



Staff photo by Kathy Aney

The owner of a strip of industrial land just north of Interstate 84 is engaged in a dispute with the city of Pendleton.

STORAGE: Horizon Transport said Marshall had a monopoly on storage land near Keystone

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Keystone factory, sharing a boundary line with an entity he considers a major threat to his business — the city of Pendleton.

Since the city agreed to rent out storage space to an Indiana transport company in 2015, Marshall has personally lobbied members of the city council and staff to cancel the lease, the latest instance coming at a city council workshop on Tuesday.

Standing before the council, Marshall said he had 15 pages of arguments to make against the city's lease, but he would keep it short to save on time. With four new councilors and a mayor sworn in since the last time he publicly made his case, he figured they might be more receptive to his plight.

Marshall's argument has remained consistent over the past year and a half — the municipal government has undercut his business with its lower lease rates, siphoning off his tenants in the process.

Marshall's main tenant was Horizon Transport, which struck a deal with the city under a subsidiary called Queen B Storage.

Under the 12-year lease signed by the city and Queen B, the latter pays the former \$1,825 per month for use of the city's 8.82 acres.

That means Queen B pays \$207 per acre per month, much lower than the \$1,027 per acre per month figure the company was paying to Marshall before it moved off his property.

Horizon paid Marshall \$4,108 per month to use four acres of land. As Queen B, the company is paying the city \$1,825 per month to use nearly nine.

By including language in the contract that allows Queen B to sublet the property, Marshall said the lease will continue to hurt not only his business, but the more than 20 other RV storage businesses across town.

With RV business continuing to boom, Horizon has since returned to Marshall's property on a three-month lease, renting three acres at a cost of \$1,200 per acre.

Queen B/Horizon didn't return a request for comment, but they haven't been completely silent about their choice to move to the city's property.

At a public meeting about the lease in 2015, Horizon representative Jade Perrenaud said Marshall had a monopoly on storage land near Keystone and his company needed more room to grow.

"It seems to me that the city shouldn't be competing with the private sector, unless there's some broader public benefit."

— **Scott Fairley,**
Pendleton city councilor

Perrenaud said the city's prices were still higher than elsewhere — Queen B operates four other storage yards in Indiana, Michigan and Idaho. Still, it was significantly cheaper than renting from Marshall.

City manager Robb Corbett said the city uses a special formula to devise its land lease rates, charging a rate meant to recover the market value of the land over a 10-year period, plus the property tax costs that come from operating an income property.

Councilor Neil Brown brought up another wrinkle in the contract that Marshall hadn't included in his calculations — the \$250,000 Queen B agreed to pay in property improvements.

According to Corbett, the company paid to gravel, level and fence the land in addition to extending utilities out to a modular office. If the city exits the lease before it ends, it would be responsible for paying back the depreciated value of the improvements.

If Queen B's investment was spread out on a per month basis, the company pays an extra \$1,736 per month.

Despite some resistance from the council, Marshall also received more sympathetic responses.

"It seems to me that the city shouldn't be competing with the private sector, unless there's some broader public benefit," councilor Scott Fairley said. "In the instance where we're just competing on price, it seems like we're just depressing property values."

Fairley and councilor Paul Chalmers said they were in favor of taking another look at the city's land lease policies to see how they could better prevent public competition with private industry.

At the end of the discussion, Mayor John Turner said he felt that there was no desire from the council to end the lease, but he did invite Marshall to meet with him and Corbett privately after the meeting.

All three men declined to talk about the specifics of the meeting, but both Turner and Marshall said they are open to compromise.

RANCH: Oregon has more than 17M acres of farmland

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ment firms, wind energy developers, conservation organizations, companies that fit the description of "Big Ag" and wealthy individuals looking to establish private hunting reserves or vacation retreats.

Primary worry

The impact is unclear at this point, but the primary worry is about ag land being taken out of production. Jim Johnson, the Oregon Department of Agriculture's land-use and water planning coordinator, said ag land conversion is a concern especially in areas with "amenity values." Daggett's scenic Wallowa County is an example, "Where the primary reason to live out there is to be there, and the secondary reason is to farm," Johnson said.

Ag property purchased to be a recreational site, he said, inflates land values and makes it more expensive for farmers and ranchers to buy or rent.

New owners who aren't interested in farming themselves might gain more revenue by enrolling land in the federal Conservation Reserve Program, in which they receive payments for taking it out of production, rather than leasing crop land to other farmers, said Walter Powell, a Condon-area wheat farmer. In that case, there's a reduction to the farming infrastructure: the seed and fertilizer dealer, the equipment store, local employment and more, Powell said.

Jim Wood, a cattle rancher near Post, in Central Oregon, said the biggest threat to high-desert cattle ranching is the fragmentation of grazing ground. Ranching in his area requires big acreage to be ecologically and economically sustainable, and segmentation or development for other uses cuts into that and increases land prices, Wood said.

"If you overgraze, this landscape is quick to be unforgiving, and you're going to be out of business," he said.

Oregon's land-use laws — adopted to preserve

farm and forest land from urban sprawl — generally preclude rapid, wholesale development of agricultural land.

Statewide, counties approved 473 houses on farmland in 2014 and 522 in 2015, the most current figures provided by the Oregon Department of Land Conservation and Development.

Daggett, whose Wallowa County property was sold, acknowledges an argument could be made that the "highest and best use" of her family land could be as a "view property."

But ownership changes can ripple deep in rural communities.

"This is very personal for me," said Daggett, who was Wallowa County's planning director in the late 1990s and, ironically, now sells real estate. She said her son had hoped to run cattle on the family land, but now leases land from others.

"Like a sharecropper," Daggett said.

The giddy buyer who called her husband in the Caymans has yet to build a dream home on the property. It appears someone is leasing the pastures.

"There's an impact to the historic social fabric, there's this disruption socially," Daggett said.

"It's more than a question of who's buying," she said. "It's who's buying, and then what?"

Big properties

Some of the listings carried by Whitney Land Co. are breathtaking. The Pendleton-based real estate company specializes in farm and ranch properties, especially big ones.

Until the owner took it off the market this spring, one of Whitney Land's offerings was called the Kinzua Ranch, in Wheeler County: More than 39,000 acres with a \$28 million asking price.

The property included much of what used to be the timber holdings and former community of Kinzua, a company mill town that ceased operation in 1978. Timber industry reps have expressed interest, but the

property hasn't sold yet.

Whitney Land Co. has other big properties to sell, including the Maurer Ranch at Clarno, along the John Day River, which is listed for \$19.7 million. It includes more than 29,000 deeded acres plus 18,000 acres of Bureau of Land Management and U.S. Forest Service grazing leases, which hold significant value.

The property has been in the same family for more than 90 years, has been used for cattle, grain and hay production, and includes nine fenced pastures and eight miles of river frontage. The owners may break it into smaller parcels and sell it that way, said Todd Longgood, a Whitney broker.

While cautious about characterizing possible clients, Longgood said Oregon farms and ranches catch the attention of what he called "corporate ag" or "intense ag" buyers. Some potential buyers are looking for "longterm holds," figuring the land will increase in value and they can resell later; others pursue crop land "knowing there will always be a market for food." Some buyers bring with them the resources to develop or expand irrigation systems, critical for high-value crops.

"In the corporate ag world, there is more money available for ag land than there is supply," he said.

Sales add up

At Portland State University, land-use and urban planning professor Megan Horst is assembling ground-breaking data on Oregon farm and ranch sales. Working with a graduate research assistant, she asked county clerks for information on sales from 2010 to the end of 2015 of land zoned Exclusive Farm Use, or EFU.

Horst is compiling land sales in the eight agricultural regions defined by the Oregon Department of Agriculture. In Northeast Oregon, 360,265 acres of EFU land sold during the 2010-15 time period. In the Willamette Valley, 169,572 acres sold, and along the Coast, 13,397 acres sold.

Oregon has slightly more than 17 million acres of farmland. Over the six-year study period, the acreage sold in the three ag regions analyzed so far amounts to only 3.2 percent of the state's total farmland.

In some cases, however, significant money was involved. According to Horst's figures, the median sales price per acre of Willamette Valley EFU land was \$21,909. On the coast, it was \$10,299, while in Northeast Oregon the median price per acre dipped to \$2,451. The values include permanent crops such as orchards and vineyards and other infrastructure.

Individual sales raise as many questions as they answer. In the Northeast Oregon ag region, an entity called Antone Acquisitions LLC apparently paid \$25 million for 12,000 acres. The company is listed in Oregon corporation records, but little other information is available. The company's registered agent, who appears to be with an asset management firm in Portland, did not return a call from EO Media Group seeking information.

Meanwhile, Horst is still assembling data on land sales in the Columbia Plateau, Southeast Oregon, Southern Oregon, Central Oregon and the Mid-Columbia regions, where ag production ranges from wheat, hay and cattle to tree fruit, vegetable seed and wine grapes. Horst hopes to finish and publish the project next fall.

Horst said the sales figures compiled so far raise issues Oregonians ought to be discussing. Among them: Who has access to agricultural land, and what happens if food production is concentrated in the hands of the few who can afford to buy large swaths of land?

The research follows a study Horst co-authored with five others: "The Future of Oregon's Agricultural Land."

The report, produced by Oregon State University, PSU and Rogue Farm Corps, an advocacy group, noted that the average age of Oregon farmers is now 60.



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