

**PORTLAND CITY COUNCIL AGENDA
City Hall - 1221 SW Fourth Avenue
WEDNESDAY, 9:30 AM, SEPTEMBER 23, 2020**

Disposition:

Please note, City Hall is closed to the public due to the COVID-19 Pandemic.

Under Portland City Code and state law, the City Council is holding this meeting electronically. All members of council are attending remotely by video and teleconference, and the City has made several avenues available for the public to listen to the audio broadcast of this meeting.

The meeting is available to the public on the City's YouTube Channel, eGov PDX, www.portlandoregon.gov/video and Channel 30. The public can also provide written testimony to Council by emailing the Council Clerk at cctestimony@portlandoregon.gov.

The Council is taking these steps as a result of the COVID-19 pandemic and the need to limit in-person contact and promote social distancing. The pandemic is an emergency that threatens the public health, safety and welfare which requires us to meet remotely by electronic communications.

Thank you all for your patience, flexibility and understanding as we manage through this difficult situation to do the City's business.

Provide Public Testimony: City Council will hear public testimony on resolutions and ordinances (first readings only). Testimony is not taken on communications, reports, second readings, proclamations or presentations in accordance with Code 3.02.040 F. and G. Public testimony will be heard by electronic communication (internet connection or telephone). Please identify the agenda item(s) you want to testify on, and then visit the Council Clerk's agenda webpage to register, www.portlandoregon.gov/auditor/councilagenda. Provide your name, agenda item number(s), zip code, phone number and email address. Individuals have three minutes to testify unless otherwise stated at the meeting.

The deadline to sign up for the September 23, 2020 Council meeting is Tuesday, September 22, 2020 at 4:00 p.m.

Email the Council Clerk at cctestimony@portlandoregon.gov with any questions.

CONSENT AGENDA – NO DISCUSSION

Mayor Ted Wheeler

Office of Management and Finance

***751** Pay settlement of Living Room Realty, Inc. property damage claim in the sum of \$23,666 involving the Portland Bureau of Environmental Services (Ordinance)

Total cost to the City to settle the claim is \$23,666. The source of funding is the City's Insurance and Claims Fund. All cost of the settlement is in the current fiscal year.

***752** Pay settlement of Jason Messer property damage claim in the sum of \$7,849 resulting from a motor vehicle collision involving the Portland Bureau of Transportation (Ordinance)

Total cost to the City to settle the claim is \$7,849. The source of funding is the City's Insurance and Claims Fund. All cost of the settlement is in the current fiscal year.

<p>*753</p>	<p>Pay property damage and bodily injury claim of Nicole Neill in the sum of \$61,038 resulting from a motor vehicle collision involving the Portland Bureau of Transportation (Ordinance)</p>	<p>Total cost to the City to settle the claim is \$61,038. The source of funding is the City's Insurance and Claims Fund. All cost of the settlement is in the current fiscal year.</p>
<p>754</p>	<p>Authorize a Settlement Agreement between the City and Brenda Scott to correct Ms. Scott's vacation accrual error, and the City shall pay Ms. Scott the amount of \$7,512 (Second Reading Agenda 720)</p>	<p>The Settlement Agreement of \$7,512 will be paid from General Fund resources.</p>
<p>755</p>	<p>Authorize Memorandum of Understanding between the City, the Portland Police Association, and Richard Budry to correct Budry's vacation accrual error, and the City shall pay Budry the amount of \$12,041 (Second Reading Agenda 721)</p>	<p>The Settlement Agreement of \$12,041 will be paid from General Fund resources.</p>
<p>Commissioner Chloe Eudaly Bureau of Transportation</p>		<p>The grant agreement is in the amount of \$994,907 and these costs are currently available in the LID project as budgeted. This is a not-to-exceed grant amount. PBOT will not have any risk for these third-party costs nor with any engineering changes to the track crossings or track replacement work which may occur during construction.</p>
<p>*756</p>	<p>Approve a grant of \$994,907 to Peninsula Terminal Company for replacement and vertical relocation of track and track crossings in advance of construction of the N Suttle Rd Local Improvement District (Ordinance; C-10058)</p>	
<p>*757</p>	<p>Authorize application to Portland General Electric for a grant in the amount of \$260,000 to increase access to BIKETOWN among underserved populations (Ordinance)</p>	<p>If awarded, the grant will increase access to the BIKETOWN for All program. The application includes a \$26,000 (10 percent) staff match which is currently budgeted in the PBOT's FY 20-21 Adopted Budget.</p>

Office of Community & Civic Life		
*758	Authorize a grant agreement with East Portland Neighbors to provide liability insurance coverage for East Portland community-building events and activities in an amount not to exceed \$10,000 (Ordinance)	The total grant amount authorized by the ordinance, over four years, will not exceed \$47,500. The ordinance authorizes a calendar year 2020 grant not to exceed \$10,000; funds are available in Civic Life's current-year budget. The ordinance also authorizes grant renewals through calendar year 2023 in the amount of \$10,000 per year, or with an amended amount of \$12,500 per year if costs increase. Renewals will be subject to availability of funding in the adopted budgets for future years.
Commissioner Amanda Fritz Parks & Recreation		
*759	Authorize an agreement with Leach Garden Friends for transfer of LGF's Capital Campaign Funds to fund construction at Leach Botanical Gardens (Ordinance)	This ordinance transfers \$877,000 in funding raised by the "Leach Garden Friends" nonprofit to Portland Parks & Recreation to expend on the Leach Garden "Upper Garden Development Project." The project began in FY 2017-18 and has budgeted total CIP costs and operations and maintenance costs within the Parks Bureau annual Adopted Budget.
REGULAR AGENDA Mayor Ted Wheeler		
760	Appoint Kevin Rogers and Terry Cross to the Community Budget Advisory Board (Report) 20 minutes requested	No fiscal impact.
761	Appoint Rakeem Washington to the Home Forward Board of Commissioners for a term to expire September 2024 (Resolution) 20 minutes requested	No fiscal impact.
Office of Management and Finance		

<p>762 Accept bid of James W. Fowler Co. for the Goose Hollow Sewer Rehabilitation Project for \$4,875,000 (Procurement Report - Bid No.00001498) 10 minutes requested</p>	<p>The engineer's estimate for this project was \$5,949,000, and the confidence level was high. Based on bids received BES anticipates the construction contract cost to be \$4,785,000, which is 18% under the engineer's estimate. Funds are available in BES's FY 2020-21 budget in the Sewer System Operating Fund and will be requested in the FY 2021-22 budget.</p>
<p>763 Authorize Intergovernmental Agreement with Metro to provide funding for the Arlene Schnitzer Concert Hall Acoustical Enhancement Project not to exceed \$1,500,000 (Second Reading Agenda 730)</p>	<p>This IGA authorizes the City of Portland Spectator Venues & Visitor Activities Fund (SVVAF) to advance Metro up to \$1.5 million to support the completion of the Arlene Schnitzer Concert Hall acoustical enhancement project. The advance would be funded out of SVVAF's contingency which is included in the Bureau's FY 2020-21 Fall BMP Request. The amount provided to Metro will be repaid to the SVVAF when Portland's 5 Renovation Bonds, supported by the Second Amended and Restated Visitor Facilities IGA (VFIGA), are issued sometime after January 1, 2024. Reserves in the SVVAF are adequate to cover this cost in FY2020-21, even with little or no event revenue to the fund during the year. CBO notes that the General Fund is the ultimate backer of the debt in the SVVAF.</p>
<p>Police Bureau</p>	

764 Authorize application to the U.S. Department of Justice, Office of Justice Programs, Bureau of Justice Assistance for a grant in the amount of \$408,910 for the Edward Byrne Memorial Justice Assistance Grant Program FY 2020 Local Solicitation to assist the Portland-Metropolitan area law enforcement and criminal justice community prevent and reduce crime and violence (Ordinance) 30 minutes requested

This action would authorize the City to apply for and receive a grant from Department of Justice (Bureau of Justice Assistance) in the amount of \$408,910. Awards for Multnomah County and the City of Gresham are included in this total. The City's share of the award would be \$203,717, which the Police Bureau intends to use to support a limited term Video Production Specialist to produce online training materials and videos for use in a remote environment.

Portland Housing Bureau		
765	Amend Property Tax Exemption for Multiple-Unit Housing Development Code and Inclusionary Housing Code to extend the current inclusion rate until 2021 (Second Reading Agenda 734; amend Code Sections 30.01.120 and 3.103.040)	See below.
Prosper Portland		
766	Authorize, approve, and direct various actions by Prosper Portland, the Portland Housing Bureau, Portland Bureau of Environmental Services, Portland Water Bureau, Portland Parks & Recreation, Portland Bureau of Transportation, and the Office of Management and Finance to facilitate the development of the Broadway Corridor, and add the Broadway Corridor Park project to the Parks and Recreation System Development Charge Capital Improvement Plan (Second Reading Agenda 741; amend Ordinance No. 187770)	See below.
Commissioner Amanda Fritz Bureau of Environmental Services		
*767	Amend contract with Innovyze, Inc., for Hydraulic Network Analysis Software in the amount of \$756,473 (Ordinance; amend Contract No. 30006331) 10 minutes requested	BES seeks to amend the contract with Innovyze for this network analysis software for an additional amount of \$656,473. Funds are available in BES's FY 2020-21 budget in the Sewer System Operating Fund. The Water Bureau also seeks to amend the contract with Innovyze for additional licenses and software maintenance for an additional amount of \$100,000. Funds will be made available in the Water Bureau's FY 2020-21 budget. The total contract's not-to-exceed value will increase by \$756,473 from its current not-to-exceed value of \$841,792 to \$1,598,265, which will allow both bureaus to manage hydraulic network analysis software from Innovyze into one contract.

<p>768</p>	<p>Authorize a competitive solicitation and contract with the lowest responsible bidder and provide payment for construction of the Balch Creek Trash Rack Retrofit Project No. E10583 for an estimated cost of \$3 million (Ordinance) 10 minutes requested</p>	<p>The estimated cost of \$3 million is of moderate confidence. Funding is available in BES's FY 2020-21 budget in the Sewer System Operating Fund.</p>
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765 Amend Property Tax Exemption for Multiple-Unit Housing Development Code and Inclusionary Housing Code to extend the current inclusion rate until 2021

CBO Analysis

The Ordinance would extend the current set aside for affordable housing units required in newly constructed buildings of 20 units or more under the inclusionary housing program from December 2020 to December 2021. This proposed legislation is in response to Council action to extend the inclusion rate sunset date in Code Section 33.245, Inclusionary Housing. The inclusion rate is 15% of units affordable at 80% AMI or 8% of units affordable at 60% AMI outside the Central City and Gateway Plan districts. This inclusion rate would last until December 31, 2021, at which point it would increase. The bureau states that the date extension for a lowered affordable housing set aside rate proposed by this legislation does not change the budget or financing of the inclusionary housing program as the program has been run under the lowered set aside from its inception and it used the lower inclusion rate to forecast Construction Excise Tax (CET) revenues. It may have an unknown but non-measurable impact on both CET revenues and property tax revenues during the year extension.

766 Authorize, approve, and direct various actions by Prosper Portland, the Portland Housing Bureau, Portland Bureau of Environmental Services, Portland Water Bureau, Portland Parks & Recreation, Portland Bureau of Transportation, and the Office of Management and Finance to facilitate the development of the Broadway Corridor, and add the Broadway Corridor Park project to the Parks and Recreation System Development Charge Capital Improvement Plan

CBO Analysis

Development of the Property and the delivery of community benefits as envisioned requires substantial public and private investment commitments. There are significant expenses unique to the Property compared to most other Central City development opportunities. Additionally, the River District Funding IGA currently anticipates that the \$35 million line of credit (LOC) provided by the City (and backed by the General Fund) to make resources available for acquisition of the Property would be repaid by June 2022. The Financing Plan outlined in this ordinance requires the issuance of subsequent General-Fund backed debt financing to enable more time for project completion and sufficient cash flow to meet project commitments. The Ordinance specifies that Prosper will repay the General Fund from land sale proceeds with up to \$15 million of the debt to be forgiven (resulting in a \$15 million General Fund subsidy). The terms of the agreement of repayment will be solidified in a renewed IGA to be negotiated between Prosper and the Director of the Bureau of Revenue and Financial Services.

It is anticipated that development partners will need to secure approximately \$1.0 billion in outside capital to deliver on redevelopment of the Property over the next 20 years. Staff has worked with Continuum Partners LLC and bureau partners to identify an investment strategy that balances stewardship of public investment with private investment obligations and maintain market competitiveness. The Disposition and Development Agreement (DDA) term sheet also contemplates that public investments will be implemented in phases in sequence with private development and land sales transactions. The Investment Strategy in summary includes the following public and private obligations tied to infrastructure and community benefits:

	Public Investment	Private Investment
Site preparation	\$38.6 million (TIF and EPA grant)	
USPS infrastructure	\$49 million (BES funding of \$7 million, Water funding of \$800,000, Parks SDCs of \$11.4 million, PBOT SDCs of \$14.7 million)	\$33 million (LID and developers)

Additional community benefits in the CBA	\$11.5 million (Prosper land value/sales)	\$28.5 million
LOC repayment	\$35 million – City General-Fund backed indebtedness of Prosper to be restructured such that its repayment of the City would be effected from identified land disposition proceeds to the extent such proceeds exceed certain negotiated thresholds, with up to \$15.0 million of the remaining balance to be forgiven.	

Infrastructure Investment. The accompanying Ordinance seeks Council’s approval of the Investment Strategy for infrastructure and community benefits and directs Prosper and City bureau staff to take necessary steps to prepare IGAs for Council’s and the Prosper Board of Commissioners’ future consideration. IGAs are anticipated between Prosper and the following lead City bureaus: PBOT, BES, Water, and Parks. Further cost estimates and schedule refinement will be necessary by City staff and a third-party cost estimator, including addressing any implications of CBA requirements. The IGAs will contemplate how cost and schedule implications are managed and risk is apportioned between the parties.

Additionally, the Investment Strategy contemplates an estimated \$23.0 million Local Improvement District (LID) as a financing tool to fund the required right-of-way improvements. The LID would be provided for by separate legislation adopted by Council and is not directly created by this Ordinance. If the LID is not approved and implemented, the development and infrastructure cannot proceed as planned.

Community Benefits Agreement. The Broadway Corridor CBA contains a variety of obligations on the part of Prosper. Some of these obligations are intended to be performed by Prosper directly, and others are to be passed through to private developers or to public partners. These obligations create both easily quantifiable costs as well as less readily quantifiable cost implications.

One provision of the CBA that is especially relevant for City infrastructure bureaus is the application of the City’s CBA policy to the City’s infrastructure investments in support of Broadway Corridor. Bureau partners have shared concerns regarding the cost and schedule implications of utilizing this policy for smaller construction projects.

Other notable CBA obligations with cost impacts include:

- Prosper and private developers are collectively responsible for a fixed cost of approximately \$4.2 million for workforce development and business technical assistance in connection with the demolition of the USPS P&DC facility and private vertical construction. Of this amount, Continuum is expected to cover \$1.4 million.
- Prosper has agreed to funding \$3.0 million for supporting local small, BIPOC-owned, and people with disabilities-owned businesses.
- Private development will opt-in to and cover the payment of prevailing wage for private vertical construction on the core and shell, as well as a portion of tenant improvements, for each building. Prosper Portland will fund \$2.9 million of the increased cost of labor associated with prevailing wage across the entire Property.
- Prosper will cover the costs of oversight, monitoring, and enforcement of the obligations of the CBA, which will include the allocation of a fixed budget for the oversight committee equal to \$50,000 per year for ten years.

To partially mitigate the uncertainty of development at this time, as well as potential cost impacts of CBA provisions, the CBA includes a development contingency section whereby the terms can be renegotiated in the event of adverse development circumstances or significant adverse financial impacts.

Affordable Housing Investment. Prosper and PHB will also enter into agreements consistent with PHB’s contribution to the acquisition of the Property in order to deliver on the affordable housing goals for the redevelopment. PHB, in partnership with Prosper, has to deliver 720 affordable housing units at or below 60 percent area median income (60% AMI) via direct investment by PHB as well as Inclusionary Housing. PHB and Prosper have identified a parcel to be owned by PHB; and the DDA term sheet requires private residential development to comply with the Inclusionary Housing option that provides 10% of units at 60% AMI. Additional resources will need to be identified by PHB to subsidize the construction of the affordable units on the parcel to be owned by PHB. The Prosper Portland FY 2020-21 Adopted Budget and Forecast includes \$17.9 million in remaining River District TIF resources reserved for the project.

Line of Credit. The financial resources contemplated in the Investment Strategy to be invested by Prosper in infrastructure and community benefits will be generated through land sales on the Property and existing tax

increment financing. Prosper's ability to fulfill these obligations necessitates restructuring the LOC repayment obligation due to the timing of when the investments and repayment of the LOC are contemplated, and the current estimated land value and timing of land sales.

The existing IGA between OMF-BRFS and Prosper currently provides the City with a first claim on proceeds from the sale of the Property to repay the Bonds. Additionally, the IGA includes a first claim on Prosper's program income from the River District URA assets as well as residual bond reserves funded by River District tax increment bond proceeds that may become available as the River District's forecasted tax increment revenues are projected to exceed planned debt service payments.

Ultimately, the Bonds are an obligation of the City's General Fund. If the sale of the Property is delayed or if proceeds are not sufficient to repay the obligation when due, General Fund resources may be required to repay the Bonds. However, if City General Fund resources are used at any time, the IGA requires Prosper to reimburse the City with Post Office Property sale proceeds, other program income, or other Prosper resources as soon as practical, with interest and a penalty.

The Investment Strategy proposes repayment of the LOC will occur via General Fund revenues and/or excess land sale proceeds. The indebtedness of Prosper is proposed to be restructured such that Prosper's repayment of the City would be effected from identified land disposition proceeds to the extent such proceeds exceed certain negotiated thresholds, with up to \$15.0 million of the remaining balance to be forgiven.

Prosper's FY 2020-21 River District Adopted Budget and Forecast includes \$42,255,000 for investment consistent with the terms of the Investment Strategy. However, the River District Five-Year Forecast is out of balance due to updated assumptions on various items. The five-year budget deficit increased in the most recent forecast due to updated assumptions on income from River District assets including parking and lease revenue because of the coronavirus pandemic. The current forecast deficit is \$52.0 million. Removing the LOC repayment obligation from existing River District resources will reduce the forecast deficit to \$17.0 million which will need to be resolved in the upcoming budget process.

Public Return on Investment. The public investments contemplated in the Investment Strategy will result in numerous benefits, including land sales revenues and an estimated \$84 million in additional City revenue including:

- System development charge fees (over 14 years, 2024 – 2038):
- PWB SDCs - \$0.5 million
- BES SDCs - \$7.5 million
- PBOT SDCs - \$14.0 million
- PPR SDCs - \$13.0 million
- Property Taxes to General Fund (over twenty years, 2026 – 2046) - \$49 million