

**PORTLAND CITY COUNCIL AGENDA
City Hall - 1221 SW Fourth Avenue
WEDNESDAY, 9:30 AM, SEPTEMBER 16, 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 16-17, 2020 Council meeting is Tuesday, September 15, 2020 at 4:00 p.m.

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

TIMES CERTAIN

***712 TIME CERTAIN: 9:45 AM** – Amend the Intergovernmental Agreement for the Division Transit Project with TriMet for Design and Construction Services (Ordinance introduced by Commissioner Eudaly; amend Contract No. 30006859) 30 minutes requested for items 712-713

The total project budget is \$20,281,608 (low confidence estimate), of which \$7,543,283 of SDC, TriMet and GTR funding was included in the FY 2020-21 budget.

***713** Authorize an Intergovernmental Agreement with TriMet and the City in the amount of \$650,000 to provide fiber optic cable installation and maintenance (Ordinance introduced by Mayor Wheeler)

See below.

<p>714 TIME CERTAIN: 10:15 AM – Consider appeal of the Pearl Neighbors for Integrity in Design against the Design Commission’s decision to approve, with conditions Hyatt Place, a 23-story mixed use building at 350 NW 12th Ave in the Pearl Sub-District of the Central City Plan District (Previous Agenda 675; Report introduced by Mayor Wheeler; LU 19-145295 DZ) 30 minutes requested</p>	<p>This is not a legislative action. There are no ongoing costs to the City associated with this quasi-judicial land use review. City staff costs to conduct Land Use Reviews and process appeals are generally fee-supported; in this case the appeal fee was paid by the appellant.</p>
<p>CONSENT AGENDA – NO DISCUSSION</p> <p>Mayor Ted Wheeler</p>	
<p>715 Reappoint Greg Kohn and Jon Coulimore as members to the Electrical Code Board of Appeal for terms to expire September 19, 2023 (Report)</p>	<p>No fiscal impact.</p>
<p>716 Reappoint Diane Linn and Lawrence Ramsay Weit to Portland Housing Advisory Commission for terms to expire September 20, 2022 (Report)</p>	<p>No fiscal impact.</p>
<p>Bureau of Development Services</p>	
<p>717 Amend Seismic Related Definitions for Existing Buildings Code to update references from the old American Society of Civil Engineers standards to the current version of the standards (Second Reading Agenda 680; amend Code Section 24.85.020)</p>	<p>This ordinance updates the references but does not change the substance of the code itself, so there is no fiscal impact.</p>
<p>Bureau of Environmental Services</p>	
<p>*718 Authorize grant agreement up to \$66,000 to Neighbors West–Northwest to provide outreach, technical assistance, and community involvement for watershed projects in Portland’s westside sub-watersheds (Ordinance)</p>	<p>Maximum total costs for FY 2020-21 are \$66,000 to be allocated from BES’s budget in the Sewer Systems Operating Fund.</p>
<p>Office of Management and Finance</p>	

<p>*719 Create a new non-represented classification of Mental Health Crisis Clinician and establish a compensation range for this classification (Ordinance)</p>	<p>There is no direct cost to create the new classification. The new classification aligns with existing salary grade 56 which currently has a range of \$26.62 to \$47.01 hourly / \$53,082 to \$102,648 annual full time. This is part of the Portland Street Response pilot program, and they are requesting some positions that would be in this classification in the Fall BMP.</p>
<p>720 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 (Ordinance)</p>	<p>The Settlement Agreement of \$7,512 will be paid from General Fund resources.</p>
<p>721 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 (Ordinance)</p>	<p>The Settlement Agreement of \$12,041 will be paid from General Fund resources.</p>
<p>Commissioner Jo Ann Hardesty Portland Fire & Rescue</p>	
<p>722 Authorize an Intergovernmental Agreement with Burlington Water District for fire prevention, suppression and emergency response services effective July 1, 2020 through June 30, 2030 (Second Reading Agenda 689)</p>	<p>No fiscal impact. The bureau's budget includes ongoing revenue from the Burlington Water District to provide these services.</p>
<p>Commissioner Chloe Eudaly Office of Community & Civic Life</p>	
<p>*723 Authorize grant agreement amendments with seven organizations for the Constructing Civic Dialogues Grant Program at the Office of Community & Civic Life for a total not to exceed \$245,074 (Ordinance)</p>	<p>This ordinance, if approved, represents Civic Life's grant expenses within its Constructing Civic Dialogues program. \$242,949 is allocated for this purpose in the FY 2020-21 Budget, and the bureau is reprioritizing an additional \$2,125 from its current-year budget for a total of \$245,074 for grants to seven organizations.</p>
<p>City Auditor Mary Hull Caballero</p>	

<p>724 Approve Council Minutes for May 6 - July 2, 2020 (Report)</p>	<p>No fiscal impact.</p>
<p>REGULAR AGENDA</p> <p>Mayor Ted Wheeler</p>	
<p>725 Appoint Regina Amodeo, Shannon Olive, Matthew Maline, Marih Alyn-Claire, Kristina Goodman, and Vivien Lyon to the Rental Services Commission for terms to expire September 16, 2022 (Report) 20 minutes requested</p>	<p>No fiscal impact.</p>
<p>*726 Temporarily require Relocation Assistance, as outlined in City Code Section 30.01.085, for any rent increase, if after receiving a rent Increase Notice, a Tenant notifies a Landlord that they are unable to pay the increased rent and that they will be terminating their rental agreement (Ordinance) 20 minutes requested</p>	<p>This Ordinance would temporarily change to the City's mandatory relocation assistance policy (PCC 30.01.085) to cover any rent increase effective between September 1, 2020 and March 1, 2021. If the renter is unable to pay the increased rent, the renter would be eligible for mandatory relocation assistance as outlined in PCC 30.01.085. This ranges from \$2,900 for a studio dwelling unit to \$4,500 for a three-bedroom or larger dwelling unit. Although there are no direct fiscal impacts to the City associated with this Ordinance; the fiscal impact would be experienced by landlords.</p>

Bureau of Development Services	
<p>727 Amend the Building Demolition Code to move implementation details to the administrative rule, update asbestos requirements to conform to state regulations, update demolition inspections language to be consistent with current practices, increase fines for non-compliance, and make other modifications for clarity and consistency and amend fee schedule (Second Reading Agenda 678; amend Code Chapter 24.55 and Portland Policy Document ENB 14.10)</p>	<p>BDS does not anticipate direct cost impacts from implementing the updated requirements. The ordinance increases fines for violations that are non-correctable, doubling the fine for the first non-correctable violation, with increasing fines for subsequent violations. This may generate some increased revenue, the extent of which will depend on how successful the increased fines are at discouraging violations.</p>
Bureau of Environmental Services	
<p>728 Authorize the Bureau of Environmental Services to enter into an Intergovernmental Agreement with the City of Lake Oswego to cooperate on a potential replacement of the Tryon Creek Wastewater Treatment Plant via a public-private partnership (Second Reading Agenda 693)</p>	<p>See below.</p>
Office of Management and Finance	
<p>729 Accept bid of Moore Excavation, Inc., for the 2020 Local Improvement Districts Project for \$2,086,807 (Procurement Report - Bid No. 00001493) 20 minutes requested</p>	<p>Based on bids received, PBOT anticipates the construction contract cost to be \$2,086,807 which is 17.08% under the engineer's estimate. The engineer's estimate for this project was \$2,516,687.11 and the confidence level was low. Funds for this project are included in the Bureau's FY 20-21 Adopted Budget.</p>

<p>730 Authorize Intergovernmental Agreement with Metro to provide funding for the Arlene Schnitzer Concert Hall Acoustical Enhancement Project not to exceed \$1,500,000 (Ordinance) 15 minutes requested</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 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>731 Amend Business License Law Code related to the administration of the Residential Rental Registration Program and housekeeping changes (Second Reading Agenda 688; amend Code Chapter 7.02)</p>	<p>The proposed code changes should not have a material impact on City revenue or expenses. Among other minor changes, creating a definition of "Residential Rental Unit" should reduce taxpayer confusion and increase compliance.</p>
<p>732 Authorize sewer revenue bonds to finance sewer system capital improvements in an amount not to exceed \$350 million and to refund outstanding bonds (Second Reading Agenda 696)</p>	<p>See below.</p>
<p>Portland Parks & Recreation</p>	

733 Approve findings to authorize an exemption to the competitive bidding requirements, authorize a competitive solicitation for the use of the alternative contracting method of Negotiated Request for Proposals, and authorize the Chief Procurement Officer to execute a contract with the successful proposer upon acceptance by the Council of the Procurement Report, for the Mt. Tabor Yard Maintenance Facility and Multimodal Pathway project for an estimated \$8,100,000 (Second Reading Agenda 697)

This costs of this project at current estimation are budgeted in the Parks Bureau CIP. Operations and maintenance costs of \$45,000 are also budgeted in outyears and had ongoing General Fund resources appropriated in the FY 2020-21 Budget.

Portland Housing Bureau		
734	Amend Property Tax Exemption for Multiple-Unit Housing Development Code and Inclusionary Housing Code to extend the current inclusion rate until 2021 (Ordinance; amend Code Sections 30.01.120 and 3.103.040) 10 minutes requested	See below.
Commissioner Chloe Eudaly		
Bureau of Transportation		
*735	Authorize the Bureau of Transportation to acquire certain temporary rights necessary for construction of the Safer Shoulders project, through the exercise of the City's Eminent Domain Authority (Ordinance)	Total project budget is \$891,000 (low confidence estimate), which includes design, acquisition and construction phases and is budgeted in the Bureau's Transportation Operating Fund. Property values associated with the property acquisitions have not yet been quantified since negotiations are not completed.
*736	Extend contract with Portland Streetcar, Inc. through June 30, 2021 and add \$1,070,300 in compensation for Streetcar Operations Assistance (Ordinance; amend Contract No. 30004833) 15 minutes requested	The total added compensation for this contract extension is \$1,070,300 and will run through June 30, 2021. The Bureau's level of confidence in the cost estimates for this project is high. Funding for the extension is included in the Bureau's FY 2020-21 Adopted Budget.

<p>*737 Authorize the Bureau of Transportation to acquire certain permanent and temporary rights necessary for construction of the 4M Bikeway project, through the exercise of the City's Eminent Domain Authority (Ordinance)</p>	<p>Total project cost is budgeted for \$1.7M (low confidence estimate) which includes design, acquisition and construction phases. Property values associated with the property acquisitions have not yet been quantified since negotiations are not completed; however, an estimate for the right of way phase has been budgeted in the Transportation Operating Fund. Funds are available in the Transportation Operating Fund Budget, FY 2020-2021 Budget.</p>
<p>738 Amend Local Improvement District procedure for technical clarifications (Second Reading Agenda 690; amend Code Chapter 17.08)</p>	<p>According to PBOT, the Code updates reflect past financial practices, and no significant financial impact is anticipated.</p>
<p>739 Vacate SW Broadway Dr at SW Grant St subject to certain conditions and reservations (Second Reading Agenda 702; VAC-10110)</p>	<p>The process for vacating streets is a cost recovery program and according to the Bureau does not have a net impact on PBOT's budget. The costs for processing the vacation request are being paid by the Owners. The cost of the street vacation is estimated (with moderate confidence) to be approximately \$24,000. Fees paid by the Owners for this street vacation will cover the actual expenditures incurred by City staff for the processing of this request.</p>
<p><u>WEDNESDAY, 2:00 PM, SEPTEMBER 16, 2020</u></p>	

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<p>740 TIME CERTAIN: 2:00 PM – Declare intent to initiate local improvement district formation proceedings to construct street, sidewalk, and stormwater improvements in the NW Park Ave and Johnson - Kearney Sts Local Improvement District (Resolution introduced by Commissioner Eudaly; C-10069) 1 hour requested for items 740-741</p>	<p>The LID amount is \$23 million with \$18 million from Assessment Zone 'A' west of NW Broadway and \$5,000,000 from Assessment Zone 'B' east of NW Broadway. An additional \$4.6 million in project costs will be funded by PBOT Transportation System Development Charge (TSDC) revenue. Of the \$4.6 million in TSDC funded project costs, \$897,000 is included in the FY 2020-21 Adopted Budget.</p>
<p>741 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 (Ordinance introduced by Mayor Wheeler; amend Ordinance No. 187770)</p>	<p>See below.</p>
<p>742 TIME CERTAIN: 3:00 PM – Proclaim September 15 to October 15, 2020 to be Latinx Heritage Month (Proclamation introduced by Mayor Wheeler and Commissioner Fritz) 1 hour requested</p>	<p>No fiscal impact.</p>
<p><u>THURSDAY, 2:00 PM, SEPTEMBER 17, 2020</u></p>	
<p>743 TIME CERTAIN: 2:00 PM – Accept report Dark Skies: Strategies for Reducing Light Pollution in Portland (Report introduced by Mayor Wheeler) 1 hour requested for items 743-744</p>	<p>There are no direct financial costs related to this Ordinance. The report provides background on the topic of Dark Skies and includes a prioritized list of actions and projects that, if implemented in the future, will require funding. Resources and expected amounts are not included in the report.</p>
<p>744 Proclaim September 19, 2020 to be Lights Out Portland Night in Portland (Proclamation introduced by Mayor Wheeler)</p>	<p>No fiscal impact.</p>

REGULAR AGENDA

Mayor Ted Wheeler

Office of Management and Finance

***745** Authorize changes to established Safety Net Program allowing the Director of Human Resources and Bureau Directors additional authority to enter into flexible safety net temporary leave, safety net severance, and reduction of hours agreements during FY 2020-21 and FY 2021-22 (Previous Agenda 706)

See below.

696 Authorize sewer revenue bonds to finance sewer system capital improvements in an amount not to exceed \$350 million and to refund outstanding bonds

CBO Analysis

The proposed legislation authorizes the issuance of bonds secured by the net revenues of the City’s sewer system that are sufficient to provide proceeds of up to \$350 million to finance capital assets of the sewer system. Additionally, the Ordinance authorizes the issuance of sewer system revenue refunding bonds to refund any outstanding sewer system revenue bonds (the “Refundable Bonds”) that produce debt service savings or to reorganize outstanding debt if necessary. Currently, the only outstanding Refundable Bonds would need to be advance refunded. The City may consider a taxable advance refunding or secondary market purchase of bonds if advantageous market conditions exist at the time of the bond sale(s).

The Ordinance is intended to authorize Bonds that are expected to be issued in FY 2020-21 and FY 2021-22. While approximately \$140 million of Bonds are expected to be issued in the current fiscal year, a higher amount may be issued to fund project needs if there is a financial benefit in doing so based on market conditions at the time of the sale.

While the repayment structure will not be finalized until the sale date of the Bonds, estimated annual debt service on the Bonds is expected to be issued in FY 2020-21 is approximately \$8.8 million. The rate increase of 2.85% in FY 2020-21 for the average sewer single family bill is projected to be sufficient to meet debt service coverage requirements with the issuance of the Bonds.

713 Authorize an Intergovernmental Agreement with TriMet and the City in the amount of \$650,000 to provide fiber optic cable installation and maintenance

CBO Analysis

The City will pay TriMet an amount not to exceed \$650,000 to cover the City’s share of the fiber optic cable infrastructure construction costs. Funding is included in the BTS Capital Improvement Plan.

BTS is strategically planning and constructing backbone segments that allow for the creation of redundant and resilient rings within the City’s network. This year along with the Division Transit Project there are four other segments approved and in various stages of engineering and construction. BTS will plan and build targeted segments each year expanding the IRNE with each completed project. The IRNE Fiber Expansion Program’s FY 2020-21 Adopted Budget Five-Year CIP is \$9,440,000. BTS is requesting \$1,532,917 in project funding carryover in the FY 2020-21 Fall BMP. All operating costs of the Fiber Optic Network after construction will be covered by a combination of BTS interagency rates and intergovernmental revenue, within current service level operating budgets.

728 Authorize the Bureau of Environmental Services to enter into an Intergovernmental Agreement with the City of Lake Oswego to cooperate on a potential replacement of the Tryon Creek Wastewater Treatment Plant via a public-private partnership

CBO Analysis

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There is no direct budgetary or fiscal impact of this proposed action. BES staff will continue to contribute staff time to participate in the procurement process and project feasibility review. Capital reinvestment needed at TCWTP is estimated to be in the range of \$150 million to \$200 million or more over next 30 years, with nearly \$100 million of that amount anticipated within the next 10 years.

This Ordinance and the accompanying draft intergovernmental agreement will support the cities of Portland and Lake Oswego to proceed with the procurement process for a public-private partnership to design, build, finance, operate and maintain (“DBFOM”) a replacement sewer treatment plant within the City of Lake Oswego. The procurement process is being led and managed by the City of Lake Oswego as they will become the long-term owner of the new treatment plant and will have the direct contractual relationship with the DBFOM provider. Portland will pay Lake Oswego for wastewater collection and treatment services rendered under the new DBFOM arrangement. (This is the reverse of the current arrangement, where Portland owns/operates and Lake Oswego pays for services.) The City of Portland expects to have two representatives on the committee responsible for selection of the DBFOM provider.

If the City of Lake Oswego procurement is successful and DBFOM of a new Lake Oswego-owned treatment plant proceeds, future City Council action (via a new intergovernmental agreement) will define long-term responsibilities under the new arrangement, including financial obligations and costs. The expectation of BES staff is that the all-in long-term costs of a DBFOM will be, at minimum, cost neutral to the City of Portland. Current indications are that the long-term all-in costs of the DBFOM will be less than the status quo of City of Portland ownership and reinvestment. The procurement process will provide the information necessary to make a confident determination regarding long-term cost expectations. An indication that all-in long-term costs are equal to or below the status quo of City Portland ownership and reinvestment is expected to be a condition of deeming the procurement successful. If the procurement indicates higher costs than the status quo, the procurement is expected to be deemed unsuccessful. If the procurement is not successful, the City of Portland will continue to own and operate TCWTP, and investment in major facility upgrades will commence under the terms of the 1984 Agreement.

If the procurement is successful and the DBFOM project is deemed feasible based upon those results, and either Lake Oswego or Portland subsequently decide to terminate the project, the City of Portland could be responsible for a portion of the costs incurred by the successful bidder as of the point of that termination decision. Those costs are not expected; the scope of those potential costs is currently not known.

734 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.

741 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

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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.

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- 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

***745 Authorize changes to established Safety Net Program allowing the Director of Human Resources and Bureau Directors additional authority to enter into flexible safety net temporary leave, safety net severance, and reduction of hours agreements during FY 2020-21 and FY 2021-22**

CBO Analysis

This Ordinance expands the Safety Net Program to allow for additional leave and reduced work-hour agreement options for City employees with increased caregiving responsibilities due to COVID-19. The ordinance also expands the Safety Net Program's severance option which currently provides a one-time severance payment and continuation of healthcare coverage for up to 6 months for certain categories of employees who are at risk of lay-off from City employment. Due to the financial impacts of the COVID-19 pandemic, the ordinance would allow the severance program to be offered to any employee or groups of employees, whether at risk of layoff or not, either one or a combination of the following: (1) continued coverage of healthcare for up to six months; and/or (2) cash payout. Total costs of one or a combination of these options shall not exceed \$15,000. Employees that take the severance package will not have recall rights.

It is difficult to calculate the potential costs of the expanded Safety Net Program as it depends largely on the number of employees that participate in the program, the options selected by staff, and how the productivity lost from reduced hours, leaves of absence, and separations are managed by the bureaus. The financial impact statement states that the expanded program should not result in increased overtime costs, but there may be short-term increased costs in Safety Net Severance and voluntary lay-off payouts upon separations, but anticipates vacancy savings will offset any increase in short-term expense. The ordinance also emphasizes that Bureau deliverables and timelines may need to be adjusted during this unprecedented time, but makes an exception for work of a critical nature (e.g. public safety, water main break). While the ordinance gives bureaus discretion to make decisions that work best for them, CBO notes that the expanded Safety Net Program could result in additional overtime and temporary staff costs if large numbers of staff participate in Safety Net Program simultaneously, particularly for bureaus that perform work that cannot be reprioritized.