
Meeting Notes

Urban Renewal Advisory Group

PDC Commission Conference Room
2:00 p.m. – 5:00 p.m.
Tuesday, November 27, 2007

Advisory Committee in Attendance: PDC Commissioner Charles Wilhoite (Co-Chair); City Commissioner Erik Sten (Co-Chair); PDC Commissioner Mark Rosenbaum; City Commissioner Dan Saltzman; County Commissioner Jeff Cogen; Planning Commissioner Don Hanson; Jon Kruse.

Presenters: Mike Houck; Sue Donaldson, Portland Parks and Recreation; Tom Osdoba, Portland Office of Sustainable Development; Sue Kiel, Portland Department of Transportation; Michael Powell, Portland Streetcar Inc.; Terri Warpinski, University of Oregon; Lindsay Desrochers, Portland State University; Jeff Hawthorne, Regional Arts and Culture Council.

Public Attendees: Debbie Aiona, David August, Karen Bean, Doug Capps, Lou Elliott, Elaine Howard, Tony Leineweber, Jan Oliver, Jerry Powell.

PDC Staff Present: Bob Alexander, Bob Durston, Joleen Jensen-Classen, Morgan Masterman, Alyson Schwieger, Bruce Warner, Keith Witcosky.

1) Welcome / Panel on Infrastructure

Commissioner Wilhoite welcomed the Urban Renewal Advisory Group (URAG) and public attendees. He began by reviewing the agenda and introducing the Infrastructure Panel.

Mike Houck. Houck began by explaining the multiple functions parks serve. He noted they are an important contribution to the city's vitality. He gave examples of how parks, such as Central Park and Millennium Park, bring high returns on investment.

Sue Donaldson, Portland Parks and Recreation. Donaldson began the [presentation](#) by explaining that there are three main interests the Parks and Recreation Department has, including: 1) rebuilding O'Bryant Square; 2) conducting a study on the North Park Blocks and possibly constructing a new park at the Post Office site as a continuation of the Park Blocks; and 3) ensuring access to the Willamette River by a possible connection under the Fremont Bridge or by acquiring land near the River. She showed the URAG a slide of estimated costs. Commissioner Hanson asked if they were going to refine the estimate and she said they were. Commissioner Rosenbaum asked who currently controls the property under the Fremont Bridge. Donaldson said it is owned by a number of property owners.

Tom Osdoba, Portland Office of Sustainable Development. Osdoba quickly explained what a District Energy System was and reviewed the benefits it would bring to the city. He explained that the system significantly reduces the consumption of fossil fuels and is becoming a popular alternative to reduce greenhouse gas (GHG) emissions. Key benefits include a pooling of financial and operating risks, increased economies of scale, and a return on investments over 20-30 years.

Osdoba went on to explain specific environmental, economic, and social benefits of the system. Wilhoite asked Osdoba if there were any numbers from other cities in regards to installing the system. Osdoba replied that he has had experience installing the systems in the British Columbia where it cost approximately \$20 million. This project reduced GHG by 70%. Rosenbaum asked if high density is required for this to be feasible. Osdoba responded that a more dense area would be a good place to start, but people are looking at smaller (6-8 blocks) systems.

Commissioner Wilhoite quickly asked the URAG if they were prepared to adopt the [10/23/07 meeting notes](#). The Group approved the notes as submitted.

Sue Kiel, Portland Department of Transportation and Michael Powell, Portland Streetcar Inc. Kiel discussed six key projects related to transportation.

1. Eastside Streetcar
2. West Burnside/Couch
3. West Burnside Streetcar
4. Union Station Renovation
5. Flanders Improvements
6. Small scale neighborhood projects

Powell stated that there is a 10 to 1 return on investment for the West Burnside Streetcar project. Kiel mentioned that it is critical that Burnside/Couch and the Streetcar Loop are funded in the near term. She stated that the streetcar is an economic driver for the area. Rosenbaum asked if they anticipate similar federal investment on the streetcar as they received for the Central Eastside. Kiel said they did. Commissioner Cogen asked if they were successful in getting funding if that reduced their reliance on urban renewal. Kiel stated that they cannot use TIF for operations costs, therefore she does not see it relieving any pressure. Wilhoite asked how they address the argument that it is more beneficial to improve bus services rather than streetcar. Powell stated that they have demonstrated the success of the existing streetcar. He stated that streetcars speak to development whereas buses do not.

Rosenbaum asked what liability we have on delaying repairs to Union Station. He was surprised to see it at a lower priority. Kiel responded that she did not have this information but could provide it at a later date.

2) Panel on Arts & Education

Terri Warpinski, University of Oregon. Warpinski discussed the importance of education in the downtown community and how the University of Oregon is committed to Portland. She explained that they were concerned about their future in the city in 2005, and now in the face of a possible defeasance of Downtown Waterfront (DTWF) or the possibility of not be including in the River District (RD) annexation, they face a similar peril. She stated that the University of Oregon is against defeasance of DTWF. The university has added a huge impact on the area and shouldn't suffer due to bad timing.

Lindsay Desrochers, Portland State University. Desrochers began by stating that the whole city is part of Portland State University's campus. She mentioned how the University District was created as part of the Central Portland Plan but they are developing outside of the district. There is

new development occurring at the southern point of the district. They are discussing development of new affordable student housing, retail space, and academic space at the end of the Green Max line. There is also discussion with OHSU about partnering to create a science/education corridor from the University District to OHSU, and even across the river to OMSI. She concluded that urban renewal is an important tool to Portland State University.

Jeff Hawthorne, Regional Arts and Culture Council. Hawthorne mentioned the need for performance and exhibition space in the central city. He stated that there is over \$1M in deferred maintenance at the Portland Center for Performing Arts. The Keller Auditorium is also overdue for a roof and HVAC replacement. RACC agrees that public dollars are needed for these repairs and they recommend that the URAG expand the River District to include these properties or extend South Park Block's (SPB) date to issue debt.

Public Testimony: Tony Leineweber, PSU Foundation. Leineweber spoke to the URAG about education in the central city. It is a rich resource that needs to be nurtured. Collaboration is necessary.

3) Framing Options

Wilhoite proposed to postpone items 1a and 1b under Framing Options on the agenda. He mentioned that the URAG needs to focus on DTWF and SPB in order to determine what happens with the River District. In regards to taxing jurisdictions he stated the Advisory Group should look within RD to see if there are areas that can be immediately carved out to release value. Wilhoite also mentioned the housing considerations unique to SPB (expiring Section 8 Units).

Rosenbaum stated that as a result of a lack of federal money for Section 8 Housing he is concerned that if the Group closes SPB these units will not be covered. He also said he was interested in seeing if a release of value is a good option and was interested in ending the district as intended.

Bob Alexander continued with a brief financial analysis addressing four basic financial questions asked at the last URAG meeting:

1. [Close-Out Strategy Alternative: DTWF and SPB](#)
2. [Effects of Close-Out Scenarios on a New URA](#)
3. [Borrowing Capacity and Impact on Projects: DTWF and SPB](#)
4. [Bond Covenants: Adding/Removing Property from the RD](#)

Commissioner Saltzman asked if satisfying Section 8 meant purchasing the properties. Durston responded that the buildings would be acquired for a non-profit or the Housing Authority. Commissioner Sten clarified that the federal government will pay as long as the landowner stays in the program. The idea is to acquire the property from the landowner who might want to convert it.

Alexander gave a further explanation of legal commitments and how millions of dollars have already been "legally" committed. Cogen asked if these numbers take into account money for staffing and administration. Durston replied that the numbers are from the revised budget. Assuming the projects go forward, adjustments would be made accordingly. Wilhoite said that projects run over several years, so you cannot restructure staffing in that quick of a fashion. Bruce Warner replied that PDC will adjust staff accordingly and that administrative costs are allocated per project.

Cogen discussed sequencing. He also wanted the Group to discuss shrinking districts, which he thought was a good idea. This would return money back to local jurisdictions. Rosenbaum stated that the Group is looking at the security to bonding/indebtedness ratio and reducing the slope of PDC's investment going forward. Sten responded that it makes sense, but if we're bringing in more, you can pay down debts faster. It seems like the real decision is what projects to do going forward.

Sten commented that he agrees property needs to get back on the tax roll, particularly for the county. He also commented on the benefit of replacing two old districts with one new district. He stated that the downtown needs investment at all times. When you release properties, taxes go back to the coffers of the county. Sten proposed that the URAG ask staff to think about closing out DTWF and SPB and getting the projects that need to be done completed. Staff should also think about which projects could logically be moved into the RD.

Saltzman asked whether or not they should add the University of Oregon to the RD. Sten responded that this could be done. He listed three questions for PDC staff to analyze: 1) What projects have legal or moral commitments, 2) What projects do not have legal/moral commitments but cannot be funded through DTWF or SPB, and 3) How do you fund projects that cannot be moved to RD?

Wilhoite asked what is meant by 'defease.' Alexander responded that it means paying off the district as soon as possible.

Sten moved on, discussing a new district. He stated that where you draw the boundaries of a new district is greatly influenced by how much and when money comes in. Durston went on to describe the close-out strategy alternatives for DTWF. First, if no new debt is issued, \$50M will be paid off and the district will end by 2012. Second, if you continue to issue debt until its expiration in April 2008, you can issue more debt, but it takes longer to pay off. Finally, if you extend the district to 2010, there is only a small increase in capacity. He stated it is a matter of defeasance. It depends on when the Group wants the district to end. Saltzman asked if you could start a new district. Durston replied that property cannot be in more than one district at one time. Alexander stated that it is possible to shrink existing districts, but there still has to be enough coverage to pay off existing/remaining debt. Kruse stated that the conversation was effervescing around projects that have to be done and things that would land the Group in the 2018 time zone.

Durston reminded the Group that the next meeting was December 18th, which does not allow a lot of time to respond to the URAG with models. Saltzman added that if the Group does a project-by-project analysis they will receive a lot of public testimony. He stated that lines will be blurry as to what they are supposed to do versus City Council. Sten added that he feels the Group should err on the side of letting the districts expire. Saltzman responded that he feels the projects can be done without tax increment. Wilhoite added that he's heard a lot and read a lot about the projects from PDC staff. They've already invested a lot in these projects. For example, PDC needs to be okay with saying \$35M instead of \$55M for projects, freeing up \$20M of debt. Sten said they should just choose 2018 as the arbitrary year. Cogen responded that he was not convinced and that he wanted to know about certain projects and look at freeing up tax dollars earlier. Sten said 2018 is more like a ceiling than a floor. Within reason, this committee can take a very hard line.

Saltzman asked PDC staff if there was a way to meld the recommendations from the League of Women Voters and the Portland Business Alliance. Alexander said that can be done.

Hanson ended by asking if it was possible to create an island district. Alexander replied that it is possible.

Directions to Staff:

- 1) Analyze League of Women Voters and PBA proposal.
- 2) What projects are legally/morally committed in River District?
- 3) What projects are legally/morally committed in DTWF and SPB?
- 4) What projects can't be funded from DTWF and SPB that are not legally/morally committed?
- 5) How much assessed value can be returned to the tax rolls while still paying existing debt in the River District?

Next Meeting: Tuesday, December 18, 2007, 2:00 P.M. - 5:00 P.M., Commission Conference Room, Portland Development Commission, 222 NW Fifth Avenue.