

CENTRAL EASTSIDE



Central Eastside Urban Renewal Advisory Committee (URAC)

Special Budget Meeting Summary

January 22, 2009

Present: Susan Lindsay, Buckman Community Association, Jeff Reaves, At Large; Rick Michelson, At-Large; and Jim Kautz, alternate Kerns Neighborhood Association

Guests: Linda Nettekoven, HAND; Bill Hart

Staff: Tony Barnes, Pam Neal, Denyse McGriff, Portland Development Commission

The meeting was called to order by Chairperson Susan Lindsay at 5:05 pm.

Tony Barnes, Deputy Budget Officer for PDC, opened the meeting by stating that the focus of his overview would be of the Fiscal Year 2009-2010 budget. The resources have been updated through the fiscal year ending in 2014. Some projects have been moved out one year. What impacted the forecast was the OMF (Office of Finance and Management) bond sale for FY 2010-2011. To date PDC has been borrowing from the lines of credit and paying the interest. When bonds are sold, repayment starts immediately at about 7% interest.

The growth in tax increment has been calculated on a 3% growth rate each year. This year the growth is about 3 1/2 %. Tony reviewed the budget by project:

Resources: A small amount of interest was earned this year. There is about \$28 million in resources, \$500,000 in program income, and \$747,000 beginning fund balance.

- 3810 - 5 million is allocated for real property sales.

Requirements:

- 10019 - CES Finance and Community resources - URAC meeting and other outreach expenditures.
- 10041 - CES Streetcar construction - we were able to move this expenditure out one year. This is for capitol construction and planning.
- 10044 - Burnside-Couch Couplet - expenditure reduced by 4-5 million due to the re-evaluation. Expenditure was also pushed out one year to FY 2010-2011. Jeff asked if there was a possibility that some of the federal stimulus package could pay for this project instead of TIF. Tony will follow-up on this question.
- 10052 - Washington Monroe - \$985,000 has been allocated in the out year of FY 2013-2014. Susan would like to see this project move forward but the school district is in the driver's seat.

- 10060 - CES Redevelopment Fund - this line item has been reduced to help balance the budget.
- 10070 - Routes to the River - \$150,000 had been allocated in 2009-2010; was also reduced to balance the budget. Susan asked what we planned to spend the money on. Denyse replied that the Salmon Street signalization study contract is being completed now and staff is also talking to the Bureau of Maintenance about getting a cost estimate to complete the painting and striping. We have also been asked by the Clay Street project staff to help them with funding, but we are not currently committed. Susan noted that they [URAC] will want to discuss any proposed allocations to the Clay Street project. Denyse will pass this on to Trang Lam, the project manager.
- CES 1 - funds are for the interim management of the Convention Plaza building. Susan and Jeff hope that a decision will be made soon on whether the building is to be kept or torn down. Jeff said that staff should anticipate keeping the building longer than what is currently being anticipated in the budget.
- CES 2 - Burnside Bridgehead planning – some funds are in this line item for project planning of the site. Jeff noted that it is unusual to put money in to assist the developer. After some further discussion it was decided to leave this line item as is in order to support the redevelopment project.
- 10072 - Burnside Bridgehead Development - funds for the demolition of the Convention Plaza building.
- 10023 - CES Industrial Storefronts - allocation of \$100,000 each year.
- 70017 - Business Finance - this number had initially been reduced, however, Pam noted that PDC received two applications for assistance, so would like to keep the fund as it is. Tony noted that the \$850,000 can be restored to the \$1.3 budget figure in 08-09, but it will reduce 09-10 to \$850,000 to balance.
- 70247 - Business Retention - \$150,00 for FY 2009-2010.
- 33423 - CES Affordable Home Ownership - \$300,000 in FY 2010-2011.
- Clifford Apartments - \$2.5 million for the rehabilitation project.
- 80045 - CES Hooper Center budget allocation is for \$2 million in FY 2013-2014.

Jeff asked if, after the sale of the land in the Burnside Bridgehead project, there would be an escalation in value when the project is built, and if so, is it included in the budget estimates. Tony stated that it was a good point, but we need to have a clear plan in place prior to placing numbers in the budget. We will look at where the District is on generating tax increment. Rick noted that the increased value should figure into the budget somewhere. Tony noted that when the sale of the Burnside Bridgehead property Plaza building was initially included it resulted in \$15 million out of balance in the CES budget last year. Susan suggested we look at increasing the value of the property and building. Tony agreed that this will be looked at.

- 59167 - CES Debt Management - covering cost for legal assistance and fees from OMF.
- 60041 - CES Central City study - the District's share in the overall Central City Planning study.
- Personal services and indirect costs - the number is averaging about 20%. The URAC continues to be concerned with the high overhead number. Tony stated that it seems higher now, but will go down depending on how staff works on different projects are allocated.
- Contingency - is about 10% of the resources.

Susan Lindsay asked how realistic it is that funds will actually be available in FY 2013-2014. Tony said that some funds may have to be re-allocated to meet the TIF Set-Aside requirement. Other variables include

the capacity to issue debt and whether or not there is an increase in program income. Susan noted that CES has very few TIF generating projects. She asked that, if the Convention Plaza building is not demolished, the funds be re-allocated for helping businesses with sustainability and seismic issues. Pam noted that we do some of the sustainability work now, but those funds are going away under Business Retention. Jim, Jeff, and Susan agreed that re-allocation should be looked at.

Tony stated that the draft will be forwarded to the Executive Team next week. The PDC Board of Commissioners and the Mayor will get the information in February. The CES budget is scheduled to be reviewed with the PDC Board of Commissioners and Mayor on February 13th. The entire City Council will review - then back to the PDC Commission for adoption in June. Susan noted that any comments should be forwarded to her for inclusion in a letter she will draft to PDC. Tony stated that the letter to the Commission is needed on or before February 10th.

Being no further business the meeting was adjourned at 6:35 pm.