

J. Scott Andrews
Commission Chair

Aneshka Dickson
Commissioner

John C. Mohlis
Commissioner

Steven Straus
Commissioner

Charles A. Wilhoite
Commissioner

Sam Adams
Mayor

Patrick Quinton
Executive Director

This document represents the official meeting records of the June 27, 2012, Portland Development Commission (PDC) Board of Commissioners' Meeting held at 222 NW Fifth Ave., Portland, OR 97209. The full video recording of this meeting can be found at: <http://www.youtube.com/watch?v=OkpelZqx1Us>.

1. Call to Order and Roll Call

Chair Andrews called the meeting to order at approximately 8:05 a.m. Ms. Gina Wiedrick, Board recording secretary, called the Commission roll:

| | |
|-------------------------------|-------------------------|
| Chair Scott Andrews | PRESENT |
| Commissioner Aneshka Dickson | PRESENT |
| Commissioner John Mohlis | ABSENT [see note below] |
| Commissioner Steven Straus | ABSENT |
| Commissioner Charles Wilhoite | PRESENT |

Chair Andrews announced that Commissioner Mohlis would join the meeting by telephone after the Tax Supervising & Conservation Commission (TSCC) meeting.

2. Commissioner Reports

Chair Andrews

- Made a presentation to a Chinese delegation.
- Joined Tom Hughes and Harold Pollin in presenting to the editorial board Metro's Request for Payment for the Convention Center Hotel.

Commissioner Dickson

- On June 15 attended the FBI grand opening event.
- On June 16 attended the Dr. Charles Drew Blood Drive community event.

3. Executive Director Report

- PDC recently announced Community Livability Grants; nine were awarded in the Interstate Corridor Urban Renewal Area (URA) and one in the Lents Town Center URA.
- On June 26 Commissioner Mohlis attended a Portland Youth Builders ribbon cutting in Lents.
- On June 26 Central City Concern had a graduation event in the Commission Room.
- On June 28 will talk regarding the Central Eastside with Jonathan Malsin, of Beam Development, and representatives from the Central Eastside Industrial Council.
- On July 6 will speak to a City of Copenhagen delegation.
- Announced that Linda Andrews will be retiring this week, and Dan Spero (a PDC employee of five years) is her successor.

4. Meeting Minutes

Chair Andrews called for a motion to approve the June 13, 2012, board meeting minutes. Commissioner Wilhoite moved and Commissioner Dickson seconded the motion.

AYES: Andrews, Dickson, Wilhoite
NAYS: None

5. Public Comments for Items Not on Agenda

Lee Perlman, 512 NE Brazee Street, stated that he is not authorized to speak for them but he is active in the Eliot Neighborhood Association. His comments were regarding statements made by Joe Zehnder and Paul Smith at the June 13, 2012, Board meeting which he perceived as incorrect. According to his notes, Mr. Perlman noted the following:

- (1) This falls under the transportation program for north Broadway. Mr. Zehnder said that there was consensus among the steering stakeholders committee. They actually do not have consensus; there were three dissenting votes.
- (2) Mr. Smith commented that there was a briefing before the Planning Commission where a Mr. Chris Smith indicated that he was not fond of funding projects because the required investment seemed both impracticable to obtain and also way out of proportion given the backlog of other transportation needs about the city.

Mr. Perlman passed out a four-page document titled "Eliot Neighborhood Association Position on the I-5 Freeway Project and Associated Surface Improvements," attached at the end of these minutes as Attachment 1.

CONSENT AGENDA

6. Action Item: Authorizing a Contract with the City of Portland in the Amount of \$2.1 million for the Purpose of Operating and Administering the Economic Opportunity Initiative Program During FY 2012-13

With this action the Board was asked to authorize the Executive Director to sign the FY 2012-13 Subrecipient Contract between the Portland Housing Bureau (PHB) and the Portland Development Commission (PDC) for the implementation of the Economic Opportunity Initiative (Initiative) by PDC. The Initiative has three components: Adult Workforce Development, Youth Workforce Development, and Microenterprise Development. The contract continues operational and administrative responsibility for the Initiative at PDC and will provide approximately \$2.1 million in federal Community Development Block Grant (CDBG) funds to PDC for this purpose. An additional \$1.57 million in General Funds will be provided by the Office of Management and Finance (OMF) through a separate agreement that will be considered by the PDC Board of Commissioners (PDC Board) in July 2012. The PDC Board authorization is needed for the Executive Director to sign contracts exceeding \$500,000.

Chair Andrews called for a motion to approve Resolution 6954; Commissioner Wilhoite moved and Commissioner Dickson seconded the motion.

AYES: Andrews, Dickson, Wilhoite
NAYS: None

REGULAR AGENDA

At approximately 8:20 a.m. Chair Andrews called to adjourn the regular meeting for the 8:35 a.m. time certain TSCC hearing.

At approximately 8:32 a.m. Chair Andrews turned the meeting over to the TSCC.

7. Information Item: Tax Supervising and Conservation Commission (TSCC) Public Hearing on and Certification of the FY 2012-13 Approved Budget

The TSCC Chair, Javier Fernandez, opened the public hearing by stating this is a public hearing of the Multnomah County TSCC for the purpose of discussing the 2012-13 Approved Budget for the Portland Development Commission. He said one of TSCC's responsibilities, as detailed in state law, is to review the budgets of all municipal corporations under the commission's jurisdiction, saying TSCC staff have carefully reviewed the budget and worked with PDC staff on technical aspects of the budget. He said they have questions concerning the financial policies implicit in the budget that they would like to have answered, questions a typical citizen may ask. He said in this sense, the TSCC is here today representing all of the citizens that might not be able to ask questions of the PDC Board directly. He further stated they encourage citizens to attend these public hearings and learn more about the District's budget and make any comments that are appropriate. He said meeting minutes of this public hearing will be prepared and retained as permanent record of the proceedings.

Chair Fernandez stated that he does not have any conflict of interest as he enters this hearing. He then asked everyone to introduce themselves: Ms. Susan Schneider (Commissioner), Mr. Terry McCall (Commissioner), Dr. Roslyn Elms Sutherland (Commissioner), Mr. Tom Linhares (Executive Director), and Ms. Tunie Betschart (Budget Analyst). Chair Fernandez asked the PDC Board to introduce themselves.

The questions posed by the TSCC team to PDC's Board are listed below, along with the PDC Board's response.

Commissioner McCall asked Question 1: This year's budget is the first in many years that does not include either reorganization, a change in how the budget is structured and/or staff reductions. Is there a sense that you have come through a storm and are now operating in a relatively calm environment?

Chair Andrews Response: Maybe we are in the middle of the storm, I am not sure because this year's budget, aside from a reconfiguration chart of accounts that included better definitions for business lines and some enhanced budget detail, there really are only incremental changes from last year's budget. In addition, the priorities are pretty much the same as they have been for the last three years. But any other changes will only last for the next two fiscal years. Given the districts that have expired and we are winding up in the districts that are about to expire our revenue forecasts fall off the budget significantly, especially as you get out seven or eight years.

Commissioner McCall asked Question 2: Will anticipated future debt proceeds backed by tax increment financing (TIF) revenues sustain your current staffing and other fixed costs over the next five to ten years or do you anticipate further downsizing as more plan areas expire or simply do not increase in value due to the slow economic recovery? You addressed that point, but would you like to add any specifics?

Chair Andrews Response: The Forecast includes a reduction of 30 percent in between FY 2014-15 and FY 2016-17. We are already researching resource development alternatives with a goal of becoming much less dependent on TIF and becoming more focused on becoming self-sustaining organization, looking for fees for service, asset management, revolving loan funds and other enterprise activities. We are going to have to change; we have the time to figure it out and get the support of City Council and the necessary reaching out.

Commissioner McCall asked Question 3: The Executive Director's Budget Message states that the agency adopted a revised mission statement this past January. What process did you go through to develop the final wording of the statement and how is the current mission statement different from the previous statement?

Commissioner Wilhoite Response: As I discussed in my opening comments, PDC has gone through significant change for the past four or five years. Part of that significant change was the creation of the Portland Housing Bureau, formerly PDC's housing activities, but with the creation of the Housing Bureau we do not participate directly in housing activity but do work in conjunction and coordination with the Housing Bureau. With the creation of the Housing Bureau and the adoption of the Economic Development Strategy by the City of Portland, we now focus more on economic development and that is the key impact with regard to the change in operations. In order to align our new official mission with our changing mandate and to provide a clear expression of this focus on economic development activity, PDC Leadership created a team to focus on the change that was in front of us. We pulled together all key elements of the organization the focus collected on an economic development strategy. This team revised the options and worked with the Leadership to develop a final revised strategic plan including the mission statement to reflect that we have shifted toward job creation. And with the economic crisis that we are facing in the country and the city and looking at the City of Portland's Economic Development Strategy our focus has gone in that direction and is reflected in our mission statement and our operating objectives. It was adopted by the Board last January.

Commissioner McCall asked Question 4: A good share of the City's General Fund allocation is for the Economic Opportunities Initiative (EOI) which provides assistance to low income residents. Can you provide more details about this program as it applies to the PDC: what services it provides, who is eligible, and what outcomes are expected?

Commissioner Dickson Response: This program, the Economic Opportunity Initiative (EOI) which was actually established in 2004, it supports our implementation of the Neighborhood Economic Development Strategy and our Ten-Year Plan to End Homelessness in the city. These programs provide workforce training, microenterprise development, and other support services through contracts with non-profit providers to individuals at between 0 percent and 80 percent of the Median Family Income, depending on which program they are utilizing. Individuals enrolled in the EOI receive services for up to three years in order to increase their personal income and their skill development. The program participants often face barriers to employment and business development such as limited English

proficiency, criminal histories, homelessness, and drug and alcohol addictions so it is a really important program for communities that have these barriers. Individualized plans to address education, training, job or life skill needs are developed for each participant. In the FY 2012-13, the EOI anticipates serving approximately 1080 multi-barriered individuals with workforce development services and 330 businesses with microenterprise support. Fifty-five percent of the enrollees are anticipated to graduate after three years with a minimum of 25 percent increase in income or revenues. Approximately 52 percent of participants currently enrolled in the EOI are minorities and another 15 percent are non-native speakers so it is a very important program.

Commissioner McCall asked Add-on to Question 4: How do you feel about the goal to end homelessness and the security climate; what is your confidence level?

Commissioner Dickson Response: We have the 10-Year Plan; it is a really complicated issue but a lot of the projects that we are funding are exactly geared towards that mission, that goal, so I hope that it would be within that time period. I do not know exactly where we are in terms of when we started with that particular Plan but I believe we still have five or six years remaining.

Commissioner Schneider asked Question 5: When we met last year the Housing Set-Aside policy was under review. Have any changes been made?

Commissioner Wilhoite Response: The Commission and City Council adopted an updated Set Aside Policy last fall, which calls for at least 30 percent of TIF proceeds to be invested in affordable housing across most Urban Renewal Areas (several of the older URAs remain under 30 percent and the new NPI districts are excluded from the policy). The adopted administrative rules also included an updated methodology for calculating the set aside percentage going forward. The future allocations will be based on percent of total TIF debt proceeds (this after taking out four percent for debt and financial administration) instead of percent of total TIF related capital expenditures. The difference is primarily that staff and other operating expenses that are paid for using TIF debt proceeds will now be part of the 30 percent whereas before they were not included, so there are some administrative costs included within the 30 percent set aside. Overall, the changes in methodology amounted to less than a one percent change in the total TIF resources split between PDC and PHB. There were administrative and mechanical changes allowing for some costs to be included in the calculation of TIF.

Commissioner Schneider asked Add-on to Question 5: Were there any exceptions in the policy?

Commissioner Wilhoite Response: When we look at the change we are looking at the fact that staff and other operating expenses that are paid for using TIF debt proceeds will now be a part of the 30 percent.

Commissioner Schneider asked Add-on to Question 5: It is not certain areas?

Commissioner Wilhoite Response: No, that is just how we manage the money administratively.

Chair Andrews Added: I would like to point out the TIF Set Aside Policy was five years old prior to the City Council adopting the resolution and called for a review at the end of the five-year period. The biggest changes are we went from a funding model that provided 30 percent of what we spent annually, which is very different from for them to plan on for funding programs. In order for this to actually work,

because there is some money that has to go to running PDC, we needed to make a little bit of a change in terms of how that was calculated. The discussions and negotiations with the Housing Bureau and Commissioner Fish were terrific and there certainly was a potential for conflict there, but we had a great conversation and the result was a win-win.

Executive Director Quinton Added: In Commissioner Wilhoite's answer he did not mention that we created six new neighborhood districts. There may be a question later about them, but we did exclude them from the Policy because they are so small we did not want to worry about them and they would bring in a very small amount of money. Everyone at the table agreed to the objectives of those neighborhoods and agreed to leave them out.

Commissioner Schneider asked Question 6: You addressed this question already, which is how does this year's limit change your day-to-day work issues?

Commissioner Wilhoite Response: There have been some noticeable changes within the agency as a result of the creation of the Portland Housing Bureau. Staff charged with delivering housing projects that were formally housed at PDC now are housed at the Housing Bureau along with those resources, so that was a significant change for PDC and reflects the total staff in numbers. The agency-wide focus on job creation, however, has not changed dramatically so we remain a development agency focused on increasing economic activity in the city of Portland and the work with our Business & Industry team along those lines. Finally, the level of collaboration on projects and programs between the Business & Industry division and the Central City and Neighborhood divisions has substantially increased. We are trying to coordinate all the activity so that they work towards economic development and job creation. But of course we will require coordination with the Housing Bureau so that all of the projects are developed with the overall economic advancement objective in mind. Together, staff work to support employment and business growth within what might have formerly been traditional development and infrastructure projects and/or tools. So once again the focus is coordinating activity towards economic development. For example, staff continues to work with developers on Commercial Redevelopment Loans but now could use that tool to facilitate development that supports a software cluster business tenant. We have four business clusters that we are focusing on so when a development project comes up there could be a housing component we would work with Housing to make sure we maximize the investment of PDC funding.

Commissioner Schneider asked Question 7: We already talked a little about the new URAs and we will certainly talk more next year. For now the question is why the new URA that was created the Oregon Sustainability Center was not included in that.

Chair Andrews Response: I have spent a lot of time working on the Sustainability Center and have been to southern Oregon several times. The Sustainability Center is inside the existing South Park Blocks, which is beyond the day for issuing of debt but still has several million dollars available for use. For the Sustainability Center there is a line budget item within that district, so there were sufficient funds available to do it within that district. In addition, Commissioner Dan Saltzman requested that it be excluded because he wanted to make sure that the new district would not be burdened by anything that came out of this line item.

Commissioner Schneider asked Question 8: None of the new Neighborhood Prosperity Initiative URAs have an expiration date. Why is that?

Commissioner Dickson Response: The Neighborhood Prosperity Initiative Districts will only use the du jour debt equal to the amount of annual tax receipts to make investments, as opposed to issuing long-term debt that is paid over time by annual tax receipts. Using this approach, districts will automatically expire when maximum indebtedness is reached and there will be no long-term debt to repay once maximum indebtedness is reached; unique from the other community contributions. At that point in time property taxes will flow back to overlapping taxing jurisdictions (it is forecasted to be about a nine-year process). This financial arrangement was done in partnership with Multnomah County and the City of Portland.

Chair Fernandez asked Add-on to Question 8: Is there a legal restriction embedded in the nature of the reasons for legally saying long-term debt versus du jour debt, or is this something that we could administratively?

Chair Andrews Response: No, it is part of the improvement district's financial responsibility. The City Council could update the Urban Renewal Plan, but each of these districts is on the order of \$100,000 to \$150,000 a year. They are small districts, small business and retail areas, and their rents are expected to be smaller. It is a completely different animal. This is a new way for us to help the neighborhoods out versus the bigger districts.

Commissioner Schneider asked Question 9: The City and PDC are currently going through a process, called "Future of Urban Renewal", of reviewing all URAs to determine what changes, if any, need to be made in terms of boundaries, maximum debt allowed and expiration dates. So far, decisions have been made on seven, leaving Central Eastside, Gateway Regional Center, North Macadam and Willamette Industrial left to be reviewed. What is the time frame and how does a new City Council and a new chair affect that?

Commissioner Wilhoite Response: I am sure staff and the public is pleased to hear that the Future of Urban Renewal process has been completed. It was a very specific focused look on our Urban Renewal Areas as to where each of them stood as far as their expiration and issue of debt. As a result of that Future of Urban Renewal process, we reviewed, amended, and created several other Urban Renewal Areas. When we look at the list we see that the Central Eastside was amended in 2005; the Lents Town Center, River District, was amended in 2008; Downtown Waterfront, South Park Blocks, were reviewed in 2008. We systematically looked at Urban Renewal Areas over a period of time; we made amendments exceeding some of those areas, making changes that we thought were in the best interest to the city of Portland going forward.

Continuing down the list, Airport Way was amended in 2009; Interstate Corridor, Oregon Convention Center, those two were amended in 2011; we had the six Neighborhood Prosperity Initiative URAs created in 2012; and lastly, the new Education URA was created in 2012.

We have a very comprehensive review of our Urban Renewal Areas over the last seven years. With the creation of the NPI Urban Renewal Areas in 2012, and the creation of the Education Urban Renewal Area in 2012, as you can see we have been very busy, we have had a lot of public involvement, a lot of

internal thinking and strategy, a lot of coordination with the City Council. We feel very good about where we sit as far as looking at our Urban Renewal Areas going forward. As Chair Andrews indicated earlier, there is specific focus on how we are going to continue to fund what we believe are much needed activities of the Portland Development Commission going forward.

Chair Fernandez asked Question 10: The largest single amount budgeted for next year is \$22 million for renovations to Veterans Memorial Coliseum within the Oregon Convention Center URA. Is PDC involved in deciding what those renovations will be or are those decisions being made by the City Council?

Chair Andrews Response: As Chair I have taken a lot of personal interest, spent a lot of time looking at this project; I think it is very, very important. The scope of the project has been a joint effort of all the folks on the table; PDC; the City, really represented by OMF, who is responsible for the private partners; the Winterhawks are still wanting to make a \$10 million investment; as well as Portland Arena Management, who is the building operator and provider of construction services, which are being provided at no cost. We have been heavily involved in the decision making process.

Chair Fernandez asked Question 11: Along the same URA there is a line item for \$4 million for a Convention Center Headquarters Hotel. Assuming the project moves ahead with a private developer, what would the \$4 million be used for?

Chair Andrews Response: I had the opportunity to sit in front of the Oregon Editorial Board this week with Tom Hughes of Metro, and Harold Pollin from the hotel industry. When the Convention Center was initially conceived, the hotel was supposed to be part of phase one and they could not accomplish it, and so then it was supposed to be phase two. Here we are decades later without a Convention Center hotel, when the model for the success of the Convention Center was based originally on having one. Metro is leading this effort, which makes a lot of sense. We have participated closely with them in terms of creating the RFP which is out at this point; a response is due July 11. There really is no target in terms of where that \$4 million might go. We expect there will be gaps somehow and we want to take a look at what proposals come in and who is taking them. We have not agreed to give away land for this, but we are trying to get fair-market value for it. Although we are fully supportive of moving forward with it, we do not have a specific plan at this point.

Commissioner Schneider asked Add-on to Question 11: Are you getting much interest in the RFP?

Chair Andrews Response: Metro is running it; Tom Hughes is expecting 5 or 6 series responses.

Commissioner Sutherland asked Add-on to Question 11: In all the years that this has been going on, is this the first RFP to come out?

Chair Andrews Response: No, I think there have been a couple in the past, but the thought is that the industry has turned around, we are seeing some hotels (there is a new one going up in River Place), interest rates have fallen dramatically from the last time we looked at this, construction prices have fallen dramatically as well; it seems like it is really good timing.

Chair Fernandez asked Question 12: The new park in the River District Area is budgeted to receive \$4.1 million next year. Can you tell us a little about this newest Pearl District park and when it might open?

Commissioner Dickson Response: The Fields Park is the third Pearl District park; the people in the Pearl District are excited about it, they have been waiting for this park, and it is a huge priority for this district. As per the design concept of Peter Walker, landscape architect, the park is a little over three acres and it will incorporate a large grassy open field, a separate children play area, and a fenced urban off-leash dog park. The park should be officially open by spring 2013. I was able to attend the ground breaking; it is ready to go and the community is very excited about this project.

Chair Fernandez asked Question 13: In the River District Area there is a \$1.75 million line item to relocate the Mounted Police Unit (MPU) horse barn. Can you tell us a little bit more about where it is being relocated to and if this is an indication of the progress that you made to redevelop the Centennial Mills property?

Commissioner Dickson Response: The inclusion of this budget item reflects potential progress based on the expressed interest of two respondent development teams to the redevelopment opportunity at Centennial Mills. Staff anticipates bringing a developer team to our Board by July this year to enter into negotiations for a Memorandum of Understanding, which should lead to a Disposition and Development Agreement. One of the locations that is being explored for the relocation of the MPU is underneath the Broadway Bridge on currently owned PDC property.

Commissioner Sutherland asked Question 14: The Central Eastside URA is getting close to issuing its maximum amount of debt. Is there a sense of urgency to move forward with the Burnside Bridgehead project? You may have to give some descriptions.

Commissioner Wilhoite Response: Similar to the discussion about the Convention Center Hotel, the Burnside Bridgehead project has been on the burner for quite a while. That project is moving forward right now with the redevelopment of the Convention Plaza building that is anticipated to close in July of this year. We are also in early stage negotiations on DDAs for Block 67 and a portion of Block 75. All three of these projects are being sold at market rates with little if any expected subsidy from PDC. We are moving forward with the Burnside Bridgehead development in the form of the Convention Plaza building, and then there are two other projects that are under consideration, and of course the public has been very involved with regard to what goes on at the Burnside Bridgehead. We strategically looked at that opportunity; over the years we have considered different projects on that property to move forward with, and one project is in the works now and two others are under consideration.

Commissioner Sutherland asked Question 15: We understand that the Uwajimaya Asian Grocery Store has decided not to develop a store in the Downtown Waterfront yet there is \$5.5 million budgeted in the 12-13 budget to develop Block 33. Are there any specific plans for that money and if so what are they?

Chair Andrews Response: We were disappointed when Uwajimaya came to that conclusion. I was involved a little bit with this as well; it is my understanding that it had more to do with how their economy is doing with this last expansion in this particular site. It is a fairly small family-owned organization. Nevertheless, that block is the keystone to the development of this district so we gave the

new development team till the end of this month to create a new concept, pro forma, and they are actually talking to some new tenants. If that does not happen and it expires at the end of this month, and if there is some serious interest from some major, credible tenants then we would probably take a look at splitting that into smaller pots of money and try to bring other businesses in.

Commissioner Sutherland asked Question 16: The North Macadam URA's budget includes \$12.6 million for completion of Veterans low income housing. How many units will there be and will they be reserved, all of them?

Commissioner Dickson Response: There are going to be 208 units and 42 of those units will be reserved for veterans.

Commissioner Sutherland asked Question 17: Will there be space allocated for providing social services to veterans?

Commissioner Dickson Response: Yes.

Executive Director Linhares asked Question 18: Who will be the provider of the services?

Executive Director Quinton Response: I do not know specifically but I think it will be an outsourced provider. Does anyone know? [*Staff answered that it will be Reach.*]

Chair Fernandez asked if there were any comments from the public. Executive Director Linhares answered that no one had signed up.

At approximately 9:11 a.m. Chair Fernandez closed the public hearing and opened the regular TSCC meeting to discuss PDC's budget. He asked Executive Director Linhares if he had any comments.

Executive Director Linhares stated that he had one recommendation about corporate expenditure in the 2010-11 year: to monitor amounts more closely and use best efforts to make sure that important expenses are paid.

Chair Fernandez restated that the recommendation is that PDC pay closer attention to over-expenditures on all expenses.

Chair Fernandez called for a vote to certify the budget and all responded in favor of this action. He did not close the TSCC regular meeting, as they would leave the room to continue their own discussions of other administrative topics, and turned the room back to the PDC Board.

At approximately 9:14 a.m. Chair Andrews reconvened the PDC meeting, but called for a break while we connect with Commissioner Mohlis via phone.

At approximately 9:25 a.m. Chair Andrews reconvened the PDC meeting with Commissioner Mohlis on the phone.

8. Action Item: Adopting the FY 2012-13 Budget

Portland Development Commission staff presenting this item:

Mr. Tony Barnes, Budget Officer

With this action the Board will formally adopt PDC's FY 2012-13 Recommended Budget and appropriate resources set forth therein, effective July 1, 2012. Adoption by the PDC Board of PDC's FY 2012-13 Recommended Budget represents the final phase of the FY 2012-13 budget process, which began last December. Upon adoption, PDC's 2012-13 Recommended Budget will become PDC's 2012-13 Adopted Budget.

With the recommended changes, the total PDC budget will increase from \$210,327,385 in PDC's FY 2012-13 Approved Budget to \$217,634,784 in PDC's FY 2012-13 Recommended Budget, including Transfers and Contingency. Budgeted expenditures increase slightly from \$167,474,877 to \$168,408,229.

Chair Andrews asked if the software that was implemented last year (for budget tracking); where are we in terms of being fully up and running? Mr. Barnes responded that the reports have been in place for approximately six months; they continue to review budget codes and make adjustments as necessary. It will be in full use the next budget year and staff will receive training in the next month. Executive Director Quinton added that in the next budget cycle (FY 2013-14) we will be able to build the overall budget up from the project budgets, as opposed to years past where the overall budget was built first and the project budgets were budgeted within that.

Chair Andrews commented that he had had the opportunity to discuss with Commissioner Straus the two comments he brought up in the last meeting, and feels that Commissioner Straus is satisfied with the revenue changes we made and his concerns were addressed.

Commissioners Wilhoite, Dickson, and Mohlis spoke in favor of the budget process and appreciate the work put in by PDC staff.

Chair Andrews called for a motion to approve Resolution 6955; Commissioner Wilhoite moved and Commissioner Dickson seconded the motion.

AYES: Andrews, Dickson, Mohlis, Wilhoite

NAYS: None

9. Action Item: Authorizing the FY 2012-13 Intergovernmental Agreements with the Portland Housing Bureau

Portland Development Commission staff presenting this item:

Mr. Tony Barnes, Budget Officer

With this action the Board will authorize the Executive Director to execute an intergovernmental agreement (IGA) with the Portland Housing Bureau (PHB) for PHB's implementation of housing

rehabilitation, finance and development in Urban Renewal Areas and implementation of other housing activities, and an IGA with PHB for the delivery of support services to PHB by PDC for FY 2012-13.

- (1) Housing Rehabilitation, Finance and Development Agreement: Provides for PHB implementation of urban renewal activities involving housing rehabilitation, finance and development funded through urban renewal resources to be paid to PHB on an expense reimbursement basis. The agreement requires, as part of the reimbursement process, certification from PHB that the costs incurred are eligible urban renewal expenditures. The agreement also makes PHB responsible for certain other housing activities not financed by the Portland Development Commission (PDC).
- (2) Housing Support Services Agreement: provides for PDC's delivery of services to PHB to support PHB's urban renewal and non-urban renewal housing activities including certain property management services, information technology (IT) services, and construction and environmental services.

Chair Andrews made a comment regarding Exhibit B with regards to the item of transferring the Housing Bureau from PDC. There is some expertise and services that the Portland Housing Bureau does not have and it better if these pieces remain with PDC.

Commissioner Dickson spoke in favor of the IGA.

Commissioner Wilhoite also spoke in favor and asked one question. Is there a plan for continued migration so that these issues are resolved down the road? Mr. Barnes answered that the Portland Housing Bureau is in the middle of finishing their loan system in the next year; this should be the last year that PDC would list this item. Chair Andrews added that PDC will probably provide debt services and other consulting services.

Chair Andrews called for a motion to approve Resolution 6956; Commissioner Wilhoite moved and Commissioner Dickson seconded the motion.

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

10. Action Item: Extending Term of Request to City Council to Issue Short-Term Subordinate Urban Renewal and Redevelopment Bonds

Portland Development Commission staff presenting this item:
Mr. Tony Barnes, Budget Officer

With this action the Board amends Resolution No. 6473, adopted by the Commission on June 13, 2007, to extend, through the end of Fiscal Year 2011-12, the Commission's request to City Council to issue short-term subordinate urban renewal and redevelopment bonds through the end of Fiscal Year 2011-12. All other provisions of Resolution No. 6473 will remain in effect.

Commissioner Wilhoite asked two questions:

- (1) That first amendment is for a five-year period through the end of this fiscal year? Chair Andrews answered that a mistake was made in 2007 and this fixes the date so that it ends with the fiscal year-end.
- (2) I am assuming that this is normal operation and something we will continue to approve in five-year blocks? Mr. Barnes answered that that is correct.

Chair Andrews called for a motion to approve Resolution 6957; Commissioner Wilhoite moved and Commissioner Dickson seconded the motion.

AYES: Andrews, Dickson, Mohlis, Wilhoite

NAYS: None

Chair Andrews made a final point of reminding everyone that the July 11 Board meeting has been cancelled; the next meeting is set for Wednesday, August 15.

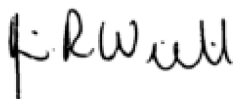
Commissioners Mohlis provided his report on activities:

- While on a recent trip to Boston he had a meeting with the Boston Development Agency; it was interesting to see how Boston's urban renewal agency worked and to note the differences and similarities between our agencies.
- On June 26 attended a ribbon cutting in Lents for Portland Youth Builders' new outdoor facility.

11. Adjourn

There being no further business, Chair Andrews adjourned the meeting at approximately 9:41 a.m.

Approved by Portland Development Commission on August 15, 2012



Gina Wiedrick, Recording Secretary

Eliot Neighborhood Association Position

on the I-5 Freeway Project and Associated Surface Street Improvements

Submitted by Mike Warwick, Eliot Neighborhood Land Use Committee Chair and Official Representative to the NE Quadrant Stakeholder Advisory Committee (SAC) June 1, 2012

Premise – I wear two hats on the SAC; one as a representative *from* Eliot based on my residence another as a representative *of* Eliot as Land Use Chair. The SAC process is to the point where Eliot wants to take a position using my position on the SAC. That position was taken after consultation with neighborhood residents and businesses and considerable discussion and deliberation by the Eliot Neighborhood Association Land Use and Transportation Committee. It is presented at this time as the NE Quadrant SAC nears the end of its process. That process appears to be resulting in a list of options for further study by the State and City Transportation agencies that will result in Plans from those agencies rather than a specific plan from the SAC. Because “studies” do not provide sufficient assurance of outcomes favorable to neighborhood stakeholders we have taken the following positions (our reasoning is in the next section).

Eliot’s Positions -

With respect to the “north of Broadway” overpass options:

- We FAVOR Option 2, connecting North Flint to North Dixon. This provides improved “connectedness” between Eliot and prospective redevelopment at and around the Blanchard Building as well as improving access by pedestrians and bikes to the river. Moreover, this connection and associated improvements at the current Flint/Broadway intersection can be completed independent of the I-5 freeway project.
- We OPPOSE Option 3 and all other options except that noted above. At the outset I indicated approving for study the “least bad” option was not the same as favoring it. Option 3 was the least bad of the proposed Hancock overcrossing options. I have consistently stated Eliot’s opposition to prospects for increased cut-through traffic on Hancock or through the neighborhood that could result. Approval to “study” does not provide the guarantees that Eliot requires. Rather than tempt fate and leave Eliot at the mercy of future funding to implement traffic control measures, we have decided it is more appropriate to oppose any and all proposals for any new east-west I-5 overcrossings in Eliot.

We OPPOSE widening I-5. It isn’t clear the SAC will be provided with an opportunity for an up/down vote on ODOT’s proposed freeway widening project. Accordingly, we are taking this opportunity to state our position. This proposal promises far more damage to inner city neighborhoods than the benefits it is purported to provide. The associated surface street improvements that may accompany the project, while attractive, do not offset the obvious negative consequences of the freeway proposal and are overly dependent on the generosity of

future federal transportation budgets, faith in sincere participants in the SAC process who will not be in similar positions when the project is constructed, and trust in assurances by the City of Portland that does not deserve that trust *based on actions it has taken against our community over the past 70 years.*

Our Rationale

There are merits in improving access across I-5, especially if it will spark redevelopment in and around the Blanchard Building and provide better access for Eliot (and other) residents to the river across I-5. There are also risks. The plans resulting from our efforts have a primary goal to improve freeway traffic, including access via surface streets. All other objectives are secondary. In our view, it is more likely freeway and ramp improvements will be made than funding provided for improvements to pedestrians, bikes, and local neighborhoods. The Albina community has witnessed this process play out over seven decades, *never to its benefit*. The stark reality is that over 90% of the homes and businesses of this community were eagerly sacrificed by the City and State in the name of civic progress such that all that is left is the Eliot Historic District. Eliot cannot place its future in our trust that City officials will live up to objectives in “plans.” We must have guarantees! Absent those, we are compelled to oppose plans that pose a threat without immediate benefit.

Why we favor Option 2. It is not clear that this improved access is necessary for vehicles, and if so, why it can't be accommodated simply by establishing a connection between North Flint and Dixon (Option 2). For that reason, we favor Option 2, as it could be implemented within the 5 year time frame necessary just to engineer and fund the I-5 widening project, assuming even that engineering and planning gets funded. The benefits to Eliot and other neighborhood pedestrians and bike riders would be more immediate than waiting on the freeway project. City staff has claimed such a connection is necessary to stimulate interest in redevelopment of the Blanchard Building. If true, implementing this connection to Dixon in the near term would accelerate that redevelopment. Doing so would also be a demonstration of the City's commitment to objectives discussed by the SAC and a step towards rebuilding trust between it and Eliot.

Why we oppose all other overcrossing proposals. As has been noted, the Eliot Historic District is a remnant of a much larger community. Holding what is left harmless from future civic “do gooding” is a bare minimum expectation. Establishing new, direct connections through Eliot between MLK and Lower Albina will quickly destroy the character and livability of what is little is left of the City of Albina. The Hancock overcrossing is offered as a “box around the box” solution to divert mostly local traffic away from the Broadway/Weidler “box.” In point of fact, there is no “box” there is only a “Broadway Bypass” through Eliot. If there was a southern leg to the “box” such as Winning Way/Clackamas, coupled to north/south legs at Benton and MLK/Grand, then maybe there would be an actual “box” around the box that would function as the secondary circulator the name implies. There would also be a whole lot more opposition.

Our primary concern with all I-5 overcrossings is with increased cut-through traffic that would result from implementing a “Broadway Bypass.” This concern is uniformly shared by both residents and businesses along Hancock who believe that current traffic levels and speeds are excessive. Our concern could be minimized or eliminated with appropriate traffic control measures. Unfortunately, those measures are at the mercy of both available funds and the good faith of future transportation planners when the time comes. Our fear is that either funding won’t be available or that other interests will prevail and those traffic measures will not be erected. For that reason, we feel it is best to oppose Option 3. All other options are also opposed by the SAC, but it is important to restate Eliot’s opposition here, for this and other reasons.

Why we oppose the I-5 freeway widening proposal. There are multiple reasons to oppose this project. From discussions in Eliot disruption of residents and businesses during construction, waste of taxpayer funds, and poor investment of public resources top the list.

Progress Delayed. The project will take multiple years to plan, engineer, fund and construct. Construction will require demolition of five freeway overpasses including the primary connection between North/Northeast Portland and the Central City. It will disrupt service on the soon to open Loop Streetcar and probably delay plans to extend service from it east along Broadway and north along MLK. In the interim, would-be developers will delay planned projects in the area that are expected to accompany the Loop Streetcar and our pending NE Quadrant plan for the Central City. Construction impacts will result in business losses to the Rose Quarter, Paramount Apartments, and Left Bank; loss of at least two buildings with businesses in them; and reduced sales at businesses in the Broadway Corridor and Lloyd District. Those losses aren’t “theoretical,” they always accompany major construction projects.

What benefits? The initial justification for freeway widening is safety improvements. We do not believe that case has been made or that any improvements will be sustained as faster speeds attract more traffic eroding any congestion savings as well as increasing the severity of whatever accidents still occur. The proposed improvements are limited to a section of freeway less than two miles long where average delays can’t average more than a few minutes at most (without modification of the I-84 and Morrison Bridge ramps and sections of the freeway north and south of the study area). All freeway “improvement” projects provide only short term congestion relief. These minimal benefits are difficult to balance against the range of estimates of project costs, \$250 to 400 million dollars. Of course, these cost estimates aren’t based on complete engineering studies or realistic estimates of the cost of future construction; the cost is likely to be higher. Covering higher costs assumes state and federal transportation budgets will increase accordingly. This is, of course, why Eliot is skeptical the City can or will actually follow through with traffic mitigation measures with a Hancock overpass and that the longed for surface street improvements will materialize.

Reality check. We are entering the end of the petroleum era. Less because of peak oil (although that will return as a concern in another 20 years), but because the appetite for oil in Asia and

elsewhere will continue to drive domestic oil prices higher and higher; ignoring this reality while planning long lived transportation projects is simply foolish. At the outset of this project we were told there was a long term planning process that would look at the region's transportation needs 30 years out and this project would be an interim improvement. I agree that motor vehicles and freeways will continue to be a major element of the region's and nation's transportation future. However, *what kind of vehicles* and *what role* freeways may play in the future may be very different than today. It is much more likely personal mobility will be provided by Smart cars than SUVs. Further, the new generation of drivers favors other transit modes over even obtaining a driver's license, let alone owning a car. Finally, average miles driven have been on decline for almost a decade. These trends challenge the assumptions used for this project and suggest we should be planning and investing in a different future, not one rooted in the past.

Regaining our Trust

I and other Eliot representatives and neighborhood members have participated in this process with the needs of the larger community as well as our own in mind. I have consistently indicated that this has been one of the best collaborations between neighborhood and other interests that I have seen. The options the SAC has proposed, evaluated, and adopted for study all make contributions to the "civic good." Very few of these improve the quality of life for Eliot, while they pose significant risks to established neighborhood, resident, and business interests. These risks that loom large in Eliot given the shoddy record the City has in honoring its promises to this community. That legacy cannot be ignored, but it may be possible to overcome.

A stronger partnership between Eliot and the City to address the objectives identified through this process would be required. In my view, that would require at least a two-pronged effort. One, based on the goal of this SAC to both widen the freeway and implement surface street improvements *on an accelerated schedule* and another, based on a Plan B, that incrementally implements recommended surface street improvements in case freeway funding is not forthcoming. That would include implementing Option 2 and associated changes. It could include advance deployment of traffic calming measures on Hancock and other streets to address current concerns in preparation for the barriers necessary to divert traffic from a future overcrossing. It should also include deference to Eliot on building forms along the south and west edges of the historic district to explicitly honor and protect historic buildings that have survived (irrespective of their present status as "historic" on the National Register of Historic Buildings) as well as cultural elements associated with the Albina community, such as the MLK gateway. That partnership should also extend outside this Central City Plan effort to the broader Comprehensive Plan to address Eliot's long standing complaints about incompatible in-fill development, substitution of "community design" standards for the "10 Principles of Design" noted in the Albina Plan, and conversion of EX zoned property to purely residential/religious use.