

PORTLAND DEVELOPMENT COMMISSION
Portland, Oregon

RESOLUTION NO. 6587

**RESOLUTION APPROVING THE FIRST AMENDMENT TO AMENDED
AND RESTATED RIVER DISTRICT URBAN RENEWAL PLAN AND
DIRECTING THE AMENDMENT BE SUBMITTED TO THE PORTLAND
CITY COUNCIL FOR ADOPTION**

WHEREAS, the Portland City Council (the "Council") adopted the River District Urban Renewal Plan (the "Plan") on October 21, 1998, by Ordinance No. 172808 which was subsequently Amended and Restated on June 18, 2008 to provide tax increment funding and urban renewal authority to eliminate blight and foster the development and redevelopment in order to protect the public health, safety, and welfare of the City of Portland;

WHEREAS, the Council on March 12, 2008 in Resolution No. 36587, developed criteria for establishment of a non-contiguous area when urban renewal areas are undergoing geographic expansion;

WHEREAS, this criteria limited noncontiguous areas to the following categories: limited area to fifteen percent of the proposed expansion area, in urban renewal areas that are past the tenth anniversary of their original plan adoption, with a maximum indebtedness which would not exceed fifteen percent of the difference between the original maximum indebtedness and the amended maximum indebtedness to be spent for projects eligible for tax increment financing according to state law in the noncontiguous area;

WHEREAS, the River District and this amended area shall meet all of these criteria during the course of the 2008/09 fiscal year;

WHEREAS, the Council on March 12, 2008 in Resolution No. 36588, directed the Portland Development Commission to develop and present to the Council for approval an amendment to the Plan that includes an appropriate portion of property in the David Douglas School District within the City of Portland that includes the Deardorff Road property;

WHEREAS, the Council established the maximum indebtedness of \$549,500,000 when it adopted the Amended and Restated River District Urban Renewal Plan on June 18, 2008;

WHEREAS, the David Douglas School District has identified 8.53 acres of the Deardorff Road property;

WHEREAS, the project requires additional maximum indebtedness of \$19.0 million;

WHEREAS, in April 2007 the Commission appointed an Urban Renewal Advisory Group (the "Advisory Group") to review the status of three downtown urban renewal areas – Downtown Waterfront, South Park Blocks and River District;

WHEREAS, the Advisory Group consisted of members of the Portland Development Commission, Portland City Council, Portland Planning Commission, Multnomah County Board, a private citizen and met nine times through March 2008, receiving broad community input;

WHEREAS, the amendment of the Plan to extend the life, increase indebtedness and expand the boundary is both financially feasible and conforms to the Plan goals as well as the City's Comprehensive Plan;

WHEREAS, the Commission has caused a summary report to be forwarded to each taxing district affected by the urban renewal plan, and has consulted and conferred with those taxing districts; and

WHEREAS, the amendment of the Plan increases indebtedness and increases the size of the Plan Area beyond one percent of the Area original size, representing a substantial amendment to the Plan which requires review and recommendation by the Portland Planning Commission, approval of the Portland City Council and notice of such action to all property owners, electors, utility customers or postal patrons within the city limits.

NOW, THEREFORE, BE IT RESOLVED that based on the accompanying reports, hereby incorporated by reference, the Commission finds that the existing and expanded Plan area continues to be blighted as described in ORS 457.010 and in need urban renewal assistance to reduce and eliminate the characteristics of blight as described in ORS 457.010;

BE IT FURTHER RESOLVED that the Commission finds there is a need to increase maximum indebtedness by \$19.0 million; and expand the area by 8.53 acres;

BE IT FURTHER RESOLVED that the First Amendment to the Amended and Restated River District Urban Renewal Plan in the form attached hereto as Exhibit C (the "First Amendment to the Amended and Restated River District Urban Renewal Plan"), which, among other things, increases the maximum indebtedness from \$549,500,000 to \$568,500,000; and expands the size of the area from 351.19 acres to 359.72 acres, is approved;

BE IT FURTHER RESOLVED that the Report on the First Amendment to the Amended and Restated River District Urban Renewal Area Plan in the form attached hereto as Exhibit D (the "Technical Report") is approved;

BE IT FURTHER RESOLVED that the Commission directs the Executive Director to submit the First Amendment to the Amended and Restated River District Urban Renewal Plan, Technical Report and supporting materials to the Portland Planning Commission for review and recommendation and to the Portland City Council for final approval in accordance with the terms of the Plan and ORS 457.095;

BE IT FURTHER RESOLVED that the Executive Director shall cause notice of the hearing by the Portland City Council on adoption of the First Amendment to the Amended and Restated River District Urban Renewal Plan to be published in accordance with ORS 457.120; and

BE IT FURTHER RESOLVED that this resolution shall become effective thirty days from the date of its adoption.

Adopted by the Portland Development Commission on May 14, 2008.

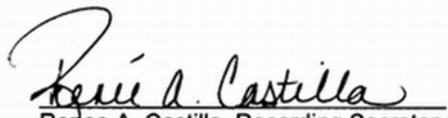
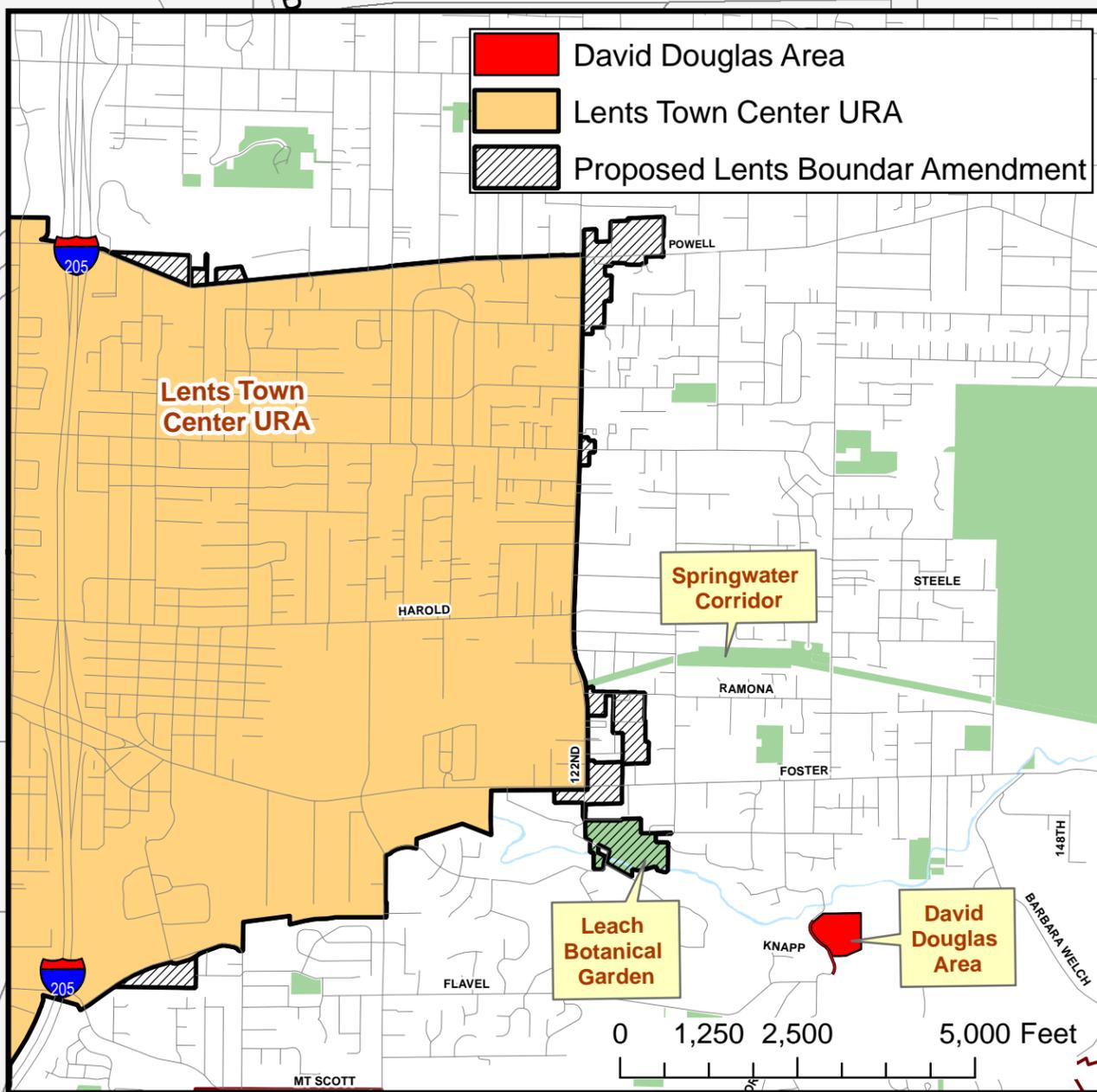

Renee A. Castilla, Recording Secretary

Exhibit A: River District Urban Renewal Area Map of Amended Boundary, First Amendment David Douglas Area SE Deardorff Rd 8.53 acres

0 110 220 440 Feet



EXECUTIVE SUMMARY

In May of 2007, the Portland Development Commission (PDC) formed the Urban Renewal Advisory Group (Advisory Group) to make recommendations regarding the future of three downtown urban renewal areas (URAs): Downtown Waterfront, South Park Blocks, and River District. This report summarizes the Advisory Group's findings and recommendations.

1. DOWNTOWN WATERFRONT AND SOUTH PARK BLOCKS URBAN RENEWAL AREAS SHOULD BE CLOSED DOWN

The Advisory Group reached an early consensus that urban renewal areas should not be perpetual. Once a district has substantially achieved its goals, it should be closed. In the case of downtown Portland's two older districts (Downtown Waterfront and South Park Blocks), the Advisory Group determined that both districts had been successful and should be closed down.

A. Maximum indebtedness limits should not be increased for either district:

These two districts should be closed down in a way that allows for a phase-out period that provides PDC with the time and resources necessary to complete critical projects. The Advisory Group recommends, however, that PDC limit borrowing in the two districts to that which is necessary to complete those commitments. The Advisory Group recommends no extension or increase to the borrowing authority for either district when that authority expires this year.

B. To the extent possible, the amount of new debt should be limited to that which can be repaid no later than 2024: An Urban Renewal Area continues to exist and collect tax increment resources until all outstanding loans have been paid. The Advisory Group recommends that debt be repaid by 2024 for a full "close-out" of both Downtown Waterfront and South Park Blocks.

2. EXTEND AND EXPAND RIVER DISTRICT URBAN RENEWAL AREA

In order to achieve the 2024 close-out goals for both of the older districts, the Advisory Group recognized and approved moving certain unfinished projects to River District through a River District boundary expansion. Most notably, a considerable amount of unfinished work in the Old Town/Chinatown neighborhood will be moved to River District.

The Advisory Group recognized that River District has been very successful in its first ten years. Unlike the two older districts, however, the Advisory Group recommends that the district should grow in terms of size and financial capacity to pursue: several pending catalytic projects; unfinished elements of its original plan; and those projects that cannot be completed in the two older districts.

A. Extend River District from 2020 to 2021: The Advisory Group recommends extending the district's expiration date by one year. The extension will increase the district's financial capacity by a little more than \$27 million. The additional capacity will be used to support Multnomah County's efforts to replace two aging downtown facilities.

B. Maximum Indebtedness in the River District should be increased: The Advisory Group recommends increasing River District maximum indebtedness from \$225 million to its 2021 financial capacity of \$563 million. This action would create approximately \$416 million for project funding from now until 2021.

C. The boundaries of the River District should be expanded: The Advisory Group recommends expanding River District by approximately 40.5 acres to address blight conditions and development opportunities in Old Town/Chinatown; and approximately ten acres to complete other critical projects that are currently in Downtown Waterfront or South Park Blocks. Up to 11 acres should be designated for future expansions including possible island district formations.

D. Explore creating “Island Districts”: The concept of an “island district” is relatively new. It is a potential mechanism by which to extend the financial capacity of exceptionally successful urban renewal areas such as River District to help other parts of the community that would not otherwise benefit directly from this urban renewal tool.

E. Assist Multnomah County with Capital Needs: The Advisory Group recommends setting aside \$35 million to assist Multnomah County with its capital needs, beginning with \$10 million in 2015.

F. Release acreage under Interstate 405. Approximately 30.7 acres will be removed from River District, because its location under Interstate 405 limits its re-development potential. This is a housekeeping measure with little substantive impact for River District.

3. BEGIN TO SET UP THE NEXT GENERATION OF CENTRAL CITY URBAN RENEWAL ACTIVITIES

As it concluded its work, the Advisory Group also identified steps that should be taken now to prepare for future downtown urban renewal work.

A. Downsize Downtown Waterfront and South Park Blocks. PDC should work with the Office of Management and Finance to determine whether these districts may be reduced in size as part of each district’s close-out strategy, and work with the Bureau of Planning to determine which blocks should be removed from the districts.

B. Identify Potential New Districts. PDC should lead a community effort to identify potential new urban renewal areas for downtown. PDC should collaborate with Portland’s Bureau of Planning to ensure that these urban renewal opportunities and challenges are addressed in the Central Portland Plan Update.

C. Develop Interim Development Strategies. PDC should work in collaboration with Portland’s Bureau of Planning to ensure adequate consideration of urban renewal challenges and opportunities pending completion of the Central Portland Plan Update.

D. Give Multnomah County A Meaningful Voice. The Advisory Group agreed that Multnomah County should have a meaningful voice in major decisions to expand or extend an existing district or to create a new one.

AMENDED AND RESTATED RIVER DISTRICT URBAN RENEWAL PLAN

First Amendment



City of Portland
Portland Development Commission

June 18, 2008

The Amended and Restated River District Urban Renewal Plan (the “Plan”) is amended as follows:

- 1) The first paragraph of Section I. INTRODUCTION, A. “The River District” is amended to read as follows:

A. The River District

The “River District” is the area of Portland’s Central City generally north of the central business district and east of the Stadium Freeway (I-405), an area defined by its strong orientation to the Willamette River. The River District Urban Renewal Area (the “Area”) includes a portion of the River District as well as a 31.82 acre area south of Burnside Street and an 8.53 acre area located in the David Douglas School District. The River District is bounded generally by Burnside Street on the south, Interstate 405 and the main freight rail lines on the west, the northern end of the Port of Portland’s Terminal One on the north and the Willamette River on the east. The Area incorporates sections of Old Town/Chinatown which was formerly in the Downtown Waterfront Urban Renewal Area. Figure 1 shows the boundaries of the River District and the boundaries of the portion of the River District Urban Renewal Area located in the Central City. Figure 1.1 shows the boundaries of the portion of the River District Urban Renewal Area located in the David Douglas School District.

- 2) The first sentence of the second paragraph of Section I.A is amended to read as follows:

The River District Urban Renewal Area unites seven distinct subdistricts:

- 3) Section I.A. is amended to add the following paragraph immediately prior to Figure 1:

David Douglas is an 8.53 acre site which is located south of SE Foster Road and east of SE Deardorff Road. It is owned by the David Douglas School District.

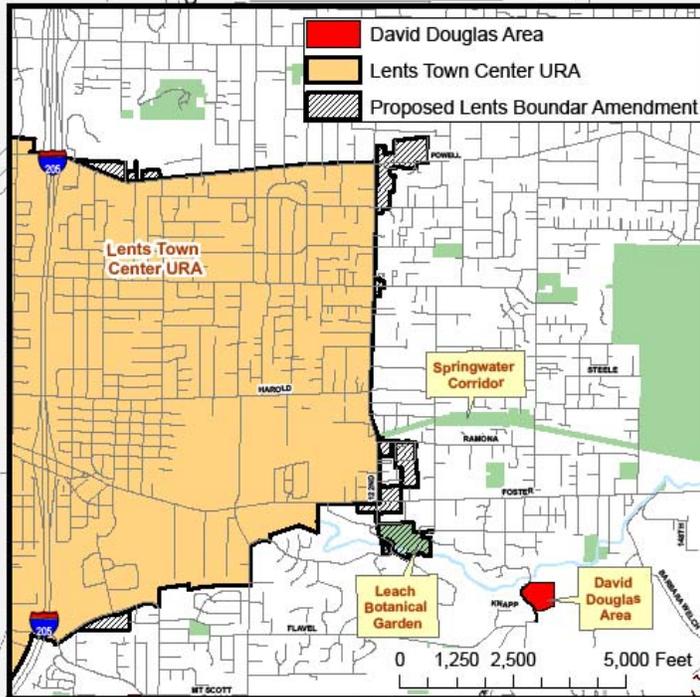
- 4) The heading for Figure 1 is amended to read as follows:

River District URA Boundary for the portion located in the Central City

- 5) Section I.A. is amended to add the following Figure 1.1 immediately after Figure 1:

**Exhibit A: River District Urban Renewal Area
Map of Amended Boundary, First Amendment
David Douglas Area
SE Deardorff Rd
8.53 acres**

0 110 220 440 Feet



06/18/08

6) The first paragraph of Section II. GOALS AND OBJECTIVES, Section A. “Housing”, is amended to read as follows:

The Commission and City Council adopted a River District Housing Implementation Strategy (RDHIS) in 1994 and updated it in 1999. The RDHIS is a strategy for the River District Planning Area which is inclusive of the portion of the River District Urban Renewal Area located in the Central City. The River District Planning Area is North of Burnside, East of I-405, West of the Willamette River, and the South portion of Terminal 1, located North of the Fremont Bridge.

7) The first paragraph of Section II. GOALS AND OBJECTIVES, Section E. “Parks, Open Spaces and Other Public Amenities”, is amended to read as follows:

Using a combination of parks, open spaces, public facilities and public attractors, create amenities which make the Area a comfortable and pleasant place for people to live and a resource for all the citizens of Portland.

8) Section II.E is amended to add the following new numbered paragraph 6 immediately following numbered paragraph 5 (Historic Preservation) and the existing numbered paragraph 6 (Renovate O’Bryant Square) is renumbered paragraph 7:

6. Public Facilities

Construct a public school, a significant part of which will be a multi-functional community space for recreational and community activities .

9) The first paragraph of Section IV. URBAN RENEWAL AREA OUTLINE is amended to read as follows:

There are seven distinct sub-districts in the River District Urban Renewal Area: Pearl District Neighborhood, Tanner Basin/Waterfront, Terminal One, South of Burnside, Broadway Corridor/Union Station, Old Town/Chinatown, and the David Douglas Area. Each sub-district has specific, yet interrelated, improvements and projects proposed to further the objectives of the Plan. This section of the Plan outlines what activities will be undertaken in each sub-district.

10) Section IV is amended to add the following lettered paragraph G at the end of that Section:

G. David Douglas Area

The area is 8.53 acres located at 7010-7144 SE Deardorff Road, south of Foster Boulevard. This property is underserved with inadequate infrastructure to the site, including road access, sidewalks, storm water and water infrastructure resulting in a finding of a blighted condition. The primary project for the area would be the construction of a public school including a multi-functional community space constructed

in conjunction with the school. This will include 23,060 square feet of community facilities and access to open space which will be available to all citizens of Portland including residents of other portions of the River District Urban Renewal Area. For example, the project is anticipated to include large group meeting spaces in the “cafetorium”, gymnasium and library of approximately 19,460 square feet.

11) Section V. URBAN RENEWAL AREA MAP AND LEGAL DESCRIPTION, is amended to read as follows:

Exhibit 1 contains the narrative legal description of the Area. Exhibit 2, together with Exhibit 2.A is a legal description map of the Area.

12) Exhibit 1 to the Plan is amended to add the following language at the end of Exhibit 1.

Along with the following described tract of land identified as the “River District Satellite, David Douglas Area”:

A tract of land within the Jacob Johnson Donation Land Claim in the northeast one-quarter of Section 23, Township 1 South, Range 2 East of the Willamette Meridian, in the City of Portland, County of Multnomah, State of Oregon being more particularly described as follows:

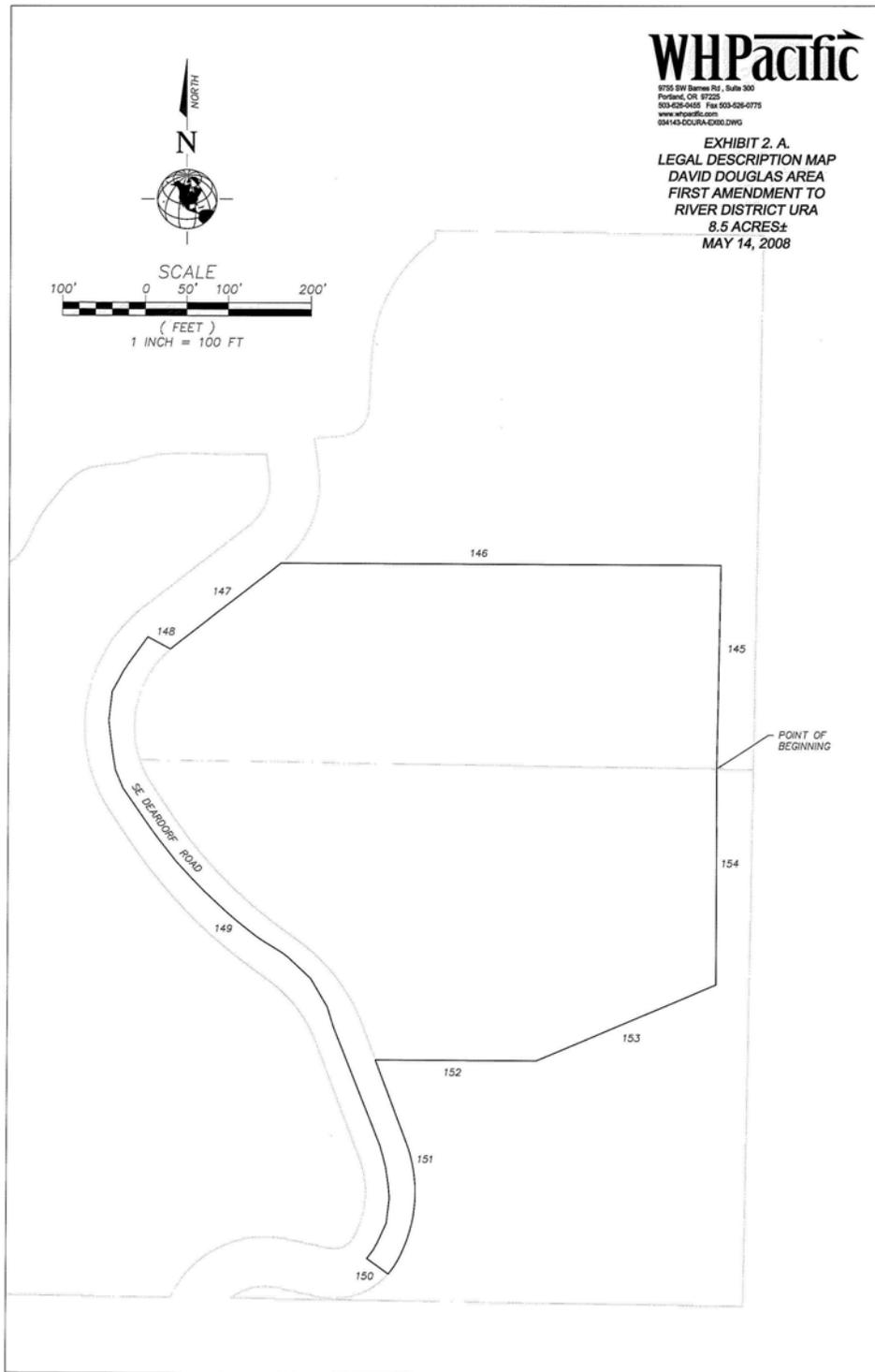
Beginning at a point that bears north along the east line of the Jacob Johnson Donation Land Claim 650 feet from the southeast corner thereof to the southeast corner of that tract of land conveyed to J.W. Brost in a deed recorded May 3, 1909 in book 456 page 143 Multnomah County records and west along the south line of said Brost tract 40.00 feet;

145. Thence north parallel with and 40.00 feet west of the east line of said Johnson Donation Land Claim a distance of 248 feet to a point; Assessor Map 1S2E 23AC;
146. Thence west parallel with and 248 feet north of the south line of the said Brost tract to its intersection with the east right-of-way line of S.E. Deardorf Road, Assessor Map 1S2E 23AC;
147. Thence southerly along said east right-of-way line of S.E. Deardorf Road a distance of 182 feet, Assessor Map 1S2E 23AC;
148. Thence northwesterly 30 feet perpendicular to the east right-of-way line of S.E. Deardorf Road to the centerline of the right-of-way of S.E. Deardorf Road, Assessor Map 1S2E 23AC;
149. Thence southerly 887 feet more or less along the centerline of the right-of-way of S.E. Deardorf Road to a point that is 50 feet north of the south line of said Johnson Donation Land Claim, Assessor Map 1S2E 23AC;
150. Thence easterly perpendicular to the right-of-way centerline 30 feet to the east right-of-way line of S.E. Deardorf Road, Assessor Map 1S2E 23AC;

151. Thence northerly 220 feet more or less along the east right-of-way line of S.E. Deardorf Road to a point that is 296 feet north of the south line of said Johnson Donation Land Claim, Assessor Map 1S2E 23AC;
152. Thence east along a line that is parallel with and 296 feet north of the south line of said Johnson Donation Land Claim a distance of 187 feet, Assessor Map 1S2E 23AC;
153. Thence northeasterly 235 feet to a point that is 389 feet north of the south line and 40.00 feet west of the east line of said Johnson Donation Land Claim, Assessor Map 1S2E 23AC;
154. Thence north parallel with and 40.00 feet west of the east line of said Johnson Donation Land Claim a distance of 261 feet to the POINT OF BEGINNING.

The River District Satellite David Douglas Area contains 8.5 acres more or less.

- 13) The Plan is amended to add Exhibit 2.A in the form attached here to as Exhibit 2.A, entitled Legal Description Map.



14) Section VI. URBAN RENEWAL PROJECTS, Section A. “Public Improvements” is amended to add the following numbered paragraph 13 at the end of Section VI.A:

13. David Douglas School and Community Facility

Assist in construction of a public school including but not limited to provision of infrastructure, site improvements and other amenities to this underserved site. Participate with other community partners in construction of a multi-functional community space as part of the school.

15) Section X. RELATIONSHIP TO LOCAL PLANS AND OBJECTIVES A. “Portland Comprehensive Plan” is amended to add the following sentence after Policy 4.7 – Balanced Communities, Objective G:

Objective H. Improve the balance in the city’s population by attracting a proportionate share of the region’s families with children in order to encourage stabilized neighborhoods and a vital public school system.

16) Section X. RELATIONSHIP TO LOCAL PLANS AND OBJECTIVES A. “Portland Comprehensive Plan” is amended to add the following sentence in Goal 11A. Public Facilities – POLICIES & OBJECTIVES, following Policy & Objectives 11.1(A):

11.1 Service Responsibility,

The City of Portland should encourage the planning efforts of those agencies providing the following services: (8) public schools.

17) Section X. RELATIONSHIP TO LOCAL PLANS AND OBJECTIVES A. “Portland Comprehensive Plan” is amended to add the following after Policy 11.9 Project Selection, Objective A:

Goal 11 F Parks and Recreation, calls for maximizing the quality, safety and usability of parklands and facilities through the efficient maintenance and operation of park improvements, preservation of parks and open space, and equitable allocation of active and passive recreation opportunities for the citizens of Portland

11.41 Improvements

Base the priorities for improvement and development of parklands on documented needs and the following criteria: low long-term maintenance costs, location in deficient areas, broad community support, location adjacent to schools and other public facilities, support of neighborhood stabilization and community development projects and policies, and consistency with park master development plans.

11.46 Recreation Programs

Provide recreation programs and services including cultural, educational, historical, health and physical fitness, and sports (competitive and non-competitive) as required to meet a balanced program which includes the

needs of the specially handicapped and the elderly within existing resources.

Goal 11 I Schools. Enhance the educational opportunities of Portland’s citizens by supporting the objectives of Portland School District #1 and adjacent districts through assistance in planning educational facilities.

11.56 Maximize investments

Support school district facility and program investments in redeveloping neighborhoods through the City’s allocation of housing assistance and park improvement investments.

11.57 Safety

Provide traffic improvements, such as sidewalks and bikeways, to promote safe routes to schools where attendance area reorganization requires longer travel distances for students.

18) Section X. RELATIONSHIP TO LOCAL PLANS AND OBJECTIVES is amended to add the following new lettered sections C and D after section B. “Central City Plan”:

C. Outer SE Community Plan

Open Space and Environmental Policy:

Provide parks and open spaces to meet projected recreational needs of outer southeast residents. Create a sense of connection with the natural environment. Protect natural resources by reducing the impact of development on them.

Objectives:

1. Acquire new parks and open spaces and build new community centers to meet the recreational needs of current and future residents.

D. Adopted Pleasant Valley Plan District (2004)

Concept Plan Goals

A. Create a community. The Plan will create a “place” that has a unique sense of identity and cohesiveness. The sense of community will be fostered, in part, by providing a wide range of transportation choices and living, working, shopping, recreational, civic, educational, worship, open space, and other opportunities. Community refers to the broader Concept Plan area, recognizing that it has (and will have) unique areas within it.

Community also refers to Pleasant Valley’s relationship to the region – relationships with Portland, Gresham, Happy Valley, Multnomah County, Clackamas County, and the unique regional landscape that frames Pleasant Valley.

G. Locate and develop parks and open spaces throughout the community. Neighborhood parks, small green spaces, and open spaces will be within a short walk of all homes. A network of bicycle and pedestrian routes, equestrian trails and multi-use paths will connect the parks and open spaces. The park and trail system will be connected to the Springwater Corridor Trail, Powell Butte, and other regional trails and greenspaces.

GOAL 1 - URBANIZATION STRATEGY AND LAND-USE PLANNING

1. Pleasant Valley shall be a complete community with a unique sense of identity and cohesiveness.
2. Pleasant Valley shall have a wide range of transportation, living, working, recreation, and civic and other opportunities.

POLICIES:

1. The Pleasant Valley Concept Plan map and implementation strategies shall provide the blueprint for local jurisdictional adoption of comprehensive plan amendments and implementing measures for future urbanization.
2. Pleasant Valley shall be master-planned as a complete community. A complete community has a wide range of transportation choices; of living choices; of working and shopping choices; and of civic, recreational, educational, open space, and other opportunities.
3. Pleasant Valley shall have full public services to include transportation, stormwater management, water, stormwater, fire and police services, recreation, parks and connected open spaces and schools.

GOAL 6 – PARKS

Parks, open space and trails shall be located and developed throughout the Pleasant Valley community.

Policy:

8. Wherever practicable schools and parks shall share facilities such as soccer/football fields and basketball courts. Sharing facilities can reduce maintenance costs and the amount of acreage needed if the fields were not shared.

GOAL 7 – SCHOOLS

Schools shall be integrated into the Pleasant Valley community.

POLICIES

1. The number, type and location of schools will be coordinated with the Centennial School District. The School District has indicated that for planning purposes:

- a. The existing Pleasant Valley School Elementary School will remain.
- b. There are potential needs for a new elementary school and for a new middle school.

4. Where practical, a public park will be located adjacent to school fields. Such parks shall be a minimum of 2-3 acres in size, but can be larger. This allows for an enhanced community space that benefits the school and the community. The park should not be located across a street, especially for use by elementary school students.

19) Section XI. is amended to add the following language at the end of the first paragraph:

Figure 2a represents the David Douglas Area.

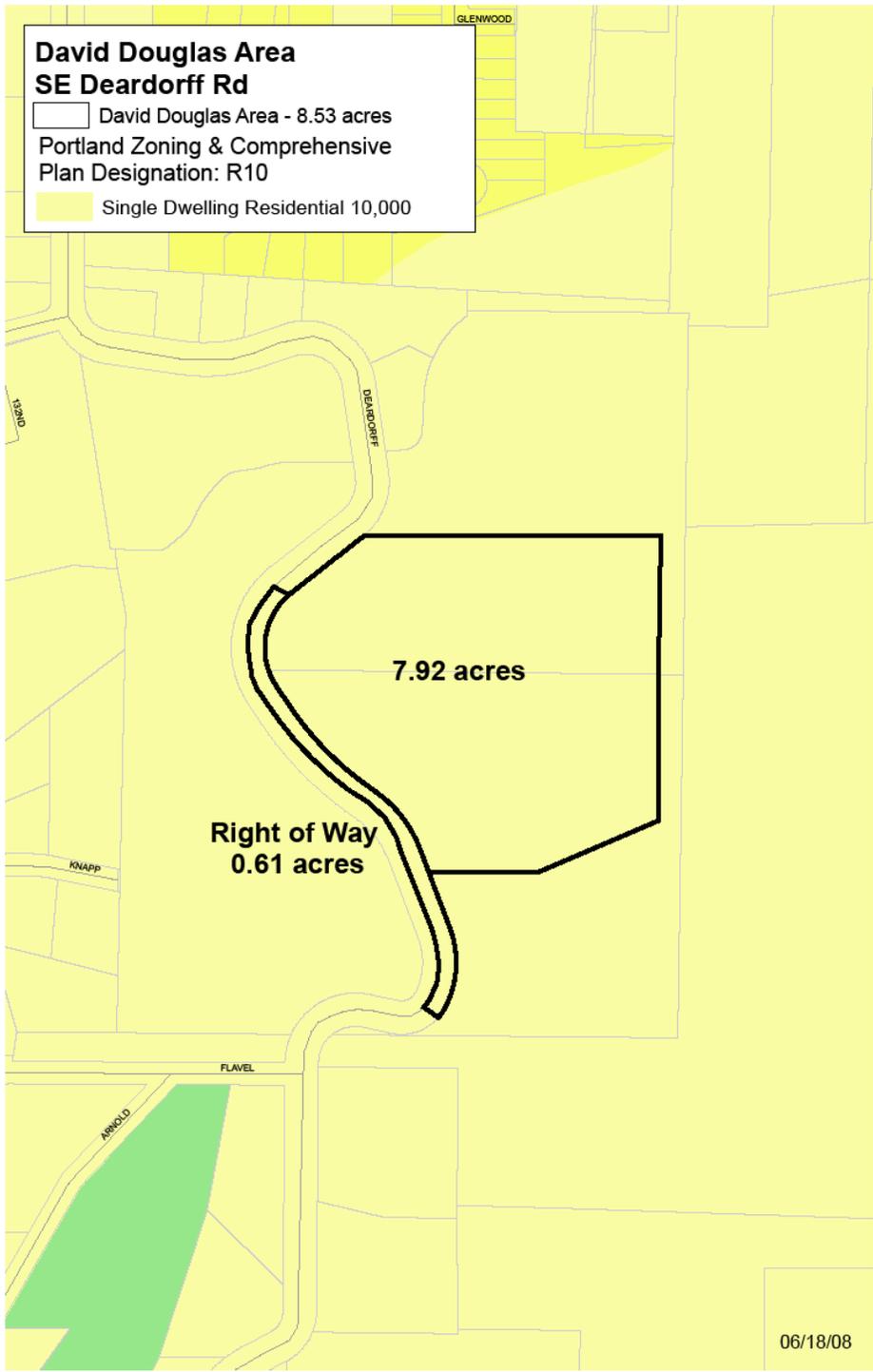
Within the area shown in Figure 2a are zoning and comprehensive plan designations listed below. The underlying designations are modified when followed by small letters (e.g., d, g), as indicated below:

R10 Residential 10,000
c Environmental concern overlay zone

In addition to these zoning designations, this proposed amendment to the David Douglas Area is within the zoning code's Outer Southeast Community Plan and the Pleasant Valley Plan District. The Plan further conforms to the provisions of the zoning code in ways tied to the implementation of the plans for the Outer Southeast Community and Pleasant Valley District.

20) Section XI A. is amended to add Figure 2a immediately following Figure 3.

Figure 2a.



21) Section XII, PLAN FINANCING, Section C. Maximum Indebtedness, is amended to read in its entirety as follows:

C. Maximum Indebtedness

The maximum indebtedness that may be issued or incurred under the Plan is \$568,500,000. No additional indebtedness would be incurred under the Plan when either (1) the maximum indebtedness amount is reached, (2) the urban renewal area no longer has indebtedness or any plan to incur indebtedness within the next year, or (3) on June 30, 2021 whichever comes first.

22) Section XIV. PROJECTS INCLUDING PUBLIC BUILDINGS is amended to add the following text at the end of the section:

- The Amended and Restated River District Urban Renewal Plan, as amended by the First Amendment, includes a project for the construction of a public school (including a multifunctional community space) on property owned by the David Douglas School District, commonly known as the Deardorff property, located at 7010-7144 SE Deardorff Road. The school constructed as part of the project will serve or benefit the River District Urban Renewal Area by providing school facilities for families that have been displaced from the portion of the Area located in the Central City as a result of rapidly increasing housing prices which has made most family housing unaffordable in the Central City portion of the River District Urban Renewal Area. As a result, families have moved to the eastern portion of the city which has caused classroom overcrowding. The proposed school will help alleviate overcrowding and reduce the need for schools within the Central City portion of the River District Urban Renewal Area. Additionally, the community space contemplated with the school will provide needed recreational opportunities and access to a park like setting and open space along Johnson Creek. This unique combination of a recreational facility along with open green spaces is not present in the Central City portion of the River District and will provide additional opportunities for Area residents to experience a quality multifaceted recreational experience.

REPORT ACCOMPANYING THE FIRST AMENDMENT TO THE AMENDED AND RESTATED RIVER DISTRICT URBAN RENEWAL PLAN



City of Portland
Portland Development Commission

June 18, 2008

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I. INTRODUCTION

The River District Urban Renewal Area Report (the “Report”) contains background information and project details for the First Amendment (the “First Amendment” or “Amendment”) to the Amended and Restated River District Urban Renewal Area Plan (the “Plan”). The Report is not a legal part of the Plan but is intended to provide public information and a basis for the findings made by the City Council as part of its approval of the Plan.

This is the First Amendment to the Plan, which was originally adopted in 1998 and amended and restated in June, 2008. The Amendment consists of changes to the existing Plan, which will expand the boundary of the River District Urban Renewal Area (the “Expansion Area”) and impact both the financing and the expected physical, social, economic and fiscal impacts of the Plan. Specifically, this Amendment will:

1. Adjust boundaries: Add 8.53 acres of property.
2. Increase the maximum indebtedness by \$19 million to \$568.5 million.
3. Update the Introduction to include the areas being added.
4. Update Section II Housing Strategy to be inclusive of the River District Urban Renewal Area located in the central city.
5. Update Section II. Parks, Open Spaces and Other Public Amenities Goal to reflect additional area being added.
6. Update Section IV. Urban Renewal Area Outline to reflect the additional area being added.
7. Update Section V. Urban Renewal Area Map and Legal Description to reflect the additional area being added.
8. Update Section VI. Urban Renewal Projects to reflect the additional being added.
9. Update Section X. Relationship to Local Plans and Objectives to reflect the additional area being added.
10. Update Section XI. Land Use Plan to reflect the additional area being added.
11. Update Section XII. to provide a financial analysis of the Plan to reflect the areas being added, and the increase in maximum indebtedness. _
12. Amend Section XIV. Projects Including Public Buildings to add School and Community Facility

The purpose of these changes is guided by two Portland City Council resolutions which first developed rationale and criteria for the addition of a noncontiguous area to an urban renewal area and then subsequently directed the Portland Development Commission to include the David Douglas School District’s Deardorff Road Property as part of the River District Urban Renewal Area.

Notice of a proposed amendment to an urban renewal plan must be provided pursuant to ORS 457.120 when an amendment to the Plan will have the effect of either: (a) increasing the amount of maximum indebtedness authorized under the Plan, or (b) adding land to the urban renewal area, except for an addition of land that totals not more than one percent of the existing area of the urban renewal area. The First Amendment to the Plan qualifies as such an amendment under both criteria because it increases the maximum indebtedness of the Plan and adds land totaling 2.8% of the Area's existing acreage.

1. Public Participation Process

A joint process of public participation began in 2006 with the Portland Development Commission (PDC) and the City of Portland staff interviewing 35 stakeholders to obtain their thoughts and ideas about the future of the downtown area, specifically concerning an update to the Central Portland Plan and reviewing three downtown urban renewal areas.

The Westside Study officially started in May 2007 when the PDC Commission directed staff in PDC Resolution No. 6474 to look at the downtown urban renewal areas. Two of the URAs, Downtown Waterfront (DTWF) and South Park Blocks (SPB), are due to expire in 2008 but still have important projects to complete. This expiration refers to the last date a URA can issue bonded indebtedness, which was set during the creation of the URA. The River District (RD) URA has performed beyond expectations and a boundary change could allow uncompleted projects in the DTWF and SPB URAs to be completed as part of the RD Urban Renewal Plan. A Public Participation Plan was developed in cooperation with PDC staff and community stakeholders to ensure that there will be sufficient public input around the critical decisions about the future of these URAs.

2. Urban Renewal Advisory Group Formed

The PDC created the Westside Study Urban Renewal Advisory Group (URAG) in May of 2007. The URAG includes two PDC Commissioners (Charles Wilhoite and Mark Rosenbaum), two City Council members (Erik Sten and Dan Saltzman), Multnomah County Commissioner Jeff Cogen, Planning Commissioner Chairman Don Hanson and citizen budget committee member Jon Kruse.

As an extension of City Council/PDC's FY 07-08 Budget Advisory Committee, the URAG reflects the new relationship between the Council and PDC created by last year's city charter change, giving Council budget approval authority. The new advisory group also includes other local officials in recognition of the broad potential impact of this community discussion.

The charge to the Westside Study Urban Renewal Advisory Group (Advisory Group) was to make recommendations regarding the future of three downtown URAs: Downtown Waterfront (DTWF); South Park Blocks (SPB) and River District (RD). Specifically, they were asked to address the following questions:

- Should PDC expand the RD by up to 61 acres?
- Should PDC increase the maximum indebtedness of the RD, which will likely be reached in 2011-12?
- Should PDC extend the last date to issue debt for DTWF and SPB?

The URAG met over ten months through February 2008 and heard from a variety of stakeholders including:

- Pearl District Neighborhood Association
- Portland Downtown Neighborhood Association
- Old Town/Chinatown Neighborhood Association
- Old Town/Chinatown Visions Committee
- League of Women Voters
- Portland State University
- University of Oregon
- Portland Business Alliance/Downtown Retail Council
- Chinese Consolidated Benevolent Association
- Regional Arts and Culture Commission
- Representatives from non-profit and for profit housing organizations
- City of Portland Bureau representatives including Planning, Transportation, Housing and Community Development, and Parks

3. Additional Community Meetings

PDC staff also briefed stakeholders at community meetings including:

- Downtown Neighborhood Association National Night Out event in the South Park Blocks
- Downtown Neighborhood Association Land use committee
- Old Town/Chinatown Neighborhood Association
- Pearl District Planning and Transportation Committee
- Old Town/Chinatown Visions Committee

4. Electronic Communications

PDC staff created a web page dedicated to the Future of Urban Renewal that includes the opportunity for collecting comments electronically. People accessing the web site could also sign up for email notifications about the project.

5. URAG Recommendations

- The River District should be expanded by approximately 50 acres.
- The maximum indebtedness of the River District should be increased.
- The last date to issue maximum indebtedness for the River District should be extended from 2020 to 2021.
- Remove 3.8 acres from the South Park Blocks URA boundaries and add this area to the River District URA for completion of projects on those parcels. (By Commission direction, this acreage was later reduced to 3.20 acres.)
- Remove 47.03 acres from the Downtown Waterfront URA and add this area to the River District URA for completion of projects on those parcels.
- Do not extend the last date to issue debt for DTWF URA and SPB URA, but utilize full financial capacity using existing 2008 expiration date.

- If directed by City Council, consider formation of a non-contiguous area in the David Douglas School District for the purpose of building an elementary school and public facility.

6. Report Format

The format of the Report is based on statute ORS 457.085(3). It requires that an urban renewal plan amendment which is a significant change, requiring a substantial amendment to the plan, be accompanied by a report which provides:

- A. A description of physical, social and economic conditions in the urban renewal areas of the plan, and expected impact, including the fiscal impact, of the plan (or change) in light of added services and increased population;
- B. Reasons for selection of each urban renewal area in the plan;
- C. The relationship between each project to be undertaken and the existing conditions in the urban renewal area;
- D. The estimated total cost of each project and the sources of monies to pay such costs;
- E. The anticipated completion date for each project;
- F. The estimated amount of money required in each urban renewal area under ORS 457.420 to 457.460 and the anticipated year in which indebtedness will be retired or otherwise provided for under ORS 457.420 to 457.460;
- G. A financial analysis of the plan with sufficient information to determine feasibility;
- H. A fiscal impact statement that estimates the impact of the tax increment financing, both until and after indebtedness is repaid, upon all entities levying taxes upon property in the urban renewal area; and
- I. A relocation report which shall include:
 1. An analysis of existing residents or businesses required to be relocated permanently or temporarily as a result of agency actions, under ORS 457.170;
 2. A description of the methods to be used for the temporary or permanent relocation of persons living in, and businesses situated in, the urban renewal area in accordance with ORS 35.500 to 35.530; and
 3. An enumeration, by cost range, of the existing housing in the urban renewal areas of the plan which are to be destroyed or altered, and of the new units to be added.

This report will address each of the required information categories.

II. A DESCRIPTION OF PHYSICAL, SOCIAL, AND ECONOMIC CONDITIONS IN THE URBAN RENEWAL AREAS OF THE PLAN AND THE EXPECTED IMPACT, INCLUDING FISCAL IMPACT, OF THE PLAN IN LIGHT OF ADDED SERVICES OR INCREASED POPULATION

This section of the Report describes existing conditions within the River District Urban Renewal Area (the “Area”) documenting the occurrence of “blighted areas” as defined by ORS 457.010(1). This Plan amendment will expand the Area’s boundary by 8.53 acres, increasing the size of the Area to 359.72 acres. Further, this Amendment will increase the maximum indebtedness of the Plan from \$549,500,000 to \$568,500,000.

Accordingly, tax increment revenues generated under the Plan between the date of this amendment and the expiration of the URA will be used to finance projects and activities that will improve economic, physical and social conditions within the Area and generally further the goals and objectives of the Plan.

A description of existing conditions within the area to be added by the First Amendment (the “Amendment Area” or “David Douglas Expansion Area”) is provided below. The Amendment Area is depicted in the map appearing in Figure 1 below. The conditions within the existing River District Area, including a description of the physical, social, and economic conditions and the expected impact, including fiscal impact, of the Plan in light of added services or increased population, have been described in the Report accompanying the Amended and Restated River District Urban Renewal Plan.

Figure 1. David Douglas Expansion Area

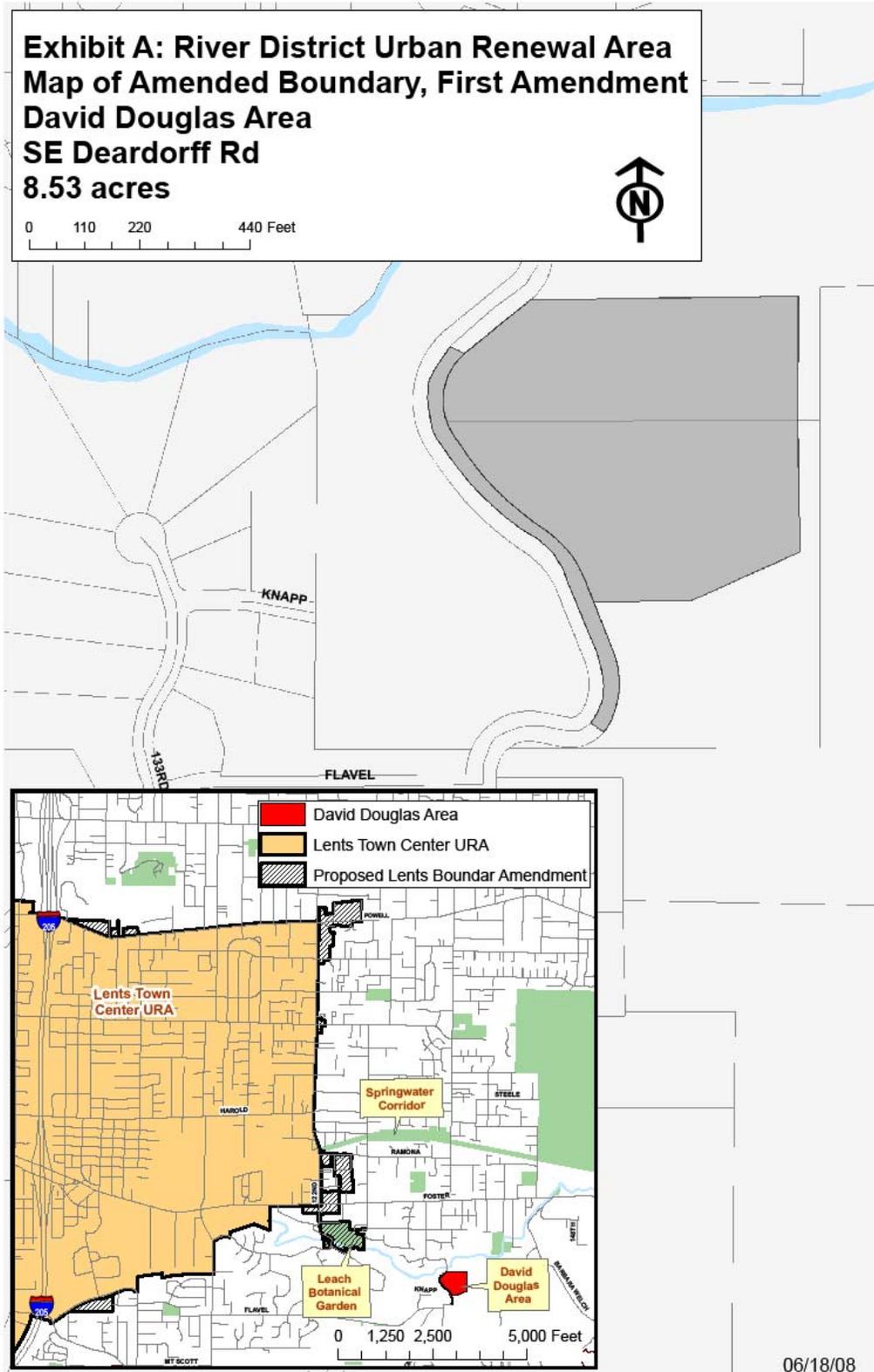
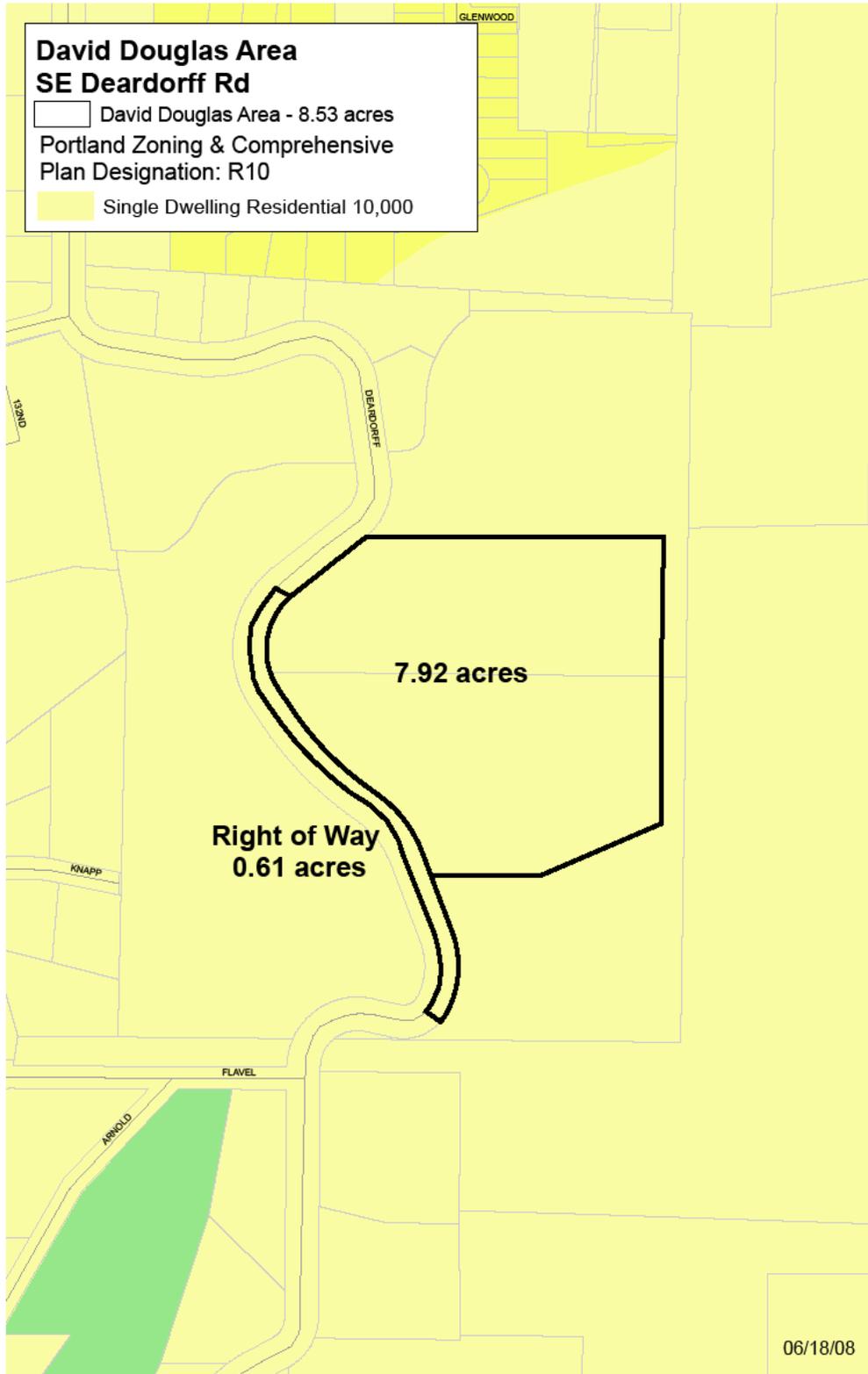


Figure 2. Zoning Map



A. Physical Conditions

1. Land Use

The David Douglas Expansion Area is shown in Figure 1. The David Douglas Expansion Area contains approximately 8.53 acres. An analysis of property classification data from Multnomah County's 2007-08 Assessment and Taxation database was used to determine the land use designations for the David Douglas Expansion Area. This area includes two individual parcels classified as residential.

2. Zoning

As illustrated in Figure 2, 8.53 acres (100 percent) of the David Douglas Expansion Area is zoned as R10 Residential, with a "c" environmental overlay.

3. Building Condition

There are two residential buildings in the David Douglas Expansion Area. These two buildings plus various outbuildings will be removed as part of the redevelopment of the site.

4. Age of Buildings

There are two residential buildings in the David Douglas Expansion Area. They were built in 1923 and 1928, respectively. There are also several out buildings which housed livestock.

5. Streets and Utilities Condition

Streets

Deardorff Road is a two lane collector street without sidewalks or space for on-street parking. The pavement is 25 feet wide and there is no street lighting in approximately 1,350 feet of property frontage. Storm water from the pavement drains into a ditch along the east side of the street that empties into Johnson Creek.

Street improvements will add a six foot wide bicycle lane, a seven foot wide drainage swale and an eight foot wide sidewalk. Utilities along the street will need to be relocated to accommodate the new construction.

Water

The Water Bureau has indicated there is no water line in Deardorff Road to serve the site. There is a six inch water line on Deardorff Road that terminates at the south side of bridge crossing Johnson Creek and an eight inch water line at the intersection of Deardorff Road and Flavel Street. The six inch line does not have adequate water pressure to serve the project but the line at Flavel Street does have adequate pressure. To serve the site, the eight inch line will need to be brought to the site, a distance of approximately 700 feet.

Sewer

According to the Bureau of Environmental Services, there is an eight inch sanitary sewer line in Deardorff Road that is adequate to serve the site.

Storm Water

Storm water in the right of way will be designed to meet the Bureau of Environmental Services "Sewer and Drainage Facilities Design Manual". Storm water will drain into a new swale along the east side of the road. It will treat the storm water before it enters Johnson Creek. With the use of small check dams, the water flow will be slowed so it does not exceed the amount that presently enters Johnson Creek. This system has been approved by the Bureau of Environmental Services

6. Parks and Open Space

There is open space present on the northern and southern boundaries of the David Douglas Expansion Area but with no formal access.

7. Public Spaces

There are no public spaces in the David Douglas Expansion Area.

8. Public Parking

There is no public parking in the David Douglas Expansion Area.

9. Public Buildings

There are no public buildings in the David Douglas Expansion Area.

B. Social Conditions

The David Douglas Expansion Area is largely undeveloped and currently has only two residential dwellings. The major enrollment for the school to be constructed as part of the proposed project for the David Douglas Expansion Area will come from students currently attending Gilbert Park and Gilbert Heights elementary schools. Gilbert Park and Gilbert Heights are overcrowded with inadequate facilities to serve the current student population. Gilbert Park currently has 638 students in a facility built to handle 480 students, with an additional 21 students going to other schools. Gilbert Heights has 614 students in a facility built to handle 458 students, with 43 students bused to other classrooms in the district.

A 2005 analysis of school districts across the state indicated that when enrollment growth rate was coupled with assessed value, David Douglas had the most severe stress on facilities of any district in the state with an index rate of 26. Centennial's rate was 81, Reynold's rate was 111, Gresham-Barlow's rate was 120, Parkrose rate was 243, and Portland Public rate was 290. The best index in the state was Black Butte at 386. Of the five Districts across the state with low assessed value and high enrollment increases, four (David Douglas, Woodburn, Umatilla, Forest Grove) asked voters to approve a capital bond in 2006. All four failed. Additionally, the community space contemplated with the school will provide needed recreational opportunities and access to a park like setting and open space along Johnson

Creek. This unique combination of a recreational facility along with open green spaces is not present in the Central City portion of the River District and will provide additional opportunities for Area residents to experience a quality multifaceted recreational experience.

Current demographics of the schools are included in Table1.

Table 1: School Demographics for Gilbert Heights and Gilbert Park

School	Student Population	Average Class Size	% Receiving Free/Reduced Meal Assistance	% White	% Black	% Hispanic	% Asian	% Am. Ind./ Alaska Native	% English as a Second Language	Avg. Class Size
Gilbert Heights	614	28.3	77.9	59.1	11.6	14.7	12.55	2.1	30.9	28.3
Gilbert Park	637	28.6	63.1	65.9	4.9	10.5	16.25	2.5	28.4	28.6

C. Economic Conditions

The real market value of land (RMV), improvements and personal property in the David Douglas Expansion Area is \$2,724,910. The David Douglas Expansion Area is currently exempt from property taxation because it is owned by the David Douglas School District.

Expected Impact, Including Fiscal Impact of Plan Amendment in Light of Added Services or Increased Population

The fiscal impact of tax increment financing on taxing districts that levy taxes within the Area (“affected taxing districts”) is described in Section IX of this Report. This subsection discusses the fiscal impacts resulting from potential increases in demand for municipal services.

The proposed school and community facility will be built with a predominance of urban renewal proceeds, thereby relieving David Douglas School District from most of the increased capital costs. Various system development charges levied for these proposed new facilities will help offset increased demand on municipal services.

Transportation, access to open space and utility improvements proposed to be funded through tax increment resources as part of the proposed project for the David Douglas Expansion Area will help reduce the need to finance those improvements through other municipal resources, which allows for the funds to be used for other services.

III. REASONS FOR SELECTION OF EACH URBAN RENEWAL AREA IN THE PLAN

A. David Douglas Expansion Area

The David Douglas Expansion Area has been purchased by the David Douglas School District for the construction of a public school which would include a multi-functional community facility. The Area is in need of a school and community facility. As described above, the David Douglas Expansion Area has inadequate transportation, open space and utility infrastructure. The site is served only by a two-lane road which lacks sidewalks and street lighting. Although there are open spaces within the David Douglas Expansion Area, there are no open space facilities or means of formal access to the open space. The water mains serving the site are inadequate to support domestic use and fire protection. In addition, at least in part as a result of the inadequate infrastructure, the David Douglas Expansion Area is not properly utilized resulting in a stagnant and unproductive condition of land that, if used as school (with associated community space) would be useful and valuable for contributing to the public health, safety and welfare. The school including the community space would be able to house much needed space for a Head Start facility as well as a computer center and places to hold adult education classes. Currently, the David Douglas Expansion Area contains only two aging residential structures and associated out buildings. Some of the out buildings once housed livestock but are no longer in use. Other than this minimal residential use, the land within the David Douglas Expansion Area is unproductive and stagnant. If the David Douglas Expansion Area were used, instead, as a school, the school would serve students currently attending overcrowded existing schools in the David Douglas School District. The availability of adequate school facilities for these students will increase student educational attainment and performance, contributing positively to the public health, safety and welfare. In addition, construction of a school would make community space available to the public and provide formal access to the related open space, further contributing to the public health, safety and welfare. Accordingly, the David Douglas Expansion Area is currently blighted, as described in ORS 457.010(1)(e) and (h) and amending the River District Urban Renewal Area to include the David Douglas Expansion Area and constructing the project proposed for the site will eliminate blight and help prevent the future occurrence of blight in the David Douglas Expansion Area.

B. Other Portions of the River District Urban Renewal Area.

The reasons for selection of the other portions of the River District Urban Renewal Area have been described in earlier Reports.

IV. THE RELATIONSHIP BETWEEN URBAN RENEWAL PROJECTS AND THE EXISTING CONDITIONS IN THE URBAN RENEWAL AREA

A. Public School in David Douglas Expansion Area

As described above, the public school (and associated community space) proposed for the David Douglas Expansion Area will take a blighted property, characterized by inadequate infrastructure and an unproductive condition, and place it in active public use. The school will serve students who are currently underserved in other overcrowded schools. This overcrowding has resulted, at least in part, from a relocation of families from other parts of the River District Urban Renewal

Area to more affordable housing in the eastern part of the City. The project will also add 23,060 square feet of community facilities and access to open space which will be available to all citizens of Portland including residents of other portions of the River District Urban Renewal Area. For example, the project is anticipated to include large group meeting spaces in the “cafetorium”, gymnasium and library of approximately 19,460 square feet. In addition, other rooms, such as a computer center, small meeting rooms, and two Head Start rooms, as well as classrooms will be available for adult classes and small group meetings in the evening. The gymnasium will be scheduled for community use when not needed for student use. Cost of construction of an equivalent facility in the other portions of the River District Urban Renewal Area would be more expensive.

B. Other Projects.

The relationship between the other urban renewal projects and the existing conditions in the River District Urban Renewal Area have been described in earlier Reports.

V. THE ESTIMATED TOTAL COST OF EACH PROJECT AND THE SOURCES OF MONEYS TO PAY SUCH COSTS

Table 2 below shows the estimated total cost of the project proposed for the David Douglas Expansion Area and the estimated sources of funds to address such costs, with all figures in year of expenditure dollars.

Table 2. Estimated Project Expenditures and Revenues (In Year of Expenditure Dollars)

Estimated Project Expenditures and Revenues (In year of Expenditure Dollars)		
Project	Total Estimated Cost	Estimated Tax Increment Share of Costs
Estimated Revenues		
Tax Increment Proceeds	\$19,000,000	\$18,835,832
David Douglas School District	\$4,081,282	-
Public Improvements		
Public School	\$14,332,880	\$11,697,000
Community Facility	\$5,371,870	\$4,384,000
Street Reconstruction and Sidewalks, Sanitary Sewer & Water	\$1,876,532	\$1,531,000
Open Space	\$1,000,000	\$816,000
Parks and Greenway Improvements	\$500,000	\$408,000
Administration	\$0	\$164,168
Total	\$23,081,282	\$19,000,000

The estimated total cost for other projects in the Urban Renewal Area is set forth in earlier Reports. This cost analysis is based on anticipated projects at the time of preparation of the Plan and the Amendment and does not include projects that may be authorized by the Plan, but are unknown at this time. Specific projects and expenditures are determined solely in the annual budget process.

VI. THE ANTICIPATED COMPLETION DATE FOR EACH PROJECT

Projects to be completed with new resources made available under the Plan as amended are anticipated to be undertaken starting Fiscal Year (FY) 2009 and completed by FY 2021. Anticipated completion dates for other projects are set forth in earlier reports.

VII. THE ESTIMATED AMOUNT OF MONEY REQUIRED IN EACH URBAN RENEWAL AREA UNDER ORS 457.420 TO 457.460 (TAX INCREMENT FINANCING OF URBAN RENEWAL INDEBTEDNESS) AND THE ANTICIPATED YEAR IN WHICH INDEBTEDNESS WILL BE RETIRED OR OTHERWISE PROVIDED FOR UNDER ORS 457.420 TO ORS 457.460.

The estimated amount of money required for the David Douglas Expansion Area is \$19,000,000. Accordingly, under this amendment, the Plan's maximum indebtedness will be increased by \$19,000,000 to make a new maximum indebtedness of \$568,500,000 to finance additional projects in the David Douglas Expansion Area.

Table 6 shows the yearly tax increment revenues and their allocation to debt financing and repayment for entire maximum indebtedness to be incurred under the Plan, as amended. The table shows impacts associated with the Amended and Restated River District Plan, which provided for an additional \$324.7 million of indebtedness to be incurred and this First Amendment to the Amended and Restated River District Plan which will provide \$19 million in bond proceeds for the proposed project in the David Douglas Area. It is anticipated that all debt will be retired by the end of FY 2027. The total amount of tax increment revenues required to service the debt to be incurred to provide \$19 million in bond proceeds in the proposed project in the David Douglas Area is \$24.7 million.

Table 3. Tax Increment Revenues, Debt Service and Debt Repayment

Fiscal Year Ending June 30	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Beginning Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Revenues								
Tax Increment to Raise (before Compression)	26,956,618	28,696,653	30,315,205	32,292,733	34,369,138	36,549,364	38,838,600	41,242,298
Less Compression	(1,347,831)	(1,434,833)	(1,515,760)	(1,614,637)	(1,718,457)	(1,827,468)	(1,941,930)	(2,062,115)
Tax Increment Imposed (after Compression)	25,608,787	27,261,820	28,799,445	30,678,097	32,650,681	34,721,895	36,896,670	39,180,184
Less Adjustments for Discounts, Delinquencies, Interest Earnings	(1,024,351)	(1,090,473)	(1,151,978)	(1,227,124)	(1,306,027)	(1,388,876)	(1,475,867)	(1,567,207)
TOTAL NET TAX INCREMENT REVENUES	\$24,584,435	\$26,171,348	\$27,647,467	\$29,450,973	\$31,344,654	\$33,333,020	\$35,420,803	\$37,612,976
Expenditures								
Bond/Line of Credit Debt Service								
Line of Credit Draw 1	\$532,736	\$1,065,472	\$0	\$0	\$0	\$0	\$0	\$0
Bond 1	0	0	4,403,085	4,403,085	4,403,085	4,403,085	4,403,085	4,403,085
Line of Credit Draw 2	0	0	656,713	1,313,427	1,313,427	1,313,427	0	0
Line of Credit Draw 3	0	0	0	540,873	1,081,745	1,081,745	0	0
Line of Credit Draw 4	0	0	0	0	401,041	802,082	0	0
Bond 2	0	0	0	0	0	0	6,356,114	6,356,114
Line of Credit Draw 5	0	0	0	0	0	0	441,994	883,988
Line of Credit Draw 6	0	0	0	0	0	0	0	465,829
Line of Credit Draw 7	0	0	0	0	0	0	0	0
Line of Credit Draw 8	0	0	0	0	0	0	0	0
Bond 3	0	0	0	0	0	0	0	0
Total Bond/Line of Credit Debt Service	\$532,736	\$1,065,472	\$5,059,798	\$6,257,384	\$7,199,297	\$7,600,339	\$11,201,192	\$12,109,015
Short Term Debt Repayment	\$13,967,773	\$14,542,343	\$11,127,977	\$11,730,813	\$12,681,975	\$14,269,866	\$12,755,644	\$14,044,244
Subtotal Expenditures for Plan Amendment	\$14,500,510	\$15,607,815	\$16,187,775	\$17,988,197	\$19,881,272	\$21,870,205	\$23,956,836	\$26,153,259
Expenditures Associated with Original Plan	\$10,083,926	\$10,563,533	\$11,459,692	\$11,462,776	\$11,463,382	\$11,462,814	\$11,463,967	\$11,459,717
Bond Defeasance	\$ -							
TOTAL EXPENDITURES	\$24,584,435	\$26,171,348	\$27,647,467	\$29,450,973	\$31,344,654	\$33,333,019	\$35,420,803	\$37,612,976
Ending Balance	\$ -							

Table 3 continued. Tax Increment Revenues, Debt Service and Debt Repayment

Fiscal Year Ending June 30	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
Beginning Balance	\$ -	\$ -	\$ -	\$ -	\$17,704,393	\$38,454,474	\$67,262,847	\$99,803,143	\$136,028,281
Revenues									
Tax Increment to Raise (before Compression)	43,766,182	46,416,259	\$48,642,324	50,957,432	53,365,144	55,869,164	58,473,345	60,843,150	63,295,898
Less Compression	(2,188,309)	(2,320,813)	(2,918,539)	(3,057,446)	(3,201,909)	(3,352,150)	(3,508,401)	(3,650,589)	(3,797,754)
Tax Increment Imposed (after Compression)	41,577,873	44,095,446	45,723,785	47,899,986	50,163,235	52,517,014	54,964,945	57,192,561	59,498,145
Less Adjustments for Discounts, Delinquencies, Interest Earnings	(1,663,115)	(1,763,818)	(1,861,067)	(918,580)	(137,741)	834,671	2,118,663	3,575,890	5,200,660
TOTAL NET TAX INCREMENT REVENUES	\$39,914,758	\$42,331,628	\$43,862,717	\$46,981,406	\$50,025,494	\$53,351,686	\$57,083,608	\$60,768,451	\$64,698,805
Expenditures									
Bond/Line of Credit Debt Service									
Line of Credit Draw 1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Bond 1	4,403,085	4,403,085	4,403,085	4,403,085	4,403,085	4,403,085	4,403,085	4,403,085	4,403,085
Line of Credit Draw 2	0	0	0	0	0	0	0	0	0
Line of Credit Draw 3	0	0	0	0	0	0	0	0	0
Line of Credit Draw 4	0	0	0	0	0	0	0	0	0
Bond 2	6,356,114	6,356,114	6,356,114	6,356,114	6,356,114	6,356,114	6,356,114	6,356,114	6,356,114
Line of Credit Draw 5	883,988	883,988	883,988	0	0	0	0	0	0
Line of Credit Draw 6	931,658	931,658	931,658	0	0	0	0	0	0
Line of Credit Draw 7	487,510	975,020	975,020	0	0	0	0	0	0
Line of Credit Draw 8	0	510,895	1,021,791	0	0	0	0	0	0
Bond 3	0	0	0	7,054,992	7,054,992	7,054,992	7,054,992	7,054,992	7,054,992
Total Bond/Line of Credit Debt Service	\$13,062,354	\$14,060,759	\$14,571,655	\$17,814,191	\$17,814,191	\$17,814,191	\$17,814,191	\$17,814,191	\$17,814,191
Short Term Debt Repayment	\$15,392,082	\$16,806,797	\$17,827,741	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Expenditures for Plan Amendment	\$28,454,436	\$30,867,556	\$32,399,395	\$17,814,191	\$17,814,191	\$17,814,191	\$17,814,191	\$17,814,191	\$17,814,191
Expenditures Associated with Original Plan	\$11,460,322	\$11,464,072	\$11,463,322	\$11,462,822	\$11,461,222	\$6,729,122	\$6,729,122	\$6,729,122	\$6,729,122
Bond Defeasance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$147,566,014
TOTAL EXPENDITURES	\$39,914,758	\$42,331,628	\$43,862,717	\$29,277,013	\$29,275,413	\$24,543,313	\$24,543,313	\$24,543,313	\$172,109,327
Ending Balance	\$ -	\$ -	\$ -	\$17,704,393	\$38,454,474	\$67,262,847	\$99,803,143	\$136,028,281	\$28,617,759

VIII. FINANCIAL ANALYSIS OF THE PLAN WITH SUFFICIENT INFORMATION TO DETERMINE FEASIBILITY

The estimated tax increment revenues of an additional \$19,000,000 of debt shown in Table 3 are based on projections of the assessed value of development within the River District Urban Renewal Area which in turn are based on historical trends in the River District Urban Renewal Area since its establishment. The projected total assessed value is based on average annual growth rates, which are also shown in Table 4. These rates reflect the recent reduction in the extraordinary growth rate this district has recently shown. The rates also decrease at a point in the future to avoid the exaggeration in growth resulting from a constant growth rate over time.

Table 4 shows the projected incremental assessed value, projected tax rates that would produce tax increment revenues, and the annual tax increment revenues (not adjusted for under-collection, penalties and interest). These, in turn, provide the basis for the projections in Table 3 showing sufficient tax increment revenues to support the maximum indebtedness under the Plan, as amended.. Based upon this analysis, the increase in assessed value shown in Table 3 is sufficient to pay for the \$19 million debt which is included in Table 4, and would not negatively impact the remainder of the Plan.

Table 4. Projected Incremental Assessed Value, Tax Rates and Tax Increment Revenues

Fiscal Year Ending June 30	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
ASSESSED VALUE								
Frozen Base	\$461,768,339	\$461,768,339	\$461,768,339	\$461,768,339	\$461,768,339	\$461,768,339	\$461,768,339	\$461,768,339
Incremental Assessed Value	1,314,956,966	1,417,118,671	1,515,760,239	1,614,636,668	1,718,456,918	1,827,468,181	1,941,930,007	2,062,114,925
Total	\$1,776,725,305	\$1,878,887,010	\$1,977,528,578	\$2,076,405,007	\$2,180,225,257	\$2,289,236,520	\$2,403,698,346	\$2,523,883,264
% GROWTH								
Total Assessed Value	6.00%	5.75%	5.25%	5.00%	5.00%	5.00%	5.00%	5.00%
Incremental Assessed Value	8.28%	7.77%	6.96%	6.52%	6.43%	6.34%	6.26%	6.19%
CONSOLIDATED TAX RATE	\$20.5000	\$20.2500	\$20.0000	\$20.0000	\$20.0000	\$20.0000	\$20.0000	\$20.0000
TAX INCREMENT REVENUES								
Tax Increment Revs. before Compression	\$26,956,618	\$28,696,653	\$30,315,205	\$32,292,733	\$34,369,138	\$36,549,364	\$38,838,600	\$41,242,298
Less Compression	(1,347,831)	(1,434,833)	(1,515,760)	(1,614,637)	(1,718,457)	(1,827,468)	(1,941,930)	(2,062,115)
Tax Increment Revs. after Compression	25,608,787	27,261,820	28,799,445	30,678,097	32,650,681	34,721,895	36,896,670	39,180,184

Table 4, continued. Projected Incremental Assessed Value, Tax Rates and Tax Increment Revenues

Fiscal Year Ending June 30	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
Projected Assessed Value Growth									
Frozen Base	\$461,768,339	\$461,768,339	\$461,768,339	\$461,768,339	\$461,768,339	\$461,768,339	\$461,768,339	\$461,768,339	\$461,768,339
Incremental Assessed Value	2,188,309,088	2,320,812,959	2,432,116,211	2,547,871,593	2,668,257,190	2,793,458,211	2,923,667,273	3,042,157,520	3,164,794,925
Total Assessed Value	\$2,650,077,427	\$2,782,581,298	\$2,893,884,550	\$3,009,639,932	\$3,130,025,529	\$3,255,226,550	\$3,385,435,612	\$3,503,925,859	\$3,626,563,264
Growth Rate on Existing AV	5.00%	5.00%	4.00%	4.00%	4.00%	4.00%	4.00%	3.50%	3.50%
Incremental AV Growth	6.12%	6.06%	4.80%	4.76%	4.72%	4.69%	4.66%	4.05%	4.03%
Consolidated Tax Rate	\$20.0000	\$20.0000	\$20.0000	\$20.0000	\$20.0000	\$20.0000	\$20.0000	\$20.0000	\$20.0000
Tax Increment to Raise (before Compression)	\$43,766,182	\$46,416,259	\$48,642,324	\$50,957,432	\$53,365,144	\$55,869,164	\$58,473,345	\$60,843,150	\$63,295,898
Less Compression	(2,188,309)	(2,320,813)	(2,918,539)	(3,057,446)	(3,201,909)	(3,352,150)	(3,508,401)	(3,650,589)	(3,797,754)
Tax Increment Imposed (after Compression)	\$41,577,873	\$44,095,446	\$45,723,785	\$47,899,986	\$50,163,235	\$52,517,014	\$54,964,945	\$57,192,561	\$59,498,145

IX. A FISCAL IMPACT STATEMENT THAT ESTIMATES THE IMPACT OF THE TAX INCREMENT FINANCING, BOTH UNTIL AND AFTER THE INDEBTEDNESS IS REPAYED, UPON ALL ENTITIES LEVYING TAXES UPON PROPERTY IN THE URBAN RENEWAL AREA

As described above, a maximum of \$19,000,000 more in bonded indebtedness may be issued before June 30, 2021. These changes to the Plan will not impact overlapping taxing districts because the anticipated date for final payoff of the debt does not change.

The impact of tax increment financing on overlapping taxing districts consists primarily of the property tax revenues foregone on permanent rate levies as applied to the growth in assessed value. (Very small increases in property tax rates for General Obligation bonds will occur as a result of tax increment financing.)

Table 5 shows the property tax revenue foregone by overlapping taxing districts during the use of tax increment financing under the Plan, as amended by the First Amendment, in terms of average revenues foregone per year through FY 2026-2027 in current dollars. No impacts are shown for the permanent rate levies for K-12 School Districts or Educational Service District, because under current school funding law, property tax revenues are combined with State School Fund revenues to achieve per-student funding targets. Under this system, property taxes foregone are replaced with State School Fund revenues. The impact for current local option levies are shown below.

Table 5. Projected Impact on Taxing District Permanent Rate and Local Option Levies During Use of Tax Increment Financing Through FY 2026-27.

Taxing District	Impacts Based on Amended & Restated Plan	Impacts Based on First Amend. To Amended & Restated Plan	Impacts Based on Amendment Only	Present Value of Impacts due to Amendment
<i>LOCAL GOVERNMENT</i>				
City of Portland (Permanent Rate/Local Option)	\$193,770,877	\$199,420,993	\$5,650,116	\$2,235,943
Multnomah County (Permanent Rate/Local Option)	188,503,362	193,865,109	5,361,746	2,121,825
Metro	4,028,249	4,147,497	119,249	47,191
Port of Portland	2,923,191	3,009,726	86,536	34,245
<i>EDUCATION DISTRICTS</i>				
Portland Public Schools (Local Option)	10,460,889	10,460,889	0	
Portland Community College	11,792,844	12,141,949	349,105	138,153
TOTAL ALL TAXING DISTRICTS	\$411,479,412	\$423,046,163	\$11,566,751	\$4,577,356

Table 6 shows the increase in permanent rate levy revenues that would occur after termination of the tax increment financing in FY 2026-27. It is assumed that local option levies would not be extended beyond their current expiration dates. By FY 2052-53, revenues added to the permanent rate levies would exceed the revenues foregone during the use of tax increment financing.

Table 6. Additional Revenues Obtained After Termination of Tax Increment Financing

Taxing District	Impacts Based on Amended & Restated Plan	Impacts Based on First Amend. To Amended & Restated Plan	Impacts Based on Amendment Only	Present Value of Impacts due to Amendment
<i>LOCAL GOVERNMENT</i>				
City of Portland (Permanent Rate)	\$628,509,756	\$661,346,055	\$32,836,299	\$2,047,461
Multnomah County (Permanent Rate)	596,432,002	627,592,409	31,160,406	1,942,963
Metro	13,265,030	13,958,057	693,027	43,213
Port of Portland	9,626,073	10,128,984	502,911	31,358
<i>EDUCATION DISTRICTS</i>				
Portland Community College	38,833,856	40,862,719	2,028,863	126,507
TOTAL ALL TAXING DISTRICTS	\$1,286,666,717	\$1,353,888,223	\$67,221,506	\$4,191,502

X. RELOCATION REPORT

Relocation of the residents in the existing residential structures in the David Douglas Expansion Area may be required as a result of this Amendment. There are two residences with miscellaneous outbuildings on this property that may be removed. They have a combined improvement value of \$324,410. The relocation methods and requirements are contained in the Report accompanying the Amended and Restated River District Urban Renewal Plan and remain unchanged.

XI. COMPLIANCE WITH LAND AREA AND ASSESSED VALUE LIMITS

State law limits the percentage of a municipality's total assessed value and area that can be contained in an urban renewal area at the time of its establishment to 15 percent for municipalities with a population of 50,000 or greater. The net addition of 8.53 acres in the amendment will increase the Area's acreage, from 351.19 acres to 359.72 acres. This will reduce the City's current capacity for urban renewal to 720.1 acres. The total acreage is within the 15 percent area limit contained in Chapter 457 of the Oregon Revised Statutes.

State law also limits the total amount of acreage which can be added to an urban renewal district's original boundaries to 20 percent. This amendment adds 8.53 acres in addition to the previous amendment of 50.23 acres, totaling 58.76 acres. This is 19 percent of the original total acreage of the district (309.21 acres), complying with the 20 percent ORS restriction on addition of acreage to an existing urban renewal district.

The City also remains in compliance with the assessed value percentage, as shown below in Table 11. This amendment will not result in an additional frozen base because of the publicly owned nature of the property. The numbers in the chart below reflect the estimate of the Lents Town Center Urban Renewal Plan amendment of 6/18/08. This chart does not reflect the change in frozen base from the amendments on 6/18/08 to the SPB Urban Renewal Plan and the DTWF Urban Renewal Plan as determining the reduction in frozen base in areas is a much more difficult process than determining additions. The frozen base assessed value numbers for SPB and DTWF will be reduced once the assessor calculates the new frozen base.

Therefore, the numbers in the Frozen Base Assessed Value column are actually higher than what the final tabulation will show, but even so, the total Frozen Base Assessed Value with the changes made by this amendment is 11.23% of the city's total assessed value, well within the statutory 15 percent restriction.

Table 7. Compliance with AV and Acreage

Urban Renewal Area	Frozen Base Assessed Value	Acres
Airport Way	\$129,701,177	2,726
Central Eastside	\$224,626,739	692
Downtown Waterfront (acreage shows 6/18/08 deletion)	\$70,866,644	232
South Park Blocks (acreage shows 6/18/08 deletion)	\$378,055,680	157.35
Oregon Convention Center	\$248,689,281	594
North Macadam	\$180,450,967	402
River District	\$358,684,364	309.21
River District proposed amendment (estimated)	\$71,760,875	41.98
First Amendment to River District	\$ 0	8.53
Interstate	\$1,019,370,465	3,769
Gateway	\$307,174,681	659
Willamette Industrial	\$481,443,135	758
Lents (acreage shows 6/18/08 addition)	\$714,432,705	2,846.79
Total	\$4,185,256,713	13,195.86
Total Acreage, City of Portland		92,773
Total Assessed Value City of Portland Less Incremental Assessed Value in Urban Renewal Areas	\$37,261,781,831	
Percent of Portland AV in Urban Renewal Areas	11.23%	
Percent of Portland Area in Urban Renewal Area		14.22%

PDC

PORTLAND DEVELOPMENT COMMISSION

Resolution Number 6587

TITLE: RESOLUTION APPROVING THE FIRST AMENDMENT TO AMENDED AND RESTATED RIVER DISTRICT URBAN RENEWAL PLAN AND DIRECTING THE AMENDMENT BE SUBMITTED TO THE PORTLAND CITY COUNCIL FOR ADOPTION

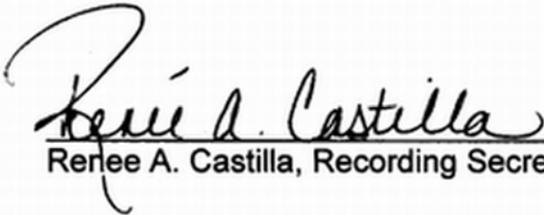
Adopted by the Portland Development Commission on May 14, 2008.

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

Certification

The undersigned hereby certifies that:

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


Renee A. Castilla, Recording Secretary

Date: June 12, 2008