

*Investing in
Portland's Future*



This document constitutes the official meeting record of the September 23, 2009, Portland Development Commission Board of Commissioner's meeting held at 222 NW Fifth Ave., Portland, OR 97209.

I. CALL TO ORDER AND ROLL CALL

Chair Scott Andrews called the meeting to order at approximately 8:06 a.m.

J. Scott Andrews
Commission Chair

Ms. Renee Castilla, acting as recording secretary for the Board, called the Commission roll:

Bertha Ferrán
Commissioner

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|-------------------------------|---------|
| Chair Scott Andrews | PRESENT |
| Commissioner Bertha Ferran | PRESENT |
| Commissioner John Mohlis | PRESENT |
| Commissioner Steven Straus | PRESENT |
| Commissioner Charles Wilhoite | PRESENT |

John C. Mohlis
Commissioner

II. MEETING MINUTES

Steven Straus
Commissioner

Chair Andrews called for a motion to approve the meeting minutes of September 9, 2009.

Charles A. Wilhoite
Commissioner

Commissioner Mohlis and Commissioner Ferran seconded the motion to approve the meeting minutes of September 9, 2009.

Sam Adams
Mayor

AYES: Andrews, Ferran, Mohlis
 NAYS: None
 ABSTAIN: Straus, Wilhoite

Bruce A. Warner
Executive Director

Chair Scott Andrews stated they had reached a settlement with the Friends of Urban Renewal on the River District appeal and that it would be discussed later in the agenda. He informed those in attendance the Headquarters Hotel Project has been put on hold due to the uncertain economic situation and the infeasibility of the project at this time. He further stated he attended the LEED Gold presentation to the Marriott Courtyard Hotel, which is the first of its kind to receive the award.



Commissioner Wilhoite stated extensive review is occurring for the North/Northeast Study. He said there has been great public participation with a broad and diverse group of people on the committee. He said they will continue to have sessions through March of next year or until they come up with a recommendation of how to proceed.

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III. EXECUTIVE DIRECTORS REPORT

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Mr. Bruce Warner, PDC Executive Director, stated on Friday, September 25, 2009, he would be attending the Mayors Retail Strategy Town Hall for further discussion about the Downtown Retail Strategy. He said he attended the pre-celebration of the MAX green line grand opening on Saturday. He explained the MAX green line connects the Gateway/Town Center transit station to Clackamas Town Center and further explained the new line was part of the changes to the transit mall and connection from Union Station to Portland State University. He said Chair Andrews was recognized for his



efforts on behalf of the downtown business community. In addition, PDC was acknowledged by TriMet and the Federal Transit Administration for their support as well. Mr. Warner also spoke briefly about the Headquarters Hotel project. He said the discussion regarding the hotel began in 1989 and it was with sadness he learned that due to the downturn in the economy and fewer resources the project was not possible to move forward as currently conceived. He said the Mayor has indicated his support of the Oregon Convention Center and welcomes ideas to ensure it is being utilized to full capacity. Mr. Warner expressed his thanks to the project partners involved as well as PDC staff for all of their support and hard work.

Chair Andrews echoed Mr. Warner and expressed his thanks for all of the organizations involved with the Headquarters Hotel for their time and effort.

IV. PUBLIC COMMENT FOR ITEMS NOT ON THE AGENDA

As there were no public comments for items not on the agenda, Chair Andrews moved to the consent agenda.

V. CONSENT AGENDA

Chair Andrews called for a motion to adopt the consent agenda:

Resolution No. 6735, titled, "Authorizing a Grant Agreement with Reach Community Development, Inc. for the Community Builders Program in an Amount not to exceed \$125,000 for the Repair of Homes for Low-income and Disabled Seniors in the Lents Town Center Urban Renewal Area."

Resolution No. 6737, titled, "Appoint Mr. John Tortorici to the North Macadam Urban Renewal Advisory Committee."

Commissioner Wilhoite moved and Commissioner Mohlis seconded the motion to adopt Resolution Nos. 6735, and 6737.

AYES: Andrews, Ferran, Mohlis, Straus, Wilhoite
NAYS: None

Commissioner Wilhoite referred the Board to the Lab Holdings item that appeared on the previous agenda and asked what determines if a project is still financially feasible and what type of analysis is done before additional funds is added to a project.

Chair Andrews stated the additional funds for this project is important because it will assist in the design and making sure the project lines up correctly with the bridge that will enter into the "the Fields" parks project.

Mr. Warner replied the development agreements use standardized language agreed upon by our legal counsel. Further staff works with the developer to come with a plan that is more than just an idea; that the project has agreement and commitment from all sides. Further, that the project has gone through the due diligence process to determine economic feasibility.

Chair Andrews called for a motion to adopt Resolution No. 6738, titled, "Authorizing a Predevelopment Loan with Project Seed, LLC in an Amount Not to exceed \$100,000 for Schematic Design for Centennial Mills in the River District Urban Renewal Area."

Commissioner Wilhoite moved and Commissioner Ferran seconded the motion to adopt Resolution No. 6738.

AYES: Andrews, Ferran, Mohlis, Wilhoite
NAYS: None
ABSTAIN: Straus

VI. HATS OFF AWARDS

Ms. Sandy Reina introduced the Hats Off Awards with a brief description of the program. The Board presented the recipients their awards.

VII. APPROVAL OF SECOND AMENDMENT TO THE AMENDED AND RESTATED RIVER DISTRICT URBAN RENEWAL PLAN

Mr. Eric Iverson and Mr. Robert Alexander presented Report No. 09-113, titled, "Approval of Second Amendments to the Amended and Restated River District Urban Renewal Plan."

Mr. Iverson stated on June 25, 2008, the PDC Board approved the Amended and Restated River District Urban Renewal Plan ("the Amended and Restated Plan"). Among other things, the Amended and Restated Plan i) increased maximum indebtedness from \$224,780,350 to \$549,500,000, ii) expanded the boundaries of the River District Urban Renewal Area, and iii) identified additional urban renewal projects of benefit to the City. Thereafter, an organization called the Friends of Urban Renewal (Appellants) filed an appeal of the Amended and Restated Plan with the Oregon Land Use Board of Appeals (LUBA). During the pendency of the appeal, major urban renewal projects identified in the Amended and Restated Plan were put on hold.

On January 30, 2009, LUBA issued a ruling finding technical problems with the Report supporting the Amended and Restated Plan and remanded the action to the City to correct the identified problems. PDC and the City revised the Report in response to the LUBA finding, and on June 24, 2009, the City again approved the Amended and Restated Plan.

On July 15, 2009, the Friends issued a Notice of Intent to Appeal to LUBA the City's second adoption of the Amended and Restated Plan.

Mr. Iverson explained over the past few months, the City, PDC and the Appellants have engaged in discussions regarding the possible settlement of the dispute. On September 9, 2009, it was announced that the parties had agreed that if the PDC Board adopted a Second Amendment to the River District Urban Renewal plan reducing the maximum indebtedness from \$549,500,000 to \$489,500,000, the Appellants would dismiss its appeal. The PDC Board is being asked to approve such an amendment. He said by settling this matter, PDC may immediately proceed with a number of critically important projects, including the funding of the Resource Access Center and investing in the City's century-old Union Station. It will also enable PDC to proceed with key projects such as the acquisition of the United States Post Office site and will free up funds to assist small businesses, complete affordable housing

projects and pursue other necessary infrastructure improvements. In these particularly challenging economic times, it is PDC's highest priority to respond to a compelling set of community needs as quickly as possible and to channel available funding to help stimulate the local economy and create jobs.

Mr. Iverson further stated the reduction of maximum indebtedness is deemed a minor amendment and only requires the approval of the PDC Board. Action by the Portland City Council is not required.

Mr. Alexander stated the action would approve the Second Amendment to the Amended and Restated River District Urban Renewal Area Plan (Amendment). The Amendment reduces the maximum indebtedness of the River District Urban Renewal Area (River District) by \$60,000,000, from \$549,500,000 to a total of \$489,500,000. He said approval of the Amendment resolves a legal appeal concerning the River District, enabling the funding of key projects such as the Resource Access Center, Union Station and acquisition of the United States Post Office site. Additionally, funds will be available to assist small businesses, complete affordable housing projects and pursue other necessary infrastructure improvements.

Chair Andrews called for a motion to adopt Resolution No. 6739, titled, "Approving the Second Amendment to the Amended and Restated River District Urban Renewal Plan."

AYES: Andrews, Ferran, Mohlis, Straus, Wilhoite
NAYS: None

VIII. FISCAL YEAR 2009-10 BUDGET AMENDMENT NO. 1

Ms. Julie Cody and Mr. Tony Barnes presented Report No. 09-114, titled, "Fiscal Year 2009-10 Budget amendment No. 1."

Mr. Tony Barnes stated the action would formally amend the current fiscal year (FY) 2009-10 Adopted Budget for the first time this year, in the following ways:

1. Adds expenditure appropriations for River District amendment projects expected to spend during FY 2009-10 – primarily for the Resource Access Center;
2. Adds carryover of funding for specific projects and programs that were committed during the prior fiscal year (FY 2008-09) but appropriation authority was not established in the FY 2009-10 Adopted Budget due to limitations on how many changes could be recognized between the Approved and Adopted stages (April-June) or timing of projects were not yet known; and
3. Specific adjustments to resources such as recognizing actual FY 2009-10 Beginning Fund Balances.

Mr. Barnes said, in sum, FY 2009-10 Budget Amendment No. 1 increases the total PDC budget from \$275,620,626 in the FY 2009-10 Adopted Budget to \$323,333,914 including Transfers, Contingency and Reserves. Excluding Transfers, Contingency and Reserves total budgeted expenditures are decreased from \$215,519,181 to \$256,068,387.

Chair Andrews called for a motion to adopt Resolution No. 6740, titled, "Approving Budget Amendment No. 1 for the Fiscal Year Beginning July 1, 2009 and Ending June 30, 2010; and Making Appropriations."

Commissioner Wilhoite moved and Commissioner Ferran seconded the motion to adopt Resolution No. 6740.

AYES: Andrews, Ferran, Mohlis, Straus, Wilhoite
 NAYS: None

IX. REQUEST THAT CITY COUNCIL APPROVE REVISIONS TO POLICIES AND PROCEDURES RELATED TO THE ADMINISTRATION OF THE ENTERPRISE ZONE PROGRAM TO IMPROVE EFFICIENCIES

Mr. Patrick Quinton and Ms. Sierra Gardner presented Report No. 09-115, titled, "Request that City Council approve revisions to policies and procedures related to the administration of the Enterprise Zone Program to improve efficiencies."

Mr. Patrick Quinton stated since the creation of policies that standardized E-Zone requirements, adopted by City Council in 2002, over thirty-five (35) companies have invested an estimated \$437 million while retaining and creating 4,300 jobs and generating over \$5,000 in Community Contributions and Workforce Training grant funds. He said as part of the E-Zone's 10-year re-designation, authorized by the State and adopted by City Council in 2008, a new streamlined policy was adopted. This has resulted in two active policies guiding two types of E-Zone contracts:

1. The **N/N E-Zone program** was adopted by City Council in 1996 and sunset July 1, 2007. The *N/NE Enterprise Zone Investment Strategy* sets guidelines for contracts that remain active under that policy until those contracts expire. Contracts under this policy will remain active no later than 2017;
2. The **Portland E-Zone** program was adopted by City Council in 2008 and sunsets July 1, 2018. The *Enterprise Zone Policy* sets the guidelines for contracts that remain active under that policy until those contracts expire. Contracts under this policy will remain active no later than 2028.

Mr. Quinton said the new Portland E-Zone Policy does not recognize companies under the N/NE E-Zone Investment Strategy and vice versa. Therefore participating E-Zone companies and their contributing funds remain separate under their relative designations. Although the missions of both grant funds are similar, they are administered differently and are dispersed differently. Community Contributions provides grant funding to a broad array of local workforce training providers and grants funds towards small business expansions. The Workforce Training and Business Development fund provides training grants to local training providers to train people who will then be hired by participating E-Zone companies and provides grants to local firms that are creating jobs. As part of the 2008 reauthorization of the E-Zone program, the PDC Board of Commissioners adopted Resolution 6604 which authorized WSI to administer the workforce training portion of the funds. The transfer of funds adopted by this resolution would allow WSI to manage all Workforce Training funds under the current contract.

Ms. Gardner stated the action would authorize the Portland Development Commission (PDC) Enterprise Zone (E-Zone) Manager to request that City Council transfer funds from the North/Northeast (N/NE) E-Zone Community Contribution fund into the Portland E-Zone Workforce Training and Business Development fund, as well as disperse future collectable Community Contributions funds consistently with the Portland E-Zone Workforce Training and Business Development funds, and rescind the provisions set forth in City Council Resolutions

35951 and 35773 as they relate to Community Contribution. She said since 1986 the City of Portland has sponsored PDC management of the Enterprise Zones. For each E-Zone, City Council adopts a policy by resolution, creating program guidelines and allowing for additional requirements. The City Council adopted and received designation for the N/NE E-Zone program in 1986, and re-designation in 1996. The Portland E-Zone was designated in July 2008. While applications are no longer accepted for the N/NE E-Zone designation, there remain 34 active contracts guided under its policy, the last of which expires no later than 2017. The new Portland E-Zone is presently accepting applications. There are currently 34 companies participating in the Portland E-Zone.

Ms. Gardner further stated the N/NE E-Zone Investment Strategy policy, adopted by City Council through Resolution No. 35506, contains provisions for a Community Contributions fund, which is funded through participant company fees and is dedicated to workforce training and business development. The current Portland E-Zone Policy also contains provisions for a similar but distinct Workforce Training and Business Development fund. She said the proposed actions will streamline administration, enhance efficiency, and maximize public transparency. Consolidation of the Community Contribution Fund and the Workforce Training and Business Development Fund will serve the Portland E-Zone Policy and the N/NE E-Zone goals of providing workforce training and creating funding mechanisms to stimulate employment opportunities through the growth and development of local firms and community-based businesses.

Ms. Heather Ficht representing Work Systems Inc. explained the changes WSI has made in their reporting system and emphasized the importance of training people for the right positions. Positions those companies who are hiring in N/NE need in order to remain competitive in the market place. She said the training needed is tailored to each company's specific need.

Mr. Roan Hobbs, Controller for Service Steels, stated they are almost ready to invest \$3 million in additional capital improvements which will lead to approximately twenty jobs immediately. He stated in addition, they are anticipating continued growth in the military and ship building industry which could lead to possible twenty-sixty new fulltime positions. He said adequate training is very important as it will enable them to locate employees with the skills necessary to be successful.

Ms. Sheila Holden expressed concern regarding the proposed changes and stated inadequate reporting from WSI led to the change in the program originally. She said she was one of the original people asked to become involved with the program and the allocation of funds for training of minority and women in their community. She encourage the Board to continue discussion with WSI and the members of the North/Northeast (N/NE) E-Zone Community Committee before any changes are made to the program. She said she would like to see better accounting and reporting of their successes and a clear explanation of how WSI will be successful and will not repeat past mistakes.

Chair Andrews said he looked forward to continuing conversations regarding the proposed changes and directed staff to initiation the discussions and come back to the Board soon.

X. PDC NEIGHBORHOODS: AN OVERVIEW OF URBAN DEVELOPMENT'S NEIGHBORHOOD DIVISION

Ms. Erin Flynn and Mr. Byron Estes presented Report No. 09-116, titled, "PDC Neighborhoods: An Overview of Urban Developments Neighborhood Division."

Ms. Erin Flynn stated the Portland Development Commission's (PDC's) recent reorganization created a unique opportunity to refocus our efforts within the City's diverse neighborhoods. A new Neighborhood Division was created within the recently formed Urban Development Department. This Division is charged with implementing PDC's strategic initiatives in the neighborhood-based Urban Renewal Areas, including Gateway Regional Center, Interstate Corridor, Lents Town Center, and the Martin Luther King Jr. Boulevard portion of the Oregon Convention Center. In addition, the Division is responsible for implementation of key parts of the newly adopted City of Portland Economic Development Strategy, with a priority focus on small business, neighborhood commercial districts, and family-wage job creation. With a more robust delivery structure for the neighborhoods, PDC is poised to provide relevant and prioritized services and investments to Portland's neighborhood residents and businesses. This report is an informational briefing on the Division's new structure and program development to date.

Mr. Bryon Estes stated he would present a review of the organizational structure, key work programs and initiatives, and a discussion of where the Division is heading strategically. He said recent polling data indicates strong backing for PDC's work to create and retain jobs, support small businesses, and increase the quality of livability in the neighborhoods. There has been particularly strong support for creating family-wage jobs and for PDC's popular Storefront grant programs. This data helps support PDC's new direction and validate the creation of a dedicated team of experts focused on neighborhoods. PDC is implementing this holistic approach. Working closely with a wide variety of internal staff, knowledgeable experts from other bureaus, and stakeholders in the neighborhoods, PDC is making real progress in connecting with neighborhood residents and businesses in the furtherance of our shared strategic goals. Streetscape work, storefront grants, business loans, redevelopment assistance, and strategic planning are being deployed in a coordinated and efficient way. One positive result already of this approach has been the openness these neighborhoods have had to significant new initiatives, including the recent approval of \$175 million in new future indebtedness in the Lents Town Center.

Mr. Estes said in order to efficiently manage through these changes, support implementation of the City Economic Development Strategy, and focus resources more effectively; the Neighborhood Division has been organized into three sections:

- **North/Northeast** focuses on the Interstate Corridor and the Martin Luther King Jr. Boulevard portion of the Oregon Convention Center Urban Renewal Areas;
- **South/Southeast** works in the Lents Town Center and Gateway Regional Center Urban Renewal Areas; and
- **Community Economic Development** administers a number of general fund programs, including the Economic Opportunity Initiative, the Green Main Streets program, the Small Business Portal project, and the Economic Gardening program.

Mr. Estes said they have designed our work teams to provide for ample opportunity for work across these sections, and indeed, across the entire department, and much cross-fertilization is now underway. There are four primary areas of work that the Division is engaged in. These include:

- **Commercial District Revitalization.** This is a key focus area where both redevelopment and economic development approaches can be used effectively in targeted areas such as Downtown Kenton in Interstate Corridor and Halsey-Weidler in Gateway Regional Center.
- **Community Economic Development.** The new City Economic Development Strategy spelled out specific priority programs we are now building-out with the goal of support and creation of small business opportunities.
- **Transit-oriented and Corridor Redevelopment.** This work includes our sustainable development efforts and implementation of the adopted Metro 2040 framework.
- **Planning and Strategic Initiatives.** This includes important targeted efforts like the Green Line station area planning in Lents Town Center and the Martin Luther King Jr. Action Plan in Oregon Convention Center.

The Neighborhood Division work plan has a great deal of variety, reflecting the many different neighborhoods we work in. A brief sample of some of this wide variety of projects and programs currently managed by the Division include:

- **Neighborhood Storefront Improvement program**, with an overall budget this year of more than \$1.5 million and in excess of 100 distinct storefront projects underway;
- **Streetscape enhancement projects**, such as the Denver Avenue, Russell Street, and Foster/Woodstock projects now in progress;
- **Community Livability Grant program**, an extremely popular small-scale grant program begun in Interstate Corridor and being considered for expansion in Lents Town Center;
- **Proposed N/NE Plan Amendments**, which could provide additional capital resources for economic development in one of Portland's most diverse communities;
- **92/H mixed-use transit-oriented-development**, a catalyst project immediately adjacent to the new Lents Town Center MAX station;
- **Freeway Land "shovel-ready" project**, part of a larger planning and implementation initiative along Johnson Creek focused on cluster sector job formation; and
- **Central Gateway Redevelopment project**, which aims to provide redevelopment opportunities for job growth in the new Regional Center.

Mr. Estes stated efforts are underway to help ensure that the Neighborhood Division's work is prioritized with emphasis on the job creation goals of the City Economic Development Strategy and in alignment with PDC's Strategic Plan and relevant Urban Renewal Area Plans, and that new opportunities are not missed by a lack of flexibility. Staff are being cross-trained and there is now an expectation that a redevelopment expert should know about business finance loan products and the Streetscape project manager should know about mixed-use redevelopment. The future success of PDC's efforts in the neighborhoods is predicated on continued refinement and feedback from neighbors and stakeholders. We anticipate a great deal of focus around further strategic planning to support lasting commercial revitalization and small business

assistance, improving and developing strong partnerships with the Alliance of Portland Neighborhood Business Association and local neighborhood coalitions, developing innovative commercial and mixed-use projects supporting 20-minute livable neighborhoods, prioritizing projects that support family-wage jobs, integrating long-term sustainability into current and future projects, and creating an on-going partnership with the new Portland Bureau of Housing around neighborhood stability and livability.

Long-term, PDC hopes to provide more of a presence in the large number of neighborhoods outside of urban renewal boundaries through initiatives like the new Green Main Streets program, the city-wide storefront improvement program, and various flexible business loan products. This presence will require continued investments of tax increment financing within the urban renewal areas as well as continued targeted investment by the City general fund in these initiatives. Neighborhood Division staff are also doing outreach through local business district associations, neighborhood coalitions, and other venues to get the word out that PDC is active in the neighborhoods, is respectful of diversity, and is pledged to be a strong partner going forward. Finally, we recognize that investment is only part of the answer, and that long-term capacity building among existing and new neighborhood organizations is key to ensuring Portland's continued reputation for outstanding livable neighborhoods.

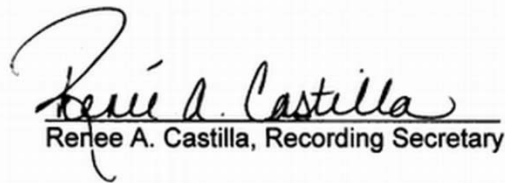
Chair Andrews expressed his thanks to staff for their hard work and said he is hopeful the new structures will lead to better communication to the citizens of Portland.

XI. ADJOURN

There being no further business, Chair Andrews adjourned the meeting 11:34 a.m.

Respectfully submitted,

Approved by the Portland Development Commission on October 14, 2009.



Rereee A. Castilla, Recording Secretary