‘It will be a tourist destination’

BLUE HERON continued from front page

cluding the Blue Heron site, during the Wednesday, June 12, Tribal Council meeting.

Tribal Council Chairwoman Cheryle A. Kennedy said one property includes more than a mile of waterfront along the Willamette River. The Blue Heron site at Willamette Falls was called a “cornerstone” to the Tribe and its Tribal fishing culture by Kennedy.

“Should the Tribe purchase the property, we’re excited to work with Metro, as well as local, state and federal partners in a collaborative manner to shape the future of the property,” Kennedy said. “Both of these properties are in various stages of due diligence and we will keep the membership informed as we move forward.”

Don Ossey, a principal with commercial real estate firm Capacity Commercial who works with industrial land investments and sales, said that properties like Blue Heron will not continue as an industrial site and are rare to find in a metropolitan area.

“My opinion is that it is a tremendous asset for the region and any development should respect the relationship with the river and have open public access to the area,” Ossey said. “And how many development sites in the world are connected to the water with views of a waterfall?”

Ossey said the $17 million projected purchase price for the two properties equates to about $17 a square foot, which is a “pretty good value” considering they front the river. “It seems reasonable,” he said.

Mark Hush, managing director at Portland commercial real estate advisory firm Newmark Knight Frank, also called the purchase price “reasonable.”

“Personally, I think it is a good thing,” Hush said. “There is development potential there and the Tribe would be a good steward for the properties, which would be back in the hands of who it originally belonged to.”

A December 2017 story published by Lewis & Clark Bank calls Willamette Falls “the Niagara of the West” and states that downtown Oregon City offers economic and cultural promise like few other small cities in the region.

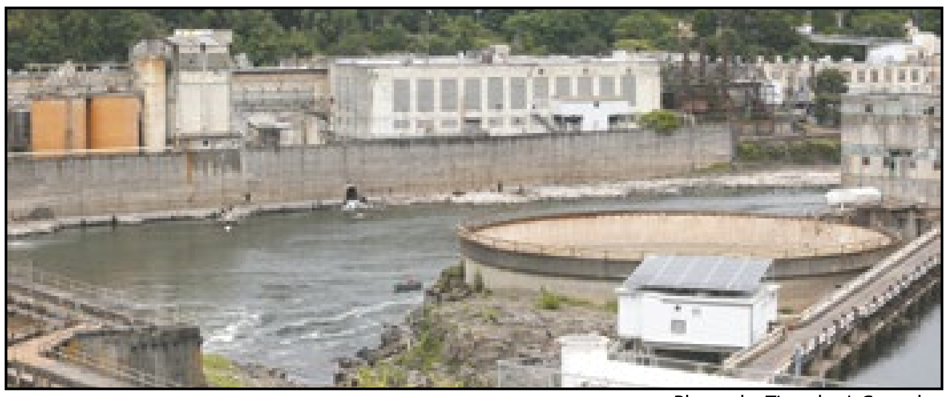
“What we are seeing firsthand is the move from a legacy industry, in this case paper, to what’s next,” Lewis & Clark Bank co-President Jeff Sumpter said. “While there’s a big tourism opportunity here, a new ‘Made in Oregon’ manufacturing opportunity also exists.”

Andrew Mason, executive director of the Willamette Falls Trust, which engages in fundraising and philanthropic leadership concerning Willamette Falls, said the group is “excited” to have a potential partner in the Tribe that can accelerate and focus economic development at the site.

The proposed Riverwalk, a public walkway along the eastern shore of the Willamette River, would have a significant presence on the Blue Heron site.

“(The Riverwalk) raises a lot of value,” Mason said. “The Confederated Tribes of Grand Ronde has said it is very compatible with its vision for the site. It is a value add. It’s like dancing with another partner who shares your dance vision.”

Metro, the regional Portland area government, is sending a $475 million bond measure to voters in November that would include $20 million for the Riverwalk project.



Photos by Timothy J. Gonzalez

The Grand Ronde Tribe is pursuing the purchase of the 23-acre Blue Heron paper mill site on the eastern shore of the Willamette River in Oregon City. Commercial real estate experts in the Portland area consider the proposed purchase to have promising economic development potential while Tribal officials trumpet the cultural aspects of regaining ownership of one of the Tribe’s most sacred sites.

Due diligence process

Tribal Council Chief of Staff Stacia Hernandez said during the Other Business portion of the June 12 Tribal Council meeting that a Tribal team is currently performing due diligence regarding the Blue Heron property, including review of documents related to any potential environmental cleanup issues.

“We’re very fortunate coming into this that this site has really been studied to death by a lot of the area partners,” Hernandez said. “We do have an extensive team reviewing more than 130 documents, some of them over 700 plus pages. We are currently in due diligence and we’re taking that very seriously. We are also consulting with a lot of third parties on the environmental reviews and other things that we need to take into consideration. … The zoning on the site is good and we have really good partners on this property, so in the event we do look to acquire that, we will be engaging fully with them and with everyone else to see what happens on the site.”

“There is an enormous due diligence process that is well underway,” Tribal Council member Kathleen George said, which includes internal and external experts. “I believe there will be successful development at this property,” she said, adding that besides the economic development potential, the Tribe will be reclaiming one of its most sacred cultural sites.

Tribal members expressed concerns about purchasing the site during the June 12 meeting, ranging from possible environmental cleanup and development costs to a possible money pit repeat of the Microgreen investments in 2014-15 that cost the Tribe more than $28 million.

Tribal Council member Michael Langley said purchasing the Blue Heron property is not like the Microgreen investment because there is real estate collateral involved. When Microgreen closed abruptly, the Tribe only had cup-making equipment to sell to recoup a small portion of its investment.

“I do think it’s going to be a great investment down the road,” Langley said, adding that Willamette Falls is the second largest waterfall by volume in the United States. “It will be a tourist destination and we will be the ones telling our story there.”

Site history

Wood pulping and paper manufacturing started at the facility in 1908 by the Hawley Pulp and Paper Co. Before the pulp mill, the site was used by a saw mill that later converted to a woolen mill.

In 1948, Hawley Pulp was purchased by Times Mirror and the mill became Publisher Paper Co. In 1986, Publisher was purchased by Jefferson Smurfit Corp. and was renamed Smurfit Newsprint Corp.

In May 2000, the facility sold to its employees, who renamed it Blue Heron Paper Co. Blue Heron ceased operations and filed for bankruptcy in 2011.

According to an Environmental Cleanup Site Information summary report from the state Department of Environmental Quality, the federal Environmental Protection Agency directed a site inspection in 2007. In December 2008, the EPA determined that it did not anticipate action regarding the site under the Federal Superfund Program.

The DEQ summary identifies the property as a brownfield site, which means it is previously developed land used for industrial or commercial purposes with known or suspected pollution including soil contamination due to hazardous waste. The summary states that “potential” site contaminants may include polychlorinated biphenyls, petroleum hydrocarbons and metals.

Mark Pugh, project manager within DEQ’s Cleanup Program, said that contamination at the site is moderate overall and not unexpected for a site with Blue Heron’s history.

Pugh said the Tribe is currently negotiating a prospective purchaser agreement with DEQ that will determine a scope of work for cleaning up the property and also get the Tribe a release of liability from the Department of Environmental Quality. Cleanup work could be spread out over years, he added, providing the Tribe is working in good faith to accomplish its goal and that EPA grants could help pay some of the cost.

“Contamination, for the most part, is safe for workers,” Pugh said. “Cleanup would be required if the property was going to be used for residential purposes.” He added that remaining drums of chemicals and asbestos in poor condition will have to be removed.

A January 2018 environmental site investigation conducted by Apex Environmental Consulting of Portland says that although chemicals are present site-wide, “The nature of the chemicals and detected concentrations indicate future parking lots and construction pads could serve as a cap for soil contamination if implemented as a remedial action with DEQ oversight.”

Pugh said that a public notice regarding the Tribe’s scope of work will be published on July 1 and provide a 30-day comment period. A public meeting will be held in mid-July.

In November 2014, Oregon City approved a zoning change that opened the industrial site to future shops, restaurants, offices, housing and, most importantly, public access to Willamette Falls.

During the Tribe’s 2018 effort to build a removable fishing platform at Willamette Falls, access became an important safety issue after Portland General Electric revoked permission for Tribal members and staff to cross its West Linn property. Tribal members and staff were forced to ferry supplies and people to build the platform across the rapidly flowing Willamette River from the Oregon City side.

Tacoma, Wash., developer George Heidgerken currently owns the Blue Heron site, which he purchased for $2.2 million in 2014. It is covered with approximately 50 buildings, most of which have little historical value.

Kennedy said that the Tribe has no plans to build a casino at the Blue Heron site. She added that Grand Ronde has invested heavily in Spirit Mountain Casino and is committed to keeping it the state’s No. 1 gaming facility.

On Tuesday, June 11, a more than $17 million supplemental budget hearing announcement regarding acquisition of ceded lands in Clackamas County was posted in the front of the Governance Center. The hearing regarding the Blue Heron site, originally scheduled for June 26, will be held during the Tribal Council meeting on Wednesday, July 10. ■