



# MEMORANDUM

To: Jennie Dickinson Date: April 7, 2023  
From: Seth Otto and Abbi Russell Project No.: M2427.01.001  
RE: Commission meeting materials

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This memorandum informs the Port of Columbia (Port) Board of Commissioners of preliminary findings for its Comprehensive Plan Update Report. Priority topics covered in this memo are the Columbia Walla Walla Rail Line, Blue Mountain Station, housing, downtown building, industrial lands, recreation, and funding opportunities.

## **COLUMBIA WALLA WALLA RAIL LINE**

MFA interviewed a private regional rail owner-operator and staff at a Washington state port and city that have sold rail assets to private operators.

### **Private Owner-Operator**

The regional rail owner-operator owns 85 miles and operates over 300 miles of track in Washington state. The owner-operator sees long-term potential in value-added agriculture and medium-sized industrial development in the Walla Walla-Dayton area and is interested in purchasing the Columbia Walla Walla (CWW) Rail Line. It is the owner-operator's opinion that removing track in Columbia County would be a short-sighted move. The track is more than a century old. It requires significant investment to allow it to facilitate increased freight movement and bring it to current operational standards. The owner-operator's stated business case includes experience successfully owning and operating short line rail in the region, experience attracting customers, ability to successfully compete for grant money, possibility of opening access to the Northwest Grain Growers terminal in Wallula, and incentive for the owner-operator to invest in the rail line.

### **Port**

A Port that owned a half mile of last-mile track decided to sell this asset after having to spend over \$100,000 annually on updates, repairs, and maintenance while only charging a \$10 spotting fee for use. A state audit confirmed the sale was agreeable for the Port's balance sheet. The private owner/operator has successfully operated the track since the transfer. The Port representative

acknowledged that the sale of their last mile track is not comparable to the sale of 37 miles of short-line track that connects communities and other regional assets.

## City

A Washington city sold a lightly used rail asset outside of the city limits to a regional owner-operator due to insufficient revenue for long-term sustainability. The rail line was appraised by a professional appraiser, surplus, and the sale approved by City Council. The transaction was then filed with the federal Surface Transportation Board (STB) for authorization. The sale price is \$2.2 million. The sale was conducted through direct negotiation instead of through an RFP, because City policy allowed for a direct transaction. The City maintains ownership of the right-of-way and collects monthly revenue from the presence of utilities. The City also maintains ownership of its heavily used rail line that carries roughly 200,000 cars a year to a local port. There was significant public opposition to the transaction because of the public's desire for a rails-to-trails project. The City recommends the following to any public entity considering the sale of rail assets:

- Learn about the role of the STB in the sale process.
- Consult legal counsel with experience in rail assets and with the STB.
- Engage your community early and often at the start and throughout the process of appraising and selling an asset.

## BLUE MOUNTAIN STATION

Blue Mountain Station (BMS) operates as an “Artisan Food Center.” Artisan products are generally defined as local, handmade, and crafted in small batches using traditional methods. While this is true of the products offered by the many vendors at BMS, the term may also carry negative connotations for some (e.g., “overpriced,” “organic,” “elitist”). The Commission is concerned that these connotations could impact business at BMS and expressed interest in discussing different names that may help turn the focus to producers and the community. MFA researched the following terms related to artisan food production and sales and classified the context around each one.

### Public market: Community commerce and placemaking

Public markets are typically permanent, year-round markets made up of diverse and independent businesses selling products they've grown or made. Public markets exist to serve the public good: They are job creators, economic drivers, and community placemakers. They attract tourists and serve a community's needs for commerce, food, and goods while supporting and showcasing a community's unique culture and character. There are public markets in communities throughout the U.S., though the nation's most noted public markets are typically sizable and located in large cities. Pike Place Market in Seattle is the best-known public market in the Northwest and consistently ranked as a top U.S. public market. Pybus Public Market in Wenatchee is an example of a smaller public market focused on North Central Washington goods and tourism.

### **Farmers markets: Seasonal food and goods**

Farmers markets are well-known community gathering spaces for local produce, small-batch food and beverages, handcrafted goods, and entertainment. These markets abound in Northwest communities of all sizes. They are typically outdoor and seasonal, though some markets have an indoor, year-round aspect. Sometimes they include the term “artisan” to reflect the presence of these kinds of food and crafts, such as the Sequim Farmers & Artisan Market. Examples include the Downtown Farmers Market in Walla Walla, the College Place Farmers & Artisan Market, Hillyard Farmers Market in Spokane, and Moscow Farmers Market in Moscow, Idaho.

### **Makers’ markets: Arts and crafts**

Makers’ space tends to be related to products such as jewelry, pottery, clothing/fabrics, candles, and more, though it can support micro-scale food and beverage (e.g., bakery, vinegar). These can be multi-purpose spaces that simultaneously serve as crafting, marketing, and selling spaces. They can also be temporary locations, including those inside larger businesses or shared/public spaces, and temporary timeframes, such as around key holidays. Washington state examples include the artisan popup shops at Pybus Public Market in Wenatchee, the Entiat Valley Makers Market, the Wintertide Makers Market in Port Angeles, and the Everett Makers Market. In Missoula, Montana, two artisans built the Missoula Makers Collective, which creates a makers’ community based around education, empowerment, and the visibility and accessibility of local, handmade products.

### **Locally sourced: Groceries, restaurants, and co-ops**

The Food, Conservation and Energy Act of 2008 (2008 Farm Act) defines locally grown as “being transported less than 400 miles, or from within the state in which it’s produced.” (USDA) The term is often used in grocery stores that carry local produce, dairy, and meat products, and at restaurants. It’s also commonly considered as part of community-supported agriculture and farmer co-ops. Locally sourced has cultural connotations with freshness, quality, and a low carbon footprint due to smaller-scale farming practices and a short supply chain.

### **Farm to table: A movement**

Farm to table is the movement to connect people to where their food originates. It encompasses education and retail food purchase and consumption. Due to historic fraud and overuse of the term in the decades since it was coined, “farm to table” can be met with apathy or skepticism. However, there are plenty of legitimate establishments that provide truly local, traceable food at market prices. There are also small and micro businesses that continue to support this movement in various ways. A very local example is the Montelilet Fromagerie in Dayton. Pierre-Louis and Joan Montelilet raise milk goats, produce traditional cheeses, and host farm to table events for which the meat of locally raised animals is on the menu.

## HOUSING

MFA investigated the potential for multi-family housing development adjacent to the Blue Mountain Station campus on Columbia County parcels 268537 and 268507, which are in a Columbia County Agricultural Residential-1 (AR-1) zone. Both single-family and multi-family housing are permitted in the Columbia County AR-1 zoning designation. Upgrades to water and septic systems may be required for multi-family housing development on the parcels.

## DOWNTOWN BUILDING

MFA interviewed staff at the Port of Anacortes, which purchased a full city block as a buffer property between the commercial downtown and marine industrial areas on Main Street in Anacortes in 2014. The city block contains a historic chandlery building, a Marine Supply and Hardware building (both of which are on the national historic register), and equipment storage. The downtown buildings were purchased by the Port prior to the completion of building inspections or structural reporting. After the purchase, engineering consultants reported that the buildings require significant repair and maintenance for safe use.

The community expects the Port to fund maintenance and repair for the historic buildings and objects to alteration or demolition of the structures. Repairs to maintain the Marine Supply and Hardware building for roughly 20 more years of use are estimated at nearly \$1 million. Historic preservation benefits in the form of tax breaks have not been beneficial for the Port. The Port sold the brick building to the Anacortes Housing Authority for potential residential reuse, with a claw-back clause if it ceases to serve workforce housing.

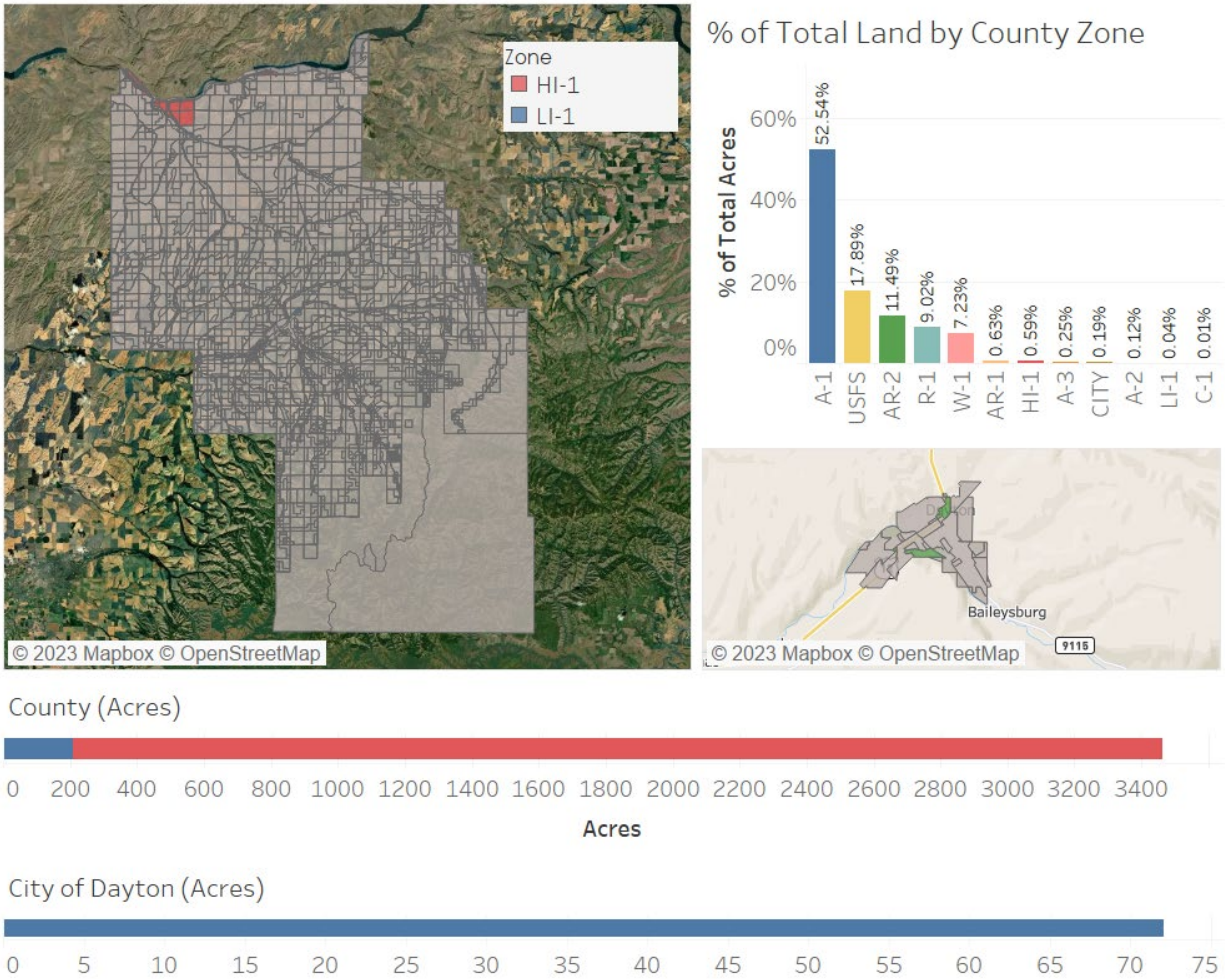
The Port of Anacortes provided the following recommendations if the Port considers purchasing a downtown building:

- Determine business case and feasibility of reuse.
- Coordinate closely with legal counsel in advance of purchase.
- Have a plan for assessment and reuse of buildings.

## INDUSTRIAL LANDS

There are limited industrial-zoned lands in Columbia County and the City of Dayton. Columbia County contains 3,464 acres of industrial land, which makes up only 0.61 percent of the total land in the county. The majority of the Heavy Industrial Land in the County along the Snake River would require construction of a new power substation to accommodate industrial development. The City of Dayton has 72 acres of industrial land, which makes up 3.8 percent of the total land in the city. The limited inventory of development-ready industrial land makes the county less attractive to industrial developers. Figure 1 shows an overview of industrial land in Columbia County and Dayton.

**Figure 1: Industrial Land in Columbia County and the City of Dayton**



**RECREATION**

Washington ports are authorized to develop and operate public park and recreation facilities when they support and enhance use of harbors, wharves, and piers; air, and water passenger terminals; and transfer terminals. Many of the state’s public ports participate in the development and maintenance of recreational sites, including parks and green spaces, tourism areas, trails, interpretive areas, natural spaces, and public art. They often partner with other public agencies and community organizations to fund, develop, and manage recreational sites. Public recreational sites support economic development and quality of life in communities by attracting tourism and private investment, providing green infrastructure, promoting active lifestyles, and providing educational opportunities.



The **Port of Quincy** manages the nearly 90-acre Bishop Recreation Area, 10 miles southeast of the town of Quincy. The site features camping, two public horse corrals, and temporary, weather-dependent restrooms. Bishop Recreation Area borders lands owned by the Washington Department of Fish and Wildlife, Bureau of Reclamation, and Bureau of Land Management. It provides access to those lands as well as opportunities for horseback riding, hiking, fishing, bird and wildlife watching, astronomy, and more.

The **Port of Garfield** in Pomeroy owns and manages the Pataha Creek RV Park. The small, recreational park provides full hookups and other amenities for a variety of RVs. Its location in Pomeroy connects visitors to local recreational sites, such as the Blue Mountains and Umatilla National Forest, and local history and culture, including the Eastern Washington Agricultural Museum and Garfield County Museum.

The **Port of Whitman County** in Colfax operates Boyer Park and Marina. The 56-acre full-service marina and campground is on the Snake River and provides public access to the river, a public park and trail, lodging, and access to retail and other services. Boating, fishing, trail walking, and bird and wildlife watching are all supported by this port-owned site.

The **Port of Camas-Washougal** manages three public parks on or near the Columbia River. Amenities include trails, interpretive signs, historic replicas, public art, a children's natural play area, restrooms, and picnicking and event sites. Marina Park is next to the port's marina and provides access to motorized and non-motorized water sports. The port partnered with Clark County Public Works to develop and manage Captain William Clark Park, which features several amenities and commemorates an historical site where the Corps of Discovery camped for six days in 1806.

The **Port of Bellingham** partnered with the Whatcom Mountain Bike Coalition to build Bellingham's bicycle pump track at a former industrial site near the downtown waterfront. The site attracts locals, regional visitors, and international tourists, who enjoy the track as well as the food and beverage vendors next door. The site offers parking, restrooms, picnic tables, food trucks, short-term makers' space, event rentals, and an entertainment stage.

It is recommended that the Commission consider:

- How recreational properties support the Port's fundamental purpose and whether they can deliver a return on investment that satisfies the state constitution (Article 8, Section 7: Credit Not to Be Loaned).
- How recreational opportunities may drive private investment to support quality of life in Columbia County.
- Community desires and potential partnerships for recreational investments and opportunities.

## FUNDING OPPORTUNITIES

Public funding resources, typically in the form of grants and low-interest loans, play a vital role in advancing capital improvement and economic development priorities across Washington. Importantly, as a public entity, the Port can bring grants and low-interest loans to a public-private partnership. A variety of funding programs from an equally large variety of sources are available to the Port for the projects that have been identified as priorities by the Commissioners. Port staff are familiar with many available resources and have a proven record of success in accessing and leveraging them.

Recent infusions of funding from the federal 2021 American Rescue Plan Act and Infrastructure Investment and Jobs Act have increased available funding in certain state and federal programs and have spurred the creation of new programs. Additional funding from the 2022 Inflation Reduction Act, which emphasizes clean energy and emissions reductions, further augments available resources. Much of this funding is anticipated to be available for allocation for five years following passage of relevant legislation, or through September 2027.

The most promising funding resources to support the Port's priority projects are likely state resources that can support business recruitment, land acquisition, workforce investment, infrastructure and transportation improvements, housing growth, and investments in recreation programs. These are more flexible and less competitive than federal resources and target the largest anticipated expenses associated with the project. Several of these grants have flexibility in match requirements. The biggest constraint is likely to be award size and which grants provide funding for land acquisition, which is a precondition for any infrastructure improvements. Grants and low-interest loans will not provide sufficient funding for acquisition or necessary infrastructure improvements. Leveraging multiple resources and attracting private investment will be essential to project success.

As part of a future Comprehensive Plan update, we recommend an evaluation and sorting of the primary funding sources to develop a focused strategy for accessing and leveraging funding programs. This evaluation of funding programs would weigh certain key variables, including:

- **Federal versus state.** Generally, state grants are less competitive than federal grants, but they are also smaller. Some state grants are available once every two years, while others are available annually. Federal grants are typically available annually.
- **Eligibility and accessibility.** Identify what activities are eligible or excluded under a specific grant program to ensure best alignment with project needs. It's also important to consider how competitive the Port might be in an application. For example: Are there set-asides for rural communities? Is this a highly competitive program that receives a lot of applications?
- **Timing.** When possible, aligning the timing of different state and federal grants can allow applicants to leverage one as a source of match for another. This is where conversations

with grant managers can be critical: They can advise on how best to achieve what can often be a complex choreography of application deadlines, project periods (how long the Port has to expend funding), project milestones, and other requirements.

- **Match.** Some state and federal grants require no match, especially for planning efforts. Construction projects tend to require a match, which can range from ten percent to 50 percent. Match can typically be cash or in-kind, though requirements for an in-kind match can be stringent. Cash matches must typically be nonstate for state grants, and nonfederal for federal grants.
- **Grant size.** No grant is truly “free money.” It is important to consider whether a small grant is truly worth the costs it imposes in terms of management requirements and staff time.

As a first step, we want to confirm the primary categories of funding types as they relate to the specific priorities identified by the Port Commission. We understand these include:

**Economic Development** (Planning and business recruitment; Real estate acquisition; Workforce development)

**Infrastructure** (Lyons Ferry Marina; Rock Hill Industrial Park)

**Transportation** (Columbia Walla Walla Railroad)

**Housing** (new initiative)

**Natural Resources/Open Space/Recreation** (new initiative)