



*Commissioners:* Charles A. Wilhoite, *Chair* Bertha Ferrán John C. Mohlis Position 4 (vacant) Position 5 (vacant)  
*PDC Executive Director:* Bruce Warner

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This document constitutes the official meeting record of the May 14, 2008, Portland Development Commission Board of Commissioner's meeting held at 222 NW Fifth Ave., Portland, OR 97209.

I. CALL TO ORDER AND ROLL CALL

Chair Rosenbaum called the meeting to order at approximately 3:09 p.m.

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

Chair Mark Rosenbaum	PRESENT
Commissioner Bertha Ferran	PRESENT
Commissioner Sal Kadri	PRESENT
Commissioner John Mohlis	PRESENT
Commissioner Charles Wilhoite	PRESENT

II. COMMISSIONER REPORTS

Chair Mark Rosenbaum stated he met with Conway to discuss their interest in expanding in NW Portland. He said he has been discussing housing opportunities with PDC's Housing staff and with CEO's for Cities. He said specifically they've been discussing how the private sector can work with PDC to increase workforce housing in the range of 70%-100% Median Family Income (MFI). He said he met with the Executive Director of the Portland Business Alliance to discuss how the PBA and PDC can work better together. He further stated he and Commissioner Wilhoite attended the recent meeting of the Multnomah County Commission to discuss the recommended Intergovernmental Agreement and how PDC's decisions impact their financing. He stated he was proud to attend the PDC art show held recently. He commended Mary Welch for the hard work she did bringing artists in from various affordable housing projects around the city that were funding by PDC.

Commissioner Bertha Ferran stated she recently attended a University Club event with a delegation from Guadalajara, Mexico. She said the delegation represented members of the Guadalajara Trade Commission who specifically wanted to discuss trade between the City of Portland and Guadalajara. She said she also attended the Hispanic Chamber Scholarship Award Luncheon for Latino Youths. The website is [www.hmccoregon.com](http://www.hmccoregon.com). She said the website is a good resource for future scholarship opportunities. She said she attended the PDC mentor training for upcoming PDC programs and partnership programs for additional loans for first-time homebuyers – up to 80% of median income.

Commissioner Sal Kadri stated he was honored to watch Commissioner Mohlis receive the OAME award for PDC's MWESB progress and the improvements made. He also apologized for

a recent remark he made at a prior commission meeting. He said he was making remarks regarding concentration of affordable housing in specific areas of URAs and used the word “ghetto”. He explained although the word has meaning other than concentration, he apologized for the use of the word and any offense it may have engendered. He said what he was trying to articulate was the concentration of affordable rental housing in URAs, which are only 15% of the geographic area of Portland. He further stated it was important for Tax Increment Financing (TIF) dollars to be used for affordable and rental housing, especially for 30% MFI and below, strategically so transportation and other services are available to them.

Commissioner John Mohlis stated the Columbia Pacific Building Trades Council turned 100 this year and they celebrated the event with a dinner last Saturday at the Oregon Convention Center. He expressed his thanks to PDC who was a sponsor. He said he recently attended the Oregon Women in Trades Fair sponsored by Oregon Tradeswomen. He said the event allows trades exposure to school-aged girls. He said he also attended a breakfast at the NW Youth Career Expo. He said later the same afternoon he attended the OAME trade show and luncheon. He said he recently attended the Multnomah County Commissioners Board Meeting and spoke about the potential Lents boundary expansion.

Commissioner Charles Wilhoite stated he spent last week in Washington DC with the Portland Business Alliance discussing economic development issues in Oregon. He said key issues included: transportation (specifically congestion on I-5 which causes the loss of 600,000 truck hours). He stated during conversations with Congressman David Wu, Congressman Wu commended Commissioner Mohlis and stated he was instrumental in getting Genentec placed in Hillsboro.

### III. EXECUTIVE DIRECTOR REPORT

Mr. John Jackley presented Report No. 08-54 and highlighted the following:

- Ms. Erin Flynn is heading up PDC’s internal transition team – comprised of staff from all three operating departments. The transition team also includes represented employees. Mr. Lew Bowers and Mr. Komi Kalevor are serving as Interim Development Director and Interim Housing Director, respectively. The transition team is working hard and their recommendation is planned by mid-June, with implementation of the new structure to start August 1.
- YouTube Presence—PDC’s presence on YouTube continues to grow with the addition of four new videos: Bike frame builders at PDX (see description under Economic Development heading); Old Town/Chinatown – this video discussed the development potential in the district and is available in both English and Mandarin languages; MLK Advisory Committee Action Plan – this video traces the careful planning that has led to the energy and momentum of development along Martin Luther King, Jr. Blvd.; Art show at PDC – this video highlights the artists who took part in a display of their works at PDC on May 1. Each artist has been assisted in life through affordable housing.

### IV. PUBLIC COMMENT FOR ITEMS NOT ON THE AGENDA

Mr. Alan Stubbs representing Oregon AFSCME PDC Local 3769 Board stated at the Wednesday, April 23, 2008 meeting of the PDC Board, Chairman Mark Rosenbaum introduced walk-on Resolution No. 6568 concerning the delivery of housing services on the Board’s agenda. He said unfortunately staff, not managers, were unaware the Board would take such

an action. Consequently, they have heard from staff that the way in which the resolution was introduced raised suspicions of staff and potentially undermined staff's confidence in the major reorganization effort recently launched by the Executive Director Bruce Warner. He stated perhaps what was most disconcerting was that Chair Rosenbaum stated on April 23, 2008, that the press were told beforehand and was invited to attend the Commission meeting. However, no such courtesy was shown for staff.

He said they are especially concerned that as PDC moves through this important time and looks at how the organization proceeds into the future, that the union and its represented employees have a seat at the table when important decisions are being made and that such actions are done in a transparent manner. Unfortunately the Board's action on April 23, 2008 was not transparent. Moreover, the content of Resolution No. 6568 appears to imply that another agency such as the Bureau of Housing and Community Development and the Housing Authority of Portland, who are specifically mentioned, would take over responsibility for tasks currently handled by PDC employees. Employees have expressed concerns that the Board's action and the way in which the resolution was worded appears that the Board has pre-determined the outcome which will put their positions at risk of re-assignment to another agency or lay-off. He said the union asks that as the Board and PDC management consider changes in the organization and in the way services are delivered, that represented staff are kept fully apprised as early as possible and that they have an opportunity to participate in the discussion in a meaningful way. In closing, he said, as PDC moves through this important time of reorganization and approval of the first collective bargaining agreement, it is paramount that the Board and management include the union and its represented employees have a seat at the table when these important decisions are being made about their day to day work and that the Board recognizes that its actions have a significant impact on the morale of staff.

Chair Rosenbaum acknowledged the comments and stated the resolution was meant to instruct PDC staff to determine how best to use the portion of the 30% set-aside used for 60% median family income and below. He said if PDC staff determines it is best left to the expertise of PDC, they would welcome that feedback. However, if it is determined it would be more fiscally responsible for the work to be consolidated under one agency, the Board will work with Executive Director Bruce Warner in addition to PDC staff to determine which agency it would be. He expressed his apologies that communication was not relayed from management to staff regarding the walk-on resolution, however, he acknowledged the resolution was not planned but added last minute. He acknowledged the media was aware there would be a walk-on Resolution; they were not made aware of the content.

#### V. CONSENT AGENDA

Staff recommended the removal of Resolution 6578, titled, "Authorize an Intergovernmental Agreement between the Portland Development Commission and the Portland Office of Transportation for the Eastside Burnside-Couch Couplet Project (Design and Engineering Phases)." They explained the design and final costs of the project are still being discussed and negotiated. They asked the Commission for additional time to conclude discussions with PDOT.

Chair Rosenbaum asked for a motion to adopt the consent agenda with the removal of Resolution No. 6578.

Commissioner Ferran moved and Commissioner Mohlis seconded the motion to adopt the consent agenda as amended:

Resolution 6576, titled, “Authorize Execution of Leasehold Purchase and Sale Agreement with the General Services Administration’s Selected Developer for the Sale of a Leasehold Interest at Cascade Station in the Airport Way Urban Renewal Area”.

Resolution 6577, titled, “Grant Easement to Bureau of Environmental Services of the Combined Sewer Overflow Tunnel at the Burnside Bridgehead Property.”

Resolution 6579, titled, “Authorize RiverPlace Parcel 8 Memorandum of Understanding (MOU) Extension.”

Resolution 6580, titled, “Amend Disposition of PDC-owned Property at the Southwest Corner of SE Pardee St. and SE 122<sup>nd</sup> Ave. (R335502) in the Lents Town Center Urban Renewal Area.”

Resolution 6581, titled, “Authorize Resolution Requesting the Portland City Council to Issue One or More Series of Bonds for the Purpose of Repaying Outstanding Indebtedness of the South Park Blocks Urban Renewal Area (“Area”) and Financing Certain Capital Projects Located within the Area.”

Commissioner Ferran moved and Commissioner Mohlis seconded the motion to adopt the consent agenda:

AYES: Rosenbaum, Ferran, Kadri, Mohlis, Wilhoite  
NAYS: None

#### VI. INFORMATION ITEM: 08-09 APPROVED BUDGET BRIEFING

Mr. Keith Witcosky and Mr. Tony Barnes presented Report 08-61 titled “FY 08-09 Approved Budget Briefing.”

Mr. Keith Witcosky stated on May 8, 2008, the PDC Budget Committee approved the FY 2008-09 Proposed Budget with changes. The purpose of this briefing is to formally inform the Board of the changes made by the Budget Committee and to present the entire FY 2008-09 PDC Approved Budget that will be forwarded to the Tax Supervising and Conservation Commission for review. He said the changes included:

- Burnside/Couch Couplet pre-engineering funds for the Westside;
- Flanders Bridge removed from budget due to decrease in gas tax revenues;
- Mayor’s proposed budget recommends \$2.9 million from the general fund for Economic Development - \$5.3 million was the recommended amount;
- Legal IGA for legal services also is tied to budget process and needs to move forward together.

Mr. Witcosky explained the next steps in the process include:

- 1) May 15, 2008: Forward the FY 2008-09 Approved Budget to the Tax Supervising and Conservation Commission for review.
- 2) June 11, 2008: Hold a budget work session with the Board at the June 11 Meeting to receive Board requested changes.

- 3) June 25, 2008: TSCC will hold a public hearing on the PDC Budget. Following certification by the TSCC, the Board may adopt the FY 2008-09 Approved Budget with changes.

Mr. Tony Barnes provided highlights of the recent meeting of the City Council sitting as PDC's budget committee. He said the proposed budget including the spending category background is \$288 million in total. He said a large majority of that is directed at housing. He said the contingency for the budget is \$28 million. He explained the amount, although somewhat high, is related to the level of bond sales going into future years. He said staff-recommended changes were mainly technical in nature. He said some projects that were included in the budget workgroup for 08-09 will be moved out, and some budgeted for the current fiscal year will move to next year.

#### VII. ACTION ITEM: APPROVE COOPERATIVE AGREEMENT WITH MULTNOMAH COUNTY ON URBAN RENEWAL

Mr. Keith Witcosky, PDC Government Relations Director, Chair Ted Wheeler, Multnomah County Commission and Commissioner Jeff Cogen, Multnomah County Commission presented Report No. 08-62.

Mr. Witcosky stated over the course of the past year PDC has been working with multiple plan amendments to urban renewal areas. Multnomah County Commissioner Jeff Cogen was a member of the Urban Renewal Advisory Group which recommended amendments to the River District, Downtown Waterfront and South Park Blocks urban renewal areas. While urban renewal investments provide significant benefits to taxing jurisdictions, such as Multnomah County, URAs also retain approximately \$18 million in property taxes which would otherwise go to the County.

He said on May 1, 2008 and May 8, 2008, PDC Commissioners and Staff presented plan amendments to the Multnomah County Board for Downtown Waterfront, Lents, River District and South Park Blocks urban renewal areas. As part of these conversations, Multnomah County pledged their support for the amendments through the unanimous passage of a Cooperative Agreement between the County and PDC which commits both parties to be more proactive and inclusive on policy and investment related urban renewal decisions in the future.

Multnomah County Commissioner Jeff Cogen stated he is aware of the good work urban renewal has done in this community as well as the intrinsic tradeoffs that are part of urban renewal and how that affects Multnomah County. He commented PDC has changed tremendously during the course of the last 50 years. However, a cooperative relationship between Multnomah County and PDC needs to be institutionalized. He said although Multnomah County's needs are being considered more than ever before historically, this agreement will give the County a seat at the table and its interests will always be considered by the Portland Development Commission. Commissioner Cogen urged the support of the IGA.

Multnomah County Commission Chair Ted Wheeler stated he and Commissioner Cogen are representing a unanimous Multnomah County Board. He said Multnomah County is pleased with the changes that have taken place with the PDC. He said although the County supports investments in different URAs, there have been significant increases of funds taken from Multnomah County. For example, he said 25% of TIF comes from Multnomah County, but Multnomah County has no seat/voice at the table and no formal requirement that PDC acknowledge the needs of the County. He said the IGA insures the needs of Multnomah County are recognized and will continue to be so in the future. Multnomah County Chair

Wheeler applauded the efforts made by Commissioner Cogan and PDC staff and further stated the Multnomah County board unanimously supported this agreement.

Commissioner Wilhoite welcomed both Multnomah Commissioners Cogan and Wheeler. He said Commissioner Cogan was eloquent and complete in his description of what Multnomah County and PDC have gone through historically. He said the IGA does memorialize the joint cooperation between both entities and how to insure the best decision-making going forward. He commented that other entities may feel they should be at the table as well and noted PDC will continue moving in that direction as appropriate.

Commissioner Mohlis expressed his thanks to Multnomah County Chair Wheeler and Commissioner Cogan for the Multnomah County Commission’s time and effort. He also expressed his thanks to Chair Rosenbaum and Commissioner Wilhoite for their role in the group study.

Commissioner Kadri stated development goes beyond the boundaries of Portland and does affect things within the County. He said the benefits of this agreement are clear and much appreciated by the Commission.

Chair Rosenbaum stated the process started long ago and credit is also due to Commissioner Blomgren, who led the Eastside study committee in a discussion of competing interests. He stated he is please the IGA is before them.

Commissioner Kadri moved and Commissioner Wilhoite seconded the motion to adopt Resolution No. 6582.

AYES: Rosenbaum, Ferran, Kadri, Mohlis, Wilhoite  
 NAY: None

VIII. ACTION ITEM: URBAN RENEWAL AREA PLAN AMENDMENTS FOR LENTS TOWN CENTER, SOUTH PARK BLOCKS, DOWNTOWN WATERFRONT, AND RIVER DISTRICT.

Mr. Keith Witcosky, PDC Government Relations Director, Mr. Robert Alexander, PDC Special Projects, Mr. Robert Durston, PDC Special Projects, and Ms. Linda Meng, Portland City Attorney presented Report 08-63 and the following Resolutions:

Mr. Alexander explained the current and proposed changes to the Urban Renewal Areas (URAs) and presented the following information:

<b>Lents Town Center Urban Renewal Area – First Amendment</b>	<b>Current</b>	<b>Proposed</b>
Add net 140.05 acres	2,706.74 acres	2,846.79 acres
(Add 204.67 acres, removing 64.62 acres)		
Extend the last date to issue debt	October 1, 2015	June 30, 2020
Increase Maximum Indebtedness by \$170,000,000	\$75,000,000	\$245,000,000
<b>Downtown Waterfront Urban Renewal Area – 28<sup>th</sup> Amendment</b>		
Reduce by 47.03 acres	279.03 acres	232 acres

Do not extend last date to issue debt	April 2008	No Change
<b>South Park Blocks Urban Renewal Area – Tenth Amendment</b>		
Reduce by 3.20 acres	160.55 acres	157.35 acres
Do not extend last date to issue debt	July 2008	No Change
<b>River District Urban Renewal Area - Amended &amp; Restated</b>		
Add net 41.98 acres from DTWF and SPB (Add 50.23 acres, removing 8.25 acres)	309.21 acres	351.19 acres
Extend the last date to issue debt	October 1, 2020	June 30, 2021
Increase Maximum Indebtedness by \$324,719,650	\$224,780,350	\$549,500,000
<b>River District Urban Renewal Area - First Amendment</b>		
Add 8.53 acre satellite district	351.19 acres	359.72 acres
Increase Maximum Indebtedness by \$19,000,000	\$549,500,000	\$568,500,000

- Resolution 6583, titled, “Approving the Proposed First Amendment to the Lents Town Center Urban Renewal Plan and Directing the Amendment be submitted to the Portland City Council for Adoption”;

Mr. Alexander stated in April, 2007, the Portland Development Commission (Board) directed the study of the Lents Town Center Urban Renewal Area and asked that staff consider three questions: 1) confirm the extent of the boundary expansion that is necessary to fulfill Lents URA Plan goals and objectives, 2) analyze increasing the maximum indebtedness to fund identified projects and 3) review the last date to issue bonded indebtedness.

He said after extensive public outreach and research, the Lents Town Center Urban Renewal Advisory Committee adopted a sub-committee report which recommends the following: expand the boundary to include a net acreage increase of 140 acres, increase the maximum indebtedness by \$170 million and extend the last date to issue debt to June 2020.

Mr. Bob Durston reviewed the financial impacts to the taxing partners – “Financial Impact of Amendments: Present Value.” He commented the impacts were presented to all taxing jurisdictions. He stated although the different taxing jurisdictions were concerned about the financial impact they were ultimately supportive of the amendment.

Ms. Coralee Potter representing the Lents Urban Renewal Area Committee (URAC) expressed her support of the entire process and thanked staff for the process. She commented that she has been a part of the Future of Urban Renewal process and was appreciative of the opportunity.

Ms. Nancy Chapin representing the Foster Area Business Association expressed her support of the amendment. She stated the amendment would allow continued investment of needed infrastructure to continue the development of new businesses. She asked the commission for their support and commended them and PDC staff for their hard work.

After a brief discussion among the Commissioners and staff, Chair Rosenbaum expressed his thanks to PDC staff and asked for a motion to adopt Resolution No. 6583.

Commissioner Wilhoite moved and Commissioner Mohlis seconded the motion to adopt Resolution 6583, titled, “Approving the Proposed First Amendment to the Lents Town Center Urban Renewal Plan and Directing the Amendment be submitted to the Portland City Council for Adoption”.

AYES: Rosenbaum, Ferran, Kadri, Mohlis, Wilhoite

NAYS: None

- Resolution 6584, titled, “Resolution Approving the Proposed Twenty-Eighth Amendment to the Downtown Waterfront Urban Renewal Plan and Directing the Amendment be Submitted to the Portland City Council for Adoption.”;
- Resolution 6585, titled, “Resolution Approving the Proposed Tenth Amendment to the South Park Blocks Urban Renewal Plan and Directing the Amendment be Submitted to the Portland City Council for Adoption.”;
- Resolution 6586, titled, “Resolution Approving the Amended and Restated River District Urban Renewal Plan and Directing the Amendment be Submitted to the Portland City Council for Adoption.”; and
- Resolution 6587, titled, “Resolution Approving the First Amendment to the First Amendment to Amended and Restated River District Urban Renewal Plan and Directing the Amendment be Submitted to the Portland City Council for Adoption.”

Mr. Alexander explained that the Central City Urban Renewal Area Study Review Committee recommended moving parts of Old Town/Chinatown area into River District in order to complete needed projects. The recommendations made at that time suggested a review of River District urban renewal plans, acreage and assessed value, timing and cost of projects and the timing of the transfer. In addition, the Central Portland Plan is currently in need of updating and the Bureau of Planning and PDC staff have worked on initial steps of that update as it impacts the Westside urban renewal areas. The central city urban renewal areas have been and will continue to be a major tool of implementation for the plan.

He said the Westside Study officially started in May 2007 when the PDC Commission directed staff in PDC Resolution #6474 to look at the downtown urban renewal areas. An Urban Renewal Advisory Group (Advisory Group) was formed which included members of the Board as well as Portland City Council, Multnomah County Commission, Portland Planning Commission and a citizen at large. The Advisory Group meetings focused on the status of downtown urban renewal area key accomplishments and what remained to be completed, technical issues relating to urban renewal operation, a series of panel discussions including the neighborhood association, affordable housing, jobs and the economy, infrastructure, arts and education. In addition, two of the URAs, Downtown Waterfront (DTWF) and South Park Blocks (SPB), are due to expire in 2008 but still have important projects to complete and River District will reach its maximum indebtedness by 2011-12. This expiration refers to the last date a URA can issue bonded indebtedness, which was set during the creation of the URA. The River District (RD) URA has performed beyond expectations and a boundary change could allow uncompleted projects in the DTWF and SPB URAs to be completed as part of the RD Urban Renewal Plan.

The Advisory Group met eight times through March, 2008 and recommended the following actions and potential amendments:



- 1) close down DTWF and SPB this year but maximize the amount of debt allowed and contemplated by the current year budget,
- 2) remove approximately 50 acres from DTWF and SPB districts and add to River District to allow important areas to be redeveloped and key projects completed,
- 3) increase the maximum indebtedness in River District by \$338 million to \$563 million and extend the last date to issue bonded indebtedness from 2020 to 2021, (The Advisory Group recommended extending the district one additional year to maximize capacity, which results in a total capacity of \$568.5 million),
- 4) remove 30.7 acres of I-405 right-of-way from RD, (Based upon community input, the Commission directed a reduction to 8.25 acres),
- 5) consider formation of non-contiguous “island” district to River District if directed by the Portland City Council.

He also stated in addition, the Advisory Group recommended downsizing the SPB and DTWF areas, identify potential new districts in conjunction with the Central Portland Plan effort, develop interim development strategies pending completion of the Portland Plan effort and give Multnomah County a more meaningful voice on decisions regarding expansion, extension or creation of urban renewal districts.

Mr. Bob Ames (former PDC chair) stated it was the first time he has spoken at PDC in the last thirty (30) years. He stated he has continued to be involved with local government in one capacity or another since. He expressed his concern regarding the inclusion of the satellite district which is 15 miles away from the River District. He said the satellite district meets neither blight nor the relationship test.

Mr. Larry Dully stated he was formerly the Development Director at PDC. Since then, he has worked with PDC on a number of projects all in support of PDC goals and objectives. He read a letter into the record.

Mr. Doug Oblatz representing Old Town China Town (OTCT) Visions Committee stated OTCT is at a crossroad. He said while the addition of Mercy Corp and University of Oregon have been very positive, additional investment is needed.

Ms. Shelly Lorenzen representing the Oregon League of Women Voters stated she has been involved with River District for quite some time. She said the League wanted to redraw the River District URA to include OTCT but never intended it to be a double debt. She stated the proposal before the Board is fundamentally flawed as the River District URA proposal is to extend a district that has been successful to fund other projects. She said districts are supposed to end so the money can go back to the districts involved. She said PDC Staff loses her respect when they omit monies that will be lost by schools and that will not be made up at the state level. She said she agrees a new district should be created if it can meet the blight test, however, the River District URA should end.

Mr. Patrick Gortmaker, co-chair of OTCT Visions Committee echoed Mr. Oblatz's comments. He expressed his support of the extension to 2024 to assure future projects. He urged the Board to support the amendments.

Ms. Patricia Gardner representing the Pearl District Neighborhood Association commented the work in the area is not completed. She urged the support of the amendments in order to continue the positive development in OTCT and the River District URAs.

Multnomah County Commissioner Jeff Cogan stated the amendments collectively provide a good balance and that is why the County is supporting them. He said although the County does lose money, the projects completed are transformational economic development opportunities and are also balanced with things like the Resource Access Center. He said the amendments allow the continued fight against blight. They also allow for the redevelopment of two buildings to get them back on the tax rolls. He acknowledged there are costs but the tradeoffs are important. He urged the support of the amendments.

After discussion among the Commissioners and PDC staff, Chair Rosenbaum stated he was pleased PDC staff's calculations are conservative in nature. He also stated he believes the effectiveness of TIF will be diminishing over time so it is important to continue investing in catalytic projects that will provide for a strong tax base.

Chair Rosenbaum called for a motion to adopt Resolution Nos. 6584, 6585 and 6586.

Commissioner Ferran moved and Commissioner Wilhoite seconded the motion to adopt

Resolution 6584, titled, "Resolution Approving the Proposed Twenty-Eighth Amendment to the Downtown Waterfront Urban Renewal Plan and Directing the Amendment be Submitted to the Portland City Council for Adoption.";

Resolution 6585, titled, "Resolution Approving the Proposed Tenth Amendment to the South Park Blocks Urban Renewal Plan and Directing the Amendment be Submitted to the Portland City Council for Adoption.";

Resolution 6586, titled, "Resolution Approving the Amended and Restated River District Urban Renewal Plan and Directing the Amendment be Submitted to the Portland City Council for Adoption."

AYES: Rosenbaum, Ferran, Kadri, Mohlis, Wilhoite

NAYS: None

Commissioner Wilhoite moved and Commissioner Mohlis seconded the motion to adopt Resolution No. 6582, titled, "Approve Cooperative Agreement with Multnomah County".

AYES: Rosenbaum, Ferran, Kadri, Mohlis, Wilhoite

NAYS: None

Chair Rosenbaum asked for public testimony on Resolution No. 6587, titled, "Approving the First Amendment to the First Amendment to Amended and Restated River District Urban Renewal Plan and Directing the Amendment be submitted to the Portland City Council for Adoption."

Ms. Trudy Sargent representing the Portland Public School (PPS) Board Education stated although the PPS Board supports the amendment of the River District, they are troubled by the creation of a satellite district. She said it is inconsistent with the function of the URAs. She said when they, as a taxing jurisdiction, go without revenues, it is under the assumption that monies

will go back into the jurisdiction. She said the City of Portland should support each school district within its own boundaries as well as find different funding mechanisms for each school.

Ms. Shelly Lorenzen representing the Oregon League of Women Voters stated the creation of satellite districts are not permitted by Oregon State statute. She said URA monies to fund projects like these are inappropriate because of the long-term effects it will have on other taxing jurisdictions. She said the district should be allowed to end so the monies can flow back to the general fund and allow the City of Portland to deal with the issues from those revenues. She said currently \$50 million is lost annually statewide to taxing jurisdictions due to URAs.

Ms. Barbara Romel, superintendent of the David Douglas School District, expressed her thanks to PDC staff for their work on the amendments. She also recognized the efforts of the Urban Renewal Area Group. She said on March 12, 2008, in a bold act of leadership, the City Council approved the concept of a satellite district. She said David Douglas School District is within the boundaries of the Gateway URA as well as a large portion of the Lents URA. She said David Douglas's enrollment has jumped, as well as free and reduced lunches, because families are moving from the PPS District into David Douglas, which has caused an increase in Section 8 housing. She called for the Board to support the amendment.

Portland City Commissioner Randy Leonard strongly urged his support of the River District amendment creating a satellite district. He said much of the success of the River District URA has impacted outlying areas. He said for example, he grew up in Irvington which has experienced gentrification. He said although URA's are good for neighborhoods and economic development, they have not been good for Parkrose and David Douglas School Districts. He said the success in the certain URAs is pushing poorer populations to outlying areas. He said he is disappointed in the remarks of the Portland Public School system as they have come to City Council twice asking for financial assistance. He said although City Council had no obligation to provide financial assistance to Portland Public Schools, it has never used that as barrier to help PPS meet its needs. He said the David Douglas School District has a unique problem; it has more students than room. He said the students include those with parents who are unemployable; they need assistance. He said he was also disappointed in the letter from Pat Lacrosse and others referencing David Douglas as a Multnomah County school. He challenged them to go out and see David Douglas as it is entirely within the City of Portland and not within Multnomah County. He said the letter was clear Pat Lacrosse and others considered the City Council agreeing to the satellite district as inappropriate. He stated in the spirit of clarity, if the amendment does not work, then he would go and amend the urban renewal law to make this legal. He said the Chair of the Senate Committee is Rod Monroe, a David Douglas graduate who has commented he believes the change in law is going to happen. He said, furthermore, the Portland Public School District was involved in the discussion of the amendments but the David Douglas School District was not even though many of the amendments affect David Douglas more than any other school district. He said although the amendment is controversial, it serves a higher purpose.

Ms. Frieda Christopher expressed her thanks for the Board's willingness to think outside of the box. She urged her support of the amendment.

Mr. David Elott, PDC Interim General Counsel stated the Board asked him, and Ms. Linda Meng, City Council Attorney, to give their opinions on the legal issue presented by the amendment. He said he and Ms. Meng were speaking in one legal voice. He said they reviewed the report on the resolution and said the amendment relies on interpretations on the urban renewal statutes for which there is no legal precedent. He said if the adoption were

appealed, there is uncertainty how the urban renewal statutes would be interpreted. He said ORS 457 governs urban renewal in Oregon. They provide for the creation of urban renewal agencies and the creation and implementation of urban renewal plans. He said the satellite amendment raises three legal issues:

- 1) Non-contiguous areas comprising URA – there is nothing in the urban renewal statutes expressly allowing or prohibiting its creation. Furthermore, they are not aware of any other municipality having adopted a non-contiguous URA in Oregon. He said the Willamette Industrial URA is two parcels on opposite sides of the Willamette River, however, they do not consider this as non-contiguous as it is only separated by a body of water; and both parcels have unified use and purpose as industrial land;
- 2) Blight – the purpose of urban renewal is the elimination of blight. He said to form a URA, they must find blight. He said David Douglas School District does not fit into the definition of blight. Although there are infrastructure issues, the parcel is in a stagnant/unproductive condition. It would not typically have been considered blight. He stated he is not sure whether the blight findings would be adequate; and
- 3) Benefit or service to URA of public building proposed to be constructed - if urban renewal funds are used for a public building project, the plan must include a description of how the building would benefit the URA. He said River District is mostly in the Central City. He said they have identified interpretation of statute that is supportable; increasing cost of housing in Central City has caused displacement into East County which has put pressure on the David Douglas School District.

Chair Rosenbaum asked if the amendment was challenged what the consequences would be.

Mr. Elott replied if challenged, the appeal would be heard by the Land Use Board of Appeals (LUBA) and LUBA could overturn the action of the Portland City Council.

Ms. Linda Meng stated LUBA could determine whether the findings support conclusions required by statute, and if not adequate, could send it back for additional work. She said the Portland City Charter does not talk about funding public schools. City Council has done it in the past by talking with schools however, this is uncharted territory. She said the project is a relatively new project that involves community space, adult education, head start, among other things the City of Portland does fund. Further more, there is a question on whether the urban renewal statutes allow public schools or other public works to be financed. In addition, there is a question on taxes for schools and taxes other than for schools get categorized under Measure 5. She said they need to look how the facility was categorized and that it does not nullify the Measure 5 tax.

Commissioner Wilhoite asked when they evaluate the issue and make recommendations, how do they determine whether they are being premature in the creation of a satellite district.

Ms. Meng replied it is new territory with no precedent.

Mr. Elott stated he would have loved to provide certainty; all they can do is their best when developing arguments and informing the Board of the risk.

Commissioner Wilhoite stated he does not like the characteristic of taking from the rich and giving to the poor. He said the issue is an area of the city with a great need, although there are other areas with great need as well. He said he supports the amendment unless someone can demonstrate a greater use of benefit from the success of the Pearl. He said he cannot answer the question whether a satellite district is legal, only, if the Board supports it, it will be open to challenge.

Ms. Meng replied the only way to learn what the interpretation of the law is to be challenged.

Commissioner Kadri asked what the probability of success would be if there was an appeal.

Mr. Elott replied there is a significant degree of uncertainty what the success would be.

Ms. Meng replied PDC staff did a good job writing the amendment and has good analysis. Made it seem stronger in my mind.

Commissioner Ferran asked if they would be having the same questions if the property was in the Lents URA.

Mr. Elott responded some of their concerns would go away depending on how much property became part of the URA. However, there are still issues related to blight and issues related to public buildings. He said including it in Lents would raise fewer legal questions.

Ms. Meng replied if it was still a satellite district, they are not sure it would be different. She said if it was still physically separated from the rest of the URA, there would be risk.

Mr. Alexander responded Commissioner Sten's letter recommended the satellite come from River District and not Lents. Therefore, staff did not look at Lents moreover because River District had more resources than Lents.

Chair Rosenbaum asked if the amendment was adopted and then challenged, would there be any funding or action taken.

Ms. Meng replied there is no challenge until City Council adopts their final action.

Mr. Elott responded the amendment itself is not enough to commit dollars; other steps would need to be taken.

Chair Rosenbaum asked if there was any personal liability.

Mr. Elott replied with respect to the action before them, there is not any as the resolution itself is not sufficient to authorize expenditure. He recommended before the Board take further action, they consult with General Counsel.

Chair Rosenbaum stated the position of the Board was outlined in an Oregonian editorial; that the use of the River District funds be used for job opportunities, and for funding of social spending. He said schools would be enhanced long-term if funds were used that way. In addition, he is personally concerned when evaluating the River District budget because the portion of dollars not generating increment is increasing, for example, the 30% set-aside for affordable housing and the \$19 million for the David Douglas School District. He said \$170 million out of \$300 million would not generate increment, and would affect the agency's ability to sustain long-term.

Commissioner Kadri stated he agreed with all of the well-stated descriptions of what the Board is facing. He said the one he is concerned with is the process used to select the David Douglas School District. He commented it is not in the best interest of the City of Portland to expend legal dollars to go through a process to determine whether this is good idea or not when those dollars could be used for other social programs.

Chair Rosenbaum called for a motion to adopt Resolution No. 6587.

Commissioner Wilhoite moved and Commissioner Mohlis seconded the motion to adopt Resolution No. 6587, titled, "Approving the First Amendment to the First Amendment to Amended and Restated River District Urban Renewal Plan and Directing the Amendment be submitted to the Portland City Council for Adoption.

AYES: Rosenbaum, Ferran, Mohlis, Wilhoite

NAYS: Kadri

IX. ACTION ITEM: AUTHORIZE PROPERTY ACQUISITION IN LENTS TOWN CENTER AND PROVIDE UPDATE ON ZONE CHANGE APPLICATION FOR PDC'S SE 92<sup>ND</sup> AND HAROLD SITE.

Mr. Justin Douglas and Ms. Amy Miller-Dowell presented Report No. 08-64, titled, "Authorize Property Acquisition in Lents Town Center and Provide Update on Zone Change Application for PDC's SE 92<sup>nd</sup> and Harold Site."

Mr. Douglas stated the action would authorize the Executive Director to negotiate and purchase 5916 SE 91<sup>st</sup> and 5933 SE 92<sup>nd</sup>, comprised of four lots in the middle of the Lents Town Center, from property owners Gerald Grantz and Larry Parker, for up to \$1,800,000. Purchase amount is based on fair market value appraisal conducted by RSP & Associates LLC (5933 SE 92<sup>nd</sup> Avenue appraisal dated August 14, 2007, and 5916 SE 91<sup>st</sup> Avenue appraisal dated October 17, 2007) and prior acquisition negotiations. The parcels are located in Block 1, bound by SE 91<sup>st</sup> and 92<sup>nd</sup> Avenues between SE Woodstock Boulevard and Foster Road. The combined parcels are .68 acre in size. A gas station exists on the remaining lot on Block 1. Staff is designating this acquisition parcel as Lents Town Center South for reference purposes.

Furthermore, the action would support the Lents Town Center revitalization and redevelopment efforts set forth in the 1998 Lents Urban Renewal Area plan. The Portland Development Commission (PDC) currently owns property across SE Foster Road to the north of the subject site, now designated as the Lents Town Center North. Additionally, development plans for Phase II of the Assurety Northwest headquarters project are being finalized adjacent to the northwest of the subject site. Upon acquisition, PDC will coordinate relocation of commercial uses and plans to purchase a billboard and eventually demolish existing improvements, with input from the community, to provide a cleared site for redevelopment. PDC intends to dispose of the property through a competitive solicitation process in order to select a developer to implement revitalization efforts for commercial and/or mixed-commercial/residential use as set forth in the Lents Town Center Plan.

Commissioner Ferran moved and Commissioner Mohlis seconded the motion to adopt Resolution No. 6588, titled, "Authorizing the Executive Director to Acquire Property Located at 5933 SE 92nd and 5916 SE 91st in an Amount Not to Exceed \$1.8 Million in Accordance with the Adopted Lents Town Center Urban Renewal Plan, for the Purpose of Acquiring Land for Redevelopment."

AYES: Rosenbaum, Ferran, Kadri, Mohlis, Wilhoite  
NAYS: None

X. INFORMATION ITEM: SE 92<sup>ND</sup> AND HAROLD REDEVELOPMENT PROJECT  
BRIEFING LENTS TOWN CENTER URBAN RENEWAL AREA.

Mr. Justin Douglas and Ms. Amy Miller-Dowell presented Report No. 08-65, titled, “SE 92<sup>nd</sup> and Harold Redevelopment Project Briefing Lents Town Center Urban Renewal Area”.

Mr. Douglas stated the purpose of this briefing is to provide an overview of the SE 92<sup>nd</sup> & Harold Redevelopment Project and current activities to prepare the site for redevelopment. PDC owns a 3.5-acre site at the intersection of SE 92<sup>nd</sup> Avenue and Harold Street within the Lents Town Center URA. The site’s size and location present an excellent opportunity for catalytic redevelopment in the Lents Town Center. Given this potential, staff has proposed to seek a change in the site’s zoning classification. He said Phase 1 of this Project, which began in July 2007, has examined the implications of rezoning the site. The property is currently zoned R2a (Low Density Multi-Dwelling Residential), which could provide 72 to 108 housing units. However, this site has long been identified as a key site to implement the goals and objectives of the Lents Town Center URA Plan. An alternate zoning classification could allow for higher residential density, job creation, and capitalize on the site’s transit-oriented development (TOD) potential with its adjacency to the future Lents Town Center Station MAX Station. The project team has determined that an EXd zoning classification (Central Employment) will:

- 1.) Make the site more appealing to the development community,
- 2.) Allow for commercial uses, and
- 3.) Provide flexibility to adjust to the real estate market and allow for a mixed-use project.

He further stated if approved, the zone change would trigger the city’s No Net Loss Housing Policy, which ensures that rezoning land does not compromise city housing goals. Should the selected developer for this Project propose at least 72 housing units (the minimum allowed under the current R2a zoning), the housing policy would be met. Should the selected developer propose fewer than 72 housing units, PDC would need to identify another PDC-owned site to provide the balance of housing units. The zone change process began in March 2008 and is anticipated to last from eight to nine months. The process includes a comment period for public agencies and neighborhood associations, a public notice to nearby residents, a public hearing, and an appeal period prior to City Council decision on the zone change in November/December 2008.

Finally, he said in April 2008, staff initiated phase two of the project to run concurrently with the zone change process. Phase 2 will entail preparation of a Request for Qualifications (RFQ) to dispose and redevelop the property. PDC plans to release the RFQ in summer 2008. Work on the Project continues to be a collaborative effort between cross-departmental PDC staff, a four-firm consulting team (Parametrix, Johnson Gardner, DAO Architecture, and SERA Architects), a Citizens Advisory Committee (CAC), a Technical Advisory Committee (TAC), and the general public.

Discussion followed among Commissioners and PDC staff.

XI. River District Urban Renewal Area Committee Creation Update

Mr. John Jackley and Ms. Jolene Jensen-Classen presented a brief update on the process for updating the URAC policy and the creation of the River District URAC.

Ms. Jolene Jensen-Classen stated in 2005, PDC created a URAC policy. She said the point was to establish a policy to create and operate URACs. She said URACs are not only a tool for public participation outreach efforts, they also bring together stakeholders familiar with the area PDC is working in. In 2006, the Board took action to help committees comply with the new policy. The interested parties in the River District decided not to create a URAC at the time. They said if the River District URA should be expanded to include South Park Blocks URA or Downtown Waterfront URA, PDC should look into forming a URAC at that time.

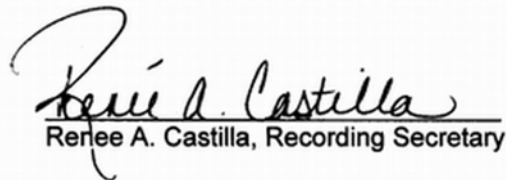
She stated PDC staff has formed a cross-functional team to discuss who should be included on the committee. They have also spoken with potential stakeholders to determine their interest.

XII. ADJOURNMENT

There being no further business, Chair Rosenbaum adjourned the meeting at 7:40 p.m.

Respectfully submitted,

**Approved by the Portland Development Commission on August 13, 2008.**



Renee A. Castilla, Recording Secretary