



PROSPER
PORTLAND
Building an Equitable Economy

DATE: August 14, 2019
TO: Board of Commissioners
FROM: Kimberly Branam, Executive Director
SUBJECT: Report Number 19-35
Authorizing the Executive Director to Submit an Industrial Site Readiness Program Application for the ODOT Blocks Project in the Central Eastside Tax Increment Finance District

BOARD ACTION REQUESTED AND BRIEF DESCRIPTION

Adopt Resolution No. 7327

This action by the Prosper Portland Board of Commissioners (Board) will authorize the Executive Director to submit an Industrial Site Readiness (ISR) Program application to Business Oregon for the ODOT Blocks, a 2.2 acre Prosper Portland-owned property in the Central Eastside Tax Increment Finance (TIF) District (see a map in Attachment A). The ISR Program, in support of the Regionally Significant Industrial Sites program (RSIS), was approved by the Oregon State Legislature in 2013 and provides reimbursements based on income tax revenues for private-public partnerships to cover the cost of development of industrial sites that would likely not occur without targeted public assistance. Should the ODOT Blocks project be approved for the ISR Program, Prosper Portland will be able to expedite the development process for the project, negotiate additional community benefits from the development partner, and potentially create a long-term, flexible revenue stream for Prosper Portland to invest in community economic development priorities.

STRATEGIC PLAN ALIGNMENT AND OUTCOMES

This action aligns with the Prosper Portland Strategic Plan in several ways: i) it provides the agency with a tool to support development of the ODOT Blocks, a transformative mixed-use commercial and industrial project; ii) the ISR Program requires a focus on traded sector employers that offer quality wage jobs; and iii.) it could create a flexible new source of operating funds for the agency to invest in strategic initiatives.

BACKGROUND AND CONTEXT

On November 9, 2016 through Resolution No. 7216, the Prosper Portland Board authorized acquisition of 2.19 acres of property and a lease for 2.18 acres from the Oregon Department of Transportation (ODOT). This action was the culmination of many years of collaboration and negotiation with ODOT, which had declared the property as surplus and available for purchase. Since acquisition, Prosper Portland drafted a Request for Proposals (RFP), articulating the following priorities for future redevelopment of the eastern 2.19-acre portion of the ODOT Blocks (the western 2.18-acre portion was not subject to the RFP, as it is leased from ODOT for on-site parking); selected and executed a Memorandum of Understanding with a development partner (Beam Development); and commenced negotiations of a binding transaction outlining the terms and conditions of the redevelopment of the

ODOT Blocks project. As currently contemplated, ODOT Blocks will include a mix of industrial and office space that could result in an estimated 500 jobs during the construction phase and 900 permanent jobs after completion. Staff will provide an update to the Prosper Portland Board in fall of 2019 on the terms of a Disposition and Development Agreement with Beam Development.

Staff anticipates that \$13,000,000 to \$17,000,000 in infrastructure costs to advance the ODOT Blocks project (environmental remediation, utility provision, street improvements, etc.) may qualify for reimbursement through the ISR Program.

On February 14, 2018 through Resolution No. 7262, the Prosper Portland Board requested that Portland City Council designate Prosper Portland as the entity authorized to administer the ISR Program on behalf of the City of Portland (City). Resolution No. 7327 would separately authorize Prosper Portland staff to proceed with an application for the ODOT Blocks project, without limiting or rescinding the authorization in the February 2018 resolution to seek City-wide designation from City Council. Staff anticipate seeking City Council designation of Prosper Portland as the City administrator of the ISR Program later in 2019.

Business Oregon will reimburse eligible ISR costs after a project is completed is occupied by a company that employs a minimum of 50 new full-time employees averaging at least 150 percent of Multnomah County or State of Oregon wages, whichever is less. Revenues used for reimbursement are calculated at 50 percent of the State of Oregon income taxes paid by the employer, with a program-wide cap of \$10,000,000 per year, disbursed until the entire approved costs are paid off.

EQUITY IMPACT

If the ODOT Blocks project is approved for the ISR program, Prosper Portland will not only have additional leverage to negotiate community benefits with the development partner, but it will potentially have additional sources of unrestricted revenue to be reinvested into community economic development priorities.

COMMUNITY PARTICIPATION AND FEEDBACK

There has been no specific public participation related to this action.

BUDGET AND FINANCIAL INFORMATION

There are no immediate budget impacts related to this action other than staffing expenses and potential future revenue through reimbursements on the eligible costs.

RISK ASSESSMENT

There is no risk in applying for ISR as Prosper can decide, based on negotiations with the developer, whether to proceed with funding eligible infrastructure investments. There are no fees or penalties related to not pursuing reimbursement for an approved project.

There is a potential risk if Prosper Portland separately makes additional expenditures (beyond what the agency otherwise would have made) in reliance on potential reimbursement and no employer that meets the job creation criteria is recruited for the site, once the development is completed, and Prosper is not reimbursed for the funds invested. This risk may be minimized by negotiating a site disposition agreement that includes such requirements and adds appropriate remedies for not meeting them.

ATTACHMENTS

- A. ODOT Blocks Location

ODOT Blocks Location

