



MEMORANDUM

To: Jennie Dickinson Date: February 3, 2023
From: Abbi Russell and Sarah Sieloff Project No.: M2427.01.001
RE: Commission meeting materials

This memorandum informs the Port of Columbia (Port) Board of Commissioners of preliminary findings for its Comprehensive Scheme update report. Priority topics covered in this memo are Blue Mountain Station, Columbia Walla Walla Railroad, and workforce and housing trends.

BLUE MOUNTAIN STATION

Columbia County has deep economic and cultural roots in agriculture. As the industry continues to change, the Port and local businesses are evolving to meet new demand and economic realities. Profit margins for production agriculture are often very narrow. The government is moving away from direct support for the farmer, which presents additional challenges to many facets of the agriculture industry. And some non-farmers are seeking ways to enter agriculture or related fields for the first time. (Community Council 2012).

Blue Mountain Station (BMS) represents the efforts of the Port and regional partners to diversify the economy, revive the food processing industry that once thrived in the region, and build a sustainable food hub. Community Economic Revitalization Board funds were leveraged to construct the original facility. Revenue from the tenant businesses, the crop, and the farmhouse lease pays for maintenance of the park and contributes to the debt service payments for the purchase and development of the site.

Value-added agriculture is a growing market in the Northwest and the nation. BMS receives consistent attention as a model for similar developments. It was inspiration for efforts to bring a business incubator-style market to Yakima around 2016 and for the City Center Market and Kitchen in Florence, South Carolina, which opened in September 2020. The Port regularly receives requests for tours and information about the facility.

BMS is a thriving Port asset. The fully leased facility supports 40 regional businesses and a variety of products, including grains, candy, produce, coffee, wine, spirits, a commercial kitchen, co-op, and plant nursery. BMS provides space for the regional food and beverage retail sector, which is

anticipated to grow 2.4% by 2029. BMS also attracts customers and tenants from outside of the county.

There are 21 acres still undeveloped: 14 in the food park footprint that could be used for new opportunities for expansion of the food hub or to support related needs, and 7 acres outside the food park that are zoned for housing. These undeveloped acres are currently in cropland.

COLUMBIA WALLA WALLA RAIL

It is not uncommon in Washington state for public entities to own rail trackage, which they may lease to private operators. Examples include the ports of Benton and Royal Slope, the City of Tacoma, and the Washington State Department of Transportation. Managing public transportation assets that can be leveraged by private industry to create jobs and spur economic activity – much like docks, buildings, and roadways – is one significant way public agencies support local and regional economies.

The Port owns 37 miles of rail between Dayton and Walla Walla, which was gifted to the Port by Union Pacific (UP) in 1996. The Port's short line, known as the Columbia Walla Walla (CWW) Rail Line, is part of a 67-mile rail connection between Dayton and Wallula. The Walla Walla to Wallula route is still owned by UP and operated by Columbia Rail.

The status of the CWW Rail Line is of interest to local and state partners, as it is an asset with both passive and active economic benefits for Columbia County and the region. Yet ownership comes with challenges. The line needs substantial repairs in the future to maintain or expand operations. The necessary repairs amount to roughly \$30.6 million. Access between the Port Kelley facility, operated by Northwest Grain Growers, and the Columbia River, by which grain efficiently travels to global markets by barge, has not been allowed by UP.

According to the Palouse River & Coulee City (PCC) Railroad 2015 to 2025 Strategic Plan, the PCC Railroad reduces demand for trucking, reduces roadway congestion, reduces roadway and bridge maintenance and construction costs, reduces greenhouse gas emissions, reduces shipping costs for its users, and improves roadway safety. Annual road damage costs of about \$1.7 to 4.1 million per year (or an average of \$2.9 million per year) are prevented by utilizing the PCC.

Maintaining the CWW Rail Line and its transportation corridor is an important function of the Port of Columbia. This short line is a key link in a regional and national system that connects transportation hubs and communities and moves products from source to market. In the case of the CWW Rail Line, the line connects Dayton and surrounding communities to the PCC line and the UP mainline, benefiting local agriculture and potential biodiesel fuel transportation. The right of way along the Port-owned tracks can be used as a utility corridor, which reduces costs and reduces or eliminates the need for private property easements and purchases. The Port plans to install broadband infrastructure and the City of Dayton plans to install water infrastructure along the right of way in the future.

There are several grant opportunities, private investment, and public-private partnerships that can help support the costs of maintaining Port-owned trackage.

WORKFORCE TRENDS

The Washington Office of Financial Management (OFM) predicts population decline in County from 4,049 in 2020 to 3,913 in 2030. OFM also forecasts losses in most working age population categories, while growing in retired population categories (see table below).

Working Age Population Change 2020 – 2030

Age	2020	2030
0-4	217	226
5-9	203	234
10-14	214	236
15-19	187	170
20-24	212	175
25-29	228	167
30-34	159	224
35-39	188	216
40-44	163	126
45-49	200	150
50-54	220	136
55-59	314	182
60-64	275	223
65-69	336	317
70-74	345	288
75-79	262	301
80-84	169	271
85 +	157	271
Total	4,049	3,913

Notes: Red text denotes a decline; green text denotes an increase. Cells highlighted in grey represent working age populations.

Source: WSED 2022

Population loss in rural counties is not unique to Columbia County. For the first time in history, rural America lost population over the past decade¹. A 2012 value-added agriculture implementation task force report found that most farmers are aging. Many of these producers are looking for ways to

¹ Kenneth Johnson. 2022. *Rural America Lost Population Over the Past Decade for the First Time in History*. University of New Hampshire. Durham, New Hampshire. February, 22.

increase profitability so their children who have left the farm to find employment might return to farm, or as preparation for selling their operation.

As of December 2022, the unemployment rate in Columbia County was 0.8% higher than that of the state and wages were lower than state wages both including and excluding King County (See tables below). Note: While they are still lower than the state, Columbia County’s wages have increased substantially since construction of three wind farms in the area, which pay a living wage and offer full benefits.

Columbia County Employment, 2022

County	Civilian labor force	Employment	Unemployment	Unemployment rate
Columbia	1,822	1,728	94	5.2%

Source: WSED 2022

Columbia County Wages, 2022

	2021
Columbia County	\$25.25
State Less King County	\$25.81
State With King County	\$30.50

Rural economic development grants are an opportunity to boost economic growth. The Port is making Dayton more attractive to businesses and workers by planning and funding broadband internet infrastructure to improve local and regional connectivity.

HOUSING OPPORTUNITIES

The 2020 Columbia County Comprehensive Plan does not identify the need for additional housing stock in the county. It does, however, identify the need for affordable and rental housing. One way to begin addressing these issues is through mixed-use development.

The Port of Skagit is considering mixed-use development on property it owns at the La Conner marina. Ports don’t typically address housing as their role is centered around economic development, but the Port of Skagit understands that workforce housing is a significant issue impacting employers today, which has led them to look at and consider mixed-use options.

Another option for ports seeking to support housing needs in their communities is attracting developers to purchase port property for housing. In 2021 the Port of Bellingham approved an option to sell 3.3 acres of property on Bellingham’s downtown waterfront to Mercy Housing Northwest. The project, known as Millworks Family Housing, will feature 83 apartment homes, 10% of which will be

reserved for families exiting homelessness. The community will also feature an early childhood education center sponsored by YMCA of Whatcom County.

Housing is a new endeavor for public ports in Washington state. Ports and their communities are grappling with the challenges presented by the lack of affordable, quality housing, not only on the lives of their district's citizens, but also on their ability to attract employers, grow employment centers, and improve overall livability. Partnership, innovation, and a cohesive vision for the future of a port and the community in which it operates are critical to effectively addressing housing in ways that align with port powers under state law and meet communities' unique needs.