



April 14, 2021

Kris Strickler, Director
Oregon Department of Transportation
355 Capitol St. NE, Room 135
Salem, Oregon 97301-3871

RE: Immediate Opportunity Fund (IOF) Request - \$596,600 (Type A)
Extension of E Penney Ave to existing intersection with Hwy. 395
City of Hermiston

Dear Director Strickler:

Business Oregon and the Oregon Department of Transportation (ODOT) have worked closely with the City of Hermiston to expand development opportunities at the South Hermiston Industrial Park. The extension of E Penney Blvd. through to an existing intersection with Hwy. 395 is essential to improve access to undeveloped sites, improve traffic flows, and to decrease the potential for safety issues presented by alternative routes. A specific business recruitment project has expressed interest in developing a distribution center along E Penney Blvd. and their decision to move forward with the project is contingent on the City's commitment to construct the described road improvements.

Background:

The South Hermiston Industrial Park is over 100 acres of industrially zoned land near Hwy 395 south of Hermiston. Over the last 12 years, the City and its funding partners have made significant infrastructure investments to prepare the area for development, including:

- Development of E. Penny Ave., SE 9th Street, SE 10th St., and E Cook Ct.
- Development of 7,400LF of new water main
- Development of 6,700LF of new sewer main

The park has several large, undeveloped tracts that have received interest from companies in industries that largely reflect the industrial profile of the region as a whole: value added agriculture, light manufacturing, and distribution & logistics. Despite the City's recent investments, development of these tracts has been hindered, in some cases, by transportation infrastructure that is less than optimal for truck traffic.

An auto parts company has expressed interest in acquiring land and developing a distribution center near the intersection of SE 9th St. and E Penney Ave. The facility would be constructed in three phases of roughly 200,000 square feet per phase with construction of Phase I beginning in mid 2021 and operational by third quarter 2022. Phase I would create about 70 new jobs with average wages expected to be on par with the county average. Phase I would generate about 40 truck trips per day, which is expected to grow to around 100 per day when Phase III is completed.

The Project:

Current access to the proposed project site is circuitous, requiring either cross-traffic turns or trips through more densely developed industrial areas (SE Kelli Blvd). By extending E Penney Ave through to an existing intersection with Hwy 395, truck traffic serving the proposed distribution center would have more direct access with less potential for congestion. The project scope consists of constructing 1,500 lineal feet of road as described below:

- Two 12' travel lanes
- 6' shoulders
- Bi-directional travel
- Curb, gutter, and sidewalk
- Stormwater collection/infiltration to existing city owned property

Benefits of the project would include:

- Recruitment of a new employer, creating about 70 new primary jobs in rural Eastern Oregon.
- More direct access to the site with no cross-traffic turns after leaving Highway 395.
- Truck traffic serving the proposed project would bypass the more densely developed SE Kelly Blvd.
- Providing transportation access to adjacent industrial sites.
- Establishes access point to US395 at site of future traffic signal called for in adopted TSP, which will allow for channelization of truck traffic and improve ingress/egress to the park.

A map illustrating the project is enclosed.

Budget Summary

The total estimated project cost for design, engineering, and construction is \$1,193,200

Activity	Amount
Design & Engineering	\$278,640
Roadway Construction	\$914,560
Total	\$1,193,200

Immediate Opportunity Fund Program Type

This project falls under the category of Type A: Specific economic development projects that affirm job retention and job creation opportunities.

How the Project Meets Immediate Opportunity Fund Criteria

- This project is projected to create approximately 70 full time distribution warehouse jobs in rural Eastern Oregon with average wages that are on par with county averages.
- This project requires an immediate commitment of funds to address transportation access, traffic flow, and safety concerns associated with development of a distribution center.
- The improvements will be made in a public right-of-way owned and maintained by the City of Hermiston.
- The proposed grant does not exceed 50% of project costs.

- City of Hermiston has all other funds necessary for successful completion of the project secured.
- The project, and private development associated with the project, do or will comply with all necessary land use and environmental requirements and will be able to obtain all necessary permits.
- All other infrastructure needed for development (water, sewer, etc.) are in place.
- The project, and private development associated with the project, are consistent with regional priorities for community and economic development developed by the Eastern Oregon Regional Solutions Advisory Committee.

This project has been reviewed by the Business Oregon Regional Development Officer, ODOT Region 5 Region Manager, and the Eastern Oregon Regional Solutions Team. This project meets priorities in the Business Oregon strategic plan, *Innovate Oregon's Economy and Grow Small and Middle-market Companies*. The strategic plan encourages prioritizing infrastructure investments to directly promote business growth and enhance local economic development capacity. This project is also part of Hermiston's ODOT-approved Transportation System Plan.

Business Oregon recommends an Immediate Opportunity Fund award of \$596,600 to the City of Hermiston to construct the improvements described above which will improve transportation flow and business access, and bring 70 new primary jobs to rural Eastern Oregon.

Sincerely,



Sophorn Cheang
Director

c: Craig Sipp, Region 5 Manager, ODOT
Ken Patterson, Area Manager, ODOT
Chris Cummings, Assistant Director, Business Oregon
Ryan DeGrofft, Regional Development Officer, Business Oregon
Shanna Bailey, Regional Project Manager, Business Oregon