

A G E N D A

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METRO

MEETING: METRO COUNCIL REGULAR MEETING - REVISED
DATE: August 1, 1996
DAY: Thursday
TIME: 2:00 PM
PLACE: Council Chamber

Approx.
Time*

Presenter

- | | | |
|---------------------|---|--|
| 2:00 PM | CALL TO ORDER AND ROLL CALL | |
| (5 min.) | 1. INTRODUCTIONS | |
| (5 min.) | 2. CITIZEN COMMUNICATIONS | |
| (5 min.) | 3. EXECUTIVE OFFICER COMMUNICATIONS | |
| | 4. CONSENT AGENDA | |
| 2:15 PM
(5 min) | 4.1 Consideration of Minutes for the July 25, 1996 Metro Council Meeting. | |
| | 5. INFORMATIONAL PRESENTATION | |
| 2:20 PM
(15 min) | 5.1 Central City 2000 Report - Bob Ridgley, CEO, Northwest Natural Gas. | |
| | 6. ORDINANCES - FIRST READING | |
| 2:35 PM
(5 min) | 6.1 Ordinance No. 96-651 , An Ordinance Amending the FY 1996-97 Budget and Appropriations Schedule for the Purpose of Adjusting the Growth Management Department Budget in the Planning Fund to Recognize Additional Funding from the State of Oregon and Authorizing Additional FTE to staff the 2040 State Task Force; and Declaring an Emergency. | |

Fin/GA/GM

2:40 PM
(5 min)

- 6.2 **Ordinance No. 96-649**, For the Purpose of Granting a Franchise to Oregon Recycling Systems for Operating a Solid Waste Processing and Recovery Facility. *REM*

2:45 PM
(5 min)

- 6.3 **Ordinance No. 96-648**, Amending the FY 1996-97 Budget and Appropriations Schedule Transferring \$50,143 from the Support Services Fund Contingency to Administrative Services Department Materials and Services, to Provide Funding to Prepay Mainframe Computer Maintenance Support and Operating System Licensing; and Declaring an Emergency *Fin*

2:50 PM
(10 min)

7. **COUNCILOR COMMUNICATIONS**

3:00 PM

ADJOURN

Council Roll Call and Vote Record

Meeting Date

8/1/96

everyone else
McLain gone

Agenda Item

minutes 7/25

Terry Butte

Start	Councilor	Present/ Absent	Motion	Second	Aye	Nay	Abstain
	McCaig						
	Monroe						
	Washington		✓				
	McLain			✓			
	Morissette						
	McFarland						
	Kvistad						

all approved

The Vote Is

Agenda Item

5.1

Start	Councilor	Present/ Absent	Motion	Second	Aye	Nay	Abstain
	McCaig						
	Monroe						
	Washington						
	McLain						
	Morissette						
	McFarland						
	Kvistad						

The Vote Is

Agenda Item

Start	Councilor	Present/ Absent	Motion	Second	Aye	Nay	Abstain
	McCaig						
	Monroe						
	Washington						
	McLain						
	Morissette						
	McFarland						
	Kvistad						

The Vote Is

Agenda Item Number 4.1

Approval of Minutes

For the July 25, 1996 Metro Council Meeting

**Metro Council Meeting
Thursday, August 1, 1996
2:00 PM - Council Chamber**

MINUTES OF THE METRO COUNCIL MEETING

July 25, 1996

Council Chamber

Councilors Present: Jon Kvistad (Presiding Officer), Patricia McCaig, Rod Monroe, Ed Washington, Don Morissette, Susan McLain, Ruth McFarland

Councilors Absent: None

Presiding Officer Jon Kvistad called the meeting to order at 2:05 p.m.

1. INTRODUCTIONS

Daniel Cooper introduced the new attorney for the General Council Office, Marv Fjordbeck Senior Assistant Counsel focusing primarily on Solid Waste matters.

2. CITIZEN COMMUNICATIONS

None.

3. EXECUTIVE OFFICER COMMUNICATIONS

None.

4. CONSENT AGENDA

4.1 Consideration of the Minutes for the July 18, 1996 Metro Council Meeting.

Motion: Councilor Morissette moved the adoption of the minutes of the July 18, 1996 Metro Council Meeting.

Second: Councilor Washington seconded the motion.

Discussion: Councilor Morissette amended the minutes of July 18, 1996 to read under Councilor Communication, Presiding Officer Kvistad's comments to read *listening* instead of listing.

Vote: The vote was 7 aye / 0 nay / 0 abstain. Presiding Officer Jon Kvistad declared the minutes unanimously approved as amended.

5. INFORMATIONAL PRESENTATION

None.

6. ORDINANCES - FIRST READING

- 6.1 Ordinance No. 96-650, For the Purpose of Amending the Metro Code Regarding Salary Administration for Non-Represented Employees.**

Ordinance No. 96-650 was assigned to the Finance Committee.

7. RESOLUTIONS

- 7.1 Resolution No. 96-2327, For the Purpose of Approving Chapter 1 of the Regional Transportation Plan Update.**

Motion: Councilor Monroe moved to adoption of Resolution No. 96-2327.

Seconded: Councilor Washington seconded the motion.

Discussion: Councilor Monroe indicated that this resolution is the Regional Transportation Plan. JPAC, Citizen Advisory, Metro Transportation Planning Committee have all worked on this for the past several months. The comments are incorporated in the attachments to the resolution. This is required under the new federal ISTEA requirements.

Vote: The vote was 7 aye/ 0 nay/ 0 abstain. The motion passed unanimously.

- 7.2 Resolution No. 96-2356, For the Purpose of Amending the FY 1996 Metropolitan Transportation Improvement Plan to Update the Regional Transit System.**

Motion: Councilor McLain moved the adoption of Resolution No. 96-2356.

Seconded: Councilor Morissette seconded the motion

Discussion: Councilor McLain said that this resolution would allocate 1.2 million of section 5307, former section 9 funds to construct the lightrail station within the Gresham civic neighborhood. If approved, the allocation would contribute to the draw down of the \$7.8 million in section 5307. This would be for the FY 1998 program year. It is specifically asking for funds out of allotted dollars that Metro has. This project is very worthy enhancing the 2040 Growth Concept and the efforts that Gresham has to be a model for the 2040 Growth Concept in the type of densities and intermodal connected transportation systems.

Councilor McFarland also supported the adoption of the resolution.

Vote: The vote was 7 aye/ 0 nay/ 0 abstain. The motion passed unanimously.

7.3 Resolution No. 96-2363, For the Purpose of Appointing Members of the Metro Committee for Citizen Involvement.

Motion: Councilor McLain moved the adoption of Resolution No. 96-2363.

Seconded: Councilor Washington seconded the motion.

Discussion: Councilor McLain noted that the list of applicants was attached to the resolution. She asked that the Chair of MCCI come forward and make comment.

Aleta Woodruff, 2143 NE 95th Portland, Oregon. Ms Woodruff indicated that Mr MacGullivray is the chairman but was unable to attend. She noted that the applicants have been screened by the MCCI committee twice. The Nominating Committee also put together a list of things that would improve the nominating process. This will be forwarded to the Council in a forthcoming packet. MCCI recommended approval of the applicants.

Councilor McLain acknowledged the applicants and asked for questions.

Councilor McFarland asked that the names be read into the record.

Councilor McLain read position 1 - Robert H Pung Sr, position 8 - Leonard R Berman, position 12 - Angel Olson, position 20 - Steven R Johnson, position 3 - Joseph M Schueller, position 10 - Richard Schacht, position 17- Ulrike R Mengelberg.

Vote: The vote was 7 aye/ 0 nay/ 0 abstain. The motion passed unanimously.

7.4 Resolution No. 96-2360, For the Purpose of Confirming Nominations to Fill Vacancies on the Regional Parks and Greenspaces Advisory Committee.

Motion: Councilor McCaig moved the adoption of Resolution No. 96-2360.

Seconded: Councilor McFarland seconded the motion.

Discussion: Councilor McCaig indicated that this process included interviews conducted by Executive and Greenspaces staff. The role of the Council is to confirm those recommendations. The three recommendations are for three vacancies which were created as a result of the one year terms established when the ordinance was adoption a year ago. All of these people are currently serving and are reapplying for three year terms. She supported their appointment.

Vote: The vote was 7 aye/ 0 nay/ 0 abstain. The motion passed unanimously.

7.5 Resolution No. 96-2368, For the Purpose of Approving the Content of Public Information Materials for the 1996 Zoo Capital Improvements Bond Measure.

Motion: Councilor McCaig moved the adoption of Resolution No. 96-2368.

Seconded: Councilor Washington seconded the motion.

Discussion: Councilor McCaig said that this is very similar to the open spaces when there was a decision to put the bond measure on. The agency is responsible for providing impartial information about the bond. This details the specifics in a very impartial and objective way about the Zoo bond measure. This resolution allows the Zoo the OK to produce these materials.

Councilor Morissette asked if this was Exhibit A that Councilor McCaig held up. He indicated that he had not seen it yet.

Councilor McCaig responded that the exhibit was in the Council boxes.

Presiding Officer Kvistad added that staff could produce copies for the Council if needed.

Councilor Morissette asked Mr Cooper if he had analyzed the process to make sure that Councilor liability has been covered to protect the Council.

Mr Cooper responded affirmatively.

Councilor McCaig closed by saying that this was a good measure and should pass.

Vote: The vote was 7 aye/ 0 nay/ 0 abstain. The motion passed unanimously.

7.6 Resolution No. 96-2373, For the Purpose of Requesting that the Land Conservation and Development Commission Adjust the 1992 Urban Reserve Rule.

Motion: Councilor McLain moved the adoption of Resolution No. 96-2373.

Seconded: Councilor McFarland seconded the motion

Discussion: Councilor McLain gave the committee report and added that she would like to read into to record a fax received today (attached). This resolution has three distinct parts that deal with the Urban Reserve Rule (URR). The URR is one of the last elements that we are trying to get some decisions on from LCDC so the package on the RUGGOs acknowledgment can be completed.

There were three areas on concern at the GM committee. One,

was a housekeeping error, making sure that there was an allowance for Metro to use 30 to 50 year land supply in its estimation of available land in its urban reserves. This was in the first section. There wasn't much discussion and it is passed unanimously in committee.

The second concern allows Metro's acknowledged RUGGO's policy to encourage the separation of community to apply to two areas where communities would lose some of their separation by the application of the Urban Reserve Rule priorities by amending OAR 660.210304 to add subsection 4D. 4D would read, land of lower priority under section 3 of this rule may be included if land of higher priority is found to be inadequate to accommodate the amount of land estimated in subsection 1 for one or more of the following reasons: D would include very specific areas where this is condition and that is in the Metro region, separation of the urban areas of Tualatin, Wilsonville and Cornelius/Hillsboro to preserve the community identity. There was some conversation at the committee level but it was also passed out of committee

The third one was to clarify the department's interpretation that the specific land need provision of the Urban Reserve Rule include the acknowledgment of RUGGO's policy of balancing jobs and housing by amending the OAR again. It would read, that the land of lower priority may be included if specific types of identified land needs, including the need to balance projected jobs and housing for the subarea of each regional center and each urban town center separated from the Urban Growth Boundary by rural land, cannot be reasonably accommodated on higher priority land. This was also passed out of the committee.

This week she had conversation with a Mr. Bachrach who then sent a fax to the Council office on July 25th. She would like to acknowledge that a fax was received. He did have some other language on this particular fax. It is language that Councilor McLain is not comfortable with or willing to entertain. There may be some other members of the committee that want to speak to that language. She is forwarding the resolution with the language that was agreed upon in the committee and feels quite comfortable in doing so.

Councilor Morissette asked to recommend that the resolution be sent back to committee. It has come to his attention and some of the points that have been brought out by Conkling, Fiskum and McCormick as well as Bachrach make some sense to him. He would like an opportunity to let the committee look at it one more time.

Presiding Officer Kvistad explained that there were two processes for returning a resolution to committee. The Committee Chair can ask that it be returned or if the Committee Chair decides to proceed with the item as it is on the agenda then there can be a vote of the Council to send it back. He ask Council McLain is she was willing to send the

resolution back at this time.

Councilor McLain explained why she did not want to send this back to committee. It is a resolution going to LCDC just as a suggestion, it does not change anything legally, it does not guarantee that LCDC will accept the Council's suggestions, it is just the starting conversation. She is trying to get it on the LCDC calendar, at the earliest, even with passing it out today, it would be October. It is extremely important to have the RUGGOs acknowledgment before the Council continues with other decision making packages including the Functional Plan, the URSA's that are coming up, and the decision made on the growth report. Second, Councilor McLain does not believe the language that has been presented by the faxes actually substantiate or support her intent in the original language. So, she is not willing to send it back nor interested in any of that language. It is the timeliness and the fact that the language does not meet the spirit of what she was trying to bring forward in that particular issue.

Presiding Officer Kvistad clarified for Councilor McLain that since there is not an amendment on the language, right now. There is currently discussion on whether or not to send it back to committee.

Councilor McLain stated that she was not willing, because of time restraints to return it to committee.

Presiding Officer Kvistad addressed Councilor Morissette and indicate his options are to move to send the resolution back to committee, move to amend the text currently in the resolution or the Council can proceed on the issue in front of the Council.

Motion: **Councilor Morissette** moved to send Resolution No. 96-2373 back to committee.

Seconded: **Councilor McCaig** seconded the motion.

Discussion: **Councilor McFarland** addressed Mr Cooper, Legal Counsel. She spoke with Larry Shaw and he said he recognized it needs to be defined at some point, however, in what manner and what government entity is not known. She has two concerns; one, she is very uncomfortable with sending a bill back to committee over the chair's desires. On the other hand, if Metro's own legal counsel still has concerns about the definition of words, recognizing that this is being sent to LCDC, for the Council to send it to them to clean up the language, goes against her grain. She requested legal counsel tell her how much of a need for definition and clarification is there.

Dan Cooper responded by saying he could not be succinct about that, he wishes he could. It is a very subjective question the Council is dealing with. On the one hand, this resolution is a request to LCDC to change one of their rules and the way the resolution is

written; it both sets what policy recommendations the Council is making and what the Council is requiring or asking them to do. That is in the narrative. There is not much dispute in what the intent is. On the other hand, the Committee dealt with very specific language and spent a lot of time trying to craft words that met specific intents. There were at least four Councilors at the GM committee that had concerns about what those words meant. What the Council has is a compromise already.

His analysis of this is that LCDRC is going to do whatever they wish to and it may not make that much difference in what words are brought forth. He believes the final words will be different from what is being presented today no matter how much time is spent in Council on these words. He does not mean to imply that the word crafting and intent of each of the Councilors is not important. He summarized by saying the Council could send it back to committee or decide on it in Council.

Councilor McCaig added that she had made the motion in the committee to adopt the language that Councilor McLain had proposed and that was after some hesitancy about the language. She felt that the other two amendments could be moved on as there are no problems if there was a way to separate these. However, she is still struggling with the language in the third section and sympathetic to the issues raised by those who have testified as well as Councilor Morissette. However, she is very supportive of the Urban Reserve Rule, she understands what it was intended to do and supports this. It was her understanding that the choices were, the original proposal made by Presiding Officer Kvistad, which she felt opened a large hole in the Urban Reserve Rule. She was not comfortable with this language but she could be convinced that a smaller hole could be allowed and that this would be beneficial to the bigger growth concept goals. The Committee struggled with the language to achieve this. She believes that the language which is in front of her now is not significantly different than Councilor McLain's, even though Councilor McLain disagreed with this perspective, and, in fact, was written more clearly. This is why she seconded the motion to go back to committee or amend at the Council meeting. She felt that the new language drafted was better to achieve the objective and not significantly different than what Councilor McLain had intended, it was easier to understand when you read it. The change in language was not to change the objective or the policy that Councilor McLain was promoting but rather for clarity in reading.

Councilor McLain responded to Councilor McCaig indicating that the reason she was uncomfortable with the proposed clarification of the language is because the language that was voted out of the committee used 2040 terms. The 2040 terms were "regional center and town center". Those terms were helpful from information

provided by LCDC to indicate we were looking at something different than statewide, first, in dealing with the job housing balance and second in tying it to the 2040 Growth Concept. Mr. Bachrach used a term "area around" rather than subarea. She is not comfortable with this language. She does not think that this second set of language deals with the specific area talked about looking at the boundary by rural land. This language in the fax does not help with the connection to the 2040 Growth Concept, is not as clear as the original language which came out of committee. She is not in favor of the new clarification language nor does she think it is a good idea to go back to committee because of time restraints.

Councilor Morissette believes that there are a lot of parallel processes going on to get this better. He does not see where a couple of weeks to clarify the language and make it better would in any way effect what the plan is and the acknowledgment of the plan. He believes that there is need to work on the wording and the new proposed language, although maybe not acceptable, is more clear. He believes sending it back to committee to clarify the language would be appropriate rather than debating the language at the Council meeting.

Presiding Officer Kvistad indicated that he will support the motion to amend if the motion to send it back to committee doesn't pass. He thinks that the language that is in the fax is clearer. He is not comfortable with the language of "subareas".

Councilor Morissette clarified what Presiding Officer Kvistad said, asking if he would support the amended language if the amendment to send the resolution back to committee did not pass.

Presiding Officer Kvistad affirmed this clarification.

Councilor Morissette withdrew his motion. Councilor McCaig withdrew her second.

Motion: **Councilor Morissette** moved to amend Resolution No. 96-2373 to to change to language to include the language on jobs/housing balance under items #3 currently before the Council.

Seconded: **Councilor McCaig** seconded the motion.

Discussion: **Councilor McLain** spoke against inserting the language on the fact sheet even though 3 of the Councilors may think it is clearer language. Clearer to who, she asked? She indicated that Mr Shaw worked with her on the language in the original and gave her every indication that that language was specifically what he thought was the best language.

Councilor McLain added that the work was very carefully ordered.

First, they wanted to indicate that land of lower priority may be included, this was the lead off sentence. Second, if specific types of identified land needs. Then, we qualify and quantify what that might be including the need to balance projected jobs and housing, which is a 2040 Growth Concept, for the subarea of each regional center and each urban town center. The subareas that have been used have been TAZs. There is an opportunity for both the Council and the LCDC board to further define what we mean by subarea. She would prefer to define subarea than she would to define "around the regional center". The clarity is there in the original proposal, when it indicates that we are going to figure out in future conversations what is meant by "subarea of each regional center" the LCDC board will have quite a few ideas for the Council. Each urban town center is a 2040 Growth Concept, is very specific, is a town center that is separated by from the Urban Growth Boundary by rural land, there is only a couple. Can not be reasonably accommodated on higher priority land, is very specific. It does not say, within the same Urban Growth Boundary...who knows what that means.

The language that is in the original has been reviewed a very lengthy period of time. It received support from the committee, from legal staff, and a heads up, green light from LCDC through Mr Sitzman. The new language that came up from a land use lawyer on a fax today has not been reviewed by anyone other than briefly at this Council meeting. She favors the original language and she hopes her fellow councilors will do the same.

Councilor Washington acknowledged that he had just got the fax today, and although the Council can receive amendments up to any point, he believes that amendments as important as this, should be submitted in a more timely manner. He does not appreciate receiving these faxes ten minutes before a meeting.

Councilor McCaig commented that Councilor McLain has been working on this for a very long time. The amendment before the Council today was actually on the agenda before the committee last Tuesday. The new language circulated in the packet had been out a week prior. So, in fact, the town center element, Councilor McLain is referring to, was added and approved for the first time at the meeting last Tuesday. The process has been a pretty quick turn around. She had just received the new language the day before the Council meeting. In speaking with members of LCDC, there was indication that there was still problems with the language. LCDC would have genuine concerns over the definition of a jobs/housing balance. It is uncertain how that language will be interpreted. LCDC also indicated that the addition of urban town center was a concern and this would be language that would be flagged. Councilor McCaig felt the addition of this language would make it more troubling for LCDC. Mr Sitzman, from LCDC, even with these concerns, did give a nod to the language and it was that nod that led Councilor McCaig to

support the language proposed by Councilor McLain. However, she does not think that the current document is a unanimously clear piece of documentation, that LCDC thinks its wonderful and that it had complete 100% support from the members of the committee. Keep in mind it was dealt with just last Tuesday. This is one of the reasons she is sympathetic to those who are commenting on the document.

Presiding Officer Kvistad added...and thus begins phase 2 of 2040 and Regional Framework Plan. You can expect these probably on a weekly basis on things far more minute than this. He believes that for the Council to send this forward, the Council needs to be as clear as possible as to where the Council is and what the Council believes. It is not necessary to have the specific language. The concerns that Mr Shaw addressed in the letter received today from CFM were such that gave Presiding Officer Kvistad concern in order to support the resolution. The language was not anywhere near the language he wanted on this but it is far more clear in terms of what is being sent to LCDC. The Council is sending it forward for an acknowledgment and a discussion by them to give us a ruling. He believes that the Council needs to be as clear as possible, the language presented today, is language that is far more clear in terms of our intent than that in the resolution before the Council today. He seconds Councilor McCaig's point about the fact that this has just come forward. Had there been a longer process things might be different if there was time to send it back to committee, but the committee chair feels that this would be inappropriate. There will be many of these come forward, he prefers to be as clear as possible, therefore, he supports the amendment and hopes other members of the Council will also support the amendment.

Councilor McLain asked each one of the Councilors to think about which legal term they would rather have out there for LCDC to define. "Around the clock...around the region....around some area or subarea. Town and regional center are in both documents, what is being voted on is the difference between subarea and around. She plans to vote for "subarea".

Councilor McFarland added that she is delighted to be back in familiar territory where everyone on the Council is completely in agreement on all that is done around the Metro Regional Government.

Councilor Morissette indicated that the committee has all along talked about clarifying language, this is an attempt to do this. He did not see nearly the problem that Councilor McLain does, not to say there isn't a different perspective. He believes this gives the Council the opportunity to accomplish some of the goals the Committee had, not all being the same. The reality is, is what drives the process is making sure that we grow right, some of this will be in a situation where we choose some secondary and more primary lands as we

grow. The difficulty he finds is, why are all of the urban reserve and growth potentially in the Damascus/Boring area where there is no jobs and no infrastructure. He believes this is helping us get to it. He believes the amendment is some good work to get us closer to a map that makes some rational sense to someone who actually does this stuff.

Vote: The vote was 3 aye/ 4 nay/ 0 abstain. Councilors McCaig, Morissette and Presiding Officer Kvistad supported the motion to amend, Councilors McFarland, McLain, Washington and Monroe did not support the motion. The motion did not pass.

Motion: Councilor McLain moved the adoption of Resolution No. 96-2373.

Seconded: Councilor McFarland seconded the motion.

Discussion: None.

Vote: The vote was 5 aye/ 2 nay/ 0 abstain. Councilor McFarland, McLain, Washington, Monroe, and McCaig supported the resolution. Councilor Morissette and Presiding Officer Kvistad did not. The motion passed.

Presiding Officer Kvistad opened a public hearing on Resolution No. 96-2361 and 96-2362 prior to the Executive Session to discuss real property transactions.

Jim Desmond, Regional Parks and Greenspaces Open Spaces Acquisition Division, briefed the Council on the two resolution before the Council. First, the East Buttes and Boring Lava Domes, is by far the largest of the target areas. He pointed out that due to the large size of the target area, there were two separate well attended public workshops. There was strong support for both 1A and 1B areas. An important finding was that the Tier 1A area represented the best opportunity to establish a large contiguous space with high natural resource values. The goal was to create a regionally and biologically significant natural area primarily between Gresham and Damascus. He presented a letter that was sent to Presiding Officer Kvistad from Mayor McRobert from Gresham strongly endorsing the refinement plan. The Tier 1A objectives is to acquire the large area of approximately, 400 to 600 acres and then to acquire property on Jenne Butte which was already been discussed with the Council. A small portion of this has been sold to a developer but they continue to work on an acquisition for the majority of the remaining open space with the current owner/developer. Tier 1B objective is the urban buttes Powell, Kelly, Rocky, Mt Talbert. There is a challenge grant which includes a requirement that Metro put in a 75% grant with the need to find another partner to put in 25%. There is a \$4 million challenge grant account that has been recommended at Regional Facilities level and by the citizen advisory committee. That fund is available until 1999 or whenever depleted. In the Regional Facilities Committee there was a request by the City of Portland and North Clackamas to kick the \$ 4 million up somewhat to \$4.5 million which Councilor McFarland addressed at some length. There could be an adjustment to this fund. Councilor McFarland asked that they work closely with these entities to make sure there was an equitable distribution in accordance with the vision. The Tier 2 area is Scouter Mountain which North Clackamas has identified as somewhat less as a priority than Mt Talbert. If Mt Talbert doesn't come together, Scouter would be an excellent backup. The area clear to the east is less threatened now. If there were gifts of land or low cost opportunities, they would pursue these. The area to the south along the Clackamas was, outside the Urban Growth Boundary, somewhat less threatened, those buttes aren't as high, do not have the visual impact.

visit, touch, feel, and experience is most important and what people really thought they were voting for.

Mitch Wall, Chairman of the North Clackamas Parks and Recreation District, 3385 SE Aldercrest Rd, Milwaukie Oregon, added that Roger Brown and Diane Kean Cambell had accompanied him. He repeated much of what Judith Rees had to say and indicated that a letter had been submitted from his district that reiterated what Ms Rees said. They support July 3rd Metro staff report regarding the East Buttes/Boring Lava Domes Refinement area with the exception of three issues in the challenge grant guidelines in Appendix E. The first two points, is their recommendation that the minimum non-Metro match be 20% as opposed to the Metro staff recommendation of 25%. The reason is quite obvious, it allows the region to maximize their dollars and increase their ability to purchase properties. Second, the district recommends money not be allocated on a first come first serve basis. They want to be sure that the acquisition of Mt Talbert and the other Tier 1B sites are not lost and that they can continue their good collaborative relationship with Metro and the City of Portland. Also, they would like to see the challenge grant account increase by \$500,000, again to help ensure they are going to meet their goals. It is important to be clear that their parks district has devoted very little attention to Scouters Mountain. Their number one priority is devoted to Mt Talbert.

Aleta Woodruff, 2143 NE 95th Place, Portland Oregon 97220 member of MCCI and founding member of the Rocky Butte Preservation Society, thanked the subcommittee for lifting the cap that was placed on the appropriations for Rocky Butte. She commended the society for the extreme work done to put the lights on top of Rocky Butte; the only one of the lava domes and buttes that has a highway to the top, that has WPA works from the 1930s, that is listed on the national historic register of historic structures. The society would like to have water and some additional picnic facilities at the top of the butte. When people voted for the 2626 it was with the idea that some of this money would be used for parks and greenspaces within the City and within their neighborhood.

8. **EXECUTIVE SESSION HELD PURSUANT TO ORS 192.660(1)(E).
DELIBERATIONS WITH PERSONS DESIGNATED TO NEGOTIATE REAL
PROPERTY TRANSACTIONS.**
- 8.1 **Resolution No. 96-2361**, For the Purpose of Approving a Refinement Plan for the East Buttes and Boring Lava Domes Target Area as Outlined in the Open Space Implementation Work Plan.
- 8.2 **Resolution No. 96-2362**, For the Purpose of Approving a Refinement Plan for the OMSI to Springwater Corridor Target Area as Outlined in the Open Space Implementation Work Plan.

Presiding Officer Kvistad opened an Executive Session pursuant to ORS 192.660(1)(e) at 3:30 pm.

Present: Joel Morton, Mel Huie, Amy Chesnut, Barbara Edwardson, Kris Hartley, Greg Wolley, Linnea Nelso, Amy Kircshbaum, Dean Apostol, Alison Kean Campbell, Mike Burton, Jim Desmond, Chris Rigby, Charlie Ciecko, Judy Gregory.

Presiding Officer Kvistad closed the Executive Session pursuant to ORS 192.660(1)(e) at 4:02 pm.

Motion: **Councilor Monroe** moved the adoption of Resolution No. 96-2361.

Seconded: Councilor McFarland seconded the motion.

Discussion: Councilor Monroe thanked the Metro staff, Mr Desmond in particular, and the Rocky Butte Preservation Society. They have done a wonderful job of protecting a natural resource and raising money to make improvements in Rocky Butte.

Councilor McLain added her support to the resolution and thanked the staff for the good work done in this area. She is voting yes with the following thought, it is extremely important when you look at those urban buttes and look at the possibility of connectivity for both wildlife and humanity, you should not just look for big but rather for connectivity, small strategic open spaces that will help both wildlife and humanity to be able to do some of the travel they wish to do on foot, bike or by horse. They need to remember that trails were important and that trails were an important part of the overall Greenspace Master Plan and what was represented on the 2626 refinement process in the bond measure fact sheet which included trails.

Councilor Washington thanked all of the staff and citizens who have worked diligently on this.

Vote: The vote was 7 aye/ 0 nay/ 0 abstain. The motion passed unanimously.

Motion: Councilor McCaig moved the adoption of Resolution No. 96-2362.

Seconded: Councilor Morissette seconded the motion.

Discussion: Councilor McCaig commended Mel Huie on his work.

Vote: The vote was 7 aye/ 0 nay/ 0 abstain. The motion passed unanimously.

Presiding Officer Kvistad announced that this concluded the Refinement Plan for this agency. He thanked the staff for their hard work and outstanding job.

Mr Cieko added that the refinement is done and pointed out all of the hard work of the staff particularly Nancy Chase who spearheaded the effort and schedule, seven months for 18 refinement plans. 44,000 citizens were given direct invitations to participate in this process, 54 public meetings were held, citizen participation was unbelievable. He also acknowledged the Regional Parks and Greenspaces Advisory Committee, volunteer citizens. He thanked the local governments who participated. He also thanked the Council for their timely consideration and action on the refinement plans.

Councilor Morissette also thanked entire team for their work in Clackamas County.

9. EXECUTIVE SESSION HELD PURSUANT TO ORS 192.660(1)(D) TO CONSULT

WITH PERSONS AUTHORIZED TO CONDUCT LABOR NEGOTIATIONS.

- 9.1 **Resolution No. 96-2375**, For the Purpose of Ratifying the AFSCME Local 3580 Collective Bargaining Agreement for July 1, 1996 through June 30, 1999.
- 9.2 **Resolution No. 96-2379**, For the Purpose of Revising Metro's Non-Represented Employee Pay Plans and Amending Metro's PERS retirement practices so as to conform to the recent Oregon Supreme Court Decisions.

Presiding Officer Kvistad opened an Executive Session pursuant to ORS 192.660(1)(d) at 4:17 pm.

Present: Mike Burton, Judy Gregory, Mark Williams, Doug Butler.

Presiding Officer Kvistad closed the Executive Session pursuant to ORS 192.660(1)(d) at 4:35 pm.

Motion: Councilor Monroe moved the adoption of Resolution No. 96-2375.

Seconded: Councilor McFarland seconded the motion.

Discussion: Councilor Monroe thinks that this is an excellent contract, he thanked Mr Burton and his staff as well as the union for negotiating and bargaining in good faith resolving the issues at dispute between them in an amicable way and looking forward to the next three years of the operation of this contract, the continued excellent relations between Metro and the many hundreds of staff that work at Metro.

Vote: The vote was 7aye/ 0 nay/ 0 abstain. The vote passed unanimously.

Motion: Councilor Monroe moved the adoption of Resolution No. 96-2379.

Seconded: Councilor Washington seconded the motion.

Discussion: Councilor Monroe indicated that this is something we need to do because of changes in the law. He urged approval.

Vote: The vote was 7aye/ 0 nay/ 0 abstain. The vote passed unanimously.

10. COUNCILOR COMMUNICATIONS

None.

11. ADJOURN

With no further business to come before Metro Council this afternoon, the meeting was adjourned by Presiding Officer Jon Kvistad at 4:42 pm.

Prepared by

Metro Council Meeting
Thursday, July 25, 1996
Page 16

Chris Billington
Clerk of the Council

Agenda Item Number 6.1

Ordinance No. 96-651, An Ordinance Amending the FY 1996-97 Budget and Appropriations Schedule for the Purpose of Adjusting the Growth Management Department Budget in the Planning Fund to Recognize Additional Funding from the State of Oregon and Authorizing Additional FTE to staff the 2040 State Task Force; and Declaring an Emergency.

**Metro Council Meeting
Thursday, August 1, 1996
2:00 PM - Council Chamber**

BEFORE THE METRO COUNCIL

AN ORDINANCE AMENDING THE FY 1996-97)	ORDINANCE NO. 96-651
BUDGET AND APPROPRIATIONS)	
SCHEDULE FOR THE PURPOSE OF)	Introduced by Mike Burton
ADJUSTING THE GROWTH MANAGEMENT)	Executive Officer
DEPARTMENT BUDGET IN THE PLANNING)	
FUND TO RECOGNIZE ADDITIONAL)	
FUNDING FROM THE STATE OF OREGON)	
AND AUTHORIZE ADDITIONAL FTE TO)	
STAFF THE 2040 STATE TASK FORCE; AND)	
DECLARING AN EMERGENCY)	

WHEREAS, The Metro Council has reviewed and considered the need to transfer appropriations with the FY 1996-97 Budget; and

WHEREAS, Oregon Budget Law ORS 294.326(2) allows the recognition and expenditure of certain grant funds in the year of receipt of said funds; and

WHEREAS, The need for a transfer of appropriation has been justified; and

WHEREAS, Adequate funds exist for other identified needs; now, therefore,

THE METRO COUNCIL ORDAINS AS FOLLOWS;

1. That the FY 1996-97 Budget and Schedule of Appropriations are hereby amended as shown in the column titled "Revision" of Exhibits A and B to this Ordinance for the purposes of recognizing \$60,000 in new funding from the State of Oregon, authorizing an additional limited duration full time Senior Regional Planner (estimated hiring date of September, 1996), and transferring \$13,721 from the Planning Fund contingency to the Growth Management Department's personal services to fund fringe benefits and associated payroll taxes.

2. This Ordinance being necessary for the immediate preservation of the public health, safety or welfare of the Metro area in order to meet obligations and comply with Oregon Budget Law, an emergency is declared to exist, and this Ordinance takes effect upon passage.

ADOPTED by the Metro Council this ____ day of _____, 1996.

Jon Kvistad, Presiding Officer

ATTEST:

Approved as to Form:

Recording Secretary

Daniel B. Cooper, General Counsel

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Exhibit A
Ordinance No. 96-651

FISCAL YEAR 1995-96		CURRENT BUDGET		REVISION		PROPOSED BUDGET	
ACCT #	DESCRIPTION	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
Planning Fund							
Resources							
RESOURCES							
TRANSPORTATION							
305000	Fund Balance		186,390		0		186,390
331110	Federal Grants-Operating-Categorical-Direct						
	FY 96 S/N DEIS (OR-29-9023)		7,348,849		0		7,348,849
	FY 94 FTA S/N AA/DEIS (OR-29-9022)		200,000		0		200,000
331120	Federal Grants-Operating-Categorical Indirect						
	FY 97 PL/ODOT		665,595		0		665,595
	FY 97 Sec 8 ODOT		131,523		0		131,523
	FY 97 STP Metro		775,000		0		775,000
	FY 97 STP/ODOT Match		44,351		0		44,351
	FY 97 STP/ODOT		100,000		0		100,000
	FY 97 STP/ODOT (TOD)		2,628,310		0		2,628,310
	FY 96 Sec 8 - ODOT		45,000		0		45,000
	FY 96 STP		193,593		0		193,593
	FY 96 STP/ODOT Mtc		11,079		0		11,079
	FY 96 FTA (PDX)		300,000		0		300,000
334110	State Grants-Operating-Categorical-Direct				0		
	FY 97 ODOT Supplemental		210,000		0		210,000
	FY 96 ODOT Congestion Pricing		572,000		0		572,000
334120	State Grants-Operating-Categorical-Indirect						
	ODOT S/N Lottery		2,000,000		0		2,000,000
337110	Local Grants-Operating-Categorical-Direct						
	FY 97 Tri-Met		187,500		0		187,500
	FY 97 Tri-Met DEIS		1,358,622		0		1,358,622
	FY 97 Tri-Met FEIS		640,000		0		640,000
	FY 97 Tri-Met Westside/Hillsboro		65,000		0		65,000
	FY 97 Tri-Met Cascadia		4,000		0		4,000
	FY 97 Portland Cascadia		4,000		0		4,000
	FY 97 Port of Portland (PDX)		26,471		0		26,471
	FY 96 Congestion Pricing-Local Match		83,000		0		83,000
339200	Contract Services		0		0		0
	Technical Assistance		8,000		0		8,000
	Travel Forecasting Sales		5,000		0		5,000
379000	Other Miscellaneous Revenue		182,084		0		182,084
391010	Trans. Resources from Gen'l Fund-Excise Tax		1,168,137		0		1,168,137
393531	Trans. Direct Costs from S.W. Revenue Fund		5,000		0		5,000
GROWTH MANAGEMENT SERVICES							
305000	Fund Balance		154,500		0		154,500
331110	Federal Grants-Operating-Categorical-Direct						
	FEMA (Mapping)		700,000		0		700,000
	EPA Grant		27,640		0		27,640
331120	Federal Grants-Operating-Categorical Indirect						
	FY 96 PL/ODOT		73,030		0		73,030
	FY 96 Sec 8 - ODOT		66,000		0		66,000
	FY 95 ODOT TGM Grant		49,000		0		49,000
334110	State Grants-Operating-Categorical-Direct						
	DEQ Grant		40,000		0		40,000
	Dept of Transportation (2040 State Task Force)		0		60,000		60,000
337110	Local Grants-Operating-Categorical-Direct						
	FY 96 Tri-Met TSAP		250,000		0		250,000
339200	Contract Services						
	DRC Subscriptions		200,377		0		200,377
	DRC Storefront Sales		241,425		0		241,425
	Misc. DRC Sales - Maps & Data		28,931		0		28,931
	Various Jurisdictions		52,500		0		52,500
341310	UGB Fees		7,154		0		7,154
391010	Trans. Resources from Gen'l Fund-Excise Tax		2,521,487		0		2,521,487
393160	Trans. Direct Costs from Reg. Parks/Expo Fund		16,000		0		16,000
393531	Trans. Direct Costs from S.W. Revenue Fund		352,071		0		352,071
TOTAL RESOURCES			23,928,619		60,000		23,988,619

Exhibit A
Ordinance No. 96-651

FISCAL YEAR 1995-96		CURRENT BUDGET		REVISION		PROPOSED BUDGET	
ACCT #	DESCRIPTION	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
Planning Fund							
Transportation Department							
	Total Personal Services	56.93	3,506,125	0.00	0	56.93	3,506,125
	Total Materials & Services		11,308,538		0		11,308,538
	Total Capital Outlay		2,469,000		0		2,469,000
	TOTAL REQUIREMENTS	56.93	17,283,663	0.00	0	56.93	17,283,663

Exhibit A
Ordinance No. 96-651

FISCAL YEAR 1995-96		CURRENT BUDGET		REVISION		PROPOSED BUDGET	
ACCT #	DESCRIPTION	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
Planning Fund							
Growth Management Services Department							
<u>Personal Services</u>							
511121	SALARIES-REGULAR EMPLOYEES (full time)						
	Director	1.00	82,434		0	1.00	82,434
	Senior Manager	0.90	64,070		0	0.90	64,070
	Manager	0.02	1,267		0	0.02	1,267
	Senior Program Supervisor	5.45	305,772		0	5.45	305,772
	Assoc. Management Analyst	1.00	48,421		0	1.00	48,421
	Senior Regional Planner	6.60	322,533	0.83	45,738	7.43	368,271
	Senior Accountant	0.30	14,526		0	0.30	14,526
	Senior Management Analyst	1.00	39,839		0	1.00	39,839
	Senior Trans. Planner	0.05	2,670		0	0.05	2,670
	Assoc Public Affairs Specialist	0.90	32,510		0	0.90	32,510
	DP System Specialist	1.00	49,397		0	1.00	49,397
	Assoc. Regional Planner	3.85	158,295		0	3.85	158,295
	Asst. Trans. Planner	0.05	1,599		0	0.05	1,599
	Asst. Regional Planner	9.70	330,433		0	9.70	330,433
511221	WAGES-REGULAR EMPLOYEES (full time)				0		
	Administrative Secretary	2.00	62,494		0	2.00	62,494
	Office Assistant	0.50	8,676		0	0.50	8,676
	Program Assistant I	1.00	28,313		0	1.00	28,313
511400	OVERTIME		2,500		0		2,500
512000	FRINGE		466,725		13,721		480,446
Total Personal Services		35.32	2,022,474	0.83	59,459	36.15	2,081,933
<u>Materials & Services</u>							
521100	Office Supplies		12,250		0		12,250
521110	Computer Software		39,382		0		39,382
521111	Computer Supplies		12,950		0		12,950
521240	Graphics/Reprographic Supplies		21,390		0		21,390
521260	Printing Supplies		1,560		0		1,560
521310	Subscriptions		2,764		0		2,764
521320	Dues		1,445		0		1,445
524190	Misc. Professional Services		904,620		0		904,620
525640	Maint. & Repairs Services-Equipment		51,870		0		51,870
525740	Capital Leases (FY 92)		158,800		0		158,800
526200	Ads & Legal Notices		9,460		0		9,460
526310	Printing Services		144,700		0		144,700
526320	Typesetting & Reprographics Services		12,182		0		12,182
526410	Telephone		8,500		0		8,500
526420	Postage		108,500		0		108,500
526440	Delivery Services		1,850		0		1,850
526500	Travel		15,334		0		15,334
526510	Mileage Reimbursement		1,061		0		1,061
526800	Training, Tuition, Conferences		15,512		0		15,512
528100	License, Permits, Payments to Other Agencies		250,000		0		250,000
529500	Meetings		3,000		0		3,000
Total Materials & Services			1,777,130		0		1,777,130
<u>Capital Outlay</u>							
571500	Purchases-Office Furniture & Equipment		90,903		0		90,903
Total Capital Outlay			90,903		0		90,903
TOTAL REQUIREMENTS		35.32	3,890,507	0.83	59,459	36.15	3,949,966

Exhibit A
Ordinance No. 96-651

FISCAL YEAR 1995-96		CURRENT BUDGET		REVISION		PROPOSED BUDGET	
ACCT #	DESCRIPTION	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
Planning Fund							
General Expenses							
	<u>Interfund Transfers</u>						
581513	Trans. Indirect Costs to Bldg. Fund-Regional Center		494,301		0		494,301
581610	Trans. Indirect Costs to Support Svcs. Fund		1,473,321		0		1,473,321
581615	Trans. Indirect Costs to Risk Mgmt. Fund-Gen'l		11,369		0		11,369
581615	Trans. Indirect Costs to Risk Mgmt. Fund-Workers' Comp		18,781		0		18,781
	<u>Total Interfund Transfers</u>		1,997,772		0		1,997,772
	<u>Contingency and Unappropriated Balance</u>						
599999	Contingency		726,677		(13,721)		712,956
599990	Unappropriated Fund Balance		30,000		14,262		44,262
	<u>Total Contingency and Unappropriated Balance</u>		756,677		541		757,218
	TOTAL REQUIREMENTS	92.25	23,928,619	0.83	60,000	93.08	23,988,619

Exhibit B
Ordinance No. 96-651
FY 1996-97 SCHEDULE OF APPROPRIATIONS

	Current Appropriation	Revision	Proposed Appropriation
PLANNING FUND			
Transportation Planning			
Personal Services	\$3,506,125	\$0	\$3,506,125
Materials & Services	11,308,538	0	11,308,538
Capital Outlay	2,469,000	0	2,469,000
Subtotal	17,283,663	0	17,283,663
Growth Management Services			
Personal Services	2,022,474	59,459	2,081,933
Materials & Services	1,777,130	0	1,777,130
Capital Outlay	90,903	0	90,903
Subtotal	3,890,507	59,459	3,949,966
General Expenses			
Interfund Transfers	1,997,772	0	1,997,772
Contingency	726,677	(13,721)	712,956
Subtotal	2,724,449	(13,721)	2,710,728
Unappropriated Balance	30,000	14,262	44,262
Total Fund Requirements	\$23,928,619	\$60,000	\$23,988,619

STAFF REPORT

CONSIDERATION OF ORDINANCE NO. 96-651 AMENDING THE FY 1996-97 BUDGET AND APPROPRIATIONS FOR THE PURPOSE OF ADJUSTING THE GROWTH MANAGEMENT DEPARTMENT BUDGET IN THE PLANNING FUND TO RECOGNIZE ADDITIONAL FUNDING FROM THE STATE OF OREGON AND AUTHORIZE ADDITIONAL FTE TO STAFF THE 2040 STATE TASK FORCE; AND DECLARING AN EMERGENCY.

Date: July 24, 1996

Presented by: John Fregonese
Mary Weber

FACTUAL BACKGROUND AND ANALYSIS

Governor John Kitzhaber has initiated a 2040 State Task Force to find ways in which the state, in partnership with Metro, can target its policies, regulations, programs, investments and grant/loan funds to implement the 2040 Growth Concept. Five state agencies are involved in this task force: Transportation, Economic Development, Environmental Quality, Land Conservation and Development, and Housing and Community Services. Metro is represented by staff in the Growth Management Services Department.

The task force is focusing on three primary activities. First, state and Metro resources are being used in the Cornelius Main Street, the Lents Town Center, the Milwaukie Regional Center and the Martin Luther King Jr. Blvd. Main Street to implement 2040 goals. Second, the state agencies involved are reviewing modifying policies and practices to further the 2040 Growth Concept. Third, the task force will act as a forum to address short term problems encountered during implementation of the Growth Concept. All three of these activities will be working towards developing transportation system plans, building quality communities throughout the region, and implementing the goals of the Oregon Transportation Plan.

BUDGET IMPACT

To assist with this project, the state, through the Department of Transportation, is providing Metro with \$60,000. The Growth Management Services Department is requesting authority to receive these funds and is also requesting authority to add a twelve month, limited duration senior regional planner position. The estimated starting date of this position is September 1, 1996. While the state has agreed to fund a staff position, Metro is responsible for providing benefits. Thus, the department is requesting moving \$13,721 from contingency to personal services to provide benefits and payroll taxes for this staff position. Since the duration of the position will span two fiscal years, a portion of the State funding will be placed in unappropriated balance and carried forward to FY 1997-98 to fund the remaining few months.

In summary, this Ordinance requests the following actions:

- Recognition of \$60,000 of grant funding from the State of Oregon,
- Authorization for a Senior Regional Planner for a one-year limited duration (estimated hire date of September, 1996), and
- Transfer of \$13,271 from contingency to fund the benefits and associated payroll taxes of this position

EXECUTIVE OFFICER'S RECOMMENDATION

The Executive Officer recommends the adoption of Ordinance No. 96-651

**Ordinance No. 96-649, For the Purpose of Granting a Franchise to Oregon Recycling Systems
for Operating a Solid Waste Processing and Recovery Facility.**

**Metro Council Meeting
Thursday August 1, 1996
2:00 PM - Council Chamber**

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF GRANTING A)
FRANCHISE TO OREGON RECYCLING)
SYSTEMS FOR OPERATING A SOLID WASTE)
PROCESSING AND RECOVERY FACILITY)

ORDINANCE NO. 96-649

) Introduced by Mike Burton
Executive Officer

WHEREAS, Section 5.01.030 of the Metro Code requires a Metro franchise for any person to own and operate a facility for processing solid waste; and

WHEREAS, OREGON RECYCLING SYSTEMS, L.L.C. (OrRS) has applied for a non-exclusive franchise under which OrRS would operate a solid waste processing and recovery facility at Portland, Oregon; and

WHEREAS, OrRS has submitted a franchise application in compliance with Metro Code Section 5.01.060; and

WHEREAS, The OrRS's Solid Waste Processing and Recovery Facility will provide recycling of waste delivered by Affiliated Hauling Companies, Non-Affiliated Hauling Companies, Building Contractors and other Businesses, but not the general public; and

WHEREAS, Issuance of a franchise to OrRS is consistent with the policies set forth in the Regional Solid Waste Management Plan adopted November 1995 for removing recyclables from the mixed wastestream; and

WHEREAS, Metro Code Section 5.01.110 provides for the ability of Metro Council to grant variances pursuant to criteria contained therein; and

WHEREAS, OrRS has requested a variance from Metro rate setting requirements as detailed in the staff report to this ordinance; and

WHEREAS, OrRS has requested a variance from Metro Code Section 5.01.120(l) to allow it to retain ownership of its hauling companies and allow non-affiliated companies to use the Facility as detailed in the staff report to this ordinance; and

WHEREAS OrRS has requested a variance from those portions of Metro Code sections 5.01.060(b)(6) and 5.01.180(e), requiring that the owner of a facility agree to allow Metro to place a new franchisee in the Facility, or force the sale of the Facility to a new franchisee, if the existing franchise is terminated; and

WHEREAS, based on information submitted by the franchise applicant, specified in the Staff Report or otherwise submitted, the Council has determined that it is appropriate to grant the variances requested; and

WHEREAS, OrRS will provide a surety bond in the amount of \$100,000 as determined by Metro staff to be appropriate; and

WHEREAS, the Executive Officer recommends that the Council grant the attached franchise to WMO; now therefore,

THE METRO COUNCIL ORDAINS AS FOLLOWS:

1. The Council authorizes the Executive Officer to enter into the attached franchise agreement within ten days of the effective date of this ordinance.
2. OrRS is granted a variance from rate setting under Metro Code Section 5.01.110.
3. OrRS is granted a variance from Metro Code section 5.01.120(l) to allow it to retain ownership of its hauling companies and allow non-affiliated companies to use the Facility.
4. OrRS is granted a variance from those portions of Metro Code sections 5.01.060(b)(6) and 5.01.180(e) requiring that the property owner agree to allow Metro to place a new franchisee in the Facility, if the existing franchise is vacated.

ADOPTED by the Metro Council this _____ day of _____,

1996.

Jon Kvistad, Presiding Officer

ATTEST:

Approved as to Form:

Recording Secretary
Counsel

Daniel - B. Cooper, General

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STAFF REPORT

IN CONSIDERATION OF ORDINANCE NO. 96-649 FOR THE PURPOSE OF GRANTING A FRANCHISE TO OREGON RECYCLING SYSTEMS FOR OPERATING A SOLID WASTE PROCESSING AND RECOVERY FACILITY

Date: July 26, 1996

Presented by: Andy Sloop
Scott Klag

INTRODUCTION

The purpose of this report is to provide the information necessary for the Metro Council to evaluate the recommendation that Oregon Recycling Systems (OrRS) be awarded a solid waste franchise to operate a solid waste processing and recovery facility (also referred to as a material recovery facility or MRF) to be located in northwest Portland, Oregon. The proposed franchise agreement is attached.

The proposed franchise is consistent with the standards developed over the past several months by Metro staff, local government staff, citizens, processors and franchise applicants for this type of processing facility. These standards were the basis of the Waste Management of Oregon's (WMO) MRF franchise issued in June of this year.

The report is divided into four main parts: (a) a description of the facility, its operations and other relevant applicant information, including requests for variances to the franchise Code; (b) staff analysis of the application and whether the facility meets the criteria as specified in the Metro Code, including compliance with the Regional Solid Waste Management Plan, in order to be awarded a franchise; (c) specific conditions to be contained in the franchise agreement; and (d) an analysis of the budget impact of the facility. On the basis of this analysis and findings the Executive Officer is making recommendation to issue the franchise.

Key finding and recommendations include:

- The proposed facility will assist the region in accomplishing the goals and objectives of the Regional Solid Waste Management Plan (RSWMP).
- The proposed facility would be authorized to receive up to 38,000 tons per year of dry waste for the first two years of the franchise. If that amount of dry wastes is received, the authorization would be increased to 43,000 tons per year. At 43,000 tons at the required 45% recovery rate, the facility would recover 19,000 tons per year. The applicant projects higher recovery rates or 65%-70% that would result in a recovery of about 31,000 tons at the 43,000 tons per year authorization level.
- Metro staff, City of Portland staff and the applicant have met to discuss the importance of commercial source-separation programs in meeting the goals and objectives of the RSWMP. All parties have committed to ensuring that this MRF complements and does not undermine such efforts.
- The proposed franchise will maintain a "level playing field" regarding fees, recovery rate and other requirements with the three other most recently franchised MRFs. Staff continues to recommend that any significant change in MRF requirements be made simultaneously to all Metro franchised MRFs.

- This is the second of 4 or more franchise applications for processing and recovery facilities currently or anticipated to be submitted to Metro. While each application is to be individually reviewed on its own merits, the cumulative impact of all these facilities is important to consider.
- The major differences between this facility and the recently franchised WMO MRF are:
 1. The applicant believes that by working with generators it will be able to achieve recovery rates of 65-70% on the dry wastes it receives.
 2. The land use requirements for the City of Portland require that residuals from the facility represent no more than 20% of the materials entering the facility - that is, residuals from both source separated recycling and mixed dry waste processing. While Metro will report to the City relevant information on the facilities operations, the City will be responsible for taking any enforcement action if their standards are not met.
 3. The facility will house "sub-franchisees" who will be engaged in additional recycling activities. At the present time these include: source separated plastics and source separated fiber recycling. The franchise would permit making cubes for fiber based fuel in the future if the franchisee requested it and the Executive Officer granted approval. All "sub-franchisees" are to be bound to the terms of the franchise.

I. FACILITY AND APPLICANT INFORMATION

Location:

2345 NW Nicolai, 2825 and 2829 NW Yeon

Franchise Ownership and Operation

Oregon Recycling Systems (OrRS) is an Oregon limited liability corporation (L.L.C.) owned by a consortium of 58 local refuse and recycling haulers primarily operating in Portland but also in other parts of the region including portions of Multnomah and Washington Counties. OrRS will operate the facility on a site under a lease purchase agreement.

General Facility Description:

The franchised operation will consist of four buildings on a 10.5 acre site. The building in which the solid waste processing and recovery will occur is 115,000 square feet. The site also contains a 6,400 square foot pole barn, a 24,000 square foot multipurpose building that also has 3,000 square feet of office space, a 10,000 square foot office building and two small block buildings of 800 and 500 square feet, respectively. The ancillary buildings will be used for offices, vehicle maintenance, and other supporting functions. In the future, some of them also could be used for additional solid waste processing and recovery activities.

The processing building will be occupied by OrRS and tenant businesses. OrRS will recover marketable materials from source separated recyclables collected from households and businesses, as well as mixed, dry, non-putrescible wastes collected from businesses and construction and demolition job-sites. The tenant businesses will process source separated fiber and plastics.

Zoning and Permitting:

The site is in the City of Portland and is zoned heavy industrial (IH). Under Portland's zoning guidelines, the proposed facility is considered a recycling operation (not a waste related facility that would require a conditional use) provided the total waste residue from the site does not exceed 20 percent of the total solid waste delivered to the site. Recycling operations are an allowed use in an industrial zone.

Customers and area served:

OrRS is proposing that the facility accept waste and recyclables from all participants in the OrRS venture as well as from other commercial haulers wanting to use the facility. It is expected that most of the facility users will be only those haulers who have invested in OrRS. Most of the waste will come from haulers with routes in the City of Portland.

Facility Activities:

The applicant requests authorization to perform the following activities:

- Recovery of materials from dry, non-putrescible commercial and industrial wastes, and from construction and demolition wastes, with disposal of residual at a Metro designated facility.
- Processing of source-separated recyclables from residential and commercial customers.
- Processing of recovered materials into fiber based fuel cubes. Commencing operations will require administrative approval by Metro's Executive Officer.

Variances from Metro Code or other specific conditions requested by the applicant:

1. The applicant has requested a variance from Metro's rate setting authority. (Section 5.01.170)
2. The applicant has requested a variance from Metro Code restrictions on accepting waste from non-affiliated hauling companies. (Section 5.01.120(l))
3. The applicant has requested a variance from Metro Code requirement that would otherwise allow Metro, upon termination of the franchise, to force sale of the facility to a new franchisee, or require the owner to accept a new franchisee as his or her tenant. (Sec 5.01.06(b)(6), 5.01.180(e))

II. ANALYSIS OF FRANCHISE APPLICATION

Completeness and Sufficiency of Application

Applicants for franchises are required to complete the application form and provide additional information as requested. The applicant submitted its franchise request on December 20, 1995 and was notified that its application was administratively complete on June 12, 1996.

The applicant was very open and cooperative in discussing and sharing information with staff on a number of additional questions regarding plans for the facility. The discussions and supplied information were important to establishing the specific conditions of the franchise document negotiated with the applicant.

Compliance with Code Requirements

In determining whether to recommend award of a franchise, Metro Code Section 5.01.070(b) requires the Executive Officer to formulate recommendations regarding:

- whether the applicant is qualified,
- whether the proposed franchise complies with Metro's Regional Solid Waste Management Plan (RSWMP),
- whether the proposed franchise is needed considering the location and number of existing and planned disposal sites, transfer stations, processing facilities and resource recovery facilities and their remaining capacities, and
- whether or not the applicant has complied or can comply with all other applicable regulatory requirements

Applicant Qualifications

The facility will be operated by Oregon Recycling Systems. The company is owned by 58 local haulers many of whom also participate in the Eastside Recycling residential recycling collection cooperative. The same individual is general manager for both companies. The company has also retained the engineering, operations, regulatory compliance and marketing personnel necessary to operate the company. The company appears to be qualified to operate the proposed facility.

Compliance with the Regional Solid Waste Management Plan

In determining whether the applicant's facility is in compliance with the Regional Solid Waste Management Plan, staff asked the following questions:

- Are plans for the facility consistent with RSWMP goals and objectives or recommended practices?
- Are plans for the facility in conflict with any RSWMP goals and objectives or recommended practices ?

If approved, the franchise will be consistent with and not in conflict with the goals, objectives and recommended practices in the RSWMP.

Analysis of consistency with the RSWMP

In assessing the facility for consistency with the Plan, staff determined the following:

1. The addition of this proposed facility and consequent increase in recovery capacity in the region is broadly consistent with the RSWMP goals for Regional Facilities and Services:

Goal 8 -- Opportunity to Reduce Waste. Participation in waste prevention and recycling is convenient for all households and businesses in the urban portions of the region.

Goal 12 -- Recovery Capacity. A regionally balanced system of cost-effective solid waste recovery facilities provides adequate service to all waste generators in the region.

Goal 15 -- Facility Regulation. Metro's methods for regulatory control of solid waste facilities will include a system of franchising, contracting, owning and/or licensing to ensure that disposal and processing facilities are provided and operated in an acceptable manner.

2. Addition of the facility will increase the level of recovery in the region and contribute to achieving the following goals in the Plan's Waste Reduction Goals and Objectives:

Goal 7 -- Regional Waste Reduction Goal. The regional waste reduction goal is to achieve at least a 50 percent recycling rate by the year 2005. Per-capita disposal rates and reductions in waste generated attributable to waste prevention programs are also acknowledged to be key waste reduction indicators. The region's interim goal for the year 2000 is the 52 percent recovery rate as defined by state statute.

Goal 9 -- Sustainability, Objective 9.3. Support an environment that fosters development and growth of reuse, recycling and recovery enterprises.

3. RSWMP Recommended Waste Reduction Practices for Business Waste and Building Waste both call for the addition of these types of facilities. (In the Plan they are referred to as "Regional processing facilities for mixed dry waste".) They are expected to contribute a significant amount of recovery to the region over the next 10 years.

Analysis of conflicts with the RSWMP

In assessing whether granting a franchise for the facility would be inconsistent with or in conflict with any provisions in the Plan, staff addressed the following:

1. **Potential conflicts with source separation recycling programs**

RSWMP Recommended Waste Reduction Practices for Business Waste and Building Waste both call for the implementation of source separated recycling programs. Under the recommended practices, the purpose of dry waste processing facilities is to capture what remains in the wastestream "downstream" from these programs. Goal 10 in the Plan also

emphasizes the importance of source separation while similarly acknowledging a role for post-collection processing.

Staff has been concerned that the growth of dry waste processing facilities could undermine the incentive of haulers and business to invest in source separation programs before such programs had the opportunity to be fully implemented throughout the region. While materials would be recovered, staff believes that the amount and value of materials from post collection recovery facilities is lower than what can be achieved in source separation programs.

However, staff determined that local governments are aware of these issues and can be counted on to ensure that this or other similar franchisees do not negatively impact their investments in source separation programs. Local governments were strongly involved in the development of the RSWMP and are committed to the implementation of the RSWMP's recommended practices. Metro staff, City of Portland staff and the applicant have met to ensure that all parties are aware of each others activities and to mutually acknowledge that the proposed MRF is intended to complement and not supplant other recycling and waste prevention efforts. Staff also believes that specific provisions in the franchise agreement requiring Metro and the franchisee to annually review this issue will help avoid conflicts with RSWMP recommendations.

2. Potential impacts from vertical integration

Objective 4.6 of the RSWMP requires that consideration of the potential negative impacts of increasing vertical integration in the solid waste system be considered when making decisions about the regulation of facilities. These negative impacts could include: unfair competitive advantages that could effect prices; service to customers; or market power to diminish competition over time.

Because of the structure of the ownership of this franchise, staff believes that granting the franchise would not result in any negative vertical integration effects. OrRS has represented to Metro that they do not have any interest in, or financial connection to, any disposal facility. While the involved haulers will become in some degree more "vertically integrated" because they will have a direct relation with a processor, staff believes this will only permit them to be more efficient market competitors and not grant to them any significant market power that could be used to anti-competitive ends.

The negotiated franchise document also contains a provision requiring Metro approval of a change in ownership of the facility that includes a complete buyout of the current ownership - a provision that has not been part of franchise agreements to date.

It should also be emphasized that the RSWMP says that these issues will be considered on a case-by-case basis. Staff will therefore continue to assess the effects of vertical integration as applications are processed over time.

3. Potential for facility to operate as a transfer station

There are specific recommendations in the Plan regarding transfer stations and reload facilities. It is critical that any facility, such as that proposed by the applicant, is franchised to operate as a processing and recovery facility and not as a transfer and reload facility.

Staff believes that the proposed franchise agreement will effectively ensure that the proposed facility will operate as a processing facility and not a transfer station. Provisions in the agreement designed to accomplish this result include explicit definitions of authorized wastes that can be received at the facilities, prohibitions against intentional receipt of loads that the franchisee knows have minimal or no recovery potential, and the setting of recovery rate requirements.

Need for facility

The proposed facility will improve the competitive position of a large number of small to moderate size haulers with commercial and industrial accounts that are not currently associated with a MRF. Much of the tonnage expected to be received at the facility will be taken from Metro facilities - particularly Metro Central. Although the proposed facility is close to Metro Central, staff believes that even if the facility had been located in, for example, east Portland, OrRS haulers would still choose their facility over Metro Central.

This facility is being franchised as a marketplace competitor not as an exclusive franchise. Staff believes that this approach is consistent RSWMP policies to promote private initiative in developing solid waste processing facilities and to use transfer stations (such as Metro Central) as recovery facilities of last resort.

An additional concern regarding the facility is whether there would be negative impacts on Metro Central's fiber based fuel operation if an FBF line were established at the franchise site. There are at least two important factors to consider. First, Metro does not currently own the FBF line at Metro Central. Under the draft RFP for the rebidding of the operations contract for Metro Central the bidders can propose buying the FBF line. Second, under the RSWMP, FBF operations are to be considered on a case by case basis. If the FBF line does not continue at Metro Central, there may be benefits to there being one at this franchise. Based on these considerations, staff is recommending that under the franchise agreement the Executive Officer would retain final approval over any FBF operations at the franchise.

Compliance with Regulatory Requirements

Staff believes that the applicant will be able to obtain its DEQ Solid Waste Disposal Permit and comply with all other regulatory requirements before beginning its operations.

Variance Requests

1. The applicant has requested a variance from Metro's rate setting authority. (Section 5.01.170)

Under the Metro franchise Code, the Council sets the rates charged by a franchisee. Metro Code Section 5.01.110 allows a variance to be granted to this policy if the intent of the requirement can be otherwise achieved and if strict compliance with the requirement: "(1) Is inappropriate because of conditions beyond the control of person(s) requesting the

variance; or (2) Will be rendered extremely burdensome or highly impractical due to special physical conditions or causes; or (3) Would result in substantial curtailment or closing down of a business, plant, or operation that furthers the objectives of the district. "

Staff believes that the intent of the rate setting provision of the Code is to prevent franchisees from exercising monopoly power in the marketplace resulting from being a holder of a franchise.

Staff opinion is that the intent of the Code requirement will be achieved by competition in the marketplace. Competition will be maintained because this franchise will not be exclusive, and other franchises have been, and others are expected to be granted, that will compete with this franchise. (Competing facilities have been previously granted this variance.) In addition, strict compliance with the rate setting requirement is inappropriate since all competing facilities set their own rates. Without freedom to set its own rates, the facility would be unable to effectively compete with other processors. This would result in the facility not opening or failing to stay open. Therefore, staff recommends granting the variance to the rate setting requirement.

2. The applicant has requested a variance from Metro Code restrictions on accepting waste from non-affiliated hauling companies. (Section 5.01.120(l)) Under Section 5.01.120(l), a franchised processor cannot own hauling companies. (A franchisee who accepts waste only from affiliated haulers is exempt from this restriction.) The franchisee has requested to be able to receive waste from several types of hauler: (1) OrRS vehicles (potentially, as they currently do not have any of their own collection trucks); (2) haulers who make up OrRS (these haulers are only investors in OrRs not wholly owned or affiliates); and (3) other commercial accounts or businesses such as construction contractors but not the general public. For the franchise to receive wastes from all these groups a variance must be granted. Metro Code Section 5.01.110 (quoted above) allows a variance to be granted to this policy.

Staff believes that the intent of the Metro Code restriction is to prevent franchisees who also have hauling companies from being able to promote their own haulers and treating competing haulers who must use the facility unfairly.

Staff opinion is that the intent of the Code requirement will be achieved because there will be alternatives to this proposed MRF for competing haulers. In a competitive market, no competing hauler will be forced to use the facility. Competition will be maintained because this franchise will not be exclusive, and other franchises have been, and others are expected to be granted, that will offer additional competition with this franchise. The franchise also contains provisions to ensure fair treatment of all customers using the facility. Strict compliance with this requirement would be unduly burdensome due to the franchisee's current ownership of hauling companies and the fact that other companies that want to use the facility would be denied access. Staff, therefore, recommends granting the variance to the restriction on non-affiliated haulers using the facility.

3. The Franchisee has also requested a variance from a Code requirement that would allow Metro, upon termination of the franchise, to force sale of the facility to a new franchisee, or require the owner of the facility to accept a new franchisee as its tenant. (Section 5.01.180(e) see also Section 5.01.060(b)(6)) Under Section 5.01.110 (quoted above) staff is recommending that this variance be granted. The purpose and intent of this provision is

to ensure that an essential franchised facility is not closed due to termination of a franchise, causing system disruptions. By granting franchises for numerous competing recovery facilities, Metro is achieving its goal of system stability without the need for strict compliance with this provision. Strict compliance is inappropriate in this instance because it would require the facility owner to agree to sell, or accept as a tenant, an unspecified new franchisee, and potentially impact material market agreements, tax credits, residual disposal agreements, and insurance agreements. If the provision is applied, it would be extremely burdensome for the reasons stated, and would cause delay that could result in termination of the project. As stated above, operation of the facility will further the objectives of Metro as specified in the RSWMP. In any respect, Metro retains the right of eminent domain with regard to the facility, as specified in state statutes.

III. CONDITIONS OF THE FRANCHISE

The proposed franchise agreement ensures that the facility will continue to operate in accordance with the purposes of Metro's franchise system to protect public health and safety and maintain consistency with the RSWMP.

The franchise document was drafted to be generally consistent with previous franchise agreements. The proposed franchise will maintain a "level playing field" regarding fees, recovery rate and other requirements with the three other most recently franchised MRFs. Staff continues to recommend that any significant change in MRF requirements be made simultaneously to all facilities.

This franchise continues the clarifications and improvements made in the WMO franchise that will make for better administration and enforcement of the agreement. These include:

- Clearer definitions of the types of activities and wastes that are authorized and prohibited at the facility.
- Procedures for managing prohibited wastes.
- A required recovery rate of 45% (the same as three previously franchised MRFs - Willamette Resources Inc., Energy Recovery Inc. and Waste Management of Oregon) Council members have requested this rate be examined in the future to determine if it is the most appropriate.
- Close coordination of the agreement with the DEQ Solid Waste Disposal Permit process.
- Tonnage authorizations are based on staff's determination of the amount of dry wastes the applicant will be able to draw in from its members plus an increment for to allow for economic growth. (The growth factor is calculated consistent with staff's regional waste forecasting.) To allow flexibility in meeting changing market conditions without causing undue impacts on facility operations, staff recommends that these authorizations be administered by the Executive Officer.

Other significant conditions of this agreement include:

- "Source separated materials processing" is defined as an authorized activity of the franchise.

There have been concerns raised, particularly by operators of facilities conducting only source separated materials processing, that this franchise language represents a change

from previous Metro policy. This is not the case. Facilities engaging in only source-separated processing continue to be exempt under the Metro franchise Code.

However, the source-separation portion of operations at a franchised MRF requires monitoring since it will utilize the same the building and processing equipment as the mixed waste processing. These activities could potentially be the source of nuisance or environmental problems. Because the franchise is for the entire facility site, the agreement will provide the means for addressing potential problems associated with any activities at the site.

The applicant's facility represents a new variation on this issue in that other companies engaging in source separated recycling will be operating at the site. The franchise agreement will regulate through the franchisee the activities of these "sub-franchisees." The franchise will require the franchisee to obtain written assent to franchise conditions from all sub-franchisees.

- A surety bond of \$100,000 was calculated to be required.

IV. BUDGET IMPACT

This fiscal analysis provides an order of magnitude estimate of the impact on Metro fee and excise tax revenues of the proposed facility.

ASSUMPTIONS

These assumptions apply to both the analysis of the proposed WMO facility alone and to the aggregate impact of all new MRFs that have been proposed. The analysis is in the form of a "what if" exercise that assumes:

- The franchisees are operating at expected FY 1999-2000 tonnage levels with recovery levels of 45% on mixed dry waste. These estimates have been made consistent with assumptions of the current REM SWIS report forecasts.
- Impact is measured by the net change in Metro revenues at both Metro and Non-Metro facilities, less savings from lower transfer and disposal expenses.
- The calculated result is for a single year.
- Values used for costs and savings are based on the FY 1996-97 budget.
- No change to the solid waste rate structure or excise tax.

This analysis does not take into account the following factors that would spread or mitigate the impact of revenue decreases:

- The franchises may not come on line in the projected time frame.
- Increases in tonnages, and fees paid, to both Metro and Non-Metro facilities due to unprojected changes in population or economic growth.
- Decreases in the costs of transfer and or disposal services for waste received at Metro South and Central Transfer Stations. (e.g., as the result of rebidding of the operations contracts)

RESULTS OF ANALYSIS

Cumulative Impact of All Anticipated Franchises

This proposed franchise for OrRS is the second of six franchise applications and renewals expected to be brought to Council in FY 96-97. Staff believes that it is useful to view the effects on the solid waste system of these proposed facilities to help put the proposed OrRS franchise into context. In the staff report for the last franchise staff projected that if all the proposed facilities come on line, they will process approximately 140,000 more tons of material each year than are currently being processed and that the cumulative solid waste revenue impact on Metro was estimated to be a net loss of \$1,300,000 to \$1,500,000 per year. The net excise tax loss was estimated to be \$250,000 to \$350,000 per year.

Final technical discussions and negotiations with OrRS have slightly changed this overall assessment. Compared to the previous system assessment: (1) OrRS will be receiving more tonnage; (2) more tonnage will be coming from Metro as opposed to Non-Metro facilities; and (3) revenue impacts from source separated residual tonnages shifting from Metro to Non-Metro facilities have now been included in calculations. The effects of these changes are that the cumulative solid waste revenue impact on Metro is now estimated to be a net loss of: (a) \$1,700,000 if OrRS recovers materials from mixed waste at their high stated rates (65-70%); and (b) \$1,500,000 if they recover only at the required rate of 45%. Excise tax impacts are similarly affected - a net loss of \$350,000 at high recovery rates and \$320,000 at the lower required rate.

Impact of Proposed OrRS Facility

Impact at Required Recovery Rate of 45%

Tonnages at Metro Central and South Transfer Stations would decline approximately 41,000 tons per year resulting in a net loss of \$970,000 in solid waste revenues and a loss of \$210,000 per year in excise taxes.

However, tonnages at Non-Metro Facilities would increase by about 24,000 tons per year resulting in a net gain to Metro of \$390,000 per year in solid waste revenues and a gain of \$80,000 per year in excise taxes

The total net loss to Metro would therefore be \$750,000 in solid waste revenues and \$160,000 in excise taxes.

Impact at Applicant's Projected Recovery Rates of 65-70%

Tonnages at Metro Central and South Transfer Stations would decline approximately 41,000 tons per year resulting in a net loss of \$970,000 in solid waste revenues and a loss of \$210,000 per year in excise taxes.

However, tonnages at Non-Metro Facilities would increase by about 14,000 tons per year resulting in a net gain to Metro of \$220,000 per year in solid waste revenues and a gain of \$50,000 per year in excise taxes

The total net loss to Metro would therefore be \$750,000 in solid waste revenues and \$160,000 in excise taxes.

The results of this analysis indicate that adding processing facilities to the system has a measurable impact on both solid waste revenues and excise tax receipts. REM is aware of the implications of these and other changes in the regional solid waste system and has developed initiatives such as the rate restructuring process in response. The Council may wish to consider the broader financial impacts of proposed MRFs, and particularly their effect on the excise tax.

STAFFING REQUIREMENTS

Administration and enforcement of this franchise agreement during fiscal year 1996-97 is expected to be handled with existing staff resources. However, the Department is currently assessing the overall need for staff resources required to effectively administer the regulatory system of franchises and licenses. This assessment will be brought forward during the 1997-98 budget process.

V. STAFF RECOMMENDATIONS

Based on the forgoing analysis it is the opinion of staff that OrRS Inc. should be granted a non-exclusive franchise in accord with the provisions of the draft franchise attached to Ordinance No. 96-649 as Exhibit A.

VI. EXECUTIVE OFFICER RECOMMENDATION

The Executive Officer recommends approval of Ordinance No. 96-649

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SOLID WASTE FRANCHISE

issued by

METRO

600 NE Grand Avenue

Portland, Oregon 97232-2736

(503) 797-1700

FRANCHISE NUMBER: _____

DATE ISSUED: _____ See Section 2

AMENDMENT DATE: _____ N/A

EXPIRATION DATE: _____ See Section 2

ISSUED TO: _____ OREGON RECYCLING SYSTEMS (OrRS) L.L.C

NAME OF FACILITY: _____ OrRS Solid Waste Processing and Recovery Facility

ADDRESS: _____ 2345 NW Nicolai, 2825 & 2829 NW Yeon

CITY, STATE, ZIP: _____ Portland, OR 97210

LEGAL DESCRIPTION: _____ Tax Account #R-941280390

_____ (see attached application)

NAME OF OPERATOR: _____ OREGON RECYCLING SYSTEMS

PERSON IN CHARGE: _____ Bryan Engelson

ADDRESS: _____ 9817 A East Burnside St.

CITY, STATE, ZIP: _____ Portland, OR 97216

TELEPHONE NUMBER: _____ 503-261-7300

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FRANCHISE AGREEMENT

This Franchise is issued by Metro, a municipal corporation organized under ORS chapter 268 and the 1992 Metro Charter, referred to herein as "Metro," to Oregon Recycling Systems, L.L.C., an Oregon Limited Liability Corporation, referred to herein as "Franchisee."

In recognition of the promises made by Franchisee as specified herein, Metro issues this Franchise, subject to the following terms and conditions:

1. DEFINITIONS

The definitions in Metro Code Section 5.01.010 shall apply to this Franchise, as well as the following definitions. Defined terms are capitalized when used. Where Metro Code, State or Federal law definitions are referenced herein, reference is to the definition as amended or replaced. Such terms, as defined at the time this Franchise is executed, are included in Exhibit A.

"Affiliated Hauling Companies" means hauling companies owned, either in whole or in part, or legally affiliated with, the Franchisee.

"Authorized Waste" or "Authorized Wastes" means those wastes defined as such in Section 5.2 of this Franchise.

"Battery" means a portable container of cells for supplying electricity. This term includes, but is not limited to, lead-acid car batteries, as well as dry cell batteries such as nickel cadmium, alkaline, and carbon zinc.

"Building Contractor" means any business involved in any physical aspect of the construction and/or demolition of buildings that results in the generation of Construction and Demolition Wastes.

"Business" means a commercial enterprise or establishment licensed to do business in the state of Oregon.

"Clean Fill" means Inert material consisting of soil, rock, concrete, brick, building block, tile or asphalt paving, which do not contain contaminants which could adversely impact the waters of the State or public health. This term does not include Putrescible Wastes, Construction and Demolition Wastes or Industrial Solid Wastes.

"Commercial Solid Waste" or "Commercial Waste" means Solid Waste generated by stores, offices, including manufacturing and industry offices, restaurants, warehouses, schools, colleges, universities, hospitals, and other non-manufacturing entities, but does not include Solid Waste from manufacturing activities. Solid Waste from business, manufacturing or Processing activities in residential dwellings is also not included.

"Commingled Recyclables" means Source Separated Recyclables that have not been sorted by the generator (or have been only partially sorted) into individual material categories (e.g., cardboard, newsprint, ferrous metal) according to their physical characteristics.

"Conditionally Exempt Generator Waste" has the meaning specified in 40 C.F.R. § 261.

"Construction and Demolition Waste" means Solid Waste resulting from the construction, repair, or demolition of buildings, roads and other structures, and debris from the clearing of land, but does not include clean fill when separated from other Construction and Demolition Wastes and used as fill materials or otherwise land disposed. Such waste typically consists of materials including concrete, bricks, bituminous concrete, asphalt paving, untreated or chemically treated wood, glass, masonry, roofing, siding, plaster; and soils, rock, stumps, boulders, brush and other similar material. This term does not include Industrial Solid Waste, Residential Solid Waste or Commercial Solid Waste.

"Contaminated Soils" means soils resulting from the clean-up of a spill that are not Hazardous Waste.

"Contaminated Soils Reloading" means the activity of consolidating Contaminated Soils for transport to a Disposal Site, Processing Facility or Resource Recovery Facility.

"DEQ" means the Oregon Department of Environmental Quality, which includes the Oregon Environmental Quality Commission.

"Disposal Site" has the meaning specified in ORS 459.005.

"Dry, Non-Putrescible, Mixed Solid Waste" means Commercial, Residential or Industrial Solid Waste, that does not contain food wastes or other Putrescible Wastes. Dry, Non-Putrescible Mixed Solid Waste includes only waste that does not require disposal at a municipal solid waste landfill (also referred to as a "general purpose landfill"), as that term is defined by the Oregon Administrative Rules. This category of waste excludes Source Separated Recyclables.

"Facility" means the site where one or more activities that the Franchisee is authorized to conduct occur.

"Fiber Based Fuel" means fuel derived through the Processing of Authorized Solid Waste.

"Fiber Based Fuel Processing" means the activity of mechanically Processing Authorized Solid Wastes for use as a fuel.

"Friable Asbestos" means the asbestiform varieties of serpentine (chrysotile), riebeckite (crocidolite), cummingtonite-grunerite (amosite), anthophyllite, actinolite and tremolite, but only to the extent that such materials, when dry and subjected to hand-pressure, can be crumbled, pulverized or reduced to powder.

“General Purpose Landfill” means any land disposal facility that is required by law, regulation, or permit, to utilize a liner and leachate collection system equivalent to or more stringent than that required for municipal solid waste landfills under Subtitle D of the Resource Conservation and Recovery Act and is authorized by law to accept more than incidental quantities of Putrescible Waste.

“Hazardous Waste” has the meaning specified in ORS 466.005.

“Household Hazardous Waste” has the meaning specified in Metro Code Section 5.02.015(f).

“Industrial Solid Waste” or “Industrial Waste” means:

- (1) Solid Waste generated by manufacturing or industrial processes that is not a hazardous waste regulated under ORS chapters 465 and 466 or under Subtitle C of the Federal Resource Conservation and Recovery Act. Such waste may include, but is not limited to, the following wastes or wastes resulting from the following processes:
 - (a) electric power generation;
 - (b) fertilizer/agricultural chemicals;
 - (c) food and related products and by-products;
 - (d) inorganic chemicals;
 - (e) iron and steel manufacturing;
 - (f) leather and leather products;
 - (g) nonferrous metals manufacturing/foundries;
 - (h) organic chemicals;
 - (i) plastics and resins manufacturing;
 - (j) pulp and paper industry;
 - (k) rubber and miscellaneous plastic products;
 - (l) stone, glass, clay and concrete products;
 - (m) textile manufacturing;
 - (n) transportation equipment;
 - (o) water treatment;
 - (p) timber products manufacturing;
- (2) This term does not include :
 - (a) Putrescible Waste, or office or lunch room waste from manufacturing or industrial facilities;
 - (b) Construction and Demolition Waste
 - (c) Contaminated Soils

“Inert” means containing only constituents that are biologically and chemically inactive and that, when exposed to biodegradation and/or leaching, will not adversely impact the waters of the state or public health.

“Inert Landfill” means a place for disposal of Inert Materials, other than a General Purpose Landfill or Limited Purpose Landfill.

“Infectious Medical Waste” or “Infectious Waste” has the meaning specified in ORS 459.386(2).

“Limited Purpose Landfill” means a landfill that is not a General Purpose Landfill but that is authorized by DEQ to accept Solid Waste.

“Metro Regional User Fee” has the meaning specified in Metro Code Section 5.02.015(e).

“Prohibited Wastes” has the meaning set forth in Section 5.3.1 of this Franchise.

“Putrescible Waste” means Solid Waste containing organic material that can be rapidly decomposed by microorganisms, and which may give rise to foul smelling, offensive products during such decomposition or which is capable of attracting or providing food for birds and potential disease vectors such as rodents and flies.

“Recoverable Material” means material that still has or retains useful physical, chemical, or biological properties after serving its original purpose(s) or function(s), and that can be reused or recycled for the same or other purpose(s).

“Recovered Material” means Recoverable Material that has been separated from Solid Waste at the Facility.

“Recovery Rate” means the percentage amount expressed by dividing the amount of Recovered Material deemed to have resulted from Processing Incoming Type B Wastes by the sum of Recovered Materials deemed to have resulted from Processing of Incoming Type B Waste plus the Residue deemed to have resulted from Processing Incoming Type B Waste.

“Recover Rate Calculation Period” means the three-month period preceeding each month of operations over which the Recovery Rate will be applied.

“Residential Solid Waste” means the garbage, rubbish, trash, and other Solid Wastes generated by the normal activities of households, including but not limited to, food wastes, ashes, and bulky wastes, but does not include Construction and Demolition Waste. This definition applies to multifamily structures of any size.

“Residue” means Solid Waste, resulting from Solid Waste Materials Recovery, that is transported from a franchised Solid Waste Processing and Recovery Facility to a Disposal Site.

“Sludge” means any solid or semi-Solid Waste and associated supernatant generated from a municipal, commercial, or industrial wastewater treatment plant, water supply treatment plant or air pollution control facility or any other such waste having similar characteristics and effects.

“Solid Waste Materials Recovery” means the activity of manually or mechanically Processing Solid Wastes that separates materials for purposes of recycling or recovery.

“Solid Waste Processing and Recovery Facility” means a facility franchised by Metro as a Processing and/or Resource Recovery Facility and authorized to receive specific categories of Solid Waste and to conduct one or more of the following activities: (1) Source-Separated Recyclables Processing, (2) Solid Waste Material Recovery, (3) Yard Debris Reloading (4) Fiber-Based Fuel Processing, and (5) Contaminated Soils Reloading.

“Source Separate” or “Source Separating” or “Source Separation” means

- (1) The setting aside of recyclable materials at their point of generation by the generator; or
- (2) That the person who last uses recyclable material separates the recyclable material from Solid Waste.

“Source-Separated Recyclables” means material that has been Source-Separated for the purpose of recycling, recovery, or reuse. This term includes recyclables that are Source-Separated by material type (i.e., source-sorted) and recyclables that are mixed together in one container (i.e., commingled).

“Source-Separated Recyclables Processing” means the activity of reloading, Processing or otherwise preparing Source-Separated Materials for transport to third parties for reuse or resale.

“Special Waste” has the meaning specified in Metro Code Section 5.02.015(s).

“Subfranchisee” means any business co-located with Franchisee at the Facility and engaged in Processing Solid Waste.

“Unacceptable Waste Incident Tracking Form” means the form attached to this Franchise as Exhibit F.

“Yard Debris Reloading” means the activity of consolidating yard debris -- with or without compaction, chipping or grinding -- for transport to a Transfer Station, Processing Facility or Resource Recovery Facility. Reloading of yard debris specifically excludes Composting.

2. TERM AND APPLICABILITY OF FRANCHISE

- 2.1 This Franchise is issued for a term of five years from the date of execution by the Executive Officer and following approval by the Metro Council.
- 2.2 Unless otherwise specified in this Franchise, the provisions and obligations of this Franchise shall apply to the Franchisee and all Subfranchisees of the Facility. Prior to any Subfranchisee commencing Processing at the Facility, Franchisee shall provide to Metro written agreements from that Subfranchisee acknowledging that the Subfranchisee is bound by and will comply with all terms of this Franchise.

3. LOCATION OF FACILITY

The franchised Facility is located at 2345 NW Nicolai, 2825 and 2829 NW Yeon, Portland, Oregon. The legal description of the Facility's location appears in Exhibit B to this agreement.

4. OPERATOR AND OWNER OF FACILITY AND PROPERTY

- 4.1 The owner of the Facility and the property upon which the Facility is located is Sidney F. Woodbury. Franchisee warrants that it has obtained the owner's consent to operate the Facility as specified in the Franchise.
- 4.2 The operator of the Facility is Franchisee. Franchisee may contract with another person or entity to operate the Facility only upon 90 days prior written notice to Metro and the written approval of the Executive Officer.

5. AUTHORIZED AND PROHIBITED ACTIVITIES AND WASTES

- 5.1 Subject to the following conditions, Franchisee is authorized to operate and maintain a Solid Waste Processing and Recovery Facility and to conduct the following activities: (a) Source-Separated Recyclables Processing; (b) Solid Waste Materials Recovery; and (c) subject to the prior written approval of the Executive Officer, Fiber Based Fuel Processing:
 - 5.1.1 The Facility shall accept only Authorized Wastes. Franchisee and Subfranchisees are prohibited from receiving, Processing or disposing of any Solid Waste not authorized in this Franchise. Neither Franchisee nor Subfranchisees shall knowingly accept loads of Solid Waste containing only incidental amounts of Recoverable Material or loads which Franchisee or Subfranchisee intend to landfill without first Processing for Recoverable Material.
 - 5.1.2 This Franchise limits the amount and types of Authorized Waste that may be received each year at the Facility as listed in Section 5.2.1 of this Franchise. Upon written request from the Franchisee, the Executive Officer may increase the amount and add types of waste Franchisee or Subfranchisees are authorized to receive for activities authorized at the Facility. Franchisee and Subfranchisees may receive the designated amount of Solid Waste consistent with (1) applicable law, (2) the terms of this Franchise, and (3) any other applicable permits and licenses obtained from governmental or regulatory entities.
 - 5.1.3 Franchisee may accept Authorized Waste from its own Affiliated Hauling Companies, Non-Affiliated Hauling Companies, Building Contractors and, other Businesses, but not from the general public. Subfranchisees may accept Source Separated Recyclables from any source.

5.2 Authorized Activities, Waste Types and Waste Quantities

5.2.1 Franchisee is authorized to conduct the following activities and receive the following types and quantities of wastes:

5.2.1.1 Solid Waste Materials Recovery of Solid Waste up to a combined total of 38,000 tons per year during each of the first two years of the term of this Franchise. Thereafter, Franchisee shall be authorized to receive Solid Waste equal to the actual tons of Solid Waste received at the Facility during the second year of this agreement, multiplied by a factor of 1.125. This authorization applies to the combined totals of the following categories of Solid Waste:

5.2.1.1.a Dry, Non-Putrescible, Mixed Commercial and Industrial Solid Waste.

5.2.1.1.b Construction and Demolition Wastes, excluding Source Separated Recyclables.

5.2.1.2 Source-Separated Recyclables Processing of the following categories of Solid Waste with no limit on the tonnage allowed:

5.2.1.2.a Used oil collected as a Source-Separated Material from residential curbside programs operated by commercial refuse haulers.

5.2.1.2.b Source-Separated Recyclables excluding Yard Debris.

5.2.2 Subfranchisees are authorized to conduct Source-Separated Recyclables Processing of Source Separated Recyclables, excluding yard debris, with no limit on the tonnage allowed.

5.3 Prohibited Wastes

5.3.1 Neither Franchisee nor Subfranchisees shall knowingly accept or retain any material amounts of the following types of waste, unless specifically authorized in Sections 5.3.2 or 7.3.2 of this Franchise:

5.3.1.1 Materials contaminated with or containing Friable Asbestos;

5.3.1.2 Batteries;

5.3.1.3 Commercial or Industrial Waste loads that contain Putrescible Waste;

5.3.1.4 Residential Solid Waste;

5.3.1.5 Liquid waste;

5.3.1.6 Oil, other than as specified in 5.2.1.2.a.

5.3.1.7 Putrescible Waste;

5.3.1.8 Sludge;

- 5.3.1.9 Tires;
 - 5.3.1.10 Vehicles;
 - 5.3.1.11 Infectious Waste;
 - 5.3.1.12 Special Waste or any sub-stream of Special Waste unless authorized elsewhere within this Franchise;
 - 5.3.1.13 Hazardous Waste;
 - 5.3.1.14 Conditionally Exempt Generator Waste;
 - 5.3.1.15 Household Hazardous Waste;
- 5.3.2 Prohibited Wastes received at the Facility shall be: (1) isolated from other materials at the Facility or (2) removed from the Facility. Franchisee shall transport any Prohibited Waste other than Hazardous Waste to a Disposal Site authorized to accept such waste, unless an alternate Disposal Site or method has been approved by DEQ. Non-hazardous Prohibited Wastes shall be managed pursuant to Section 7.3.2.3 of this Franchise. In the event that Franchisee determines or suspects that discovered waste constitutes Hazardous Waste, Franchisee shall immediately initiate procedures to identify the waste and the generator (see Section 7.3.2 herein) and shall, within 48 hours of receipt of the waste initiate procedures to remove the waste. Hazardous Waste must be removed from the Facility within 90 days after receipt unless an alternate disposal method and additional storage period has been approved by DEQ. Franchisee shall implement and conduct temporary storage and transportation procedures in accordance with DEQ rules. Franchisee shall record receipt of Prohibited Wastes on Metro's Unacceptable Waste Incident Tracking Form (Attached as Exhibit F).

6. MINIMUM REPORTING REQUIREMENTS

- 6.1 Franchisee shall collect and transmit to Metro, according to the timetable in Section 6.2, accurate records of the following information:
- 6.1.1 Transaction number designating an individual incoming or outgoing load.
 - 6.1.2 Incoming load account number. Upon execution of this Franchise, and semi-annually thereafter, Franchisee shall provide to Metro a listing that cross-references this account number with the customer name, address, and telephone number.
 - 6.1.3 Identity of Franchisee or Subfranchisee receiving or shipping the incoming or outgoing load.
 - 6.1.3.1 If the load was delivered or shipped to or by a Subfranchisee, specify which Subfranchisee.

6.1.4 Designation of the load in one of the following categories:

Incoming Type A Waste: Loads of Solid Waste received by the Facility of which, on a weight basis, less than five percent is eventually transported to a General Purpose or Limited Purpose Landfill, excluding Incoming Type B and C Waste as set forth in this section.

Incoming Type B Waste: Loads of Solid Waste received by the Facility of which, on a weight basis, at least five percent is eventually transported to a General Purpose or Limited Purpose Landfill, excluding Incoming Type A and C Waste

Type C Waste: Loads of Contaminated Soils and Yard Debris received at the Facility for consolidation and shipment off-site for final Processing. By notice to Franchisee, Metro may request that other materials be moved from Incoming Type A or B to this category.

Outgoing Type D Material: Recovered material -- excluding Outgoing Type E Material -- placed in inventory or marketed by the Franchisee or a Subfranchisee as a useful commodity.

Outgoing Type E Material: Clean Fill recovered at the Facility and delivered to a Clean Fill Disposal Site.

Outgoing Type F Material: Material transported from the Facility to a General Purpose or Limited Purpose Landfill.

6.1.5 Date the load was received at or transported from the Facility.

6.1.6 Time the load was received at or transported from the Facility.

6.1.7 Material type described according to the physical characteristics of the material in the load or by providing, upon execution of this Franchise and semi-annually thereafter, a code and a cross-referenced listing of codes to material types.

6.1.8 Designation of the point of origin of the load and, in the event the load originated outside the Metro boundary, designation of the city or county of origin.

6.1.9 Net weight of the load.

6.1.10 The fee Franchisee charged or paid the hauler for incoming loads.

6.1.11 Receipt of any materials encompassed by Section 5.3.2 of this Franchise, utilizing Metro's Unacceptable Waste Incident Tracking Form (Attached as Exhibit F).

6.2 Records required under Section 6.1 shall be reported to Metro no later than fifteen (15) days following the end of each month, in the format prescribed by Metro. All loads of Solid Waste received at or transported from the Facility shall be weighed on the same scale, and the results shall be encoded in the same transaction set using the same software. Transaction data shall be in electronic form compatible with Metro's data processing equipment. In addition to the transaction data required under Section 6.1, Franchisee shall provide: (1) a summary of the previous month's incoming and outgoing tonnage by origin/destination and type of material, but not including destination information for outgoing recovered materials; and (2) a report showing, by type of material, tons in Franchisee's inventory at the beginning of the month, tons placed in Franchisee's inventory during the month, and tons remaining in Franchisee's inventory at the end of the month. Subfranchisees are specifically exempted from providing inventory information to Metro. A cover letter shall accompany the data which certifies the accuracy of the data and is signed by an authorized representative of Franchisee.

6.3 The Franchisee shall participate in an annual review with Metro of the Facility's performance. The review will include:

6.3.1 The Facility's performance in accomplishing waste reduction goals consistent with the adopted Regional Solid Waste Management Plan. This review shall include, without limitation, whether the Facility's operation is consistent with both local government and private sector efforts to expand source separation recycling programs for commercial and industrial generators and at construction and demolition sites;

6.3.2 Receipt or release of Hazardous Waste or Infectious Waste at the Facility; nuisance complaints as recorded in the log required under Section 7.4.1.2; changes to site equipment, hours of operation and/or staffing; and other significant changes in the Facility's operations that occurred during the previous year; and

6.3.3 Any modifications under Section 18 of this Franchise.

Within one year after the Facility begins operations, and each year thereafter, Metro will contact Franchisee to schedule the annual review meeting. Metro will provide at least three business weeks advance notice of this meeting. At least one business week prior to this meeting, Franchisee shall submit to the Franchise Administrator a summary, in letter format, addressing the above-listed topics.

6.4 Franchisee shall provide the Metro Regional Environmental Management Department copies of all correspondence, exhibits or documents submitted to the DEQ relating to the terms or conditions of the DEQ solid waste permit or this Franchise, within two business days of providing such information to DEQ. In addition, Franchisee shall send to Metro, upon receipt, copies of any notice of non-compliance, citation, or enforcement order received from any local, state or federal entity with jurisdiction over the Facility.

- 6.5 Authorized representatives of Metro shall be permitted to inspect information from which all required reports are derived during normal working hours or at other reasonable times with 24-hour notice. Metro's right to inspect shall include the right to review, at an office of Franchisee or Subfranchisee located in the Portland metropolitan area, records, receipts, books, maps, plans, and other like materials of the Franchisee or Subfranchisee that are directly related to the Facility's operation.
- 6.6 Fees and charges shall be levied and collected on the basis of tons of waste received. Either a mechanical or automatic scale approved by the National Bureau of Standards and the State of Oregon may be used for weighing waste.
- 6.7 Where a fee or charge is levied and collected on an accounts receivable basis, pre-numbered tickets shall be used in numerical sequence. The numbers of the tickets shall be accounted for daily and any voided or canceled tickets shall be retained for three years. The Executive Officer may approve use of an equivalent accounting method.
- 6.8 Any periodic modification by Metro of the reporting forms themselves shall not constitute any modification of the terms of Section 6.1 of this Franchise, nor shall Metro include within the reporting forms a request for data not otherwise encompassed within Section 6.1.

7. OPERATIONAL REQUIREMENTS

7.1 General Requirements

- 7.1.1 The Franchisee and Subfranchisees shall provide an operating staff which is qualified to perform the functions required by this Franchise and to otherwise ensure compliance with the conditions of this Franchise.
- 7.1.2 A copy of this Franchise shall be displayed on the Facility's premises, and in a location where it can be readily referenced by Facility personnel. Additionally, signs shall be erected at a location visible to all users of the Facility before unloading at the Facility, and in conformity with any local government signage regulations. These signs shall be easily and readily visible, legible, and shall contain at least the following information:
- 7.1.2.1 Name of the Facility;
 - 7.1.2.2 Address of the Facility;
 - 7.1.2.3 Emergency telephone number for the Facility;
 - 7.1.2.4 Operational hours during which the Facility shall be open for the receipt of authorized waste;
 - 7.1.2.5 Rates and fees;

7.1.2.6 Metro's name and telephone number; and

7.1.2.7 A list of all Authorized and Prohibited Wastes under this Franchise.

7.2 General Operating and Service Requirements

7.2.1 If Franchisee or any Subfranchisee contemplates or proposes to close the Facility for 120 days or more, or proposes to close the Facility permanently, Franchisee shall provide Metro with written notice, at least 90 days prior to closure, of the proposed closure schedule and procedures.

7.2.2 If Franchisee or any Subfranchisee contemplates or proposes a closure of the Facility for more than two business days but less than 120 days, Franchisee shall notify Metro and local government Solid Waste authorities of the closure and its expected duration at least 24 hours before the closure.

7.2.3 If any significant occurrence, including but not limited to equipment malfunctions, or fire, results in a violation of any conditions of this Franchise or of the Metro Code, the Franchisee shall:

7.2.3.1 Immediately act to correct the unauthorized condition or operation;

7.2.3.2 Immediately notify Metro; and

7.2.3.3 Prepare, and submit to Metro within 10 days, a report describing the Franchise or Metro Code violation.

7.2.4 The Franchisee shall establish and follow procedures to give reasonable notice and justification prior to refusing service to any customer of the Facility authorized under this Franchise. Copies of notification and procedures for such action will be retained on file for three years.

7.2.5 Neither the Franchisee nor any Subfranchisee shall, by act or omission, unlawfully discriminate against any person. Rates and disposal classifications established by Franchisee and Subfranchisees shall be applied reasonably and in a non-discriminatory manner.

7.3 Operating Procedures

7.3.1 Unless otherwise allowed by this Franchise, all Processing of wastes shall occur inside Facility buildings. Storage may occur outside, in an orderly manner, as specified in the Facility's operating procedures.

7.3.2 Franchisee shall establish and follow procedures for accepting, managing and Processing loads of Solid Waste received at the Facility. These procedures shall demonstrate compliance with the Franchise, and shall be submitted to Metro in writing for review and approval. For new facilities, operating procedures shall be submitted prior to any waste being accepted. For existing facilities, operating

procedures shall be submitted along with other required application materials. Franchisee may, from time to time, modify such procedures. All proposed modifications to Facility plans and procedures shall be submitted to the Metro Regional Environmental Management Department for review and approval. The Executive Officer shall have 10 business days from receipt of proposed modifications to object to such modifications. If the Executive Officer does not object, such modifications shall be considered approved following the 10-day period. Franchisee may implement proposed modifications to Facility plans and procedures on a conditional basis pending Metro review and notice from Metro that such changes are not acceptable. The procedures shall include at least the following:

- 7.3.2.1 Methods of notifying generators not to place Putrescible Wastes, Hazardous Wastes, or other Prohibited Wastes in drop boxes or other collection containers destined for the Facility;
- 7.3.2.2 Methods of inspecting incoming loads for the presence of Prohibited or Unauthorized Waste;
- 7.3.2.3 Methods for managing and transporting for disposal at an authorized Disposal Site each of the Prohibited Wastes listed in Section 5 if they are discovered at the Facility; and
- 7.3.2.4 Objective criteria and standards for accepting or rejecting loads.
- 7.3.2.5 Methods (that may include rate disincentives) for discouraging Facility users from delivering Solid Waste that is not transported in compliance with Sections 7.3.6 and 7.3.9.
- 7.3.2.6 Methods for addressing all other operating requirements of Section 7.
- 7.3.3 All Authorized Solid Wastes received at the Facility must, within two business days from receipt, be either (1) Processed or appropriately stored or (2) properly disposed.
- 7.3.4 Upon discovery, all Prohibited Wastes shall be removed or managed in accordance with Section 7.3.2.3 of this Franchise.
- 7.3.5 Sorting and Processing areas shall be cleaned on a regular basis, in compliance with plans and procedures required under Section 7.3.2.
- 7.3.6 All vehicles and devices transferring or transporting Solid Waste from the Facility shall be constructed, maintained, and operated to prevent leaking, spilling, or blowing of Solid Waste on-site or while in transit.
- 7.3.7 Neither the Franchisee nor any Subfranchisee shall mix any Source-Separated Recyclable materials brought to the Facility with any other Solid Wastes. Materials recovered at the Facility may be combined with Source-Separated Recyclable Materials for Processing and shipment to markets.

- 7.3.8 The Franchisee and Subfranchisees shall reuse or recycle all uncontaminated Source-Separated Recyclable Materials brought to the Facility.
- 7.3.9 Franchisee shall take reasonable steps to notify and remind haulers that all loaded trucks coming to or leaving the Facility must be covered, or suitably cross-tied to prevent any material from blowing off the load during transit.
- 7.3.10 All recovered materials and processing residuals at the Facility must be stored in bales, drop boxes or otherwise suitably contained. Material storage areas must be maintained in an orderly manner and kept free of litter. Stored materials shall be removed at sufficient frequency to avoid creating nuisance conditions or safety hazards.
- 7.3.11 Contaminated water and sanitary sewage generated on-site shall be disposed of in a manner complying with local, state and federal laws and regulations..
- 7.3.12 Public access to the Facility shall be controlled as necessary to prevent unauthorized entry and dumping.

7.4 Nuisance Prevention and Response Requirements

- 7.4.1 Franchisee shall respond to all citizen complaints on environmental issues (including, but not limited to, blowing debris, fugitive dust or odors, noise, traffic, and vectors). If Franchisee receives a complaint, Franchisee shall:
 - 7.4.1.1 Attempt to respond to that complaint within one business day, or sooner as circumstances may require, and retain documentation of unsuccessful attempts; and
 - 7.4.1.2 Log all such complaints by name, date, time and nature of complaint. Each log entry shall be retained for one year.
- 7.4.2 To control blowing or airborne debris, Franchisee shall:
 - 7.4.2.1 Keep all areas within the site and all vehicle access roads within a 1/4 mile of the site free of litter and debris;
 - 7.4.2.2 Patrol the Facility and all vehicle access roads within a 1/4 mile of the site daily;
- 7.4.3 To control odor, dust and noise, the Franchisee shall:
 - 7.4.3.1 Install dust control and odor systems whenever excessive dust and odor occur, or at the direction of Metro. Alternative dust and odor control measures may be established by the Franchisee with Metro approval.
 - 7.4.3.2 Take specific measures to control odors in order to avoid or prevent any violation of this Franchise, which measures include (but are not limited

to) adherence to the contents of the odor minimization plan set forth in Section 7.4.3.3.

7.4.3.3 Before the Facility begins operating, submit an odor minimization plan to Metro. This plan shall include (but not be limited to): (1) methods that will be used to minimize, manage, and monitor all odors of any derivation including malodorous loads received at the Facility; (2) procedures for receiving and recording odor complaints; and (3) procedures for immediately investigating any odor complaints in order to determine the cause of odor emissions, and promptly remedying any odor problem at the Facility.

7.4.4 With respect to vector control, the Franchisee shall manage the Facility in a manner that is not conducive to infestation of rodents or insects. If rodent or insect activity becomes apparent, Franchisee shall initiate and implement supplemental vector control measures as specified in the Facility operating procedures or as a modification to such procedures, at and bear all the costs thereof.

7.4.5 The Franchisee shall operate and maintain the Facility to prevent contact of Solid Wastes with stormwater runoff and precipitation.

7.5 Recovery Requirements

7.5.1 Franchisee shall attain and maintain a Recovery Rate of 45 percent for all Incoming Type B Material (as defined in Section 6.1.3) entering the Facility. If Franchisee's Recovery Rate is between 35 percent and 45 percent, Franchisee shall pay an administrative fee, as set forth in Exhibit C, incorporated by this reference as though set forth in full..

7.5.1.1 The Recovery Rate shall be calculated each month based upon the Recovery Rate Calculation Period and upon quantities of Recovered Material and Residue deemed to have resulted from Processing Solid Waste. For purposes of this Franchise, the amount of Recovered Material deemed to have resulted from Processing Incoming Type B Waste shall equal the total amount of Recovered Material resulting from Processing Incoming Type A Waste and Incoming Type B Waste, minus ninety-five percent of the Incoming Type A Waste Processed. The Residue resulting from Processing Incoming Type B Waste shall equal total Outgoing Type F Material generated by the Franchisee minus five percent of Incoming Type A Waste Processed. A diagram illustrating the formula for computing the Recovery Rate is set forth as Exhibit D.

7.5.1.2 Calculation of the Recovery Rate under Section 13.1 shall begin 120 days after commencement of operations at the Facility and enforcement of the

Recovery Rate shall begin 210 days after commencement of operations at the Facility. For purposes of this section, operations shall be deemed to have commenced at the Facility on the date on which the first load of Dry, Non-Putrescible, Mixed Solid Waste is delivered to the Facility.

- 7.5.1.3 Except as specified in Section 7.5.2.2, the recovery rate shall not be less than 35%. Failure to achieve this minimum recovery rate shall result in the issuance of a notice of non-compliance per Section 13.1 of this Franchise.

8. ANNUAL FRANCHISE FEES

Franchisee shall pay an annual franchise fee, as established under Metro Code Section 5.03.030. The fee shall be delivered to Metro within 30 days of the effective date of this Franchise and each year thereafter. Metro reserves the right to change its franchise fees at any time, by action of the Metro Council, to reflect franchise system enforcement and oversight costs.

9. INSURANCE

- 9.1 Franchisee shall purchase and maintain the following types of insurance, insuring Franchisee, its employees, and agents, and naming all Subfranchisees as additional insureds:
- 9.1.1 Broad form comprehensive general liability insurance covering personal injury, property damage, and personal injury with automatic coverage for premises, operations, and product liability. The policy must be endorsed with contractual liability coverage; and
- 9.1.2 Automobile bodily injury and property damage liability insurance.
- 9.2 Insurance coverage shall be a minimum of \$500,000 per occurrence, \$100,000 per person, and \$50,000 property damage. If coverage is written with an annual aggregate limit, the aggregate limit shall not be less than \$1,000,000.
- 9.3 Metro, its elected officials, departments, employees, and agents shall be named as Additional Insureds. Notice of any material change or policy cancellation shall be provided to Metro 30 days prior to the change or cancellation.
- 9.4 Franchisee, Subfranchisees, and contractors of Franchisee or Subfranchisees, if any, and all employers working under this Franchise, are subject employers under the Oregon Workers' Compensation Law and shall comply with ORS 656.017, which requires them to provide Workers' Compensation coverage for all their subject workers. Franchisee shall provide Metro with certification of Workers' Compensation insurance including employer's liability.

10. INDEMNIFICATION

Franchisee shall indemnify and hold METRO, its agents, employees, and elected officials harmless from any and all claims, demands, damages, actions, losses and expenses, including attorney's fees, arising out of or in any way connected with Franchisee's performance or the operations of the Facility under this Franchise, including patent infringement claims and any claims or disputes involving subcontractors or Subfranchisees.

11. SURETY BOND/CONDITIONAL LIEN

Franchisee shall provide a surety bond or letter of credit in the amount of One Hundred Thousand Dollars (\$100,000), in a form acceptable to Metro, or at its option may provide a conditional lien on the franchised property in a form satisfactory to Metro.

12. COMPLIANCE WITH LAW

Unless otherwise specified in this Franchise, Franchisee and Subfranchisees shall fully comply with all federal, state, regional and local laws, rules, regulations, ordinances, orders and permits pertaining in any manner to this Franchise, including all applicable Metro Code provisions whether or not those provisions have been specifically mentioned or cited herein. All conditions imposed on the operation of the Facility by federal, state or local governments or agencies having jurisdiction over the Facility are part of this Franchise by reference as if specifically set forth herein. Such conditions and permits include those attached as exhibits to this Franchise, as well as any existing at the time of issuance of this Franchise and not attached, and permits or conditions issued or modified during the term of this Franchise.

13. METRO ENFORCEMENT AUTHORITY

- 13.1 Enforcement of this Franchise shall be as specified in the Metro Code. In addition to the enforcement provisions of the Code, failure to achieve recovery rates specified in Section 7.5 of this Franchise shall be enforced as follows:

Recovery Rate	Violation	Penalty or Fee
Any three month average recovery rate below 45%	No violation	Pay administrative fee specified in Section 7.5
Failure to reach average 35% rate for three month period ("initial failure")	First violation	Increased monitoring and discussions with Franchisee
Failure to meet 35% rate for first successive calendar month following initial failure	Second violation	\$500 fine for each violation. Increased monitoring and discussions with Franchisee
Failure to meet 35% rate for second successive calendar month following initial failure	Third violation	
Failure to meet 35% rate for third successive calendar month following initial failure	Fourth violation	\$500 fine for each violation plus suspension, modification or revocation of Franchise.
Failure to meet 35% rate for any six individual calendar months in a 12-month period following initial failure.		
Failure to meet 25% rate for any two calendar months in a six-month period.		

- 13.2 Authorized representatives of Metro shall be permitted access to the premises of the Facility at all reasonable times for the purpose of making inspections and carrying out other necessary functions related to this Franchise. Access to inspect is authorized:
- (a) During all working hours;
 - (b) At other reasonable times with 24 hours notice;
 - (c) At any time without notice when, in the opinion of the Metro Regional Environmental Management Department Director, such notice would defeat the purpose of the entry. In such instance, the Director shall provide a written statement of the purpose for the entry.
- 13.3 The power and right to regulate, in the public interest, the exercise of the privileges granted by this Franchise shall at all times be vested in Metro. Metro reserves the right to establish or amend rules, regulations, fees, or standards regarding matters within Metro's authority, and to enforce all such legal requirements against Franchisee.
- 13.4 At a minimum, Metro may exercise the following oversight rights in the course of administering this Franchise: (1) perform random on-site inspections; (2) conduct an annual franchise audit to assess compliance with operating requirements in this Franchise; (3) conduct an annual audit of Franchisee's inventory and billing records; (4) analyze monthly transaction data; (5) invoice Franchisee for any fees or penalties arising under this Franchise; (6) perform noncompliance investigations; (7) inspect and visually characterize incoming and outgoing loads for the purpose of assessing Prohibited Waste and/or Recoverable Material received and disposed; (8) maintain regular contact with the

Franchisee; and (9) review and approve Franchisee's operating plan and amendments to the plan. In all instances Metro shall take reasonable steps to minimize disruptions to operations at the Facility.

- 13.5 Nothing in this Franchise shall be construed to limit, restrict, curtail, or abrogate any enforcement provision contained in the Metro Code, nor shall this Franchise be construed or interpreted so as to limit or preclude Metro from adopting ordinances that regulate the health, safety, or welfare of any individual or group of individuals within its jurisdiction, notwithstanding any incidental impact that such ordinances may have upon the terms of this Franchise or the Franchisee's operation of the Facility.

14. DISPOSAL RATES AND FEES

- 14.1 Franchisee and Subfranchisees are exempted from collecting and remitting Metro Fees on waste received at the Facility in conformance with this Franchise.
- 14.2 Franchisee and Subfranchisees may dispose of Solid Waste and Residue generated at the Facility only at a Metro designated facility or under authority of a non-system license issued by Metro as specified in Metro Code Chapter 5.05...
- 14.3 Franchisee shall establish uniform rates to be charged for all loads accepted at the Facility. To minimize potential customer conflicts regarding the recoverability of loads, the Franchisee shall minimize the number of rate categories and shall not change the rates during an operating day. Franchisee shall establish objective criteria and standards for acceptance of loads.

15. GENERAL CONDITIONS

- 15.1 Franchisee shall be responsible for ensuring that its contractors, agents and Subfranchisees operate in complete compliance with the terms and conditions of this Franchise.
- 15.2 Neither the parent company, if any, of the Franchisee or any Subfranchisee, nor their subsidiaries nor any other Solid Waste facilities under their control shall knowingly accept Metro area Solid Waste at their non-designated facilities, if any, except as authorized by a non-system license issued by Metro.
- 15.3 The granting of this Franchise shall not vest any right or privilege in the Franchisee or Subfranchisee to receive specific quantities of Solid Waste during the term of the Franchise.
- 15.4 Neither this Franchise nor the Franchisee may be conveyed, transferred or assigned without the prior written approval of Metro.

- 15.5 To be effective, a waiver of any term or condition of this Franchise must be in writing, signed by the Executive Officer. Waiver of a term or condition of this Franchise shall not waive nor prejudice Metro's right otherwise to require performance of the same term or condition or any other term or condition.
- 15.6 This Franchise shall be construed, applied, and enforced in accordance with the laws of the State of Oregon and all pertinent provisions of the Metro Code.
- 15.7 If any provision of the Franchise shall be found invalid, illegal, or unenforceable in any respect, the validity of the remaining provisions contained in this Franchise shall not be affected.

16. NOTICES

- 16.1 All notices required to be given to the Franchisee under this Franchise shall be delivered to:

Bryan Engelson
Oregon Recycling Systems
9817 A East Burnside St.
Portland, OR 97216

- 16.2 All notices required to be given to Metro under this Franchise shall be delivered to:

Metro Franchise Administrator
Regional Environmental Management Department
Metro
600 N.E. Grand Avenue
Portland, Oregon 97232-2736

- 16.3 Notices shall be in writing, effective when delivered, or if mailed, effective on the second day after mailed, postage prepaid, to the address for the party stated in this Franchise, or to such other address as a party may specify by notice to the other.

17. REVOCATION

Suspension, modification or revocation of this Franchise shall be as specified herein and in the Metro Code. (See especially Sections 12 and 13 and Metro Code Chapter 5.01.)

18. MODIFICATION

- 18.1 At any time during the life of this Franchise, either the Executive Officer or the Franchisee may propose amendments or modifications to this Franchise. Except as specified in the

Metro Code and Section 5.1.2 of this Franchise, no amendment or modification shall be effective unless it is in writing, approved by the Metro Council, and executed by the Franchisee and the Executive Officer.

- 18.2 The Executive Officer shall review the Franchise annually, consistent with Section 6 of this Franchise, in order to determine whether the Franchise should be changed and whether a recommendation to that effect needs to be made to the Metro Council. While not exclusive, the following criteria and factors may be used by the Executive Officer in making a determination whether to conduct more than one review in a given year:

18.2.1 Franchisee's compliance history;

18.2.2 Changes in waste volume, waste composition, or operations at the Facility;

18.2.3 Changes in local, state, or federal laws or regulations that should be specifically incorporated into this Franchise;

18.2.4 A significant release into the environment from the Facility;

18.2.5 A significant change or changes to the approved site development plan and/or conceptual design; or

18.2.6 Any change in ownership that Metro finds material or significant.

18.2.7 Community requests for mitigation of impacts to adjacent property resulting from Facility operations.

OREGON RECYCLING SYSTEMS, INC.

METRO

Mike Burton, Metro Executive Officer

Date

Date

PAS:aeY

S:\SHARE\DEPT\MRFTSKF\OrRS\orrs06.cln

EXHIBIT A

SUPPLEMENTARY DEFINITIONS

These definitions are attached strictly for the convenience of the reader, are taken directly from the Metro Code, or State or Federal law, as they were in effect at the time this Agreement was executed.

"Conditionally Exempt Generator" means a generator who generates less than 2.2 pounds of acute hazardous waste as defined within 40 C.F.R. § 261, or who generates less than 220 pounds of hazardous waste in one calendar month.

"Disposal Site" means the land and facilities used for the disposal of Solid Wastes, whether or not open to the public, but does not include Transfer Stations or processing facilities. [Source: Metro Code Section 5.01.010 (g)]

"Executive Officer" means the Metro Executive Officer or the Executive Officer's designee.

"Franchise" means the authority given by the Council to operate the Facility in accordance with this Franchise Agreement.

"Franchise Fee" means the "Annual Franchise Fee" described and defined in Metro Code § 5.03.030.

"Hazardous Waste" does not include radioactive material or the radioactively contaminated containers and receptacles used in the transportation, storage, use or application of radioactive waste, unless the material, container or receptacle is classified as hazardous waste under paragraph (a), (b) or (c) of this subsection on some basis other than the radioactivity of the material, container or receptacle. Hazardous waste does include all of the following which are not declassified by the commission under ORS 466.015 (3):

- (a) Discarded, useless or unwanted materials or residues resulting from any substance or combination of substances intended for the purpose of defoliating plants or for the preventing, destroying, repelling or mitigating of insects, fungi, weeds, rodents or predatory animals, including but not limited to defoliant, desiccants, fungicides, herbicides, insecticides, nematocides and rodenticides.
- (b) Residues resulting from any process of industry, manufacturing, trade or business or government or from the development or recovery of any natural resources, if such residues are classified as hazardous by order of the commission, after notice and public hearing. For purposes of classification, the commission must find that the residue, because of its quantity, concentration, or physical, chemical or infectious characteristics may:

- (A) Cause or significantly contribute to an increase in mortality or an increase in serious irreversible or incapacitating reversible illness; or

(B) Pose a substantial present or potential hazard to human health or the environment when improperly treated, stored, transported, or disposed of, or otherwise managed.

(c) Discarded, useless or unwanted containers and receptacles used in the transportation, storage, use or application of the substances described in paragraphs (a) and (b) of this subsection. [Source: ORS 466.005 (7)]

"Infectious Waste" includes:

(a) "Biological waste," which includes blood and blood products, excretions, exudates, secretions, suctionings and other body fluids that cannot be directly discarded into a municipal sewer system, and waste materials saturated with blood or body fluids, but does not include diapers soiled with urine or feces.

(b) "Cultures and stocks," which includes etiologic agents and associated biologicals, including specimen cultures and dishes and devices used to transfer, inoculate and mix cultures, wastes from production of biologicals, and serums and discarded live and attenuated vaccines. "Cultures" does not include throat and urine cultures.

(c) "Pathological waste," which includes biopsy materials and all human tissues, anatomical parts that emanate from surgery, obstetrical procedures, autopsy and laboratory procedures and animal carcasses exposed to pathogens in research and the bedding and other waste from such animals. "Pathological waste" does not include teeth or formaldehyde or other preservative agents.

(d) "Sharps," which includes needles, IV tubing with needles attached, scalpel blades, lancets, glass tubes that could be broken during handling and syringes that have been removed from their original sterile containers.

"Metro Regional User Fee" means those fees which pay for fixed costs associated with administrative, financial and engineering services and waste reduction activities of the Metro waste management system. Contingency fees on all costs and general transfers of Solid Waste funds to other Metro departments for direct services are included in this fee. This fee is collected on all Solid Waste originating or disposed of within the region. Metro Code § 5.02.015(o).

"Petroleum Contaminated Soil" means soil into which hydrocarbons, including gasoline, diesel fuel, bunker oil or other petroleum products have been released. Soil that is contaminated with petroleum products but also contaminated with a hazardous waste as defined in ORS 466.005, or a radioactive waste as defined in ORS 469.300, is not included in the term.

"Processing" means the use of any process, mechanism, device, or technique in order to obtain from Solid Waste materials that still have useful physical or chemical properties and can be reused or recycled for some purpose.

"Processing Facility" means a place or piece of equipment where or by which Solid Wastes are Processed. This definition does not include commercial and home garbage disposal units, which are used to process food wastes and are part of the sewage system, hospital incinerations, crematoriums, paper shredders in commercial establishments, or equipment used by a recycling drop center. [Source: Metro Code Section 5.01.010 (s)]

“Resource Recovery Facility” means an area, building, equipment, process or combination thereof where or by which useful material or energy resources are obtained from Solid Waste.. [Source: Metro Code Section 5.01.010 (v)]

“Solid Waste” means all useless or discarded putrescible and nonputrescible materials, including but not limited to garbage, rubbish, refuse, ashes, waste paper and cardboard; discarded or abandoned vehicles or parts thereof, sewage sludge, septic tank and cesspool pumpings or other sludge, useless or discarded commercial, industrial, demolition and construction materials, discarded or abandoned vehicles or parts thereof, discarded home and industrial appliances, manure, vegetable or animal solid and semisolid materials, dead animals, and infectious waste as defined in ORS 459.386.;

Solid Waste does not include:

- (1) hazardous waste as defined in ORS 466.005;
- (2) materials used for fertilizer or for other similar productive purposes or which are salvageable as such materials are used on land in agricultural operations and the growing or harvesting of crops and the raising of fowls or animals;

“Special Waste” means any waste (even though it may be part of a delivered load of waste) which comprises:

- (1) containerized waste (e.g., a drum, barrel, portable tank, box, pail, etc.) of a type listed in below; or
- (2) waste transported in a bulk tanker; or
- (3) liquid waste, including (1) outdated, off spec liquid food waste or liquids of any type when the quantity and the load would fail the paint filter liquid (Method 9095, SW-846) test, or (2) more than 25 gallons of free liquid per load;
- (4) any container that once held commercial products or chemicals, unless the container is empty. A container is “empty” for purposes of the preceding clause when:
 - (a) all wastes have been removed that can be removed using the practices commonly employed to remove materials from the type of container, e.g., pouring, pumping, crushing, or aspirating; and
 - (b) one end has been removed (for containers in excess of 25 gallons); and
 - (c) no more than one inch thick (2.54 centimeters) of residue remains on the bottom of the container or inner liner; or
 - (d) no more than 1 percent by weight of the total capacity of the container remains in the container (for containers up to 110 gallons); or

- (e) no more than 0.3 percent by weight of the total capacity of the container remains in the container for containers larger than 110 gallons. Containers that once held acutely hazardous wastes must be triple rinsed with an appropriate solvent or cleaned by an equivalent alternative method. Containers that once held substances regulated under the Federal Insecticide, Fungicide, and Rodenticide Act must be empty according to label instructions or triple rinsed with an appropriate solvent or cleaned by an equivalent method. Plastic containers larger than five gallons that hold any regulated waste must be cut in half or punctured, dry and free of contamination to be accepted as refuse; or
- (5) sludge waste from septic tanks, food service, grease traps, wastewater from commercial laundries, laundromats or car washes; or
 - (6) waste from an industrial process; or
 - (7) waste from a pollution control process; or
 - (8) residue or debris from the cleanup of a spill or release of chemical substances, commercial products or wastes listed in the other parts of this definition; or
 - (9) soil, water, residue, debris, or articles which are contaminated from the cleanup of a site or facility formerly used for the generation, storage, treatment, recycling, reclamation, or
 - (10) chemical containing equipment removed from service (for example – filters, oil filters, cathode ray tubes, lab equipment, acetylene tanks, CFC tanks, refrigeration units, or any other chemical containing equipment); or

“Transfer Station” means a fixed or mobile facilities including but not limited to drop boxes and gondola cars normally used as an adjunct of a Solid Waste collection and disposal system or Resource Recovery system, between a collection route and a processing facility or a Disposal Site. This definition does not include Solid Waste collection vehicles. [Source: Metro Code Section 5.01.010 (z)]

“Yard Debris” means vegetative and woody material generated from residential property or from commercial landscaping activities. "Yard debris" includes landscape waste, grass clippings, leaves, hedge trimmings, stumps and other similar vegetative waste, but does not include demolition debris, painted or treated wood. [Source: Metro Code Section 5.01.010 (cc)].

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LEGAL DESCRIPTION

PARCEL I:

A tract of land in the Peter Guild Donation Land Claim and in Sections 28 and 29; Township 1 North, Range 1 East of the Willamette Meridian, in the County of Multnomah and State of Oregon, described as follows:

Beginning at a point on the South line of the Peter Guild Donation Land Claim, South 80°0'40" West, 75.13 feet from a stone monument in the center of the Nicolai Street on said South line which monument is North 80°00'40" East 2,523.05 feet from the Northwest corner of the William Blackstone Donation Land Claim and in the Southeast corner of Tract E of the division of the South half of the Peter Guild Donation Land Claim among the heirs of Peter Guild; thence North 47° West 920.88 feet; thence South 43° West 20.00 feet to a point on the Southeasterly line of N.W. Yeon Avenue and the true point of beginning of the tract to be described; thence South 43° West along the Northeasterly line of that certain tract of land conveyed to United States Steel Products Company by deed recorded June 11, 1927 in Book 1091, Page 401, Deed Records of Multnomah County, 381.56 feet to the most Westerly corner of said tract; thence North 44°26'20" West 469.10 feet; thence North 43° East 361.56 feet to the Southwesterly line of N.W. Yeon Avenue; thence South 47° East 468.69 feet to the place of beginning.

PARCEL II:

A tract of land in the Peter Guild Donation Land Claim in Section 28, Township 1 North, Range 1 East of the Willamette Meridian, in the County of Multnomah and State of Oregon, described as follows:

Beginning at a point on the South line of the Peter Guild Donation Land Claim distance South 80°0'40" West 75.13 feet from a stone monument in the center of Nicolai Street on said South line, which monument is North 80°00'40" East 2,523.05 feet from the Northwest corner of the William Blackstone Donation Land Claim and is the Southeast corner of Tract "E" of the division of the South half of the Peter Guild Donation Land Claim among the heirs of Peter Guild; thence North 47°00' West 920.88 feet to an iron pipe at the most northerly corner of land conveyed to United States Steel Supply Company by Columbia Steel Company by deed recorded May 11, 1949 in Book 1335, Page 157, Deed Records and also re-recorded October 18, 1949 in Book 1364, Page 567, Deed Records, and also re-recorded May 24, 1950 in Book 1406, Page 137, Deed Records; thence south 43°00' West 23.04 feet to a 5/8 inch iron rod on the Northwesterly line of the dividing line between property of United States Steel Supply Company (now United States Steel Supply Division of United States Steel Corporation) and land now or formerly of Piorce Freight Lines, said 5/8 inch iron rod being the true point of beginning of land to be described; thence from said true point of beginning

along the dividing line aforesaid South 43°00' West 378.52 feet to the most Westerly corner of property of United States Steel Supply Company aforesaid; thence along the Southwesterly line of said property South 44°36'20" East 90.08 feet to a 5/8 inch iron rod; thence North 43°00' East 373.67 feet to a 5/8 inch iron rod; thence North 41°36' West 90.40 feet to a 5/8 inch iron rod and true point of beginning.

PARCEL XII:

A tract of land situated in the Northwest one-quarter of Section 28, Township 1 North, Range 1 East of the Willamette Meridian, in the City of Portland, County of Multnomah and State of Oregon, described as follows, to-wit:

Beginning at a point on the South line of the Peter Guild Donation Land Claim distant South 80°00'40", West 75.13 feet from a stone monument in the center of Nicolai Street on said South line, which monument is North 80°00'40" East 2,523.05 feet from the Northwest corner of the William Blackstone Donation Land Claim and is the Southeast corner of Tract E of the Division of the South half of the Peter Guild Donation Land Claim among the heirs of Peter Guild; thence North 47° West 920.88 feet to an iron pipe at the most Northerly corner of the tract herein described; thence South 43° West 401.46 feet to an iron pipe at the most Westerly corner of the tract herein described which is on the Southwesterly boundary of Tract E above mentioned; thence South 44°36'20" East 600 feet to the South line of the Guild Donation Land Claim in the center of Nicolai Street; thence North 80°00'40" East 534.07 feet to the beginning point of this tract;

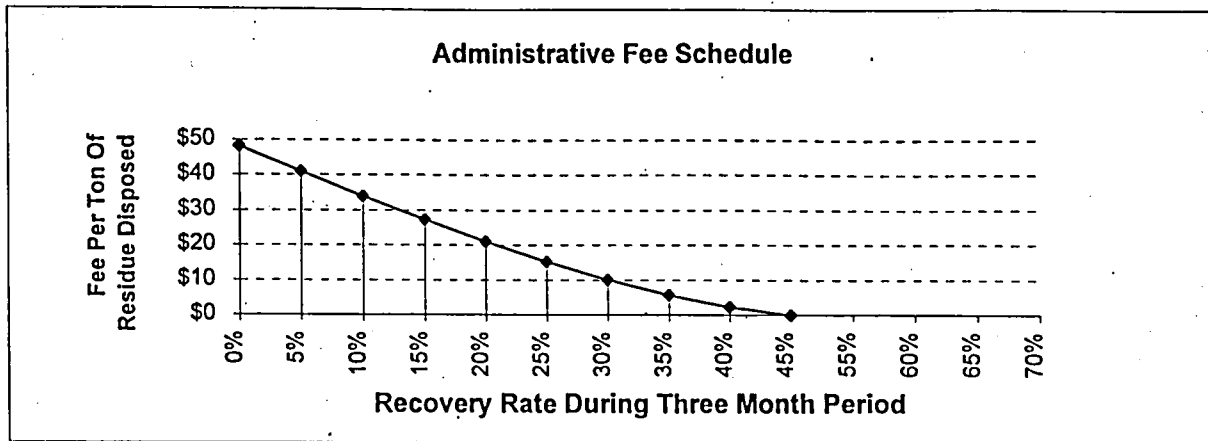
EXCEPTING THEREFROM that portion conveyed to the State of Oregon, by and through its State Highway Commission, by deed recorded December 2, 1943 in Book 798; Page 171, Records of Multnomah County, Oregon.

ALSO EXCEPTING THEREFROM that portion conveyed to United States National Bank of Oregon by deed recorded May 18, 1964 in Book 43, Page 241, Records of Multnomah County, Oregon.

ALSO EXCEPTING THEREFROM that portion conveyed to State of Oregon by and through its Department of Transportation, Highway Division, recorded May 22, 1986 in Book 1908, Page 436.

FILE:204-0501/

Schedule For Administrative Fees



Recovery Rate	Administrative Fee Per Ton	Percent of Current (\$17.50/ton) Regional User Fee
0.00%	\$48.38	276.43%
5.00%	\$41.05	234.59%
10.00%	\$34.03	194.44%
15.00%	\$27.35	156.30%
20.00%	\$21.09	120.54%
25.00%	\$15.33	87.62%
30.00%	\$10.18	58.16%
35.00%	\$5.77	32.97%
40.00%	\$2.29	13.10%
45.00%	\$0.00	0.00%

No Administrative fee due if recovery rate exceeds 45%. See Exhibit D for Recovery Rate Calculation Formula.

If the Recovery Rate is less than forty-five percent, Metro will issue Franchisee an invoice for the dollar amount calculated by the following formula:

$$(X*F)+((W-X)*(Y-Z))/5)*F, \text{ where}$$

Z = The Recovery Rate;

Y = The next higher Recovery Rate than Z on the above schedule;

X = The administrative fee on the above schedule corresponding to Y;

W = The administrative fee on the above schedule corresponding to the Recovery Rate that is five percent less than Y; and

F = Tons of Outgoing Type F Material for the third month in the Recovery Rate Calculation Period.

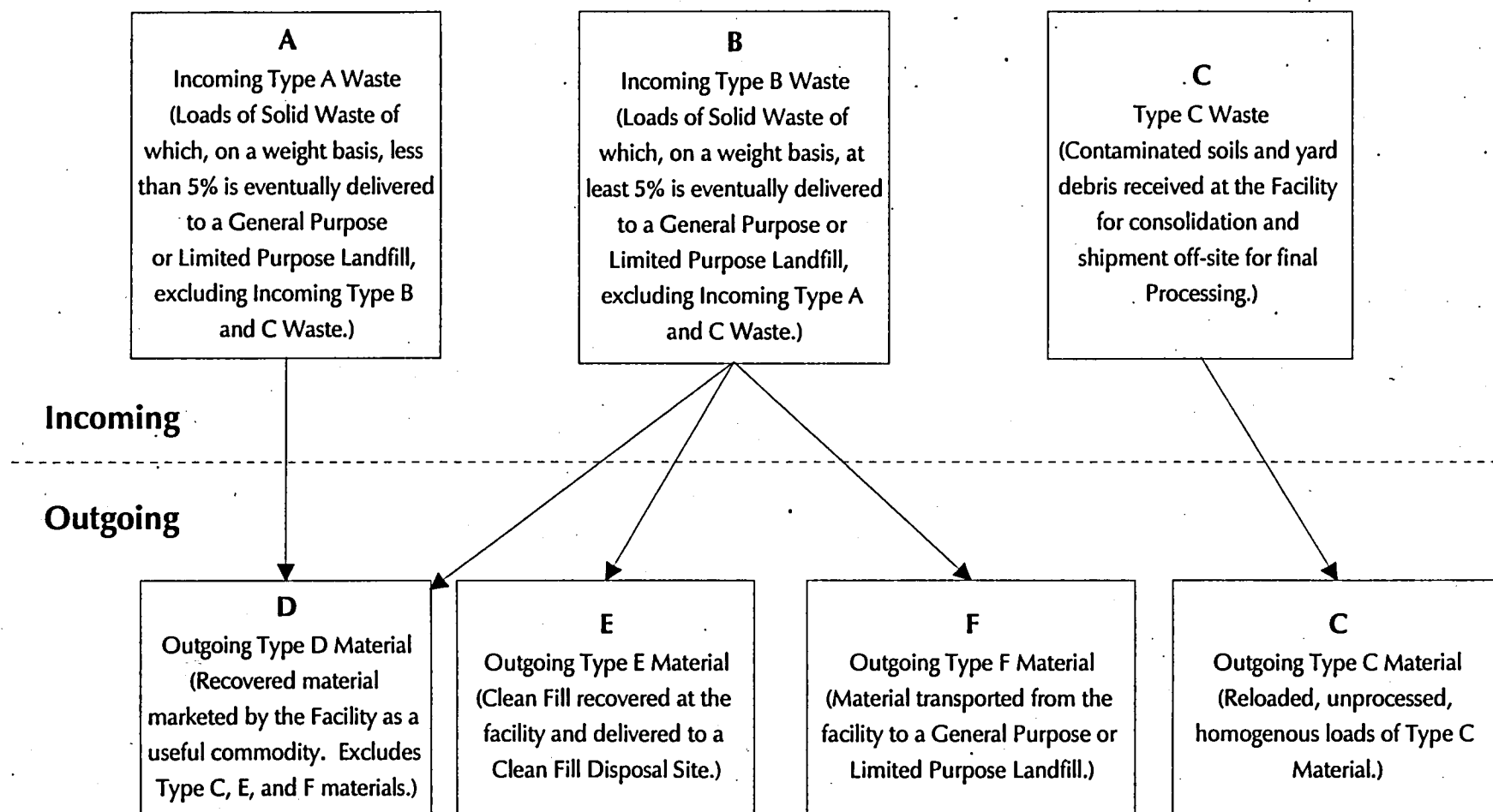
For illustrative purposes only, the table below shows by example how the Recovery Rate and administrative fee are calculated.

Material Type	Tonnages			
	Month 8	Month 9	Month 10	All Three Months
Incoming Type A Waste	1,482.00	1,644.00	1,860.00	4,986.00
Incoming Type B Waste	2,951.00	3,059.00	1,918.00	7,928.00
Type C Waste	0.00	0.00	0.00	0.00
Outgoing Type D Material	2,437.00	2,753.00	2,234.00	7,424.00
Outgoing Type E Material	196.00	350.00	944.00	1,490.00
Outgoing Type F Material	1,800.00	1,600.00	600.00	4,000.00
Mass Balance: Total tons of Solid Waste received at the Facility minus total tons of Residue from the Facility.	0.00	0.00	0.00	0.00
Recovery Rate = (D - 95%A)/(D + F - A)	37.35%	43.97%	47.95%	41.74%

$$\text{Administrative fee} = (X*F)+((W-X)*(Y-Z))/5)*F = (0*600)+((\$2.29 - 0) * (45 - 41.74))/5)*600 = \$895.85$$

Exhibit D

Formula for Computing Recovery Rates from Type B Waste



Recovery Rate for

Type B Waste

$$= \frac{\text{Amount of Type B Recovered}}{\text{Amount of Type B Recovered} + \text{Amount of Type B Disposed}} = \frac{(D-.95A)}{(D-.95A) + (F-.05A)} = \frac{D-.95A}{D + F - A}$$



METRO

Regional Environmental
Management
600 NE Grand Ave
Portland, OR 97232-2736
(503) 797-1650
Fax (503) 797-1795

EXHIBIT E

Unacceptable Waste Incident Tracking Form

Item Number: _____ Date Discovered: _____

Description of Unacceptable Waste: _____

Generator (if known): _____

Waste Hauler: _____

Waste was determined to be: ☐ Hazardous ☐ Non-Hazardous

Disposition: _____

Date Disposed: _____

original = Franchise Administrator
yellow = Franchisee
pink = file



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June 1996

Agenda Item Number 6.3

Ordinance No. 96-648, Amending the FY 1996-97 Budget and Appropriations Schedule Transferring \$50,143 From the Support Services Fund Contingency to Administrative Services Department Materials and Services, to Provide Funding to Prepay Mainframe Computer Maintenance Support and Operating System Licensing; and Declaring an Emergency.

**Metro Council Meeting
Thursday, August 1, 1996
2:00 PM - Council Chamber**

BEFORE THE METRO COUNCIL

AN ORDINANCE AMENDING THE FY 1996-97)	ORDINANCE NO. 96-648
BUDGET AND APPROPRIATIONS)	
SCHEDULE TRANSFERRING \$50,143 FROM)	Introduced by Mike Burton
THE SUPPORT SERVICES FUND)	Executive Officer
CONTINGENCY TO ADMINISTRATIVE)	
SERVICES DEPARTMENT MATERIALS AND)	
SERVICES, TO PROVIDE FUNDING TO)	
PREPAY MAINFRAME COMPUTER)	
MAINTENANCE SUPPORT AND OPERATING)	
SYSTEM LICENSING; AND DECLARING AN)	
EMERGENCY)	

WHEREAS, Metro needs to maintain the existing mainframe computer which supports Metro's financial system until the new Management Information System is in place; and

WHEREAS, Continuation of the operating system license and hardware maintenance support will be required for continued operation of the existing mainframe computer; and

WHEREAS, An opportunity exists to save \$20,340 by receiving discounts through prepayment of expenses, and

WHEREAS, Adequate funds exist for other identified needs; now, therefore,
THE METRO COUNCIL ORDAINS AS FOLLOWS;

1. That the FY 1996-97 Budget and Schedule of Appropriations are hereby amended as shown in the column titled "Revision" of Exhibits A and B to this Ordinance for the purposes transferring \$50,143 from Support Services Fund Contingency to Administrative Services Department Materials and Services to provide the necessary additional funds for prepayment of mainframe computer system licensing and hardware maintenance support.

2. This Ordinance being necessary for the immediate preservation of the public health, safety or welfare of the Metro area in order to meet obligations and

comply with Oregon Budget Law, an emergency is declared to exist, and this Ordinance takes effect upon passage.

ADOPTED by the Metro Council this ____ day of _____, 1996.

Jon Kvistad, Presiding Officer

ATTEST:

Approved as to Form:

Recording Secretary

Daniel B. Cooper, General Counsel

Exhibit A
Ordinance No. 96-648
Support Services Fund

FISCAL YEAR 1996-97		CURRENT BUDGET		REVISION		PROPOSED BUDGET	
ACCT #	DESCRIPTION	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
Administrative Services Department							
	Total Personal Services	70.92	4,083,629			70.92	4,083,629
	<u>Materials & Services</u>						
521100	Office Supplies		41,510				41,510
521110	Computer Software		49,625				49,625
521111	Computer Supplies		32,344				32,344
521240	Graphics/Reprographic Supplies		1,400				1,400
521260	Printing Supplies		90,400				90,400
521290	Other Supplies		8,525				8,525
521291	Packing Materials		400				400
521292	Small Tools		900				900
521310	Subscriptions		6,427				6,427
521320	Dues		7,078				7,078
521400	Fuels & Lubricants		0				0
521540	Maintenance & Repairs Supplies-Equipment		15,195				15,195
524110	Accounting & Auditing Services		0				0
524190	Misc. Professional Services		99,324				99,324
524210	Data Processing Services		43,800				43,800
524310	Management Consulting Services		9,300				9,300
525630	Maintenance & Repairs Services-Vehicles		0				0
525640	Maintenance & Repairs Services-Equipment		242,850	50,143			292,993
525690	Maintenance & Repairs Services-Other		2,000				2,000
525710	Equipment Rental		1,500				1,500
525732	Operating Lease Payments-Vehicles		32,448				32,448
526200	Ads & Legal Notices		31,792				31,792
526310	Printing Services		41,570				41,570
526320	Typesetting & Reprographics Services		925				925
526410	Telephone		64,240				64,240
526420	Postage		24,626				24,626
526440	Delivery Services		1,929				1,929
526500	Travel		16,957				16,957
526700	Temporary Help Services		21,400				21,400
526800	Training, Tuition, Conferences		26,101				26,101
526900	Misc Other Purchased Services		31,000				31,000
528100	License, Permits, Payments to Other Agencies		202,649				202,649
529500	Meetings		6,648				6,648
529800	Miscellaneous		1,400				1,400
525740	Capital Lease Payments-Furniture & Equipment		48,168				48,168
	Total Materials & Services		1,204,431		50,143		1,254,574
	Total Capital Outlay		2,150,724				2,150,724
	TOTAL DEPARTMENT EXPENDITURES	70.92	7,438,784		50,143	70.92	7,488,927

Exhibit A
Ordinance No. 96-648
Support Services Fund

FISCAL YEAR 1996-97		CURRENT BUDGET		REVISION		PROPOSED BUDGET	
ACCT #	DESCRIPTION	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
TOTAL FUND							
<u>Contingency and Unappropriated Balance</u>							
599999	Contingency						
	* General		315,000		(50,143)		264,857
	* Contractor's License		12,490				12,490
	* Zoo Capital Project		40,000				40,000
599990	Unappropriated Fund Balance						
	* Contractor's License		297,671				297,671
	* Operating System Replacement Reserve		60,300				60,300
	Total Contingency and Unappropriated Balance		725,461		(50,143)		675,318
TOTAL FUND EXPENDITURES		86.99	10,272,038		0	86.99	10,272,038

Exhibit B
Ordinance No. 96-648
FY 1996-97 SCHEDULE OF APPROPRIATIONS

	Current Appropriation	Revision	Current Appropriation
SUPPORT SERVICES FUND			
Administrative Services			
Personal Services	\$4,083,629		\$4,083,629
Materials & Services	1,204,431	50,143	1,254,574
Capital Outlay	2,150,724		2,150,724
Subtotal	7,438,784	50,143	7,488,927
General Expenses			
Interfund Transfers	739,462		739,462
Contingency	367,490	(50,143)	317,347
Subtotal	1,106,952	(50,143)	1,056,809
Unappropriated Balance	357,971		357,971
Total Fund Requirements	\$10,272,038	\$0	\$10,272,038

STAFF REPORT

IN CONSIDERATION OF ORDINANCE NO. 96-648 AMENDING THE FY 1996-97 BUDGET AND APPROPRIATIONS SCHEDULE TRANSFERRING \$50,143 FROM THE SUPPORT SERVICES FUND CONTINGENCY TO ADMINISTRATIVE SERVICES DEPARTMENT MATERIALS AND SERVICES, TO PROVIDE FUNDING TO PREPAY MAINFRAME COMPUTER MAINTENANCE SUPPORT AND OPERATING SYSTEM LICENSING; AND DECLARING AN EMERGENCY

Date: July 9, 1996

Presented by: Jennifer Sims

PROPOSED ACTION:

The proposed transfer of funds will allow a two year prepayment of operating system license and hardware maintenance for the existing mainframe computer that supports Metro's financial system. Prepayment will save \$20,340 compared with monthly payments over the two years.

FACTUAL BACKGROUND AND ANALYSIS

The Council approved the replacement of the existing financial system computer and software. This project will take approximately two years to implement. Until the new Management Information System is in place, it is necessary to continue license and support of the existing system. Payments were budgeted on a monthly basis in the FY 1996-97 budget.

The vendor, Unisys, will accept a prepayment of \$50,602 instead of \$65,904 spread over 24 months for the operating system license. They will accept a prepayment of \$66,938 instead of \$71,976 spread over 24 months for hardware maintenance support of the mainframe.

The Information Management Services division budgeted \$67,397 for FY 1996-97 monthly payments for these purposes. An additional \$50,143 is needed this year to obtain the savings over the two years of \$20,340.

The combined discount of fifteen percent is significantly better than Metro's investment rate.

Executive Officer's Recommendation:

The Executive Officer recommends adoption of Ordinance No. 96-648.

DRAFT

URBAN GROWTH REPORT			
Date	Entity	Action	
24-Jul	MPAC	Review	
14-Aug	MPAC	Final Recommendation	
3-Sep	G.M.C.	Work Session	
10-Sep	G.M.C.	Work Session	
17-Sep	G.M.C.	Final Recommendation	
19-Sep	Council	Growth Report delivered	
3-Oct	Council	Work Session	
10-Oct	Council	Vote on Growth Report	
FUNCTIONAL PLAN			
Date	Entity	Action	
30-Jul	G.M.C.	Work Session	
6-Aug	G.M.C.	Work Session/Final Recommendation	
8-Aug	Council	Functional Plan delivered	
5-Sep	Council	Work Session	
		Public Hearing	
12-Sep	Council	Work Session	
		Public Hearing	
26-Sep	Council	Work Session	
3-Oct	Council	Work Session	
17-Oct	Council	Work Session	
24-Oct	Council	Vote on Functional Plan	
URBAN RESERVES			
Date	Entity	Action	
3-Sep	G.M.C.	Receive URSA report	
17-Sep	G.M.C.	Work Session	
8-Oct	G.M.C.	Public Hearing	
22-Oct	G.M.C.	Work Session/Final Recommendation	
7-Nov	Council	Urban Reserves delivered	
	Council	Work Session	
12-Nov	Council	Public Hearing in Hillsboro	
14-Nov	Council	Public Hearing in Gresham	
19-Nov	Council	Public Hearing in Oak Grove	
21-Nov	Council	Public Hearing at Metro	
5-Dec	Council	Public Hearing in Beaverton	
12-Dec	Council	Vote on Urban Reserves	
PLEASE NOTE: This schedule is subject to change by the Presiding Officer at any time.			
The schedule is to be used as a planning guide only.			

DRAFT OF COUNCIL SCHEDULE (AUGUST THROUGH DECEMBER)				
AUGUST				
8-Aug		Functional Plan delivered		
		Council Meeting		
SEPTEMBER				
5-Sep		Work Session on Functional Plan		
		Council Meeting		
		Functional Plan Public Hearing		
12-Sep		Work Session on Functional Plan		
		Council Meeting		
		Functional Plan Public Hearing		
19-Sep		Council Meeting		
		Growth Report delivered		
26-Sep		Work Session on Functional Plan		
		Council Meeting		
OCTOBER				
3-Oct		Work Session on Functional Plan/Growth Report		
		Council Meeting		
10-Oct		Vote on Urban Growth Report		
		Council Meeting		
17-Oct		Work Session on Functional Plan		
		Council Meeting		
24-Oct		Vote on Functional Plan		
		Council Meeting		
NOVEMBER				
7-Nov		Urban Reserves delivered		
		Work Session		
		Council Meeting		
12-Nov		Urban Reserve Public Hearing (in Hillsboro)		
14-Nov		Council Meeting (in Gresham)		
		Urban Reserve Public Hearing		
19-Nov		Urban Reserve Public Hearing (in Oak Grove)		
21-Nov		Council Meeting		
		Urban Reserve Public Hearing		
28-Nov		Council Meeting Canceled		

DECEMBER						
5-Dec		Council Meeting (in Beaverton)				
		Urban Reserve Public Hearing				
12-Dec		Vote on Urban Reserves				
		Council Meeting				

CENTRAL CITY 2000 STRATEGY

CENTRAL CITY 2000 TASK FORCE

MR. ROBERT RIDGLEY

HON. VERA KATZ

HON. EARL BLUMENAUER

MR. ROBERT AMES

MR. BARUTI ARTHAREE

DR. JACK BIERWIRTH

MR. FREDERICK BUCKMAN

HON. MICHAEL BURTON

MR. JOHN ESKILDSEN

MS. PEGGY FOWLER

MR. HENRY HEWITT

DR. PETER KOHLER

MS. BETTY LEE

DR. JUDITH RAMALEY

MR. RICHARD REITEN

MR. JOHN RUSSELL

MR. VERN RYLES

MR. HOWARD SHAPIRO

MR. CARL TALTON

MR. RONALD TIMPE

MS. BARBARA WALKER

MR. TOM WALSH

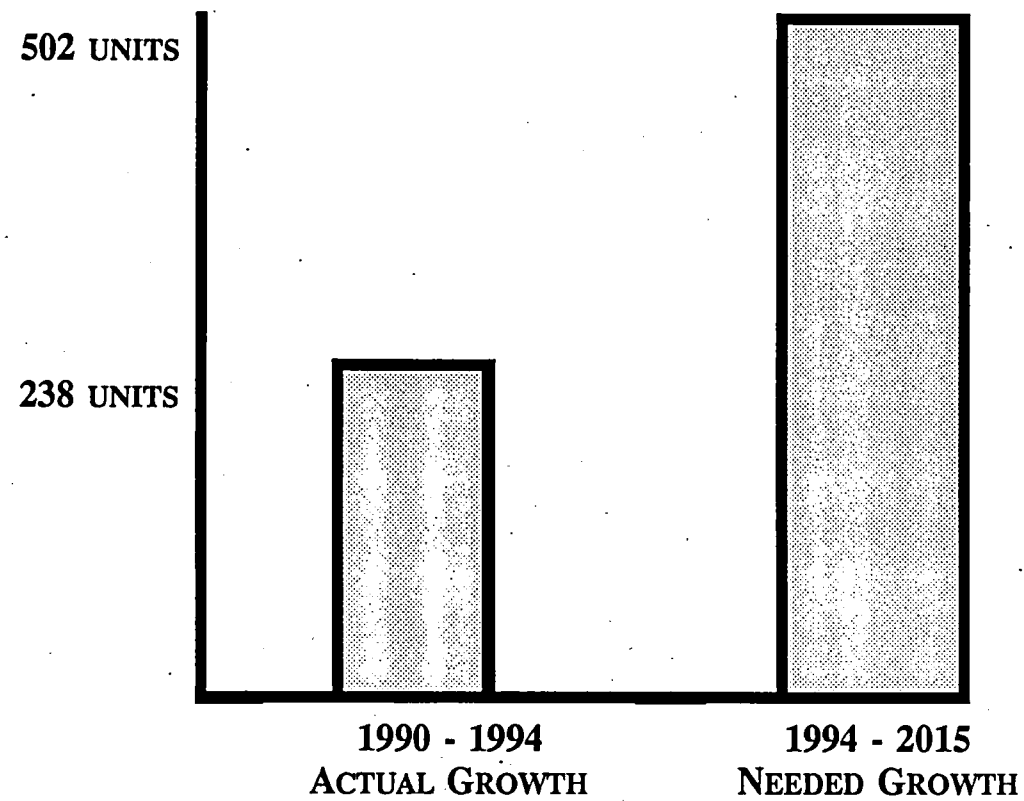
HOW MUCH GROWTH IS ENVISIONED FOR THE CENTRAL CITY

REGION 2040 PLAN CENTRAL CITY INCREASE BY 2015	
HOUSEHOLDS	10,500
JOBS	71,300

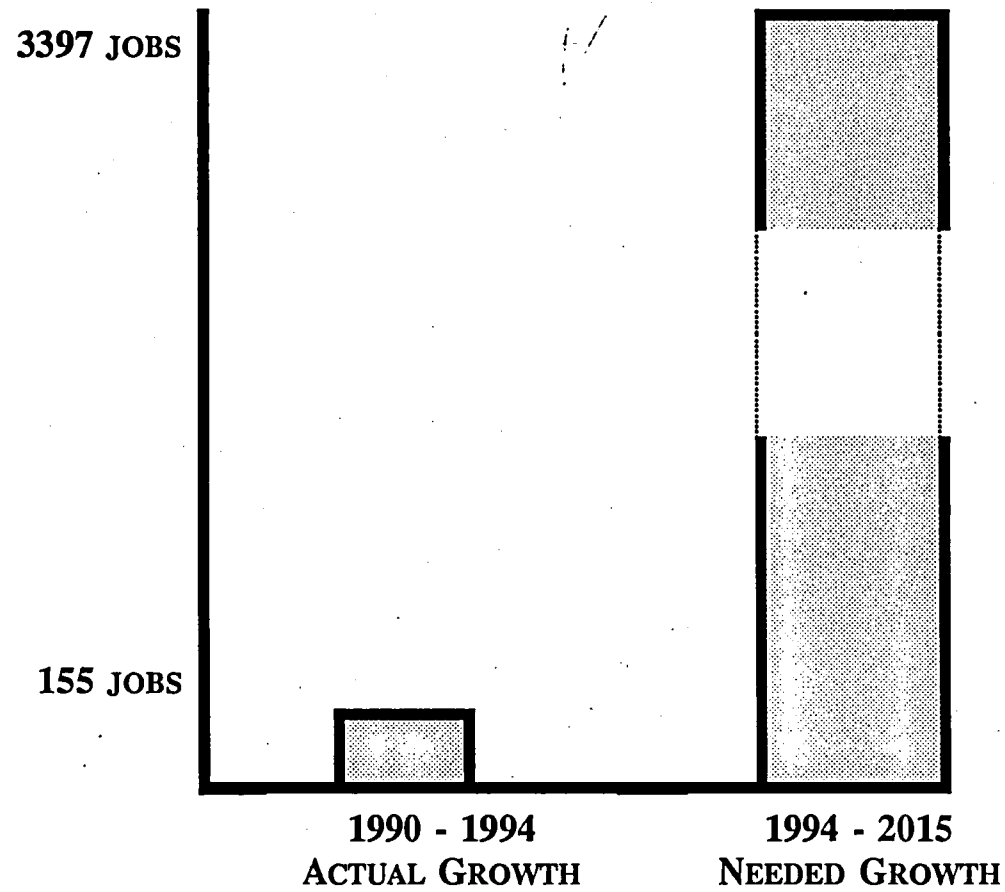
CENTRAL CITY GROWTH IS REQUIRED TO:

- NEEDED TO IMPLEMENT REGION 2040 PLAN
- NEEDED TO IMPLEMENT THE REGIONAL TRANSPORTATION PLAN
- ASSUMED IN SOUTH-NORTH LIGHT RAIL ENVIRONMENTAL IMPACT STATEMENT
- BASIS FOR PREPARING REGION'S AIR QUALITY MAINTENANCE PLAN
- NEEDED TO MAINTAIN QUALITY OF LIFE AS THE REGION GROWS

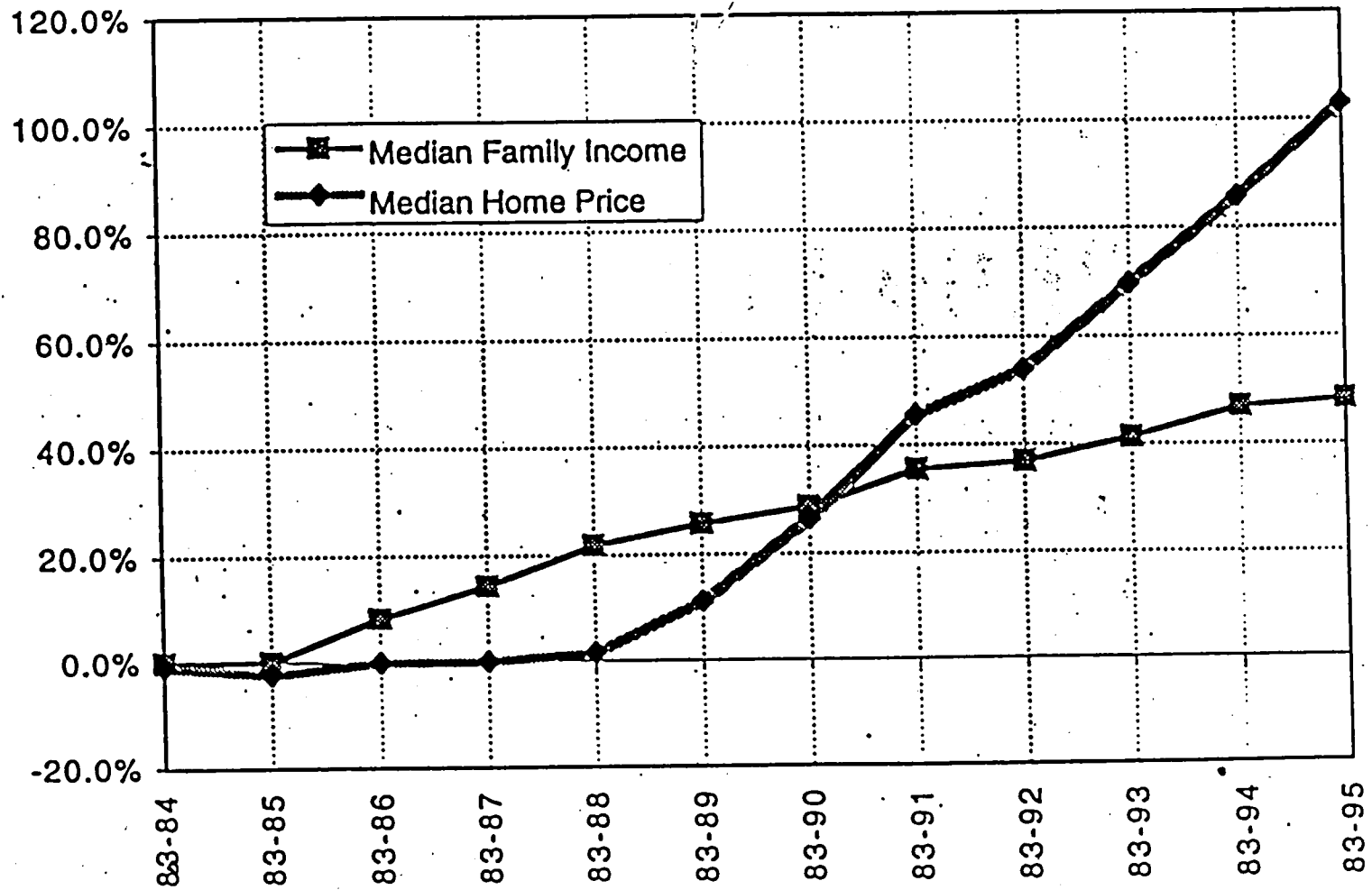
ANNUAL HOUSEHOLD GROWTH (HOUSING UNITS PER YEAR)



ANNUAL EMPLOYMENT GROWTH (JOB PER YEAR)



CUMULATIVE PERCENTAGE INCREASE



ISSUES ADDRESSED BY CENTRAL CITY 2000 STRATEGY

- **REGIONAL SPRAWL**
- **AFFORDABLE HOUSING**
- **FAMILY WAGE JOBS**
- **OPPORTUNITY FOR ECONOMIC GROWTH**

THE CENTRAL CITY 2000 STRATEGY

HOUSING

Foster affordable mixed- and middle-income housing to provide the Central City consumer and labor markets needed for job growth

BUSINESS CLIMATE

Mitigate cost disadvantages of locating business in the Central City

TARGET INDUSTRIES

Focus City business recruitment efforts on high growth, quality jobs business sectors

WORKFORCE DEVELOPMENT

Train quality workforce to help attract jobs and increase household income

DISTRICT INFRASTRUCTURE

Offer an environment that the development market perceives is worth the extra costs

HOUSING STRATEGY

SEEK REAL ESTATE TRANSFER TAX FOR AFFORDABLE HOUSING

- 1% STATEWIDE TAX ON PROPERTY TRANSFERS ABOVE \$100,000 EXEMPTION
- IF NOT STATEWIDE, METRO REGION TRANSFER TAX

FOSTER MIDDLE-INCOME HOUSING IN CENTRAL CITY

- \$4 MILLION/YEAR OF TAX INCREMENT FUNDS FOR MIXED-OR MIDDLE-INCOME HOUSING PROJECTS

ESTABLISH A PUBLIC SCHOOL IN THE CENTRAL CITY

BUSINESS CLIMATE STRATEGY

STUDY ADJUSTMENTS TO BUSINESS LICENSE TAX

- OWNER'S COMPENSATION DEDUCTION
- APPORTIONMENT FORMULA FOR "EXPORTED" SERVICES

CREATE EMPLOYMENT OPPORTUNITY FUND

- FUND USED FOR LAND ASSEMBLY, LOANS OR WORKFORCE GRANTS TO ATTRACT OR RETAIN BUSINESSES

SEEK INCENTIVES FOR RENOVATING OLDER COMMERCIAL BUILDINGS: BILL IN 1997

- 35% STATE INCOME TAX CREDIT FOR SEISMIC RETROFIT
- PROPERTY TAX ABATEMENT SUBJECT TO LOCAL APPROVAL

TARGET INDUSTRY STRATEGY

CREATIVE SERVICES

- DEVELOP CREATIVE SERVICES CENTER

BIO-TECH/HEALTH SERVICES

- RECRUIT PHARMACEUTICAL/BIO-TECH FIRM
- DEVELOP CENTRAL CITY BIO-TECH CENTER

INFORMATION SERVICES

- WORKFORCE TRAINING PROGRAMS AT PCC
- REVISE CITY BUSINESS FEE
- TRANSIT SERVICE FOR SHIFT OPERATIONS

DESTINATION RETAIL

- DESTINATION RETAIL STRATEGY
- NEW ROUSE RETAIL PAVILION

TOURISM

- EXPAND CONVENTION CENTER
- SEEK HOTEL ROOM BLOCK AND EXPANSION

WORKFORCE DEVELOPMENT

- TRAINED WORKFORCE IS ESSENTIAL FOR ATTRACTING JOBS
- CURRENT WORKFORCE DEVELOPMENT SYSTEM IS INADEQUATE:
 - NO COHESION BETWEEN PROGRAMS
 - INADEQUATE RESOURCES
 - INADEQUATE INVOLVEMENT BY PRIVATE SECTOR

PROPOSED STRATEGY

- 50% UNEMPLOYMENT INSURANCE TAX CREDIT: BILL IN 1997
- CREATE AN INTEGRATED WORKFORCE DEVELOPMENT BOARD

PROPOSED CONSTRUCTION PROJECTS

CENTRAL EASTSIDE DISTRICT

- DEVELOP EASTBANK ESPLANADE
- IMPROVE MLK/GRAND
STREETSCAPE
- EXTEND WATER AVENUE

OLD TOWN-CHINATOWN DISTRICT

- DEVELOP COMMERCIAL BLDG.
- CONSTRUCT UNION STATION-
RIVER CONNECTION
- DEVELOP CHINESE GARDEN

ROSE/LLOYD DISTRICT

- EXPAND CONVENTION CENTER
- ADD HOTEL CAPACITY
- EXTEND FARELESS SQUARE

RIVER DISTRICT

- REMOVE LOVEJOY RAMP
- CONSTRUCT STREETCAR
- ACQUIRE RIVERFRONT AND
PARK PROPERTY

DOWNTOWN DISTRICT

- DEVELOP NEW ROUSE PAVILION
- EXPAND 4TH/YAMHILL GARAGE
- EXTEND RIVERPLACE ESPLANADE

UNIVERSITY DISTRICT

- BUILD URBAN CENTER/PLAZA
- ACQUIRE ENGINEERING BLDG.
- EXTEND TRANSIT MALL

THE CENTRAL CITY 2000 STRATEGY

**RECOMMENDED TO THE
PORTLAND CITY COUNCIL**

**RECOMMENDED BY
CENTRAL CITY 2000 TASK FORCE
JULY 23, 1996**

CENTRAL CITY 2000 TASK FORCE

MR. ROBERT RIDGLEY, CHAIR	<i>CEO, Northwest Natural Gas President, Oregon Business Council</i>
HON. VERA KATZ	<i>Mayor, City of Portland</i>
* HON. EARL BLUMENAUER	<i>Commissioner, City of Portland</i>
MR. ROBERT AMES	<i>Developer</i>
MR. BARUTI ARTHAREE	<i>Director, State Housing Department Metro Exposition Recreation Commissioner</i>
DR. JACK BIERWIRTH	<i>Superintendent, Portland School District</i>
MR. FREDERICK BUCKMAN	<i>CEO, PacificCorp</i>
HON. MICHAEL BURTON	<i>Executive Officer, Metro</i>
MR. JOHN ESKILDSEN	<i>President, U.S. Bank</i>
**MS. PEGGY FOWLER	<i>Senior Vice President, PGE</i>
MR. HENRY HEWITT	<i>Managing Partner, Stoel Rives Chair, Oregon Transportation Commission</i>
DR. PETER KOHLER	<i>President, Oregon Health Science University</i>
MS. BETTY LEE	<i>President, Chin's Import-Export</i>
DR. JUDITH RAMALEY	<i>President, Portland State University</i>
MR. RICHARD REITEN	<i>Chief Operating Officer, NWNG</i>
**MR. JOHN RUSSELL	<i>President, Russell Development</i>
MR. VERN RYLES	<i>President, Popper's Supply</i>
MR. HOWARD SHAPIRO	<i>Chair, Housing Authority of Portland</i>
**MR. CARL TALTON	<i>Chair, Portland Development Commission</i>
MR. RONALD TIMPE	<i>CEO, Standard Insurance</i>
MS. BARBARA WALKER	<i>Open Space Advocate</i>
MR. TOM WALSH	<i>General Manger, Tri-Met</i>
MR. STEVEN SIEGEL	<i>Executive Director, Central City 2000 Task Force</i>

* *Resigned from Task Force when elected to Congress*

** *Added to Task Force in 1996*

THE CENTRAL CITY 2000 STRATEGY

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THE CENTRAL CITY 2000 STRATEGY

EXECUTIVE SUMMARY

MISSION

CENTRAL CITY 2000 WAS ESTABLISHED BY THE PORTLAND CITY COUNCIL TO RECOMMEND A COMPREHENSIVE STRATEGY TO FOSTER 15,000 NET NEW HOUSING UNITS AND 75,000 NET NEW JOBS IN THE CENTRAL CITY. THE STRATEGY

IS TO CONSIST OF PROJECTS AND PROGRAMS WHICH CAN BE IMPLEMENTED IN THE NEAR-TERM.

CURRENT REGIONAL TRENDS SHOW RAPID GROWTH IN THE SUBURBAN AREAS AND LOW GROWTH IN THE CORE AREA. BETWEEN 1990 AND 1994, METROPOLITAN EMPLOYMENT INCREASED BY 95,200 JOBS. DURING THAT SAME PERIOD, CENTRAL CITY EMPLOYMENT ONLY INCREASED BY 800 JOBS. OF THE 71,300 NEW PORTLAND REGION HOUSING UNITS BETWEEN 1990 AND 1994, ONLY 1,200 WERE LOCATED IN THE CENTRAL CITY.

METRO FORECASTS THAT, BY THE YEAR 2015, THE NUMBER OF HOUSEHOLDS IN THE FOUR-COUNTY REGION WILL GROW BY 312,600. REGIONAL EMPLOYMENT IS PROJECTED TO GROW BY 532,700 JOBS OVER THE SAME PERIOD. METRO PROPOSES TO REDUCE SPRAWL AND ITS CONCOMITANT ENVIRONMENTAL DEGRADATION BY MAINTAINING A TIGHT URBAN GROWTH BOUNDARY AND REQUIRING GROWTH INSIDE THE BOUNDARY TO BE CONCENTRATED IN REGIONAL AND SUB-REGIONAL CENTERS AND IN STATION COMMUNITIES ALONG TRANSIT CORRIDORS.

THE SUCCESS OF THE 2040 PLAN DEPENDS ON HAVING A SUBSTANTIAL AMOUNT OF THAT GROWTH OCCUR IN THE CENTRAL CITY. SPECIFICALLY, THE 2040 PLAN ENVISIONS THAT BY THE YEAR 2015, THE CENTRAL CITY WOULD ATTRACT:

- 10,500 NET NEW HOUSING UNITS
- 71,300 NET NEW JOBS

TO ACHIEVE THESE LEVELS OF CENTRAL CITY GROWTH:

- THE ANNUAL PRODUCTION OF CENTRAL CITY HOUSING UNITS BETWEEN 1994 AND 2015 WOULD HAVE TO BE MORE THAN TWICE THAT WHICH OCCURRED BETWEEN 1990 AND 1994.
- THE ANNUAL PRODUCTION OF CENTRAL CITY JOBS BETWEEN 1994 AND 2015 WOULD HAVE TO BE TWENTY-TWO TIMES THAT WHICH OCCURRED BETWEEN 1990 AND 1994.

IN DEVELOPING A STRATEGY TO ACCOMPLISH THIS GROWTH, TWO OTHER CRITICAL TRENDS AFFECTING PORTLANDERS MUST BE ADDRESSED:

- OVER THE PAST TWO DECADES, AVERAGE HOURLY WAGES HAVE DECREASED IN REAL TERMS.
- OVER THE SAME PERIOD, HOUSING PRICES HAVE INCREASED IN REAL TERMS AND, AS A RESULT, HOUSING IS BECOMING UNAFFORDABLE TO AVERAGE WORKING FAMILIES.

THE CENTRAL CITY 2000 STRATEGY

THE PROPOSED CENTRAL CITY 2000 STRATEGY IS INTENDED TO ADDRESS THESE FUNDAMENTAL ISSUES. THE STRATEGY CONSISTS OF FIVE MAIN COMPONENTS, EACH COMPONENT LEVERAGING THE OTHER. THE

RECOMMENDATIONS WHICH FOLLOW ARE ORGANIZED BY THESE COMPONENTS:

- **HOUSING:** FOSTERS AFFORDABLE MIXED- AND MIDDLE-INCOME HOUSING TO PROVIDE THE CENTRAL CITY LABOR AND CONSUMER MARKETS NEEDED TO SUPPORT JOB GROWTH.
- **BUSINESS CLIMATE:** MITIGATES THE COST DISADVANTAGES OF LOCATING BUSINESSES IN THE CENTRAL CITY.
- **TARGET INDUSTRIES:** FOCUSES CITY BUSINESS RECRUITMENT AND EXPANSION EFFORTS ON HIGH GROWTH BUSINESS SECTORS WITH QUALITY JOBS.
- **WORKFORCE DEVELOPMENT:** TRAINS A QUALITY WORKFORCE TO HELP ATTRACT JOBS AND INCREASE AVERAGE HOUSEHOLD INCOME.
- **DISTRICT INFRASTRUCTURE:** OFFERS A CENTRAL CITY ENVIRONMENT THAT PROVIDES A VITALITY AND UNIQUENESS WHICH ATTRACTS HOUSING AND JOB DEVELOPMENT.

HOUSING

A CENTRAL CITY HOUSING FUNDING STRATEGY IS PROPOSED WHICH BALANCES THE NEEDS OF LOW-INCOME HOUSING WITH THOSE OF MIDDLE-INCOME HOUSING. THE FOLLOWING ACTIONS SHOULD BE TAKEN:

SEEK A REAL ESTATE TRANSFER TAX FOR AFFORDABLE HOUSING

- SEEK A 1% (ON THE VALUE OF ALL PROPERTY TRANSFERRED ABOVE \$100,000) STATEWIDE REAL ESTATE TRANSFER TAX IN 1997.
- IF A STATEWIDE TAX IS NOT POSSIBLE, SEEK A METRO REGION 1.0% (ON VALUES ABOVE \$100,000) REAL ESTATE TRANSFER TAX .

FOSTER MIDDLE-INCOME HOUSING PROJECTS IN THE CENTRAL CITY

- PROGRAM \$4 MILLION PER YEAR, ON AVERAGE, OF TAX INCREMENT FUNDS FOR MIXED-OR MIDDLE-INCOME HOUSING PROJECTS IN THE CENTRAL CITY.
- FUND RIVER DISTRICT HOUSING, WHICH IS NOT IN AN URBAN RENEWAL AREA FROM THE HOUSING INVESTMENT FUND (HIF) AND HIF PROGRAM INCOME.
- AMEND THE CITY ORDINANCE RELATING TO RENTAL HOUSING TO ALLOW TAX ABATEMENT FOR OWNER-OCCUPIED HOUSING.

PROVIDE PUBLIC SCHOOL FACILITIES IN THE CENTRAL CITY

BUSINESS CLIMATE

COMPARED TO COMPETING SUBURBAN LOCATIONS, THE CENTRAL CITY IS GENERALLY CHARACTERIZED BY: HIGHER BUSINESS TAXES, HIGHER DEVELOPMENT COSTS DUE TO THE HIGH PRICE OF LAND AND THE ADDED COSTS

OF HIGH-DENSITY CONSTRUCTION AND A HIGHER AGGREGATE COST FOR OFFICE SPACE AND PARKING. TO MITIGATE THESE IMPEDIMENTS TO BUSINESS RETENTION AND EXPANSION AND BUSINESS ATTRACTION, THE FOLLOWING ACTIONS SHOULD BE UNDERTAKEN:

STUDY ADJUSTMENTS TO BUSINESS LICENSE TAX

- EXAMINE INCREASE OWNER'S COMPENSATION DEDUCTION
- EXAMINE CHANGE TO METHOD OF APPORTIONING INCOME FOR SERVICES TO NON-PORTLAND BUSINESSES

CREATE EMPLOYMENT OPPORTUNITY FUND

- TO LEVERAGE PRIVATE INVESTMENT IN JOB ATTRACTION OR EXPANSION.
- PRIMARILY USED FOR LAND ASSEMBLY AND RELATED CAPITAL IMPROVEMENTS. ALSO MAY BE USED FOR LOANS AND JOB TRAINING.
- FUND USERS MUST PARTICIPATE IN CITY'S WORKFORCE DEVELOPMENT PROGRAM.

ESTABLISH INCENTIVES FOR SEISMIC, ADA AND MODERNIZATION RENOVATIONS OF OLDER COMMERCIAL BUILDINGS

- SEEK STATE INCOME TAX CREDIT EQUAL TO 35% OF THE COST OF THE SEISMIC IMPROVEMENT IN 1997.
- SEEK AUTHORITY ALLOWING CITY TO APPROVE PROPERTY TAX ABATEMENT FOR OLDER BUILDING RENOVATIONS INCORPORATING SEISMIC UPGRADES.
- ASSESS IMPLEMENTATION CRITERIA AND POSSIBILITY OF A LOAN PROGRAM.

TARGET INDUSTRIES

TO ACHIEVE 71,300 NET NEW JOBS, EXISTING JOBS MUST BE RETAINED AND JOB GROWTH MUST OCCUR IN MANY BUSINESSES SECTORS. BUT RESOURCES ARE LIMITED AND THE CITY MUST FOCUS ITS BUSINESS ATTRACTION

EFFORTS ON "*TARGET INDUSTRIES*". THE FOLLOWING STRATEGIES ARE RECOMMENDED:

TARGET CREATIVE SERVICES BUSINESSES

- UNDERTAKE PRE-DEVELOPMENT ACTIVITIES FOR A PRIVATELY DEVELOPED AND OPERATED CREATIVE SERVICES CENTER TO HOUSE ANCHOR CREATIVE SERVICE TENANTS AND INCUBATING BUSINESSES.

- ESTABLISH A CREATIVE SERVICES INDUSTRY COMMITTEE TO IDENTIFY SPECIFIC NEEDS OF THE INDUSTRY.

TARGET BIO-TECH BUSINESSES

- RECRUIT A RESEARCH ORGANIZATION ASSOCIATED WITH A MAJOR PHARMACEUTICAL/BIO-TECHNOLOGY FIRM.
- UNDERTAKE PRE-DEVELOPMENT ACTIVITIES FOR A CENTRAL CITY BIO-TECH CENTER.
- FORM A BIO-TECH/HEALTH SERVICES INDUSTRY COMMITTEE TO IDENTIFY THE SPECIFIC NEEDS OF THE INDUSTRY.

TARGET INFORMATION SERVICES

- IMPLEMENT TRAINING PROGRAMS NEEDED TO DEVELOP A SKILLED WORK FORCE FOR INFORMATION SERVICES.
- STUDY WAYS TO CHANGE TO THE APPORTIONMENT METHODOLOGY FOR COMPUTING CITY/COUNTY BUSINESS TAXES FOR THE INFORMATION SERVICE INDUSTRY.
- DEVELOP TRANSIT SERVICES FOR EVENING AND NIGHT SHIFT OPERATIONS.
- ASSESS VIABILITY OF LOCATING LARGE FOOT-PRINT PARCELS IN THE CENTRAL CITY.

TARGET DESTINATION RETAIL BUSINESSES

- TARGET RETAIL CATEGORIES WHICH ARE UNDERSERVED IN THE CENTRAL CITY INCLUDING: *HOME AND HOME FURNISHINGS, ENTERTAINMENT, SPECIALTY AND EATING AND DRINKING ESTABLISHMENTS.*
- DEVELOP A TEAM OF KEY BUSINESS AND LOCAL GOVERNMENT LEADERS TO MEET WITH DESTINATION RETAIL PROSPECTS.
- DEVELOP A COOPERATIVE MARKETING PLAN FOR THE RETAIL CORE.

INCREASE TOURISM

- EXPAND THE CONVENTION CENTER
- SEEK A COMMITTED INVENTORY AND EXPANDED CAPACITY OF HOTEL ROOMS FOR THE CONVENTION CENTER.
- INCREASE CONVENTION CENTER MARKETING.
- PROMOTE CULTURAL TOURISM.

WORKFORCE DEVELOPMENT

A QUALITY WORKFORCE IS ESSENTIAL FOR ATTRACTING BUSINESSES WHICH OFFER FAMILY-WAGE JOBS. INCREASED JOBS SKILLS ARE ESSENTIAL TO RAISE FAMILY INCOME, WHICH IN TURN IS NECESSARY TO ACHIEVE

LONG-TERM HOUSING AFFORDABILITY. THE FOLLOWING ACTIONS SHOULD BE UNDERTAKEN:

- TO SECURE RESOURCES AND THE ACTIVE PARTICIPATION OF BUSINESSES IN TRAINING PROGRAMS, SEEK LEGISLATION ALLOWING A 50% UNEMPLOYMENT INSURANCE TAX CREDIT FOR WORKFORCE TRAINING PROGRAMS OFFERED BY BUSINESSES.
- TO ESTABLISH A COHESIVE WORKFORCE DEVELOPMENT STRATEGY, ESTABLISH A REGIONAL WORKFORCE DEVELOPMENT BOARD WHICH INTEGRATES EXISTING WORKFORCE BOARDS

DISTRICT INFRASTRUCTURE

THE PROSPECTIVE BUSINESS AND HOUSING MARKET MUST RECEIVE A SPECIAL QUALITY ENVIRONMENT FOR THE ADDED COST OF DEVELOPING OR LOCATING IN THE CENTRAL CITY. THE DISTRICT INFRASTRUCTURE

RECOMMENDATIONS CREATE THAT SPECIAL ENVIRONMENT BY ENHANCING THE ENVIRONMENT OF EACH INDIVIDUAL CENTRAL CITY DISTRICT, AS WELL AS TIEING THE DISTRICTS TOGETHER.

MUCH OF THE CENTRAL EASTSIDE IS DESIGNATED AS AN INDUSTRIAL SANCTUARY. HOWEVER, THE AREAS ALONG MAJOR ARTERIALS AND ADJACENT TO THE RIVER NEAR OMSI ARE AVAILABLE FOR "HIGH EMPLOYMENT DENSITY" BUSINESSES.

CENTRAL EASTSIDE DISTRICT

THE CENTRAL EASTSIDE INDUSTRIAL COUNCIL ESTABLISHED THE ATTRACTION OF BUSINESSES TO THESE AREAS AS ONE OF ITS MAJOR GOALS. ACCORDINGLY, THE FOLLOWING ACTIONS ARE RECOMMENDED TO BE UNDERTAKEN:

DESIGN AND CONSTRUCT ENHANCED EASTBANK ESPLANE PROJECT

- A \$10.4 MILLION ENHANCEMENT TO EXISTING \$3.5 MILLION INITIAL PHASE ALLOWING FOR A FULL-LENGTH ESPLANE BETWEEN THE STEEL BRIDGE AND OMSI.
- INCLUDES CONNECTION BETWEEN THE ESPLANE AND THE ROSE/LLOYD DISTRICT, MAN-MADE ISLAND NEAR OMSI AND TRAIL ENHANCEMENTS.

EXTEND S.E. WATER AVENUE FROM OMSI TO S.E. CARUTHERS/S.E. GRAND AVENUE

- PROVIDES ACCESS TO DEVELOPMENT AREA SOUTH OF KPTV.

CONSTRUCT PEDESTRIAN AND LIGHTING IMPROVEMENTS ON MLK BOULEVARD AND GRAND AVENUE:

- IMPROVEMENTS ON 20 MAJOR PEDESTRIAN STREETS IN THE CENTRAL EASTSIDE.

CONSTRUCT PEDESTRIAN CONNECTIONS BETWEEN CENTRAL EASTSIDE AND THE EASTBANK ESPLANADE

- CONSTRUCT PEDESTRIAN AND BIKE IMPROVEMENTS TO S.E. MAIN AND S.E. CLAY.

IMPLEMENT MLK/GRAND FACADE IMPROVEMENT PROGRAM

- PROVIDE GRANTS TO PROPERTY OWNERS FOR UPGRADES TO STOREFRONTS.

A LARGE AMOUNT OF THE ROSE/LLOYD DISTRICT'S EMPLOYMENT GROWTH WILL BE IN OFFICE JOBS. THE PREVIOUS RECOMMENDATIONS REGARDING *BUSINESS LICENSE FEE*, *EMPLOYMENT OPPORTUNITY*

FUND AND *WORKFORCE DEVELOPMENT* WOULD HELP ATTRACT OFFICE USERS TO THE DISTRICT. SIMILARLY, THE *HOUSING* RECOMMENDATIONS MADE EARLIER SUPPORT ROSE/LLOYD DISTRICT HOUSING GROWTH.

ROSE/LLOYD DISTRICT

THE TASK FORCE FOCUSED ITS INFRASTRUCTURE RECOMMENDATIONS ON THE DISTRICT'S UNIQUE CONVENTION AND TOURISM ATTRIBUTES. ACCORDINGLY, THE FOLLOWING ACTIONS ARE RECOMMENDED TO BE UNDERTAKEN:

EXPAND CONVENTION CENTER

- SEEK A METRO G.O. BOND TO EXPAND CONVENTION CENTER BY 100,000 SQ. FT. OF EXHIBIT SPACE AND RELATED BALLROOM AND MEETING SPACE.

CONSTRUCT PEDESTRIAN CONNECTIONS

- DESIGN AND BUILD IMPROVED CONNECTIONS BETWEEN CONVENTION CENTER, ROSE GARDEN, EXPANDED HOTEL AND EASTBANK ESPLANADE.

SEEK EXPANDED HOTEL CAPACITY IN SUPPORT OF EXPANDED CONVENTION CENTER

- THIS COMMITTED INVENTORY OF HOTEL ROOMS SHOULD BE AT LEAST 500 ROOMS IN A SINGLE HOTEL AND CONSIST OF AT LEAST 250 NEWLY CONSTRUCTED UNITS.

EXPAND FARELESS SQUARE INTO ROSE/LLOYD DISTRICT

EASTBANK ESPLANADE

- SEE CENTRAL EASTSIDE RECOMMENDATION

IN ADDITION TO THE *COMMERCIAL BUILDING RENOVATION, EMPLOYMENT OPPORTUNITY FUND, BUSINESS LICENSE FEE, RETAIL AND HOUSING* STRATEGIES EXPLAINED EARLIER, THE FOLLOWING ACTIONS SHOULD BE TAKEN:

DOWNTOWN DISTRICT

DEVELOP ROUSE RETAIL PAVILION

- RETAIL PAVILION WOULD CONSIST OF ABOUT 150,000 SQUARE FEET OF RETAIL AND ENTERTAINMENT USES ON FIVE FLOORS.
- THE PAVILION WOULD ATTRACT THREE NATIONAL DESTINATION "MINI-ANCHORS".

EXPAND PARKING GARAGE AT S.W. 4TH AVENUE AND S.W. YAMHILL STREET

- ADD 200 PARKING SPACES TO REPLACE DISLOCATED SURFACE PARKING SPACES.

EXTEND WATERFRONT PARK FROM RIVER PLACE TO MARQUAM BRIDGE

- CONSTRUCT A TEMPORARY TRAIL AND COMPLETE THE PGT PLAZA.

THE OLD TOWN/CHINATOWN DISTRICT HAS NOT RECEIVED MUCH ATTENTION REGARDING ITS DEVELOPMENT REQUIREMENTS. YET, GIVEN ITS LOCATION, IT SERVES AS THE FRONT DOOR TO THE MAJOR GROWTH AREAS IN THE RIVER DISTRICT AND CONNECTS THE RIVER DISTRICT TO DOWNTOWN. ACCORDINGLY, THE FOLLOWING ACTIONS ARE RECOMMENDED TO BE UNDERTAKEN:

OLD TOWN/CHINATOWN DISTRICT

DEVELOP HOUSING IN CHINATOWN

- SEEK DEVELOPMENT PROPOSAL FOR 50 - 100 UNITS OF HOUSING IN ONE OR TWO LOCATIONS WITHIN THE CHINATOWN DISTRICT.
- PUBLIC FUNDS WOULD BE USED FOR PRELIMINARY DESIGN AND GAP FINANCING. SELECTED DEVELOPER WOULD BE RESPONSIBLE FOR CONSTRUCTION COSTS.

PREPARE OLD TOWN DEVELOPMENT PLAN

- ROLE OF THE OLD TOWN/CHINATOWN DISTRICT AS AREA CONNECTING THE DOWNTOWN AND RIVER DISTRICTS WOULD BE DEFINED.

DEVELOP OLD TOWN COMMERCIAL BUILDING

- REQUEST PROPOSALS TO DEVELOP AT LEAST A 200,000 SQ. FT. OFFICE BUILDING AND A 4-5 STORY GARAGE ON THE TRAILWAYS/POST OFFICE PARKING BLOCKS NEAR UNION STATION.

DEVELOP CLASSICAL CHINESE GARDEN

- DESIGN AND CONSTRUCT A CLASSICAL CHINESE GARDEN MODELED AFTER THE URBAN GARDENS FOUND IN PORTLAND'S SISTER CITY OF SUZHOU, CHINA.

THE HOUSING GROWTH EXPECTED IN THE RIVER DISTRICT REPRESENTS ALMOST ONE-HALF OF THE CENTRAL CITY GROWTH ENVISIONED IN THE 2040 PLAN. SUBJECT TO AN AGREEMENT WITH THE OWNERS OF THE HOYT STREET YARDS, THE FOLLOWING PROJECTS SHOULD BE UNDERTAKEN:

RIVER DISTRICT

REPLACE LOVEJOY RAMP WITH AT-GRADE CONNECTION

- DEMOLISH N.W. LOVEJOY VIADUCT BETWEEN N.W. 14TH AVENUE AND THE BROADWAY BRIDGE AND THE N.W. 10TH AVENUE RAMP TO THE VIADUCT.
- CONSTRUCT NEW RAMP TO THE BROADWAY BRIDGE IN THE VICINITY OF N.W. 9TH AVE.

CONSTRUCT CENTRAL CITY STREET CAR

- PHASE I WOULD CONNECT NW PORTLAND, RIVER DISTRICT AND UNIVERSITY DISTRICT.
- FUTURE EXTENSIONS TO OHSU, NORTH MACADAM AND OTHER LOCATIONS WITHIN THE CENTRAL CITY COULD BE ACCOMMODATED.

ACQUIRE WATERFRONT PROPERTY FOR PARK/RIVERFRONT FEATURE

- ACQUIRE THE FOLLOWING PROPERTIES, THROUGH DONATION, PURCHASE OR CONDEMNATION, TO ESTABLISH PUBLIC OPEN SPACE AND RIVERFRONT ACCESS AS THE FRAMEWORK FOR RIVER DISTRICT DEVELOPMENT:
 - THE RIVER QUEEN PROPERTY
 - CENTENNIAL MILLS
 - TANNER CREEK PARK PROPERTY
 - MT. HOOD CHEMICAL PROPERTY

CONSTRUCT UNION STATION PEDESTRIAN IMPROVEMENTS

- CONNECTS TRANSIT MALL, UNION STATION AND FRONT AVENUE.

CONSTRUCT RIVER DISTRICT INFRASTRUCTURE IMPROVEMENTS

- INCLUDES FRONT AVENUE IMPROVEMENTS, PEDESTRIAN-WAYS THROUGH MCCORMICK PIER AND 3RD AVENUE IMPROVEMENTS.

THE UNIVERSITY DISTRICT IS ENVISIONED AS A PLACE WHERE HOUSING, EDUCATION, CULTURAL AND COMMERCIAL ACTIVITIES COME TOGETHER TO FORM A UNIQUE AND VITAL NEIGHBORHOOD. THIS CONCEPT IS

EXPECTED TO MAKE THE DISTRICT A PLACE WHERE PEOPLE WILL WANT TO LIVE BECAUSE OF ITS INTELLECTUAL AND CULTURAL LIFE. THE FOLLOWING ACTIONS SHOULD BE UNDERTAKEN:

UNIVERSITY DISTRICT

IMPLEMENT UNIVERSITY DISTRICT HOUSING INITIATIVE

- CONSTRUCT 1,500 NEW HOUSING UNITS.
- HALF WOULD BE MARKET RATE HOUSING AND HALF WOULD BE AFFORDABLE HOUSING.

CONSTRUCT URBAN CENTER AND UNIVERSITY PLAZA

- URBAN CENTER WOULD BE A 100,000 SQ. FT. BUILDING FOR PSU'S PROGRAMS IN URBAN AND PUBLIC AFFAIRS, MULTI-MEDIA DEVELOPMENT, SOFTWARE ENGINEERING.
- THE PLAZA WOULD SERVE AS THE FRONT-DOOR TO THE GROUND-FLOOR RETAIL IN THE URBAN CENTER AND AS A MAJOR TRANSIT HUB.

PURCHASE ENGINEERING BUILDING

- PSU WOULD ACQUIRE 117,000 SQ. FT. OF OFFICE SPACE AND PARKING AT OLD US WEST BUILDING.
- THE SCHOOL OF ENGINEERING, WHICH WOULD ULTIMATELY USE THE ENTIRE BUILDING, WOULD UTILIZE 45,000 SQUARE FEET IN STAGE-1 FOR CLASSROOMS AND A WIRELESS COMMUNICATIONS RESEARCH LABORATORY.
- DURING STAGE-1, US WEST AND THE CITY OF PORTLAND WOULD LEASE THE REMAINING SPACE UNDER PSU'S CONTROL.
- STAGE-2, WOULD INVOLVE PSU'S ACQUISITION OF THE REMAINING 78,000 SQ. FT.

CONSTRUCT CENTRAL CITY STREETCAR

- *SEE RIVER DISTRICT RECOMMENDATIONS.*

EXTEND TRANSIT MALL SOUTH TO UNIVERSITY PLAZA:

- SIDEWALKS WOULD BE IMPROVED AND TRIP PLANNING KIOSKS, STREET TREES, DRINKING FOUNTAINS, BENCHES, AND ORNAMENTAL STREET LIGHTING WOULD BE INSTALLED.
- THE MALL EXTENSION WOULD BE INTEGRATED INTO THE UNIVERSITY PLAZA WITHIN WHICH A FULL-SERVICE TRI-MET CUSTOMER SERVICE CENTER WOULD BE LOCATED.

IMPLEMENTATION ORGANIZATION

THE PORTLAND DEVELOPMENT COMMISSION SHOULD BE CHARGED WITH IMPLEMENTING THE RECOMMENDATIONS OF THE CENTRAL CITY 2000 TASK FORCE.

THE MAYOR'S BUSINESS ROUNDTABLE SHOULD BE CHARGED WITH ADVISING THE MAYOR AND THE PORTLAND DEVELOPMENT COMMISSION ON THE IMPLEMENTATION OF THE CENTRAL CITY 2000 RECOMMENDATIONS.

THE MEMBERSHIP OF THE BUSINESS ROUNDTABLE SHOULD BE EXPANDED TO INCLUDE REPRESENTATIVES FROM NORTH/NORTHEAST PORTLAND AND SOUTHEAST PORTLAND TO ENSURE THAT EASTSIDE WORKFORCE TRAINING PROGRAMS ARE LINKED TO CENTRAL CITY JOB DEVELOPMENT.

THE PORTLAND DEVELOPMENT COMMISSION SHOULD WORK WITH THE ASSOCIATION FOR PORTLAND PROGRESS AND METRO TO DETERMINE A CONSISTENT SET OF CENTRAL CITY JOB ESTIMATES AND A METHOD TO MONITOR THE GROWTH IN JOBS OVER TIME.

FINANCE PLAN

SECTION VIII OF THIS REPORT PROPOSES A DETAILED FINANCE PLAN FOR EACH PROJECT AND PROGRAM. OVER THE PERIOD BETWEEN FY 1997 AND FY 2003, THE MAJOR FUNDING SOURCES AND AMOUNTS PROPOSED INCLUDE:

- **TAX INCREMENT FUNDS:** APPROXIMATELY \$79 MILLION OF TAX INCREMENT FUNDS ARE PROPOSED TO BE EXPENDED. THESE FUNDS ARE PRIMARILY USED FOR DISTRICT INFRASTRUCTURE, HOUSING AND THE EMPLOYMENT OPPORTUNITY FUND. THIS FIGURE DOES NOT INCLUDE FUTURE PHASES OF SOME PROJECTS WHICH MIGHT SEEK ADDITIONAL TAX INCREMENT FUNDS (FOR EXAMPLE, THE BIO-TECH AND CREATIVE SERVICES CENTERS, ETC.).
- **OTHER CITY FUNDS:** THE MAJOR SOURCES OF THESE FUNDS INCLUDE THE CITY GENERAL FUND, BES FUNDS, THE HOUSING INVESTMENT FUND AND THE PARKING FUND. IT IS POSSIBLE THAT TAX INCREMENT FINANCE MAY BE USED TO OFFSET THESE SOURCES. THESE FUNDS ARE PRIMARILY USED FOR THE ACQUISITION OF RIVERFRONT/OPEN SPACE PROPERTY IN THE RIVER DISTRICT, OTHER RIVER DISTRICT INFRASTRUCTURE, HOUSING AND THE 4TH AND YAMHILL GARAGE. APPROXIMATELY \$35 MILLION WOULD BE REQUIRED, ALTHOUGH THE EXACT AMOUNT DEPENDS ON THE ACQUISITION COSTS OF PROPERTY WHICH STILL MUST BE APPRAISED.
- **REGIONAL FUNDS:** APPROXIMATELY \$85 MILLION OF REGIONAL FUNDS ARE PROPOSED TO BE EXPENDED. THE BULK OF THESE FUNDS WOULD BE USED FOR THE CONSTRUCTION, MARKETING AND OPERATIONS OF THE EXPANDED CONVENTION CENTER. REGIONAL FUNDS ARE ALSO PROPOSED FOR A PORTION OF THE LOVEJOY RAMP AND TRANSIT SERVICE IMPROVEMENTS.

- **STATE FUNDS:** APPROXIMATELY \$28 MILLION OF STATE FUNDS ARE PROPOSED TO BE EXPENDED. THESE FUNDS ARE PRIMARILY USED FOR THE LOVEJOY RAMP AND FOR BUILDINGS IN THE UNIVERSITY DISTRICT. THIS TOTAL INCLUDES \$10 MILLION FROM THE PROPOSED STATEWIDE REAL ESTATE TRANSFER TAX WHICH ARE BUDGETED (IN THE HOUSING STRATEGY RECOMMENDATIONS) FOR CENTRAL CITY HOUSING PROJECTS.
- **TAX INCENTIVES:** A 50 PERCENT UNEMPLOYMENT INSURANCE TAX CREDIT IS PROPOSED FOR BUSINESSES UNDERTAKING ELIGIBLE WORKFORCE TRAINING PROGRAMS. A 35 PERCENT STATE INCOME TAX CREDIT IS PROPOSED FOR THE SEISMIC RENOVATION OF OLDER COMMERCIAL BUILDINGS. THE AUTHORITY TO ABATE PROPERTY TAXES FOR CERTAIN COMMERCIAL BUILDING RENOVATIONS IS ALSO PROPOSED. IN ADDITION, CHANGES TO THE "OWNER'S COMPENSATION DEDUCTION" AND "APPORTIONMENT FORMULA" FOR THE CITY BUSINESS LICENSE FEE ARE RECOMMENDED TO BE STUDIED.
- **PRIVATE FUNDS:** VIEWING JUST THE PRIVATE FUNDS MATCHING THE PUBLIC FUNDS LISTED ABOVE, OVER \$410 MILLION OF PRIVATE INVESTMENT IS ENVISIONED. THE MAJOR USES OF THESE FUNDS INCLUDE THE HOUSING LEVERAGED BY THE PUBLIC FUNDS AND THE CONSTRUCTION OF SEVERAL SPECIFIC COMMERCIAL BUILDINGS. IN ADDITION, ALMOST \$35 MILLION OF PRIVATE FUNDING IS REQUIRED FOR THE DISTRICT INFRASTRUCTURE RECOMMENDATIONS. THESE ESTIMATES DO NOT INCLUDE THE SECOND PHASE OF CERTAIN PROJECTS WHICH WILL REQUIRE ADDITIONAL PRIVATE FUNDS.

THESE ESTIMATES ALSO DO NOT ADDRESS TWO OTHER MAJOR USES OF PRIVATE FUNDS. IF THE JOB TARGETS ARE TO BE MET, APPROXIMATELY \$400 - \$500 MILLION OF ADDITIONAL PRIVATE INVESTMENT COULD BE SPENT ON CONSTRUCTING NEW COMMERCIAL SPACE AND RENOVATING OLDER COMMERCIAL BUILDINGS OVER THE SEVEN YEAR PERIOD.

SECTION I PROVIDES AN OVERVIEW OF THIS RECOMMENDATION REPORT. IT INCLUDES AN EXPLANATION OF:

- THE MISSION AND STRUCTURE OF CENTRAL CITY 2000
- THE RELATION OF THE CENTRAL CITY TO CITY AND REGIONAL GOALS
- THE ANALYSIS OF THE KEY PROBLEMS FACED BY CENTRAL CITY 2000 IN FORMULATING ITS RECOMMENDATIONS
- THE PURPOSE OF THE RECOMMENDED STRATEGY
- THE ORGANIZATION OF THIS RECOMMENDATION REPORT

SECTION I: INTRODUCTION

INTRODUCTION

CENTRAL CITY 2000 WAS ESTABLISHED BY THE PORTLAND CITY COUNCIL TO RECOMMEND A COMPREHENSIVE STRATEGY TO FOSTER 15,000 NET NEW HOUSING UNITS AND 75,000 NET NEW JOBS IN THE CENTRAL CITY BY THE YEAR 2010¹.

THE STRATEGY IS TO CONSIST OF PROJECTS AND PROGRAMS WHICH CAN BE IMPLEMENTED IN THE NEAR-TERM.

CENTRAL CITY 2000: MISSION

TO FORMULATE THIS STRATEGY, THE CITY COUNCIL APPOINTED THE *CENTRAL CITY 2000 TASK FORCE* COMPRISED OF BUSINESS, GOVERNMENTAL AND COMMUNITY LEADERS. THE TASK FORCE WAS CHARGED WITH

DESIGNING THE COMPREHENSIVE STRATEGY AND RECOMMENDING IT TO THE CITY COUNCIL.

CENTRAL CITY 2000: ORGANIZATION

THE *TASK FORCE* ESTABLISHED SEVERAL COMMITTEES TO ASSIST ITS EFFORTS. SIX *DISTRICT STEERING COMMITTEES* WERE FORMED, CONSISTING OF BUSINESS AND COMMUNITY LEADERS WITH A SPECIAL STAKE IN THAT DISTRICT. EACH OF THE *DISTRICT STEERING COMMITTEES* PROPOSED A DISTRICT STRATEGY TO THE *TASK FORCE*. THE *TASK FORCE* REVIEWED THE DISTRICT STRATEGIES, SETTLED ON PRIORITIES WITHIN THE STRATEGIES AND ENSURED THAT THE INDIVIDUAL DISTRICT STRATEGIES WERE INTEGRATED INTO A CONSISTENT CENTRAL CITY-WIDE STRATEGY.

THE *BUSINESS AND WORKFORCE DEVELOPMENT COMMITTEE* WAS FORMED TO PREPARE AN OVERALL JOB CREATION STRATEGY FOR THE CENTRAL CITY AND WAYS TO CONNECT THE JOBS CREATED IN THE CENTRAL CITY WITH UNEMPLOYED AND UNDER-EMPLOYED PORTLAND RESIDENTS. THE *INFRASTRUCTURE AND FINANCE COMMITTEE* WAS FORMED TO DETERMINE WAYS TO FINANCE THE PRIORITY PROJECTS AND PROGRAMS RECOMMENDED BY THE *TASK FORCE*. IN ADDITION, STAFF DIRECTORS FROM THE PORTLAND DEVELOPMENT COMMISSION (PDC), SEVERAL CITY BUREAUS, METRO, TRI-MET, THE ASSOCIATION FOR PORTLAND PROGRESS (APP) AND THE PORTLAND CHAMBER PARTICIPATED IN THE FORMULATION AND EVALUATION OF RECOMMENDATIONS.

A COMPLETE LISTING OF THE MEMBERSHIP OF THESE COMMITTEES IS PROVIDED IN APPENDIX A. THE RECOMMENDATIONS WHICH FOLLOW ARE THE PRODUCT OF EIGHTEEN MONTHS OF INTENSIVE EFFORT BY THE ROUGHLY 100 INDIVIDUALS WHO HAVE BEEN INVOLVED IN THESE COMMITTEES.

REGIONAL AND CITY POLICIES SHAPE THE CONTEXT OF A CENTRAL CITY STRATEGY. THE REGIONAL CONTEXT IS ESTABLISHED BY METRO'S 2040 CONCEPT PLAN. WHILE METRO CONTINUES TO EVALUATE THE SIZE OF THE URBAN GROWTH BOUNDARY (UGB), THE PRECEPT OF THE 2040 PLAN APPEARS SET.

RELATION OF CENTRAL CITY TO CITY AND REGION GOALS

METRO² FORECASTS THAT THE NUMBER OF HOUSEHOLDS IN THE FOUR-COUNTY (CLACKAMAS, MULTNOMAH, CLARK AND WASHINGTON COUNTIES) REGION WILL GROW BY 52 PERCENT BY THE YEAR 2015. EMPLOYMENT IS PROJECTED TO GROW BY 56 PERCENT OVER THE SAME PERIOD.

THE 2040 PLAN DESIGNATES REGIONAL AND SUB-REGIONAL CENTERS AND LIGHT RAIL STATION COMMUNITIES. TO REDUCE SPRAWL AND ITS CONCOMITANT ENVIRONMENTAL DEGRADATION, ALMOST HALF OF THE GROWTH IN EMPLOYMENT AND 30 PERCENT OF THE INCREASE IN HOUSING MUST OCCUR IN THESE AREAS.

2040 PLAN GROWTH FORECASTS			
	1994	2015	% CHANGE
HOUSEHOLDS:			
REGION	604,400	917,000	+ 52%
CENTRAL CITY	14,700	25,300	+ 72%
% IN CENTRAL CITY	2.4%	2.8%	+ 17%
EMPLOYMENT:			
REGION	950,900	1,483,600	+ 56%
CENTRAL CITY	155,700	227,000	+ 46%
% IN CENTRAL CITY	16.4%	15.3%	- 7%

THE SUCCESS OF THE 2040 PLAN DEPENDS ON HAVING A SUBSTANTIAL AMOUNT OF THAT GROWTH OCCUR IN THE CENTRAL CITY. SPECIFICALLY, THE 2040 PLAN ENVISIONS THAT BY THE YEAR 2015, THE CENTRAL CITY³ WILL ATTRACT:

- 10,500 NET NEW HOUSING UNITS
- 71,300 NET NEW JOBS

THE TASK FORCE USED THE METRO FORECASTS AS THE BASIS OF ITS RECOMMENDATIONS, RATHER THAN THE CITY'S INITIAL TARGETS, BECAUSE OF THEIR SIGNIFICANCE TO REGIONAL POLICY. FAILURE TO MEET THE METRO FORECASTS RESULTS IN THE BREAKDOWN OF THE REGIONAL GROWTH STRATEGY -- THE UGB WOULD HAVE TO BE EXPANDED, THE REGIONAL TRANSPORTATION SYSTEM WOULD BE IMBALANCED AND THE REGIONAL AIR QUALITY PLAN WOULD BE BASED ON FAULTY ASSUMPTIONS.

THE CENTRAL CITY 2000 STRATEGY IS ALSO FRAMED BY TWO KEY CITY POLICIES. THE *LIVABLE CITY HOUSING INITIATIVE* CALLS FOR THE DEVELOPMENT OF 50,000 NET NEW HOUSING UNITS WITHIN THE CITY LIMITS OVER THE NEXT TWENTY YEARS. THIS TARGET REQUIRES THAT THE CURRENT CITY-WIDE HOUSING PRODUCTION RATE BE MORE THAN DOUBLED. THE HOUSING INITIATIVE ALSO ADDRESSES THE NEED FOR "AFFORDABLE" HOUSING. THIS ISSUE IS DETAILED LATER IN THIS REPORT. SUFFICE IT TO NOTE THAT TASK FORCE WAS MINDFUL TO TIE THE CENTRAL CITY HOUSING STRATEGY TO THE CITYWIDE HOUSING PROGRAM.

THE CITY COUNCIL HAS ALSO ENACTED "*PROSPEROUS PORTLAND*" WHICH SETS FORTH A CITYWIDE ECONOMIC DEVELOPMENT STRATEGY. SPECIFICALLY, *PROSPEROUS PORTLAND* ENUMERATES POLICIES ON BUSINESS CLIMATE, JOB AND WORKFORCE DEVELOPMENT AND INFRASTRUCTURE. THESE CENTRAL CITY 2000 RECOMMENDATIONS TRANSLATE THE POLICIES ESTABLISHED IN *PROSPEROUS PORTLAND* INTO SPECIFIC ACTIONS FOR THE CENTRAL CITY, PROPOSE PRIORITIES AND MAKE SPECIFIC FUNDING RECOMMENDATIONS. BY DOING SO, THE TASK FORCE INTEGRATED THE CENTRAL CITY DEVELOPMENT STRATEGY WITH THE CITYWIDE POLICIES ESTABLISHED IN *PROSPEROUS PORTLAND*.

THE PROBLEM

CURRENT REGIONAL DEVELOPMENT TRENDS SHOW RAPID GROWTH IN THE SUBURBAN AREAS, IN PARTICULAR AT THE FRINGES OF THE GROWTH BOUNDARY, AND LOW GROWTH IN THE CORE OF THE REGION.

CENTRAL CITY GROWTH IS SUBSTANTIALLY BELOW 2040 PLAN REQUIREMENTS

DUE TO THE AVAILABILITY OF LAND, LAND COSTS AND A PROVEN MARKET DEMAND, HOUSING DEVELOPMENT HAS OCCURRED ALONG THE OUTSKIRTS OF THE URBANIZED AREA. "RESIDENTIALLY-LINKED" BUSINESSES LOCATED IN PROXIMITY TO THE NEW HOUSING. NEXT, "EMPLOYMENT CENTERS" DEVELOPED AT THE FRINGES OF THE UGB IN RESPONSE TO THE AVAILABLE LABOR FORCE IN CLOSE PROXIMITY.

MEANWHILE, GROWTH IN THE CORE AREA SLOWED. THIS REDUCED THE CORE AREA'S REPUTATION AS A GROWTH AREA, WHICH IN TURN BECAME A DISINCENTIVE TO FUTURE GROWTH IN THE CORE AND A VICIOUS CYCLE ACCELERATED.

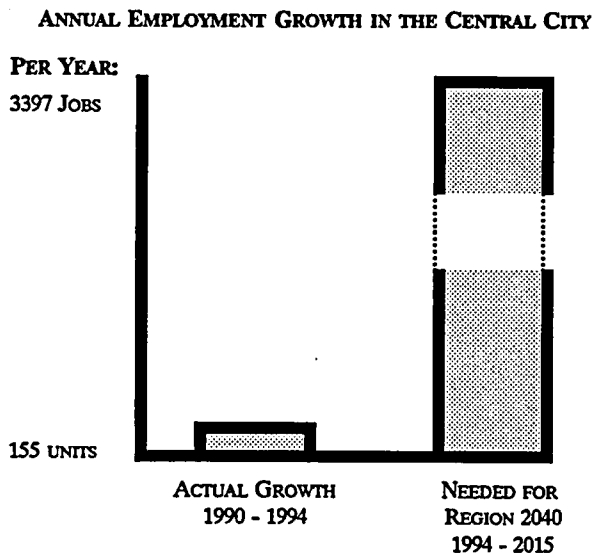
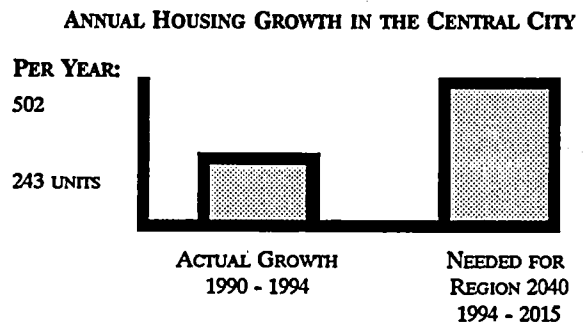
BETWEEN 1990 AND 1994⁴, METROPOLITAN EMPLOYMENT INCREASED BY ABOUT 95,200 JOBS. DURING THAT SAME PERIOD, CENTRAL CITY EMPLOYMENT INCREASED BY ONLY 800 JOBS. AS A RESULT, THE CENTRAL CITY'S SHARE OF TOTAL REGIONAL EMPLOYMENT FELL BY 9 PERCENT DURING THE 1990S.

METRO'S 2040 PLAN SEEKS TO RESIST THIS TREND BY MAINTAINING A TIGHT 20-YEAR URBAN GROWTH BOUNDARY AND REQUIRING GROWTH INSIDE THE BOUNDARY TO BE CONCENTRATED IN MIXED-USE REGIONAL CENTERS AND ALONG TRANSIT CORRIDORS.

CURRENT GROWTH TRENDS			
	1990	1994	% CHANGE
HOUSEHOLDS:			
REGION	533,100	604,400	+ 13%
CENTRAL CITY	13,500	14,700	+ 9%
% IN CENTRAL CITY	2.5%	2.4%	- 4%
EMPLOYMENT:			
REGION	855,700	950,900	+ 11%
CENTRAL CITY	154,900	155,700	+ 0.5%
% IN CENTRAL CITY	18.1%	16.4%	- 9%

AS SHOWN EARLIER, THE CENTRAL CITY, THE LARGEST REGIONAL CENTER, IS THE BACKBONE OF THE 2040 PLAN. THE IMPLEMENTATION OF THE 2040 PLAN RELIES ON A 2.6 PERCENT COMPOUND ANNUAL INCREASE IN CENTRAL CITY HOUSING AND A 1.8 PERCENT COMPOUND ANNUAL INCREASE IN CENTRAL CITY JOBS BY THE YEAR 2015. THESE GROWTH LEVELS ARE SUBSTANTIALLY HIGHER THAN RECENT EXPERIENCE.

TO ACHIEVE THE LEVEL OF CENTRAL CITY HOUSING BY THE YEAR 2015 ENVISIONED BY THE 2040 PLAN, THERE WILL HAVE TO BE MORE THAN A ROUGHLY TWO-FOLD INCREASE IN THE ANNUAL PRODUCTION OF CENTRAL CITY HOUSING UNITS OVER THE NEXT TWENTY YEARS ABOVE THE AVERAGE ANNUAL PRODUCTION RATE BETWEEN 1990 AND 1994.



TO ACHIEVE THE LEVEL OF CENTRAL CITY EMPLOYMENT BY THE YEAR 2015 ENVISIONED BY THE 2040 PLAN, THERE WILL HAVE TO BE ALMOST A TWENTY TWO-FOLD INCREASE IN THE ANNUAL PRODUCTION OF CENTRAL CITY JOBS OVER THE NEXT TWENTY YEARS ABOVE THE AVERAGE ANNUAL PRODUCTION RATE BETWEEN 1990 AND 1994.

THERE ARE TWO FORMIDABLE BARRIERS TO ACHIEVING THESE INCREASED GROWTH RATES: HIGH TAXES AND HIGH COST OF DEVELOPMENT. THE CITY OF PORTLAND AND MULTNOMAH COUNTY HAVE A COMBINED 3.65 PERCENT BUSINESS LICENSE TAX, WHICH PLACES JOB GROWTH IN PORTLAND AT A COMPETITIVE DISADVANTAGE WITH SUBURBAN COUNTIES.

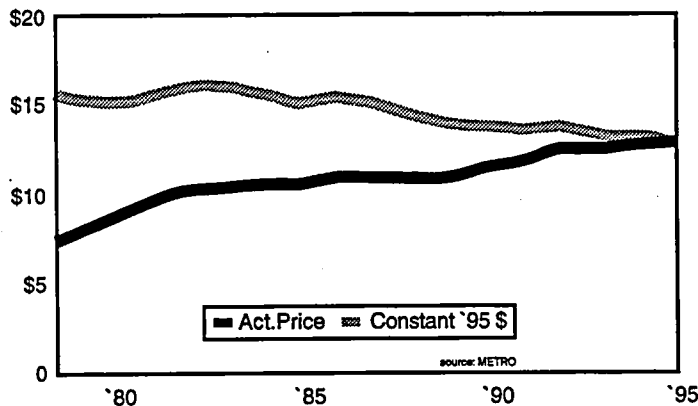
BUSINESS CLIMATE IMPEDES CENTRAL CITY JOB GROWTH

CONSTRUCTION IS MORE EXPENSIVE IN THE CENTRAL CITY THAN IN SUBURBAN LOCATIONS DUE TO HIGHER LAND COSTS, HIGHER DENSITY OF DEVELOPMENT AND THE GENERAL COMPLEXITIES OF CONSTRUCTING IN A POPULATED URBAN ENVIRONMENT. LAND AVAILABILITY IS ALSO A PROBLEM. THE VACANT LAND IN THE RIVER DISTRICT AND NORTH MACADAM AREA WILL ACCOMMODATE A MAJORITY OF THE NEW HOUSING UNITS. BUT JOB AND HOUSING GROWTH IN THE DOWNTOWN AND LLOYD DISTRICT WILL LIKELY REQUIRE THE DIFFICULT ASSEMBLY OF ONE-QUARTER AND ONE-HALF BLOCK PARCELS AND THE CONVERSION OF SURFACE PARKING LOTS.

THE OBJECTIVE OF CENTRAL CITY 2000 FOCUSES ON FAMILY-WAGE JOBS THAT CAN SUPPORT A HIGH QUALITY OF LIFE FOR PORTLAND RESIDENTS. THIS MUST BE DONE IN A CLIMATE OF CORPORATE DOWNSIZING AND HIGH GROWTH IN THE SERVICE SECTOR.

THE ECONOMY IS NOT GROWING AVERAGE FAMILY INCOMES

Average Hourly Wages

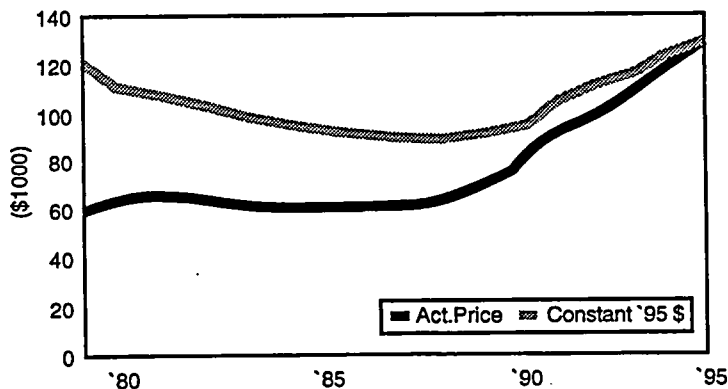


WHILE THE AVERAGE "PER CAPITA INCOME" IN THE PORTLAND REGION HAS ALMOST FIVE-FOLDED SINCE 1970, IT HAS ONLY INCREASED BY ABOUT ONE-THIRD IN CONSTANT DOLLARS OVER THAT 25-YEAR PERIOD⁵. THE AVERAGE HOURLY WAGE HAS DECREASED IN CONSTANT DOLLARS OVER THAT PERIOD.

HIGH LEVELS OF IN-MIGRATION, A HEALTHY ECONOMY, RAPIDLY RISING LAND VALUES AND HIGHER CONSTRUCTION COSTS HAVE COMBINED TO CAUSE A RAPID INFLATION IN HOUSING PRICES OVER THE PAST FIVE YEARS.

HOUSING IS UNAFFORDABLE TO AVERAGE WORKING FAMILIES

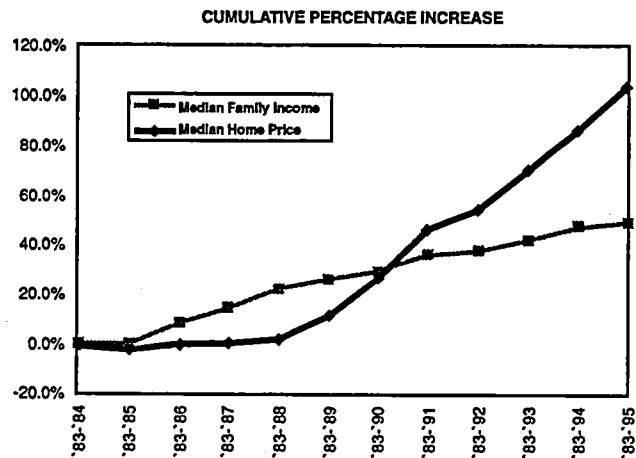
Median Home Price



A PORTION OF THE RISE IN HOUSING PRICES ACTUALLY REPRESENTS A RETURN TO LATE-1970S PRICES IN CONSTANT DOLLARS. HOWEVER, PRICES NOW EXCEED PREVIOUS HIGHS AND THEY CONTINUE TO RISE STEEPLY⁶. THE RATE OF INCREASE MAY BE MITIGATED SOMEWHAT BY HOUSING PRODUCTS WHICH ARE BUILT ON SMALLER PARCELS AND CONTAIN LESS SQUARE FOOTAGE THAN THE AVERAGE NEW HOME TODAY.

HOWEVER, THERE IS REASON TO BELIEVE THAT THE TREND TOWARDS HIGHER PRICES WILL CONTINUE DUE TO A LIMITED SUPPLY OF BUILDABLE LAND WITHIN THE UGB, HIGHER COSTS OF BUILDING ON SMALLER PARCELS OR IN-FILL LOTS AND THE CONTINUED HIGH LEVELS OF IN-MIGRATION.

HOUSING IS CONSIDERED AFFORDABLE WHEN ITS MONTHLY COSTS DO NOT EXCEED 30 PERCENT OF A FAMILY'S MONTHLY INCOME. BECAUSE, OVER THE PAST FEW YEARS, AVERAGE FAMILY INCOME HAS GROWN AT A MODERATE RATE WHILE HOUSING PRICES HAVE GROWN DRAMATICALLY, HOUSING PRICES HAVE BECOME OUT OF THE REACH OF AN INCREASING NUMBER OF PORTLAND RESIDENTS. TODAY, THE AVERAGE FAMILY IN THE REGION CANNOT AFFORD THE AVERAGE SALES PRICE FOR A HOME. THE SAME TREND IS TRUE FOR RENTAL HOUSING⁷.



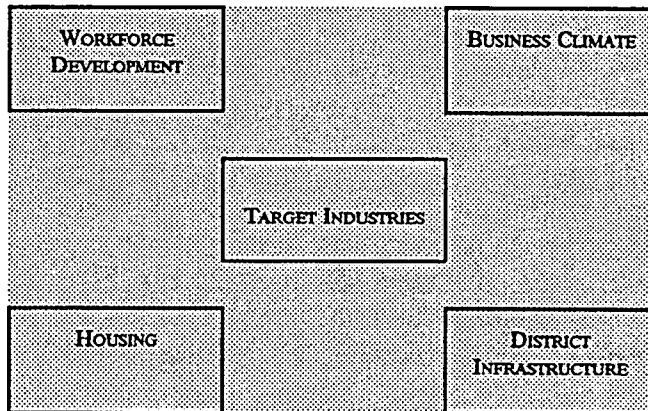
AS PORTLAND RESIDENTS SPEND MORE OF THEIR INCOME ON HOUSING, LESS DISCRETIONARY INCOME EXISTS FOR PURCHASING GOODS, ENTERTAINMENT AND MAKING INVESTMENTS. AS A RESULT, THERE IS LESS SPENDING, THE ECONOMY IS DAMPENED AND THE ABILITY TO PROVIDE FAMILY-WAGE JOBS IS DIMINISHED.

THE CENTRAL CITY 2000 STRATEGY

THE DEVELOPMENT OF THE CENTRAL CITY IS NOT AN "ENDS". RATHER IT IS A "MEANS" TO ADDRESSING THE FUNDAMENTAL PROBLEMS CONFRONTING THE CITY AND THE REGION DESCRIBED ABOVE. SPECIFICALLY, THE CENTRAL CITY 2000 STRATEGY IS INTENDED TO:

- ACHIEVE THE HOUSING AND EMPLOYMENT GROWTH NEEDED TO CONTROL REGIONAL SPRAWL
- PROVIDE AFFORDABLE MIXED AND MIDDLE-INCOME HOUSING
- MAKE FAMILY WAGE JOBS AVAILABLE TO PORTLAND RESIDENTS
- CREATE OPPORTUNITIES FOR FUTURE GROWTH IN PERSONAL AND BUSINESS INCOME

COMPONENTS OF RECOMMENDATIONS



THE CENTRAL CITY 2000 RECOMMENDATION CONTAINS FIVE MAIN COMPONENTS. THEY COMBINE TO CREATE AN INTEGRATED PLAN WHEREIN EACH COMPONENT LEVERAGES THE OTHER. THE COMPONENTS AND THEIR INTERRELATIONSHIPS ARE DESCRIBED BELOW. THE RECOMMENDATIONS WHICH FOLLOW ARE ORGANIZED BY THESE COMPONENTS.

HOUSING

SECTION TWO OF THIS REPORT PROPOSES A FUNDING STRATEGY TO DEVELOP AFFORDABLE HOUSING ON A STATEWIDE OR REGIONAL BASIS. A CENTRAL CITY HOUSING STRATEGY IS PROPOSED WHICH BALANCES THE NEED FOR

LOW-INCOME HOUSING WITH THE NEED FOR HOUSING WHICH IS AFFORDABLE TO MIDDLE-INCOME HOUSEHOLDS. MIDDLE-INCOME HOUSING IS A KEY COMPONENT OF THE JOB DEVELOPMENT STRATEGY. IT CREATES THE CONVENIENT LABOR AND CONSUMER MARKETS NEEDED TO RETAIN AND ATTRACT QUALITY BUSINESSES TO THE CENTRAL CITY.

BUSINESS CLIMATE

HOUSING ALONE WILL NOT CREATE JOBS, THE COSTS OF DOING BUSINESS IN THE CENTRAL CITY MUST BE COMPETITIVE WITH COMPARABLE SUBURBAN LOCATIONS.

SECTION THREE PROPOSES A STUDY OF PORTLAND'S BUSINESS TAX STRUCTURE TO REMOVE IMPEDIMENTS TO JOB CREATION. TAX INCENTIVES ARE PROPOSED FOR SEISMIC, ADA AND MODERNIZATION RENOVATIONS TO ENSURE THAT AN ADEQUATE SUPPLY OF LOW AND MEDIUM PRICED COMMERCIAL SPACE IS MAINTAINED IN THE CENTRAL CITY. AN EMPLOYMENT OPPORTUNITY FUND IS ALSO PROPOSED TO FUND THE LAND ASSEMBLY, CAPITAL FACILITIES, LOANS AND WORKFORCE GRANTS NECESSARY TO LEVERAGE PRIVATE INVESTMENTS WHICH RETAIN OR ATTRACT JOBS TO THE CENTRAL CITY.

TARGET INDUSTRIES

SECTION FOUR PROPOSES FIVE TARGET INDUSTRIES: CREATIVE SERVICES, BIO-TECH/HEALTH SERVICES, INFORMATION SERVICES, TOURISM AND DESTINATION RETAIL.

A STRATEGY AND FUNDING PLAN FOR JUMP-STARTING THE GROWTH OF EACH OF THESE INDUSTRIES IS PROPOSED. THE LONG-TERM SUCCESS OF THESE EFFORTS DEPENDS ON THE IMPLEMENTATION OF THE DISTRICT INFRASTRUCTURE, BUSINESS CLIMATE, HOUSING AND WORKFORCE RECOMMENDATIONS.

WORKFORCE DEVELOPMENT

AFFORDABLE HOUSING REQUIRES INCREASED HOUSEHOLD INCOME. INCREASED HOUSEHOLD INCOME REQUIRES INCREASED WORK SKILLS AND TRAINING. INCREASED INCOME ALSO REQUIRES QUALITY JOB ATTRACTION.

QUALITY JOB ATTRACTION REQUIRES AN INCREASINGLY SKILLED WORKFORCE. SECTION FIVE PROPOSES A STRATEGY TO INSTITUTE WORKFORCE TRAINING PROGRAMS FOR THE TARGET INDUSTRIES BY ESTABLISHING AN INTEGRATED WORKFORCE TRAINING DELIVERY SYSTEM AND PROVIDING PRIVATE SECTOR INVOLVEMENT IN THE FUNDING OF WORKFORCE PROGRAMS.

DISTRICT INFRASTRUCTURE

ONE OF THE STRENGTHS OF THE CENTRAL CITY IS THE AMENITIES WHICH MAKE IT A SPECIAL AND EXCITING ENVIRONMENT IN WHICH TO LIVE AND WORK. THESE AMENITIES ARE MORE THAN "NICETIES", THEY ARE

FUNDAMENTAL COMPONENTS OF THE STRATEGY TO ATTRACT HOUSING AND JOBS TO THE CENTRAL CITY. WITHIN THIS CONTEXT, SECTION SIX PROPOSES PROJECT AND FUNDING RECOMMENDATIONS FOR SIX CENTRAL CITY DISTRICTS.

IMPLEMENTATION ORGANIZATION

WITH THESE RECOMMENDATIONS, THE CENTRAL CITY 2000 TASK FORCE HAS COMPLETED ITS CHARGE. HOWEVER, ISSUES WILL COME UP DURING IMPLEMENTATION WHICH MIGHT NEED THE ASSISTANCE OF A

PUBLIC-PRIVATE GROUP. SECTION SEVEN PROPOSES THAT THE BUSINESS ROUNDTABLE BE CHARGED WITH THE OVERSIGHT OF THE CENTRAL CITY 2000 RECOMMENDATIONS.

FINANCE PLAN

SECTION EIGHT PRESENTS A DETAILED, YEAR-BY-YEAR FINANCING PLAN FOR EACH OF THE RECOMMENDATIONS.

SECTION I: ENDNOTES

1. PORTLAND CITY COUNCIL RESOLUTION NUMBER 35349, DECEMBER 21, 1994.
2. *URBAN GROWTH REPORT*, METRO, MARCH 1996
3. THE OFFICIAL METRO FORECASTS ARE ESTIMATED ON A CENSUS TRACT BASIS. A SUB-SET OF THESE CENSUS TRACTS CAN CLOSELY, BUT NOT EXACTLY, MATCH THE BOUNDARIES OF THE CENTRAL CITY AS SET FORTH IN THE CITY'S CENTRAL CITY PLAN.

FOR PURPOSES OF THE ESTIMATES INCLUDED IN THIS REPORT, CENSUS TRACT 52 REPRESENTS GOOSE HOLLOW, CENSUS TRACT 51 REPRESENTS THE RIVER DISTRICT, CENSUS TRACTS 53, 54 AND 57 REPRESENT DOWNTOWN, CENSUS TRACT 56 REPRESENTS THE UNIVERSITY DISTRICT, CENSUS TRACTS 11.01, 11.02 AND 21 REPRESENT THE CENTRAL EASTSIDE AND CENSUS TRACTS 22.02, 23.02 AND 24.02 REPRESENT THE ROSE/LLOYD DISTRICT.

THE NORTH MACADAM AND LOWER ALBINA AREAS DO NOT MATCH CENSUS TRACTS VERY WELL. THE ESTIMATES FOR THE LOWER ALBINA AREA WERE DERIVED FROM METRO'S TRAFFIC ANALYSIS ZONE ESTIMATES. THESE ESTIMATES WERE PREPARED FOR 1992 AND 2015. A 1994 ESTIMATE WAS DERIVED BY INTERPOLATING. WITHIN THIS ZONE SYSTEM, LOWER ALBINA IS REPRESENTED BY TRAFFIC ANALYSIS ZONE 851. CENSUS TRACT 59 INCLUDES THE NORTH MACADAM AREA AS WELL AS THE REMAINDER OF THE MACADAM AREA AS FAR SOUTH AS THE SELLWOOD BRIDGE. TO ESTIMATE THE NORTH MACADAM AREA, THE ESTIMATES FOR CENSUS TRACT 59 WERE REDUCED BY THE ESTIMATES FOR TRAFFIC ANALYSIS ZONES 946, 947, 948 AND 49.

4. *1994 POPULATION, HOUSEHOLD AND HOUSING UNIT CENSUS TRACT ESTIMATES*, METRO, AUGUST 1995
5. GRAPHIC PREPARED BY METRO GROWTH MANAGEMENT SERVICES DEPARTMENT, JANUARY 1996
6. *HOUSING NEEDS ANALYSIS*, METRO, MARCH 1996.
7. BETWEEN 1984 AND 1993, THE AVERAGE HOME SALES PRICE INCREASED BY 73.1 PERCENT. OVER THAT SAME PERIOD, THE AVERAGE ANNUAL RENT INCREASED BY 73.3 PERCENT. SOURCE: *MEMORANDUM FROM MICHAEL SABA, PLANNING BUREAU TO CENTRAL CITY 2000 TASK FORCE* DATED MAY 11, 1995.

THE CENTRAL CITY 2000 TASK FORCE SOUGHT TO CREATE A BALANCED HOUSING STRATEGY WHICH:

- PROVIDES FOR THE HOUSING NEEDS OF LOW AND VERY INCOME HOUSEHOLDS
- FOSTERS MIDDLE-INCOME HOUSING IN THE CENTRAL CITY TO MEET HOUSING GOALS AND TO HELP ATTRACT JOBS TO THE CENTRAL CITY

IT PROPOSES A STRATEGY WHICH CONSISTS OF:

- SEEKING A 1% REAL ESTATE TRANSFER TAX TO FUND AFFORDABLE HOUSING AND GROWTH MANAGEMENT PROGRAMS
- USING TAX INCREMENT FINANCE TO FUND MIDDLE-INCOME HOUSING IN THE CENTRAL CITY'S URBAN RENEWAL AREAS
- USING HOUSING INVESTMENT FUNDS AND PROGRAM INCOME TO FUND HOUSING IN THE RIVER DISTRICT, WHICH IS NOT IN AN URBAN RENEWAL AREA.
- EXTENDING PROPERTY TAX ABATEMENT TO OWNER-OCCUPIED HOUSING.
- DEVELOPING PUBLIC SCHOOL FACILITIES IN THE CENTRAL CITY.

THE FOLLOWING SUB-SECTION RECOMMENDS A HOUSING ACTION PLAN.

SECTION II: HOUSING STRATEGY

HOUSING STRATEGY

THE CITY COUNCIL HAS A GOAL OF ATTRACTING 20 PERCENT OF THE POPULATION GROWTH OVER THE NEXT 20 YEARS. TO DO SO, ABOUT 50,000 NET NEW HOUSING UNITS WILL HAVE TO BE DEVELOPED WITHIN THE CITY LIMITS¹. THIS WILL REQUIRE AN AVERAGE ANNUAL CITYWIDE HOUSING PRODUCTION RATE ABOUT 150 PERCENT GREATER THAN RECENT TRENDS².

OPPORTUNITY

OVER THE TEN YEAR PERIOD BETWEEN 1984 AND 1993, BOTH THE AVERAGE HOME SALES PRICE AND THE AVERAGE ANNUAL RENT WITHIN THE PORTLAND REGION INCREASED BY ABOUT 73 PERCENT³. OVER THAT SAME PERIOD, THE AVERAGE ANNUAL WAGE RATE INCREASED BY ONLY 39 PERCENT³. HISTORICALLY, AFFORDABILITY HAS BEEN A CONCERN FOR LOW- AND VERY LOW-INCOME HOUSEHOLDS. BUT, THE PROBLEM NOW AFFECTS MANY MIDDLE-INCOME WORKING FAMILIES.

OF THE CITYWIDE HOUSING TARGET, 15,000 HOUSING UNITS ARE TO BE LOCATED WITHIN THE CENTRAL CITY. THIS WOULD CREATE A CENTRAL CITY HOUSING STOCK ABOUT 70 PERCENT GREATER THAN TODAY. THE MAKE-UP OF THIS HOUSING IS OF CRITICAL CONCERN. CURRENTLY, ABOUT 70 PERCENT OF DOWNTOWN HOUSING IS LOW- AND MODERATE-INCOME HOUSING. MIDDLE-INCOME HOUSING IS NEEDED IN THE CENTRAL CITY TO:

- MAKE DIVERSE HOUSING OPPORTUNITIES ACCESSIBLE TO AVERAGE, WAGE EARNING FAMILIES;
- MAKE FAMILY-WAGE JOBS AVAILABLE TO CITY RESIDENTS BY PROVIDING THE LABOR AND CONSUMER MARKETS NEEDED TO ATTRACT QUALITY BUSINESSES TO THE CENTRAL CITY;

THE DEVELOPMENT OF HOUSING FOR LOW-INCOME HOUSEHOLDS AND VERY LOW-INCOME PERSONS REQUIRE EXTENSIVE PUBLIC SUBSIDY. EVEN WITH THE HOUSING FUNDS RECENTLY MADE AVAILABLE BY THE CITY COUNCIL,

THERE ARE NOT SUFFICIENT RESOURCES TO MEET THE NEEDS OF THESE CITY RESIDENTS.

BARRIERS

THE COST OF DEVELOPING MIDDLE-INCOME HOUSING IN THE CENTRAL CITY IS HIGHER THAN COMPARABLE UNITS IN OTHER LOCATIONS, PARTICULARLY THE SUBURBS⁴. THIS IS CAUSED BY THE HIGHER PRICE OF LAND, THE HIGHER COSTS OF CONSTRUCTING HIGHER DENSITY HOUSING AND THE SPECIAL DIFFICULTIES ASSOCIATED WITH CONSTRUCTING WITHIN AN ACTIVE DOWNTOWN ENVIRONMENT COMPARED TO A CONSTRUCTION SITE WHICH CAN BE ISOLATED FROM INTERFERENCES.

GIVEN THESE ADDED COSTS AND THE MARKET RATE PRICE FOR HOUSING, DEVELOPERS CANNOT MAKE A REASONABLE RATE OF RETURN ON CENTRAL CITY HOUSING. PUBLIC ASSISTANCE IS NEEDED TO LOWER THE PRIVATE COSTS OF DEVELOPING WITHIN THE CENTRAL CITY AND BRING THE RETURN TO THE DEVELOPER IN LINE WITH OPPORTUNITIES OUTSIDE THE CENTRAL CITY⁴.

THE MIDDLE-INCOME HOUSING THAT HAS BEEN DEVELOPED OVER THE PAST 10-15 YEARS IN DOWNTOWN, HAS DONE SO WITH THE ASSISTANCE OF GAP FINANCING PROVIDED BY THE PDC AND/OR PROPERTY TAX ABATEMENT AUTHORIZED BY THE CITY.

Examples of Central City Housing Incentives ⁵	Land Assembly	Land Write Down	Low Interest Loans	Tax Abatement	Tax Exempt Bonds	Tax Credits	Density (units/acre)	Affordable Units (% of all units)
South Park Square Apts.	•		•	•	•		200	15%
University Park Apts.			•	•	•		140	15%
River Place Townhouses	•	•		•			45	5%
St. James Apts.			•	•	•	•	435	100%
Essex House Apts.	•	•	•	•			310	5%

THE CENTRAL CITY 2000 TASK FORCE RECOMMENDS THE FOLLOWING ACTIONS:

PROPOSED ACTIONS

CREATE A CENTRAL CITY HOUSING INVENTORY WHICH BALANCES THE NEED FOR LOW-INCOME HOUSING, INCLUDING THE NEED TO RETAIN HOUSING UNITS FOR VERY LOW-INCOME PERSONS, WITH THE NEED FOR RENTAL AND OWNER-OCCUPIED HOUSING WHICH MIDDLE-INCOME HOUSEHOLDS CAN AFFORD.

SEEK REAL ESTATE TRANSFER TAX FOR AFFORDABLE HOUSING

A STATEWIDE REAL ESTATE TRANSFER TAX (RETT)⁶ SHOULD BE SOUGHT DURING THE 1997 LEGISLATIVE SESSION. THE RETT SHOULD BE 1% ON THE VALUE OF PROPERTY TRANSFERRED ABOVE A TO-BE-DETERMINED THRESHOLD (ABOUT \$100,000). \$95 MILLION

PER YEAR WOULD BE PRODUCED FOR AFFORDABLE HOUSING⁷ AND REGIONAL GROWTH MANAGEMENT PLANNING AND INFRASTRUCTURE⁸. IF A STATEWIDE RETT IS NOT APPROVED, METRO SHOULD SEEK A REGIONAL REAL ESTATE TRANSFER TAX (1% ON VALUE IN EXCESS OF \$100,000) FOR THESE SAME PURPOSES.

FOSTER MIDDLE-INCOME HOUSING IN CENTRAL CITY

TO MINIMIZE THE FUNDING COMPETITION BETWEEN MIDDLE-INCOME HOUSING IN THE CENTRAL CITY AND LOW-INCOME HOUSING, THE CITY SHOULD LEVY ON AVERAGE, \$4 MILLION PER YEAR OF TAX INCREMENT FUNDS FOR AFFORDABLE MIXED- OR MIDDLE-INCOME

HOUSING PROJECTS IN THE CENTRAL CITY⁹.

TAX INCREMENT FUNDS WOULD NOT BE DIRECTLY AVAILABLE TO RIVER DISTRICT HOUSING PROJECTS. INSTEAD, FUNDING FOR RIVER DISTRICT HOUSING SHOULD COME FROM THE HOUSING INVESTMENT FUND AND REVENUES MADE AVAILABLE BY THE REPAYMENT OF LOANS.

THE ALLOCATION OF HOUSING INVESTMENT FUNDS SHOULD REFLECT A BALANCE BETWEEN LOW-INCOME HOUSING AND HOUSING WHICH IS AFFORDABLE TO MIDDLE-INCOME FAMILIES. TO ENSURE THAT A BALANCED HOUSING STRATEGY IS ACHIEVED, ABOUT \$2.5 MILLION PER YEAR OF HOUSING INVESTMENT FUNDS SHOULD BE ALLOCATED TO MIDDLE-INCOME HOUSING PROJECTS.

IN ALLOCATING HOUSING INVESTMENT FUNDS (HIF) TO CENTRAL CITY PROJECTS:

- THE LOW-INCOME COMPONENT OF MIXED-INCOME HOUSING PROJECTS IN THE CENTRAL CITY SHOULD BE ELIGIBLE FOR HIF DEDICATED TO LOW-INCOME HOUSING.
- IN ADDITION, MIDDLE-INCOME HOUSING PROJECTS AND MARKET-RATE COMPONENTS OF MIXED-INCOME HOUSING PROJECTS IN THE CENTRAL CITY SHOULD BE ELIGIBLE FOR HIF WHICH ARE NOT SOLELY DEDICATED TO LOW-INCOME HOUSING.

THE CITY SHOULD AMEND ITS ORDINANCE PERMITTING PROPERTY TAX ABATEMENT FOR RENTAL HOUSING TO ALLOW TAX ABATEMENT FOR OWNER-OCCUPIED HOUSING, AS AUTHORIZED BY THE 1995 LEGISLATURE.

HOUSING TYPE	FUNDING SOURCE	FY 97-03 TOTAL (MILLIONS)
Low, Mixed	HOUSING INVESTMENT FUND	\$ 4
MARKET RATE	TAX INCREMENT	\$ 27
Low, Mixed	REAL ESTATE TRANSFER TAX	\$ 10
ALL	PRIVATE FUNDING ¹⁰	\$287
TOTAL		\$328

**DEVELOP PUBLIC SCHOOL
FACILITIES IN THE CENTRAL CITY**

PORTLAND PUBLIC SCHOOLS SHOULD PROVIDE SCHOOL FACILITIES WHICH SERVE CENTRAL CITY RESIDENTS.

PSU AND PORTLAND PUBLIC SCHOOLS SHOULD CONSTRUCT A MULTI-USE BUILDING IN

THE UNIVERSITY DISTRICT WHICH PROVIDES HOUSING, AN ELEMENTARY SCHOOL (SERVING ROUGHLY 300 STUDENTS IN GRADES K THROUGH 6) AND CHILD CARE FACILITY.

PORTLAND PUBLIC SCHOOLS SHOULD ALSO WORK WITH THE RIVER DISTRICT ASSOCIATION TO IDENTIFY OPPORTUNITIES FOR DEVELOPING PUBLIC SCHOOL FACILITIES IN THE RIVER DISTRICT.

SECTION II: ENDNOTES

1. PORTLAND CITY COUNCIL ORDINANCE NUMBER 168388, DECEMBER 21, 1994
2. *STATUS REPORT: CREATION OF THE HOUSING INVESTMENT FUND*, PRESENTATION TO THE LIVABLE CITY HOUSING COUNCIL BY COMMISSIONER GRETCHEN KAFOURY, MAY 16, 1996
3. MEMORANDUM FROM MICHAEL SABA, PLANNING BUREAU TO CENTRAL CITY 2000 TASK FORCE DATED MAY 11, 1995.
4. *DOWNTOWN/OLD TOWN DISTRICT PRIORITY PROJECTS*, ASSOCIATION FOR PORTLAND PROGRESS, DECEMBER 1995
5. INFORMATION SUPPLIED BY THE PORTLAND DEVELOPMENT COMMISSION.
6. FOR AN INVENTORY OF REAL ESTATE TRANSFER TAXES LEVIED IN OTHER AREAS AND THE SOURCES OF FUNDS USED FOR AFFORDABLE HOUSING IN OTHER AREAS SEE *FINDINGS AND RECOMMENDATIONS OF THE INFRASTRUCTURE AND FINANCE COMMITTEE*, CENTRAL CITY 2000 TASK FORCE, JANUARY 1996.
7. IT IS ANTICIPATED THAT THE DEFINITION OF "AFFORDABLE HOUSING" AND OTHER ELIGIBILITY REQUIREMENTS FOR RETT FUNDING WOULD BE PROPOSED BY THE LIVABLE CITY HOUSING COUNCIL.
8. THIS IS CONSISTENT WITH CENTRAL CITY STRATEGY A IN *PROSPEROUS PORTLAND* WHICH STATES "THE CITY WILL PURSUE FUNDING MECHANISMS . . . TO ACHIEVE . . . HOUSING OBJECTIVES IN THE CENTRAL CITY."

IT IS ALSO CONSISTENT WITH CENTRAL CITY STRATEGY C WHICH STATES " . . . THE CITY WILL WORK TO ESTABLISH . . . FUNDING SUPPORT FOR HOUSING DEVELOPMENT OF VARYING TYPES AND SERVING MIDDLE, MODERATE AND LOW-INCOME LEVELS IN THE CENTRAL CITY."
9. THESE RECOMMENDATIONS SEEK TO ACHIEVE A HIGHER PERCENTAGE OF MODERATE AND MIDDLE-INCOME HOUSING IN THE CENTRAL CITY THAN ENVISIONED BY CENTRAL CITY POLICY J IN *PROSPEROUS PORTLAND* WHICH CALLS FOR " . . . 2,600 MODERATE AND MIDDLE INCOME RESIDENTIAL UNITS IN THREE YEARS AND A NEED FOR 10,000 LOW AND MODERATE INCOME UNITS OVER THE NEXT TEN YEARS."
10. THIS ANALYSIS ASSUMES THAT 500 RESIDENTIAL UNITS WILL BE CONSTRUCTED ANNUALLY, 70 PERCENT OF WHICH WOULD BE MARKET RATE. IT ALSO ASSUMES THAT MARKET RATE UNITS WOULD COST \$100,000 PER UNIT AND LOW/MODERATE-INCOME UNITS WOULD COST \$80,000 PER UNIT.

THE CENTRAL CITY BUSINESS CLIMATE AFFECTS THE RETENTION AND EXPANSION OF EXISTING BUSINESSES AND THE ATTRACTION OF NEW BUSINESSES.

COMPARED TO SUBURBAN LOCATIONS, FOR MANY BUSINESSES THE CENTRAL CITY BUSINESS CLIMATE IS CHARACTERIZED BY:

- HIGHER BUSINESS TAXES
- HIGHER CONSTRUCTION COSTS DUE TO THE HIGH PRICE OF LAND AND CONSTRUCTING AT HIGHER DENSITIES
- HIGHER COMBINED COST OF OFFICE SPACE AND PARKING

TO MITIGATE THESE IMPEDIMENTS TO JOB RETENTION, GROWTH AND ATTRACTION, THE CENTRAL CITY 2000 TASK FORCE RECOMMENDS:

- EXAMINING CHANGES TO THE CITY/COUNTY BUSINESS LICENSE FEE
- PROVIDING INCENTIVES TO RENOVATE OLDER COMMERCIAL BUILDINGS
- ESTABLISHING AN OPPORTUNITY FUND TO LEVERAGE PRIVATE INVESTMENT IN BUSINESS DEVELOPMENT AND EXPANSION

THE FOLLOWING SUB-SECTIONS DETAIL THESE RECOMMENDATIONS.

SECTION III: BUSINESS CLIMATE

CITY/COUNTY BUSINESS LICENSE FEE

WITHIN PORTLAND, THE CITY AND COUNTY COLLECT A COMBINED 3.65% TAX ON INCOME FROM BUSINESS ACTIVITIES APPORTIONABLE TO THE CITY. FOR SOME BUSINESSES, THIS TAX IS A SUBSTANTIAL ADDITIONAL COST OF DOING

BUSINESS IN THE CITY COMPARED TO COMPETITIVE LOCATIONS¹. *PROSPEROUS PORTLAND*² AND THE CITY'S BUSINESS LICENSE REVIEW COMMITTEE¹ (1990) HAVE IDENTIFIED THIS TAX TO BE A POTENTIAL IMPEDIMENT TO ATTRACTING AND RETAINING CERTAIN BUSINESSES IN THE CITY.

BARRIERS

IN THE CASE OF A SOLE PROPRIETOR, THE BUSINESS OWNER IS NOT PAID A SEPARATE SALARY OR WAGE -- "NET REVENUES" AND "THE OWNER'S COMPENSATION" ARE THE SAME THING. WHEN A BUSINESS INCORPORATES, IT EMPLOYS THE OWNER

AND THE OWNER IS PAID A SALARY. THIS SALARY IS SHOWN AS AN "EXPENSE" WITH REGARDS TO THE CITY AND COUNTY TAXES, AND THEREFORE IS NOT SUBJECT TO THE BUSINESS FEE. THUS, TWO BUSINESSES IDENTICAL IN EVERY RESPECT EXCEPT THAT ONE IS INCORPORATED AND ONE IS NOT WOULD PAY DIFFERENT TAXES TO THE CITY AND COUNTY³.

FEE FORMULA IMPEDES ATTRACTION OF SMALL AND EMERGING BUSINESSES

THE "OWNER'S DEDUCTION" WAS ENACTED TO MITIGATE THIS INEQUITY³. IT ALLOWS SOLE PROPRIETORS AND PARTNERS TO DEDUCT 75% OF THE NET INCOME UP TO A MAXIMUM OF \$50,000 PER OWNER FROM THE AMOUNT THAT THE BUSINESS TAX WOULD OTHERWISE BE PAID ON. THIS "OWNER'S DEDUCTION" IS A SURROGATE FOR THE SALARIES WHICH ARE DEDUCTED FROM GROSS INCOME IN THE CASE OF CORPORATIONS.

THE AMOUNT OF THE DEDUCTION WAS SET IN 1976 AND HAS REMAINED UNCHANGED SINCE. THE OWNER'S COMPENSATION DEDUCTION PROVISION OF THE LICENSE FEE HAS BEEN IDENTIFIED⁴ AS AN IMPEDIMENT TO LOCATING SMALL BUSINESSES IN THE CENTRAL CITY. THIS AFFECTS THE CREATIVE SERVICES, BIO/HEALTH TECHNOLOGY AND TOURISM INDUSTRIES (WHICH ARE PROPOSED TO BE "TARGET INDUSTRIES" IN SECTION IV), WHICH TEND TO BE SMALLER, CLOSELY HELD FIRMS.

THE OWNER'S EXEMPTION ALSO APPLIES TO LIMITED PARTNERSHIPS. IN SUCH CASES, THE GENERAL MANAGERS ACTUALLY CONTROL THE BUSINESS WHILE THE LIMITED PARTNERS ARE "PASSIVE" INVESTORS. THIS CAN RESULT IN LIMITED PARTNERSHIPS HAVING NUMEROUS "OWNERS" WHO DO NOTHING MORE THAN INVEST IN THE BUSINESS MUCH LIKE CORPORATE SHAREHOLDERS. CURRENTLY EACH LIMITED PARTNER IS ALLOWED A COMPENSATION DEDUCTION AS AN OWNER. A SIMILAR RULE IS APPLICABLE TO PERSONS OWNING 5% OR MORE OF CORPORATIONS.

CURRENTLY THE CITY IS COLLECTING ABOUT \$35⁵ MILLION PER YEAR AND THE COUNTY ABOUT \$23 MILLION PER YEAR FROM THEIR RESPECTIVE BUSINESS TAXES. THESE AMOUNTS HAVE ABOUT DOUBLED IN THE PAST FIVE YEARS.

THE LICENSE BUREAU⁶ HAS RECENTLY CONDUCTED AN ANALYSIS OF THE POTENTIAL REVENUE IMPACTS OF RAISING THE OWNER'S COMPENSATION DEDUCTION. THIS ANALYSIS WAS STATIC IN THAT IT DID NOT ADDRESS POTENTIAL INCREASE IN REVENUES THAT WOULD RESULT FROM BUSINESSES ATTRACTED OR RETAINED IN THE CITY/COUNTY BY THE CHANGE.

THE LICENSE BUREAU FOUND THAT RAISING THE DEDUCTION FROM \$50,000 TO \$75,000 RESULTS IN A \$2-\$2.4 MILLION REDUCTION IN CITY REVENUE (\$1.6 MILLION FOR MULTNOMAH COUNTY) AND RAISING THE DEDUCTION TO \$125,000 RESULTS IN A \$4.2-\$4.7 MILLION CITY REVENUE REDUCTION (\$3.0 MILLION FOR MULTNOMAH COUNTY). THE MAGNITUDE OF THE IMPACT IS LARGELY CAUSED BY BUSINESSES WITH LARGE OWNERSHIP GROUPS THAT ARE ALLOWED MULTIPLE OWNER DEDUCTIONS UNDER THE RULES EXPLAINED ABOVE.

IN ADDITION TO THE OWNER'S DEDUCTION, THE METHOD OF APPORTIONMENT IS A KEY ISSUE AFFECTING THE ABILITY TO ATTRACT OR RETAIN CERTAIN TARGET INDUSTRIES. SPECIFICALLY, A SERVICE BUSINESS WHICH LOCATES IN PORTLAND MUST PAY

FEE FORMULA IMPEDES ATTRACTION OF CENTRAL CITY TARGET INDUSTRIES

BUSINESS FEES ON THE BASIS OF ALL OF THE BUSINESS IT DOES INSIDE THE CITY, EVEN IF ITS PROVIDING A SERVICE TO AN ENTITY OUTSIDE OF THE CITY.

FOR EXAMPLE, A PORTLAND ENGINEERING FIRM PROVIDING SERVICES TO A CALIFORNIA COMPANY WOULD NOT PAY A BUSINESS FEE ON REVENUES IT COLLECTS FROM SERVING THE CLIENT FROM ITS CALIFORNIA BRANCH OFFICE. BUT IF THAT SAME ENGINEER PROVIDES THE SAME SERVICE TO THE SAME COMPANY FROM ITS HOME OFFICE IN PORTLAND, THEN THE ASSOCIATED REVENUES WOULD BE SUBJECT TO CITY/COUNTY BUSINESS FEES/TAXES.

THIS ISSUE IS EVEN MORE PRONOUNCED AS IT IMPACTS SERVICE OPERATIONS SUCH AS CREDIT CARD PROCESSING CENTERS⁷. IN SUCH CASES, THE NET REVENUES ASSOCIATED WITH COLLECTION OF CREDIT CHARGES WOULD BE APPORTIONED TO THE LOCATION OF THE PROCESSING CENTER (PORTLAND) IRRESPECTIVE OF WHERE THE CHARGE WAS INCURRED.

A SIMILAR ISSUE AROSE RELATING TO THE MANUFACTURING SECTOR. IN THAT CASE, THE CITY CHOSE NOT INCLUDE REVENUE FROM GOODS SHIPPED OUTSIDE OF PORTLAND IN THE APPORTIONMENT COMPUTATION. THE REASON FOR EXCLUDING SUCH REVENUE WAS TO AVOID PLACING PORTLAND MANUFACTURERS AT A COMPETITIVE DISADVANTAGE. THE WISDOM OF EXEMPTING REVENUES FROM "EXPORTED" MANUFACTURING ACTIVITIES FROM THE BUSINESS FEE MAY BE EQUALLY APPLICABLE TO THE EMERGING SITUATION FOR SERVICE INDUSTRIES.

THE CENTRAL CITY 2000 TASK FORCE
RECOMMENDS THAT THE FOLLOWING ACTIONS
BE TAKEN:

PROPOSED ACTIONS

STUDY CHANGE TO OWNER'S DEDUCTION

THE CITY, IN COOPERATION WITH THE COUNTY, SHOULD UNDERTAKE A TIME CERTAIN STUDY OF THE OWNER'S DEDUCTION PROVISIONS OF THE CITY/ COUNTY BUSINESS LICENSE FEE/INCOME TAX⁸. THE STUDY SHOULD EXAMINE:

- INCREASING THE OWNER'S COMPENSATION DEDUCTION FOR SOLE PROPRIETORSHIPS AND PARTNERSHIPS UP TO A TO-BE-DETERMINED MAXIMUM AMOUNT OF OWNERS. (LIMITED PARTNERS WOULD NOT BE ELIGIBLE FOR THE INCREASED DEDUCTION).
- AN INITIAL INCREASE IN THE MAXIMUM OWNER'S DEDUCTION EQUAL TO THE EXISTING MAXIMUM DEDUCTION, LAST SET IN 1976, INFLATED BY THE CPI INFLATION INDEX. THEREAFTER, THE OWNER'S COMPENSATION DEDUCTION SHOULD BE PERIODICALLY REVIEWED⁹.
- PHASING-IN THE INITIAL INCREASE TO THE OWNER'S COMPENSATION DEDUCTION OVER TIME TO AVOID A SUDDEN SHOCK TO THE CITY AND COUNTY GENERAL FUNDS.

STUDY CHANGE TO APPORTIONMENT FORMULA

THE STUDY SHOULD ALSO EXAMINE MODIFYING THE APPORTIONMENT METHODOLOGY FOR INFORMATION SERVICE INDUSTRY IN A MANNER ANALOGOUS TO THAT EMPLOYED FOR MANUFACTURING BUSINESSES¹⁰. THE OBJECTIVE OF SUCH

MODIFICATIONS SHOULD BE TO REDUCE THE DISADVANTAGE OF LOCATING INFORMATION SERVICE BUSINESSES IN THE CITY.

RENOVATION OF OLDER COMMERCIAL BUILDINGS

THE ABILITY TO ATTRACT JOBS TO THE CENTRAL CITY DEPENDS IN LARGE PART ON ITS AVAILABILITY AND PRICE OF COMMERCIAL SPACE. CLASS A BUILDINGS COMMAND ANNUAL RENTS IN THE \$20 PER SQUARE FOOT

RANGE, TOO STEEP FOR MANY SMALL AND START-UP FIRMS. NEWLY DEVELOPED CLASS A SPACE WOULD BE EVEN FURTHER OUT OF REACH. FORTUNATELY, THE CENTRAL CITY IS ENDOWED WITH AN ABUNDANCE OF OLDER COMMERCIAL BUILDINGS (SO-CALLED CLASS B AND C BUILDINGS) WHICH PROVIDE COMMERCIAL SPACE IN THE \$10 - \$15 PER SQUARE FOOT RANGE, IN LINE WITH THE NEEDS OF SMALL AND EMERGING BUSINESSES.

OPPORTUNITY

**OLDER COMMERCIAL BUILDINGS
OFFER LOW-COST OFFICE SPACE TO
SMALL AND EMERGING BUSINESSES**

ALMOST 40% (OR ABOUT 6 MILLION SQUARE FEET) OF DOWNTOWN OFFICE SPACE IS IN CLASS B AND C BUILDINGS. APP HAS FOUND THAT THESE BUILDINGS ARE AVERAGING OVER 20% VACANCY, WITH SEVERAL SIGNIFICANT BUILDINGS 80% - 100% VACANT¹.

THESE BUILDINGS ARE PRIME OPPORTUNITIES TO HOUSE NEW JOBS REQUIRING LESS EXPENSIVE SPACE, IN PARTICULAR THOSE INDUSTRIES THAT REQUIRE INCUBATOR SPACE. IN TOTAL, CLASS B AND C BUILDINGS CAN ACCOMMODATE ABOUT 27,000 JOBS (ASSUMING DAY SHIFT OPERATIONS ONLY²). GIVEN THE CURRENT VACANCY RATES, THIS WOULD RESULT IN ABOUT 5,500 NET NEW JOBS. HOWEVER, SOME OF THE CURRENT OCCUPANTS OF B AND C BUILDINGS WILL GROW INTO CLASS A SPACE AND THE ACTUAL AMOUNT OF NEW AND EMERGING BUSINESSES THAT WILL USE CLASS B AND C SPACE AT SOME TIME WILL BE CONSIDERABLY HIGHER.

HOWEVER, MANY B&C BUILDINGS WILL HAVE TO UNDERGO SUBSTANTIAL SEISMIC UPGRADING AND OTHER RENOVATIONS TO BE MARKETABLE OVER THE LONG-TERM. IN MANY CASES, THE COST OF RENOVATING B&C BUILDINGS TO MEET CODE AND MARKET REQUIREMENTS EXCEEDS FINANCIAL FEASIBILITY³.

BARRIERS

**REQUIRED RENOVATIONS ARE
FINANCIALLY INFEASIBLE**

THE PORTLAND BUREAU OF BUILDINGS⁴ AND THE STATE SEISMIC TASK FORCE⁵ HAVE FOUND THAT THE TYPICAL SEISMIC RETROFIT COST WOULD BE ABOUT \$30.00 PER SQUARE FOOT FOR COMMERCIAL BUILDINGS. IN ADDITION, THERE ARE (1) OTHER CODE DICTATED

RENOVATION COSTS FOR FIRE/LIFE SAFETY AND AMERICANS WITH DISABILITIES ACT (ADA)

RETROFITS AND (II) MODERNIZATION COSTS, SUCH AS FACADE IMPROVEMENTS, MECHANICAL UPGRADES, PAINTING, ETC, WHICH IN TOTAL COULD ADD \$20.00 PER SQUARE FOOT (OR MORE).

THUS, A TOTAL RENOVATION PROJECT MIGHT ADD \$5.00 - \$6.25 PER SQUARE FOOT PER YEAR TO THE CARRYING COST OF THE BUILDING. THIS AMOUNT EXCEEDS THE NET CASH FLOW OF MANY B&C BUILDINGS⁶.

THE CENTRAL CITY 2000 TASK FORCE RECOMMENDS THAT THE FOLLOWING ACTIONS BE TAKEN:

PROPOSED ACTIONS

ENSURE A SUPPLY OF RENOVATED LOW-COST COMMERCIAL SPACE

THE CITY SHOULD ESTABLISH A PROGRAM TO ENCOURAGE THE RENOVATION OF OLDER COMMERCIAL BUILDINGS TO (I) MITIGATE THE FINANCIAL IMPACT OF INCREASING CODE REQUIREMENTS ON AN AGING BUILDING STOCK AND (II) ENSURE AN ADEQUATE SUPPLY OF

MODERATE-COST OFFICE SPACE IN THE CENTRAL CITY TO HELP RETAIN AND ATTRACT JOBS.

THE PROGRAM SHOULD PROVIDE FOR FINANCIAL INCENTIVES⁷ FOR ELIGIBLE COMMERCIAL BUILDING RENOVATIONS WHEN NECESSARY FOR FINANCIAL FEASIBILITY INCLUDING: STATE TAX CREDITS, PROPERTY TAX ABATEMENT AND, POSSIBLY, LOW INTEREST LOANS. THE STATE TAX CREDIT WOULD BE AUTOMATIC IF CERTAIN CONDITIONS WERE MET. THE PROPERTY TAX ABATEMENT AND POSSIBLE LOW INTEREST LOAN PROGRAMS WOULD BE ADMINISTERED BY THE CITY ON A DISCRETIONARY BASIS. THE CITY COULD CHOSE TO GRANT ONE OR BOTH OF THESE ADDITIONAL INCENTIVES BASED ON CRITERIA THAT IT WOULD ADOPT.

SEEK STATE TAX CREDIT FOR SEISMIC UPGRADES

DURING THE 1997 LEGISLATIVE SESSION, THE CITY, APP AND THE CHAMBER SHOULD SEEK LEGISLATION ALLOWING A STATE INCOME TAX CREDIT FOR SEISMIC RETROFITTING BUILDINGS⁸. IN PREPARING A BILL, THE CITY SHOULD CONSIDER THE FOLLOWING

PROVISIONS:

- THE STATE TAX CREDIT INCENTIVE WOULD BE APPLICABLE TO THE COSTS OF REQUIRED SEISMIC IMPROVEMENTS AND WOULD BE AUTOMATIC SUBJECT TO A SHOWING THAT THE RETROFIT COMPLIED WITH A RETROFIT PLAN APPROVED BY THE BUILDING BUREAU.
- ALL COMMERCIAL BUILDINGS CONSTRUCTED PRIOR TO 1975 WOULD BE ELIGIBLE.
- THE AMOUNT OF THE STATE TAX CREDIT WOULD EQUAL 35% OF THE ACTUAL DIRECT CONSTRUCTION COSTS PAID FOR SEISMIC IMPROVEMENTS.
- THE ABILITY TO RECEIVE THE STATE TAX CREDIT WOULD SUNSET JULY 1, 2007.
- STATE TAX CREDITS COULD BE CARRIED FORWARD FOR A MAXIMUM OF TEN YEARS.

SEEK AUTHORITY TO ABATE PROPERTY TAXES FOR COMMERCIAL RENOVATIONS

THE BILL SOUGHT DURING THE 1997 LEGISLATIVE SESSION SHOULD ALSO AUTHORIZE CITIES TO APPROVE PROPERTY TAX ABATEMENT AS AN INCENTIVE FOR RENOVATING OLDER COMMERCIAL BUILDINGS WITHIN CENTRAL CITIES⁹. IN

PREPARING A BILL, THE CITY SHOULD CONSIDER THE FOLLOWING PROVISIONS:

- THE PROPERTY TAX ABATEMENT PROGRAM WOULD BE DISCRETIONARY, SUBJECT TO APPROVAL ON A CASE-BY-CASE BASIS BY THE CITY.
- THE PROPERTY TAX ABATEMENT INCENTIVE WOULD BE APPLICABLE ONLY TO (I) COMMERCIAL BUILDINGS CONSTRUCTED PRIOR TO 1975 AND (II) LOCATED WITHIN CENTRAL CITY AREAS WHICH (III) UNDERTAKE A SEISMIC REHABILITATION PROGRAM THAT COSTS IN EXCESS OF 20% OF THE BUILDING'S VALUE.
- WHILE ONLY BUILDINGS UNDERTAKING A SEISMIC UPGRADE WOULD BE ELIGIBLE FOR PROPERTY TAX ABATEMENT, THE INCENTIVE WOULD RELATE TO ELIGIBLE (AS DETERMINED BY THE CITY) RENOVATIONS UNDERTAKEN AT THE SAME TIME AS THE SEISMIC UPGRADE INCLUDING FIRE AND SAFETY, DISABILITIES AND "UPDATING" IMPROVEMENTS.
- IF ABATEMENT IS APPROVED, THE ASSESSED VALUE OF THE BUILDING WOULD BE ITS REAL MARKET VALUE REDUCED BY THE ELIGIBLE CONSTRUCTION COSTS OF THE RENOVATION PROGRAM. THIS PROPOSAL USES COSTS TO REFLECT ADDED VALUE BECAUSE FREQUENTLY THERE ARE NO CHANGES IN ASSESSED VALUE RELATING TO SEISMIC IMPROVEMENTS.
- AN APPROVED ABATEMENT WOULD EFFECT THE CITY'S PROPERTY TAX LEVY. IF AGREED TO BY OVERLAPPING TAXING JURISDICTIONS ACCOUNTING FOR AT LEAST 51% OF THE TOTAL TAX LEVY, THE ABATEMENT WOULD RELATE TO THE ENTIRE PROPERTY TAX LEVY.
- THE ABATEMENT WOULD CONTINUE FOR AN AMOUNT OF TIME SET BY THE CITY COUNCIL, UP TO A MAXIMUM OF 10 YEARS. A TWO YEAR ADDITIONAL "BONUS" WOULD BE ALLOWED FOR SPECIAL FEATURES DETERMINED BY THE CITY.
- THE CITY COUNCIL WOULD ADOPT SPECIFIC PROCEDURES AND CRITERIA FOR APPROVING PROPERTY TAX ABATEMENT FOR OLDER BUILDING RENOVATIONS.
- RECIPIENTS OF A TAX ABATEMENT WOULD HAVE TO COVENANT THAT THE SAVINGS ATTRIBUTABLE TO THE TAX ABATEMENT WOULD BE REFLECTED IN THE RENTS.

ASSESS IMPLEMENTATION OPTIONS

THE PDC SHOULD ANALYZE PROCEDURES AND GUIDELINES FOR IMPLEMENTING THE CITY'S RENOVATION INCENTIVE PROGRAM. THE PDC SHOULD RECOMMEND THE EXTENT OF THE PROGRAM AND THE ELIGIBILITY

CRITERIA. THE ANALYSIS SHOULD ADDRESS THE POSSIBLE USE OF A CITY SPONSORED LOAN PROGRAM (TAX INCREMENT FUNDS) IN ADDITION TO OR IN LIEU OF PROPERTY TAX ABATEMENT.

EMPLOYMENT OPPORTUNITY FUND

TO ACHIEVE THE 71,300 NET NEW JOBS BY 2015 ENVISIONED BY THE 2040 PLAN, ABOUT 13 MILLION SQUARE FEET OF NEW OFFICE AND COMMERCIAL SPACE WILL HAVE TO BE BUILT²⁰.

BARRIERS

THE PROBLEMS OF COMMERCIAL DEVELOPMENT IN THE CENTRAL CITY ARE MORE DIFFICULT THAN THOSE ENCOUNTERED IN COMPARABLE SUBURBAN LOCATIONS. DEVELOPMENT PARCELS WILL HAVE TO BE ASSEMBLED FROM QUARTER AND HALF-BLOCK LOTS TO ACCOMMODATE THESE BUILDINGS. COMPOUNDING THIS DIFFICULTY, CENTRAL CITY DEVELOPMENTS ARE SUBJECT TO MORE DIFFICULT AND EXPENSIVE DEVELOPMENT REQUIREMENTS²¹.

MOREOVER, NEW OFFICE DEVELOPMENT MUST COMMAND AROUND \$25 PER SQUARE FEET PER ANNUALLY TO BE FINANCIALLY FEASIBLE. TODAY, CLASS A SPACE LEASES AT \$20 PER SQUARE FEET. WHILE CLASS A RENTS WILL GROW TO THE \$25 PER SQUARE FOOT LEVEL AS THE GROWTH ENVISIONED OCCURS, THERE MAY BE A NEED TO PROVIDE ASSISTANCE, SUCH AS PUBLIC LAND ASSEMBLY OR OTHER PROGRAMS, IN THE NEAR-TERM TO JUMP START THIS GROWTH.

REGARDING EXISTING CLASS A SPACE, OFFICE USERS IN THE CENTRAL CITY PAY ROUGHLY THE SAME RENT AS IN SUBURBAN LOCATIONS. BUT, SUBURBAN BUILDINGS PROVIDE PARKING WHICH IS NOT NORMALLY INCLUDED OR IS MORE LIMITED IN CENTRAL CITY LEASES²². IN ADDITION, SUBURBAN BUSINESSES AVOID THE EXPENSE OF CITY BUSINESS LICENSE FEES.

LAND ASSEMBLY AND OTHER LOCATIONAL COSTS IN CENTRAL CITY MAY NEED TO BE MITIGATED TO ATTRACT TARGET INDUSTRIES

THUS, THE CENTRAL CITY OFFERS A VITAL BUSINESS ENVIRONMENT, BUT AT A PRICE. THE ATTRACTION OF 71,300 CAN ONLY BE ACCOMPLISHED IF THAT EXTRA PRICE IS NOT TOO HIGH. AS A RESULT, IT IS SOMETIMES WORTHWHILE FOR THE CITY TO

MITIGATE THESE ADDED COSTS TO ATTRACT OR RETAIN BUSINESSES THAT OFFER A LARGE AMOUNT OF QUALITY JOBS.

HISTORICALLY, TWO OF THE MOST EFFECTIVE METHODS OF CITY ASSISTANCE HAS BEEN THE ASSEMBLY OF LAND FOR DEVELOPMENT AND THE PROVISION OF RELATED SITE IMPROVEMENTS²³. THE CITY HAS ALSO USED LOANS AND WORKFORCE TRAINING GRANTS AS INCENTIVES. ABSENT THESE TOOLS, THE CITY HAS A VERY LIMITED ABILITY TO CREATE JOB DEVELOPMENT OPPORTUNITIES OR TAKE ADVANTAGE OF SUCH OPPORTUNITIES WHEN THEY ARISE.

THE CENTRAL CITY 2000 TASK FORCE
RECOMMENDS THAT THE FOLLOWING ACTION
BE TAKEN:

PROPOSED ACTIONS

CREATE AN EMPLOYMENT OPPORTUNITY FUND

THE CITY SHOULD ESTABLISH AN
"EMPLOYMENT OPPORTUNITY FUND" TO
LEVERAGE PRIVATE INVESTMENTS WHICH
ATTRACT OR RETAIN CENTRAL CITY "QUALITY
JOBS"²⁴. A "QUALITY JOB" IS ONE PAYING
ABOVE A THRESHOLD HOURLY RATE AND

PROVIDING CERTAIN MEDICAL BENEFITS.

THE *FUND* WOULD BE USED TO CONSUMMATE JOB DEVELOPMENT OPPORTUNITIES WHICH (I) SHOW CLEAR EVIDENCE OF NEED, (II) LEVERAGE A SIGNIFICANT PRIVATE INVESTMENT AND (III) RESULT IN A NOTABLE PUBLIC BENEFIT.

THE *FUND* WOULD FINANCE LAND ASSEMBLY AND RELATED SITE-IMPROVEMENTS WHICH FOSTER THE DEVELOPMENT OF COMMERCIAL SPACE REQUIRED FOR JOB GROWTH AND ATTRACTION. IT COULD ALSO UNDERWRITE LOW-INTEREST OR DEFERRED-PAYMENT LOANS OR JOB TRAINING GRANTS TO NEW OR EXPANDING BUSINESSES.

TO BE ELIGIBLE FOR ASSISTANCE FROM THE *FUND*, AN EMPLOYER WOULD HAVE TO PROVIDE AN AMOUNT OF "QUALITY JOBS" ABOVE A TO-BE-DETERMINED THRESHOLD. BUSINESSES BENEFITING FROM THE *FUND* WOULD BE REQUIRED TO PARTICIPATE IN THE CITY'S WORKFORCE DEVELOPMENT PROGRAM.

SECTION III: ENDNOTES

1. AN ANALYSIS OF BUSINESS FEES IN PORTLAND REGION SUBURBAN LOCATIONS AND IN OTHER WESTERN CITIES IS PROVIDED IN *REPORT OF THE BUSINESS LICENSE REVIEW COMMITTEE*, PRESENTED TO THE PORTLAND CITY COUNCIL, MARCH 1991.
2. *PROSPEROUS PORTLAND: INTEGRATED POLICIES FOR JOBS AND THE ECONOMY*, PREPARED BY THE MAYOR'S BUSINESS ROUNDTABLE, ADOPTED BY CITY COUNCIL ON SEPTEMBER 21, 1994.
3. *OWNER'S COMPENSATION*, BUREAU OF LICENSES, UNDATED
4. THE BUSINESS CLIMATE SURVEY PREPARED FOR AND INCORPORATED IN *PROSPEROUS PORTLAND* FOUND THAT:
 - THE CITY AND COUNTY BUSINESS TAXES ARE PARTICULARLY BURDENSOME TO SMALL BUSINESS OWNERS.
 - THE \$50,000 OWNER'S COMPENSATION DEDUCTION IS ARTIFICIALLY LOW.
 - SMALL BUSINESSES ARE MUCH LESS LIKELY TO HAVE A TAXABLE PRESENCE OUTSIDE OF PORTLAND AND, THEREFORE, ARE MUCH MORE LIKELY TO PAY THE CITY/COUNTY TAX ON 100 PERCENT OF THEIR INCOME THAN LARGE BUSINESSES.
5. ESTIMATE DERIVED FROM CITY OF PORTLAND BUDGET.
6. MEMORANDUM BY TERRI KUPSICK, BUREAU OF LICENSES TO DENNIS NELSON REGARDING "OWNER'S COMPENSATION STUDY" DATED SEPTEMBER 27, 1994.
7. THE CITY OF PORTLAND BUSINESS CLIMATE/DEVELOPMENT COST COMPARISON PREPARED FOR THE BUSINESS ROUNDTABLE (AUGUST 1993) FOUND THAT, FOR EXAMPLE, AN INSURANCE (CUSTOMER SERVICE) LOCATING IN PORTLAND WOULD PAY 60 PERCENT HIGHER TAXES, LICENSES AND FEES THAN IN FIVE COMPETING SUBURBAN LOCATIONS. FOR AN INFORMATION PROCESSING CENTER (CREDIT CARDS), A BUSINESS LOCATING IN PORTLAND WOULD HAVE TO PAY 2-4 TIMES THE AMOUNT OF LOCAL TAXES AND FEES THAN IN THE COMPETING SUBURBAN LOCATIONS.
8. THIS RECOMMENDATION IS CONSISTENT WITH BUSINESS CLIMATE POLICY 2D OF *PROSPEROUS PORTLAND* WHICH STATES "THE CITY'S TAX STRUCTURE SHOULD BE DESIGNED TO SUPPORT THE ATTRACTIONS, RETENTION AND GROWTH OF SMALL BUSINESSES, BASIC INDUSTRY AND THE CITY'S TARGET INDUSTRIES."

SPECIFICALLY, ACTION ITEM 1 STATES "TO SUPPORT SMALL BUSINESSES, THE CITY OF PORTLAND WILL CONSIDER THE FEASIBILITY OF INCREASING THE OWNER'S COMPENSATION DEDUCTION AND RAISING THE GROSS REVENUE EXEMPTION PROVISIONS OF THE PORTLAND BUSINESS LICENSE FEE ..."

IT IS ALSO CONSISTENT WITH BUSINESS DEVELOPMENT POLICY 6 OF *PROSPEROUS PORTLAND* WHICH STATES "THE CITY OF PORTLAND RECOGNIZES THE IMPORTANCE OF SMALL BUSINESSES . . . AND WILL EMPHASIZE EFFORTS THAT SUPPORT AND NURTURE THEIR RETENTION AND GROWTH."

9. THIS RECOMMENDATION IS CONSISTENT WITH ACTION ITEM 3 OF STRATEGY 2D OF *PROSPEROUS PORTLAND* WHICH STATES "THE CITY WILL PERIODICALLY REVIEW THE CITY/COUNTY FEE . . . TO MEASURE ITS IMPACT . . ."
10. THIS RECOMMENDATION IS CONSISTENT WITH ACTION ITEM 2 OF STRATEGY 2D OF *PROSPEROUS PORTLAND* WHICH STATES "THE CITY WILL CONTINUE ITS COMMITMENT TO . . . FIRMS THAT SELL THEIR . . . SERVICES OUTSIDE OF THE CITY . . . BY CONTINUING TO EXCLUDE INCOME DERIVED FROM THE SALES OF . . . SERVICES OUTSIDE THE CITY . . ."
11. *DOWNTOWN/OLD TOWN DISTRICT PRIORITY PROJECTS*, ASSOCIATION FOR PORTLAND PROGRESS, DECEMBER 1995.
12. THIS ASSUMES ONE JOB PER 220 SQUARE FEET OF COMMERCIAL SPACE.
13. *DOWNTOWN/OLD TOWN PRIORITY PROJECTS*, ASSOCIATION FOR PORTLAND PROGRESS, DECEMBER 1995.
14. *INTERIM REPORT OF THE TASK FORCE ON SEISMIC STRENGTHENING OF EXISTING BUILDINGS*, PORTLAND BUREAU OF BUILDINGS, MARCH 1995
15. *REPORT OF THE SEISMIC REHABILITATION TASK FORCE CREATED BY SENATE BILL 1057*, APRIL 1996.
16. *FINDINGS AND RECOMMENDATIONS OF THE INFRASTRUCTURE AND FINANCE COMMITTEE*, CENTRAL CITY 2000 TASK FORCE, JANUARY 1996.
17. THIS RECOMMENDATION IS CONSISTENT WITH CENTRAL CITY STRATEGY A IN *PROSPEROUS PORTLAND* WHICH STATES "THE CITY WILL PURSUE PUBLIC FUNDING MECHANISMS . . . FOR PUBLIC-PRIVATE PARTNERSHIPS TO ACHIEVE EMPLOYMENT . . . OBJECTIVES IN THE CENTRAL CITY."
18. THIS RECOMMENDATION IS CONSISTENT WITH, BUT NOT IDENTICAL TO, THAT PROPOSED BY THE BUREAU OF BUILDINGS IN 1995 AND ACCEPTED AS PART OF THE CITY OF PORTLAND'S LEGISLATIVE AGENDA IN 1995. THE PROPOSED CENTRAL CITY 2000 RECOMMENDATION RESPONDS TO ISSUES RAISED REGARDING THE 1995 RECOMMENDATION.

THE 1996 STATE SEISMIC TASK FORCE'S RECOMMENDATION ON STATE TAX CREDITS IS IDENTICAL TO THAT PROPOSED HEREIN.

19. A PROPERTY TAX ABATEMENT PROVISION FOR CERTAIN SEISMIC RETROFITS WAS INCLUDED IN THE CITY'S 1995 LEGISLATIVE AGENDA. THIS RECOMMENDATION BUILDS ON THE CITY'S 1995 POSITION BY ADDRESSING OTHER RENOVATIONS UNDERTAKEN DURING A SEISMIC UPGRADE. WHILE THE 1995 RECOMMENDATION FOCUSED SOLELY ON SEISMIC ISSUES, THE MISSION OF THE CENTRAL CITY TASK FORCE IS BROADER -- IT ADDRESSES THE NEED FOR MODERNIZED, AFFORDABLE COMMERCIAL SPACE FOR BUSINESS GROWTH.

THE 1996 STATE SEISMIC TASK FORCE'S RECOMMENDATION REGARDING PROPERTY TAX ABATEMENT IS IDENTICAL TO THAT PROPOSED HEREIN.

20. AS EXPLAINED EARLIER, 5,500 OF THE 71,300 NET NEW JOBS WOULD LOCATE IN CURRENTLY VACANT CLASS B AND C SPACE. THIS ESTIMATE ASSUMES THAT 90 PERCENT OF THE REMAINING 65,800 JOBS WOULD BE IN THE CENTRAL CITY DURING THE DAY AND WOULD REQUIRE 220 SQUARE FEET OF COMMERCIAL SPACE ON AVERAGE.
21. THE *SUMMARY OF BUSINESS CLIMATE SURVEY* PREPARED FOR AND INTEGRATED IN *PROSPEROUS PORTLAND* FOUND THAT WHILE THE COST OF THE PERMITS THEMSELVES IN PORTLAND ARE COMPETITIVE WITH SURROUNDING JURISDICTIONS, THE PROCESS IS LONG AND COMPLICATED AND ADDS SUBSTANTIALLY TO THE DEVELOPER'S SOFT COSTS AND CONSTRUCTION TIMELINES.
22. THE *BUSINESS SURVEY FROM THE CLEAN AND SAFE DISTRICT*, APP, DECEMBER 1994 FOUND THAT 16 PERCENT OF THE RESPONDENTS WERE CONSIDERING MOVING OUT OF DOWNTOWN AND THE MAJOR REASONS GIVEN RELATED TO THE COSTS OF BEING DOWNTOWN.
23. *DOWNTOWN/OLD TOWN DISTRICT PRIORITY PROJECTS*, APP, DECEMBER 1995.
24. THIS RECOMMENDATION IS CONSISTENT WITH STRATEGY 4G OF *PROSPEROUS PORTLAND* WHICH STATES "THE CITY WILL DEVELOP INCENTIVES TO SUPPORT THE LOCATION AND RETENTION OF COMPANIES IN TARGETED DEVELOPMENT AREAS . . . AND TO ENCOURAGE DEVELOPMENT OF TARGET INDUSTRIES . . ."

IT IS ALSO CONSISTENT WITH CENTRAL CITY STRATEGY H IN *PROSPEROUS PORTLAND* WHICH STATES "THE CITY WILL MAINTAIN . . . FINANCIAL SUPPORT FOR REDEVELOPMENT OF KEY OPPORTUNITY SITES IN THE CENTRAL CITY . . .", AND

CENTRAL EASTSIDE STRATEGY B WHICH STATES "THE CITY WILL CONTINUE TO ASSEMBLE LARGE SITES OR PROVIDE INFRASTRUCTURE FOR THE EXPANSION OF EXISTING AREA BUSINESSES."

THE REGION 2040 PLAN ENVISIONS 71,300 NET NEW JOBS. THIS CANNOT BE ACHIEVED WITHOUT THE RETENTION AND EXPANSION OF EXISTING BUSINESSES. MANY OF THE RECOMMENDATIONS IN THE OTHER SECTIONS OF THIS REPORT CAN ASSIST IN ACHIEVING THIS OBJECTIVE.

THE ATTRACTION OF NEW BUSINESSES IS ALSO REQUIRED. BUT RESOURCES ARE LIMITED AND THE CITY MUST FOCUS ITS ATTRACTION EFFORTS ON "TARGET INDUSTRIES^{1,2}" WHICH:

- HAVE THE ABILITY TO CONTRIBUTE TO THE CITY'S WORKFORCE AND ECONOMIC GOALS
- HAVE HIGH POTENTIAL TO GROW QUALITY JOBS, AND
- FOR WHICH THE CENTRAL CITY HAS A SPECIAL APPEAL COMPARED TO COMPETITIVE LOCATIONS.

BASED ON THESE CRITERIA, THE TASK FORCE RECOMMENDS THAT THE CITY FOCUS ITS CENTRAL CITY JOB ATTRACTION EFFORTS ON THE FOLLOWING TARGET INDUSTRIES:

- CREATIVE SERVICES
- BIO-TECH/HEALTH SERVICES
- INFORMATION SERVICES
- TOURISM
- DESTINATION RETAIL

THE FOLLOWING SUB-SECTIONS RECOMMEND AN ACTION PLAN FOR EACH OF THESE INDUSTRIES.

SECTION IV: TARGET INDUSTRIES

CREATIVE SERVICES

*CREATIVE SERVICES*³ INCLUDE SOFTWARE DEVELOPMENT, MULTI-MEDIA, FILM AND VIDEO, GRAPHIC ARTS AND ADVERTISING SERVICES. PORTLAND HAS EMERGED AS IMPORTANT *ADVERTISING/PUBLIC RELATIONS*

CENTER. A CRITICAL MASS OF ADVERTISING TALENT AND ACTIVITY NOW EXISTS WHICH, IF PROPERLY CULTIVATED, CAN ATTRACT ADDITIONAL ADVERTISING BUSINESSES AND RELATED SUPPORT SERVICES TO THE CENTRAL CITY.

OPPORTUNITY

THE DIMENSIONS OF WHAT CONSTITUTES *MULTI-MEDIA* ARE GROWING. ONE ASPECT RELATES TO THE PRODUCTION OF CD-ROMS AND SIMILAR PRODUCTS. BY THE END OF 1995, ABOUT 16 MILLION PEOPLE HAD COMPUTERS CAPABLE OF PLAYING CD-ROMS. THAT NUMBER IS EXPANDING AT DOUBLE DIGIT RATES, AS ARE THE NUMBER OF PEOPLE EMPLOYED IN THE DEVELOPMENT OF CD-ROM. INDUSTRY-WIDE SALES OF CD-ROM TITLES ARE PROJECTED TO INCREASE BY 40% PER YEAR. *MULTI-MEDIA* ALSO INCLUDES DEVELOPING INTERACTIVE WEB SITES WHICH MANY COMPANIES ARE NOW USING FOR EXTERNAL ADVERTISING AND INTERNAL COMMUNICATIONS.

SOFTWARE DEVELOPMENT IS NOT A TRADITIONAL DOWNTOWN-ORIENTED BUSINESS. HOWEVER, WHILE MANY TRADITIONAL CENTRAL CITY EMPLOYERS ARE DOWN-SIZING OR NOT INCREASING JOBS, SOME CITIES, NOTABLY SEATTLE AND NEW YORK CITY, HAVE BEEN ENORMOUSLY SUCCESSFUL IN GROWING SOFTWARE AND MULTI-MEDIA BUSINESSES IN THEIR CORE AREAS⁴.

CREATIVE SERVICES BUILDS ON REGION'S STRONG ADVERTISING AND HIGH-TECH BASE

DOWNTOWN PORTLAND'S STRONG ADVERTISING INDUSTRY CREATES A BASE TO BUILD UPON. DOWNTOWN'S PROXIMITY TO THE HIGH TECH BUSINESSES IN WASHINGTON AND EAST

MULTNOMAH COUNTIES IS A PLUS. THE PHYSICAL ENVIRONMENT AND VITALITY OF DOWNTOWN IS PARTICULARLY ALLURING TO PERSONS INVOLVED IN CREATIVE SERVICES FIELDS. THE AVAILABILITY OF RELATIVELY INEXPENSIVE CLASS B AND C OFFICE SPACES CAN, IF RENOVATED, HOUSE EMERGING CREATIVE SERVICE FIRMS.

WHILE PORTLAND ENJOYS MANY NATURAL FAVORABLE ATTRIBUTES AND A STRONG ADVERTISING BASE, IT WILL NEED TO UNDERTAKE AN AGGRESSIVE STRATEGY IF IT WISHES TO CULTIVATE A SIZABLE SOFTWARE

AND MULTI-MEDIA INDUSTRY DOWNTOWN. CRITICAL TO THAT STRATEGY WOULD BE TO ESTABLISH DESIRABLE SPACE, WITH THE SUPPORT SERVICES AND INFRASTRUCTURE NEEDED BY SUCH BUSINESSES.

BARRIERS

THE CENTRAL CITY 2000 TASK FORCE
RECOMMENDS THAT THE FOLLOWING ACTIONS
BE TAKEN:

PROPOSED ACTIONS

FORM INDUSTRY COMMITTEE

A CREATIVE SERVICES INDUSTRY COMMITTEE SHOULD BE ESTABLISHED TO IDENTIFY (I) SPECIFIC PHYSICAL, TECHNICAL AND SUPPORT SERVICE NEEDS OF THE INDUSTRY AND (II) COLLABORATIVE PROJECTS. THIS COMMITTEE

WILL ALSO ADDRESS THE EXISTING LEGAL, VENTURE CAPITAL AND WORKFORCE TRAINING CAPABILITIES IN THE CITY TO DETERMINE WHAT NEEDS TO BE DONE TO SUPPORT THE GROWTH OF CREATIVE SERVICE BUSINESSES.

THE CREATIVE SERVICES INDUSTRY COMMITTEE WOULD ALSO BE CHARGED WITH SEEKING PRIVATE INDUSTRY AND FOUNDATION FUNDS TO SUPPLEMENT PUBLIC FUNDING FOR THE FEASIBILITY STUDY AND THE CONSTRUCTION AND IMPLEMENTATION OF THE FACILITY, IF PURSUED.

FOSTER THE DEVELOPMENT OF A CREATIVE SERVICES CENTER

PDC, WITH THE PRIVATE SECTOR ASSISTANCE, SHOULD EXAMINE THE POSSIBILITY OF DEVELOPING A FACILITY TO PROVIDE A GEOGRAPHIC FOCUS AND ADEQUATE SUPPORT CAPABILITY TO ATTRACT CREATIVE SERVICE BUSINESSES TO THE CENTRAL CITY⁵.

THE CENTER WOULD HOUSE ANCHOR CREATIVE SERVICE TENANTS AND INCUBATING BUSINESSES. THE FACILITY WOULD POTENTIALLY BE A RENOVATED OLDER COMMERCIAL BUILDING WHICH INCLUDES CUTTING EDGE TELECOMMUNICATIONS AND ELECTRONICS, AN UNINTERRUPTED POWER SUPPLY AND SHARED SUPPORT SERVICES AND EQUIPMENT.

PDC SHOULD UNDERTAKE A TWO-YEAR FEASIBILITY STUDY AND PROJECT DEVELOPMENT PROCESS FOR THE CREATIVE SERVICES CENTER AS FOLLOWS:

- IDENTIFY UNMET INDUSTRY NEEDS, FACILITY OPTIONS, FACILITY COSTS AND THE AMOUNTS AND SOURCES OF PRIVATE AND PUBLIC FINANCING FOR THE CENTER.

FUNDING SOURCE FOR PRE-DEVELOPMENT ACTIVITIES	TOTAL (MILLIONS)
TAX INCREMENT	\$ 0.20 ¹

[1] NEXT PHASE WOULD BE FUNDED ON A PUBLIC-PRIVATE BASIS RECOMMENDED BY THE CREATIVE SERVICES INDUSTRY COMMITTEE.

- DETERMINE THE INTEREST AND POTENTIAL INVOLVEMENT OF LOCAL HIGH-TECH AND CREATIVE SERVICE FIRMS IN THE DEVELOPMENT OF A CREATIVE SERVICES FACILITY AND THE ATTRACTION OF SOFTWARE AND MULTI-MEDIA BUSINESSES.
- SECURE APPROVAL OF THE SPECIFIC DEVELOPMENT PROGRAM AND BUILDING SPECIFICATIONS.
- SECURE PRELIMINARY FINANCIAL COMMITMENTS.
- PREPARE A REQUEST FOR PROPOSAL WHICH SEEKS A PRIVATELY DEVELOPED AND OPERATED CREATIVE SERVICES CENTER. THE RFP WOULD SPECIFY THE AMOUNT AND TYPES OF PUBLIC FINANCIAL ASSISTANCE THAT WOULD BE AVAILABLE FOR THE PROJECT.
- CIRCULATE THE RFP AND SELECT BUILDING DEVELOPER/LOCATION EMPLOYING A PUBLIC-PRIVATE SELECTION COMMITTEE.
- NEGOTIATE A DEVELOPMENT AGREEMENT WITH THE SELECTED DEVELOPER WHICH LEGALLY SPECIFIES THE RESPONSIBILITIES OF THE CITY AND THE DEVELOPER.

TRAIN WORKFORCE FOR CREATIVE SERVICE JOBS

PDC SHOULD WORK WITH PCC AND PSU TO EVALUATE THE NEED FOR AND ELEMENTS OF A TECHNICIAN TRAINING PROGRAM AND RELATED R&D WHICH COULD OCCUR IN SUPPORT OF CREATIVE SERVICE INDUSTRY NEEDS⁶.

BIO-TECH/HEALTH SERVICES

HEALTH SERVICES HAS BEEN ONE OF THE FASTEST GROWING SECTORS IN THE U.S. ECONOMY OVER THE PAST FIVE YEARS. WITH THE AGING OF THE BABY-BOOMERS, IT IS PROJECTED TO GROW AT AN EVEN FASTER RATE OVER THE NEXT TWENTY YEARS.

OPPORTUNITY

COMPOUND ANNUAL GROWTH RATES METRO REGIONAL FORECASTS (1996)		
	1990-1994	1994-2015
TOTAL REGIONAL EMPLOYMENT	2.1%	2.0%
REGIONAL EMPLOYMENT IN HEALTH SERVICES	2.0%	2.8%

OVER THE PAST FIVE YEARS IN THE PORTLAND REGION, HEALTH SERVICES HAS BEEN AN AVERAGE GROWTH SECTOR, GROWING MUCH SLOWER THAN THE NATIONAL RATE. HOWEVER, METRO'S TWENTY YEAR FORECAST PROJECTS A 40 PERCENT GREATER ANNUAL GROWTH RATE FOR HEALTH SERVICES THAN REGIONAL EMPLOYMENT AS A WHOLE.

OREGON HEALTH SCIENCE UNIVERSITY (OHSU) HAS DEVELOPED TO THE POINT WHERE IT CAN SERVE AS A "MAGNET" TO ATTRACT A SIGNIFICANT CONCENTRATION OF BIO-TECH/HEALTH SERVICE BUSINESSES.

HOWEVER, COMMERCIAL SPACE ADJACENT TO OHSU CAMPUS FACILITIES WHICH COULD BE USED FOR BUSINESSES WHICH DESIRE PROXIMITY TO OHSU IS NOT AVAILABLE. AS A RESULT, THE JOB CREATION OPPORTUNITY PRESENTED BY OHSU IS NOT BEING FULLY REALIZED.

CAPITALIZE ON OHSU'S RISE AS A MAJOR RESEARCH CENTER

THE PRESENCE OF OHSU'S RESEARCH CAPABILITY IS A MAJOR ASSET WHICH CAN HELP FOSTER THE DEVELOPMENT OF A RELATED TECH CENTER. THE CREATION OF A TECH CENTER CAN ASSIST IN (I) BETTER CAPITALIZING ON THE JOB CREATION

OPPORTUNITY PRESENTED BY OHSU AND (II) RECRUITING A MAJOR PHARMACEUTICAL COMPANY.

A "TECH CENTER" CAN TAKE MANY FORMS DEPENDING ON THE PARTICULAR NEEDS OF THE PARTICIPANTS. FOR PURPOSES OF THIS REPORT, A TECH CENTER CAN BE GENERICALLY DEFINED AS A FACILITY OR GROUP OF FACILITIES THAT CONSIST OF A COMBINATION OF OFFICE, LABORATORY SPACE AND RESEARCH SPACE.

TECH CENTERS ARE NORMALLY DEVELOPED AS SOME TYPE OF JOINT VENTURE BETWEEN A CORPORATE SPONSOR AND A UNIVERSITY RESEARCH GROUP AND INCLUDES INCUBATOR SPACE FOR START-UP COMPANIES. THOUGH THE TENANT MARKET FOR A TECH CENTER MAY BE QUITE DIVERSE, BIOMEDICAL/BIOTECHNOLOGY BASED ORGANIZATIONS WOULD BE THE MOST LIKELY ANCHOR FOR A CENTRAL CITY TECH CENTER.

"SCIENCE" TECH CENTERS ARE ENJOYING SIGNIFICANT GROWTH; OVER 300 NOW EXIST WITH 85% BEING ESTABLISHED SINCE 1980. BETWEEN 2-5 PER YEAR ARE STARTED. THEIR MARKET HAS BEEN THE RAPIDLY GROWING NUMBER OF R&D COMPANIES.

WHILE A SUBSTANTIAL NUMBER OF R&D FIRMS LOCATE IN SUBURBAN CAMPUS-STYLE FACILITIES, THE IMPORTANCE OF BEING CLOSE TO UNIVERSITY RESEARCH CENTERS IS ALSO GROWING. 65% OF TECH CENTER TENANTS WERE PRIMARILY ATTRACTED TO THEIR TECH CENTER BECAUSE OF UNIVERSITY RELATIONSHIPS. IN ADDITION, THERE ARE COMPANIES WHICH PREFER URBAN SETTINGS OR PRIORITIZE CLOSE PROXIMITY TO THE UNIVERSITY RESEARCH CENTER OVER THE SUBURBAN CAMPUS-STYLE SETTING AND A NUMBER OF LOCATIONS WITHIN THE CENTRAL CITY THAT WOULD ALLOW FOR A SMALL CAMPUS-STYLE SETTING.

PORTLAND'S OPPORTUNITY TO BE COMPETITIVE FOR ADVANCED TECHNOLOGY COMPANIES OR INSTITUTIONS IS HINDERED BY THE ABSENCE OF AN ANCHOR PHARMACEUTICAL OR BIO-TECH COMPANY.

BARRIERS

SUCH COMPANIES PROVIDE PERSONNEL AND CAPITAL RESOURCES WHICH SERVE AS A MAGNET FOR SMALLER BIO-TECH/HEALTH SERVICES COMPANIES. AN ANCHOR PHARMACEUTICAL OR BIO-TECH COMPANY LOCATING IN THE CENTRAL CITY WOULD DRAW ADDITIONAL BIO-TECH FIRMS TO THE CITY, JUST AS THE PRESENCE OF TEKTRONIX AND INTEL IN WASHINGTON COUNTY ATTRACTED MANY OTHER HIGH-TECH COMPANIES TO THE COUNTY.

PORTLAND'S OPPORTUNITY TO BE COMPETITIVE FOR BIO-TECH/HEALTH TECHNOLOGY SERVICES IS ALSO HINDERED BY THE LACK OF A TECHNOLOGY CENTER IN PROXIMITY TO OHSU. A TECH CENTER WOULD HELP ATTRACT COMPANIES AND INSTITUTIONS DESIRING CLOSE PROXIMITY TO WORLD-CLASS BIOMEDICAL RESEARCH CAPABILITIES AT OHSU AND OTHER MEDICAL RESOURCES IN PORTLAND.

THE CENTRAL CITY 2000 TASK FORCE RECOMMENDS THAT THE FOLLOWING ACTIONS BE TAKEN:

PROPOSED ACTIONS

FORM INDUSTRY COMMITTEE

THE CITY SHOULD FORM A BIO-TECH/HEALTH SERVICES INDUSTRY COMMITTEE CONSISTING OF PDC, OHSU, PSU, BIO-TECH INDUSTRY REPRESENTATIVES AND HEALTH SERVICES PROVIDERS TO

IDENTIFY SPECIFIC PHYSICAL, TECHNICAL AND SUPPORT SERVICE NEEDS OF THE INDUSTRY.

THE BIO-TECH/HEALTH SERVICES INDUSTRY COMMITTEE SHOULD BE CHARGED WITH SEEKING PRIVATE INDUSTRY, GOVERNMENTAL GRANT AND FOUNDATION FUNDS TO SUPPLEMENT PUBLIC FUNDS FOR THE RECRUITMENT EFFORT AND PRE-DEVELOPMENT STUDIES.

RECRUIT AN ANCHOR BIO-TECH OR PHARMACEUTICAL COMPANY

PHARMACEUTICAL/BIO-TECHNOLOGY FIRMS⁷.

THE PDC SHOULD ACT AS THE LEAD ORGANIZATION AND THE COLLABORATION OF PSU AND THE OREGON BIOTECHNOLOGY ASSOCIATION SHOULD BE SOUGHT. THOUGH IT MAY BE POSSIBLE TO ATTRACT A DESIRED COMPANY SOONER, A THREE YEAR EFFORT IS PROPOSED FOR PDC'S LEAD RECRUITMENT ACTIVITIES⁵.

A CONCERTED EFFORT TO RECRUIT A PHARMACEUTICAL OR MAJOR RESEARCH ORGANIZATION SHOULD BE UNDERTAKEN BY PDC IN PARTNERSHIP WITH OHSU. THIS EFFORT SHOULD INITIALLY FOCUS ON NATIONAL AND INTERNATIONAL

FUNDING SOURCE FOR RECRUITMENT ACTIVITIES	TOTAL (MILLIONS)
TAX INCREMENT	\$ 0.21

FOSTER THE DEVELOPMENT OF A CENTRAL CITY BIO-TECH CENTER

TECH CENTER OPTIONS THAT COULD BE AVAILABLE IF THEY LOCATED IN PORTLAND. THE PRE-DEVELOPMENT ACTIVITIES WOULD EXAMINE THESE OPTIONS. IN PARTICULAR, IT WOULD FOCUS ON: (I) IDENTIFYING FUNCTIONAL AND STRUCTURAL OPTIONS FOR BIO-TECH CENTERS IN CENTRAL CITY LOCATIONS (II) IDENTIFYING OHSU FUNCTIONS WHICH CAN SERVE AS AN ANCHOR FOR THE CENTER AND (III) FUNDING NEEDS AND SOURCES.

PRE-DEVELOPMENT ACTIVITIES IN SUPPORT OF A CENTRAL CITY BIO-TECH CENTER SHOULD BE UNDERTAKEN AS A PARALLEL EFFORT TO THE RECRUITMENT PROCESS. CANDIDATE PHARMACEUTICAL/BIO-TECHNOLOGY COMPANIES WILL NEED TO KNOW THE BIO-

DEVELOPMENT ACTIVITIES WILL BE UNDERTAKEN CONCURRENT WITH THE RECRUITMENT OF AN ANCHOR PHARMACEUTICAL/BIO-TECHNOLOGY COMPANY. IT IS POSSIBLE THAT THE PHARMACEUTICAL/BIO-TECHNOLOGY COMPANY BEING RECRUITED WOULD BE THE CORPORATE SPONSOR FOR THE BIO-TECH CENTER. IN THAT CASE, THE BIO-TECH CENTER MAY HAVE TO BE SPECIFICALLY DESIGNED AND LOCATED TO MEET THAT COMPANY'S PARTICULAR NEEDS.

THE PDC SHOULD ACT AS THE LEAD ORGANIZATION RESPONSIBLE FOR PRE-DEVELOPMENT ACTIVITIES IN PARTNERSHIP WITH OHSU AND COLLABORATION WITH PSU AND THE OREGON BIOTECHNOLOGY ASSOCIATION. A TWO YEAR PRE-DEVELOPMENT EFFORT IS PROPOSED FOR PDC'S LEAD IN THE PRE-DEVELOPMENT ACTIVITIES⁵.

FUNDING SOURCE FOR PRE-DEVELOPMENT EFFORT	TOTAL (MILLIONS)
TAX INCREMENT	\$ 0.20 ¹

- (1) NEXT PHASE FUNDED ON A PUBLIC-PRIVATE BASIS RECOMMENDED BY THE BIO-TECH/HEALTH SERVICES INDUSTRY COMMITTEE

INFORMATION SERVICES

INFORMATION SERVICES ARE THOSE FUNCTIONS INVOLVING THE COLLECTION, PROCESSING AND DISSEMINATION OF INFORMATION⁸. **INFORMATION SERVICES** INCLUDES BUSINESSES SPECIFICALLY FORMED TO PROVIDE THESE

SERVICES FOR OTHER COMPANIES. IT ALSO ENCOMPASSES THE TELECOMMUNICATIONS AND COMPUTER FUNCTIONS WITHIN TRADITIONAL BUSINESS SECTORS WHETHER THEY OCCUR AS A DISCRETE FUNCTION AT A REMOTE LOCATION OR AS AN INTEGRATED ACTIVITY WITHIN A FIRM.

OPPORTUNITY

THE BUSINESS SECTORS MOST ACTIVELY ENGAGED IN INFORMATION SERVICES INCLUDE:

- FINANCE
- INSURANCE
- BUSINESS SERVICES (INCLUDING SOFTWARE SUPPORT, TRAVEL AND CREDIT REPORTING)
- LEGAL SERVICES

GROWTH IN INFORMATION SERVICES, MEASURED BY GROWTH IN THE FINANCE, INSURANCE AND REAL ESTATE (FIRE) AND BUSINESS AND PROFESSION SERVICES SECTORS, HAS BEEN HIGH IN RECENT YEARS. WHILE THE FUTURE GROWTH IN FIRE IS PROJECTED TO BE SLIGHTLY LOWER THAN THE REGIONAL AVERAGE, THE CENTRAL CITY IS A STRONG ATTRACTOR OF THESE JOBS. TODAY THE FIRE SECTOR IS THE SECOND LARGEST SECTOR IN THE CENTRAL CITY (MAKING UP ABOUT 19 PERCENT OF CENTRAL CITY JOBS).

INFORMATION SERVICES RELATED INDUSTRY DEVELOPMENT				
	1988-93 AAGR JOBS	1988-93 AAGR NO.FIRMS	1988-93 GROWTH IN REAL WAGE	1994-2015 AAGR JOBS
FIRE	2.5%	4.2%	+ 1.5%	1.8%
BUSINESS AND PROFESSIONAL SERVICES	5.0%	4.8%	+ 0.2%	NA
ALL COVERED EMPLOYMENT	2.5%	4.6%	- 1.5%	2.1%

AAGR: AVERAGE ANNUAL GROWTH RATE

THE AVERAGE WAGE IN THE BUSINESS SERVICES SECTOR IS ABOUT AVERAGE WHILE WAGES IN THE FIRE SECTOR ARE ABOVE AVERAGE. THE CURRENT WAGE GROWTH TREND IN BOTH SECTORS HAS BEEN MUCH BETTER THAN THE REGIONAL AVERAGE.

THE INFORMATION SERVICE INDUSTRY PROVIDES ENTRY LEVEL EMPLOYMENT OPPORTUNITIES WITH THE POTENTIAL FOR ADVANCEMENT. SOME COMMON OCCUPATIONS INCLUDE DATA ENTRY, ADMINISTRATIVE ASSISTANT, CLAIMS PROCESSOR, DOCUMENT PREPARATION AND BILLING PROCESSOR/CLERK. ENTRY LEVEL POSITIONS TYPICALLY PAY \$7.00 TO \$11.00 PER HOUR. DEMAND FOR INFORMATION SERVICE POSITIONS IS GROWING AT 10 TO 15 PERCENT PER YEAR, AND QUALIFIED WORKERS ARE NOT CURRENTLY AVAILABLE TO MEET INDUSTRY NEEDS.

BECAUSE INFORMATION SERVICE ACTIVITIES TEND TO BE LABOR INTENSIVE, SPACE REQUIREMENTS ARE OFTEN LARGE. WITHIN THE CENTRAL CITY, INFORMATION SERVICE FIRMS/DIVISIONS TEND TO BE SMALLER AND

TEND TO LOCATE IN CLASS A SPACE BECAUSE OF THE LACK OF AVAILABILITY OF ADEQUATELY RENOVATED CLASS B & C SPACE. LARGER INFORMATION SERVICE FIRMS/DIVISIONS FIND THAT LEASE RATES AND LAND COSTS FAVOR NON-CENTRAL CITY LOCATIONS.

BARRIERS

MOREOVER, IN ORDER TO MAXIMIZE OPERATING EFFICIENCIES, FIRMS WITH MAJOR INFORMATION PROCESSING OPERATIONS FAVOR SINGLE-FLOOR CONFIGURATIONS IN LARGE FOOTPRINT BUILDINGS. THESE PROCESSING OPERATIONS PREFER BUILDINGS WITH A MINIMUM SINGLE FLOOR AREA OF 80,000 SQUARE FEET. COMMONLY, CENTRAL CITY OFFICE BUILDINGS OFFER MAXIMUM SINGLE FLOOR SIZES NO GREATER THAN 20,000 SQUARE FEET.

MANY INFORMATION SERVICE FIRMS OPERATE 24 HOUR A DAY, 7 DAY A WEEK FACILITIES, CREATING UNIQUE TRANSPORTATION ISSUES RELATED TO EMPLOYEE SECURITY AND CONVENIENCE. TRANSIT SERVICE CAN SATISFY EMPLOYEE TRANSPORTATION NEEDS DURING DAY SHIFTS IN THE CENTRAL CITY, BUT DOES NOT SUFFICIENTLY ADDRESS NIGHT SHIFT CONCERNS. AT THE SAME TIME, TRAFFIC CONGESTION AND FACILITY LOCATIONS OFF MAJOR TRANSIT ROUTES IN NON-CENTRAL CITY LOCATIONS PRESENTS A DIFFERENT SET OF EMPLOYEE COMMUTER PROBLEMS.

A KEY ISSUE AFFECTING THE ABILITY TO ATTRACT OR RETAIN CERTAIN INFORMATION SERVICE BUSINESSES IS THE "APPORTIONMENT" METHOD BY WHICH THE CITY/COUNTY COMPUTES THEIR FEES/TAXES. SPECIFICALLY, A SERVICE BUSINESS WHICH LOCATES IN PORTLAND MUST PAY BUSINESS FEES/TAXES ON THE BASIS OF ALL OF THE BUSINESS IT DOES INSIDE THE CITY, EVEN IF IT IS PROVIDING A SERVICE TO AN ENTITY OUTSIDE OF THE CITY.

THIS ISSUE IS EVEN MORE PRONOUNCED FOR SERVICE OPERATIONS SUCH AS CREDIT CARD PROCESSING CENTERS. FOR SUCH OPERATIONS, ALL NET REVENUES (IRRESPECTIVE OF THE LOCATION OF THE ACTUAL TRANSACTION) DERIVED FROM CREDIT CARD COLLECTIONS WOULD BE SUBJECT TO CITY/COUNTY FEES/TAXES. THIS IS A MAJOR IMPEDIMENT TO ATTRACTING SUCH BUSINESSES TO THE CITY.

THE CENTRAL CITY 2000 TASK FORCE RECOMMENDS THAT THE FOLLOWING ACTIONS⁵ BE TAKEN:

PROPOSED ACTIONS

DEVELOP SKILLED WORKFORCE IN INFORMATION SERVICES

PDC, WORKING WITH THE PRIVATE INDUSTRY COUNCIL (PIC), REGIONAL WORKFORCE QUALITY COMMITTEE, PCC AND PSU, SHOULD SECURE FUNDING FOR WORKFORCE TRAINING PROGRAMS NEEDED TO DEVELOP A SKILLED WORKFORCE FOR INFORMATION

SERVICES⁶. SPECIFICALLY, PDC SHOULD:

- CONDUCT A BASIC SKILLS AND TECHNICAL SKILLS TRAINING ASSESSMENT.
- WORK WITH PCC TO DEVELOP THE CAPACITY OF PCC'S CENTRAL PORTLAND WORKFORCE TRAINING CENTER TO DELIVER "INFORMATION SERVICE" TECHNICAL TRAINING LINKED DIRECTLY TO CENTRAL CITY BUSINESSES. THE PROGRAM SHOULD PROVIDE SKILL TRAINING FOR (I) POTENTIAL NEW INFORMATION SERVICE EMPLOYEES AND (II) UPGRADING THE SKILLS OF EXISTING EMPLOYEES.
- IMPROVE PLACEMENT SERVICES AND LINK THE PLACEMENT SERVICES TO SERVICES PROVIDING SKILLS TRAINING AND UPGRADING.

IMPLEMENT TRANSIT SERVICE FOR EVENING AND NIGHT SHIFTS

TRI-MET SHOULD WORK WITH INFORMATION SERVICE INDUSTRY REPRESENTATIVES TO DEVELOP SPECIFIC TRANSIT SOLUTIONS FOR 24 HOUR, 7 DAY A WEEK OPERATIONS.

STUDY CHANGES TO BUSINESS LICENSE FEE FORMULA

THE CITY AND COUNTY SHOULD STUDY CHANGES TO THE APPORTIONMENT METHODOLOGY FOR COMPUTING CITY/COUNTY BUSINESS FEES TO REDUCE THE COMPETITIVE DISADVANTAGE OF LOCATING INFORMATION SERVICE BUSINESSES IN THE

CITY. THIS RECOMMENDATION IS DETAILED IN THE BUSINESS CLIMATE RECOMMENDATIONS IN SECTION THREE OF THIS REPORT.

ASSESS LOCATING LARGE FOOT- PRINT PARCELS IN CENTRAL CITY

PDC SHOULD WORK WITH AFFECTED BUSINESSES AND COMMUNITY GROUPS TO ASSESS THE VIABILITY OF LOCATING LARGE FOOT-PRINT PARCELS IN THE CENTRAL CITY TO PROVIDE LARGE FLOOR-PLATE OPPORTUNITIES FOR INFORMATION SERVICE

FACILITIES.

DESTINATION RETAIL

FROM 1967 - 1992 MUCH OF THE PORTLAND REGION'S RETAIL HAS SHIFTED TO THE SUBURBAN AREAS, WITH A DECLINE IN DOWNTOWN RETAIL EMPLOYMENT SHARE FROM 14% IN 1967 TO JUST 4% IN 1992⁹.

MARKET SHARE OF REGIONAL SHOPPING CENTERS	
CLACKAMAS TOWN CENTER	38%
WASHINGTON SQUARE	35%
LLOYD CENTER	33%
JANTZEN BEACH	NA
DOWNTOWN PORTLAND	31%

CURRENTLY, THE DOWNTOWN RETAIL CORE HAS OVER 400 DIFFERENT RETAIL ESTABLISHMENTS UTILIZING 1.44 MILLION SQUARE FEET (4.7% OF THE REGIONAL TOTAL) OF RETAIL SPACE (800,000 S.F. OF MULTI-TENANT RETAIL SPACE AND 640,000 S.F. OF MAJOR DEPARTMENT STORES). OF THOSE TOTALS, 34 ARE DESTINATION RETAILERS COMPRISING 1.07 MILLION SQUARE FEET.

DOWNTOWN PORTLAND SHARES ITS SHOPPERS WITH:	
LLOYD CENTER	55%
WASHINGTON SQUARE	44%
CLACKAMAS TOWN CENTER	40%
JANTZEN BEACH	NA

THE PORTLAND TRADE AREA HAS A POPULATION OF OVER 660,730 HOUSEHOLDS WHICH SPEND ABOUT \$9 BILLION ON ALL RETAIL PURPOSES. THE PORTLAND TRADE AREA IS FORECAST TO GROW TO 730,500 HOUSEHOLDS BY THE YEAR 2000. THIS GROWTH WILL SUPPORT ROUGHLY 3 MILLION SQUARE FEET OF ADDITIONAL RETAIL SQUARE FOOTAGE.

OPPORTUNITY

HOWEVER, DOWNTOWN'S SHARE OF RETAIL SPACE HAS REMAINED RELATIVELY STABLE OVER THE PAST SEVERAL YEARS AT 4-5%.

DOWNTOWN'S MARKET SHARE OF REGIONAL SHOPPERS HAS REMAINED RELATIVELY STABLE OVER THE PAST SEVERAL YEARS 30%.

GROSS LEASABLE AREA (MILLIONS S.F.)	
CLACKAMAS TOWN CENTER	1.2M
WASHINGTON SQUARE	1.2M
LLOYD CENTER	1.5M
JANTZEN BEACH	0.7M
DOWNTOWN PORTLAND	1.4M

BETWEEN DOWNTOWN AND THE LLOYD CENTER, THE CENTRAL CITY SERVES ALMOST ONE-HALF OF THE PORTLAND REGION TRADE AREA CONSISTING OF WASHINGTON, CLACKAMAS, MULTNOMAH, COLUMBIA, YAMHILL AND CLARK COUNTIES. IF NOT NURTURED, DOWNTOWN RETAIL CAN LOSE ITS MARKET SHARE TO THE SUBURBAN MALLS WHO SHARE MANY OF THE SAME SHOPPERS.

IF DOWNTOWN REMAINS AT ABOUT 5% OF THE REGIONAL TOTAL, DOWNTOWN'S SHARE OF THIS GROWTH WILL BE 150,000 SQUARE FEET. MORE RETAIL GROWTH IS POSSIBLE, IF ACTIONS ARE TAKEN TO INCREASE IN DOWNTOWN'S SHARE OF THE REGIONAL MARKET.

FURTHERMORE, THE DEMOGRAPHIC PROFILE OF THE 1990'S SHOPPER HAS CHANGED. PERSONS IN THE 45-64 AGE GROUP REPRESENT THE PRIMARY GROWTH MARKET. THIS GROUP CONTAINS A LARGE PROPORTION OF EMPTY-NESTERS WHO ARE MORE LIKELY TO SELL THEIR SUBURBAN HOMES AND MOVE CLOSER TO TRANSPORTATION, RETAIL AND CULTURAL AMENITIES THAT THE DOWNTOWN OFFERS. THIS GROUP ALSO HAS A HIGH LEVEL OF DISPOSABLE INCOME. AN INCREASED DOWNTOWN POPULATION WITH INCREASED DISPOSABLE INCOME CREATES A SIGNIFICANT OPPORTUNITY FOR RECRUITING DOWNTOWN RETAIL. THE RECOMMENDED STRATEGY TO ACHIEVE CENTRAL CITY JOB TARGETS ALSO AFFORDS A SIGNIFICANT RETAIL OPPORTUNITY.

HOW MANY STORES ARE VISITED PER SHOPPING TRIP	
1	20%
2 - 3	33%
3 - 4	26%
5 OR MORE	27%

LOCATION NEAR A DESTINATION OR IN A CLUSTERING OF SIMILAR USES OFTEN DETERMINES THE SUCCESS OR FAILURE OF A RETAILER. CROSS-OVER SHOPPING BETWEEN LIKE RETAILERS BENEFITS BOTH THE RETAILERS AND THE CONSUMERS. SYNERGY IS CREATED BY THE GROUPINGS OF LIKE AND COMPLEMENTARY RETAIL USES. THE CLUSTERING PHENOMENON HAS HELPED MAKE DOWNTOWN RETAIL SO SUCCESSFUL.

THERE ARE SEVERAL STRENGTHS THAT A DOWNTOWN RETAIL RECRUITMENT STRATEGY CAN BUILD ON. FIRST, DOWNTOWN HAS SEVERAL STRONG ANCHORS SUCH AS NORDSTROM AND PIONEER PLACE THAT DRAW PEDESTRIAN TRAFFIC ALONG THE RETAIL SPINE.

SECONDLY, THERE IS AN EXISTING DIVERSE MIX OF LOCAL AND REGIONAL ONE-OF-A-KIND (OR LIMITED NUMBER) RETAILERS SUCH AS SAK'S, NIKE TOWN, AND OTHERS. DOWNTOWN RETAIL HAS TARGETED THE UPSCALE FASHION MARKET MORE EFFECTIVELY THAN ITS COMPETITORS. AND, THERE IS A STRONG MIX OF CONVENIENT, MODERATELY-PRICED AND UNUSUAL EATING PLACES. DOWNTOWN HAS ALSO SUCCESSFULLY ESTABLISHED A UNIQUE NICHE IN THE CULTURAL ARENA AND THE IMPROVEMENTS ALONG THE RIVERFRONT HAVE CREATED A POWERFUL REGIONAL DRAW.

THE LIMITED AVAILABILITY OF SHORT-TERM PARKING HAS BEEN A MAJOR IMPEDIMENT TO DOWNTOWN RETAIL (IT SHOULD BE NOTED THAT ALMOST ONE-HALF OF DOWNTOWN SHOPPERS ARRIVE BY MEANS OTHER THAN AUTOMOBILE).

BARRIERS

OTHER WEAKNESSES INCLUDE: INSUFFICIENT AMOUNT OF MIDDLE/UPPER INCOME RESIDENTS IN DOWNTOWN, WEAK RETAIL ANCHORS ON THE NORTH AND WEST SIDES OF THE CORE AND LACK OF RETAILERS CATERING TO THE FAMILY, HOME FURNISHING AND ENTERTAINMENT MARKETS.

THE CENTRAL CITY 2000 TASK FORCE
RECOMMENDS THAT THE FOLLOWING ACTIONS
BE TAKEN:

PROPOSED ACTIONS

TARGET RETAIL OPPORTUNITIES

INCREASING PORTLAND'S PRESENCE AS THE REGION'S DESTINATION RETAIL CENTER REQUIRES THE ATTRACTION OF NEW RETAIL AND GROWTH OF EXISTING RETAIL BUSINESSES¹⁰. DOWNTOWN CAN SUPPORT

ADDITIONAL RETAIL IF THE RETAILERS ADDED ARE IN THE FOLLOWING UNDERSERVED CATEGORIES:

- HOME AND HOME FURNISHINGS
- ENTERTAINMENT
- SPECIALTY
- EATING AND DRINKING ESTABLISHMENTS

DEVELOP ROUSE RETAIL PAVILION AND EXPAND S.W. 4TH/YAMHILL PARKING GARAGE

THE ROUSE COMPANY HAS PROPOSED A NEW RETAIL PAVILION ADJACENT TO PIONEER PLACE¹¹. THE PDC SHOULD PROCEED WITH THIS DEVELOPMENT AND ADD PARKING SPACES TO THE FOURTH AND YAMHILL GARAGE TO REPLACE THE DISLOCATED SPACES. MORE DETAILS ABOUT THE PAVILION ARE PROVIDED IN THE DOWNTOWN DISTRICT SECTION.

RECRUIT NEW DOWNTOWN DESTINATION RETAIL

THE ASSOCIATION FOR PORTLAND PROGRESS SHOULD UNDERTAKE A "DESTINATION RETAIL RECRUITMENT" STRATEGY TO INCREASE THE REGIONAL DRAW OF DOWNTOWN BY RECRUITING DESTINATION RETAILERS¹². SPECIFICALLY, APP SHOULD:

- DEVELOP A TEAM OF KEY BUSINESS AND LOCAL GOVERNMENT LEADERS TO MEET WITH DESTINATION RETAIL PROSPECTS.
- SCOUT CITIES FOR RETAILERS WHO ARE OPENING NEW DOWNTOWN STORES AND ATTEND RETAIL TRADE SHOWS.
- DEVELOP TARGETED PROMOTIONAL PIECES FOR BROKERS AND RETAILERS.
- WORK WITH EXISTING DESTINATION RETAILERS TO DEVELOP A COOPERATIVE MARKETING PLAN FOR THE CORE AREA WHICH INCLUDES GROUP ADVERTISING AND PROMOTION.

TOURISM

PORTLAND ATTRACTS MORE THAN 4 MILLION ANNUAL VISITORS WHO CONTRIBUTE \$1.2 BILLION TO THE LOCAL ECONOMY. ABOUT 24,000 PEOPLE ARE EMPLOYED IN THE INDUSTRY, GENERATING AN ANNUAL PAYROLL OF MORE THAN \$432 MILLION.

OPPORTUNITY

EXPANSION COSTS:

- \$70 MILLION CONSTRUCTION COST
 - \$500,000 ADDED OPERATING COSTS
 - \$250,000 ADDED MARKETING COSTS
-

AN EXPANSION OF THE CONVENTION CENTER HAS BEEN DESIGNED WHICH PROVIDES AN ADDITIONAL 100,000 SQUARE FEET OF EXHIBITION SPACE AND RELATED SUPPORT SPACE.

THE EXPANSION IS PROJECTED TO ATTRACT 65,000 - 80,000 MORE DELEGATES PER YEAR TO CONVENTIONS AND TRADE SHOWS. THESE ADDITIONAL DELEGATES ARE PROJECTED TO PRODUCE SIGNIFICANT ECONOMIC IMPACTS¹³.

THE MARKET FOR PORTLAND CONVENTIONS IS EXTREMELY STRONG. IN 1994, THE OREGON CONVENTION CENTER ATTRACTED A TOTAL ATTENDANCE OF ABOUT 746,000 PEOPLE OF WHICH ABOUT 273,000 ATTENDED CONVENTION AND TRADE SHOWS AND 473,000 ATTENDED CONSUMER SHOWS. THIS IS SIGNIFICANTLY GREATER THAN INITIALLY ESTIMATED. THERE ARE CURRENTLY ABOUT 247,000 HOTEL ROOM NIGHTS BEING USED ANNUALLY FOR CONVENTIONS. THIS REPRESENTS A 6.95% COMPOUND GROWTH RATE IN ROOM NIGHT USAGE SINCE 1991.

- \$ 67.8 MILLION IN DIRECT EXPENDITURES
 - \$169.3 MILLION IN TOTAL SALES
 - \$ 67.1 MILLION IN PERSONAL INCOME
 - 3,400 NEW FULL TIME EQUIVALENT JOBS.
 - \$ 2.2 MILLION IN HOTEL LODGING TAXES
 - \$ 0.1 MILLION IN RENTAL CAR TAXES
 - \$ 4.1 MILLION IN STATE INCOME TAXES
-

AN ANALYSIS¹⁴ OF THE OREGON CONVENTION CENTER'S ABILITY TO COMPETE WITH COMPARABLE FACILITIES FOUND THAT:

BARRIERS

PORTLAND RANKED SECOND LOWEST IN TERMS OF NUMBER OF HOTEL ROOMS IN THE METRO AREA AND LOWEST IN TERMS OF HOTEL ROOMS WITHIN 5 BLOCKS OF THE CONVENTION CENTER. LACK OF CONVENTION CLASS HOTEL ROOMS WAS ONE OF THE MAJOR COMPETITIVE WEAKNESSES REPORTED IN THE STUDY. INCREASING PORTLAND'S PRESENCE AS A TOURIST/CONVENTION DESTINATION WILL REQUIRE ADDITIONAL HOTEL SPACE IN THE CENTRAL CITY. A RESERVED HOTEL-ROOM-BLOCK OF AT LEAST 500 ROOMS IN A SINGLE HOTEL IS NEEDED.

- THE OREGON CONVENTION CENTER CURRENTLY RANKS 5TH OUT OF 8 IN TERMS OF EXISTING EXHIBIT SPACE, 6TH OUT OF 7 (NO INFORMATION ON ONE OF THE FACILITIES) IN TERMS OF MEETING ROOM SPACE, AND 5TH OUT OF 6 IN TERMS OF BALLROOM SPACE. TEN PERCENT OF EXISTING USERS INDICATED THAT THEY COULD NOT USE OCC AGAIN UNLESS THE FACILITY IS EXPANDED.

- THE OREGON CONVENTION CENTER IS OPERATING AT 70% OF THEORETICAL CAPACITY, WHICH IS CONSIDERED TO BE THE *PRACTICAL CAPACITY* OF THE FACILITY WHEN HOLIDAYS AND MOVE-IN/MOVE-OUT DAYS ARE ACCOUNTED FOR. THIS IS ABOUT 7.5% MORE THAN THE AVERAGE COMPETING FACILITY. AS A RESULT, NEW CONVENTIONS ARE HAVING A DIFFICULT TIME FINDING ACCEPTABLE OPEN DATES AND CONVENTION BUSINESS IS BEING LOST. ABOUT 50% OF THE CURRENT USERS OF OCC WHO RESPONDED TO A SURVEY INDICATED THEY HAD EXPERIENCED SCHEDULING PROBLEMS WITH THE OCC IN THE PAST.

THE CENTRAL CITY 2000 TASK FORCE RECOMMENDS THAT THE FOLLOWING ACTIONS BE TAKEN:

PROPOSED ACTIONS

EXPAND CONVENTION CENTER

MEETING SPACE¹⁵. THIS RECOMMENDATION IS FURTHER DETAILED IN THE ROSE/LLOYD DISTRICT INFRASTRUCTURE RECOMMENDATIONS.

METRO/MERC SHOULD SEEK APPROVAL OF A GENERAL OBLIGATION BOND TO FUND AN EXPANSION OF THE CONVENTION CENTER OF ABOUT 100,000 SQUARE FEET OF EXHIBIT SPACE AND RELATED BALLROOM AND

SEEK HOTEL ROOM BLOCK

FURTHER DETAILED IN THE ROSE/LLOYD DISTRICT INFRASTRUCTURE RECOMMENDATIONS.

MERC AND THE CITY SHOULD JOINTLY SEEK A 500-ROOM COMMITTED INVENTORY OF HOTEL SPACE AND EXPANDED HOTEL CAPACITY IN SUPPORT OF THE CONVENTION CENTER¹⁶. THIS RECOMMENDATION IS

INCREASE MARKETING

ADDITIONAL MARKETING REQUIRED TO SUPPORT AN EXPANDED CONVENTION CENTER SHOULD BE PROVIDED FROM THE EXISTING HOTEL TAXES ALLOCATED TO THE CONVENTION CENTER.

AN EXPANDED AND COORDINATED (GENERAL TOURISM AND CONVENTIONS) MARKETING EFFORT SHOULD BE ESTABLISHED BY MERC AND POVA PRIOR TO THE CONVENTION CENTER BOND MEASURE. FUNDING FOR THE

AS A PRE-REQUISITE TO SEEKING VOTER APPROVAL OF THE CONVENTION CENTER BOND MEASURE, MERC SHOULD PREPARE A FINANCING PLAN WHICH ENSURES THAT SUFFICIENT HOTEL TAX PROCEEDS WILL BE MADE AVAILABLE TO THE CONVENTION CENTER TO COVER THE INCREASED OPERATIONS AND MARKETING NEEDS RELATED TO THE EXPANSION AND ENSURE THAT AN ADEQUATE REPLACEMENT AND OPERATING RESERVE IS MAINTAINED.

Funding Source for Added Marketing	FY 97 - 03 Total (millions)
Growth in MERC Hotel Tax	\$ 1.75

FREE TRANSIT FOR CONVENTION DELEGATES

TO MEET THE NEED FOR IMPROVED TRANSPORTATION BETWEEN THE CONVENTION CENTER AND CENTRAL CITY HOTELS, RESTAURANTS AND RETAIL, TRI-MET SHOULD EXPAND FARELESS SQUARE INTO THE LLOYD DISTRICT AREA.

IF THIS IS NOT POSSIBLE AT THIS TIME, MERC SHOULD SEEK AN AGREEMENT WITH TRI-MET WHEREBY CONVENTION DELEGATES CAN RECEIVE FREE TRANSIT PASSES DURING THEIR CONVENTIONS.

PROMOTE CULTURAL TOURISM

TO FACILITATE "CULTURAL TOURISM", POOLED MERC FUNDS, INCLUDING HOTEL TAX PROCEEDS, SHOULD BE MADE AVAILABLE TO THE PORTLAND CENTER FOR THE PERFORMING ARTS (PCPA)¹⁷.

SUBJECT TO AVAILABLE FUNDING AND FUTURE POLICY DECISIONS, ADDITIONAL FUNDS FROM OTHER SOURCES SHOULD BE MADE AVAILABLE TO ASSIST NON-PROFIT PERFORMING ARTS ORGANIZATIONS AND TO ENHANCE THE MARKETING EFFORTS FOR PCPA EVENTS.

SECTION IV: ENDNOTES

1. THE EMPHASIS ON "TARGET INDUSTRIES" IS CONSISTENT WITH BUSINESS DEVELOPMENT POLICY 4C IN *PROSPEROUS PORTLAND* WHICH STATES "THE CITY WILL ENSURE THAT A STRONG ECONOMIC BASE IS MAINTAINED BY FOCUSING PROACTIVE BUSINESS AND WORKFORCE DEVELOPMENT ON . . . TARGET INDUSTRIES . . ."
2. THE "TARGET INDUSTRIES" RECOMMENDED FOR THE CENTRAL CITY WERE INITIALLY PROPOSED BY THE PDC TO THE *BUSINESS AND WORKFORCE DEVELOPMENT COMMITTEE* OF CENTRAL CITY 2000. THE PDC'S CRITERIA FOR PROPOSING TARGET INDUSTRIES INCLUDED: CURRENT ECONOMIC ACTIVITY IN THE REGION, RELATION TO EXISTING ASSETS OF CENTRAL CITY, LAND REQUIREMENTS, TRANSIT SUPPORTIVENESS, QUALITY OF JOBS, POTENTIAL FOR EXPANSION IN CENTRAL CITY AND OTHERS.
3. ACTION ITEM 1 OF BUSINESS DEVELOPMENT STRATEGY 4C OF *PROSPEROUS PORTLAND* IDENTIFIES "PROFESSIONAL SERVICES" AS A TARGET INDUSTRY OF THE CITY. CREATIVE SERVICES BUILDS UPON AND EXPANDS THAT PORTION OF PROFESSIONAL SERVICES WHICH INCLUDES ADVERTISING, COMMUNICATIONS AND PUBLIC RELATIONS. PURSUANT TO STRATEGY 4F, CREATIVE SERVICES ALSO INCLUDES FILM AND VIDEO.
4. A SUMMARY OF SEATTLE'S SUCCESS IN ATTRACTING CREATIVE SERVICE FIRMS IS PROVIDED IN *FINDINGS AND RECOMMENDATIONS OF THE BUSINESS AND WORKFORCE DEVELOPMENT COMMITTEE*, CENTRAL CITY 2000, MARCH 1996.
5. THIS RECOMMENDATION IS CONSISTENT WITH ACTION ITEM 1 OF BUSINESS DEVELOPMENT STRATEGY 4C OF *PROSPEROUS PORTLAND* WHICH STATES "THE CITY'S LEAD ECONOMIC DEVELOPMENT AGENCY, IN PARTNERSHIP WITH OTHER AGENCIES AND BUSINESSES, . . . WILL BE RESPONSIBLE FOR CREATING FORMAL DEVELOPMENT PLANS TO SUPPORT THE GROWTH OF TARGET INDUSTRIES . . ."
6. THIS IS CONSISTENT WITH BUSINESS DEVELOPMENT ACTION ITEM 1 WHICH STATES " . . . EACH PLAN [FOR TARGET INDUSTRIES] WILL ADDRESS . . . WORKFORCE NEEDS . . ."
7. ACTION ITEM 1 OF BUSINESS DEVELOPMENT POLICY 4C OF *PROSPEROUS PORTLAND* IDENTIFIES HEALTH TECHNOLOGY/BIO-TECHNOLOGY AS A TARGET INDUSTRY FOR THE CITY.
8. ACTION ITEM 1 OF BUSINESS DEVELOPMENT STRATEGY 4C OF *PROSPEROUS PORTLAND* IDENTIFIES "PROFESSIONAL SERVICES" AS A TARGET INDUSTRY OF THE CITY. INFORMATION SERVICES BUILDS ON THAT PORTION OF PROFESSIONAL SERVICES WHICH INCLUDES FINANCE, INSURANCE, CREDIT REPORTING AND PROCESSING, ENGINEERING AND MANAGEMENT SERVICES.

9. A DETAILED ANALYSIS OF THE DOWNTOWN RETAIL MARKET IS PROVIDED IN *DESTINATION RETAIL RECRUITMENT STRATEGY*, PREPARED FOR THE ASSOCIATION OF PORTLAND PROGRESS, RADIUS MARKETING AND DESIGN, JANUARY 1996.

RETAIL TRENDS ARE ALSO ADDRESSED IN *PORTLAND CENTRAL CITY BUSINESS PLAN*, ASSOCIATION FOR PORTLAND PROGRESS, 1995.

10. THIS RECOMMENDATION IS CONSISTENT WITH BUSINESS DEVELOPMENT STRATEGY 4F OF *PROSPEROUS PORTLAND* WHICH STATES "THE CITY ENCOURAGES THE GROWTH OF . . . ECONOMIC ACTIVITIES WHICH CONTRIBUTE TO PORTLAND'S OVERALL ECONOMY AND THE DEVELOPMENT OF THE CENTRAL CITY . . . INCLUDING RETAIL . . ."
11. THIS RECOMMENDATION IS CONSISTENT WITH CENTRAL CITY STRATEGY E OF *PROSPEROUS PORTLAND* WHICH STATES "THE CITY WILL PURSUE REDEVELOPMENT OF . . . PIONEER PLACE/BLOCK 50."
12. THIS IS CONSISTENT WITH ACTION ITEM 1 OF BUSINESS DEVELOPMENT STRATEGY 4F OF *PROSPEROUS PORTLAND* WHICH STATES THAT THE LEAD ORGANIZATION FOR RETAIL GROWTH ACTIVITIES SHOULD BE APP.
13. A DETAILED ANALYSIS OF THE ECONOMIC IMPACTS OF THE EXISTING CONVENTION CENTER IS PROVIDED IN *ECONOMIC IMPACT OF THE OREGON CONVENTION CENTER ON THE TRI-COUNTY REGION OF CLACKAMAS, MULTNOMAH AND WASHINGTON COUNTIES*, PREPARED FOR THE OREGON ECONOMIC DEVELOPMENT DEPARTMENT, TOURISM DIVISION, CIC RESEARCH, APRIL 1995.
14. A DETAILED ANALYSIS OF THE MARKET FOR AND ECONOMIC IMPACTS OF AN EXPANDED CONVENTION CENTER IS PROVIDED IN *OREGON CONVENTION CENTER: MARKET, FINANCIAL AND ECONOMIC ANALYSES OF PROPOSED EXPANSION*, PRICE WATERHOUSE, JANUARY 1996.
15. THIS RECOMMENDATION IS CONSISTENT WITH BUSINESS DEVELOPMENT STRATEGY 4D OF *PROSPEROUS PORTLAND* WHICH STATES "THE CITY RECOGNIZES THE IMPORTANCE OF THE VISITOR INDUSTRY TO PORTLAND'S ECONOMY AND ENCOURAGES THE GROWTH OF THIS INDUSTRY. . ."
16. THIS RECOMMENDATION BUILDS ON ACTION ITEM 1 OF THE LLOYD DISTRICT STRATEGY IN *PROSPEROUS PORTLAND* WHICH STATES "THE CITY WILL CONTINUE TO PURSUE DEVELOPMENT OF A CONVENTION HEADQUARTERS HOTEL . . .". THE CENTRAL CITY RECOMMENDATION AVOIDS THE EXTREMELY HIGH PUBLIC SUBSIDY REQUIREMENTS OF DEVELOPING AN ENTIRELY NEW HOTEL BY SEEKING A ROOM-BLOCK IN AN EXPANDED FACILITY WHICH MEETS CERTAIN SPECIFICATIONS.
17. THIS RECOMMENDATION IS CONSISTENT WITH CENTRAL CITY STRATEGY K OF *PROSPEROUS PORTLAND* WHICH STATES "IN COOPERATION WITH THE REGION . . ., THE CITY WILL SECURE A DEDICATED FUNDING SOURCE TO SUPPORT ARTS AND CULTURAL FACILITIES . . ."

A QUALITY WORKFORCE IS ESSENTIAL TO ATTRACTING BUSINESSES WHICH OFFER FAMILY-WAGE JOBS. INCREASED JOBS SKILLS ARE ESSENTIAL TO RAISING FAMILY INCOME, WHICH IN TURN IS NECESSARY TO ACHIEVE LONG-TERM HOUSING AFFORDABILITY. THUS, WORKFORCE DEVELOPMENT IS AN INTEGRAL COMPONENT OF BOTH ELEMENTS OF THE PROPOSED CENTRAL CITY 2000 STRATEGY: HOUSING AND JOBS.

THREE MAJOR BARRIERS EXIST TO AN ADEQUATE WORKFORCE PROGRAM:

- LACK OF A COHESIVE STRATEGY FOR WORKFORCE PROGRAMS
- INADEQUATE RESOURCES
- INADEQUATE PARTICIPATION BY THE PRIVATE SECTOR

BASED ON THIS ASSESSMENT, THE TASK FORCE RECOMMENDS:

- REPLACING EXISTING WORKFORCE POLICY BOARDS WITH AN INTEGRATED WORKFORCE DEVELOPMENT BOARD
- IMPROVING WORK-TO-SCHOOL CONNECTIONS
- AN UNEMPLOYMENT INSURANCE PAYROLL TAX CREDIT FOR WORKFORCE TRAINING

THE RECOMMENDED WORKFORCE ACTION PLAN IS DETAILED IN THE FOLLOWING SUB-SECTIONS.

SECTION V: WORKFORCE DEVELOPMENT

WORKFORCE DEVELOPMENT

THE CITY OF PORTLAND IS ONE OF MANY AGENCIES INVOLVED IN WORKFORCE DEVELOPMENT. OTHER AGENCIES INCLUDE THE SCHOOL DISTRICTS, THE COMMUNITY COLLEGES, PSU, THE STATE ECONOMIC DEVELOPMENT DEPARTMENT, THE STATE EMPLOYMENT DIVISION, THE PRIVATE INDUSTRY COUNCIL, THE REGIONAL WORKFORCE QUALITY COUNCIL AND A HOST OF OTHERS. WHILE FUNDING AND COORDINATION PROBLEMS EXIST, AS DETAILED BELOW, THERE IS A GREAT DEAL OF ATTENTION PAID TO WORKFORCE ISSUES AND AN EXISTING RESOURCE BASE.

OPPORTUNITY

THE UNEMPLOYMENT INSURANCE (UI) PAYROLL TAX SYSTEM MAY PROVIDE AN OPPORTUNITY TO INCREASE WORKFORCE FUNDING AND INVOLVE THE PRIVATE SECTOR IN WORKFORCE ISSUES. OREGON'S UI TAXES ARE LEVIED UNDER A COMBINED FEDERAL AND STATE SYSTEM. THE FEDERAL GOVERNMENT ESTABLISHED RULES FOR THE REGULATION OF STATE UI SYSTEMS. SO LONG AS THE STATE'S SYSTEM COMPLIES WITH THOSE RULES, IT HAS THE FLEXIBILITY TO ADMINISTER ITS SYSTEM AS IT SEES FIT.

THE UI SYSTEM IS RUN AS AN INSURANCE POOL. OVERALL RATES ARE DRIVEN BY THE ADEQUACY OF THE POOL. WHEN THE POOL HAS A HIGH BALANCE, AS IT DOES NOW, THE RATES ARE LOW. IF THE FUND BALANCE DROPS, AS IT WOULD IN A RECESSION, THE RATES WOULD INCREASE. THE RATES FOR INDIVIDUAL EMPLOYERS ARE BASED ON PAST EXPERIENCE, WITH FIRMS THAT HAVE A HISTORY OF HIGH CLAIMS PAYING MORE THAN THOSE WITH FEW CLAIMS.

IT IS LOGICAL TO LINK THE TRAINING TAX CREDIT TO THE UI SYSTEM BECAUSE INVESTMENTS IN WORKER TRAINING ARE LIKELY TO LOWER THE COST OF FUTURE UNEMPLOYMENT PAY-OUTS. WELL TRAINED WORKERS HAVE LESS LIKELIHOOD OF BEING UNEMPLOYED AND TEND TO HAVE SHORTER SPELLS OF UNEMPLOYMENT THAN UNSKILLED WORKERS. AS A RESULT, THERE IS AN ACTUARIAL BENEFIT TO THE UI SYSTEM FROM WORKFORCE TRAINING.

THERE IS PRECEDENT FOR THE LEGISLATURE USING THE UI SYSTEM TO ENCOURAGE WORKFORCE TRAINING. IN EACH OF THE PAST THREE SESSIONS, THE LEGISLATURE HAS APPROVED MODIFICATIONS TO THE UI SYSTEM TO PROVIDE FUNDING FOR EXTENDED UNEMPLOYMENT BENEFITS FOR DISLOCATED TIMBER WORKERS, JOB PROGRAMS FOR WELFARE RECIPIENTS AND TO FUND COMPUTER KIOSKS FOR DISTRIBUTING JOB LEAD INFORMATION.

THERE IS A LACK OF COHESION IN PROGRAM DELIVERY, FUNDING AND OTHER DECISIONS AFFECTING WORKFORCE DEVELOPMENT. DECISIONS ARE OFTEN MADE BY A VARIETY OF DIFFERENT AGENCIES, USING DIFFERENT CRITERIA. DISAGREEMENTS OVER PRIORITIES AND RESPONSIBILITIES HAVE INTERFERED WITH EFFECTIVE RESOURCE ALLOCATION. GRANTS AND CONTRACTS ARE OFTEN ISSUED WITHOUT

BARRIERS

CLEARLY DEFINED OUTCOMES. THERE HAS NOT BEEN AN ADEQUATE MONITORING SYSTEM. AS A RESULT, THE EFFECTIVENESS OF THE WORKFORCE PROGRAMS HAS SUFFERED.

WITH THE EXCEPTION OF BUILDING TRADES AND A FEW OTHER VOCATIONS, WORKFORCE DEVELOPMENT HAS TRADITIONALLY BEEN LEFT TO SCHOOLS AND OTHER PUBLIC AND NON-PROFIT AGENCIES. PORTLAND NEEDS MORE BUSINESS COMMUNITY INVOLVEMENT AND LEADERSHIP ON WORK FORCE ISSUES. THIS INVOLVEMENT IS ESSENTIAL FOR EFFECTIVE WORKFORCE DEVELOPMENT. WHILE DELIBERATIONS ON POTENTIAL FUNDING INCREASES CONCLUDED WITH THE NEED TO FIRST STREAMLINE AND INTEGRATE THE WORKFORCE DELIVERY SYSTEM AND INVOLVE THE PRIVATE SECTOR, THE ADEQUACY OF FUNDING REMAINS A CRITICAL CONCERN.

THE POTENTIAL USE OF THE UNEMPLOYMENT INSURANCE SYSTEM TO FUND WORKFORCE PROGRAMS HAS SOME DIFFICULTIES. SEVERAL WESTERN EUROPEAN COUNTRIES LET EMPLOYERS CREDIT QUALIFIED TRAINING EXPENDITURES AGAINST THEIR PAYROLL TAX LIABILITIES, BUT NO U.S. STATE HAS ADOPTED THE USE OF SUCH A TAX CREDIT. DEPENDING ON THE CREDIT SYSTEM, A FEDERAL WAIVER MAY BE REQUIRED.

THE CENTRAL CITY 2000 TASK FORCE RECOMMENDS THAT THE FOLLOWING ACTIONS BE TAKEN:

PROPOSED ACTIONS

INTEGRATE WORKFORCE DEVELOPMENT POLICY BOARDS

THE CITY OF PORTLAND SHOULD FOSTER THE DEVELOPMENT OF A REGIONAL WORKFORCE DEVELOPMENT BOARD WHICH INTEGRATES THE WORKFORCE ASSETS OF THE REGION INTO A COHESIVE PROGRAM¹. IT WOULD REPLACE THE PRIVATE INDUSTRY AND REGIONAL

WORKFORCE QUALITY COUNCILS.

THE REGIONAL BOARD WOULD BE CHARGED WITH:

- IDENTIFYING AND PRIORITIZING THE WORKFORCE DEVELOPMENT NEEDS OF THE REGION, INCLUDING THOSE REGARDING CENTRAL CITY TARGET INDUSTRIES.
- COORDINATING THE JOB TRAINING PROGRAMS RECEIVING PUBLIC FUNDS TO ENSURE THAT:
 - PUBLIC FUNDS ARE USED ON PRIORITY NEEDS
 - THE INDIVIDUAL SERVICE DELIVERY PROGRAMS FIT TOGETHER INTO AN OVERALL INTEGRATED PROGRAM
 - PUBLIC FUNDS ARE EXPENDED EFFICIENTLY AND USED EFFECTIVELY

THE CITY SHOULD ENSURE THAT THE NEEDS OF THE CENTRAL CITY TARGET INDUSTRIES ARE STRONGLY EMPHASIZED IN THE DEVELOPMENT OF WORKFORCE TRAINING INITIATIVES OFFERED BY THE REGIONAL BOARD.

IMPLEMENT SCHOOL-TO- WORK SYSTEM

THE OREGON BUSINESS COUNCIL IS WORKING WITH THE REGIONAL WORKFORCE QUALITY COUNCIL AND THE SCHOOL DISTRICTS TO IMPLEMENT A COORDINATED WORK-TO-SCHOOL SYSTEM WHICH CONNECTS STUDENTS, SCHOOLS, PARENTS AND TEACHERS WITH

BUSINESSES. THE PROGRAM WILL SHAPE THE FUTURE WORKFORCE BY LEADING STUDENTS TO MAKE EDUCATION, TRAINING AND CAREER CHOICES WHICH ARE ALIGNED WITH THE NEEDS OF GROWING COMPANIES, INCLUDING THE TARGET INDUSTRIES IDENTIFIED FOR THE CENTRAL CITY.

SEEK TAX CREDIT TO FUND PROGRAM AND INVOLVE PRIVATE SECTOR

THE CITY OF PORTLAND SHOULD PREPARE AND SEEK LEGISLATION IN 1997 ALLOWING OREGON EMPLOYERS TO TAKE A CREDIT AGAINST UNEMPLOYMENT INSURANCE PAYROLL TAXES FOR 50 PERCENT OF THE AMOUNT THEY SPEND ON WORKFORCE

TRAINING AND SKILLS DEVELOPMENT².

THE TOTAL AMOUNT OF CREDITS WOULD BE CAPPED AT A CERTAIN DOLLAR AMOUNT PER YEAR AND ALLOCATED TO EMPLOYERS USING A PRE-CERTIFICATION SYSTEM. THE LEGISLATION WOULD INCLUDE ADMINISTRATIVE PROVISIONS SPECIFYING:

- ELIGIBLE TRAINING COSTS
- MAXIMUM AMOUNTS THAT CAN BE SPENT PER EMPLOYEE
- MONITORING AND COMPLIANCE REQUIREMENTS

THE CITY SHOULD WORK WITH THE STATE TO SEEK REQUIRED FEDERAL WAIVERS, IF ANY.

EVALUATE OTHER OPPORTUNITIES

PDC SHOULD IDENTIFY AND EVALUATE PROGRAM OPTIONS FOR INTEGRATING CENTRAL CITY HOUSING DEVELOPMENT WITH CENTRAL CITY JOBS. THIS PROGRAM WOULD SUPPLEMENT EFFORTS TO TIE TARGETED

EASTSIDE NEIGHBORHOODS WITH CENTRAL CITY JOBS.

PDC SHOULD ALSO REVIEW THE FEASIBILITY OF MAKING UNCLAIMED STATE ACCIDENT INSURANCE FUND REFUNDS AVAILABLE FOR A STATEWIDE WORKFORCE DEVELOPMENT PROGRAM³.

SECTION V: ENDNOTES

1. THIS RECOMMENDATION IS CONSISTENT WITH ACTION ITEM 1 OF WORKFORCE DEVELOPMENT STRATEGY 10C OF *PROSPEROUS PORTLAND* WHICH STATES *"THE CITY AND ITS WORKFORCE DEVELOPMENT PARTNERS WILL IMPLEMENT AN INTEGRATED SERVICE DELIVERY SYSTEM . . ."*
2. THIS RECOMMENDATION IS CONSISTENT WITH WORKFORCE DEVELOPMENT STRATEGY 9A OF *PROSPEROUS PORTLAND* WHICH STATES *"THE CITY, WITH ITS PARTNERS, WILL ADVOCATE FOR STATE AND FEDERAL TAX INCENTIVES FOR BUSINESSES THAT MAKE SIGNIFICANT TRAINING INVESTMENTS IN EXISTING AND PROSPECTIVE WORKERS. . ."* AND

ACTION ITEM NUMBER 1 WHICH STATES *"THE CITY WILL ACTIVELY LOBBY OTHER GOVERNMENTS FOR TAX INCENTIVES THAT ENCOURAGE COMPANIES TO INVEST IN TRAINING AND RETRAINING OF WORKERS."*
3. THESE FUNDS WERE CREATED BY THE STATE SUPREME COURT'S RULING WHICH DISALLOWED THE STATE LEGISLATURE'S APPROPRIATION OF \$81 MILLION OF THESE FUNDS.

EVEN WITH THE INCENTIVES RECOMMENDED EARLIER IN THIS REPORT, THE CENTRAL CITY WILL BE A MORE EXPENSIVE LOCATION FOR BUSINESS THAN MANY COMPETING SUBURBAN LOCATIONS. THUS, IT IS ESSENTIAL THAT THE PROSPECTIVE BUSINESS AND HOUSING MARKET PERCEIVE THAT THEY RECEIVE A SPECIAL QUALITY ENVIRONMENT FOR THOSE EXTRA COSTS. THE DISTRICT INFRASTRUCTURE RECOMMENDATIONS FOCUS ON PROJECTS NEEDED TO CREATE THAT SPECIAL ENVIRONMENT.

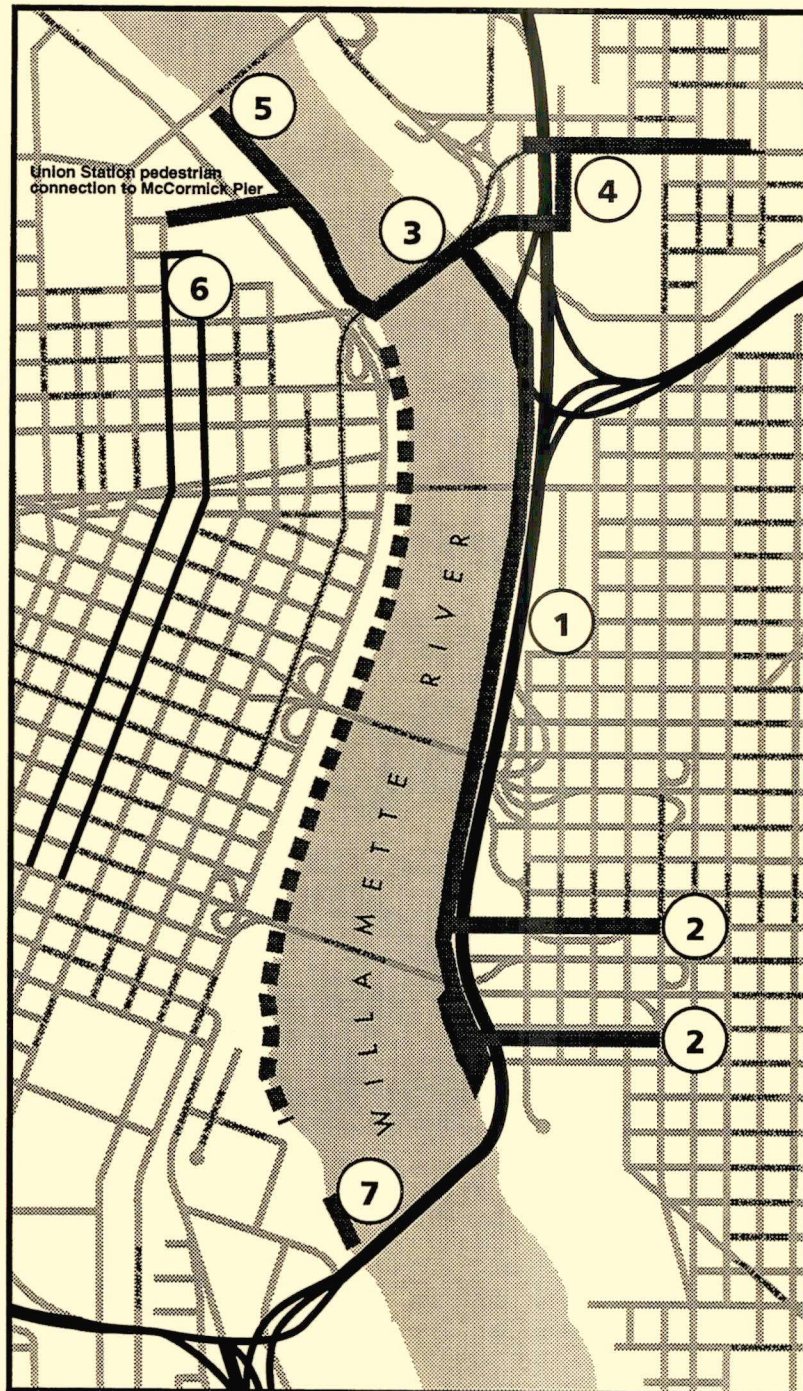
THE WILLAMETTE RIVER PROVIDES A UNIQUE OPPORTUNITY TO ENHANCE THE ENVIRONMENT OF SEVERAL CENTRAL CITY DISTRICTS AND TO TIE THE DISTRICTS TOGETHER. THE "RIVERFRONT" THEME RUNS THROUGH SEVERAL OF THE DISTRICT INFRASTRUCTURE RECOMMENDATIONS. THESE INCLUDE (NUMBERS ARE KEYED TO FIGURE ON NEXT PAGE):

- [1] ENHANCING THE EASTBANK ESPLANE SO THAT IT PROVIDES A FULL-LENGTH CONNECTION BETWEEN THE ROSE/LLOYD DISTRICT AND THE CENTRAL EASTSIDE DISTRICT.
- [2] PEDESTRIAN IMPROVEMENTS CONNECTING THE CENTRAL EASTSIDE DISTRICT TO THE EASTBANK ESPLANE.
- [3] A PEDESTRIAN "BOARDWALK" ON THE STEEL BRIDGE CONNECTING THE RIVER DISTRICT, ROSE DISTRICT AND EASTBANK ESPLANE.
- [4] PEDESTRIAN IMPROVEMENTS IN THE ROSE/LLOYD DISTRICT CONNECTING MAJOR ATTRACTORS IN THE DISTRICT WITH EACH OTHER AND TO THE ESPLANE AND STEEL BRIDGE BOARDWALK.
- [5] RIVERFRONT PROPERTY ACQUISITION IN THE RIVER DISTRICT
- [6] CONNECTING UNION STATION TO THE RIVER.
- [7] COMPLETING THE SOUTH-END OF THE RIVERPLACE ESPLANE.

THE FIGURE ON THE NEXT PAGE DEPICTS THIS PACKAGE OF IMPROVEMENTS. THE FOLLOWING SUB-SECTIONS DETAIL THE INFRASTRUCTURE RECOMMENDATIONS ON A DISTRICT-BY-DISTRICT BASIS.

SECTION VI: DISTRICT INFRASTRUCTURE

Proposed Riverfront Improvements



— Proposed riverfront or riverfront access improvement

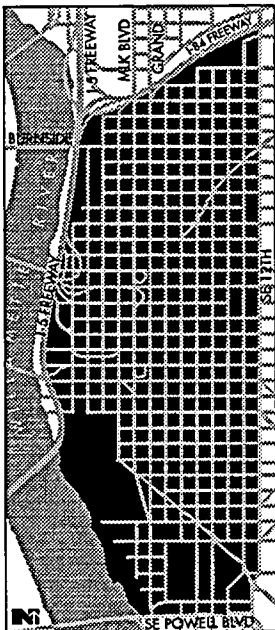
--- Existing Waterfront Park

Refers to key numbers on page VI-1

CENTRAL EASTSIDE INDUSTRIAL DISTRICT

THE CENTRAL EASTSIDE DISTRICT CONTAINS ABOUT 20,400 JOBS TODAY. TO ACHIEVE THE GROWTH LEVELS REQUIRED BY THE 2040 PLAN, DISTRICT EMPLOYMENT WOULD HAVE TO GROW BY 43 PERCENT BY THE YEAR 2015 TO A TOTAL OF 29,300.

OPPORTUNITY



MUCH OF THE CENTRAL EASTSIDE DISTRICT IS DESIGNATED AS INDUSTRIAL SANCTUARY. TRAFFIC AND ACCESS ARE MAJOR PROBLEMS AFFECTING THE INDUSTRIAL USES IN THE DISTRICT. THESE ISSUES WERE ADDRESSED BY A SEPARATE TASK FORCE, OPERATING CONCURRENT TO CENTRAL CITY 2000, WHICH DID NOT RECOMMEND A NEAR-TERM TRANSPORTATION IMPROVEMENT.

HOWEVER, THE AREAS ALONG MAJOR ARTERIALS INCLUDING MLK, GRAND, BURNSIDE, MORRISON, SANDY AND POWELL AND THE AREAS ADJACENT TO THE WILLAMETTE RIVER NEAR OMSI ARE AVAILABLE FOR COMMERCIAL AND "HIGH EMPLOYMENT DENSITY" BUSINESSES. THESE ARE THE AREAS WHERE THE BULK OF THE JOB GROWTH WILL OCCUR. THE CENTRAL EASTSIDE INDUSTRIAL COUNCIL ESTABLISHED THE ATTRACTION OF BUSINESS TO THESE AREAS AS ONE OF ITS MAJOR GOALS¹.

THUS, THE CENTRAL CITY 2000 TASK FORCE FOCUSED ITS EFFORT ON IDENTIFYING CENTRAL EASTSIDE INFRASTRUCTURE IMPROVEMENTS WHICH (I) WOULD ATTRACT BUSINESS TO THE HIGH GROWTH AREAS WITHOUT IMPAIRING THE DISTRICT'S INDUSTRIAL BASE AND (II) COULD BE IMPLEMENTED IN THE NEAR-TERM. THESE IMPROVEMENTS FOCUSED ON IMPROVING THE DISTRICT'S AFFILIATION WITH THE RIVER,

UPGRADING THE COMMERCIAL AREAS ALONG ARTERIALS AND PROVIDING ACCESS TO THE DEVELOPMENT AREA SOUTH OF OMSI.

THE CENTRAL CITY 2000 TASK FORCE RECOMMENDS THE FOLLOWING PROJECTS BE IMPLEMENTED:

PROPOSED ACTIONS

EASTBANK ESPLANADE

BOARDWALK AND THE BASIC "OVER-THE-WATER" TRAIL BETWEEN THE BURNSIDE AND STEEL BRIDGE.

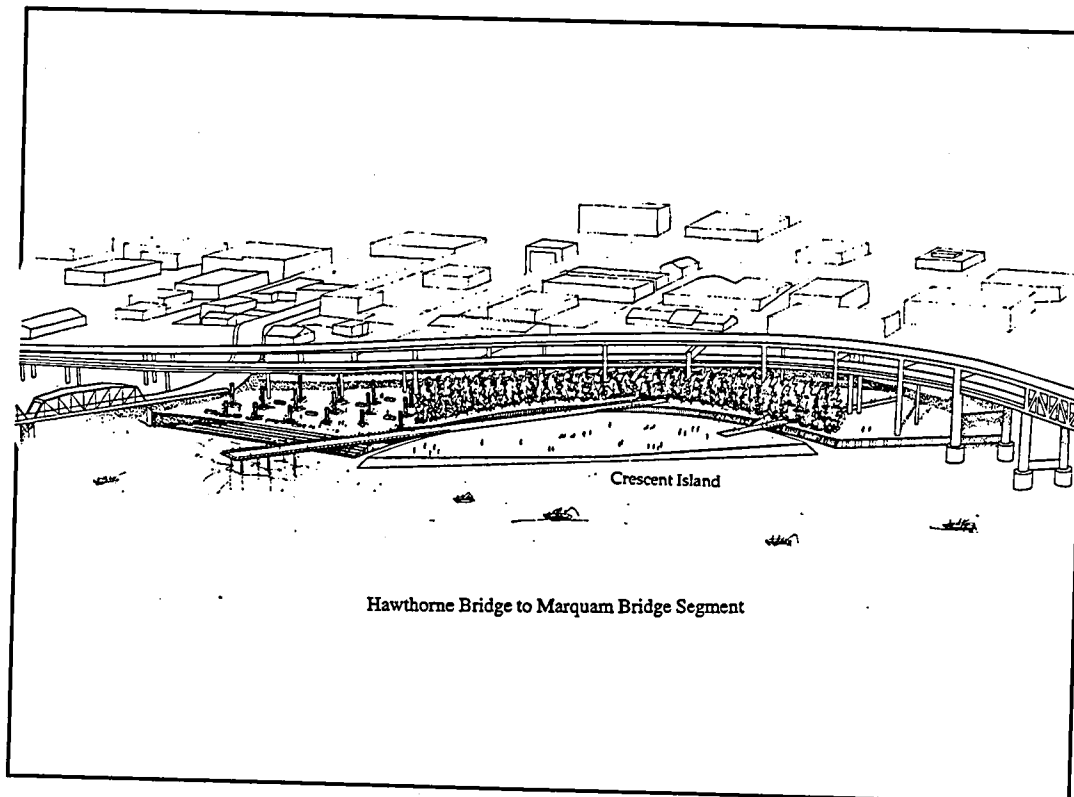
THE \$10.4 MILLION PROPOSED ENHANCEMENT ALLOWS FOR A FULL-LENGTH ESPLANADE TREATMENT BETWEEN THE STEEL BRIDGE AND OMSI³ WHICH INCLUDES A:

- CONNECTION BETWEEN THE ESPLANADE AND THE ROSE/LLOYD AND RIVER DISTRICTS⁴.
- MAN-MADE ISLAND FEATURE NEAR OMSI TO PROVIDE EASY ACCESS TO THE RIVER.
- TRAIL AND VIEWPOINT ENHANCEMENTS BETWEEN THE HAWTHORNE AND BURNSIDE BRIDGES

A \$10.4 MILLION ENHANCEMENT TO THE EXISTING \$3.5 MILLION INITIAL PHASE OF THE EASTBANK ESPLANADE IS PROPOSED². THE INITIAL PHASE I PROJECT WAS LIMITED TO THE CONSTRUCTION OF THE STEEL BRIDGE

FUNDING SOURCE FOR EASTBANK ESPLANADE	FY 97-03 TOTAL (MILLIONS)
EXISTING FUNDS	\$ 3.5
TAX INCREMENT	\$ 10.4
TOTAL	\$ 13.9

MOST OF THIS TAX INCREMENT WOULD COME FROM THE CENTRAL EASTSIDE DISTRICT. HOWEVER, A 20-25% SHARE WOULD COME FROM THE CONVENTION CENTER DISTRICT.



ESPLANADE PEDESTRIAN CONNECTION PROGRAM

THIS PROGRAM WOULD IMPROVE THE PEDESTRIAN CONNECTIONS OF THE CENTRAL EASTSIDE DISTRICT AND ADJACENT NEIGHBORHOODS TO THE EASTBANK ESPLANADE⁵.

THE PROGRAM INCLUDES:

- INSTALLATION OF TRAFFIC SIGNALS ON S.E. MAIN AT THE INTERSECTIONS WITH MLK AND GRAND.
- PEDESTRIAN AND BIKE IMPROVEMENTS TO S.E. MAIN
- PEDESTRIAN AND BIKE IMPROVEMENTS TO S.E. CLAY.

FUNDING SOURCE FOR ESPLANADE PEDESTRIAN CONNECTION PROGRAM	FY 97-03 TOTAL (MILLIONS)
TAX INCREMENT	\$ 0.5

S.E. WATER AVENUE EXTENSION

THE S.E. WATER AVENUE PROJECT IS A \$3 MILLION EXTENSION OF S.E. WATER AVENUE FROM ITS CURRENT TERMINUS BY OMSI TO S.E. CARUTHERS/S.E. GRAND AVENUE⁶. THE EXTENSION WOULD CREATE A COLLECTOR

STREET TO PROVIDE IMPROVED ACCESS AND CIRCULATION TO THE INDUSTRIAL PROPERTIES SOUTH OF CARUTHERS AND THE DEVELOPING WATERFRONT LAND ADJACENT TO OMSI AND THE NEW KPTV HEADQUARTERS.

THE PROJECT CURRENTLY HAS A \$1 MILLION SHORTFALL WHICH IS THE ADDED COST OF BUILDING THE STREET TO COLLECTOR STANDARDS. THE REMAINING \$2 MILLION WOULD BE FINANCED BY THE BENEFITTING PROPERTY OWNERS THROUGH A LOCAL IMPROVEMENT DISTRICT (LID).

FUNDING SOURCES FOR S.E. WATER AVENUE EXTENSION	FY 97-03 TOTAL (MILLIONS)
LID	\$ 2.0
CITY FUNDS	\$ 1.0
TOTAL	\$ 3.0

JOB DEVELOPMENT STRATEGY

A STRATEGY WOULD BE PREPARED BY THE CENTRAL EASTSIDE INDUSTRIAL COUNCIL, WITH SUPPORT FROM PDC, TO ENSURE THAT THE DISTRICT DEVELOPS AS A MAJOR EMPLOYMENT CENTER. THIS STRATEGY WILL

ADDRESS THE JOB CREATION POTENTIAL OF REDEVELOPING VACANT AND UNDERUTILIZED LAND IN THE DISTRICT. BOTH PUBLIC AND PRIVATELY OWNED PARCELS WILL BE EXAMINED.

MLK BLVD - GRAND AVENUE ENHANCEMENT PROGRAM

THIS PROGRAM INCLUDES THE DESIGN AND CONSTRUCTION OF PEDESTRIAN AREA LIGHTING, TREE PLANTING AND SIDEWALK IMPROVEMENTS ON MAJOR PEDESTRIAN STREETS IN THE CENTRAL EASTSIDE.

IMPROVEMENTS ON E. BURNSIDE AND MLK BOULEVARD WOULD CONTINUE THE STREETScape PLAN OF THE CONVENTION CENTER DISTRICT INTO THE CENTRAL EASTSIDE. IMPROVEMENTS ON GRAND AVENUE WOULD BE DESIGNED TO ENHANCE ITS "HISTORIC DISTRICT" STATUS. OVERALL 20 BLOCKS WOULD BE UPGRADED.

FUNDING SOURCE FOR MLK BLVD/GRAND AVE ENHANCEMENTS	FY 97-03 TOTAL (MILLIONS)
TAX INCREMENT	\$ 2.0

MLK BLVD - GRAND AVENUE FACADE IMPROVEMENT PROGRAM

THIS PROGRAM WOULD PROVIDE GRANTS TO COMMERCIAL AND INDUSTRIAL PROPERTY OWNERS FOR UPGRADES TO THEIR STOREFRONTS. THE PROGRAM WOULD FOCUS ON (I) EAST BURNSIDE WEST OF S.E. 12TH AVENUE AND (II) S.E. MLK BLVD. AND S.E.

GRAND BETWEEN I-84 AND POWELL BLVD.

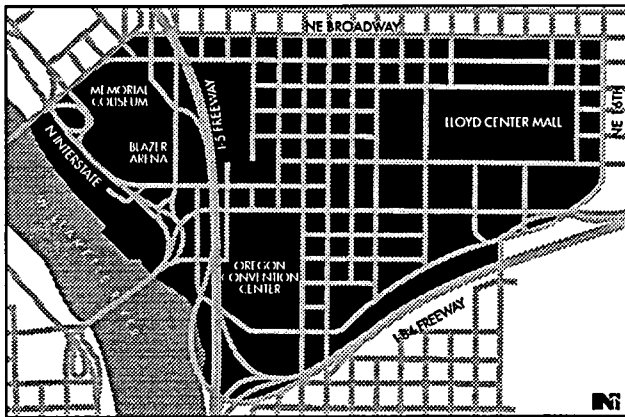
FUNDING SOURCE FOR FACADE IMPROVEMENTS	FY 97-03 TOTAL (MILLIONS)
TAX INCREMENT	\$ 1.5

ROSE/LLOYD DISTRICT

THE ROSE/LLOYD DISTRICT CONTAINS A MIX OF HIGH-RISE OFFICE, COMPARISON RETAIL AND REGIONAL ENTERTAINMENT/CONVENTION FUNCTIONS. THE DISTRICT CONTAINS ABOUT 24,300 JOBS TODAY. TO ACHIEVE THE GROWTH LEVELS REQUIRED BY THE 2040 PLAN, DISTRICT EMPLOYMENT WOULD HAVE TO GROW BY ABOUT 13,600 JOBS BY THE YEAR 2015.

OPPORTUNITY

THUS, THE ROSE/LLOYD DISTRICT IS PROJECTED TO ACCOUNT FOR ALMOST 20 PERCENT OF THE JOB GROWTH IN THE CENTRAL CITY. IT ALSO IS PROJECTED TO ACCOMMODATE ALMOST 15 PERCENT OF THE HOUSING GROWTH.



A LARGE AMOUNT OF THE DISTRICT'S EMPLOYMENT GROWTH WILL BE IN OFFICE JOBS. THE PREVIOUS RECOMMENDATIONS REGARDING THE EMPLOYMENT OPPORTUNITY FUND, BUSINESS LICENSE FEE AND WORKFORCE DEVELOPMENT ARE CRITICAL TO ATTRACTING OFFICE DEVELOPMENT TO THE ROSE/LLOYD DISTRICT. SIMILARLY, THE HOUSING RECOMMENDATIONS MADE EARLIER SUPPORT ROSE/LLOYD DISTRICT HOUSING GROWTH.

THUS, THE TASK FORCE FOCUSED ITS INFRASTRUCTURE RECOMMENDATIONS ON THE UNIQUE OPPORTUNITIES PROVIDED BY THE

ROSE/LLOYD DISTRICT IN THE AREAS OF CONVENTION AND TOURISM. THE ANALYSIS DEMONSTRATING THE NEED FOR THE EXPANSION OF THE CONVENTION CENTER AND A RELATED HOTEL ROOM-BLOCK WAS PROVIDED EARLIER IN THE TOURISM SECTION.

THE OTHER INFRASTRUCTURE RECOMMENDATIONS RELATE TO THE NEED TO TIE THE MAJOR ATTRACTORS IN THE DISTRICT TOGETHER AND TO TIE THE DISTRICT TO THE REMAINDER OF THE CENTRAL CITY. BY DOING SO, MORE CONVENTION DELEGATES WILL SPEND MORE MONEY IN MORE LOCATIONS OF THE CENTRAL CITY, THEREBY LEVERAGING THE INVESTMENT IN THE CONVENTION CENTER AND SPREADING THE BENEFIT.

THE CENTRAL CITY 2000 TASK FORCE RECOMMENDS THAT THE FOLLOWING PROJECTS BE IMPLEMENTED:

PROPOSED ACTIONS

CONVENTION CENTER EXPANSION

AS DISCUSSED IN THE TOURISM SECTION, THE CONVENTION CENTER IS CURRENTLY OPERATING AT ITS PRACTICAL CAPACITY. MARKET ANALYSES HAVE SHOWN THAT AN EXPANSION OF APPROXIMATELY 100,000

SQUARE FEET OF EXHIBIT HALL WITH RELATED AMENITIES WOULD ALLOW THE CONVENTION CENTER TO ATTRACT 80,000 MORE CONVENTION AND TRADE SHOW DELEGATES PER YEAR⁷.

THE EXPANSION WOULD INCLUDE:

- 100,000 S.F. OF NEW EXHIBIT SPACE
- 24 - 30 ADDITIONAL MEETING ROOMS
- 35,000 S.F. OF NEW BALLROOM SPACE
- OVER 1300 SPACES OF UNDERGROUND PARKING

FUNDING SOURCE FOR CONVENTION CENTER	FY 97-03 TOTAL (MILLIONS)
METRO GENERAL OBLIGATION BOND	\$ 70.0

THE EXPANSION IS ANTICIPATED TO COST ABOUT \$70 MILLION. THE TASK FORCE RECOMMENDS THAT METRO SEEK VOTER APPROVAL OF A GENERAL OBLIGATION BOND TO FUND THIS CONSTRUCTION. THE EXPANDED FACILITY IS ALSO PROJECTED TO REQUIRE AN ADDITIONAL \$500,000 PER YEAR FOR OPERATIONS AND \$250,000 PER YEAR FOR MARKETING. IT IS ANTICIPATED THAT THE EXISTING HOTEL TAX DEDICATED TO THE CONVENTION CENTER WILL BE SUFFICIENT TO FUND THESE ADDED COSTS.

HOTEL ROOM BLOCK AND EXPANSION

PRIOR TO SEEKING VOTER APPROVAL FOR EXPANDING THE CONVENTION CENTER, MERC AND PDC SHOULD SECURE, THROUGH A REQUEST FOR PROPOSALS PROCESS, A COMMITTED INVENTORY OF HOTEL ROOMS FOR USERS OF THE CONVENTION CENTER⁸.

THE COMMITTED INVENTORY OF HOTEL ROOMS SHOULD INCLUDE:

- AT LEAST 500 ROOMS IN A SINGLE HOTEL AND PROVIDE 40,000 S.F. OF MEETING ROOMS.
- AT LEAST 250 NEWLY CONSTRUCTED UNITS, ADDING TO THE EXISTING SUPPLY OF FIRST-CLASS HOTEL ROOMS IN THE AREA.
- OTHER FIRST-CLASS AMENITIES COMMENSURATE WITH THE MARKETING NEEDS OF AN EXPANDED CONVENTION CENTER AND THE NEEDS OF CONVENTION ORGANIZATIONS.

FUNDING SOURCES FOR HOTEL ROOM BLOCK/EXPANSION	FY 97-03 TOTAL (MILLIONS)
MERC: CONVENTION CENTER HOTEL TAX	\$ 1.25
CITY: GENERAL FUND/ TAX INCREMENT	\$ 1.25
PRIVATE FUNDS	\$25.0-\$30.0
TOTAL	\$27.5-\$32.5

A FINANCIAL INCENTIVE PACKAGE IS PROPOSED OF ANNUAL PAYMENTS OF \$500,000 DURING THE 5-YEAR "START-UP" PERIOD BETWEEN THE OPENING OF THE EXPANDED CONVENTION CENTER AND THE YEAR THE EXPANDED CONVENTION CENTER IS PROJECTED TO BE AT FULL MARKET SHARE.

EASTBANK ESPLANADE

DISTRICT RECOMMENDATION.

AS PROPOSED, THE ESPLANADE WOULD TERMINATE AT THE STEEL BRIDGE AND SERVE THE ROSE/LLOYD DISTRICT AS WELL AS THE CENTRAL EASTSIDE DISTRICT. THIS PROJECT IS DETAILED IN THE CENTRAL EASTSIDE

PEDESTRIAN CONNECTIONS

THIS PROJECT WOULD IMPROVE THE PEDESTRIAN CONNECTIONS BETWEEN THE CONVENTION CENTER, EASTBANK ESPLANADE, ROSE QUARTER AND THE SELECTED HOTEL⁹.

FUNDS ARE PROVIDED FOR THE DESIGN, ENGINEERING AND CONSTRUCTION OF THESE IMPROVEMENTS.

FUNDING SOURCE	FY 97-03 TOTAL (MILLIONS)
TAX INCREMENT	\$ 3.1

EXPAND FARELESS SQUARE

ROSE/LLOYD DISTRICT¹⁰.

TO MEET THE NEED FOR IMPROVED TRANSPORTATION BETWEEN THE CONVENTION CENTER AND CENTRAL CITY HOTELS, RESTAURANTS AND RETAIL, TRI-MET SHOULD EXPAND FARELESS SQUARE INTO THE

THE PROVISION OF SUCH A SERVICE CAN BE IMPLEMENTED IN CONJUNCTION WITH THE NEW PARKING RESTRICTIONS PLACED ON THE LLOYD DISTRICT THROUGH THE RECENTLY ADOPTED CENTRAL CITY TRANSPORTATION MANAGEMENT PLAN.

FUNDING SOURCE FOR FARELESS SQUARE	FY 97-03 TOTAL (MILLIONS)
TRI-MET	TBD

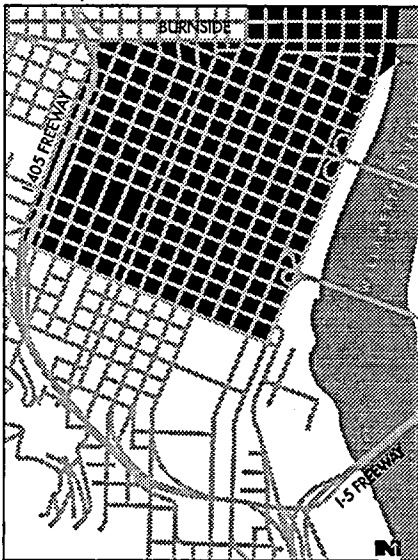
DOWNTOWN/OLD TOWN/CHINATOWN DISTRICT

THE DOWNTOWN DISTRICT, EXCLUDING THE NOW SEPARATE UNIVERSITY AND RIVER DISTRICTS, CONTAINS ABOUT 80,600 JOBS TODAY, 53 PERCENT OF THE CENTRAL CITY TOTAL.

OPPORTUNITY

TO ACHIEVE THE JOB GROWTH ENVISIONED IN THE 2040 PLAN, THE NUMBER OF JOBS IN THE DOWNTOWN DISTRICT MUST GROW BY 34,400 JOBS BY THE YEAR 2015. THUS, ALMOST ONE-HALF OF THE JOB GROWTH REQUIRED OF THE CENTRAL CITY BY THE 2040 PLAN IS EXPECTED TO OCCUR IN THE DOWNTOWN DISTRICT. OVER 1,000 NEW HOUSING UNITS ARE ALSO EXPECTED OVER THE NEXT TWENTY YEARS.

OLD TOWN/CHINATOWN DISTRICT
EXTENDS NORTH TO UNION STATION



JOB GROWTH IN THE DOWNTOWN DISTRICT WOULD BE BENEFITTED BY THE *COMMERCIAL BUILDING RENOVATION, EMPLOYER OPPORTUNITY FUND, BUSINESS LICENSE FEE, TARGET INDUSTRY AND WORKFORCE DEVELOPMENT* RECOMMENDATIONS PRESENTED EARLIER IN THIS REPORT¹¹. THE DOWNTOWN DISTRICT IMPROVEMENTS PROPOSED IN THIS SUBSECTION RELATE TO MULTI-PHASE PROJECTS WHICH NEED TO BE COMPLETED. HOUSING GROWTH IN THE DOWNTOWN DISTRICT WOULD BE BENEFITTED BY THE GENERAL HOUSING RECOMMENDATIONS MADE EARLIER.

THE OLD TOWN/CHINATOWN DISTRICT IS LOCATED WITHIN THE OFFICIAL BOUNDARIES OF THE RIVER DISTRICT. BECAUSE THE OLD TOWN DISTRICT/CHINATOWN FALLS BETWEEN THE DOWNTOWN DISTRICT AND THE PORTION OF THE RIVER DISTRICT NORTH OF EVERETT, IT HAS RECEIVED LITTLE ATTENTION IN TERMS OF DEVELOPMENT REQUIREMENTS. YET, GIVEN ITS LOCATION, THE OLD

TOWN/CHINATOWN DISTRICT SERVES AS THE FRONT DOOR TO THE MAJOR GROWTH AREAS IN THE RIVER DISTRICT AND CONNECTS THE RIVER DISTRICT WITH THE DOWNTOWN DISTRICT. THE OLD TOWN DISTRICT/CHINATOWN DISTRICT RECOMMENDATIONS OF THE CENTRAL CITY TASK FORCE FOCUS ON THE DEVELOPMENT OPPORTUNITIES CREATED BY THESE RELATIONSHIPS¹².

THE CENTRAL CITY 2000 TASK FORCE RECOMMENDS THAT THE FOLLOWING PROJECTS BE IMPLEMENTED:

PROPOSED ACTIONS

ROUSE RETAIL PAVILION AND 4TH/YAMHILL PARKING GARAGE

THE RETAIL PAVILION WOULD CONSIST OF ABOUT 150,000 SQUARE FEET ON FIVE FLOORS OF WHICH ABOUT 120,000 S.F. WOULD BE FOR RETAIL USES AND 30,000 S.F. WOULD BE FOR

ENTERTAINMENT USES¹³. THE PROJECT IS EXPECTED TO ATTRACT THREE NATIONALLY KNOWN "MINI-ANCHOR" DESTINATION RETAILERS EACH OCCUPYING ABOUT 15,000 - 22,000 S.F. THIS PROJECT WOULD BE THE LAST PHASE OF THE AGREEMENT WITH THE ROUSE COMPANY.

ABOUT 200 PARKING SPACES WILL BE ADDED TO THE FOURTH AND YAMHILL GARAGE TO REPLACE THE SURFACE PARKING SPACES DISLOCATED BY THE NEW ROUSE RETAIL PAVILION. THE PARKING SPACES WILL PROVIDE SHORT-TERM PARKING FOR RETAIL BUSINESSES IN THE AREA.

FUNDING SOURCE FOR RETAIL PAVILION/ GARAGE	FY 97-03 TOTAL (MILLIONS)
PRIVATE FUNDING	\$ 41.0
CITY PARKING FUND	\$ 3.0
TOTAL	\$ 44.0

WATERFRONT PARK EXTENSION

THIS PROJECT WOULD PREPARE ARCHITECTURE AND ENGINEERING DOCUMENTS TO EXTEND SOUTH WATERFRONT PARK FROM RIVERPLACE TO THE MARQUAM BRIDGE¹⁴. IT WOULD ALSO CONSTRUCT A

TEMPORARY TRAIL WHICH WOULD INCLUDE LANDSCAPING AND THE COMPLETION OF THE PGT PLAZA.

THE COMPLETION OF THE PERMANENT TRAIL WILL OCCUR IN A FUTURE PHASE.

FUNDING SOURCE FOR WATERFRONT PARK EXTENSION	FY 97-03 TOTAL (MILLIONS)
TAX INCREMENT	\$ 0.80

OLD TOWN DEVELOPMENT PLAN

PDC WOULD PREPARE A COMPREHENSIVE DEVELOPMENT PLAN FOR THE OLD TOWN AREA WHICH RECOMMENDS A VISION, HOUSING PLAN, PEDESTRIAN PLAN, CULTURAL AMENITY PLAN AND URBAN DESIGN GUIDELINES FOR THE AREA. PDC STAFF WILL WORK WITH COMMUNITY GROUPS AND THE UNIVERSITY OF OREGON SCHOOL OF ARCHITECTURE AND FORWARD THE PLAN TO THE CITY COUNCIL FOR ADOPTION.

CHINATOWN HOUSING

THIS PROJECT WOULD DEVELOP 50 - 100 UNITS OF HOUSING IN ONE OR TWO LOCATIONS WITHIN THE CHINATOWN DISTRICT. THE HOUSING WOULD BE DESIGNED TO MATCH THE CULTURAL CHARACTER OF THE AREA.

THE PROPOSED FUNDING WOULD PAY FOR PRELIMINARY DESIGN, PRE-DEVELOPMENT ACTIVITIES AND GAP FINANCING FOR THE HOUSING PROJECT.

FUNDING SOURCE	FY 97-03 TOTAL (MILLIONS)
TAX INCREMENT	\$ 1.1
PRIVATE FUNDS	\$3.0 - \$7.0
TOTAL	\$4.1 - \$8.1

OLD TOWN COMMERCIAL BUILDING DEVELOPMENT

PDC SHOULD REQUEST PROPOSALS TO DEVELOP AT LEAST A 200,000 SQUARE FEET OFFICE BUILDING AND 4-5 STORY PARKING GARAGE ON THE TRAILWAYS AND POST OFFICE PARKING BLOCKS ACROSS FROM UNION STATION (OWNED BY PDC).

THE OFFERING WOULD REQUIRE RETAIL ON THE GROUND FLOOR OF BOTH THE OFFICE BUILDING AND THE PARKING GARAGE. PDC FUNDS WOULD BE REQUIRED FOR THE PORTION OF THE PARKING STRUCTURE NEEDED TO REPLACE DISLOCATED SURFACE PARKING.

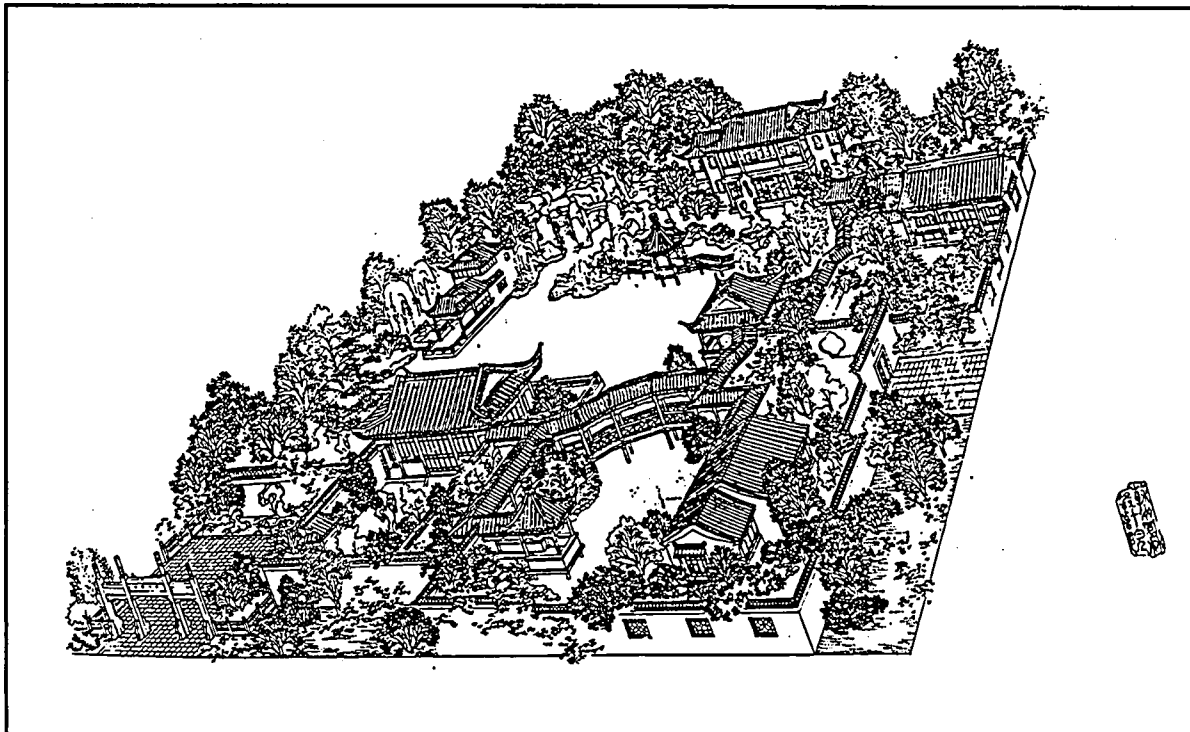
FUNDING SOURCE	FY 97-03 TOTAL (MILLIONS)
TAX INCREMENT	\$ 5.0
PRIVATE FUNDS	\$ 30.0
TOTAL	\$ 35.0

CLASSICAL CHINESE GARDEN

THIS PROJECT WILL DESIGN AND CONSTRUCT A CLASSICAL CHINESE GARDEN MODELED AFTER THE URBAN GARDENS FOUND IN PORTLAND'S SISTER CITY OF SUZHOU, CHINA¹⁵. THE GARDEN WOULD BE LOCATED ON A FULL-BLOCK AT N.W. 2ND/N.W. 3RD AVE. AND N.W. FLANDERS/N.W. GLISAN ST. THIS BLOCK IS CURRENTLY OWNED BY NORTHWEST NATURAL GAS, WHICH WOULD DONATE THE PROPERTY.

THE GARDEN WILL BE A MAJOR PUBLIC ATTRACTOR FOR THE AREA AND WOULD INCLUDE VISITOR MEETING FACILITIES. THE GARDEN WOULD ATTRACT OVER 100,000 VISITORS PER YEAR, ALMOST ONE-HALF OF WHICH WOULD BE OUT-OF-STATE TOURISTS.

FUNDING SOURCE FOR CHINESE GARDEN	FY 97-03 TOTAL (MILLIONS)
PRIVATE CONTRIBUTIONS	\$ 2.0
PRIVATE LAND DONATION	\$ 1.1
FEDERAL	\$ 1.0
MATCHING TAX INCREMENT FUNDS	\$ 2.0
TOTAL	\$ 6.1

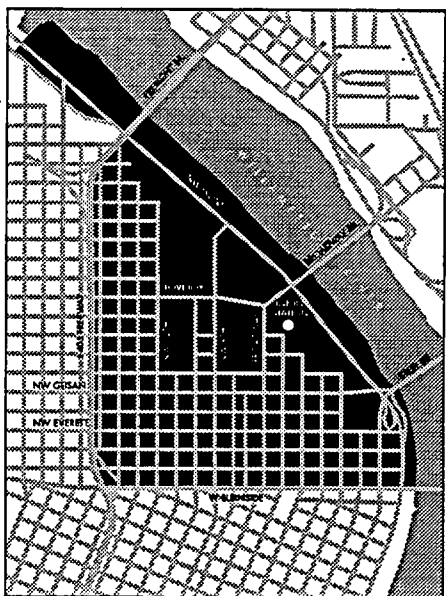


RIVER DISTRICT

THE VISION OF THE RIVER DISTRICT IS THE CREATION OF A NEW CENTRAL CITY NEIGHBORHOOD WITH 5,000 NEW HOUSING UNITS, NEIGHBORHOOD RETAIL, PUBLIC OPEN SPACE AND RIVERFRONT ACCESS. THE

HOUSING EXPECTED IN THE DISTRICT REPRESENTS ALMOST ONE-HALF OF THE CENTRAL CITY HOUSING GROWTH ENVISIONED BY THE 2040 PLAN. THE RIVER DISTRICT WILL ALSO INCLUDE 1.8 MILLION SQUARE FEET OF COMMERCIAL SPACE¹⁶.

OPPORTUNITY



THE OPPORTUNITY FOR ACHIEVING THIS VISION IS ENHANCED BY THE FACT THAT PROPERTY IS ESSENTIALLY IN THREE OWNERSHIPS: PDC (UNION STATION), THE PORT OF PORTLAND (TERMINAL 1) AND A PRIVATE PARTNERSHIP (HOYT STREET YARDS). PDC HAS BEEN SUCCESSFUL IN ATTRACTING A MAJOR HOUSING DEVELOPMENT PROJECT, WHICH IS NOW UNDERWAY.

THE KEY NOW IS TO FINALIZE A DEVELOPMENT AGREEMENT BETWEEN THE PRIVATE PARTNERSHIP WHICH OWNS THE HOYT STREET YARDS AND THE CITY. THIS AGREEMENT WILL ESTABLISH A PUBLIC-PRIVATE PARTNERSHIP WHEREIN THE CITY WOULD AGREE TO DEVELOP KEY INFRASTRUCTURE AND OPEN SPACE FEATURES AND THE PROPERTY OWNER WOULD COMMIT TO HOUSING DENSITIES AND PARTICIPATION IN SEVERAL OF THE INFRASTRUCTURE PROJECTS.

SPECIFICALLY, THE CITY WOULD BE RESPONSIBLE FOR IMPLEMENTING THE LOVEJOY RAMP, STREETCAR AND OPEN SPACE/RIVERFRONT FEATURES. IN RETURN, THE PROPERTY OWNER WOULD DEVELOP HOUSING AT 80 - 120 UNITS PER ACRE (DEPENDING ON THE CITY'S ABILITY TO ADVANCE ITS PROJECTS) ON ITS PROPERTY, WHICH IS NOW ZONED FOR COMMERCIAL DEVELOPMENT.

SUBJECT TO AN EXECUTED AGREEMENT BETWEEN RIVER DISTRICT PROPERTY-OWNERS AND THE CITY, THE CENTRAL CITY 2000 TASK FORCE RECOMMENDS THE FOLLOWING PROJECTS BE IMPLEMENTED:

PROPOSED ACTIONS

LOVEJOY RAMPS

THESE STREETS AND N.W. NORTHRUP WOULD BE RECONSTRUCTED AT-GRADE. A NEW RAMP TO THE BROADWAY BRIDGE WOULD BE BUILT IN THE VICINITY OF N.W. 9TH AVENUE. FUNDS SHOWN COVER THE DESIGN, ENGINEERING AND CONSTRUCTION OF THE PROJECT.

IF CONSTRUCTED, THE PROPERTY OWNERS WOULD BE REQUIRED TO DEVELOP TO A MINIMUM OF 80 UNITS PER ACRE.

THIS PROJECT INCLUDES THE DEMOLITION OF THE N.W. LOVEJOY VIADUCT BETWEEN N.W. 14TH AVENUE AND THE BROADWAY BRIDGE AND THE N.W. 10TH AVENUE RAMP TO THE VIADUCT¹⁷.

FUNDING SOURCES FOR LOVEJOY RAMPS	FY 97-03 TOTAL (MILLIONS)
STATE MODERNIZATION FUND	\$ 6.0
REGIONAL STP/FEDERAL FUNDS	\$ 7.0
CITY/PRIVATE MATCHING FUNDS	\$ 0.2
TOTAL	\$ 13.2

CENTRAL CITY STREET CAR

THE STREETCAR WOULD OPERATE IN THE RIGHT LANES OF N.W. LOVEJOY AND NORTHRUP ST. AND 10TH AND 11TH AVE. STAGE-1 WOULD TERMINATE AT S.W. MILL STREET ON THE PSU CAMPUS.

THE PROJECT IS DESIGNED TO ALLOW FUTURE EXTENSIONS TO OHSU, NORTH MACADAM AND OTHER CENTRAL CITY LOCATIONS.

THE CENTRAL CITY STREETCAR WOULD BE CONSTRUCTED IN STAGES. IN THE FIRST STAGE, THE PROJECT WOULD CONNECT N.W. 23RD AVE., THE RIVER DISTRICT AND PSU¹⁷.

FUNDING SOURCE FOR STREET CAR	FY 97-03 TOTAL (MILLIONS)
HUD	\$ 10.0
OTHER FEDERAL	\$ 6.0
UTILITY-DENSITY FUNDS	\$ 7.0
CITY	\$ 7.0
SHARED COSTS WITH OTHER PROJECTS	\$ 2.0
LID	\$ 8.0
TOTAL	\$ 40.0

PARK/WATERFRONT PROPERTY ACQUISITION PROGRAM

WITH THE CITY'S CSO PROJECT.

THE DESIGN OF THE PARK AND RIVERFRONT FEATURES WOULD BE PREPARED CONCURRENT WITH PROPERTY ACQUISITION.

THE PROPERTY ACQUISITION STRATEGY INCLUDES SEEKING A DONATION OF PROPERTY FROM DISTRICT PROPERTY OWNERS, PURCHASING A PORTION OF THE TANNER PARK AREA WITH BES FUNDS MADE AVAILABLE BY USING A FEDERAL GRANT FOR A PORTION OF THE TANNER CREEK DIVERSION PROJECT, OPTIONING THE RIVER QUEEN PROPERTY IMMEDIATELY AND PURCHASING IT IN FY 98, ACQUIRING CENTENNIAL MILLS BY CONDEMNATION, IF NECESSARY AND SEEKING FEDERAL FUNDS TO ACQUIRE THE MT. HOOD CHEMICAL PROPERTY.

THE RECOMMENDED NEAR-TERM PRIORITY IS TO ACQUIRE THE PROPERTY NEEDED TO ESTABLISH PUBLIC OPEN SPACE AND RIVERFRONT ACCESS AS THE FRAMEWORK FOR RIVER DISTRICT DEVELOPMENT. THESE PUBLIC USES WILL BE PURSUED IN CONCERT

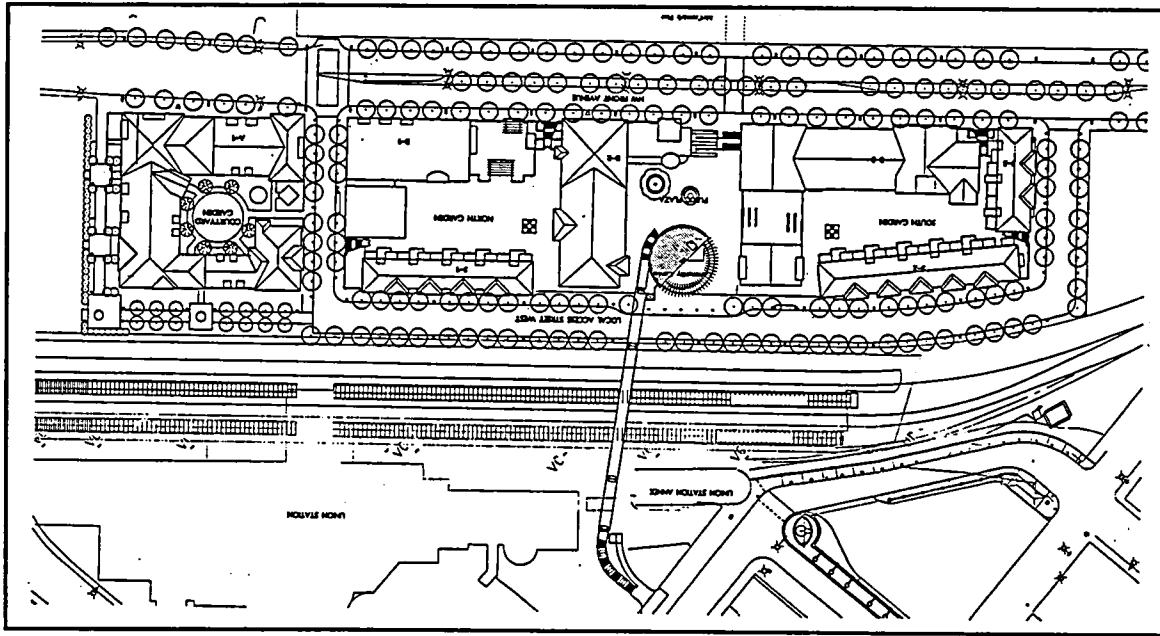
FUNDING SOURCE FOR PARK/ WATERFRONT ACQUISITION	FY 97-03 TOTAL (MILLIONS)
CENTENNIAL MILLS PROPERTY ACQUISITION - BES FUNDS	\$ 6.0
TANNER CREEK PROPERTY ACQUISITION - BES FUNDS	APPRAISED VALUE
RIVER QUEEN PROPERTY ACQUISITION - CITY GEN. FUND	APPRAISED VALUE
MT. HOOD CHEMICAL PROPERTY ACQUISITION - FEDERAL FUNDS	APPRAISED VALUE
TANNER PARK: PRIVATE DONATION	DONATION
<i>Total</i>	TBD

RIVER DISTRICT INFRASTRUCTURE IMPROVEMENTS

PEDESTRIAN CROSSINGS, SIDEWALK AND STREET TREE IMPROVEMENTS AND SIGNALLED INTERSECTIONS ALONG N.W. FRONT AVENUE.

THIS PROJECT INCLUDES THE DESIGN AND CONSTRUCTION OF A SERIES OF PROJECTS ALONG N.W. FRONT AVENUE IN THE VICINITY OF UNION STATION¹⁷. THE IMPROVEMENTS INCLUDE A N.W. 3RD AVE. RAIL CROSSING CONNECTING N.W. FRONT AND N.W. 3RD AND

FUNDING SOURCE FOR INFRASTRUCTURE IMPROVEMENTS	FY 97-03 TOTAL (MILLIONS)
GENERAL FUND	\$ 4.6



UNION STATION PEDESTRIAN IMPROVEMENTS

APARTMENTS TO THE GREENWAY TRAIL.

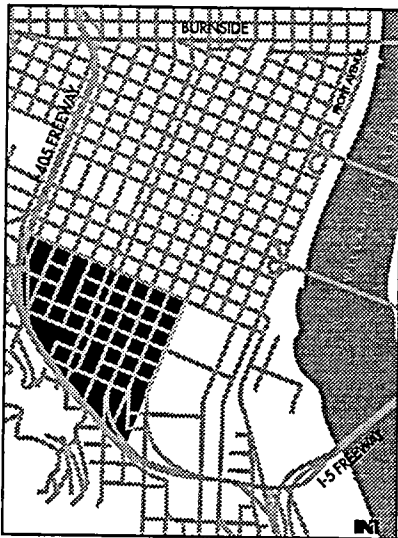
THIS PROJECT WOULD CONNECT THE TRANSIT MALL AND UNION STATION HOUSING WITH N.W. FRONT AVENUE. IT INCLUDES A PEDESTRIAN OVERPASS ACROSS THE TRAIN TRACKS AND A PEDESTRIAN CROSSING WHICH PASSES THROUGH THE MCCORMICK PIER

FUNDING SOURCE FOR PEDESTRIAN IMPROVEMENTS	FY 97-03 TOTAL (MILLIONS)
TAX INCREMENT	\$ 1.5

UNIVERSITY DISTRICT

THE UNIVERSITY DISTRICT IS ENVISIONED AS A PLACE WHERE HOUSING, EDUCATION, CULTURAL AND COMMERCIAL ACTIVITIES COME TOGETHER TO FORM A UNIQUE AND VITAL NEIGHBORHOOD. THIS CONCEPT IS EXPECTED TO MAKE THE UNIVERSITY DISTRICT A PLACE WHERE PEOPLE WILL WANT TO LIVE BECAUSE OF ITS INTELLECTUAL AND CULTURAL LIFE AND ITS VITALITY¹⁸.

OPPORTUNITY



THE DISTRICT IS EXPECTED TO ACCOMMODATE 1,500 NEW HOUSING UNITS (15 PERCENT OF THE CENTRAL CITY TARGET). MUCH OF THE NEW HOUSING WILL BE LOCATED IN MID-RISE PROJECTS ALONG THE EASTERN EDGE OF THE DISTRICT. OBSOLETE HOUSING, LOCATED IN THE NORTHWEST CORNER OF THE DISTRICT, WILL BE REPLACED AND INFILL HOUSING WILL BE ENCOURAGED BEYOND ITS NORTH BOUNDARY. FUNDING FOR UNIVERSITY DISTRICT HOUSING IS TIED TO THE GENERAL HOUSING STRATEGY PROPOSED EARLIER IN THIS REPORT.

WITHIN THE DISTRICT THERE ARE AT LEAST 75 BUSINESSES. HOWEVER, THE AREA DOES NOT FEATURE THE LEVEL OF RETAIL SERVICES NECESSARY TO CREATE OR MAINTAIN THE VITAL DISTRICT ENVISIONED. WITH ABOUT 5 MILLION VISITS PER YEAR, THERE ARE OPPORTUNITIES TO EXPAND SUPPORT SERVICES SUCH AS RESTAURANTS, CATERING AND RETAIL SHOPPING.

AN ADVANCED TECHNOLOGY FOCUS IS ENVISIONED FOR THE AREA. PSU PROPOSES TO DEVELOP AN ENGINEERING BUILDING TO STIMULATE ECONOMIC GROWTH ASSOCIATED WITH RESEARCH, DEVELOPMENT, AND INCUBATION OF EMERGING BUSINESSES. PLANNED COLLABORATIONS WITH THE OHSU ADDS TO THE DISTRICT'S ABILITY TO STIMULATE NEW BUSINESS AND JOBS.

THE TASK FORCE FOCUSED MUCH OF ITS ATTENTION ON THOSE ASPECTS OF PSU CAMPUS DEVELOPMENT THAT WILL LEVERAGE PRIVATE INVESTMENT IN HOUSING AND COMMERCIAL ACTIVITY IN THE DISTRICT¹⁹. THE CENTRAL CITY STREETCAR, A MAJOR FEATURE OF THE STRATEGY, IS ADDRESSED IN THE RIVER DISTRICT RECOMMENDATIONS.

THE CENTRAL CITY 2000 TASK FORCE RECOMMENDS THAT THE FOLLOWING PROJECTS BE IMPLEMENTED:

PROPOSED ACTIONS

HOUSING

1,500 NEW UNITS OF HIGH DENSITY HOUSING ARE TO BE CONSTRUCTED WITHIN THE UNIVERSITY DISTRICT OVER THE NEXT 5 YEARS. HALF OF THAT NEW DEVELOPMENT WILL BE MARKET RATE HOUSING AND HALF WILL BE AFFORDABLE HOUSING. BOTH RENTAL AND OWNER-OCCUPIED UNITS ARE ANTICIPATED. THE ASSETS OF PSU WILL BE LINKED TO THIS HOUSING (FOR EXAMPLE, RESIDENTS WILL HAVE COMPUTER ACCESS TO PSU'S LIBRARY). FUNDING FOR UNIVERSITY DISTRICT HOUSING IS PART OF THE GENERAL HOUSING RECOMMENDATION, EXCEPT THAT A SPECIAL \$2 MILLION HUD GRANT HAS BEEN MADE AVAILABLE.

URBAN CENTER AND UNIVERSITY PLAZA

AS PART OF THE PLAN TO STIMULATE DEVELOPMENT IN THE UNIVERSITY DISTRICT, PSU WILL BUILD AN ACADEMIC AND COMMUNITY CENTER WHICH INTEGRATES THE URBAN CENTER, A NEW ACADEMIC BUILDING, AND THE UNIVERSITY PLAZA.

THE URBAN CENTER WILL BE A STATE-OF-THE-ART ACADEMIC AND RESEARCH FACILITY THAT WILL HOUSE THE PSU SCHOOL OF URBAN AND PUBLIC AFFAIRS AND ACADEMIC PROGRAMS IN MULTI-MEDIA DEVELOPMENT, SOFTWARE ENGINEERING AND PSU'S COMMUNITY SERVICE PROGRAMS.

IT WILL BE A 100,000 SQUARE FOOT, FIVE STORY BUILDING EQUIPPED WITH COMPUTER AND INTERACTIVE MULTI-MEDIA TECHNOLOGY TO SUPPORT THE DEVELOPMENT AND DELIVERY OF DISTANCE LEARNING COURSES THROUGHOUT OREGON. THE URBAN CENTER WILL ALSO CONTAIN CONFERENCE AND MEETING ROOMS AVAILABLE FOR USE BY THE COMMUNITY, A ROOF-TOP GARDEN AND GROUND-FLOOR RETAIL.

FUNDING SOURCE FOR THE URBAN CENTER AND UNIVERSITY PLAZA	FY 97-03 TOTAL (MILLIONS)
HUD	\$ 4.0
STATE GO BOND	\$ 7.0
LOTTERY FUNDS	\$ 3.5
RETAIL LEASE REVENUES	\$ 2.0
PDC	\$ 0.2
LAND SALE, TRANSIT GRANTS, OTHER GRANTS	\$ 9.8
PRIVATE FUND RAISING	\$ 1.5
TOTAL	\$28.0

THE UNIVERSITY PLAZA WILL BE THE GATEWAY TO THE UNIVERSITY DISTRICT. THE PLAZA WILL SERVE AS THE FRONT-DOOR TO THE GROUND-FLOOR RETAIL IN THE URBAN CENTER. IT WILL ALSO BE A MAJOR TRANSIT HUB LINKING THE SOUTH TRANSIT MALL EXTENSION, THE CENTRAL CITY STREETCAR AND, IN THE FUTURE, THE SOUTH-NORTH LIGHT RAIL LINE.

SOUTH MALL EXTENSION

THIS PROJECT WOULD EXTEND THE MALL TREATMENT SOUTH TO THE UNIVERSITY PLAZA, WHICH WOULD SERVE AS A MAJOR TRANSIT HUB²⁰.

SIDEWALKS WOULD BE IMPROVED AND TRIP PLANNING KIOSKS, STREET TREES, DRINKING FOUNTAINS, BENCHES, AND ORNAMENTAL STREET LIGHTING WOULD BE INSTALLED. THE INITIAL FEDERAL AUTHORIZATION WOULD BE PRIORITIZED TO ANCHOR THE SOUTH END OF THE MALL AT THE PLAZA.

THE MALL EXTENSION WOULD BE INTEGRATED INTO THE UNIVERSITY PLAZA WITHIN WHICH A FULL-SERVICE TRI-MET CUSTOMER SERVICE CENTER WOULD BE LOCATED. THE PROJECT IS A COMPONENT OF THE SOUTH-NORTH LIGHT RAIL PROJECT, BUT CAN BE BUILT IN RAIL-READY CONDITION, CONCURRENT WITH THE UNIVERSITY PLAZA.

FUNDING SOURCE FOR SOUTH MALL PROJECT STAGE-1	FY 97-03 TOTAL (MILLIONS)
FEDERAL SECTION 3 "BUS" GRANT	\$12.8
TRI-MET\PSU MATCH	\$ 3.2
TOTAL	\$16.0

SCHOOL OF ENGINEERING AND APPLIED SCIENCE: STAGE I

PSU AND A PRIVATE DEVELOPER HAVE JOINTLY ACQUIRED THE US WEST BUILDING ON S.W. FOURTH BETWEEN HARRISON AND COLLEGE STREETS. THE FACILITY INCLUDES 195,000 SQUARE FEET OF IMPROVED BUILDING AND 389 PARKING SPACES.

THE FIRST STAGE INVOLVES PSU'S ACQUISITION OF ABOUT 117,000 S.F. OF BUILDING SPACE AND PARKING. THE SCHOOL OF ENGINEERING, WHICH ULTIMATELY IS EXPECTED TO USE THE ENTIRE BUILDING, WOULD UTILIZE 45,000 S.F. IN STAGE-1 FOR A NEW WIRELESS COMMUNICATIONS RESEARCH LABORATORY AND PARTS OF THE ELECTRICAL ENGINEERING PROGRAM.

DURING STAGE-1, US WEST AND THE CITY OF PORTLAND WOULD LEASE THE REMAINING SPACE UNDER PSU'S CONTROL. PSU'S ACQUISITION OF THE REMAINING 78,000 SQUARE FEET WOULD OCCUR DURING STAGE-2.

FUNDING SOURCES FOR ENGINEERING BUILDING	FY 97-03 TOTAL (MILLIONS)
GIFTS	\$ 1.5
STATE/PSU FUND SOURCES	\$ 1.3
BONDS FROM CITY LEASE	\$ 3.7
BONDS FROM PRIVATE LEASE	\$ 2.4
BONDS FROM PARKING	\$ 5.4
TOTAL	\$14.4

SECTION VI: ENDNOTES

1. THE GOALS AND INITIAL IDENTIFICATION OF PRIORITY PROJECTS FOR THE CENTRAL EASTSIDE DISTRICT WAS PROPOSED TO THE CENTRAL CITY 2000 TASK FORCE BY THE CENTRAL EASTSIDE STEERING COMMITTEE OF CENTRAL CITY 2000 AND THE CENTRAL EASTSIDE INDUSTRIAL COUNCIL BOARD OF DIRECTORS IN A LETTER FROM MICHAEL MILLER TO BOB RIDGLEY DATED SEPTEMBER 19, 1995. THAT INITIAL LIST WAS REFINED BY PDC AND CITY STAFF AND THE CENTRAL CITY 2000 TASK FORCE AND THE REFINED LIST WAS REVIEWED BY THE CENTRAL EASTSIDE STEERING COMMITTEE.
2. THIS RECOMMENDATION IS CONSISTENT WITH ACTION ITEM 1 OF CENTRAL EASTSIDE STRATEGY D OF *PROSPEROUS PORTLAND* WHICH STATES "THE CITY WILL PROCEED WITH THE EASTBANK RIVERFRONT PARK PLANNING, DESIGN AND IMPLEMENTATION."
3. A DETAILED VISION FOR THE EASTBANK ESPLANADE IS DESCRIBED IN *EASTBANK RIVERFRONT PARK MASTER PLAN*, HARGREAVES ASSOCIATES, ET AL, JANUARY 1994.
4. THE ENHANCEMENT INCLUDES FUNDING FOR A PORTION OF THE STEEL BRIDGE BOARDWALK WHICH CONNECTS THE RIVER AND ROSE/LLOYD DISTRICTS TO EACH OTHER AND ACCESSES THE EASTBANK ESPLANADE. THIS RECOMMENDATION IS CONSISTENT WITH ACTION ITEM 1 OF RIVER DISTRICT STRATEGY A OF *PROSPEROUS PORTLAND* WHICH STATES "THE CITY WILL UNDERTAKE AND COMPLETE THE . . . OREGON BOARDWALK . . ."
5. THIS RECOMMENDATION IS CONSISTENT WITH THE *CENTRAL EASTSIDE TRANSPORTATION STUDY* PREPARED BY THE PORTLAND DEPARTMENT OF TRANSPORTATION AND PDC, JULY 1990.
6. THIS RECOMMENDATION IS CONSISTENT WITH ACTION ITEM 1 OF CENTRAL EASTSIDE STRATEGY B OF *PROSPEROUS PORTLAND* WHICH STATES "THE CITY WILL CONSTRUCT THE EXTENSION OF S.E. WATER AVENUE . . ."
7. THIS RECOMMENDATION IS CONSISTENT WITH BUSINESS DEVELOPMENT STRATEGY 4D OF *PROSPEROUS PORTLAND* WHICH STATES "THE CITY RECOGNIZES THE IMPORTANCE OF THE VISITOR INDUSTRY TO PORTLAND'S ECONOMY AND ENCOURAGES THE GROWTH OF THE INDUSTRY."
8. THIS RECOMMENDATION BUILDS ON ACTION ITEM 1 OF THE LLOYD DISTRICT STRATEGY IN *PROSPEROUS PORTLAND* WHICH STATES "THE CITY WILL CONTINUE TO PURSUE DEVELOPMENT OF A CONVENTION HEADQUARTERS HOTEL . . ."
9. THIS RECOMMENDATION BUILDS ON POLICY 19B OF THE *CENTRAL CITY TRANSPORTATION MANAGEMENT PLAN* WHICH STATES "IMPROVE THE [LLOYD CENTER - COLISEUM] ENVIRONMENT FOR PEDESTRIANS THROUGHOUT THE DISTRICT AND CREATE A REGIONAL CIVIC FACILITIES CAMPUS WHICH BRINGS TOGETHER THE CONVENTION CENTER AND COLISEUM."

10. THIS RECOMMENDATION IS CONSISTENT WITH LLOYD DISTRICT STRATEGY 4.3 OF THE CENTRAL CITY TRANSPORTATION MANAGEMENT PLAN.
11. THE INITIAL LIST OF DOWNTOWN DISTRICT PRIORITIES WAS PREPARED BY THE DOWNTOWN DISTRICT STEERING COMMITTEE AND DOCUMENTED IN *"DOWNTOWN/OLD TOWN DISTRICT PRIORITY PROJECTS"*, APP, JANUARY 1995.
12. THE INITIAL IDENTIFICATION OF PRIORITIES FOR THE OLD TOWN DISTRICT WAS PREPARED BY THE OLD TOWN DEVELOPMENT PLAN TASK FORCE AND REPORTED IN *DOWNTOWN/OLD TOWN DISTRICT PRIORITY PROJECTS*, APP, DECEMBER 1995.
13. THIS RECOMMENDATION IS CONSISTENT WITH CENTRAL CITY STRATEGY E OF *PROSPEROUS PORTLAND* WHICH STATES *"THE CITY WILL PURSUE REDEVELOPMENT OF . . . PIONEER PLACE/BLOCK 50."*
14. THIS RECOMMENDATION IS CONSISTENT WITH ACTION ITEM 3 OF DOWNTOWN/OLD TOWN STRATEGY OF *PROSPEROUS PORTLAND* WHICH STATES *"THE CITY WILL COMPLETE INFRASTRUCTURE INVESTMENTS IN THE SOUTH WATERFRONT AREAS . . . INCLUDING THE DESIGN AND CONSTRUCTION OF THE WATERFRONT PARK ESPLANADE FROM RIVERPLACE TO THE MARQUAM BRIDGE, TO STIMULATE PRIVATE REDEVELOPMENT INVESTMENT."*
15. THIS RECOMMENDATION IS CONSISTENT WITH ACTION ITEM 1 OF RIVER DISTRICT STRATEGY A OF *PROSPEROUS PORTLAND* WHICH STATES *"THE CITY WILL UNDERTAKE AND COMPLETE THE . . . CHINESE GARDEN AT PACIFIC SQUARE."*
16. A DETAILED EXPLANATION OF THE VISION FOR THE RIVER DISTRICT IS PROVIDED IN *RIVER DISTRICT: A DEVELOPMENT PLAN FOR PORTLAND'S NORTH DOWNTOWN*, RIVER DISTRICT STEERING COMMITTEE, UNDATED. A DETAILED EXPLANATION OF THE HOUSING ELEMENT OF THE RIVER DISTRICT PLAN IS PROVIDED IN *RIVER DISTRICT HOUSING IMPLEMENTATION STRATEGY*, PDC, SEPTEMBER 1994. AN ANALYSIS OF THE ECONOMIC BENEFITS OF THE RIVER DISTRICT IS PROVIDED IN *RIVER DISTRICT DEVELOPMENT PLAN: RETURN ON INVESTMENT ANALYSIS*, PREPARED FOR PDC BY OTAK, DECEMBER 1994.
17. THIS RECOMMENDATION IS CONSISTENT WITH ACTION ITEM 1 OF RIVER DISTRICT STRATEGY IN *PROSPEROUS PORTLAND* WHICH STATES *"THE CITY WILL UNDERTAKE AND COMPLETE THE CENTRAL CITY STREETCAR, LOVEJOY VIADUCT RECONSTRUCTION . . . NW FRONT AVENUE CROSSING . . ."*
18. A DETAILED DESCRIPTION OF THE UNIVERSITY DISTRICT VISION IS PROVIDED IN *VISION FOR A UNIVERSITY DISTRICT*, PSU, UNDATED. ADDITIONAL DETAILS CAN BE FOUND IN *A METROPOLITAN COMPACT: PORTLAND AND ITS URBAN UNIVERSITY*, CITY OF PORTLAND AND PSU, MARCH 1996.
19. THE INITIAL RECOMMENDATIONS ON PRIORITIES FOR THE UNIVERSITY DISTRICT WERE MADE BY THE UNIVERSITY DISTRICT STEERING COMMITTEE TO THE CENTRAL CITY 2000 TASK FORCE.
20. THIS RECOMMENDATION IS CONSISTENT WITH UNIVERSITY DISTRICT STRATEGY C IN *PROSPEROUS PORTLAND* WHICH STATES *"THE CITY AND ITS PARTNERS WILL WORK TOWARD SIGNIFICANTLY IMPROVED TRANSPORTATION SERVICES FOR THE PSU AREA . . . STRATEGIES MAY INCLUDE THE EXTENSION OF THE TRANSIT MALL, DEVELOPMENT OF THE DOWNTOWN TROLLEY AND POSSIBLE LIGHT RAIL LINES."*

THE CENTRAL CITY 2000 TASK FORCE RECOMMENDS THAT:

- THE PORTLAND DEVELOPMENT COMMISSION BE CHARGED WITH IMPLEMENTING THE RECOMMENDATIONS OF THE CENTRAL CITY 2000 TASK FORCE.
- THE MAYOR'S BUSINESS ROUNDTABLE BE CHARGED WITH ADVISING THE MAYOR AND THE PORTLAND DEVELOPMENT COMMISSION ON THE IMPLEMENTATION OF THE CENTRAL CITY 2000 RECOMMENDATIONS¹.
- THE MEMBERSHIP OF THE BUSINESS ROUNDTABLE BE EXPANDED TO INCLUDE REPRESENTATIVES FROM NORTH/NORTHEAST PORTLAND AND SOUTHEAST PORTLAND TO ENSURE THAT EASTSIDE WORKFORCE TRAINING PROGRAMS ARE LINKED TO CENTRAL CITY JOB DEVELOPMENT.
- THE PORTLAND DEVELOPMENT COMMISSION SHOULD WORK WITH THE ASSOCIATION FOR PORTLAND PROGRESS AND METRO TO DETERMINE A CONSISTENT SET OF CENTRAL CITY JOB ESTIMATES AND A METHOD TO MONITOR THE GROWTH IN JOBS OVER TIME.

SECTION VII: IMPLEMENTATION ORGANIZATION

SECTION VII: ENDNOTES

1. THIS RECOMMENDATION IS CONSISTENT WITH BUSINESS DEVELOPMENT STRATEGY 4B OF PROSPEROUS PORTLAND WHICH STATES "THE CITY WILL ENSURE THAT THE BUSINESS COMMUNITY HAS CONTINUED INVOLVEMENT IN ECONOMIC POLICY DEVELOPMENT AND REVIEW THROUGH THE MAYOR'S BUSINESS ROUNDTABLE, THE CITY'S ECONOMIC DEVELOPMENT ADVISORY COMMITTEE.

SECTION VIII: FINANCE PLAN

TABLE 8-1: FINANCE PLAN FOR HOUSING STRATEGY

Program	Funding Source	FY 96/97	FY 97/98	FY 98/99	FY 99/00	FY 00/01	FY 01/02	FY 02/03	TOTAL
Housing	Housing Investment Fund	\$ 1 - 2	\$ 1 - 2						\$ 2-4
	Tax Increment	\$ 3	\$ 4	\$ 4	\$ 4	\$ 4	\$ 4	\$ 4	\$27
	Real Estate Transfer Tax			\$ 2	\$ 2	\$ 2	\$ 2	\$ 2	\$10
	Private Funding ¹	\$40	\$41	\$41	\$41	\$41	\$41	\$41	\$287
	<i>Total</i>	\$44-45	\$45-46	\$46	\$46	\$46	\$46	\$46	\$326-328

TABLE 8-2: FINANCE PLAN FOR BUSINESS CLIMATE AND WORKFORCE RECOMMENDATIONS

Program	Funding Source	FY 96/97	FY 97/98	FY 98/99	FY 99/00	FY 00/01	FY 01/02	FY 02/03	TOTAL
Adjustment to business license tax	PDC, OFA and BoL	(³)							
Workforce Development	Unemployment Insurance Tax Credit	(³)							
Employment Opportunity Fund	Tax Increment			\$3.0	\$3.0	\$3.0	\$3.0	\$3.0	\$ 15.00
Older Commercial Bldg Renovation Program	Tax Abatement/Credit Prog ⁴ .	\$0.1	\$0.05	\$0.05	\$0.05	0.05	\$0.05	\$0.05	\$ 0.40
	Loans: Tax Increment Fund ⁵			\$1.0	\$1.0	\$2.0	\$2.0	\$2.0	\$ 8.0
Transit Service Improvements	Tri-Met	(⁶)							

TABLE 8-3: FINANCE PLAN FOR TARGET INDUSTRY RECOMMENDATIONS

Program	Funding Source	FY 96/97	FY 97/98	FY 98/99	FY 99/00	FY 00/01	FY 01/02	FY 02/03	TOTAL
Creative Services Center: Feasibility Study	Tax Increment	\$0.20	(⁷)						\$ 0.20
Bio-Tech Center: Feasibility Study	Tax Increment	\$0.20	\$0.20	(⁸)					\$ 0.40
Information Services	<i>See Business Climate</i>								
Retail	<i>See Downtown/Old Town District</i>								
Tourism	<i>See Rose/Lloyd District</i>								

TABLE 8-4: FINANCE PLAN FOR THE CENTRAL EASTSIDE INDUSTRIAL DISTRICT RECOMMENDATIONS

District/Project	Funding Source	FY 96/97	FY 97/98	FY 98/99	FY 99/00	FY 00/01	FY 01/02	FY 02/03	TOTAL
Eastbank Esplanade	Existing Funds	\$1.5	\$2.0						\$ 3.5
	Tax Increment ⁹	\$1.5	\$2.0	\$2.3	\$2.4	\$2.2			\$ 10.4
	<i>Total</i>	\$3.0	\$4.0	\$2.3	\$2.4	\$2.2			\$ 13.9
Water Avenue Extension	LID		\$2.0						\$ 2.0
	City Funds		\$1.0						\$ 1.0
	<i>Total</i>		\$3.0						\$ 3.0
MLK/Grand Pedestrian/Lighting Enhancement Program	Tax Increment	\$0.6	\$0.6	\$0.5	\$0.3				\$ 2.0
Esplanade Pedestrian Connection Program	Tax Increment			\$0.75	\$0.75				\$ 1.5
MLK/Grand Facade Improvement Program	Tax Increment	\$0.15	\$0.15	\$0.10	\$0.10				\$ 0.50

TABLE 8-5: FINANCE PLAN FOR ROSE/LLOYD DISTRICT RECOMMENDATIONS

District/Project	Funding Source	FY 96/97	FY 97/98	FY 98/99	FY 99/00	FY 00/01	FY 01/02	FY 02/03	TOTAL
Convention Center Expansion	Metro General Obligation Bond	\$70.0							\$ 70.0
Pedestrian Connections	Tax Increment		\$ 0.1	\$ 1.0	\$ 1.0	\$ 1.0			\$ 3.1
Hotel Expansion	MERC: Convention Center Hotel Tax			\$ 0.25	\$ 0.25	\$ 0.25	\$ 0.25	\$ 0.25	\$ 1.25
	City: General Fund/Tax Increment			\$ 0.25	\$ 0.25	\$ 0.25	\$ 0.25	\$ 0.25	\$ 1.25
	Private Funds			\$25.0-\$30.0					
	<i>Total</i>			\$25.5-\$30.5	\$ 0.50	\$ 0.50	\$ 0.50	\$ 0.50	\$27.5-\$32.5
Cultural Tourism: PCPA	MERC	TBD							
Cultural Tourism: Marketing and Art Organizations	Metro	\$0.25	\$0.25						\$ 0.5
	City General Fund	\$0.25	\$0.25						\$ 0.5
	<i>Total</i>	\$0.50	\$0.50						\$ 1.0
Increased Convention Center Marketing and Operations	MERC: Natural Increase in Hotel Tax	\$ 0.75	\$ 0.75	\$ 0.75	\$ 0.75	\$ 0.75	\$ 0.75	\$ 0.75	\$ 5.25
Eastbank Esplanade	Included in Central Eastside	NA							
Expand Fareless Square	Tri-Met	TBD							

TABLE 8-6: FINANCE PLAN FOR DOWNTOWN/OLD TOWN DISTRICT RECOMMENDATIONS

Project	Funding Source	FY 96/97	FY 97/98	FY 98/99	FY 99/00	FY 00/01	FY 01/02	FY 02/03	TOTAL
Rouse Retail Pavilion	Private Funding	\$41.0							\$41.0
Expand 4th/Yamhill Parking Garage	City Parking Fund		\$ 3.0						\$ 3.0
Chinatown Housing	Tax Increment	\$ 0.05	\$ 1.05						\$ 1.1
	Private Funds		\$3.0 - \$7.0 ¹						\$3.0-\$7.0
	<i>Total</i>	\$ 0.05	\$4.05-\$8.05						\$4.1-\$8.1
Old Town Dev. Plan	Tax Increment	\$ 0.1							\$ 0.1
Commercial Bldg: Trailways/Post Office Block	Tax Increment	(¹⁰)		\$1.0 ¹¹	\$4.0 ¹¹				\$ 5.0
	Private Funds		\$30.0 ¹²						\$ 30.0
	<i>Total</i>		\$30.0	\$1.0	\$4.0				\$ 35.0
Classical Chinese Gdn.	Private Contributions	\$ 1.0	\$ 1.0						\$ 2.0
	Private Land Donation	\$ 1.1							\$ 1.1
	Federal	\$ 1.0							\$ 1.0
	Matching Tax Increment Funds			\$2.0					\$ 2.0
	<i>Total</i>	\$ 3.1	\$ 1.0	\$2.0					\$ 6.1
Destination Retail Strategy	APP	(¹³)							
Waterfront Park Extension to Marquam Bridge	Tax Increment	\$ 0.20	\$ 0.60			(¹⁴)			\$ 0.80

TABLE 8-7: FINANCE PLAN FOR RIVER DISTRICT RECOMMENDATIONS

Project	Funding Source	FY 96/97	FY 97/98	FY 98/99	FY 99/00	FY 00/01	FY 01/02	FY 02/03	TOTAL
Finalize Negotiations with Property-Owners	Existing Staff								
Lovejoy Ramp	State/Special Federal Funds		\$ 6.0 ¹⁵						\$ 6.0
	Regional STP (Federal) Funds	\$1.0	\$ 6.0 ¹⁵						\$ 7.0
	City/Private Matching Funds	\$0.2							\$ 0.2
	<i>Total</i>	\$1.2	\$12.0						\$ 13.2
Street Car	HUD	\$2.0	\$8.0						\$10.0
	Other Federal		\$6.0						\$ 6.0
	Utility-Density Funds			\$7.0					\$ 7.0
	City			\$7.0					\$ 7.0
	Shared Costs/Other Projects			\$2.0					\$ 2.0
	LID		\$8.0						\$ 8.0
	<i>Total</i>	\$2.0	\$22.0	\$16.0					\$40.0

Continued

Project	Funding Source	FY 96/97	FY 97/98	FY 98/99	FY 99/00	FY 00/01	FY 01/02	FY 02/03	TOTAL
Waterfront Acquisition ¹⁶	Centennial Mills Property Acquisition - BES Funds	Purchase or Condemn							\$ 6.0
	Tanner Creek Property Acquisition - BES Funds ¹⁷	Option ¹⁸	Appraised Value						Appraised Value
	River Queen Property Acquisition - City Gen. Fund	Option ¹⁸	Appraised Value						Appraised Value
	Mt. Hood Chemical Property Acquisition - Federal			Appraised Value					
	Private Donation	66,000 s.f.							Donation
Union Station Pedestrian Improvements	Tax Increment	\$0.75	\$0.75						\$ 1.5
River District Infrastructure Impvts.	Previous Budget	\$0.5							\$ 0.5
	General Fund	\$2.6	\$1.5						\$ 4.1
	<i>Total</i>	\$3.1	\$1.5						\$ 4.6

TABLE 8-8: FINANCE PLAN FOR UNIVERSITY DISTRICT RECOMMENDATIONS

Project	Funding Source	FY 97	FY 98	FY 99	FY 00	FY 01	TOTAL
Housing	HUD	\$1.0	\$1.0				\$ 2.0
	Housing Investment Fund/ Tax Increment Funds		\$1.0	\$2.0	\$1.0		\$ 4.0
	<i>Total</i>	\$1.0	\$2.0	\$2.0	\$1.0		\$ 6.0
Urban Center and University Plaza	HUD	\$2.0	\$ 2.0				\$ 4.0
	State GO Bond		\$ 7.0				\$ 7.0
	Lottery Funds		\$ 3.5				\$ 3.5
	Retail Lease Revenues		\$ 2.0				\$ 2.0
	PDC	\$ 0.2					\$ 0.2
	Land Sale, Transit, Grants		\$ 9.8				\$ 9.8
	Private Fund Raising		\$ 1.5				\$ 1.5
	<i>Total</i>	\$ 2.2	\$25.8				\$28.0
Engineering Bldg:Stage I	Gifts	\$ 1.5					\$ 1.5
	State/PSU Fund Sources	\$ 1.3					\$ 1.3
	Bonds from City Lease	\$ 3.7					\$ 3.7
	Bonds from Private Lease	\$ 2.4					\$ 2.4
	Bonds from Parking	\$ 5.4					\$ 5.4
	<i>Total</i>	\$14.4					\$14.4
South Mall Extension: Plaza Segment	Federal Section 3 "Bus" Grant	\$12.8					\$12.8
	Tri-Met\PSU Match		\$ 3.2				\$ 3.2
	<i>Total</i>	\$12.8	\$ 3.2				\$16.0

SECTION VIII: ENDNOTES

1. THIS ESTIMATE ASSUMES 500 UNITS PER YEAR WOULD BE CONSTRUCTED, 70 PERCENT OF WHICH WOULD BE MARKET RATE. MARKET RATE UNITS WERE ESTIMATED AT \$100,000 PER UNIT AND LOW/MODERATE-INCOME UNITS WERE ESTIMATED AT \$80,000 PER UNIT.
2. EXISTING STAFF RESOURCES WILL BE APPLIED TO THE STUDY. NO ESTIMATE IS INCLUDED IN THIS TABLE REGARDING THE IMPACT OF A CHANGE ON CITY/COUNTY REVENUES.
3. EXISTING STAFF WILL PREPARE AND SEEK LEGISLATION. THIS TABLE DOES NOT ADDRESS THE PRIVATE SECTOR INVESTMENT IN ELIGIBLE WORKFORCE TRAINING PROGRAMS NOR THE IMPACT ON THE UNEMPLOYMENT INSURANCE POOL.
4. THESE ARE STAFFING COSTS. IN FY 97, STAFFING WOULD ASSIST IN DEVELOPING AND SUPPORTING THE LEGISLATIVE PROPOSAL. THEREAFTER IT WOULD IMPLEMENT THE PROGRAM. THIS TABLE DOES NOT ADDRESS THE PRIVATE INVESTMENT IN RENOVATIONS NOR THE IMPACT ON STATE REVENUES OR ASSESSED VALUE IN THE CITY.
5. THE PDC WILL UNDERTAKE A STUDY TO DETERMINE THE NECESSITY OF A LOAN PROGRAM. THE INCLUSION OF TAX INCREMENT FUNDS FOR THAT PURPOSE IS SUBJECT TO THE STUDY.
6. TO BE DETERMINED BY TRI-MET.
7. THE IMPLEMENTATION PHASE WOULD BE MOSTLY FUNDED WITH PRIVATE FUNDS. THE FEASIBILITY STUDY WILL DETERMINE IF AND TO WHAT EXTENT PUBLIC PARTICIPATION WOULD BE REQUIRED.
8. THE IMPLEMENTATION PHASE WOULD BE MOSTLY FUNDED WITH PRIVATE FUNDS. THE FEASIBILITY STUDY WILL DETERMINE IF AND TO WHAT EXTENT PUBLIC PARTICIPATION WOULD BE REQUIRED.
9. MOST OF THIS TAX INCREMENT WOULD COME FROM THE CENTRAL EASTSIDE DISTRICT. HOWEVER, A 20-25% SHARE WOULD COME FROM THE CONVENTION CENTER DISTRICT, SOME FROM THE LLOYD DISTRICT.
10. USING EXISTING STAFF, PDC WOULD OFFER PROPERTY FOR DEVELOPMENT THROUGH AN RFP PROCESS.

11. PUBLIC FUNDS ARE PROPOSED FOR THE DEVELOPMENT OF RELATED PARKING.
12. THE SELECTED DEVELOPER WILL BE RESPONSIBLE FOR FUNDING THE PROJECT. THE ACTUAL COSTS OF THE PROJECT IS NOT YET DETERMINED, THESE ESTIMATES ARE REPRESENTATIVE.
13. APP WOULD USE EXISTING STAFF TO IMPLEMENT THIS PROGRAM.
14. PERMANENT TRAIL WILL BEGIN IMPLEMENTATION THIS YEAR. COST OF THE PERMANENT TRAIL IN AREA AROUND MARQUAM BRIDGE WILL BE DETERMINED IN DESIGN STUDY PREPARED DURING FY 96/97.
15. FUNDS NEED TO BE COMMITTED BY JULY 1997, ACTUAL APPROPRIATION OF FUNDS MAY COME LATER.
16. THE RECOMMENDATIONS OF THE TASK FORCE FOCUS ON PROPERTY ACQUISITION ONLY, ACTUAL CONSTRUCTION FUNDING WOULD OCCUR SUBSEQUENT TO FINAL DESIGN OF THE RIVERFRONT PARK.
17. MADE AVAILABLE AS PART OF CSO PROJECT. INCLUDES \$1.0 MILLION EPA APPROPRIATION.
18. THE TANNER CREEK AND RIVER QUEEN PROPERTIES SHOULD BE OPTIONED DURING FY 96/97 FOR PURCHASE DURING FY 97/98. THE ACTUAL PURCHASE PRICE WOULD BE ESTABLISHED BASED ON AN APPRAISAL AND THE TERMS OF THE OPTION.

APPENDIX A:
MEMBERSHIP OF TASK FORCE AND COMMITTEES

CENTRAL CITY 2000 TASK FORCE

MR. ROBERT RIDGLEY, CHAIR	<i>CEO, Northwest Natural Gas President, Oregon Business Council</i>
HON. VERA KATZ	<i>Mayor, City of Portland</i>
* HON. EARL BLUMENAUER	<i>Commissioner, City of Portland</i>
MR. ROBERT AMES	<i>Developer</i>
MR. BARUTI ARTHAREE	<i>Director, State Housing Department Metro Exposition Recreation Commissioner</i>
DR. JACK BIERWIRTH	<i>Superintendent, Portland School District</i>
MR. FREDERICK BUCKMAN	<i>CEO, PacificCorp</i>
HON. MICHAEL BURTON	<i>Executive Officer, Metro</i>
MR. JOHN ESKILDSEN	<i>President, U.S. Bank</i>
**MS. PEGGY FOWLER	<i>Senior Vice President, PGE</i>
MR. HENRY HEWITT	<i>Managing Partner, Stoel Rives Chair, Oregon Transportation Commission</i>
DR. PETER KOHLER	<i>President, Oregon Health Science University</i>
MS. BETTY LEE	<i>President, Chin's Import-Export</i>
DR. JUDITH RAMALEY	<i>President, Portland State University</i>
MR. RICHARD REITEN	<i>Chief Operating Officer, NWN</i>
**MR. JOHN RUSSELL	<i>President, Russell Development</i>
MR. VERN RYLES	<i>President, Popper's Supply</i>
MR. HOWARD SHAPIRO	<i>Chair, Housing Authority of Portland</i>
**MR. CARL TALTON	<i>Chair, Portland Development Commission</i>
MR. RONALD TIMPE	<i>CEO, Standard Insurance</i>
MS. BARBARA WALKER	<i>Open Space Advocate</i>
MR. TOM WALSH	<i>General Manager, Tri-Met</i>
MR. STEVEN SIEGEL	<i>Executive Director, Central City 2000 Task Force</i>

* *Resigned from Task Force when elected to Congress*

** *Added to Task Force in 1996*

RIVER DISTRICT STEERING COMMITTEE

MR. ROBERT AMES	<i>CHAIRMAN</i>
MR. BILL BACH	<i>PORT OF PORTLAND</i>
MR. BOB DURSTON	<i>OLD TOWN/CHINATOWN NEIGHBORHOOD</i>
MR. LARRY DULLY	<i>PORTLAND DEVELOPMENT COMMISSION</i>
MR. TIM GREWE	<i>OFFICE OF FINANCE AND ADMINISTRATION</i>
MR. DAVID KNOWLES	<i>PLANNING BUREAU</i>
MR. JOHN LANG	<i>BUREAU OF ENVIRONMENTAL SERVICES</i>
MR. DON MAGNUSON	<i>PORTLAND STREETCAR, INC.</i>
MR. CHARLES MARTIN	<i>NORTHWEST INDUSTRIAL ASSOC.</i>
MR. IAN MCKECHNIE	<i>CENTRAL CITY CONCERN</i>
MR. RICK MICHAELSON	<i>NORTHWEST DISTRICT ASSOC.</i>
MR. BILL NAITO	<i>NORCREST CHINA</i>
MR. PAT PENDERGAST	<i>HOYT STREET PROPERTIES</i>
MR. VIC RHODES	<i>PORTLAND DEPARTMENT OF TRANSPORTATION</i>
MS. CAROL SMITH-LARSON	<i>PEARL DISTRICT NEIGHBORHOOD ASSOC.</i>
STAFF	
MR. ROGER SHIELS	<i>PROJECT MANAGER</i>

OLD TOWN DISTRICT STEERING COMMITTEE

PHILIP KALBERER	<i>CHAIR</i>
ANNA ABRAHAMS	<i>EVERETT STATION LOFTS</i>
C.M. BISHOP	<i>PENDLETON WOOLEN MILLS</i>
DOUG CAMPBELL	<i>H. NAITO PROPERTIES</i>
RON ENG	<i>DENTIST</i>
ALAN GOLDSMITH	<i>THE GOLDSMITH CO.</i>
DANIEL HAFTORSON	<i>NORTHWEST NATURAL GAS</i>
THOMAS KRUEGER	<i>PGE</i>
IAN MCKECHNIE	<i>CENTRAL CITY CONCERN</i>
BILL NAITO	<i>H. NAITO PROPERTIES</i>
GENNY NELSON	<i>SISTERS OF THE ROAD CAFE</i>
RALPH PITT	<i>PENDLETON WOOLEN MILLS</i>
BRUCE SAMPSON	<i>NORTHWEST NATURAL GAS</i>
ROBERT WONG	
STAFF	
STEFFENI GRAY	<i>APP</i>
PATRICIA RAICHT	<i>APP</i>

DOWNTOWN DISTRICT STEERING COMMITTEE

ERIC PARSONS, CHAIR	<i>STANDARD INSURANCE</i>
JIM ATKINSON	<i>KEY BANK</i>
RICH BROWN	<i>BANK OF AMERICA</i>
DAVE DURAN	<i>U.S. WEST</i>
JOHN ESKILDSEN	<i>U.S. BANK</i>
GREG GOODMAN	<i>CITY CENTER PARKING</i>
PAUL LORENZINI	<i>PACIFIC POWER</i>
GEORGE WYATT	<i>PGE</i>
LARRY DULLY, EX OFFICIO	<i>PDC</i>
CHERYL TWETE, EX OFFICIO	<i>PDC</i>
STAFF	
STEFFENI GRAY	<i>APP</i>
PATRICIA RAICHT	<i>APP</i>

CENTRAL EASTSIDE DISTRICT STEERING COMMITTEE

JACK BURNS	<i>BURNS BROTHERS</i>
DAVID BROWNING	<i>ETA ENGINEERING</i>
WORTH CALDWELL	<i>CALDWELL'S COLONIAL CHAPEL</i>
PETER FRY	<i>FRY PLANNING</i>
DOROTHY HALL	<i>HALL TOOL COMPANY</i>
CONNIE HUNT	<i>EASTBANK SALOON</i>
MICHAEL MILLER	<i>GOODWILL INDUSTRIES</i>
RANDOLPH MILLER	<i>THE MOORE COMPANY</i>
DAVE PERRY	<i>FIRST INTERSTATE BANK OF OREGON</i>
JUDITH RAMALEY	<i>PSU</i>
BOB ROGERS	<i>ROBERT ROGERS REAL ESTATE</i>
CLARK SCHENKENBERGER	<i>CENTRAL EASTSIDE INDUSTRIAL COUNCIL</i>

CENTRAL EASTSIDE INDUSTRIAL COUNCIL BOARD OF DIRECTORS

DAVID BROWNING	<i>ETA ENGINEERING</i>
BRUCE BURNS	<i>BURNS BROTHERS</i>
LAURIE CARLSON	<i>LUKAS AUTO PAINTING AND REPAIR</i>
JOANNE FERRERO	<i>R.J. TEMPLETON CO.</i>
WILLIAM KLEIN	<i>TAYLOR ELECTRIC</i>
JACKIE MACMILLAN	<i>MOFFAT, NICHOL & BONNEY</i>
MICHAEL MILLER	<i>GOODWILL INDUSTRIES</i>
RANDOLPH MILLER	<i>THE MOORE COMPANY</i>
STEVE MORGAN	<i>POPPER'S SUPPLY</i>
DAVID NEMARIK	<i>PACIFIC COAST FRUIT CO</i>
JIM STARK	<i>STARK'S VACUUM CLEANERS</i>
GREG WENTWORTH	<i>WENTWORTH CHEVROLET</i>
WILL WRIGHT	<i>WM. S. WRIGHT & ASSOC.</i>

UNIVERSITY DISTRICT STEERING COMMITTEE

GEORGE PERNSTEINER, CHAIR	<i>PSU</i>
LARRY DULLY	<i>PDC</i>
RICHARD HAWKINS	<i>ARTHUR ANDERSON</i>
CHUCK LENARD	<i>U.S. WEST</i>
JULIE LEUVREY	<i>OREGON PACIFIC INVESTMENT</i>
JUDITH RAMALEY	<i>PSU</i>
RON PAUL	<i>RON PAUL CATERING</i>
BOB POST	<i>TRI-MET</i>
VIC RHODES	<i>PDOT</i>
VERN RIFER	<i>REAL ESTATE DEVELOPMENT</i>
STEVEN SIEGEL	<i>CENTRAL CITY 2000 TASK FORCE</i>

CENTRAL CITY 2000 STAKEHOLDERS COMMITTEE

DON MCCLAVE, CHAIR	<i>PORTLAND CHAMBER OF COMMERCE</i>
BILL BACH	<i>PORT OF PORTLAND</i>
JAN BURRESON	<i>PDC</i>
ANDY COTUGNO	<i>METRO</i>
GEORGE PERNSTEINER	<i>PSU</i>
DAVID KNOWLES	<i>PLANNING BUREAU</i>
PAT LACROSSE	<i>MERC</i>
DEAN MARRIOT	<i>BES</i>
BOB POST	<i>TRI-MET</i>
STEVE RUDMAN	<i>BHCD</i>
RUTH SCOTT	<i>APP</i>
FELICIA TRADER	<i>PDOT</i>
BRUCE WARNER	<i>ODOT</i>

BUSINESS AND WORKFORCE DEVELOPMENT COMMITTEE

MR. RICHARD REITEN; CHAIR	<i>CHIEF OPERATING OFFICER, NWNG</i>
HON. VERA KATZ	<i>MAYOR, CITY OF PORTLAND</i>
HON. MIKE LINDBERG	<i>COMMISSIONER, CITY OF PORTLAND</i>
MR. GAIL CASTILLO	<i>COMMISSIONER, PDC</i>
MR. CLAYTON HERRING	<i>PRESIDENT, APP</i>
MR. PHIL KALBERER	<i>CHAIR, BUSINESS DEVELOPMENT TASK FORCE, APP</i>
DR. PETER KOHLER	<i>PRESIDENT, OHSU</i>
MR. TOM LYNCH	<i>OREGON EMPLOYMENT DIVISION</i>
DR. DAN MORIARTY	<i>PRESIDENT, PCC</i>
MR. BILL NAITO	<i>PRESIDENT, NORCREST CHINA COMPANY</i>
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