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Aneshka Dickson
Commissioner

Tom Kelly
Commissioner

John C. Mohlis
Commissioner

Charles A. Wilhoite
Commissioner

Charlie Hales
Mayor

Patrick Quinton
Executive Director

This document represents the official meeting record of the March 19, 2014, Portland Development Commission (PDC) Board of Commissioners (Board) and Portland Planning and Sustainability Commission (PSC) joint work session 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=zlKudMvtqP4&list=UU5XKnmpwO4bSn0JNszjhSRw>.

PDC Commissioners present: Chair Scott Andrews, Aneshka Dickson, and Tom Kelly.

PSC Commissioners present: Chair André Baugh, Karen Gray, Don Hanson, Mike Houck, Gary Oxman, Michelle Rudd, Katherine Schultz, Howard Shapiro, and Chris Smith.

PDC staff present: Executive Director Patrick Quinton, Kimberly Branam, Geraldene Moyle, and Gina Wiedrick (minute taker).

Bureau of Planning & Sustainability staff present: Director Susan Anderson, Troy Doss, and Julie Ocken (minute taker).

Portland Bureau of Transportation (PBOT) staff present: Director Leah Treat and Grant Morehead.

Chair Andrews called the meeting to order at approximately 4:04 p.m. and welcomed the commissions, adding that the focus of the meeting is the Central Eastside (CES), and the goal is to understand how the two commissions can work together to help shape this area.

PDC Board introduced themselves; PSC Commissioners introduced themselves.

Chair Baugh provided an overview of the PSC's role: the PSC follows the aspirations of the Portland Plan measurements and goals, including education, prosperity, active transportation, complete neighborhoods, safety, and healthy watersheds. Equity is the lens the PSC uses to look at everything that comes before them. The zoning code, housing and transportation policy, and Climate Action Plan are tools and implementation measures the PSC uses to create the city we want Portland to be. Right now the PSC's main focus is the Comprehensive Plan, and then the zoning code updates will follow. The PSC makes recommendations to Portland City Council for final decisions.

Chair Andrews provided a background of PDC and its Board: PDC has been the City of Portland's (City) redevelopment agency since 1959. Now it is both the City's redevelopment and economic development arm. Board members serve three-year terms. The PDC Board makes decisions and does not forward recommendations to City Council, but they work closely with Council members. Neighborhood economic development efforts have been a priority in recent years. PDC oversees workforce training and development, loans and assistance, and promotes sustainability domestically and internationally.

Chairs Andrews and Baugh provided an overview of the CES, which is home to 17,000 jobs and 11,000 companies. PDC's focus is mostly on the south end of the CES, including funding for Portland-Milwaukie Light Rail (PMLR).

Bureau directors (Ms. Branam gave the overview for PDC) provided an introduction to the CES noting that PDC, PBOT, and BPS staff have been working together especially in this area and are less siloed than in the past. Two years ago, the Central City 2035 Concept Plan was adopted by City Council. The Central City will be a continued place of employment but also a place where people can live and it will serve as a regional hub.

Presentation by PBOT, BPS, and PDC (bureau) staff

Troy Doss, Grant Morehead, and Geraldene Moyle

These three bureaus and Mayor Charlie Hales have been a part of the 2013-14 Urban Land Institute (ULI) Daniel Rose Fellowship program, and the project discussed at the work session has been Portland's topic for the program. Getting both commissions together is a productive way to obtain input in the shaping of the plan.

The issues the City has in the CES are "good problems" to have since it has a variety of companies that want to be in the area, property owners and developers, and new transportation updates happening soon. The ULI group recommended an employment plan in conjunction with a land use plan to figure out how the City can make this a great 21st Century employment area. Staff is optimistic they can deliver on the recommendations from the ULI group.

Transportation initiatives are numerous in the CES, including the PMLR bridge. The bridge will connect the two very different sides of the Central City and the PMLR has two stops developing in the CES, so it presents great opportunity for growth (but not without challenges). Today's meeting is important to help solidify the recommendations and talk about ways we can move forward in the CES.

Specifics about the CES include:

- SE Quadrant: includes the CES Subdistrict, Banfield Portal South, and Clinton Station Area.
- Southern Triangle: this area is unique as it has access to the river and large lot configuration. Bureau staff are looking at what the role of this area is to provide job growth in this area, and looking at the connection between the CES and South Waterfront.
- Freight circulation and access: to look at how staff distinguishes between streets that provide truck access and those that do not. The bureaus need to provide a more nuanced approach to think about access in this area, and the traffic plan needs to balance freight access with multi-modal needs.
- Parking: the bureaus need to assess how the parking management association is working and consider additional district-wide strategies.
- Streetscape and Placemaking: district-wide, there is a goal to enhance safety and activate the area in the evening and create walkable blocks surrounding the transit stops to key locations.
- Strategic Sites: PDC has led an evaluation of sites along the light rail alignment to test degrees of development (current and what denser transit-oriented development could look like). A key development issue is structured parking (e.g., Oregon Department of Transportation (ODOT) Blocks). Most sites have capacity to serve increased density. However, at heights of between four and six stories, the change in construction costs is large, so current development would likely be five-over-one construction types in the near future. Most sites are in the Innovation Quadrant system development charge overlay that would be paid with new development (adding cost to new development, which may extend the timeline from when the City would see development along the light rail line). Priority blocks include ODOT Blocks, Clinton Triangle,

Oregon Museum of Science and Industry (OMSI), and the two TriMet station areas. There is currently \$5,000,000 in tax increment financing resources available for the priority sites. If the urban renewal area (URA) is expanded, an additional \$20,000,000 could be expected, but this is still not a huge amount to work with given the costs of new development and infrastructure.

- Workforce Partnerships: are being addressed regionally, but at the district level, potential partners include Worksystems, Inc., Portland Public Schools (PPS) (Benson is in the CES), Portland Community College (PCC), OMSI, ADX, as well as private companies and organizations such as Vigor, Impact NW, and Technology Association of Oregon. Next steps could include a conversation between Benson and PCC and/or conversation between OMSI and businesses within the CES.
- Business Development: is included in the City's Economic Development Strategy, but bureau staff are working on a strategy specifically for the CES. Partners could include the Central Eastside Industrial Council and cluster companies and businesses in the non-traded sector that are housed in the CES. Next steps include activities for growing industries in the CES as well as identification of specific activities related to growing industries with a focus on the CES context.

Portland's Industrial Sanctuary Policy was adopted in 1980 and is based on how manufacturing existed then; therefore a lot of the implementation tools are still only relative to past technology and manufacturing. Today there is such different technology that the bureau policies could not have envisioned, and are trying to figure out what the next version of the industrial employment sanctuary is, which will be critical to employment growth.

Discussion

Staff posed questions for the commissions to discuss, which were the same questions they posed to the visiting ULI group:

- What can the City do to promote the CES as a 21st Century employment center?
- What solutions would promote job density and new employers around the light rail stations?
- What is the best mix of policy and zoning to promote the Southern Triangle for this objective?
- How can transportation and other infrastructure support businesses and create a sense of place?

Director Anderson noted that PSC members have spent the past few years doing big-picture work, and this project brings these views down to the street level. What are the equity issues around access to jobs? Environmental quality issues? Opportunities for increasing multi-modal transportation? Green areas and access to the river in an industrial area?

Executive Director Quinton noted that the CES is, jobs-wise, the best practice/model for what PDC does because various sectors are represented in the area. The CES shows the City's ambitions for its economy for the future, and it is a statement about the future of the economy. The PDC Board acts on projects, but staff need to accomplish things with partners to rethink zoning and what the City wants from the CES. The City wants to maintain the job district in the same place as incoming TOD and other new features.

Commissioner Hanson gave an overview of the CES Stakeholder Advisory Committee's (SAC) work. It is a dynamic group of 30 people including property owners, residents, and employers. The SAC has a balanced approach because the members have diverse needs and interests. They realize that they need

to take the creative ideas and combine these with functionality (e.g., freight circulation). These are tough questions to tackle, so the individual projects within the CES are helpful for people to relate to as opposed to trying to tackle the full district. People know the CES will change, but businesses will stay to try to affect the changes.

Commissioner Smith asked about office employment in the CES saying that the CES is a place that has non-office jobs, but now there are software companies interested in settling there, too. One can stack software companies more vertically than you can some of the more distribution/warehouse type companies. What's the enticement for downtown versus CES for tech companies? Mr. Doss responded that Portland has an ever-increasing technology business. The CES is enticing because of an "industrial chic" aspect. Lots of people live on the east side, so this also can make for an easier commute. People locating in Big Pink, for example, are often changing the interior to make them look like what they could buy in the CES. Costs per square foot are similar, but open floor plans allow for more employees per square foot. What happens when new construction is needed in the CES? That is when we have to look at potential displacement of traditional manufacturing companies from the CES. Chair Andrews added that recent growth has mostly been in the software sector. Companies are tearing out traditional office spaces downtown to make them more CES-like; CES is where tech companies want to be. An opportunity is with more mid-age companies, in the 3,000 – 13,000 square foot range, that need additional space to grow.

Commissioner Houck noted the tense conversation about industrial jobs lately and that there is quite a lot of potential with these bureaus to help that issue. Green infrastructure in the CES is still needed. A concern is that when we look at job creation and economic development, the conversation about increasing tree canopy gets lost. The references to green infrastructure and potentially pocket parks are promising. The City has done some research on the potential to decrease the urban heat island in this area (e.g., through ecoroofs) specifically. Mr. Doss responded that staff have been talking to the Portland Bureau of Environmental Services and Portland Bureau of Parks & Recreation to make green infrastructure more area-specific (e.g., bioswales, green walls, pocket parks); this will better allow staff to include these features.

Commissioner Gray asked about the process and timing for the potential expansion of the CES URA. Executive Director Quinton responded that the proposal to expand this URA is part of a broader package of changes the Mayor is proposing. Expansion requires public notice, Portland City Council approval, and consultation with PPS and Multnomah County. Funding would go into the budget for the URA with a priority to invest in the strategic sites and development.

Commissioner Hanson noted the ODOT sites are gateway sites. Who will be purchasing those, and is it a willing seller? Ms. Moyle responded that PDC is talking with ODOT, which would need to declare them surplus. Portions of the blocks would likely need to remain in ODOT ownership (due to proximity to the freeway), while the eastern portions of the lots could be available for development, and the remainder portions could be available for long-term lease.

Commissioner Shapiro thanked the PDC Board and noted he wants this to be a continued conversation for the two commissions. He asked about retail development in the area, noting that this was not discussed. Also, CES is a transportation dream with all the new transportation options, but who will be displaced from the close-in eastside as the City develops this area. Mr. Doss responded that while there has been tremendous growth recently, staff has not yet seen displacement. As the City allows for more opportunities for a variety of job types, the City does not want to displace existing businesses that still

have reasonably-priced leases; making sure it remains primarily an employment district will help this. Too much retail and residential could harm this, even though staff does want some flexibility to include these types of uses.

Commissioner Rudd asked about expanding the definition of industrial land. She also noted that she is happy to see job training included. Director Anderson responded that the city has a finite supply of industrial land with increasing demand for job space; low-density will not meet demand for the CES. Mr. Doss added that this is a different, evolving type of industrial area; it is an incubator district with manufacturing happening in very small spaces. The question is how the City can provide space to allow them to stay in the CES. Executive Director Quinton added that staff is trying to think about the changing nature of work, not necessarily an expanding definition of industrial land; the line between designing and making things is blurring and the size of companies that make things is changing. On the job training issue, a lot of organizations are trying to solve the growing skills gaps. The opportunity in the CES is how staff redefines what work is like; the City can redefine what it means to be in a manufacturing job to help the pipeline into job training.

Commissioner Hanson commented about gentrification. The SAC discusses this issue at every meeting. Compatibility is not just on the economic side, but it is about the adjacent land uses side as well. The SAC is addressing this thoroughly, including working with those who operate businesses in the area.

Commissioner Houck commented on the Industrial Land/Healthy Watersheds Policy Expert Group's discussions about the need for intensification, thinking about what kinds of jobs constitutes industry, and the need to stop conversion of lands from industrial to other uses. There have been previous conversions that have cornered the PSC. Both commissions need to act on these recommendations. Commissioner Hanson responded that he sees the CES as part of the solution, it gets the job density and has the infrastructure to knit the district together that other districts on the city's perimeter do not have.

Chair Baugh stated that he works in an office space in the CES. New businesses complain about the trucks that are delivering and unloading. As staff has said, the City needs to preserve the businesses that are established but he is concerned that complaints from new companies could drive them out. Director Treat asked why employees cannot use public transit. Chair Baugh responded that CES is a parking nightmare now and transit is not always an option to get to work if people are coming from areas far away that are not as well served by transit or if people are working off schedules. There are huge wage differences between employees in the different job sectors. How do we preserve the ability to park affordably, especially for non-traded businesses such as product warehouses? The city needs growth but in a balanced way.

Commissioner Hanson noted the changing demographics of the workforce, it is getting younger, and if the City makes the CES better, more young employees will be attracted to work there; the commissions' decisions can elevate the CES.

Mr. Morehead commented on parking in the CES. Aside from the OMSI area, there are dispersed areas with excess parking, up to 60 percent in different lots at any given time. Parking lots are owned by businesses, but currently they cannot be rented out. Now staff is exploring options for if a business has excess spaces in their lot to give them an option to contract with other businesses that could purchase/rent spaces.

Executive Director Quinton highlighted two development issues for future discussions of the PDC Board: structured parking and how PDC can best use its dollars to preserve affordable industrial uses. Rents will rise, but the City can limit uses to allow a limited amount of inflation.

Director Treat stated that parking for freight will be a challenge. People are interested in placemaking, but freight has limited options to move; something to keep in mind as the area grows.

Next Steps

Director Anderson stated that staff can come back with the SE Quadrant plan for a briefing to the PDC Board. Staff will continue to work together to, for example, talk about how many jobs and what kinds of employees/employers will come to the area.

Chair Baugh thanked staff and the commissioners and stated that he would like to continue joint commission meetings; the sharing of ideas to accomplish things jointly will create more opportunities.

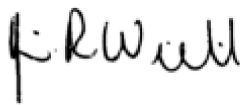
Director Anderson made note of the BPS [Portland's Central Eastside](#) booklet; which was handed out to each commissioner. She also proposed a walking tour of the CES for either or both commissions.

Chair Andrews also thanked staff and encouraged the continued joint meetings to better understand the commissions' roles and how they can work together.

Adjourn

Chair Andrews adjourned the meeting at approximately 5:56 p.m.

Approved by Portland Development Commission on June 25, 2014



Gina Wiedrick, Recording Secretary