON OR MONTHS WHEN WATER WAS USED	ACTUAL RATE OR VOLUME USED (CFS, GPM, OR AF)
Well No. 3	**Irrigation**	**Nursery Stock**	**05/01 – 11/30**	**05/01 - 06/30 & 11/01 - 11/30: 0.223cfs**
				07/01 – 07/31: 0.056cfs
Total Quantity of Water Used				

4. Provide a general narrative description of the distribution works. This description must trace the water system from **each** point of diversion or appropriation to the place of use:

A submersible pump delivers water to approximately 2900 feet of 4-inch and 300 feet of 3-inch buried PVC main-line. Water is applied to the land via hand-set pipe using 10 Rainbird 9.4 gpm sprinklers per set or one Model 150 Nelson "Big Gun", with a 3/4-inch ring type orifice.

Reminder: The map associated with this claim must identify the location of the point(s) of diversion, Donation Land Claims (DLC), Government Lots (GLot), and Quarter-Quarters (QQ).

5. Variations:

Was the use developed differently from what was authorized by the permit, permit amendment final order, or extension final order? If yes, describe below. **NO**

(e.g. *"The permit allowed three points of diversion. The water user only developed one of the points."* or *"The permit allowed 40.0 acres of irrigation. The water user only developed 10.0 acres."*)

Permit No. G-16055 proposes the use on 52.9 acres. Applicant has only developed 41.23 acres.

6. Claim Summary:

POD / POA NAME OR #	MAXIMUM RATE AUTHORIZED	CALCULATED THEORETICAL RATE BASED ON SYSTEM	AMOUNT OF WATER MEASURED	USE	# OF ACRES ALLOWED	# OF ACRES DEVELOPED
Well No. 3	**0.223 cfs**	**0.256 cfs**	**0.246 cfs**	**Irrigation**	**52.9**	**41.23**

SECTION 4

SYSTEM DESCRIPTION

Are there multiple PODs or POAs? **NO**

If *"YES"* you will need to copy and complete Sections 4B through 4G for each POD/POA.

POD/POA Name or Number this section describes (only needed if there is more than one):

A. Place of Use

1. Is the right for municipal use? **NO**

If "YES" the table below may be deleted.

TWP	RNG	MER	SEC	QQ	GLOT	DLC	USE	IF IRRIGATION, # PRIMARY ACRES	IF IRRIGATION, # SUPPLEMENTAL ACRES
2S	**3E**	**W.M.**	**27**	NW1/4 SW1/4		**37**	**Nursery**	**7.87**	
2S	**3E**	**W.M.**	**27**	NE1/4 SW1/4		**37**	**Nursery**	**2.13**	
2S	**3E**	**W.M.**	**27**	SE1/4 SW1/4		**37**	**Nursery**	**11.21**	
2S	**3E**	**W.M.**	**27**	SW1/4 SW1/4		**37**	**Nursery**	**20.02**	
Total Acres Irrigated								**41.23**	

Reminder: The map associated with this claim must identify Donation Land Claims (DLC), Government Lots (GLot), Quarter Quarters (QQ), and if for irrigation, the number of acres irrigated within each projected DLC, GLot, and QQ.

B. Diversion and Delivery System Information

Provide the following information concerning the diversion and delivery system. Information provided must describe the equipment used to transport <u>and</u> apply the water from the point of diversion/appropriation to the place of use.

1. Is a pump used? **YES**

If "NO" items 2 through item 6 may be deleted.

2. Pump Information

MANUFACTURER	MODEL	SERIAL NUMBER	TYPE (CENTRIFUGAL, TURBINE OR SUBMERSIBLE)	INTAKE SIZE	DISCHARGE SIZE
Not Available	**do.**	**do.**	**do.**	**do.**	**do.**

3. Motor Information

MANUFACTURER	HORSEPOWER
Franklin Electric	**10**

4. Theoretical Pump Capacity

HORSEPOWER	OPERATING PSI	LIFT FROM SOURCE TO PUMP *IF A WELL, THE WATER LEVEL DURING PUMPING	LIFT FROM PUMP TO PLACE OF USE	TOTAL PUMP OUTPUT (IN CFS)
10	**55**	**80 feet**	**Terrain varies, +10' to -20'**	**0.246**

5. Provide pump calculations:

$$Q_{pump} = \frac{(Hp)(3960\ ft\text{-}gal/Hp\text{-}min)(pumping\ efficiency)}{(head)(specific\ gravity)} = \frac{(10)(3960)(0.6375)}{(219.5)(1.0)} = 115.0\ gpm$$

where: 80.0 = lift (feet)
12.5 = friction head loss in 1140' of 3" PVC Sched. 40 pipe (feet)
0.0 = friction head loss in 1000' of 4" aluminum pipe feet)
127.0 = velocity head at sprinkler heads (pressure) (feet)
219.5 = head (feet)

(motor efficiency)(pump efficiency) = pumping efficiency
(0.85)(0.75) = 0.6375 [Hydraulic Handbook, Fairbanks, Morse & Co., 1st ed.]

$$\frac{(550\ ft\text{-}lbs/sec)(60sec/min)}{8.34lbs/gal} = 3960\ ft\text{-}gal/Hp\text{-}min$$

6. Measured Pump Capacity (using meter if meter was present and system was operating)

Initial Meter Reading	Ending Meter Reading	Duration of Time Observed	Total Pump Output (in cfs)
14,627,510	**14,631,647**	**35 minutes**	**0.263**

Reminder: For pump calculations use the reference information at the end of this document.

7. Is the distribution system piped? **YES**

If "NO" items 8 through item 11 may be deleted.

8. Mainline Information

Mainline Size	Length	Type of Pipe	Buried or Above Ground
4" diameter	**2900 feet**	**PVC**	**Buried**
3" diameter	**300 feet**	**PVC**	**Buried**

9. Lateral or Handline Information

Lateral or Handline Size	Length	Type of Pipe	Buried or Above Ground
3-inch diameter	**40 feet**	**Aluminum**	**Above ground**

10. Sprinkler Information

Size	Operating PSI	Sprinkler Output (gpm)	Total Number of Sprinklers	Maximum Number Used	Total Sprinkler Output (cfs)
12x6	**55**	**9.4gpm**	**10**	**10**	**0.209cfs**
or					
¾" ring	**55**	**115**	**1**	**1**	**0.256**

Reminder: For sprinkler output determination use the reference information at the end of this document.

11. Pivot Information

MANUFACTURER	MAXIMUM WETTED RADIUS	OPERATING PSI	TOTAL PIVOT OUTPUT (GPM)	TOTAL PIVOT OUTPUT (CFS)
N/A				

12. Additional notes or comments related to the system:

Hand set Rainbirds on 3-inch pipes are not run simultaneously with the Nelson Big-gun.

C. Groundwater Source Information (Well and Sump)

1. Is the appropriation from ground water (well or sump)? **YES**

If "NO", items 2 through 8 relating to this section may be deleted.

2. Describe the access port (type and location) or other means to measure the water level in the well:

Maass Midwest cast aluminum well head cover, model WTCC-8, removable with 6 bolts

3. If well logs are not available, provide as much of the following information as possible:

CASING DIAMETER	CASING DEPTH	TOTAL DEPTH	COMPLETION DATE OF ORIGINAL WELL	COMPLETION DATES OF ALTERATIONS	WHO THE WELL WAS DRILLED FOR	WELL DRILLED BY
Well log						
enclosed						

4. In addition to the information requested in item "3" above, provide any other information which may help the Department locate any well logs associated with this appropriation.

5. Is the appropriation from a dug well (sump)? **NO**

D. Storage

1. Does the distribution system include in-system storage (e.g. storage tank, bulge in system / reservoir) **NO**

E. Gravity Flow Pipe

(THE DEPARTMENT TYPICALLY USES THE HAZEN-WILLIAM'S FORMULA FOR A GRAVITY FLOW PIPE SYSTEM)

1. Does the system involve a gravity flow pipe? **NO**

F. Gravity Flow Canal or Ditch

(THE DEPARTMENT TYPICALLY USES MANNING'S FORMULA FOR CANALS AND DITCHES)

1. Is a gravity flow canal or ditch used to convey the water as part of the distribution system? **NO**

G. Reservoir

1. Does the claim involve a reservoir modified through a transfer? **NO**

SECTION 5

CONDITIONS

All conditions contained in the permit, permit amendment, transfer final order, or any extension final order shall be addressed. Reports that do not address all performance related conditions will be returned.

1. Time Limits:

Permits, transfer final orders, and any extension final orders contain any or all of the following dates: the date when the actual construction work was to begin, the date when the construction was to be completed, and the date when the complete application of water to the proposed use was to be completed. These dates may be referred to as ABC dates. Describe how the water user has complied with each of the development timelines established in the permit, extension or transfer final order:

	DATE FROM PERMIT OR TRANSFER	DATE ACCOMPLISHED*	DESCRIPTION OF ACTIONS TAKEN BY WATER USER TO COMPLY WITH THE TIME LIMITS
ISSUANCE DATE	**2006/05/18**		
BEGIN CONSTRUCTION (A)	**Not Available**		
COMPLETE CONSTRUCTION (B)	**2010/10/01**	**2011/05**	**Extension of time to 2012/10/01 obtained by Order dated 2011/09/02**
COMPLETE APPLICATION OF WATER (C)	**2010/10/01**	**2011/05**	**Extension of time to 2012/10/01 obtained by Order dated 2011/09/02**

* MUST BE WITHIN PERIOD BETWEEN PERMIT, TRANSFER FINAL ORDER, OR ANY EXTENSION FINAL ORDER ISSUANCE AND THE DATE TO COMPLETELY APPLY WATER

2. Is there an extension final order(s)? **YES**

If "NO", you may delete item 3 in this section.

3. If for a transfer extension order, provide the following information:

VOLUME	PAGE	DATE EXTENDED TO
N/A		

4. Initial Water Level Measurements:

a. Was the water user required to submit an initial static water level measurement? **NO**

If "NO", items 4b through 4d relating to this section may be deleted.

5. Annual Static Water Level Measurements:

a. Was the water user required to submit annual static water level measurements? **NO**

If "NO", items 5b through 5e relating to this section may be deleted.

6. Pump Test (Required for most ground water permits prior to issuance of a certificate)

a. Did the permit require the submittal of a pump test? **YES**

If "NO", items 6b through 6e relating to this section may be deleted.

b. Has the pump test been previously submitted to the Department? **NO**

c. Is the pump test attached to this claim? **NO**

d. Has the pump test been approved by the Department? **NO**

e. Has a pump test exemption been approved by the Department? **NO**

**** Claims will not be reviewed until a pump test or exemption has been approved by the Department**

7. Measurement Conditions:

a. Does the permit, permit amendment, transfer final order, or any extension final order require the installation of a meter or approved measuring device? **YES**

If "NO", items 7b through 7f relating to this section may be deleted.

Reminder: If a meter or approved measuring device was required, the COBU map must indicate the location of the device in relation to the point of diversion or appropriation.

b. Has a meter been installed? **YES**

c. Meter Information

POD/POA Name or #	Manufacturer	Serial #	Condition (working or not)	Current Meter Reading	Date Installed
Well No. 3	**DLJ**	**06 008033**	**Working**	**14,728,610**	**2011/05**

8. Recording and reporting conditions

a. Is the water user required to report the water use to the Department? **YES**

If "NO", item 8b relating to this section may be deleted.

b. Have the reports been submitted? **YES**

Method of Submitting Report (Paper or Electronic)	Water User Reporting ID
Electronic	**62803**

If the reports have not been submitted, attach a copy of the reports if available.

9. Fish Screening

a. Are any points of diversion required to be screened to prevent fish from entering the point of diversion? **NO**

10. By-pass Devices

a. Are any points of diversion required to have a by-pass device to prevent fish from entering the point of diversion? **NO**

11. Other conditions required by permit, permit amendment final order, extension final order, or transfer final order:

a. Were there special well construction standards? **NO**

b. Was submittal of a ground water monitoring plan required? **NO**

c. Was the water user required to restore the riparian area if it was disturbed? **NO**

d. Was a fishway required? **NO**

e. Was submittal of a letter from an engineer required prior to storage of water? **NO**

f. Was submittal of a water management and conservation plan required? **NO**

g. Other conditions? **NO**

If "YES" to any of the above, identify the condition and describe the water user's actions to comply with the condition(s):

SECTION 6

ATTACHMENTS

Provide a list of any additional documents you are attaching to this report:

ATTACHMENT NAME	DESCRIPTION
Well Log	**Well No. 3 (Clack 62440)**

SECTION 7

CLAIM OF BENEFICIAL USE MAP

The Claim of Beneficial Use Map must be submitted with this claim. Claims submitted without the Claim of Beneficial Use map will be returned. The map shall be submitted on poly film at a scale of 1" = 1320 feet, 1" = 400 feet, or the original full-size scale of the county assessor map for the location.

Provide a general description of the survey method used to prepare the map. Examples of possible methods include, but are not limited to, a traverse survey, GPS, or the use of aerial photos. If the basis of the survey is an aerial photo, provide the source, date, series and the aerial photo identification number.

Well location accomplished by survey traverse to corner monuments of subject property identified as found in Record of Survey SN-28592. Said survey also contains a survey tie to the northeast corner of the Nathan P. Macks Donation Land Claim. Extent of irrigated lands determined from the 2012 series Metro aerial photo mosaic, the image of which then being electronically superimposed, scaled and rotated onto the record of survey and then to the Proof Survey. Lines of the sectionalized survey were created by locating the southwest corner of Section 27, presented on Clackamas County Assessor's Map 2 3E 27C, with respect to subject property and laying the 1/16 lines at intervals of 1320 feet; the southeast corner of 27 and interior lines having been never platted as all be lying within the bounds of D.L.C. #37.

Map Checklist

Please be sure that the map you submit includes ALL the items listed below.
(Reminder: Incomplete maps and/or claims may be returned.)

- ☒ Map on polyester film
- ☒ Appropriate scale (1" = 400 feet, 1" = 1320 feet, or the original full-size scale of the county assessor map)
- ☒ Township, Range, Section, Donation Land Claims, and Government Lots
- ☒ If irrigation, number of acres irrigated within each projected Donation Land Claims, Government Lots, Quarter-Quarters
- ☐ Locations of fish screens and/or fish by-pass devices in relationship to point of diversion
- ☒ Locations of meters and/or measuring devices in relationship to point of diversion or appropriation
- ☒ Conveyance structures illustrated (pumps, reservoirs, pipelines, ditches, etc.)
- ☒ Point(s) of diversion or appropriation (illustrated and coordinates)
- ☒ Tax lot boundaries and numbers
- ☐ Source illustrated if surface water
- ☒ Disclaimer ("This map is not intended to provide legal dimensions or locations of property ownership lines")
- ☒ Application and permit number or transfer number
- ☒ North arrow
- ☒ Legend
- ☒ CWRE stamp and signature

CLAC 62440

STATE OF OREGON
WATER SUPPLY WELL REPORT
(as required by ORS 537.765)
Instructions for completing this report are on the last page of this form.

WELL I.D. # L 76452
START CARD # W-172973

(1) LAND OWNER Well Number
Name JAMES R. DIERKING
Address 20950 S. HARRIS RD.
City OREGON CITY State OREGON Zip 97045

(2) TYPE OF WORK
☒ New Well ☐ Deepening ☐ Alteration (repair/recondition) ☐ Abandonment

(3) DRILL METHOD:
☐ Rotary Air ☐ Rotary Mud ☒ Cable ☐ Auger
☐ Other

(4) PROPOSED USE:
☐ Domestic ☐ Community ☐ Industrial ☒ Irrigation
☐ Thermal ☐ Injection ☐ Livestock ☐ Other

(5) BORE HOLE CONSTRUCTION:
Special Construction approval ☐ Yes ☒ No Depth of Completed Well 168 ft.
Explosives used ☐ Yes ☒ No Type Amount

HOLE Diameter	From	To	SEAL Material	From	To	Sacks or pounds
12	0	21	BENTONITE	0	21	235 SACKS
12	21	91	CEMENT	21	91	1 YARD PLUS
8	91	168	CASING			

How was seal placed: Method ☐ A ☐ B ☒ C ☐ D ☐ E
☒ Other BENTONITE POURED
Backfill placed from ft. to ft. Material
Gravel placed from ft. to ft. Size of gravel

(6) CASING/LINER:

	Diameter	From	To	Gauge	Steel	Plastic	Welded	Threaded
Casing:	8	+1	158	.250	☒	☐	☒	☐
					☐	☐	☐	☐
					☐	☐	☐	☐
Liner:					☐	☐	☐	☐
					☐	☐	☐	☐

Drive Shoe used ☐ Inside ☒ Outside ☐ None
Final location of shoe(s) 158'

(7) PERFORATIONS/SCREENS:
☒ Perforations Method DRIVE DOWN PIPE
☐ Screens Type Material

From	To	Slot size	Number	Diameter	Tele/pipe size	Casing	Liner
102	118	1/4 x 1½	180	8"		☒	☐
122	132	1/4 x 1½	288	8"		☒	☐
						☐	☐

(8) WELL TESTS: Minimum testing time is 1 hour
☐ Pump ☒ Bailer ☐ Air ☐ Flowing Artesian

Yield gal/min	Drawdown	Drill stem at	Time
			1 hr.
36	22		4425

Temperature of water 52 Depth Artesian Flow Found
Was a water analysis done? ☐ Yes By whom
Did any strata contain water not suitable for intended use? ☐ Too little
☐ Salty ☐ Muddy ☐ Odor ☐ Colored ☐ Other
Depth of strata:

(9) LOCATION OF WELL by legal description:
County CLACKAMAS Latitude 45.36225 Longitude 122.43265
Township 2 N or S Range 3 E or W. WM.
Section 27 SW 1/4 NE 1/4
Tax Lot 1500 Lot Block Subdivision
Street Address of Well (or nearest address) 20949 S. HARRIS RD. OREGON CITY, OR 97045

(10) STATIC WATER LEVEL:
31 ft. below land surface. Date 4/6/06
Artesian pressure lb. per square inch Date

(11) WATER BEARING ZONES:
Depth at which water was first found

From	To	Estimated Flow Rate	SWL
97	132	100 gpl	31

(12) WELL LOG:
Ground Elevation

Material	From	To	SWL
CLAY BROWN w/ SMALL BOULDERS	0	7	
CLAY BROWN w/ GRAVEL & COBBLES	7	97	
GRAVEL WTR.	97	132	31
SAND STONE LT. BROWN	132	168	31

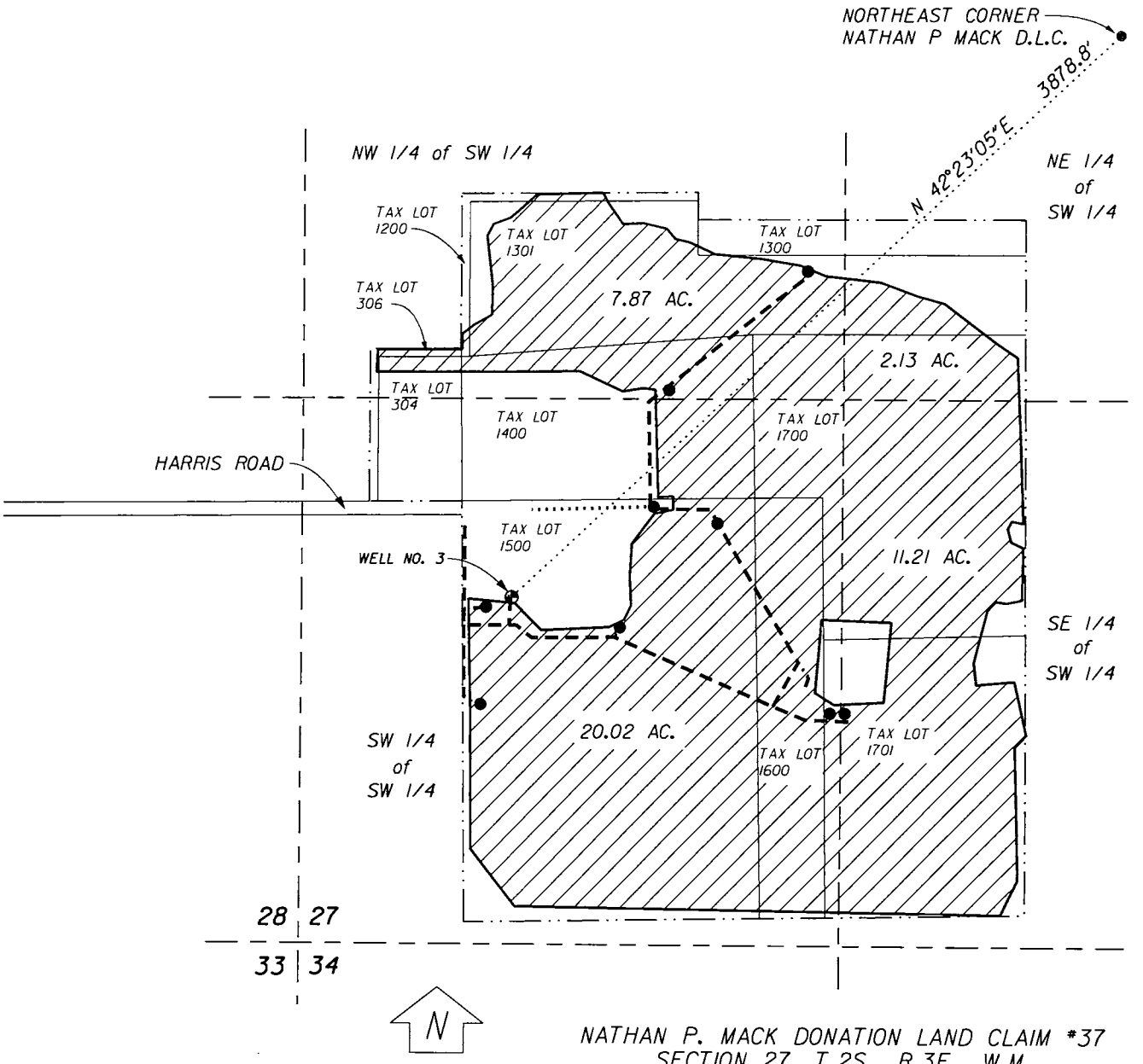
RECEIVED
JUN 22 2006
WATER RESOURCES DEPT
SALEM, OREGON

Date started 1/29/06 Completed 5/6/06

(unbonded) Water Well Constructor Certification:
I certify that the work I performed on the construction, alteration, or abandonment of this well is in compliance with Oregon water supply well construction standards. Materials used and information reported above are true to the best of my knowledge and belief.
WWC Number
Signed Date

(bonded) Water Well Constructor Certification:
I accept responsibility for the construction, alteration, or abandonment work performed on this well during the construction dates reported above. All work performed during this time is in compliance with Oregon water supply well construction standards. This report is true to the best of my knowledge and belief.
WWC Number 1328
Signed Date 6/15/06

ORIGINAL – WATER RESOURCES DEPARTMENT FIRST COPY – CONSTRUCTOR SECOND COPY – CUSTOMER



NATHAN P. MACK DONATION LAND CLAIM #37
SECTION 27, T.2S., R.3E., W.M.
CLACKAMAS COUNTY, OREGON

SCALE: 1" = 400'

41.23 TOTAL ACRES OF
NURSERY STOCK
UNDER IRRIGATION.

LEGEND:

- IRRIGATED LAND
- BURIED 4" PVC MAINLINE
- BURIED 3" PVC MAINLINE
- RISER FOR HANDLINE & NELSON "BIG GUN" SPRINKLERS

NOTES:

THIS DRAWING IS A PROOF SURVEY FOR A CLAIM OF BENEFICIAL USE TO PERFECT A GROUND WATER RIGHT. IT IS NOT A LAND SURVEY. PROPERTY LINES AND/OR OTHER LINES OF OCCUPATION SHOWN HEREON ARE NOT REPRESENTED BY THE UNDERSIGNED TO MEET ACCURACY STANDARDS OF LAND SURVEYS.

SECTION CORNER, SECTION LINES & 1/16TH LINES ARE ILLUSTRATIVE ONLY AS ALL ARE WITHIN THE BOUNDS OF D.L.C. NO. 37 AND THUS WERE NEVER PLATTED.

APPLICATION No. G-16444
PERMIT No. G-16055

JAMES R. DIERKING
GROUND WATER PROOF SURVEY

Certified Water Rights Examiner
#056
J. H. Greenman
Nov. 19, 1987
STATE OF OREGON

2013/09/26

HANER, ROSS & SPORSEEN, P.C.
2895 Beavercreek Road,
Oregon City, OR 97045

L:\HRS_1580\ 1580_DGN\ 1580_PRF_SVY.DGN

HANER, ROSS & SPORSEEN, P.C.
2895 Beavercreek Rd. – Oregon City, OR 97045
Office – 503.657.1384 Fax: 503.657.1387
Designing and Defining Land and Water Resources

HRS File: 1580

TRANSMITTAL

Date: 2013/09/30

Name: Water Rights Processing
Company: Oregon Department of Water Resources
Address: 725 Summer Street, N.E., Suite A
Salem, OR 97301-1271

Via: Messenger
Re: Water Right Application G-16444, Permit G-16055

Date	No. of Copies	Description
2013/09/30	1	Report of Beneficial Use
2013/09/26	1	Proof Survey
2013/09/27	1	Check in amount of $175.00

Remarks:

Haner, Ross & Sporseen, Inc.

J. H. Greenman, P.E., P.L.S., C.W.R.E.

Cc (w/encl.): Jim Dierking

Oregon
John A. Kitzhaber, MD, Governor

Water Resources Department
North Mall Office Building
725 Summer Street NE, Suite A
Salem, OR 97301-1271
503-986-0900
FAX 503-986-0904

March 04, 2014

JAMES DIERKING
20950 S HARRIS RD
OREGON CITY OR 97045

GW

The Department has accepted the pump test results for the following permitted well(s):

Water Right	Permitted Well	Tested Well	Test Date	Test Status	Exemption	Owner's Well Name
Permit: G 16055 *	CLAC 62440	CLAC 62440	10/03/2013	Approved	None	

Please contact me if you have any questions.

Sincerely,

Karl Wozniak
Ground Water/Hydrology Section

cc: GW Pump Test File

VICTOR ATIYEH
GOVERNOR

Oregon Department of Agriculture

635 CAPITOL STREET NE., SALEM, OREGON 97310-0110

RENDERING

APPLICATION

AND

PERMIT

FOR DISPOSAL OF INEDIBLE OR CONDEMNED CARCASSES, PARTS OR PRODUCTS THROUGH REDUCTION OR RENDERING PLANT NOT UNDER FEDERAL SUPERVISION

NAME OF ESTABLISHMENT: Bakana Corp. dba Ore-Best Farms

ADDRESS: 20949 S. Harris Rd. Oregon City, OR 97045

NAME AND LOCATION OF REDUCTION OR RENDERING PLANT THROUGH WHICH INEDIBLE OR CONDEMNED CARCASSES, PARTS OR PRODUCTS ARE TO BE DISPOSED OF:

Western States Rendering Company

N. Columbia Blvd. and Hurst Portland, OR 97217

APPROVED BY: Ramsay G. Burdett D.V.M.
State or Assistant State Veterinarian

PERMIT NO: 63-84

DATE: January 1, 1984 through December 31, 1984

Please fill in all information above the dotted line. Return to the Salem Office, Animal Health Division, for approval.

12/78

Form 3179

June 16, 2014

Clackamas County

I am writing in response to the problem the Lavender Farm is having with Clackamas County.

Clackamas County should be very thankful there is a group that is willing to improve the farm and make it a place that is environmentally pure and in the process, restoring the buildings to provide jobs.

In the early 1970's we moved back to Gerber Road continuing our Century Farm ownership. At that time, Gerber Road was groveled with deep pot holes throughout the

Exhibit 107

mile long road.

Carnation Farms moved in and started selling eggs to the locals at reduced prices. Soon people were coming from all over the county to buy eggs and Gerber Road became a muddy mess in the winter and dusty and dirty in the summer. It did not slow the Customers driving habits tho. I decided to "take the bull by the horns" and went up to the entrance of Carnation Farms with a petition in hand and easily collected enough signatures to pave the road. The Customers did not like the road either. This was back in the days when Clackamas County was responsive to the needs

of its Citizens and I hope it will Continue to do the same now with the Lavender Farm.

Sincerely,
Lila Elliott

Exhibit 107

Preliminary Feasibility Study

Clackamas County Biomass Assessment

September 2010

Prepared for:

Clackamas County Business & Economic Development
County Contact: Gary Barth, Director
Clackamas County Business & Community Services
Jamie Johnk, Rural Economic Development Coordinator

Clackamas County Business & Economic Development

OIT Contact: Lita Colligan
Associate Vice President-Strategic Partnerships
Oregon Institute of Technology (OIT)

Prepared by:

Leslie Annand
Jacob Hickman
Brandon Little
OIT Renewable Energy Engineering Students

L. Davis Clements, Ph.D.
Principal Investigator
Adjunct Professor-OIT REE Biomass

DISCLAIMER

The information, observations and recommendations contained in this preliminary feasibility study represents the work of the research team. Biomass, in general, and biomass utilization in particular, is an emerging field of academic research and practical application. There are many definitions of "biomass" and widely varying attitudes toward biomass as a resource.

The policy context is particularly complex, constantly changing and was beyond the achievable scope of this project.

ABSTRACT

Clackamas County seeks to create a biomass utilization industry as a means of rural and agricultural economic development and renewable energy production.

A prefeasibility study of the forest, agricultural and animal biomass residues was completed for Clackamas County in September 2010. Research goals were 1) quantify the biomass energy potential based on residue resources; and 2) recommend potential biomass utilization strategies and conduct a SWOT analysis for decision-makers.

The preliminary finding is that there are sufficient biomass residues available to provide approximately 31.95 MWe of electrical power from all available residue materials. Current federal policy prohibits the widespread use of national forest materials. The County is 40% national forest land.

The study presents the SWOT analysis and recommendations.

ACKNOWLEDGEMENTS

This preliminary feasibility study was funded by Clackamas County Business & Economic Development, in collaboration with the Oregon Institute of Technology (OIT).

OIT adjunct professor-biomass, L. Davis (Dave) Clements, Ph.D., served as principal investigator. The research team included OIT biomass course students Leslie Annan, Jacob Hickman, Brandon Little, and volunteer Emilia Gonzalez-Clements, Ph.D., who provided training in applied research.

The Project Team would like to thank our two main project contacts, Dustin Kohls, Program Manager-Agricultural Investment Plan in the Clackamas County Business and Economic Development office, and Lita Colligan, Associate Vice President-Strategic Partnerships of the Oregon Institute of Technology. Dustin served as the primary contact for the client, Clackamas County Business & Economic Development, helping to focus the project and clarify the scope. Lita was invaluable in contacting key interviewees and arranging appointments.

The team also extends thanks to the following individuals for providing information, recommending interviewees and participants and offering assistance in their areas of expertise:

Jamie Johnk, Rural Economic Development Coordinator, Clackamas County Business & Economic Development

Mike Bondi, OSU Extension Agent-Forestry

Bob Austin, Clackamas County Commissioner

Matt Krumenauer, Senior Policy Analyst-Renewable Energy Division, State of Oregon

Stephanie Page, Renewable Energy Specialist-DOA, State of Oregon

Alison Craig, District Aide, Congressman Kurt Schrader

Warren Shoemaker, Former County Resident and Consultant, Renewables Business Development

The Project Team would like to also thank those Clackamas County residents who served as interviewees on this project.

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EXECUTIVE SUMMARY

INTRODUCTION

Clackamas County recognizes the need to facilitate new economic opportunities for its agricultural and rural base as well as develop new and innovative ways to reduce the region's dependence on fossil fuels by creating locally generated, regionally renewable energy. Biomass and agricultural residues can be used in a number of valuable ways, including for energy from combustion or digestion, as soil amendments and compost, or as inputs to value-added wood products.

Purpose This prefeasibility study is designed to quantify the type and amount of forest, agricultural and animal biomass in the County and identify potential strategies for iomass utilization for economic opportunities and renewable energy projects.

Biomass Definition In this study, "biomass" is defined as recently-living plant or animal materials and agricultural residues used for production of fuels, energy or as a source of industrial chemicals.

Scope The study encompasses agricultural biomass residues found in all of Clackamas County, with an emphasis on potential strategies for the unincorporated rural and agricultural areas.

Project Research Goals The two project goals are 1) to quantify the agricultural waste residues found in the County (amount, location, availability, sustainability, seasonality, assembly and transportation, and current use); and 2) to identify strategies for accumulation and supply created for potential utilization options in the southern part of the County.

BIOMASS ASSESSMENT FINDINGS AND ANALYSIS

Forest Residues Analysis

Timber Land-Public The large 400,000 acres of public timber land within the County suggests that forest residues and harvested materials could hypothetically be a significant resource for forest products and biomass energy. Only a small percentage of the national forest lands are available for use, however, and current owners, both private and public, already use this resource for timber harvest.

In the national forest lands, approximately 113,000 dry tons of older stock biomass per year could be collected on the basis of overstocked material alone.This resource has been consistently available for the past 20 years. This overstock resource is equivalent to approximately 11.9 MWe[1] of electricity, enough to power a small town. Present

[1] Energy Calculation Method: Divide dry tons of annual biomass by 365 days to estimate tons/day available. Divide result by 27 (average tons/day of woody materials to produce one MWe). Source: http://cogentech-inc.com/ Accessed 083010/ L. Davis Clements, Ph.D.

national forest management policy precludes use of significant quantities of forest products for energy.

Timber Land-Private There are two large commercial tracts of corporate holdings that dominate the County's private actively-managed timber lands. A number of smaller private holdings within the region are managed by "mom-and-pop" owners. These holdings are scattered and taken individually are too small to make a significant contribution to biomass-based energy in the County.

One potential strategy for small forest holders would be to form a cooperative venture for the production of pelletized or briquetted wood. The equipment needed for moderate sized-pelleting operations costs between $150,000-$250,000.

Christmas Trees Approximately 5,000 tons per year of Christmas tree residues are distributed in the growing areas. This quantity of resource, by itself, is too small for a single commercial-scale power plant. This amount of biomass, however, can be converted into wood pellets for use either in heating or for sale.

Agricultural Residues Analysis

The agricultural residues from vegetables, nuts, fruits and berries are insufficient, in quantity, to be economically viable as a fuel source, though these residues are valuable for other uses.

Animal Residues Analysis

Poultry Litter
Poultry litter is the largest single resource in the County, approximately 144,000 dry tons, for the production of energy from biomass. The proximity of producers and tonnage make it a viable energy resource. In addition, poultry litter offers an opportunity for a related fertilizer production facility.

Bovine Residues
There are approximately 4,500 dry tons of bovine manure across 16 confined animal feed operations (CAFO), which is insufficient at any one site to justify a separate digestion – gasification system. However, operating a combined facility (Co-op?) could prove to be economically viable, if transportation issues and other barriers can be overcome.
.
Equines Plus "Other"

The equine and "other" (hogs, rabbits and goats) category is too small to be considered, approximately 16 dry tons. The horses are not kept in a manner that provides ready collection of residues.

SWOT Analysis: Utilization Options

Forest Residues • Agricultural Residues • Animal Residues

Forest Residues

(Potential strategies are in bold underlines type)

Category	Strength	Weakness	Opportunity	Threat
Timberland				
Private-Small		Higher financial value of residue as firewood (cords) Not enough residue	Excess wood could be converted into pellets	
Private-Large		No residue available; large companies use all the resources		
Public ***Stewardship Contracts 35,000 tpy***	Large amounts; explore feasibility to sustainably harvest for small biomass and meet federal land mgmt policy goals	Federal policy constraint	Environmental Safety Jobs Energy products	Environmental Concerns Public opinion
Christmas Trees				
Christmas Trees ***Potential Estacada Scalable Facility***	Dependable resource Piled materials Location Business development sites	Collection issue Dispersed sites	Briquettes Combined Heat + Power (CHP) Syngas Recycling program	

Agricultural Residues

Several nursery operators expressed fear that the wood chips would be captured by biomass facility.

Category	Strength	Weakness	Opportunity	Threat
Farms				
Possible Molalla Grass Seed Residue Biodigester		Not enough biomass	Multi-county collaboration	Specific technology need
Nurseries/Greenhouses Residue				
Not applicable				
Farms plus Nurseries/Greenhouses Residues				
Possible Boring Biodigester Facility	Scalable Small, possible Retain nutrients Fertilizer by-product	Require Co-op Small farms Collection system	Fertilizer for farms will benefit farmers and create jobs	Fear of materials being taken

Animal Residues

Category	Strength	Weakness	Opportunity	Threat
Poultry Litter				
Poultry **Potential** ***Molalla Anaerobic digester plus gasification facility***	Intrinsic value of residue Dependable, concentrated resource Retains fertilizer value Scalable Multiple Products Technology available	Cost of assembly Current use as fertilizer One primary producer	Biodegradable de-icer product Jobs CHP for schools Syngas	Ordinance re transport of septic material
Bovine Residue				
Large dairies on-site anaerobic digestor	Integrated technology, resource, use Technology available	Small number of dairies Low intrinsic value of residue	Jobs Multiple installations Co-ops	Perceived resistance from local dairies Low intrinsic value
Equine + "Other" Residue				
Contribute to other facilities	County initiative: reduce school costs via CHP	Dispersed, small, isolated locations Collection issue	Jobs	

Conclusions

From April to June of 2010, the Project Team assessed the quantity of agricultural waste residues and the potential energy and other bi-products that could be generated if it was feasible to accumulate and process the waste. The team identified five areas of opportunity for Clackamas County, during this preliminary study phase. This report provides possible directions for the county to pursue with more in-depth and comprehensive analysis or other economic development efforts.

1. Based on the amount of forest waste and its energy potential, the County should consider engaging in a public awareness campaign related to the economic benefits and energy potential of forest thinning, as well as the risks and security impacts of overstocked national forest lands that result from historic fire suppression and reduced harvest.

2. Forest thinning could support Combined Heat and Power (CHP) applications for public, industrial, commercial or residential districts or buildings. We estimate the energy potential to be approximately 10 MWe.

3. Poultry litter has the potential to provide approximately 10 MWe of capacity. Molalla and vicinity is strategically located to become an energy power hub.

4. Regulatory limits on burning grass materials offer an opportunity to monetize the residues as energy products. This is an opportunity for the County, and could be expanded through regional partnerships with surrounding counties.

5. Smaller sources of animal waste have the potential for on-site power generation or for aggregation if other barriers can be overcome.

1.0 INTRODUCTION

1.1 Background

Clackamas County recognizes the need to facilitate new economic opportunities for its agricultural and rural base as well as develop new and innovative ways to reduce the region's dependence on fossil fuels by creating locally generated, regionally renewable energy. Biomass and agricultural residues can be used in a number of valuable ways, including for energy from combustion or digestion, as soil amendments and compost, or as inputs to value-added wood products.

This study indicates that Clackamas County can contribute to Oregon's Renewable Energy Portfolio Standard (REPS) and help to reach the 25% renewable energy goal of 2020 by becoming a leader in bio-fuel and bio-CHP (Combined Heat + Power) production. The county has long-term goals for reduction in greenhouse gas emissions, as well as long-term strategies for local energy security and sustainable employment opportunities. It is vital to the economic health and well-being of the region that foundational natural resource and agricultural lands are provided sustainable, creative opportunities to maintain the long-term health of these lands, retain their revenue generating capacity, reduce costs in times of financial and traded-sector transition, as well as find new ways to expand their product line into value-added opportunities and secondary product development.

1.2 Purpose

The County's proposal for a preliminary feasibility study (April, 2010) stated:

> Clackamas County is interested in investigating the preliminary feasibility of developing a countywide biomass industry, specifically focusing on redevelopment and revitalization of the rural areas of the county The County seeks emerging opportunities to utilize existing organic residues and waste material from a variety of feedstock sources. The County ultimately seeks to create a market for these materials in a number of technological applications including biomass CHP energy generation, supplementary fuel for finite resource replacement, and secondary product creation such as biofuels, char, briquettes, syngas, and pellet manufacturing.
>
> …By looking at general information, Clackamas County has the available resources to support this industry from a variety of agricultural and timber operations. These fuel stocks need to be further quantified, and strategies for accumulation and supply created, in order to provide a framework of data for a countywide and larger Willamette Valley operational strategy.
>
> *Biomass Energy Facility Proposal (April 2010)*

1.3 Biomass Definition

In this study "biomass" is defined as recently-living plant or animal materials and agricultural residues used for production of fuels, energy, or as a source of industrial chemicals.

1.4 Scope

The study encompasses agricultural biomass residues found throughout Clackamas County, with an emphasis on potential strategies for the unincorporated rural and agricultural areas and their economic interaction with rural jurisdictions including Molalla, Estacada, and Canby.

1.5 Project Research Goals

The two primary project research goals are to quantify the agricultural waste residues found in the county and to identify strategies for accumulation and use of supply in the study area.

This preliminary study will help the County determine if a more complete feasibility study is needed to further evaluate the availability and processing of feed stocks, matching technologies and markets from processing and energy conversion, and detailed environmental and economic analysis. The necessary, reliable data on some of the available resources are lacking due to time limitations and reluctance of some sources to be interviewed.

1.6 Project Team

The research was supervised by L. Davis Clements, Ph.D., OIT Adjunct Professor, Renewable Energy Engineering-Biomass Program. Dr. Clements selected three OIT REE students to conduct the research. Leslie Annand, Jacob Hickman and Brandon Little were assigned "Agriculture" "Forest" and "Animal" topics, respectively. Emilia González-Clements, Ph.D., an applied anthropologist, volunteered to train the students in applied research methods.

Lita Colligan, OIT Vice President for Strategic Alliances, served as the OIT contact. She was instrumental in providing contact with state officials.

Dustin Kohls, Program Manager, Agricultural Investment Plan, was the liaison with Clackamas County and provided guidance in the project goals and identified County staff to serve as interviewees.

1.7 Methodology

The biomass materials were investigated separately, according to the origin of resource; namely, trees and forests, agriculture and animals. Each of these broad categories was further broken down into sub-categories appropriate for each group in order to more accurately analyze and describe the resource, options and strengths and weaknesses

of the County. Critical importance was given to sub-category resources with the research questions:

1. Amount
2. Location
3. Availability/Sustainability
4. Seasonality
5. Assembly and Transportation
6. Current Use

Sub-categories, in conjunction with their respective broad category, were analyzed according to the five important factors to determine feasible recommendations for biomass utilization. Similar methodology to the Washington State "Biomass Inventory" report by Mark Fuchs, et al (2005) was used to quantify the amount of residue. For example, the assumptions to determine the amount of collectible residue from chickens were obtained from the report. Identification of potential strategies for use of residue utilization was led by Dr. Davis Clements.

Research methods included a literature review of previous studies, articles and documents. This secondary research was enriched by individual interviews with local producers, processors, county and state agency staff; as well as review of maps, government and statistical documents and census materials. This research project did not require an Institutional Review Board (IRB) process; all information used is public and interviews were conducted with permission of the individual.

Students made at least three attempts to contact each selected person, agency and organization. Approximately 50 individuals were interviewed. Contacts were made by telephone, e-mail and in person.

1.8 Previous Studies and Government Reports

The research team collected several reports as part of the literature review and did not locate previous biomass assessments conducted for Clackamas County. The primary studies reviewed included:

1. Biomass Resource Assessment and Utilization Options for Three Counties in Eastern Oregon, Oregon Department of Energy (December 31, 2003).
2. Forest Biomass Retention and Harvesting Guidelines for the Northeast, Forest Guild Biomass Working Group (May 2010).
3. Summary of Oregon's Renewable Portfolio Standard, Oregon Department of Energy
4. Appendix 9 Renewable Energy Incentives & Tax Credits[2]

[2] University of North Carolina, under NREL Subcontract No. XEU-0-995-01: DSIRE http://www.dsireusa.oprg/ Accessed June 18, 2010

5. Mark Fuchs, C. F. (2005). Biomass Inventory and Bioenergy Assessment: An Evaluation of Organic Material Resources for Bioenergy Production in Washington State, Spokane.

2.0 PROJECT DESCRIPTION AND STUDY OUTLINE

This research project was designed to provide answers to the primary research topics, divided into four Elements:

Element 1: Identify Waste Materials, Sources and Potential End Products from In-County Fuel Stocks

Element 2: Evaluate Types of Facilities, Power, and Cost

Element 3: Analyze Policy Implications

Element 4: Preliminary Feasibility Study

Following the 1.0 Introduction, and 2.0 Project Description and Report Outline, the findings and analysis are reported in section 3.0, Biomass Assessment Findings. Section 4.0 contains the Data Analysis, and Section 5.0 includes Recommendations.

The four elements are outlined as follows:

2.1 Element 1: Identify Waste Materials, Sources and Potential End Products from In-County Fuel Stocks

Consider all types of residue, volume, when available, and transportation costs to the southern rural areas of the county, with a focus on primary fuel sources and stability of sources. Produce data on available resources.

a. Forest waste-private land, county land, federal forest land (include timber, unused Christmas trees and small tree plantations, forests overdue for fire prevention thinning, and timber land production);
b. nursery, farm and greenhouse waste;
c. agricultural waste; and
d. animal waste.

2.2 Element 2: Evaluate Types of Facilities, Power, and Cost

a. Facility types and sizes:
    I. Secondary product replacement fuel (such as briquettes for replacement fuel); consider efficiency and conversion rates when mixed with coal or natural gas.
    II. Gasification and syngas technologies for medium-scale use and opportunities for biofuel conversion.
    III. CHP direct firing for small and medium scale usage, on-site farming operations, and institutions like hospitals or former mills.
b. Estimated power to be generated by each type.
c. Cost to generate compared to revenue for power.

2.3 Element 3: Analyze Policy Implications

a. Review the Renewable Portfolio Standard and other energy policy in Oregon that might impact the sources of energy or their value to utility companies.
b. Review other relevant codes or regulations that could impact the project.
c. Factor policy implications into feasibility analysis and provide a brief summary to help policy makers focus on policy changes that would best benefit the industry.

2.4 Element 4: Preliminary Feasibility Study

a. Provide findings from elements of analysis and an assessment of the feasibility of developing a biomass energy industry in Clackamas County.
b. Include a SWOT analysis for the opportunities and barriers to each option.
c. Identify any policies in Oregon that could hinder development of biomass energy facilities and recommend changes in policy.

3.0 BIOMASS ASSESSMENT FINDINGS

3.1 Forest Biomass

Forest biomass is the residue material generated from logging or thinning activities in forests. Although biomass refers to the entire main stem, branches and tops of trees, the term is commonly understood to refer only to the small diameter residue material, less than 5 to 7" in diameter, that cannot be used for traditional timber products. (Bowyer, 2006)

This section of the study discusses the amount of biomass that is available from woody residues in the study area. Cull products from two primary areas of focus will be considered:

a) naturally grown timberland residue, and
b) agriculturally grown Christmas tree residues.

Biomass calculations broadly encompass every acre, tree, or large bush in a region. As full removal of greenery from any area is neither advisable nor desirable from an economic or cultural perspective, effort has been taken to ensure conservative estimates. Many categorical filters must be applied to limit the estimated supply to reasonable and attainable amounts that protect the health of the land and ensure that boom-bust cycles are avoided. The following calculations represent the highest degree of accuracy attainable in the focused period of study, but as the study writers are not trained or experienced foresters, other unforeseen factors could modify the findings presented.

3.1.1 Timberland

Timberland includes forestland that has not been withdrawn from timber utilization by statute or regulation and is capable of producing a minimum of 200 cubic feet/acre/year of merchantable wood in natural stands. It excludes parks, monuments, Wilderness Areas and other designated lands and can either be publicly or privately owned. Timber tree species include Douglas Fir, Western Red Cedar, Western Hemlock, True Fir, Red Alder, and many more Western hard and softwoods. There are 350 million live trees in Clackamas County with a basal area greater than 1 inch across. In addition Clackamas County holds more than 16 million standing dead trees over with a basal area greater than 1 inch.

3.1.1.1 Location

Timberland supply lies primarily to the east of all industrial, commercial and residential areas of the County as seen in Figure 1.

Figure 1: Broad Overview of Division between Forest Land and Incorporated Areas in Clackamas County

Estacada is advantageously located for reception and delivery of forest products. The community is an established timber town on a primary exit point for Clackamas County timberland. If the county or a private partner chose to aggregate the resource for a biomass project, an optimal location for a central processing site could be located near or around this exit point, and most beneficially at or below Estacada's elevation (approximately 780 feet above sea level). Existing processing facilities have been identified in the area, as well as potential industrial locations.

3.1.1.2 Amount

Clackamas County encompasses 1,196,800 acres, 74% of which (896,462 acres) are forest land. Of this forestland 84% (759,932 acres) are not in reserved status and thus considered timberland. 55% (417,718 acres) is federally owned. Only 1% (7,404 acres).of Clackamas County's timberland is state owned.

Stocking condition is a measure of the tree density relative to optimal density and defined by the Forest Inventory Analysis National Program of the USFS as follows:

- Overstocked (100+ % of full stocking)
- Fully stocked (60 – 99%)
- Medium stocked (35 – 59%)
- Poorly stocked (10 – 34%)
- Nonstocked (0 – 9%)

As of 2008, 5% of the timberland acreage (36,172 acres) is in an overstocked condition as shown in the table above. The largest portion is privately owned lands (23,213 acres). Overstocked and fully stocked acreage combined includes 49% of the timberland, of which 233,888 acres are federal lands.

A biomass feasibility study should also address further complexities such as slope restrictions, timber harvest regulations, Fire Regime Condition Class, and roadside accessibility, as well as considerations such as the economic viability of a timber stand. Usually a supply forest must contain more than 300 ft^3 of merchantable timber per acre, however analyzing merchantable timber is outside the scope of this study.

The Oregon Forest Resources Institute study of 2006 included merchantable timber estimates for three counties with similar topography to Clackamas County (Douglas, Jackson, and Josephine). By extrapolation, all federal and private timber land in Clackamas County could provide 190 million ft^3 of merchantable biomass (higher value lumber products) and 2,280 thousand Bone Dry Tons of net biomass (amount usually available for biomass utilization) at its current condition. Spread over a twenty year period this would mean a minimum of 114,000 BDT/year, assuming zero growth and no replanting efforts, although further growth and replanting are likely to take place. A majority of private timberland in the county is already harvested for profit. Accounting solely for untouched federal timberlands, 58.5 million ft^3 of merchantable timber and a minimum of 35 thousand BDT/year over 20 years is available.

3.1.1.3 Availability

According to the Biomass Resource Assessment,[3] "Forest biomass availability is affected by a variety of factors. Some biomass must be left on-site to reduce soil erosion and compaction, conserve soil nutrients, and retain dead standing and fallen trees for wildlife habitat. Slope constraints also limit biomass recoverability.

"Yield assumptions used to estimate forest biomass generation … are consistent with actual biomass removals from fuels reduction and thinning projects after the projects have satisfied all planning requirements, management practice guidelines and laws related to soil conservation, wildlife habitat, and forest productivity. It should be recognized that biomass availability is ultimately site-specific."

This assessment was used as a model for estimating potential forest biomass for the county due to the similarity with the study area.

[3] McNeil Technologies, Inc. (2003, December 31). *Biomass Resource Assessment and Utilization Options for Three Counties in Eastern Oregon.* Retrieved from http://www.pacificbiomass.org/documents/Oregon3EasternCountiesBiomassAssessment.pdf

3.1.1.4 SEASONALITY/SUSTAINABILITY

Only the largest of processing plants could use the full, estimated 114,000 BDT of annual biomass potentially available. The 114,000 BDT of annual biomass corresponds to an estimated electrical generation capacity of 12 MWe. The real amount available would have to be determined by a sustainability analysis and forest management plan.

3.1.1.5 ASSEMBLY AND TRANSPORTATION

"Methods used to collect and process forest biomass vary from site to site based on slope, climate, soils, forest stand density and a variety of other site specific factors."[4]

This section discusses methods and costs for collecting and processing forest biomass from thinning projects and assembly of timber harvesting residues.

In forest thinning projects whole, small diameter trees and underbrush are removed to reduce forest density and obtain the desired forest structure. Removing trees is accomplished in three primary steps:

- Felling: cutting the trees to be removed
- Bucking: cutting trees to length
- De-limbing and forwarding downed trees to a landing site for further processing and transportation to a conversion facility

Felling is typically accomplished manually with chainsaws or mechanically using a feller-buncher, which can grasp and cut trees. When cut trees are bucked in the woods, the resulting logs can be loaded onto a forwarder for transportation to the roadside. A forwarder typically consists of a rubber-tired modified tractor with a grapple loader and a log trailer. Alternatively, logs can be transported to a landing site in the woods for processing using a skidder, a rubber-tired machine with grapple of cabled drum that drags partially-suspended whole trees. A crawler is similar in function but has tracks rather than tires.

In conventional timber harvest operations tops and branches are often lopped and dispersed, left in skid trails to reduce soil disturbance, or piled on-site for a future burn. A portion of these residues could be collected and transported to a landing for chipping or grinding.

Systems for collecting and transporting timber harvest residue are similar to those for harvesting whole, small diameter trees. It is typically less costly to utilize timber harvesting residue with a mechanized, ground-based system that processes trees at a landing site. With a ground-based system, the whole tree is transported to a landing site, where it is de-limbed and cut to length. Then a grapple loader can be used to load timber residue directly into a chipper or grinder and skidder/crawler equipment. Labor is

[4] Ibid., McNeil Technologies, Inc. (2003, December 31).

not used to transport low value materials. A cut-to-length felling and processing system fells, bucks and de-limbs trees in the forest in one process. Cut trees can then be forwarded to a roadside area for transportation to a mill. Cut-to-length systems are best for operations in medium size (7 to 18 inches DBH) forest stands and can cost more than other mechanical ground-based systems.

Processing typically occurs at forest landing sites in order to increase the density of the biomass for transportation, thereby reducing trucking costs, allowing more biomass weight to be shipped per truckload. The most common methods of processing residue into denser biomass material at a landing site include chipping and grinding. Chipping often produces a uniform size and shape product for feedstock handling systems used in biomass power generation or ethanol manufacturing.

Table (1) provides estimates of roadside forest biomass costs based on time and motion studies for the western United States. Roadside is an encompassing term that captures costs associated with felling, skidding, chipping and loading material into a chip van for transport.

Table 1 Estimated Roadside Forest Biomass Costs

(Based on Time and Motion Studies for the Western United States)

Project	Roadside chip cost ($/Gross Tons)
Ponderosa Pine Partnership	
Unit 1	41.76
Unit 4	46.41
Unit 5b	39.06
Unit 5e	29.80
Wyoming Time and Motion Studies	
Wyoming – Neuson	41.68
Wyoming – Manual	30.88
Average	38.26

Chipping costs for both the Ponderosa Pine Partnership and Wyoming Time and Motion Studies were assumed to be $6.39/GT. Chipping cost estimates were escalated from 1997 values to 2003 using an assumed 2% inflation rate. *Source: S. Haase and T. Rooney, NEOS Corporation, Evaluation of Biomass Utilization Options in the Lake Tahoe Basin (U.S. DOE Western Regional Biomass Energy Program September 1997)*

Bundling systems that produce bales for transportation to a conversion site are beginning to see use in the U.S. as an alternative to chipping and grinding in the forest. These systems could reduce the costs of biomass, however to be conservative, we assumed that biomass would be chipped and blown into a 'chip van' for transport."

The biomass resource assessment prepared by McNeil Technologies, Inc. used $5.50/ton as a fixed cost in delivering biomass from forest roads to processing facilities, and though prepared in 2003, is logical for use in current estimates. Additionally, $0.088/mile/ton needs to be included to reflect price changes based on distances traveled resulting in savings for localized deliveries and added cost for longer hauls. "Costs may be lower if arrangements such as back hauls can be made to use empty chip vans on return trips from another location. However, because it is likely that the location of forest management projects will change, relying on lower costs for planning purposes is not prudent."

More specific data on the location of overstocked stands would permit a more accurate transportation analysis. Geographic Information Systems (GIS) software could then be used to map the locations of future projects, after which estimated biomass availability could be calculated for each location and more localized costs would be attainable.

3.1.1.6 Issues and Concerns

Adequate supply of woody biomass is the critical determining factor when implementing any form of utilization in Clackamas County. Supply from federal lands is entirely dependent on its current stewardship contracts from federal departments, which are cautious about opening up forest land as they risk litigation from multiple interested parties. This results in delays and limits potential supply from federal lands.

Implementing a power supply station relying primarily on feedstock from Federal or state land is fraught with uncertainty, and generally unadvisable. It would be preferable to develop value-added energy that is independent of this massive source, yet scalable when/if it opens up.

Economic viability also limits expansion of the forest biomass industry. "For both public and private lands, costs to harvest, gather, and transport the woody biomass typically exceed the market value of the material."[5] This implies that woody biomass will generally remain a secondary product, and thus relies on the economic availability of the main source of revenue. While care was taken to present biomass material available only from land with greater than 300 cu ft (ft^3) per acre this would still require an interested party to perform the extraction for the merchantable timber as a primary activity. This has been an issue for many years within the county and may stay that way for some time.

[5] Oregon State University. (2007, May). *Oregon Biofuels And Biomass.* Retrieved from http://inr.oregonstate.edu/download/UtilizationForestBiomass_May07.pdf

3.1.2 Christmas Trees

Christmas trees in Clackamas County are approximately 47% Doug-Fir, [6] 45% Noble Fir, and 5% Grand Fir. This is important in further calculations because each species varies in chemical makeup (limited) and by weight (greatly). For the purposes of this study the average weight of a supplanted Doug-Fir was 25 lbs without the root system. Noble Firs and Grand Firs each average 40 lbs. when harvested.

3.1.2.1 Location

Christmas trees grown in Clackamas County cover 23,295 acres located primarily in the South Central region as seen in Figure 2 and are concentrated near the unincorporated community of Colton. The largest farms are South of Canby, near Aurora, and a few dispersed farms south of Sandy, Estacada, and Molalla.

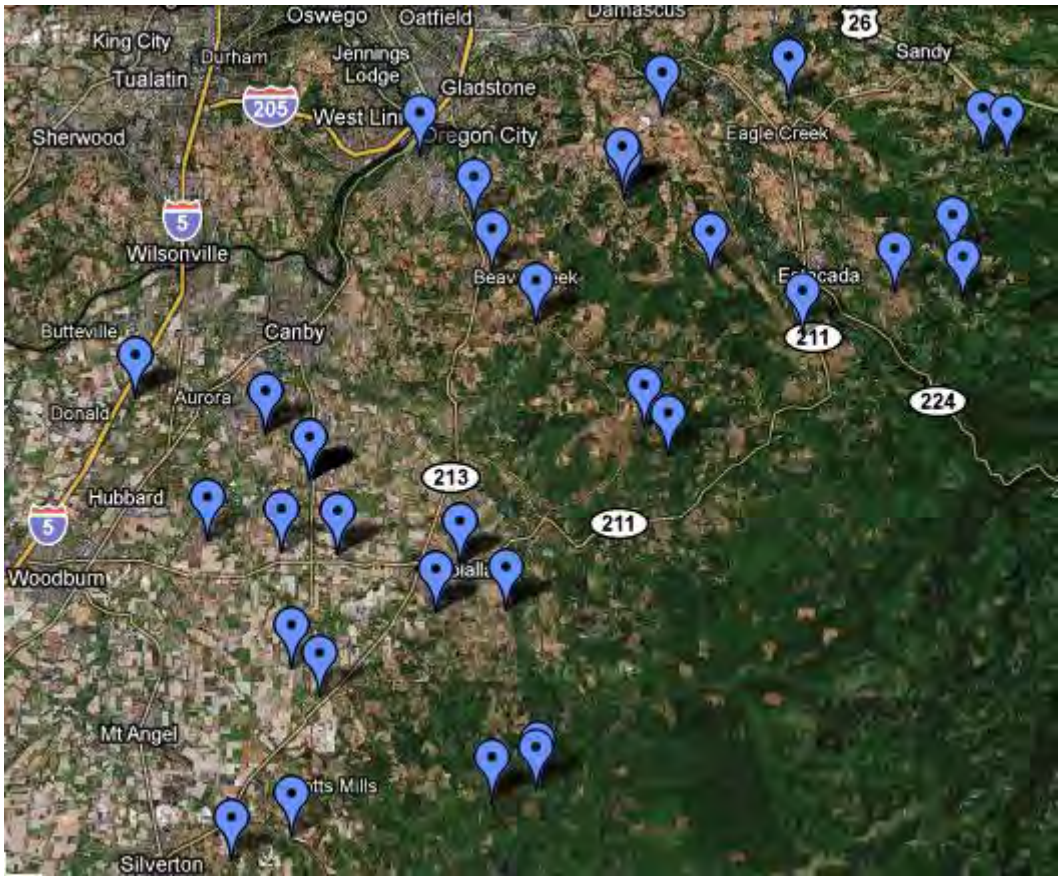

Figure 2: Clackamas County's Largest Christmas Tree Farms

3.1.2.2 Amount

The quantity of Christmas tree biomass generation is a straightforward computation compared to determining the quantity of material available for recovery. Trees are

[6] The hyphen in the name implies that the Doug-Fir is not a true Fir as it is not a member of the genus *Abies*.

grown in arranged patterns and individually tagged according to quality. If a tree is considered of low value it will either be cut down, piled, and generally burned or given another year to monitor improvement and then either harvested for profit or burned. Unlike other crops with a shorter lifecycle and depends on weather, crop rotation, wind patterns, and other variables, Christmas trees tend to have relatively consistent yields year after year.

An estimated 4,876 tons of usable Christmas tree biomass is accumulated annually throughout Clackamas County. This is a two-year average comparing the number of trees cut versus the number of trees sold.

An alternative calculation closely matches this estimate: Christmas tree farmers report that 5-10% is culled on their fields, resulting in an estimated 4,748 tons of annual biomass, a difference of 2% between the calculations. This is assuming that 100% of the available biomass was collected and transported to a processing facility. It is unlikely that all the material would be collected from all sources. The 4,748 tons per year of Christmas tree residue could yield about 0.5 MWe of power.

3.1.2.3 Availability

The quantity of harvest depends mostly on the expected demand by consumers. Christmas trees battle public perception as many people believe that having a tree in their homes is robbing the forest of natural assets, according to some of the interviewees. Plastic trees thus made inroads into the demand curve for real trees. In recent years, advertising has lifted the pressure and the volume of trees sold from Clackamas County has rebounded. From the perspective of biomass availability, the commercial supply is dependable. Commercial tree farmers generally have little objection to removal and distribution of their cull products, as they seldom use the residue for ground cultivation and it alleviates the need for burning. A few obstacles will be discussed in section 4.6.

3.1.2.4 Seasonality/ Sustainability

Christmas trees are replanted at a general ratio of two trees per one harvested. This helps the farmer balance incidental tree deaths at the early stages and ensures continued annual revenues.

Christmas trees are harvested annually, primarily between October and December. General upkeep of the crop land is year round, however only small amounts of residue are available off season.

Although a vast majority of the trees sold are exported to California, Washington, Canada, and Mexico, the trees sold here in the County could potentially be collected and processed using the same methods as culled trees. This would likely provide a small but annual supply of woody biomass. There is,however, competition for the

product as recycling centers have already been established to use the supply for yard mulch, hiking trail renovation, and various other uses.

3.1.2.5 Assembly and Transportation

Approaches used to collect Christmas tree biomass are few, but unique. One option is for the tree farmers themselves to transport the cull along with the merchantable trees from the fields to a collection point accessible by large machinery and tractor trailers. In this instance, loading or chipping the product is straightforward, with emphasis on making the acquisition as timely and harmless as possible to ensure continued cooperation from the land owner. A second option is to helicopter merchantable trees to maximize productivity and minimize damage to surrounding trees. Ground workers stack the felled trees near the growth site for collection. Trees that are to be burned are generally piled nearby on rough land inaccessible by tractor trailers. Change in practice would need to be recommended to the tree farmer, with unknown economic impact on the cost of delivered goods.

As machinery would be needed to grind and/or chip the material to a particle size usable in cellulosic ethanol conversion or other biomass power generation, it is most logical that this processing occur on site, thereby condensing the product and reducing trucking costs. Bundling systems are another method worth considering as they produce compact bales for transportation, where the material could be chipped by a more substantial stationary system. This would reduce costly break down of portable equipment and, depending on the end use, potentially reduce the cost of the biomass supply.

3.1.2.6 Issues and Concerns

Without going deeply into the complex economic variables of creating a new biomass processing facility, it is important to note several obstacles. For example, unless the supply could be acquired at limited or no cost or with the persuasion of tax rebates, the operation would have to pay an equivalent amount for raw materials as an existing pulp or paper mill to compete in the woody residue market.

Organizing some 459 Christmas tree farms, and actively harvesting to cull and collect the quantities stated above, is logistically challenging. Vital to the success of this plan is participation from at least the three major players in Christmas tree farming- Yule Tree Farms, Mckenzie Farms and Timbergrove Farms LLC. Relying on support from growers implies that the economics justify their efforts to supply the system. Individual business plans will not always include the added effort of collecting cull trees for biomass utilization, unless there is good reason to do so.

Case Study

As of the first quarter in 2008, a local company had successfully installed a combined heat and power system at their lumber plant. They took advantage of Oregon

Department of Energy Business Energy Tax Credits, Federal Production Tax Credits, and other incentives to install a 100,000lb/hr boiler in conjunction with a 10MW biomass powered generator. Although the facility is currently operated below capacity (20-30%), at full volume their facility could process approximately 10 BDT per hour. This unit enabled the employment of 9 full time workers, including a salaried manager. The lumber plant provides some of the biomass material in exchange for the heat necessary to dry their manufactured veneer, and therefore uses less natural gas. The remaining biomass needs to be purchased.

3.2 Agricultural Biomass

This section of the study discusses the amount of biomass that is available from farm and nursery residues in the County. Agricultural biomass, in this case, is unusable residue and bi-products from plant growth on farms, nurseries, greenhouses, and other plants grown for human or livestock use. Clackamas County has 215,210 acres that are actively farmed; 50% are farms smaller than 10 acres and 25% are larger than 21 acres. This study uses the metric of acres to estimate the tons of residue for a given crop.[7]

Clackamas County has many different types of agriculture consisting of feed grass, hay, berries, nursery stock, apples and other fruits. Currently, most farm residue is used as compost or is burned.

In the case of agricultural biomass it is quite likely that more than that listed may be available to a potential facility, once constructed, for two reasons. First, it's difficult to estimate the possible contributions (if any) of the many small farms and nurseries that have only a few acres. Secondly, the amount of residue tends to fluctuate due to the yield of crops, due to factors such as weather conditions, rain fall, disease, or other unforeseen implications.

3.2.1 Nursery and Greenhouse

Nurseries are the largest consistent producers of residue. Clackamas County has several nurseries located in Boring, Canby, and Molalla, as seen in Figure 3.

3.2.1.1 Location

The nursery areas are concentrated outside of Boring, Canby, and Molalla, as seen in Figures 3 and 4.

[7] Mark Fuchs, C. F. (2005). *Biomass Inventory and Bioenergy Assessment: An Evaluation of Organic Material Resources for Bioenergy Production in Washington State.* Spokane.

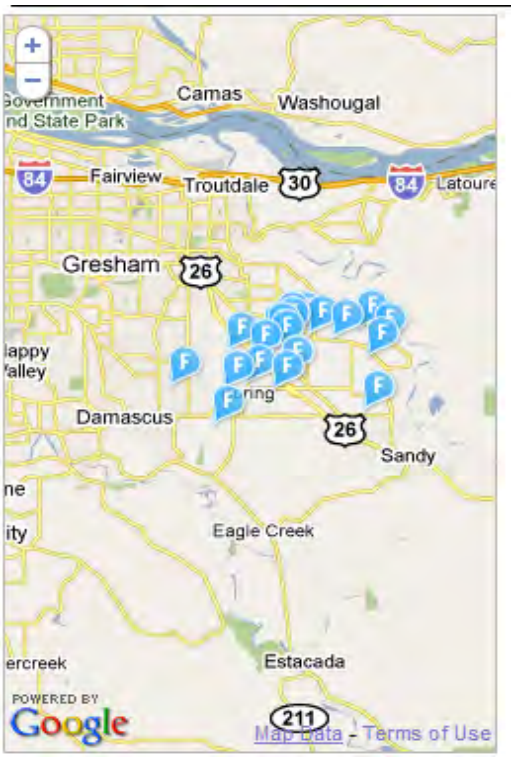

Figure 3: Registered Nurseries in Boring, OR. (F = Nursery Location)

Figure 4: Registered Nurseries near Canby, OR

3.2.1.2 Amount

The 2007 census shows 12,859 acres in nursery and greenhouse land use. From our interview with the Oregon Association of Nurseries, this amount is considered to be applicable. Additional interviews and collected data reflect a consistent amount of biomass residue, as listed in Appendix A as woody biomass. The calculation shows the available amount as 395 dry tons of biomass per year, with an energy potential of 0.044 MWe.

3.2.1.3 Availability

Nursery residue identified as woody biomass is harvested throughout the year, collected and stored on site, then burned in the fall and spring. This residue is not currently sought by outside sources and thus should be available for a low cost. The potential to avoid burn permit fees may also indicate that the material could be available for a low cost.

3.2.1.4 Seasonality/Sustainability

Availability varies with specific crops, but residue is generally gathered for composting or burning in the spring and fall.

3.2.1.5 Assembly and Transportation

Transportation is needed for residue due to the size of the business and the equipment available. Residue storage is usually not an issue as many nurseries have existing collection areas. Nurseries without room to store residue on-site generally use a nursery recycling service to pick up and dispose of the cull. This service is performed for a small fee and is generally only needed for smaller farms. The collection services could benefit from expanded biomass utilization.

One of the goals of the project is to site a facility near one of the study areas (Canby, Molalla, and Estacada). Since the resources are largely concentrated near the Molalla area, a suitable project site near the resource will help to limit transportation costs. This would allow for the end product to be transported to Estacada for potential use heating the schools or other buildings. An alternate collection site might be in Boring, to utilize resources located in that area.

3.2.1.6 Issues and Concerns

Being able to secure a site that is within a reasonable distance is a potential problem. There are few potential sites nearby that could work for each collection point. Former mill sites or on-site farm locations may be suitable for a project.

An additional concern is the availability of the product. Nurseries are dependent on weather and cannot produce a truly reliable resource. However, due to the storage availability of the residue, it is possible to allow for regulation of the residue which would help mitigate this fluctuation in availability. It is our opinion, however, that the amount of residue available would not be enough to power a large plant.

An anaerobic digester would allow for use of this material and could be operated as a co-op between small farms. This can be combined with the other residues, such as animal manure, to make greater use of the available material. An example of a working anaerobic digester is given later in the study.

3.2.2 Grass Seed

Grass seed is one of the largest resources of agricultural biomass material in Clackamas County. According to the 2008 census for Oregon, the 9,767 acres of grass seed earn over $10 million for sold product [8](OSU 2010). The stalks from the grass seed are available for use as energy raw material. Historically, the stalks have been burned in the field after harvest.

3.2.2.1 Location

There is a large concentration of grass seed outside of Molalla as seen in Figure 5. It may also be possible to look into Marion County for seed growers. A shared collection site or treatment facility would make this option more viable, despite lower numbers within Clackamas County itself.

Figure 5: Grass Seed Farms near Molalla, OR

(Letters represent different individual seed farms)

[8] Oregon State University. 2010. Oregon County and State Agricultural Estimates. Corvallis.

3.2.2.2 Amount

The amount of residue grass seed dry tonnage is 17,190 per year, (see the calculations in the Grass Seed Section of Appendix A3).

3.2.2.3 Availability

This has been a consistent crop over the years. "Grass seed production is one of the state's leading agricultural crops, it is ranked third in Oregon's Top 40 Commodities of 2006." [9](OGS, n.d.) Also the residue is normally burned rather than composted, so it may be more readily available from farmers.

3.2.2.4 Seasonality/Sustainability

Grass seed is normally harvested in June or July, however the residue is not stored for long and has usually been burned once a year. The residue is a dependable source but does not have the ability to consistently be produced throughout the year.

3.2.2.5 Assembly and Transportation

Grass seed residue is concentrated in one area, as seen in Figure 5. The challenge is having the equipment to transport residue to a specified location near Molalla. This location allows for the adjacent farms located in Marion County to participate in the project, allowing for easier expansion of the storage or treatment facility.

3.2.2.6 Issues and Concerns

Using grass seed waste for fuel rather than burning would solve a controversial health and pollution issue for the region, due to the considerable health risks from field burning. A challenge will be securing a site to aggregate the resource that is within a reasonable distance. There are a few potential sites nearby that could work for each collection point. Former mill sites or on-site farm locations may be suitable for a project.

3.2.3 Hay and Grains

Hay and grains are another large agricultural biomass materials in Clackamas County, representing 3% of the agricultural commodity sales. The 2007 Census reported 24,715 acres of forage and hay, and 1,212 acres of wheat and grains.

3.2.3.1 Location

There are large concentrations, located in Estacada, Oregon City, Molalla, and Eagle Creek as seen in Figure 6. This could allow for a collection site and/or facility for larger community benefit.

[9] Oregon Grass Seed. (n.d.) About Oregon Grass Seed. Retrieved from http://www.oregongrasseed.com/about.html.

Figure 6: Hay, Wheat and Straw Farms

3.2.3.2 Amount

As residue, the amount of wheat tonnage is 7.8 tons per year and hay is 150 per year., not a significant resource for energy production (see the calculations in Appendix A3).

3.2.3.3 Availability

Hay and grain residue is available and is not currently used for another purpose.

3.2.3.4 Seasonality/Sustainability

Hay is harvested in May to October, where wheat is harvested June through November, depending on the variety.

3.2.3.5 Assembly and Transportation

The main location of the wheat and hay residue is concentrated in several areas, as seen in Figure 6. The challenge is having the equipment to transport the residue to a single location, perhaps near Molalla. A Molalla location will also allow for adjacent farms to participate in the project and allow for ease of expansion of a storage or treatment facility.

3.2.3.6 Issues and Concerns

The ability to secure a site within reasonable distance to the residue presents a challenge, as there are limited sites nearby that could work for each collection point.

3.2.4 Berries and Small Fruits

The Agricultural Commodity Census for Clackamas County 2009 reflects that 5% of the farms produce small fruit and berries. The amount of berries in acres is 3,002, and 455 for small fruits, consisting of items such as cherries and grapes (Census 2007). This is a much dispersed resource as many farms are small. Most farms that deal in this commodity also have other items and collection of the mass is used for composting.

3.2.4.1 Location

Although berries and small fruits make up a large portion of the sales in Oregon, the operations are small and dispersed, and the residue is generally composted. We can see by Figure 7 that the concentration of berries is throughout the County.

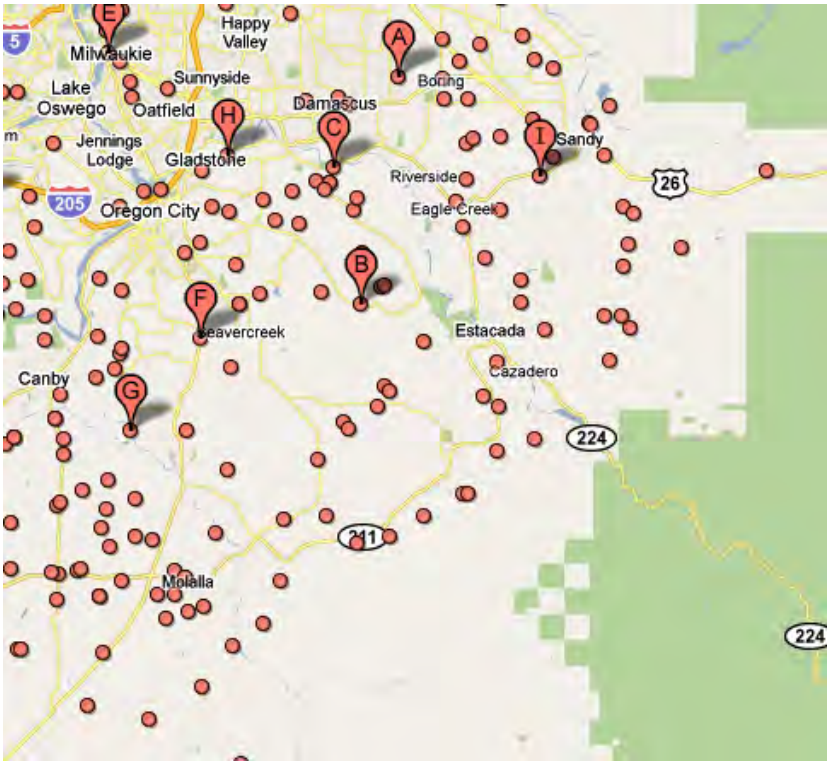

Figure 7: Berries and Small Fruit Farms in Clackamas County

3.2.4.2 Amount

The amount of residue for the berries and small fruit is about 30 dry tons a year (see calculations from Appendix A3).

3.2.4.3 Availability

The availability of these products is seasonal and is harvested during the summer months. Most of the residue is used for compost, however, as reported in interviews conducted, the amount of compost building up on farms is more than is needed.

3.2.4.4 Seasonality/Sustainability

The berries are seasonal and, in most cases, cut down and used for compost in the summer months.

3.2.4.5 Assembly and Transportation

There are a large number of farms across a large area. Even with several collection sites, we estimate that it is unlikely that the residue would be fully utilized.

3.2.4.6 Issues and Concerns

According to interviews conducted, this source of residue is readily available. The need for transportation equipment and lack of concentration amongst the many dispersed small farms, and how this will impact the ease of availability, is a concern. Therefore, consideration may be given to have pick-up sites for a community digester in farm areas to reduce these concerns. However, the amount of available residue would not be enough to power a large plant. An anaerobic digester would allow for use of this material and could be operated as a co-op between small farms. This can also be combined with the other listed residues to make greater use of the available material.

3.2.5 Apples and Pears

Apples and pears consist of 54 and 124 acres in Clackamas County (Census 2007).

3.2.5.1 Location

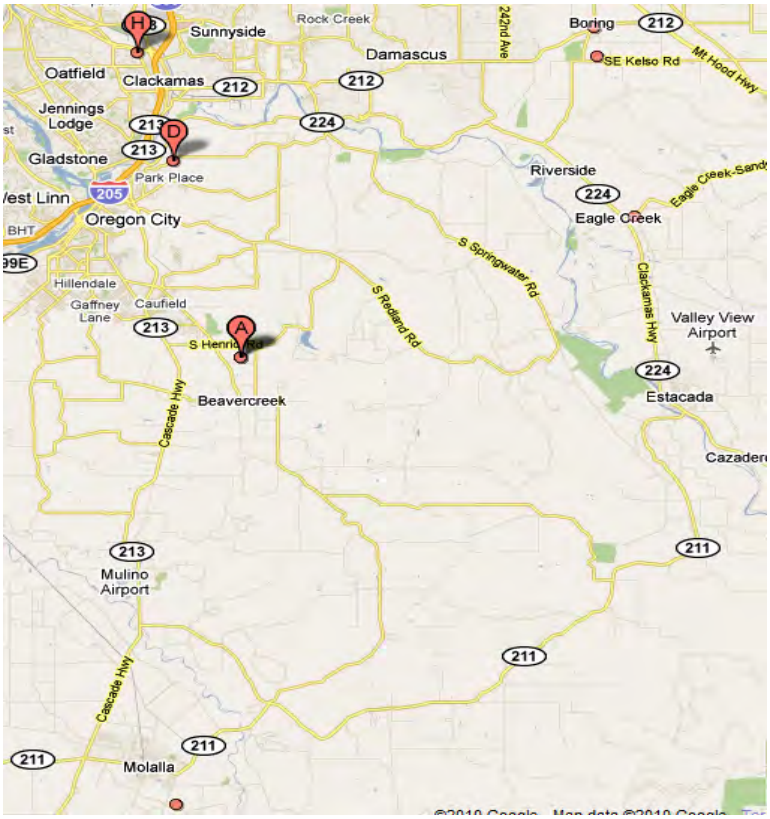

Figure 8: Apple Farms in Clackamas County

The overall contributions from this category are essentially from Boring, Eagle Creek, and Beaver Creek as shown in Figure 8.

3.2.5.2 Amount

There are 49 dry tons per year of apple and pear residue.

3.2.5.3 Availability

Producers that participated in our interviews stated that the availability of this residue is seasonal. Residue from the fruits themselves is composted, however there is some limb and tree residue that is burned.

3.2.5.4 Seasonality/Sustainability

The months to harvest apples are July through November and pears are harvested from July through October. Apple and pears are both well established crops in Clackamas County.

3.2.5.5 Assembly and Transportation

Many farms do not have the capability of transporting the residue. However, due to the amount concentrated in only two areas, there can be an effective pickup area in Boring, Molalla, or Beaver Creek.

3.2.5.6 Issues and Concerns

This residue source is readily available, however there is limited availability of transportation equipment to haul the product. Unlike some of the other agricultural products, disperse production areas are not as great a concern. The amount of residue available would not be enough to power a large plant. An anaerobic digester would allow for use of this material and could be operated as a co-op between small farms. This can also be combined with the other listed residues to make greater use of the available material.

3.2.6 Nuts

Nuts (primarily hazelnuts) account for 4,554 of the acres farmed in Clackamas County (Census 2007).

3.2.6.1 Location

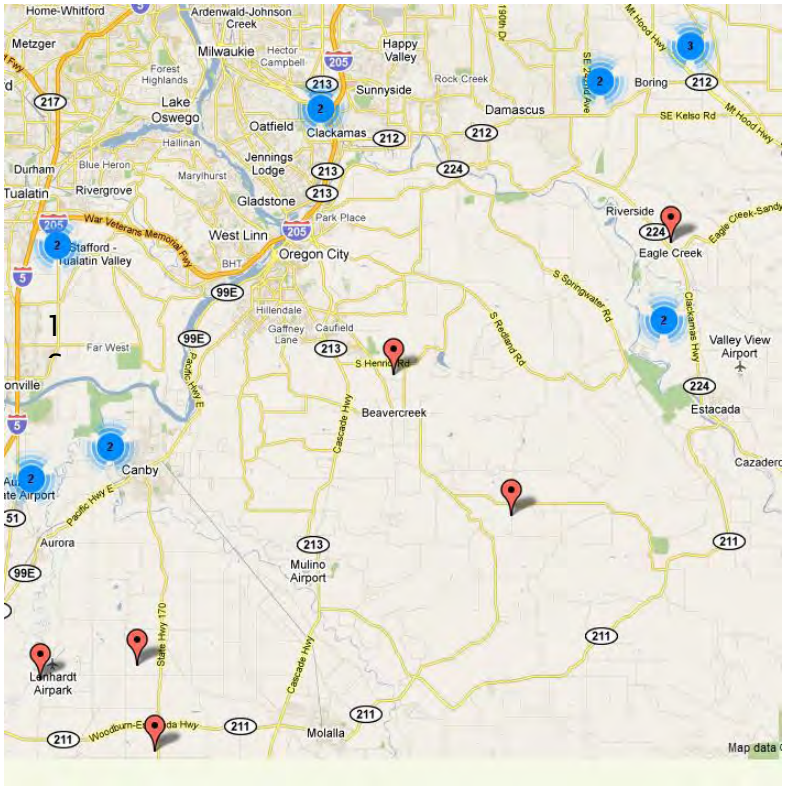

Figure 9: Nut Farms in Clackamas County

(source: tricountyfarms.org)

3.2.6.2 Amount

The overall contributions from this category are 1,091 dry tons a year (per oregonhazelnuts.org). The amount of hazel nuts in Clackamas County is 15% of the total Oregon and Washington Crop, totaling 5,197 tons of hazelnuts harvested and 65% sold in the shell (1,819 tons). Approximately 60% of the weight is considered shell, leaving 1,091 tons of unused biomass residue.

3.2.6.3 Availability

Many of the producers who participated in our interviews stated that there was a large availability of biomass from this crop.

3.2.6.4 Seasonality/Sustainability

The nuts are available during the fall and the trimmings are done in the spring and fall, allowing for collection several times during the year.

3.2.6.5 Assembly and Transportation

Many farms do not have the capability of transporting the material. Due to the amount of concentrated in three areas, there can be an effective pickup area in Eagle Creek, Molalla, or Beaver Creek.

3.2.6.6 Issues and Concerns

Securing a site within a reasonable distance to the supply is a concern as there are limited sites suitable as collection sites in the production area. An additional concern is that the amount of residue available would not be enough to power a large plant. An anaerobic digester would allow for use of this material and could be used as fuel gasification.

3.2.7 Corn

The corn crops account for 4,672 of the acres farmed in the Clackamas County Area (Census 2007).

3.2.7.1 Location

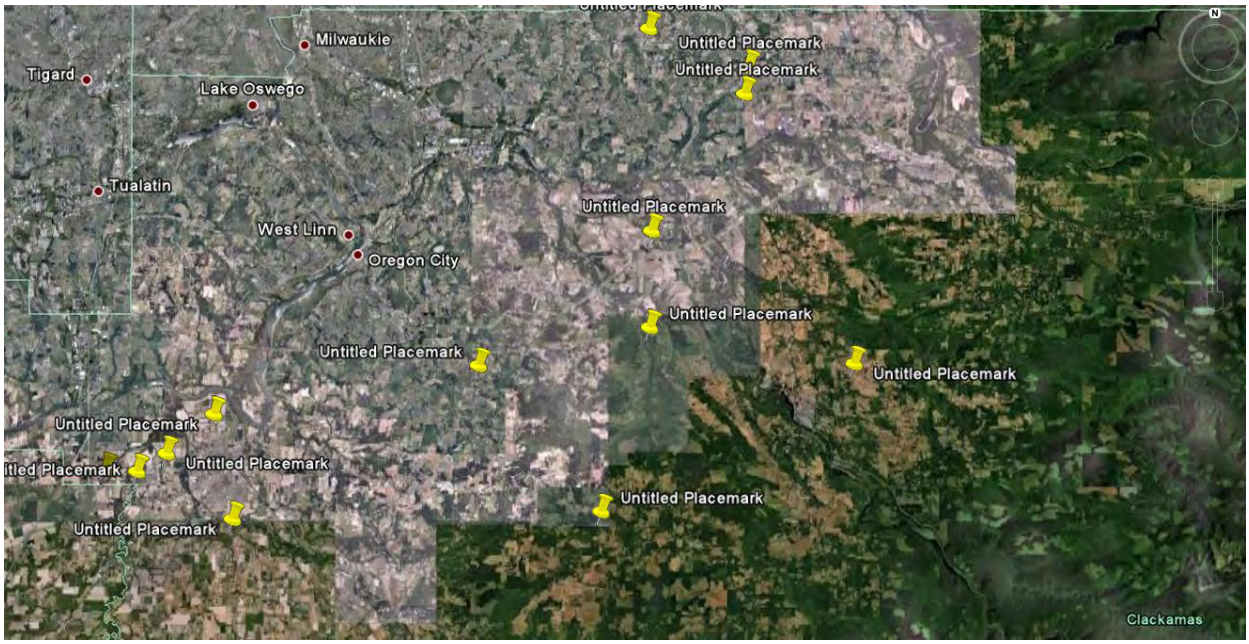

Figure 10: Corn Farms in Clackamas County

3.2.7.2 Availability

The overall contribution from this category is 19.337 dry tons a year. Those producers participating in the project interviews stated that there was a large availability of biomass from this crop.

3.2.7.3 Seasonality/Sustainability

Corn crops are harvested during the summer, allowing for biomass to be available in the fall after harvesting season. This is a consistent annual crop with an availability that allows for planning.

3.2.7.4 Assembly and Transportation

As stated previously, many farms do not have the capability of transporting residual material. However, due to the amount concentrated in only 2 areas there can be an effective pickup area in Eagle Creek, Molalla, or Boring.

3.2.7.5 Issues and Concerns

Securing a site within a reasonable distance is a potential concern as there are limited sites available suitable as collection sites. An additional concern is that the amount of residue available would not be enough to power a large plant. An anaerobic digester would allow for use of the residual material and could be operated as a co-op between small farms. This can also be combined with the other listed residues to make greater use of the available material.

Overall Concerns and Comments With Agricultural Biomass

Due to difficulties in making contacts with large producers in Clackamas County, our assumptions are based primarily on small farms and nurseries. For most growers interviewed, the primary concern was cost versus the return on investment. If there was not sufficient return on their investment, they would rather continue with their existing practices of burning and composting their residues. Once the County's Agriculture Investment Plan was shared, growers were encouraged about future prospects.

Farms:

- Majority of excessive residues are burned, mulched, composted.
- Burning of non-composting value.
- The payment for residue must be cost effective.
- Many think this is a good idea.
- Several farms under the size of 5 acres have stated they do not have enough residue to be counted or their residue is needed for their own use.
- There are individual concerns about allowing a plant to be built in close proximity (not-in-my-backyard).
- Many interested in the benefits that they would see personally.
- Most farms are only open for a short time during the year.
- Aggregating multiple crops and residues may provide the greatest opportunity.

Small Nurseries:

- S+H is a recycling group that will pick up yard debris and recycle for a fee starting at $10 a week.
- For a three acre farm, 1-2 pickup trucks would be available for 9 months out of the year for trimming and weeds.
- Many are requesting some to pick up due to not having appropriate equipment.

- Many feel that this is a good idea.
- For smaller nurseries (under 2 acres) they do not produce enough residue, but do produce a great amount of compost.
- Suggestion from some nurseries - composting center.

Large Nurseries:

- Many do twice yearly 'fall' cleanup.
- Almost all soil is recycled or foliage is burned.
- For nurseries over 20 acres, majority feel a need to have any access chipped and reused on site or composted. However, this is a smaller amount in comparison with the amount produced and is taken into account.
- The most that is burned per year is 2 tons for every 65 acres, which is shrubs and trimmings that cannot be used.
- Some stated: do not have the equipment to move the residue.
- Statements of concern on assumption that "the biomass plant will steal the wood chips" that are necessary for the products so they cannot use them.

Table 2: Summary of Agricultural Residues and Energy Equivalent

Source	Acres	Residue (Dry Tonnage/year)	Energy Equivalent (MW)
Nursery and Greenhouse	12,859	276	0.003
Grass seed	9,767	17,190	1.81
Hay and Grains	25,927	157.8	0.15
Berries and Small Fruits	3,457	30	0.003
Apples	54	54	0.006
Pears	124	124	0.14
Nuts	4,554	4,383	0.461
Corn	4,672	19,337	2.04
Total	61,414	4.39	4.05

3.3 Animal Biomass

Braeside Farm is a small farm located in Clackamas County. The farm currently utilizes animal and crop residue via a batch-style anaerobic digester (soon to be a flow-through digester). The digester is small, but fitting for the quantity of residue generated by the farm. The methane produced is used to heat tables in a greenhouse, allowing crop growth at times where Oregon's climate would not generally permit. Braeside Farm is one example of how animal and plant biomass can be used to benefit the rural areas of Clackamas County.

This section discusses the amount of biomass that is available from animal residues in the County. Since animal concentration is an important factor in the ability and applicability of collecting sufficient amounts of residue for utilization, only Concentrated Animal Feeding Operations (CAFO's) are included in the analysis. Small operations having only a couple of animals are more likely to use the animal residue on the farm (fertilizer, etc.)and are very unlikely to invest the time and expense to collect residue for such a small contribution. The CAFO's in Clackamas County have a variety of animals, including: chickens, bovine, elk, water buffalo, equines, goats, hogs and rabbits. Some of the sections below are identical for each category of animal.

It is quite likely that there is more biomass available for a potential facility(ies) than stated in the study, due to the difficulty in estimating the possible contributions (if any) of the many small farms that have only a few animals and are not large CAFO's. Even though it is unlikely for many small facilities to contribute, it is still possible that some may be interested. Also, the feather and meat processing residue may be attainable from processing facilities and *not* from the farm where they are grown. These processing facilities are not included in the analysis for any of the animals.

3.3.1 Poultry

Poultry is the most significant source of animal biomass material produced in the County, representing over 93% of the dry tons produced in Clackamas County annually.

Figure 11 reflects proportionately the biomass material attributed to each animal residue.

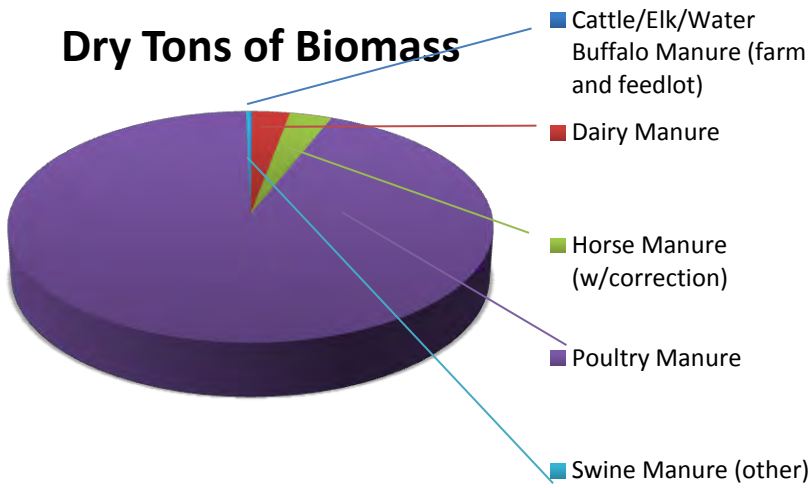

Figure 11: Total Biomass Produced by Animal Residue (Manure)

(Broken Down by Animal Type)

3.3.1.1 Location

The only CAFO's in the Clackamas County are from chicken-based operations and no other birds are included in the analysis.

There are 11 registered chicken-based CAFO's in Clackamas County, with locations shown in Figure 12. Appendix A-1 contains detailed information for each numbered CAFO.

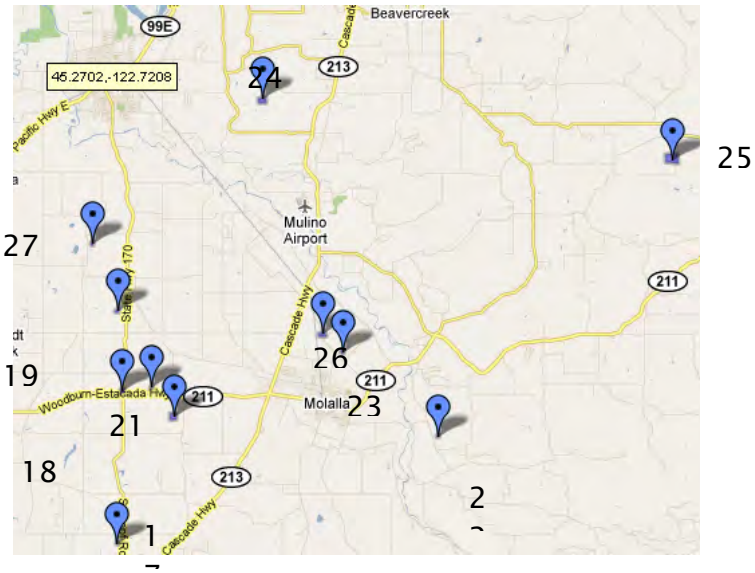

Figure 12: Chicken-based CAFO Locations in Clackamas County.

See Appendix A-1 for Associated numbers representing individual farms.

Molalla is the closest proximity to the majority of the CAFO facilities. Since proximity to the resource is crucial for the feasibility of a biomass project, the optimal location for a central processing site is located where there is the least amount of transportation distance required for the material.

3.3.1.2 AMOUNT

The recorded poultry population in Clackamas County amounts to more than 3 million tons per year, representing 65% the CAFO's(USDA, 2007). The remaining 35% is comprised of smaller chicken operations and other poultry types including turkeys, ducks and geese. Table 3 reflects the amount of dry tons of chicken manure produced per facility location and the percentage of overall chicken manure that can be obtained from each facility location. It is important to note that sites 18, 19 and 21 are listed with a Canby address, but are actually closer to Molalla.

Table 3: Annual Dry Tonnage of Chicken Manure by Listed Address

Tons of Dry Biomass (annual)---		144,145
City	Dry Tons	Percent
Beavercreek	10,220	7.09%
Canby	30,913	21.45%
Oregon City	3,837	2.66%
Molalla	97,651	67.74%
Woodburn	1,524	1.06%

We have not included in Table 3 the amount of dry tons available from poultry feathers, poultry meat processing and poultry mortality. However, the contributions of the feathers, meat processing and mortalities would yield only a 2% increase in annual dry tons. Amounts of dry tonnage manure resource were calculated using assumptions found in Appendix A-2.

The chicken manure is produced from seven different CAFO's in the County. The ability of the different farms to produce biomass varies drastically because of the number of animals that the different companies are using. A company comparison is shown in Table 4, reflecting the estimated biomass contributions of each chicken-based CAFO in Clackamas County.

Table 4: Estimated Biomass Contributions of Poultry-based CAFO's in Clackamas County

Company	
WILLAMETTE EGG FARMS LLC	75.20%
MURATA POULTRY	2.85%
OAK GROVE POULTRY INC	4.64%
HEILMAN, ED & LISA	2.66%
BRADLEY FARMS	7.09%
MOLALLA POULTRY INC	5.49%
D & B POULTRY	2.06%

The types of chicken operation in Clackamas County (broilers versus layers) heavily influences the amount of manure produced. Table 5 reflects the breakdown according to the type of chicken operation.

Table 5: Biomass Produced by CAFO's in Clackamas County by Type of Operation

Chicken Type	Dry Tons (annual)
Layers	108,402
Broilers	35,744

Further consideration to the amount of *potential* biomass produced in the County is facility capacity. The combined total of all broilers in the County is 90.1% of the permitted capacity. The combined total of all facilities with layers amounts to 81% of the permitted capacity. Since operating at 100% capacity is not entirely realistic, a 95% capacity for each category can be used to show what biomass could potentially be produced if farms were operating closer to the permitted amounts. The increased capacity would result in an increase of 20,673 annual dry tons, a 13.4% increase.

3.3.1.3 Availability

There is monetary value in chicken manure to the businesses that produce it. The business with the largest potential source of chicken manure (75% of total dry tons) sells nearly all of the residue as fertilizer for $18-$30 per dry ton. An assumption can be drawn that other CAFO's in the County also sell their residual, although it has not been verified. Manure could be available at a cost, which must be accounted for when determining whether or not it would make economic sense for energy production. Facility operators may make the residual product available if offered a higher economic return.

3.3.1.4 Seasonality/Sustainability

The Clackamas County poultry population provides that the residue amounts will be available consistently throughout the year.

3.3.1.5 Assembly and Transportation

The means of assembly of biomass for the majority of the poultry farms is done by using a conveyer belt. This system is used to dry the manure from approximately 75% moisture to 20-25% moisture. The manure is then loaded into trucks for shipment to its end destination. The quantity of manure the system is able to collect is significant. Appendix A-2 describes the specific assumptions used to calculate the collection amount of manure produced and the collection percentage.

One of the economic development goals of the project is to site a facility near one of the study areas (Canby, Molalla and Estacada), so that transportation is not an issue.

3.3.1.6 Issues and Concerns

Securing a site within a feasible transport distance is a potential concern. There are a few potential sites that could work, including a former mill sites or an on-site farm location.

Another potential concern is the value of the manure and market changes resulting from a competitor's ability to secure enough biomass to supply a facility.

The heavy reliance on a single producer (70% of the county total of animal-derived biomass) is also a concern, although other feedstock may be utilized in the process.

Rules and regulations regarding the transportation of animal residue products may also factor into the feasibility of this opportunity. If anaerobic digestion is utilized and drying the manure is not necessary, there may be transportation implications with the liquidity of the manure, if the digester is located off site.

3.3.2 Bovine

Bovine manure is the second largest source of animal biomass material in Clackamas County. It should be noted that there is an elk farm and a water buffalo farm included in the bovine category, and treated as free ranging cattle for simplicity and due to similarity in residue.

3.3.2.1 Location

There are 16 bovine-based CAFO's (including one elk and one water buffalo farm) in Clackamas County. The locations of the farms are shown in Figure 13 and reflect both cattle and dairy facilities (the green marker indicates the location of the water buffalo farm). The numbers next to each marker are facility identifiers with a detailed description found in Appendix A-1.

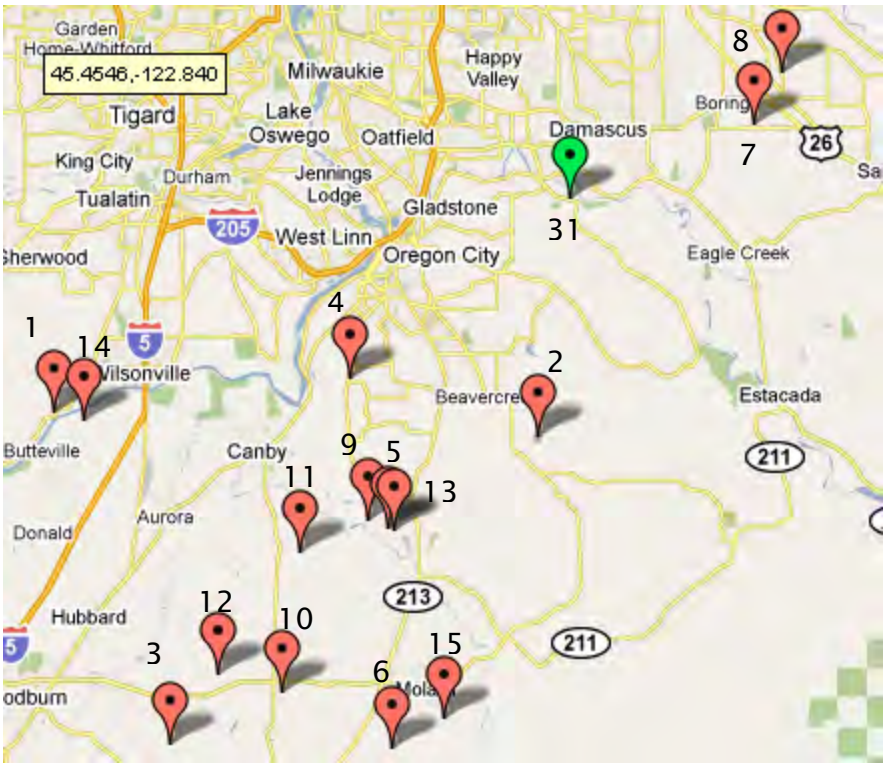

Figure 13: Bovine-Based CAFO Locations in Clackamas County.

See Appendix A-1 for Associated Numbers Representing Individual Farms

3.3.2.2 Amount

Bovine-based biomass represents 3% of the total animal-derived biomass for the County and is much more dispersed than the poultry resource (as seen in the figure above). There are over 20,000 cattle (dairy and beef combined) according to the last census taken; CAFO animal count represents only 18% of that number (USDA, 2007). As with the chickens and other animals, a large amount of bovine not accounted for in this study leaves the possibility that the information reported herein is understated.

Table 6: Dry Tonnage of Poultry Manure Produced by Listed Address

Tons of Dry Biomass		4,488
City	Dry Tons	Percent
Aurora	801	17.84%
Beavercreek	115	2.56%
Boring	516	11.49%
Canby	780	17.39%
Culver	83	1.85%
Hubbard	338	7.53%
Molalla	210	4.67%
Mulino	105	2.34%
Oregon City	1,170	26.07%
Wilsonville	9	0.19%
Woodburn	362	8.07%

Bovine businesses usually consist of free range operations, producing less manure and with significantly less collection ability than dairy operations. Amounts were calculated differently for free-range bovine and dairy bovines, as outlined in Appendix A-2.

The distribution of the resource is fairly diverse with regard to the companies involved. Tables 7 and 8 reflects the contributions of the CAFO's and the relative amount of biomass produced by the type of operation (cattle versus dairy), respectively.

Table 7: Estimated Biomass Contributions of Bovine-Based CAFOs in Clackamas County

Company	
WIL-VIEW FARMS	0.19%
BEAVERCREEK MEAT CO	2.56%
PERRIN FARMS	8.07%
STAEHELY BROTHERS	26.07%
CASCADIA FARMS, LLC	5.63%
FALLEN OAK JERSEYS	4.35%
CLOUD-CAP FARMS	9.94%
BENNETT'S ACRES	1.55%
ALBER DAIRY	2.32%
HOODVIEW DAIRY LLC	8.15%
TMK FARM	1.29%
AAMODT DAIRY INC	7.53%
LADY-LANE FARMS	2.34%
MAYFIELD FARMS LLC	17.84%
ROSSE POSSE ACRES	0.32%
SPRINGWATER FARMS	1.85%

Table 8: Biomass Produced by CAFOs in Clackamas County by Type of Operation

Bovine type	Dry Tons (annual)
Beef (farm)	221
Dairy	4,267

A further consideration to the amount of *potential* biomass produced in the County is facility capacity. Currently, the combined total of all cattle in Clackamas County is 76.7% of the permitted capacity. The combined total of all dairy production in the county amounts to 74.8% of the permitted capacity. Using the same theoretical 95% capacity for each category (as with poultry) can be used to show what biomass could potentially be produced if the farms were operating closer to the permitted amounts. The larger capacity would result in an increase of 1,669 annual dry tons; a 1.1% increase. Even with an increase in capacity of 20% for all bovine-based CAFO's, which is much more than that of the chickens, the relative insignificance of the bovine contributions is clearly seen by the small gain in biomass produced.

3.3.2.3 Availability

Dairies interviewed for this project stated that the current bovine residues have little economic benefit to them other than being spread out onto other parts of the property as nutrients. It is unknown whether or not the majority of CAFO's are in a similar situation as they were not interviewed. Assuming that none of the residues for the farms are being sold for use as other products, the availability should be high and relatively inexpensive.

3.3.2.4 Seasonality/Sustainability

Due to the nature of bovine the residue amounts are available on a consistent throughout the year.

3.3.2.5 Assembly and Transportation

The way that the manure is assembled depends on the type of operation and also the individual company. In many CAFO cases, the manure is scraped off a concrete slab, and piled on a regular basis. Whatever the manure collection form, the amount of time the bovine spends in a collection area will vary considerably between dairy and free-range cattle and between operations.

In considering the economic development goal of citing a facility near Canby, Molalla or Estacada, transportation is a factor. There is a concern regarding the location of a desired processing plant and the location of the resource in the case of bovine-based biomass. An increase in transportation distance very quickly decreases the economic feasibility of a biomass project. The three largest contributors of biomass (54% of bovine resource) are all in completely different parts of the County (numbers 4, 7, & 14 on the location map). There is limited opportunity to source the material to a sole processor; resulting in two possibilities:

1. The largest facilities may have enough biomass to process independently on-site; or
2. The facilities could contribute to a different, nearby, processing plant (i.e. the plant processing chicken residue).

3.3.2.6 Issues and Concerns

As with the poultry manure transportation, there may be regulations restricting the amount, distance and type of substance being transported.

The amount of biomass material that is left after the farm has used what it needs would further reduce the amounts available for other uses and may even be significant enough to eliminate the feasibility of the on-site processing option.

3.3.3 Equine

The equine population in the county numbers over 10,000 and is the ninth largest *in the nation* (Hunsberger, 2006). The estimated amount of biomass available from equine manure is still only about as much as what is available from the bovines, which are small compared to the amount available from the chickens.

3.3.3.1 Location

The location of the single equine-based CAFO in the county is shown in the figure below.

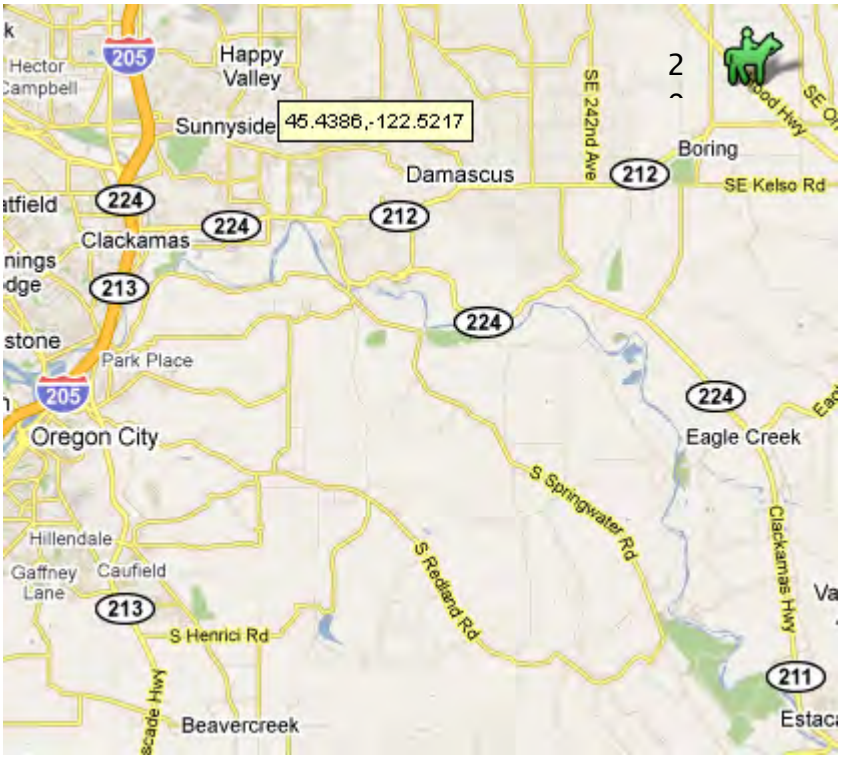

Figure 14: Equine-Based CAFO Locations in Clackamas County.

See Appendix A-1 Associated Number Representing Individual Farm.

3.3.3.2 Amount

The amount of equine material available is unknown since there is only one registered equine-based CAFO, and that operation contains only 12 animals, despite being permitted for 275.

The details for the amount of equine manure produced by the single CAFO are displayed in the Table 9.

Table 9: Equine CAFO Locations and Estimated Annual Dry Tons

FARM	CITY	DRY TONS (annual)
MT HOOD EQUESTRIAN CENTER	BORING	16

Operations that contain large numbers of animals in one location are the majority of any potential resources, small farms that house a limited number of equine are not considered as significant contributors for biomass amounts. However, it has been estimated that with all of the stables and medium-sized equine facilities in the County, there could be additional quantities of manure available. The total equivalent amount of equine used to determine the overall biomass production is 3,600 (roughly a third of the County population, producing 4,842 dry tons of biomass annually and calculated using the methods explained in Appendix A-2).

3.3.3.3 Availability

The availability of the equine manure is unknown, largely due to the limited data collected. Therefore, despite the large population of equines in the County, it is difficult to determine the quantity of residue produced and its availability

3.3.3.4 Seasonality/Sustainability

Due to the nature of animals, the residue amounts are available on a consistent basis throughout the year.

3.3.3.5 Assembly and Transportation

Assembly will depend on the facility setup. If the equines are largely in open fields, then the amount of collectible manure will be much less than if the equines are in stables. The living conditions will also determine how the manure is collected. As with the bovines, the manure will likely come from whatever is in the stalls (or concrete slab) that is collected and piled.

Uncertainty of the location and number equine throughout the County limits the ability to determine the transportation details of a potential project. Based on the limited data collected, the only option would be an on-site processing setup. Unless the business operates at a much higher capacity of animals, there is little incentive to even produce on-site.

3.3.3.6 Issues and Concerns

The key issue for the equine resource is the large discrepancy between the popularity of equines in the County and the lack of readily available resource (CAFO's and other densely-populated operations). A lack of these type of facilities suggests that the large populations of equines is due to individual owners with only a few animals and would likely not be contributing factors of biomass material.

3.3.4 Other

"Other" is a catch-all category for the few animals that are located on a smaller number of farms. The animals included in this analysis include rabbits, hogs and goats.

3.3.4.1 Location

The locations of the three different CAFO's are shown in the Figure 15.

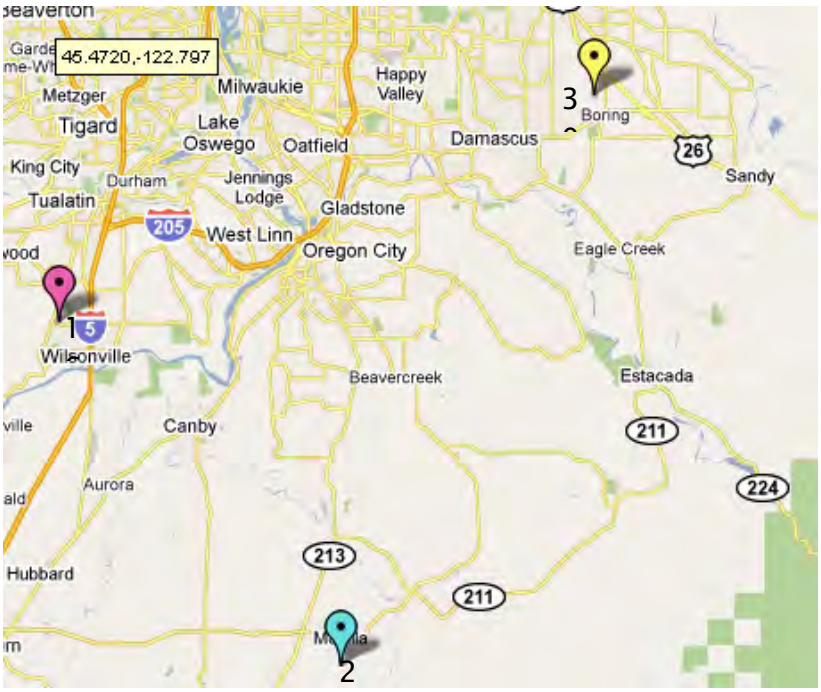

Figure 15: Other CAFO Locations in Clackamas County: Hogs (purple), Rabbits (yellow) and Goats(blue).

See Appendix A-1 Associated numbers Representing Individual Farms.

3.3.4.2 Amount

The overall contributions from this category represent less than 0.5% of the total resource available from animal manure. The actual amount of biomass available from the collection of different animals is 504 dry tons, which accounts for the swine residue. There was not sufficient data available to compute the amounts available from goats and rabbits, therefore their contributions have been omitted. Assumptions used for the hog biomass yield is detailed in Appendix A-2.

The farm, location and amount of biomass calculated for the "Other" animals are shown in Table 10.

Table 10: Clackamas County Other CAFO Annual Biomass Production

FARM	CITY	DRY TONS
BISCHOF, DON	WILSONVILLE	504
GOLDIN ARTISAN GOAT CHEESE LLC	MOLALLA	-
WEISDORFER FUR FARM	BORING	-

3.3.4.3 Availability

Facilities were not contacted and thus the current availability of the resources is not known.

3.3.4.4 Seasonality/Sustainability

Due to the nature of the animals the residue amounts are available and consistent throughout the year.

3.3.4.5 Assembly and Transportation

Assembly of the three different types of operations is likely very different. Where the rabbit farm is dealing with closely contained (caged) animals and easily attainable residue, the hogs and goats each have some pasture.

As with the bovine facilities, these three CAFO's are very spread out as seen in the map of locations. Without any nearby alternative facilities to utilize the residue, the only potentially feasible option is for on-site processing.

3.3.4.6 Issues and Concerns

The unknown availability of resources leaves questions to be answered. Also, the actual production for the goats and rabbits (and other fur bearing animals) is not accounted for due to insufficient data on the subject.

4.0 Data Analysis and Findings

4.1 Element 1: Biomass Assessment

This research project had two primary research goals:

Research Goal 1: Quantify Biomass Availability in Clackamas County
Research Goal 2: Identify Strategies for Accumulation and Supply for Utilization Options (such as CHP operations)

Research Goal 1 is reported in this section,4.0 Data Analysis and Findings. Data is provided for the three categories of biomass: forest, agricultural, and animal. The specific research provided answers to the following questions, including:

1. Available quantity?
2. Where is supply located?
3. Sustainability of available supply?
4. Seasonality of supply?
5. Assembly and transportation?
6. Current use?

The aggregate biomass resource identified in the County is equivalent to about 39.5 MWe of energy.

There are a number of distinct resources available that will require a variety of technologies to fully utilize the available energy potential. These technologies are described in the following section, Element 2.

Research Goal 2 findings are reported in Element 2: Types of Facilities, Power, and Cost in the following pages.

Forest Residues

Clackamas County has 759,000 acres of forest land, of which 400,000 acres are public forests and approximately 300,000 acres are private lands. Nearly half of the private lands are owned by Weyerhaeuser.

We have estimated that there are approximately 300 cu. ft. of residue per acre; 780 dry tons per year can yield 1megawatt of energy.

Timber Land-Private

Private timber lands comprise about half of the resource.

Large industrial forest owners do not have available biomass. Companies use all of their residues in internal operations. Weyerhaeuser is considering converting cellulose to ethanol.

Small timber lands are generally "mom and pop" acreages where timber processing is not the primary income-generating activity.

Biomass utilization operations on private timber land must be cost effective. There is currently no labor force or equipment in place for the small acreages.

Small acreages are near Estacada and while there is no steady biomass, when a tree must be removed, the entire tree is available. One idea for a small business start-up could be a contractor to gather any residue.

Timber Land-Public

The 400,000 acres of public timber land is not currently available for resource utilization, however approximately 113,000 dry tons per year could be collected from overstock. This amount has been consistent for the past 20 years.

Christmas Trees

There are approximately 5,000 tons per year of woody biomass, which could provide 5.5 megawatts of energy. The Christmas tree operations are dispersed, and collection may be an issue. The residue is piled and the current practice is to burn the trimmings and cull trees. This can provide 0.05 MWe of energy.

A potential strategy is a scalable plant in the Colton, Molalla or Estacada area. Residues could be processed into briquettes for domestic and export sales, provide CHP for schools or other uses, or produce synthetic natural gas. A demonstration plant could "prove the model."

Smaller producers could operate a co-op with incentives and funding if there is interest in this type of collaboration.

Forest Residues Analysis

Timber Land-Public

On the surface, the large 400,000 acres of public forest within the County suggests that forest residues and harvested materials should be a significant resource for utilization as an energy source. However federal policy provides that only a small percentage of the forest lands are available for use as part of the US National Forest System. There are approximately 400,000 acres of public timber land which are open to resource utilization. However, current owners already utilize this resource.

On national forest lands, there are approximately 113,000 dry tons of stock biomass per year that could be collected on the basis of overstocked material which has been consistently available for the past 20 years. This overstock resource is equivalent to approximately 89 MW of electricity(=~65 persons), enough to power a small town. Accessing this resource will require a change in federal policy.

Timber Land-Private

The private timber lands are made up of two large tracts of corporate holdings. These companies take complete responsibility for the management and utilizations of the resource. There are a number of smaller private holdings within the region, which are managed by "mom-and-pop" owners. These holdings are dispersed and generally too small to significantly contribute to biomass-based energy in the County.

A potential strategy for small timber land holders could be the formation of a cooperative venture for production of pelletized or briquetted wood. The cost associated with this type of venture for a moderate-sized pelletization operation ranges between $150,000-$250,000 for the equipment.

Christmas Trees

There are approximately 5,000 tons per year of Christmas tree residues that are distributed in the growing areas. This quantity of resource, by itself, is too small for a commercial power production operation, however, these residues could be converted into wood pellets for use in on-site heat production or processing for sale.

Agricultural Residues

For purposes of this study, agricultural resources are categorized as farms or nurseries/ greenhouses, depending on how the operation is registered with the state.

Farms

Based on the Oregon Agricultural Census (USDA, 2007) farms have diversified their productions to include berries and fruits, as well as bovine, hazelnuts or other agricultural products.

Table 11: Summary of Agricultural Residue Resources and Energy Equivalents

Source	Acres	Residue (Dry Tonnage/year)	Energy Equivalent (MW)
Nursery and Greenhouse	12,859	276	00.3
Grass seed	9,767	17,190	1.81
Hay and Grains	25,927	157.8	0.0172
Berries and Small Fruits	3,457	30	0

Apples	54	54	0
Pears	124	124	0
Nuts	4,554	4,383	.0
Corn	4,672	19,337	2.04
Total	61,414	41,671	4.39

Overall, farm residues are not sufficient as materials, are in dispersed locations, and most of the residual material is used for composting.

There is interest in providing biomass for energy production; however there is a need for collection of the residual material.

Nurseries and Greenhouses

Nurseries and greenhouses are considered as a single category by the Oregon Association of Nurseries. Nurseries produce mostly shrubs and greenhouses sell "starts" for the domestic market.

The material is collected and stored twice annually, then burned.

A potential strategy for this residual material might be a bio-digester, possibly located in the Boring area that utilizes residues from local farms, nurseries and greenhouses.

Grass Seed

Another placement could be a bio-digester in the Molalla-Canby area for grass seed residue conversion to methane, with additional residues available from nearby counties in the Mid-Willamette Valley.

Woody Biomass

Pelletized wood for CHP, similar to a project with the Estacada School District, or processing for sale or export is feasible. Another potential is gasification to produce syngas for a gas turbine or to fire steam boilers.

Agricultural Residues Analysis

The agricultural residues from vegetables, nuts, fruits and berries produce insufficient quantities to be economically viable.

Animal Residues

Clackamas County has a number of CAFO's that would be able to provide substantial quantities of residue that could be utilized in a number of ways. A summary of the animal residue produced in the County is shown in the Table 12.

Table 12: Summary of Animal Residue Resources and Energy Equivalents

Residue	Amount (Tons per year)	Energy Equivalent MW
Poultry Litter	144,000	15.17
"Bovine" Manure	4,400	0.42
Equine	4,800*	0
Other**	504	0.

*Based on assumptions for equine population and residue availability
**Other includes hogs, rabbits and goats

Potential Strategies for Animal Residues

Although the potential strategies are broken down into various animal groups, they are not exclusive. For example, poultry and bovine residues could both be used in the same processing facility.

Poultry Litter

An anaerobic digester plus gasifier, potentially located in the Molalla area, could produce syngas that could be used for heating and electricity production. Co-products include fertilizer, minerals and heat for schools and other public buildings. Combining digestion with gasification yields triple the output of digestion alone.

Bovine Residues

Large dairies could convert residues on-site with anaerobic digesters to produce methane. A co-op may be developed in the Canby and Molalla areas using the same technology.

Equines Plus "Other"

The equine and "other" residues could possibly contribute to other facilities. For example, manure from the largest equine CAFO could be combined with the residue from nearby rabbit and hog residues from the Wilsonville area, or could likewise be used in nearby poultry operations.

Animal Residues Analysis

Poultry Litter

Poultry litter is the largest single resource in the county for the production of energy from biomass, in addition to an opportunity for a related fertilizer production facility.

Bovine Residues

There is insufficient bovine manure to justify a separate digestion – gasification system; however, operating a combined facility or co-op could prove to be economically viable.

Equines Plus "Other"

The equine and "other" category is too small to be considered as the animals are not housed in a manner that provides for ready collection of residues.

4.2 Element 2: Modes of Energy Production

4.2.1. Direct Combustion

Biomass particles typically burn easily in a variety of burner designs from fixed grates, moving beds or suspension burners. A potential danger in burning very small biomass particles is quick combustion resulting in an explosion.

4.2.2. Burning Pelletized Woods or Straws

Pelletized biomass retains the moderately high heating value of the woody fuel with a high density, easily moved fuel. Pellet stoves have been gaining in popularity as sources for heat and cooking.

There is an active market for compressed pellets and briquettes as a fuel source.

4.2.3. Gasification Methods

Gasification is termed as a thermo-chemical process. Essentially, biomass materials when heated to high temperatures (>450° F), in the absence or reduced amount of oxygen, will partially or completely decompose into smaller molecules ranging from organic tars, organic acids, or small molecules, including methane, hydrogen, carbon monoxide and carbon dioxide. The specific decomposition products depend on the temperature, heating rate and the degree of oxygen exclusion.

A biomass gasifier is a device designed to convert biomass into a combustible fuel gas, called syngas (synthetic natural gas). Depending on the gasifier design, the syngas will have a heating value of 250 Btu per cubic foot. Natural gas, by comparison, has a heating value of about 550 Btu per cubic foot.

For example, syngas can be used directly in an internal combustion engine, a gas turbine, or a steam boiler to produce electricity or for other energy purposes. Syngas can be transported for small distances (1-3 miles) by pipeline, however the presence of carbon dioxide and carbon monoxide prevent use of high pressure gas pipelines.

Gasification processes are sensitive to the amount of moisture present; as moisture above 15-20% makes it difficult to maintain the high temperatures needed for high-yield gasification.

4.2.3.1 Anaerobic Digestion

Plant biomass can be converted into a mixture of flammable methane and carbon dioxide using a complicated consortium of micro-organisms found in the paunch of ruminant animals (cattle, horses, goats, etc.).

Anaerobic digestion is a process that begins with the fermentation of natural sugars or starches found in fruits, vegetables, and in forage. Also present are organisms that convert some woody-like materials into sugars. The sugars are then converted further to methane and carbon dioxide. The bas, bio-gas, is a mixture of 60% methane and 40% carbon dioxide. Bio-gas is a fuel used worldwide.

Water is essential to bio-gas production. For this reason, anaerobic digestion is a method of choice for getting energy from animal manures. The process can be managed to provide a consistent supply of fuel gas and the residual biomass solids can be recovered and burned, gasified or used as fertilizer. Gasification of digestor solids retains the fertilizer minerals as a solid fertilizer.

4.2.3.2 Chemical Conversions of Biomass

Biomass materials are primarily made up of carbon, hydrogen, and oxygen with very predictable chemical properties. There is a vast array of technologies to convert biomass hydrocarbons into industrial organic chemicals, including petrochemical analogs. Not included in the evaluation are chemicals derived from protein products and products from fats and oils.

4.3 Element 3: Policy Implications

The policy context is particularly complex, constantly changing and was beyond the scope of this project.

4.4 Element 4: Strategies and SWOT Analysis

Potential strategies are shown in ***bold*** in Table 13. *Please note that blank cells reflect no comment(s) for that category.*

Table 13: SWOT Analysis: Utilization Options

Forest Residues • Agricultural Residues • Animal Residues

Forest Residues

Category	Strength	Weakness	Opportunity	Threat
Timberland				
Private-Small		Make more money if sell residue as firewood (cords) Not enough residue	Excess wood could be converted into pellets (Seen as a weakness.)	
Private-Large		No residue available; used internally		
Public ***Stewardship Contracts 35,000 tpy***	Large amounts	Federal policy restraint	Environmental Safety Jobs Energy products	Environmental Concerns Public opinion
Christmas Trees				
Christmas Trees ***Possible Estacada Scalable Facility***	Dependable resource Piled materials Location Business development sites	Collection issue Dispersed sites	Briquettes CHP Syngas Recycling program	

Animal Residues

Category	Strength	Weakness	Opportunity	Threat
Poultry Litter				
Poultry	Intrinsic value of residue Dependable, concentrated resource	Cost of assembly Current use as fertilizer One primary	Biodegradable de-icer product Jobs CHP for schools	Ordinance re transport of septic material

Possible ***Molalla Anaerobic digester plus gasification facility***	Retains fertilizer value Scaleable Multiple Products Technology available	producer	Syngas	
Bovine Residue				
Large dairies on-site anaerobic digestor	Integrated technology, resource, use Technology available	Small number of dairies Low intrinsic value of residue	Jobs Multiple installations Co-ops	NIMBY Low intrinsic value
Equine + "Other" Residue				
Contribute to other facilities	County initiative: reduce school costs via CHP	Dispersed, small, isolated locations Collection issue	Jobs	

Agricultural Residues

Several nursery operators expressed fear that the wood chips would be captured by biomass facility.

Category	Strength	Weakness	Opportunity	Threat
Farms				
Possible Molalla Grass Seed Residue Biodigester		Not enough biomass	Multi-county collaboration	Specific technology need
Nurseries/Greenhouses Residue				
Not applicable				
Farms plus Nurseries/Greenhouses Residues				
Possible Boring Biodigester Facility	Scalable Small, possible Retain nutrients Fertilizer by-product	Require Co-op Small farms Collection system	Fertilizer for farms use or sale Can benefit farmers and create jobs	Fear of materials being taken

5.0 Recommendations

To proceed, Clackamas County needs a Full Feasibility Study to explore economic benefits of the various courses summarized in this preliminary study. The full study should include:

- Economic Benefits Analysis
- Economic/Political Incentives
- Environmental Issues Analysis
- Policy Issues
- Stakeholder Analysis
- Local and State Experts' Participation (e.g. Mike Bondi and Jamie Johnk, Matt Krumenauer)
- Identification of Potential Facility Sites and Development Strategies

From April to June of 2010, the Project Team assessed the quantity of agricultural waste residues and the potential energy and other bi-products that could be generated if it was feasible to accumulate and process the waste. The team identified five areas of opportunity for Clackamas County, during this preliminary study phase. This report provides possible directions for the county to pursue with more in-depth and comprehensive analysis or other economic development efforts.

1. Based on the amount of forest waste and its energy potential, the County should consider engaging in a public awareness campaign related to the economic benefits and energy potential of forest thinning, as well as the risks and security impacts of overstocked national forest lands that result from historic fire suppression and reduced harvest. The objective is to inform the public about how forest waste from national lands could be used for energy production, and the potential impacts of excessive fuel stocks.

2. Forest thinning could support Combined Heat and Power (CHP) applications for public, industrial, commercial or residential districts or buildings. We estimate the energy potential to be approximately 10 MWe.

3. Based on the preliminary findings in this study, poultry litter has the potential to provide approximately 10 MWe of capacity. Molalla and vicinity is strategically located to become an energy power hub.

4. Regulatory limits on burning grass materials offer an opportunity to monetize the residues as energy products. This is an opportunity for the County, and merits exploration through regional partnerships with surrounding counties.

5. Smaller sources of animal waste have the potential for on-site power generation or for aggregation if other barriers can be overcome. There is potential for power and fertilizer in the Molalla area and possibly the Boring area by using anaerobic digestion to produce biogas and residual co-products.

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Appendix A-1 Timberland Details and Calculations

Clackamas County encompasses 1,196,800 acres, 74% of which, or 896,462 acres, are forest land. Of this forestland 84% (759,932) acres is not in reserved status, and thus considered timberland. A slight majority of this land (55%) is federally owned (417,718 acres). Only 1% of Clackamas County's timberland is state owned (7,404 acres).

2.1 - Area by owner class and reserved status (acres)
(the first value is the estimate and the second value is the percent sampling error)
Inventory – Oregon: Annual 2001-2008 (P2) – *Accessible land, used in most summaries

Ownership	Reserved Status		Total
	Not reserved (0)	Reserved (1)	
Unknown/not recorded (-1)	-	-	-
National Forest (11)	417,718 / 11.1%	131,514 / 22.6%	549,232 / 8.7%
National Grassland (12)	-	-	-
Other National Forest (13)	-	-	-
National Park Service (21)	-	-	-
Bureau of Land Management (22)	6,975 / 104.8%	5,016 / 96.9%	11,991 / 73.2%
Fish and Wildlife Service (23)	-	-	-
Department of Defense or Energy (24)	-	-	-
Other Federal (25)	-	-	-
State (31)	7,487 / 102.8%	-	7,487 / 102.8%
Local (county, municipal, etc.) (32)	7,404 / 104.1%	-	7,404 / 104.1%
Other non federal lands (33)	-	-	-
Undifferentiated private (46)	320,348 / 14.5%	-	320,348 / 14.5%
Totals:	759,932 / 8.8%	136,529 / 22.1%	896,462 / 7.6%

Figure 16: Clackamas County Forest Land by Ownership Class and Reserved Status. (USFS, 2008)

Stocking condition is a measure of the tree density relative to optimal density. Stocking conditions are defined by the Forest Inventory Analysis National Program of the USFS as follows:

- Overstocked (100+ % of full stocking)
- Fully stocked (60 – 99%)
- Medium stocked (35 – 59%)
- Poorly stocked (10 – 34%)
- Non-stocked (0 – 9%)

2.7 - Area by owner and growing-stock stocking classes (acres)
(the first value is the estimate and the second value is the percent sampling error)
Inventory – Oregon: Annual 2001-2008 (P2) – *Accessible land, used in most summaries

Ownership	Growing-stock stocking					Total
	Overstocked (1)	Fully Stocked (2)	Medium Stocked (3)	Poorly Stocked (4)	Nonstocked (5)	
Unknown/not recorded (-1)	-	-	-	-	-	-
National Forest (11)	12,148 / 68.7%	221,740 / 16.1%	129,963 / 22.8%	47,548 / 35.8%	6,318 / 83.2%	417,718 / 11.1%
National Grassland (12)	-	-	-	-	-	-
Other National Forest (13)	-	-	-	-	-	-
National Park Service (21)	-	-	-	-	-	-
Bureau of Land Management (22)	-	-	-	6,422 / 113.5%	553 / 96.9%	6,975 / 104.8%
Fish and Wildlife Service (23)	-	-	-	-	-	-
Department of Defense or Energy (24)	-	-	-	-	-	-
Other Federal (25)	-	-	-	-	-	-
State (31)	-	-	7,487 / 102.8%	-	-	7,487 / 102.8%
Local (county, municipal, etc.) (32)	811 / 104.1%	-	6,592 / 104.1%	-	-	7,404 / 104.1%
Other non federal lands (33)	-	-	-	-	-	-
Undifferentiated private (46)	23,213 / 49.7%	111,725 / 25.1%	82,304 / 29.2%	79,829 / 29.6%	23,277 / 54.1%	320,348 / 14.5%
Totals:	36,172 / 39.4%	333,466 / 13.6%	226,347 / 17.4%	133,799 / 22.4%	30,148 / 45.3%	759,932 / 8.8%

Figure 17: Clackamas County Timberland by Ownership Class and Stocking Condition. (USFS, 2008)

As of 2008, 5% of the timberland acreage, 36,172 acres, is in an overstocked condition as shown in Table 17. The largest portion is privately owned lands (23,213 acres). Adding the Overstocked and Fully stocked acreage together, includes 49% of the timberland, of which 233,888 acres are federal lands. Notably, 30,148 acres are non-stocked and need to be restricted from any further calculations.

Complex data needs to be assembled to deduce any reasonable amount of biomass supply. Such factors as slope restrictions, timber harvest regulations, Fire Regime Condition Class, and roadside accessibility play an important part in a biomass feasibility study. Additional considerations such as economic attraction to an area (usually a supply forest must contain more than 300 ft^3 of merchantable timber per acre) and what will become of the merchantable timber is outside the scope of this study. The Oregon Forest Resources Institute Study of 2006 includes specific data about three counties with similar topography to Clackamas County (Douglas, Jackson, and Josephine), and their procedures will be used as a primary guideline.

Throughout this study priority was established to insure comparative measures were reasonably accurate. For example, Douglas County maintains that 59% of their available timberland is either state or federally owned and Jackson County is 60%; likewise 55% of Clackamas County's timberland is in that realm.

Of the 759,932 acres of timberland, 30,148 were immediately disqualified as they were non-stocked lands. In order to filter out low fire hazard areas, typically those that are poor or medium stocked the acreage was reduced by 49%.

Inaccessible regions were deducted. Counties with infrastructure and forest systems similar to Clackamas County average a 29% deduct for these regions. The 254,000 acres remaining are used as the base case, representing all acreage potential for biomass utilization. Approximately 30% of this acreage has a slope of 30 degrees or higher, making timber harvesting more difficult and less cost effective, however still possible with specialized techniques.

Comparing the base case acreage with Douglas, Jackson, and Josephine Counties, who averaged 20.83 BDT per acre on this remaining land, Clackamas could remove 5,290,820 BDT from their timberlands. Further calculations are needed however, as much of this product is higher value timber than typically used for biomass. Of this 254,000 acre base case, 220 million ft^3 would be merchantable and the remaining 2,724,000 BDT would be suitable for biomass. Considering the 30% deduct for slope restrictions, brings these to 155 million ft^3 of merchantable timber and 1,906,838 BDT. Spreading the removal over 20 years and assuming zero growth, yields nearly 100,000 BDT/year for biomass utilization.

According to (McNeil Technologies, Inc., 2003), “Forest biomass availability is affected by a variety of factors. Some biomass must be left on-site to reduce soil erosion and compaction, conserve soil nutrients and retain dead standing and fallen trees for wildlife habitat. Slope constraints also limit biomass recoverability.

“Yield assumptions used to estimate forest biomass generation … are consistent with actual biomass removals from fuels reduction and thinning projects after the projects have satisfied all planning requirements, management practice guidelines and laws related to soil conservation, wildlife habitat, and forest productivity. It should be recognized that biomass availability is ultimately site-specific.”

Appendix A-2 CAFO Details

	Facility Name	Facility City	Animal Type	Number Permitted	Total Juvenile	Total Adolescent	Total Adult	Total Animal Count	
1	WIL-VIEW FARMS	WILSONVILLE	Beef Cattle Ranching and Farming	660	-	150	-	150	
2	BEAVERCREEK MEAT CO	BEAVERCREEK	Cattle Feedlots	800	-	-	500	500	
3	PERRIN FARMS	WOODBURN	Dairy Cattle and Milk Production	400	-	180	128	308	
4	STAEHELY BROTHERS	OREGON CITY	Dairy Cattle and Milk Production	1,000	225	225	450	900	
5	CASCADIA FARMS, LLC	CANBY	Dairy Cattle and Milk Production	130	18	1	119	138	
6	FALLEN OAK JERSEYS	MOLALLA	Dairy Cattle and Milk Production	170	25	25	82	132	
7	CLOUD-CAP FARMS	BORING	Dairy Cattle and Milk Production	425	68	20	195	283	
8	BENNETT'S ACRES	BORING	Dairy Cattle and Milk Production	60	15	-	30	45	
9	ALBER DAIRY	CANBY	Dairy Cattle and Milk Production	103	15	7	45	67	
10	HOODVIEW DAIRY LLC	CANBY	Dairy Cattle and Milk Production	350	-	150	138	288	
11	TMK FARM	CANBY	Dairy Cattle and Milk Production	50	10	10	23	43	
12	AAMODT DAIRY INC	HUBBARD	Dairy Cattle and Milk Production	290	20	92	135	247	
13	LADY-LANE FARMS	MULINO	Dairy Cattle and Milk Production	120	12	12	45	69	
14	MAYFIELD FARMS LLC	AURORA	Dairy Cattle and Milk Production	800	-	-	394	394	
15	ROSSE POSSE ACRES	MOLALLA	Elk		-	9	61	70	*
16	BISCHOF, DON	WILSONVILLE	Hog and Pig Farming	4,511	-	-	3,067	3,067	
17	WILLAMETTE EGG FARMS LLC	MOLALLA	Chicken Egg Production	1,100,000	-	-	1,020,000	1,020,000	
18	WILLAMETTE EGG FARMS LLC	CANBY	Chicken Egg Production	370,000	-	214,800	25,500	240,300	
19	WILLAMETTE EGG FARMS LLC	CANBY	Chicken Egg Production	95,000	-	-	85,700	85,700	
20	WILLAMETTE EGG FARMS LLC	WOODBURN	Chicken Egg Production	89,000	19,700	-	-	19,700	
21	WILLAMETTE EGG FARMS LLC	CANBY	Chicken Egg Production	74,500	-	-	35,200	35,200	
22	MURATA POULTRY	MOLALLA	Broilers and Other Meat Type Chicken Production	73,500	-	-	80,400	80,400	
23	OAK GROVE POULTRY INC	MOLALLA	Broilers and Other Meat Type Chicken Production	135,000	-	-	131,000	131,000	
24	HEILMAN, ED & LISA	OREGON CITY	Broilers and Other Meat Type Chicken Production	88,000	-	40	75,047	75,087	
25	BRADLEY FARMS	BEAVER CREEK	Broilers and Other Meat Type Chicken Production	200,000	-	-	200,000	200,000	
26	MOLALLA POULTRY INC	MOLALLA	Broilers and Other Meat Type Chicken Production	210,000	-	-	155,000	155,000	
27	D & B POULTRY	CANBY	Broilers and Other Meat Type Chicken Production	70,000	-	-	58,000	58,000	
28	GOLDIN ARTISAN GOAT CHEESE LLC	MOLALLA	Goat Farming	30	13	-	14	27	
29	MT HOOD EQUESTRIAN CENTER	BORING	Horses and Other Equine Production	275	-	-	12	12	
30	WEISDORFER FUR FARM	BORING	Fur-Bearing Animal and Rabbit Production	23,010	10,000	-	2,300	12,300	
31	SPRINGWATER FARMS	CULVER	Water Buffalo		-	52	348	400	*

* assumes 87% adult and 13% adolescent

Appendix A-3 Biomass Quantity Assumptions

The amount of biomass available from a given source was determined using the same methodology as the Biomass Inventory report done by Washington State University (Mark Fuchs, 2005). We identified any deviations from the methodology in our calculations. For example, there was actual data obtained that separated juveniles from adults (see Appendix A-1) and the assumptions (percentages) used to estimate those numbers below were replaced with actual numbers. This adjustment to the age-based assumptions is true for all of the animals because of the data. One other difference consistent throughout all the animal analysis is that the animal quantities were obtained from the Oregon Department of Agriculture.

Dairy Manure

State Total~ 457,032 dry tons

Biomass Data Collection
Dairy manure values were obtained by first taking the average county production for the combined total of milkers and calves for the years 2000-2003 and sub-dividing this total into 87% milkers and 13% calves (WASS, 2004). Then, dry manure values of 13.1 lbs/cow day and 3.66 lbs/cow day for the respective milkers (1,200 lbs) and calves (330 lbs) were multiplied to the sub-category totals and added to get the overall production of dry manure (USDA, 1985). An 85% collection availability factor was used for the state and its preponderance of medium to large confined animal operations (Jaycor, 1990).

The final calculation was {{[(county total x 0.87) x 13.1 x 365] + [(county total x 0.13) x 3.66 x 365]}/2000} x 0.85.

Data Collection Concerns and Comments
Bedding was not inventoried in this report as most of the bedding would either be from an inorganic nature like sand or from an organic recyclable that has already been counted in the inventory like straw, wood chips or composted fibrous solids.

For simplicity, the elk and water buffalo were grouped in as cattle and calculated in the same matter as shown below for cattle.

Cattle Manure

State Total~ 242,404 dry tons

Biomass Data Collection

Cattle manure values were obtained by first taking the average county production for the combined total of cattle and calves for the years 2000-2003 and sub-dividing this total into 87% cattle and 13% calves (WASS, 2004). Then, dry manure values of 5.52 lbs/cow day and 1.39 lbs/cow day for the respective cattle (793 lbs) and calves (200 lbs) were multiplied to the sub-category totals and added to get the overall production of dry manure (USDA, 1985). Jaycor (1990) determined that on average cattle on farm is confined 10% of the time and that the manure is 65% collectible, giving an overall collection rate of 6.5%. However, WASS (2004) statistics show that on average throughout the year 18% of the total Washington cattle are housed within feedlots where collection was assumed to be 97% collectible (NRC, 1983). Thus, the overall combination of collections within on farm and feedlot locations for the life of the cow is assumed to be 22.8%.

The final calculation was then {{[(county total x 0.87) x 5.52 x 365] + [(county total x 0.13) x 1.39 x 365]}/2000 lbs/ton} x 0.228

Data Collection Concerns and Comments

Bedding was not inventoried in this report as most of the bedding would be from an organic recyclable that has already been counted in the inventory like straw, wood chips or composted fibrous solids. This

The equine manure collection rate and the manure production per day were used as in assumptions from the Washington State University Study. However, the equine correction factor was used differently, as explained in the Equine section.

Horse Manure

State Total~ 407,160 dry tons

Biomass Data Collection

Horse manure values were obtained by applying King County findings to the 2002 USDA NASS Washington State county horse data (King County, 2004; NASS, 2004). King County characterized the horse waste situation within their county through a statistical analysis of a county-wide survey. Their findings estimated the county horse population to be around 20,000 which was four times higher than that reported by NASS in the 2002 census. Further validation of the need for increasing the NASS horse numbers came from personal communications with Snohomish County (Bobbi Lindemulder, Snohomish CD) which echoed the existence of a large number of hobby farms and horse farms that far exceed that stated by NASS and which potentially could be higher than the previously mentioned four multiplication factor. Thus, county wide NASS horse numbers were increased by a factor of 4 and then converted into manure values by assuming 11 lbs dry manure/horse day, 22% solids content, and a collection rate of 67% (King County, 2004).

The final calculation was (# of horses/county from NASS x 4 x 11.0 x 0.67)/2,000

Data Collection Concerns and Comments

Bedding was not inventoried in this report as most of the bedding would be from an organic recyclable that has already been counted in the inventory like straw, wood chips or composted fibrous solids. Of most concern is the lack of data on a county, state and national level in regards to horse numbers. King

Swine Manure

State Total~ 13,632 dry tons

Biomass Data Collection

Swine manure values were obtained by finding the average number of pigs per county over the years 1999-2003 (WASS, 2004) and then multiplying this by a manure production factor of 0.9 lbs/swine day assuming an average swine weight of 150 pounds (USDA, 1985). Lastly, the manure total was assumed 100% collectable (Jaycor, 1990).

The final calculation was (# of swine/county x 0.9 x 365)/2000

Data Collection Concerns and Comments

No particular concerns exist in regards to the parameters used for the collection of this biomass data.

Poultry Manure

State Total~ 784,577 dry tons

Biomass Data Collection

Poultry manure values were obtained by finding the total amount of manure for both broilers and layers and adding them together. Broiler chicken numbers were determined by taking the state yearly production and dividing it amongst the known production percentages for the counties (Washington Fryer Commission, 2004). Broiler manure was determined by using 2 pounds as the average weight of a broiler across its eight week life span (56 days) and applying a manure production factor of 0.35 lbs dry manure/day for this weight broiler (USDA, 1985). Layer chicken numbers were obtained from NASS 2002 county level census and then multiplied by a manure production factor of 0.53 lbs dry manure/day assuming an average weight of 4 pounds (NASS, 2004; USDA, 1985). Lastly, the manure total was assumed 80% collectable (Jaycor, 1990).

The final calculation is {(#egg layers x 0.53 x 365)/2000 + (#broilers x 0.35 x 56)/2000} x 0.80

Data Collection Concerns and Comments

Poultry litter products other than the manure itself were not inventoried in this report because like the other animal beddings it was believed that the majority of the bedding was from recycled organic material that is already being counted in the inventory.

Additional Calculation Factors:

- The amount of biomass available from a given source was determined using the same methodology as the Biomass Inventory report done by Washington State University (Mark Fuchs, 2005). We provided explanation on any deviations on the methodology in our calculations. For example, there was actual data obtained that separated juveniles from adults (see Appendix A-1) and the assumptions (percentages) used to estimate those numbers below was replaced with actual numbers. This adjustment to the age-based assumptions is true for all of the animals because of the data. One other difference consistent throughout all the animal analysis is that the animal quantities were obtained from the Oregon Department of Agriculture.

- Acrege of Nursery stock * 1 dry ton/32.5 acres (this is from interview)

- For wood assumed amount of 50% moisture.

- Calculations were based on interviews conducted then using the information on tree trimmings from the WSU Report.

Grass Seed Straw

State Total~ 134,640 dry tons

Biomass Data Collection

Grass seed straw residue values were obtained by averaging and adding the county production of bluegrass, alfalfa and other seed crops in terms of acres for the years 2000-2003 (WASS, 2004). The amount of sustainable residue was determined by using a ratio of 2.2 tons residue per acre planted (Johnston, 2004). A moisture content of 20% for grass seed crop residue was used to determine a final dry biomass (Johnston, 2004).

The final calculation was (∑average total acres for seed crops) x 2.2 x 0.80

Data Collection Concerns and Comments

The use of this flat residue factor is again potentially not taking into account the varied moisture in the fields across the state and as such some areas might be inventoried as collecting too much residue while others would be collecting too little. In addition the residue factor was taken from a study about bluegrass seed and applied to other seed crops such as alfalfa.

Acreage of Grass seed: For simplicity, the calculations were modeled from the WSU report.

Berry Pomace

State Total~1,938 dry tons

Biomass Data Collection

Berry pomace values were obtained by averaging the county level production of berries for the years 1999-2003 (WASS, 2004). Berries inventoried include blueberries, raspberries, red strawberries, and cranberries. It was assumed that 90% of the berry production is used for processing (WASS, 2004) and the average solid waste produced from the berry processing was roughly 6% of the wet mass of the raw berry being processed (NRC, 1983). A moisture level of 37.5% was used to determine total dry matter (NRC, 1983).

The final calculation was (∑county total) x 0.90 x 0.06 x 0.625

Grape Pomace

State Total~19,254 dry tons

Biomass Data Collection

Grape pomace values were obtained by averaging the state total production of wine and processed grapes for the years 1999-2003 (WASS, 2004) and using the 2002 Agricultural Census to determine a percentage of harvest by county (NASS, 2002). The use of both of these records led to the production of wine and processed grapes at a county level. On average, approximately 10% of the harvest grape weight is grape pomace (Ingels, 1992). A moisture level of 37.5% was used to determine total dry matter (NRC, 1983).

The final calculation was state total x county % x 0.10 x 0.625

Data Collection Concerns and Comments

No particular concerns exist in regards to the parameters used for the collection of this biomass data.

Other Field Residue

State Total~ 159,174 dry tons

Biomass Data Collection
Other field residue values from controlled and permitted burns were obtained from data already compiled by the Department of Ecology Air Quality Program using 2002 permitting data (WAEAQP, 2004). The controlled field burns were primarily due to burns of cereal grains, clearing of grasslands, pastures and CRP land, orchard tear-outs and orchard thinnings. The methodology used by the WAEAQP was to calculate tons of residue burned by multiplying the acres burned x fuel loading factor x fuel consumption factor. The number of acres burned, fuel loading factors, and fuel consumption factors where supplied by review of the actual permits or by supply of parameters by the local air quality departments. A moisture content of 20% for the miscellaneous woody/grassy mixture was used for final calculation of the dry mass.

The final calculation was [∑(acres burned x fuel loading factor x fuel consumption factor)] x 0.80

Wheat Straw

State Total~ 1,614,234 dry tons

Biomass Data Collection
Wheat straw residue values were obtained by averaging the county production of wheat in terms of yield and acre for the years 2002-2003 (WASS, 2004) and then using a conversion equation from wheat to straw (lbs straw/acre = 69.76 X yield/acre + 1,067.7) to get total straw production (WSUCEEP, 2001). A sustainable collection factor of 25% was used across the board for all wheat fields to get an estimate of the potential harvestable straw with respect to conservation concerns (www.fiberfutures.org). A moisture content of 28% for wheat straw was used to determine a final dry biomass (Klass, 1998).

The final calculation was {(69.76 x yield/acre + 1,067.7) x # acres]/2,000} x 0.25 x 0.72

Cull Apples

State Total~41,039 dry tons

Biomass Data Collection

Cull apple values were obtained by averaging regional state production for the years 1999-2003 (WASS, 2004) as well as determining from the 2002 Agricultural Census the percentage acre by county (NASS, 2002). With these two data sets a county level annual production was developed. A personal interview with Post-Harvest personnel at WSU Tree Fruit Extension pointed out that of 100 units of harvested apple, approximately 70 units are packed while 20 units are processed and 10 units are true culls used only for juice (WSUTFE, 2004). A moisture level of 84% was used to determine total dry matter (USDA, 2002).

The final calculation was regional apple production tonnage x % of regional harvest due to specific county x 0.10 x 0.16

Corn Stover

State Total~ 73,502 dry tons

Biomass Data Collection

Corn stover residue values were obtained by averaging the county production of corn in terms of yield and for the years 2000-2003 (WASS, 2004) and then using a conversion equation from corn to straw (tons/yr of collectible corn stover = yield (tons/yr) x residue factor (1.1) x available factor (0.25)) to get total straw production (Klass, 1998)(Fiberfutures, 2004). Since the agricultural harvest statistics were given in number of bushels, conversion factors for bushel to cubic foot (0.8036:1) and bulk density of corn ear (56.0 pounds/cubic foot) were used to determine number of tons (SMICO, 2004). A moisture content of 47% for corn stover was used to determine a final dry biomass (Klass, 1998).

The final calculation was yield x 1.1 x 0.25 x 0.53

Apple Pomace

State Total~27,794 dry tons

Biomass Data Collection
Cull apple values were obtained by averaging regional state apple production for the years 1999-2003 (WASS, 2004) as well as determining from the 2002 Agricultural Census the percentage acre by county (NASS, 2002). With these two data sets a county level annual apple production was developed. A personal interview with Post-Harvest personnel at WSU Tree Fruit Extension pointed out that of 100 units of harvested apple, approximately 70 units are packed while 20 units are processed and 10 units are true culls used only for juice (WSUTFE, 2004). According to the National Research Council Committee on Animal Nutrition (NRC), 8.6% of the wet weight of the raw processed apple ends up as solid waste (NRC, 1983). A moisture level similar to that of grape pomace at 37% was used to determine total dry matter (USDA, 2002).

The final calculation was regional apple production tonnage x % of regional harvest due to specific county x 0.20 x 0.086 x 0.63

Other Fruit Pomace

State Total~11,865 dry tons

Biomass Data Collection
Other fruit pomace values were obtained by averaging regional state other fruit production for the years 1999-2003 (WASS, 2004) as well as determining from the 2002 Agricultural Census the percentage acre by county (NASS, 2002). With these two data sets a county level annual other fruit production was developed. Fruits inventoried in the other cull fruit category were apricots, cherries, pears, peaches, and prunes. A personal interview with Post-Harvest personnel at WSU Tree Fruit Extension pointed out that of 100 units of harvested apple, approximately 70 units are packed while 20 units are processed and 10 units are true culls used only for juice (WSUTFE, 2004). This ratio was assumed to be similar to that of other miscellaneous fruits. According to the NRC, 17% of the wet weight of the raw processed other fruit ends up as solid waste (NRC, 1983). A moisture level similar to that of grape pomace at 37% was used to determine total dry matter (USDA, 2002).

The final calculation was regional apple production tonnage x % of regional harvest due to specific county x 0.20 x 0.17 x 0.63

Appendix A-4 Animal Residue Calculation Tables

Table 1: Net Number of Animals in Clackamas County by Type and Age and Assumption Used to Calculate Amount of Annual Dry Tons of Biomass Material

							Assumptions		
Animal Type/Age	Juvenile	Adolescent	Adult	Total	Permitted	County Capacity	Collection percent	Juv./Adol. Manure (lbs)/day	Adult Manure (lbs)/day
Cattle/Elk/Water buffalo (farm and feedlot)	-	211	909	1,120	1,460	76.7%	22.8%	1.39	5.52
Dairy	408	722	1,784	2,914	3,898	74.8%	85%	3.66	13.1
Equine	-	-	12	12	275	4.4%	67%	11	11
Poultry (broiler)	-	40	699,447	699,487	776,500	90.1%	80%	0.35	0.35
Poultry (layers)	19,700	214,800	1,166,400	1,400,900	1,728,500	81.0%	80%	0.53	0.53
Swine	-	-	3,067	3,067	4,511	68.0%	100%	0.9	0.9

Table 2: Total Annual Dry Tons by Animal Type in Clackamas County and Percentage of Overall Biomass Resource Represented

Manure	Annual Amount (dry tons)	
Cattle/Elk/Water Buffalo Manure (farm and feedlot)	221	0.14%
Dairy Manure	4,267	2.77%
Equine Manure (w/correction)	4,842	3.14%
Goat Manure (other)	-	0.00%
Poultry Manure	144,145	93.61%
Rabbit Manure (other)	-	0.00%
Swine Manure (other)	504	0.33%
Total Biomass	153,979	

DEPARTMENT OF ENVIRONMENTAL SERVICES
COUNTY OF CLACKAMAS
STATE OF OREGON

JOHN C. McINTYRE
Director

WINSTON W. KURTH
Deputy Director

ARDIS M. STEVENSON
Assistant Director

October 19, 1983

Dr. Charles Campbell
20949 S. Harris Road
Oregon City OR 97045

RE: OIL MAT SURFACE ON HARRIS ROAD

This letter is to confirm our recent verbal discussion that Clackamas County does not have funds to hard surface Harris Road. However, if a payment of $5,000 per ¼ mile of road is received, County crews will install oil mat next summer.

As per your request, the permit form and certificate of insurance form are enclosed so your private contractor may hard surface Harris Road before next summer.

Thank you for your cooperation in this matter.

Walt Tschudy
WALT TSCHUDY
Road Maintenance Engineer

Enc.

/arp

cc: Road File No. 23025

902 ABERNETHY ROAD ★ OREGON CITY, OREGON 97045 ★ (503) 655-8521

100% RECYCLED PAPER

S Gerber Road View to South at Intersection with S Harris on Left

Exhibit 110, Page 2

S Harris Road View West to Intersection at S Gerber Road

Exhibit 110, Page 3

S Gerber Road View to North at Intersection with S Harris Road

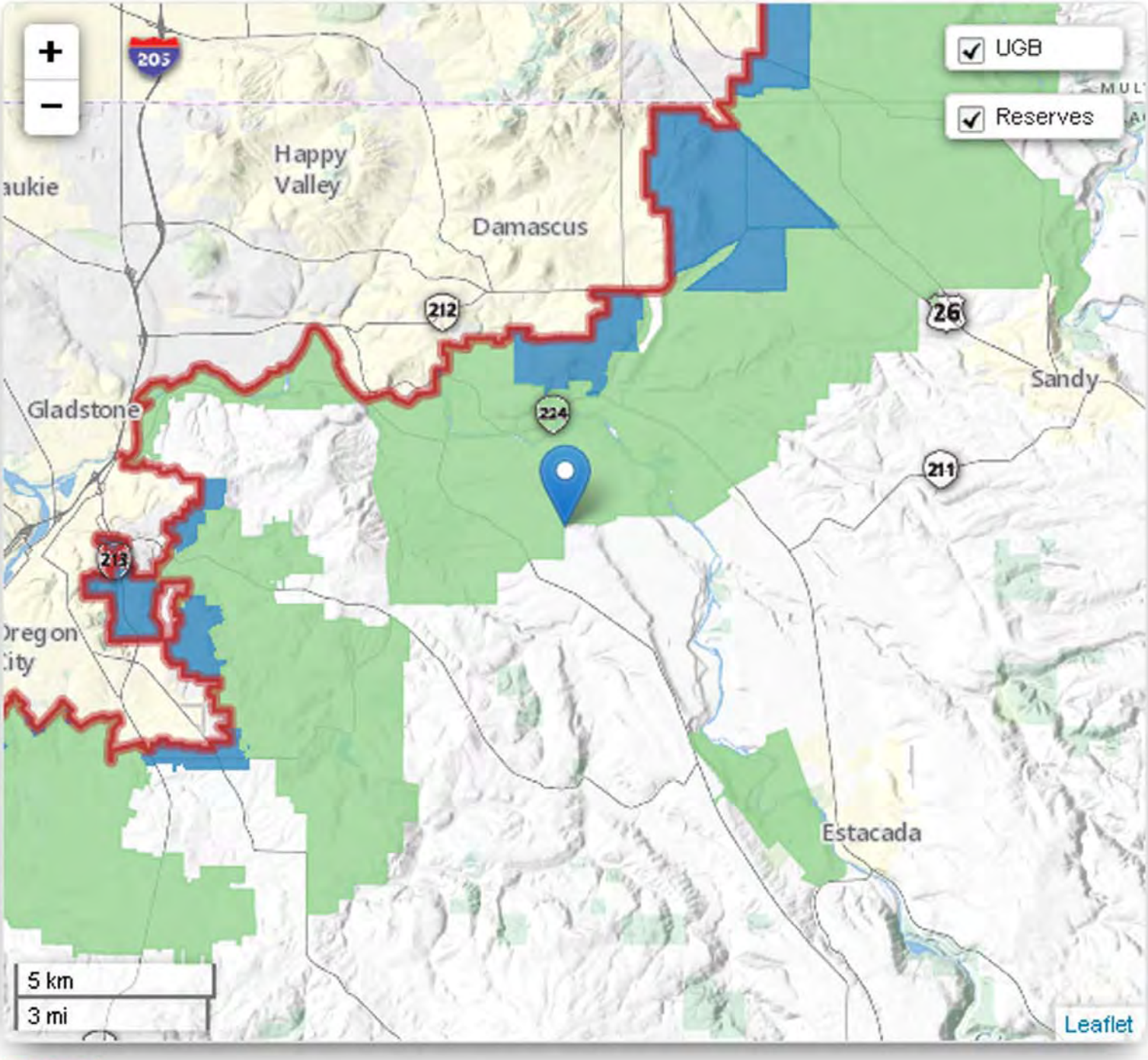
Exhibit 111, Page 1

20949 S HARRIS RD, OREGON CITY, OR, 97045

- *Outside* the Urban Growth Boundary

UGB to N. Property Line = 2.5 miles

UGB to Proposed N. RI Border = 3.0 miles



Legend

Urban Growth Boundary (UGB)
Source: Metro DRC

Urban Reserve

Rural Reserve

Exhibit 112