

PORTLAND DEVELOPMENT COMMISSION
Portland, Oregon

RESOLUTION NO. 6611

**APPROVE COOPERATIVE AGREEMENT WITH PORTLAND
PUBLIC SCHOOLS**

WHEREAS, Urban renewal is a unique and powerful financing tool that enables local governments to make targeted investments in a community's future through Tax Increment Financing (TIF) designed to remove blight and influences that contribute to blight;

WHEREAS, Portland Public Schools ("PPS") forgoes approximately \$5.2 million annually in gap levy (reauthorized by the state legislature in 2006) and local option levy revenues due to existing URAs within PPS boundaries. These URAs cover approximately 10 percent of the school district's jurisdiction;

WHEREAS, the PDC Board and staff have worked with Portland Public Schools officials over the last year to improve communication and collaboration on issues that impact the PPS;

WHEREAS, Negotiations between PDC and PPS have produced a Cooperative Agreement that outlines a path to continue to improve the communication and relationship between the two entities;

WHEREAS, the Cooperative Agreement generally states:

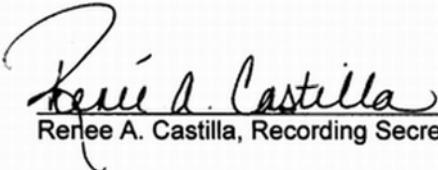
1. PDC will collaborate and confer with PPS on the investment of urban renewal funds with the goal of investing such funds in a manner that respects and values the families and students who rely on the public school system, that recognizes the vital role strong schools play in alleviating blight and strengthening the local economy, and that minimizes the impact on the school district's financial capacity to provide services to the community;
2. PDC agrees the PPS shall have the right to have a representative on all advisory and policy groups PDC may form to assist the City and PDC in decisions regarding the formation, expansion or increase in maximum indebtedness of all urban renewal areas that fall, in whole or in part, within the boundaries of PPS;
3. PDC agrees to consider the impact to other taxing jurisdictions as one of the criterion used to decide whether or not an urban renewal area is created or amended;
4. PDC will consult with PPS and other local school districts whose boundaries fall, in whole or in part, within the City of Portland, on specific large-scale projects in URAs that include school facilities; and

WHEREAS, PDC constantly strives for an inclusive and open decision making process for stakeholders and taxing jurisdiction partners.

NOW, THEREFORE, BE IT RESOLVED that the Cooperative Agreement with the Portland Public Schools (“PPS”), substantially in the form of Exhibit A attached hereto, is hereby approved and the Executive Director is authorized to execute the agreement; and

BE IT FURTHER RESOLVED, that this resolution shall become effective immediately upon its adoption.

Adopted by the Portland Development Commission on June 25, 2008.



Renee A. Castilla
Renee A. Castilla, Recording Secretary

COOPERATIVE AGREEMENT

This is an Agreement between the Portland Development Commission (PDC) and Portland Public Schools (PPS). This Agreement shall become effective upon the date of the last signature hereto and shall expire ten years from that date unless renewed by both governing bodies.

PURPOSE:

The purpose of this agreement is to create a new cooperative relationship between the PDC and PPS to broaden the benefit of Urban Renewal as a tool to improve Portland through the elimination of blight.

Recitals:

1. Urban renewal is a unique and powerful financing tool that enables local governments to make targeted investments in a community's future through Tax Increment Financing (TIF) designed to remove blight and influences that contribute to blight.
2. Oregon Revised Statutes generally define blighted areas as those that, by reason of deterioration, faulty planning, inadequate or improper facilities, deleterious land use or the existence of unsafe structures, or any combination of these factors, are detrimental to the safety, health or welfare of the community.
3. Blight is a product of multiple factors, some of which can best be addressed by increasing education expenditures within a community. However, dollars raised through tax increment financing in URA can only be spent on capital needs (bricks and mortar).
4. In Portland, fifteen percent of the city land area can be captured for urban renewal. The cycle of designating an area for urban renewal, implementing community priorities and goals, repaying the bonds and then removing the urban renewal designation can take anywhere from 30 – 40 years.
5. The financial theory behind urban renewal is to bond against estimated increases in assessed values in specific areas of the city, and then invest those resources in order to accelerate the growth of the tax base. As projects get completed, the bonds are repaid and the land is eventually released from these urban renewal areas in order for taxing jurisdictions to benefit from this increased growth. Urban renewal investments are also expected to increase economic activity such as income and business tax generation thereby assisting jurisdictions over the life of the urban renewal plan.
6. PDC investments of tax increment financing has resulted in significant benefit to schools-related priorities by redeveloping properties, developing housing, and increasing state income tax revenues through business recruitment and expansion.
 - a. Urban Renewal Direct Benefits to PPS. PDC's efforts to promote neighborhood stability support efforts to achieve optimal levels of student enrollments through the Schools, Families, Housing Program. For instance, PDC's \$5.1 million investment in publicly owned property within the Washington Monroe high school redevelopment project will revitalize the neighborhood and attract families with children to the area.

- b. Another example of a direct benefit is the addition of the Marysville School to the Lents Urban Renewal Area. This will allow PDC to partner with PPS to help with a variety of site improvement projects (including pedestrian and bicycle access to the school).
 - c. Indirect benefits come from increases in income tax and the long-term growth in the city tax base triggered by urban renewal investments. A recent assessment of its Business Finance Program alone showed that PDC investments generated \$7.4 million in new income tax receipts from 2005 to 2007. Additional state and local revenues are generated by the construction activities associated with its many capital investments.
7. There is both a direct and indirect financial impact on PPS due to forgone revenues within URAs.
 - a. The direct impact can be described as such: Currently, PPS forgoes approximately \$5.2 million annually in gap levy (reauthorized by the state legislature in 2006) and local option levy revenues due to existing URAs within PPS boundaries. These URAs cover approximately 10 percent of the school district's jurisdiction.
 - b. The indirect impact: About twenty-five cents of every dollar available to invest in urban renewal areas (URAs) would otherwise be available to the State School Fund, which benefits schools across Oregon. Eight percent of the State School Fund is typically passed through to Portland Schools, which would invest the money in teaching positions and educational programs.
8. The primary fiscal impact on PPS of the proposed expansions of the River District and Lents Town Center URAs will be lost revenues from the gap and local option levies, assuming their renewal. If these two taxes are extended through the urban renewal closeouts, the impact on the school district on a present value basis will be the loss of \$35.3 million between 2014 and 2027, or \$2.9 million annually.
9. Despite the loss of revenue from neighborhoods within URAs, the school district remains obligated to provide, and the community still needs, education for 46,000 students.
10. Current state statutes require urban renewal agencies to "consult and confer with the taxing districts" prior to presenting the plan to the governing body of the municipality for approval. These plans and related decisions to increase maximum indebtedness and extend the last date to issue debt of the district would postpone the return of tax revenues to PPS, one of the taxing districts.
11. Because urban renewal investments can only be made within the boundaries of a URA, portions of our community not within those boundaries pay a disproportionate share of the cost of providing community and education services.
12. Collaborative decision-making by PPS and PDC will ensure services to our city's students are considered while also protecting the ability for urban renewal to serve as an effective tool that benefits the broader community.

13. Recognizing that a thoughtful, cooperative approach can improve the effectiveness of both TIF expenditures and PPS service delivery in the future, this agreement is designed in the spirit of community partnership.

Now, therefore, PDC and PPS hereby agree as follows:

- a. PDC will collaborate and confer with PPS on the investment of urban renewal funds with the goal of investing such funds in a manner that respects and values the families and students who rely on the public school system, that recognizes the vital role strong schools play in alleviating blight and strengthening the local economy, and that minimizes the impact on the school district's financial capacity to provide services to the community.
- b. PDC agrees the school district shall have the right to have a representative on all advisory and policy groups PDC may form to assist the City and PDC in decisions regarding the formation, expansion, change in plan end date or increasing maximum indebtedness of any URAs that fall, in whole or in part, within the boundaries of PPS. This includes placing a representative on urban renewal advisory committees whenever a plan is amended, or a new plan created. PPS will work with the PDC to make sure the representative selected does not have any legal impediments (e.g., conflict of interest) to serving in that capacity.
- c. PDC agrees to consider the impact on other taxing jurisdictions as one of the criterion used to decide whether or not an urban renewal area is created or amended.
- d. PDC will consult with PPS and other local school districts whose boundaries fall, in whole or in part, within the City of Portland, on specific large-scale projects in URAs that include school facilities. PPS will also consult with PDC when modernizing, replacing, or significantly remodeling a school property. These conversations are intended to maximize opportunities for partnership and effective use of local taxes for the community good.
- e. PDC will work with PPS and other local school districts whose boundaries fall, in whole or in part, within the City of Portland, to include them in appropriate discussions regarding capital investments which have the ability to attract children and families to the area, thereby increasing enrollment.
- f. PDC and PPS will, by June 2009, have substantive conversations about planning for school modernization or new school construction in the development of a Westside Urban Renewal Area.

In witness whereof, the parties hereto have executed this Agreement as of the dates set forth below their signatures.

PORTLAND DEVELOPMENT COMMISSION

By: _____
Name: _____
Title: _____
Date: _____

PORTLAND PUBLIC SCHOOLS

By: _____
Name: _____
Title: _____
Date: _____

PDC

PORTLAND DEVELOPMENT COMMISSION

Resolution Number 6611

TITLE: APPROVE COOPERATIVE AGREEMENT WITH PORTLAND PUBLIC SCHOOLS

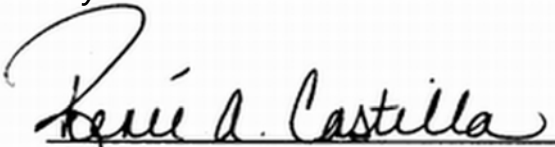
Adopted by the Portland Development Commission on June 25, 2008.

PRESENT FOR VOTE	COMMISSIONERS	VOTE		
		Yea	Nay	Abstain
<input checked="" type="checkbox"/>	Mark Rosenbaum, Chair	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/>	Sal Kadri	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/>	Bertha Ferrán	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/>	Charles Wilhoite	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/>	John Mohlis	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> Consent Agenda		<input checked="" type="checkbox"/> Regular Agenda		

Certification

The undersigned hereby certifies that:

The attached resolution is a true and correct copy of the resolution as finally adopted at a Board Meeting of the Portland Development Commission and duly recorded in the official minutes of the meeting.


Renee A. Castilla, Recording Secretary

Date: June 26, 2008