Multnomah County Oregon

Board of Commissioners & Agenda

connecting citizens with information and services

BOARD OF COMMISSIONERS

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NOVEMBER 13, 2003 BOARD MEETING

FASTLOOK AGENDA ITEMS OF INTEREST

Pg 2	9:30 a.m. Opportunity for Public Comment on Non-Agenda Matters
Pg 2	9:30 a.m. Transfer of Tax Foreclosed Property to the City of Portland
Pg 3	9:35 a.m. Multnomah County Hospital Authority Resolutions
Pg 3	9:50 a.m. Sauvie Island Bridge Update
Pg 3	10:18 a.m. Morrison Building Update
Pg 3	10:40 a.m. Downtown Waterfront Urban Renewal Briefing
Pg 3	11:45 a.m. PacTrust Real Property Lease
	November 20 and 27 Meetings are Cancelled

Thursday meetings of the Multnomah County Board of Commissioners are cable-cast live and taped and may be seen by Cable subscribers in Multnomah County at the following times:

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Saturday, 10:00 AM, Channel 30
Sunday, 11:00 AM, Channel 30
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Thursday, November 13, 2003 - **9:30 AM**
Multnomah Building, First Floor Commissioners Boardroom 100
501 SE Hawthorne Boulevard, Portland

REGULAR MEETING

CONSENT CALENDAR - 9:30 AM
NON-DEPARTMENTAL

C-1 Appointment of Jack Graham to the Merit System Civil Service Council

DEPARTMENT OF COUNTY HUMAN SERVICES

C-2 Budget Modification DCHS 04 Reducing the Department Budget to Reflect the August 31, 2003 Closure of the Developmental Disabilities Brokerage (Community Options)

REGULAR AGENDA - 9:30 AM
PUBLIC COMMENT - 9:30 AM

Opportunity for Public Comment on non-agenda matters. Testimony is limited to three minutes per person. Fill out a speaker form available in the Boardroom and turn it into the Board Clerk.

DEPARTMENT OF BUSINESS AND COMMUNITY SERVICES - 9:30 AM

R-1 PUBLIC HEARING and Consideration of a RESOLUTION Authorizing the Transfer of a Tax Foreclosed Property to the City of Portland, Parks and Recreation Department for Non Housing, Public Purposes

R-2 First Reading and Possible Adoption of an ORDINANCE Amending County Land Use Code, Plans and Maps to Adopt Portland's Recent Land Use Code, Plan and Map Revisions in Compliance with Metro's Functional Plan and Declaring an Emergency

MULTNOMAH COUNTY HOSPITAL AUTHORITY - 9:35 AM

(Recess as the Multnomah County Board of Commissioners and convene as the Multnomah County Hospital Authority)

R-3 Appointment of Secretary to the Multnomah County Hospital Authority

R-4 RESOLUTION Authorizing Issuance of Revenue Bonds, Series 2003 (Legacy Health System) by the Hospital Facility Authority of Clackamas County, Oregon

R-5 RESOLUTION Authorizing Issuance of Revenue Bonds, Series 2003 (Holiday Park Plaza) by the Hospital Facility Authority of Multnomah County, Oregon

(Adjourn as the Multnomah County Hospital Authority and reconvene as Multnomah County Board of Commissioners)

DEPARTMENT OF COMMUNITY JUSTICE - 9:45 AM

R-6 NOTICE OF INTENT to Request Grant Funding from the Social Security Administration to Support a Project that Provides Outreach, Supportive Services, and Application Assistance for Chronically Homeless Individuals with Special Emphasis on Clients in the Criminal Justice System

NON-DEPARTMENTAL - 9:50 AM

R-7 Sauvie Island Bridge Replacement Progress Update. Presented by Commissioner Maria Rojo de Steffey and Ian Cannon. 20 MINUTES REQUESTED.

R-8 Morrison Building Update. Presented by Commissioner Maria Rojo de Steffey and Doug Butler. 30 MINUTES REQUESTED.

R-9 Portland Development Commission Briefing on Downtown Waterfront Urban Renewal. Presented by Duke Shepard and Portland Development Commission Staff. 1 HOUR REQUESTED.

OFFICE OF SCHOOL AND COMMUNITY PARTNERSHIPS - 11:40 AM

R-10 NOTICE OF INTENT to Respond to an Oregon Department of Education Request for Proposal for 21st Century Community Learning Center Funding for the SUN Community School at Marshall High School

DEPARTMENT OF BUSINESS AND COMMUNITY SERVICES - 11:45 AM

R-11 RESOLUTION Approving a Real Property Lease Between Pacific Realty Associates, L.P., (PacTrust) and Multnomah County, Leasing Property at 700 N.E. 55th Avenue, Portland, Oregon, and Authorizing the County Chair

to Execute the Lease Agreement and other Instruments Required to Complete the Lease of said Real Property

DEPARTMENT OF COUNTY HUMAN SERVICES

UC-1 NOTICE OF INTENT to Apply for Robert Wood Johnson Foundation Grant Funding, Depression in Primary Care Initiative, to Expand the Current Collaboration between the Health Department Primary Care and Mental Health and Addiction Services' Bienestar de la Familia to Address the Unmet Mental Health Needs of Latino Adolescents in East County Utilizing a Community Health Worker and Mental Health Consultant Team Model

MULTNOMAH COUNTY OREGON

BOARD OF COUNTY COMMISSIONERS
501 S.E. HAWTHORNE BLVD., Room 600
PORTLAND, OREGON 97204
(503) 988-5217

LISA NAITO ● DISTRICT 3 COMMISSIONER

MEMORANDUM

TO: Chair Diane Linn
Commissioner Maria Rojo de Steffey
Commissioner Serena Cruz
Commissioner Lonnie Roberts
Board Clerk Deb Bogstad

FROM: Carol Wessinger
Staff to Commissioner Lisa Naito

DATE: October 9, 2003

RE: Board Meeting Excuse

Commissioner Naito will be unable to attend the November 13, 2003 Board Meeting. The Commissioner will be attending the Federal Emergency Management Agencies training on Homeland Security. She will participate in the meeting by phone.

Thank you,
Carol Wessinger

Lonnie Roberts
Multnomah County Commissioner
District 4

501 SE Hawthorne Boulevard, Suite 600
Portland, Oregon 97214
(503) 988-5213 phone
(503) 988-5262 fax
Email: lonnie.j.roberts@co.multnomah.or.us
www.co.multnomah.or.us/cc/ds4/

MEMORANDUM

DATE: November 12, 2003

TO: Chair Diane Linn
Commissioner Maria Rojo de Steffey, District 1
Commissioner Serena Cruz, District 2
Commissioner Lisa Naito, District 3
Board Clerk Deb Bogstad

FROM: Kristen West
Staff Assistant, Commissioner Lonnie Roberts

RE: Notice of Meeting Excuse

Commissioner Roberts will be leaving the November 13, 2003 BCC Meeting at 10:50AM. He will be attending a Gateway Area Business Association Meeting.

AGENDA PLACEMENT REQUEST

BUD MOD #:

Board Clerk Use Only:

Meeting Date: November 13, 2003
Agenda Item #: C-1
Est. Start Time: 9:30 AM
Date Submitted: 11/03/03

Requested Date: 11/13/2003 **Time Requested:** Consent Agenda

Department: Nondepartmental **Division:** Chair's Office

Contact/s: Chair Diane Linn, Delma Farrell

Phone: 503/988-3308 **Ext.:** 83953 **I/O Address:** 503/600

Presenters: N/A

Agenda Title: Appointment of Jack Graham to the Merit System Civil Service Council

NOTE: If Ordinance, Resolution, Order or Proclamation, provide exact title. For all other submissions, provide clearly written title.

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1. **What action are you requesting from the Board? What is the department/agency recommendation?** Recommend the Board approve appointment of Jack Graham to the Merit System Civil Service Council.

2. **Please provide sufficient background information for the Board and the public to understand this issue.** The Merit System Civil Service Council makes recommendations to the Board of County Commissioners regarding personnel rules; they hear appeals regarding personnel actions not covered by collective bargaining agreements from employees in the classified service; they hear appeals regarding personnel actions from applicants for the classified service. There are three members appointed to 6-year terms by the County Chair with approval of the Board of County Commissioners.

3. **Explain the fiscal impact (current year and ongoing).** No current year and/or ongoing fiscal impact.

   NOTE: If a Budget Modification or a Contingency Request attach a Budget Modification Expense & Revenues Worksheet and/or a Budget Modification Personnel Worksheet.

If a budget modification, explain:

- **What revenue is being changed and why?**
- **What budgets are increased/decreased?**
- **What do the changes accomplish?**
- **Do any personnel actions result from this budget modification? Explain.**

- **Is the revenue one-time-only in nature?**
- **If a grant, what period does the grant cover?**
- **When the grant expires, what are funding plans?**

NOTE: Attach Bud Mod spreadsheet (FORM FROM BUDGET)

If a contingency request, explain:

- **Why was the expenditure not included in the annual budget process?**

- **What efforts have been made to identify funds from other sources within the Department/Agency to cover this expenditure?**
- **Why are no other department/agency fund sources available?**
- **Describe any new revenue this expenditure will produce, any cost savings that will result, and any anticipated payback to the contingency account.**

- **Has this request been made before? When? What was the outcome?**

If grant application/notice of intent, explain:

- **Who is the granting agency?**
- **Specify grant requirements and goals.**
- **Explain grant funding detail – is this a one time only or long term commitment?**
- **What are the estimated filing timelines?**
- **If a grant, what period does the grant cover?**
- **When the grant expires, what are funding plans?**
- **How will the county indirect and departmental overhead costs be covered?**

4. **Explain any legal and/or policy issues involved.** No legal and/or policy issues involved.

5. **Explain any citizen and/or other government participation that has or will take place.** The County solicited applications from interested persons by sending the announcement to various professional organizations and by contacting individuals directly.

Required Signatures:

Department/Agency Director: Chris McL **Date: 11/3/2003**

AGENDA PLACEMENT REQUEST

BUD MOD DCHS 04

APPROVED : MULTNOMAH COUNTY
BOARD OF COMMISSIONERS
AGENDA # C-2 DATE 11-13-03
DEBORAH L. BOGSTAD, BOARD CLERK

Board Clerk Use Only:

Meeting Date: November 13, 2003
Agenda Item #: C-2
Est. Start Time: 9:30 AM
Date Submitted: 10/30/03

Requested Date: November 13, 2003 **Time Requested:** N/A

Department: County Human Services **Division:** Developmental Disabilities

Contact/s: Al Stickel/Chris Yager

Phone: 988-3691 **Ext.:** 84135/26777 **I/O Address:** 166/7

Presenters: Consent Calendar

Agenda Title: Budget Modification DCHS 04 Reducing the Department Budget to Reflect the August 31, 2003 Closure of the Developmental Disabilities Brokerage (Community Options)

NOTE: If Ordinance, Resolution, Order or Proclamation, provide exact title. For all other submissions, provide clearly written title.

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1. **What action are you requesting from the Board? What is the department/agency recommendation**? The Department of County Human Services recommends approval of budget modification DCHS #04

2. **Please provide sufficient background information for the Board and the public to understand this issue**. The funding from the state did not cover the costs of the program, so it was decided to ramp down the program and shift the services to other brokerages. The state provided partial year funding in order ramp down the program and transfer clients to other providers. The State is contracting directly with other providers in Multnomah County. There is no impact on services to the clients.

3. **Explain the fiscal impact (current year and ongoing)**. Net reduction of $1,642,553 State Mental Health funds and 8.47 FTE (10.00 FTE annualized). The following expenditures decrease: personnel $575,136, professional services $21,918, printing $3,060, repair & maintenance $450, supplies $4,450, education & training $2,350, local

travel $4,880, dues & subscriptions $100, telephone $6,191, PC flat fee $6,450, motor pool $1,159, building management $24,404. Corresponding service reimbursements from the Fed/State fund decrease by like amounts.

NOTE: If a Budget Modification or a Contingency Request attach a Budget Modification Expense & Revenues Worksheet and/or a Budget Modification Personnel Worksheet.

If a budget modification, explain:

- **What revenue is being changed and why**? State Mental Health Grant decreases by $1,642,553. The services are transferred to the other brokerages.
- **What budgets are increased/decreased**? Developmental Disabilities Brokerage program is decreased by $1,642,553.
- **What do the changes accomplish**? This modification shifts funding for Brokerage services back to the State, which will contract them out again to the private sector. There is no loss of service to the clients.
- **Do any personnel actions result from this budget modification? Explain.** The net effect is a decrease of 6.64 FTE Case Manager 2's, 1.00 FTE Office Assistant Senior, and .83 FTE CFS Administrator. Note that the CFS Admin position is being restored in budget modification DCHS #3 in the Crisis & Long Term Care program.
- **Is the revenue one-time-only in nature**? N/A
- **If a grant, what period does the grant cover**? N/A
- **When the grant expires, what are funding plans**?

NOTE: Attach Bud Mod spreadsheet (FORM FROM BUDGET)

If a contingency request, explain:

- **Why was the expenditure not included in the annual budget process**?
- **What efforts have been made to identify funds from other sources within the Department/Agency to cover this expenditure**?
- **Why are no other department/agency fund sources available**?
- **Describe any new revenue this expenditure will produce, any cost savings that will result, and any anticipated payback to the contingency account.**
- **Has this request been made before? When? What was the outcome**?

If grant application/notice of intent, explain:

- **Who is the granting agency**?
- **Specify grant requirements and goals.**
- **Explain grant funding detail – is this a one time only or long term commitment**?
- **What are the estimated filing timelines**?
- **If a grant, what period doest the grant cover**?
- **When the grant expires, what are funding plans**?
- **How will the county indirect and departmental overhead costs be covered**?

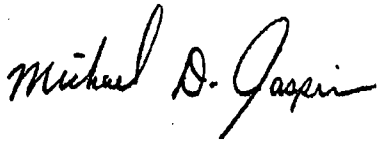
4. **Explain any legal and/or policy issues.**

5. **Explain any citizen and/or other government participation that has or will take place.**

Required Signatures:

Department/Agency Director: **Date: 09/30/03**

Budget Analyst

By:  **Date: 10/30/03**

Dept/Countywide HR

By: **Date: 09/30/03**

#REF!

EXPENDITURES & REVENUES

Budget Fiscal Year: 03/04

Please show an increase in revenue as a negative value and a decrease as a positive value for consistency with MERLIN.

Ln No.	Fund Center	Fund Code	Accounting Unit			Cost Element	Current Amount	Revised Amount	Change Increase/ (Decrease)	Subtotal	Description
			Internal Order	*Cost Center*	*WBS Element*						
1	20-50	81149			DD BRK 149	60160	1,043,200	51,200	(992,000)		Pass thru payments
2	20-50	81149			DD BRK 149	50190	(1,043,200)	(51,200)	992,000		IG-OP Fed Thru State
3											
4	20-50	81148			DD BRK 148	60000	679,705	65,279	(614,426)		Permanent
5	20-50	81148			DD BRK 148	60170	21,918	0	(21,918)		Professional Services
6	20-50	81148			DD BRK 148	60180	3,060	0	(3,060)		Printing
7	20-50	81148			DD BRK 148	60220	450	0	(450)		Repairs & Maitenance
8	20-50	81148			DD BRK 148	60240	4,450	0	(4,450)		Supplies
9	20-50	81148			DD BRK 148	60260	2,350	0	(2,350)		Education & Training
10	20-50	81148			DD BRK 148	60270	4,880	0	(4,880)		Local Travel/Mileage
11	20-50	81148			DD BRK 148	60340	100	0	(100)		Dues & Subscription
12	20-50	81148			DD BRK 148	60370	6,191	0	(6,191)		Telephone
13	20-50	81148			DD BRK 148	60390	6,450	0	(6,450)		PC Flat Fee
14	20-50	81148			DD BRK 148	60410	1,159	0	(1,159)		Motor Pool
15	20-50	81148			DD BRK 148	60430	24,404	0	(24,404)		Building Management
16	20-50	81148			DD BRK 148	50190	(755,117)	(65,279)	689,838		IG-OP Fed Thru State
17											
18	20-50	81148			DD BRK C/O 148	60000	0	18,093	18,093		Permanent
19	20-50	81148			DD BRK C/O 148	50190	0	(18,093)	(18,093)		IG-OP Fed Thru State
20								0			
21	20-50	81048			DD BRK 48	60000	0	21,192	21,192		Permanent
22	20-50	81048			DD BRK 48	50190	0	(21,192)	(21,192)		IG-OP Fed Thru State
23											
24	90-20	3505		902575		50310		24,404	24,404		Svc Reimb Bldg Mgmt
25	90-20	3505		902575		60240		(24,404)	(24,404)		Bldg Mgmt
26											
27	70-01	3500		705210		50316		105,010	105,010		Reimb Claims Paid
28	70-01	3500		705210		60330		(105,010)	(105,010)		Insurance
29											
									0	**0**	**Total - Page 1**
									0	**0**	**GRAND TOTAL**

#REF!

EXPENDITURES & REVENUES

Budget Fiscal Year: 03/04

Please show an increase in revenue as a negative value and a decrease as a positive value for consistency with MERLIN.

Ln No.	Fund Center	Fund Code	Accounting Unit			Cost Element	Current Amount	Revised Amount	Change Increase/ (Decrease)	Subtotal	Description
			Internal Order	*Cost Center*	*WBS Element*						
30	70-03	3502		709520		50310		6,191	6,191		Svc Reimb Telephone
31	70-03	3502		709520		60200		(6,191)	(6,191)		Telephone
32											
33	70-03	2508		709201		50310		6,450	6,450		Svc Reimb PC Flat Fee
34	70-03	2508		709201		60240		(6,450)	(6,450)		PC Flat Fee
35											
36	90-40	3501		904100		50310		1,159	1,159		Svc Reimb Motor Pool
37	90-40	3501		904100		60240		(1,159)	(1,159)		Motor Pool
38											
39											
40											
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56											
57											
58											
									0	**0**	**Total - Page 2**
									0	**0**	**GRAND TOTAL**

5. **ANNUALIZED PERSONNEL CHANGE**

Change on a full year basis even though this action affects only a part of the fiscal year (FY).

							ANNUALIZED			
Fund	Cost Center	JCN	HR Org Unit	Position Title	Position Number	FTE	BASE PAY	FRINGE	INSUR	TOTAL
20-50	205006	6297	63230	CASE MGR 2	701756	(1.00)	(45,902)	(11,508)	(12,522)	(69,932)
20-50	205006	6297	63230	CASE MGR 2	704736	(1.00)	(45,902)	(11,508)	(12,522)	(69,932)
20-50	205006	6297	63230	CASE MGR 2	709350	(1.00)	(45,902)	(11,508)	(12,522)	(69,932)
20-50	205006	6002	63230	OA SR	709359	(1.00)	(32,831)	(8,231)	(11,215)	(52,277)
20-50	205006	6297	63230	CASE MGR 2	709369	(1.00)	(40,368)	(10,120)	(11,969)	(62,457)
20-50	205006	6297	63230	CASE MGR 2	709372	(1.00)	(41,761)	(10,470)	(12,108)	(64,339)
20-50	205006	6297	63230	CASE MGR 2	709373	(1.00)	(45,902)	(11,508)	(12,522)	(69,932)
20-50	205006	6297	63230	CASE MGR 2	709377	(1.00)	(39,853)	(9,991)	(11,917)	(61,761)
20-50	205006	6297	63230	CASE MGR 2	709378	(1.00)	(45,902)	(11,508)	(12,522)	(69,932)
20-50	205006	9745	63230	CFS ADMIN	709135	(1.00)	(60,176)	(15,086)	(13,950)	(89,212)
				TOTAL ANNUALIZED CHANGES		(10.00)	(444,499)	(111,438)	(123,769)	(679,706)

6. **CURRENT YEAR PERSONNEL DOLLAR CHANGE**

Calculate costs/savings that will take place in this FY; these should explain the actual dollar amounts being changed by this Bud Mod.

							CURRENT YEAR			
Fund	Cost Center	JCN	HR Org Unit	Position Title	Position Number	FTE	BASE PAY	FRINGE	INSUR	TOTAL
20-50	205006	6297	63230	CASE MGR 2	701756	(0.83)	(38,252)	(9,590)	(10,435)	(58,277)
20-50	205006	6297	63230	CASE MGR 2	704736	(0.83)	(38,252)	(9,590)	(10,435)	(58,277)
20-50	205006	6297	63230	CASE MGR 2	709350	(0.83)	(38,252)	(9,590)	(10,435)	(58,277)
20-50	205006	6002	63230	OA SR	709359	(1.00)	(32,831)	(8,231)	(11,215)	(52,277)
20-50	205006	6297	63230	CASE MGR 2	709369	(0.83)	(33,640)	(8,433)	(9,974)	(52,047)
20-50	205006	6297	63230	CASE MGR 2	709372	(0.83)	(34,801)	(8,725)	(10,090)	(53,616)
20-50	205006	6297	63230	CASE MGR 2	709373	(0.83)	(38,252)	(9,590)	(10,435)	(58,277)
20-50	205006	6297	63230	CASE MGR 2	709377	(0.83)	(33,211)	(8,326)	(9,931)	(51,468)
20-50	205006	6297	63230	CASE MGR 2	709378	(0.83)	(38,252)	(9,590)	(10,435)	(58,277)
20-50	205006	9745	63230	CFS ADMIN	709135	(0.83)	(50,147)	(12,572)	(11,625)	(74,344)
				TOTAL CURRENT FY CHANGES		(8.47)	(375,888)	(94,237)	(105,010)	(575,136)

BOGSTAD Deborah L

From: YAGER Chris D
Sent: Thursday, October 30, 2003 11:22 AM
To: JASPIN Michael D; #AGENDA REVIEW TEAM; BOGSTAD Deborah L
Cc: STICKEL Al; WANG Gloria E; BOTSFORD Patrice A
Subject: RE: DCHS Budget Modification 04

The position were all full but the employees bumped to other vacant positions.

-----Original Message-----
From: JASPIN Michael D
Sent: Thursday, October 30, 2003 9:25 AM
To: #AGENDA REVIEW TEAM; BOGSTAD Deborah L
Cc: YAGER Chris D; STICKEL Al
Subject: DCHS Budget Modification 04

Attached is DCHS budget modification 04 for the agenda review team. Typically this would be placed on the consent agenda; however, there are a couple of policy issues/impacts that Board members may be concerned about even if they have no ability to change the State's actions. In particular,

- DD brokerage services have been shifted directly to providers, due to County costs and/or the level funding from the state.
- 10 FTE (on an annualized basis) are lost. The budget modification does not indicate how many of the positions were vacant positions, or if any individuals actually lost their jobs because of the shift.

If it is placed on the consent agenda, talking with a couple of the Board members ahead of time would be advisable so it doesn't get pulled of consent.

Deb - signed copies are on there way.

BOGSTAD Deborah L

From: PARNELL Gail E
Sent: Friday, November 07, 2003 1:50 PM
To: #AGENDA REVIEW TEAM; BOGSTAD Deborah L
Subject: FW: DCHS Budget Modification 04
Importance: High

Of the 10 positions cut, 9 were filled, 1 vacant. The 9 employees were able to bump others, or move to a vacant position. However, those bumps did eventually result in 5 staff layoffs. G

-----Original Message-----
From: PARNELL Gail E
Sent: Thursday, October 30, 2003 7:07 PM
To: UMBRAS Colette R
Cc: PATE Patricia
Subject: FW: DCHS Budget Modification 04

Collette,
Can you get the scoop on the positions and I'll take that info to Agenda Review Team next Wed. at 1. Thanks, Gail

-----Original Message-----
From: JASPIN Michael D
Sent: Thursday, October 30, 2003 9:25 AM
To: #AGENDA REVIEW TEAM; BOGSTAD Deborah L
Cc: YAGER Chris D; STICKEL Al
Subject: DCHS Budget Modification 04

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Deb - signed copies are on there way.

AGENDA PLACEMENT REQUEST

BUD MOD #:

Board Clerk Use Only:

Meeting Date: November 13, 2003
Agenda Item #: UC-1
Est. Start Time: 9:30 AM
Date Submitted: 11/10/03

Requested Date: 11/13/03 **Time Requested:** 5 minutes

Department: County Human Services in Collaboration with Health Department, Office of Primary Care & Eastside Teen Clinic **Division:** Mental Health & Addiction Services

Contact/s: Linda Castillo/Mark Spofford

Phone: 503-988-3999 **Ext.:** 28814 **I/O Address:** 166/5

Presenters: Linda Castillo, Mark Spofford, Marilee Dea

Agenda Title: NOTICE OF INTENT to apply for Robert Wood Johnson Foundation Grant Funding, Depression in Primary Care Initiative, to expand the current collaboration between the Health Department Primary Care and MHAS Bienestar de la Familia to address the unmet mental health needs of Latino Adolescents in East County utilizing a Community Health Worker and Mental Health Consultant Team Model.

NOTE: If Ordinance, Resolution, Order or Proclamation, provide exact title. For all other submissions, provide clearly written title.

---

1. **What action are you requesting from the Board? What is the department/agency recommendation?**

   The Department of County Human Services is requesting Board approval to apply for funds via a Notice of Intent to the Robert Woods Johnson Foundation to establish an age appropriate, Culturally Competent and Integrated Mental Health and Primary care service to the Latino Adolescent population.

   The Department requests placement on the November 13, 2003 board agenda and requests an exemption. The Educational Development Center, Inc. informed both Departments of this grant opportunity under the prescribed deadline. The deadline for submission of the Robert Woods Johnson Notice of Intent is November 17, 2003. Delay

in bringing this request to the Board will prevent MHAS and the Health Department from developing an innovative treatment service to a population, which has a high unmet, need.

2. **Please provide sufficient background information for the Board and the public to understand this issue.**

Primary Care submitted a SAMHSA grant application in 2001 to provide Mental Health Care to Underserved populations, Russian and Hispanic adults. Utilizing bi-cultural and lingual Community Health Workers (CHW), Chronic Disease Model, and bi-cultural and lingual Mental Health Consultant (MHC), adults were assessed in their level of depression and anxiety utilizing a Personal Health Questionnaire (PHQ) and a depression/anxiety measurement tool (SF-12). MHAS was invited to provide and supervise a bi-lingual and bi-cultural mental health consultant. This program is having significant success and has received stellar reviews from the SAMHSA evaluation committee. This program has increased the participation Hispanic and Russian-speaking communities in mental health services and helped to reduce the stigma of treatment of mental health symptoms and disorders.

It is evident in our community practice, observations, and based on census figures, the Hispanic community is one of the largest and swiftly growing ethnic and linguistic populations in Multnomah County.

Although, there are some providers in the community addressing adolescent mental health needs, many of the providers are office based and do not have a well-trained outreach staff that is well educated about working with a special population and treatment group such as the Hispanic adolescent. Studies confirm that a significant unmet need for mental health services among Latino youth. Recently, the American Journal of Psychiatry reported that Latino youth have the highest unmet need for mental health services of all ethnic minority groups. Some of the identified barriers include: stigma, cultural and communication problems with providers, and the lack of culturally competent assessment techniques and providers.

The current collaboration between Primary Care and MHAS, utilizing CHW and MHC is promising in addressing these barriers. It has been effective in bridging the gap between community members and local providers, increasing screening rates; promoting self-care practices, and follow-up with medical and mental health care.

In collaboration, we would like to 1) develop a training for CHW in Latino Adolescent depression and other issues, 2) and build support and endorsement of this model by providers, youth, families, and reimbursement systems, 3) evaluate and assess the barriers and benefits to utilizing CHW and MHC in the Primary Care setting, and 4) develop an efficacy comparison of a therapist and cognitive behavioral model and a CHW and peer group model.

3. **Explain the fiscal impact (current year and ongoing).**

We would like to apply for a Small Grant of which we can apply for up to $100,000. The funds are to be utilized for completion of the project over a 12 to 24 month period.

NOTE: If a Budget Modification or a Contingency Request attach a Budget Modification Expense & Revenues Worksheet and/or a Budget Modification Personnel Worksheet.

If a budget modification, explain:

- **What revenue is being changed and why?**
- **What budgets are increased/decreased?**
- **What do the changes accomplish?**
- **Do any personnel actions result from this budget modification? Explain.**
- **Is the revenue one-time-only in nature?**
- **If a grant, what period does the grant cover?**
- **When the grant expires, what are funding plans?**

NOTE: Attach Bud Mod spreadsheet (FORM FROM BUDGET)

If a contingency request, explain:

- **Why was the expenditure not included in the annual budget process?**
- **What efforts have been made to identify funds from other sources within the Department/Agency to cover this expenditure?**
- **Why are no other department/agency fund sources available?**
- **Describe any new revenue this expenditure will produce, any cost savings that will result, and any anticipated payback to the contingency account.**
- **Has this request been made before? When? What was the outcome?**

If grant application/notice of intent, explain:

- **Who is the granting agency?** Robert Wood Johnson Foundation.
- **Specify grant requirements and goals.** The purpose of the grant is to increase the use of effective treatment models in primary care settings for patients with depression. The Value Research Grants component of this program supports analysis of barriers to treatment and the development of strategies for improving quality of care.
- **Explain grant-funding detail – is this a one-time only or long-term commitment?** This is one-time funding. The grant award amount is up to 100,000 and the project must be completed within 12-24 months. Sustainability of this funding will come through meeting objectives and developing effective treatment models that can be integrated in a system of care and reimbursement systems.
- **What are the estimated filing timelines?** The Notice of Intent is due November 17, 2003. If selected, we will be invited to submit a full proposal in January 2004. The deadline for receipt of the proposal is March 2004. Notice of grant award is July 2004. Grant period begins August 2004.
- **If a grant, what period does the grant cover?** The grant covers 12-24 months to complete the project.
- **When the grant expires, what are funding plans?** The intent is to build capacity within the collaboration of the Health Department and MHAD. In addition, we seek reimbursement stability though OHP and additional grant applications.
- **How will the county indirect and departmental overhead costs be covered?** Indirect can be charged as a grant expense.

4. **Explain any legal and/or policy issues involved.** No obvious legal or policy issues related to the proposed grant program have been identified. However, such issues will be addressed as a component of the project.

5. **Explain any citizen and/or other government participation that has or will take place.** In our current interdepartmental collaboration, an advisory committee has been developed. We will assess whether a similar model geared to adolescent and peer input could be developed to provide consultation and over-sight to the project

Required Signatures:

Department/Agency Director: _____ **Date: 11/10/03**

Budget Analyst

By: _____ **Date: 11/10/03**

Dept/Countywide HR

By: _____ **Date:**

BOGSTAD Deborah L

From: NAITO Terri W
Sent: Monday, November 10, 2003 12:25 PM
To: BOGSTAD Deborah L; PATE Patricia; CASTILLO Linda; WALKER Derald R
Cc: COMITO Charlotte A; WESSINGER Carol M
Subject: RE: AGENDA PLACEMENT REQUEST

Commissioner Naito is out of town this week and most likely will not be participating by phone at Thursday's board meeting.
Nonetheless, I did check with her and she would support this as a unanimous consent item.

Terri Naito
Office of Commissioner LISA NAITO
Multnomah County Oregon
503.988.4105
terri.w.naito@co.multnomah.or.us

-----Original Message-----
From: BOGSTAD Deborah L
Sent: Monday, November 10, 2003 12:11 PM
To: PATE Patricia; CASTILLO Linda; WALKER Derald R
Cc: CELAYA-ALSTON Rosemary C; JASPIN Michael D; NEBURKA Julie Z; #AGENDA REVIEW TEAM; SOWLE Agnes; SPOFFORD Mark; Andy Smith; Carol WESSINGER; Charlotte Comito; Chuck Martin; David Martinez; Delma FARRELL; Diane Luther; Duke Shepard; Gail WILSON; Gary Walker; Iris BELL; Judith Bauman; Kathryn GORDON; Kristen WEST; Laura Bridges; Lisa Goldberg; Mary Carroll; Matthew LASHUA; Rebecca Uherbelau; Robert Walker; Ruby IBARRA; Shelli Romero; Terri Naito; Thomas Simpson
Subject: RE: AGENDA PLACEMENT REQUEST
Importance: High

Thank you, Patricia. I have placed your electronic signature on the agenda placement request, per the attached APR document. This document also has to be reviewed and signed off by Mike Jaspin or Julie Neburka in the Budget Office. Since the November 13th agenda has already been published, this item would be considered a "unanimous consent" and your staff needs to make sure at least three Commissioners will agree to consider the item on Thursday and, as it takes all the Commissioners present to vote in favor of the item for passage, they should get an

indication from the entire Board whether they will have that support. I have excerpted the Board Rules below:

SECTION 6. UNANIMOUS CONSENT

A. The Board may act on an item not on the agenda notice if at least three Commissioners vote in favor of a motion to immediately consider the matter.

B. For the matter to be adopted, all Commissioners present must vote in favor of the matter.

Deb Bogstad, Board Clerk
Multnomah County Commissioners
501 SE Hawthorne Boulevard, Suite 600
Portland, Oregon 97214-3587
(503) 988-3277 phone
(503) 988-3013 fax
deborah.l.bogstad@co.multnomah.or.us
http://www.co.multnomah.or.us/cc/index.shtml

-----Original Message-----
From: PATE Patricia
Sent: Monday, November 10, 2003 11:47 AM
To: CASTILLO Linda; WALKER Derald R
Cc: BOGSTAD Deborah L; CELAYA-ALSTON Rosemary C
Subject: RE: AGENDA PLACEMENT REQUEST

works for me

-----Original Message-----
From: CASTILLO Linda
Sent: Friday, November 07, 2003 6:28 PM
To: WALKER Derald R; PATE Patricia
Cc: BOGSTAD Deborah L; CELAYA-ALSTON Rosemary C
Subject: AGENDA PLACEMENT REQUEST

<< File: APR.doc >> Derald, this is the proposal I discussed with you. Patty, Could I have your endorsement and support of this project via an electronic signature?? We are on a short timeline due to when we were notified of this

opportunity. I am seeking a 'unanimous' consent by the BOC to get it onto the agenda prior to the grant NOI deadline. Thank you, Linda

AGENDA PLACEMENT REQUEST

BUD MOD #:

Board Clerk Use Only:

Meeting Date: November 13, 2003
Agenda Item #: R-1
Est. Start Time: 9:30 AM
Date Submitted: 10/10/03

Requested Date: November 13, 2003 **Time Requested:** 5 mins

Department: DBCS **Division:** Tax Title

Contact/s: Gary Thomas

Phone: 503-988-3590 **Ext.:** 22591 **I/O Address:** 503/4 Tax Title

Presenters: Gary Thomas

Agenda Title: PUBLIC HEARING and Consideration of a RESOLUTION Authorizing the Transfer of a Tax Foreclosed Property to the City of Portland, Parks and Recreation Department for Non Housing, Public Purposes

NOTE: If Ordinance, Resolution, Order or Proclamation, provide exact title. For all other submissions, provide clearly written title.

---

1. **What action are you requesting from the Board? What is the department/agency recommendation?**
   Approve the transfer of the tax foreclosed property described in the attached deed (Property) without monetary consideration to the City of Portland, Parks and Recreation Department, for non-housing, public purposes.

2. **Please provide sufficient background information for the Board and the public to understand this issue.**
   The subject property came into Multnomah County ownership through the foreclosure of delinquent tax liens on September 26, 2000. The parcel is mostly rectangular in shape and contains approximately 26,500 square feet. It is located in an old subdivision in NW Portland, Whitwood Court Subdivision that was plotted in the early 1900's but was never fully developed. Although there are streets shown on the plat map few of them to the north of the subject property have ever been developed. The area is located off Germantown Road above NW St Helens Road and the subject is adjacent to Forest Park.

The physical makeup of the property consists of older trees, shrubs, and ferns. The growth is so thick at this time of year that it is difficult to show what it consists of as evidenced by the attached photos. In addition, the parcel slopes steeply down from Springville Road to the north with very limited access.

The attached Exhibit B is a copy of the plat map that shows the shape and location of the parcel. An aerial photo, Exhibit C, shows the property in relation to the adjacent Forest Park and NW St Helens Road. Two photos, Exhibit D, show the physical makeup of the parcel

The property was included on the most recent list of foreclosed properties made available to different government agencies. The City of Portland expressed an interest in the property but failed to submit a request for transfer in a timely manner. They have since submitted a letter requesting the property with a proposed use of habitat park and natural area.

3. **Explain the fiscal impact (current year and ongoing).**
The Tax Title Fund has incurred expenses associated with preparation of application materials, newspaper publications, processing transfer requests, title reports, preparation of Board documents and recording fees. The proposed transfers of the Properties do not provide for reimbursement to the County for these costs.

4. **Explain any legal and/or policy issues.**
No legal issues are expected to develop as a result of this action.

5. **Explain any citizen and/or other government participation that has or will take place.**
Notification of the Board Meeting on November 13, 2003, at which approval of the transfers is expected, was given. Citizens may comment on the proposed transfers at the Board meeting.

Required Signatures:

M. Cecilia Johnson

Department/Agency Director: **Date: 10/07/03**

Budget Analyst

By: **Date:**

Dept/Countywide HR

By: **Date:**

EXHIBIT A

CITY OF PORTLAND, PARKS AND RECREATION DEPARTMENT

PARCEL NO. 1:

Legal Description:

Lots 8,9,10, 11, and 12, Subdivision of Lots 1 through 4, Block 19, WHITWOOD COURT, in the City of Portland, County of Multnomah and State of Oregon.

Multnomah County Deed No.:	**D041933**
Tax Account No.:	**R305706**
Type or Use:	**Parks Natural Area**
Taxes:	**$961.74**
Expenses:	**$0.00**

Exhibit B

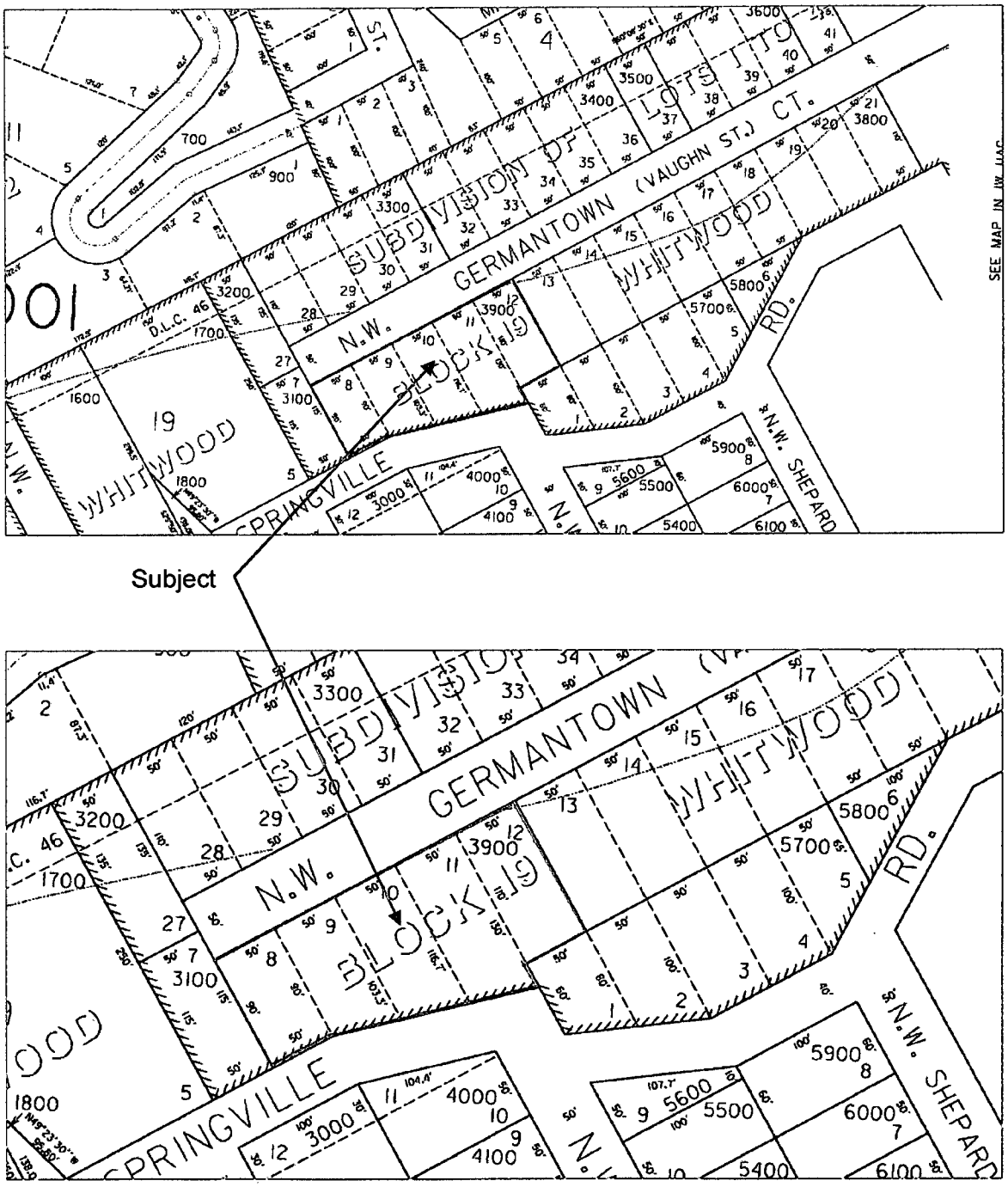
Subject
GERMANTOWN (VAUGHN ST.) CT.
SUBDIVISION OF
WHITWOOD
N.W. BLOCKS
SPRINGVILLE
N.W. SHEPARD RD.
SEE MAP IN IW JJAC
D.L.C. 46
1700
1800
3200
3300
3400
3500
3600
3700
3800
3900
4000
4100
5400
5500
5600
5700
5800
5900
6000
6100

Exhibit C

Aerial Photo
2002 / 2001 / 2000 / 1998 / 1996
6" / 2' / 4' / 10' / 20'
Streets: On / Off
Lots: On / Off
Dot: On / Off
Forest Park
Subject

Exhibit D

BEFORE THE BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON

RESOLUTION NO._____

Approving Transfer of Tax Foreclosed Property to the City Of Portland, Parks & Recreation Department for Non-Housing, Public Purposes

The Multnomah County Board of Commissioners Finds:

a. ORS 271.330 and Multnomah County Code Chapter 7 allow for transfer of tax foreclosed real property to governmental bodies provided the property is used for a public purpose.

b. The City Of Portland, Parks & Recreation Department has requested transfer of one tax foreclosed property for non-housing, public purposes as described in the attached deed (Property).

c. On October 30, the Board scheduled a public hearing on November 13, 2003 for consideration of the proposed transfer and directed the Multnomah County Tax Title Division (Division) to publish notice of the hearing as required by ORS 271.330 (5) and MCC § 7.407.

d. After holding the public hearing, the Board determined the Property is no longer needed by the County and is eligible for transfer for public purpose, and the transfer will serve the public interest and will be for no monetary consideration.

The Multnomah County Board of Commissioners Resolves:

1. The Property described in the attached deed is transferred without monetary consideration to the City Of Portland, (City), provided that the Property is used and continues to be used by the City for public purposes. Should the Property cease to be used for public purposes, the interest of the City will automatically terminate and title shall revert back to Multnomah County.

2. The Chair is directed to execute the attached deed conveying the Property to the City.

ADOPTED this 13th day of November 2003.

BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON

_____
Diane M. Linn, Chair

REVIEWED:
AGNES SOWLE, COUNTY ATTORNEY
FOR MULTNOMAH COUNTY, OREGON

By_____
Christopher D. Crean, Assistant County Attorney

Until a change is requested, all tax statements shall be sent to the following address:
THE CITY OF PORTLAND
PARKS & RECREATION DEPARTMENT
1120 SW 5TH AVE ROOM 1302
PORTLAND OR 97204-1933

After recording return to:
MULTNOMAH COUNTY
TAX TITLE 503/4

DEED D041933 TO CITY OF PORTLAND, PARKS & RECREATION DEPARTMENT

MULTNOMAH COUNTY, a political subdivision of the State of Oregon, Grantor, conveys to the CITY OF PORTLAND, a municipal corporation of the State of Oregon, Grantee, the following parcel of real property, located in the City of Portland, Multnomah County, Oregon:

Lots 8,9,10, 11, and 12, Subdivision of Lots 1 through 4, Block 19, Whitwood Court

Provided that said property shall be used and continue to be used by the Grantee for public purposes, and should this property cease to be used for public purposes by the Grantee, the interests of the Grantee shall automatically terminate and title shall revert to the Grantor.

This transfer is without monetary consideration.

THIS INSTRUMENT WILL NOT ALLOW USE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT IN VIOLATION OF APPLICABLE LAND USE LAWS AND REGULATIONS. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY APPROVED USES AND TO DETERMINE ANY LIMITS ON LAWSUITS AGAINST FARMING OR FOREST PRACTICES AS DEFINED IN ORS 30.930.

IN WITNESS WHEREOF, MULTNOMAH COUNTY has caused these presents to be executed by the Chair of the Multnomah County Board of Commissioners this 13th day of November 2003, by authority of a Resolution of the Board of County Commissioners entered of record.

BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON

_____
Diane M. Linn, Chair

REVIEWED:
AGNES SOWLE, COUNTY ATTORNEY
FOR MULTNOMAH COUNTY, OREGON

By _____
Christopher D Crean, Assistant County Attorney

ACCEPTED:
CITY OF PORTLAND,
BUREAU OF PARKS & RECREATION

By _____
Jim Francesconi, Commissioner of Public Utilities

STATE OF OREGON)
) ss
COUNTY OF MULTNOMAH)

This Deed was acknowledged before me this 13th day of November 2003, by Diane M. Linn, to me personally known, as Chair of the Multnomah County Board of Commissioners, on behalf of the County by authority of the Multnomah County Board of Commissioners.

_____
Deborah Lynn Bogstad
Notary Public for Oregon
My Commission expires: 6/27/05

MULTNOMAH COUNTY BOARD OF COMMISSIONERS
PUBLIC TESTIMONY SIGN-UP

Please complete this form and return to the Board Clerk
*****This form is a public record*****

MEETING DATE: 11-13-03

SUBJECT: PROPERTY TRANSFER TO CITY OF PORTLAND

AGENDA NUMBER OR TOPIC: R1

FOR: X AGAINST: _____ THE ABOVE AGENDA ITEM

NAME: RILEY WHITCOMB, PORTLAND PARKS

ADDRESS: 1120 SW 5TH AVE

CITY/STATE/ZIP: PORTLAND, OR

PHONE: DAYS: 503-823-6146 EVES: _____

EMAIL: _____ FAX: _____

SPECIFIC ISSUE: _____

WRITTEN TESTIMONY: _____

IF YOU WISH TO ADDRESS THE BOARD:

1. Please complete this form and return to the Board Clerk.
2. Address the County Commissioners from the presenter table microphones. Please limit your comments to **3 minutes.**
3. State your name for the official record.
4. If written documentation is presented, please furnish one copy to the Board Clerk.

IF YOU WISH TO SUBMIT WRITTEN COMMENTS TO THE BOARD:

1. Please complete this form and return to the Board Clerk.
2. Written testimony will be entered into the official record.

BEFORE THE BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON

RESOLUTION NO. 03-158

Approving Transfer of Tax Foreclosed Property to the City of Portland, Parks and Recreation Department for Non-Housing, Public Purposes

The Multnomah County Board of Commissioners Finds:

a. ORS 271.330 and Multnomah County Code Chapter 7 allow for transfer of tax foreclosed real property to governmental bodies provided the property is used for a public purpose.

b. The City Of Portland, Parks & Recreation Department has requested transfer of one tax foreclosed property for non-housing, public purposes as described in the attached deed (Property).

c. On October 30, the Board scheduled a public hearing on November 13, 2003 for consideration of the proposed transfer and directed the Multnomah County Tax Title Division (Division) to publish notice of the hearing as required by ORS 271.330 (5) and MCC § 7.407..

d. After holding the public hearing, the Board determined the Property is no longer needed by the County and is eligible for transfer for public purpose, and the transfer will serve the public interest and will be for no monetary consideration.

The Multnomah County Board of Commissioners Resolves:

1. The Property described in the attached deed is transferred without monetary consideration to the City Of Portland, (City), provided that the Property is used and continues to be used by the City for public purposes. Should the Property cease to be used for public purposes, the interest of the City will automatically terminate and title shall revert back to Multnomah County.

2. The Chair is directed to execute the attached deed conveying the Property to the City.

ADOPTED this 13th day of November 2003.

BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON

Diane M. Linn, Chair

REVIEWED:
AGNES SOWLE, COUNTY ATTORNEY
FOR MULTNOMAH COUNTY, OREGON

By _____
Christopher D. Crean, Assistant County Attorney

Until a change is requested, all tax statements shall be sent to the following address:
THE CITY OF PORTLAND
PARKS & RECREATION DEPARTMENT
1120 SW 5TH AVE ROOM 1302
PORTLAND OR 97204-1933

After recording return to:
MULTNOMAH COUNTY
TAX TITLE 503/4

DEED D041933 TO CITY OF PORTLAND, PARKS & RECREATION DEPARTMENT

MULTNOMAH COUNTY, a political subdivision of the State of Oregon, Grantor, conveys to the CITY OF PORTLAND, a municipal corporation of the State of Oregon, Grantee, the following parcel of real property, located in the City of Portland, Multnomah County, Oregon:

Lots 8,9,10, 11, and 12, Subdivision of Lots 1 through 4, Block 19, Whitwood Court

Provided that said property shall be used and continue to be used by the Grantee for public purposes, and should this property cease to be used for public purposes by the Grantee, the interests of the Grantee shall automatically terminate and title shall revert to the Grantor.

This transfer is without monetary consideration.

THIS INSTRUMENT WILL NOT ALLOW USE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT IN VIOLATION OF APPLICABLE LAND USE LAWS AND REGULATIONS. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY APPROVED USES AND TO DETERMINE ANY LIMITS ON LAWSUITS AGAINST FARMING OR FOREST PRACTICES AS DEFINED IN ORS 30.930.

IN WITNESS WHEREOF, MULTNOMAH COUNTY has caused these presents to be executed by the Chair of the Multnomah County Board of Commissioners this 13th day of November 2003, by authority of a Resolution of the Board of County Commissioners entered of record.

BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON

_____
Diane M. Linn, Chair

REVIEWED:
AGNES SOWLE, COUNTY ATTORNEY
FOR MULTNOMAH COUNTY, OREGON

By _____
Christopher D Crean, Assistant County Attorney

ACCEPTED:
CITY OF PORTLAND,
BUREAU OF PARKS & RECREATION

By _____
Jim Francesconi, Commissioner of Public Utilities

STATE OF OREGON)
) ss
COUNTY OF MULTNOMAH)

This Deed was acknowledged before me this 13th day of November 2003, by Diane M. Linn, to me personally known, as Chair of the Multnomah County Board of Commissioners, on behalf of the County by authority of the Multnomah County Board of Commissioners.

_____
Deborah Lynn Bogstad
Notary Public for Oregon
My Commission expires: 6/27/05

Until a change is requested, all tax statements shall be sent to the following address:
THE CITY OF PORTLAND
PARKS & RECREATION DEPARTMENT
1120 SW 5TH AVE ROOM 1302
PORTLAND OR 97204-1933

After recording return to:
MULTNOMAH COUNTY
TAX TITLE 503/4

DEED D041933 TO CITY OF PORTLAND, PARKS & RECREATION DEPARTMENT

MULTNOMAH COUNTY, a political subdivision of the State of Oregon, Grantor, conveys to the CITY OF PORTLAND, a municipal corporation of the State of Oregon, Grantee, the following parcel of real property, located in the City of Portland, Multnomah County, Oregon:

Lots 8,9,10, 11, and 12, Subdivision of Lots 1 through 4, Block 19, Whitwood Court

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IN WITNESS WHEREOF, MULTNOMAH COUNTY has caused these presents to be executed by the Chair of the Multnomah County Board of Commissioners this 13th day of November 2003, by authority of a Resolution of the Board of County Commissioners entered of record.

BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON

Diane M. Linn, Chair

REVIEWED:
AGNES SOWLE, COUNTY ATTORNEY
FOR MULTNOMAH COUNTY, OREGON

By _____
Christopher D Crean, Assistant County Attorney

ACCEPTED:
CITY OF PORTLAND,
BUREAU OF PARKS & RECREATION

By _____
Jim Francesconi, Commissioner of Public Utilities

STATE OF OREGON)
) ss
COUNTY OF MULTNOMAH)

This Deed was acknowledged before me this 13th day of November 2003, by Diane M. Linn, to me personally known, as Chair of the Multnomah County Board of Commissioners, on behalf of the County by authority of the Multnomah County Board of Commissioners.

OFFICIAL SEAL
DEBORAH LYNN BOGSTAD
NOTARY PUBLIC-OREGON
COMMISSION NO. 345246
MY COMMISSION EXPIRES JUNE 27, 2005

Deborah Lynn Bogstad
Notary Public for Oregon
My Commission expires: 6/27/05

AGENDA PLACEMENT REQUEST

BUD MOD #:

Board Clerk Use Only:

Meeting Date: November 13, 2003
Agenda Item #: R-2
Est. Start Time: 9:35 AM
Date Submitted: 10/30/03

Requested Date: November 13, 2003 **Time Requested:** 5 Minutes

Department: Business and Community Services **Division:** Land Use & Transportation

Contact/s: Gary Clifford / Karen Schilling

Phone: 503-988-3043 **Ext.:** 26782 **I/O Address:** 455/116

Presenters: Gary Clifford

Agenda Title: An Ordinance Amending County Land Use Code, Plans And Maps To Adopt Portland's Recent Land Use Code, Plan And Map Revisions In Compliance With Metro's Functional Plan And Declaring An Emergency

NOTE: If Ordinance, Resolution, Order or Proclamation, provide exact title. For all other submissions, provide clearly written title.

---

1. **What action are you requesting from the Board? What is the department/agency recommendation**? Adopt the ordinance as recommended by the Portland Planning Commission and Portland City Council.

2. **Please provide sufficient background information for the Board and the public to understand this issue.** On October 11, 2001 the Board adopted Ordinance 967 (effective date January 1, 2002) adopting, in summary, the Portland Comprehensive Plan and zoning ordinance. The County and the City of Portland have been engaged in agreements enabling the City of Portland to provide planning services to achieve compliance with the Metro Functional Plan for those areas outside the City limits, but within the urban growth boundary and urban service boundary of Portland. Since the adoption of Ordinance 967 and subsequently Ordinance 997, the attached ordinances have been passed by the City Council and therefore the County must adopt them pursuant to our intergovernmental agreement

to keep the code up to date. Multnomah County and the City of Portland entered into an Intergovernmental Agreement (IGA) to transfer land use planning responsibilities on January 1, 2002. The IGA lays out a process requiring the County to ensure that any City Council adopted amendments to the City comprehensive plan, zoning code and other regulations adopted by the County Board of Commissioners will be considered by the County Board of Commissioners at the earliest possible meeting. It also states "The County Board of Commissioners shall enact all comprehensive plan and code amendments so that they take effect on the same date specified by the City's enacting ordinance" (unless adopted by emergency). The City will have taken action on all of the above items by the hearing date of this ordinance. If the County does not adopt these amendments, the IGA will be void and the County will be required to resume responsibility for planning and zoning administration within the affected areas.

3. **Explain the fiscal impact (current year and ongoing).** NA

4. **Explain any legal and/or policy issues.** State law requires a notice be placed in a newspaper of general circulation 10 days prior (11/03/03) to the BCC hearing. We request adoption of this ordinance by emergency to coincide with the City of Portland adoption date (11/15/03) as stated in the IGA. The County Attorney's office was involved in the drafting of the original IGA and has been involved in coordinating our compliance effort through adoption of these code amendments.

5. **Explain any citizen and/or other government participation that has or will take place.** The City included the County affected property owners in their noticing for these code revisions when required pursuant to the IGA and directed them to the City legislative process.

Required Signatures:

M. Cecilia Johnson

Department/Agency Director: **Date: 10/24/03**

Budget Analyst

By: **Date:**

Dept/Countywide HR

By: **Date:**

BEFORE THE BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON

ORDINANCE NO. ____

Amending County Land Use Code, Plans And Maps To Adopt Portland's Recent Land Use Code, Plan And Map Revisions In Compliance With Metro's Functional Plan And Declaring An Emergency

The Multnomah County Board of Commissioners Finds:

a. The Board of County Commissioners (Board) adopted Resolution A in 1983 which directed the County services towards rural services rather than urban.

b. In 1996, Metro adopted the Functional Plan for the region, mandating that jurisdictions comply with the goals and policies adopted by the Metro Council.

c. In 1998, the County and the City of Portland (City) amended the Urban Planning Area Agreement to include an agreement that the City would provide planning services to achieve compliance with the Functional Plan for those areas outside the City limits, but within the Urban Growth Boundary and Portland's Urban Services Boundary.

d. It is impracticable to have the County Planning Commission conduct hearings and make recommendations on land use legislative actions pursuant to MCC 37.0710, within unincorporated areas inside the Urban Growth Boundary for which the City provides urban planning and permitting services. The Board intends to exempt these areas from the requirements of MCC 37.0710, and will instead consider the recommendations of the Portland Planning Commission and City Council when legislative matters for these areas are brought before the Board for action as required by intergovernmental agreement (County Contract #4600002792) (IGA).

e. On November 6, 2003, the Board amended County land use codes, plans and maps to adopt the City's land use codes, plans and map amendments in compliance with Metro's Functional Plan by Ordinance 1019.

f. Since the adoption of Ordinance 1019, the City's Planning Commission recommended land use code, plan and map amendments to the City Council through duly noticed public hearings.

g. The City notified affected County property owners as required by the IGA.

h. The City Council adopted the land use code, plan and map amendments, set out in Section 1 below and attached as Exhibits 1 through 4. The IGA requires that the County adopt these amendments for the City planning and zoning administration within the affected areas.

Multnomah County Ordains as follows:

Section 1. The County Comprehensive Framework Plan, community plans, rural area plans, sectional zoning maps and land use code chapters are amended to include the City land use code, plan and map amendments, attached as Exhibits 1 through 4 and effective on the same date as the respective Portland ordinance:

Exhibit No.	Description	Effective / Hearing Date
1	Ordinance amending Title 33 to update and improve City building and land use regulations regarding size of trees, building coverage, and nonconforming situation reviews. (PDX Ord. #177971)	11/15/2003
2	Regulatory Improvement Policy Package 1-A report to City Council (Exhibit A to PDX Ord. #17791)	9/17/2003
3	Ordinance amending Title 33 to update and improve City building and land use regulations regarding lot validations and lot segregations, attached residential infill in the "a" overlay, and other land division items. (PDX Ord. #177975)	11/15/2003
4	Regulatory Improvement Policy Package 1-B report to City Council (Exhibit A to PDX Ord. #17791)	9/17/2003

Section 2. In accordance with ORS 215.427(3), the changes resulting from Sections 1 of this ordinance shall not apply to any decision on an application that is submitted before the applicable effective date of this ordinance and that is made complete prior to the applicable effective date of this ordinance or within 180 days of the initial submission of the application.

Section 3. In accordance with ORS 92.040(2), for any subdivisions for which the initial application is submitted before the applicable effective date of this ordinance, the subdivision application and any subsequent application for construction shall be governed by the County's land use regulations in effect as of the date the subdivision application is first submitted.

Section 4. Any future amendments to the legislative matters listed in Section 1 above, are exempt from the requirements of MCC 37.0710. The Board acknowledges,

authorizes and agrees that the Portland Planning Commission will act instead of the Multnomah Planning Commission in the subject unincorporated areas using the City's own procedures, to include notice to and participation by County citizens. The Board will consider the recommendations of the Portland Planning Commission when legislative matters for County unincorporated areas are before the Board for action.

Section 5. An emergency is declared in that it is necessary for the health, safety and general welfare of the people of Multnomah County for this ordinance to take effect concurrent with the City code, plan and map amendments. Under section 5.50 of the Charter of Multnomah County, this ordinance will take effect in accordance with Section 1.

FIRST READING AND ADOPTION: November 13, 2003

BOARD OF COUNTY COMMISSIONERS,
FOR MULTNOMAH COUNTY, OREGON

Diane M. Linn, Chair

REVIEWED:

AGNES SOWLE, COUNTY ATTORNEY
FOR MULTNOMAH COUNTY, OREGON

By
Sandra N. Duffy, Assistant County Attorney

EXHIBIT LIST FOR ORDINANCE

1. Ordinance amending Title 33 to update and improve City building and land use regulations regarding size of trees, building coverage, and nonconforming situation reviews. (PDX Ord. #177971)

2. Regulatory Improvement Policy Package 1-A report to City Council (Exhibit A to PDX Ord. #17791)

3. Ordinance amending Title 33 to update and improve City building and land use regulations regarding lot validations and lot segregations, attached residential infill in the "a" overlay, and other land division items. (PDX Ord. #177975)

4. Regulatory Improvement Policy Package 1-B report to City Council (Exhibit A to PDX Ord. #17791)

Prior to adoption, this information is available electronically or for viewing at the Multnomah County Board of Commissioners and Agenda website (**www.co.multnomah.or.us/cc/WeeklyAgendaPacket/**). To obtain the adopted ordinance and exhibits electronically, please contact the Board Clerk at 503-988-3277. These documents may also be purchased on CD-Rom from the Land Use and Transportation Program. Contact the Planning Program at 503-988-3043 for further information.

Ordinance No. 177971

Amend Title 33, Planning and Zoning, to update and improve City building and land use regulations and procedures regarding size of trees, building coverage, and nonconforming situation reviews. (Ordinance; Amend Title 33)

The City of Portland Ordains:

Section 1. The Council finds:

General Findings

1. On June 26th, 2002, the City Council adopted Resolution 36080, which authorized the Mayor to develop a process to streamline and update the City's building and land use regulations and to improve regulatory-related procedures and customer services.

2. This process, the Regulatory Improvement Workplan, includes several phases, and a number of projects assigned to several bureaus.

3. On August 14, 2002, Council adopted the FY 2002-2003 Initial Regulatory Improvement Work Plan.

4. The workplan has been divided into several projects. The first of the projects addressed the dollar thresholds for upgrades to nonconforming development and was adopted by City Council on April 2, 2003.

5. The bulk of the 2002-2003 Regulatory Improvement Workplan has been divided into two packages—Policy Package 1 (A and B) and Policy Package 2.

6. This proposal is Policy Package 1 (A and B).

7. On February 27, 2003, notice of the proposed action was mailed to the Department of Land Conservation and Development in compliance with the post-acknowledgement review process required by OAR 660-18-020.

8. On April 22, 2003, the Planning Commission held a hearing on the proposal. Staff from the Bureau of Planning presented the proposal, and public testimony was received.

9. On May 13, 2003 and May 27, 2003 the Planning Commission held work sessions to further discuss the proposal and consider public testimony. The Commission made several changes to the Proposed Draft, and voted to forward Policy Package 1 to City Council.

10. On June 18, 2003, City Council held a hearing on the Planning Commission recommendation, and heard testimony from the public.

11. On June 18, 2003, City Council voted to separate the Planning Commission recommendation to apply design standards to development on substandard lots from the other Policy Package 1 recommendations and to proceed with an emergency ordinance to adopt the design standards.

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12. On June 25, 2003 City Council heard additional testimony on the design standards and voted to amend the Zoning Code to add design standards for development on substandard lots in the R5 and R2.5 zones.

13. On July 9, 2003 City Council heard additional testimony on the remainder of Policy Package 1, made some changes to the Planning Commission recommendation and voted to adopt Policy Package 1 and to amend the Zoning Code.

14. On August 30, 2003 the Policy Package 1 amendments to the Zoning Code went into effect.

15. On September 10, 2003 City Council heard testimony on a resolution to withdraw for reconsideration the ordinance adopting Policy Package 1 (Ordinace 177701) and voted to adopt the resolution.

16. On September 24, 2003 City Council heard testimony on a revised Policy Package 1 (A and B) ordinance and recommended Zoning Code language and voted to adopt the revised Policy Package 1 (A and B) and to amend the Zoning Code.

Statewide Planning Goals Findings

17. State planning statutes require cities to adopt and amend comprehensive plans and land use regulations in compliance with the state land use goals.

18. **Goal 1, Citizen Involvement**, requires provision of opportunities for citizens to be involved in all phases of the planning process. The preparation of these amendments has provided numerous opportunities for public involvement. The amendments are supportive of this goal in the following ways:

- On March 21, 2003, the Bureau of Planning sent notice to all neighborhood associations and coalitions, and business associations in the City of Portland, as well as other interested persons, to inform them of an open house on April 9, 2003. The purpose of the open house was to allow the public the opportunity to review the proposed recommendations, and ask questions of staff.

- Also on March 21, 2003, the Bureau of Planning sent notice to all neighborhood association and coalitions, and business associations in the City of Portland, as well as other interested persons, to inform them of a Planning Commission public hearing on Policy Package 1. This event was also advertised in the Oregonian.

- On March 24, 2003, the Bureau of Planning published a document titled, *2002-2003 Regulatory Improvement Workplan: Policy Package 1 Proposed Draft*. The report was made available to the public and mailed to all those requesting a copy.

- On April 4, 2003, the Bureau of Planning sent a letter to specific persons interested in the amendments to PCC 33.110.212, Validation of Lots and Lots of Record, to inform them of the April 9, 2003 open house.

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- On April 22, 2003, the Planning Commission held a public hearing during which citizens commented on Policy Package 1. On May 13 and May 27, 2003, the Planning Commission held work sessions to further discuss the proposal.

- On June 2, 2003, The Bureau of Planning sent notice to all persons who testified, orally or in writing, at the Planning Commission hearing, informing them of a City Council public hearing to consider Policy Package 1. This notice was also sent to those persons requesting such notification.

- On June 18, 2003, the City Council held a public hearing on Policy Package 1, during which citizens commented on the proposal.

- On June 25, 2003, the City Council held a continuation of the June 18, 2003 hearing on Policy Package 1 in order to hear testimony on the recommendation to adopt design standards for development on substandard lots in the R5 and R2.5 zones. This recommendation was separated from the other Policy Package 1 recommendations and adopted as an emergency ordinance. Citizens were provided the opportunity to attend this continued hearing and present testimony.

- On July 9, 2003, the City Council held a continuation of the June 18, 2003 hearing on the remainder of the Policy Package 1 recommendations. Citizens were provided the opportunity to attend this hearing and present testimony.

- On September 9, 2003 notice of a City Council public hearing on a resolution to withdraw for reconsideration the Policy Package 1 ordinance (Ordinance 177701) was published in the Oregonian newspaper.

- On September 10, 2003 City Council held a public hearing on the resolution to withdraw for reconsideration the Policy Package 1 ordinance. Citizens were given the opportunity to attend this hearing and provide testimony.

- On September, 10, 2003 the Bureau of Planning sent notice to all neighborhood associations and coalitions, and business associations in the City of Portland, as well as other interested persons, to inform them of a City Council hearing on a revised Policy Package 1 (A and B) ordinance and zoning Code language.

- On September 24, 2003 City Council held a public hearing on a revised Policy Package 1 (A and B) ordinance and zoning code language. Citizens were given the opportunity to attend the hearing and provide testimony.

19. **Goal 2, Land Use Planning**, requires the development of a process and policy framework that acts as a basis for all land use decisions, and ensures that decisions and actions are based on an understanding of the facts relevant to the decision. The amendments are supportive of this goal because development of the recommendations followed established city procedures for legislative actions.

20. **Goal 3, Agricultural Lands**, requires the preservation and maintenance of the State's agricultural land, generally located outside of urban areas. The amendments do not affect the use of agricultural land so they are not applicable to this goal.

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21. **Goal 4, Forest Lands**, requires the preservation and maintenance of the State's forest lands, generally located outside of urban areas. The amendments do not affect the use of forest lands, so they are not applicable to this goal.

22. **Goal 5, Open Space, Scenic and Historic Areas, and Natural Resources**, requires the conservation of open space and the protection of natural and scenic resources. The amendments are consistent with this goal because they do not change policy or intent of any of the existing regulations pertaining to open space, scenic and historic areas, and natural resources.

While not changing policy, two amendments affect Nonconforming Situation Review in the Open Space zone. Nonconforming situations occur when a use or development does not meet current zoning regulations, but was legal at the time it was established. One of the amendments in Policy Package 1 (A and B) changes the review procedure for a Nonconforming Situation Review in the Residential and Open Space zones from a Type III to a Type II. This change will have no impact on the open space resources being conserved in the Open Space zone.

A second amendment will revise one of the approval criteria that applies to a Nonconforming Situation Review. The criterion currently requires that the proposed change will result in a net decrease of detrimental impacts. As currently written the criterion is inconsistent with the purpose of the nonconforming regulations which in part are intended to allow nonconforming situations to continue and to ensure that zoning code regulations do not cause unnecessary burdens. The revised criterion will require that applicants demonstrate that, with mitigation measures, the proposed change will not result in a net increase in any detrimental impacts on the surrounding area. The change to the review criterion could result in fewer reductions in detrimental impacts, but will not result in increases in detrimental impacts on surrounding areas when changes are proposed for nonconforming uses.

23. **Goal 6, Air, Water and Land Resource Quality**, requires the maintenance and improvement of the quality of air, water and land resources, including the handling of solid wastes. The amendments in Policy Package 1 (A and B) are consistent with this goal because they do not change policy or intent of any of the existing regulations pertaining to air, water and land resource quality.

One of the amendments in Policy Package 1 (A and B) is supportive of Goal 6. Currently, trees that are required to be planted in non-residential zones must be a minimum of 3 caliper inches in size for broadleaf trees and a minimum of 6 feet tall for conifer trees. Policy Package 1 (A and B) contains an amendment that will reduce the requirement to 2 caliper inches for broadleaf trees and 5 feet for conifer trees. There is evidence that smaller trees experience less transplant shock and stress and have a higher survival rate than larger trees. A smaller tree is ultimately more cost effective and will more often survive the transplant process than a larger tree. Trees provide benefits to air and water quality and therefore this amendment is supportive of Goal 6.

24. **Goal 7, Areas Subject to Natural Disasters and Hazards**, requires the protection of life and property from natural disasters and hazards. The amendments are consistent with this goal because they do not change policy or intent of any of the existing regulations pertaining to areas subject to natural disasters and hazards.

25. **Goal 8, Recreational Needs**, requires satisfaction of the recreational needs of both citizens and visitors to the state. The amendments are consistent with this goal because they do not change policy or intent of any of the existing regulations pertaining to recreational needs.

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26. **Goal 9, Economic Development**, requires provision of adequate opportunities for a variety of economic activities vital to public health, welfare, and prosperity. The amendments are consistent with this goal because they do not substantially change policy or intent of any of the existing regulations pertaining to economic development.

In general, all of the amendments support Goal 9 because they are aimed at updating and improving City building and land use regulations and procedures that hinder desirable development. Improving land use regulations to make them clear and easily implemented will generally have positive effects on economic development.

Specifically, the following amendments are directly supportive of Goal 9:

- Reduce the minimum required tree caliper for broadleaf trees from 3 inches to 2 inches, and reduce the minimum required height for conifer trees from 6 feet to 5 feet. The cost associated with furnishing a larger tree (3 inch caliper or 6 feet tall) is substantially more than the cost of a smaller tree (2 inch caliper or 5 feet tall). In addition, smaller trees experience less transplant shock and stress and have a higher survival rate than larger trees. A smaller tree is ultimately more cost effective and will more often survive the transplant process than a larger tree.

- Eliminate eaves from the definition of building coverage. Including eaves in the definition of building coverage makes the calculation of building coverage difficult and often results in eaves being reduced in size or eliminated altogether. Eliminating eaves from the definition of building coverage will simplify calculations for applicants and encourage the use of eaves in building design and will simplify review and enforcement of the code.

- Reduce the review procedure for Nonconforming Situation Review from a Type III to a Type II in Residential and Open Space zones. This amendment will reduce the time and expense—to applicants and the city—of this review, and recognizes the less discretionary nature of this review versus the typical Type III review.

- Require no net increase in detrimental impacts of nonconforming situations rather than a net decrease in detrimental impacts. One of the approval criteria for a Nonconforming Situation Review requires the applicant to demonstrate that, with mitigation measures, the proposed change will result in a net decrease in any detrimental impacts the existing development has on the surrounding area. Even if the proposal results in the nonconforming development continuing to operate in the same manner as it has in the past, with no increased impacts on the surrounding neighborhood, the proposal cannot be approved as there is not a demonstrated decrease in impacts.

  This approval criterion is inconsistent with the purpose of the nonconforming regulations, which in part are intended to allow nonconforming situations to continue and to ensure that zoning regulations do not cause unnecessary burdens. The burden of meeting this approval criterion is great, particularly given that the change in regulations that made the situation nonconforming is beyond the control of the applicant.

  The amendment will require the applicant to demonstrate that, with mitigation measures, the proposed change will not result in a net increase in any detrimental impacts on the surrounding area.

  The amendment will reduce the disincentive for maintaining and/or improving existing

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nonconforming situations while still limiting detrimental impacts on the surrounding area. The amendment will encourage necessary investment in existing nonconforming situations.

- Revise the maximum building coverage regulations. The existing building coverage regulations are complex and not easily understood or applied. In addition there are several problems with the existing building coverage ranges that can result in requests for Adjustment Reviews. The amendment to revise the building coverage regulations increases flexibility and ease of use of the code for both the City and applicants.

- Create a process for removing lot lines. Currently there is no process, other than a land division, for removing lot lines. Requiring a land division in order to consolidate lots is onerous and expensive. Creating a process to facilitate lot consolidation will reduce time and expense for the applicant and the City.

- Exempt property line adjustments and lot consolidations from the maximum lot area standard if any of the properties involved in the property line adjustment or lot consolidation are already out of conformance with the maximum lot area standard. The maximum lot area standard was intended to apply in conjunction with maximum density standards at the time of a land division. The purpose of the maximum lot area standard is to prevent the perception that a large lot is further dividable when the lot is part of a land divison site that has already reached its maximum density limitation. The standard was never intended to apply to existing, oversized lots. However, because the language in the zoning code is unclear regarding when the maximum lot area standard applies, an adjustment review is currently required in cases where one or more oversized lots are part of a property line adjustment. In these cases, the adjustment review in routinely approved because it is clear from the lot dimension purpose statement that the maximum lot area standard was intended to be applied during a land division when maximum density is considered. This amendment will reduce time and expense to the applicant and the City.

- Replace dwelling units with lots as one of the factors considered when determining level of review for land divisions in Multi-Dwelling zones. The use of the term "dwelling unit" leads to more Type III reviews than is warranted given the relative simplicity of the regulatory issues facing a land division in a Multi-Dwelling zone. A Type III review is more time-consuming and expensive than is warranted for these reviews. This amendment will reduce time and expense for applicants and the City.

27. **Goal 10, Housing**, requires provision for the housing needs of citizens of the state. The amendments are consistent with this goal because they do not change policy or intent of any of the existing regulations pertaining to housing.

One amendment will delete a provision that allows attached residential infill development on long-vacant lots in the R20 through R7 zones. The provision is allowed in areas with the Alternative Design Density Overlay zone ("a" overlay). The provision will remain for areas in the R5 zone with the "a" overlay. The amendment will have little or no effect on housing in the R20 through R7 zones because the provision is rarely used. In the years since the provision was adopted, only two proposals have taken advantage of it. Concerns have been raised that the existing code provision can result in infill development that is not compatible with surrounding development in the R20 through R7 zones.

The following amendments foster the provision of housing in the City of Portland and therefore support Goal 10 and its relevant policies:

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- Replace Section 33.110.212, Validation of Lots and Lots of Record, with a new Section 33.110.212, Where Primary Structures are Allowed. The changes to this Section will provide greater consistency in the code by establishing the same minimum lot sizes for both existing lots and those being created through a land division process. As part of this change, minimum lot size requirements will be added for development on existing lots in the R5 and R2.5 zones. This specific change is needed to bring the Zoning Code into conformance with the City's Comprehensive Plan. The change to the minimum lot sizes in the R5 and R2.5 zones will encourage the retention of existing housing by removing an incentive that currently results in the demolition of existing sound housing. This incentive has resulted in the transformation of many lots in the R5 zone to densities that are not in conformance with the Comprehensive Plan. The change will prevent many other R5 areas from redeveloping to densities higher than the R5 zone intends.

- Eliminate eaves from the definition of building coverage. Including eaves in the definition of building coverage makes the calculation of building coverage difficult and often results in eaves being reduced in size or eliminated altogether. Eliminating eaves from the definition of building coverage will simplify the measurement of building coverage and save applicants and the City time and money. Eliminating eaves from the definition will remove a disincentive to build eaves; this will encourage sound building design. Eave overhangs prevent the entry of bulk rainwater into claddings and window and door openings thereby helping to prevent moisture and mold problems. Removing the disincentive will also encourage increased design compatibility in neighborhoods where existing houses have eaves.

28. **Goal 11, Public Facilities and Services,** requires planning and development of timely, orderly and efficient public service facilities that serve as a framework for urban and rural development. The amendments are consistent with this goal because they do not change policy or intent of any of the existing regulations pertaining to public facilities and services.

29. **Goal 12, Transportation,** requires provision of a safe, convenient and economic transportation system. The amendments are consistent with this goal because they do not change policy or intent of any of the existing regulations pertaining to transportation.

30. **Goal 13, Energy Conservation,** requires development of a land use pattern that maximizes the conservation of energy based on sound economic principles. The amendments are consistent with this goal because they do not change policy or intent of any of the existing regulations pertaining to energy conservation.

Policy Package 1 (A and B) contains one amendment related to energy. The definition of building coverage is being amended to exclude eaves. The intent of this amendment is to encourage the use of eaves in building design and construction. There are several reasons for this amendment including the argument that eave overhangs prevent the entry of bulk rainwater into claddings and window and door openings thereby helping to prevent mold problems. The City's Office of Sustainable Development advocates for the addition of eave overhangs as an effective component in controlling moisture in building walls.

31. **Goal 14, Urbanization,** requires provision of an orderly and efficient transition of rural lands to urban use. Urban growth boundaries shall be established to identify and separate urbanizable land from rural land. The amendments are consistent with this goal in that they do not affect the placement of the urban growth boundary, and they do not change policy or intent of any of the existing regulations pertaining to urbanization.

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32. **Goal 15, Willamette River Greenway**, requires the protection, conservation, enhancement, and maintenance of the natural, scenic, historic, agricultural, economic, and recreational qualities of land along the Willamette River. The amendments are consistent with this goal because they do not change policy or intent of any of the existing regulations pertaining to the Willamette River Greenway.

33. **Goals 16, 17, 18, and 19** deal with **Estuarine Resources, Coastal Shorelines, Beaches and Dunes,** and **Ocean Resources,** respectively, and are not applicable to Portland as none of these resources is present within the City limits.

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Metro Urban Growth Management Functional Plan Findings

34. **Title 1, Requirements for Housing and Employment Accommodation,** requires that each jurisdiction contribute its fair share to increasing the development capacity of land within the Urban Growth Boundary. This requirement is to be generally implemented through city-wide analysis based on calculated capacities from land use designations. The amendments do not change policy or intent of existing regulations relating to the regional requirements for housing and employment accommodation, and therefore, do not affect the City's ability to meet Title 1. As detailed above in addressing compliance with Statewide Goal 9 (Economic Development) and Goal 10 (Housing), several of the amendments in Policy Package 1 (A and B) foster economic growth, and facilitate the development of housing within the City.

35. **Title 2, Regional Parking Policy,** regulates the amount of parking permitted by use for jurisdictions in the region. Generally, the amendments are not inconsistent with this title because they do not change policy or intent of existing regulations relating to the amount of parking allowed. Specifically, one amendment is supportive of this title because it eliminates the requirement for on-site parking for some substandard lots in the R5 and R2.5 zones.

36. **Title 3, Water Quality and Flood Management Conservation,** calls for the protection of the beneficial uses and functional values of resources within Metro-defined Water Quality and Flood Management Areas by limiting or mitigating the impact of development in these areas. The amendments are not inconsistent with this title because they do not change policy or intent of existing regulations relating to water quality and flood management conservation.

One amendment relates to Title 3. Currently, trees that are required to be planted in non-residential zones must be a minimum of 3 caliper inches in size for broadleaf trees and a minimum of 6 feet tall for conifer trees. Policy Package 1 (A and B) contains an amendment to reduce that caliper requirement to 2 inches for broadleaf trees and 5 feet for conifer trees. There is evidence that smaller trees (2 caliper inches or 5 feet) experience less transplant shock and stress and have a higher survival rate than larger trees (3 caliper inch or 6 feet). A smaller tree is ultimately more cost effective and will more often survive the transplant process than a larger tree. Trees provide benefits to air and water quality and therefore this amendment is supportive of Title 3.

37. **Title 4, Retail in Employment and Industrial Areas,** calls for retail development that supports Employment and Industrial areas, and that does not serve a larger market area. The amendments are not inconsistent with this title because they do not change policy or intent of existing regulations relating to retail in employment and industrial areas.

38. **Title 5, Neighbor Cities and Rural Reserves,** defines Metro's policy regarding areas outside of the Urban Growth Boundary. The amendments are not inconsistent with this title because they do not change policy or intent of existing regulations relating to neighbor cities and rural reserves.

39. **Title 6, Regional Accessibility,** recommends street design and connectivity standards that better serve pedestrian, bicycle and transit travel and that support the 2040 Growth Concept. The amendments are not inconsistent with this title because they do not change policy or intent of existing regulations relating to regional accessibility.

40. **Title 7, Affordable Housing,** recommends that local jurisdictions implement tools to facilitate development of affordable housing. The amendments are not inconsistent with this title because they do not change policy or intent of existing regulations relating to the development of

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affordable housing.

The following amendments are related to this title:

- One amendment will delete a provision that allows attached residential infill development on long-vacant lots in the R20 through R7 zones. The provision is allowed in areas with the Alternative Design Density Overlay zone ("a"). The provision will remain for areas in the R5 zone with the "a" overlay. The amendment will have little or no effect on affordable housing in the R20 through R7 zones because the provision is rarely used. In the years since the provision was adopted, only two proposals have taken advantage of it. Concerns have been raised that the existing code provision can result in infill development that is not compatible with surrounding development in the R20 through R7 zones.

- Replace Section 33.110.212, Validation of Lots and Lots of Record, with a new Section 33.110.212, Where Primary Structures are Allowed. The changes to this Section will provide greater consistency in the code by establishing the same minimum lot sizes for both existing lots and those being created through a land division process. As part of this change, minimum lot size requirements will be added for development on existing lots in the R5 and R2.5 zones. This specific change is needed to bring the Zoning Code into conformance with the City's Comprehensive Plan. The change to the minimum lot sizes in the R5 and R2.5 zones will encourage the retention of existing housing by removing an incentive that currently results in the demolition of existing sound housing.

  Some testimony has argued in favor of allowing this higher-density housing in the R5 zone on the grounds that it is affordable housing. However, the existing regulations for lot dimensions—including those regulations that allow construction at higher densities—were never intended to be a tool for affordable housing. In fact, testimony indicates that the housing being built as a result of the incentive are being sold for prices that are not considered affordable.

  The existing regulations have recently resulted in the transformation of many lots in the R5 zone to densities that are not in conformance with the Comprehensive Plan. These regulations have the potential to allow redevelopment of many R5 areas at densities higher than the R5 zone intends.

  As part of the amendments related to 33.110.212, design standards will apply to development on substandard lots that have been segregated prior to the implementation of lot size standards in the R5 and R2.5 zones. The design standards currently apply in other parts of the City and will not add substantially to the cost of construction on substandard lots. One of the standards eliminates a requirement for on-site parking; this could reduce the cost of construction and thus the sales price.

41. **Title 8, Compliance Procedures,** outlines compliance procedures for amendments to comprehensive plans and implementing ordinances. The amendments are not inconsistent with this title because they do not change policy or intent of existing regulations relating to compliance.

Portland Comprehensive Plan Goals Findings

42. The City's Comprehensive Plan was adopted by the Portland City Council on October 16, 1980, and was acknowledged as being in conformance with the statewide planning goals by the Land Conservation and Development Commission on May 1, 1981. On May 26, 1995, the LCDC completed its review of the City's final local periodic review order and periodic review work program, and reaffirmed the plan's compliance with statewide planning goals.

43. **Goal 1, Metropolitan Coordination,** calls for the Comprehensive Plan to be coordinated with federal and state law and to support regional goals, objectives and plans. The amendments are consistent with this goal because they do not change policy or intent of existing regulations relating to metropolitan coordination.

44. **Goal 2, Urban Development,** calls for maintenance of Portland's role as the major regional employment and population center by expanding opportunities for housing and jobs, while retaining the character of established residential neighborhoods and business centers. The amendments are consistent with this goal because they do not change policy or intent of existing regulations relating to urban development.

In general, the amendments support this goal because they are aimed at updating and improving the City's land use regulations and procedures that hinder desirable development. By improving regulations that hinder desirable development, the City's land use regulations will better facilitate the development of housing and employment uses. The following amendments specifically support Goal 2 and its relevant policies by facilitating the development of housing and employment uses at appropriate locations and intensities:

- Delete a provision that allows attached residential infill development on long-vacant lots in the R20 through R7 zones. The provision is allowed in areas with the Alternative Design Density Overlay zone ("a"). The provision will remain for areas in the R5 zone with the "a" overlay zone. The amendment will have little or no effect on the development of housing in the R20 through R7 zones because the provision is rarely used. In the years since the provision was adopted, only two applications have taken advantage of it. Concerns have been raised that this code provision can result in infill development that is not compatible with surrounding development in the R20 through R7 zones.

- Replace Section 33.110.212, Validation of Lots and Lots of Record, with a new Section 33.110.212, Where Primary Structures are Allowed. The changes to this Section will provide greater consistency in the code by establishing the same minimum lot sizes for both existing lots and those being created through a land division process. The revised Section will include minimum lot size requirements for development on existing lots in the R5 and R2.5 zones. This specific change is needed to bring the Zoning Code into conformance with the City's Comprehensive Plan.

  The change to the minimum lot sizes in the R5 and R2.5 zones will encourage the retention of existing housing by removing an incentive that currently results in the demolition of existing sound housing. This incentive has resulted in the transformation of many lots in the R5 zone to densities that are not in conformance with the Comprehensive Plan. The change will prevent many other R5 areas from redeveloping to densities higher than the R5 zone intends.

As part of the amendments related to 33.110.212, design standards will apply to substandard lots that have been segregated prior to the implementation of lot size standards in the R5 and R2.5 zones. The design standards currently apply in other parts of the City and are intended to protect neighborhood character.

- Current regulations require new lots in Commercial zones to have a front lot line that is at least 25 feet long. This limits the opportunities for live/work situations in Commercial zones; attached residential that includes commercial space must meet the 25-foot standard, which, in many cases, isn't workable for attached houses. In order to foster live/work situations in Commercial zones, this standard is being amended to require a 10 foot front lot line for all development in the Commercial zones. This will ensure that all lots in Commercial zones have some street frontage, will increase flexibility in the code, and allow more creative development, including live/work situations.

45. **Goal 3, Neighborhoods**, calls for preservation and reinforcement of the stability and diversity of the city's neighborhoods while allowing for increased density. In general, the amendments are consistent with this goal because they do not change policy or intent of existing regulations relating to the stability and diversity of neighborhoods.

One amendment included in the *2002-2003 Regulatory Improvement Workplan: Policy Package 1 (A and B)* will replace Section 33.110.212, Validation of Lots and Lots of Record, with a new Section 33.110.212, Where Primary Structures are Allowed. The changes to this Section will provide greater consistency in the code by establishing the same minimum lot sizes for both existing lots and those being created through a land division process. The revised Section will include minimum lot size requirements for development existing lots in the R5 and R2.5 zones. This specific change is needed to bring the Zoning Code into conformance with the City's Comprehensive Plan.

The change to the minimum lot sizes in the R5 and R2.5 zones will encourage the retention of existing housing by removing an incentive that currently results in the demolition of existing sound housing and redevelopment at densities higher than the R5 zone intends. This incentive has resulted in the transformation of many lots in the R5 zone to densities that are not in conformance with the Comprehensive Plan. The change will prevent many other R5 areas from redeveloping in a way that is incompatible with the character of existing R5 neighborhoods.

As part of the amendments related to 33.110.212, design standards will apply to substandard lots that have been segregated prior to the implementation of lot size standards in the R5 and R2.5 zones. The design standards currently apply in other parts of the City and are intended to protect neighborhood character.

46. **Goal 4, Housing**, calls for enhancing Portland's vitality as a community at the center of the region's housing market by providing housing of different types, tenures, density, sizes, costs and locations that accommodates the needs, preferences, and financial capabilities of current and future households. In general, the amendments are consistent with this goal because they do not change policy or intent of existing regulations relating to housing.

The following amendments support Goal 4 and its relevant policies:

- Delete a provision that allows attached residential infill development on long-vacant lots in the R20 through R7 zones. The provision is allowed in areas with the Alternative Design Density Overlay zone ("a"). The provision will remain for areas in the R5 zone with the "a"

overlay zone. The amendment will have little or no effect on housing in the R20 through R7 zones because the provision is rarely used. In the years since the provision was adopted, only two applications have taken advantage of it. Concerns have been raised that the existing code provision can result in infill development that is not compatible with surrounding development in the R20 through R7 zones.

- Replace Section 33.110.212, Validation of Lots and Lots of Record, with a new Section 33.110.212, Where Primary Structures are Allowed. The changes to this Section will provide greater consistency in the code by establishing the same minimum lot sizes for both existing lots and those being created through a land division process. The revised Section will include minimum lot size requirements for development on existing lots in the R5 and R2.5 zones. This specific change is needed to bring the Zoning Code into conformance with the City's Comprehensive Plan.

  The change to the minimum lot sizes in the R5 and R2.5 zones will encourage the retention of existing housing by removing an incentive that currently results in the demolition of existing sound housing. This incentive has resulted in the transformation of many lots in the R5 zone to densities that are not in conformance with the Comprehensive Plan. The change will prevent many other R5 areas from redeveloping to densities higher than the R5 zone intends.

  As part of the amendments related to 33.110.212, design standards will apply to substandard lots that have been segregated prior to the implementation of lot size standards in the R5 and R2.5 zones. The design standards currently apply in other parts of the City and are intended to protect neighborhood character.

- Eliminate eaves from the definition of building coverage. Including eaves in the definition of building coverage makes the calculation of building coverage difficult and often results in eaves being reduced in size or eliminated altogether. Eliminating eaves from the definition of building coverage will simplify the measurement of building coverage and save applicants and the City time and money. Eliminating eaves from the definition will remove a disincentive to build eaves; this will encourage sound building design. Eave overhangs prevent the entry of bulk rainwater into claddings and window and door openings thereby helping to prevent moisture and mold problems. Removing the disincentive will also encourage increased design compatibility in neighborhoods where existing houses have eaves.

47. **Goal 5, Economic Development**, calls for promotion of a strong and diverse economy that provides a full range of employment and economic choices for individuals and families in all parts of the City. The amendments are consistent with this goal because they do not change policy or intent of existing regulations relating to economic development.

In general, all of the amendments support Goal 5 because they are aimed at updating and improving City building and land use regulations and procedures that hinder desirable development. Improving land use regulations to make them clear and easily implemented will generally have positive effects on economic development.

Specifically, the following amendments support of Goal 5:

- Reduce the minimum required tree caliper for broadleaf trees from 3 inches to 2 inches, and reduce the minimum required height for conifer trees from 6 feet to 5 feet. The cost associated with furnishing a larger tree (3 inch caliper or 6 feet tall) is substantially more than

the cost of a smaller tree (2 inch caliper or 5 feet tall). In addition, smaller trees experience less transplant shock and stress and have a higher survival rate than larger trees. A smaller tree is ultimately more cost effective and will more often survive the transplant process than a larger tree.

- Eliminate eaves from the definition of building coverage. Including eaves in the definition of building coverage makes the calculation of building coverage difficult and often results in eaves being reduced in size or eliminated altogether. Eliminating eaves from the definition of building coverage will simplify the measurement of building coverage and will save applicants and the City time and money. Eliminating eaves from the definition will encourage the use of eaves in building design and will simplify review and enforcement of the code.

- Reduce the review procedure for Nonconforming Situation Review from a Type III to a Type II in Residential and Open Space zones. This amendment will reduce the time and expense—to applicants and the city—of this review, and recognizes the less discretionary nature of this review versus the typical Type III review.

- Require no net increase in detrimental impacts of nonconforming situations rather than a net decrease in detrimental impacts. One of the approval criteria for a Nonconforming Situation Review requires the applicant to demonstrate that, with mitigation measures, the proposed change will result in a net decrease in any detrimental impacts the existing development has on the surrounding area. Even if the proposal results in the nonconforming development continuing to operate in the same manner as it has in the past, with no increased impacts on the surrounding neighborhood, the proposal cannot be approved as there is not a demonstrated decrease in impacts.

  This approval criterion is inconsistent with the purpose of the nonconforming regulations, which in part are intended to allow nonconforming situations to continue and to ensure that zoning regulations do not cause unnecessary burdens. The burden of meeting this approval criterion is great, particularly given that the change in regulations that made the situation nonconforming is beyond the control of the applicant.

  The amendment will require that applicants demonstrate that, with mitigation measures, the proposed change will not result in a net increase in any detrimental impacts on the surrounding area.

  The amendment will reduce the disincentive for maintaining and/or improving existing nonconforming situations while still limiting detrimental impacts on the surrounding area. The amendment will encourage necessary investment in existing nonconforming situations.

- Revise the maximum building coverage regulations. The existing building coverage regulations are complex and not easily understood or applied. In addition there are several problems with the building coverage ranges that can result in requests for Adjustment Review. The amendment to revise the building coverage regulations will increase flexibility and ease of use of the code for both the City and applicants.

- Create a process for removing lot lines. Currently there is not process, other than a land division, for removing lot lines. Requiring these lots consolidations to go through a land division is onerous and expensive. Creating a process to facilitate lot consolidation will reduce time and expense for the applicant and the City.

- Exempt property line adjustments and lot consolidations from the maximum lot area standard if any of the properties involved in the property line adjustment or lot consolidation are already out of conformance with the maximum lot area standard. The maximum lot area standard was intended to apply in conjunction with maximum density standards at the time of a land division. The purpose of the maximum lot area standard is to prevent the perception that a large lot is further dividable when the lot is part of a land divison site that has already reached its maximum density limitation. The standard was never intended to apply to existing, oversized lots. However, because the language in the zoning code is unclear regarding when the maximum lot area standard applies, an adjustment review is currently required in cases where one or more oversized lots are part of a property line adjustment. In these cases, the adjustment review is routinely approved because it is clear from the lot dimension purpose statement that the maximum lot area standard was intended to be applied during a land division when maximum density is considered. This amendment will reduce time and expense to the applicant and the City.

- Replace dwelling units with lots as one of the factors considered when determining level of review for land division in Multi-Dwelling zones. The use of the term "dwelling unit" leads to more Type III reviews than is warranted given the relative simplicity of the regulatory issues facing a land division in a Multi-Dwelling zone. A Type III review is more time-consuming and expensive than is warranted for the review. This amendment will reduce time and expense for applicants and the City.

- Replace Section 33.110.212, Validation of Lots and Lots of Record, with a new Section 33.110.212, Where Primary Structures are Allowed. The changes to this Section will provide greater consistency in the code by establishing the same minimum lot sizes for both existing lots and those being created through a land division process. The revised Section will include minimum lot size requirements for development on existing lots in the R5 and R2.5 zones. This specific change is needed to bring the Zoning Code into conformance with the City's Comprehensive Plan.

  The change to the minimum lot sizes in the R5 and R2.5 zones will encourage the retention of existing housing by removing an incentive that currently results in the demolition of existing sound housing. This incentive has resulted in the transformation of many lots in the R5 zone to densities that are not in conformance with the Comprehensive Plan. The change will prevent many other R5 areas from redeveloping to densities higher than the R5 zone intends.

48. **Goal 6, Transportation**, calls for protection of the public interest and investment in the public right-of-way and transportation system by

- encouraging development of a balanced, affordable and efficient transportation system consistent with the Arterial Streets Classifications and Policies; providing adequate accessibility to all planned land uses;

- providing safe and efficient movement of people and goods while preserving, enhancing, or reclaiming neighborhood livability;

- minimizing the impact of inter-regional trips on City neighborhoods, commercial areas, and the City street system;

- reducing reliance on the automobile and per capita vehicle miles traveled;

- building the use of the City street system to control air pollution, traffic, and livability problems; and maintaining the infrastructure in good condition.

The amendments are consistent with this goal because they do not change policy or intent of existing regulations relating to transportation. While not changing policy, Policy Package 1 (A and B) contains one amendment that is related to transportation. The amendment exempts substandard lots in the R5 and R2.5 zones from the requirement for on-site parking. The exemption is part of a package of standards aimed as increasing the design compatibility of narrow houses on substandard lots. This particular exemption will result in fewer of these narrow houses being built with a garage as the primary focal point on the ground floor.

49. **Goal 7, Energy**, calls for promotion of a sustainable energy future by increasing energy efficiency in all sectors of the City by ten percent by the year 2000. The amendments are consistent with this goal because they do not change policy or intent of existing regulations. Policy Package 1 (A and B) contains one amendment related to energy. The definition of building coverage is being amended to exclude eaves. The intent of this amendment is to encourage the use of eaves in building design and construction. There are several reasons for this amendment including the argument that eave overhangs prevent the entry of bulk rainwater into claddings and window and door openings thereby helping to prevent mold problems. The City's Office of Sustainable Development advocates for the addition of eave overhangs as an effective component in controlling moisture in building walls.

50. **Goal 8, Environment**, calls for maintenance and improvement of the quality of Portland's air, water, and land resources, as well as protection of neighborhoods and business centers from noise pollution. The amendments are consistent with this goal because they do not change policy or intent of existing regulations relating to environment.

The amendment to reduce the minimum required tree caliper supports Goal 8. Currently, trees that are required to be planted in non-residential zones must be a minimum of 3 caliper inches in size for broadleaf trees and a minimum of 6 feet tall for conifer trees. Policy Package 1 (A and B) contains an amendment that will reduce the requirement to 2 caliper inches for broadleaf trees and 5 feet for conifer trees. There is evidence that smaller trees experience less transplant shock and stress and have a higher survival rate than larger trees. A smaller tree is ultimately more cost effective and will more often survive the transplant process than a larger tree. Trees provide benefits to air and water quality and therefore this amendment is supportive of this goal.

51. **Goal 9, Citizen Involvement**, calls for improved methods and ongoing opportunities for citizen involvement in the land use decision-making process. The amendments are consistent with this goal because the process provided opportunities for public input and followed adopted procedures for notification and involvement of citizens in the planning process.

52. **Goal 12, Urban Design**, calls for the enhancement of Portland as a livable city, attractive in its setting and dynamic in its urban character by preserving its history and building a substantial legacy of quality private developments and public improvements for future generations. The amendments are consistent with this goal because they do not change policy or intent of existing regulations relating to urban design.

The following amendments support Goal 12.

- Replace Section 33.110.212, Validation of Lots and Lots of Record, with a new Section 33.110.212, Where Primary Structures are Allowed. The changes to this Section will provide

greater consistency in the code by establishing the same minimum lot sizes for both existing lots and those being created through a land division process. The revised Section will include minimum lot size requirements for development on existing lots in the R5 and R2.5 zones. This specific change is needed to bring the Zoning Code into conformance with the City's Comprehensive Plan.

The change to the minimum lot sizes in the R5 and R2.5 zones will encourage the retention of existing housing by removing an incentive that currently results in the demolition of existing sound housing. This incentive has resulted in the transformation of many lots in the R5 zone to densities that are not in conformance with the Comprehensive Plan. The change will prevent many other R5 areas from redeveloping to densities higher than the R5 zone intends.

As part of the amendments related to 33.110.212, design standards will apply to substandard lots that have been segregated prior to the implementation of lot size standards in the R5 and R2.5 zones. The design standards that will apply to substandard lots currently apply in other parts of the City and are intended to protect neighborhood character.

- Eliminate eaves from the definition of building coverage. Including eaves in the definition of building coverage makes the calculation of building coverage difficult and often results in eaves being reduced in size or eliminated all together. Eliminating eaves from the definition of building coverage will simplify the measurement of building coverage and save applicants and the City time and money. Eliminating eaves from the definition will remove a disincentive to build eaves, which will encourage sound building design. Eave overhangs prevent the entry of bulk rainwater into claddings and window and door openings thereby helping to prevent moisture and mold problems. Removing the disincentive will also encourage increased design compatibility in neighborhoods where existing houses have eaves.

53. **The following goals do not apply because of the limited scope of these amendments: Goals 10 and 11.**

177971

NOW, THEREFORE, the Council directs:

a. Adopt Exhibit A, *2002-2003 Regulatory Improvement Workplan: Policy Package 1-A Report to City Council*, dated September 17, 2003;

b. Amend Title 33, Planning and Zoning, as shown in Exhibit A, *2002-2003 Regulatory Improvement Workplan: Policy Package 1-A Report to City Council*, dated September 17, 2003; and

c. Adopt as legislative intent and as further findings the commentary and discussion in Exhibit A, *2002-2003 Regulatory Improvement Workplan: Policy Package 1-A Report to City Council*, dated September 17, 2003.

Passed by the Council, OCT 15 2003

GARY BLACKMER
Auditor of the City of Portland

By _____
Deputy

Mayor Vera Katz

Shannon Buono, Bureau of Planning
September 16, 2003

Ordinance No. 177975
As Amended

Amend Title 33, Planning and Zoning, to update and improve City building and land use regulations and procedures regarding lot validations and lot segregations, attached residential infill in the "a" overlay, and other land division items. (Ordinance; Amend Title 33)

The City of Portland Ordains:

Section 1. The Council finds:

General Findings

1. On June 26th, 2002, the City Council adopted Resolution 36080, which authorized the Mayor to develop a process to streamline and update the City's building and land use regulations and to improve regulatory-related procedures and customer services.

2. This process, the Regulatory Improvement Workplan, includes several phases, and a number of projects assigned to several bureaus.

3. On August 14, 2002, Council adopted the FY 2002-2003 Initial Regulatory Improvement Work Plan.

4. The workplan has been divided into several projects. The first of the projects addressed the dollar thresholds for upgrades to nonconforming development and was adopted by City Council on April 2, 2003.

5. The bulk of the 2002-2003 Regulatory Improvement Workplan has been divided into two packages—Policy Package 1 (A and B) and Policy Package 2.

6. This proposal is Policy Package 1 (A and B).

7. On February 27, 2003, notice of the proposed action was mailed to the Department of Land Conservation and Development in compliance with the post-acknowledgement review process required by OAR 660-18-020.

8. On April 22, 2003, the Planning Commission held a hearing on the proposal. Staff from the Bureau of Planning presented the proposal, and public testimony was received.

9. On May 13, 2003 and May 27, 2003 the Planning Commission held work sessions to further discuss the proposal and consider public testimony. The Commission made several changes to the Proposed Draft, and voted to forward Policy Package 1 to City Council.

10. On June 18, 2003, City Council held a hearing on the Planning Commission recommendation, and heard testimony from the public.

11. On June 18, 2003, City Council voted to separate the Planning Commission recommendation to apply design standards to development on substandard lots from the other Policy Package 1 recommendations and to proceed with an emergency ordinance to adopt the design standards.

12. On June 25, 2003 City Council heard additional testimony on the design standards and voted to amend the Zoning Code to add design standards for development on substandard lots in the R5 and R2.5 zones.

13. On July 9, 2003 City Council heard additional testimony on the remainder of Policy Package 1, made some changes to the Planning Commission recommendation and voted to adopt Policy Package 1 and to amend the Zoning Code.

14. On August 30, 2003 the Policy Package 1 amendments to the Zoning Code went into effect.

15. On September 10, 2003 City Council heard testimony on a resolution to withdraw for reconsideration the ordinance adopting Policy Package 1 (Ordinace 177701) and voted to adopt the resolution.

16. On September 24, 2003 City Council heard testimony on a revised Policy Package 1 (A and B) ordinance and recommended Zoning Code language and voted to adopt the revised Policy Package 1 (A and B) and to amend the Zoning Code.

Statewide Planning Goals Findings

17. State planning statutes require cities to adopt and amend comprehensive plans and land use regulations in compliance with the state land use goals.

18. **Goal 1, Citizen Involvement,** requires provision of opportunities for citizens to be involved in all phases of the planning process. The preparation of these amendments has provided numerous opportunities for public involvement. The amendments are supportive of this goal in the following ways:

- On March 21, 2003, the Bureau of Planning sent notice to all neighborhood associations and coalitions, and business associations in the City of Portland, as well as other interested persons, to inform them of an open house on April 9, 2003. The purpose of the open house was to allow the public the opportunity to review the proposed recommendations, and ask questions of staff.

- Also on March 21, 2003, the Bureau of Planning sent notice to all neighborhood association and coalitions, and business associations in the City of Portland, as well as other interested persons, to inform them of a Planning Commission public hearing on Policy Package 1. This event was also advertised in the Oregonian.

- On March 24, 2003, the Bureau of Planning published a document titled, *2002-2003 Regulatory Improvement Workplan: Policy Package 1 Proposed Draft*. The report was made available to the public and mailed to all those requesting a copy.

- On April 4, 2003, the Bureau of Planning sent a letter to specific persons interested in the amendments to PCC 33.110.212, Validation of Lots and Lots of Record, to inform them of the April 9, 2003 open house.

- On April 22, 2003, the Planning Commission held a public hearing during which citizens commented on Policy Package 1. On May 13 and May 27, 2003, the Planning Commission held work sessions to further discuss the proposal.

- On June 2, 2003, The Bureau of Planning sent notice to all persons who testified, orally or in writing, at the Planning Commission hearing, informing them of a City Council public hearing to consider Policy Package 1. This notice was also sent to those persons requesting such notification.

- On June 18, 2003, the City Council held a public hearing on Policy Package 1, during which citizens commented on the proposal.

- On June 25, 2003, the City Council held a continuation of the June 18, 2003 hearing on Policy Package 1 in order to hear testimony on the recommendation to adopt design standards for development on substandard lots in the R5 and R2.5 zones. This recommendation was separated from the other Policy Package 1 recommendations and adopted as an emergency ordinance. Citizens were provided the opportunity to attend this continued hearing and present testimony.

- On July 9, 2003, the City Council held a continuation of the June 18, 2003 hearing on the remainder of the Policy Package 1 recommendations. Citizens were provided the opportunity to attend this hearing and present testimony.

- On September 9, 2003 notice of a City Council public hearing on a resolution to withdraw for reconsideration the Policy Package 1 ordinance (Ordinance 177701) was published in the Oregonian newspaper.

- On September 10, 2003 City Council held a public hearing on the resolution to withdraw for reconsideration the Policy Package 1 ordinance. Citizens were given the opportunity to attend this hearing and provide testimony.

- On September, 10, 2003 the Bureau of Planning sent notice to all neighborhood associations and coalitions, and business associations in the City of Portland, as well as other interested persons, to inform them of a City Council hearing on a revised Policy Package 1 (A and B) ordinance and zoning Code language.

- On September 24, 2003 City Council held a public hearing on a revised Policy Package 1 (A and B) ordinance and zoning code language. Citizens were given the opportunity to attend the hearing and provide testimony.

19. **Goal 2, Land Use Planning**, requires the development of a process and policy framework that acts as a basis for all land use decisions, and ensures that decisions and actions are based on an understanding of the facts relevant to the decision. The amendments are supportive of this goal because development of the recommendations followed established city procedures for legislative actions.

20. **Goal 3, Agricultural Lands**, requires the preservation and maintenance of the State's agricultural land, generally located outside of urban areas. The amendments do not affect the use of agricultural land so they are not applicable to this goal.

177975

21. **Goal 4, Forest Lands**, requires the preservation and maintenance of the State's forest lands, generally located outside of urban areas. The amendments do not affect the use of forest lands, so they are not applicable to this goal.

22. **Goal 5, Open Space, Scenic and Historic Areas, and Natural Resources**, requires the conservation of open space and the protection of natural and scenic resources. The amendments are consistent with this goal because they do not change policy or intent of any of the existing regulations pertaining to open space, scenic and historic areas, and natural resources.

While not changing policy, two amendments affect Nonconforming Situation Review in the Open Space zone. Nonconforming situations occur when a use or development does not meet current zoning regulations, but was legal at the time it was established. One of the amendments in Policy Package 1 (A and B) changes the review procedure for a Nonconforming Situation Review in the Residential and Open Space zones from a Type III to a Type II. This change will have no impact on the open space resources being conserved in the Open Space zone.

A second amendment will revise one of the approval criteria that applies to a Nonconforming Situation Review. The criterion currently requires that the proposed change will result in a net decrease of detrimental impacts. As currently written the criterion is inconsistent with the purpose of the nonconforming regulations which in part are intended to allow nonconforming situations to continue and to ensure that zoning code regulations do not cause unnecessary burdens. The revised criterion will require that applicants demonstrate that, with mitigation measures, the proposed change will not result in a net increase in any detrimental impacts on the surrounding area. The change to the review criterion could result in fewer reductions in detrimental impacts, but will not result in increases in detrimental impacts on surrounding areas when changes are proposed for nonconforming uses.

23. **Goal 6, Air, Water and Land Resource Quality**, requires the maintenance and improvement of the quality of air, water and land resources, including the handling of solid wastes. The amendments in Policy Package 1 (A and B) are consistent with this goal because they do not change policy or intent of any of the existing regulations pertaining to air, water and land resource quality.

One of the amendments in Policy Package 1 (A and B) is supportive of Goal 6. Currently, trees that are required to be planted in non-residential zones must be a minimum of 3 caliper inches in size for broadleaf trees and a minimum of 6 feet tall for conifer trees. Policy Package 1 (A and B) contains an amendment that will reduce the requirement to 2 caliper inches for broadleaf trees and 5 feet for conifer trees. There is evidence that smaller trees experience less transplant shock and stress and have a higher survival rate than larger trees. A smaller tree is ultimately more cost effective and will more often survive the transplant process than a larger tree. Trees provide benefits to air and water quality and therefore this amendment is supportive of Goal 6.

24. **Goal 7, Areas Subject to Natural Disasters and Hazards**, requires the protection of life and property from natural disasters and hazards. The amendments are consistent with this goal because they do not change policy or intent of any of the existing regulations pertaining to areas subject to natural disasters and hazards.

25. **Goal 8, Recreational Needs**, requires satisfaction of the recreational needs of both citizens and visitors to the state. The amendments are consistent with this goal because they do not change policy or intent of any of the existing regulations pertaining to recreational needs.

26. **Goal 9, Economic Development**, requires provision of adequate opportunities for a variety of economic activities vital to public health, welfare, and prosperity. The amendments are consistent with this goal because they do not substantially change policy or intent of any of the existing regulations pertaining to economic development.

In general, all of the amendments support Goal 9 because they are aimed at updating and improving City building and land use regulations and procedures that hinder desirable development. Improving land use regulations to make them clear and easily implemented will generally have positive effects on economic development.

Specifically, the following amendments are directly supportive of Goal 9:

- Reduce the minimum required tree caliper for broadleaf trees from 3 inches to 2 inches, and reduce the minimum required height for conifer trees from 6 feet to 5 feet. The cost associated with furnishing a larger tree (3 inch caliper or 6 feet tall) is substantially more than the cost of a smaller tree (2 inch caliper or 5 feet tall). In addition, smaller trees experience less transplant shock and stress and have a higher survival rate than larger trees. A smaller tree is ultimately more cost effective and will more often survive the transplant process than a larger tree.

- Eliminate eaves from the definition of building coverage. Including eaves in the definition of building coverage makes the calculation of building coverage difficult and often results in eaves being reduced in size or eliminated altogether. Eliminating eaves from the definition of building coverage will simplify calculations for applicants and encourage the use of eaves in building design and will simplify review and enforcement of the code.

- Reduce the review procedure for Nonconforming Situation Review from a Type III to a Type II in Residential and Open Space zones. This amendment will reduce the time and expense to applicants and the city—of this review, and recognizes the less discretionary nature of this review versus the typical Type III review.

- Require no net increase in detrimental impacts of nonconforming situations rather than a net decrease in detrimental impacts. One of the approval criteria for a Nonconforming Situation Review requires the applicant to demonstrate that, with mitigation measures, the proposed change will result in a net decrease in any detrimental impacts the existing development has on the surrounding area. Even if the proposal results in the nonconforming development continuing to operate in the same manner as it has in the past, with no increased impacts on the surrounding neighborhood, the proposal cannot be approved as there is not a demonstrated decrease in impacts.

  This approval criterion is inconsistent with the purpose of the nonconforming regulations, which in part are intended to allow nonconforming situations to continue and to ensure that zoning regulations do not cause unnecessary burdens. The burden of meeting this approval criterion is great, particularly given that the change in regulations that made the situation nonconforming is beyond the control of the applicant.

  The amendment will require the applicant to demonstrate that, with mitigation measures, the proposed change will not result in a net increase in any detrimental impacts on the surrounding area.

  The amendment will reduce the disincentive for maintaining and/or improving existing

nonconforming situations while still limiting detrimental impacts on the surrounding area. The amendment will encourage necessary investment in existing nonconforming situations.

- Revise the maximum building coverage regulations. The existing building coverage regulations are complex and not easily understood or applied. In addition there are several problems with the existing building coverage ranges that can result in requests for Adjustment Reviews. The amendment to revise the building coverage regulations increases flexibility and ease of use of the code for both the City and applicants.

- Create a process for removing lot lines. Currently there is no process, other than a land division, for removing lot lines. Requiring a land division in order to consolidate lots is onerous and expensive. Creating a process to facilitate lot consolidation will reduce time and expense for the applicant and the City.

- Exempt property line adjustments and lot consolidations from the maximum lot area standard if any of the properties involved in the property line adjustment or lot consolidation are already out of conformance with the maximum lot area standard. The maximum lot area standard was intended to apply in conjunction with maximum density standards at the time of a land division. The purpose of the maximum lot area standard is to prevent the perception that a large lot is further dividable when the lot is part of a land divison site that has already reached its maximum density limitation. The standard was never intended to apply to existing, oversized lots. However, because the language in the zoning code is unclear regarding when the maximum lot area standard applies, an adjustment review is currently required in cases where one or more oversized lots are part of a property line adjustment. In these cases, the adjustment review in routinely approved because it is clear from the lot dimension purpose statement that the maximum lot area standard was intended to be applied during a land division when maximum density is considered. This amendment will reduce time and expense to the applicant and the City.

- Replace dwelling units with lots as one of the factors considered when determining level of review for land divisions in Multi-Dwelling zones. The use of the term "dwelling unit" leads to more Type III reviews than is warranted given the relative simplicity of the regulatory issues facing a land division in a Multi-Dwelling zone. A Type III review is more time-consuming and expensive than is warranted for these reviews. This amendment will reduce time and expense for applicants and the City.

27. **Goal 10, Housing,** requires provision for the housing needs of citizens of the state. The amendments are consistent with this goal because they do not change policy or intent of any of the existing regulations pertaining to housing.

One amendment will delete a provision that allows attached residential infill development on long-vacant lots in the R20 through R7 zones. The provision is allowed in areas with the Alternative Design Density Overlay zone ("a" overlay). The provision will remain for areas in the R5 zone with the "a" overlay. The amendment will have little or no effect on housing in the R20 through R7 zones because the provision is rarely used. In the years since the provision was adopted, only two proposals have taken advantage of it. Concerns have been raised that the existing code provision can result in infill development that is not compatible with surrounding development in the R20 through R7 zones.

The following amendments foster the provision of housing in the City of Portland and therefore support Goal 10 and its relevant policies:

- Replace Section 33.110.212, Validation of Lots and Lots of Record, with a new Section 33.110.212, Where Primary Structures are Allowed. The changes to this Section will provide greater consistency in the code by establishing the same minimum lot sizes for both existing lots and those being created through a land division process. As part of this change, minimum lot size requirements will be added for development on existing lots in the R5 and R2.5 zones. This specific change is needed to bring the Zoning Code into conformance with the City's Comprehensive Plan. The change to the minimum lot sizes in the R5 and R2.5 zones will encourage the retention of existing housing by removing an incentive that currently results in the demolition of existing sound housing. This incentive has resulted in the transformation of many lots in the R5 zone to densities that are not in conformance with the Comprehensive Plan. The change will prevent many other R5 areas from redeveloping to densities higher than the R5 zone intends.

- Eliminate eaves from the definition of building coverage. Including eaves in the definition of building coverage makes the calculation of building coverage difficult and often results in eaves being reduced in size or eliminated altogether. Eliminating eaves from the definition of building coverage will simplify the measurement of building coverage and save applicants and the City time and money. Eliminating eaves from the definition will remove a disincentive to build eaves; this will encourage sound building design. Eave overhangs prevent the entry of bulk rainwater into claddings and window and door openings thereby helping to prevent moisture and mold problems. Removing the disincentive will also encourage increased design compatibility in neighborhoods where existing houses have eaves.

28. **Goal 11, Public Facilities and Services,** requires planning and development of timely, orderly and efficient public service facilities that serve as a framework for urban and rural development. The amendments are consistent with this goal because they do not change policy or intent of any of the existing regulations pertaining to public facilities and services.

29. **Goal 12, Transportation,** requires provision of a safe, convenient and economic transportation system. The amendments are consistent with this goal because they do not change policy or intent of any of the existing regulations pertaining to transportation.

30. **Goal 13, Energy Conservation,** requires development of a land use pattern that maximizes the conservation of energy based on sound economic principles. The amendments are consistent with this goal because they do not change policy or intent of any of the existing regulations pertaining to energy conservation.

    Policy Package 1 (A and B) contains one amendment related to energy. The definition of building coverage is being amended to exclude eaves. The intent of this amendment is to encourage the use of eaves in building design and construction. There are several reasons for this amendment including the argument that eave overhangs prevent the entry of bulk rainwater into claddings and window and door openings thereby helping to prevent mold problems. The City's Office of Sustainable Development advocates for the addition of eave overhangs as an effective component in controlling moisture in building walls.

31. **Goal 14, Urbanization,** requires provision of an orderly and efficient transition of rural lands to urban use. Urban growth boundaries shall be established to identify and separate urbanizable land from rural land. The amendments are consistent with this goal in that they do not affect the placement of the urban growth boundary, and they do not change policy or intent of any of the existing regulations pertaining to urbanization.

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32. **Goal 15, Willamette River Greenway**, requires the protection, conservation, enhancement, and maintenance of the natural, scenic, historic, agricultural, economic, and recreational qualities of land along the Willamette River. The amendments are consistent with this goal because they do not change policy or intent of any of the existing regulations pertaining to the Willamette River Greenway.

33. **Goals 16, 17, 18, and 19** deal with **Estuarine Resources, Coastal Shorelines, Beaches and Dunes, and Ocean Resources**, respectively, and are not applicable to Portland as none of these resources is present within the City limits.

Metro Urban Growth Management Functional Plan Findings

34. **Title 1, Requirements for Housing and Employment Accommodation,** requires that each jurisdiction contribute its fair share to increasing the development capacity of land within the Urban Growth Boundary. This requirement is to be generally implemented through city-wide analysis based on calculated capacities from land use designations. The amendments do not change policy or intent of existing regulations relating to the regional requirements for housing and employment accommodation, and therefore, do not affect the City's ability to meet Title 1. As detailed above in addressing compliance with Statewide Goal 9 (Economic Development) and Goal 10 (Housing), several of the amendments in Policy Package 1 (A and B) foster economic growth, and facilitate the development of housing within the City.

35. **Title 2, Regional Parking Policy,** regulates the amount of parking permitted by use for jurisdictions in the region. Generally, the amendments are not inconsistent with this title because they do not change policy or intent of existing regulations relating to the amount of parking allowed. Specifically, one amendment is supportive of this title because it eliminates the requirement for on-site parking for some substandard lots in the R5 and R2.5 zones.

36. **Title 3, Water Quality and Flood Management Conservation,** calls for the protection of the beneficial uses and functional values of resources within Metro-defined Water Quality and Flood Management Areas by limiting or mitigating the impact of development in these areas. The amendments are not inconsistent with this title because they do not change policy or intent of existing regulations relating to water quality and flood management conservation.

One amendment relates to Title 3. Currently, trees that are required to be planted in non-residential zones must be a minimum of 3 caliper inches in size for broadleaf trees and a minimum of 6 feet tall for conifer trees. Policy Package 1 (A and B) contains an amendment to reduce that caliper requirement to 2 inches for broadleaf trees and 5 feet for conifer trees. There is evidence that smaller trees (2 caliper inches or 5 feet) experience less transplant shock and stress and have a higher survival rate than larger trees (3 caliper inch or 6 feet). A smaller tree is ultimately more cost effective and will more often survive the transplant process than a larger tree. Trees provide benefits to air and water quality and therefore this amendment is supportive of Title 3.

37. **Title 4, Retail in Employment and Industrial Areas,** calls for retail development that supports Employment and Industrial areas, and that does not serve a larger market area. The amendments are not inconsistent with this title because they do not change policy or intent of existing regulations relating to retail in employment and industrial areas.

38. **Title 5, Neighbor Cities and Rural Reserves,** defines Metro's policy regarding areas outside of the Urban Growth Boundary. The amendments are not inconsistent with this title because they do not change policy or intent of existing regulations relating to neighbor cities and rural reserves.

39. **Title 6, Regional Accessibility,** recommends street design and connectivity standards that better serve pedestrian, bicycle and transit travel and that support the 2040 Growth Concept. The amendments are not inconsistent with this title because they do not change policy or intent of existing regulations relating to regional accessibility.

40. **Title 7, Affordable Housing,** recommends that local jurisdictions implement tools to facilitate development of affordable housing. The amendments are not inconsistent with this title because they do not change policy or intent of existing regulations relating to the development of

affordable housing.

The following amendments are related to this title:

- One amendment will delete a provision that allows attached residential infill development on long-vacant lots in the R20 through R7 zones. The provision is allowed in areas with the Alternative Design Density Overlay zone ("a"). The provision will remain for areas in the R5 zone with the "a" overlay. The amendment will have little or no effect on affordable housing in the R20 through R7 zones because the provision is rarely used. In the years since the provision was adopted, only two proposals have taken advantage of it. Concerns have been raised that the existing code provision can result in infill development that is not compatible with surrounding development in the R20 through R7 zones.

- Replace Section 33.110.212, Validation of Lots and Lots of Record, with a new Section 33.110.212, Where Primary Structures are Allowed. The changes to this Section will provide greater consistency in the code by establishing the same minimum lot sizes for both existing lots and those being created through a land division process. As part of this change, minimum lot size requirements will be added for development on existing lots in the R5 and R2.5 zones. This specific change is needed to bring the Zoning Code into conformance with the City's Comprehensive Plan. The change to the minimum lot sizes in the R5 and R2.5 zones will encourage the retention of existing housing by removing an incentive that currently results in the demolition of existing sound housing.

  Some testimony has argued in favor of allowing this higher-density housing in the R5 zone on the grounds that it is affordable housing. However, the existing regulations for lot dimensions—including those regulations that allow construction at higher densities—were never intended to be a tool for affordable housing. In fact, testimony indicates that the housing being built as a result of the incentive are being sold for prices that are not considered affordable.

  The existing regulations have recently resulted in the transformation of many lots in the R5 zone to densities that are not in conformance with the Comprehensive Plan. These regulations have the potential to allow redevelopment of many R5 areas at densities higher than the R5 zone intends.

  As part of the amendments related to 33.110.212, design standards will apply to development on substandard lots that have been segregated prior to the implementation of lot size standards in the R5 and R2.5 zones. The design standards currently apply in other parts of the City and will not add substantially to the cost of construction on substandard lots. One of the standards eliminates a requirement for on-site parking; this could reduce the cost of construction and thus the sales price.

41. **Title 8, Compliance Procedures**, outlines compliance procedures for amendments to comprehensive plans and implementing ordinances. The amendments are not inconsistent with this title because they do not change policy or intent of existing regulations relating to compliance.

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Portland Comprehensive Plan Goals Findings

42. The City's Comprehensive Plan was adopted by the Portland City Council on October 16, 1980, and was acknowledged as being in conformance with the statewide planning goals by the Land Conservation and Development Commission on May 1, 1981. On May 26, 1995, the LCDC completed its review of the City's final local periodic review order and periodic review work program, and reaffirmed the plan's compliance with statewide planning goals.

43. **Goal 1, Metropolitan Coordination**, calls for the Comprehensive Plan to be coordinated with federal and state law and to support regional goals, objectives and plans. The amendments are consistent with this goal because they do not change policy or intent of existing regulations relating to metropolitan coordination.

44. **Goal 2, Urban Development**, calls for maintenance of Portland's role as the major regional employment and population center by expanding opportunities for housing and jobs, while retaining the character of established residential neighborhoods and business centers. The amendments are consistent with this goal because they do not change policy or intent of existing regulations relating to urban development.

In general, the amendments support this goal because they are aimed at updating and improving the City's land use regulations and procedures that hinder desirable development. By improving regulations that hinder desirable development, the City's land use regulations will better facilitate the development of housing and employment uses. The following amendments specifically support Goal 2 and its relevant policies by facilitating the development of housing and employment uses at appropriate locations and intensities:

- Delete a provision that allows attached residential infill development on long-vacant lots in the R20 through R7 zones. The provision is allowed in areas with the Alternative Design Density Overlay zone ("a"). The provision will remain for areas in the R5 zone with the "a" overlay zone. The amendment will have little or no effect on the development of housing in the R20 through R7 zones because the provision is rarely used. In the years since the provision was adopted, only two applications have taken advantage of it. Concerns have been raised that this code provision can result in infill development that is not compatible with surrounding development in the R20 through R7 zones.

- Replace Section 33.110.212, Validation of Lots and Lots of Record, with a new Section 33.110.212, Where Primary Structures are Allowed. The changes to this Section will provide greater consistency in the code by establishing the same minimum lot sizes for both existing lots and those being created through a land division process. The revised Section will include minimum lot size requirements for development on existing lots in the R5 and R2.5 zones. This specific change is needed to bring the Zoning Code into conformance with the City's Comprehensive Plan.

  The change to the minimum lot sizes in the R5 and R2.5 zones will encourage the retention of existing housing by removing an incentive that currently results in the demolition of existing sound housing. This incentive has resulted in the transformation of many lots in the R5 zone to densities that are not in conformance with the Comprehensive Plan. The change will prevent many other R5 areas from redeveloping to densities higher than the R5 zone intends.

As part of the amendments related to 33.110.212, design standards will apply to substandard lots that have been segregated prior to the implementation of lot size standards in the R5 and R2.5 zones. The design standards currently apply in other parts of the City and are intended to protect neighborhood character.

- Current regulations require new lots in Commercial zones to have a front lot line that is at least 25 feet long. This limits the opportunities for live/work situations in Commercial zones; attached residential that includes commercial space must meet the 25-foot standard, which, in many cases, isn't workable for attached houses. In order to foster live/work situations in Commercial zones, this standard is being amended to require a 10 foot front lot line for all development in the Commercial zones. This will ensure that all lots in Commercial zones have some street frontage, will increase flexibility in the code, and allow more creative development, including live/work situations.

45. **Goal 3, Neighborhoods**, calls for preservation and reinforcement of the stability and diversity of the city's neighborhoods while allowing for increased density. In general, the amendments are consistent with this goal because they do not change policy or intent of existing regulations relating to the stability and diversity of neighborhoods.

One amendment included in the *2002-2003 Regulatory Improvement Workplan: Policy Package 1 (A and B)* will replace Section 33.110.212, Validation of Lots and Lots of Record, with a new Section 33.110.212, Where Primary Structures are Allowed. The changes to this Section will provide greater consistency in the code by establishing the same minimum lot sizes for both existing lots and those being created through a land division process. The revised Section will include minimum lot size requirements for development existing lots in the R5 and R2.5 zones. This specific change is needed to bring the Zoning Code into conformance with the City's Comprehensive Plan.

The change to the minimum lot sizes in the R5 and R2.5 zones will encourage the retention of existing housing by removing an incentive that currently results in the demolition of existing sound housing and redevelopment at densities higher than the R5 zone intends. This incentive has resulted in the transformation of many lots in the R5 zone to densities that are not in conformance with the Comprehensive Plan. The change will prevent many other R5 areas from redeveloping in a way that is incompatible with the character of existing R5 neighborhoods.

As part of the amendments related to 33.110.212, design standards will apply to substandard lots that have been segregated prior to the implementation of lot size standards in the R5 and R2.5 zones. The design standards currently apply in other parts of the City and are intended to protect neighborhood character.

46. **Goal 4, Housing**, calls for enhancing Portland's vitality as a community at the center of the region's housing market by providing housing of different types, tenures, density, sizes, costs and locations that accommodates the needs, preferences, and financial capabilities of current and future households. In general, the amendments are consistent with this goal because they do not change policy or intent of existing regulations relating to housing.

The following amendments support Goal 4 and its relevant policies:

- Delete a provision that allows attached residential infill development on long-vacant lots in the R20 through R7 zones. The provision is allowed in areas with the Alternative Design Density Overlay zone ("a"). The provision will remain for areas in the R5 zone with the "a"

overlay zone. The amendment will have little or no effect on housing in the R20 through R7 zones because the provision is rarely used. In the years since the provision was adopted, only two applications have taken advantage of it. Concerns have been raised that the existing code provision can result in infill development that is not compatible with surrounding development in the R20 through R7 zones.

- Replace Section 33.110.212, Validation of Lots and Lots of Record, with a new Section 33.110.212, Where Primary Structures are Allowed. The changes to this Section will provide greater consistency in the code by establishing the same minimum lot sizes for both existing lots and those being created through a land division process. The revised Section will include minimum lot size requirements for development on existing lots in the R5 and R2.5 zones. This specific change is needed to bring the Zoning Code into conformance with the City's Comprehensive Plan.

  The change to the minimum lot sizes in the R5 and R2.5 zones will encourage the retention of existing housing by removing an incentive that currently results in the demolition of existing sound housing. This incentive has resulted in the transformation of many lots in the R5 zone to densities that are not in conformance with the Comprehensive Plan. The change will prevent many other R5 areas from redeveloping to densities higher than the R5 zone intends.

  As part of the amendments related to 33.110.212, design standards will apply to substandard lots that have been segregated prior to the implementation of lot size standards in the R5 and R2.5 zones. The design standards currently apply in other parts of the City and are intended to protect neighborhood character.

- Eliminate eaves from the definition of building coverage. Including eaves in the definition of building coverage makes the calculation of building coverage difficult and often results in eaves being reduced in size or eliminated altogether. Eliminating eaves from the definition of building coverage will simplify the measurement of building coverage and save applicants and the City time and money. Eliminating eaves from the definition will remove a disincentive to build eaves; this will encourage sound building design. Eave overhangs prevent the entry of bulk rainwater into claddings and window and door openings thereby helping to prevent moisture and mold problems. Removing the disincentive will also encourage increased design compatibility in neighborhoods where existing houses have eaves.

47. **Goal 5, Economic Development**, calls for promotion of a strong and diverse economy that provides a full range of employment and economic choices for individuals and families in all parts of the City. The amendments are consistent with this goal because they do not change policy or intent of existing regulations relating to economic development.

In general, all of the amendments support Goal 5 because they are aimed at updating and improving City building and land use regulations and procedures that hinder desirable development. Improving land use regulations to make them clear and easily implemented will generally have positive effects on economic development.

Specifically, the following amendments support of Goal 5:

- Reduce the minimum required tree caliper for broadleaf trees from 3 inches to 2 inches, and reduce the minimum required height for conifer trees from 6 feet to 5 feet. The cost associated with furnishing a larger tree (3 inch caliper or 6 feet tall) is substantially more than

the cost of a smaller tree (2 inch caliper or 5 feet tall). In addition, smaller trees experience less transplant shock and stress and have a higher survival rate than larger trees. A smaller tree is ultimately more cost effective and will more often survive the transplant process than a larger tree.

- Eliminate eaves from the definition of building coverage. Including eaves in the definition of building coverage makes the calculation of building coverage difficult and often results in eaves being reduced in size or eliminated altogether. Eliminating eaves from the definition of building coverage will simplify the measurement of building coverage and will save applicants and the City time and money. Eliminating eaves from the definition will encourage the use of eaves in building design and will simplify review and enforcement of the code.

- Reduce the review procedure for Nonconforming Situation Review from a Type III to a Type II in Residential and Open Space zones. This amendment will reduce the time and expense—to applicants and the city—of this review, and recognizes the less discretionary nature of this review versus the typical Type III review.

- Require no net increase in detrimental impacts of nonconforming situations rather than a net decrease in detrimental impacts. One of the approval criteria for a Nonconforming Situation Review requires the applicant to demonstrate that, with mitigation measures, the proposed change will result in a net decrease in any detrimental impacts the existing development has on the surrounding area. Even if the proposal results in the nonconforming development continuing to operate in the same manner as it has in the past, with no increased impacts on the surrounding neighborhood, the proposal cannot be approved as there is not a demonstrated decrease in impacts.

  This approval criterion is inconsistent with the purpose of the nonconforming regulations, which in part are intended to allow nonconforming situations to continue and to ensure that zoning regulations do not cause unnecessary burdens. The burden of meeting this approval criterion is great, particularly given that the change in regulations that made the situation nonconforming is beyond the control of the applicant.

  The amendment will require that applicants demonstrate that, with mitigation measures, the proposed change will not result in a net increase in any detrimental impacts on the surrounding area.

  The amendment will reduce the disincentive for maintaining and/or improving existing nonconforming situations while still limiting detrimental impacts on the surrounding area. The amendment will encourage necessary investment in existing nonconforming situations.

- Revise the maximum building coverage regulations. The existing building coverage regulations are complex and not easily understood or applied. In addition there are several problems with the building coverage ranges that can result in requests for Adjustment Review. The amendment to revise the building coverage regulations will increase flexibility and ease of use of the code for both the City and applicants.

- Create a process for removing lot lines. Currently there is not process, other than a land division, for removing lot lines. Requiring these lots consolidations to go through a land division is onerous and expensive. Creating a process to facilitate lot consolidation will reduce time and expense for the applicant and the City.

- Exempt property line adjustments and lot consolidations from the maximum lot area standard if any of the properties involved in the property line adjustment or lot consolidation are already out of conformance with the maximum lot area standard. The maximum lot area standard was intended to apply in conjunction with maximum density standards at the time of a land division. The purpose of the maximum lot area standard is to prevent the perception that a large lot is further dividable when the lot is part of a land divison site that has already reached its maximum density limitation. The standard was never intended to apply to existing, oversized lots. However, because the language in the zoning code is unclear regarding when the maximum lot area standard applies, an adjustment review is currently required in cases where one or more oversized lots are part of a property line adjustment. In these cases, the adjustment review in routinely approved because it is clear from the lot dimension purpose statement that the maximum lot area standard was intended to be applied during a land division when maximum density is considered. This amendment will reduce time and expense to the applicant and the City.

- Replace dwelling units with lots as one of the factors considered when determining level of review for land division in Multi-Dwelling zones. The use of the term "dwelling unit" leads to more Type III reviews than is warranted given the relative simplicity of the regulatory issues facing a land division in a Multi-Dwelling zone. A Type III review is more time-consuming and expensive than is warranted for the review. This amendment will reduce time and expense for applicants and the City.

- Replace Section 33.110.212, Validation of Lots and Lots of Record, with a new Section 33.110.212, Where Primary Structures are Allowed. The changes to this Section will provide greater consistency in the code by establishing the same minimum lot sizes for both existing lots and those being created through a land division process. The revised Section will include minimum lot size requirements for development on existing lots in the R5 and R2.5 zones. This specific change is needed to bring the Zoning Code into conformance with the City's Comprehensive Plan.

  The change to the minimum lot sizes in the R5 and R2.5 zones will encourage the retention of existing housing by removing an incentive that currently results in the demolition of existing sound housing. This incentive has resulted in the transformation of many lots in the R5 zone to densities that are not in conformance with the Comprehensive Plan. The change will prevent many other R5 areas from redeveloping to densities higher than the R5 zone intends.

48. **Goal 6, Transportation**, calls for protection of the public interest and investment in the public right-of-way and transportation system by

- encouraging development of a balanced, affordable and efficient transportation system consistent with the Arterial Streets Classifications and Policies; providing adequate accessibility to all planned land uses;

- providing safe and efficient movement of people and goods while preserving, enhancing, or reclaiming neighborhood livability;

- minimizing the impact of inter-regional trips on City neighborhoods, commercial areas, and the City street system;

- reducing reliance on the automobile and per capita vehicle miles traveled;

- building the use of the City street system to control air pollution, traffic, and livability problems; and maintaining the infrastructure in good condition.

The amendments are consistent with this goal because they do not change policy or intent of existing regulations relating to transportation. While not changing policy, Policy Package 1 (A and B) contains one amendment that is related to transportation. The amendment exempts substandard lots in the R5 and R2.5 zones from the requirement for on-site parking. The exemption is part of a package of standards aimed as increasing the design compatibility of narrow houses on substandard lots. This particular exemption will result in fewer of these narrow houses being built with a garage as the primary focal point on the ground floor.

49. **Goal 7, Energy**, calls for promotion of a sustainable energy future by increasing energy efficiency in all sectors of the City by ten percent by the year 2000. The amendments are consistent with this goal because they do not change policy or intent of existing regulations. Policy Package 1 (A and B) contains one amendment related to energy. The definition of building coverage is being amended to exclude eaves. The intent of this amendment is to encourage the use of eaves in building design and construction. There are several reasons for this amendment including the argument that eave overhangs prevent the entry of bulk rainwater into claddings and window and door openings thereby helping to prevent mold problems. The City's Office of Sustainable Development advocates for the addition of eave overhangs as an effective component in controlling moisture in building walls.

50. **Goal 8, Environment**, calls for maintenance and improvement of the quality of Portland's air, water, and land resources, as well as protection of neighborhoods and business centers from noise pollution. The amendments are consistent with this goal because they do not change policy or intent of existing regulations relating to environment.

The amendment to reduce the minimum required tree caliper supports Goal 8. Currently, trees that are required to be planted in non-residential zones must be a minimum of 3 caliper inches in size for broadleaf trees and a minimum of 6 feet tall for conifer trees. Policy Package 1 (A and B) contains an amendment that will reduce the requirement to 2 caliper inches for broadleaf trees and 5 feet for conifer trees. There is evidence that smaller trees experience less transplant shock and stress and have a higher survival rate than larger trees. A smaller tree is ultimately more cost effective and will more often survive the transplant process than a larger tree. Trees provide benefits to air and water quality and therefore this amendment is supportive of this goal.

51. **Goal 9, Citizen Involvement**, calls for improved methods and ongoing opportunities for citizen involvement in the land use decision-making process. The amendments are consistent with this goal because the process provided opportunities for public input and followed adopted procedures for notification and involvement of citizens in the planning process.

52. **Goal 12, Urban Design**, calls for the enhancement of Portland as a livable city, attractive in its setting and dynamic in its urban character by preserving its history and building a substantial legacy of quality private developments and public improvements for future generations. The amendments are consistent with this goal because they do not change policy or intent of existing regulations relating to urban design.

The following amendments support Goal 12.

- Replace Section 33.110.212, Validation of Lots and Lots of Record, with a new Section 33.110.212, Where Primary Structures are Allowed. The changes to this Section will provide

greater consistency in the code by establishing the same minimum lot sizes for both existing lots and those being created through a land division process. The revised Section will include minimum lot size requirements for development on existing lots in the R5 and R2.5 zones. This specific change is needed to bring the Zoning Code into conformance with the City's Comprehensive Plan.

The change to the minimum lot sizes in the R5 and R2.5 zones will encourage the retention of existing housing by removing an incentive that currently results in the demolition of existing sound housing. This incentive has resulted in the transformation of many lots in the R5 zone to densities that are not in conformance with the Comprehensive Plan. The change will prevent many other R5 areas from redeveloping to densities higher than the R5 zone intends.

As part of the amendments related to 33.110.212, design standards will apply to substandard lots that have been segregated prior to the implementation of lot size standards in the R5 and R2.5 zones. The design standards that will apply to substandard lots currently apply in other parts of the City and are intended to protect neighborhood character.

- Eliminate eaves from the definition of building coverage. Including eaves in the definition of building coverage makes the calculation of building coverage difficult and often results in eaves being reduced in size or eliminated all together. Eliminating eaves from the definition of building coverage will simplify the measurement of building coverage and save applicants and the City time and money. Eliminating eaves from the definition will remove a disincentive to build eaves, which will encourage sound building design. Eave overhangs prevent the entry of bulk rainwater into claddings and window and door openings thereby helping to prevent moisture and mold problems. Removing the disincentive will also encourage increased design compatibility in neighborhoods where existing houses have eaves.

53. The following goals do not apply because of the limited scope of these amendments: **Goals 10 and 11.**

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NOW, THEREFORE, the Council directs:

a. Adopt Exhibit A, *2002-2003 Regulatory Improvement Workplan: Policy Package 1-B Report to City Council,* dated September 17, 2003;

b. Amend Title 33, Planning and Zoning, as shown in Exhibit A, *2002-2003 Regulatory Improvement Workplan: Policy Package 1-B Report to City Council,* dated September 17, 2003; and

c. Adopt as legislative intent and as further findings the commentary and discussion in Exhibit A, *2002-2003 Regulatory Improvement Workplan: Policy Package 1-B Report to City Council,* dated September 17, 2003.

Passed by the Council, OCT 15 2003

GARY BLACKMER
Auditor of the City of Portland

Mayor Vera Katz

By Susan Parsons
Deputy

Shannon Buono, Bureau of Planning
September 16, 2003

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CITY OF

PORTLAND, OREGON

RECEIVED
2003 OCT -9 P 3:39
GARY BLACKMER, AUDITOR
CITY OF PORTLAND, OR

Vera Katz, Mayor
Jim Francesconi, Commissioner
Randy Leonard, Commissioner
Dan Saltzman, Commissioner
Erik Sten, Commissioner

October 2, 2003

Portland Planning Commission
1900 SW Fourth Avenue, Suite 4100
Portland, OR 97201

Re: Vacant Lot Provision in Policy Package 2

Dear Planning Commissioners:

The purpose of this memorandum is to request that the Planning Commission provide the City Council with an early recommendation on the vacant lot provision contained in Policy Package 2.

On September 24, 2003 City Council adopted minimum lot dimension standards for development on existing lots in the R5 and R2.5 zones. On October 28 the Planning Commission will hold a hearing on *2002-2003 and 2003-2004 Regulatory Improvement Workplan Policy Package 2*. One of the amendments contained in the report provides an exemption to the lot dimension standards that City Council adopted on September 24. The proposed amendment would allow development on vacant lots in the R5 and R2.5 zones that do not meet the minimum lot dimensional standards. The proposed amendment can be found on pages 6-9 of the September 30, 2003 *Proposed Draft*.

While you made a recommendation on the establishment of minimum lot sizes for existing lots, you haven't had the opportunity to provide input on the vacant lot provision included in Policy Package 2. Therefore, instead of including the vacant lot provision in the Ordinance on September 24, we favored delaying its consideration until you had time to provide a recommendation.

We understand that there are many complicated issues contained in Policy Package 2 and appreciate the time it takes to adequately consider each of them. We don't anticipate holding a hearing on Policy Package 2 until January 2004. Because the vacant lot provision is so closely tied to the minimum lot size standards for existing lots, we'd appreciate if you could forward your recommendation soon after the October 28 hearing, for our consideration in mid-November.

As always, we value your input and appreciate the thought and effort you bring to this process.

With warm regards,

Vera Katz
Mayor

Jim Francesconi
Commissioner

Randy Leonard
Commissioner

Dan Saltzman
Commissioner

Erik Sten
Commissioner

cc. Cary Pinard, BOP
Sandra Wood, BOP

BOGSTAD Deborah L

From: DUFFY Sandra N
Sent: Wednesday, November 12, 2003 10:22 AM
To: BOGSTAD Deborah L
Cc: SOWLE Agnes
Subject: FW: Question about Agenda Item R-2 at Board Meeting on November 13, 2003

I will do the explanation for this agenda item tomorrow, Deb.

FYI, Agnes.

Sandy

-----Original Message-----
From: CLIFFORD Gary L
Sent: Wednesday, November 12, 2003 10:22 AM
To: DUFFY Sandra N
Cc: SCHILLING Karen C
Subject: Question about Agenda Item R-2 at Board Meeting on November 13, 2003

Hi Sandy,

Tomorrow morning at 9:30 at the BCC meeting there is an ordinance on the agenda that would adopt the latest City of Portland Zoning Code amendments. It is item R-2 and involves the City's changes to zoning regulations on trees, building coverage, nonconforming uses, lot validations and other land division standards.

I have a question for you. If you are going to be at the meeting representing the County Attorneys office, would it be appropriate, and would you be willing, to give a short introduction to the Board on this item without someone from our office in attendance?

I will be out of the office the remainder of the day, so if you could respond to Karen Schilling today on this question it would be very appreciated. If planning representation is required tomorrow, Karen will make arrangements.

Thanks,

Gary Clifford
Senior Planner
Land Use and Transportation Planning Program
Multnomah County
1600 SE 190th Avenue
Portland, OR 97233
Phone 503-988-3043

BEFORE THE BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON

ORDINANCE NO. 1020

Amending County Land Use Code, Plans and Maps to Adopt Portland's Recent Land Use Code, Plan and Map Revisions In Compliance With Metro's Functional Plan and Declaring an Emergency

The Multnomah County Board of Commissioners Finds:

a. The Board of County Commissioners (Board) adopted Resolution A in 1983 which directed the County services towards rural services rather than urban.

b. In 1996, Metro adopted the Functional Plan for the region, mandating that jurisdictions comply with the goals and policies adopted by the Metro Council.

c. In 1998, the County and the City of Portland (City) amended the Urban Planning Area Agreement to include an agreement that the City would provide planning services to achieve compliance with the Functional Plan for those areas outside the City limits, but within the Urban Growth Boundary and Portland's Urban Services Boundary.

d. It is impracticable to have the County Planning Commission conduct hearings and make recommendations on land use legislative actions pursuant to MCC 37.0710, within unincorporated areas inside the Urban Growth Boundary for which the City provides urban planning and permitting services. The Board intends to exempt these areas from the requirements of MCC 37.0710, and will instead consider the recommendations of the Portland Planning Commission and City Council when legislative matters for these areas are brought before the Board for action as required by intergovernmental agreement (County Contract #4600002792) (IGA).

e. On November 6, 2003, the Board amended County land use codes, plans and maps to adopt the City's land use codes, plans and map amendments in compliance with Metro's Functional Plan by Ordinance 1019.

f. Since the adoption of Ordinance 1019, the City's Planning Commission recommended land use code, plan and map amendments to the City Council through duly noticed public hearings.

g. The City notified affected County property owners as required by the IGA.

h. The City Council adopted the land use code, plan and map amendments, set out in Section 1 below and attached as Exhibits 1 through 4. The IGA requires that the County adopt these amendments for the City planning and zoning administration within the affected areas.

Multnomah County Ordains as follows:

Section 1. The County Comprehensive Framework Plan, community plans, rural area plans, sectional zoning maps and land use code chapters are amended to include the City land use code, plan and map amendments, attached as Exhibits 1 through 4 and effective on the same date as the respective Portland ordinance:

Exhibit No.	Description	Effective / Hearing Date
1	Ordinance amending Title 33 to update and improve City building and land use regulations regarding size of trees, building coverage, and nonconforming situation reviews. (PDX Ord. #177971)	11/15/2003
2	Regulatory Improvement Policy Package 1-A report to City Council (Exhibit A to PDX Ord. #17791)	9/17/2003
3	Ordinance amending Title 33 to update and improve City building and land use regulations regarding lot validations and lot segregations, attached residential infill in the "a" overlay, and other land division items. (PDX Ord. #177975)	11/15/2003
4	Regulatory Improvement Policy Package 1-B report to City Council (Exhibit A to PDX Ord. #17791)	9/17/2003

Section 2. In accordance with ORS 215.427(3), the changes resulting from Sections 1 of this ordinance shall not apply to any decision on an application that is submitted before the applicable effective date of this ordinance and that is made complete prior to the applicable effective date of this ordinance or within 180 days of the initial submission of the application.

Section 3. In accordance with ORS 92.040(2), for any subdivisions for which the initial application is submitted before the applicable effective date of this ordinance, the subdivision application and any subsequent application for construction shall be governed by the County's land use regulations in effect as of the date the subdivision application is first submitted.

Section 4. Any future amendments to the legislative matters listed in Section 1 above, are exempt from the requirements of MCC 37.0710. The Board acknowledges,

authorizes and agrees that the Portland Planning Commission will act instead of the Multnomah Planning Commission in the subject unincorporated areas using the City's own procedures, to include notice to and participation by County citizens. The Board will consider the recommendations of the Portland Planning Commission when legislative matters for County unincorporated areas are before the Board for action.

Section 5. An emergency is declared in that it is necessary for the health, safety and general welfare of the people of Multnomah County for this ordinance to take effect concurrent with the City code, plan and map amendments. Under section 5.50 of the Charter of Multnomah County, this ordinance will take effect in accordance with Section 1.

FIRST READING AND ADOPTION: November 13, 2003

BOARD OF COUNTY COMMISSIONERS,
FOR MULTNOMAH COUNTY, OREGON

Diane M. Linn, Chair

REVIEWED:

AGNES SOWLE, COUNTY ATTORNEY
FOR MULTNOMAH COUNTY, OREGON

By Sandra N. Duffy
Sandra N. Duffy, Assistant County Attorney

EXHIBIT LIST FOR ORDINANCE

1. Ordinance amending Title 33 to update and improve City building and land use regulations regarding size of trees, building coverage, and nonconforming situation reviews. (PDX Ord. #177971)

2. Regulatory Improvement Policy Package 1-A report to City Council (Exhibit A to PDX Ord. #17791)

3. Ordinance amending Title 33 to update and improve City building and land use regulations regarding lot validations and lot segregations, attached residential infill in the "a" overlay, and other land division items. (PDX Ord. #177975)

4. Regulatory Improvement Policy Package 1-B report to City Council (Exhibit A to PDX Ord. #17791)

Prior to adoption, this information is available electronically or for viewing at the Multnomah County Board of Commissioners and Agenda website (www.co.multnomah.or.us/cc/WeeklyAgendaPacket/). To obtain the adopted ordinance and exhibits electronically, please contact the Board Clerk at 503-988-3277. These documents may also be purchased on CD-Rom from the Land Use and Transportation Program. Contact the Planning Program at 503-988-3043 for further information.

AGENDA PLACEMENT REQUEST

BUD MOD #:

Board Clerk Use Only:

Meeting Date: November 13, 2003
Agenda Item #: R-3
Est. Start Time: 9:34 AM
Date Submitted: 10/28/03

Requested Date: November 13, 2003 **Time Requested**: 10 minutes

Department: Business and Community Services **Division**: Finance, Budget & Tax

Contact/s: Dave Boyer

Phone: (503) 988-3903 **Ext.**: 83903 **I/O Address**: 501/4th Floor

Presenters: Dave Boyer

Agenda Title: Appointment of Secretary to the Hospital Facility Authority of Multnomah County, Oregon

AGENDA PLACEMENT REQUEST

BUD MOD #:

Board Clerk Use Only:

Meeting Date: November 13, 2003
Agenda Item #: R-4
Est. Start Time: 9:35 AM
Date Submitted: 10/28/03

Requested Date: November 13, 2003 **Time Requested**: 10 minutes

Department: Business and Community Services **Division**: Finance, Budget & Tax

Contact/s: Dave Boyer

Phone: (503) 988-3903 **Ext.**: 83903 **I/O Address**: 501/4th Floor

Presenters: Dave Boyer

Agenda Title: Resolution Approving an Intergovernmental Agreement and Issuance of Revenue Bonds (Legacy Health System), Series 2003 by the Hospital Facility Authority of Clackamas County, Oregon

NOTE: If Ordinance, Resolution, Order or Proclamation, provide exact title.
For all other submissions, provide clearly written title.

---

1. **What action are you requesting from the Board? What is the department/agency recommendation?** Approve resolution authorizing issuance of bonds by Hospital Authority of Clackamas County. Need to convene as Multnomah County Hospital Authority to approve Hospital Authority Resolution.

2. **Please provide sufficient background information for the Board and the public to understand this issue**. The Hospital Facility Authority of Clackamas County, Oregon has received a request from Legacy Health System, a private nonprofit corporation, to issue Revenue Bonds, in an aggregate principal amount not to exceed $50,000,000.

   Because some of the property being refinanced is located inside Multnomah County, Multnomah County is required to authorize the issuance.

The provisions of the bond issuance are as follows:

a. (1) to finance and/or refinance the costs of constructing, remodeling, improving and equipping the following facilities (collectively, the "Project"): (i) approximately $8,700,000 for the Borrower's hospital and medical clinic facilities located at Legacy Meridian Park Hospital, 19300 S.W. 65th, Tualatin, Oregon; (ii) approximately $5,200,000 for the Borrower's hospital and medical clinic facilities located at Legacy Mount Hood Medical Center, 24800 S.E. Stark, Gresham, Oregon; (iii) approximately $22,400,000 for the Borrower's hospital and medical clinic facilities located at Legacy Emanuel Hospital & Health Center, 2801 N. Gantenbein, Portland, Oregon; (iv) approximately $8,500,000 for the Borrower's hospital and medical clinic facilities located at Legacy Good Samaritan Hospital and Medical Center, 1015 N.W. 22nd and 1130 N.W. 22nd, Portland, Oregon; and (v) approximately $15,500,000 for installation of a system-wide clinical and administrative system located at 1919 N.W. Lovejoy Street, Portland, Oregon to support the Borrower's hospital and medical clinic facilities. and (vi) pay certain costs of issuance. The maximum aggregate principal amount of Bonds to be issued to finance each of the Projects at the addresses identified above, as well as the maximum amount of Bonds to be issued in the aggregate for all Projects, will not exceed $50,000,000; and

b. On October 22, 2003 the Clackamas Authority adopted an Inducement Resolution preliminarily approving of the Bonds and authorizing the execution and delivery of an Intergovernmental Cooperation Agreement (the "Intergovernmental Agreement") between the Clackamas Authority and The Hospital Facilities Authority of Multnomah County, Oregon (the "Multnomah Authority"). The Intergovernmental Cooperation Agreement designates the Clackamas Authority as the issuer of the Bonds for the Project; and

c. The principal of and interest on the Bonds will not constitute a debt of the Multnomah Authority, Multnomah County nor shall the Bonds be payable from a tax of any nature levied upon any property within Multnomah County, Oregon nor any other political subdivision of the State of Oregon. The Bonds will be payable only from the revenues and resources provided by the Borrower; and

d. The Internal Revenue Code of 1986, as amended, (the "Code") authorizes the issuance of revenue bonds for a "qualified 501(c)(3) entity," such as the Borrower; and

e. Section 147(f) of the Internal Revenue Code of 1986, as amended, requires that qualified 501(c)(3) bonds be approved by the applicable elected representatives of (1) the governmental unit issuing such bonds (the Hospital Facility Authority of Clackamas County, Oregon); such approval will be obtained by the Board of County Commissioners of Clackamas County, Oregon, and (2) the governmental unit (the Board of County Commissioners of Multnomah County, Oregon) having jurisdiction over the area in which a portion of the Project is located

(Legacy Emanuel Hospital & Health Center, Legacy Good Samaritan Hospital and Health Center, Legacy Mount Hood Medical Center and the portion of the system-wide clinical and administrative system located in Multnomah County, Oregon); and

f. On October 30, 2003, the Chief Financial Officer, as a designated hearings officer for Multnomah County, Oregon, conducted a public hearing to provide a reasonable opportunity for members of the public to express their views, orally or in writing, regarding the issuance of the Bonds. A copy of the Public Hearing Report is attached hereto as Exhibit A.

g. Notice of the public hearing was published in the October 15, 2003 edition of *The Oregonian*.

3. **Explain the fiscal impact (current year and ongoing)**. No fiscal impact to the County. Because some of the property being refinanced is located inside Multnomah County, the County is required to authorize the issuance.

NOTE: If a Budget Modification or a Contingency Request attach a Budget Modification Expense & Revenues Worksheet and/or a Budget Modification Personnel Worksheet.

If a budget modification, explain:

- **What revenue is being changed and why?**
- **What budgets are increased/decreased?**
- **What do the changes accomplish?**
- **Do any personnel actions result from this budget modification? Explain.**
- **Is the revenue one-time-only in nature?**
- **If a grant, what period does the grant cover?**
- **When the grant expires, what are funding plans?**

NOTE: Attach Bud Mod spreadsheet (FORM FROM BUDGET)

If a contingency request, explain:

- **Why was the expenditure not included in the annual budget process?**
- **What efforts have been made to identify funds from other sources within the Department/Agency to cover this expenditure?**
- **Why are no other department/agency fund sources available?**
- **Describe any new revenue this expenditure will produce, any cost savings that will result, and any anticipated payback to the contingency account.**
- **Has this request been made before? When? What was the outcome?**

If grant application/notice of intent, explain:

- **Who is the granting agency?**
- **Specify grant requirements and goals.**
- **Explain grant funding detail – is this a one time only or long term commitment?**
- **What are the estimated filing timelines?**
- **If a grant, what period does the grant cover?**

- ❖ **When the grant expires, what are funding plans?**
- ❖ **How will the county indirect and departmental overhead costs be covered?**

4. **Explain any legal and/or policy issues.** Multnomah County has established a Hospital Authority and has issued bonds for hospital or health facilities located in Multnomah County.

5. **Explain any citizen and/or other government participation that has or will take place.** Clackamas County elected officials all need to approve the bond issuance. Clackamas County will hold a public hearing on the issuance of the bonds.

Required Signatures:

Department/Agency Director: David G Boyer **Date: 10/28/03**

Budget Analyst

By: **Date:**

Dept/Countywide HR

By: **Date:**

Diane Linn, Multnomah County Chair

Suite 600, Multnomah Building
501 SE Hawthorne Boulevard
Portland, Oregon 97214-3587
Email: mult.chair@co.multnomah.or.us

Phone: (503) 988-8308
FAX: (503) 988-3093

APPROVAL OF CHAIR

REGARDING ISSUANCE OF REVENUE BONDS, SERIES 2003 (LEGACY HEALTH SYSTEM), BY THE HOSPITAL FACILITY AUTHORITY OF CLACKAMAS COUNTY, OREGON

I, the undersigned Chair of the Board of County Commissioners of Multnomah County, Oregon, have been advised that David A. Boyer, as Chief Financial Officer, and as a hearings officer for Multnomah County, has conducted a public hearing on Thursday, October 30, 2003, after reasonable public notice, as to the issuance of Revenue Bonds, Series 2003 (Legacy Health System), by the Hospital Facility Authority of Clackamas County, Oregon (the "Clackamas Authority").

I was elected as a Commissioners to the Board of County Commissioners of Multnomah County, Oregon by the voters at an election held March 10, 1998, and have been elected as Chair of the Board of County Commissioners at an at-large election on November 5, 2002 and remain as the Chair as of this day.

I have received and reviewed the Report from the Chief Financial Officer, a copy of which is attached hereto, advising me of the events occurring at the hearing. After due consideration and pursuant to the requirements and provisions of Section 147(f) of the Internal Revenue Code of 1986, and acting as the "chief elected official" of Multnomah County, Oregon, I approve of the issuance of the Revenue Bonds, Series 2003 (Legacy Health System), by the Clackamas Authority.

DATED and approved this 13th day of November, 2003.

MULTNOMAH COUNTY, OREGON

Diane M. Linn, Chair

BEFORE THE HOSPITAL FACILITIES AUTHORITY OF
MULTNOMAH COUNTY, OREGON

RESOLUTION NO. 03-02

Approving an Intergovernmental Agreement and Issuance of Revenue Bonds (Legacy Health System), Series 2003 by the Hospital Facility Authority of Clackamas County, Oregon

The Hospital Facilities Authority of Multnomah County, Oregon Finds:

a. The Hospital Facility Authority of Clackamas County, Oregon (the "Clackamas Authority") has received a request from Legacy Health System, a private, nonprofit corporation organized and existing under the laws of the State of Oregon (the "Borrower") to issue Revenue Bonds (Legacy Health System), Series 2003, in an aggregate principal amount not to exceed $50,000,000 (the "Bonds"), to finance and/or refinance the costs of constructing, remodeling, improving and equipping the following facilities (collectively, the "Project"): (i) approximately $8,700,000 for the Borrower's hospital and medical clinic facilities located at Legacy Meridian Park Hospital, 19300 SW 65th, Tualatin, Oregon; (ii) approximately $5,200,000 for the Borrower's hospital and medical clinic facilities located at Legacy Mount Hood Medical Center, 24800 SE Stark, Gresham, Oregon; (iii) approximately $22,400,000 for the Borrower's hospital and medical clinic facilities located at Legacy Emanuel Hospital and Health Center, 2801 N Gantenbein, Portland, Oregon; (iv) approximately $8,500,000 for the Borrower's hospital and medical clinic facilities located at Legacy Good Samaritan Hospital and Medical Center, 1015 NW 22nd and 1130 NW 22nd, Portland, Oregon; and (v) approximately $15,500,000 for installation of a system-wide clinical and administrative system located at 1919 NW Lovejoy Street, Portland, Oregon to support the Borrower's hospital and medical clinic facilities. and (vi) pay certain costs of issuance. The maximum aggregate principal amount of Bonds to be issued to finance each of the Projects at the addresses identified above, as well as the maximum amount of Bonds to be issued in the aggregate for all Projects, will not exceed $50,000,000.

b. On October 22, 2003 the Clackamas Authority adopted an Inducement Resolution preliminarily approving of the Bonds and authorizing the execution and delivery of an Intergovernmental Cooperation Agreement (the "Intergovernmental Agreement") between the Clackamas Authority and The Hospital Facilities Authority of Multnomah County, Oregon (the "Multnomah Authority"). The Intergovernmental Cooperation Agreement designates the Clackamas Authority as the issuer of the Bonds for the Project.

c. The principal of and interest on the Bonds will not constitute a debt of the Multnomah Authority, Multnomah County nor shall the Bonds be payable from a tax of any nature levied upon any property within Multnomah County, Oregon nor

any other political subdivision of the State of Oregon. The Bonds will be payable only from the revenues and resources provided by the Borrower.

d. The Internal Revenue Code of 1986, as amended, (the "Code") authorizes the issuance of revenue bonds for a "qualified 501(c)(3) entity," such as the Borrower.

e. Section 147(f) of the Internal Revenue Code of 1986, as amended, requires that qualified 501(c)(3) bonds be approved by the applicable elected representatives of (1) the governmental unit issuing such bonds (the Hospital Facility Authority of Clackamas County, Oregon); such approval will be obtained by the Board of County Commissioners of Clackamas County, Oregon, and (2) the governmental unit (the Board of County Commissioners of Multnomah County, Oregon) having jurisdiction over the area in which a portion of the Project is located (Legacy Emanuel Hospital and Health Center, Legacy Good Samaritan Hospital and Health Center, Legacy Mount Hood Medical Center and the portion of the system-wide clinical and administrative system located in Multnomah County, Oregon).

f. On October 30, 2003, the Chief Financial Officer, as a designated hearings officer for Multnomah County, Oregon, conducted a public hearing to provide a reasonable opportunity for members of the public to express their views, orally or in writing, regarding the issuance of the Bonds. A copy of the Public Hearing Report is attached hereto as Exhibit A.

g. Notice of the public hearing was published in the October 15, 2003 edition of *The Oregonian*. An affidavit of publication of the notice of public hearing is attached hereto at Exhibit B.

f. On November 13, 2003, the Chair of the Board of County Commissioners of Multnomah County, Oregon as the applicable chief elected official of the governmental unit having jurisdiction over the area in which the Projects in Multnomah County are located, prepared and signed a letter approving of the TEFRA Hearing and the issuance of the Bonds; and

The Hospital Facilities Authority of Multnomah County, Oregon Resolves:

1. Approval of Bonds. The Multnomah Authority approves of the issuance of the Bonds by the Hospital Facility Authority of Clackamas County, Oregon.

2. Authorized Representative of the Authority. The Chief Financial Officer or Treasury Manager of Multnomah County are designed as authorized representatives (the "Authorized Representatives") to execute and deliver such documents, and any and all other things or acts necessary for the issuance of the Bonds by the Clackamas Authority. Such acts of the Authorized Representatives

are for and on behalf of the County and are authorized by the Board of County Commissioners of the County.

3. Approval of Intergovernmental Agreement. The Multnomah Authority authorizes the execution and delivery of the Intergovernmental Agreement by an Authorized Representative of the Multnomah Authority for and on behalf of the Multnomah Authority.

ADOPTED this 13th day of November, 2003.

THE HOSPITAL FACILITIES AUTHORITY OF MULTNOMAH COUNTY, OREGON

Diane M. Linn, Chair

REVIEWED:

AGNES SOWLE, COUNTY ATTORNEY
FOR MULTNOMAH COUNTY, OREGON

By _____
Agnes Sowle, County Attorney

EXHIBIT A

REPORT TO THE BOARD OF COUNTY COMMISSIONERS OF MULTNOMAH COUNTY, OREGON

RE: Public Hearing on Issuance of Hospital Facility Authority of Clackamas County, Oregon Revenue Bonds, Series 2003 (Legacy Health System)

On October 30, 2003 Multnomah County, Oregon (the "County") held a public hearing at the Multnomah Building, Cypress Room, 501 S.E. Hawthorne Blvd., Portland, Oregon 97214 pursuant to the provisions of Section 147(f) of the Internal Revenue Code of 1986. The undersigned, as the Chief Financial Officer for the County and a designated Hearing Officer for the County conducted such hearing for and on behalf of the County.

The Notice of Public Hearing (the "Notice of Public Hearing") was published October 15, 2003 in *The Oregonian*. The purpose of the public hearing was to receive oral or written comments from the public regarding the proposed issuance of Revenue Bonds, Series 2003 (Legacy Health System), by the Hospital Facility Authority of Clackamas County, Oregon in an aggregate principal amount not to exceed $50,000,000 (the "Bonds") for projects located in Multnomah County as described in the Notice of Public Hearing.

At 11:05 a.m. the Hearing Officer convened the public hearing and requested any oral or written comments. The following individuals were present: Gordon Edwards, Director of Financial Operations, Legacy Health System, and Douglas E. Goe, Esq. and Sherri Graves, Project Manager, from Orrick, Herrington & Sutcliffe LLP, bond counsel and special counsel to the Hospital Facility Authority of Clackamas County, Oregon.

No comments, written or oral, were submitted to the Hearing Officer other than comments of a representative of Legacy Health System who made a presentation in support of the Bonds. At approximately 11:08 a.m. the public hearing was adjourned.

Respectfully submitted,

MULTNOMAH COUNTY, OREGON

By:_____
David A. Boyer
Chief Financial Officer

DATED: October 30, 2003

AGENDA PLACEMENT REQUEST

BUD MOD #:

Board Clerk Use Only:

Meeting Date: November 13, 2003
Agenda Item #: R-5
Est. Start Time: 9:40 AM
Date Submitted: 10/28/03

Requested Date: November 13, 2003 **Time Requested:** 10 minutes

Department: Business and Community Services **Division:** Finance, Budget & Tax

Contact/s: Dave Boyer

Phone: (503) 988-3903 **Ext.:** 83903 **I/O Address:** 501/4th Floor

Presenters: Dave Boyer

Agenda Title: Resolution Authorizing the Issuance of Revenue and Refunding Bonds, Series 2003 (Holladay Park Plaza, Inc. Project) in an aggregate principal amount not to exceed $17,500,000 (the "Bonds"); authorizing the execution of a Letter of Intent with Holladay Park Plaza, Inc. (the "Borrower"); designating an authorized representative; and related matters

NOTE: If Ordinance, Resolution, Order or Proclamation, provide exact title.
For all other submissions, provide clearly written title.

---

1. **What action are you requesting from the Board? What is the department/agency recommendation?** Approve resolution authorizing issuance of bonds by Hospital Authority of Multnomah County. Need to convene as Multnomah County Hospital Authority to approve Hospital Authority Resolution

2. **Please provide sufficient background information for the Board and the public to understand this issue.** The Hospital Facilities Authority of Multnomah County, Oregon has received a request from Holliday Park Plaza, a private nonprofit corporation, to issue Revenue Bonds, in an aggregate principal amount not to exceed $17,500,000.

Because the property being refinanced is located inside Multnomah County, Multnomah County is required to authorize the issuance.

The provisions of the bond issuance are as follows:

a. (1) refund the outstanding State of Oregon Health, Housing, Educational and Cultural Facilities Authority Revenue Bonds (Holladay Park Plaza Project), 1993 Series A (Presbytery of the Cascades Retirement Residence, Inc.) (the "1993 Bonds"), which financed the acquisition, construction, and equipping of various structural and other additions and improvements to the existing residential retirement and nursing facility and related facilities located at 1300 N.E. 16th Avenue, Portland, Oregon 97232; and (2) to make capital improvements to the Borrower's continuing care retirement facility located at 1300 N.E. 16th Avenue, Portland, Oregon 97232; and (3) to pay costs of issuance and certain other costs (collectively, the "Project"); and

b. The Authority has received an application from the Borrower in support of its request for issuing the Bonds. The application includes the following:

1. Combined Financial Statements for the Borrower as of the nine months ended September 30, 1999 and for the years ended September 30, 2000, 2001 and 2002;

2. Proposed schedule of financing;

3. Distribution list of financing participants;

4. Sources and uses of funds.

c. The Authority approves of the execution and delivery of a Letter of Intent, substantially in the form attached hereto as Exhibit A (the "Letter of Intent"), which sets forth the obligations of the Authority and the Borrower regarding the Bonds; and

d. The Authority has determined that the Project constitutes a hospital facility within the meaning of Oregon Revised Statutes Sections 441.515 to 441.595 (the "Act") to provide the people of Oregon and Multnomah County with access to adequate medical care and adult congregate living facilities; and

e. The principal of and interest on the Bonds will not constitute a debt of Multnomah County nor shall the Bonds be payable from a tax of any nature levied upon any property within Multnomah County, Oregon nor any other political subdivision of the State of Oregon. The Bonds will be payable only from the revenues and resources provided by the Borrower; and

f. The Internal Revenue Code of 1986, as amended, (the "Code") authorizes the issuance of revenue bonds for a "qualified 501(c)(3) entity," such as the Borrower; and

g. The Authority, having received the presentations of representatives of the Borrower, Cain Brothers & Company LLC, as the Underwriter and Orrick, Herrington & Sutcliffe LLP, as bond counsel and special counsel to the Authority and their response to questions of the Board of Directors, and upon further discussion, the Authority determines to proceed with the issuance of the Bonds.

f. On October 30, 2003, the Chief Financial Officer, as a designated hearings officer for Multnomah County, Oregon, conducted a public hearing to provide a reasonable opportunity for members of the public to express their views, orally or in writing, regarding the issuance of the Bonds. A copy of the Public Hearing Report is attached hereto as Exhibit A.

g. Notice of the public hearing was published in the October 15, 2003 edition of *The Oregonian*.

3. **Explain the fiscal impact (current year and ongoing).** No fiscal impact to the County. The financial and legal liability for the bonds is Holladay Park Plaza's responsibility.

NOTE: If a Budget Modification or a Contingency Request attach a Budget Modification Expense & Revenues Worksheet and/or a Budget Modification Personnel Worksheet.

If a budget modification, explain:

- **What revenue is being changed and why?**
- **What budgets are increased/decreased?**
- **What do the changes accomplish?**
- **Do any personnel actions result from this budget modification? Explain.**
- **Is the revenue one-time-only in nature?**
- **If a grant, what period does the grant cover?**
- **When the grant expires, what are funding plans?**

NOTE: Attach Bud Mod spreadsheet (FORM FROM BUDGET)

If a contingency request, explain:

- **Why was the expenditure not included in the annual budget process?**
- **What efforts have been made to identify funds from other sources within the Department/Agency to cover this expenditure?**
- **Why are no other department/agency fund sources available?**
- **Describe any new revenue this expenditure will produce, any cost savings that will result, and any anticipated payback to the contingency account.**
- **Has this request been made before? When? What was the outcome?**

If grant application/notice of intent, explain:

- **Who is the granting agency?**
- **Specify grant requirements and goals.**
- **Explain grant funding detail – is this a one time only or long term commitment?**
- **What are the estimated filing timelines?**

- ❖ **If a grant, what period does the grant cover?**
- ❖ **When the grant expires, what are funding plans?**
- ❖ **How will the county indirect and departmental overhead costs be covered?**

4. **Explain any legal and/or policy issues.** Multnomah County has established a Hospital Authority and has issued bonds for hospital or health facilities located in Multnomah County.

5. **Explain any citizen and/or other government participation that has or will take place.** Public Hearing was held on October 30, 2003.

Required Signatures:

Department/Agency Director: David P Boyer **Date: 10/28/03**

Budget Analyst

By: **Date:**

Dept/Countywide HR

By: **Date:**

Diane Linn, Multnomah County Chair

Suite 600, Multnomah Building
501 SE Hawthorne Boulevard
Portland, Oregon 97214-3587
Email: mult.chair@co.multnomah.or.us

Phone: (503) 988-8308
FAX: (503) 988-3093

APPROVAL OF CHAIR

REGARDING ISSUANCE OF REVENUE AND REFUNDING BONDS, SERIES 2003 (HOLLADAY PARK PLAZA, INC. PROJECT) BY THE HOSPITAL FACILITIES AUTHORITY OF MULTNOMAH COUNTY, OREGON

I, the undersigned Chair of the Board of County Commissioners of Multnomah County, Oregon, have been advised that David A. Boyer, as Chief Financial Officer, and as a hearings officer for Multnomah County, has conducted a public hearing on Thursday, October 30, 2003, after reasonable public notice, as to the issuance of Revenue and Refunding Bonds, Series 2003 (Holladay Park Plaza, Inc. Project), by The Hospital Facilities Authority of Multnomah County, Oregon (the "Authority").

I was elected as a Commissioners to the Board of County Commissioners of Multnomah County, Oregon by the voters at an election held March 10, 1998, and have been elected as Chair of the Board of County Commissioners at an at-large election on November 5, 2002 and remain as the Chair as of this day.

I have received and reviewed the Report from the Chief Financial Officer, a copy of which is attached hereto, advising me of the events occurring at the hearing. After due consideration and pursuant to the requirements and provisions of Section 147(f) of the Internal Revenue Code of 1986, and acting as the "chief elected official" of Multnomah County, Oregon, I approve of the issuance of the Revenue and Refunding Bonds, Series 2003 (Holladay Park Plaza, Inc. Project), by the Authority.

DATED and approved this 13th day of November, 2003.

MULTNOMAH COUNTY, OREGON

Diane M. Linn, Chair

BEFORE THE HOSPITAL FACILITIES AUTHORITY
OF MULTNOMAH COUNTY, OREGON

RESOLUTION NO. 03-03

Authorizing the Issuance of Revenue and Refunding Bonds, Series 2003 (Holladay Park Plaza, Inc. Project) in an aggregate principal amount not to exceed $17,500,000 (the "Bonds"); authorizing the execution of a Letter of Intent with Holladay Park Plaza, Inc. (the "Borrower"); designating an authorized representative; and related matters

The Hospital Facilities Authority of Multnomah County, Oregon Finds:

a. The Board of Directors of The Hospital Facilities Authority of Multnomah County, Oregon (the "Authority") has received a request from the Borrower, a private, nonprofit corporation organized and existing under the laws of the State of Oregon to issue the Bonds in an aggregate principal amount not to exceed $17,500,000 to: (1) refund the outstanding State of Oregon Health, Housing, Educational and Cultural Facilities Authority Revenue Bonds (Holladay Park Plaza Project), 1993 Series A (Presbytery of the Cascades Retirement Residence, Inc.) (the "1993 Bonds"), which financed the acquisition, construction, and equipping of various structural and other additions and improvements to the existing residential retirement and nursing facility and related facilities located at 1300 N.E. 16th Avenue, Portland, Oregon 97232; and (2) to make capital improvements to the Borrower's continuing care retirement facility located at 1300 N.E. 16th Avenue, Portland, Oregon 97232; and (3) to pay costs of issuance and certain other costs (collectively, the "Project").

b. The Authority has received an application from the Borrower in support of its request for issuing the Bonds. The application includes the following:

    1. Combined Financial Statements for the Borrower as of the nine months ended September 30, 1999 and for the years ended September 30, 2000, 2001 and 2002;

    2. Proposed schedule of financing;

    3. Distribution list of financing participants;

    4. Sources and uses of funds.

c. The Authority approves of the execution and delivery of a Letter of Intent, substantially in the form attached hereto as Exhibit A (the "Letter of Intent"), which sets forth the obligations of the Authority and the Borrower regarding the Bonds.

d. The Authority has determined that the Project constitutes a hospital facility within the meaning of Oregon Revised Statutes Sections 441.515 to 441.595 (the "Act") to provide the people of Oregon and Multnomah County with access to adequate medical care and adult congregate living facilities.

e. The principal of and interest on the Bonds will not constitute a debt of Multnomah County nor shall the Bonds be payable from a tax of any nature levied upon any property within Multnomah County, Oregon nor any other political subdivision of the State of Oregon. The Bonds will be payable only from the revenues and resources provided by the Borrower.

f. The Internal Revenue Code of 1986, as amended, (the "Code") authorizes the issuance of revenue bonds for a "qualified 501(c)(3) entity," such as the Borrower.

g. The Authority, having received the presentations of representatives of the Borrower, Cain Brothers & Company LLC, as the Underwriter and Orrick, Herrington & Sutcliffe LLP, as bond counsel and special counsel to the Authority and their response to questions of the Board of Directors, and upon further discussion, the Authority determines to proceed with the issuance of the Bonds.

The Hospital Facilities Authority of Multnomah County, Oregon Resolves:

1. Section 1. The Authority does authorize and approve of the provisions of and directs the execution, delivery and issuance by the Authority of the Bonds in an amount not exceeding $17,500,000. Proceeds of the Bonds will be used to finance the costs of the Project.

   The Bonds shall be issued in substantially the form as set forth in the Indenture.

2. Section 2. The Authority designates each of the Chair, Vice-Chair, Secretary, Chief Financial Officer for Multnomah County, Oregon (the "County') or the Authority's designee as "Authorized Representatives" of the Authority to act on behalf of the Authority and determine the remaining terms of the Bonds as specified in Section 12 herein.

3. Section 3. The Authority provides for the establishment of the Special Funds as set forth in the Indenture to be held in trust with or under the control of the Trustee for the purposes and uses as set forth in the Indenture. The Authority is obligated to deposit proceeds of the Bonds to the funds as set forth in the Indenture. In addition, the Authority shall provide for the deposit of all of the Loan Payments payable to the Authority pursuant to the Loan Agreement.

4. Section 4. The Authority's pledge for the payment of the Bonds shall be valid and binding from the date of the adoption of this Bond Resolution against any parties having subsequent claims of any kind in tort, contract or otherwise

against the Authority, irrespective of whether such parties have actual notice of this pledge. Pursuant to Oregon Revised Statutes Section 441.555(5) this pledge is noted in the Authority's minute book which shall contain this Bond Resolution and which shall be constructive notice thereof to all parties and neither this Bond Resolution nor other instrument by which a pledge is created need be otherwise recorded, nor shall the filing of any financing statement under the Oregon Uniform Commercial Code be required to perfect such pledge. Any moneys or obligations so pledged and later received by the Authority shall immediately be subject to the lien of the pledge without any physical delivery or further act.

5. Section 5. The Authority authorizes the sale of the Bonds to Cain Brothers & Company LLC (the "Underwriter") pursuant to the terms and conditions of a Bond Purchase Agreement between the Authority, the Underwriter and the Borrower, as approved by the Authorized Representative. The Bonds shall be executed by the facsimile signature of the Chair or Vice-Chair and shall be attested by the Secretary as the Authorized Representatives of the Authority.

6. Section 6. The Authority authorizes and directs the execution and delivery of and the performance by the Authority of the obligations and duties on its part as contained in the Indenture between the Authority and U.S. Bank National Association, dated as of December 1, 2003 and the Loan Agreement between the Authority and the Borrower, dated as of December 1, 2003. Any one or more of the Authorized Representatives shall approve, execute and deliver each of the above-described documents and such other documents as are necessary to consummate the sale and/or issuance of the Bonds.

7. Section 7. U.S. Bank National Association, in Portland, Oregon, is designated and approved as the "Trustee" pursuant to the Indenture.

8. Section 8. During any time that the Bonds are held in a book-entry only system (the "Book-Entry System"), the registered owner of all of the Bonds shall be The Depository Trust Company, New York, New York ("DTC"), and the Bonds shall be registered in the name of Cede & Co., as nominee for DTC. The Authority has entered into a Blanket Issuer Letter of Representations (the "Letter") wherein the Authority represents that it will comply with the requirements stated in DTC's Operational Arrangements as they may be amended from time to time.

9. Section 9. The Trustee is appointed and designated as the Paying Agent and Bond Registrar of the Bonds. An Authorized Representative of the Authority is authorized to execute a Paying Agent and Bond Registrar Agreement, dated as of the date of closing, which provides for compliance with Oregon Administrative Rule 170-61-010, for and on behalf of the Authority. The Authority does request and authorize the Bond Registrar to execute the Certificate of Authentication as of the date of delivery of the Bonds. The Paying Agent and Bond Registrar shall maintain a record of the names and addresses of the registered owners of the

Bonds. The records of the registered bond ownership are not public records within the meaning of Oregon Revised Statute Section 192.210(4).

10. Section 10. The Bonds may be transferred or subject to exchange, for fully registered Bonds as provided in the Indenture. All bonds issued upon transfer of or in exchange for Bonds shall be valid obligations of the Authority evidencing the same debt and shall be entitled to the same benefits as the Bonds surrendered for such exchange or transfer. All fees, expenses and charges of the Paying Agent and Bond Registrar shall be payable by the Borrower.

11. Section 11. The Authority may defease the Bonds as provided in Section 18.1 of the Indenture.

12. Section 12. The Authorized Representative shall, on behalf of the Authority:

(i) approve the principal and interest payment dates, principal amounts, redemption terms, variable interest rates modes, and all other terms of the Bonds;

(ii) approve the terms for the sale of the Bonds with the Underwriter and enter into the Bond Purchase Agreement which incorporates those terms;

(iii) review and approve the distribution of the official statement for the Bonds;

(iv) obtain a letter of credit on the Bonds, execute and deliver any agreement required in connection with such letter of credit and expend Bond proceeds to pay any letter of credit fees;

(v) approve the appointment of an escrow agent, paying agent and registrar for the Bonds and enter into agreements with the paying agent and registrar, and other professionals and service providers;

(vi) review, approve and execute an escrow deposit agreement for the refunding of the 1993 Bonds;

(vii) take such actions as are necessary to qualify the Bonds for the Book-Entry System of DTC;

(viii) take such action and execute and deliver for and on behalf of the Authority such other and additional documents including, but not limited to the Tax Agreement and Internal Revenue Service Information Report (Form 8038), as may be necessary in the opinion of Bond Counsel and Special Counsel to the Authority, for the closing of the issuance and sale of the Bonds, and to carry out the transactions contemplated by the

documents defined in the Indenture and as authorized and approved in this Bond Resolution.

13. Section 13. The Authorized Representative is hereby authorized to execute and deliver on behalf of the Authority the Letter of Intent with the Borrower in substantially the form presented to this meeting with any changes to be approved by the Chief Financial Officer for the County whereby, (1) the Authority agrees to use its best efforts to provide for the issuance of the Bonds, subject to the provisions of the Act; and (2) the Borrower agrees to pay all bond issuance expenses and to save the Authority and County harmless from any liability.

14. Section 14. In consideration of the purchase and acceptance of any or all of the Bonds by those who shall own the same from time to time (the "Bondowners"), the provisions of this Resolution shall be part of the contract of the Authority with the Bondowners and shall be deemed to be and shall constitute a contract between the Authority and the Bondowners. The covenants, pledges, representations and warranties contained in this Resolution or in the closing documents executed in connection with the Bonds, including without limitation the Authority's covenants and pledges contained herein, and the other covenants and agreements herein set forth to be performed by or on behalf of the Authority shall be contracts for the equal benefit, protection and security of the Bondowners, all of which shall be of equal rank without preference, priority or distinction of any of such Bonds over any other thereof, except as expressly provided in or pursuant to this Resolution.

ADOPTED this 13th day of November, 2003.

THE HOSPITAL FACILITIES AUTHORITY OF MULTNOMAH COUNTY, OREGON

Diane M. Linn, Chair

REVIEWED:

AGNES SOWLE, COUNTY ATTORNEY
FOR MULTNOMAH COUNTY, OREGON

By _____
Agnes Sowle, County Attorney

EXHIBIT A

REPORT TO THE BOARD OF COUNTY COMMISSIONERS OF MULTNOMAH COUNTY, OREGON

RE: Public Hearing on Issuance of
The Hospital Facilities Authority of Multnomah County, Oregon
Revenue and Refunding Bonds
Series 2003
(Holladay Park Plaza, Inc. Project)

On October 30, 2003 Multnomah County, Oregon (the "County") held a public hearing at the Multnomah Building, Cypress Room, 501 S.E. Hawthorne Blvd., Portland, Oregon 97214 pursuant to the provisions of Section 147(f) of the Internal Revenue Code of 1986. The undersigned, as the Chief Financial Officer for the County and a designated Hearing Officer for the County conducted such hearing for and on behalf of the County.

The Notice of Public Hearing (the "Notice of Public Hearing") was published October 15, 2003 in *The Oregonian*. The purpose of the public hearing was to receive oral or written comments from the public regarding the proposed issuance of Revenue and Refunding Bonds, Series 2003 (Holladay Park Plaza, Inc. Project), by The Hospital Facilities Authority of Multnomah County, Oregon in an amount not to exceed $17,500,000 (the "Bonds") for the project as described in the Notice of Public Hearing which is located in Multnomah County, Oregon.

At 11:02 a.m. the Hearing Officer convened the public hearing and requested any oral or written comments. The following individuals were present: John Larson, Executive Administrator of Holladay Park Plaza, Inc., and Douglas E. Goe, Esq. and Sherri Graves, Project Manager, from Orrick, Herrington & Sutcliffe LLP, bond counsel and special counsel to The Hospital Facilities Authority of Multnomah County, Oregon.

No comments, written or oral, were submitted to the Hearing Officer other than comments of a representative of Holladay Park Plaza, Inc. who made a presentation in support of the Bonds. At approximately 11:03 a.m. the public hearing was adjourned.

Respectfully submitted,

MULTNOMAH COUNTY, OREGON

David A Boyer

By:_____
David A. Boyer
Chief Financial Officer

DATED: October 30, 2003

AGENDA PLACEMENT REQUEST

BUD MOD #:

Board Clerk Use Only:

Meeting Date: November 13, 2003
Agenda Item #: R-6
Est. Start Time: 9:45 AM
Date Submitted: 10/20/03

Requested Date: November 13, 2003 **Time Requested:** 5 minutes

Department: Department of Community Justice in collaboration with Department of Health and Department of Community and Human Services **Division:** Adult

Contact/s: Liv Jenssen or Kathleen Treb

Phone: 503-988-5820 **Ext.:** 85820 **I/O Address:** 503/250

Presenters: Liv Jenssen

Agenda Title: Notice of Intent to Request Grant Funding from the Social Security Administration (SSA) to Support a Project that Provides Outreach, Supportive Services, and Application Assistance for Chronically Homeless Individuals with Special Emphasis on Clients in the Criminal Justice System

1. **What action are you requesting from the Board? What is the department/agency recommendation?**

   Authorize the Director of the Department of Community Justice (DCJ) in cooperation with Department of Health and Department of Community and Human Services to seek a Homeless Outreach Projects and Evaluation (HOPE) grant from SSA. This grant will enable the county to speed the application and eligibility determination for Supplemental Security Income (SSI) benefits of homeless persons involved in the criminal justice system.

2. **Please provide sufficient background information for the Board and the public to understand this issue.**

   Traditionally people incarcerated in either the local jail or state prison system cannot apply for Supplemental Security Income benefits ($552 per month) from the Social Security Administration until they are released from incarceration. Currently, it takes an

average of 15 months for clients to receive SSI after release. For special needs clients to fully integrate into the community successfully, they need to be able to access mainstream resources, including SSI and Medicaid in a timely fashion. If clients are unable to receive benefits within a reasonable time frame, they are left with few options and many return to jail, prison or their chronic homelessness and disabling issues become worse.

The SSI program provides monthly benefit payments to aged, blind, and disabled people who have limited resources and income. In Oregon SSI eligibility automatically results in eligibility for Medicaid funds. There are very stringent standards for eligibility for benefits that apply to both SSI and disability benefits. Until recently there has been little training or assistance for prison, jail or community corrections staff to understand the process for application for these benefits or an understanding of how case managers or medical professionals could assist clients with the application process.

In response to the issue of difficulty applying for and getting SSI once you are released from a correction institution, the Mental Health sub-committee of the Local Public Safety Coordinating Council supported the movement towards establishing the "SSI continuum" which provides integrated case coordination, an expedited application process and determination for special needs offenders being released from institutions with the hope that clients will shorten the time between being released and SSI benefits.

Since May of 2003, (when the SSI Continuum pilot project began) over thirty-seven clients in the target population are in the process of applying for SSI. The jail and prison medical staff and staff from Aging and Disability Services, DCJ, the Social Security Administration and the Oregon Disability Determination Services have devoted time to this pilot project. There is not adequate infrastructure support to streamline processes, develop a tracking system, receive appropriate training or determine new avenues for obtaining necessary information to assist clients with applying for benefits. The proposed grant will assist the county to perform these necessary services so when the federal support is gone – the system will remain. Other non-profits will participate in the training and system improvements - so their staff has the authority to assist clients with obtaining benefits are Cascade Aids and Central City Concern.

3. Explain the fiscal impact (current year and ongoing).

Currently, .5 PDS = $37,500 has been transferred from DCJ to DCHS to begin the pilot project. This was done only for the short term because we were anticipating applying for this grant to have a more enhanced program.

The budget is not yet complete. We anticipate the grant would make it possible to have two full time SSI evaluators (1 in the jail and 1 at DCHS – ADS) and .5 data tech for data tracking and support.

The County must contribute 5 percent towards the total cost of the activity (this can be in-kind contributions). We will receive decreasing funds over the course of the three year grant period. In year one we will receive approximately $200,000, since SSA anticipates

projects will require a higher level of funding in the first year following the award. In year two, the grant will be reduced 25%; to approximately $150,000 (we anticipate reducing the Hearing Specialist (DCHS) position). In year three, the budget will be reduced 50% (to approximately $100,000). The Hearing Specialist (DCHS) will be reduced to 50% and the nurse at the jail will be reduced to approximately 50%.

- **Granting agency**? Social Security Administration

- **Grant requirements and goals.**

There are thirteen core grant activities that must be done and five optional activities. The major goals of the grant are:

1. Identify homeless individuals who are potentially eligible for benefits with the target population being incarcerated individuals
2. Provide assistance to clients that results in faster claim decisions and higher approval rates for receiving Social Security benefits
3. Train project staff in organizations to increase the knowledge of project staff about the disability application process
4. Assist the Social Security office in maintaining contacts with clients throughout the application process so they can get questions answered and make a decision about benefits
5. Participate in a cross-site evaluation to determine if these outreach strategies work

In addition to the core grant activities there are a few optional activities. The one area this collaborative effort is especially interested in is "presumptive disability". This would allow clients to receive payments, for up to six months, based on the presumption that they will be eligible for SSI by the Social Security Administration. In order for this to occur staff will need to be very closely monitored to assure the application process is as complete as possible to achieve a low "reversal rate" for presumptive disability decisions.

Some of the typical federal requirements apply: we may not supplant funds, we must plan sustainability, we must participate in a cross-site evaluation, we must submit quarterly reports, and we must attend conferences in Washington D.C., etc.

- **Explain grant-funding detail – is this a one-time only or long-term commitment**?

There is funding for three years and an expectation that in year four there will continue to be information sent to SSA.

- **What are the estimated filing timelines**? The proposal must be submitted by November 25, 2003
- **If a grant, what period doesn't the grant cover**? Estimate: 1/2004 through 12/2006

- **When the grant expires, what are funding plans**? Since this is really a systems response to a population that is already eligible for SSI, yet underserved, it is expected that the streamlined and more easily understood (because of training) application and presumptive eligibility process will be subsumed into the normal caseload of county employees and employees from Cascade Aids Project and Central City Concern.
- **How will the county indirect and departmental overhead costs be covered**?
  They will be charged to the grant as appropriate.

4. Explain any legal and/or policy issues.

There will need to be a Memorandum of Understanding between the three County organizations and other non-profits and state agencies that are involved in this collaborative project.

5. Explain any citizen and/or other government participation that has or will take place.

In addition to the other county agencies there is strong collaboration and benefits from this grant to clients from Cascade Aids, Central City Concern and the State Department of Corrections.

Required Signatures:

Department/Agency Director: Joanne Fuller **Date: 10/20/03**

Budget Analyst

By: **Date: 10/21/03**

Dept/Countywide HR

By: **Date:**

MULTNOMAH COUNTY BOARD OF COMMISSIONERS
PUBLIC TESTIMONY SIGN-UP

Please complete this form and return to the Board Clerk
*****This form is a public record*****

MEETING DATE: 11.13.03

SUBJECT: Social Security Disbursement to MCMHealth timely 1st address to support Outreach

AGENDA NUMBER OR TOPIC: R-6

FOR: ✓ AGAINST: _____ THE ABOVE AGENDA ITEM on

NAME: "Helpful" John of Outreach Ministries Burns. La

ADDRESS: 207 NW 3rd

CITY/STATE/ZIP: PDX 97209

PHONE: DAYS: 11.30 - 4 wkdys EVES: _____

EMAIL: _____ FAX: _____

SPECIFIC ISSUE: 61 Outreach Ministries clients and Cascadia Services : Dr. Peter Davidson

WRITTEN TESTIMONY: Steve Weiss
Dr. Peter Rohlberg
Mr. Grohs of Free Meyer: we serve all of the Community
Cost Containment, employability, progressive agenda

IF YOU WISH TO ADDRESS THE BOARD:

1. Please complete this form and return to the Board Clerk.
2. Address the County Commissioners from the presenter table microphones. Please limit your comments to **3 minutes.**
3. State your name for the official record.
4. If written documentation is presented, please furnish one copy to the Board Clerk.

IF YOU WISH TO SUBMIT WRITTEN COMMENTS TO THE BOARD:

1. Please complete this form and return to the Board Clerk.
2. Written testimony will be entered into the official record.

AGENDA PLACEMENT REQUEST

BUD MOD #:

Board Clerk Use Only:

Meeting Date: November 13, 2003
Agenda Item #: R-7
Est. Start Time: 9:50 AM
Date Submitted: 11/05/03

Requested Date: 11/13/03

Time Requested: 20 minutes

Department: Non-Departmental

Division: Commissioner Maria Rojo de Steffey

Contact/s: Shelli Romero

Phone: 503-988-4435 **Ext.:** 84435 **I/O Address:** 503/600

Presenters: Ian Cannon

Agenda Title: Sauvie Island Bridge Replacement Progress Update

NOTE: If Ordinance, Resolution, Order or Proclamation, provide exact title. For all other submissions, provide clearly written title.

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1. **What action are you requesting from the Board? What is the department/agency recommendation?** No action requested. This is a briefing for the Board on progress on replacing the existing Sauvie Island Bridge.

2. **Please provide sufficient background information for the Board and the public to understand this issue.**
In December of 2001 large cracks were discovered in the concrete girders of the Island approach to the Sauvie Island Bridge. Truck traffic was immediately restricted until repairs could be installed. The County quickly installed temporary repairs at the crack locations so that legal truck traffic could resume on the Bridge. Simultaneously an in-depth inspection of the bridge was conducted.

   After in-depth inspection it was determined that the bridge Sufficiency Rating 6 out of 100. The Sufficiency Rating is a scale used nationally to describe the condition and functional suitability of bridges. Based on the results of the inspection, the very low Sufficiency Rating, and analysis of rehabilitation of the existing structure it was determined that replacing the structure should be a high priority for the County.

In Spring of 2002 the County studied alternative locations for a replacement structure. Seven alternative locations were investigated. The study concluded that the replacement structure should be at the existing bridge location.

This year, the County has been moving forward on engineering for the new bridge. An alignment has been selected, and the process is underway to determine a structure type and configuration. Environmental, historical, archeological, geotechnical, hydroligical, and surveying work is in progress.

The County has received some Federal funding which will allow the project to continue the design process. The County has applied to both State and Federal sources for additional funding to complete the estimated $34 million project.

3. **Explain the fiscal impact (current year and ongoing).** No fiscal impact. No action is requested.

NOTE: If a Budget Modification or a Contingency Request attach a Budget Modification Expense & Revenues Worksheet and/or a Budget Modification Personnel Worksheet.

If a budget modification, explain:

- **What revenue is being changed and why?**
- **What budgets are increased/decreased?**
- **What do the changes accomplish?**
- **Do any personnel actions result from this budget modification? Explain.**

- **Is the revenue one-time-only in nature?**
- **If a grant, what period does the grant cover?**
- **When the grant expires, what are funding plans?**

NOTE: Attach Bud Mod spreadsheet (FORM FROM BUDGET)

If a contingency request, explain:

- **Why was the expenditure not included in the annual budget process?**

- **What efforts have been made to identify funds from other sources within the Department/Agency to cover this expenditure?**
- **Why are no other department/agency fund sources available?**
- **Describe any new revenue this expenditure will produce, any cost savings that will result, and any anticipated payback to the contingency account.**

- **Has this request been made before? When? What was the outcome?**

If grant application/notice of intent, explain:

- **Who is the granting agency?**
- **Specify grant requirements and goals.**
- **Explain grant funding detail – is this a one time only or long term commitment?**
- **What are the estimated filing timelines?**

- ❖ **If a grant, what period does the grant cover?**
- ❖ **When the grant expires, what are funding plans?**
- ❖ **How will the county indirect and departmental overhead costs be covered?**

4. **Explain any legal and/or policy issues involved.** No legal or policy issues at this time.

5. **Explain any citizen and/or other government participation that has or will take place.** Over the duration of the current phase of this project there have been three public meetings and numerous more focused outreach meetings to targeted groups. The first meeting was a project kick off informing the public about the project and the process, the second dealt with selecting a final alignment, and the third dealt with selecting a structure type. In addition we have met with the numerous agencies that regulate various aspects of the project including: Oregon Department of Transportation, Federal Highway Administration, National Oceanographic and Atmospheric Administration Fisheries, United States Fish and Wildlife, Oregon Department of Environmental Quality, Oregon Department of Fish and Wildlife, State Historic Preservation Office, United States Army Corps of Engineers, and TriMet. We anticipate continued interaction with regulatory agencies and ongoing public meetings as we work through design and construction.

Required Signatures:

Department/Agency Director: _____ **Date: 11/05/03**

Budget Analyst

By: _____ **Date:**

Dept/Countywide HR

By: _____ **Date:**

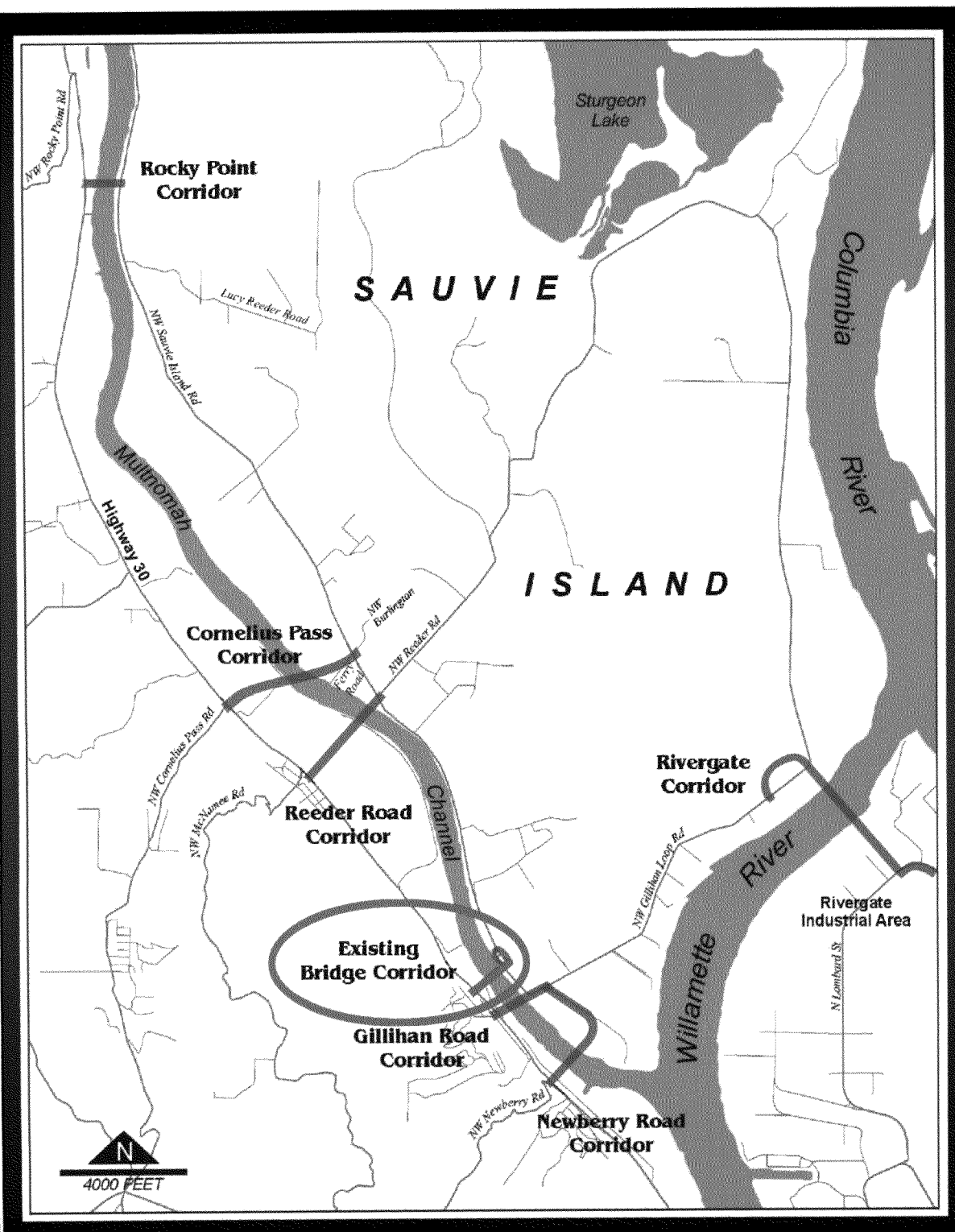
Sauvie Island Bridge Replacement
Progress Update
Board of County Commissioners
November 13, 2003
CONNECTING COMMERCE AND COMMUNITY
MULTNOMAH COUNTY
BRIDGES

Existing Bridge Status

- Load limit = 40 tons
- Speeds reduced, radar signs installed
- County inspecting regularly
- Un-repaired cracks have widened
- Enforcement

Project Funding
(millions)

Estimated Project Cost		$34
Secured Funding		
County	$2	
Federal	$7	
Minus Subtotal		$9
Still Need		$25



Bridge Siting Study

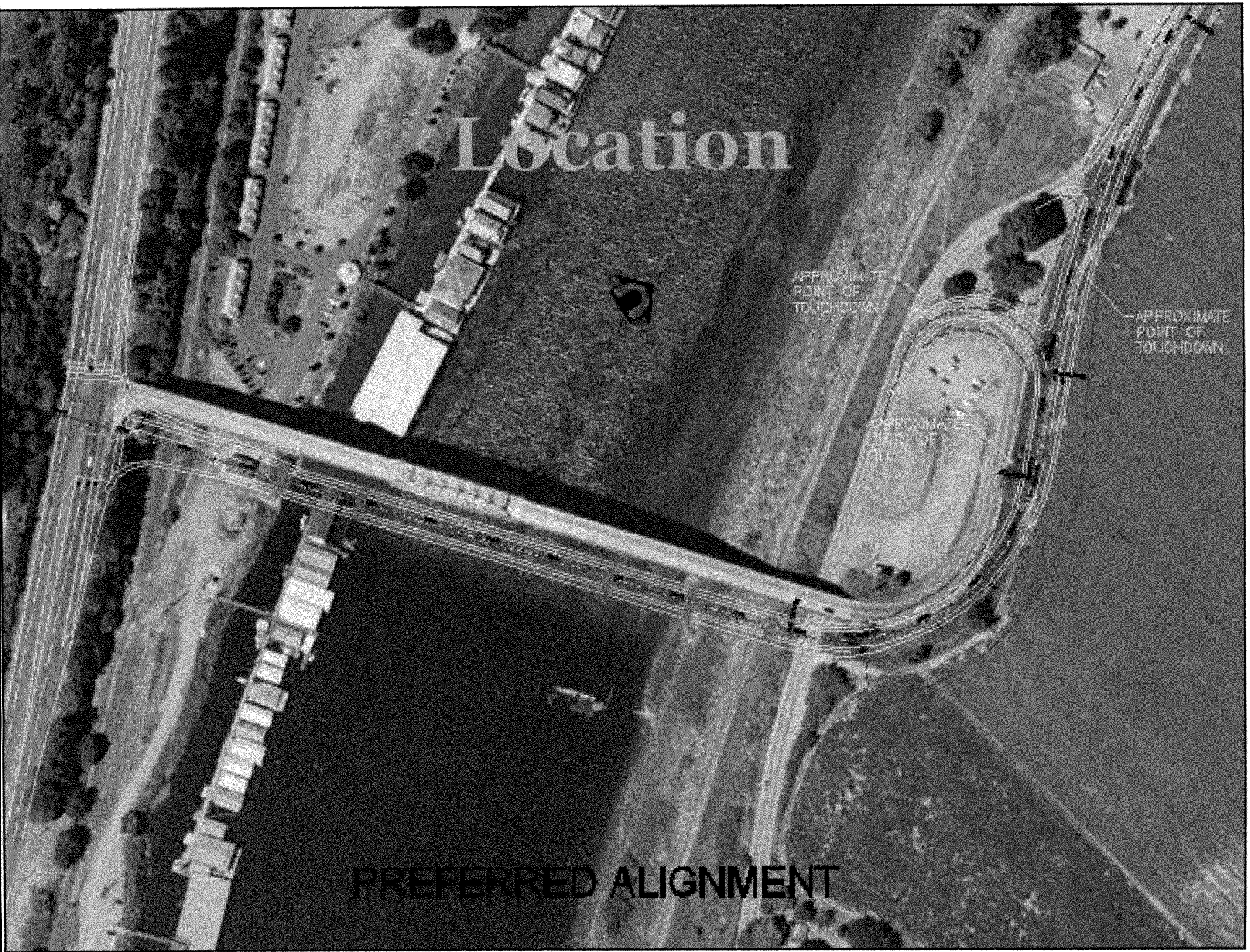
- Completed April '02
- 7 Options
- Corridors

TS&L

- Location
- Size
- Type
- Spring 2003 to Spring 2004

Public Involvement

- **Project Kick-Off – *April 28***
- **River Users – *May 1***
- **Adjoining Land Owners - *various***
- **Location Study – *May 29***
- **Bridge Type – *October 27***
- ***Continuing***


Location
APPROXIMATE POINT OF TOUCHDOWN
APPROXIMATE POINT OF TOUCHDOWN
PREFERRED ALIGNMENT

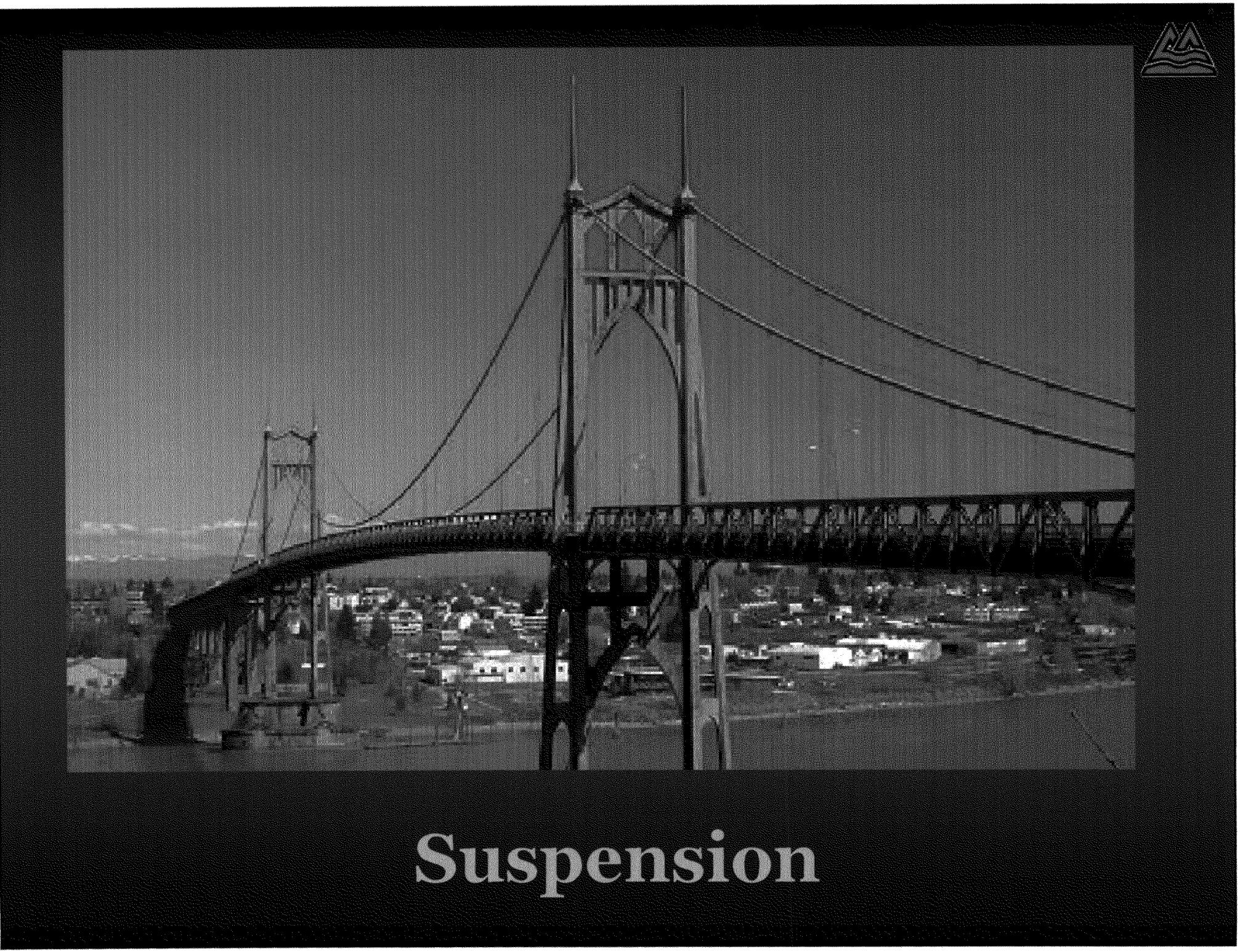
Bridge Type Selection

- **Step 1: Develop Options**
  - 24 different types
  - All meet technical requirements

Beam

Arch

Cable-Stay



Suspension

Bridge Type Selection

- Step 1: Develop Options
- **Step 2: Pass/Fail Requirements**
  - **Budget - $34 Million**
  - **State Historic Preservation Office (SHPO) – "Gateway"**

Budget Requirement

- $34 Million limit
- 7 Bridge Types cut
- 17 Remain

State Historical Preservation Office Requirement:

"…to serve as a gateway…from the mainland's urban life way to the island's more pastoral setting… the new bridge shall be of a design in which the main span's characteristic structural element is above-deck."

Preserve Historic Gateway

- 12 more Bridge Types cut
- 5 Remain

Bridge Type Selection

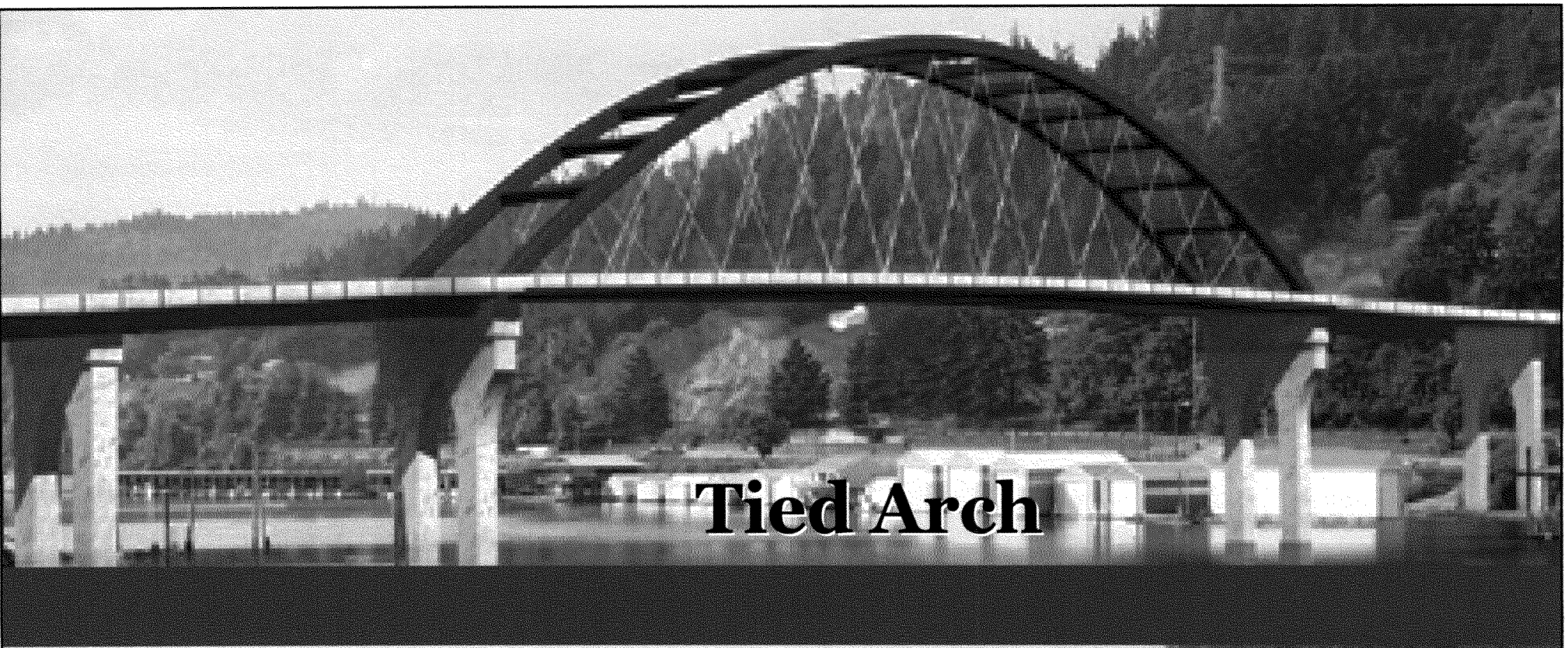
- Step 1: Develop Options
- Step 2: Pass/Fail Requirements
- **Step 3: Cut 5 Options to 1**
  - **Public Input**
  - **Engineering Team**
  - **Final Decision**

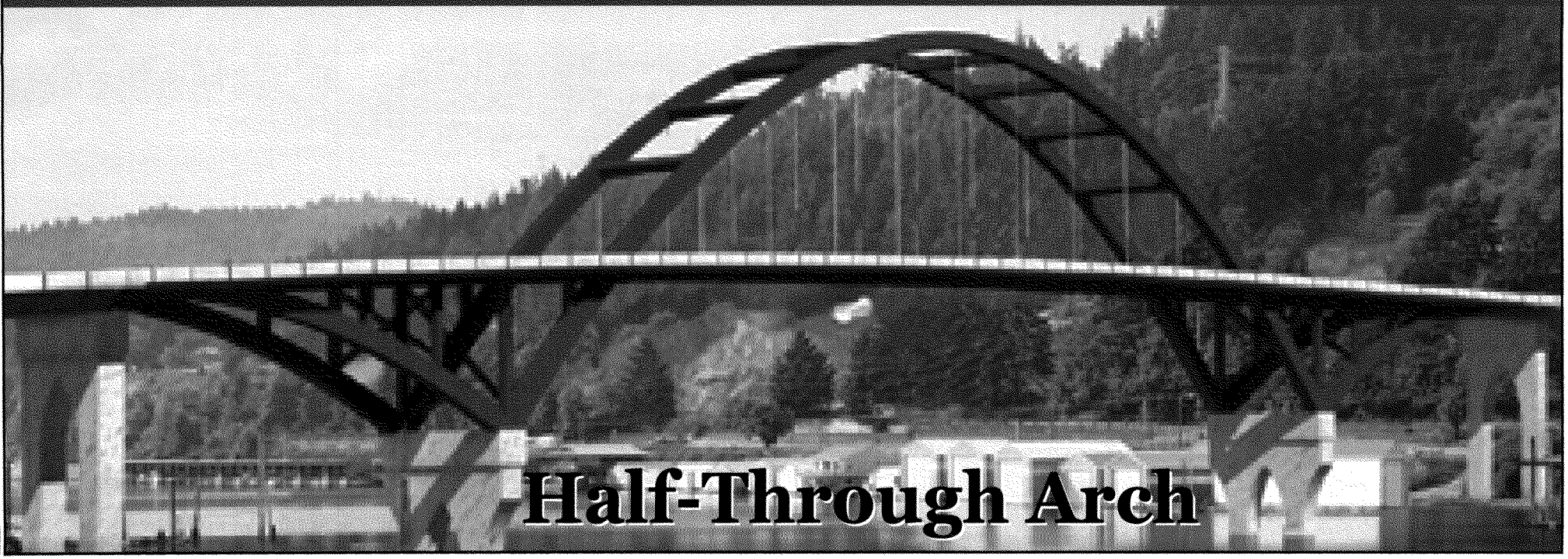
Bridge Type Factors

- Project Cost
- Maintenance
- Completion date
- Construction duration on site
- Aesthetics
- Navigational clearance

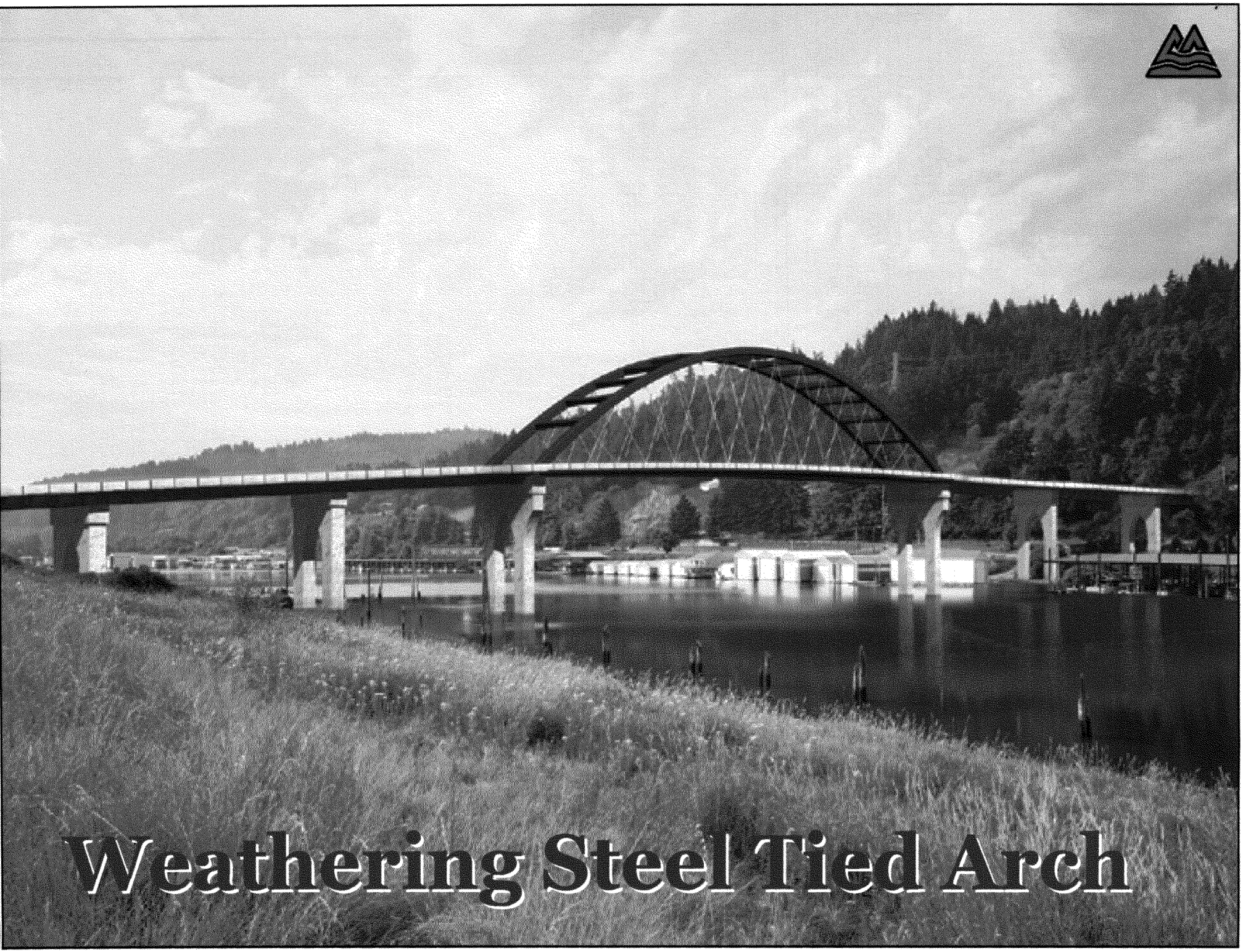
Basic Styles

- Tied Arch
- Half Thru Arch


Tied Arch

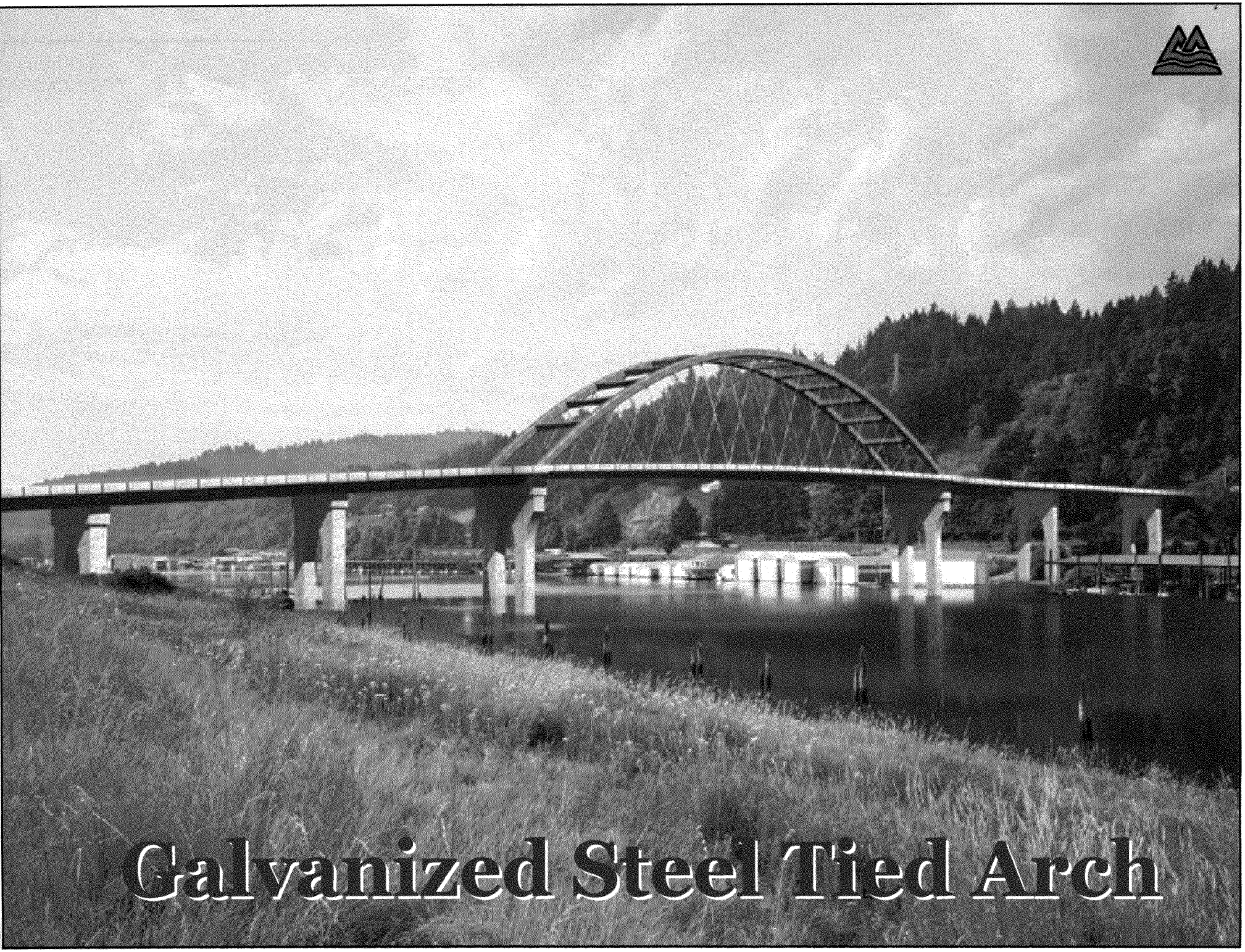

Half-Through Arch

5 Options



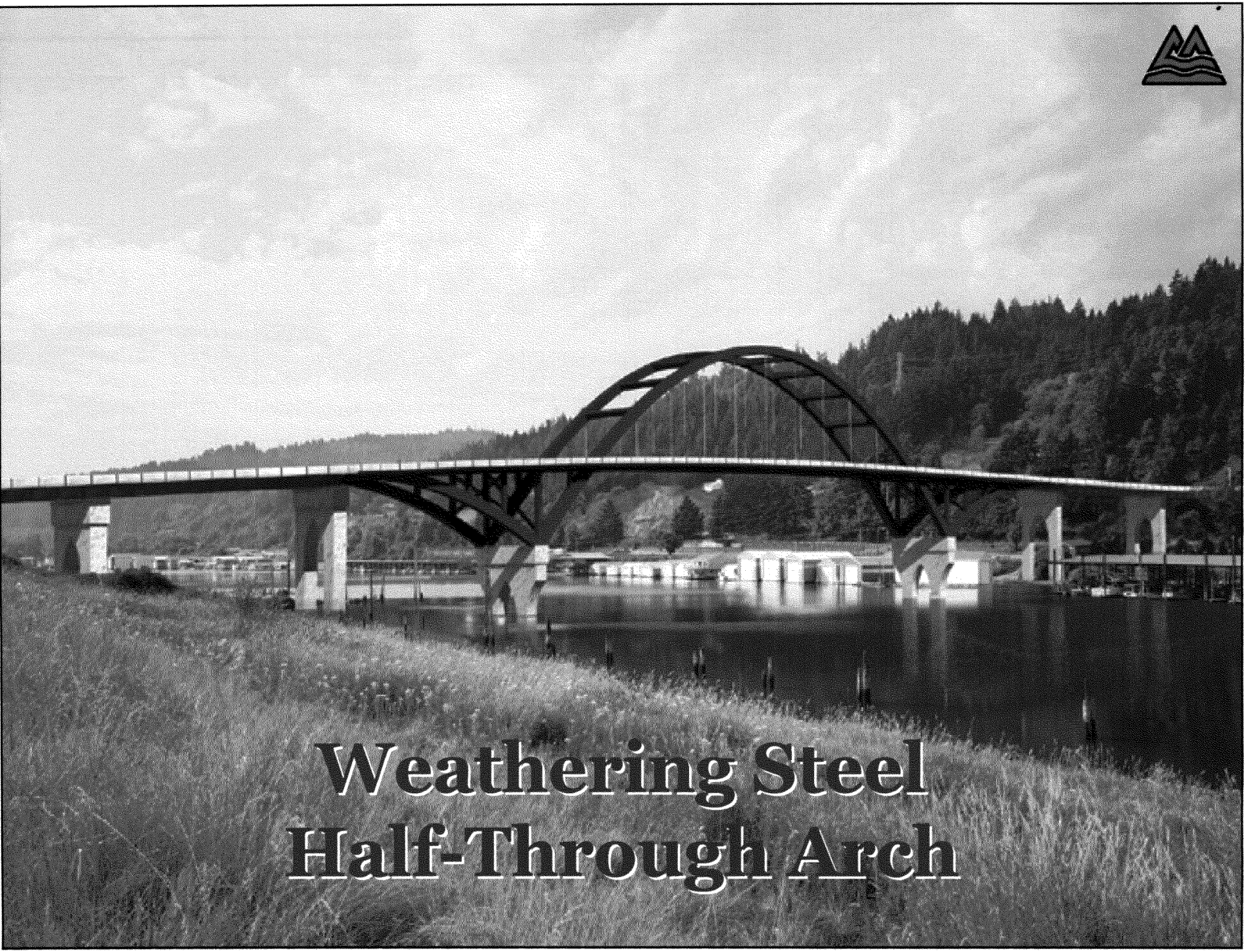
Weathering Steel Tied Arch

Painted Steel Tied Arch



Galvanized Steel Tied Arch

Concrete Tied Arch



Weathering Steel Half-Through Arch

Next Steps

- **Public involvement - *ongoing***
- **Bridge Type Executive Decision – *Late 2003***
- **Finalize TS&L - *early 2004***
- **Revise Land Use Code - *2004***
- **Final Plans & Specifications – *2004 – 2005***
- **Purchase ROW – *2004 – 2005****
- **Start Construction – *Early 2006****

If funds available

Thank You
CONNECTING COMMERCE AND COMMUNITY
MULTNOMAH COUNTY
BRIDGES

AGENDA PLACEMENT REQUEST

BUD MOD #:

Board Clerk Use Only:

Meeting Date: November 13, 2003
Agenda Item #: R-8
Est. Start Time: 10:10 AM
Date Submitted: 11/03/03

Requested Date: 11/13/03 **Time Requested:** 30 Minutes

Department: Non-Departmental **Division:** N/A

Contact/s: Maria Rojo de Steffey

Phone: 503 988 5220 **Ext.:** 85220 **I/O Address:** 503/600

Presenters: Doug Butler

Agenda Title: Briefing on status of Morrison Building

NOTE: If Ordinance, Resolution, Order or Proclamation, provide exact title. For all other submissions, provide clearly written title.

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1. **What action are you requesting from the Board? What is the department/agency recommendation?** No action requested. Briefing to provide Board with information on current status of building, issues/challenges surrounding the building/property, and options for disposition of property.

2. **Please provide sufficient background information for the Board and the public to understand this issue.** The County is working toward dispostion of the Morrison building, having declared it surplus in 2002. The building has been vacated and a title search has been completed to determine the County's clear title to both the building and property. Staff is addressing the remaining legal issues that will take until approximately August 2004 to fully resolve.

3. **Explain the fiscal impact (current year and ongoing).** No financial impact at this time.

   NOTE: If a Budget Modification or a Contingency Request attach a Budget Modification Expense & Revenues Worksheet and/or a Budget Modification Personnel Worksheet.

If a budget modification, explain:

- **What revenue is being changed and why?**
- **What budgets are increased/decreased?**
- **What do the changes accomplish?**
- **Do any personnel actions result from this budget modification? Explain.**

- **Is the revenue one-time-only in nature?**
- **If a grant, what period does the grant cover?**
- **When the grant expires, what are funding plans?**

NOTE: Attach Bud Mod spreadsheet (FORM FROM BUDGET)

If a contingency request, explain:

- **Why was the expenditure not included in the annual budget process?**

- **What efforts have been made to identify funds from other sources within the Department/Agency to cover this expenditure?**
- **Why are no other department/agency fund sources available?**
- **Describe any new revenue this expenditure will produce, any cost savings that will result, and any anticipated payback to the contingency account.**

- **Has this request been made before? When? What was the outcome?**

If grant application/notice of intent, explain:

- **Who is the granting agency?**
- **Specify grant requirements and goals.**
- **Explain grant funding detail – is this a one time only or long term commitment?**
- **What are the estimated filing timelines?**
- **If a grant, what period does the grant cover?**
- **When the grant expires, what are funding plans?**
- **How will the county indirect and departmental overhead costs be covered?**

4. **Explain any legal and/or policy issues involved.** There are prior cemetery designation, historical, and easement issues surrounding the building and property that require resolution. Attached is a task sheet that explains the actions necessary .

5. **Explain any citizen and/or other government participation that has or will take place.** Citizen involvement will be an essential part of the decision making process for this property. Meetings will be held with neighborhood associations as well as cemetary groups for input and guidance on how the County should handle the property disposition.

Required Signatures:

Department/Agency Director: _____ **Date: 11/03/03**

Morrison Tasks

Historic Designation	Cemetery Designation	Easements	Citizen Contact
Action: Remove the Historic property designation from Parcel 2, Lone Fir Cemetery **Task Lead:** Chris Crean, Multnomah County Counsel **Type III Land Use Process:** ▪ Pre-App ▪ Application ▪ Public Hearing ▪ Appeal to City Council (possible) ▪ Appeal to Land Use Board of Appeals (LUBA) (possible) **Time Estimate:** ▪ Type III with no appeals approximately 6 months. ▪ With appeals to City Council approximately 8 months. ▪ With appeals to LUBA around one year. **Target Date:** (No appeal) ▪ City Council action by April 9th, 2004	**Action:** Discontinuance of Cemetery designation for Parcel 2, Lone Fir Cemetery pursuant to ORS 97.440. **Task Lead:** Chris Crean, Multnomah County Counsel **County Commission Ordinance:** ▪ Application to BCC by cemetery authority (Multnomah County as Property owner submits application). **Time Estimate:** ▪ Estimate of time includes developing a persuasive package of information on lack of potential remains is approximately four months to BCC action. (February or March of 2004) ▪ If archeological investigation is required the dig might take place as late as next summer with cumulative time for BCC action as late as one year away. (This is an improbable situation)	**Action:** Develop easements for Lone Fir Cemetery access from SE 20th Ave. and from SE Morrison with METRO. **Task Lead:** Chris Crean, Multnomah County Counsel **County Commission Adoption:** ▪ Technical specifications developed by Facilities and Property Management. ▪ Legal issue development by County Counsel. ▪ BCC package development and adoption by County Counsel. **Time Estimate:** ▪ Negotiation, drafting, and adoption should occur within three months. **Target Date:** ▪ Board of County Commissioners action on January 22nd, 2004	**Action:** Contact the Buckman Neighborhood Association and discuss their interest in the Lone Fir Cemetery site. **Task Lead:** Lynn Dingler, F&PM **Action:** ▪ Strategy meeting with Chair and Commissioner's staff, and PAO representative. Target the week of November 3rd. ▪ Create an information flow system for the life of the project.

	Target Date: (No appeal) ▪ Board of County Commissioners action on March 11th, 2004		

Morrison Contacts

Historic Designation	Cemetery Designation	Easements	Citizen Contact
County Counsel: Chris Crean - 22834 **City of Portland:** Jeff Joslin, (503) 823-7705 **State of Oregon Heritage Conservation:** James M. Hamrick Jr., Assistant Director – (503) 378-6305	**Chinese Consolidated Benevolent Association:** Rebecca Lu, (503) 289-3362 **Pioneer Cemetery Commission:** Mira Meyer, (503) 378-4168 x335 or (503) 986-0685 **METRO Cemeteries:** Susie Bousha, (503) 797-1709 **Friends of Lone Fir Cemetery:** Christina Walsh, 2920 SE 17th Portland, OR 97202 (503) 234-5085	**METRO:** Jim Desmond (503) 797-1850	**Chair's Office:** Andy Smith - 85772 **District 1 Office:** Matthew Lashua – 85220 **Buckman Neighborhood Association:** Susan Lidsay, President **County Public Affairs Office:** Althea Milechman - 86805

MULTNOMAH
COUNTY

Multnomah County Morrison Property Questions & Answers

In 2002, through Resolution #02-032, the Multnomah County Board of Commissioners directed Facilities and Property Management to sell the Morrison Building and its parking lot at 2115 S.E. Morrison Street. This action was supported by 1999 Resolution #99-78, "Establishing a policy to promote the goals of managed growth by making available vacant and/or surplus county lands for mixed-use and affordable housing development and pursuing these opportunities in the design of future county facility projects."

What property is being sold?

The county-owned property is located at the northeast corner of the intersection of S.E. 20th Avenue and S.E. Morrison Street and includes three lots. The corner occupied by the building and parking lot comprises Block 14 of the original cemetery plat and was used for temporary interment of Chinese people in the early 1900's. The bodies were removed from that location in 1949, prior to the construction of the Morrison Building in 1952. The building was used by the Road Department with a small portion of the facility designated as Cemetery Administration Building.

Multnomah County does not own any part of the existing Lone Fir Cemetery and consequently that land is not impacted by the sale of the Morrison Building property.

Why is the property being sold?

The building systems, including heating, ventilation, plumbing, and sewage systems are failing. Structurally, the building is in very poor condition. The City of Portland declared the building a "Dangerous Building," but due to maintenance work and a code change, the Morrison Building is just off the list of "Dangerous Buildings." However, the estimated cost to bring the building up to standards is $2.3 million.

How could the property be used if sold?

The largest lot (#two), facing S.E. Morrison Street, is 1.9 acres zoned CM and promotes development that combines commercial and housing uses on a single site. Lots four and five, with a combined total of .16 acres facing SE 20th Avenue, are zoned CS, a zone intended to preserve and enhance older commercial areas that have a storefront character.

In addition, Metro is requesting two easements across the property for the purpose of efficient access to the Lone Fir Cemetery. The county is working with Metro to develop acceptable terms for granting these easements which will ensure the Cemetery continues to be easily accessible for the public.

Was the Morrison property used as a cemetery?
Existing records show that all human remains have been removed from the building site. During the early part of the 20th century, the Chinese community used the location as a temporary interment site until the remains could be sent back to their home province in China. In 1949, all of the remains were removed prior to the City of Portland issuing a permit for the construction of the Morrison Building.

Asylum inmates are another population some have speculated are buried at the Morrison Building site. The Metro cemetery office has indicated that all inmates of mental asylums were buried under their own names in plots further east of the county property.

Why does Multnomah County want to remove the cemetery and historical designations?
When the current building was constructed in the early 1950's the county did not partition the lot or remove the cemetery designation.

In 1976, Multnomah County requested the City of Portland to designate Lone Fir Cemetery a historic landmark. Since the building site had not been partitioned at that time, the historic landmark designation applied to it as well. While the Lone Fir Cemetery is a significant historic landmark, the historic and cemetery designation should be removed from the Morrison Building to reflect the actual use of the property.

How is the county addressing concerns about Lone Fir Cemetery?
County Chair Diane Linn, Commissioner Maria Rojo de Steffey, and Metro President David Bragdon have been in discussion about how to make redevelopment an asset to the cemetery and the community. Communication with concerned community members is a priority and a public forum is planned for early 2004.

Timeline for Project Activities	
Community input	Ongoing throughout project
Public meeting	Winter 2004
Easement Notification	Winter 2004
Cemetery designation decommission	Spring 2004
Historic designation status change	Spring 2004
Request for Offers (RFO)	Summer 2004

Who do I call if I have a question or comment about this project?

For questions please contact:
Mr. Lynn Dingler, Multnomah County Facilities and Property Management
503-988-3322 ext. 24443

To comment on the project:
Call: 503-988-6800
Fax: 503-988-6801
Email: pao.org@co.multnomah.or.us
Write: Multnomah County Public Affairs Office
501 SE Hawthorne Blvd., Suite 600
Portland, OR 97214

For updates and an electronic version of this document, please visit:
www.co.multnomah.or.us/cc/ds1

AGENDA PLACEMENT REQUEST

BUD MOD #:

Board Clerk Use Only:

Meeting Date: November 13, 2003
Agenda Item #: R-09
Est. Start Time: 10:40 AM
Date Submitted: 11/04/03

Requested Date: 11/13/03 **Time Requested:** 1 hour

Department: Non-Departmental **Division:** Chair's Office

Contact/s: Duke Shepard

Phone: 503.988-3308 **Ext.:** 85137 **I/O Address:** 503/600

Presenters: Portland Development Commission Staff

Agenda Title: Briefing on Downtown Waterfront Urban Renewal Area

NOTE: If Ordinance, Resolution, Order or Proclamation, provide exact title.
For all other submissions, provide clearly written title.

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1. **What action are you requesting from the Board? What is the department/agency recommendation?** No action requested, informational only. This briefing will provide the board with in depth information on the Downtown URA, which is set to expire in 2004. The City of Portland is currently examining options for its expiration, continuation, or reformation.

2. **Please provide sufficient background information for the Board and the public to understand this issue.**

   Formed in 1974, this is the city's oldest existing URA. As such it has played roles in eliminating harbor drive, building Waterfront Park, the Downtown Transit Mall, Pioneer Courthouse Square, and Riverplace. This URA is scheduled to expire in April 2004. It consists of 309 acres, and has a maximum indebtedness of $165,000,000. At the Board's October 30th PDC briefing, Commission staff distributed to the board a three ring binder containing information on all of the city's URA. Information on the downtown URA, including a map of its current form, is included in that notebook. Additional information is available on line at www.pdc.us.

3. Explain the fiscal impact (current year and ongoing).

The fiscal impact can be viewed as foregone or delayed revenue from development within a URA which, rather than going directly to taxing jurisdictions, goes to pay off the debt incurred in foster that development. The impact can also be viewed as the long term increased assessed value, and the immediate increase in jobs, housing, or improvements in infrastructure. The potential fiscal impact of this URA is dependent upon its future.

4. Explain any legal and/or policy issues involved.

Policy issues include: economic development; housing; appropriate expiration or continuation of URA's, local government, Tax Increment Financing.

5. Explain any citizen and/or other government participation that has or will take place.

The City appointed Portland Development Commission will be hearing a presentation on this URA and undertaking an initial work session on its future on November 12. Any renewal of this URA will require action by both the Commission and the Portland City Council. There has been no citizen or government involvement in this briefing, other than the involvement of the presenter, PDC.

Required Signatures:

Department/Agency Director: _____ **Date:**

Budget Analyst

By: _____ **Date:**

Dept/Countywide HR

By: _____ **Date:**

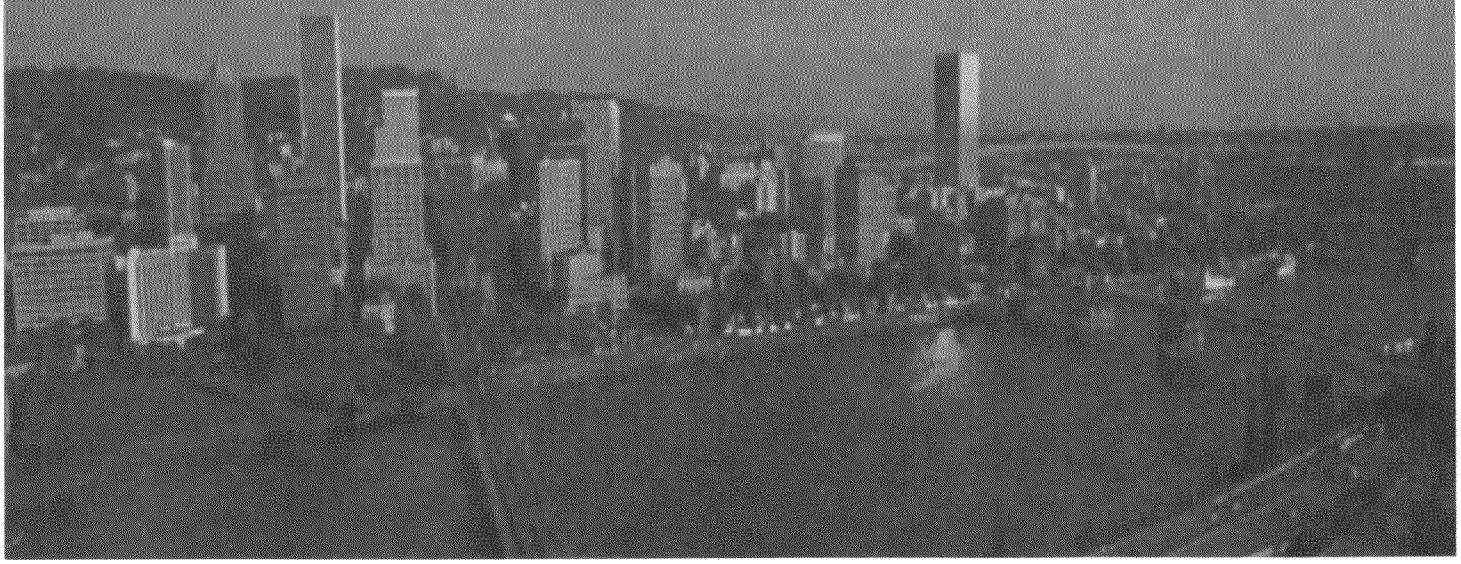
PDC

PORTLAND DEVELOPMENT COMMISSION

The Downtown Waterfront Urban Renewal Area

November 12, 2003

Commission Work Session



Investing in Portland's Future

PDC

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Chair

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Janice Wilson
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fax: 503.823.3368
TTY: 503.823.3366

2020 Southwest
Fourth Avenue
Portland, OR
97201-4956

Customer Service
Center
Suite 100
tel: 503.823.3004
fax: 503.823.3435

Housing Department
Suite 150
l: 503.823.3004
x: 503.823.9544

PORTLAND DEVELOPMENT COMMISSION

MEMORANDUM

DATE: November 12, 2003

TO: PDC Commissioners

FROM: Commissioner Janice Wilson
Nancy McClain

SUBJECT: Executive Summary – Downtown Waterfront Urban Renewal District

Attached is the DTWF Urban Renewal District - Commission Work Session Materials. The process is outlined below:

November 12, 2003, 3:00 p.m. - 5:00 p.m. – Commission Work Session
Portland Building, 1120 SW 5th Avenue, 2nd Floor – Auditorium

November 19, 2003, 10:00 a.m. Time Certain – Commission Meeting and Public Testimony on the DTWF Urban Renewal District – Portland Building, 1120 SW 5th Avenue, 2nd Floor – Auditorium.

December 10, 2003, 3:00 p.m. – Commission Meeting and Action on the DTWF Urban Renewal District – Mult. Cty. Building, 501 SE Hawthorne Blvd., County Commission Board Room.

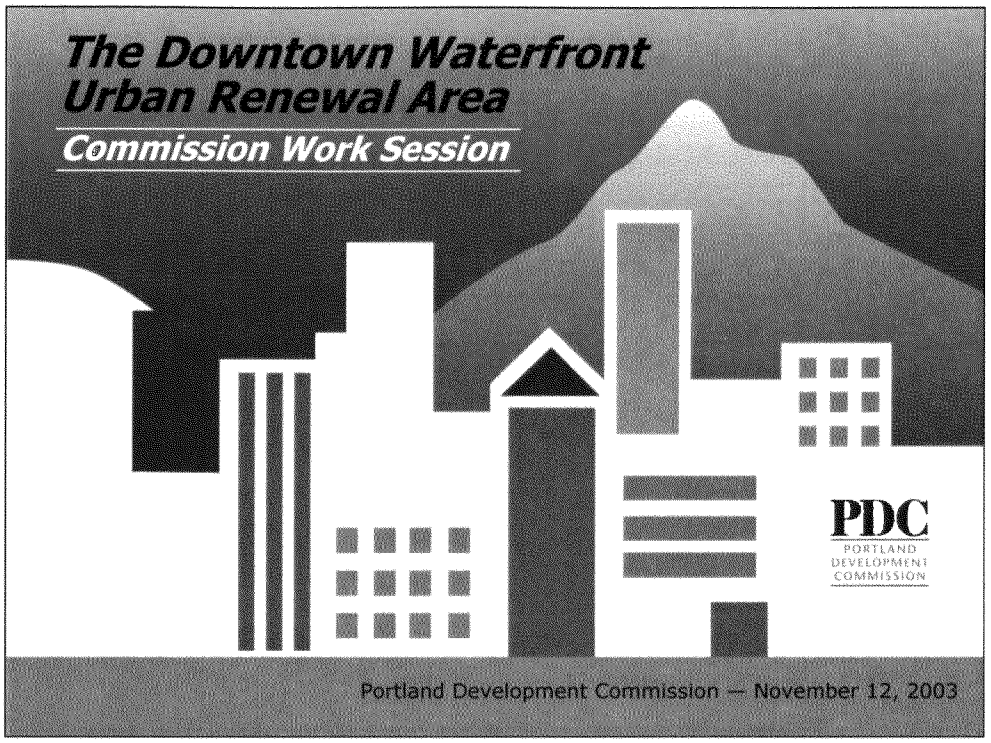
Options available:

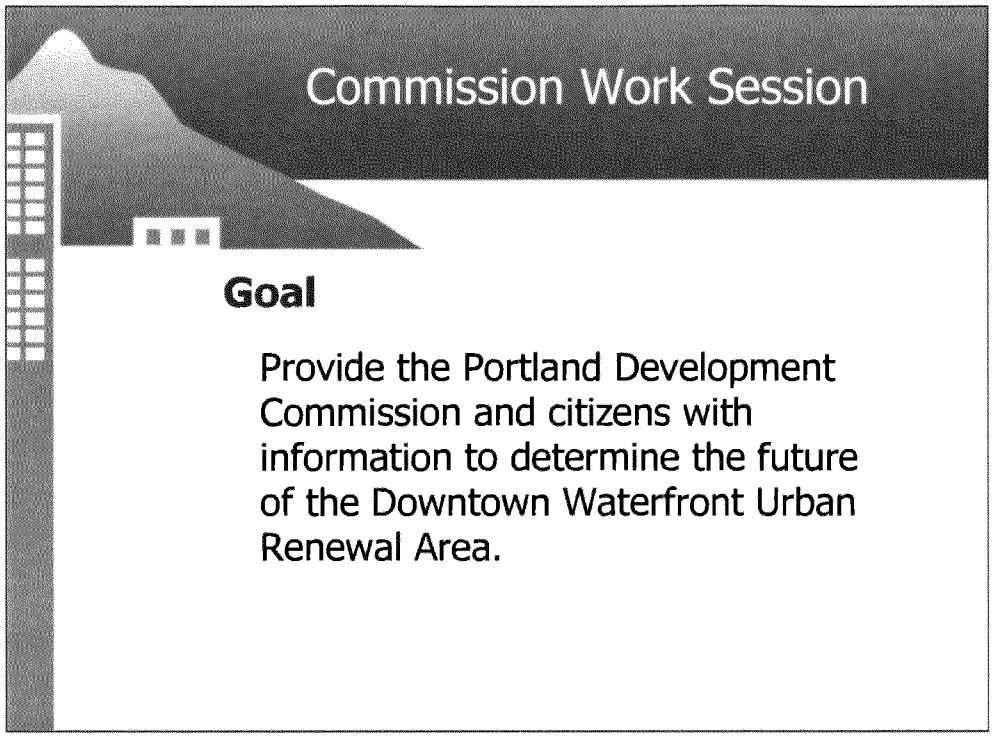
1. Allow the district to expire April 2004.
    a. Without issuance of additional bonds.
    b. Approval by Commission of additional bonds to be issued.

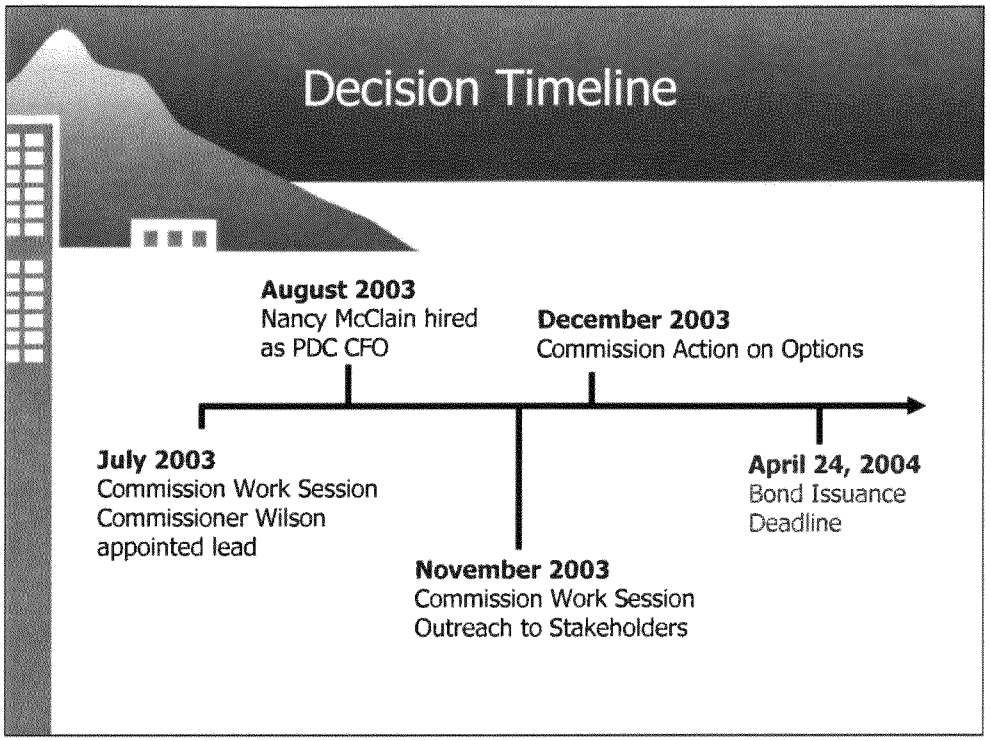
2. Extend the district.
    a. Issuance of bond at a future date.

Impact to taxing districts:
Tax Increment will be collected until the current indebtedness is paid off (2020). Issuance of additional bonds will extend the collection of tax increment for payment of the bonds.

Impact to projects:
Funding will not be available by PDC.


The Downtown Waterfront
Urban Renewal Area
Commission Work Session
PDC
PORTLAND
DEVELOPMENT
COMMISSION
Portland Development Commission — November 12, 2003


Commission Work Session
Goal
Provide the Portland Development Commission and citizens with information to determine the future of the Downtown Waterfront Urban Renewal Area.

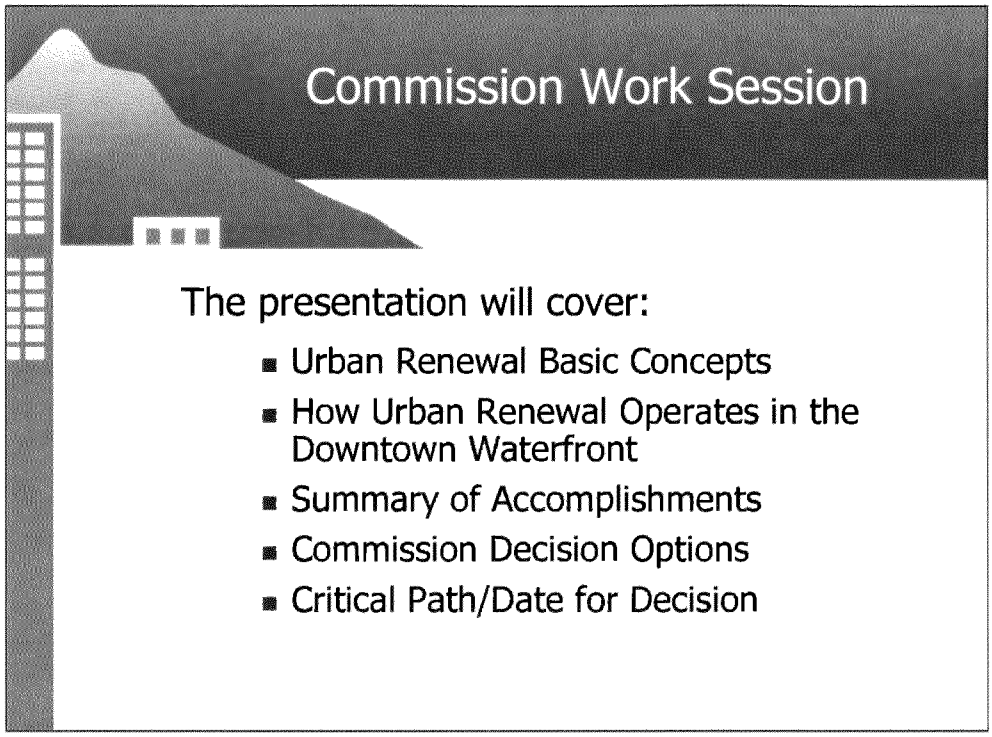


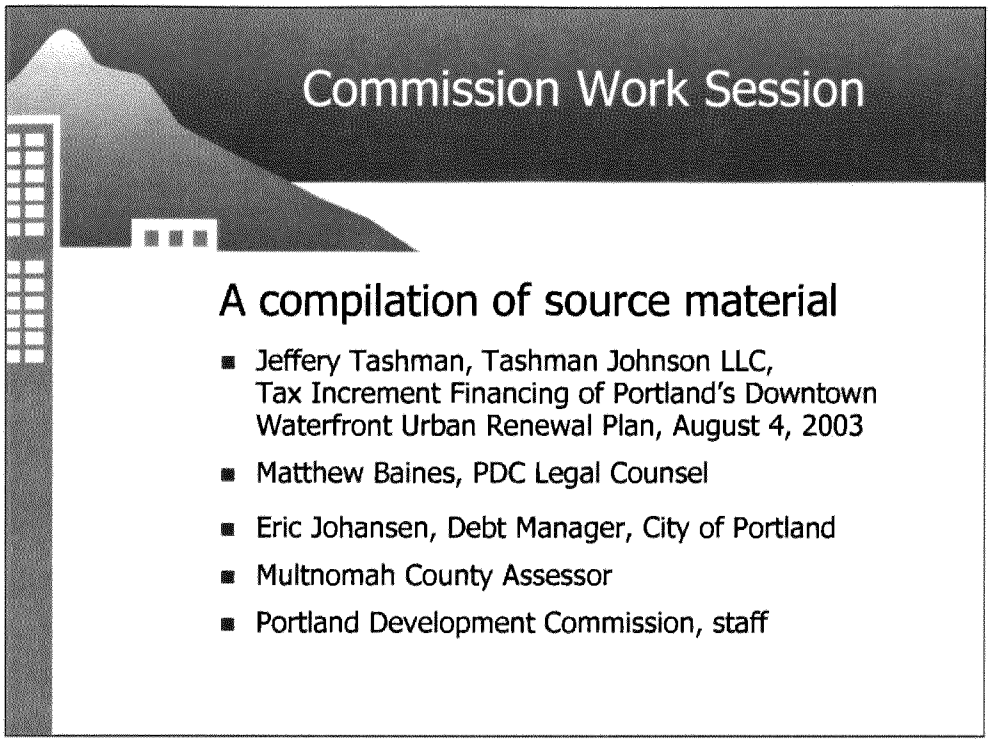
To recap Commission involvement and project milestones (past and present).

In July the Commission authorized the appointment of Commissioner Wilson to lead an effort which advises on the upcoming deadline for issuing bonds for the Downtown Waterfront Urban Renewal Area.

In August, Nancy McClain arrived as PDC's new CFO and assisted Commissioner Wilson with responsibility for the effort.

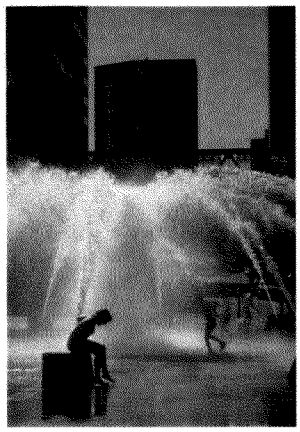
Today's Work Session will be followed by outreach to stakeholders and taxing jurisdictions with Commission action expected in December.

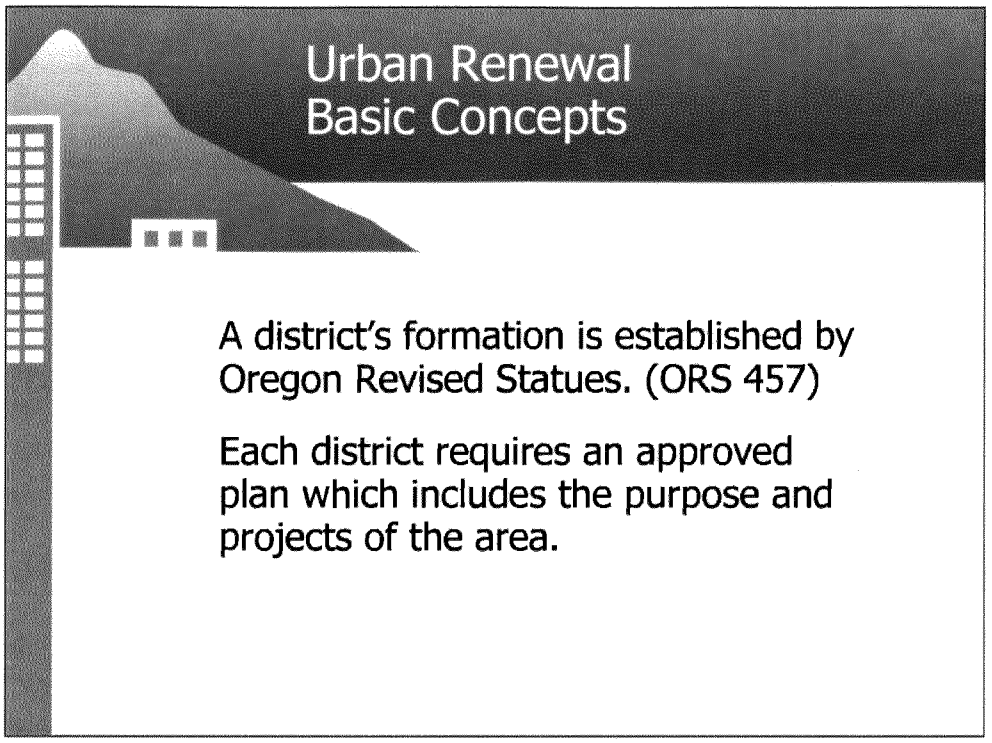

Commission Work Session
The presentation will cover:
Urban Renewal Basic Concepts
How Urban Renewal Operates in the Downtown Waterfront
Summary of Accomplishments
Commission Decision Options
Critical Path/Date for Decision


Commission Work Session
A compilation of source material
Jeffery Tashman, Tashman Johnson LLC, Tax Increment Financing of Portland's Downtown Waterfront Urban Renewal Plan, August 4, 2003
Matthew Baines, PDC Legal Counsel
Eric Johansen, Debt Manager, City of Portland
Multnomah County Assessor
Portland Development Commission, staff

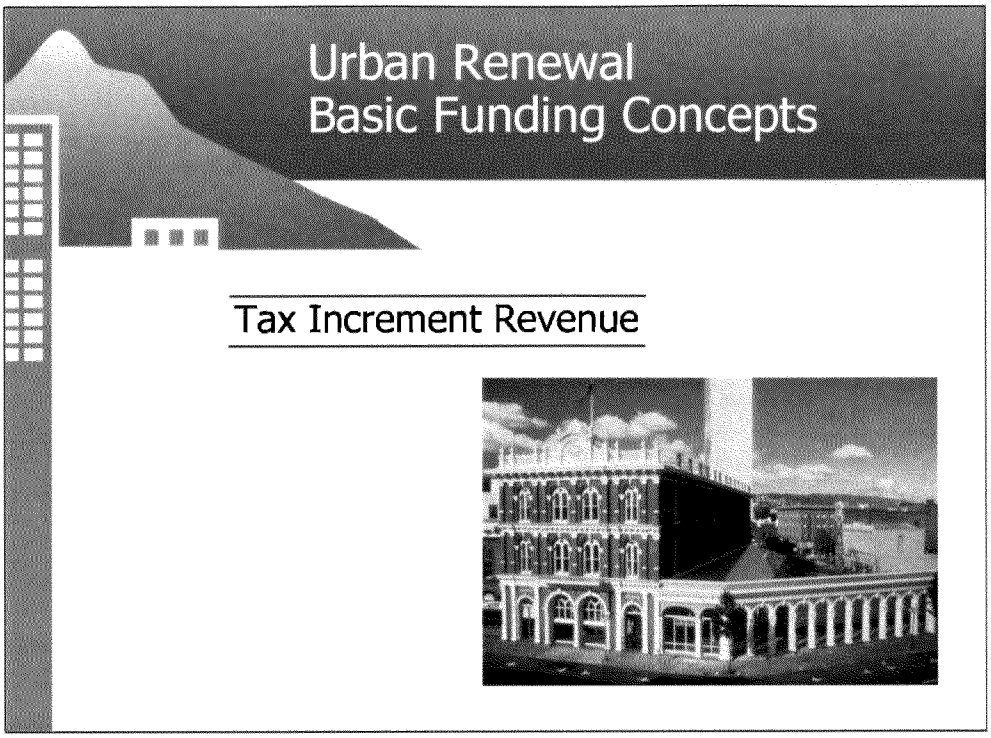
Urban Renewal

Basic Concepts



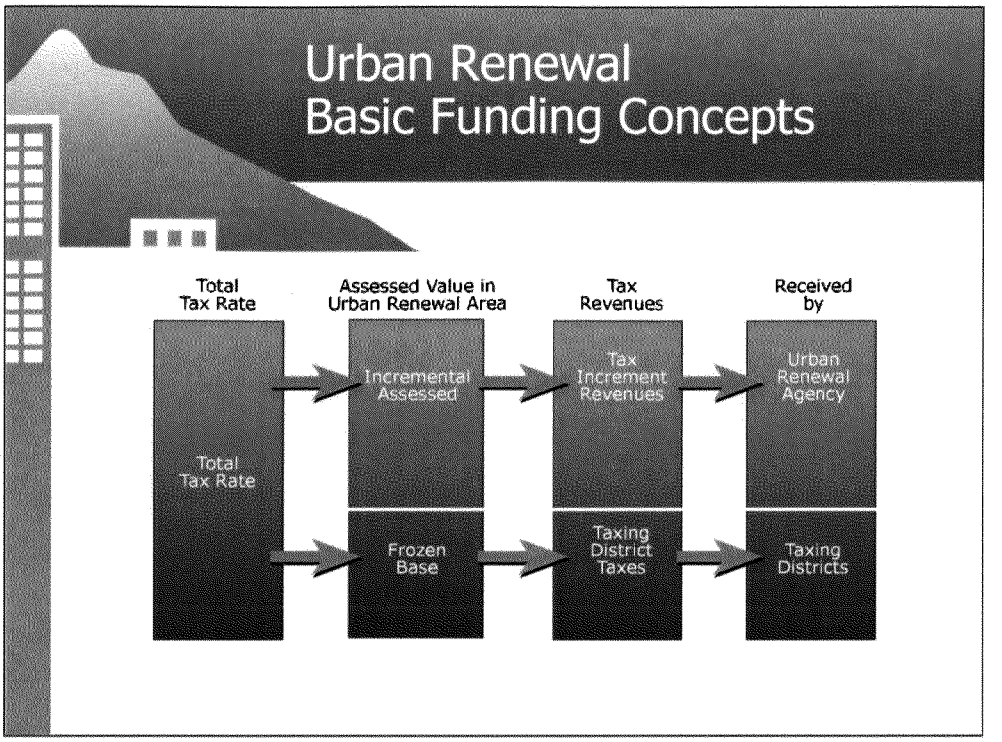


This action takes place after citizen input, Planning Commission approval, City Council approval and Portland Development Commission review.



Tax increment financing (TIF) is the primary source of revenues for carrying out urban renewal plans. The principle behind TIF is that the property tax revenues which result from *growth* in property value in an urban renewal area ("tax increment revenues") are used to finance (i.e., pay debts incurred for the urban renewal projects that support such growth. Tax increment financing is based on the property tax revenues produced by *increases* in assessed value within an urban renewal area.

Tax increment revenues must be used to pay for debt and cannot be used directly to pay for projects.



The assessed value of an urban renewal area at the time an urban renewal plan is adopted is called the "frozen base." The future increase in assessed value over the frozen base is called the "incremental assessed value."

The TIF process generally consists of the "division of taxes." The division of taxes process takes the property taxes produced by the total assessed value of the urban renewal area and *divides* them into:

taxes on the frozen base and

taxes on the incremental assessed value.

Taxes on the frozen base continue to be received by the taxing districts that levy those taxes. Taxes on the incremental assessed value are received by the urban renewal agency to pay off debt issued to pay for urban renewal projects.

Urban Renewal Basic Funding Concepts

Measure 50

In 1998, the passage of Measure 50 changed the collection of tax increment revenue. The basic provisions of Measure 50 would have reduced the division of tax revenues for many urban renewal plans by over 50% percent. Because this would seriously damage the ability to complete these plans, the legislature allowed urban renewal plans in existence at the time ("existing urban renewal plans") to use the "urban renewal special levy" to make up some of the revenues that otherwise would be lost.

The maximum tax increment revenue - "MTIR" – for existing urban renewal plans was established by the state in 1998 as the maximum amount that could have been imposed in that fiscal year for urban renewal plans but for the passage of Measure 50. This amount is indexed to annual changes in incremental assessed value.

The urban renewal special levy is an additional tax on residents of the city or county that adopted the plan. At its maximum allowed amount, it can make up all the difference between the amount of division of tax revenues and the maximum tax increment revenue ("MTIR") for the urban renewal area.

In return for the ability to use the urban renewal special levy, existing urban renewal plans had to be amended to contain a maximum amount of indebtedness (the "maximum indebtedness").

Additionally, Measure 50 allowed for existing urban renewal districts to choose "Options" for collecting tax increment revenues.

Options were identified as Option 1, 2 or 3.

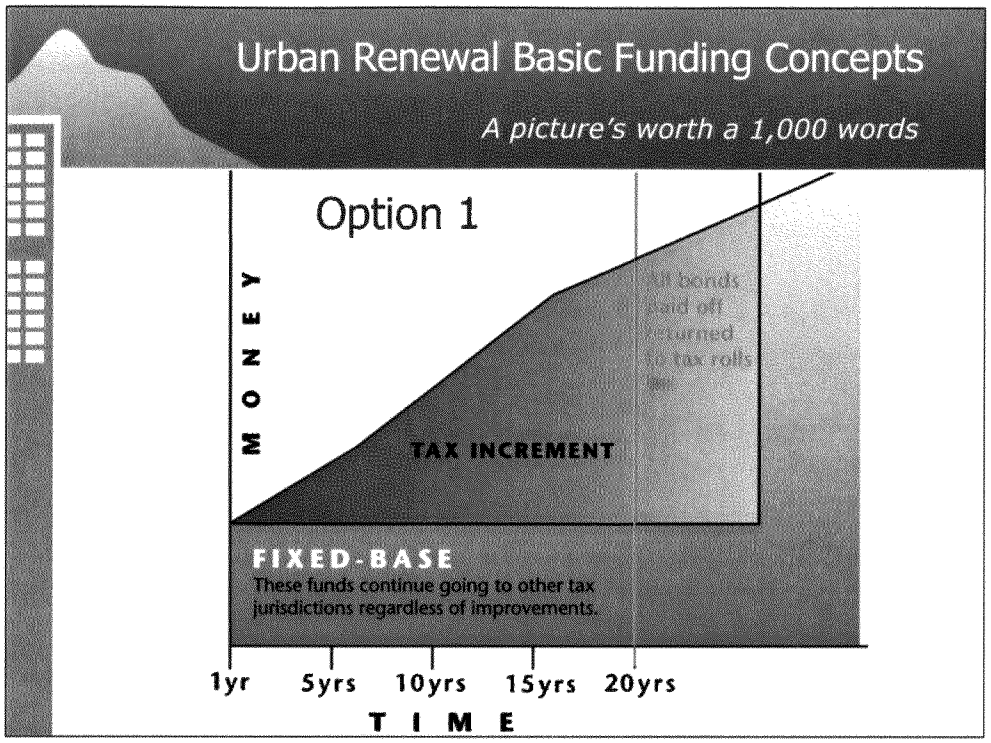
Option 1 allows for the collection of **all the division of taxes revenues** (as in the basic concept of tax increment financing) and up to the maximum annual urban renewal special levy.

Option 2 allows for the collection of none of the division of taxes revenue and up to the maximum annual urban renewal special levy

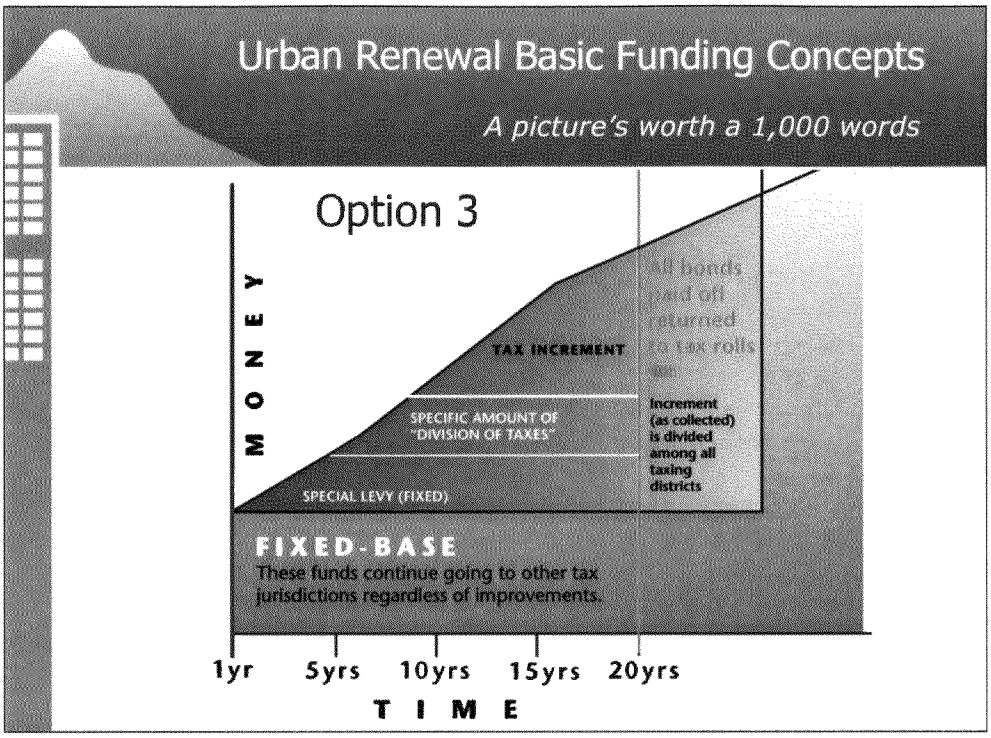
Option 3 collection of a specified fixed amount of division of taxes revenues and up to the maximum annual urban renewal special levy.

In all Options, the division of tax amount plus the maximum urban renewal special levy amount cannot exceed the MTIR.

Option 1 areas include: Central Eastside, Gateway, Lents, Interstate, River District and North Macadam
Option 3 areas include: Downtown Waterfront, South Park Blocks, Oregon Convention Center and Airport Way.



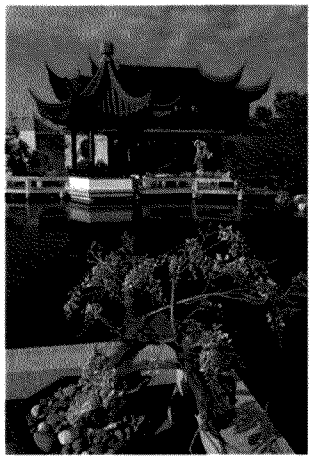
Option 1 allows for the collection of **all the division of taxes revenues** (as in the basic concept of tax increment financing) and up to the maximum annual urban renewal special levy.

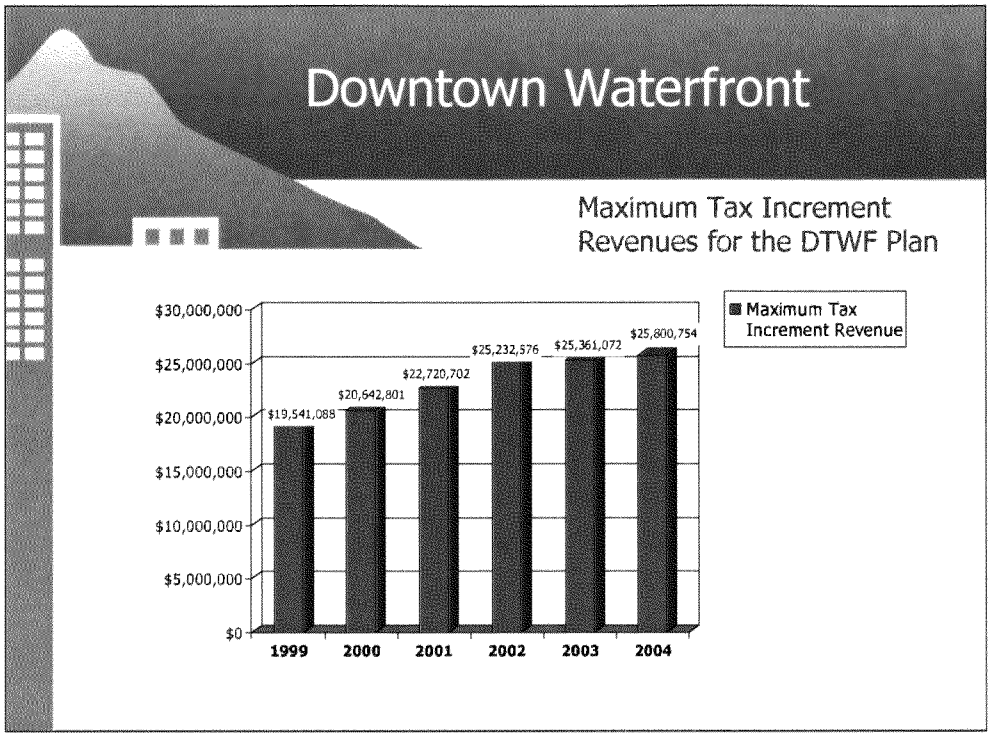


Option 3 collection of a specified fixed amount of division of taxes revenues and up to the maximum annual urban renewal special levy.

Downtown Waterfront

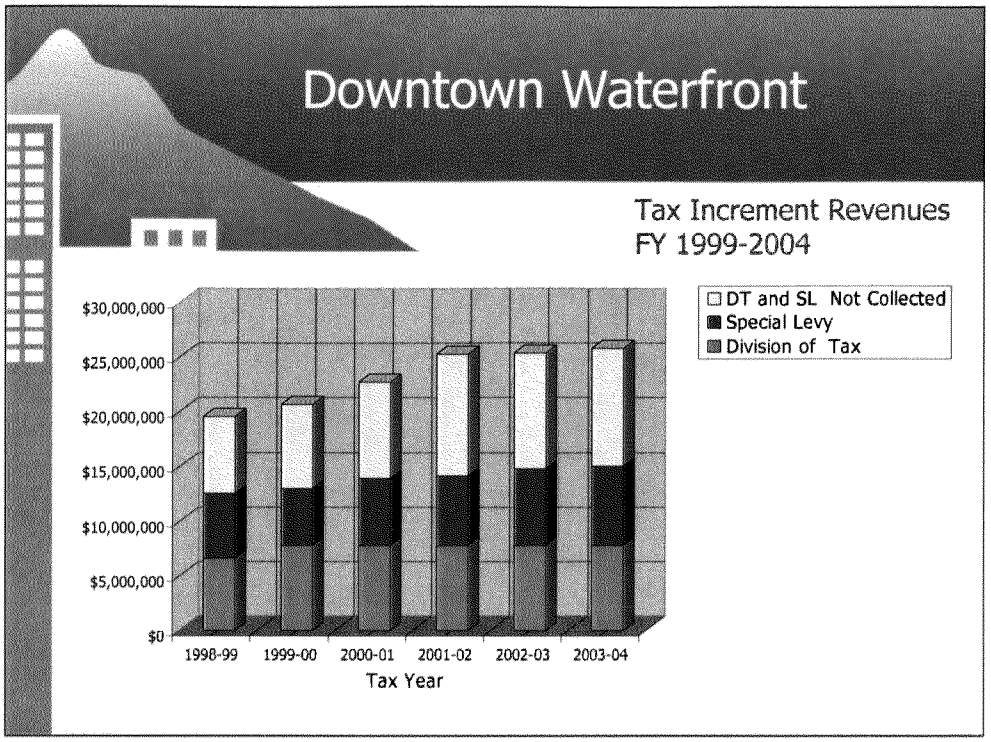
Tax Increment Revenue
in the Downtown Waterfront
Urban Renewal Area





The maximum tax increment revenue (MTIR) for the DTWF Plan was established
by the state for FY 1997/1998 at $17,650,321. In following years the MTIR was indexed to growth in overall incremental assessed value.

The table above shows the history of the DTWF Plan's MTIR from FY 1999 through FY 2004.



Under Option 3, the DTWF Plan can use the urban renewal special levy to receive revenues over and above the division of tax revenues of $7,710,000. The maximum urban renewal special levy that can be received is the amount that together with the division of taxes equals the maximum tax increment revenue or MTIR.

The special levy amount allocated for the DTWF area is $7,100,000.

Each year PDC requests that the assessor collect a stated amount of the urban renewal special levy. Though this amount can legally change from year to year, the City, after consultation with PDC, determined that the amount of urban renewal special levy would stay constant. This amount was established after considering the needs of the various plans. The total urban renewal special levy amount is $15,000,000 for all four existing urban renewal plans. The allocation of these special levy funds is determined annually by PDC.

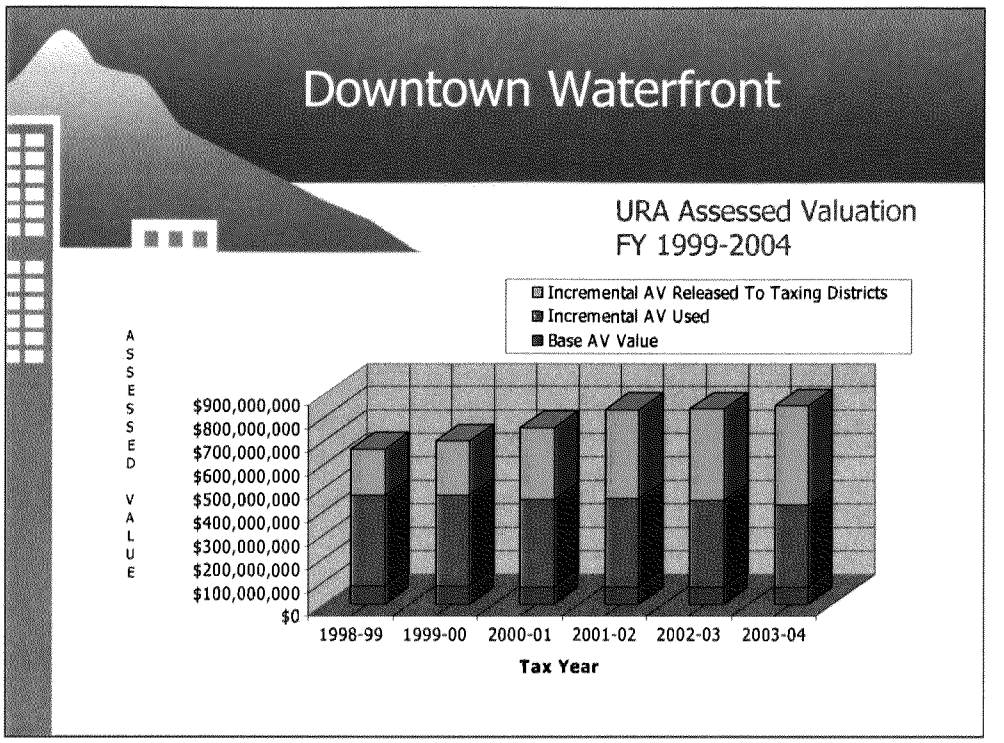
The policy decision to limit the special levy to $15 million means that much (about 75%) of the urban renewal special levy amounts available for the four plans is not requested from the assessor. For FY 2002/2003, the amount of urban renewal special levy requested and the maximum amount of special levy that could have been requested from the assessor for all five existing urban renewal plans is shown in the chart below. (Again, the division of taxes, "urban

Downtown Waterfront

Maximum Indebtedness

In 1998 the maximum indebtedness was set for the DTWF Plan at $165,000,000.

As of June 30, 2003, $82,060,000 is remaining.



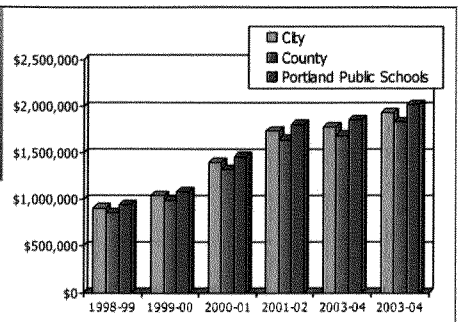
The frozen base value for the DTWF Plan is $70,866,644.

The FY 2003/2004 overall assessed value in the area is $843,826,299, resulting
in total incremental assessed value of $772,959,655.

Downtown Waterfront

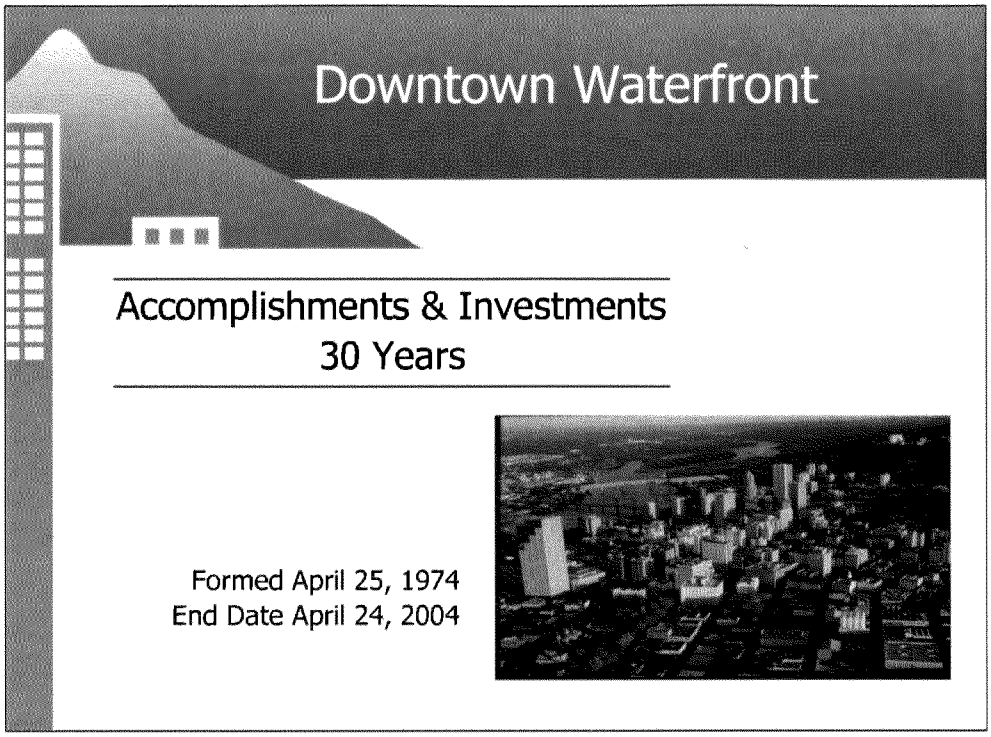
Tax Year	Incremental AV Used	Incremental AV Released to Taxing Districts	Percent of Incremental AV Released
1998-99	$386,619,263	$198,808,321	34%
1999-00	390,115,061	228,318,520	37%
2000-01	374,741,181	308,943,799	45%
2001-02	377,159,126	378,778,610	50%
2002-03	370,840,668	388,946,651	51%
2003-04	350,220,534	422,739,121	55%
Totals	**$2,249,695,833**	**$1,926,535,022**	

Downtown Waterfront



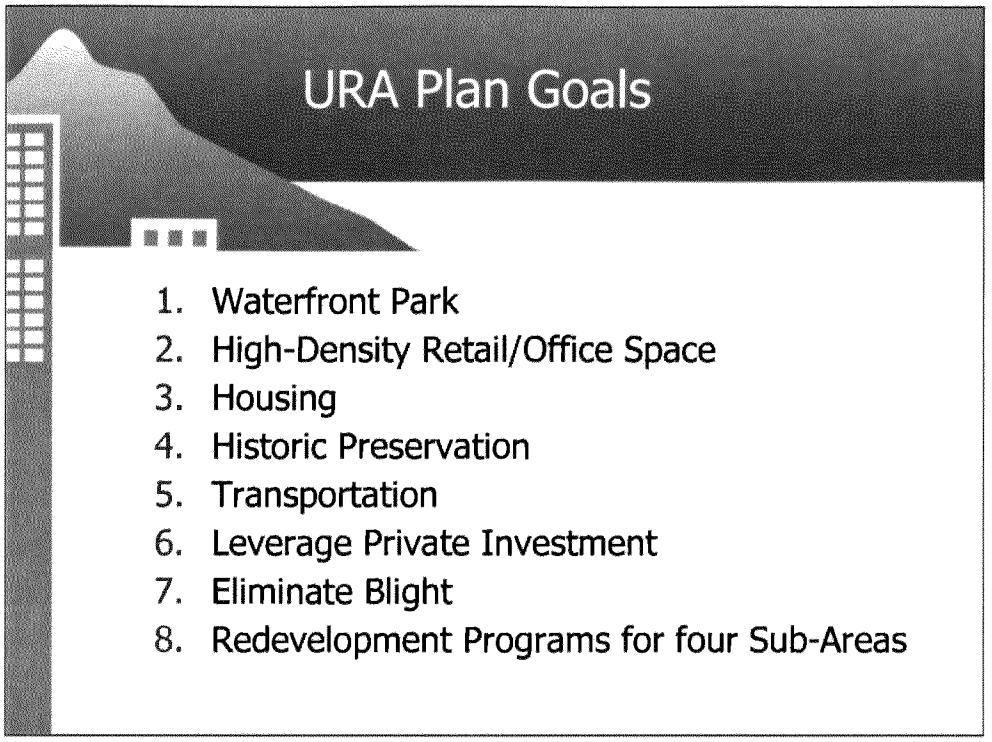
Property Tax Revenue

Tax Year	City	County	PPS
1998-99	$ 909,946	$ 863,504	$ 949,171
1999-00	1,045,014	991,679	1,090,061
2000-01	1,400,305	1,328,836	1,460,667
2001-02	1,733,670	1,645,187	1,808,403
2002-03	1,780,209	1,689,351	1,856,948
2003-04	1,934,877	1,836,125	2,018,283
Totals	**$8,804,021**	**$8,354,682**	**$9,183,533**



Now it's time to incorporate concepts into public policy and action. And take a look at some the key accomplishments achieved over the life of the district.

At its essence, PDC and urban renewal provide a powerful source of money for capital improvements.



The DTWF URA Plan has 8 primary development goals intended to improve the appeal, the character, and the economic health and vitality of Portland's downtown.

PDC's projects and programs have been driven with these goals in mind.

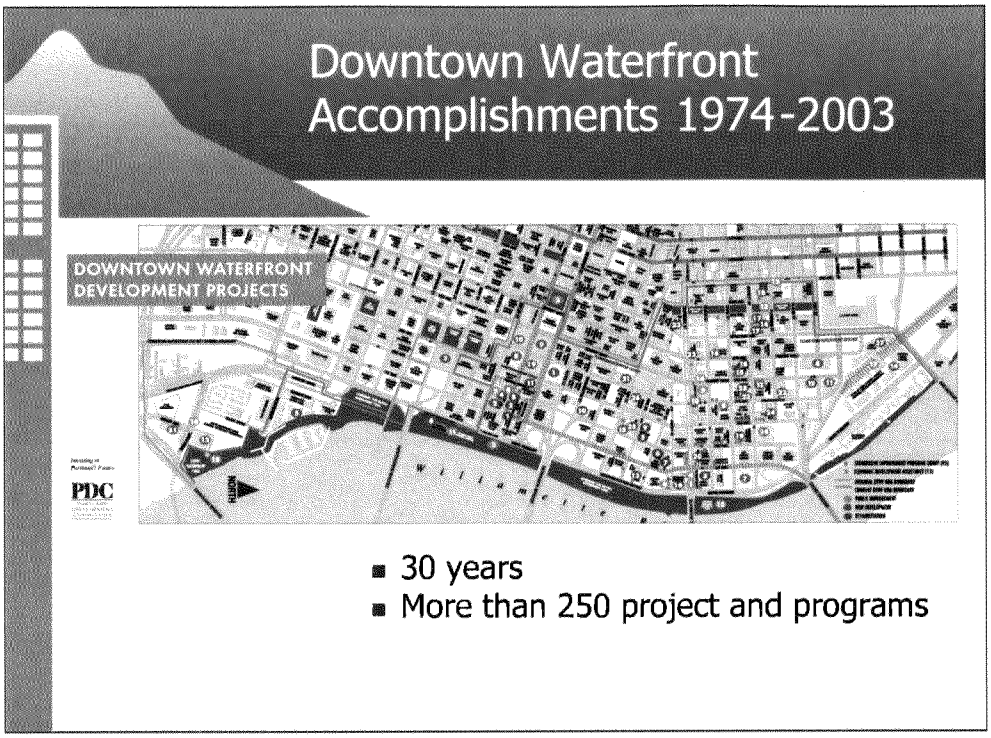
The four program areas in Goal 8 are

South Waterfront,

Pioneer Square,

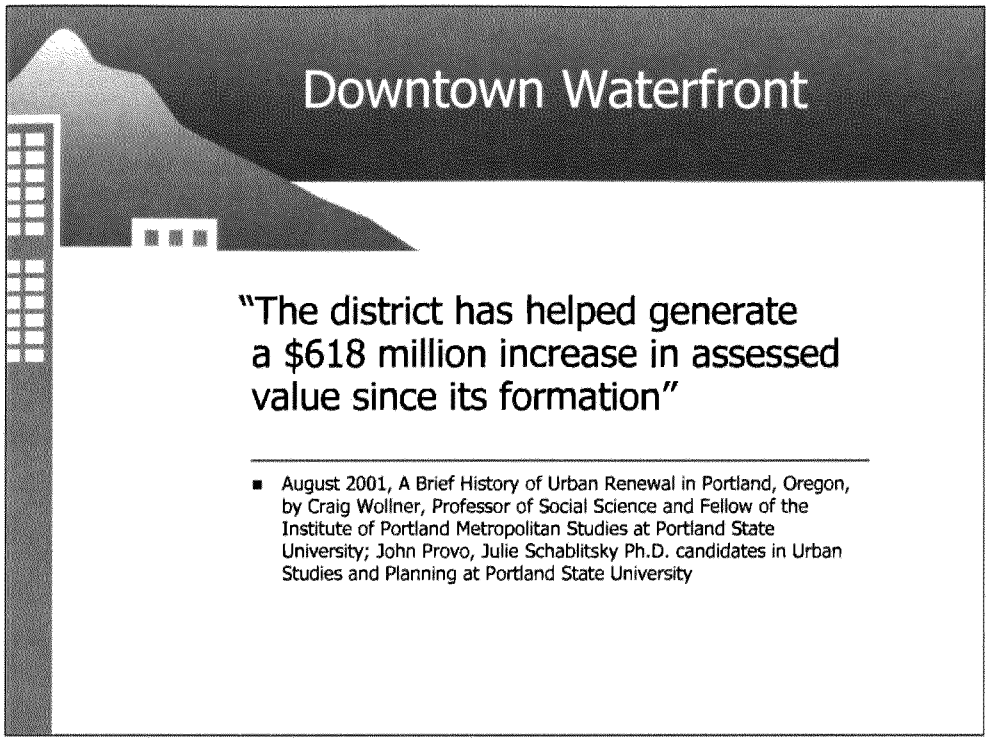
Morrison Street, and

Union Station.



Thirty years of investment has yielded over 250 project and programs that stretch from Oldtown/China Town south to the Marquam Bridge.

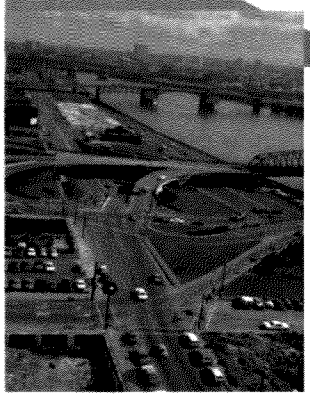
These investments have certainly catalyzed purely private endeavors such as US Bancorp in the 70's; The Heathman Hotel in the 80's; and ODS Plaza and Fox Tower in the 90's.

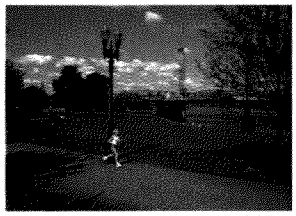


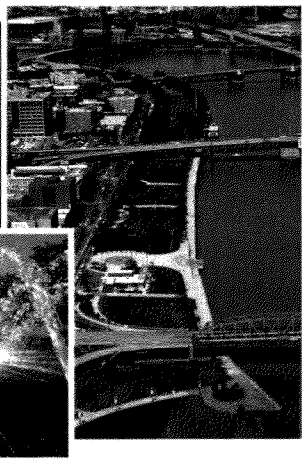
These investments have directly and indirectly generate a $618 million increase in assessed value since 1974.

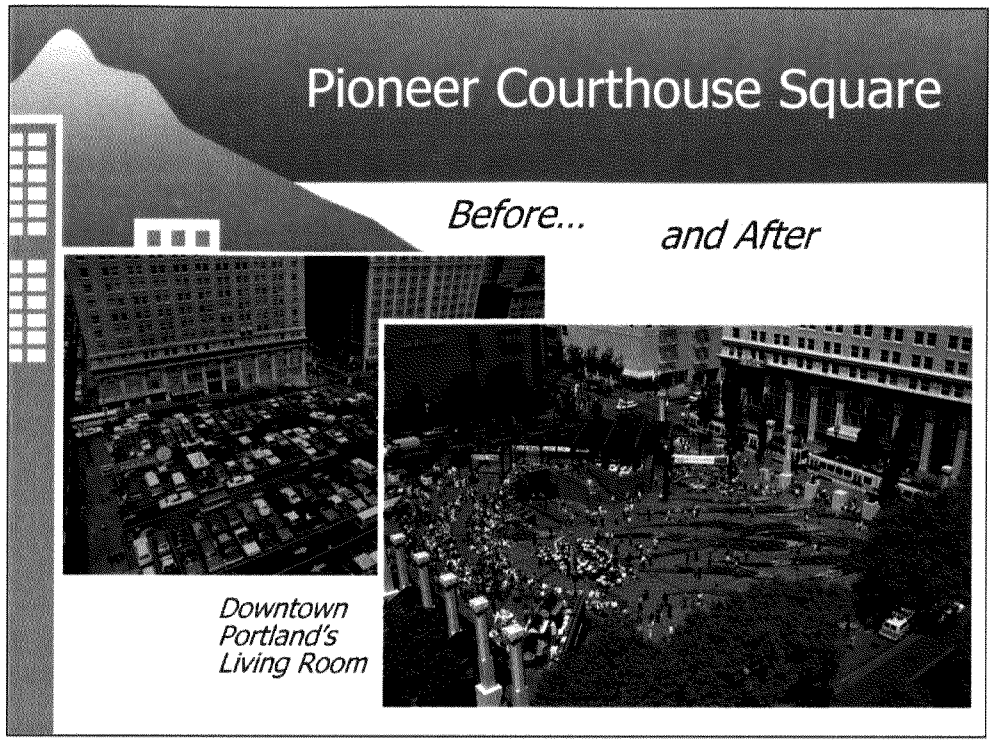
Waterfront Park

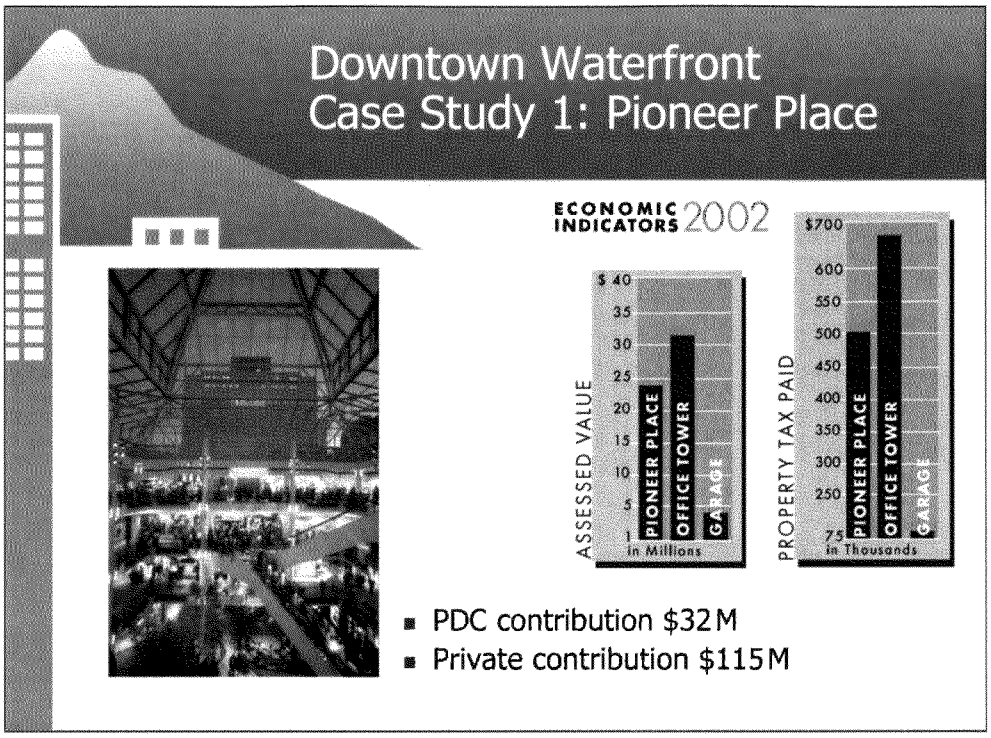
Before... *and After*







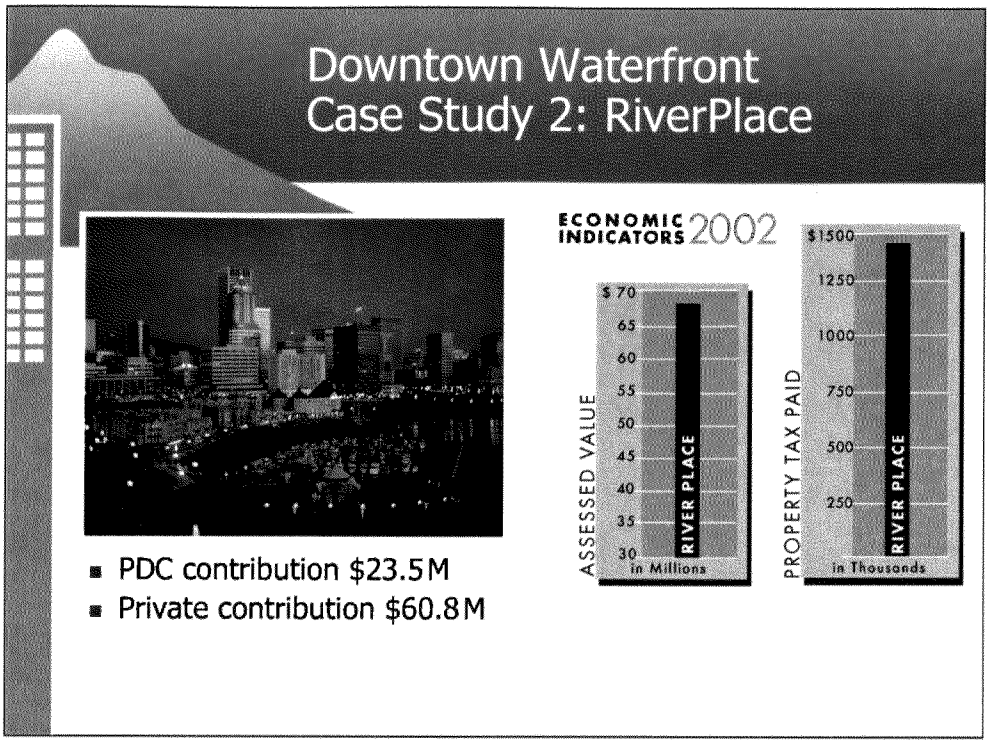

Pioneer Courthouse Square
Before...
and After
Downtown
Portland's
Living Room



Three recent case studies illustrate how PDC has transformed land into income producing property that delivers strong community benefits.

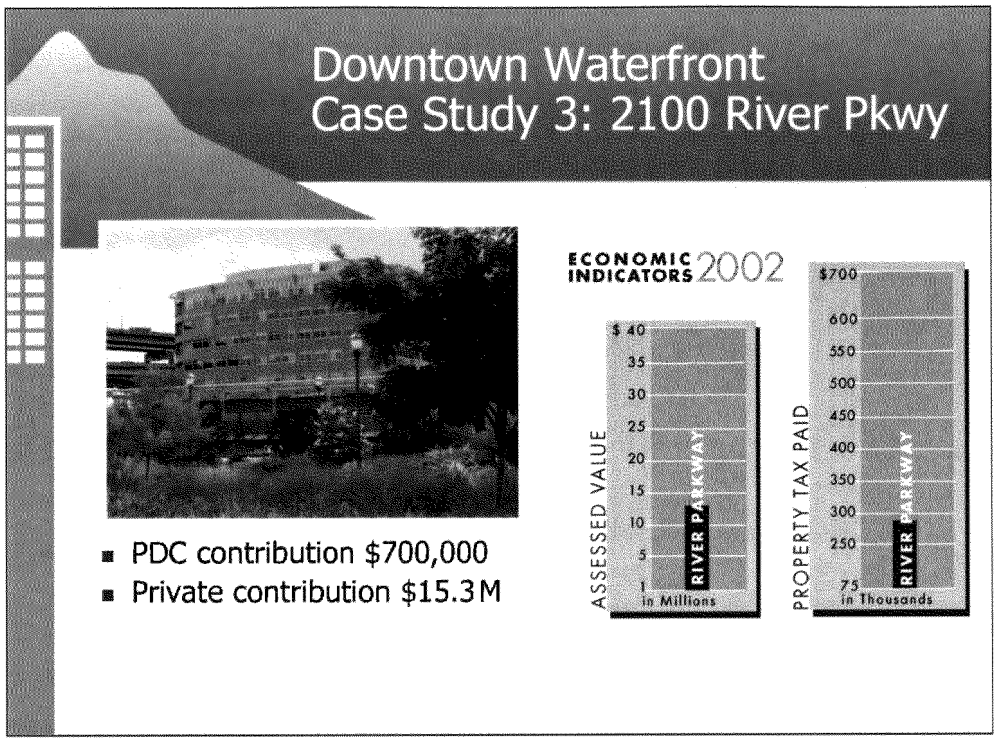
Case Study #1:

Completed in 1990; PDC's investment in Pioneer Place, Pioneer Tower and the 4th and Yamhill Garage as led to a combined assessed value of those properties which exceeds $60 million; which generated over $1.1 million in property taxes
last year.



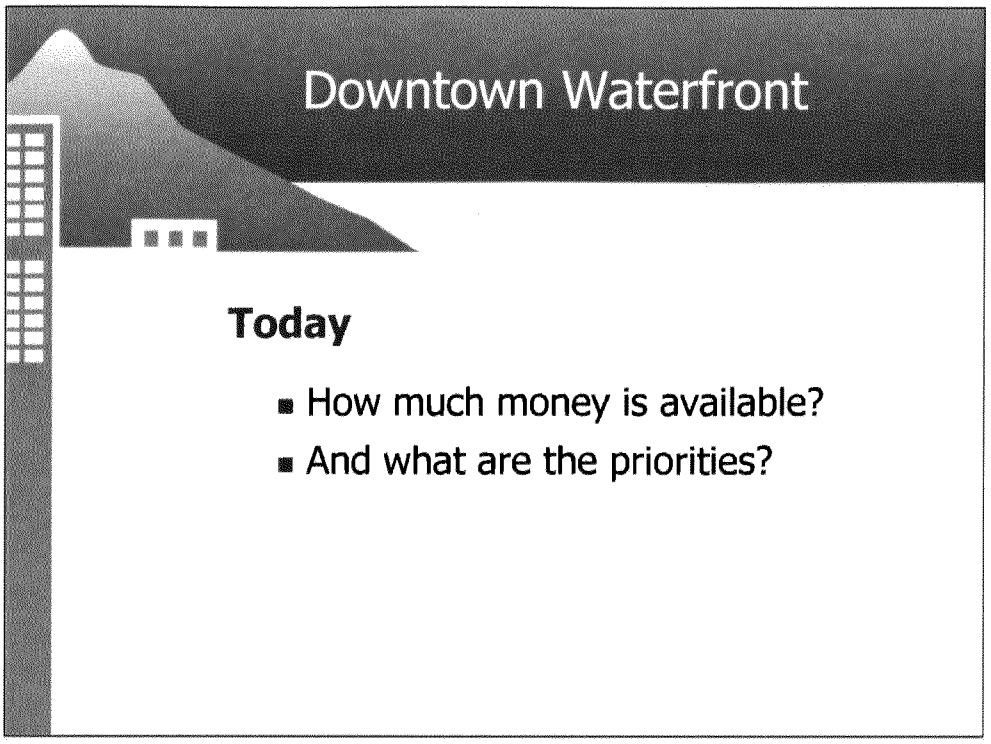
Case Study #2:

Completed in phases between 1985 and 1995 PDC's investment in RiverPlace has yielded $1.3 million in 2003 property taxes based on an assessed value of close to $70 million.



Case Study #3:

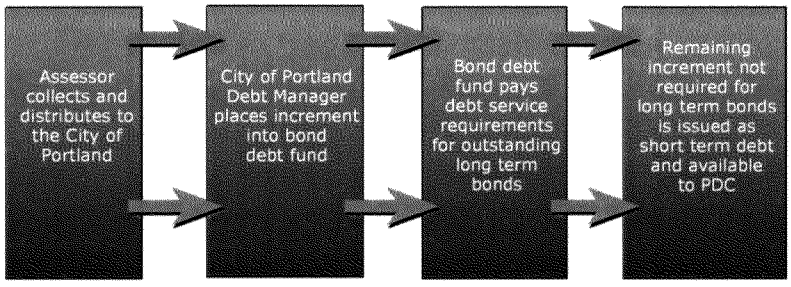
The 2100 River Parkway Building completed in 1994 has an assessed value of over $13 million and generated over $280,000 in property taxes last year.

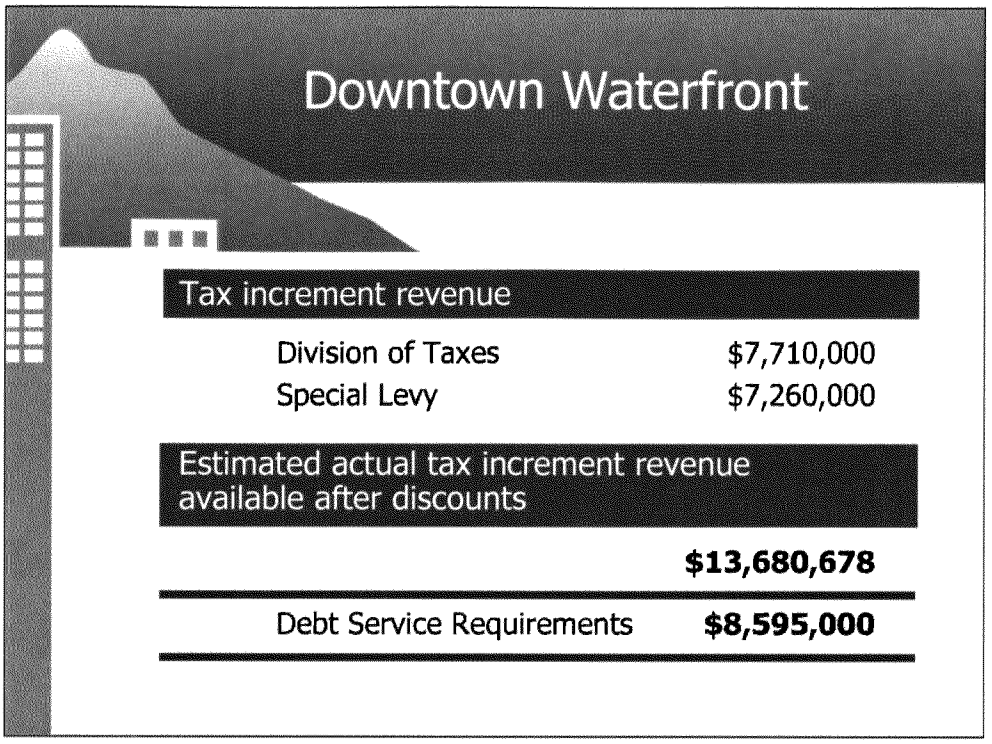


Looking forward the Commission is faced with some critical questions and decisions…

Downtown Waterfront

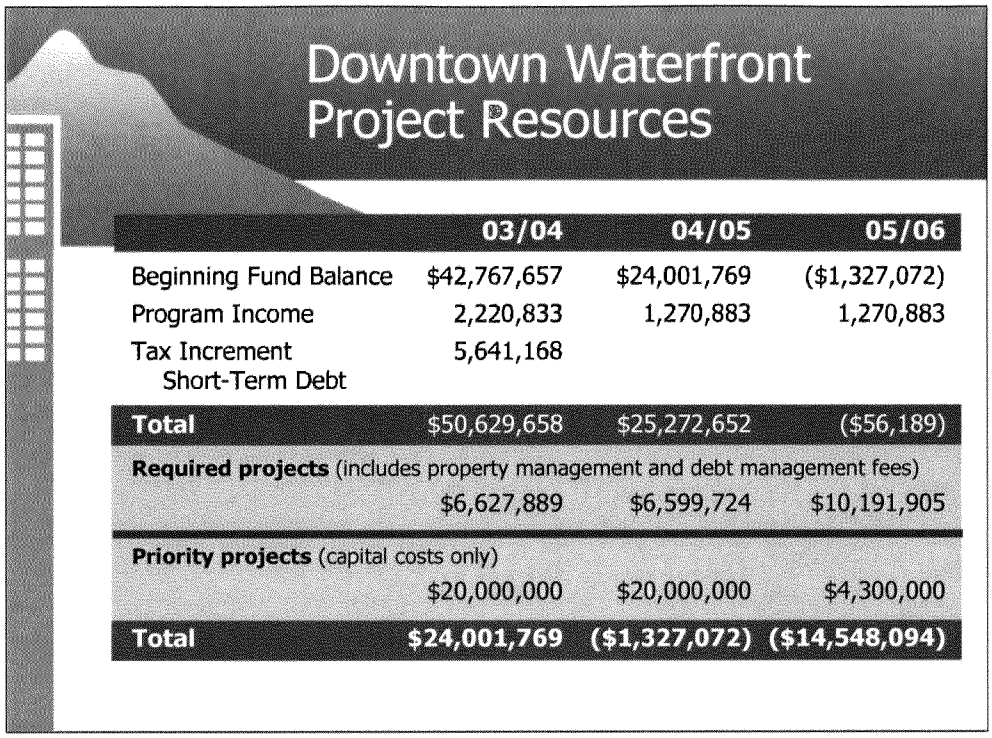
Flow of increment revenues





This flow to the City of Portland for the payment of bonded indebtedness.

Current indebtedness is $8,595,000, allowing the Debt Manager to release to the district as short term debt (du jour) approximately $5,085,678. The total amount is reduced by bond covenants and reserve requirements.



Resources

Beginning Fund balance

Includes 2000 bond proceeds required to be used to finance urban renewal capital projects. Note the Beginning fund balance is higher than the adopted 03-04 budget ($28,550,122). The additional fund balance was due to an underestimation of actual resources and expenditures for the year 02-03. The amount is a result of a reduction in spending pending the outcome of the Shilo case, which caused Portland Development Commission to hold expenditures on projects pending the outcome of the litigation. During this time, the major downturn in the economy resulted in a major impact on the abilities of the development and construction industry and recovery has been slow.

Program income

Includes interest income and potential land sale proceeds

Tax increment (short term debt)

Remaining increment not required for long term bonds is issued as short term debt and available to PDC urban renewal operations

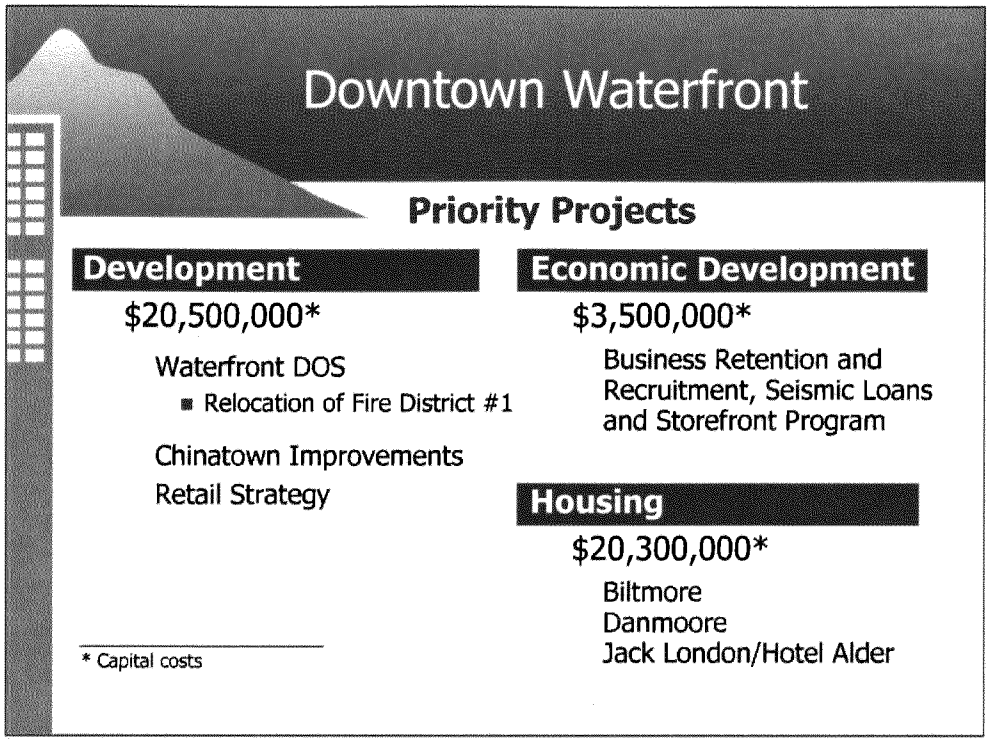
Requirements

Required contract or legal obligation

Creative Services (lease expires 2011)

Other property management obligations

Debt management fees

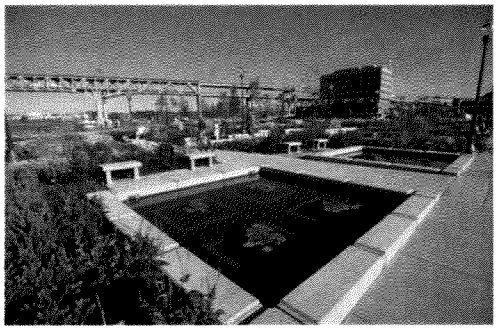


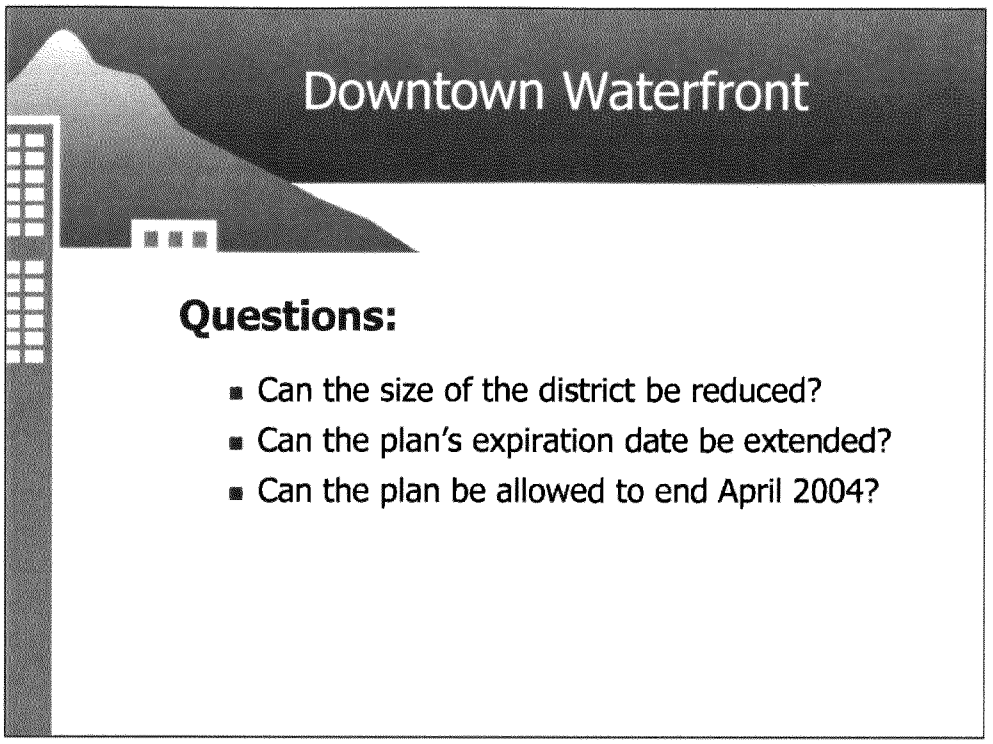
The Downtown Waterfront projects span 3 plus years. The total of these projects are approximately $44,300,000 of capital costs.

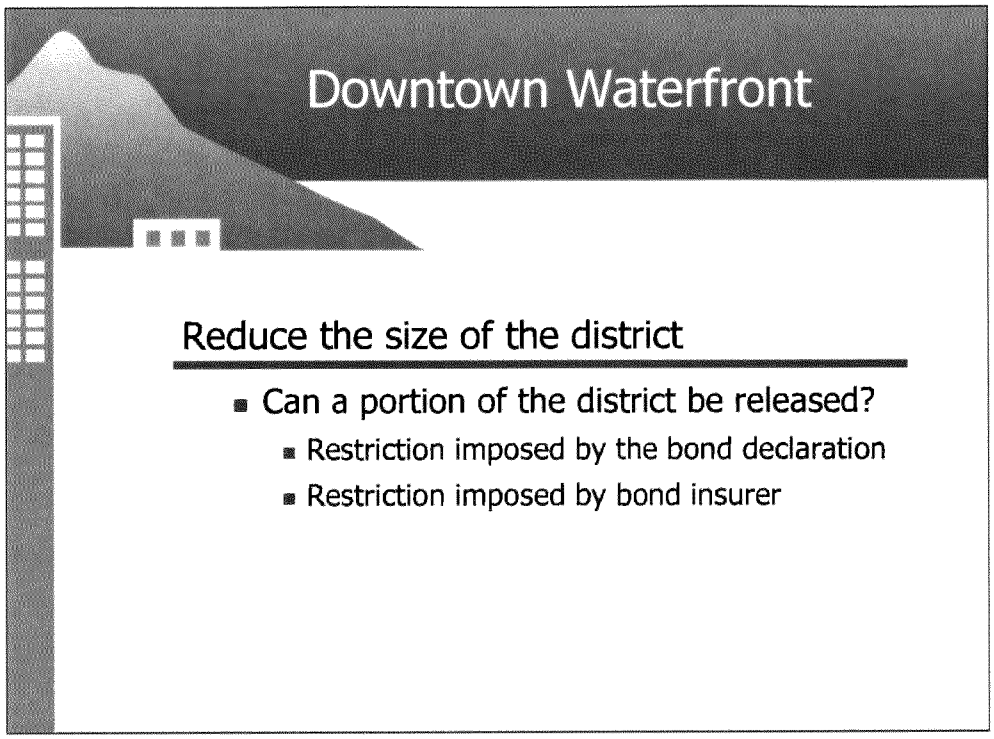
The current 03-04 budget will be amended to set the above projects as a priority.

Downtown Waterfront

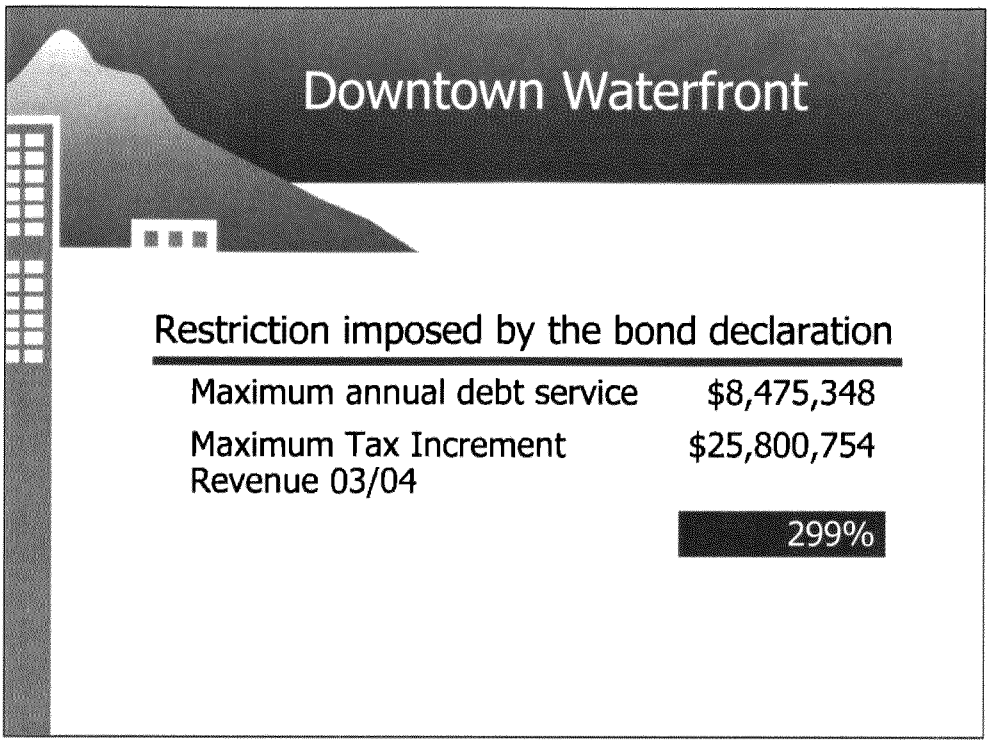
Commission Decision Options



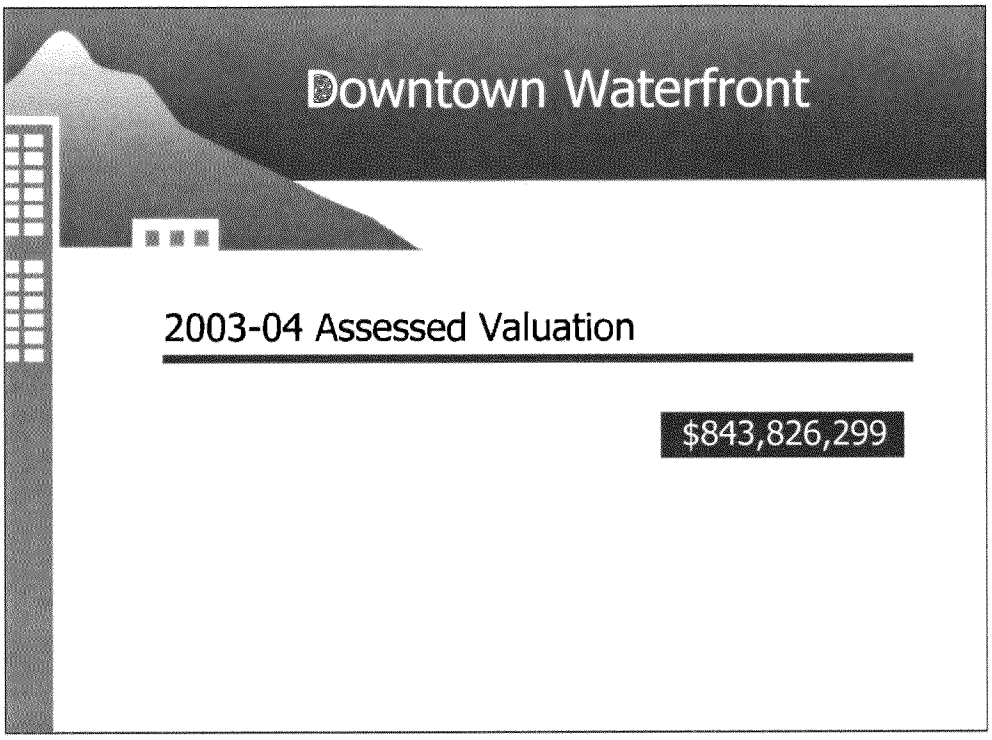

Downtown Waterfront
Questions:
Can the size of the district be reduced?
Can the plan's expiration date be extended?
Can the plan be allowed to end April 2004?



The issuance of the 2000 bonds by the City of Portland included both bond covenants and insurance covenants which restrict the ability of withdrawals of property in the district.



The City may only withdraw property from a district if the debt manager reasonably projects that the district will have maximum tax increment revenues which are at least equal to 130% of the maximum annual debt service on all then outstanding obligations of the district



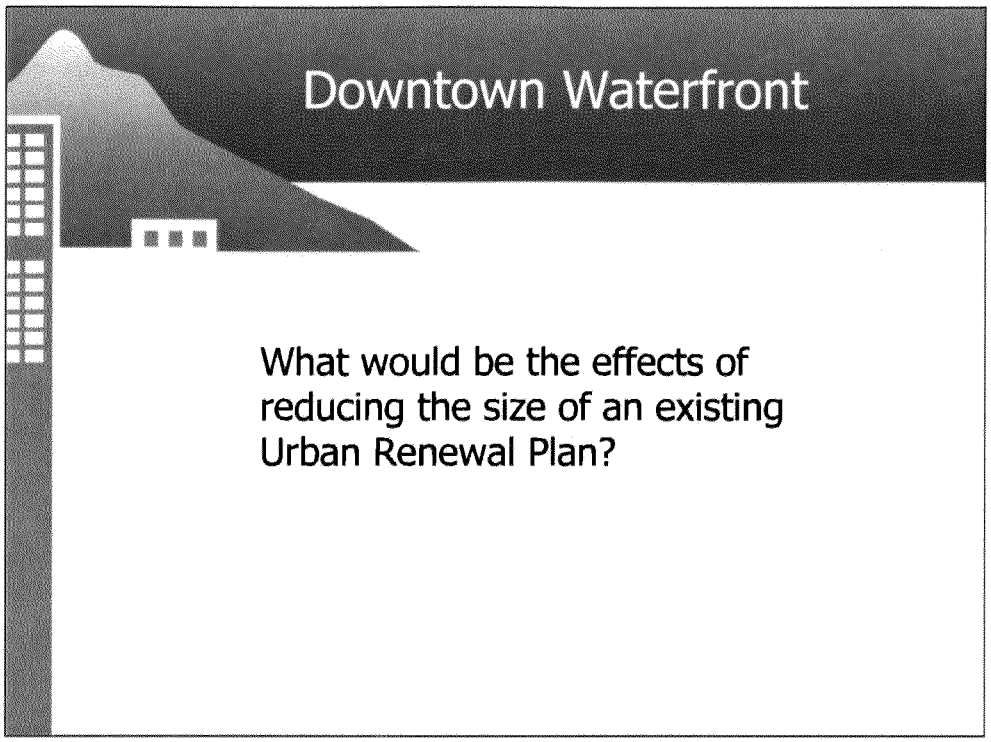
The City has further covenanted for the benefit of the insurer that it shall not, without prior written consent:

Withdraw property from a district which has an aggregate assessed value of more than 10% of the total assessed value of all taxable property in the district during any five year period.

Withdrawal of property from a district if the total assessed value of all taxable property in the district declined in the preceding year for reasons other than withdrawals of property.

Show decline of growth.

In summary, not an option at this time.

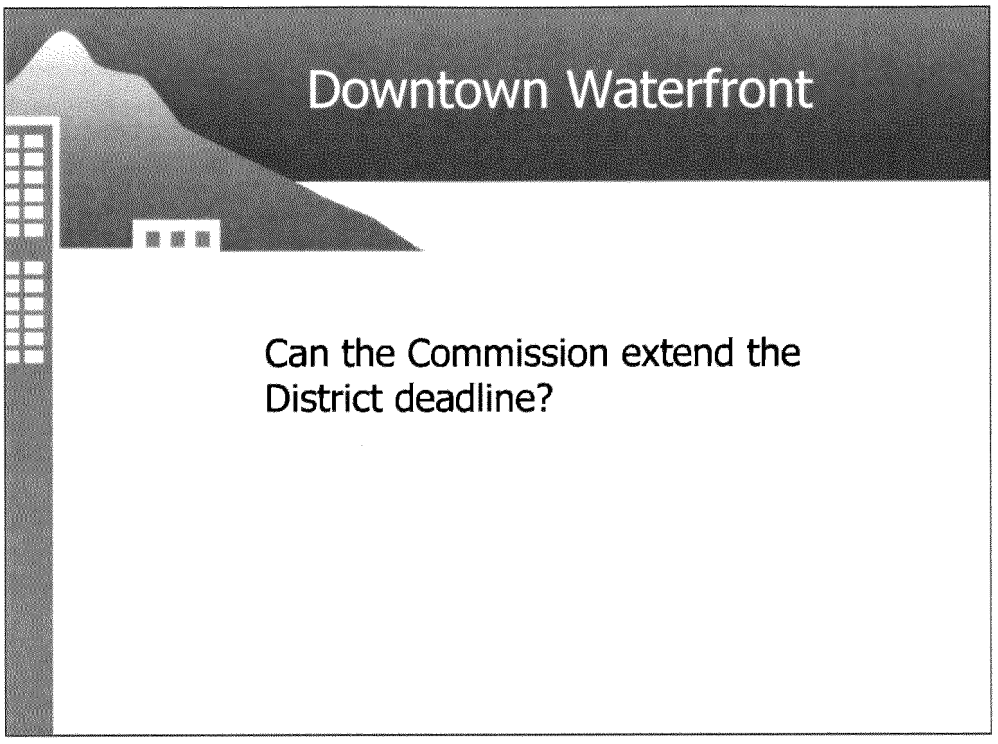


Reduces the Frozen Base of the District

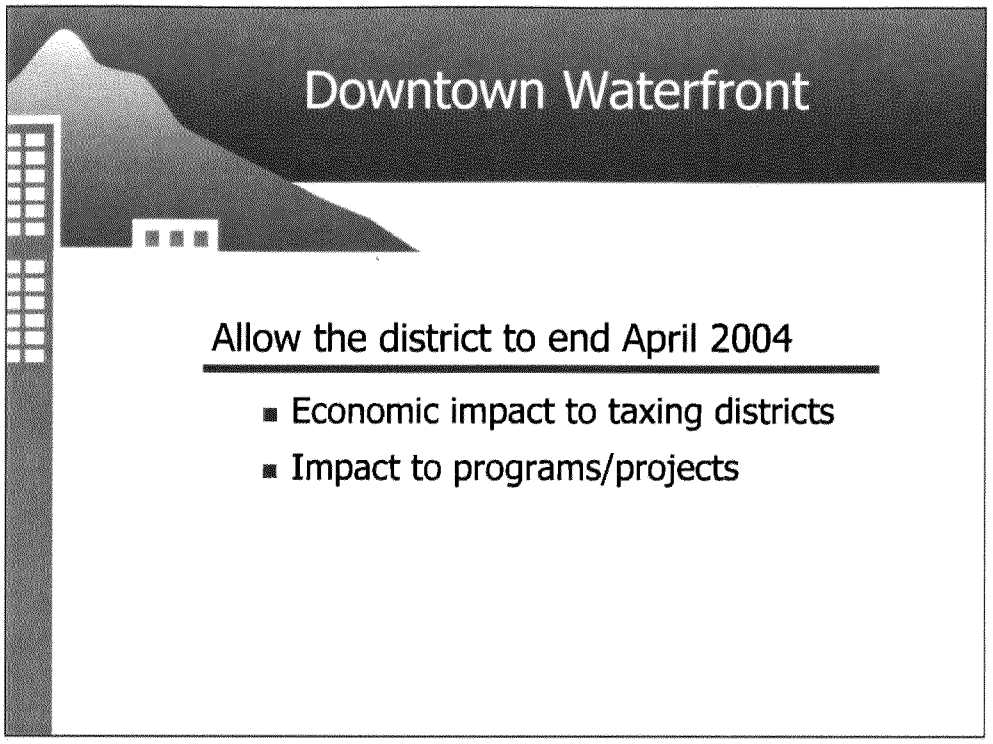
Downtown Waterfront is a single tax code

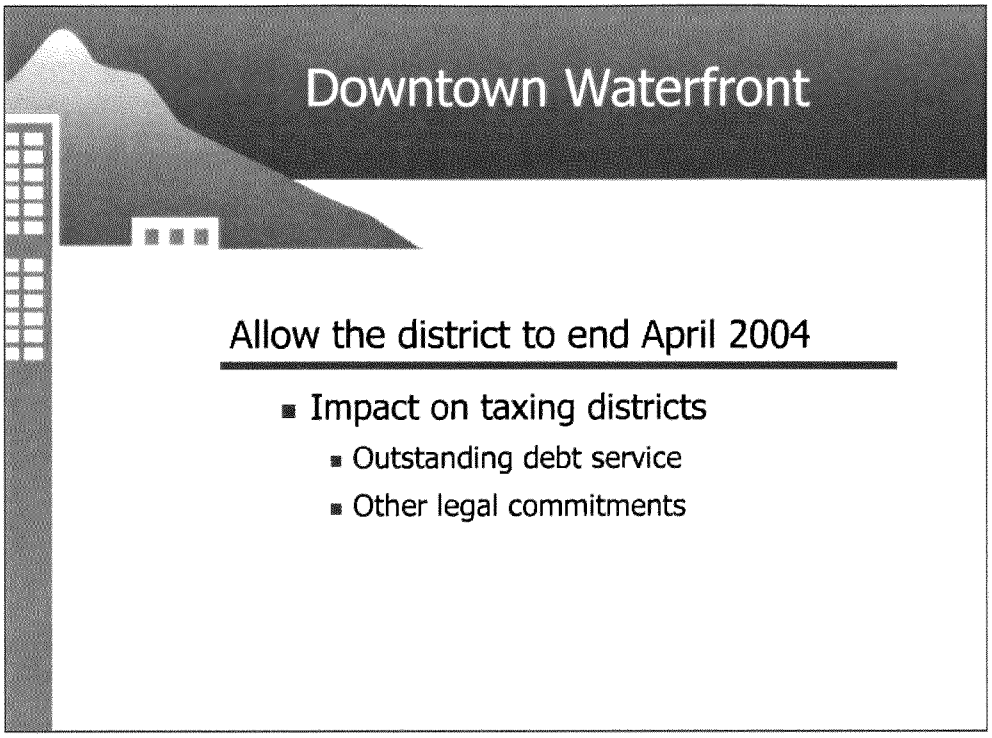
Frozen Base of the district is $70,866,644

Reduces the Maximum tax increment revenues in the district.

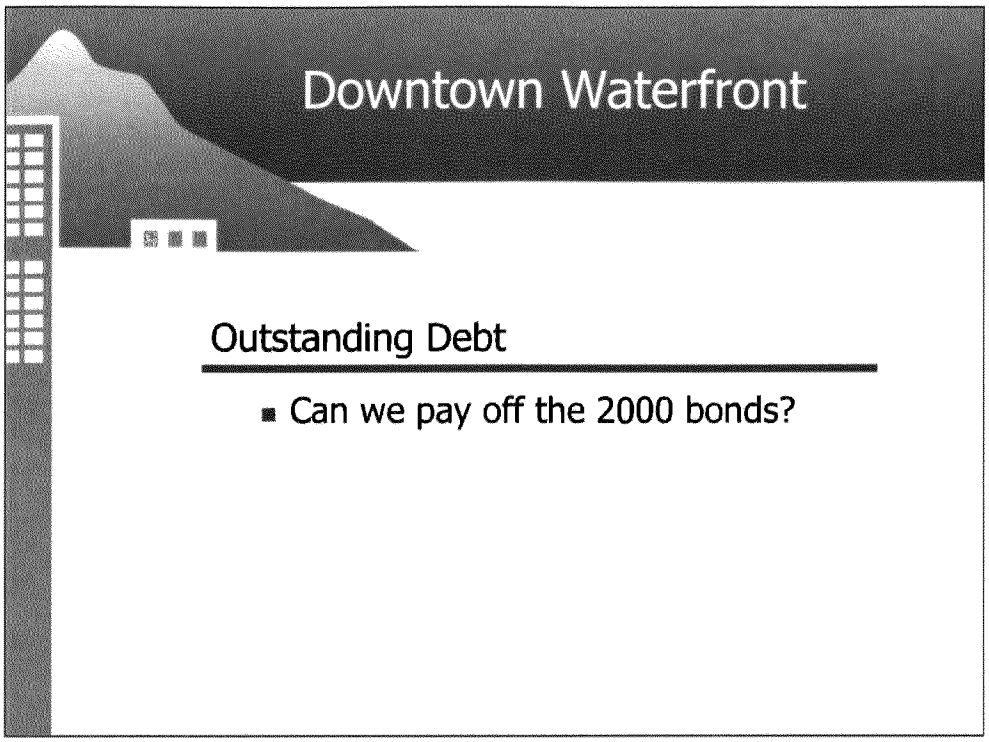


The major purpose would be for the extension of the bonded indebtedness deadline.


Downtown Waterfront
Allow the district to end April 2004
Economic impact to taxing districts
Impact to programs/projects

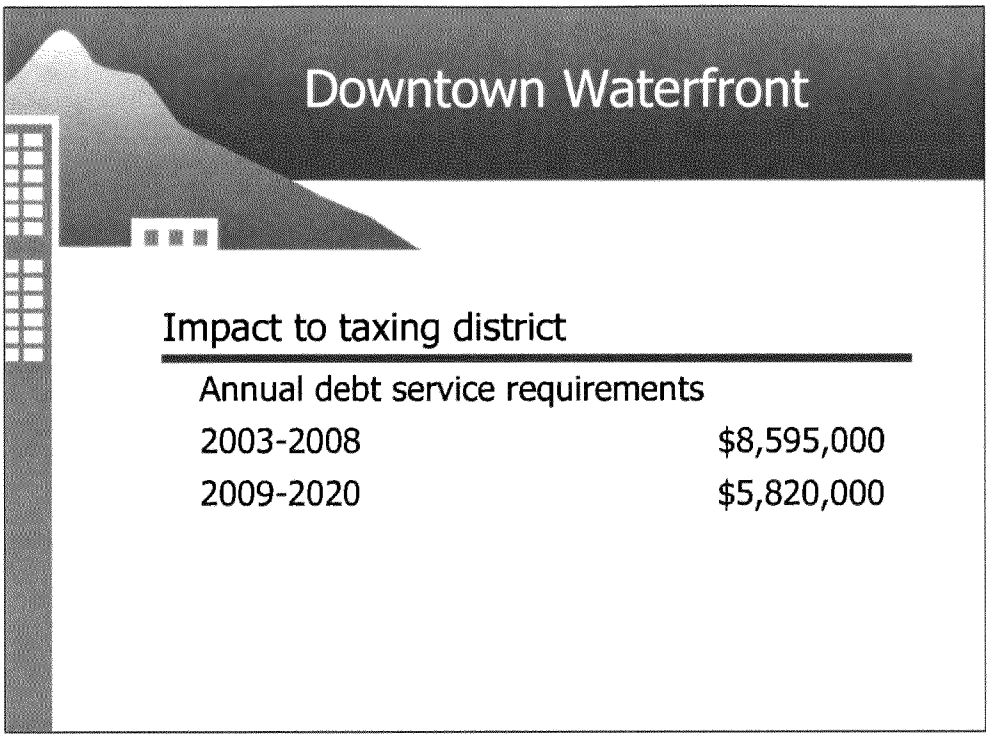


The termination of an urban renewal district shall not affect any outstanding legal actions, contracts or obligations of the agency.

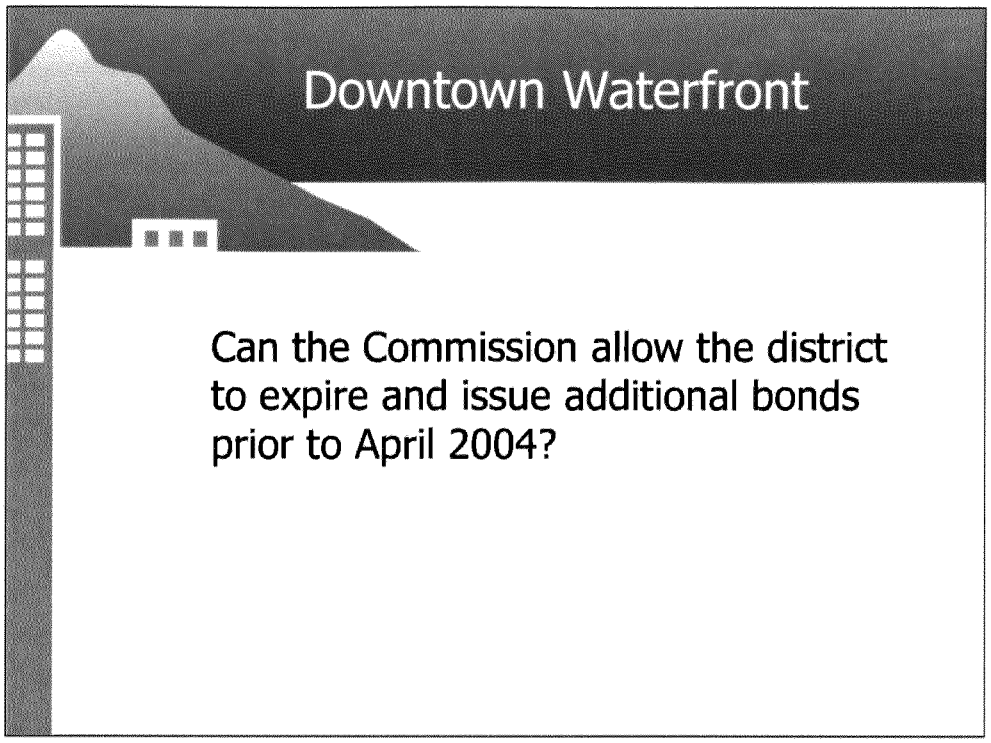


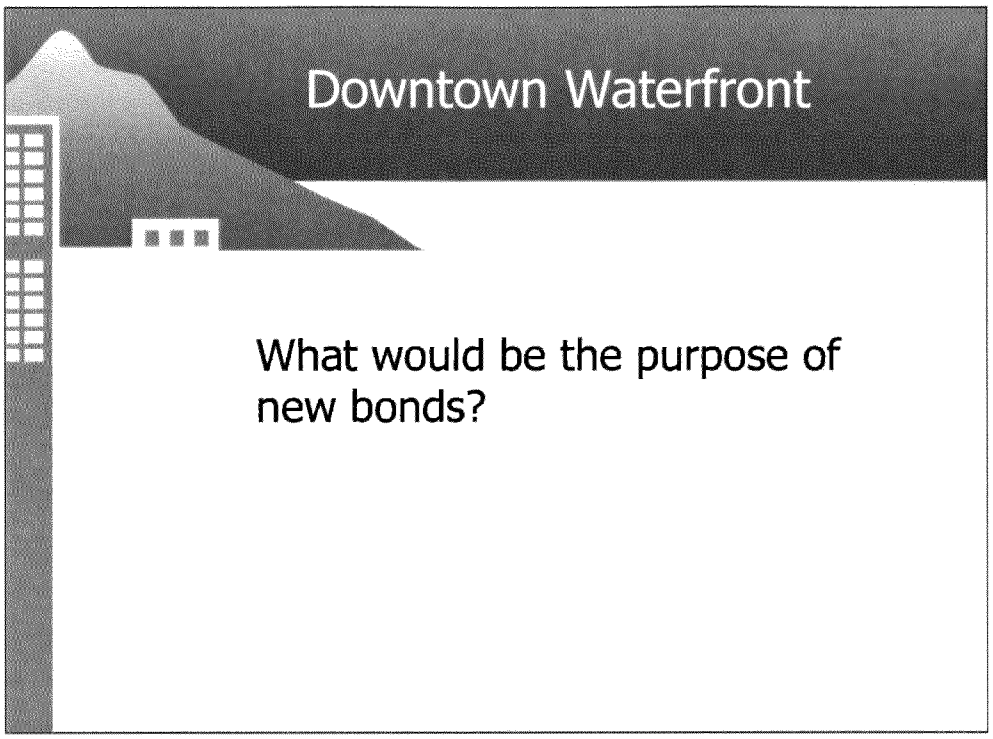
The bond covenants restrict the ability to prepay. The terms of the bond covenants are:

Series A	Optional redemption beginning year 2010
	Maturity of bond issue 2020
Series B	Mandatory redemption beginning year 2010
	Maturity of bond issue 2013



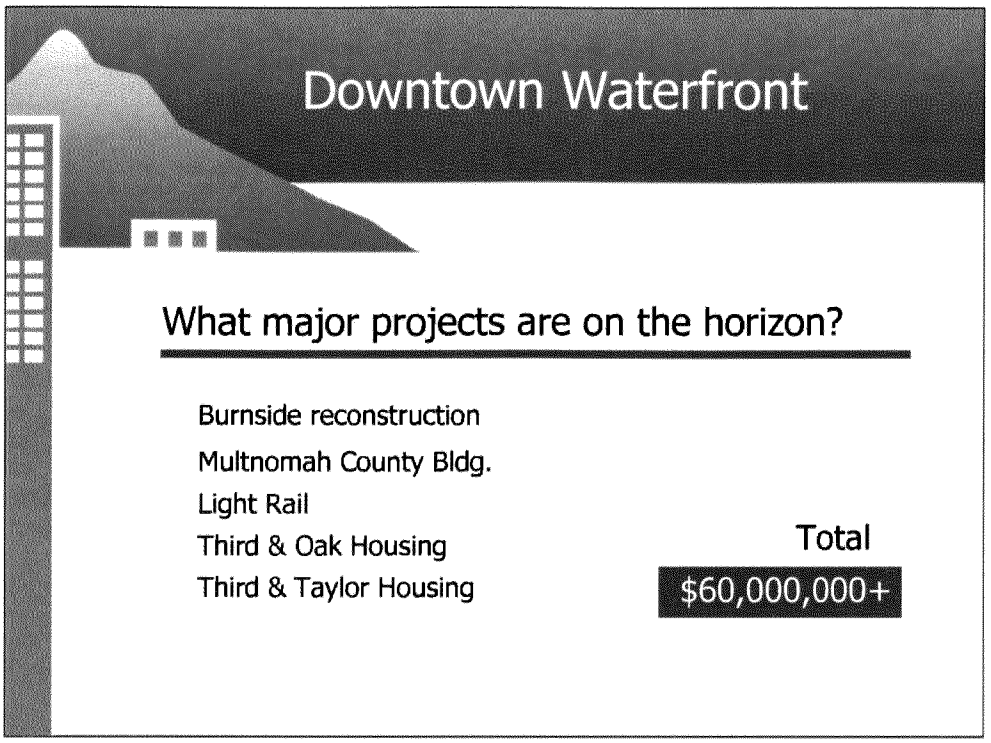
Tax increment revenue will be required to be collected until 2020.


Downtown Waterfront
Can the Commission allow the district to expire and issue additional bonds prior to April 2004?



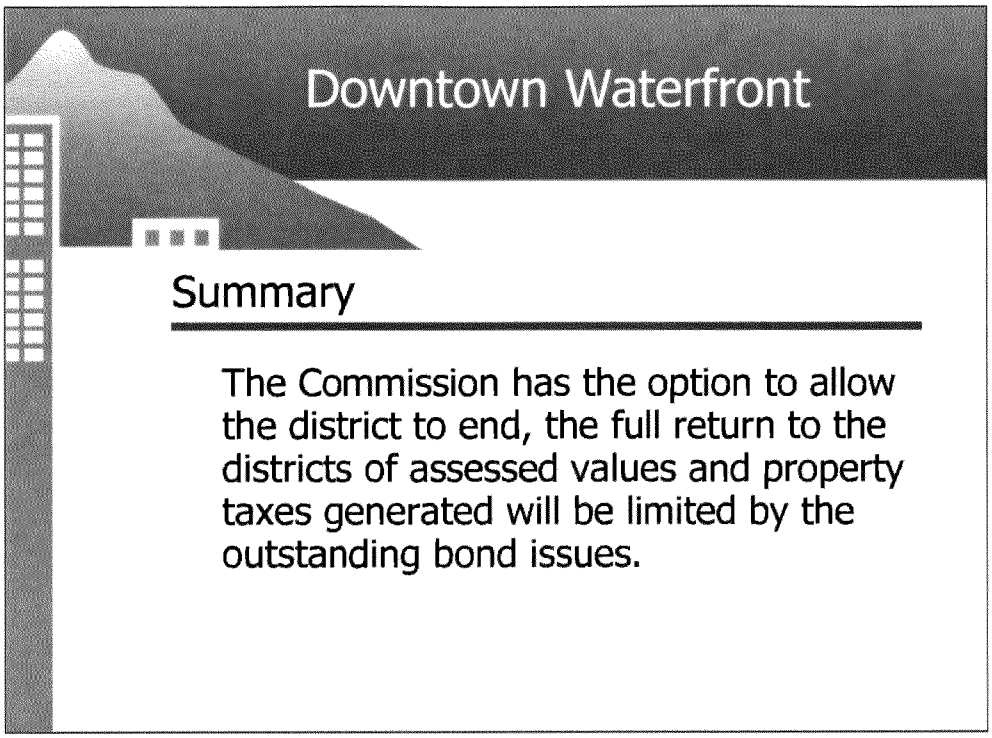
The commission has the authority to authorize additional debt. The tax increment revenue projections indicate the district would be able to meet the additional debt service requirement. The 2003-04 projected debt capacity (City of Portland) is $46,100,000. The bond issue would net approximately $41,4900 after issuance costs. These funds would be available for projects (reimburse current projects in process and future projects)

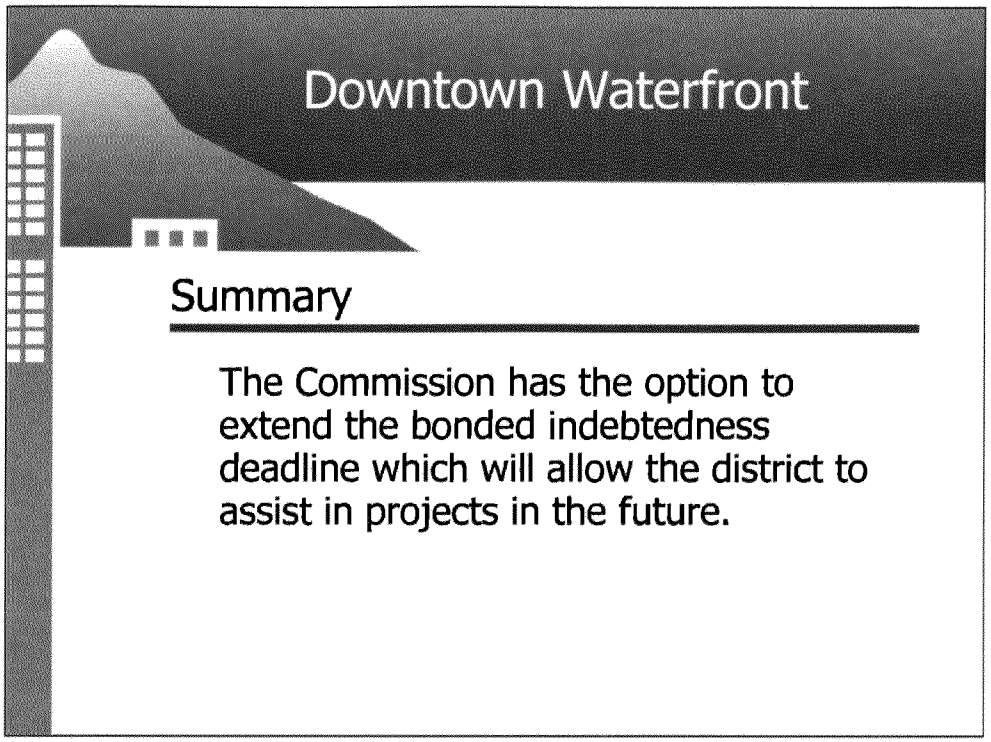
Bonds are generally issued for a 20 year period – the impact on the taxing districts would be the collection of increment would be extended until the end of this issue.

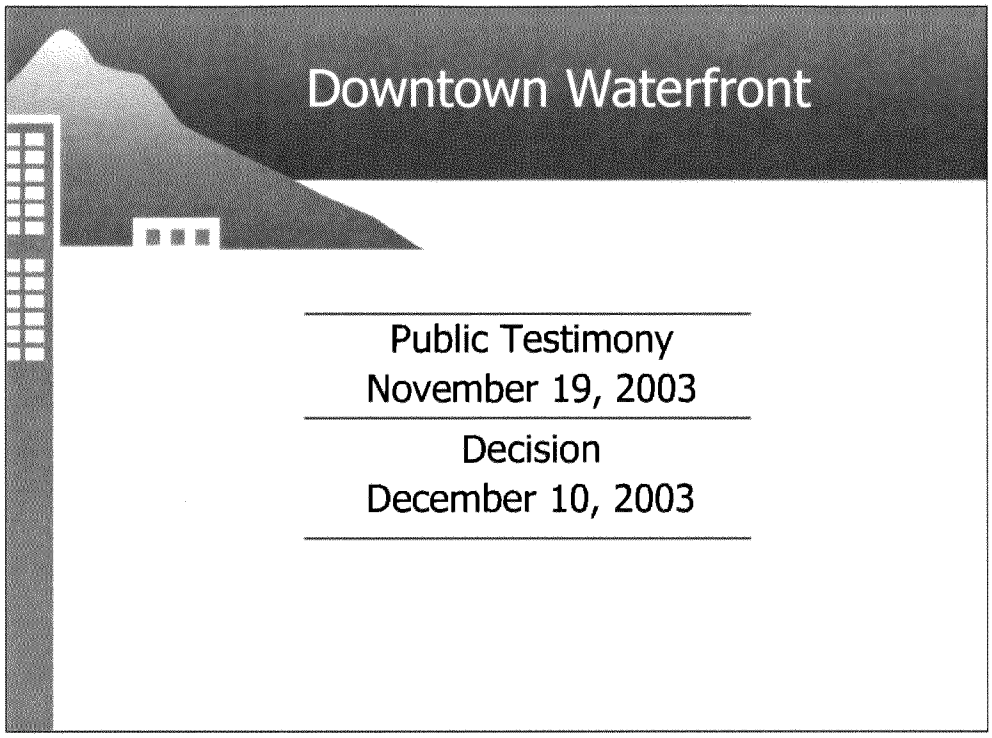


Burnside reconstruction due to commence in fiscal year 07-08

Housing projects due to commence in 05-06


Downtown Waterfront
Summary
The Commission has the option to allow the district to end, the full return to the districts of assessed values and property taxes generated will be limited by the outstanding bond issues.


Downtown Waterfront
Summary
The Commission has the option to extend the bonded indebtedness deadline which will allow the district to assist in projects in the future.



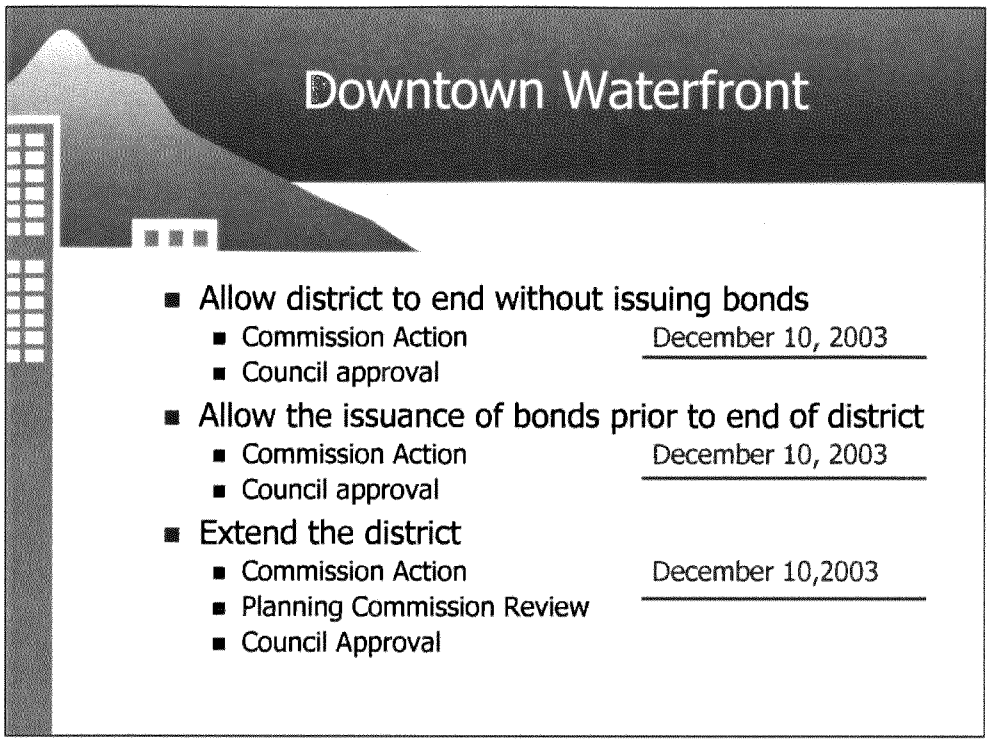
The decision will:

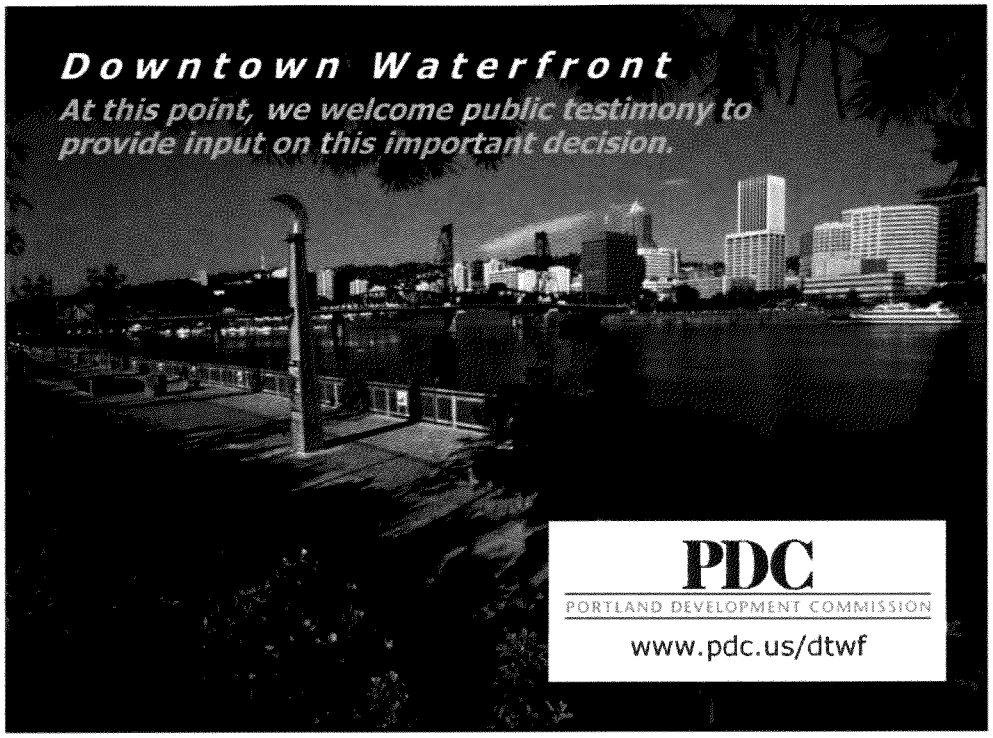
Change the priority of the projects

Determine if the Downtown Waterfront district should issue additional bonds and the amount.

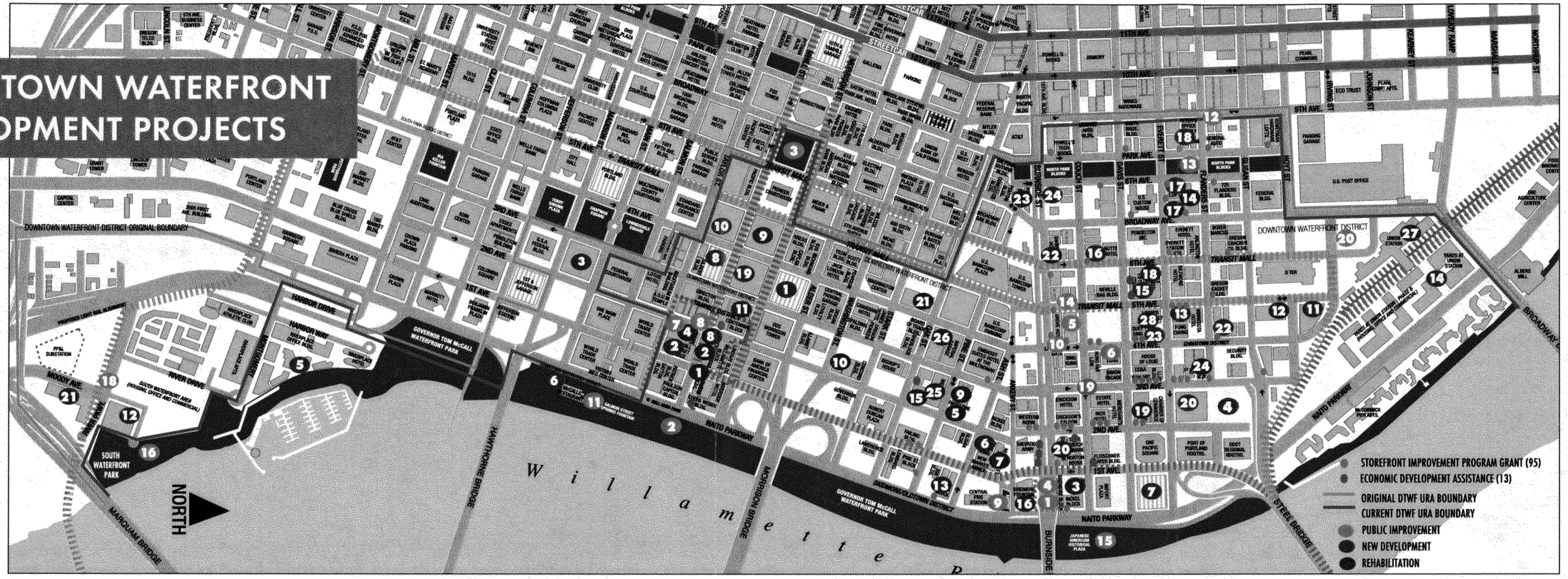
Determine the timing of the issuance of additional debt.

Determine if an extension of the district is necessary.


Downtown Waterfront
Allow district to end without issuing bonds
Commission Action
December 10, 2003
Council approval
Allow the issuance of bonds prior to end of district
Commission Action
December 10, 2003
Council approval
Extend the district
Commission Action
December 10,2003
Planning Commission Review
Council Approval


Downtown Waterfront
At this point, we welcome public testimony to provide input on this important decision.
PDC
PORTLAND DEVELOPMENT COMMISSION
www.pdc.us/dtwf

DOWNTOWN WATERFRONT DEVELOPMENT PROJECTS



Investing in Portland's Future

PDC
PORTLAND DEVELOPMENT COMMISSION

NEW DEVELOPMENTS

Project & Description	Year Completed
1 3rd & Alder Garage/Morrison Park East 8 level parking garage (849 spaces)	1979
2 Yamhill Marketplace 40,000 sq ft – mainly retail	1982
3 Justice Center 472,038 sq ft government public safety facility	1983
4 Greyhound Terminal New development: Bus terminal	1985
5 RiverPlace (multiple phases) Retail, housing, hotel, streets (Harbor Way, River Dr.)	1985-1995
6 Visitors Center conversion to restaurant (McCalls) Adaptive reuse of historic building	1987
7 Naito and Davis Garage Parking garage and Heliport (449 spaces)	1988
8 4th/Yamhill Garage Shopper parking garage (830 spaces)	1989
9 Pioneer Place 215,196 sq ft retail	1990
10 Pioneer Tower Office tower	1990
11 Tri-Met North Terminal Layover facility for Tri-Met busses	1992
12 2100 River Parkway Building Headquarters office building	1994
13 Fifth Avenue Commons 70 rental units	1998
14 Yards at Union Station (Phases A and B) 158 (A) and 377 (B) rental units	1998-1999
15 Fifth Avenue Court 96 rental units	1999
16 Macdonald Center 54 elderly assisted living units	1999
17 North Park Lofts 67 condominiums	2000
18 Park Northwest 18 condominiums	2000
19 Pioneer Place II Retail	2000
20 Classical Chinese Garden Chinese garden – cultural destination	2001
21 Marriott Residence Inn Hotel – 258 rooms	2001
22 Old Town Lofts 60 mixed-income condominiums	2001
23 Pacific Tower 156 affordable apartments	2003
24 The Danmoore 180 affordable apartments	2003

PUBLIC IMPROVEMENTS

Project & Description	Year Completed
1 Saturday Market Construction of new restrooms	1974
2 Waterfront Park and Front Ave. Phases Public park and open space	1978
3 Pioneer Courthouse Square Public plaza	1984
4 1st/Burnside Crosswalk North/South pedestrian connection across Burnside	1985
5 Chinatown Banners Streetscape/placemaking improvements	1985
6 Chinatown Street Lights Street lamps over 10 blocks	1985
7 Yamhill District Signs Streetscape improvements/signage	1985
8 Yamhill District Streetlights Streetscape improvements	1985
9 Ankeny Park and Arcade Outdoor public plaza	1986
10 Chinatown Gateway Gateway over NW Fourth at Burnside	1987
11 Salmon Street Springs Fountain in Waterfront Park	1988
12 9th Ave. Local Improvement District Rebuilding of NW 9th Ave.	1989
13 Renovation of the North Park Blocks Rebuilding of five park blocks	1990
14 Transit Mall Extension North of Burnside Extend Portland bus mall	1991
15 North Waterfront Park Redevelopment of Waterfront Park north of Burnside	1992
16 South Waterfront Park Extension Public park – hardscape and landscape	1999
17 Union Station Pedestrian Bridge & Public Plaza Bridge across rail tracks at Union Station/plaza	2000
18 River Parkway New roadway serving South Waterfront	2001
19 Old Town/China Town Streetscape Improvements Reconstruct NW 3rd and 4th avenues	2003
20 Union Station NW 6th Avenue Extention Creation of new street and forecourt for Union Station	2003

REHABILITATION

Project & Description	Year Completed
1 Powers Building 12,000 sq ft – office and restaurant	1978
2 Strowbridge Building 17,500 sq ft – office and restaurant	1979
3 Blagen Block 33,172 sq ft – mainly office	1981
4 Thomas Mann Building 13,690 sq ft – mixed-use	1981
5 Haseltine Building 32,000 sq ft – office and retail	1982
6 New Market South 22,000 sq ft – office and retail	1983
7 New Market Theatre 41,653 sq ft – office and restaurant	1983
8 Willamette Block 32,000 sq ft – office and retail	1983
9 Porter Building 10,500 sq ft – office and retail	1984
10 Waldo Building 13,850 sq ft – office and restaurant	1984
11 Centennial Block 43,953 sq ft – mainly office	1985
12 Glisan Service Center Social services building	1985
13 Smith Block 21,870 sq ft – office and retail	1985
14 Estate Hotel 168 apartments	1986
15 Police Block 43,200 sq ft – mainly office	1986
16 Skidmore Fountain Building 41,000 sq ft – office and retail	1986
17 Golden West 76 apartments	1989
18 Sally McCracken 95 apartments	1989
19 Foster Apartments 96 apartments	1990
20 Shoreline 63 apartments	1990
21 The Henry Building 153 apartments	1990
22 Helen Swindells 105 apartments	1993
23 Hatfield Building 106 apartments	1995
24 Royal Palm 50 units – rental/shelter	1996
25 The Westshore 113 apartments	1997
26 333 SW Oak 90 apartments	1999
27 Union Station Acquisition/Restoration Acquisition and restoration of Union Station	1999
28 Creative Services Center 60,000 sq ft office	2001

DTWF Development Map November 2003

Pioneer Place Phase I

(Pioneer Place, Pioneer Tower and S.W. 4th & Yamhill Garage)

AT A GLANCE

700 S.W. FIFTH AVENUE & 330 S.W. YAMHILL STREET

Project Features: 215,196 sq ft of retail, 16-story office tower with 316,884 sq ft of office and 830-space parking garage.

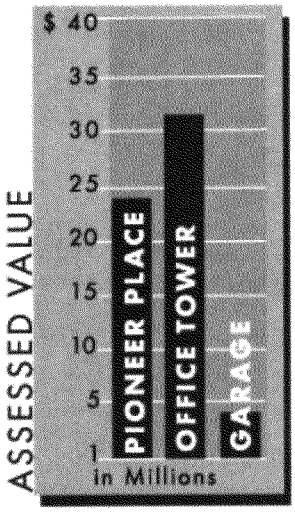
Project Completion: 1990

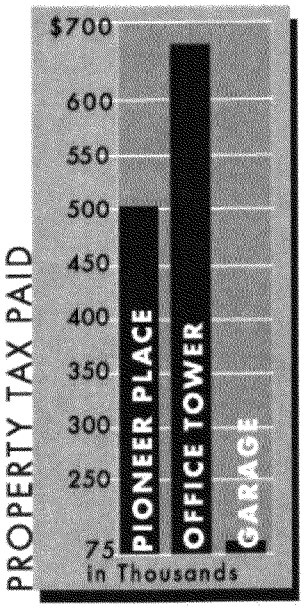
Total Project Cost: $147 million

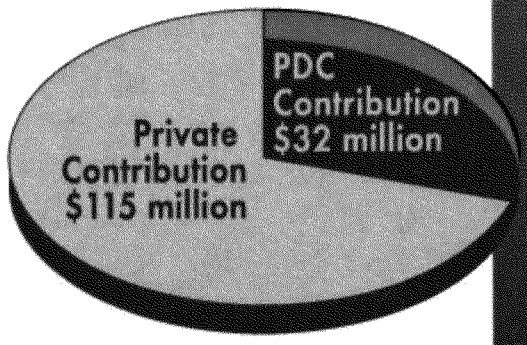
PROJECT BENEFITS — POLICY ACHIEVEMENTS

FINANCIAL	
Generates taxable assessed value, program income, or other payback	●
Stimulates additional development/private or public funds	●
SOCIAL	
Supports neighborhood livibility/quality of life.	●
Produces quality jobs or housing units	○
OTHER	
Follows through on project and planning commitments.	●
Supports or enhances organizational performance	○

ECONOMIC INDICATORS 2002







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2100 River Parkway Building
(Formerly Pacific Gas Transmission)

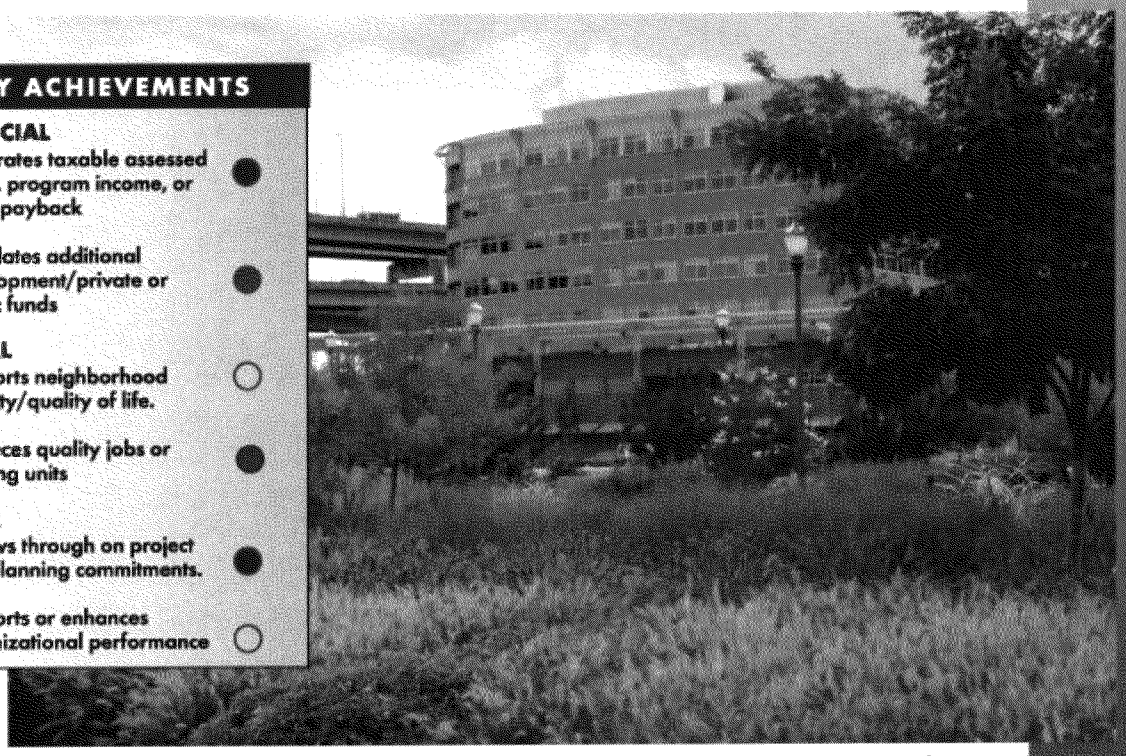
AT A GLANCE

2100 SW River Parkway

Project Features: 105,000 sq ft office with parking garage.

Project Completion: 1994

Total Project Cost: $16 million

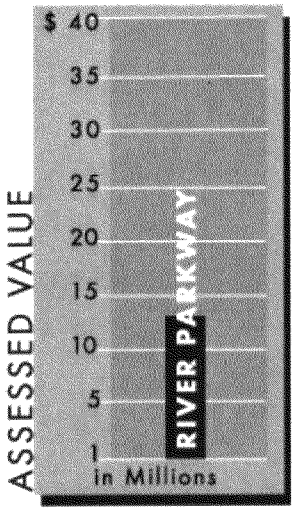


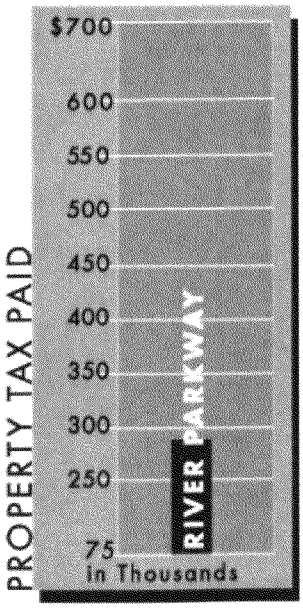
PROJECT BENEFITS

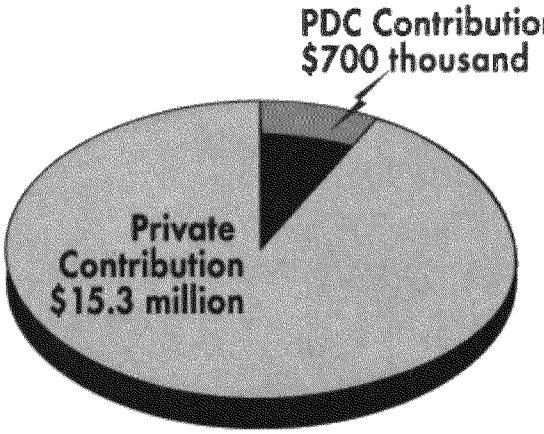
POLICY ACHIEVEMENTS

FINANCIAL	
Generates taxable assessed value, program income, or other payback	●
Stimulates additional development/private or public funds	●
SOCIAL	
Supports neighborhood livibility/quality of life.	○
Produces quality jobs or housing units	●
OTHER	
Follows through on project and planning commitments.	●
Supports or enhances organizational performance	○

ECONOMIC INDICATORS 2002







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RiverPlace

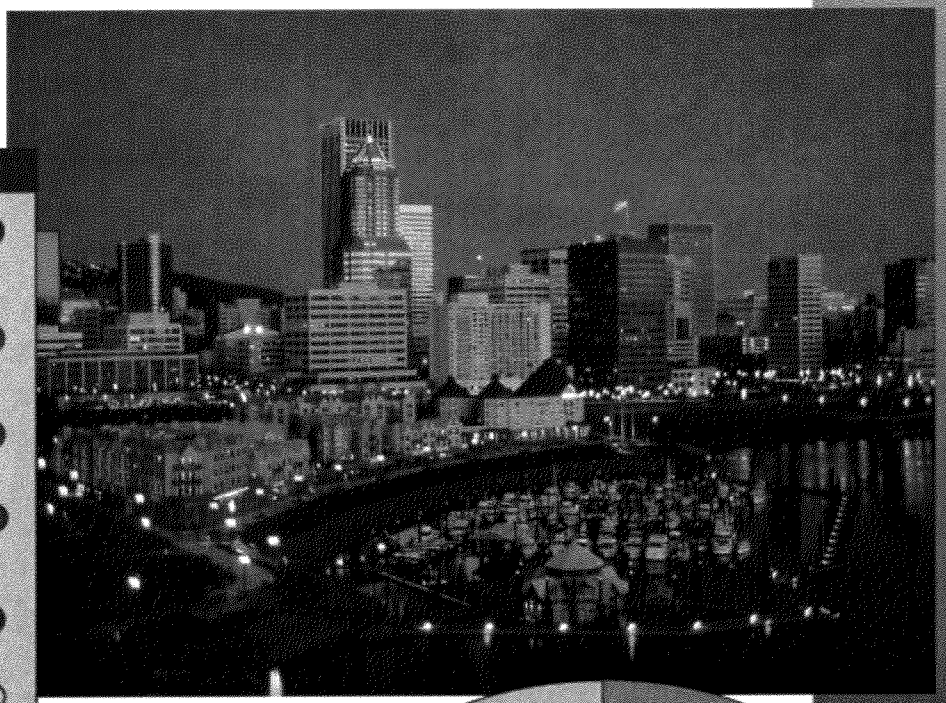
(Area bordered by River Parkway, Harbor Drive & Waterfront Park)

AT A GLANCE

Project Features: 480 condominium, town-home and rental units; 6,000 sq ft of retail; 42,000 sq ft of office space.

Project Completion: 1985 (Phase I); 1990 (Phase IIA); 1995 (Phase IIB)

Total Project Cost: $84.3 million ($8 million land; $33.8 million Phase commercial; $42.5 million residential)



PROJECT BENEFITS

POLICY ACHIEVEMENTS

FINANCIAL

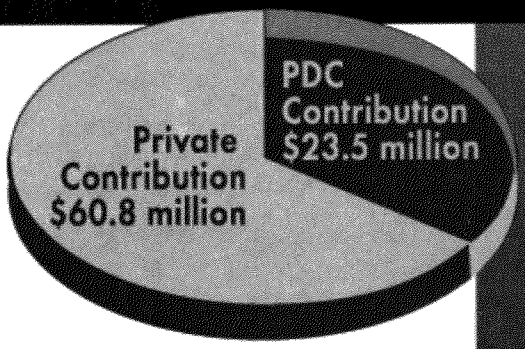
- Generates taxable assessed value, program income, or other payback ●
- Stimulates additional development/private or public funds ●

SOCIAL

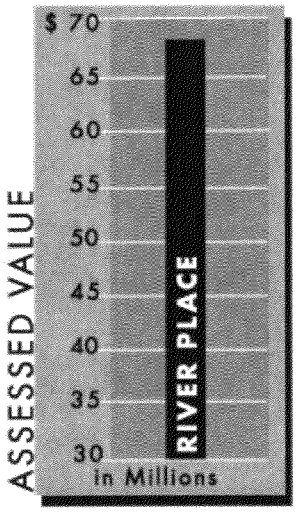
- Supports neighborhood livibility/quality of life. ●
- Produces quality jobs or housing units ●

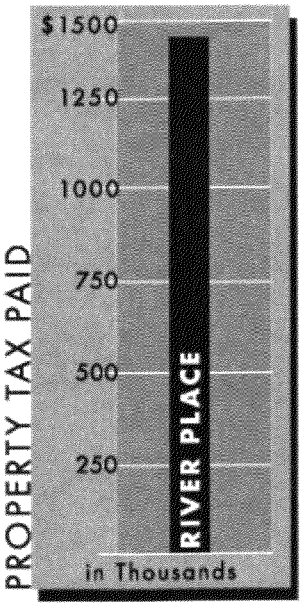
OTHER

- Follows through on project and planning commitments. ●
- Supports or enhances organizational performance ○



ECONOMIC INDICATORS 2002





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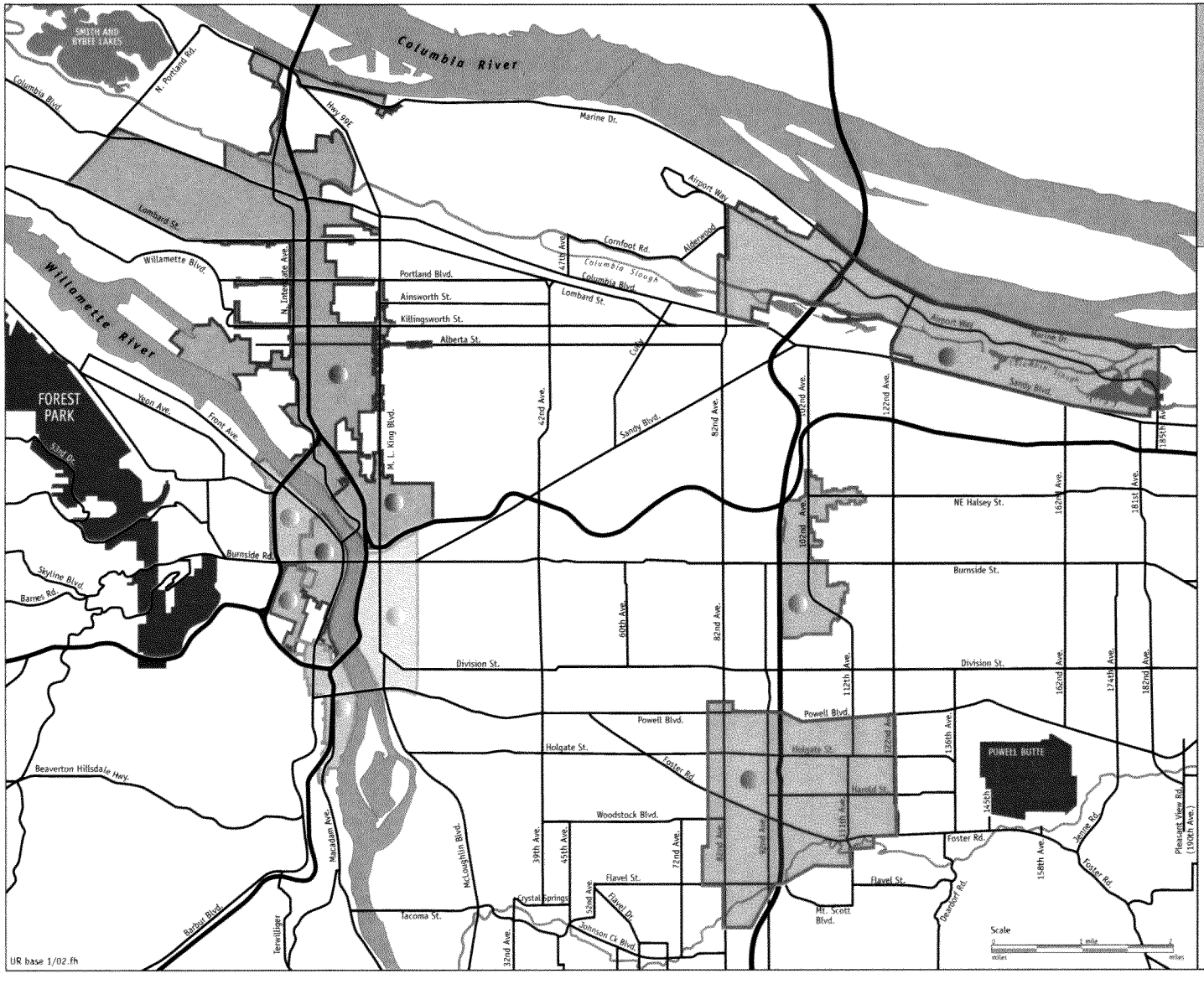

URBAN RENEWAL AREAS

2002

- Airport Way
- Central Eastside
- Downtown Waterfront
- Gateway Regional Center
- Interstate Corridor
- Lents Town Center
- North Macadam
- Oregon Convention Center/ Inner Northeast
- River District
- South Park Blocks

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Urban Renewal Key Facts Summary Matrix

URA	Start Date	End Date	Total Acres	Maximum Indebtedness
Airport Way	1986	May 2011	2,780	$72,638,268
Central Eastside	1986	August 2006	681	$66,274,000
Downtown Waterfront	1974	April 2004	309	$165,000,000
Gateway	2001	June 2022	653	$164,240,000
Interstate Corridor	2000	June 2021	3,744	$335,000,000
Lents Town Center	1998	October 2015	2,472	$75,000,000
North Macadam	1999	June 2020	409	$288,562,000
Oregon Convention Center	1989	June 2013	601	$167,511,000
River District	1998	October 2020	310	$224,780,350
South Park Blocks	1985	July 2008	161	$143,619,000
TOTALS			12,120 acres	$1,702,624,618

Portland Development Commission
Acreage & Assessed Value of Urban Renewal Areas

	Acreage	Frozen Base AV
Airport Way	2,780	129,701,177
Central Eastside	681	224,605,349
Downtown Waterfront	309	70,866,644
Gateway	653	307,174,681
Interstate Corridor *	3,744	1,019,370,465
Lents Town Center	2,472	620,720,135
North Macadam	409	180,450,967
Oregon Convention Center	601	247,728,838
River District	310	358,684,364
South Park Blocks	161	378,055,680
Total Urban Renewal	**12,120**	**3,537,358,300**
Total City of Portland	**92,614**	**37,136,520,952**
Total Percentage URA Acreage	**13.09%**	**9.53%**
Remaining Acres	**1,772**	

* Includes Hayden Meadows amendment (34 acres)

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Mixed-income housing in the South Park Blocks Urban Renewal Area.

COVER PHOTO KEY:

Urban Renewal Public Involvement	New business in the North Interstate Urban Renewal Area	City Council hearing	
Walnut Park Mural Project in Oregon Convention Center Urban Renewal Area	Portland Streetcar at Portland State University Urban Plaza	Soccer in a neighborhood park	Eastbank Esplanade, Central Eastside and Oregon Convention Center Urban Renewal Areas
BACK COVER ⇐	Union Station circa 1920	PDC Public Outreach Meeting	PDC home loan recipient
		The Yards apartment development at Union Station, River District Urban Renewal Area	Eastbank, "before"

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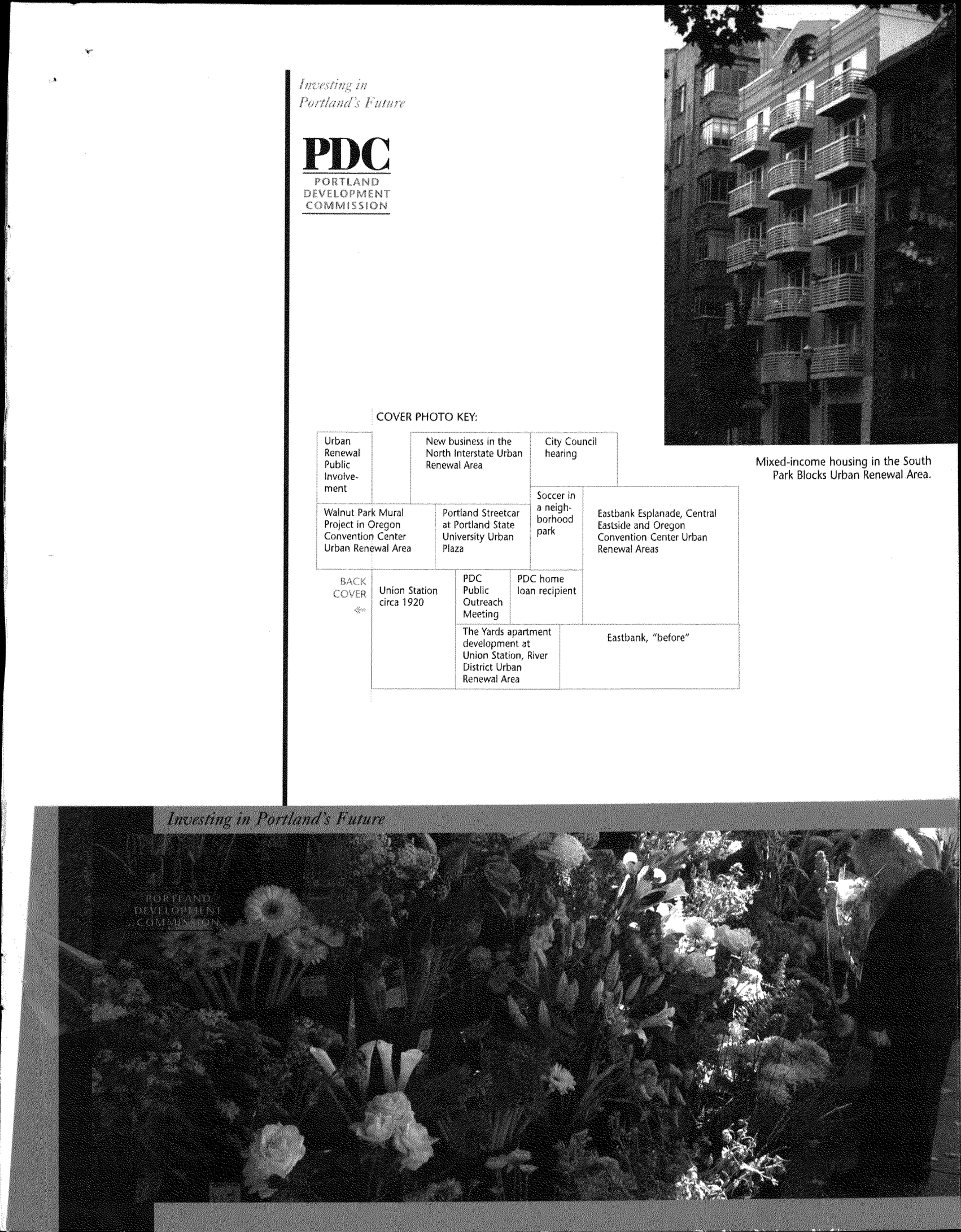

Use Classification	Value Increase
Apartment (5-20 units)	38%
Attached housing	23%
Auto garage/service	20%
Church	16%
Community multi-use	20%
Condo	20%
Fraternal building	16%
Garage/parking	20%
Hotel/motel	16%
Industrial, general	34%
Medical	20%
Office	16%
Residential misc.	20%
Restaurant	20%
Retail	16%
Surface parking	16%
Vacant land	19%
Warehouse	20%

revenues at the URA's expiration. Second, the streetcar impacts property values along the length of the line, immediately increasing tax rolls both within and outside of the urban renewal district.

The Use Classification list, left, illustrates the value increase realized by property categories within 100 feet of the line between 1999, when construction of the line began, and 2001, the year the line opened.

Even before the streetcar's completion, properties along the line increased an average of 17 percent over two years, or eight percent annually. This is twice the city's annual average growth in assessed property values.

ADDITIONAL PUBLIC BENEFITS

- The Portland Streetcar provides a convenient and attractive alternative to automobile travel within the Central City and close-in Northwest neighborhoods. This serves numerous public objectives, including:
  - Reducing parking demand
  - Reducing air pollution
  - Encouraging employers to locate in and residents to spend time shopping in and enjoying the Central City.
- Constructing the streetcar through still-developing and redeveloping neighborhoods allows development to respond to the amenity that the streetcar represents, focusing higher densities near this alternative mode of public transportation.
- The increased densities that the streetcar investment was able to ensure contribute to the realization of housing goals for both the City of Portland and the Central City. These goals are essential to retaining investment in the region's core and reducing pressure to expand the region's urban growth boundary.
- The streetcar investment was a factor in influencing the character and dollar value of Central City redevelopment. For example, in the development agreement with Hoyt Street Properties (a primary River District landowner), minimum housing density increased an additional 22 units per acre when streetcar construction began. The development agreement also called for housing that reflects the city's income ranges: 15 percent for extremely low- and low-incomes (less than 50 percent of the median family income) and 20 percent for moderate incomes (up to 80 percent of median family income). Affordable housing development is predicated on the availability of public financial assistance, recognizing the high cost of Central City housing construction. As of July 2001, this developer had constructed 946 units at an average density of 143 units per acre.

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URBAN RENEWAL BENEFIT CASE STUDY III

Neighborhoods on both the west and eastside of the Willamette River are interested in developing streetcar extensions, based upon the success of this prototype for Portland urban transportation.

PORTLAND STREETCAR – PROJECT OVERVIEW

Urban Renewal and tax increment financing (TIF) were instrumental to reintroducing the streetcar to downtown Portland in July 2001, its first appearance since the 1950s. With just under five miles of tracks, the Portland Streetcar connects NW 23rd Avenue with numerous Central City neighborhoods: NW 23rd Avenue/Good Samaritan Hospital, the River District, the Pearl District, downtown's Cultural District, West End, and Portland State University.

The streetcar project was conceived as a means to improve traffic conditions and transportation options within the city's core, the latest chapter in Portland's 1972 commitment to create a 'downtown circulator.' The streetcar was also intended to attract development in the city's newest and now burgeoning neighborhood, the River District.

A former 30+ acre abandoned rail yard, the River District has made great strides towards becoming Portland's densest, mixed-use urban neighborhood in less than a decade. In addition to serving new residents and residential development within the River District, the Portland Streetcar is expected to generate investment along the length of its route.

PORTLAND STREETCAR PROJECT CHARACTERISTICS

Number of Cars:	7	Ridership:	
Employees:	23	Weekdays	4,000
Service Schedule:		Saturdays	4,600
Mon. - Thurs.	5:30 am - 11:30 pm	Sundays	3,300
Friday	5:30 am - 1:00 am	Car dimensions:	8' x 66'
Saturday	7:30 am - 1:00 am	Car manufacturer:	Skoda, Czech Republic
Sunday	7:30 am - 10:30 pm	New improvements:	
Frequency:	15 minutes (daytime)	• Streetcar Arrival Time	
Fare:	Mostly free	• "Ride & Dine"	
	$1.25 outside of fareless zone	• A guide to restaurants along route	

Designed to fit the scale of the neighborhoods through which it travels, the cars share the road with automobiles, preserving on-street parking, auto access to retail uses and pedestrian connections along the route. Its frequent service, route reliability and ease of entrance and exit – in addition to the inherent love of trains held by many residents – led to the city choosing this transit option for downtown and suburb to downtown travel.

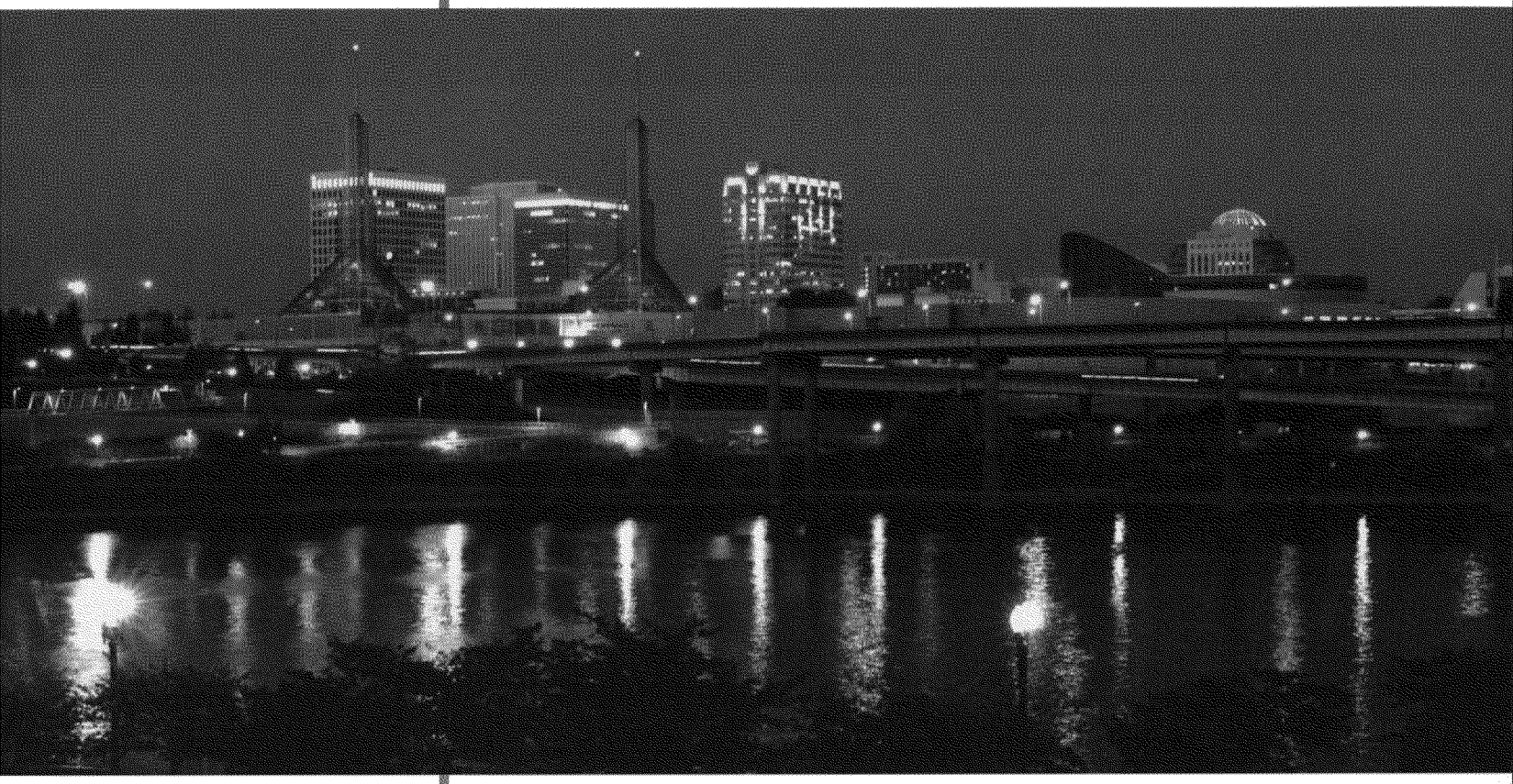
PROJECT DETAILS – PRIVATE & PUBLIC INVESTMENT

Total public investment in the streetcar was $56.7 million, including the construction of the line and maintenance facility and acquisition of seven cars. Of the total, $25 million in TIF from the South Park Blocks Urban Renewal Area (URA) was made available for the project. In addition, private sector financing through the formation of a Local Improvement District provided $10.6 million toward the capital costs of the project.

Financial leverage for this public investment is two-fold: first, it ensured that a density of housing units at a prescribed price mix would be constructed in the River District (or that if market conditions declined, the area would be preserved for future residential development). This development contributes significant dollars to repay urban renewal bonds, dollars that will contribute to the city's property tax

PRIVATE & PUBLIC INVESTMENT

Project costs total $8.2 million, of which $1.2 million was contributed as public investment through tax increment financing. *This equates to a private/public investment ratio of 5.8:1. If all units have sold by 2003, new property taxes on $5.1 million will return to the Oregon Convention Center Urban Renewal Area.* The project's full value in 2002, roughly $10.2 million, will be added to the city's tax rolls when the Oregon Convention Center Urban Renewal District expires.



ADDITIONAL PUBLIC BENEFITS

- The Cascadian brings affordable homeownership units into a Central City area in which no moderately priced projects are currently under construction or planned. Two recently constructed market rate apartment buildings report high occupancy rates, and a 184-unit apartment building is planned across the street that will offer an upper end urban housing product comparable to higher priced residential units available in the Pearl District.
- The Cascadian helps to ensure that the housing developed within the Lloyd District reflects the city's income distribution. The project's affordability – despite cost reductions through small sized units and minimal parking – is directly attributable to TIF funds that reduced total project costs.

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URBAN RENEWAL BENEFIT CASE STUDY II

The project is situated along the MAX light rail line, across the Willamette River from downtown. It is the only affordably-priced residential project currently under planning or construction in the city's transit, jobs and retail-rich Lloyd District.

CASCADIAN AFFORDABLE CONDOMINIUMS PROJECT OVERVIEW

The Cascadian is an urban homeownership project bringing 59 new housing units to Portland's Lloyd District. While all of the units are considered 'market rate,' 45 will be sold for prices below Portland's rapidly rising median home sales price.

SQ. FEET	NO. OF UNITS	PRICE (1000s)	NO. TAX EXEMPT	SQ. FEET	NO. OF UNITS	PRICE (1000s)	NO. TAX EXEMPT
440	6	$99-$125	6	706	5	$149-$177	3
507	1	$113	1	771	5	$129-$149	5
517	6	$75-$99	6	822	1	$160	1
546	1	$89	1	904	5	$204-$324	0
553	1	$115	1	967	6	$162-$244	1
584	5	$98-$112	5	1,300	1	$371	0
585	5	$129-$154	5	1,414	1	$404	0
609	1	$116	1	1,765	1	$504	0
641	1	$118	1	1,940	1	$554	0
697	5	$117-$134	5	2,036	1	$581	0

Expansive windows and good design help to compensate for relatively small unit sizes. Parking at reduced ratios helps to decrease project costs and supports the use of nearby light rail transit. At seven stories of largely steel and glass, the Cascadian is recognized as a modern departure from both recent Central City housing development and the more suburban-scale development typical of the city's eastside.

The project was completed in early 2002. As of August 2002, 45 of the 59 units had sold.

PROJECT DETAILS

The chart above details unit sizes and asking prices. A total of 42 units qualify for a limited 10 year tax abatement, further decreasing buyer costs in this home ownership project. The project includes 14 on-site parking spaces. The primary target market is single, Portland employees.

PRIVATE & PUBLIC INVESTMENT

Total project value upon completion is $294 million, with a taxable value of roughly $270 million. Taxes on this value will be used to repay River District Urban Renewal Area bonds, and will return to the city's general fund tax revenue stream upon the urban renewal area's expiration in 2018.

The public's contribution to project costs is approximately $8 million, $6 million of which will be repaid at eight percent interest over 10 years (to assist with financing the construction of below-grade parking). The remaining $2 million was invested in streetscape improvements throughout the project site.

Total leverage for this project is almost 33:1 of private (taxable) to public (urban renewal) investment. Tax increment financing was critical to achieve public objectives of underground parking (which is more expensive to construct) and historic preservation.

The Brewery Blocks in an example of an ambitious vision that the city was positioned to influence, due to the incorporation of an urban renewal district six months earlier. While the brewery's sale and subsequent closure was not foreseen at the time the urban renewal plan was prepared, the River District Urban Renewal Area was instrumental in providing the city with tools to bring to the negotiation table when the property was resold and the redevelopment was first conceptualized.

ADDITIONAL PUBLIC BENEFITS

Upon project completion, on-site employment will increase 23-fold from its level during the last years of the brewery's operation.

- Brewery Block redevelopment will greatly contribute to the vibrancy of West Burnside, enlivening a gateway to the city and improving public safety through increased street activity. This impact is amplified by the investment the redevelopment encourages on the part of near-by landowners: for example, rehabilitation is already planned for the building immediately across Burnside.

  Historic portions of the brewery – including the armory, brew pub and historic smoke stack – will be preserved and incorporated into the site's new uses, in part due to the availability of tax increment financing funds.

- Portland streetcar ridership will be encouraged by the project's status as a significant new attraction along the line. Likewise, the streetcar line boosts the project's accessibility and integration with downtown and Northwest Portland.

- A significant portion of the project's parking will be below-grade, allowing above-grade floors to host active retail, office and residential uses. This construction was enabled through tax increment financing.

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URBAN RENEWAL BENEFIT CASE STUDY I

Total leverage for this project is almost 33:1 of private (taxable) to public (urban renewal) investment. Tax Increment Financing was critical to achieve public objectives of underground parking (which is more expensive to construct) and historic preservation.

BREWERY BLOCKS MIXED-USE DEVELOPMENT PROJECT OVERVIEW

The Brewery Blocks comprise a five-block, 1.7 million square foot redevelopment project between West Burnside and Northwest Davis Streets. It sits at the boundary between Portland's Central Business District and its rapidly redeveloping Pearl District. The blocks formerly housed the historic Blitz-Weinhard Brewery, which closed its doors in 1999. The redevelopment of this significant Portland icon is preserving important historic elements of the brewery, while bringing new uses and vitality to the blocks themselves and the surrounding neighborhood.

BREWERY BLOCKS

Project Details	Block I	Block II	Block III	Block IV	Block V
Office Sq.Ft.	78,000	170,000		280,000	
Total Retail Sq.Ft.	40,000	50,000	51,000	27,000	27,000
Grocery	*40,000*				
Athletic Club			*37,000*		
Other		*50,000*	*14,000*	*27,000*	*27,000*
Miscellaneous Sq.Ft.	10,000				
Total Residential Units			125		245
Condos			*125*		
Apartments					*245*
Completion Date	March '02	Nov. '02	March '04	April '03	TBD

At completion, the blocks will include roughly 530,000 square feet (sq.ft.) of office space, 185,000 sq.ft. of retail, and 370 residential units. The first block is completed and leased, and three additional blocks will be completed by spring 2004. The project's components vary from a low-rise retail and office block to a 10-story office building and an apartment tower. Perhaps the largest speculative development undertaken within the city, its relatively dense mix of current and planned tenants includes a grocery store, athletic club, numerous restaurants and professional services, and the Art Institute of Portland.

The chart above details the project's components and associated timelines. Total developed area upon completion is estimated at 1.7 million sq.ft., including non-leasable (common) space and structured parking, a majority of which is below-grade.

On-site employment is estimated at approximately 2,300 jobs, based upon employee to square footage ratios. These estimates do not include the office component of Phase I, which has been leased to a telecommunications firm with lower job densities.

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For more information on PDC's urban renewal areas, plans and specific projects, visit the PDC website at www.pdc.us.

Investing in Portland's Future

PDC
PORTLAND DEVELOPMENT COMMISSION

January 2003

The many changes it has undergone since its inception assure that urban renewal meets changing community needs, and continues to be an effective way to reinvigorate portions of central cities. In Portland it has brought us new public assets, including some of our most famous landmarks, and provided incentives for private investment that revitalized neighborhoods and created new housing and jobs. Ongoing urban renewal areas promise more of the same, through carefully crafted plans that reflect each area's history, culture and fullest potential. Some upcoming projects worth noting:

CLASSICAL CHINESE GARDEN IN OLD TOWN/CHINA TOWN

- Portland will continue to reclaim the waterfront, extending south from Riverplace into the North Macadam area where plans are to turn underused and vacant riverfront parcels into a center for jobs and housing, interconnected with spectacular greenways.
- By 2010 the 2,800-acre Airport Way URA is expected to become the dominant eastside employment center outside the central city with an additional 10,000 jobs. This includes development of the 120-acre CascadeStation along the Airport MAX light rail line. CascadeStation is envisioned as a transit-oriented, pedestrian-friendly center with Class A offices, hotels, conference facilities, retail shops and restaurants.
- In the north area of the city, some 5,000 new housing units have been built, or are under construction to create a whole new neighborhood in the River District, alongside the new mixed-use development planned for the former Blitz Weinhard Brewery property known as the Brewery Blocks.
- PDC is working with community partners to secure the funding for Vanport Square in Northeast Portland. The three-block, mixed-use project is anticipated to include retail, for-sale and rental housing, a fitness center, commercial office space, restaurant and entertainment venues, a community plaza and parking.
- Future phases of the Eastbank Esplanade are planned and will extend the popular east riverfront walkway south past the Oregon Museum of Science and Industry to connect to the Springwater Corridor Trail.
- Hotel operators continue to express interest in development of a Headquarters Hotel near the Oregon Convention Center. The city, through PDC, has long been interested in development of such a hotel and the convention business it would bring to help maximize the public's investment in the Convention Center and its expansion.

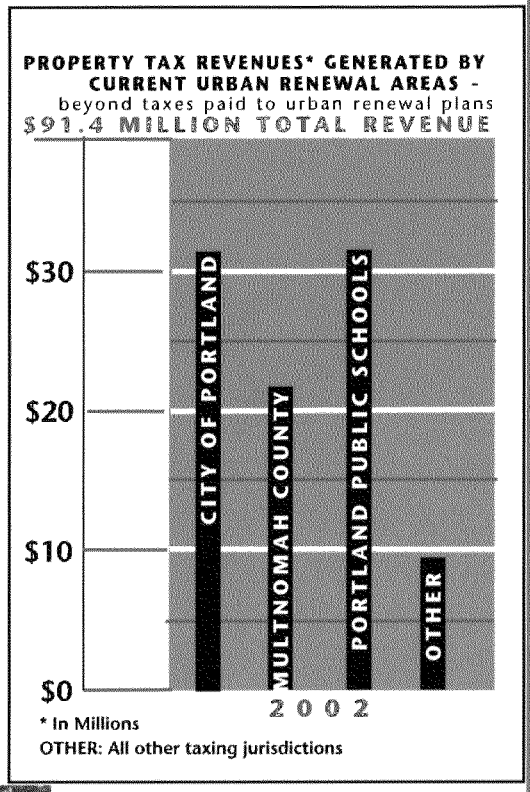
These and all future urban renewal endeavors will be guided by the citizens most affected by them. The public's expanding role in setting urban renewal priorities ensures that plans and projects reflect the right economic, social and cultural mix – and retain Portland's unique neighborhood character.

Pause and think for a moment about the things you like best about Portland – Pioneer Square, the Waterfront, the Classical Chinese Garden, the new storefronts of the shops in your neighborhood, the ability to find an affordable home and a good job, taking the light rail to the airport. These things are all made possible through the prudent investment of urban renewal funds. Now stop and think about your visions for Portland's future. Chances are, urban renewal will help make it happen.

Southwest 12th and Clay Street) and Kafoury Commons (129 units at Southwest 13th and Jefferson Street). As noted earlier, while the market values of property rise faster in URAs, Oregon law limits annual increases in assessed value for tax purposes in most circumstances, even in URAs.

Q. What about involuntary displacement?

A. In the distant past, when urban renewal often involved large-scale redevelopment, many businesses and residents were displaced. However, state law requires the urban renewal agency to compensate business and residences that must be relocated because of an urban renewal project. Those directly displaced by urban renewal were offered incentives and assistance in relocating. Today, however, urban renewal works to revitalize communities with minimal disruption. As an additional safety net, Portland has a "no net loss" housing policy, meaning that either through replacement or preservation, the city will retain at least the current number, type and affordability levels of housing units for people at or below 60 percent of area median income (as set by the federal government.)



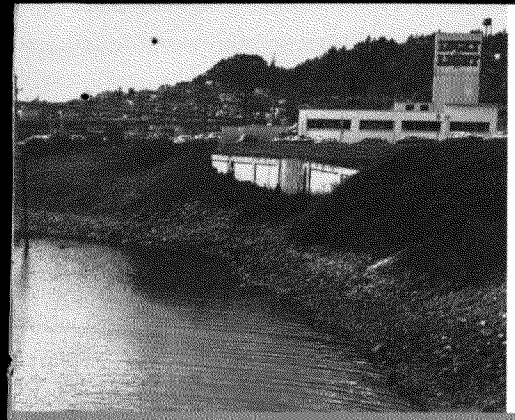
Q. How does urban renewal help control growth and congestion?

A. Urban renewal dollars can be used to control growth and improve transportation infrastructure, which includes streets, bridges, sidewalks, etc. In the Gateway Regional Center URA, urban renewal emerged as the most realistic method to influence private development in a way that manages anticipated growth. Included in every urban renewal plan are ways to increase transportation options, better manage existing traffic flow, and direct new construction to enhance livability for current and future residents.

Q. How does urban renewal affect other taxing entities, like the county and school districts, that also depend on property tax revenues?

A. First, rising property values and the resulting growth in property tax revenues from Portland's first ten URAs (now completed), are now part of local jurisdictions' tax base – a tax base that has experienced significant additions due to urban renewal efforts. Second, local jurisdictions are already reaping the benefits of added tax revenues in four URAs that have not yet expired. In 1998 Portland's City Council voted to share tax increment revenues with Multnomah County and school districts whenever they exceed a predetermined amount in those URAs. Between fiscal years 1998 and 2001 this has generated an additional $64.1 million in imposed levy authority for local government and statewide schools. This means additional property tax revenues for police, fire protection, libraries, the Oregon Zoo and other important services.

In Portland's six other active URAs, the tax base has been fixed at pre-urban renewal levels for the life of the URA. All local urban renewal areas continue to collect property taxes at the fixed amount for the life of the URA. Taxes generated from the increased assessed value above the fixed-base are invested in the URA. However, income tax revenue growth generated from newly created jobs in the URAs provides an immediate benefit. When urban renewal areas are retired, recent studies have shown that local jurisdictions access significantly increased property tax revenues.



Just in the past five years urban renewal efforts citywide have helped create or retain more than 10,000 jobs and have helped create or rehabilitate more than 7,700 single and multi-family homes.

Q. How does urban renewal leverage private investment?

A. In urban renewal areas, public investment is used as a foundation to stimulate private investment on a much larger scale. The amount of urban renewal funds invested in any one area is small compared to the private investment that follows. Urban renewal is primarily used to update and improve an area's infrastructure – through capital expenditures on transportation improvements and parks, for example – and to provide incentives for desired development such as affordable housing, family-wage jobs and building refurbishment. The result is that private investments pay for the lion's share of new building construction and renovation costs in urban renewal areas.

SNAPSHOT OF FIVE URAs 2002

	Airport Way	Central Eastside	Downtown Waterfront	Oregon Conv. Center	South Park Blocks
Start - Expiration	1986-2011	1986-2006	1974-2004	1989-2013	1985-2008
Total Acres	2,780	681	309	601	161
Value at Start	$249 million	$504 million	$466 million	$465 million	$692 million
Current Value	$1,003 million	$732 million	$1,633 million	$1,585 million	$1,638 million
Avg. Annual Growth in Assessed Value*	+12.9%	+4.7%	+10.4%	+13.2%	+8%
Improvements to Land Value Ratio**	1.81:1	2.35:1	3.55:1	2.73:1	3.24:1
Crime Reduction Since 1980***	n/a	-48%	-65%	-25%	-63%

*Average annual citywide growth rate is about 4 percent.
**Indicates building density and intensity of capital investment.
*** Citywide, reported crimes have dropped by just under 16 percent since 1990.

Q. Why is urban renewal sometimes preferred to other means of improving an area?

A. Urban renewal, particularly tax increment financing, is a simple and reliable way to focus financial resources on a particular area, and an effective means for stimulating and leveraging much larger private investment. While other sources of funding certainly exist, including the City General Fund and local, state and federal grants, they each have their drawbacks and are very limited. The City General Fund is stretched among multiple civil services such as police and fire protection. Obtaining grant money is challenging and often must be very narrowly focused.

Q. How does urban renewal affect Portland property taxpayers?

A. First, the formation of URAs does not result in new taxes. Urban renewal activities are financed by bonds, which are repaid from the tax revenues generated by the increase in value, over time, of properties within the URA boundary. Second, while residents within an URA may see their property values rise, property taxes are based on two things: assessed values, which are limited to a three percent annual increase in most cases and on tax rates.

Q. What are the affects of urban renewal on housing affordability?

A. Affordable housing is often a priority in an urban renewal plan. For example, the first priority for money in the Interstate URA is developing and preserving housing affordable to the people most at risk of displacement. Affordable housing projects recently financed by urban renewal funds in Portland include Hamilton West (152 units at

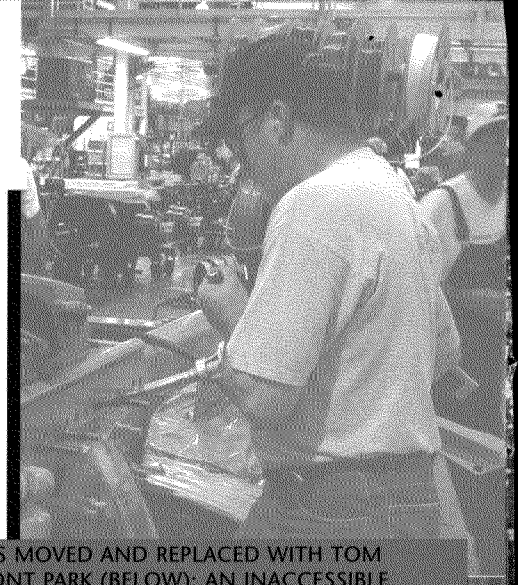
URBAN RENEWAL BENEFITS

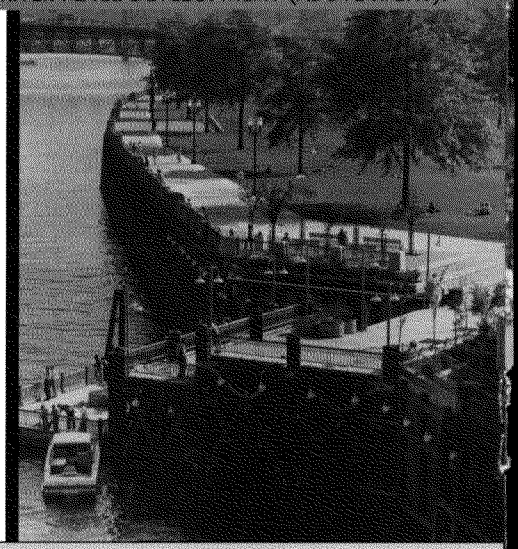
Q. What is the benefit of urban renewal in terms of return on investment?

A. Ideally, urban renewal should:

- improve and revitalize specific areas of the city;
- attract new businesses and increase jobs;
- add public improvements and enhanced livability;
- stimulate private investment; and
- increase property values.

Particularly pertinent in Oregon's current recessionary times, urban renewal serves as an essential tool in the city's economic development strategy to make Portland a center for a sustainable regional economy.



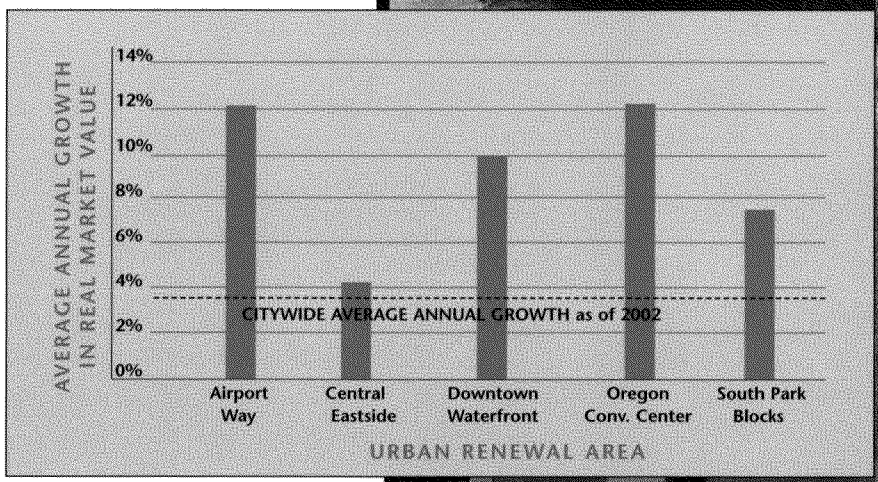


HARBOR DRIVE WAS MOVED AND REPLACED WITH TOM MCCALL WATERFRONT PARK (BELOW); AN INACCESSIBLE RIVERBANK BEFORE RIVER PLACE DEVELOPMENT (ABOVE RIGHT).

We recently took a look at the bottom line contributions of our five oldest urban renewal areas – Airport Way, the Central Eastside, the Downtown Waterfront, the Oregon Convention Center and the South Park Blocks. Here is what we found:

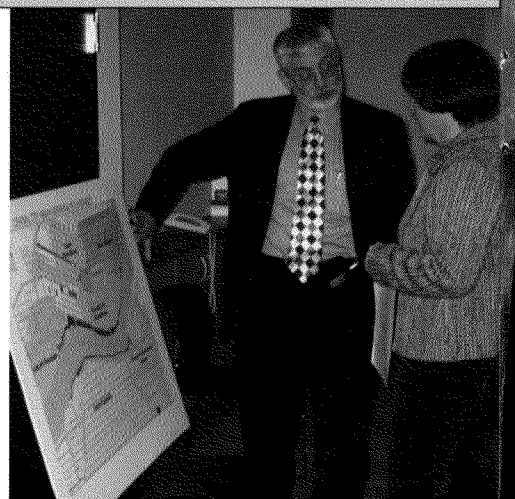
The five areas studied represent five percent of the city's geographical area but now represent 11 percent of its assessed value. Improvements-to-land values have increased in all of the areas except Airport Way, at rates above the city average. The improvements-to-land value ratio measures the value of capital improvements relative to land value. For example, an improvements-to-land value of one to one means the value of structures or "built" assets is worth only as much as the value of the land they occupy.

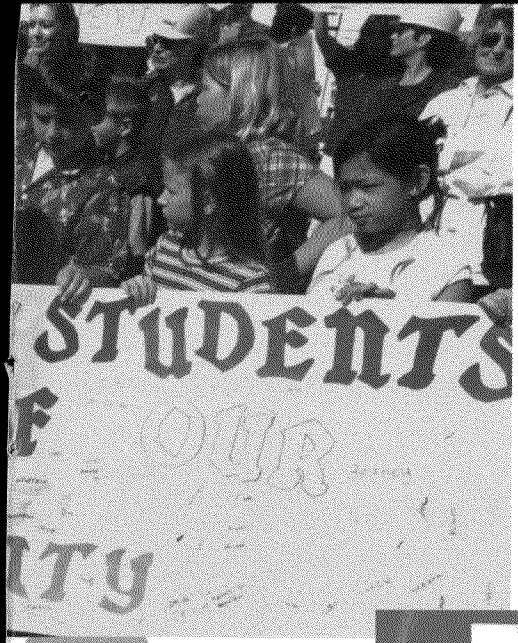
It is worth noting that in 1974, 34 percent of the properties in the Downtown Waterfront Urban Renewal Area had an improvement-to-land value of .25 to one and 74 percent had a ratio of one to one or less, meaning that three quarters of the properties in the Downtown Waterfront area were worth the same or less than the value of the land. In 2002 properties in the area had a total ratio of 3.6 to one – quite an improvement.



In 2002 inflation adjusted real market value in three of the urban renewal areas (Downtown Waterfront, Airport Way and the Oregon Convention Center) is at least three times greater than when the areas were created. Real market value has more than doubled in the South Park Blocks URA, and increased close to 50 percent in the Central Eastside. In all five URAs, increases in value have outpaced citywide market value growth (see chart at right). Depending on the urban renewal area, real market values increased between five and 13 percent per year through 2002, as compared to an annual average citywide growth rate of approximately four percent. Public capital investments to stimulate private development produce outstanding returns and ultimately stabilize local taxation.

Additionally, the police bureau reports that since 1990, crime has been reduced in four of the areas (figures were not kept for Airport Way) between 25 percent and 65 percent, compared to citywide reductions of 16 percent.





In 1997 Oregon's taxing structure changed again with the passage of Measure 47 and its subsequent replacement by Measure 50 (due to legal difficulties associated with Measure 47). Measure 50 replaced Oregon's levy-based property tax system with a rate-based system. Because the Measure 50 system of raising urban renewal taxes resulted in 50-60 percent less revenue than under Measure 5, specific provisions of the measure "grandfathered" plans in place as of the effective date of Measure 47, allowing existing urban renewal plans to complete their projects within Measure 5 property tax limits. Governments were allowed to "special levy" to have enough funds to pay off existing bonds and complete existing plans, but those levies are limited by Measure 5's compression effect on the $10 per $1,000 category. This essentially re-established tax increment financing, albeit with changes.

Another factor in the reestablishment of tax increment financing (TIF) was property values working their way out of "compression". Compression is the process of reducing the collected amount of property tax revenue to meet Measure 5 limits. This type of revenue loss is referred to as compression loss. As Portland's property values rose in the 1990s, the compression effect associated with Measure 5 was lessened. Measure 5 had set a tax collection limit of $10 per $1,000 of a property's real market value. In 1991 urban renewal agencies were forced to reduce collection of revenues to meet this limit and avoid compression of government revenues.

However, subsequent rapid growth of real market property values made collection of tax increment revenues possible again by raising the amount eligible for collection. (It is important to note that while property tax rates are generally discussed in terms of assessed value, the limits apply to real market value. Prior to Measure 50, this distinction was unnecessary, as assessed value equaled real market value. Since assessed values were rolled back significantly under Measure 50 and their growth rate capped at three percent per year, they did not grow as fast as real market values, on which the limitations were based.)

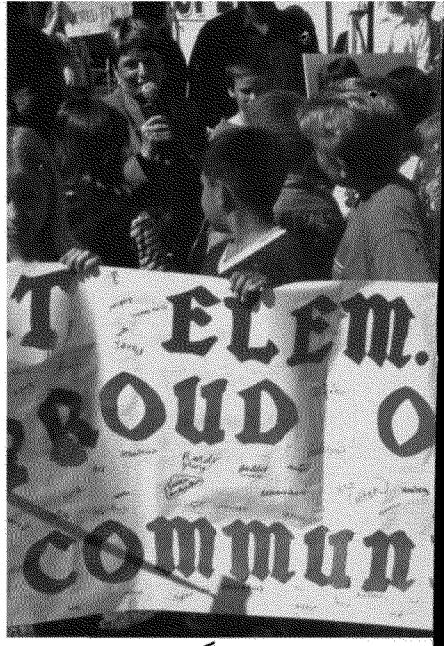
On December 20, 2001 the Oregon Supreme Court filed its decision in the *Shilo Inn v. Multnomah County, City of Portland, and Portland Development Commission.* Before the court's decision, all property taxes were categorized based on the nature of the government entity that levies the taxes. The Supreme Court decision found unconstitutional the statute that requires this categorization and directed that taxes divided for urban renewal should be categorized as local government revenues for Measure 5 purposes. The decision reversed the prior Oregon Tax Court ruling that had affirmed the legality of the statutes, and remanded the case to that court for further proceedings.

The Oregon Department of Revenue has adopted new administrative rules, providing the methodology for tax collection that will comply with the Supreme Court ruling. However, the effect of the litigation on Portland's urban renewal financing will not be known until the tax court determines the amount of refund to be paid.

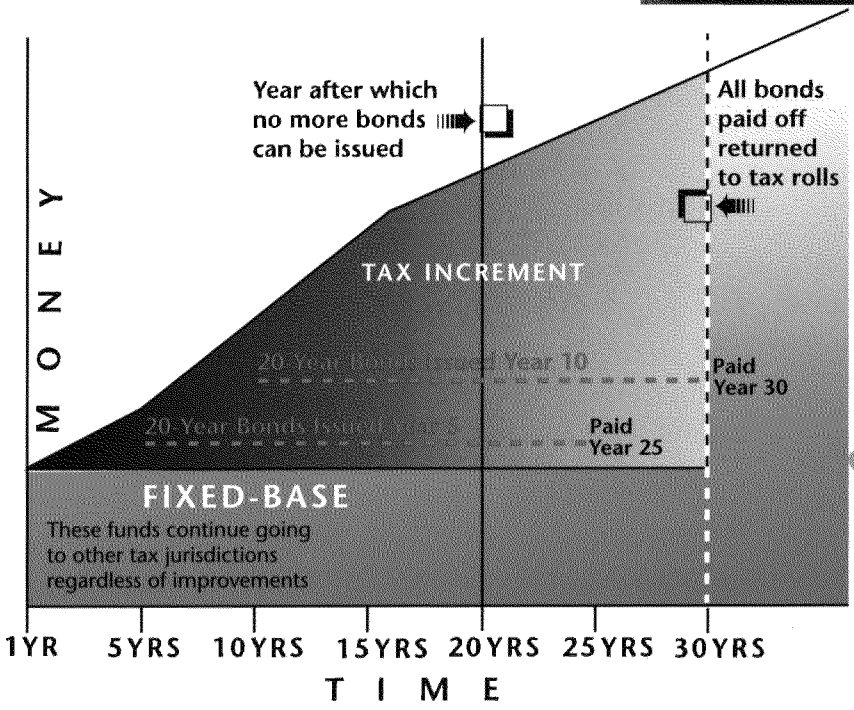
URBAN RENEWAL FUNDING

Q. How is urban renewal funded?

A. Expressed simply, future tax revenues above a fixed-base pay for revitalization efforts in urban renewal areas. When a municipality adopts an urban renewal plan, the assessed value of real property within the urban renewal area is fixed at current levels. The municipality then issues long-term bonds to pay for urban renewal improvements within the urban renewal area. As property values increase due to normal appreciation or as the result of new investment in the area, the corresponding increase in property tax revenues above the fixed-base (called tax increment financing, or TIF) is used to pay the urban renewal bonds. Formation of an urban renewal area does not result in a "new" tax. In addition, it is important to note that taxes below the fixed-base in urban renewal areas continue to go to other taxing jurisdictions such as the county, the city and schools.

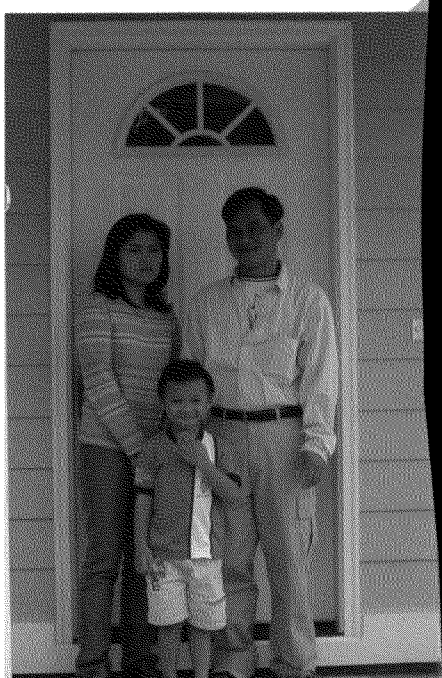


For another perspective: if you live in an urban renewal area, increases in your property value generate taxes that go toward improvements taking place in your neighborhood. When the URA "expires" and the bonds are paid off, the additional property tax revenues return to the general fund of the city, county and other local jurisdictions.



Q. What about changes in urban renewal funding policy?

A. The Oregon Legislature worked to redefine urban renewal financing a number of times. In the 1970s the legislature substantially rewrote Oregon urban renewal statutes, providing direction in the formation and operation of renewal agencies. The legislation expanded the permissible uses of tax increment financing, expanded the definition of "blight" which is a key term for defining an urban renewal district, restricted the percentage of assessed value that could be captured in an urban renewal district, and improved public participation in renewal efforts.

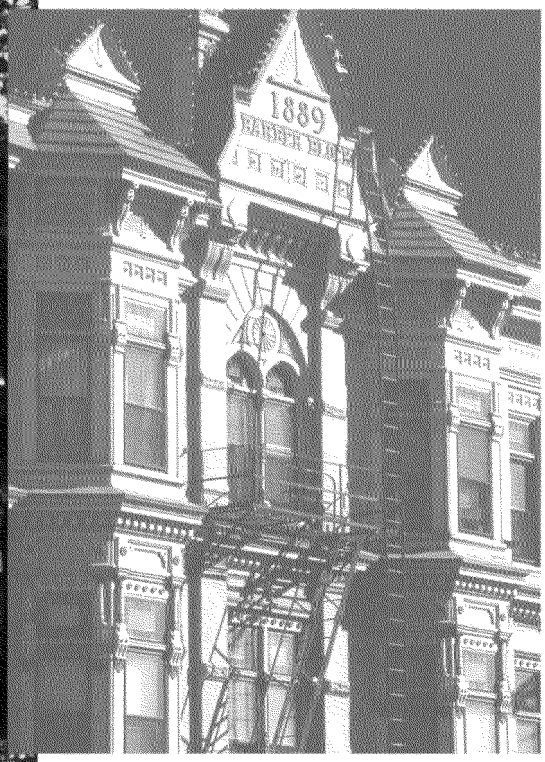


In 1991 the Oregon Legislature passed Measure 5 implementing legislation that required all taxes collected by means of tax increment financing to be categorized as local government taxes subject to the $10/$1,000 real market value tax limitation. For many cities this resulted in levied taxes exceeding the limit, and urban renewal agencies generally reduced or eliminated collecting tax increment revenues to lessen the "compression" losses to general government agencies. Oregon's Tax Court ruled that Measure 5 also applied to taxes raised to repay urban renewal bonds, even those issued before the measure's passage. This nearly eliminated all urban renewal funding in the state.

3. With continuing guidance from the URA's community advisory committee, PDC manages the implementation or construction of specific projects, financing their cost through a combination of tax increment financing (see funding section, page 6) and resources from other public agencies as well as through public/private partnerships.

Q. How much say does the public have in the creation of new urban renewal areas?

A. A lot. Oregon law requires citizens be consulted throughout the urban renewal process. Formation of an URA is designed to have a long-lasting positive impact on neighborhoods, so it only makes sense to consult the people living and working there about the scope, priorities and specifics of improvements. The urban renewal plan, which guides all public spending in the area, is conceived by citizens who are best able to make decisions about how to improve their neighborhood. And everyone benefits from better planning, more open space, more efficient traffic patterns, better transportation options, diversified housing choices, job growth and the other amenities that result from urban renewal – including significant crime reduction.

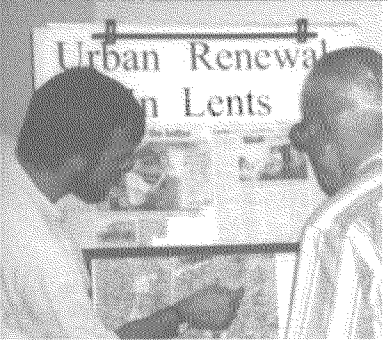


PDC actively solicits community members' ideas through periodic public meetings and open houses, information booths at community events, even door-to-door canvassing. There are also ongoing citizen advisory committees and work groups in each URA guiding the renewal process as it unfolds. For example, a citizen committee of more than 50 people met for several months to draw the boundary of the Interstate URA and craft a list of 11 general principles that guide public investment in that area. A similar process took place in Gateway, where a group of more than 30 citizens worked for nearly two years to envision the area's future and draft an urban renewal plan.

There are also more formal opportunities for weighing in on the urban renewal process. Three public bodies must approve any new URA: PDC, the Portland Planning Commission and the City Council. Other jurisdictions affected by the URA, such as the county or local school district, are invited to comment as well.

Q. How do urban renewal area projects and programs align with goals put forth by neighborhoods, the city and other policymaking bodies?

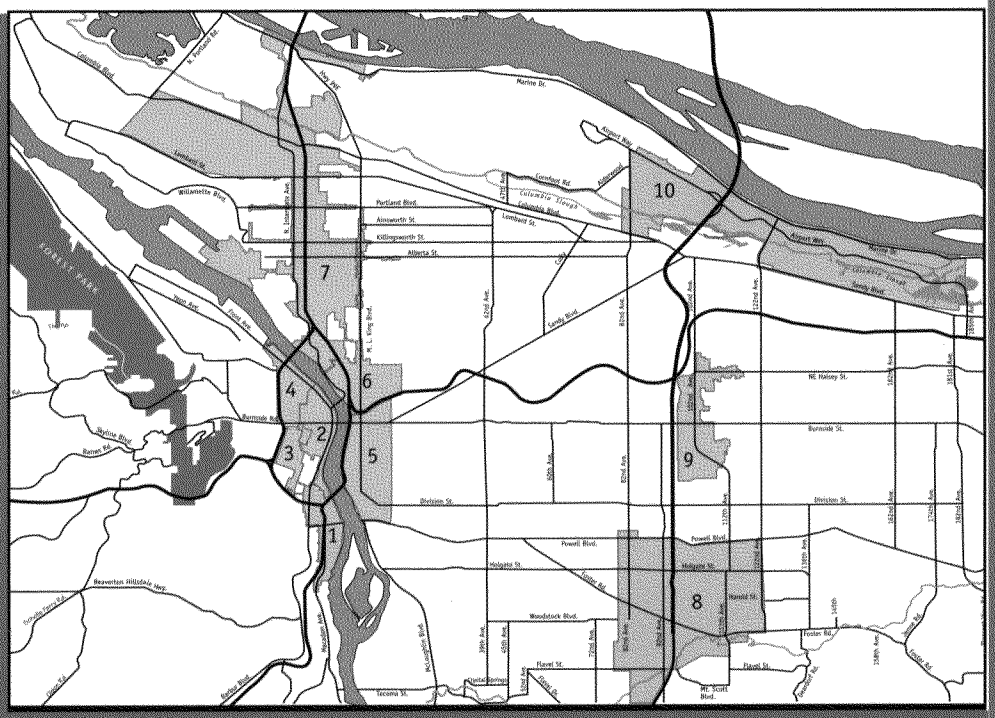
A. Urban renewal helps advance already established objectives by providing a funding method for implementation. Each URA plan specifically lists how it will help achieve neighborhood, city and regional policy objectives. For example, URAs created in the Lents and Gateway areas reflect not only their respective neighborhood plans and the Outer Southeast Community Plan, but also incorporate Metro's 2040 Regional Framework Plan, which calls for enhancing quality of life and preserving open space.



URBAN RENEWAL AREA FORMATION

Q. How are urban renewal areas formed?

A. First a community-based steering committee and PDC identify an area that can benefit from physical improvements – generally an area showing some degree of blight, such as poorly constructed buildings, lack of open spaces, deteriorated properties, or an incompatible mix of uses. PDC and the community propose the boundaries to encompass the new urban renewal area (URA).



PORTLAND'S 10 CURRENT URBAN RENEWAL AREAS

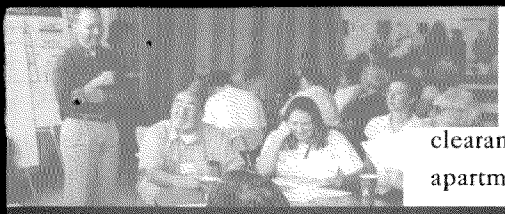
The size and composition of Portland's urban renewal areas vary widely, but each is designed to maximize the effectiveness of planned projects and programs. Boundaries are drawn with economic, legal and political considerations in mind. The boundaries of the Interstate Corridor URA, for example, expanded as neighborhoods in north and northeast Portland expressed their desire to benefit from urban renewal programs and dollars.

Residents of single-family neighborhoods encircling the Gateway Regional Center, however, asked that Gateway's URA comprise only the commercial and industrial core of the area. In both cases, an extensive public review process led by a citizen committee helped decide where the lines ultimately were drawn. This citizen input is combined with sophisticated financial analysis to make sure that a proposed plan area is economically feasible, and a legal analysis is done to make sure that the properties to be included in the plan area qualify for urban renewal. Then:

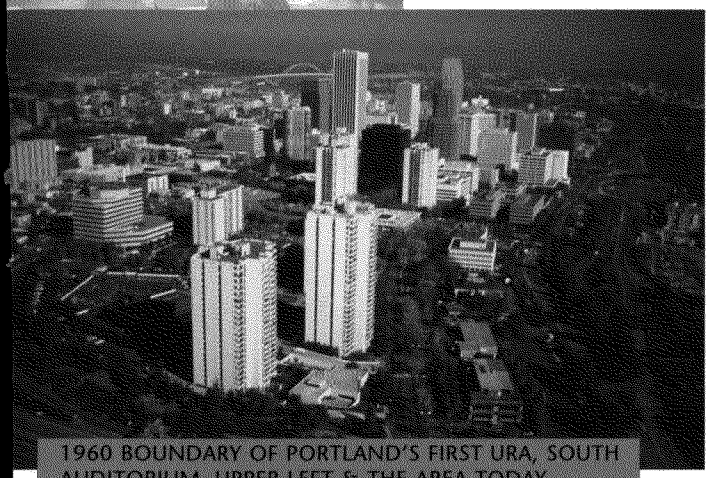
1. The City Council officially approves the boundary line around the area where attention is to be focused, creating an urban renewal area.
2. Based on input from community members and PDC, the City Council approves an urban renewal plan for the URA. This plan describes general goals and objectives and specific improvements to help meet those objectives.

Q Are there limits on Portland's use of urban renewal?

A. Yes. Under state law, the sum of all URAs in any one municipality Portland's size cannot exceed 15 percent of the total assessed value of that municipality or 15 percent of the total land area of that municipality. Currently, Portland's urban renewal areas make up 13.09 percent of the total land area and 9.38 percent of the total assessed value. This limitation serves to protect local taxing jurisdictions that rely on property tax revenues to finance their general funds. During the life of the URA, the local jurisdictions do not participate in the increases in property revenues above the fixed-base which are the result of urban renewal efforts since those dollars go to pay off the urban renewal bonds. However, they reap the benefits of greatly increased revenues when the URA debt is retired.

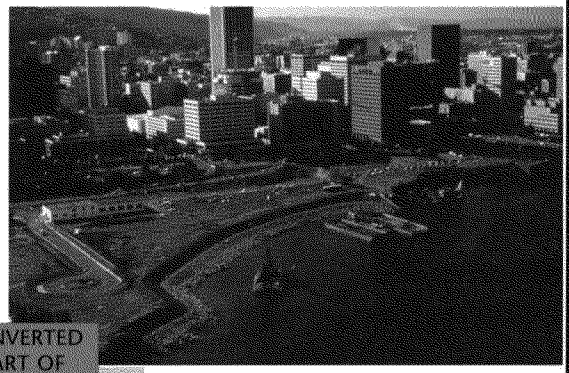


clearance and included projects such as the Ira Keller Fountain, new high rise apartments, business towers and parks. The South Auditorium project alone added more than $394 million to the tax rolls by the time it was completed in 1974.

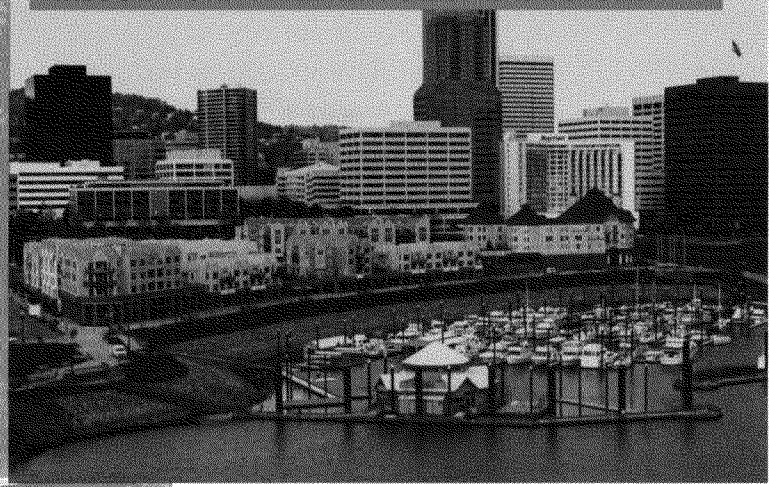


1960 BOUNDARY OF PORTLAND'S FIRST URA, SOUTH AUDITORIUM, UPPER LEFT & THE AREA TODAY.

The Era of Activism is comprised of the years from the late sixties to early eighties, and includes projects such as the Model Cities and Neighborhood Development Programs, and the Downtown Waterfront, N.W. Front Avenue, South Park Blocks and St. Johns Urban Renewal Areas. The outcomes of this era are much more familiar – removing old Harbor Drive and turning Portland's face back to the river with the creation of Tom McCall Waterfront Park; building Portland's living room, Pioneer Courthouse Square, from a former parking lot; taking an underutilized former industrial area along the waterfront and developing a new neighborhood called RiverPlace including housing, a hotel, restaurants, shops, a marina and a health club; and assembling four blocks downtown to serve as a retail catalyst we now know as Pioneer Place. This era saw a focus on job creation and Portland's entrée into the world of semiconductor manufacturing with the recruitment of Wacker Siltronic to the N.W. Front Avenue Urban Renewal Area. It also saw a new focus on housing – more than 10,000 homes were rehabilitated and hundreds of units of new housing were built downtown.



FORMER VACANT INDUSTRIAL LAND (RIGHT) WAS CONVERTED TO A NEW NEIGHBORHOOD CALLED RIVERPLACE AS PART OF THE DOWNTOWN WATERFRONT URBAN RENEWAL PLAN.



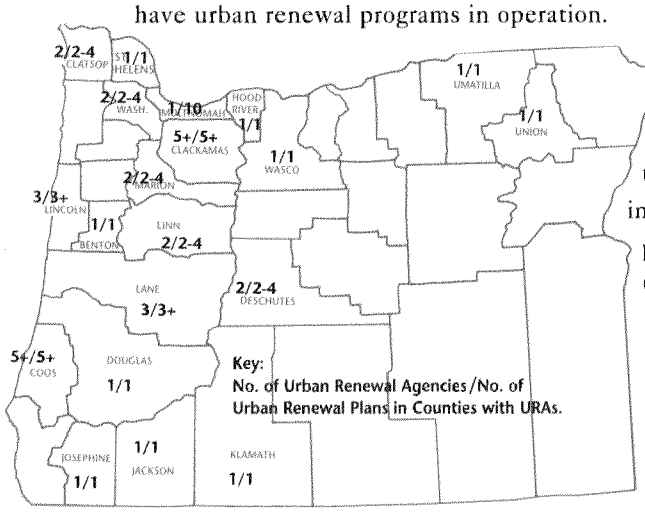
Stretching from the late eighties to today is the Era of Post Modern Urban Planning in which the philosophy of mixed-use planning and development took center stage. This era also has seen the firm recognition of the necessity of, and progress toward, broad citizen involvement in decision-making processes. Community outreach in the planning and development of urban renewal areas is extensive and urban renewal advisory committees – the citizen committees that guide work in each individual area – often include more than 50 citizens. The projects of this era reflect recent headlines: the Eastbank Esplanade, Airport MAX, the PSU Urban Plaza and the new streetcar line that runs through it, the Walnut Park Retail Center along Martin Luther King, Jr. Blvd., the Classical Chinese Garden and the sprouting of a whole new neighborhood in the River District.

**For a complete version of the History of Urban Renewal in Portland by PSU's Craig Wollner, John Provo and Julie Schablitsky or complete copy of urban renewal legislative history, please refer to PDC's website at www.pdc.us or call 503-823-3200 to request a hard copy.*

URBAN RENEWAL HISTORY

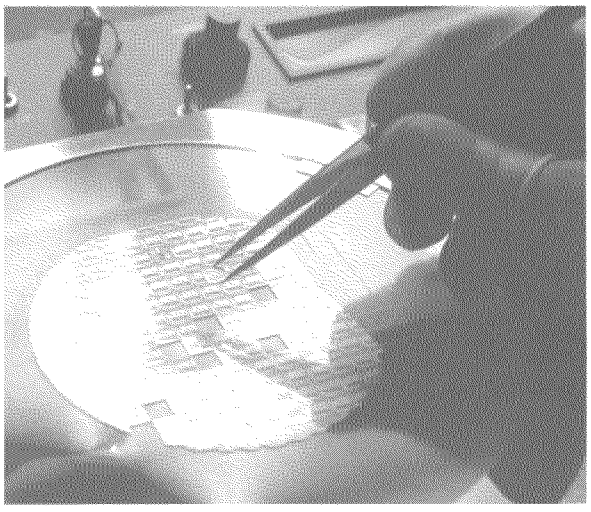
Q. What are the roots of urban renewal?

A. Urban renewal emerged in the late 1940s as an attempt by the federal government to revitalize central cities that were losing population and resources to the new post-war suburbs. More than 40 Oregon cities and counties currently have urban renewal programs in operation.



In 1951 the Oregon Legislature authorized housing authorities to become involved in the urban renewal process and authorized Oregon to receive federal urban renewal funds as well as to collect local taxes for urban renewal in a system called tax increment revenue. Known as ORS 457, this chapter of statutes was later amended to extend the authority to function as an urban renewal agency to city councils, county commissions or appointed separate bodies. In 1958 the citizens of Portland voted to create the Portland Development Commission to serve as the city's urban renewal agency. PDC's Charter was laid out in Chapter 15 of the City's Charter. Since PDC was established as Portland's urban renewal agency, the City Council has created 20 urban renewal areas in Portland. Currently, PDC manages ten active urban renewal areas in the city.

Q. How has urban renewal evolved over the years?



A. Urban renewal has continued to evolve with the wisdom, goals and community needs of the time. Professors at Portland State University* recently wrote that urban renewal in Portland can be divided into three distinct eras: the Era of Grand Projects, the Era of Activism and the Era of Post Modern Urban Planning.

The Era of Grand Projects stretches from the founding of PDC in 1958 to the late sixties and included projects like the South Auditorium, the Albina Neighborhood Improvement Program, Portland State University expansion and Emanuel Hospital. This era was characterized by large-scale land

Q. What exactly does urban renewal do?

A. Urban renewal funds a variety of capital investments, including:

- Redevelopment projects such as those near light rail lines that combine retail and residential uses.
- Economic development loans for the construction or rehabilitation of business property tied to the creation or retention of family-wage jobs.
- Housing construction and rehabilitation loans and other financial tools to promote ownership and rental housing serving a variety of income levels.
- Streetscape improvements such as new lighting, trees, sidewalks and pedestrian amenities.
- Transportation enhancements such as light rail, streetcars and intersection improvements.
- Preservation of historic properties.
- Construction of parks and open spaces.

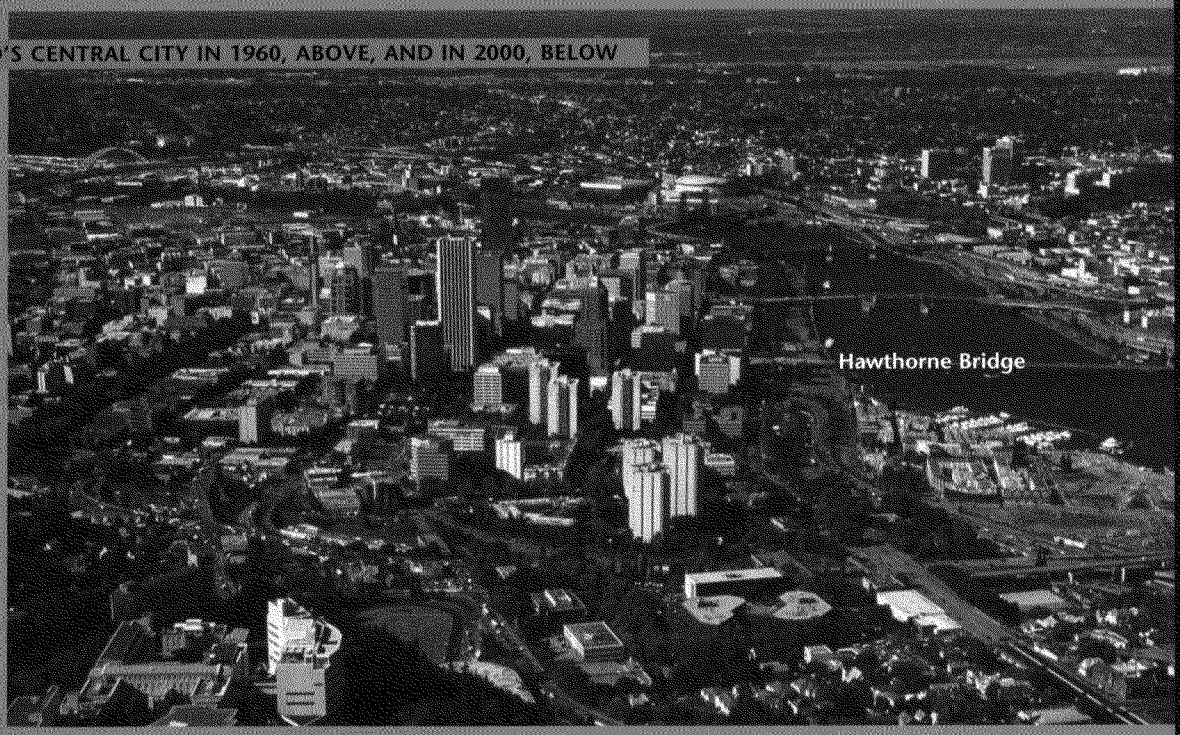
As Portland's urban renewal agency, PDC works within the existing physical and social environment to create and encourage redevelopment opportunities. This process involves extensive neighborhood involvement.

INTRODUCTION

Urban renewal is a state-authorized, redevelopment and finance program designed to help communities improve and redevelop areas that are physically deteriorated, suffering economic stagnation, unsafe or poorly planned. The Portland Development Commission (PDC) uses urban renewal as a tool to focus public attention and resources in blighted or underused areas to stimulate private investment and improve neighborhood livability.

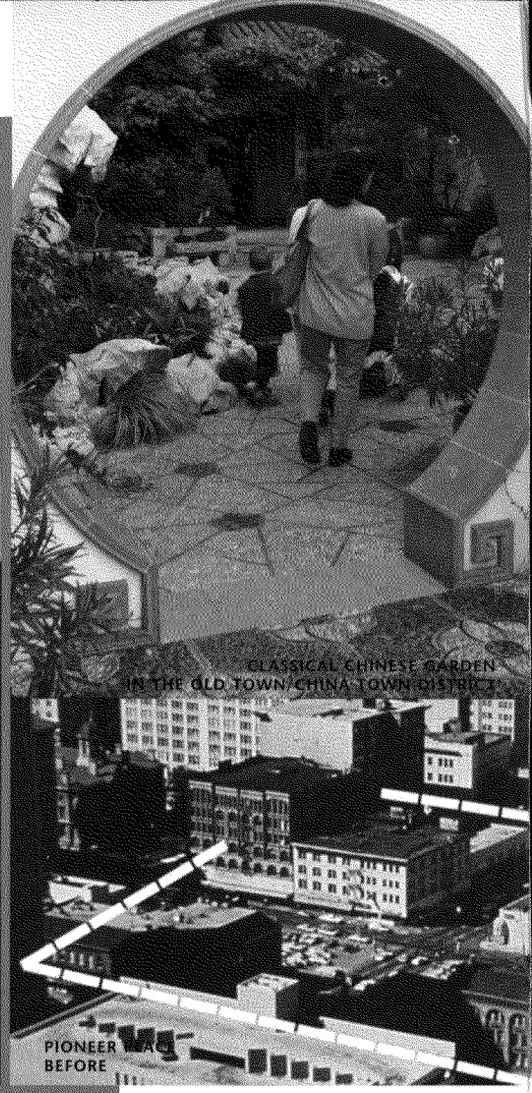
But how, exactly, has urban renewal performed in Portland? How is it continuing to create new community facilities, open spaces and transportation options, as well as stimulate new jobs and housing opportunities in the Rose City? This document looks briefly at the history of urban renewal and then explores the basics of how it works, why it is the preferred tool for revitalizing some areas, its costs and benefits, and its continuing role in investing in the projects and programs that make Portland a great place to live, work, and play.

PORTLAND'S CENTRAL CITY IN 1960, ABOVE, AND IN 2000, BELOW

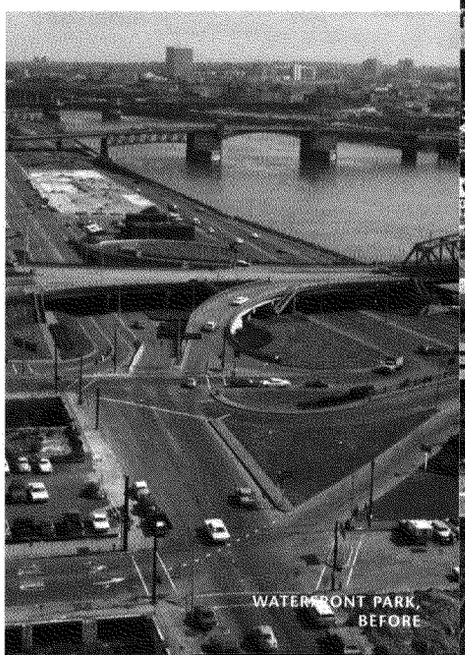


URBAN RENEWAL:

Notable PDC Projects

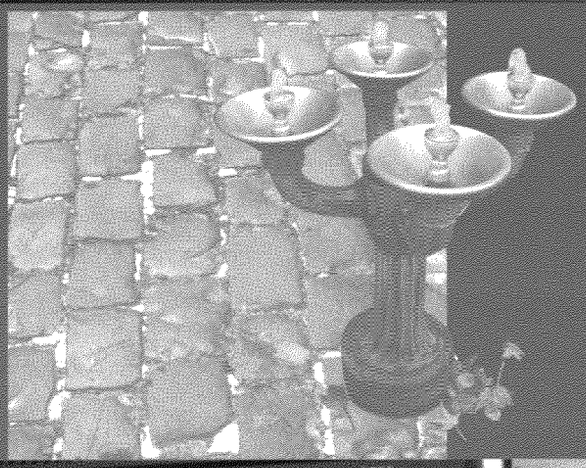


- Pioneer Courthouse Square in the center of downtown, now referred to as "Portland's living room," where public events and gatherings take place year-round. (Completed in 1984, it replaced a former parking lot with a square city block of vibrancy and activity.)
- Redevelopment of both sides of the Willamette River for open space and other uses, including Tom McCall Waterfront Park (which replaced the Harbor Drive expressway in the mid 1970s) and mile-long Eastbank Esplanade (completed 2001).
- Preservation of northwest Portland's historic Union Station, still functioning as a passenger train depot. The surrounding Old Town/ Chinatown area now features a Classical Chinese Garden, Central City Streetcar service, and a rich history that places the neighborhood on the National Register of Historic Places. The nearby Pearl District is transforming into a neighborhood of loft-dwellers in renovated warehouses, and a center for creative services, art galleries, parks and popular restaurants.
- An ongoing partnership with Portland State University that added the South Park Blocks as well as much needed student housing and, most recently, the new PSU Urban Plaza. PDC will continue this collaboration through the construction of a new engineering facility that will provide 21st Century jobs.
- Business loans, storefront grants and home loans to revitalize neighborhoods throughout the city.
- A new four-block office, retail, restaurant and parking facility known as Pioneer Place, located in the heart of the downtown adding new retail vitality to the area.
- Development of the Oregon Convention Center resulting in trade show and convention business for the city as well as redevelopment of the surrounding area. PDC is also supporting the Oregon Convention Center's current expansion.



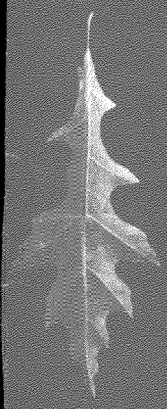
URBAN RENEWAL:

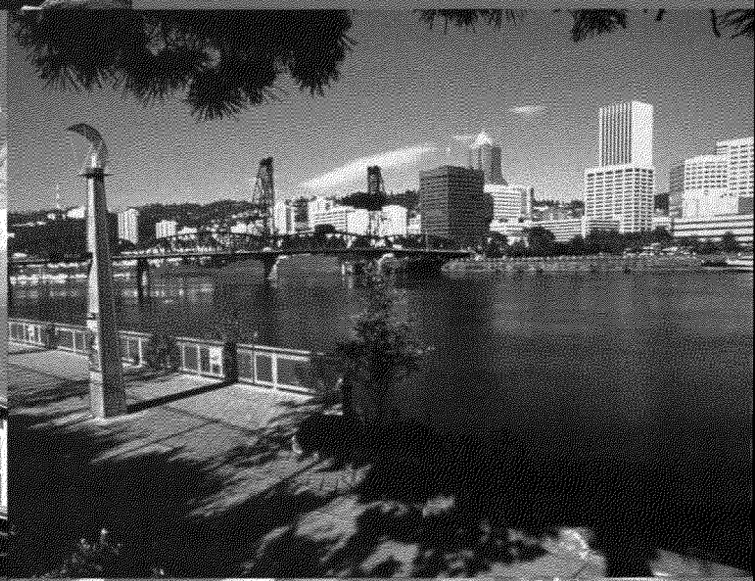
ITS ROLE IN SHAPING PORTLAND'S FUTURE



Pioneer Courthouse Square • Waterfront Park • Eastbank Esplanade • Union Station • PSU Urban Plaza • Walnut Park • Oregon Convention Center • Pioneer Place

What do these new or renovated Portland landmarks have in common? Urban renewal. These developments are the result of neighbors, business leaders and city government working together to create positive changes in our community. And that, in a nutshell, is what urban renewal is all about.





AGENDA PLACEMENT REQUEST

BUD MOD #:

Board Clerk Use Only:	
Meeting Date:	**November 13, 2003**
Agenda Item #:	**R-10**
Est. Start Time:	**11:40 AM**
Date Submitted:	**10/30/03**

Requested Date: 11/13/03 **Time Requested:** 5 mins

Department: DSCP **Division:** SUN

Contact/s: Dianne Iverson/Lolenzo T. Poe

Phone: (503) 988-4786 **Ext.:** 84786 **I/O Address:** 106/200

Presenters: Dianne Iverson

Agenda Title: SUN Request for approval of a Notice of Intent to respond to an Oregon Department of Education Request for Proposal for 21st Century Community Learning Center Funding

NOTE: If Ordinance, Resolution, Order or Proclamation, provide exact title. For all other submissions, provide clearly written title.

---

1. **What action are you requesting from the Board? What is the department/agency recommendation?**
   The Department of School and Community Partnerships is requesting Board approval of a Notice of Intent to respond to an Oregon Department of Education request for proposal for 21st Century Community Learning Center (21st CCLC) funding for the SUN Community School at Marshall High School in Portland Public Schools.

   The Department requests placement on the board agenda on November 13, 2003 for approval of a Notice of Intent to respond to an Oregon Department of Education request for proposal. The 21st Century Community Learning Center (21st CCLC) grant proposal would support the SUN Community School at Marshall High School in Portland Public Schools.

   The following are reasons why we request this letter of exemption to be granted:

1. Duke Shepherd has graciously agreed to give us 5 minutes of the time he has been allocated on the November 13 agenda. We request 5 minutes on the agenda after the other notice of intent is currently scheduled.

2. The deadline for the RFP submission is November 18, 2003. Delay in bringing this to the Board will prevent DSCP from meeting the deadline and further diversifying County funding of SUN Community Schools.

3. Delay in selection of Marshall High School as the focus of this grant made us unable to provide the detail requested in the NOI prior to this date.

4. If successful, the 21st CCLC grant would allow SUN at Marshall to have funding to enhance the work of the County SUN Site Manager and provide program dollars to a site that has historically had little program money. Marshall is a high-need school with consistently low performance over the last four years on statewide benchmark tests. As a result, Marshall is designated as a school in need of annual yearly progress (AYP). This federal assignation puts this school on a short timeline for improvement with serious consequences if progress is not achieved. The AYP assignation also gives this school priority points in the 21st CCLC grant. The 21st CCLC grant would allow the County to partner with this school to support their work toward improving student achievement.

5. This grant would provide additional funding that would be aligned with the implementation of the School Age Policy Framework.

2. Please provide sufficient background information for the Board and the public to understand this issue.

The SUN Initiative was founded by the elected officials of the Multnomah County, OR and the City of Portland, in 1999 as a partnership of city, county, state, and local school districts.

SUN's Mission is to improve the lives of children, their families and the community through partnering with local schools to extend the school day and develop schools as "community centers" in their neighborhoods.

SUN Community Schools link with other community institutions, such as the libraries, parks and community centers, neighborhood health clinics and area churches and businesses in order to:

- Improve student achievement, attendance, behavior and other skills for healthy development
- Promote family involvement
- Increase business and community involvement
- Improve the system of collaboration
- Make better use of public facilities

The key goal in SUN is to improve student achievement and skills. SUN Schools link the extended-day activities with the school-day teachers and curriculum to ensure that children and families are receiving consistent, high-quality education and social service delivery.

SUN schools offer a range of high-quality educational, developmental and recreational activities; as well as health and social services for youth, families and community members.

The SUN Initiative is currently comprised of 31 schools across 6 school districts. This grant would allow SUN at Marshall to have funding to enhance the work of the County SUN Site Manager at Marshall and provide program dollars to a site that has historically had little program money.

Portland Public Schools and DSCP/SUN came together to partner in writing this grant with community partners Portland Impact and Boys and Girls Aid Society. Consistently low performance over the last four years on statewide benchmark tests has led Marshall to be designated as a school in need of annual yearly progress (AYP). This federal assignation puts this school on a short timeline for improvement with serous consequences if progress is not achieved. The AYP assignation also gives this school priority points in the 21st CCLC grant. The 21st CCLC grant would allow the County to partner with Marshall High School to support their work toward improving student achievement.

Marshall has strong championship of its Principal and Vice Principal for this effort, as well as a number of assets that will make SUN successful. This grant would allow SUN to significantly support this struggling high school and would create a link with middle school and elementary SUN Schools in its catchment area.

3. **Explain the fiscal impact (current year and ongoing).**
If the grant is funded, program funding in the amount of $130,000 per year would be available through Oregon Department of Education beginning in February 2004.

If grant application/notice of intent, explain:

- **Who is the granting agency?** Oregon Department of Education
  Specify grant requirements and goals. The purpose of the grant is to provide an opportunity for Marshall High School to re-design their community learning center in alignment with their new School Improvement Plan. The center will:
  - Provide opportunities for academic enrichment
  - Offer a broad array of additional services such as youth development; counseling; and art, music and recreation.
  - Offer family literacy and related educational development

  Goals include raising student achievement in reading and math.
- **Explain grant funding detail – is this a one time only or long term commitment?** The initial grant is for three years beginning in February 2004, with the option for renewal for an additional two years.
- **What are the estimated filing timelines?** Deadline is November 18, 2003.
- **If a grant, what period does the grant cover?** The initial grant period is February 2004 through January 2005.
- **When the grant expires, what are funding plans?** As part of the School Age Policy Framework, Marshall will continue on as a SUN School after the grant expires. For any programs supported by the grant, but beyond the SAPF ore funding level, DSCP/SUN will continue to pursue program dollars and build the school's capacity for fundraising as part of the SUN resource development. Marshall is also located within the Portland City limits and therefore may benefit

from resources generated by the Parks and/or Children's levies. The School Age Policy Framework RFP process may also result in some culturally-specific school-based or school-linked services that would continue at these schools beyond the grant.

- **How will the county indirect and departmental overhead costs be covered?** Indirect and grant management costs will be covered in the grant budget.

4. **Explain any legal and/or policy issues involved.**
The work under this grant is integrated into the School Age Policy Framework.

5. **Explain any citizen and/or other government participation that has or will take place.**
In the current application, Portland Public Schools, Portland Impact and Boys and Girls Aid Society are participating as partners.

The school principal, staff and students have been involved in needs assessment and planning for what the current SUN community school looks like and what it can become. Parent teams and focus groups have also identified needs and assets.

Once SUN development is underway, stakeholders (including parents, youth and community members) will be systematically involved in SUN community school planning through SUN advisory committees, informal feedback and surveys/focus groups.

Required Signatures:

Department/Agency Director: Gloria T. Pucett **Date: 10/30/03**

Budget Analyst

By: Michael D. Jaspin **Date: 10/30/03**

Dept/Countywide HR

By: _____ **Date:**

AGENDA PLACEMENT REQUEST

BUD MOD #:

Board Clerk Use Only:	
Meeting Date: November 13, 2003	
Agenda Item #:	**R-11**
Est. Start Time:	**11:45 AM**
Date Submitted:	**11/05/03**

Requested Date: November 13, 2003 **Time Requested:** 10 minutes

Department: DBCS **Division:** Facilities and Property Mgmt

Contact/s: Doug Butler, Greg Herlean

Phone: 503-988-4216 **Ext.:** 84216 **I/O Address:** 274 / FPM

Presenters: Doug Butler, Greg Herlean

Agenda Title: RESOLUTION: Approving a Real Property Lease between Pacific Realty Associates, L.P., (PacTrust) and Multnomah County, Leasing Property at 700 N.E. 55th Avenue, Portland, Oregon, and Authorizing the County Chair to Execute the Lease Agreement and other Instruments Required to Complete the Lease of said Real Property

NOTE: If Ordinance, Resolution, Order or Proclamation, provide exact title. For all other submissions, provide clearly written title.

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1. **What action are you requesting from the Board? What is the department/agency recommendation?** The Department of Business and Community Services requests this Resolution be considered under an "expedited process" and allow an exception to the normal Agenda Placement Request timeline. An exception is requested because: 1) The process for preparing and negotiating this lease has been extensive; 2) The County's lease of the Ford Building expires in less than seven weeks (December 31, 2003) although we will likely obtain a 2 month extension; and 3) the Landlord requires a signed Lease and at least 60 days to make needed improvements before the County can move into this leased space. This Agenda Placement Request, the Resolution, and the prepared Lease are being submitted to the Agenda Review Team via e-mail requesting an exception to the normal Agenda Placement Request timeline and an expedited review process.

   The Department of Business and Community Services, Facilities and Property Management Division, recommends adoption of the Resolution.

2. **Please provide sufficient background information for the Board and the public to understand this issue.** By County Resolution 03-093, the Board found that Tenants in the Ford Building need to be moved including Materiel Management/Central Stores and Distribution, and the Board authorized Facilities and Property Management, (FPM), to negotiate with Portland Public Schools for the leasing of warehouse space in the Blanchard Building and the Board FPM to evaluate efficiency and cost-savings of co-location or merger of Central Stores and the Sheriff's warehouse.

Facilities and Property Management and Portland Public Schools (PPS) were unable to satisfactorily complete negotiations. In comparison to other properties that better suited our needs, PPS offered property that would result in the County paying in additional $987,968 over a five year period (see Attachment 1).

The County Sheriff's Office has consistently stated its position that its warehouse should be independent. In the FPM survey and evaluation of available warehouse lease opportunities, consideration was given to proximity to the Sheriff's warehouse. FPM identified a potential warehouse space for Materiel Management/Central Stores and Distribution in the same industrial park with the Sheriff's warehouse which may offer some efficiencies and cost-savings of co-location.

Pacific Realty Associates, L.P., (PacTrust), Landlord of the property at 700 N.E. 55th Avenue, (A portion of Building "A" of Banfield Industrial Park), Portland, Oregon, wishes to lease to Multnomah County, as Tenant, space for warehouse, distribution, and office uses. FPM has negotiated lease terms for warehouse space which meets the needs of Materiel Management/Central Stores and Distribution.

3. **Explain the fiscal impact (current year and ongoing).** The costs of relocating the Ford Tenants to the leased warehouse is budgeted in this year's, FY03-04, Capital Program Fund, Moves/Disposition line item. Due to the proposed Lease rent payment structure. current Tenant facility budgets should be suffucient for FY03-04, with no fiscal impact. For future fiscal years, Materiel Management/Central Stores and Distribution will need to budget additional funds for leased facility costs.

NOTE: If a Budget Modification or a Contingency Request attach a Budget Modification Expense & Revenues Worksheet and/or a Budget Modification Personnel Worksheet.

If a budget modification, explain: NONE REQUIRED

- **What revenue is being changed and why?**
- **What budgets are increased/decreased?**
- **What do the changes accomplish?**
- **Do any personnel actions result from this budget modification? Explain.**

- **Is the revenue one-time-only in nature?**
- **If a grant, what period does the grant cover?**
- **When the grant expires, what are funding plans?**

NOTE: Attach Bud Mod spreadsheet (FORM FROM BUDGET)

If a contingency request, explain: NONE REQUIRED

- **Why was the expenditure not included in the annual budget process?**

- **What efforts have been made to identify funds from other sources within the Department/Agency to cover this expenditure?**
- **Why are no other department/agency fund sources available?**
- **Describe any new revenue this expenditure will produce, any cost savings that will result, and any anticipated payback to the contingency account.**

- **Has this request been made before? When? What was the outcome?**

If grant application/notice of intent, explain: NONE REQUIRED

- **Who is the granting agency?**
- **Specify grant requirements and goals.**
- **Explain grant funding detail – is this a one time only or long term commitment?**
- **What are the estimated filing timelines?**
- **If a grant, what period does the grant cover?**
- **When the grant expires, what are funding plans?**
- **How will the county indirect and departmental overhead costs be covered?**

4. **Explain any legal and/or policy issues involved.** Passage of this Resolution and execution of this Lease meets the requirements of the Board's Resolution 03-093.

5. **Explain any citizen and/or other government participation that has or will take place.** None has been required.

Required Signatures:

Department/Agency Director: Wanda D. Yantis **Date:** 11/03/03

Budget Analyst

By: _____ **Date:** 11-5-03

Dept/Countywide HR

By: Not Required for this Resolution **Date:**

MULTNOMAH COUNTY OREGON

DEPARTMENT OF BUSINESS AND COMMUNITY SERVICES
FACILITIES AND PROPERTY MANAGEMENT DIVISION
401 N DIXON ST
PORTLAND, OREGON 97227
(503) 988-3322

BOARD OF COUNTY COMMISSIONERS
DIANE LINN • CHAIR OF THE BOARD
MARIA ROJO DE STEFFEY • DISTRICT 1 COMMISSIONER
SERENA CRUZ • DISTRICT 2 COMMISSIONER
LISA NAITO • DISTRICT 3 COMMISSIONER
LONNIE ROBERTS • DISTRICT 4 COMMISSIONER

MEMORANDUM

DATE: November 5, 2003

TO: Board of County Commissioners Staff

FROM: Doug Butler, Facilities Director

VIA: Gregory Herlean, Contracts, Procurement and Real Property Manager

SUBJECT: **BCC STAFF BRIEFING**
LEASE OF WAREHOUSE SPACE FOR MATERIEL MANAGEMENT/CENTRAL STORES AND DISTRIBUTION

BACKGROUND:

By Resolution 02-032, March 7, 2002, the Board directed Facilities and Property Management, (FPM), to dispose of four buildings, including the Ford Building. By Resolution 03-005, January 9, 2003, the Board authorized the sale of the Ford Building and a short-term lease-back arrangement. By Resolution 03-093, June 6, 2003, the Board found that Tenants in the Ford Building need to be moved including Materiel Management/Central Stores and Distribution, and the Board authorized Facilities and Property Management to negotiate with Portland Public Schools for the leasing of warehouse space in the Blanchard Building.

Facilities and Property Management and Portland Public Schools (PPS) were unable to satisfactorily complete negotiations. In comparison to other properties that better suited our needs, PPS offered property that would result in the County paying in additional $987,968 over a five year period (see Attachment 1).

By County Resolution 03-093, the Board also directed FPM to evaluate efficiency and cost-savings of co-location or merger of Central Stores and the Sheriff's warehouse. The County Sheriff's Office has consistently stated its position that its warehouse should be independent. In the FPM survey and evaluation of available warehouse lease opportunities, consideration was given to proximity to the Sheriff's warehouse. FPM identified a potential warehouse space for Materiel Management/Central Stores and Distribution in the same industrial park with the Sheriff's warehouse which may offer some efficiencies and cost-savings of co-location.

Since directed by the Board in June 2003, FPM and FREDS staff have been working together consistently to negotiate for a leased warehouse space. The process of searching for suitable warehouse space and negotiating this lease has required extensive effort and time of FPM and FREDS staff. Now, the County's lease-back of the Ford Building, mentioned above, expires in less than seven weeks, December 31, 2003. And, the Landlord of the recommended warehouse space

requires a signed lease and at least 60 days to make needed improvements before the County can move into this leased space.

During the past five months, FPM has made presentations to the Board Members and BCC staff on the status of this leasing and relocation process.

PROPOSED LEASE BETWEEN PACTRUST AND THE COUNTY:

Pacific Realty Associates, L.P., (PacTrust), Landlord of the property at 700 N.E. 55th Avenue, (a portion of Building "A" of Banfield Industrial Park), Portland, Oregon, wishes to lease to Multnomah County, as Tenant, space for warehouse, distribution, and office uses. This potential warehouse space for Materiel Management/Central Stores and Distribution is in the same industrial park with the Sheriff's warehouse and may offer some efficiencies and cost-savings of co-location. FPM has negotiated lease terms for warehouse space which meets the needs of Materiel Management/Central Stores and Distribution.

The proposed warehouse space is 26,400 SF including approximately 6,000 SF of office space and other improved space which will be used primarily for distribution processing and medical supplies storage. The Landlord, PacTrust, at its own expense, will make approximately $160,000 in Tenant Improvements, TI's. The Landlord has stated they will need at least 60 days to complete the needed TI's before the space is ready for the County to move into this leased space (this is normal time for such tenant improvements). Based upon information from FREDS Staff, this space will meet the immediate and expected future needs of the Materiel Management/Central Stores and Distribution.

KEY POINTS OF PACTRUST - COUNTY LEASE:

- The proposed warehouse space is approximately ½ of an existing one-floor building and is currently vacant.
- The space is approximately 26,400 SF total; approximately 21,000 SF of open warehouse; approximately 6,000 SF of offices and other improved space which will be used primarily for distribution processing and medical supplies storage.
- The building meets the current and expected future needs of Materiel Management/Central Stores and Distribution.
- The proposed lease is for a five-year initial term with renewal options, at County's option, for two additional five-year terms.
- The blended Base Lease Rent over a five year period is $5.31 per annual square foot.
- The proximity to the current Sheriff's Office warehouse should offer some efficiencies and cost-savings of co-location.
- The "central city" location of this warehouse should allow for efficiencies in distribution services.

PDT:no

Lease Comparisons for Distirbution Central Stores

Program Requirements	Banfield Industrial Park	PPS: Blanchard Bldg., L2	Price Difference: Banfield vs PPS	Comments
26,400 square feet available December 1, 2003	Yes, but TI's would have to be added during move	No		
Completed Office Space w/in Central Stores & Distribution	Yes	No		
Time to build Office Space	Available Immediately, minor improvements to be added within 2 months	6 Months		
Office Space	6,000 SF	0 SF		
Annual cost per square foot	$5.31	$6.50		
Free Rent, first 4 months	Yes	No	$46,728	Non-Recurring
Annual cost/26,400 sq. ft.	$140,184	$171,600	$31,416	Annual Recurring
Operations & Maintenance Expenses (incl. utilities)	$42,240	$104,412	$62,172	Annual Recurring
7 Secure Parking Spaces	Yes, up to 12 spaces	No		
Estimated Tenant Improvements Required	$0 (at Landlord's expense, $160,000)	$408,300	$408,300	Non-Recurring
				$0
Building Condition	Good	120' roof leak		
Fork Lift	Use Existing	Purchase Raymond-type forklift	$45,000	Non-Recurring
Warehouse Pallet Racks	Use Existing	Must configure to original	$20,000	Non-Recurring
Early Termination by Landlord	No	Yes		PPS may sell Blanchard w/in 1 yr.
1st Year Cost Savings			**$613,616**	Includes Non-Recurring
2nd Year Cost Savings			$93,588	Annual Recurring
3rd Year Cost Savings			$93,588	Annual Recurring
4th Year Cost Savings			$93,588	Annual Recurring
5th Year Cost Savings			$93,588	Annual Recurring
Total Cost Savings			**$987,968**	

Attachment A

8.30.03

BEFORE THE BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON

RESOLUTION NO. _____

Approving a Real Property Lease between Pacific Realty Associates, L.P. (PacTrust) and Multnomah County, Leasing Property at 700 N.E. 55th Avenue, Portland, Oregon, and Authorizing the County Chair to Execute the Lease Agreement and other Instruments Required to Complete the Lease of said Real Property

The Multnomah County Board of Commissioners Finds:

a. By County Resolution 03-093, the Board found that Tenants in the Ford Building need to be moved including Materiel Management/Central Stores and Distribution, and the Board resolved and authorized Facilities and Property Management to negotiate with Portland Public Schools for the leasing of warehouse space in the Blanchard Building.

b. Facilities and Property Management and Portland Public Schools (PPS) were unable to satisfactorily complete negotiations. In comparison to other properties that better suited our needs, PPS offered property that would result in the County paying an additional $987,968 over a five-year period (see Attachment 1).

c. By County Resolution 03-093, the Board resolved and directed Facilities and Property Management to evaluate efficiency and cost-savings of co-location or merger of Central Stores and the Sheriff's warehouse.

d. The County Sheriff's Office has consistently stated its position that its warehouse should be independent. Facilities and Property Management identified a potential warehouse space for Materiel Management/Central Stores and Distribution in the same industrial park with the Sheriff's warehouse that may offer some efficiencies and cost-savings of co-location.

e. Pacific Realty Associates, L.P., (PacTrust) as Landlord of the property known as 700 N.E. 55th Avenue, (A portion of Building "A" of Banfield Industrial Park) Portland, Oregon, wishes to lease to Multnomah County, as Tenant, space for warehouse, distribution, and office uses. Facilities and Property Management has negotiated lease terms for warehouse space which meets the needs of Materiel Management/Central Stores and Distribution.

The Multnomah County Board of Commissioners Resolves:

1. Multnomah County shall enter into and execute a real property lease agreement between Pacific Realty Associates, L.P., (PacTrust) and the County for the

property known as 700 N.E. 55th Avenue, (A portion of Building "A" of Banfield Industrial Park) Portland, Oregon.

2. The County Chair is hereby authorized to execute a lease agreement between Pacific Realty Associates, L.P., (PacTrust) and Multnomah County for the property known as 700 N.E. 55th Avenue and other instruments required to complete the lease of said real property, including future lease amendments to renew the lease.

ADOPTED this 13th day of November, 2003.

BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON

Diane M. Linn, Chair

REVIEWED:

AGNES SOWLE, COUNTY ATTORNEY
FOR MULTNOMAH COUNTY, OREGON

By _____
Matthew O. Ryan, Assistant County Attorney

Lease Comparisons for Distirbution Central Stores

Program Requirements	Banfield Industrial Park	PPS: Blanchard Bldg., L2	Price Difference: Banfield vs PPS	Comments
26,400 square feet available December 1, 2003	Yes, but TI's would have to be added during move	No		
Completed Office Space w/in Central Stores & Distribution	Yes	No		
Time to build Office Space	Available Immediately, minor improvements to be added within 2 months	6 Months		
Office Space	6,000 SF	0 SF		
Annual cost per square foot	$5.31	$6.50		
Free Rent, first 4 months	Yes	No	$46,728	Non-Recurring
Annual cost/26,400 sq. ft.	$140,184	$171,600	$31,416	Annual Recurring
Operations & Maintenance Expenses (incl. utilities)	$42,240	$104,412	$62,172	Annual Recurring
7 Secure Parking Spaces	Yes, up to 12 spaces	No		
Estimated Tenant Improvements Required	$0 (at Landlord's expense, $160,000)	$408,300	$408,300	Non-Recurring
				$0
Building Condition	Good	120' roof leak		
Fork Lift	Use Existing	Purchase Raymond-type forklift	$45,000	Non-Recurring
Warehouse Pallet Racks	Use Existing	Must configure to original	$20,000	Non-Recurring
Early Termination by Landlord	No	Yes		PPS may sell Blanchard w/in 1 yr.
1st Year Cost Savings			**$613,616**	Includes Non-Recurring
2nd Year Cost Savings			$93,588	Annual Recurring
3rd Year Cost Savings			$93,588	Annual Recurring
4th Year Cost Savings			$93,588	Annual Recurring
5th Year Cost Savings			$93,588	Annual Recurring
Total Cost Savings			**$987,968**	

Attachment A

8.30.03

LEASE

DATED: **November 6, 2003**

BETWEEN: **PACIFIC REALTY ASSOCIATES, L.P., a Delaware limited partnership** **LANDLORD**

AND: **MULTNOMAH COUNTY OREGON, a public entity** **TENANT**

A. Tenant wishes to lease from Landlord the following described property, hereinafter referred to as "the Premises":

B. Approximately 26,400 square feet of warehouse and office space located in Building A, Banfield Industrial Park, 700 N.E. 55th Avenue, Portland, Oregon 97213 and as further described on the attached Exhibits A, B, and C.

C. If the Premises consist of a portion but not all of a building, the building housing the Premises is hereinafter referred to as "the Building."

D. Landlord leases the Premises to Tenant for a term of sixty-five (65) months commencing February 1, 2004 and continuing through June 30, 2009. Tenant may occupy the warehouse portion of the Premises upon Lease execution, in compliance with all terms of this Lease, provided Landlord is in receipt of a fully executed termination agreement for the Premises from the existing tenant on terms and conditions acceptable to Landlord and the existing tenant in their sole and absolute discretion, and Landlord is in receipt of a certificate of occupancy for the warehouse portion of the Premises from the City of Portland, Oregon. Tenant may occupy the office portion of the Premises on January 15, 2004, in compliance with and subject to the terms of the Lease. No Base Rent shall be due for the first four (4) months of the Lease term. Tenant shall be obligated to pay for all charges, taxes and expenses, as specified in Paragraphs 3 and 4 of this Lease during the entire term. Commencing February 1, 2004 and continuing through June 30, 2009, Tenant shall pay base rent ("Base Rent") according to the following schedule:

Period	Base Rent Per Month
February 1, 2004 through May 31, 2004	$ 0.00
June 1, 2004 through June 30, 2007	$10,824.00
July 1, 2007 through June 30, 2009	$11,352.00

E. Rent for the fifth (5th) month of the Lease term shall be paid upon execution of this Lease. All rent, including base rent together with the charges, taxes and expenses to be paid to Landlord specified in Paragraphs 3 and 4 of this Lease, is payable in advance on the first day of each calendar month without deduction or offset except to the extent specifically provided in this Lease.

F. Delivery of possession shall occur when the Premises are occupied by Tenant or are ready to be occupied by Tenant with all work to be performed by Landlord substantially completed. No notice shall be required from Landlord if the Premises are ready on the date set for commencement of the term or on the first business day thereafter. If Landlord is unable to deliver possession of the Premises to Tenant because of strikes, acts of God, or any other cause beyond Landlord's control, then Tenant may take possession when Landlord notifies Tenant that the Premises are ready for possession, and the term of this Lease shall commence on the first day of the first month following such date and continue for the specified number of months thereafter, notwithstanding the commencement and termination dates stated above. If Landlord is unable to deliver possession of the Premises to Tenant for acts within Landlord's control, then Landlord and Tenant may mutually agree to a new Lease commencement date. Tenant shall owe no rent until the Premises are ready for possession. Landlord shall have no liability for such delays in delivery of possession, and neither party shall have the right to terminate except that Landlord may cancel this Lease without liability if permission to construct, use, or furnish necessary utilities to the Premises is denied or revoked by any governmental agency or public utility with such authority.

G. This Lease is subject to the following additional terms to which the parties agree:

1. Use of the Premises.

1.1. Tenant shall use the Premises only for the purpose of conducting the following business:

General warehouse, distribution and office space.

If such use is prevented by any law or governmental regulation, Tenant may use the Premises for other reasonable uses or terminate this Lease, subject to Landlord's prior written consent, which consent shall not be unreasonably withheld or delayed.

1.2. In connection with its use, Tenant shall at its expense comply with all applicable laws, ordinances, and regulations of any public authority, including those requiring alteration of the Premises because of Tenant's specific use; shall create no nuisance nor allow any objectionable liquid, odor, or noise to be emitted from the Premises; shall store no gasoline or other highly combustible materials on the Premises, except small quantities as used by Tenant in its operations, which would violate any applicable fire code or regulation nor conduct any operation that will increase Landlord's fire insurance rates for the Premises; and shall not overload the floors or electrical circuits of the Premises. Landlord shall have the right to approve the installation of any power-driven machinery by Tenant and may select a qualified electrician whose opinion will control regarding electrical circuits and a qualified engineer or architect whose opinion will control regarding floor loads. Allowable ground floor load shall be 500 pounds per square foot.

1.3. Without limiting the foregoing and subject to Paragraph 1.5 herein, Tenant shall, at Tenant's sole cost and expense, make such alterations and additions to the Premises and the Building required due to Tenant's racking configuration and storage of products within the Premises. Such alterations and additions to the Premises may be required for compliance with applicable building and fire codes, and may include, without limitation, installation of fire rated separation

walls, fire sprinkler system upgrades, racking sprinklers, smoke vents, curtain boards, small hose stations and firefighter entrances.

1.4. Tenant may erect a sign stating its name, business, and product after first securing Landlord's written approval of the size, color, design, wording, and location, and all necessary governmental approvals. No signs shall be painted on the Building or exceed the height of the Building. All signs installed by Tenant shall be removed upon termination of this Lease with the sign location restored to its former state.

1.5. Tenant shall make no alterations, additions, or improvements to the Premises or change the color of the exterior without Landlord's prior written consent and without a valid building permit issued by the appropriate governmental agency. Upon termination of this Lease, any such alterations, additions, or improvements (including without limitation all electrical, lighting, plumbing, heating and air-conditioning equipment, doors, windows, partitions, drapery, carpeting, counters, and physically attached fixtures), except Tenant's trade fixtures, shall at once become part of the realty and belong to Landlord unless the terms of the applicable consent provide otherwise, or Landlord requests that part or all of the additions, alterations, or improvements be removed. In such case, Tenant shall at its sole cost and expense promptly remove the specified additions, alterations, or improvements and repair and restore the Premises to its original condition.

2. Security Deposit. None required.

3. Utility Charges; Maintenance.

3.1. Tenant shall pay when due all charges for electricity, natural gas, water, garbage collection, janitorial service, sewer, and all other utilities of any kind furnished to the Premises during the Lease term. If charges are not separately metered or stated, Landlord shall apportion the utility charges on an equitable basis. Landlord shall have no liability resulting from any interruption of utility services caused by fire or other casualty, strike, riot, vandalism, the making of necessary repairs or improvements, or any other cause beyond Landlord's reasonable control. Tenant shall control the temperature in the Premises to prevent freezing of any sprinkler system.

3.2. Landlord shall repair and maintain the roof, gutters, downspouts, drainpipes to sewers, exterior walls, building structure, foundation, exterior paved areas, curbs, sidewalks, and landscaping, of the Premises in good condition. Except for such obligations of Landlord, Tenant shall keep the Premises neatly maintained and in good order and repair. Tenant's responsibility shall include maintenance and repair of the exposed electrical system, above-slab plumbing, air-conditioning and heating systems, overhead and personnel doors, and the replacement of all broken or cracked glass with glass of the same quality. Tenant shall refrain from any discharge that will damage the septic tank or sewers serving the Premises.

3.3. If the Premises have a separate entrance, Tenant shall keep, during normal operating hours, the sidewalks abutting the Premises or the separate entrance free and clear of snow, ice, debris, and obstructions of every kind.

3.4. Landlord shall ensure that all mechanical systems, to include electrical, plumbing, lighting and loading doors, are in cleaned and in good working order and repair prior to Tenant's occupancy.

3.5. Landlord shall grant Tenant a one year warranty for the heating, ventilating, and air conditioning system (the "System"), provided that Tenant properly maintains the System, at its sole cost and expense. Tenant has represented to Landlord that its staff are trained mechanical systems service technicians. Tenant shall maintain the System in accordance with standards set forth in a reputable service contractor's standard contract. Such warranty shall be in effect for one year from occupancy.

3.6. Landlord shall maintain the structural elements of the Building, including the roof, and Tenant shall be responsible for the System as provided above.

3.7. Landlord shall use its best efforts to provide a one day response by return call to inquiries or requests for maintenance and shall initiate maintenance work within five (5) days of any requests.

4. Taxes, Assessments, and Operating Expenses.

4.1. In conjunction with monthly rent payments, Tenant shall each month pay a sum representing Tenant's proportionate share of operating expenses for the Premises. Tenant's proportionate share of operating expenses for the Building shall be computed by dividing the rentable area of the Premises by the total rentable area of the Building. If in Landlord's reasonable judgment this method of allocation results in an inappropriate allocation to Tenant, Landlord shall select some other reasonable method of determining Tenant's proportionate share. Such amount shall be estimated annually by Landlord in good faith to reflect actual or anticipated costs. Upon termination of this Lease or at periodic intervals during the term hereof, Landlord shall compute its actual costs for such expenses during such period. Any overpayment by Tenant shall be credited to Tenant, and any deficiency shall be paid by Tenant within thirty (30) days after receipt of Landlord's statement. Landlord's records of expenses for operating expenses may be inspected by Tenant at reasonable times and intervals. Tenant shall not retain any third party auditor on a contingency fee basis to perform any audit or inspection of Landlord's records.

4.2. To the extent Tenant has not obtained an exemption from real property taxes as provided in Paragraph 4.5, in conjunction with monthly rent payments, Tenant shall pay Tenant's proportionate share of real property taxes for the Premises. Tenant's proportionate share of real property taxes shall mean that percentage of the total assessment affecting the Premises which is the same as the percentage which the rentable area of the Premises bears to the total rentable area of all buildings covered by the tax statement. Such amount shall be estimated annually by Landlord in good faith to reflect actual or anticipated real property taxes. Upon termination of this Lease or at periodic intervals during the term hereof, Landlord shall compute the real property taxes during such period. Subject to any exemption obtained by Tenant pursuant to Paragraph 4.5, any actual overpayment by Tenant shall be credited to Tenant, and any actual deficiency shall be paid by Tenant within thirty (30) days after receipt of Landlord's statement.

4.3. Real property taxes charged to Tenant hereunder shall include all general real property taxes assessed against the Premises or payable during the Lease term, installment payments on Bancrofted special assessments, whether or not any such tax is now in effect. Tenant shall not, however, be obligated to pay any tax based upon Landlord's net income.

4.4. Operating expenses charged to Tenant hereunder shall include all usual and necessary costs of operating and maintaining the Premises, Building, and any surrounding common areas including, but not limited to, the cost of all utilities or services not paid directly by Tenant, property insurance, property management, maintenance and repair of landscaping, parking areas, and any other common facilities. Operating expenses shall not include roof replacement or correction of structural deficiencies of the Building.

4.5 Under the provisions of ORS 307.112, Multnomah County Oregon, a public entity ("Multnomah County") is entitled to claim an exemption from real property taxes for the Premises effective for the 2004-05 tax year. To the extent Multnomah County obtains such an exemption, Multnomah County shall not be liable for payment of any additional sum for real property taxes, but shall remain liable for payment of Bancrofted special assessments and any other real property taxes described in this Paragraph 4 for which Multnomah County does not receive an exemption. The total compensation paid by Multnomah County under this Lease has been established to reflect the savings below market rent resulting from the exemption from taxation as provided in this Paragraph 4.5.

5. Parking and Storage Areas.

5.1. Tenant, its employees, and customers shall have the exclusive right to use any private parking spaces immediately adjacent to the Premises. Tenant shall have access to all parking stalls immediately adjacent to the Premises. Tenant shall control the use of such parking spaces so that there will be no unreasonable interference with the normal traffic flow, and shall permit no parking on any landscaped or unpaved surface. Under no circumstances shall trucks serving the Premises be permitted to block streets.

5.2. Tenant shall not store any materials, supplies, or equipment, except Tenant vehicles to the extent such vehicles fit in the secured area located at the south side of the Premises, outside in any unapproved or unscreened area. If Tenant erects any visual barriers for storage areas, Landlord shall have the right to approve the design and location. Trash and garbage receptacles shall be kept covered at all times.

6. Tenant's Indemnification; Liability Insurance.

6.1. Tenant shall not allow any liens to attach to the Premises as a result of its activities. Tenant shall indemnify and defend Landlord from any claim, liability, damage, or loss arising out of any activity on the Premises or within the Building or the common areas serving the Building, by Tenant, its agents, or invitees or resulting from Tenant's failure to comply with any term of this Lease.

6.2. Subject to Paragraph 7, Tenant shall carry general liability insurance on an occurrence basis with combined single limits of not less than $2,000,000.00. Such insurance shall

be provided by an insurance carrier reasonably acceptable to Landlord and shall be evidenced by a certificate delivered to Landlord stating that the coverage will not be canceled or materially altered without thirty (30) days' advance written notice to Landlord. Landlord shall be named as an additional insured on such policy.

7. Multnomah County's Right to Self-Insure.

So long as Multnomah County is the Tenant under this Lease, in lieu of the provisions of Paragraph 6.2, Multnomah County may provide the liability insurance required under Paragraph 6.2 either by a self insurance fund established pursuant to ORS 30.282 or, to the extent Multnomah County has so elected, by the Insurance Fund created pursuant to ORS 278.425 and administered by the Oregon Department of Administrative Services. A certificate of Self-Insurance or of Insurance under ORS 278.425 in form specified by applicable provisions of the Oregon Revised Statutes will be provided to Landlord immediately following execution of this Lease and such certificate shall be kept current or reissued as required by Landlord.

8. Property Damage; Subrogation Waiver.

8.1. If fire or other casualty causes damage to the Building or the Premises in an amount exceeding thirty percent (30%) of the full construction-replacement cost of the Building or Premises, respectively, either party may elect to terminate this Lease as of the date of the damage by notice in writing to either party within thirty (30) days after such date. Otherwise, Landlord shall promptly repair the damage and restore the Premises to their former condition as soon as practicable. Rent shall be reduced during the period to the extent the Premises are not reasonably usable for the use permitted by this Lease because of such damage and required repairs.

8.2. Landlord shall be responsible for insuring the Building, and Tenant shall be responsible for insuring its personal property and trade fixtures located on the Premises.

8.3. Landlord and Tenant each hereby releases the other, and the other's partners, officers, directors, agents and employees, from any and all liability and responsibility to the releasing party and to anyone claiming by or through it or under it, by way of subrogation or otherwise, for all claims, or demands whatsoever which arise out of damage or destruction of property occasioned by perils which can be insured by an All Risk Property Insurance Coverage Form, including endorsements extending coverage to the perils of earthquake and flood. Landlord and Tenant grant this release on behalf of themselves and their respective insurance companies and each represents and warrants to the other that it is authorized by its respective insurance company to grant the waiver of subrogation contained in this Paragraph 8.3. This release and waiver shall be binding upon the parties whether or not insurance coverage is in force at the time of the loss or destruction of property referred to in this Paragraph 8.3.

9. Condemnation.

9.1. If a condemning authority takes the entire Premises or a portion sufficient to render the remainder unsuitable for Tenant's use, then either party may elect to terminate this Lease effective on the date that possession passes to the condemning authority. Otherwise, Landlord shall

proceed as soon as practicable to restore the remaining Premises to a condition comparable to that existing at the time of the taking. Rent shall be abated during the period of restoration to the extent the Premises are not reasonably usable by Tenant, and rent shall be reduced for the remainder of the term in an amount equal to the reduction in rental value of the Premises caused by the taking. All condemnation proceeds shall belong to Landlord as set forth in subsection 9.2.

9.2. Except as provided in sub-section 9.1 above, any and all awards payable by the condemning authority or other governmental agency in connection with a taking under the right of eminent domain shall be the sole property of Landlord; provided, however, that nothing contained herein shall prevent Landlord and Tenant from prosecuting separate claims in any condemnation proceeding for the values of their respective interests, provided that the award which would otherwise be payable to Landlord is not diminished by Tenant's prosecution of a separate claim. Any sums specifically awarded to Tenant for relocation expenses shall not be payable to Landlord in any event.

10. Assignment and Subletting.

10.1. Tenant shall not assign its interest under this Lease nor sublet the Premises without first obtaining Landlord's consent in writing. This provision shall apply to all transfers by operation of law or through mergers and changes in control of Tenant. No assignment shall relieve Tenant of its obligation to pay rent or perform other obligations required by this Lease and no one assignment or subletting shall be a consent to any further assignment or subletting. If Tenant assigns this Lease or sublets the Premises for an amount in excess of the rent called for by this Lease, such excess shall be paid to Landlord promptly as it is received by Tenant.

10.2. Subject to the above limitations on transfer of Tenant's interest, this Lease shall bind and inure to the benefit of the parties, their respective heirs, successors, and assigns.

11. Default.

Any of the following shall constitute a default by Tenant under this Lease:

11.1. Tenant's failure to pay rent or any other charge under this Lease within ten (10) days after it is due (provided, however, that the first time in any twelve (12) month period that Tenant fails to pay rent or any other charge under this Lease within ten (10) days after it is due, Tenant shall not be in default under this Lease unless such failure continues for ten (10) days after receipt by Tenant of notice of such failure), or failure to comply with any other term or condition within twenty (20) days following written notice from Landlord specifying the noncompliance. If such non-monetary noncompliance cannot be cured within the twenty (20) day period, this provision shall be satisfied if Tenant commences correction within such period and thereafter proceeds in good faith and with reasonable diligence to effect compliance as soon as possible.

11.2. Tenant's insolvency; assignment for the benefit of its creditors; Tenant's voluntary petition in bankruptcy or adjudication as bankrupt, or the appointment of a receiver for Tenant's properties.

12. Remedies for Default.

In case of default as described in Paragraph 11 above, Landlord shall have the right to the following remedies which are intended to be cumulative and in addition to any other remedies provided under applicable law:

12.1. Terminate this Lease without relieving Tenant from its obligation to pay damages.

12.2. Retake possession of the Premises by summary proceedings or otherwise, in which case Tenant's liability to Landlord for damages shall survive the tenancy. Landlord may, after such retaking of possession, relet the Premises upon any reasonable terms. No such reletting shall be construed as an acceptance of a surrender of Tenant's leasehold interest.

12.3. Recover damages caused by Tenant's default which shall include reasonable attorneys' fees at trial and on any appeal therefrom. Landlord may sue periodically to recover damages as they occur throughout the Lease term, and no action for accrued damages shall bar a later action for damages subsequently accruing. Landlord may elect in any one action to recover accrued damages plus damages attributable to the remaining term of the Lease equal to the difference between the rent under this Lease and the reasonable rental value of the Premises for the remainder of the term, discounted to the time of judgment at the rate of six (6%) percent per annum.

12.4. Make any payment or perform any obligation required of Tenant so as to cure Tenant's default, in which case Landlord shall be entitled to recover all amounts so expended from Tenant, plus interest at the rate of ten percent (10%) per annum from the date of the expenditure.

13. Surrender on Termination.

13.1. On expiration or early termination of this Lease, Tenant shall deliver all keys to Landlord, have final utility readings made on the date of move out, and surrender the Premises clean and free of debris inside and out, with all mechanical, electrical, and plumbing systems in good operating condition, all signing removed and defacement corrected, and all repairs called for under this Lease completed. The Premises shall be delivered in the same condition as at the commencement of the term, subject only to depreciation and wear from ordinary use. Tenant shall remove all of its furnishings and trade fixtures that remain its property and restore all damage resulting from such removal. Failure to remove said property shall be an abandonment of same, and Landlord may dispose of it in any manner without liability.

13.2. If Tenant fails to vacate the Premises when required, subject to the provisions of Paragraph 14, Landlord may elect either to treat Tenant as a tenant from month to month, subject to all provisions of this Lease except the provision for term, or to eject Tenant from the Premises and recover damages caused by wrongful holdover.

14. Holdover Provision.

Upon sixty (60) days notice to Landlord, Tenant shall be allowed to holdover in the Premises upon expiration of the initial Lease term, or any extension thereof, for a period not to

exceed three (3) months at a monthly Base Rent rate of one hundred twenty-five percent (125%) of the immediately preceding monthly Base Rent rate. Tenant shall provide ninety (90) days advance written notice to Landlord of its intent to holdover. The provisions of this Paragraph 14 are personal to Multnomah County Oregon. Upon any assignment by Multnomah County of all or any portion of its interest in and to this Lease, the provisions of this Paragraph 14 shall be null and void and of no further force or effect.

15. Landlord's Liability.

15.1. Landlord warrants that so long as Tenant complies with all terms of this Lease it shall be entitled to peaceable and undisturbed possession of the Premises free from any eviction or disturbance by Landlord or persons claiming through Landlord.

15.2. All persons dealing with Pacific Realty Associates, L.P. ("Partnership") must look solely to the property and assets of Partnership for the payment of any claim against Partnership or for the performance of any obligation of Partnership as neither the general partner, limited partners, employees, nor agents of Partnership assume any personal liability for obligations entered into on behalf of Partnership (or its predecessors in interest) and their respective properties shall not be subject to the claims of any person in respect of any such liability or obligation. As used herein, the words "property and assets of partnership" exclude any rights of Partnership for the payment of capital contributions or other obligations to it by the general partner or any limited partner in such capacity.

16. Mortgage or Sale by Landlord; Estoppel Certificates.

16.1. This Lease is and shall be prior to any mortgage or deed of trust ("Encumbrance") recorded after the date of this Lease and affecting the Building and the land upon which the Building is located. However, if any lender holding an Encumbrance secured by the Building and the land underlying the Building requires that this Lease be subordinate to the Encumbrance, then Tenant agrees that this Lease shall be subordinate to the Encumbrance if the holder thereof agrees in writing with Tenant that so long as Tenant performs its obligations under this Lease no foreclosure, deed given in lieu of the foreclosure, or sale pursuant to the terms of the Encumbrance, or other steps or procedures taken under the Encumbrance shall affect Tenant's rights under this Lease. If the foregoing condition is met, Tenant shall execute the written agreement and any other documents required by the holder of the Encumbrance to accomplish the purposes of this Paragraph.

16.2. If the Building is sold as a result of foreclosure of any Encumbrance thereon or otherwise transferred by Landlord or any successor, Tenant shall attorn to the purchaser or transferee, and the transferor shall have no further liability hereunder.

16.3. Either party shall within twenty (20) days after notice from the other execute and deliver to the other party a certificate stating whether or not this Lease has been modified and is in full force and effect and specifying any modifications or alleged breaches by the other party. The certificate shall also state the amount of monthly base rent, the dates to which rent has been paid in advance, and the amount of any security deposit or prepaid rent. Failure to deliver the certificate within the specified time shall be conclusive upon the party of whom the certificate was requested

that the Lease is in full force and effect and has not been modified except as may be represented by the party requesting the certificate.

17. Governing Laws; Disputes - Attorneys' Fees.

This Agreement is governed by and subject to interpretation to the laws of the State of Oregon. In the event of any litigation arising out of this Lease, the prevailing party shall be entitled to recover from the other party, in addition to all other relief provided by law or judgment, its reasonable costs and attorneys' fees incurred both at and in preparation for trial and any appeal or review, such amount to be as determined by the court(s) before which the matter is heard. Disputes between the parties which are to be litigated shall be tried before a judge without a jury.

18. Severability.

If any provision of this Lease is held to be invalid, unenforceable or illegal the remaining provisions shall not be affected and shall be enforced to the fullest extent permitted by law.

19. Interest and Late Charges.

Rent not paid within ten (10) days of when due shall bear interest from the date due until paid at the rate of ten percent (10%) per annum. Landlord may at its option impose a late charge of $.05 for each $1.00 of rent for rent payments made more than ten (10) days late in addition to interest and other remedies available for default.

20. General Provisions.

20.1. Waiver by either party of strict performance of any provision of this Lease shall not be a waiver of nor prejudice the party's right otherwise to require performance of the same provision or any other provision.

20.2. Subject to the limitations on transfer of Tenant's interest, this Lease shall bind and inure to the benefit of the parties, their respective heirs, successors, and assigns.

20.3. Landlord shall have the right to enter upon the Premises after giving Tenant twenty-four (24) hour verbal notice, excepting that Landlord shall not be required to give such notice in times of emergency, to determine Tenant's compliance with this Lease, to make necessary repairs to the Building or the Premises, or to show the Premises to any prospective tenant or purchasers. During the last two months of the term, Landlord may place and maintain upon the Premises notices for leasing or sale of the Premises.

20.4. If this Lease commences or terminates at a time other than the beginning or end of one of the specified rental periods, then the rent (including Tenant's share of real property taxes, if any) shall be prorated as of such date, and in the event of termination for reasons other than default all prepaid rent shall be refunded to Tenant or paid on its account.

20.5. Tenant shall within ten (10) days following Landlord's written request deliver to Landlord a written statement specifying the dates to which the rent and other charges have been

paid, whether the Lease is unmodified and in full force and effect, and any other matters that may reasonably be requested by Landlord.

20.6. Notices between the parties relating to this Lease shall be in writing, effective when delivered, or if mailed, effective on the second day following mailing, postage prepaid, to the address for the party stated in this Lease or to such other address as either party may specify by notice to the other. Rent shall be payable to Landlord at the same address and in the same manner.

20.7. This Lease is the entire agreement between the parties, and there are no agreements or representations between the parties except as expressed herein.

20.8. All provisions of this Lease have been negotiated by Landlord and Tenant at arm's length and neither party shall be deemed the scrivener of this Lease. This Lease shall not be construed for or against either party by reason of the authorship or alleged authorship of any provision hereof or by reason of the status of the respective parties as Landlord or Tenant.

21. Environmental.

21.1. Definitions. The term "Environmental Law" shall mean any federal, state or local statute, regulation or ordinance or any judicial or other governmental order pertaining to the protection of health, safety or the environment. The term "Hazardous Substance" shall mean any hazardous, toxic, infectious or radioactive substance, waste and material as defined or listed by any Environmental Law and shall include, without limitation, petroleum oil and its fractions.

21.2. Use of Hazardous Substances. Tenant shall not cause or permit any Hazardous Substance to be spilled, leaked, disposed of or otherwise released on or under the Premises. Tenant may use and sell on the Premises only those Hazardous Substances typically used and sold in the prudent and safe operation of the business permitted by Paragraph 1 of this Lease. Tenant may store such Hazardous Substances on the Premises, but only in quantities necessary to satisfy Tenant's reasonably anticipated needs. Tenant shall comply with all Environmental Laws and exercise the highest degree of care in the use, handling and storage of Hazardous Substances and shall take all practicable measures to minimize the quantity and toxicity of Hazardous Substances used, handled or stored on the Premises.

21.3. Notices. Tenant shall immediately notify Landlord upon becoming aware of the following: (a) any spill, leak, disposal or other release of a Hazardous Substance on, under or adjacent to the Premises; (b) any notice or communication from a governmental agency or any other person relating to any Hazardous Substance on, under or adjacent to the Premises; or (c) any violation of any Environmental Law with respect to the Premises or Tenant's activities on or in connection with the Premises.

21.4. Spills and Releases. In the event of a spill, leak, disposal or other release of a Hazardous Substance on or under the Premises caused by Tenant or any of its contractors, agents or employees or invitees, or the suspicion or threat of the same, Tenant shall (i) immediately undertake all emergency response necessary to contain, cleanup and remove the released Hazardous Substance, (ii) promptly undertake all investigatory, remedial, removal and other response action necessary or

appropriate to ensure that any Hazardous Substances contamination is eliminated to Landlord's reasonable satisfaction, and (iii) provide Landlord copies of all correspondence with any governmental agency regarding the release (or threatened or suspected release) or the response action, a detailed report documenting all such response action, and a certification that any contamination has been eliminated. All such response action shall be performed, all such reports shall be prepared and all such certifications shall be made by an environmental consultant reasonably acceptable to Landlord.

21.5. Condition Upon Termination. Upon expiration of this Lease or sooner termination of this Lease for any reason, Tenant shall remove all Hazardous Substances and facilities used for the storage or handling of Hazardous Substances from the Premises and restore the affected areas by repairing any damage caused by the installation or removal of the facilities. Following such removal, Tenant shall certify in writing to Landlord that all such removal is complete.

21.6. Assignment and Subletting. Notwithstanding the provisions of Paragraph 10 of this Lease, it shall not be unreasonable for Landlord to withhold its consent to any assignment, sublease or other transfer of the Tenant's interest in this Lease if a proposed transferee's anticipated use of the Premises involves the generation, storage, use, sale, treatment, release or disposal of any Hazardous Substance.

21.7. Indemnity.

21.7.1. By Tenant. Tenant shall indemnify, defend and hold harmless Landlord, its employees and agents, any persons holding a security interest in the Premises, and the respective successors and assigns of each of them from and against any and all claims, demands, liabilities, damages, fines, losses, costs (including without limitation the cost of any investigation, remedial, removal or other response action required by Environmental Law) and expenses (including without limitation attorneys' fees and expert fees in connection with any trial, appeal, petition for review or administrative proceeding) arising out of or in any way relating to the use, treatment, storage, generation, transport, release, leak, spill, disposal or other handling of Hazardous Substances on the Premises by Tenant or any of its contractors, agents or employees or invitees. Tenant's obligations under this Paragraph shall survive the expiration or termination of this Lease for any reason. Landlord's rights under this Paragraph are in addition to and not in lieu of any other rights or remedies to which Landlord may be entitled under this agreement or otherwise.

21.7.2. By Landlord. Landlord shall indemnify, defend and hold harmless Tenant and its employees and agents and the respective successors and assigns of each of them from and against any and all claims, demands, liabilities, damages, fines, losses, costs (including without limitation the cost of any investigation, remedial, removal or other response action required by Environmental Law) and expenses (including without limitation attorneys' fees and expert fees in connection with any trial, appeal, petition for review or administrative proceeding) arising out of or in any way relating to the actual or alleged use, treatment, storage, generation, transport, release, leak, spill, disposal or other handling of Hazardous Substances on the Premises by Landlord, or any of its contractors, agents or employees or by Landlord's previous tenants of the Premises. Landlord's obligations under this Paragraph shall survive the expiration or termination of this Lease for any

reason. Tenant's rights under this Paragraph are in addition to and not in lieu of any other rights or remedies to which Tenant may be entitled under this Agreement or otherwise.

21.8. Landlord shall remove contamination by Hazardous Substances, if any is found during the term of this Lease, or undertake to have the party or parties responsible for contamination by Hazardous Substances remove such contamination (or otherwise deal with Hazardous Substances in a manner which is in conformance with Environmental Laws) in or about the Premises and the Building other than Hazardous Substances introduced by Tenant, its agents, employees or contractors or invitees. Landlord represents that to its actual knowledge, Landlord has received no notice of and has no knowledge of any violation of Laws relating to Hazardous Substances or the existence of Hazardous Substances at the Premises or Building. Landlord shall use commercially reasonable efforts to ensure that there are no Hazardous Substances, including asbestos contaminated materials, on the Premises in violation of current Environmental Laws as of the commencement date of this Lease.

22. Renewal Option.

If not then in default, Tenant shall have the option to renew this Lease for two (2) additional consecutive five-year terms by giving Landlord written notice of its intent to extend at least 120 days prior to expiration of the preceding term. All provisions of this Lease shall apply during each renewal period for which Tenant has validly exercised its option to extend, except that rent for each renewal period will be an amount agreed upon by parties at least 90 days prior to commencement of that particular renewal period or such later time as the parties may agree upon. If Tenant elects not to exercise the first five-year renewal period, then the second five-year renewal period shall be null and void. If the parties cannot agree on the rent to be paid during the renewal period, then this Lease shall terminate at the end of the term as though no notice of intent to extend had been given.

23. Early Termination Right.

If sufficient funds have not been provided in the budget approved by the Board of County Commissioners for the functions which will operate in the Premises to permit Tenant, in the exercise of its reasonable administrative discretion, to continue this Lease, Tenant shall have the right to terminate this Lease strictly in accordance with, and subject to, the terms and conditions contained in this Paragraph 23 ("Tenant's Termination Right"). Tenant shall exercise Tenant's Termination Right, if at all, by giving notice thereof to Landlord (the "Termination Notice"), which Termination Notice must be received by Landlord not less than one hundred twenty (120) days prior to the date Tenant desires to terminate this Lease (the "Termination Date") and which Termination Notice must specify the Termination Date. During the period of time following receipt by Landlord of the Termination Notice, Tenant may negotiate with Landlord for continued occupancy of a portion of the Premises at a reduced rent; however, neither party shall be obligated to the other to conclude an agreement with respect to such reduction of space and/or reduction of rent. Either party may terminate such negotiations with ten (10) days written notice to the other, and upon such notice, Landlord shall be free to commit the Premises to other parties for occupancy at any time following the Termination Date. If Tenant delivers the Termination Notice to Landlord and Landlord and Tenant do not, for any reason whatsoever, negotiate a reduction of space and/or reduction of rent as provided above,

(i) Tenant shall pay to Landlord, at least ten (10) days prior to the Termination Date, a termination fee (the "Termination Fee") equal to the unamortized tenant improvements and commission costs related to this Lease amortized at twenty percent (20%) per year over the initial term of this Lease, and (ii) the Lease shall terminate on the Termination Date, as if such date were the original expiration date of this Lease. If this Lease is terminated pursuant to this Paragraph 23 during a renewal period, Tenant shall pay to Landlord the unamortized cost (amortized at 20% per year during the relevant renewal period) for any tenant improvements installed by Landlord at Landlord's expense for Tenant's use during the renewal period. Landlord shall provide Tenant with a final accounting of the total cost of any such tenant improvements within ninety (90) days of the commencement date of the renewal period. If Tenant fails to pay the entire Termination Fee as set forth above then, at Landlord's option, this Lease shall not terminate but shall continue in full force and effect. All obligations under this Lease shall continue up to and including the Termination Date, and upon the Termination Date, Tenant shall surrender possession of the Premises and deliver the same to Landlord in the condition required under this Lease.

23.1. The Termination Right specified in this Paragraph 23 is personal to Multnomah County. Upon any assignment by Multnomah County of all or any portion of its interest in and to this Lease, the Termination Right shall be null and void and of no further force or effect.

24. Contingency.

This Agreement shall be contingent upon Landlord securing a Lease termination agreement for the Premises from the existing tenant on terms and conditions acceptable to Landlord and the existing tenant, in their absolute and sole discretion.

25. ADA Compliance.

Tenant, in its status as an employer and to the extent it is subject to Title I of the Americans with Disabilities Act of 1990 ("the Act") shall, at its expense, comply with all applicable provisions of Title I related to its specific use of the Premises, and Landlord shall have no responsibility for compliance with the provisions of Title I of the Act that solely apply to Tenant as an employer. Landlord shall, at its expense, cause the Building to comply with, during the term of this Lease and any extensions thereof, applicable provisions of Title III of the Americans with Disabilities Act of 1990 which relate to architectural barriers and communication barriers which are structural in nature so long as such compliance is readily achievable, as the term readily achievable is defined in the Act.

26. Tenant Improvements.

26.1. Landlord shall, at its sole cost and expense, provide an in-house architect to finalize an acceptable floor plan as an attachment to this Lease, prior to mutual Lease execution. The tenant improvements shall be done in a workmanlike manner and shall be to Banfield Industrial Park tenant finish standards. Landlord shall construct tenant improvements generally as shown on the attached Exhibits C and D ("Scope of Work").

26.2. As of the commencement date of this Lease, the tenant improvement costs to the Premises are estimated to total $160,000.00. Landlord shall provide a final accounting of the total cost of the tenant improvements within ninety (90) days of the commencement date of this Lease. Such final accounting of the total tenant improvement costs shall be used to determine the amortization schedule as referenced in Paragraph 23 above.

27. Brokers.

Each party warrants that it has had no dealings with any real estate broker or agent in connection with the negotiation or execution of this Lease except Cushman & Wakefield of Oregon, Inc. (the "Broker"). Landlord agrees to pay a five percent (5%) brokerage commission due to the Broker in accordance with a separate agreement between Landlord and the Broker. Landlord hereby agrees to indemnify and hold Tenant harmless from and against any and all costs, expenses and liabilities for commissions and other compensation claimed by the Broker or any broker or agent acting on Landlord's behalf in connection herewith. Tenant hereby agrees to indemnify and hold Landlord harmless from and against any and all costs, expenses and liabilities for commissions and other compensation claimed by any broker or agent acting on Tenant's behalf other than the Broker.

28. Oregon Tort Claims Act.

Any covenant herein by Tenant to defend, indemnify or hold harmless the Landlord shall be limited to the extent of the applicable provisions of the Oregon Tort Claims Act, ORS 30.260-30.300, and required notice of claim shall be subject to the provisions of ORS 30.275 as applicable.

29. Agreement.

This Agreement represents the entire and integrated written Agreement between the parties and supersedes all prior communication, negotiations, representations or Agreements either oral or written between the parties.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the respective dates set opposite their signatures below, but this Agreement on behalf of such party shall be deemed to have been dated as of the date first above written.

LANDLORD:

PACIFIC REALTY ASSOCIATES, L.P.,
a Delaware limited partnership

By: PacTrust Realty, Inc.,
a Delaware corporation,
its General Partner

Date: _____, 2003

By: _____
David G. Hicks
Vice President

Address for Rent Payments to Landlord:
PacTrust
Unit 80
P.O. Box 5000
Portland, OR 97208-5000

Note: The unit number (Unit 80) must be listed on a line separate from the P.O. Box line.

Address for Notices to Landlord:
Pacific Realty Associates, L.P.
Attn: Legal Dept.
15350 S.W. Sequoia Parkway, Suite 300
Portland, OR 97224

TENANT:

MULTNOMAH COUNTY OREGON,
a public entity

Date: _____, 2003

By: _____
Name: Diane M. Linn
Title: Chair

Address for Legal Notices to Tenant:
Multnomah County
Facilities and Property Management
401 N. Dixon
Portland, OR 97227-1865 with a copy to:

with a copy to:
Multnomah County Attorney
501 SE Hawthorne
Portland, OR 97214

Address for Invoices to Tenant:
Accounts Payable
401 N. Dixon
Portland, OR 97227-1865

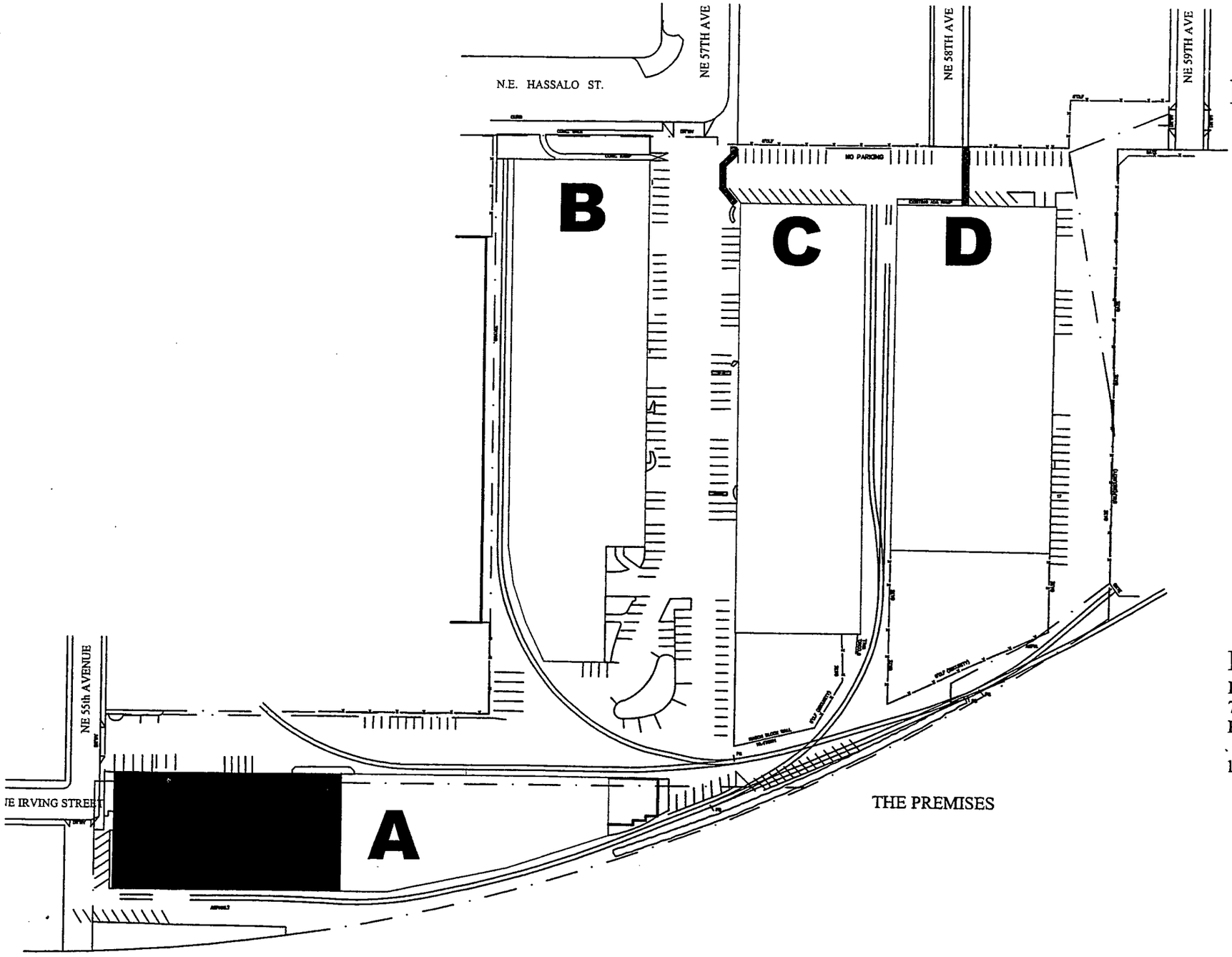
Tenant EIN: 93-6002309

Reviewed:

AGNES SOWLE, COUNTY ATTORNEY
FOR MULTNOMAH COUNTY

By: _____
John S. Thomas
Assistant County Attorney

EXHIBIT A
MULTNOMAH COUNTY



BANFIELD INDUSTRIAL PARK

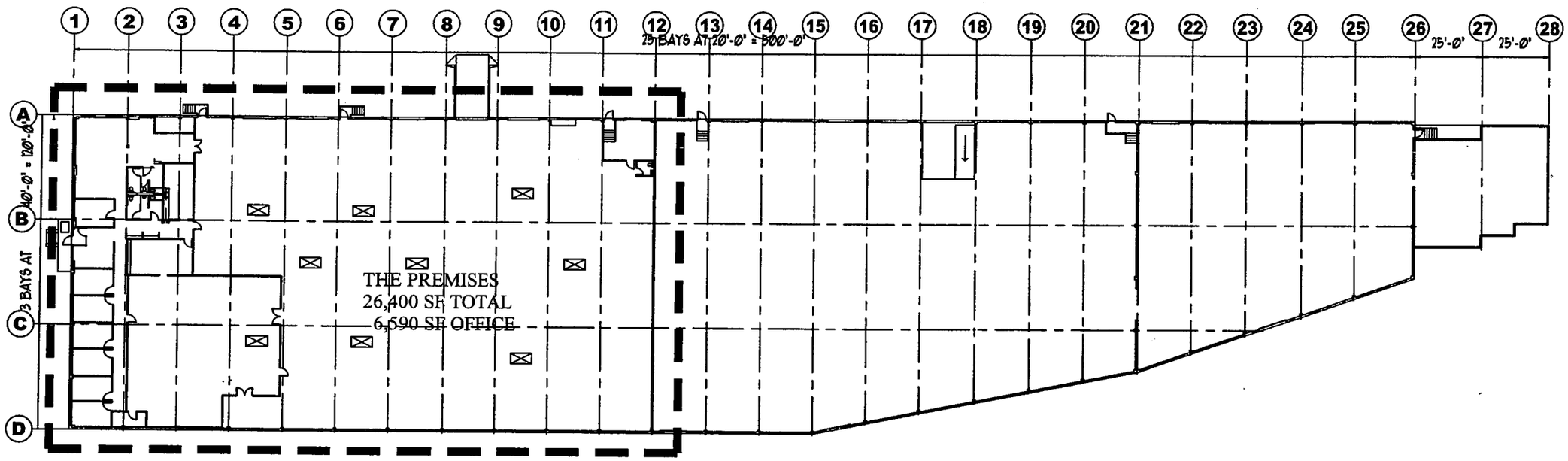
PORTLAND, OR 97213
700 NE 55TH AVENUE
PORTLAND, OREGON 97213

10/14/03

N

NOT TO SCALE

A PACTRUST PROPERTY



MULTNOMAH COUNTY
EXHIBIT B

N

SCALE 1" = 50'

A PACTRUST PROPERTY

BANFIELD INDUSTRIAL PARK
BUILDING A (PTR #60)
700 NE 55TH AVE.
PORTLAND, OR 97213

10/14/03

EXHIBIT "D"

BUILDING A, BANFIELD INDUSTRIAL PARK
SCOPE OF WORK

Multnomah County Oregon

November 6, 2003

GENERAL -

a) The Scope of Work included in this Exhibit "D" is intended to describe the extent of work performed and the responsibilities of Landlord and Tenant for such work incorporated into the project. All work is to be performed during normal working hours with the least disruption to Tenant. No overtime hours. Exhibit "D" is supplemental to the Plan (Exhibit "C"). In the event of a discrepancy between Exhibits "C" and "D", "D" shall control. Exhibit "D" shall control over Exhibit "C".

b) Landlord shall perform engineering and design and secure all permits required to perform Landlord's work.

c) Landlord shall repair and clean exterior storefront doors, man-doors, and overhead doors.

d) Landlord shall perform pruning and maintenance of landscaping where necessary.

e) Landlord shall clean exterior windows, and repair or replace window coverings where necessary.

f) Landlord shall perform selective demolition and new construction to re-configure the Premise in accordance with Exhibit "C".

g)

h) Landlord shall furnish and install new carpet, VCT and rubber base. Tenant shall select carpet and VCT per Landlord's approval.

i) Landlord shall re-paint all gypsum board walls and ceilings. Tenant shall select paint color per Landlord's approval.

j) Landlord shall ensure availability of 400 Amp, 120/240 Volt (Delta-configuration), 3-phase electrical service for the Premises. An additional 200 Amp single-phase service is located on the east wall of warehouse 121 separately metered.

k) Existing 2'x4' acrylic light fixtures shall remain and be re-lamped. Ballasts and diffusers shall be replaced as needed. Tenant has the option to upgrade to T-8 lamps with electronic ballasts. Landlord to pay fifty percent (50%) of cost. Tenant shall be eligible for one hundred percent (100%) of Energy Trust Rebate.

l) Existing fire sprinkler system shall remain generally as-is and modified only for new partitions.

m) Landlord shall replace existing door hardware with lever latchset to comply with ADA requirements.

n) Landlord shall upgrade existing restrooms to comply with ADA requirements.

o) Tenant shall furnish and install wiring, devices, and equipment for telephone and computer systems as necessary. Tenant accepts existing communication wire and cabling "as-is' and has the option to re-use all or any of the components. Tenant shall be responsible for removal and disposal of any existing unused wire and cable. Landlord assumes no responsibility and makes no representation regarding the functionality of existing building telephone and computer systems.

p) Tenant shall furnish and install security and/or card access systems as necessary. Landlord assumes no responsibility and makes no representation regarding the functionality of existing building security and/or card access systems.

EXTERIOR ADA ACCESS

a) At the Landlord's sole discretion ADA access will be constructed at north or west entry.

VESTIBULE 101

a) Landlord shall, paint the walls, and re-lamp light fixtures. Existing walk-off carpet to remain.

RECEPTION 102, CIRRCULATION 103 and 107

a) Landlord shall re-carpet, paint the walls, and re-lamp light fixtures.

b) Landlord shall install new 3' x 7' door with lever lockset door hardware to meet ADA requirements between 103 and 105.

c) Landlord shall install new fire exit door with lever lockset door hardware to meet ADA requirements in 103 on south wall.

d) Landlord shall repair, modify, or replace existing window coverings in 102, as required.

OFFICES 104, 112, 113, 114, 115, 116, and 117

a) Landlord shall re-carpet, paint the walls and re-lamp light fixtures.

b) Landlord shall install lever door hardware to meet ADA requirements.

c) Landlord shall repair, modify or replace existing window coverings as required.

OPEN OFFICE 105

a) Landlord shall remove existing partition walls and door for Open Office 105 configuration.

b) Landlord shall re-carpet, paint the walls, and re-lamp light fixtures.

c) Landlord shall repair, modify or replace existing window coverings as required.

MAILROOM 106

a) Landlord shall remove the existing partition wall for Mailroom 106 configuration.

b) Landlord shall remove carpet and install VCT tile flooring, paint the walls and re-lamp light fixtures.

c) Landlord shall install lever lockset door hardware to meet ADA requirements.

RESTROOMS 108 and 109

a) Landlord shall re-configure and upgrade existing restrooms to meet ADA requirements.

b) Landlord shall install new sheet vinyl flooring.

c) Landlord shall furnish and install new fixtures and accessories as needed.

LAN ROOM 110

a) Landlord shall install VCT tile flooring, ¾" plywood on three (3) walls, paint the walls and re-lamp light fixtures.

b) Landlord shall relocate existing in the wall air conditioning from existing LAN room or from room 118.

BREAK ROOM 111

a) Landlord shall install VCT flooring, paint the walls, and re-lamp light fixtures.

b) Landlord shall modify or replace existing cabinetry, generally as shown on attached Exhibit "C".

MEDICAL SUPPLY AREA 118

a) Landlord shall remove existing east partition walls for Medical Supply Area 118 configuration.

b) Landlord shall remove existing wall mounted air conditioning unit.

c) Landlord shall construct west partition wall and new 3' x 7' door with lever lockset door hardware to meet ADA requirements.

d) Landlord shall install double acting impact door in east wall.

e) Landlord shall relocate metal accordion security gate from warehouse overhead door and install in front of double acting doors on the warehouse side of the wall.

f) Landlord shall remove existing carpet, clean and seal concrete.

CONFERENCE ROOM 120

a) Landlord shall remove partition wall and door for Conference Room 120 configuration.

b) Landlord shall re-carpet, paint the walls, and re-lamp light fixtures.

c) Landlord shall install new 3' x 7' door with lever lockset door hardware to meet ADA requirements between 120 and 107.

WAREHOUSE 121

a) Landlord shall remove existing receiving office at center of warehouse.

b) Landlord shall remove covering from existing skylights and repair roof insulation for proper thermal barrier.

c) Landlord shall secure existing cord drops to structure above floor.

d) Landlord shall cut 10' x 10' opening and install new overhead door with lock.

e) Landlord shall remove existing wooden stairs to mezzanine and reinstall metal ladder.

f) Landlord shall repair east demising wall and add 4'-0" plywood wainscot.

g) Landlord shall investigate the feasibility for the tenant to have radiant heat installed.

h) Landlord shall install automatic overhead door operators with wired and remote actuators for five doors.

i) Landlord shall install dock levers at two primary doors.

j) Landlord shall install electrical service for fork light charger to be on northeast wall outside warehouse restroom.

k) Landlord shall provide 50 to 60 foot candle lighting at shipping and receiving areas.

l) Landlord shall remove wood covering from exterior window on north wall.

m) Landlord shall provide electrical connection from main electrical panel to south exterior wall for connection to Tenant-owned external generator for back–up power.

n) Landlord shall provide electrical connections and framed openings for Tenant's refrigerators. Tenant shall provide refrigerator cut-sheets.

o) Repair any cracks for uniform and even surface and seal floor throughout the warehouse portion of the Premises, at Landlord's sole discretion.

WAREHOUSE OFFICE 122

a) Landlord shall replace floor covering, paint the walls, and re-lamp light fixtures, remove wood covering from exterior window and install window blind.

RESTROOM 123

a) Landlord shall replace existing floor covering with sheet vinyl, paint the walls, replace existing light fixture and exhaust fan.

b) Landlord shall replace existing restroom fixtures.

EXTERIOR DOCK SIDE

a) Landlord shall construct blister ramp with a minimum width of 32' and a metal canopy with a minimum depth of 4' at the two northwest doors.

SOUTH EXTERIOR

a) Landlord shall remove existing ramp, patch and pave rear parking area approximately 32' x 180'.

b) Landlord shall construct 8' high chain-link fence with truck gate and barbed wire top surrounding entire rear parking area.

c) Landlord shall provide three (3) security lights for van parking in rear.

d) Landlord shall install exit stair and railing for new fire exit door from circulation 103.

BEFORE THE BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON

RESOLUTION NO. 03-159

Approving a Real Property Lease between Pacific Realty Associates, L.P. (PacTrust) and Multnomah County, Leasing Property at 700 N.E. 55th Avenue, Portland, Oregon, and Authorizing the County Chair to Execute the Lease Agreement and other Instruments Required to Complete the Lease of said Real Property

The Multnomah County Board of Commissioners Finds:

a. By County Resolution 03-093, the Board found that Tenants in the Ford Building need to be moved including Materiel Management/Central Stores and Distribution, and the Board resolved and authorized Facilities and Property Management to negotiate with Portland Public Schools for the leasing of warehouse space in the Blanchard Building.

b. Facilities and Property Management and Portland Public Schools (PPS) were unable to satisfactorily complete negotiations. In comparison to other properties that better suited our needs, PPS offered property that would result in the County paying an additional $987,968 over a five-year period (see Attachment 1).

c. By County Resolution 03-093, the Board resolved and directed Facilities and Property Management to evaluate efficiency and cost-savings of co-location or merger of Central Stores and the Sheriff's warehouse.

d. The County Sheriff's Office has consistently stated its position that its warehouse should be independent. Facilities and Property Management identified a potential warehouse space for Materiel Management/Central Stores and Distribution in the same industrial park with the Sheriff's warehouse that may offer some efficiencies and cost-savings of co-location.

e. Pacific Realty Associates, L.P., (PacTrust) as Landlord of the property known as 700 N.E. 55th Avenue, (A portion of Building "A" of Banfield Industrial Park) Portland, Oregon, wishes to lease to Multnomah County, as Tenant, space for warehouse, distribution, and office uses. Facilities and Property Management has negotiated lease terms for warehouse space which meets the needs of Materiel Management/Central Stores and Distribution.

The Multnomah County Board of Commissioners Resolves:

1. Multnomah County shall enter into and execute a real property lease agreement between Pacific Realty Associates, L.P., (PacTrust) and the County for the

property known as 700 N.E. 55th Avenue, (A portion of Building "A" of Banfield Industrial Park) Portland, Oregon.

2. The County Chair is hereby authorized to execute a lease agreement between Pacific Realty Associates, L.P., (PacTrust) and Multnomah County for the property known as 700 N.E. 55th Avenue and other instruments required to complete the lease of said real property, including future lease amendments to renew the lease.

ADOPTED this 13th day of November, 2003.

BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON

Diane M. Linn, Chair

REVIEWED:

AGNES SOWLE, COUNTY ATTORNEY
FOR MULTNOMAH COUNTY, OREGON

By _____
Matthew O. Ryan, Assistant County Attorney

LEASE

DATED: **November 6, 2003**

BETWEEN: **PACIFIC REALTY ASSOCIATES, L.P.,**
a Delaware limited partnership **LANDLORD**

AND: **MULTNOMAH COUNTY OREGON,**
a public entity **TENANT**

A. Tenant wishes to lease from Landlord the following described property, hereinafter referred to as "the Premises":

B. Approximately 26,400 square feet of warehouse and office space located in Building A, Banfield Industrial Park, 700 N.E. 55th Avenue, Portland, Oregon 97213 and as further described on the attached Exhibits A, B, and C.

C. If the Premises consist of a portion but not all of a building, the building housing the Premises is hereinafter referred to as "the Building."

D. Landlord leases the Premises to Tenant for a term of sixty-five (65) months commencing February 1, 2004 and continuing through June 30, 2009. Tenant may occupy the warehouse portion of the Premises upon Lease execution, in compliance with all terms of this Lease, provided Landlord is in receipt of a fully executed termination agreement for the Premises from the existing tenant on terms and conditions acceptable to Landlord and the existing tenant in their sole and absolute discretion, and Landlord is in receipt of a certificate of occupancy for the warehouse portion of the Premises from the City of Portland, Oregon. Tenant may occupy the office portion of the Premises on January 15, 2004, in compliance with and subject to the terms of the Lease. No Base Rent shall be due for the first four (4) months of the Lease term. Tenant shall be obligated to pay for all charges, taxes and expenses, as specified in Paragraphs 3 and 4 of this Lease during the entire term. Commencing February 1, 2004 and continuing through June 30, 2009, Tenant shall pay base rent ("Base Rent") according to the following schedule:

Period	Base Rent Per Month
February 1, 2004 through May 31, 2004	$ 0.00
June 1, 2004 through June 30, 2007	$10,824.00
July 1, 2007 through June 30, 2009	$11,352.00

E. Rent for the fifth (5th) month of the Lease term shall be paid upon execution of this Lease. All rent, including base rent together with the charges, taxes and expenses to be paid to Landlord specified in Paragraphs 3 and 4 of this Lease, is payable in advance on the first day of each calendar month without deduction or offset except to the extent specifically provided in this Lease.

F. Delivery of possession shall occur when the Premises are occupied by Tenant or are ready to be occupied by Tenant with all work to be performed by Landlord substantially completed. No notice shall be required from Landlord if the Premises are ready on the date set for commencement of the term or on the first business day thereafter. If Landlord is unable to deliver possession of the Premises to Tenant because of strikes, acts of God, or any other cause beyond Landlord's control, then Tenant may take possession when Landlord notifies Tenant that the Premises are ready for possession, and the term of this Lease shall commence on the first day of the first month following such date and continue for the specified number of months thereafter, notwithstanding the commencement and termination dates stated above. If Landlord is unable to deliver possession of the Premises to Tenant for acts within Landlord's control, then Landlord and Tenant may mutually agree to a new Lease commencement date. Tenant shall owe no rent until the Premises are ready for possession. Landlord shall have no liability for such delays in delivery of possession, and neither party shall have the right to terminate except that Landlord may cancel this Lease without liability if permission to construct, use, or furnish necessary utilities to the Premises is denied or revoked by any governmental agency or public utility with such authority.

G. This Lease is subject to the following additional terms to which the parties agree:

1. Use of the Premises.

1.1. Tenant shall use the Premises only for the purpose of conducting the following business:

General warehouse, distribution and office space.

If such use is prevented by any law or governmental regulation, Tenant may use the Premises for other reasonable uses or terminate this Lease, subject to Landlord's prior written consent, which consent shall not be unreasonably withheld or delayed.

1.2. In connection with its use, Tenant shall at its expense comply with all applicable laws, ordinances, and regulations of any public authority, including those requiring alteration of the Premises because of Tenant's specific use; shall create no nuisance nor allow any objectionable liquid, odor, or noise to be emitted from the Premises; shall store no gasoline or other highly combustible materials on the Premises, except small quantities as used by Tenant in its operations, which would violate any applicable fire code or regulation nor conduct any operation that will increase Landlord's fire insurance rates for the Premises; and shall not overload the floors or electrical circuits of the Premises. Landlord shall have the right to approve the installation of any power-driven machinery by Tenant and may select a qualified electrician whose opinion will control regarding electrical circuits and a qualified engineer or architect whose opinion will control regarding floor loads. Allowable ground floor load shall be 500 pounds per square foot.

1.3. Without limiting the foregoing and subject to Paragraph 1.5 herein, Tenant shall, at Tenant's sole cost and expense, make such alterations and additions to the Premises and the Building required due to Tenant's racking configuration and storage of products within the Premises. Such alterations and additions to the Premises may be required for compliance with applicable building and fire codes, and may include, without limitation, installation of fire rated separation walls, fire sprinkler system upgrades, racking sprinklers, smoke vents, curtain boards, small hose stations and firefighter entrances.

1.4. Tenant may erect a sign stating its name, business, and product after first securing Landlord's written approval of the size, color, design, wording, and location, and all necessary governmental approvals. No signs shall be painted on the Building or exceed the height of the Building. All signs installed by Tenant shall be removed upon termination of this Lease with the sign location restored to its former state.

1.5. Tenant shall make no alterations, additions, or improvements to the Premises or change the color of the exterior without Landlord's prior written consent and without a valid building permit issued by the appropriate governmental agency. Upon termination of this Lease, any such alterations, additions, or improvements (including without limitation all electrical, lighting, plumbing, heating and air-conditioning equipment, doors, windows, partitions, drapery, carpeting, counters, and physically attached fixtures), except Tenant's trade fixtures, shall at once become part of the realty and belong to Landlord unless the terms of the applicable consent provide otherwise, or Landlord requests that part or all of the additions, alterations, or improvements be removed. In such case, Tenant shall at its sole cost and expense promptly remove the specified additions, alterations, or improvements and repair and restore the Premises to its original condition.

2. Security Deposit. None required.

3. Utility Charges; Maintenance.

3.1. Tenant shall pay when due all charges for electricity, natural gas, water, garbage collection, janitorial service, sewer, and all other utilities of any kind furnished to the Premises during the Lease term. If charges are not separately metered or stated, Landlord shall apportion the utility charges on an equitable basis. Landlord shall have no liability resulting from any interruption of utility services caused by fire or other casualty, strike, riot, vandalism, the making of necessary repairs or improvements, or any other cause beyond Landlord's reasonable control. Tenant shall control the temperature in the Premises to prevent freezing of any sprinkler system.

3.2. Landlord shall repair and maintain the roof, gutters, downspouts, drainpipes to sewers, exterior walls, building structure, foundation, exterior paved areas, curbs, sidewalks, and landscaping, of the Premises in good condition. Except for such obligations of Landlord, Tenant shall keep the Premises neatly maintained and in good order and repair. Tenant's responsibility shall include maintenance and repair of the exposed electrical system, above-slab plumbing, air-conditioning and heating systems, overhead and personnel doors, and the replacement of all broken or cracked glass with glass of the same quality. Tenant shall refrain from any discharge that will damage the septic tank or sewers serving the Premises.

3.3. If the Premises have a separate entrance, Tenant shall keep, during normal operating hours, the sidewalks abutting the Premises or the separate entrance free and clear of snow, ice, debris, and obstructions of every kind.

3.4. Landlord shall ensure that all mechanical systems, to include electrical, plumbing, lighting and loading doors, are in cleaned and in good working order and repair prior to Tenant's occupancy.

3.5. Landlord shall grant Tenant a one year warranty for the heating, ventilating, and air conditioning system (the "System"), provided that Tenant properly maintains the System, at its sole cost and expense. Tenant has represented to Landlord that its staff are trained mechanical systems service technicians. Tenant shall maintain the System in accordance with standards set forth in a reputable service contractor's standard contract. Such warranty shall be in effect for one year from occupancy.

3.6. Landlord shall maintain the structural elements of the Building, including the roof, and Tenant shall be responsible for the System as provided above.

3.7. Landlord shall use its best efforts to provide a one day response by return call to inquiries or requests for maintenance and shall initiate maintenance work within five (5) days of any requests.

4. Taxes, Assessments, and Operating Expenses.

4.1. In conjunction with monthly rent payments, Tenant shall each month pay a sum representing Tenant's proportionate share of operating expenses for the Premises. Tenant's proportionate share of operating expenses for the Building shall be computed by dividing the rentable area of the Premises by the total rentable area of the Building. If in Landlord's reasonable judgment this method of allocation results in an inappropriate allocation to Tenant, Landlord shall select some other reasonable method of determining Tenant's proportionate share. Such amount shall be estimated annually by Landlord in good faith to reflect actual or anticipated costs. Upon termination of this Lease or at periodic intervals during the term hereof, Landlord shall compute its actual costs for such expenses during such period. Any overpayment by Tenant shall be credited to Tenant, and any deficiency shall be paid by Tenant within thirty (30) days after receipt of Landlord's statement. Landlord's records of expenses for operating expenses may be inspected by Tenant at reasonable times and intervals. Tenant shall not retain any third party auditor on a contingency fee basis to perform any audit or inspection of Landlord's records.

4.2. To the extent Tenant has not obtained an exemption from real property taxes as provided in Paragraph 4.5, in conjunction with monthly rent payments, Tenant shall pay Tenant's proportionate share of real property taxes for the Premises. Tenant's proportionate share of real property taxes shall mean that percentage of the total assessment affecting the Premises which is the same as the percentage which the rentable area of the Premises bears to the total rentable area of all buildings covered by the tax statement. Such amount shall be estimated annually by Landlord in good faith to reflect actual or anticipated real property taxes. Upon termination of this Lease or at periodic intervals during the term hereof, Landlord shall compute the real property taxes during such period. Subject to any exemption obtained by Tenant pursuant to Paragraph 4.5, any actual overpayment by Tenant shall be credited to Tenant, and any actual deficiency shall be paid by Tenant within thirty (30) days after receipt of Landlord's statement.

4.3. Real property taxes charged to Tenant hereunder shall include all general real property taxes assessed against the Premises or payable during the Lease term, installment payments

on Bancrofted special assessments, whether or not any such tax is now in effect. Tenant shall not, however, be obligated to pay any tax based upon Landlord's net income.

4.4. Operating expenses charged to Tenant hereunder shall include all usual and necessary costs of operating and maintaining the Premises, Building, and any surrounding common areas including, but not limited to, the cost of all utilities or services not paid directly by Tenant, property insurance, property management, maintenance and repair of landscaping, parking areas, and any other common facilities. Operating expenses shall not include roof replacement or correction of structural deficiencies of the Building.

4.5 Under the provisions of ORS 307.112, Multnomah County Oregon, a public entity ("Multnomah County") is entitled to claim an exemption from real property taxes for the Premises effective for the 2004-05 tax year. To the extent Multnomah County obtains such an exemption, Multnomah County shall not be liable for payment of any additional sum for real property taxes, but shall remain liable for payment of Bancrofted special assessments and any other real property taxes described in this Paragraph 4 for which Multnomah County does not receive an exemption. The total compensation paid by Multnomah County under this Lease has been established to reflect the savings below market rent resulting from the exemption from taxation as provided in this Paragraph 4.5.

5. Parking and Storage Areas.

5.1. Tenant, its employees, and customers shall have the exclusive right to use any private parking spaces immediately adjacent to the Premises. Tenant shall have access to all parking stalls immediately adjacent to the Premises. Tenant shall control the use of such parking spaces so that there will be no unreasonable interference with the normal traffic flow, and shall permit no parking on any landscaped or unpaved surface. Under no circumstances shall trucks serving the Premises be permitted to block streets.

5.2. Tenant shall not store any materials, supplies, or equipment, except Tenant vehicles to the extent such vehicles fit in the secured area located at the south side of the Premises, outside in any unapproved or unscreened area. If Tenant erects any visual barriers for storage areas, Landlord shall have the right to approve the design and location. Trash and garbage receptacles shall be kept covered at all times.

6. Tenant's Indemnification; Liability Insurance.

6.1. Tenant shall not allow any liens to attach to the Premises as a result of its activities. Tenant shall indemnify and defend Landlord from any claim, liability, damage, or loss arising out of any activity on the Premises or within the Building or the common areas serving the Building, by Tenant, its agents, or invitees or resulting from Tenant's failure to comply with any term of this Lease.

6.2. Subject to Paragraph 7, Tenant shall carry general liability insurance on an occurrence basis with combined single limits of not less than $2,000,000.00. Such insurance shall be provided by an insurance carrier reasonably acceptable to Landlord and shall be evidenced by a certificate delivered to Landlord stating that the coverage will not be canceled or materially altered without thirty (30) days' advance written notice to Landlord. Landlord shall be named as an additional insured on such policy.

7. Multnomah County's Right to Self-Insure.

So long as Multnomah County is the Tenant under this Lease, in lieu of the provisions of Paragraph 6.2, Multnomah County may provide the liability insurance required under Paragraph 6.2 either by a self insurance fund established pursuant to ORS 30.282 or, to the extent Multnomah County has so elected, by the Insurance Fund created pursuant to ORS 278.425 and administered by the Oregon Department of Administrative Services. A certificate of Self-Insurance or of Insurance under ORS 278.425 in form specified by applicable provisions of the Oregon Revised Statutes will be provided to Landlord immediately following execution of this Lease and such certificate shall be kept current or reissued as required by Landlord.

8. Property Damage; Subrogation Waiver.

8.1. If fire or other casualty causes damage to the Building or the Premises in an amount exceeding thirty percent (30%) of the full construction-replacement cost of the Building or Premises, respectively, either party may elect to terminate this Lease as of the date of the damage by notice in writing to either party within thirty (30) days after such date. Otherwise, Landlord shall promptly repair the damage and restore the Premises to their former condition as soon as practicable. Rent shall be reduced during the period to the extent the Premises are not reasonably usable for the use permitted by this Lease because of such damage and required repairs.

8.2. Landlord shall be responsible for insuring the Building, and Tenant shall be responsible for insuring its personal property and trade fixtures located on the Premises.

8.3. Landlord and Tenant each hereby releases the other, and the other's partners, officers, directors, agents and employees, from any and all liability and responsibility to the releasing party and to anyone claiming by or through it or under it, by way of subrogation or otherwise, for all claims, or demands whatsoever which arise out of damage or destruction of property occasioned by perils which can be insured by an All Risk Property Insurance Coverage Form, including endorsements extending coverage to the perils of earthquake and flood. Landlord and Tenant grant this release on behalf of themselves and their respective insurance companies and each represents and warrants to the other that it is authorized by its respective insurance company to grant the waiver of subrogation contained in this Paragraph 8.3. This release and waiver shall be binding upon the parties whether or not insurance coverage is in force at the time of the loss or destruction of property referred to in this Paragraph 8.3.

9. Condemnation.

9.1. If a condemning authority takes the entire Premises or a portion sufficient to render the remainder unsuitable for Tenant's use, then either party may elect to terminate this Lease effective on the date that possession passes to the condemning authority. Otherwise, Landlord shall proceed as soon as practicable to restore the remaining Premises to a condition comparable to that existing at the time of the taking. Rent shall be abated during the period of restoration to the extent the Premises are not reasonably usable by Tenant, and rent shall be reduced for the remainder of the term in an amount equal to the reduction in rental value of the Premises caused by the taking. All condemnation proceeds shall belong to Landlord as set forth in subsection 9.2.

9.2. Except as provided in sub-section 9.1 above, any and all awards payable by the condemning authority or other governmental agency in connection with a taking under the right of eminent domain shall be the sole property of Landlord; provided, however, that nothing contained herein shall prevent Landlord and Tenant from prosecuting separate claims in any condemnation proceeding for the values of their respective interests, provided that the award which would otherwise be payable to Landlord is not diminished by Tenant's prosecution of a separate claim. Any sums specifically awarded to Tenant for relocation expenses shall not be payable to Landlord in any event.

10. Assignment and Subletting.

10.1. Tenant shall not assign its interest under this Lease nor sublet the Premises without first obtaining Landlord's consent in writing. This provision shall apply to all transfers by operation of law or through mergers and changes in control of Tenant. No assignment shall relieve Tenant of its obligation to pay rent or perform other obligations required by this Lease and no one assignment or subletting shall be a consent to any further assignment or subletting. If Tenant assigns this Lease or sublets the Premises for an amount in excess of the rent called for by this Lease, such excess shall be paid to Landlord promptly as it is received by Tenant.

10.2. Subject to the above limitations on transfer of Tenant's interest, this Lease shall bind and inure to the benefit of the parties, their respective heirs, successors, and assigns.

11. Default.

Any of the following shall constitute a default by Tenant under this Lease:

11.1. Tenant's failure to pay rent or any other charge under this Lease within ten (10) days after it is due (provided, however, that the first time in any twelve (12) month period that Tenant fails to pay rent or any other charge under this Lease within ten (10) days after it is due, Tenant shall not be in default under this Lease unless such failure continues for ten (10) days after receipt by Tenant of notice of such failure), or failure to comply with any other term or condition within twenty (20) days following written notice from Landlord specifying the noncompliance. If such non-monetary noncompliance cannot be cured within the twenty (20) day period, this provision shall be satisfied if Tenant commences correction within such period and thereafter proceeds in good faith and with reasonable diligence to effect compliance as soon as possible.

11.2. Tenant's insolvency; assignment for the benefit of its creditors; Tenant's voluntary petition in bankruptcy or adjudication as bankrupt, or the appointment of a receiver for Tenant's properties.

12. Remedies for Default.

In case of default as described in Paragraph 11 above, Landlord shall have the right to the following remedies which are intended to be cumulative and in addition to any other remedies provided under applicable law:

12.1. Terminate this Lease without relieving Tenant from its obligation to pay damages.

12.2. Retake possession of the Premises by summary proceedings or otherwise, in which case Tenant's liability to Landlord for damages shall survive the tenancy. Landlord may, after such retaking of possession, relet the Premises upon any reasonable terms. No such reletting shall be construed as an acceptance of a surrender of Tenant's leasehold interest.

12.3. Recover damages caused by Tenant's default which shall include reasonable attorneys' fees at trial and on any appeal therefrom. Landlord may sue periodically to recover damages as they occur throughout the Lease term, and no action for accrued damages shall bar a later action for damages subsequently accruing. Landlord may elect in any one action to recover accrued damages plus damages attributable to the remaining term of the Lease equal to the difference between the rent under this Lease and the reasonable rental value of the Premises for the remainder of the term, discounted to the time of judgment at the rate of six (6%) percent per annum.

12.4. Make any payment or perform any obligation required of Tenant so as to cure Tenant's default, in which case Landlord shall be entitled to recover all amounts so expended from Tenant, plus interest at the rate of ten percent (10%) per annum from the date of the expenditure.

13. Surrender on Termination.

13.1. On expiration or early termination of this Lease, Tenant shall deliver all keys to Landlord, have final utility readings made on the date of move out, and surrender the Premises clean and free of debris inside and out, with all mechanical, electrical, and plumbing systems in good operating condition, all signing removed and defacement corrected, and all repairs called for under this Lease completed. The Premises shall be delivered in the same condition as at the commencement of the term, subject only to depreciation and wear from ordinary use. Tenant shall remove all of its furnishings and trade fixtures that remain its property and restore all damage resulting from such removal. Failure to remove said property shall be an abandonment of same, and Landlord may dispose of it in any manner without liability.

13.2. If Tenant fails to vacate the Premises when required, subject to the provisions of Paragraph 14, Landlord may elect either to treat Tenant as a tenant from month to month, subject to all provisions of this Lease except the provision for term, or to eject Tenant from the Premises and recover damages caused by wrongful holdover.

14. Holdover Provision.

Upon sixty (60) days notice to Landlord, Tenant shall be allowed to holdover in the Premises upon expiration of the initial Lease term, or any extension thereof, for a period not to exceed three (3) months at a monthly Base Rent rate of one hundred twenty-five percent (125%) of the immediately preceding monthly Base Rent rate. Tenant shall provide ninety (90) days advance

written notice to Landlord of its intent to holdover. The provisions of this Paragraph 14 are personal to Multnomah County Oregon. Upon any assignment by Multnomah County of all or any portion of its interest in and to this Lease, the provisions of this Paragraph 14 shall be null and void and of no further force or effect.

15. Landlord's Liability.

15.1. Landlord warrants that so long as Tenant complies with all terms of this Lease it shall be entitled to peaceable and undisturbed possession of the Premises free from any eviction or disturbance by Landlord or persons claiming through Landlord.

15.2. All persons dealing with Pacific Realty Associates, L.P. ("Partnership") must look solely to the property and assets of Partnership for the payment of any claim against Partnership or for the performance of any obligation of Partnership as neither the general partner, limited partners, employees, nor agents of Partnership assume any personal liability for obligations entered into on behalf of Partnership (or its predecessors in interest) and their respective properties shall not be subject to the claims of any person in respect of any such liability or obligation. As used herein, the words "property and assets of partnership" exclude any rights of Partnership for the payment of capital contributions or other obligations to it by the general partner or any limited partner in such capacity.

16. Mortgage or Sale by Landlord; Estoppel Certificates.

16.1. This Lease is and shall be prior to any mortgage or deed of trust ("Encumbrance") recorded after the date of this Lease and affecting the Building and the land upon which the Building is located. However, if any lender holding an Encumbrance secured by the Building and the land underlying the Building requires that this Lease be subordinate to the Encumbrance, then Tenant agrees that this Lease shall be subordinate to the Encumbrance if the holder thereof agrees in writing with Tenant that so long as Tenant performs its obligations under this Lease no foreclosure, deed given in lieu of the foreclosure, or sale pursuant to the terms of the Encumbrance, or other steps or procedures taken under the Encumbrance shall affect Tenant's rights under this Lease. If the foregoing condition is met, Tenant shall execute the written agreement and any other documents required by the holder of the Encumbrance to accomplish the purposes of this Paragraph.

16.2. If the Building is sold as a result of foreclosure of any Encumbrance thereon or otherwise transferred by Landlord or any successor, Tenant shall attorn to the purchaser or transferee, and the transferor shall have no further liability hereunder.

16.3. Either party shall within twenty (20) days after notice from the other execute and deliver to the other party a certificate stating whether or not this Lease has been modified and is in full force and effect and specifying any modifications or alleged breaches by the other party. The certificate shall also state the amount of monthly base rent, the dates to which rent has been paid in advance, and the amount of any security deposit or prepaid rent. Failure to deliver the certificate within the specified time shall be conclusive upon the party of whom the certificate was requested that the Lease is in full force and effect and has not been modified except as may be represented by the party requesting the certificate.

17. Governing Laws; Disputes - Attorneys' Fees.

This Agreement is governed by and subject to interpretation to the laws of the State of Oregon. In the event of any litigation arising out of this Lease, the prevailing party shall be entitled to recover from the other party, in addition to all other relief provided by law or judgment, its reasonable costs and attorneys' fees incurred both at and in preparation for trial and any appeal or review, such amount to be as determined by the court(s) before which the matter is heard. Disputes between the parties which are to be litigated shall be tried before a judge without a jury.

18. Severability.

If any provision of this Lease is held to be invalid, unenforceable or illegal the remaining provisions shall not be affected and shall be enforced to the fullest extent permitted by law.

19. Interest and Late Charges.

Rent not paid within ten (10) days of when due shall bear interest from the date due until paid at the rate of ten percent (10%) per annum. Landlord may at its option impose a late charge of $.05 for each $1.00 of rent for rent payments made more than ten (10) days late in addition to interest and other remedies available for default.

20. General Provisions.

20.1. Waiver by either party of strict performance of any provision of this Lease shall not be a waiver of nor prejudice the party's right otherwise to require performance of the same provision or any other provision.

20.2. Subject to the limitations on transfer of Tenant's interest, this Lease shall bind and inure to the benefit of the parties, their respective heirs, successors, and assigns.

20.3. Landlord shall have the right to enter upon the Premises after giving Tenant twenty-four (24) hour verbal notice, excepting that Landlord shall not be required to give such notice in times of emergency, to determine Tenant's compliance with this Lease, to make necessary repairs to the Building or the Premises, or to show the Premises to any prospective tenant or purchasers. During the last two months of the term, Landlord may place and maintain upon the Premises notices for leasing or sale of the Premises.

20.4. If this Lease commences or terminates at a time other than the beginning or end of one of the specified rental periods, then the rent (including Tenant's share of real property taxes, if any) shall be prorated as of such date, and in the event of termination for reasons other than default all prepaid rent shall be refunded to Tenant or paid on its account.

20.5. Tenant shall within ten (10) days following Landlord's written request deliver to Landlord a written statement specifying the dates to which the rent and other charges have been paid, whether the Lease is unmodified and in full force and effect, and any other matters that may reasonably be requested by Landlord.

20.6. Notices between the parties relating to this Lease shall be in writing, effective when delivered, or if mailed, effective on the second day following mailing, postage prepaid, to the address for the party stated in this Lease or to such other address as either party may specify by notice to the other. Rent shall be payable to Landlord at the same address and in the same manner.

20.7. This Lease is the entire agreement between the parties, and there are no agreements or representations between the parties except as expressed herein.

20.8. All provisions of this Lease have been negotiated by Landlord and Tenant at arm's length and neither party shall be deemed the scrivener of this Lease. This Lease shall not be construed for or against either party by reason of the authorship or alleged authorship of any provision hereof or by reason of the status of the respective parties as Landlord or Tenant.

21. Environmental.

21.1. Definitions. The term "Environmental Law" shall mean any federal, state or local statute, regulation or ordinance or any judicial or other governmental order pertaining to the protection of health, safety or the environment. The term "Hazardous Substance" shall mean any hazardous, toxic, infectious or radioactive substance, waste and material as defined or listed by any Environmental Law and shall include, without limitation, petroleum oil and its fractions.

21.2. Use of Hazardous Substances. Tenant shall not cause or permit any Hazardous Substance to be spilled, leaked, disposed of or otherwise released on or under the Premises. Tenant may use and sell on the Premises only those Hazardous Substances typically used and sold in the prudent and safe operation of the business permitted by Paragraph 1 of this Lease. Tenant may store such Hazardous Substances on the Premises, but only in quantities necessary to satisfy Tenant's reasonably anticipated needs. Tenant shall comply with all Environmental Laws and exercise the highest degree of care in the use, handling and storage of Hazardous Substances and shall take all practicable measures to minimize the quantity and toxicity of Hazardous Substances used, handled or stored on the Premises.

21.3. Notices. Tenant shall immediately notify Landlord upon becoming aware of the following: (a) any spill, leak, disposal or other release of a Hazardous Substance on, under or adjacent to the Premises; (b) any notice or communication from a governmental agency or any other person relating to any Hazardous Substance on, under or adjacent to the Premises; or (c) any violation of any Environmental Law with respect to the Premises or Tenant's activities on or in connection with the Premises.

21.4. Spills and Releases. In the event of a spill, leak, disposal or other release of a Hazardous Substance on or under the Premises caused by Tenant or any of its contractors, agents or employees or invitees, or the suspicion or threat of the same, Tenant shall (i) immediately undertake all emergency response necessary to contain, cleanup and remove the released Hazardous Substance, (ii) promptly undertake all investigatory, remedial, removal and other response action necessary or appropriate to ensure that any Hazardous Substances contamination is eliminated to Landlord's reasonable satisfaction, and (iii) provide Landlord copies of all correspondence with any governmental agency regarding the release (or threatened or suspected release) or the response action, a detailed report documenting all such response action, and a certification that any contamination has been eliminated. All such response action shall be performed, all such reports shall be prepared and all such certifications shall be made by an environmental consultant reasonably acceptable to Landlord.

21.5. Condition Upon Termination. Upon expiration of this Lease or sooner termination of this Lease for any reason, Tenant shall remove all Hazardous Substances and facilities used for the storage or handling of Hazardous Substances from the Premises and restore the affected areas by repairing any damage caused by the installation or removal of the facilities. Following such removal, Tenant shall certify in writing to Landlord that all such removal is complete.

21.6. Assignment and Subletting. Notwithstanding the provisions of Paragraph 10 of this Lease, it shall not be unreasonable for Landlord to withhold its consent to any assignment, sublease or other transfer of the Tenant's interest in this Lease if a proposed transferee's anticipated use of the Premises involves the generation, storage, use, sale, treatment, release or disposal of any Hazardous Substance.

21.7. Indemnity.

21.7.1. By Tenant. Tenant shall indemnify, defend and hold harmless Landlord, its employees and agents, any persons holding a security interest in the Premises, and the respective successors and assigns of each of them from and against any and all claims, demands, liabilities, damages, fines, losses, costs (including without limitation the cost of any investigation, remedial, removal or other response action required by Environmental Law) and expenses (including without limitation attorneys' fees and expert fees in connection with any trial, appeal, petition for review or administrative proceeding) arising out of or in any way relating to the use, treatment, storage, generation, transport, release, leak, spill, disposal or other handling of Hazardous Substances on the Premises by Tenant or any of its contractors, agents or employees or invitees. Tenant's obligations under this Paragraph shall survive the expiration or termination of this Lease for any reason. Landlord's rights under this Paragraph are in addition to and not in lieu of any other rights or remedies to which Landlord may be entitled under this agreement or otherwise.

21.7.2. By Landlord. Landlord shall indemnify, defend and hold harmless Tenant and its employees and agents and the respective successors and assigns of each of them from and against any and all claims, demands, liabilities, damages, fines, losses, costs (including without limitation the cost of any investigation, remedial, removal or other response action required by Environmental Law) and expenses (including without limitation attorneys' fees and expert fees in connection with any trial, appeal, petition for review or administrative proceeding) arising out of or in any way relating to the actual or alleged use, treatment, storage, generation, transport, release, leak, spill, disposal or other handling of Hazardous Substances on the Premises by Landlord, or any of its contractors, agents or employees or by Landlord's previous tenants of the Premises. Landlord's obligations under this Paragraph shall survive the expiration or termination of this Lease for any reason. Tenant's rights under this Paragraph are in addition to and not in lieu of any other rights or remedies to which Tenant may be entitled under this Agreement or otherwise.

21.8. Landlord shall remove contamination by Hazardous Substances, if any is found during the term of this Lease, or undertake to have the party or parties responsible for contamination

by Hazardous Substances remove such contamination (or otherwise deal with Hazardous Substances in a manner which is in conformance with Environmental Laws) in or about the Premises and the Building other than Hazardous Substances introduced by Tenant, its agents, employees or contractors or invitees. Landlord represents that to its actual knowledge, Landlord has received no notice of and has no knowledge of any violation of Laws relating to Hazardous Substances or the existence of Hazardous Substances at the Premises or Building. Landlord shall use commercially reasonable efforts to ensure that there are no Hazardous Substances, including asbestos contaminated materials, on the Premises in violation of current Environmental Laws as of the commencement date of this Lease.

22. Renewal Option.

If not then in default, Tenant shall have the option to renew this Lease for two (2) additional consecutive five-year terms by giving Landlord written notice of its intent to extend at least 120 days prior to expiration of the preceding term. All provisions of this Lease shall apply during each renewal period for which Tenant has validly exercised its option to extend, except that rent for each renewal period will be an amount agreed upon by parties at least 90 days prior to commencement of that particular renewal period or such later time as the parties may agree upon. If Tenant elects not to exercise the first five-year renewal period, then the second five-year renewal period shall be null and void. If the parties cannot agree on the rent to be paid during the renewal period then this Lease shall terminate at the end of the term as though no notice of intent to extend had been given.

23. Early Termination Right.

If sufficient funds have not been provided in the budget approved by the Board of County Commissioners for the functions which will operate in the Premises to permit Tenant, in the exercise of its reasonable administrative discretion, to continue this Lease, Tenant shall have the right to terminate this Lease strictly in accordance with, and subject to, the terms and conditions contained in this Paragraph 23 ("Tenant's Termination Right"). Tenant shall exercise Tenant's Termination Right, if at all, by giving notice thereof to Landlord (the "Termination Notice"), which Termination Notice must be received by Landlord not less than one hundred twenty (120) days prior to the date Tenant desires to terminate this Lease (the "Termination Date") and which Termination Notice must specify the Termination Date. During the period of time following receipt by Landlord of the Termination Notice, Tenant may negotiate with Landlord for continued occupancy of a portion of the Premises at a reduced rent; however, neither party shall be obligated to the other to conclude an agreement with respect to such reduction of space and/or reduction of rent. Either party may terminate such negotiations with ten (10) days written notice to the other, and upon such notice, Landlord shall be free to commit the Premises to other parties for occupancy at any time following the Termination Date. If Tenant delivers the Termination Notice to Landlord and Landlord and Tenant do not, for any reason whatsoever, negotiate a reduction of space and/or reduction of rent as provided above, (i) Tenant shall pay to Landlord, at least ten (10) days prior to the Termination Date, a termination fee (the "Termination Fee") equal to the unamortized tenant improvements and commission costs related to this Lease amortized at twenty percent (20%) per year over the initial term of this Lease, and (ii) the Lease shall terminate on the Termination Date, as if such date were the original expiration date of this Lease. If this Lease is terminated pursuant to this Paragraph 23 during a renewal period, Tenant shall pay to Landlord the unamortized cost (amortized at 20% per year during the relevant renewal period) for any tenant improvements installed by Landlord at Landlord's expense for Tenant's use during the renewal period. Landlord shall provide Tenant with a final accounting of the total cost of any such tenant improvements within ninety (90) days of the commencement date of the renewal period. If Tenant fails to pay the entire Termination Fee as set forth above then, at Landlord's option, this Lease shall not terminate but shall continue in full force and effect. All obligations under this Lease shall continue up to and including the Termination Date, and upon the Termination Date, Tenant shall surrender possession of the Premises and deliver the same to Landlord in the condition required under this Lease.

23.1. The Termination Right specified in this Paragraph 23 is personal to Multnomah County. Upon any assignment by Multnomah County of all or any portion of its interest in and to this Lease, the Termination Right shall be null and void and of no further force or effect.

24. Contingency.

This Agreement shall be contingent upon Landlord securing a Lease termination agreement for the Premises from the existing tenant on terms and conditions acceptable to Landlord and the existing tenant, in their absolute and sole discretion.

25. ADA Compliance.

Tenant, in its status as an employer and to the extent it is subject to Title I of the Americans with Disabilities Act of 1990 ("the Act") shall, at its expense, comply with all applicable provisions of Title I related to its specific use of the Premises, and Landlord shall have no responsibility for compliance with the provisions of Title I of the Act that solely apply to Tenant as an employer. Landlord shall, at its expense, cause the Building to comply with, during the term of this Lease and any extensions thereof, applicable provisions of Title III of the Americans with Disabilities Act of 1990 which relate to architectural barriers and communication barriers which are structural in nature so long as such compliance is readily achievable, as the term readily achievable is defined in the Act.

26. Tenant Improvements.

26.1. Landlord shall, at its sole cost and expense, provide an in-house architect to finalize an acceptable floor plan as an attachment to this Lease, prior to mutual Lease execution. The tenant improvements shall be done in a workmanlike manner and shall be to Banfield Industrial Park tenant finish standards. Landlord shall construct tenant improvements generally as shown on the attached Exhibits C and D ("Scope of Work").

26.2. As of the commencement date of this Lease, the tenant improvement costs to the Premises are estimated to total $160,000.00. Landlord shall provide a final accounting of the total cost of the tenant improvements within ninety (90) days of the commencement date of this Lease. Such final accounting of the total tenant improvement costs shall be used to determine the amortization schedule as referenced in Paragraph 23 above.

27. Brokers.

Each party warrants that it has had no dealings with any real estate broker or agent in connection with the negotiation or execution of this Lease except Cushman & Wakefield of Oregon, Inc. (the "Broker"). Landlord agrees to pay a five percent (5%) brokerage commission due to the Broker in accordance with a separate agreement between Landlord and the Broker. Landlord hereby agrees to indemnify and hold Tenant harmless from and against any and all costs, expenses and liabilities for commissions and other compensation claimed by the Broker or any broker or agent acting on Landlord's behalf in connection herewith. Tenant hereby agrees to indemnify and hold Landlord harmless from and against any and all costs, expenses and liabilities for commissions and other compensation claimed by any broker or agent acting on Tenant's behalf other than the Broker.

28. Oregon Tort Claims Act.

Any covenant herein by Tenant to defend, indemnify or hold harmless the Landlord shall be limited to the extent of the applicable provisions of the Oregon Tort Claims Act, ORS 30.260-30.300, and required notice of claim shall be subject to the provisions of ORS 30.275 as applicable.

29. Agreement.

This Agreement represents the entire and integrated written Agreement between the parties and supersedes all prior communication, negotiations, representations or Agreements either oral or written between the parties.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the respective dates set opposite their signatures below, but this Agreement on behalf of such party shall be deemed to have been dated as of the date first above written.

LANDLORD:

PACIFIC REALTY ASSOCIATES, L.P.,
a Delaware limited partnership

By: PacTrust Realty, Inc.,
a Delaware corporation,
its General Partner

Date: _____, 2003

By: _____
David G. Hicks
Vice President

Address for Rent Payments to Landlord:
PacTrust
Unit 80
P.O. Box 5000
Portland, OR 97208-5000

Note: The unit number (Unit 80) must be listed on a line separate from the P.O. Box line.

Address for Notices to Landlord:
Pacific Realty Associates, L.P.
Attn: Legal Dept.
15350 S.W. Sequoia Parkway, Suite 300
Portland, OR 97224

TENANT:

MULTNOMAH COUNTY OREGON,
a public entity

BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON

Date: November 13, 2003

Diane M. Linn, Multnomah County Chair

Address for Legal Notices to Tenant:
Multnomah County
Facilities and Property Management
401 N. Dixon
Portland, OR 97227-1865 with a copy to:

Address for Invoices to Tenant:
Multnomah County Attorney
501 SE Hawthorne
Portland, OR 97214

APPROVED : MULTNOMAH COUNTY
BOARD OF COMMISSIONERS
AGENDA # R-11 DATE 11.13.03
DEBORAH L. BOGSTAD, BOARD CLERK

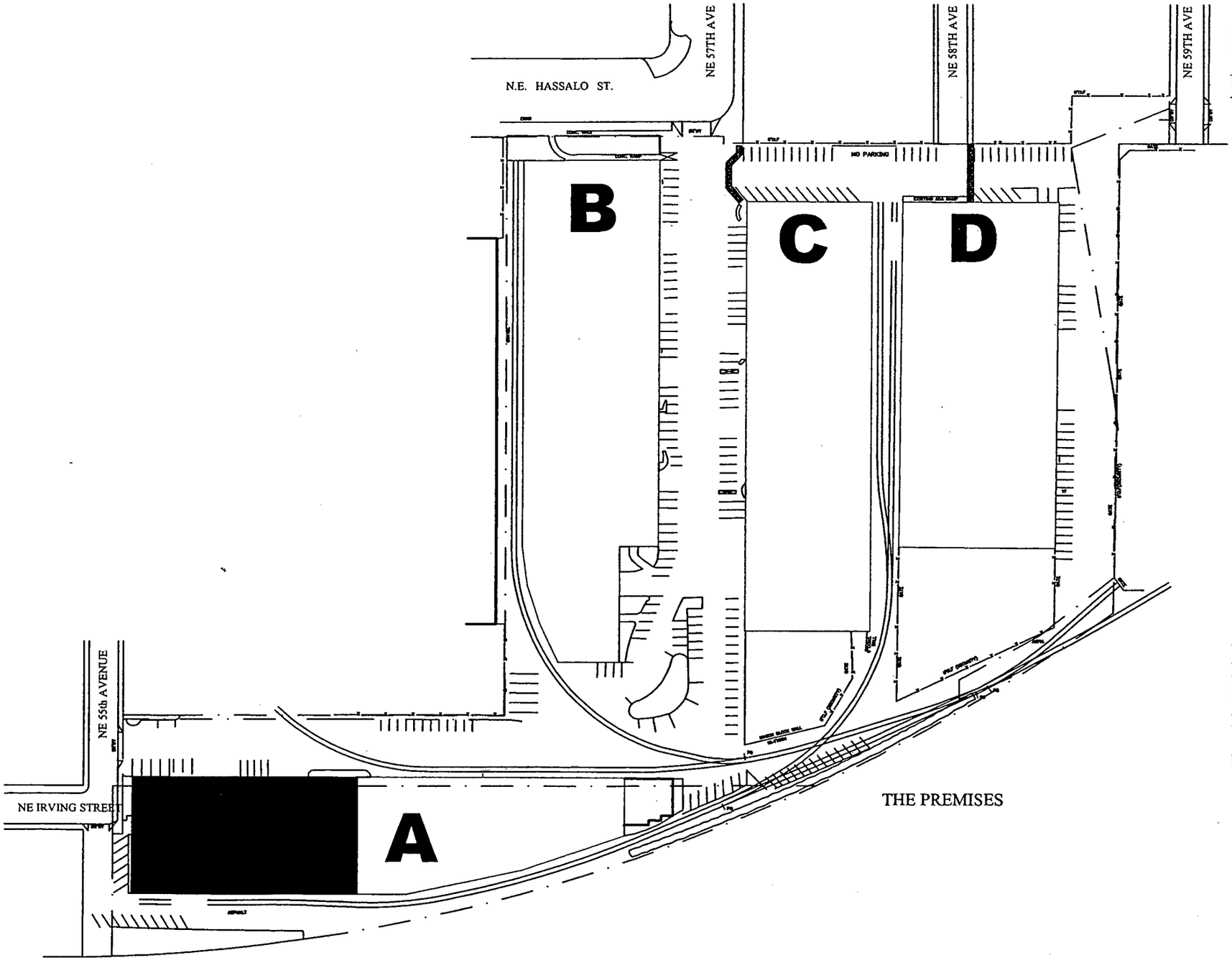
Tenant Employer Identification Number:
93-6002309

Reviewed:

AGNES SOWLE, COUNTY ATTORNEY
FOR MULTNOMAH COUNTY

By: _____
John S. Thomas
Assistant County Attorney

EXHIBIT A
MULTNOMAH COUNTY



BANFIELD INDUSTRIAL PARK

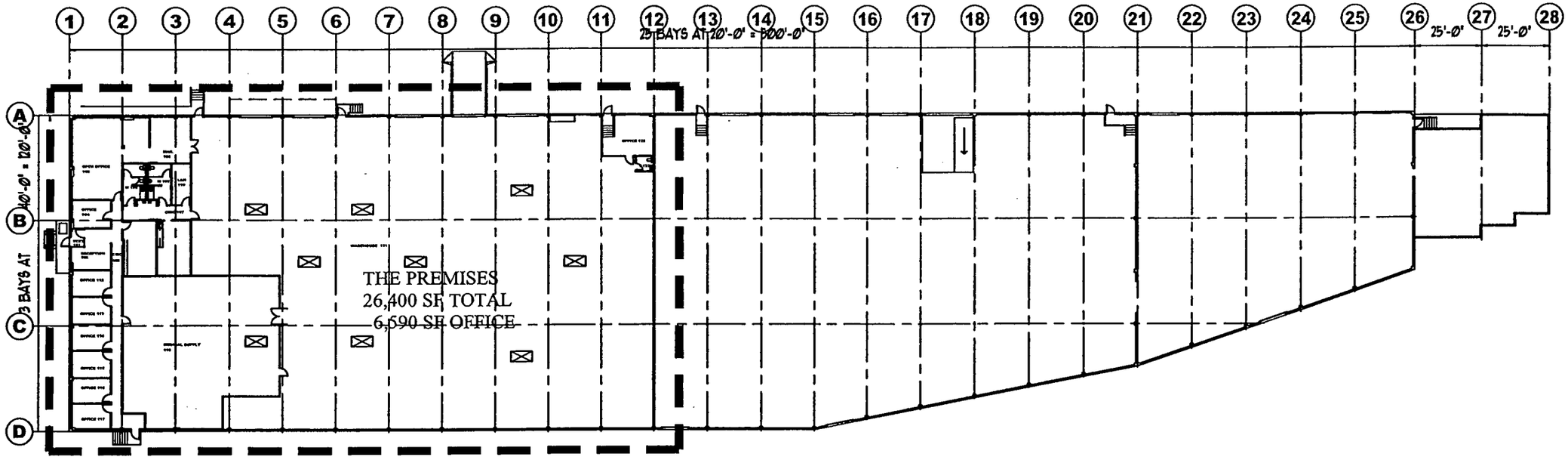
PORTLAND, OR 97213
700 NE 55TH AVENUE
PORTLAND, OREGON 97213

11/6/03

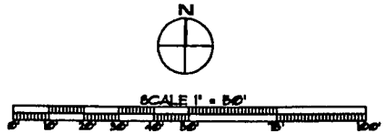
N

NOT TO SCALE

A PACTRUST PROPERTY



MULTNOMAH COUNTY
EXHIBIT B



A PACTRUST PROPERTY

BANFIELD INDUSTRIAL PARK

BUILDING A (PTR #60)
700 NE 55TH AVE.
PORTLAND, OR 97213

11/6/03

EXHIBIT "D"

BUILDING A, BANFIELD INDUSTRIAL PARK
SCOPE OF WORK

Multnomah County Oregon

November 6, 2003

GENERAL -

a) The Scope of Work included in this Exhibit "D" is intended to describe the extent of work performed and the responsibilities of Landlord and Tenant for such work incorporated into the project. All work is to be performed during normal working hours with the least disruption to Tenant. No overtime hours. Exhibit "D" is supplemental to the Plan (Exhibit "C"). In the event of a discrepancy between Exhibits "C" and "D", "D" shall control. Exhibit "D" shall control over Exhibit "C".

b) Landlord shall perform engineering and design and secure all permits required to perform Landlord's work.

c) Landlord shall repair and clean exterior storefront doors, man-doors, and overhead doors.

d) Landlord shall perform pruning and maintenance of landscaping where necessary.

e) Landlord shall clean exterior windows, and repair or replace window coverings where necessary.

f) Landlord shall perform selective demolition and new construction to re-configure the Premise in accordance with Exhibit "C".

g)

h) Landlord shall furnish and install new carpet, VCT and rubber base. Tenant shall select carpet and VCT per Landlord's approval.

i) Landlord shall re-paint all gypsum board walls and ceilings. Tenant shall select paint color per Landlord's approval.

j) Landlord shall ensure availability of 400 Amp, 120/240 Volt (Delta-configuration), 3-phase electrical service for the Premises. An additional 200 Amp single-phase service is located on the east wall of warehouse 121 separately metered.

k) Existing 2'x4' acrylic light fixtures shall remain and be re-lamped. Ballasts and diffusers shall be replaced as needed. Tenant has the option to upgrade to T-8 lamps with electronic ballasts. Landlord to pay fifty percent (50%) of cost. Tenant shall be eligible for one hundred percent (100%) of Energy Trust Rebate.

l) Existing fire sprinkler system shall remain generally as-is and modified only for new partitions.

m) Landlord shall replace existing door hardware with lever latchset to comply with ADA requirements.

n) Landlord shall upgrade existing restrooms to comply with ADA requirements.

o) Tenant shall furnish and install wiring, devices, and equipment for telephone and computer systems as necessary. Tenant accepts existing communication wire and cabling "as-is' and has the option to re-use all or any of the components. Tenant shall be responsible for removal and disposal of any existing unused wire and cable. Landlord assumes no responsibility and makes no representation regarding the functionality of existing building telephone and computer systems.

p) Tenant shall furnish and install security and/or card access systems as necessary. Landlord assumes no responsibility and makes no representation regarding the functionality of existing building security and/or card access systems.

EXTERIOR ADA ACCESS

a) At the Landlord's sole discretion ADA access will be constructed at north or west entry.

VESTIBULE 101

a) Landlord shall, paint the walls, and re-lamp light fixtures. Existing walk-off carpet to remain.

RECEPTION 102, CIRRCULATION 103 and 107

a) Landlord shall re-carpet, paint the walls, and re-lamp light fixtures.

b) Landlord shall install new 3' x 7' door with lever lockset door hardware to meet ADA requirements between 103 and 105.

c) Landlord shall install new fire exit door with lever lockset door hardware to meet ADA requirements in 103 on south wall.

d) Landlord shall repair, modify, or replace existing window coverings in 102, as required.

OFFICES 104, 112, 113, 114, 115, 116, and 117

a) Landlord shall re-carpet, paint the walls and re-lamp light fixtures.

b) Landlord shall install lever door hardware to meet ADA requirements.

c) Landlord shall repair, modify or replace existing window coverings as required.

OPEN OFFICE 105

a) Landlord shall remove existing partition walls and door for Open Office 105 configuration.

b) Landlord shall re-carpet, paint the walls, and re-lamp light fixtures.

c) Landlord shall repair, modify or replace existing window coverings as required.

MAILROOM 106

a) Landlord shall remove the existing partition wall for Mailroom 106 configuration.

b) Landlord shall remove carpet and install VCT tile flooring, paint the walls and re-lamp light fixtures.

c) Landlord shall install lever lockset door hardware to meet ADA requirements.

RESTROOMS 108 and 109

a) Landlord shall re-configure and upgrade existing restrooms to meet ADA requirements.

b) Landlord shall install new sheet vinyl flooring.

c) Landlord shall furnish and install new fixtures and accessories as needed.

LAN ROOM 110

a) Landlord shall install VCT tile flooring, ¾" plywood on three (3) walls, paint the walls and re-lamp light fixtures.

b) Landlord shall relocate existing in the wall air conditioning from existing LAN room or from room 118.

BREAK ROOM 111

a) Landlord shall install VCT flooring, paint the walls, and re-lamp light fixtures.

b) Landlord shall modify or replace existing cabinetry, generally as shown on attached Exhibit "C".

MEDICAL SUPPLY AREA 118

a) Landlord shall remove existing east partition walls for Medical Supply Area 118 configuration.

b) Landlord shall remove existing wall mounted air conditioning unit.

c) Landlord shall construct west partition wall and new 3' x 7' door with lever lockset door hardware to meet ADA requirements.

d) Landlord shall install double acting impact door in east wall.

e) Landlord shall relocate metal accordion security gate from warehouse overhead door and install in front of double acting doors on the warehouse side of the wall.

f) Landlord shall remove existing carpet, clean and seal concrete.

CONFERENCE ROOM 120

a) Landlord shall remove partition wall and door for Conference Room 120 configuration.

b) Landlord shall re-carpet, paint the walls, and re-lamp light fixtures.

c) Landlord shall install new 3' x 7' door with lever lockset door hardware to meet ADA requirements between 120 and 107.

WAREHOUSE 121

a) Landlord shall remove existing receiving office at center of warehouse.

b) Landlord shall remove covering from existing skylights and repair roof insulation for proper thermal barrier.

c) Landlord shall secure existing cord drops to structure above floor.

d) Landlord shall cut 10' x 10' opening and install new overhead door with lock.

e) Landlord shall remove existing wooden stairs to mezzanine and reinstall metal ladder.

f) Landlord shall repair east demising wall and add 4'-0" plywood wainscot.

g) Landlord shall investigate the feasibility for the tenant to have radiant heat installed.

h) Landlord shall install automatic overhead door operators with wired and remote actuators for five doors.

i) Landlord shall install dock levers at two primary doors.

j) Landlord shall install electrical service for fork light charger to be on northeast wall outside warehouse restroom.

k) Landlord shall provide 50 to 60 foot candle lighting at shipping and receiving areas.

l) Landlord shall remove wood covering from exterior window on north wall.

m) Landlord shall provide electrical connection from main electrical panel to south exterior wall for connection to Tenant-owned external generator for back–up power.

n) Landlord shall provide electrical connections and framed openings for Tenant's refrigerators. Tenant shall provide refrigerator cut-sheets.

o) Repair any cracks for uniform and even surface and seal floor throughout the warehouse portion of the Premises, at Landlord's sole discretion.

WAREHOUSE OFFICE 122

a) Landlord shall replace floor covering, paint the walls, and re-lamp light fixtures, remove wood covering from exterior window and install window blind.

RESTROOM 123

a) Landlord shall replace existing floor covering with sheet vinyl, paint the walls, replace existing light fixture and exhaust fan.

b) Landlord shall replace existing restroom fixtures.

EXTERIOR DOCK SIDE

a) Landlord shall construct blister ramp with a minimum width of 32' and a metal canopy with a minimum depth of 4' at the two northwest doors.

SOUTH EXTERIOR

a) Landlord shall remove existing ramp, patch and pave rear parking area approximately 32' x 180'.

b) Landlord shall construct 8' high chain-link fence with truck gate and barbed wire top surrounding entire rear parking area.

c) Landlord shall provide three (3) security lights for van parking in rear.

d) Landlord shall install exit stair and railing for new fire exit door from circulation 103.

1 2 3 4 5 6 7 8 9 10 11 12 13

25 BAYS AT 12

A

B

C

D

40'-0" = 120'-0"

3 BAYS AT

LAN 107

MAIL 106

OPEN OFFICE 105

W 108

BREAK 111

M 109

OFFICE 104

CIRC 110

VEST 101

RECEPTION 102

CIRC 103

CONFERENCE 120

OFFICE 112

OFFICE 113

OFFICE 114

OFFICE 115

OFFICE 116

OFFICE 117

STOR 119

MEDICAL SUPPLY 118

WAREHOUSE 121

OFFICE 122

T 123

RAIL SPUR

MULTNOMAH COUNTY

EXHIBIT C

BANFIELD INDUSTRIAL PARK
BUILDING A (PTR #60)
700 NE 55TH AVE.
PORTLAND, OR 97213

10/14/03

N

SCALE 1/8"=1'-0"
0' 5' 10' 20'

A FACTRUST PROPERTY

1 2 3 4 5 6 7 8 9 10 11 12 13

25 BAYS AT 20'-0"

B 40'-0" = 120'-0"

3 BAYS AT

D

P WHIP
FE
MAIL 106
OPEN OFFICE 105
W 108
M 109
LAN 110
OFFICE 104
CIRC 107
VEST 101
RECEPTION 102
CIRC 103
CONFERENCE 120
BREAK 119
OFFICE 112
OFFICE 113
OFFICE 114
OFFICE 115
OFFICE 116
OFFICE 117
P WHIP
C WHIP
MEDICAL SUPPLY 118
WAREHOUSE 121
OFFICE 122
M 123

RAIL SPUR

MULTNOMAH COUNTY

BANFIELD INDUSTRIAL PARK
BUILDING A (PTR #60)
700 NE 55TH AVE.
PORTLAND, OR 97213

11/6/03

N

SCALE 1/8"=1'-0"
0' 8' 16'

A PACIFICTRUST PROPERTY