



J. Scott Andrews
Commission Chair

Bertha Ferrán
Commissioner

John C. Mohlis
Commissioner

Steven Straus
Commissioner

Charles A. Wilhoite
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Bruce A. Warner
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This document constitutes the official meeting record of the February 10, 2010, 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 3:09 p.m.

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

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

Chair Andrews stated PDC is in the middle of the budget process for Fiscal Year 2010-2011. He said during the budget process they would be evaluating TIF resources and how to offset declining revenue.

II. EXECUTIVE DIRECTOR REPORT

Executive Director Bruce Warner presented the Executive Director's Report. He highlighted the following:

- Development of the Requested Budget continues to dominate much of the work at PDC this month. On January 15 staff and the Board met for an introduction to the budget process, schedule and our General Fund request. On January 19 we met for presentations and discussion on the Central City URAs and Industrial URAs; and on January 20 we did the same for the neighborhood URAs, EOI and E-Zone programs. Finally, on Friday, January 29 we had a presentation on the Central Services and Executive departments' functions and budgets. Mayor Adams attended briefly on the 29th and has asked that we make a 10 percent reduction in operating costs so I am working with every employee at PDC to identify areas in which we can find some savings. I have told staff that I am open to any suggestions they have. We submitted the first version of our Requested Budget to the Office of Management and Finance on February 1 and will be submitting a revised version of the Requested Budget on March 1 that incorporates the Mayor's request;
- Attended International Economic Development Council Leadership Summit in Houston and spoke on the topic of transportation hubs;
- PDC staff addressed an audience of more than 150 small business owners at the Oregon Small Business Forum on January 12, hosted by the Oregon Association of Minority Entrepreneurs. The event provided an opportunity to share PDC's key messages about business assistance in an informal, roundtable setting. OAME designed the event to build and strengthen relationships with small business, trade, nonprofit and government organizations; elevate concerns and issues; and

help small business owners learn about the products and services available from local organizations.

- Nearly 100 people attended the kick-off meeting for the Portland Main Street Program on Thursday, January 14 at Friendship Masonic Center, 5626 NE Alameda St. The new initiative offers opportunities for a limited number of groups to receive both financial and technical assistance intended to help build the organizational capacity necessary to revitalize their neighborhood commercial areas. The Main Street program will have partial financial support from the city's General Fund, and is closely tied to the Portland Economic Development Strategy, which calls out commercial district revitalization as a key objective. The program is a proven model developed by the National Trust for Historic Preservation's Main Street Center, known as the "Four Point Approach," which focuses on organization, promotion, design, and economic restructuring of neighborhood business districts. Portland's program will add an emphasis on sustainability to the National Trust's four points;
- The call for concepts for the renovation or adaptive reuse of the Memorial Coliseum closed on January 8. A total of 95 concepts were submitted through the online application, ranging from full concepts—utilizing the entire building—to partial concepts and ideas that could be incorporated with other submittals. On January 26, the project team, comprised of PDC, Mayor's office and Bureau of Planning and Sustainability staff, hosted a public event at the Coliseum to share information about the submittals and generate community feedback. More than 650 attendees were on hand to hear the oral presentations and view the gallery of concepts on display around the concourse;
- Approximately \$7.5 million in American Recovery and Reinvestment (ARRA) funds from the High-Speed Intercity Passenger Rail Program has been awarded for rehabilitation work on historic Union Station. The City of Portland and PDC, which owns Union Station, submitted the funding application through the Oregon Department of Transportation (ODOT). The funding is in addition to a \$2.6 million grant previously awarded to Union Station from ODOT's Transportation Enhancement Program, and PDC's commitment of \$570,000 for the required local match. This combined funding will provide for critical repairs to Union Station, including replacement of all roof sections older than 30 years; repair or replacement of associated gutters, downspouts, and eaves; repair of all skylights, windows, and doors; repair of exterior sandstone and cement plaster walls; addition of insulation throughout the attic; and a partial seismic structural upgrade. These repairs will prevent increasing exposure to considerable health life safety and building integrity liabilities. The ARRA funding provides an opportunity to preserve a significant historic asset while creating immediate jobs, and represents a down payment on high speed rail in the Pacific Northwest Rail Corridor;
- On January 12 the State of Oregon's Private Activity Bond (PAB) Committee granted the City of Portland a bond cap allocation of \$25 million dollars to allow PDC/Portland Housing Bureau to resume offering the Mortgage Credit Certificate Program beginning March 1, 2010. The new bond cap allocation is expected to help approximately 150 first-time homebuyers in Portland. It is hoped that more than 50 of the households will represent communities of color to help close the minority home ownership gap; and
- Apprentice participation decreased this month on The Matisse and the South Waterfront Park projects, while participation increased at The Mirabella. Participation by people of

color continues to well exceed the established goals, with 26.86% of hours being worked by people of color. Participation by women still continues to lag behind the goal, and continues to fluctuate between 6-8%. This month's report includes workforce hours for December 2009, and the 2009/10 fiscal year to date. The goals for the 2009/2010 fiscal year are 18% participation by people of color and 12% participation by women.

Workforce diversity among apprentice workers continues to lead diversity efforts. The total female apprentice hours represent **18.36%** of the total apprentice hours, or over 6.36 percentage points ahead of the combined journey/apprentice goal of 12%, for the fiscal year. Of the apprentice hours that have been worked in this month, **32.99%** have been worked by people of color. These numbers have remained fairly consistent over the last couple of months, which is encouraging given the slowdown in work being performed at South Waterfront. Continuing efforts are being made to link contractors with Community Based Organizations to improve these numbers.

The summary table below represents the total workforce diversity (apprentice and journey level workers) for the three projects referenced above:

Goal	Women	People of Color	Apprentice	Difference
12%	6.93%			[5.07%]
18%		26.86%		+8.86%
20%			25.13%	+5.13%

Chair Andrews expressed his thanks to Sarah Harpole, PDC staff, for her successful efforts to obtain grant funding for repairs on Union Station. He further stated the General Services Administration has recently leased 250,000 square foot of office space in the Portland region.

Commissioner Straus asked when the work on Union Station was scheduled to begin.

Mr. Steven Shain replied work on Union Station is scheduled to begin summer of 2010.

III. PUBLIC COMMENT FOR ITEMS NOT ON THE AGENDA

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

IV. AMENDMENTS TO AIRPORT WAY URBAN RENEWAL AREA – CHANGE IN AMENDMENT PROCESS AND REDUCTION IN ACREAGE

Mr. Bruce Allen and Ms. Morgan Masterman presented Report No. 10-17, titled, "Amendments to Airport Way Urban Renewal Area – Change in Amendment Process and Reduction in Acreage."

Mr. Allen stated the action would adopt the Ninth and approve the Tenth Amendments to the Airport Way Urban Renewal Plan (Plan). The Ninth Amendment eliminates language in Section 900 of the Plan that is inconsistent with other provisions of that section regarding amendments to the Plan. The Ninth Amendment is a minor amendment and is effective upon adoption by the PDC Board (Board). The Tenth Amendment removes approximately 870 acres from the Airport Way Urban Renewal Area (AWURA). The Tenth Amendment is a major amendment and must be approved by City Council (Council) after approval by the PDC Board.

Mr. Allen said the action would benefit the public as it will release acreage under the 15% citywide cap and this property could be included in other urban renewal areas. Currently, the City cannot issue more bonded indebtedness for AWURA. Further, the URA is nearing the end of its plan life and has more assessed value than is necessary to pay back its debt. PDC is currently involved in analyzing the potential for creating a new urban renewal area in the downtown as well as analyzing the capacity of the Interstate Corridor Urban Renewal Area as part of the Future of Urban Renewal study. Releasing this acreage will allow PDC to continue its work in the central city and neighborhoods.

Mr. Mark White representing the East Portland Action Plan read a letter into the record.

Ms. Marie Daniels also referred to the letter from the East Portland Action Plan and expressed her concern regarding removing URA acreage and value from Airport Way URA and reassigning it to a new Central City URA, before evaluating the needs of the East Portland.

Chair Andrews stated the evaluation process for new URAs are currently underway; however said no decisions have yet been made. He said they would review the letter and also directed they make public comment to City Council as well.

Chair Andrews called for motion to adopt Resolution No. 6769, titled, "Resolution Approving the Ninth Amendment to the Airport Way Urban Renewal Plan Amending Section 900, Procedures for Changes or Amendments in the Plan" and amended Resolution No. 6770, titled, "Resolution Approving the Tenth Amendment to the Airport Way Urban Renewal Plan, Reducing the Boundary by Approximately 870 Acres".

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

V. AUTHORIZE SALE OF A PERMANENT EASEMENT TO DP PARTNERS PORTLAND I, LLC, IN THE AMOUNT OF \$279,235, TO ACCOMMODATE A PARKING LOT FOR LACROSSE FOOTWEAR INC.

Mr. Bruce Allen presented Report No.10-18, titled, " Authorize Sale of a Permanent Easement to DP Partners Portland I, LLC, in the Amount of \$279,235, to Accommodate a Parking Lot for LaCrosse Footwear Inc."

Mr. Allen stated the action would authorize the Portland Development Commission's (PDC) Executive Director to sell a Permanent Easement on an approximately 75-foot wide strip of land along the eastern edge of what is currently Lots 1 and 2 (a total of 1.17 acres) in the PDC-owned Riverside Parkway Corporate Center (RPCC) to DP Partners Portland I, LLC (DP Industrial). The purpose of the sale is to allow for the construction of a surface parking lot of approximately 128 parking spaces to facilitate the relocation and expansion of LaCrosse Footwear Inc. (LaCrosse) to the adjacent building, which was built by DP Industrial in 2008. This transaction is conditioned upon the commitment by LaCrosse to lease approximately 60,000 square feet in DP Industrial's building under the terms and conditions described in the proposed Easement.

Mr. Allen said LaCrosse is one of the leading companies in PDC's "Activewear" Industry Cluster which is one of the key elements of the recently-adopted Economic Development Strategy. As such, staff is working to structure this deal to ensure that the company not only stays in Portland, but expands and continues its national and international successes. LaCrosse will

utilize the 60,000 square feet to manufacture a variety of footwear products, including boots for our US military troops, work shoes, and a number of shoe lines that are sold internationally. LaCrosse will bring approximately 200 employees to the site and is expected to grow to approximately 250 employees, operating in two shifts, by the end of the year.

Mr. Allen further stated the sale of this easement will help create new development and bring new jobs to the Airport Way Urban Renewal Area (AWURA). DP Industrial and LaCrosse will undertake and complete the tenant improvements to unoccupied shell space in DP Industrial's building located at 18201 NE Portal Way. These improvements, along with a significant investment in new fixtures and equipment, are estimated to cost approximately \$2,000,000. DP Industrial will also develop the adjacent parking lot, which is estimated to cost approximately \$765,000. These two facilities will be taxable and the property and business taxes will flow to the City of Portland (City), the County, and other taxing jurisdictions. It is anticipated that there will be approximately 250 new and relocated jobs on the site within one year following completion of the improvements. Finally, because the AWURA has reached its maximum allowed indebtedness, it is unable to sell any additional tax increment bonds for programs and projects. Land sale proceeds from the disposition of PDC-owned property, such as this project, are therefore the only source of income to the district. These proceeds can be re-used in the district in the form of small business loans and grants.

Chair Andrews called for a motion to adopt Resolution No. 6771, titled, "Authorizing the Sale of a Permanent Easement to DP Partners Portland I, LLC, on a Portion of Lots 1 and 2 at Riverside Parkway Corporate Center, in the Amount of \$279,235, to accommodate a Parking Lot for Lacrosse Footwear Inc."

Commissioner Straus moved and Commissioner Ferran seconded the motion to adopt Resolution No. 6771.

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

VI. **AUTHORIZE THE EXECUTIVE DIRECTOR TO EXECUTE PUBLIC IMPROVEMENT AND OTHER NECESSARY CONTRACTS IN AN AMOUNT NOT TO EXCEED \$1,100,000 FOLLOWING BID SOLICITATION FOR THE CONSTRUCTION OF A BIOSCIENCE WEB LAB**

Mr. Patrick Quinton and Mr. Gerald Baugh presented Report No. 10-19, titled, "Authorize the Executive Director to Execute Public Improvement and Other Necessary Contracts in an Amount Not to exceed \$1,100,000 Following Bid Solicitation for the Construction of a Bioscience Web Lab."

Mr. Quinton stated the public benefits of authorizing this solicitation for construction of a bioscience wet lab include the following:

- Implements an agreement between PDC and OHSU to support growth of bioscience and related services and industries in the URA;
- Assists researchers who have developed products in a university setting and small bioscience companies who seek to develop technology for commercial application through the provision of suitable wet lab space needed to advance further research and product development;

- Provides bioscience infrastructure where new and emerging bioscience drugs and treatments could grow and be scaled for commercialization; and
- Supports partnership efforts between OHSU and PSU as key Central City anchor institutions and providers of regional education, research, and workforce development.

Mr. Quinton further stated there is strong support among the institutional partners involved in construction of the wet lab, including PSU and OHSU, as well as the PSU Foundation, owners of the PSU Business Accelerator. The members of these institutions, along with the Oregon Bioscience Association (OBA) and private sector consultants, made up the Bioscience Wet Lab Committee who drafted the original space layout and operating guidelines. The North Macadam Urban Renewal Advisory Committee has been made aware of this project and is supportive of it.

Mr. Baugh stated the action would authorize the Portland Development Commission (PDC) Executive Director to execute a public improvement contract with J.E. Dunn Construction in an amount not to exceed \$800,000 for construction of a 2,610 square-foot wet lab in partnership with the Oregon Health & Science University (OHSU) at the Portland State University (PSU) Business Accelerator located at 2828 SW Corbett Avenue in the North Macadam Urban Renewal Area (URA). Upon approval of this action, it is anticipated the construction contract would be awarded to J.E. Dunn Construction by mid-February 2010. J.E. Dunn Construction provided a low bid of \$689,000 for Base Bid work for the construction of this project. PDC and OHSU recommend that a construction contingency of \$111,000 (about 15%) is necessary and prudent to respond to any unforeseen issues that may be encountered during construction. Construction would be completed at a cost not to exceed \$800,000 by the end of August 2010.

Mr. Baugh said PDC Construction Services staff will manage the construction contract and monitor work with staff assistance provided by PSU Facilities Department. Upon completion of construction, the newly completed asset would be transferred to the PSU Foundation, owners of the PSU Business Accelerator property. Authorization by the PDC Board of Commissioners (Board) is required because the contract is in excess of the Executive Director's expenditure authorization. A permit of entry for PDC to act and perform the work of building the wet lab at the Portland State University Business Accelerator is attached to this agreement. Mr. Baugh stated staff anticipates returning to the Board in early July 2010 when additional project budget resources are available to enable award of four (4) project Alternate Bid Items estimated amount of \$225,000.

Mr. Arundeep Pradha, Associate Vice President and Director of Technology and Research at OSHU, stated OSHU created a partnership regarding bioscience infrastructure to try to grow their own research and allow key stakeholders to have a dialogue to create initiatives and implement them. He said OSHU spends over \$300 million a year and received stimulus of funding of \$60 million. He said they see 15 and 20 opportunities from research at OSHU have been the basis of start-up companies. He said on average they spin out five of those companies a year; in total they are responsible for over 70 of these small businesses. He said the Wet lab will assist these small start-up companies with their research.

Mr. Mark Gregory, Vice President of Finance for Portland State University, stated as a business accelerator, they have a success rate of 84%. He said they are very enthusiastic about the opportunity to work with PDC and other institutions of learning to help create jobs and further the green technology, bioscience industry. He said the wet lab provides small companies with a lab that is affordable for a company just starting out.

Ms. Dianne Danowski Smith representing Oregon Bioscience Association expressed her support of the wet lab project.

Mr. Steve Baird, Chief Executive Officer, S-Ray Corporation expressed his support of the wet lab project. He stated his company is involved in creating an ultrasound device for dentists to use in place of x-rays. He said an affordable wet-lab for start-up businesses is essential.

Chair Andrews called for a motion to adopt Resolution No. 6772, titled, "Authorizing Public Improvement Contract with J.E. Dunn Construction in an Amount Not to exceed \$800,000 and Permit of Entry for Construction of a Bioscience Wet Lab at 2828 SW Corbett Avenue in the North Macadam Urban Renewal Area."

Commissioner Mohlis moved and Commissioner Ferran seconded the motion to adopt Resolution No. 6772.

AYES: Andrews, Ferran, Mohlis, Straus

NAYS: None

VII. CENTENNIAL MILLS UPDATE

Mr. Steven Shain presented Report No. 10-20, titled, "Centennial Mills Update".

Mr. Shain stated Centennial Mills is a Portland Development Commission (PDC)-owned property located at 1362 NW Naito Parkway in the RDURA. The Board approved selection of LAB Holding, LLC (LAB) as the developer for Centennial Mills in March 2008, as the result of a two-step competitive solicitation process. Since selection, the development team has completed additional site due diligence and schematic designs, funded in part by predevelopment loans from PDC.

Mr. Shain said LAB's proposal for the redevelopment of Centennial Mills responds to the Centennial Mills Framework Plan (Framework Plan). The Framework Plan, adopted in 2006, does not prescribe a specific design or redevelopment solution for the site. Instead, the plan emphasizes the significant opportunity for innovation and creativity that the riverfront site offers, and describes five principles that provide direction for the site's redevelopment:

- Provide Open Space
- Capture History
- Define Community Focal Points
- Strengthen Connections
- Embrace Sustainability

LAB's proposal includes approximately 150,000 s.f. of commercial development. Approximately 30 percent of the 4.75-acre site is additionally preserved for open space. The schematic design calls for the dismantling and reuse of portions of the buildings currently on site. Minimal new materials are to be used and no new buildings are proposed in the redevelopment. It is also intended that iconic historic elements, such as the water tower and wharf, will be retained. The extent to which the wharf can be preserved, and location of greenway connections provided, will be largely determined by land use and permitting regulations. LAB is currently in negotiations with PDC to acquire Centennial Mills. In August 2008, PDC signed a Memorandum of

Understanding (MOU) with LAB Holding, outlining roles and responsibilities of each party during negotiation of a binding Disposition and Development Agreement (DDA). The MOU will expire on June 30, 2010. With the completion of schematic design, LAB will begin a tenanting plan, financing plan, and pricing the project to further inform the negotiations of the DDA and the necessity for public investment. Construction of the project is tentatively scheduled to start late in 2011 or early in 2012, and be completed in 2013. The Adopted FY 2009-10 RDURA Budget and Four Year Forecast currently includes \$10,335,000 for Centennial Mills. Additional funding is proposed to be included in this line item in the RDURA FY 2010-11 Budget and Four Year Forecast for the purposes of implementing the Pedestrian Bridge.

Mr. Shain stated PDC is working in collaboration with Portland Parks & Recreation (Parks) on the design and implementation of Fields Park. Approximately 3 acres in size, Fields Park is situated at the northwest corner of NW 11th Avenue and NW Overton Street on a combination of parcels currently owned by the City of Portland and Hoyt Street Properties. The park was included in the Portland River District Park System Urban Design Framework Study, adopted in January 2001. The study included planning and design concepts for a series of parks within the RDURA, including Jamison Square (completed 2002) and Tanner Springs (completed 2005), and terminating at the Centennial Mills site. An Advisory Committee consisting of neighborhood residents and members of the business community was appointed by Parks in March 2007 to guide the development of a park design that represented a balanced approach to meeting the needs of a new and quickly growing neighborhood.

Mr. Shain said the project was then temporarily put on hold to allow for synchronization with the Centennial Mills redevelopment, and the Pedestrian Bridge connecting the two projects. Design work, led by The Office of Cheryl Barton (the design consultant hired by Parks), resumed in 2009. Currently at approximately 30% Schematic Design, the design emphasizes a central open space flanked by separate areas for a children's natural play area, a fenced off-leash dog run, and a walking trail. Significant public input has been received regarding the amount of space provided in the children and dog play areas. The completion of schematic design, design development, and construction documents is anticipated by early 2011. Construction is tentatively scheduled to commence by March 2011, and be completed by fall 2011.

Mr. Shain also stated a pedestrian bridge connecting Fields Park to Centennial Mills was also contemplated in the Portland River District Park System Urban Design Framework Study. Schematic design of the Pedestrian Bridge is being completed concurrent with the design of Fields Park, and in coordination with Centennial Mills. Two concepts are currently being considered – a curved and a straight bridge. The sleek design of both concepts is intended to consider the pedestrian experience and views, while minimizing the architecture so as not to compete with surrounding landmarks such as the Fields Park, Centennial Mills, and the Fremont Bridge. The extended length of the pedestrian bridge, noted by some, is necessary due to the site topography and railroad clearance requirements.

VIII. ADJOURN

There being no further business, Chair Andrews adjourned the meeting at 5:03 p.m.