

**J. Scott Andrews**  
Commissioner Chair

**Aneshka Dickson**  
Commissioner

**John C. Mohlis**  
Commissioner

**Steven Straus**  
Commissioner

**Charles A. Wilhoite**  
Commissioner

**Sam Adams**  
Mayor

**Patrick Quinton**  
Executive Director

This document constitutes the official meeting records of the April 11, 2012, Portland Development Commission (PDC) Board of Commissioner's Meeting held at 222 NW Fifth Ave, Portland, OR 97209. The full video recording of this meeting can be found at: <http://www.youtube.com/watch?v=iKwD790nhaA>.

## I. CALL TO ORDER AND ROLL CALL

Chair Scott Andrews called the meeting to order at approximately 3:05 p.m.

Ms. Emily Swensen, acting as Board recording secretary, called the Commission roll:

|                               |         |
|-------------------------------|---------|
| Chair Scott Andrews           | PRESENT |
| Commissioner Aneshka Dickson  | PRESENT |
| Commissioner John Mohlis      | PRESENT |
| Commissioner Steven Straus    | PRESENT |
| Commissioner Charles Wilhoite | PRESENT |

## II. COMMISSIONER REPORTS

### Chair Andrews

- Regarding PDC's involvement in discussions around potential Columbia Biogas project, stated that many entities and individuals worked to move a deal forward. In the end, all parties agreed it was a better candidate for private sector funding.
- Traveled to Boston with Executive Director Quinton to meet with Boston Redevelopment Authority. Stated that it was a great opportunity to learn about potential funding sources and best practices around resource development.
- Presented in second of three-part seminar to Harvard School of Design. In first portion Metro Council President Tom Hughes discussed Portland's planning efforts and the urban growth boundary. Chair Andrews and Executive Director Quinton talked about the history of PDC and what current programs look like. Mark Edlen, as third presenter, focused on about the developer's experience in the Portland environment.
- Described his experiences at the Rose Garden living wall unveiling. He learned that it is the only facility of its kind in the US and perhaps the world that has met LEED Gold standards, including a very extensive recycling program that includes composting all food waste.

### III. EXECUTIVE DIRECTOR REPORT

- Announced that City Council had voted unanimously to approve the six new Neighborhood Prosperity Initiative districts presented to it last week by himself and Commissioner Dickson. Thanked PDC staff who contributed efforts and energy to the project, acknowledged the work of the neighborhood groups involved in each of the districts, and recognized the City of Portland and Multnomah County for their cooperation and active support.
- Met with colleagues at New York City Economic Development Corporation who share PDC's mission to grow the economy with a very aggressive economic development strategy. Discussed many lessons around funding and various programs.
- In March, PDC Assisted Software Association of Oregon with sponsorship of Software Industry Summit. Unveiled Techlandia.org website, which PDC helped establish. It is designed to be the place where regional industry members can come online and learn about each other. Interest is high and online memberships continue to grow.
- On April 6 Governor Kitzhaber signed the Oregon Investment Act, a state-led initiative to clarify business assistance programs across all agencies. It is a first step towards creating an investment board to oversee all State business assistance programs to make access easier and decisions more transparent. PDC is considering how it will participate as the initiative moves forward.
- Beam Development announced a lease with Cascade Energy for 25,000 square feet in the Convention Plaza Building at the Burnside Bridgehead. Last fall PDC Board approved DDA for building redevelopment as first phase in the Burnside Bridgehead redevelopment and a mixed-use "gateway" project for Portland's Central Eastside.
- With Chair Andrews, attended unveiling of large, informational living wall at Rose Garden Arena sponsored by Portland Trailblazers and Corix, an international company involved in infrastructure projects worldwide. Their innovative partnership will fund Rose Quarter improvements as first step towards an eco-district that includes Oregon Convention Center, Memorial Coliseum and Lloyd District.
- Announced upcoming events: Educational District Urban Renewal Area open house April 17 at PSU; PDC to co-sponsor Oregon Entrepreneurs Network's Angel Oregon 2012 Investment competition at Governor Hotel April 18; PDX Startup Weekend April 27-29, also bringing together entrepreneurs and investors.
- He is leading a delegation of Oregon businesses to White House forum with City Commissioner Nick Fish to explore issues affecting large and small businesses in Oregon. Goal is to begin to align actions in Washington, D.C., with local needs. Afterwards will stop in Philadelphia and Cleveland for more discussions around innovative ideas and best practices.
- PDC will host and sponsor Clean Energy Industry Forum April 27 as part of Future Energy Conference. PDC played major role as organizer.

- Announced that Marj Villamarin has joined the Accounting team in Finance and Business Operations.
- Announced that Mitsuhiro Yamazaki has joined the Business and Industry team as a manager heading up PDC's Clean Tech team, bringing new energy to PDC's business recruitment efforts.
- Announced that Lorena Hernandez, a De La Salle High School student who has worked as an intern at PDC for four years, was accepted to Georgetown University and awarded a scholarship from the Hispanic Metropolitan Chamber of Commerce.

#### IV. MEETING MINUTES

Chair Andrews called for a motion to approve the January 24, 2012, budget work session minutes and the March 12, 2012, board meeting minutes. Commissioner Straus moved and Commissioner Mohlis seconded the motion.

AYES: Andrews, Dickson, Mohlis, Straus, Wilhoite.

NAYS: None

#### V. PUBLIC TESTIMONY FOR ITEMS NOT ON AGENDA

*No public testimony was presented.*

#### VI. **Public testimony regarding the proposed education urban renewal plan; approving two minor amendments to the south park blocks urban renewal plan; approving an intergovernmental agreement with Multnomah county relating to the education urban renewal area**

Portland Development Commission staff and others presenting this item:

*Mr. Keith Witcosky, Deputy Director*

*Ms. Morgan Masterman, Policy Coordinator*

*Mr. Wim Wiewel, President, Portland State University*

*Mr. Peter Parisot, Economic Development Director, Office of Mayor Sam Adams -*

Testified on behalf of Mayor Adams in full support of the plan and proposed actions.

*Mr. John Tydlaska, Economic Development Director, Office of Multnomah County Chair*

*Jeff Cogen -*Testified on behalf of Chair Cogen in full support of the plan and IGA,

focusing on expected future partnerships between PSU and Multnomah County.

Staff reported that these Board actions present a unique opportunity to advance both City and Commission goals to create jobs, attract investment, and bring lasting benefit to the region by accelerating the growth of Portland State University.

Two amendments were proposed for the South Park Blocks Urban Renewal Plan (“SPB Plan”), the Eleventh and Twelfth Amendments since it was first created in 1985. The Eleventh Amendment clarifies amendment procedures and makes them consistent with other urban renewal plans. The Twelfth Amendment reduces the size of the SPB Plan area (the “SPBURA”) by 58.4 acres in order to transfer that land into the proposed Education Urban Renewal Area (the “EDURA”).

Staff explained that the Board is also proposed to take actions that begin the formal approval of a new Education Urban Renewal Area and to public testimony on the EDURA Plan and Report. The actual Board action that will forward the Plan to City Council for adoption is scheduled for April 30, 2012.

As proposed, this EDURA Plan will provide tax increment resources to a 144-acre Education Urban Renewal Area. This will set forth a long-term partnership with Portland State University, Portland Public Schools, Multnomah County, and the City of Portland intended to accelerate the region’s growth and excellence, attract private investment, enhance blighted properties and educate the region’s workforce. It is projected to provide up to \$169 million for investment in research facilities, business accelerators, affordable housing, and private development.

A third Board action associated with these items would authorize an intergovernmental agreement for the purpose of providing the County with \$19,000,000 in tax increment revenues from the EDURA to develop a facility that will co-locate the County Department of Human Services and PSU academic and research programs (the “County Project”).

Ms. Masterman explained that Oregon state statute requires that the City Council find that the proposed district, as a whole, is blighted. The definition of blight includes properties that are stagnant and unproductive, as well as certain conditions that make buildings unfit or unsafe to occupy. In preparing the urban renewal plan for the district, PDC hired an outside firm to study the productivity of properties within the district. This study, along with building condition data from PSU, has led to the conclusion that more than half of the area is blighted based on the statutory definition. It is staff’s expectation that PDC’s investments in the proposed district will either directly or indirectly lead to the redevelopment and productivity of these blighted properties.

Mr. Witcosky referenced an upcoming meeting of the original Central City Evaluation Committee on April 26. Two years ago the Committee was presented with a district that was over 300 acres with a maximum indebtedness in excess of \$300 million. The Committee’s directive was clear: to return with a plan that is much more focused and



strategic and with much broader benefit. On April 26 that is exactly what the Committee will receive.

Members of the public providing testimony on this item:

- *Mr. Wayne Lei, director, research and development, Portland General Electric* - Testified in support of the plan and proposed actions.
- *Ms. Sandra Shotwell, chief operations officer, DesignMedix* - Testified in support of the plan and proposed actions, focusing on PSU's role in launching and nurturing start-up companies.
- *Mr. David Yudkin, owner, Hot Lips Pizza* - Testified in support of the plan and proposed actions, focusing on the effects the PSU campus has on local small businesses.
- *Mr. Sam Pardue, chief executive officer, Indow Windows* - Testified in support of the plan and proposed actions, focusing on the benefits to small businesses of working with PSU business student programs.
- *Mr. Tom Turnbull, vice president, Open Sesame* - Testified in support of the plan and proposed actions, focusing on the benefits of PSU's Business Accelerator.
- *Ms. Wendy Rahm, resident, Eliot Tower* - Testified of her concern regarding the lack of details about the 30% housing set-aside within the proposed plan boundaries. She felt that area already has a very high concentration of affordable housing stock, so more details should be shared before a final vote. **See attachment 1.**
- *Mr. Eric Fruits, president, Laurelhurst Neighborhood Association* - Testified about his frustration that the plan will include a very costly renovation of Lincoln High School, which he felt has the best physical plant in the district, which will divert funds from needed basic safety and maintenance projects throughout the rest of the district. **See attachment 2.**
- *Mr. James Werner, member, Pearl District Neighborhood Association* - Testified about his agreement with other speakers that there has not been meaningful time for public input and asked that the Board extend the time limit for recommending the plan.
- *Mr. Robert Wright, resident, West End District* - Testified about his concern about the increased concentration of affordable housing in the EDURA and his agreement with the request of other speakers that the Board extend the time limit for recommending the plan to allow for increased public dialog.
- *Mr. William Barnes, citizen* - Testified of his concerns that members of the public who are not current PSU students are not allowed on the PSU campus, and that violation of that rule results in a criminal trespass warning barring entrance into any PSU building for two years. He urged the Board not to recommend the EDURA plan.
- *Ms. Felicia Williams, chair, Downtown Neighborhood Association* - Testified of her concerns about increased affordable housing concentrations under the proposed

plan, as well as potential difficulties in bringing new technologies to market because of problems she's experienced within the technology transfer offices at PSU.

- *Lanie Block Wilker, Portland Public Schools (PPS) parent and member, Smart Schools Coalition PDX* - Testified of her concern that the EDURA will fund renovations of Lincoln High School that will prevent passage of a district-wide bond to update other schools in much worse condition and will erode PPS's tax base even more drastically. **See attachment 4.**

Board Discussion and/or requested follow-up relative to this item:

- Chair Andrews stated that although the Board does not typically hear resolutions twice, given the importance of this item it will be presented at this meeting and voted on at the April 30 meeting. The PDC Board will not itself approve the EDURA plan, but will approve it in form and recommend that City Council approve it. The three resolutions that will be voted on at today's meeting will not go into effect until the Board votes on Resolution 6935.
- Commissioner Wilhoite, who helped hire PSU President Wiewel, remembers him being described as "visionary and bold" and sees this plan as that kind of investment for PSU. He expects it to generate significant returns for the city and across the state. He queried about Mr. Barnes' comment regarding public access on PSU's campus, and President Wiewel assured him that PSU's campus, including all buildings, is open to anyone. The only time public safety officers issue a citation is when someone is engaged in disorderly or illegal conduct.
- Commissioner Straus said this is a great project that will bring jobs and increased educational excellence to Portland. He acknowledged that additional public process is needed. He supports getting started now and making improvements as the process evolves. While he understands concerns expressed by citizens regarding school funding, he said he feels the way to improve that situation is to bring more and better-paying jobs to Portland to increase tax revenues. This may eventually mean expanding the size of this district to enable large-scale partnerships, especially with national and international companies. It may also require changing state statute to increase PDC's potential funding sources.
- Commissioner Straus asked Mr. Witcosky whether student housing was included in the 30% set-aside. Mr. Witcosky replied that it is not at this time, and would need to be negotiated with the City Council for that to potentially change.
- Commissioner Dickson expressed approval for the EDURA plan, particularly the partnership between PSU, Multnomah County and Portland Public Schools that has done a great job of anticipating and planning for public concerns. She expressed concern that if PSU does in fact become a world-class facility, it will still remain affordable for local students. President Wiewel responded that PSU is committed to

remaining an attainable local educational resource. Presently 65% of PSU students come from the tri-county area, and he does not expect that number to change.

- Commissioner Mohlis agreed this bold, visionary step is what Portland should be doing to pull out of the recession. Portland needs to be out in front, attracting high-paying research and development jobs to fund county and public school programs.
- Commissioner Andrews asked for clarification about blight, a statutorily defined term. The question was addressed by Assistant General Counsel Lisa Gramp, who stated that in this case, key indicia of blight include underutilized parcels as evidenced by the number of properties with low improvement to land value ratios, as well as the presence of buildings that are unfit or unsafe due to defective building conditions and a number of inadequate rights of way. Based on those indicia, the area as a whole is considered blighted. Ms. Gramp noted that the official finding of blight can only be made by City Council based on the data related to the indicia included in the technical report accompanying the plan.
- In response to questions during public testimony about the plan for citizen involvement in the EDURA, Commissioner Andrews noted that the PDC Board is currently reviewing its urban renewal advisory committee policy. Once that work is completed, he expects an EDURA oversight group to be created if the district moves forward. Mr. Witcosky noted that it will be a year or longer before the district has any resources to spend, so there is adequate time for the process to be completed and for a group to be thoughtfully constructed.
- Commissioner Wilhoite spoke to the difficulty of predicting all specific projects in a 30-year urban renewal plan. PSU has been working to develop a list of projects, but presently the list far exceeds the URA's possible resources. The list currently includes items such as business school expansion, increasing business accelerator capacity, and increasing research and academic facilities across the campus.
- Executive Director Quinton acknowledged comments expressing a desire for specificity and detail, noting that previous urban renewal plans have focused on larger objectives like housing, parks, open spaces and infrastructure. He said the EDURA plan is more strategic and focused than any preceding plan he has seen.
- Commissioner Wilhoite referenced a previous proposed urban renewal area expansion involving David Douglas High School, which was not ultimately approved by City Council. He noted that the community may be asking, "Why are we investing in Lincoln High School when there are numerous schools out there that are unfit and unsafe?" He asked if rebuilding Lincoln is indeed contemplated by the plan.
- Executive Director Quinton responded that the Lincoln High School site was included because it is an underdeveloped downtown site with great potential. Tapping that potential could increase utilization of the site without investing new money into the school itself. Even though Lincoln has been named as a potential site of interest in the EDURA plan, it should not be construed as a decision to rebuild Lincoln; it just creates the potential for future use of the site.

- Commissioner Straus stressed that forwarding the plan to City Council does not mean eventual dedication of any funds at all to Lincoln High School; it merely creates the space to explore public-private partnerships.
- Commissioner Mohlis has been serving on a 45-member task force for a year to produce a plan to prioritize and address facilities issues across PPS. If people are interested, future meeting dates can be found on the PPS website.
- Commissioner Andrews underscored the point that the Oregon Sustainability Center was deliberately left out of this URA and will not receive any EDURA funds.
- Mr. Witcosky mentioned that the Portland Business Alliance provided a letter of support, to be distributed after the meeting. **See attachment 3.**
- Commissioner Dickson confirmed with Mr. Witcosky that the public will have an opportunity to learn more and provide feedback at the presentation at PSU on April 17. Executive Director Quinton and President Wiewel will make a formal presentation, then people will break into small groups with PSU and PDC staff. Feedback will be communicated to the Board before its decision on April 30<sup>th</sup>.
- Commissioner Mohlis thanked everyone who provided feedback today and wanted to speak to concerns about adding affordable housing within EDURA. He compared it to the Lents URA, where there were similarly few details about specific projects when the plan was initially approved. The thing to focus on is that passing the EDURA will mean significant dollars for housing projects. He urged concerned citizens to get involved to be part of the decision-making process. Commissioner Andrews added that City Commissioner Fish had stated that he was looking forward to working collaboratively with PSU on mixed-use projects.

Chair Andrews called for a motion to approve Resolution 6933; Commissioner Wilhoite moved and Commissioner Mohlis seconded the motion.

AYES: Andrews, Dickson, Mohlis, Straus, Wilhoite  
NAYS: None

Chair Andrews called for a motion to approve Resolutions 6934; Commissioner Wilhoite moved and Commissioner Mohlis seconded the motion.

AYES: Andrews, Dickson, Mohlis, Straus, Wilhoite  
NAYS: None

Chair Andrews called for a motion to approve Resolutions 6936; Commissioner Wilhoite moved and Commissioner Dickson seconded the motion.

AYES: Andrews, Dickson, Mohlis, Straus, Wilhoite  
NAYS: None

**VII. Requesting the City Council to issue bonds for the Oregon Convention Center Urban Renewal Area and provide for related matters**

Portland Development Commission staff presenting this item:

*Ms. Faye Brown, Interim Chief Financial Officer*

Those providing testimony on this item:

*No testimony was provided.*

Staff reported that with this action, the Commission requests that the Portland City Council issue bonds for the Oregon Convention Center Urban Renewal Area (“OCC”). The Commission would also authorize the Executive Director and the City, on behalf of the Commission, to execute such agreements and take such additional actions as may be required to issue, sell and deliver the Bonds on terms favorable to the Commission and the City.

The total amount of the bonds is anticipated to be \$69.8 million, which will be sufficient to retire the existing \$30 million line of credit and provide approximately \$39.7 million for projects in the district and to cover bond costs. Issuing these bonds will facilitate the Commission’s ability to carry out the Oregon Convention Center Urban Renewal Area Plan. The plan has a last date to issue debt of June 30, 2013. However, due to the low interest rate environment, the current market is more favorable than it has been in several years. Issuing the bonds now allows PDC to capture these favorable long-term rates and means a shorter final maturity.

Board Discussion and/or requested follow-up relative to this item:

- Chair Andrews reminded the Board that as short as two years ago, PDC did not believe it would be possible to attain maximum indebtedness in OCC. Conditions have improved to the point that cash reserves that would have been required are not any longer, which makes \$4.5 million available now and allows the bonds to be paid off earlier.

Chair Andrews called for a motion to approve Resolutions 6938; Commissioner Wilhoite moved and Commissioner Straus seconded the motion.

AYES: Andrews, Mohlis, Dickson, Straus, Wilhoite

NAYS: None

VIII. **Authorize Budget Amendment No. 3 for Fiscal Year beginning July 1, 2011, and ending June 30, 2012, and making appropriations**

Portland Development Commission staff presenting this item:

*Mr. Tony Barnes, Budget Officer*

Those providing testimony on this item:

*No testimony was provided.*

This action formally amends the current fiscal year (FY) 2011-12 Adopted PDC Budget for the third time this year, in the following ways:

- (1) Adjusts resources based on changes in tax increment debt issuance, including the final bond sale for the Oregon Convention Center URA;
- (2) Makes specific adjustments to URA and non-URA projects and programs based on project and program timing to recognize unexpended commitments that either have already been included or will be included in future versions of the FY 2012-13 Budget;
- (3) Adjusts the share of budget appropriation by URA for current year funding of the Central City Plan.

FY 2011-12 Budget Amendment No. 3 increases the total PDC budget from \$257,270,253 in the FY 2011-12 Revised 2 Budget to \$269,678,879, including Transfers, Contingency and Reserves. Excluding Transfers and Contingency, total budgeted expenditures decrease from \$201,121,644 to \$181,390,490.

The recommended amendments to the FY 2011-12 Revised Budget reflect the financial implications of business decisions which amount to approximately \$270 million in program and project expenditures and contingency. Exhibit A to the resolution identifies all fund appropriation changes. In summary, key changes to projects and programs are:

- 1) **Loan Collections:** Increase by \$1 million due to higher loan collections, primarily in Oregon Convention Center
- 2) **Long Term Debt:** Increase a net \$12.7 million due to \$40 million bond sale planned for Oregon Convention Center, offset by decreases in borrowing in other districts.
- 3) **Property Income:** Decrease \$1 million due to updating assumptions on property sales in the Airport Way URA.

- 4) **Administration Appropriations:** Decreases \$923,938 from a combination of moving appropriations for the Central City Plan IGA to Property Redevelopment and decreasing Business and Technology improvement appropriations to move to next fiscal year.
- 5) **Business Development Appropriations:** Decreases \$3.4 million based on reduction and movement of a business development project in River District to future fiscal years.
- 6) **Housing Appropriations:** Decreases \$10.5 million due to cost savings on the Resource Access Center project and several projects (in Oregon Convention Center, Lents, and South Park Blocks URAs) not requiring funding until next fiscal year.
- 7) **Infrastructure:** Decreases \$479,985 from a combination of moving PBOT street projects for Interstate and Gateway to FY 2012-13.
- 8) **Property Redevelopment Appropriations:** Decreases a net \$4.4 million for reduction and movement of projects and commercial property redevelopment loan fund resources from current fiscal year to future years.
- 9) **Contingency:** Increases \$31.8 million mostly associated with decision to sell bonds this fiscal year in the Oregon Convention Center URA due to favorable market conditions. Funds will be spent down next fiscal and future years on budgeted projects. This is anticipated to be the final budget amendment for the current fiscal year.

Board Discussion and/or requested follow-up relative to this item:

- Commissioner Straus congratulated Executive Director Quinton on reducing administrative costs below 10%.

Chair Andrews called for a motion to approve Resolution 6939; Commissioner Mohlis moved and Commissioner Wilhoite seconded the motion.

AYES: Andrews, Mohlis, Dickson, Straus, Wilhoite

NAYS: None

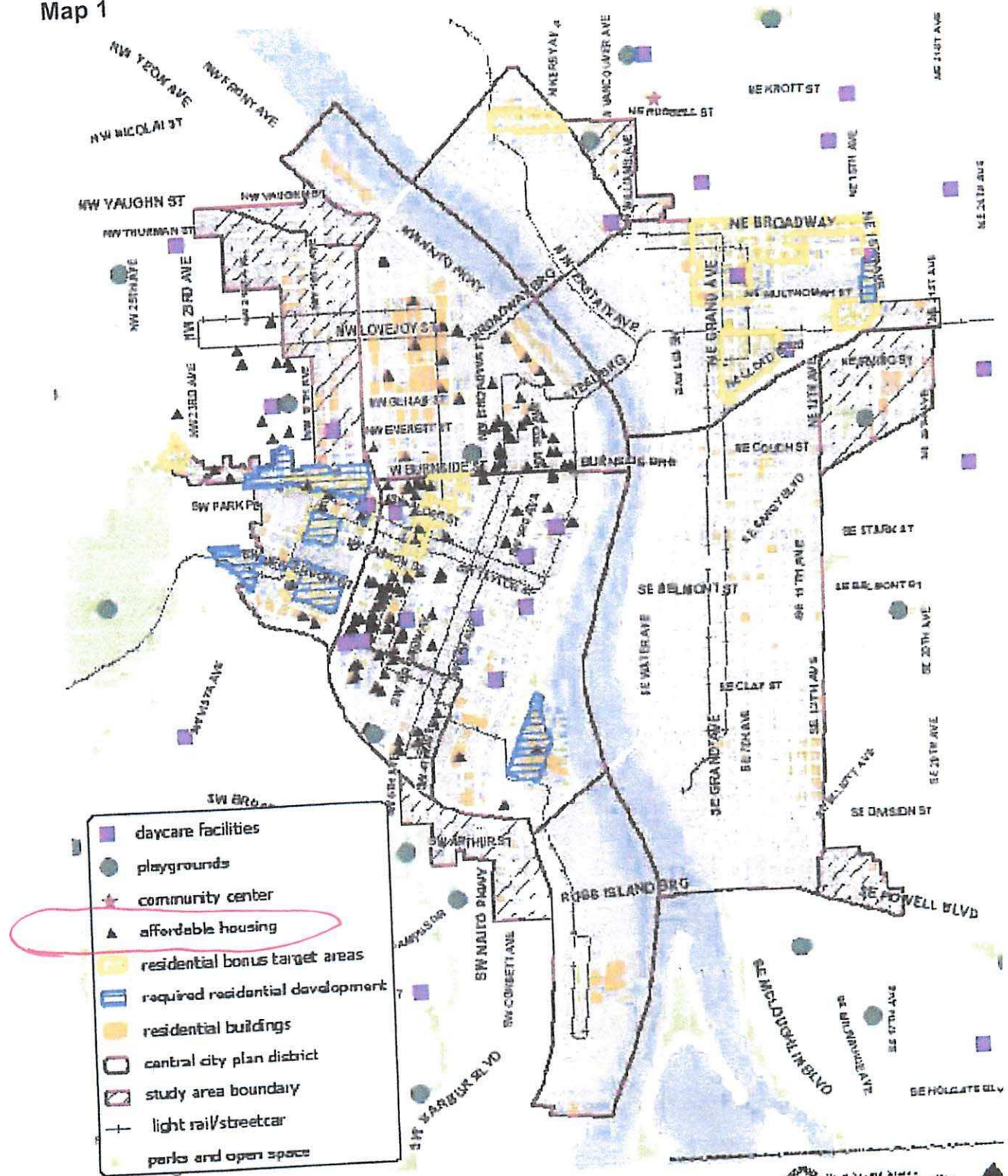
IX. ADJOURN

There being no further business, Chair Andrews adjourned the meeting.

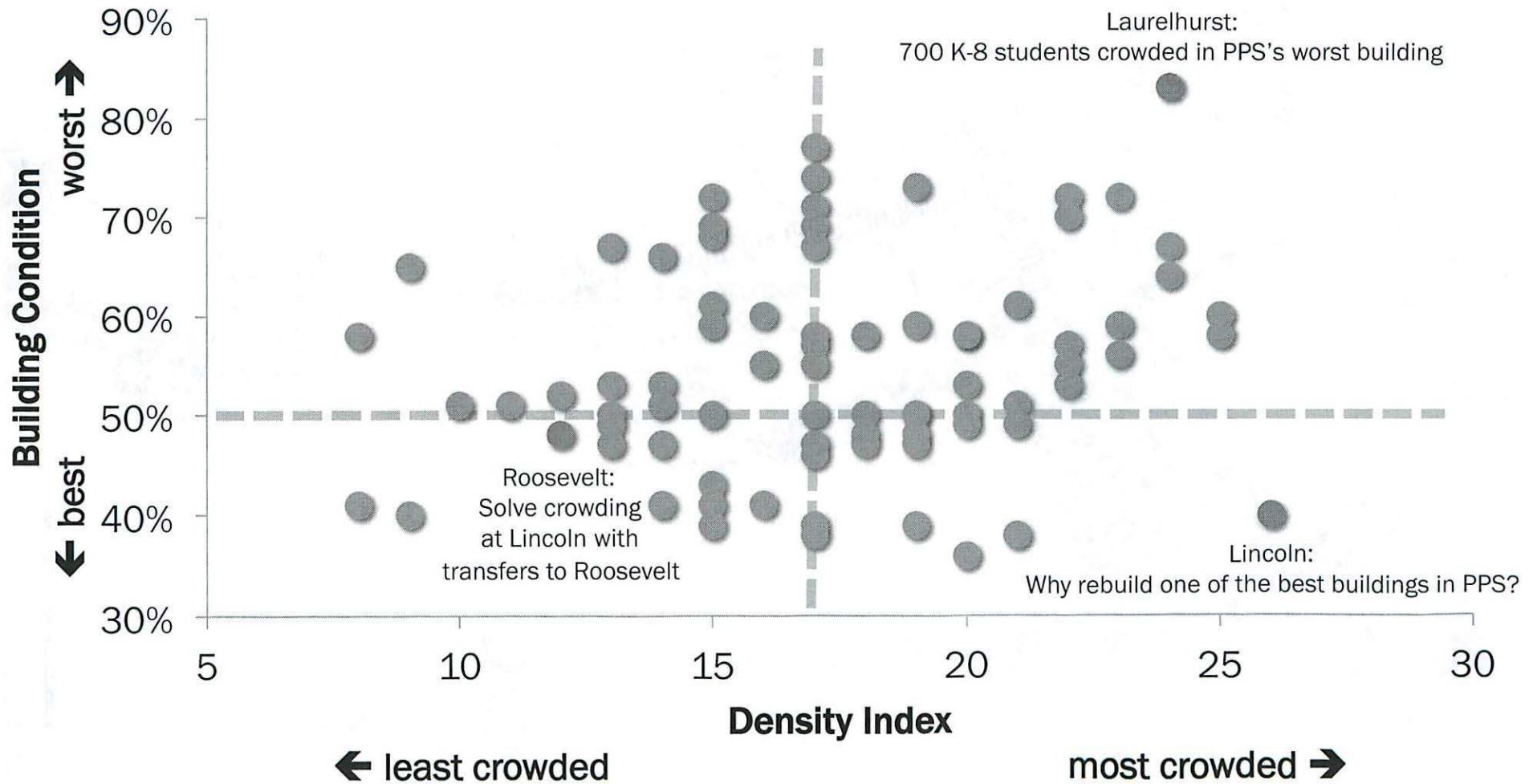
Attachments: 4



Map 1



## Why is Portland wasting urban renewal money rebuilding Lincoln High School, a high school that does not need to be rebuilt?



Excludes Rosa Parks Elementary, the newest school building in PPS

Source: Portland Public Schools / Eric Fruits, Ph.D.



# Proposed Education Urban Renewal Area

Showing Overlap With Existing Urban Renewal Area

More than half of the new urban renewal area has already seen more than 20 years of urban renewal

**EXISTING SOUTH PARK BLOCKS URA**

**EXISTING SOUTH PARK BLOCKS URA**

**PDC** | PORTLAND DEVELOPMENT COMMISSION  
www.pdc.us

-  Proposed URA Boundary
-  Existing University District and Planned Growth Area
-  MAX - Line Color
-  Streetcar



Interim Source: Portland Development Commission Geographic Information System, City of Portland Geographic Information System, Esri, Inc. City of Portland, Oregon. All rights reserved. This map is for informational purposes only and does not constitute an offer of any financial product or service. The Portland Development Commission is not responsible for errors, omissions or for any consequences arising from the use of the information contained herein.

January 2012







# PORTLAND BUSINESS ALLIANCE

*Leading the way*

April 10, 2012

Chair Scott Andrews  
Portland Development Commission  
222 NW 5<sup>th</sup> Ave  
Portland OR 97209

Dear Chair Andrews:

The Alliance has long been a supporter of urban renewal as an economic development and urban revitalization instrument. When used correctly, urban renewal can promote job creation, increase property values and tax revenues, leverage other investments and offset the higher cost associated with urban development. We have had the opportunity to review the Proposed Education Urban Renewal Area as well as the Neighborhood Prosperity Initiative and would like to offer our comments on these proposals.

The Alliance is supportive of the Proposed Education Urban Renewal Area and encourages the city, Portland State University (PSU) and the overlapping taxing jurisdictions to include sufficient taxable project opportunities within the boundary to ensure the district's ability to generate increment and therefore be able to fulfill as many of the district's plan goals as possible. Additionally, any resources in the set aside that can be dedicated to PSU-supportive affordable housing projects, as well as any administrative, staffing and overhead costs that can be redirected to the development budget, are encouraged.

The Alliance is supportive of urban renewal resources being made available to neighborhood districts through the Neighborhood Prosperity Initiative; however, we are concerned with the large proportion of our limited urban renewal acres that these mini-districts consume relative to the economic and tax increment generation they provide. Moving forward, we ask that the city consider alternative financing tools, such as the general fund, that could adequately address the needs of areas that do not have the capacity to generate adequate amounts of tax increment financing to fulfill plan goals.

#### **Proposed Education Urban Renewal Area**

The Alliance is a strong advocate for improving post-secondary education. The Alliance Jobs Summit Action Plan calls for supporting the growth of PSU and OHSU in a manner that leads to increased innovation, business spin-offs and job growth due to research and development activities at the institutions. We supported education reform bills in the Legislature that improve educational outcomes. We are pleased to see the city take a focused look at strengthening PSU's role as a regional economic development engine.



The Alliance believes that accelerating the growth of PSU as a premier urban research university will improve partnerships with the business community, attract investment, foster additional research opportunities with OHSU and other institutions and generate economic development through research, innovation and tech-transfer.

The Alliance-adopted urban renewal investment criteria call for investments in projects that create a local and widespread halo effect of economic development and private investment. Using urban renewal as one financial tool to facilitate the growth of PSU as an economic generator for the city and the region is a worthy use of tax increment financing, and for this reason, the Alliance supports a PSU-focused urban renewal district.

Given the limited acreage remaining in the city's urban renewal cap, it is more important than ever to maximize the opportunities within this district to ensure that it has the financial capacity to create a significant halo effect for PSU and the surrounding area, as well as fulfill the general goals of urban renewal. In this vein, we encourage the city and the overlapping taxing jurisdictions to ensure that the boundary of the proposed district includes a strategic diversity of parcels where substantial tax increment generation is likely over a 30-year period. Given that significant portions of PSU's development projects will be tax-exempt, a strategic boundary that includes tax increment-generating parcels is critically important.

Given the size and scope of this proposed district, the Alliance also encourages the city to include student housing as part of the 30 percent set aside for affordable housing. Today's PSU students are much more diverse in age and in the ability to pay for housing. The presumption that students can be supported by parents no longer holds true. Allowing PSU students that otherwise fit the set-aside income criteria would help address PSU's growth projections and allow students needing affordable housing to live near campus, additionally reducing their transportation costs. This would also allow more focus of the available resources on projects that directly generate synergies with curriculum and economic development.

With respect to projected staffing overhead and administration costs for this district, we are concerned by the significant percentage assumed in the financial model. Given that this district has a relatively conservative growth projection and will have a considerable portion of non-increment generating projects, it is essential that PDC contain staffing overhead and administration costs so that as much resources are available for project development as possible. PDC and PSU should maximize staffing collaboration to the greatest extent possible so that a greater portion of TIF resources are preserved for actual project development.

The Alliance observes that the parcel and right-of-way containing the streetcar track on Southwest Fourth Avenue is not included in the proposed district. While not necessarily an urban renewal project per se, the streetcar realignment on this street has been a long-held commitment by the city and its partners, and its realignment is critical to the overall flow of Southwest Fourth Avenue. Fulfilling this project

component addresses traffic flow on a critical portal street into the central city, makes the streetcar system more efficient and re-establishes the development potential of adjoining properties that have been diminished by the current arrangement. As this area develops, we urge that, through efforts of PSU, the city and the private sector, this important project be fulfilled as part of any development scheme that occurs in this area.

**Neighborhood Prosperity Initiative**

The Alliance has also reviewed the Neighborhood Prosperity Initiative districts. We would reiterate with respect to these proposed areas that the city is nearing its statutory cap on acreage allowed in urban renewal districts. Therefore, it is very important that the remaining acreage be used in a manner that generates as much direct and indirect investment as possible. While we are supportive of urban renewal resources being made available to the neighborhood districts through this initiative, we are concerned with the large proportion of our limited urban renewal acres that these mini-districts consume relative to the economic and tax increment generation they provide. Moving forward, we ask that the city consider alternative financing tools, such as the general fund, that could adequately address the needs of areas that do not have the capacity to generate significant amounts of tax increment financing to fulfill plan goals.

Thank you for your consideration of these comments. We remain committed to working with the city on preserving and promoting the use of urban renewal as a critical tool for economic development.

Sincerely,



Sandra McDonough  
President & CEO  
Portland Business Alliance

cc: Mayor Sam Adams  
Aneshka Dickson  
John Mohlis  
Steven Straus  
Charles Wilhoite  
Patrick Quinton



## Boosting Rigor and Equitable College Access/ Workforce Training Across PPS

Well-designed high school consolidations are critical to maintaining robust educational programs and electives, as we face a \$27.5M budget shortfall with declining high school enrollment. PPS is spread too thin across 9 campuses to offer core curriculum, let alone enrichment programs that keep students engaged in school. Consolidating to 6 large comprehensive high schools + reinvigorating Benson’s successful vocational-technical program would conserve costs, allow for AP/IB/ Dual Credit across the City with broad electives, raise graduation rates, improve socio-economic diversity, and allow equitable access to college prep and workforce training.

With smart planning, all comprehensive high schools could have equal access to PSU and Dual Credit Options with PCC. PCC campuses offer introductory courses that lead to apprenticeship programs and two-year licenses, linking less traditional students with affordable college access and job training. Franklin and Wilson are both located near PCC campuses with nursing, dental, radiology, computer technology, manufacturing and technical training. Campuses of 1600+ students will enable PPS to offer broad and rich curriculum with engaging electives like band, choir, journalism, theatre, Constitution Team, robotics, and athletic programs.

Beaverton School District provides a model for robust programs at larger campuses, with similar demographics to PPS. Beaverton HS offers both AP/IB and PCC Dual Credit Courses for \$15 per term and PSU Challenge courses for \$174 term. Beaverton HS has an enrollment of 1,623 students (similar to Grant HS). Approximately 37% of the student body are “minority students” Hispanic (20%), Black (5%), Asian Pacific Islander (10%), American Indian (2%). English Language Learners are 10% of the student body, SPED is 10% and Free and Reduced Lunch is 34%. Beaverton’s Westview High has 2,629 students, robust programs, and an 82% grad rate.

|           | <u>Enrollment</u>             | <u>FCI</u> | <u>Per Student Funding</u> | <u>Class Size</u> | <u>Free &amp; Reduced Lunch</u> | <u>Graduation Rate</u> |
|-----------|-------------------------------|------------|----------------------------|-------------------|---------------------------------|------------------------|
| Benson    | 889 (reduced from 1,501)      | 40%        | \$5,780                    | 23.1              | 63%                             | 80%                    |
| Cleveland | 1,520 (@1900 w/Madison)       | 50%        | \$4,660                    | 27.9              | 28%                             | 77%                    |
| Franklin  | 1,480 (@1900 w/ Madison)      | 50%        | \$4,531                    | 24.8              | 56%                             | 64%                    |
| Grant     | 1,565 (@2000 w/ Madison)      | 55%        | \$4,707                    | 29.2              | 23%                             | 78%                    |
| Jefferson | 413 – to Lincoln/Benson       | 41%        | \$7,277                    | 19.8              | 76%                             | 51%                    |
| Lincoln   | 1,476 (1,889 w/ Jefferson)    | 40%        | \$4,587                    | 27.9              | 15%                             | 84%                    |
| Madison   | 1,161 (200 Marshall students) | 39%        | \$6,132                    | 24.8              | 68%                             | 57%                    |
| Roosevelt | 748                           | 48%        | \$7,739                    | 14.3              | 74%                             | 50%                    |
| Wilson    | 1,387                         | 39%        | \$4,496                    | 27.8              | 24%                             | 75%                    |

Sources: [http://www.pps.k12.or.us/files/data-analysis/2011-12\\_Profiles\\_Enrollment\\_Data.pdf](http://www.pps.k12.or.us/files/data-analysis/2011-12_Profiles_Enrollment_Data.pdf); <http://www.pps.k12.or.us/files/news/Grad-Rate-All-Students.pdf>

[http://www.pps.k12.or.us/files/schoolmodernization/FCI\\_v2\\_2.pdf](http://www.pps.k12.or.us/files/schoolmodernization/FCI_v2_2.pdf)



**Fix K-8 Inequities.** Under-enrolled K-8s lack advanced algebra, geometry, science labs, technology, and world languages, leaving students unprepared for high school. [http://www.wweek.com/portland/article-11193-left\\_out.html](http://www.wweek.com/portland/article-11193-left_out.html). For example, Irvington K-8 and Sabin K-8 lose about 70% of students at middle grades. North Portland is dotted with under-enrolled K-8s without the numbers to support full middle grade education. Putting science labs, computer labs, band teachers, foreign language teachers, etc, in under-enrolled K-8s is expensive. There are 16 K-8s in N/NE Portland and 1 middle school (excluding DaVinci). In SE Portland, there are 9 K-8s, 3 middle schools. The west-side has only 1 K-8, all other students attend Middle School. Under-enrolled K-8s should be considered for consolidation or revert back to Middle School to provide a sufficient and equitable middle grade education. PPS can support larger K-8s by sharing technology, advanced math and science, music, and world language teachers within clusters.

PPS states that a K-8 should have a 500 student minimum to offer a robust program. In September 2011, it identified seven K-8 schools to be evaluated for consolidation: Skyline (276), Sabin (362), Ockley Green (269), King (292), Humboldt (219), Creative Science (305), Creston (345). [http://www.oregonlive.com/portland/index.ssf/2011/09/portland\\_public\\_schools\\_to\\_con.html](http://www.oregonlive.com/portland/index.ssf/2011/09/portland_public_schools_to_con.html). In addition to the seven schools identified by PPS, these small poorly performing schools could be evaluated for consolidation: Marysville K-8 (363), Faubion PK-8 (401), Peninsula K-8 (358). KPMG's 1998 audit of PPS recommended closing the equivalent of 11 elementary schools, one middle school and one high school. <http://www.pps.k12.or.us/projects-c/aisc/audit.pdf> At that time, PPS had 90 schools and 56,000 students. We now have a \$27M shortfall, 9,000 less students, and new legislation will make it easier for students to attend better performing surrounding districts. Consolidating small poorly performing K-8s, or reverting back to Middle School would conserve personnel and operational costs and give students equitable access to science labs, technology, world languages, library, music, and enrichment programs.

**Cut Bureaucracy and Wasteful Spending.** To regain voter confidence for a new bond and restore classroom education, PPS should cut the thick tier of mid-level managers unique to PPS as identified by the Oregonian and confirmed by Hillsboro's former Superintendent. [http://www.oregonlive.com/education/index.ssf/2011/11/portland\\_public\\_schools\\_out\\_of.html](http://www.oregonlive.com/education/index.ssf/2011/11/portland_public_schools_out_of.html). The 1998 KPMG Audit of PPS recommended reducing management layers <http://www.pps.k12.or.us/projects-c/aisc/audit.pdf>, but PPS has grown its top-heavy bureaucracy. This org chart shows layers of bureaucracy not contributing to academic achievement (Communications, Family Engagement, Public Affairs, System Planning & Performance, Workforce Diversity & Development, HR, Equity & Partnerships, Research & Evaluation) [http://www.pps.k12.or.us/files/about-us/PPS\\_Org\\_Chart\\_2011-12.pdf](http://www.pps.k12.or.us/files/about-us/PPS_Org_Chart_2011-12.pdf). See database of PPS salaries with layers of unnecessary admin <http://oregoncapitolnews.com/govdocs/portland/portland-public-schools/> while our classrooms lack teachers and curriculum. PPS should focus on delivering core educational services, given that PPS is out of compliance on ESL, Special Ed, TAG, instructional hours. Outside contracts with unproven and expensive programs like Open Meadows, SEI, Courageous Conversations, etc., should not meet "priority-based budgeting" as we face a \$27M shortfall. SUN after-school and summer programs, AVID targeted reading interventions, and Head Start have been far more cost-effective at serving disadvantaged populations.

Before the failed bond, 62% of voters polled believed PPS wasted money. Creating a new pay scale for senior teachers in exchange for a bond endorsement, and paying for that raise by cutting 70 teaching positions was irresponsible and sacrificed high school education. Without teachers, high school students are now warehoused in 90-minute "study halls" with security guards, a loss of three-weeks instructional time. Creating a new CFO position for former board member, David Wynde, who approved years of such mismanagement and underperformance is ethically questionable and shows lack of true oversight. Agreeing to an independent audit would repair PPS' credibility and streamline scarce resources into our classrooms.

**Lainie Block Wilker**

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**From:** "Lainie Block Wilker" <lainie.block.wilker@comcast.net>  
**Date:** Wednesday, February 01, 2012 7:00 AM  
**To:** "COGEN Jeff" <jeff.cogen@co.multnomah.or.us>; <nancyh@McKinstry.com>; "Julia Brim-Edwards" <Julia.Brim-Edwards@nike.com>; <rhysscholes@comcast.net>; <lizkaufman@cascadeaccess.com>  
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**Attach:** 2011 PPS Bond Results by district.xls; Learn Now, Build Later - students served, fci, cost.docx; Learn Now, Build Later - bond spending.pdf; AP vs. IB - academic equity.docx; Benson.docx; PPS Bond\_Options\_1.xls  
**Subject:** A Better PPS Bond - Linked to Education and JOBS

Dear Chair Cogen, Ms. Brim-Edwards, Mr. Scoles, Ms. Hamilton, and Ms. Kaufman,

Learn Now, Build Later would like to offer some constructive suggestions for designing a smarter PPS bond linked to an educational plan, that can win. Before and since the election, our pro-schools parent group has reached out with constructive solutions, but it is not clear whether anyone at PPS is really listening. The purpose of this open letter is to encourage you as political and civic leaders to do better for our students. This is a jobs issue, not just an education issue. PPS' model of pouring money into failing schools with limited gains and lowering the academic bar will drive more families and businesses from Portland. The Oregon Business Plan calls for investments in advanced STEM and Vo-Tech to create jobs, yet PPS is gutting the very programs that drive our economic engine. One fairly questions if PPS' new 38-person Long Term Facilities Advisory Committee can create a rational plan, given PPS' track record of faux public input and back-room deals. Given that you are advisors to the campaign, please consider these suggestions:

**1) Cut bureaucracy and wasteful spending.** To regain voter confidence for a new bond and restore classroom education, PPS should cut the thick tier of mid-level managers unique to PPS as identified by the Oregonian and confirmed by Hillsboro's former Superintendent. [http://www.oregonlive.com/education/index.ssf/2011/11/portland\\_public\\_schools\\_out\\_of.html](http://www.oregonlive.com/education/index.ssf/2011/11/portland_public_schools_out_of.html). PPS should focus on delivering core educational services, given that PPS is out of compliance on ESL, Special Ed, TAG, instructional hours. Outside contracts with unproven and expensive programs like Open Meadows, SEI, Courageous Conversations, etc., should not meet "priority-based budgeting" as we face a \$27M shortfall (the equivalent to 300 teachers/18 school days). SUN after-school and summer programs, AVID targeted reading interventions, and Head Start have been far more cost-effective at serving disadvantaged populations.

Before the failed bond, 62% of voters polled believed PPS wasted money. Creating a new pay scale for senior teachers in exchange for a PAT bond endorsement, and paying for that raise by cutting 70 teaching positions was irresponsible and sacrificed high school education. Without teachers, high school students are now warehoused in 90-minute "study halls" with security guards, a loss of three-weeks instructional time. Creating a new CFO position for former board member, David Wynde, who approved years of such mismanagement and underperformance is ethically questionable and shows lack of true oversight. Agreeing to an audit by State Auditor Gary Blackmer (involved in 1998 KPMG Audit of PPS that recommended reducing management layers <http://www.pps.k12.or.us/projects->

[c/aisc/audit.pdf](#)) or an independent firm like McKinsey & Co, would allow PPS to streamline resources into our classrooms and help repair PPS' credibility.

**2) Consolidate small poorly performing schools.** The failed bond called for costly rebuilds of small schools that should be considered for consolidation. Markham (376), Faubion (393), Jefferson (415), Marysville (435), E.Sylvan (266) did not belong in phase 1, given PPS' own criteria of serving the most students in the worst buildings. Surrounding districts, including well-managed Lake Oswego, have consolidated smaller schools to provide robust educational programs with enrichment. KPMG's 1998 audit of PPS recommended closing the equivalent of 11 elementary schools, one middle school and one high school. At that time, PPS had 90 schools and 56,000 students. We now have a \$27.5M budget shortfall, 9,000 less students, declining high school enrollment, and new legislation will make it easier for students to attend better performing surrounding districts.

**3) Do not prioritize rebuilds of our smallest high schools:** Jefferson (415), Roosevelt (680), Madison (1,104). We are stretched too thin across 9 campuses to offer core curriculum – particularly after PPS cut 45 high school teachers to pay for raises and “buy” the PAT bond endorsement. PSU's demographic projections do not support 2 high schools in North Portland.

[http://www.pps.k12.or.us/files/facilities/PSU-PPS\\_Report\\_2011.pdf](http://www.pps.k12.or.us/files/facilities/PSU-PPS_Report_2011.pdf) PPS should close Jefferson. 79% of Jefferson students transferred out when it was a neighborhood school and have been better served at Grant (with the most students of color sitting for AP exams) and Benson. Middle College can be offered without a separate \$50M campus – it was piloted by Roosevelt students. Jefferson costs more to operate than most other high schools combined, per a past facilities review committee. With rampant absenteeism, actual daily attendance hovers at about 180 students, yet personnel costs topped \$5M per this database. <http://oregoncapitolnews.com/govdocs/portland/portland-public-schools/> Given geography and demographics, closing Jefferson and retaining Roosevelt is the only solution that makes sense.

ACT scores show three-fourths of high school graduates are unprepared for college, primarily due to weaknesses in math and science. While modest recent gains in graduation rates are encouraging, merely graduating high school is not enough. A costly Middle College campus is not a priority when our K-8s and high schools fail to provide foundational skills. PPS can't justify prioritizing full rebuilds of our smallest, worst-performing high schools, when those buildings have relatively decent FCIs, and kids are left in collapsible buildings with FCIs in the 60-80s without curriculum. Resources saved could be used to restore teachers and programs to the comprehensives, revitalize Benson with focus in target clusters of advanced manufacturing, software, health, clean-tech.

**4) Fix K-8 Inequities.** Under-enrolled K-8s lack advanced algebra, geometry, science labs, technology, and world languages, leaving students unprepared for high school.

[http://www.wweek.com/portland/article-11193-left\\_out.html](http://www.wweek.com/portland/article-11193-left_out.html). For example, Irvington K-8 and Sabin K-8 lose about 70% of students at middle grades. North Portland is dotted with under-enrolled K-8s without the numbers to support full middle grade education. Putting science labs, computer labs, band teachers, foreign language teachers, etc, in under-enrolled K-8s is expensive. There are 16 K-8s in N/NE Portland and 1 middle school (excluding DaVinci). In SE Portland, there are 9 K-8s, 3 middle schools. The west-side has only 1 K-8, all other students attend Middle School. Under-enrolled K-8s should be considered for consolidation or revert back to Middle School to provide a sufficient and equitable middle grade education. PPS can support larger K-8s by sharing technology, advanced math

and science, music, and world language teachers within clusters.

**5) Winning Votes.** PPS lost this election in Grant, Lincoln, Wilson, and Cleveland as demonstrated by the attached statistical analysis of election results by a LNBL parent. These clusters had higher rates of splitting between the bond and levy (neighborhoods with 9%+ split votes are bolded). PPS asked voters who pay some of the highest property taxes to approve a bond that, as designed, weakened education. Roosevelt and Madison voted down both the bond and levy. To reclaim votes in the epicenter of "the Kremlin", PPS should consider IB programs at eastside high schools gutted of rigor and rebuild the largest high schools with the worst FCIs. Even in this recession, admissions at private high schools are at historic highs, a troubling barometer of middle class flight that impacts PPS' volunteer and political base.

Data shows that our worst-performing high schools receive disproportionate funding (including federal grants), with marginal results. Here's a snapshot of N/NE schools (ranked by funding) based on data from 2009-2010 (before class sizes/student-teacher loads increased by 20%):

Roosevelt per student funding (\$11,500) class size (18.1) graduation rate 41%  
Jefferson per student funding (\$8,304) class size (22.5) graduation rate 52%  
Madison per student funding (\$5,361) class size (23.9) graduation rate 52%  
Benson per student funding (\$5,654) class size (24.1) graduation rate 76%  
Grant per student (\$4,432) class size (30.1) graduation rate 78%

While our worst-performing schools recently made modest gains, those improvements came at a tremendous cost -- both in dollars and sacrifices to other programs. For instance, PPS has systematically dismantled Benson, a successful vo-tech program that provides a pathway to middle class jobs, to keep students at poorly performing schools. Benson has one of the highest graduation rates in PPS, though many of its students are economically disadvantaged (61% Free & Reduced Lunch). Our stronger high schools were also gutted of academic rigor through a redesign process that took away over-crowded advanced classes in the name of equitable mediocrity. The achievement gap should not be bridged by taking apart successful programs to bring up the bottom. Ultimately, the problems plaguing our worst performing schools are largely poverty issues, not education issues. Strategic investments in vo-tech training and STEM prepare students for well-paying jobs and grow our revenue base to support social services.

Benson should be an economic development tool in partnership with our business community (see attached). Yet PPS recently cut its computer technology and pharmaceutical technology programs, growth industries with well-paying jobs. The career piece of Cradle-to-Career is trying to replicate what Benson has done for decades, but without marketable skills or built-in apprenticeships. Germany has kept manufacturing jobs and brought unemployment down to an astonishing 20-year low in the midst of a global recession by focusing on technical education and apprenticeship programs. TIME, "A Flight Plan for the New Economy" 5/30/2011

Our students will be unprepared for jobs in a knowledge economy and there will be no jobs for them. Meanwhile, Beaverton with similar demographics (37,789 students, 42% minority, 33% free and reduced lunch, 16% ELL) and less per student funding than PPS, out-performs PPS in academics and job creation. SW Washington is also strategically investing in K-12 STEM education with industry grants and an economic development driven model that improves linkages between classroom training and

workforce demand. <http://www.swwdc.org/about-swwdc/strategicplan.html> Julia Brim-Edwards and Nancy Hamilton, given that even dedicated advocates like yourself and Rep. Alissa Keny-Guyer have pulled your kids out of our eastside K-8s and high schools, will you design a plan that keeps middle class families in our schools and enables us to attract businesses seeking a skilled workforce? Portland should be the State's economic engine, but we are shedding jobs due in part to failing schools.

Thanks for considering these suggestions. We hope you will use your influence to press for meaningful change. The next bond will be tougher to pass and subject to stricter scrutiny with heightened awareness of seismic safety, construction costs, graduation rates, and high school student loads/weakened curriculum. With no money raised, not even a Voters' Pamphlet statement, a scrappy group of informed and connected pro-school parents helped swing this election by raising legitimate concerns. PPS would be wise to listen to LNBL's data-backed suggestions, given that we are deep in the heart of your political base. We are most productive working together to get more kids in safer learning environments with full educational programs. Attached is a useful tool for designing a better bond – a chart of all schools by cluster with facility condition index, enrollment, seismic ratings. I am happy to discuss this further over coffee.

Sincerely,  
Lainie Block Wilker  
Attorney, PPS Parent, Education Advocate  
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admitted in Oregon & Washington

**Adopted by the Portland Development Commission on April 30, 2012.**

A handwritten signature in cursive script that reads "Emily Swensen". The signature is written in black ink and is positioned above a horizontal line.

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Emily Swensen, Recording Secretary