

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF APPROVING THE)	RESOLUTION NO. 14-4556
WILLAMETTE FALLS RIVERWALK)	
MEMORANDUM OF UNDERSTANDING)	Introduced by Councilor Carlotta Collette
WITH CITY OF OREGON CITY,)	
CLACKAMAS COUNTY AND STATE OF)	
OREGON)	

WHEREAS, since the commencement of the bankruptcy liquidation of the former Blue Heron Paper Company in 2011, Metro, Oregon City, Clackamas County and the State of Oregon (together, the "Partners") have been investigating the site's potential to support a project that would bring public access to Willamette Falls, spur economic redevelopment in Oregon City and restore habitat along the Willamette River;

WHEREAS, the Partners recognize that the critical first public investment in Willamette Falls is a riverwalk that would provide public access to the falls (the "Riverwalk");

WHEREAS, in 2013, the State of Oregon enacted Senate Bill 5506 (SB 5506), committing \$5 million in lottery-backed bonds to the Willamette Falls project, pending a credible financial proposal by local partners for creation of public access to the Willamette River and the Falls;

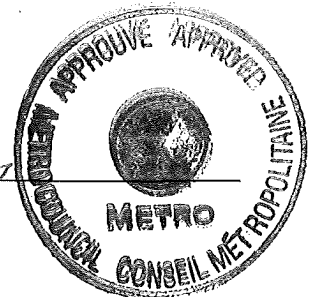
WHEREAS, to comply with SB 5506 the Partners have crafted a Willamette Falls Riverwalk Memorandum of Understanding;

WHEREAS, the Willamette Falls Riverwalk Memorandum of Understanding documents the shared commitment of the Partners to the design and construction of the Riverwalk for public access to the natural wonder and historic qualities of Willamette Falls; now therefore

BE IT RESOLVED THAT the Metro Council hereby approves of the Willamette Falls Riverwalk Memorandum of Understanding, in a form substantially similar to the one attached hereto as Exhibit A, between Metro, the City of Oregon City, Clackamas County, and the State of Oregon.

ADOPTED by the Metro Council this 14th day of August 2014.

Tom Hughes
Tom Hughes, Council President



Approved as to Form:

[Signature]
Alison R. Kean, Metro Attorney

Willamette Falls Riverwalk
MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding (“MOU”), entered into _____, 2014, is by and among The State of Oregon, through its Portland Metro Regional Solutions Office and its Parks and Recreation Department (together, the “State”), The City of Oregon City (“Oregon City”), Clackamas County (the “County”), and Metro (“Metro”) (each, a “Party” and collectively, the “Parties”).

~INTRODUCTION~

The Parties recognize that in order to spur redevelopment of the complex former Blue Heron paper mill site, the critical first investment is in a Riverwalk that provides public access to Willamette Falls. According to studies conducted by the Parties as part of the land use master plan and rezoning for the site, the Riverwalk will create new catalytic value on the property, attract visitors and visibility to downtown Oregon City, and create the necessary conditions for redevelopment. This will create regional economic impact that will catalyze traded sector activity and a place for new jobs and opportunity. This MOU documents the shared commitment of the Parties to the design and construction of the Riverwalk for public access to the natural wonder and historic qualities of Willamette Falls.

In 2013, the State of Oregon enacted Senate Bill 5506 (SB 5506), committing \$5 million in lottery-backed bonds to provide public access to Willamette Falls, pending a credible “finance and development plan” by local partners for completion of the project (to be referred to as the Riverwalk), a design for “a public access project” to the Willamette River and the Falls, and acquisition of “a property interest” along the “riverfront portion” of the property, such as an easement for the Riverwalk (SB 5506 §11). SB 5506 requires these conditions to be met no later than March 31, 2015, as described in the Memorandum of Understanding among the Parties dated May 16, 2013.

This MOU establishes the shared understanding among the public partners of the history of the project to date, the goals and fundamental expectations of the Parties, and the roles and responsibilities regarding the Riverwalk project, so that the Parties can meet the timeline set by SB 5506.

~SHARED HISTORY~

The current Riverwalk project phase follows a successful partnership which began in the summer of 2011, and resulted in significant due diligence, a land use master plan and a separate vision report for the entire Blue Heron site. The Parties recognize that while the site presents enormous opportunity, it also presents enormous challenges, which will require the strong partnership they have built and the public collaboration to continue. The vision for the site is based on four core values, which remain the guiding principles for the site and the Riverwalk project: public access, historic and cultural interpretation, economic redevelopment, and healthy habitat. This section describes the contributions of each Party to date, and any specific aims or

objectives of that Party with regard to the Riverwalk or the site, in addition to the four core values.

1. Oregon City

- Partner of this project because of need to address the vacant industrial property in its community to reduce barriers to acquisition and facilitate redevelopment opportunities
- Committed significant staff time to due diligence process, and led on the land use master plan process, which will result in rezoning of the site and creation of opportunity through updated zoning upon adoption of the land use master plan (specifically known as Master Plan CP 14-02, Zone Change and Text Amendment ZC 14-03, Comprehensive Plan Amendment PZ 14-01)
- Managed contractual agreement with bankruptcy trustee regarding the land use master plan process
- Commission has approved \$100,000 to the project annually for 10 years
- Identified one-time capital investment that could be used for Riverwalk project

2. Clackamas County

- Partner in this project because the County has a historical and heritage interest in this site and is focused on economic development and the opportunities for tourism development
- Oregon City is the County Seat, and Clackamas County takes great pride in where it lives and works
- Supports job creation and economic vitality for Oregon City and in this ongoing partnership, is anticipating job “re-creation” of traded sector industries on the site
- Primary goals: economic development and tourism development expanding the Mt. Hood Territory
- Funded \$100,000 to master plan efforts and federal lobbying efforts, 2/3 from economic development funds and 1/3 from tourism funds

3. Metro

- Partner of this project because of the 2006 Natural Areas Bond objectives in the Willamette River Greenway target area, which includes rare and unique habitat and public access goals, as well as the designation of Oregon City as a Regional Center
- Public access to Willamette Falls is a once in a generation opportunity
- Led and contributed over \$450,000 to due diligence on the site before the initial bankruptcy bid deadlines, including environmental assessments, boundary survey, appraisal, title research and analysis, and structural and historical investigations
- Funded \$300,000 Community Planning and Development Grant and \$100,000 of Natural Areas program funds from Metro, as well as significant staff time, to the land use master plan process

4. State of Oregon

- Willamette Falls has natural significance and is part of the larger historic and cultural area
- Aims to preserve access to natural features, create community access to recreation and economic opportunities on site
- Public access to the Willamette Falls and Willamette river enhances the objectives of the Willamette River Greenway program
- Provided technical assistance on the land use master plan
- Arranged and funded photo documentation of the site shortly after the bankruptcy
- Provided valuable historic coordination and consultation through the State Historic Preservation Office
- Regional Solutions Center designated this a “Regional Priority” project, assigning support from DEQ, Business Oregon, and other state offices
- Instrumental in identifying \$5 million capital investment
- \$65,000 Brownfield grant through Business Oregon to support the environmental assessment of the property

~RIVERWALK PROJECT~

Throughout the Riverwalk project, the Parties are committed to working to achieve the following goals or outcomes for the project:

1. Public Ownership of the Riverwalk Easement
 - Metro and Oregon City are willing to serve as owners of the Riverwalk
2. Location of the Riverwalk
 - The Riverwalk should generally adhere to the edge of the Willamette River with unobstructed views of the river approximately as depicted in the land use master plan with some flexibility as specific design challenges or opportunities arise
3. Habitat
 - The Riverwalk must include riverbank restoration/stabilization to be eligible for natural areas bond funds through Metro and other funding sources.
4. Conform with Federal Requirements
 - It will be important to maintain eligibility for federal funds and to adhere to important federal requirements, such as disability access
5. Private Contribution
 - Through the creation of the Riverwalk, the public sector will be introducing value to the overall site. This benefits private ownership of the site and thus:

- Private owners should not benefit unduly from public investment in the Riverwalk without making a comparable investment in the development of the overall site
- Given the creation of value through public investment, the Riverwalk Easement should be acquired from the owner as a willing conveyer at least cost to the public

6. Public Finance Plan

- Provision of the \$5 million in lottery bonds from the State is contingent upon Metro, the County, and the City demonstrating their ability to support the Riverwalk project by raising the funds necessary for the project from any number of sources, which may include city, county and regional governments, federal agencies, grants, donations and private investment
- The public finance plan will separate planning costs from capital improvement costs
- The parties are committed to controlling costs to get the best value for public funds
- The investment of public funds in the Riverwalk will be used for public benefit and not to subsidize private development, though recognizing that the private sector will benefit from the catalytic Riverwalk project

7. Maintenance

- The Parties recognize that a funding strategy must include a plan for ongoing maintenance of the Riverwalk for the future, including upkeep and security
- No public entrance fee will be required for access to the Riverwalk. The Parties believe that the following are among the appropriate sources of revenue to pursue for ongoing operations:
 - Contributions from private businesses adjacent to the Riverwalk that benefit from its value
 - Cost recovery from special events
 - Secondary proceeds from the patrons/visitors who will use Riverwalk (such as parking, concessions, etc.)
 - Government contribution
- The owners of the site should have a stake in maintenance and operations of the Riverwalk project

8. Amenities & Programming

- The Riverwalk development should be an exceptional destination that reflects the site's unique character and draws visitors and investment opportunities from around the world
- Maximize hours of public access
- Programmed to catalyze economic development

9. Design Elements

- Design components start with concept in the vision document and land use master plan
- Include significant historic and cultural interpretation
- Provide opportunities and facilities for recreation
 - Connection to fishing, boating, kayaking, etc.
 - Walking and biking
 - Connections to regional trails and open spaces
 - Parking and restrooms
- Integration with and catalytic to private development
- Connection to historic downtown

~ROLES~

To help meet the spring funding deadline for the State's \$5 million in lottery-backed bonds, the Parties commit to the following roles, each with the support of or in collaboration with the other Parties. Some roles are not included, though they are necessary, such as which Party will take the lead on the design and engineering for the Riverwalk. This is because the terms of this MOU will facilitate the acquisition of a Riverwalk easement and confirm other resources which will allow further definition of these roles. The Parties commit to revisiting the question of which Party will lead the design and engineering for the Riverwalk, and other essential issues, as they arise.

Each of the parties will make contributions of staff support. All parties share the responsibility for raising funds (in accordance with the Public Finance Plan described in Paragraph 6 of *Riverwalk Project* Section, above). Those in the lead in any area will report back to the Partners on the status of their work and seek support on key decisions.

1. Oregon City

- Develop future operations, regulatory and maintenance plan for the Riverwalk

2. Metro

- Negotiate to obtain an easement for the Riverwalk from the owner (the "Riverwalk Easement")
- Develop an overall fundraising strategy for the remaining estimated costs of the project
- Pursue an additional easement agreement from Portland General Electric to provide additional public access to the Falls (the "PGE Easement")
- Lay the groundwork to help launch a "friends" group to provide non-profit support for the Riverwalk project

3. County

- Bring its lobbying capacity to the table, both locally and federally using existing contract with lobbyist to pursue federal support of the Riverwalk, in accordance with the overall fundraising strategy
- Help to obtain the PGE Easement

4. State of Oregon

- As requested by the Parties, in accordance with SB 5506, State Parks will take the lead on designing a process for tribal involvement in the Riverwalk project and its interpretation

IN WITNESS WHEREOF, and by the authority granted in ORS 190.110, whereby units of local government may enter into agreements with units of local government or agencies of this state for the performance of any or all functions and activities that the parties to the agreement, its officers, or agents have the authority to perform, the parties have executed this MOU as of the date first written above.

CITY OF OREGON CITY

METRO

David W. Frasher, City Manager

Martha J. Bennett, Chief Operating Officer

CLACKAMAS COUNTY

STATE OF OREGON, through its Portland
Metro Regional Solutions Office

Don Krupp, County Administrator

Bobby Lee, Director

STATE OF OREGON, through its
Parks and Recreation Department

Lisa Van Laanen, Director

STAFF REPORT

IN CONSIDERATION OF RESOLUTIONS NO.14-4556 FOR THE PURPOSE OF APPROVING THE WILLAMETTE FALLS RIVERWALK MEMORANDUM OF UNDERSTANDING WITH CITY OF OREGON CITY, CLACKAMAS COUNTY AND OREGON STATE PARKS

Date: August 14, 2014

Prepared by: Hillary Wilton
503-797-1864

BACKGROUND

For the first time in 150 years, Oregonians have the opportunity to rediscover a cultural and scenic treasure: Willamette Falls. A public vision and master plan are taking shape, with the goal of transforming a 23-acre industrial site nestled along the falls in historic Oregon City. This former paper mill could someday serve as an economic engine, a waterfront destination, a unique habitat, a window into Oregon's past – and a bold step into our future.

Whatever develops on the landscape will be shaped by Willamette Falls, roaring in the Willamette River below. The largest waterfall in the Pacific Northwest, it was long an important cultural and gathering place for Native American tribes. The Oregon Trail ended here. And throughout the 1800s, the Falls made history by generating energy for Oregon's early industries and cities and fueling the nation's first long-distance electrical power transmission. That industrial legacy ended in 2011, when the Blue Heron Paper Co. closed its doors – the last in a succession of businesses that contributed to Oregon City's strong working waterfront.

Metro, Oregon City, Clackamas County and the State of Oregon (“the public partners”) have been working in collaboration to develop a public vision and framework master plan for the redevelopment of the Blue Heron paper mill site. The public partners recognize that in order to spur redevelopment of the Blue Heron site the critical first investment is in a Riverwalk providing public access to Willamette Falls. The public partners wish to enter into a Memorandum of Understanding detailing roles and commitment to this public investment (“MOU”).

The current Riverwalk project phase of the Willamette Falls Legacy Project follows a successful partnership which began in the summer of 2011 anchored by four core values, which remain the guiding principles for the site and the Riverwalk project: public access, historic and cultural interpretation, economic redevelopment, and healthy habitat.

In 2013, the State of Oregon enacted Senate Bill 5506 (SB 5506), committing \$5 million in lottery-backed bonds to the Riverwalk project, pending a credible financial plan by local partners for completion of the Riverwalk and a design for robust public access to the Willamette River and the Falls. The Regional Solutions office has asked for this plan to be submitted by March of 2015.

This MOU establishes the shared understanding among the public partners of the history of the project to date, the goals and fundamental expectations of the public partners, and the roles and responsibilities regarding the Riverwalk project, so that the public partners can proceed with securing public interest in the property by acquisition of an easement and securing other funding sources to meet the timeline set by SB 5506.

According to studies conducted by the public partners as part of the master plan and rezoning for the site, the Riverwalk will create new catalytic value on the property, attract visitors and visibility to downtown Oregon City, and create the necessary conditions for redevelopment and traded sector activity to generate a place for new jobs and opportunity with anticipated regional economic impact. The MOU documents the shared commitment of the public partners to the design and construction of the Riverwalk for public access to the natural wonder and historic qualities of Willamette Falls.

Metro has agreed to the following lead roles in the MOU: negotiate to obtain an easement for the Riverwalk from the property owner; pursue a fundraising strategy for the remaining estimated costs of the project; pursue an additional easement agreement from Portland General Electric to provide additional public access to the falls; and to lay the groundwork for a “friends” group to provide non-profit support for the Riverwalk project. This work is already underway.

The MOU is attached as Exhibit A to Resolution 14-4556.

Adopting Resolution No. 14-4556 would provide guidance for Riverwalk easement negotiations and assist to lay the groundwork for presenting a plan to present to the State in order to fulfill the requirements of the \$5Million commitment in lottery-backed bonds.

ANALYSIS/INFORMATION

1. **Known Opposition** None known
2. **Legal Antecedents** Oregon Senate Bill 5506 (SB 5506), committing \$5 million in lottery-backed bonds to the Riverwalk project, pending a credible financial plan by local partners for completion of the Riverwalk and a design for robust public access to the Willamette River and the Falls.
3. **Anticipated Effects** Metro will work to acquire an easement interest in the Property at for the Riverwalk and continue its efforts on a fundraising strategy and obtaining an easement from PGE.
4. **Budget Impacts** There are no costs directly related to implementing this legislation. Any easement acquisition for the Riverwalk will require additional authority of Metro Council.

RECOMMENDED ACTION

Staff recommends Council approve Resolutions No. 14-4556