Multnomah County Oregon

Board of Commissioners & Agenda

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BOARD OF COMMISSIONERS

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OCTOBER 5, & 7, 2004 BOARD MEETINGS

FASTLOOK AGENDA ITEMS OF INTEREST

Pg 2	9:30 a.m. Tuesday PDC Briefing on the Proposed Industrial Urban Renewal District
Pg 2	10:15 a.m. Tuesday Facilities Portfolio Consolidation and Disposition Strategy
Pg 3	9:30 a.m. Thursday Opportunity for Public Comment on Non-Agenda Matters
Pg 3	9:30 a.m. Thursday Resolution Approving the Continuation of the Career Pathway Technology Project
Pg 3	9:50 a.m. Thursday Possible Second Reading and Adoption of an Ordinance Amending the Howard Canyon Reconciliation Report
Pg 3	10:00 a.m. Thursday Executive Session

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:

Thursday, 9:30 AM, (LIVE) Channel 30
Friday, 11:00 PM, Channel 30
Saturday, 10:00 AM, Channel 30
Sunday, 11:00 AM, Channel 30
Produced through Multnomah Community Television

(503) 491-7636, ext. 333 for further info
or: http://www.mctv.org

Tuesday, October 5, 2004 - 9:30 AM
Multnomah Building, Sixth Floor Commissioners Boardroom 635
501 SE Hawthorne Boulevard, Portland

BOARD BRIEFINGS

B-1 Portland Development Commission Briefing on the Proposed Industrial Urban Renewal District. Presented by Don Mazziotti and Bob Alexander. 45 MINUTES REQUESTED.

B-2 Facilities Portfolio Consolidation and Disposition Strategy Briefing. Presented by Doug Butler. 1 HOUR REQUESTED.

Thursday, October 7, 2004 - 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 Marneet Lewis to the Multnomah County LIBRARY ADVISORY BOARD

SHERIFF'S OFFICE

C-2 Government Revenue Contract (190 Agreement) 0310516 with the City of Fairview, Providing Additional Patrols and Records Processing

DEPARTMENT OF BUSINESS AND COMMUNITY SERVICES

C-3 Amendment 2 to Government Revenue Contract (Non-190 Agreement) 0110972 with the Oregon Department of Transportation, Providing Increase in Funds for the Morrison Bridge Ped/Bike Access Project to Realign the Water Avenue Off-Ramp

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.

NON-DEPARTMENTAL - 9:30 AM

R-1 RESOLUTION Approving the Continuation of the Career Pathway Technology Project. Presented by Lisa Goldberg and Paul Molino. 15 MINUTES REQUESTED.

OFFICE OF SCHOOL AND COMMUNITY PARTNERSHIPS - 9:45 AM

R-2 Budget Modification OSCP_1 Restoring 1.5 FTE in County Business Services to Provide Support to the Office of School and Community Partnerships and to the Commission on Children, Families, and Community

DEPARTMENT OF BUSINESS AND COMMUNITY SERVICES - 9:50 AM

R-3 Possible Second Reading and Adoption of a Proposed ORDINANCE Amending the Howard Canyon Reconciliation Report of June 1996, a Part of the Comprehensive Framework Plan Findings, by Updating the Chapter Sections on the Aggregate Resource and Making the Decision to "Allow Conflicting Uses Fully" and Prohibit Expansion of Mining

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Thursday, October 7, 2004 - 10:00 AM
(OR IMMEDIATELY FOLLOWING REGULAR MEETING)
Multnomah Building, First Floor Commissioners Conference Room 112
501 SE Hawthorne Boulevard, Portland

IF NEEDED EXECUTIVE SESSION

E-1 The Multnomah County Board of Commissioners Will Meet in Executive Session Pursuant to ORS 192.660(1)(h). Only Representatives of the News Media and Designated Staff are allowed to Attend. Representatives of the News Media and All Other Attendees are Specifically Directed Not to Disclose Information that is the Subject of the Executive Session. No Final Decision will be made in the Executive Session. Presented by Agnes Sowle. 30 MINUTES REQUESTED.

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 5, 2004

RE: Commissioner Naito will be leaving today's Board Briefing at 10:00 am.

The Commissioner will be attending court. She has been personally briefed on the materials and Steve March will be attending the briefing.

Thank you,
Carol Wessinger

AGENDA PLACEMENT REQUEST

BUD MOD #:

Board Clerk Use Only:	
Meeting Date:	**October 5, 2004**
Agenda Item #:	**B-1**
Est. Start Time:	**9:30 AM**
Date Submitted:	**09/29/04**

Requested Date: 10/5/04 **Time Requested:** 45 minutes

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

Contact/s: Lisa Goldberg

Phone: (503) 988-4765 **Ext.:** 84765 **I/O Address:** 503/6

Presenters: Don Mazziotti and Bob Alexander, Portland Development Commission

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Agenda Title: Briefing by the Portland Devlopment Commission on the Proposed Industrial 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 Board action is required.

2. **Please provide sufficient background information for the Board and the public to understand this issue.** This is an informational briefing and opportunity for discussion of the proposal being put forth to create a new urban renewal area in an industrial area encompassing parts of North and Northeast Portland. It would be located on the east side of the river at Mock's Bottom and Swan Island, as well as on two nearby areas on the west bank, on either side of the Railroad Bridge. All of the areas in the proposed URA are currently zoned for industrial uses. By improving the area, PDC intends to encourage existing businesses to stay and expand, and to attract new employers. Specifically, Siltronic Corporation is considering expanding on its site, which is inside the proposed URA. More broadly, Portland has few sites attractive for new industrial, high-tech and manufacturing businesses and development. Much of the property in this proposed URA is currently vacant or underused and suffers from environmental contamination and other challenges that make new investment financially unfeasible.

The Portland Development Commission believes that designating the area as an urban renewal area would help solve those problems.

3. **Explain the fiscal impact (current year and ongoing).** With the creation of an urban renewal area, property tax revenue coming into the taxing jurisdictions is frozen at current levels for properties within the area. The City is given the authority to issue bonds to finance needed improvements within the area. As property values increase in the area due to new investment, the rise in property tax revenues, referred to as the "tax increment," is used to pay off the urban renewal bonds. When the bonds are paid off and the district expires, the full amount of the property tax from the higher property values returns to the taxing jurisdictions.

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.** Urban renewal programs such as this one require the weighing of the loss to the tax rolls versus the community benefits that are expected to accrue as a result. On a basic policy level urban renewal represents efforts by the public sector to stimulate private investment.

5. **Explain any citizen and/or other government participation that has or will take place.** The PDC has solicited public participation and made efforts to engage stakeholders as it has developed this proposal. There will also be three public hearings on the issue. The formation of the URA will be formally considered by the PDC commissioners on October 13 and by the Portland City Council on November 10.

Required Signatures:

Department/Agency Director: Diane L ______________ **Date: 9/29/04**

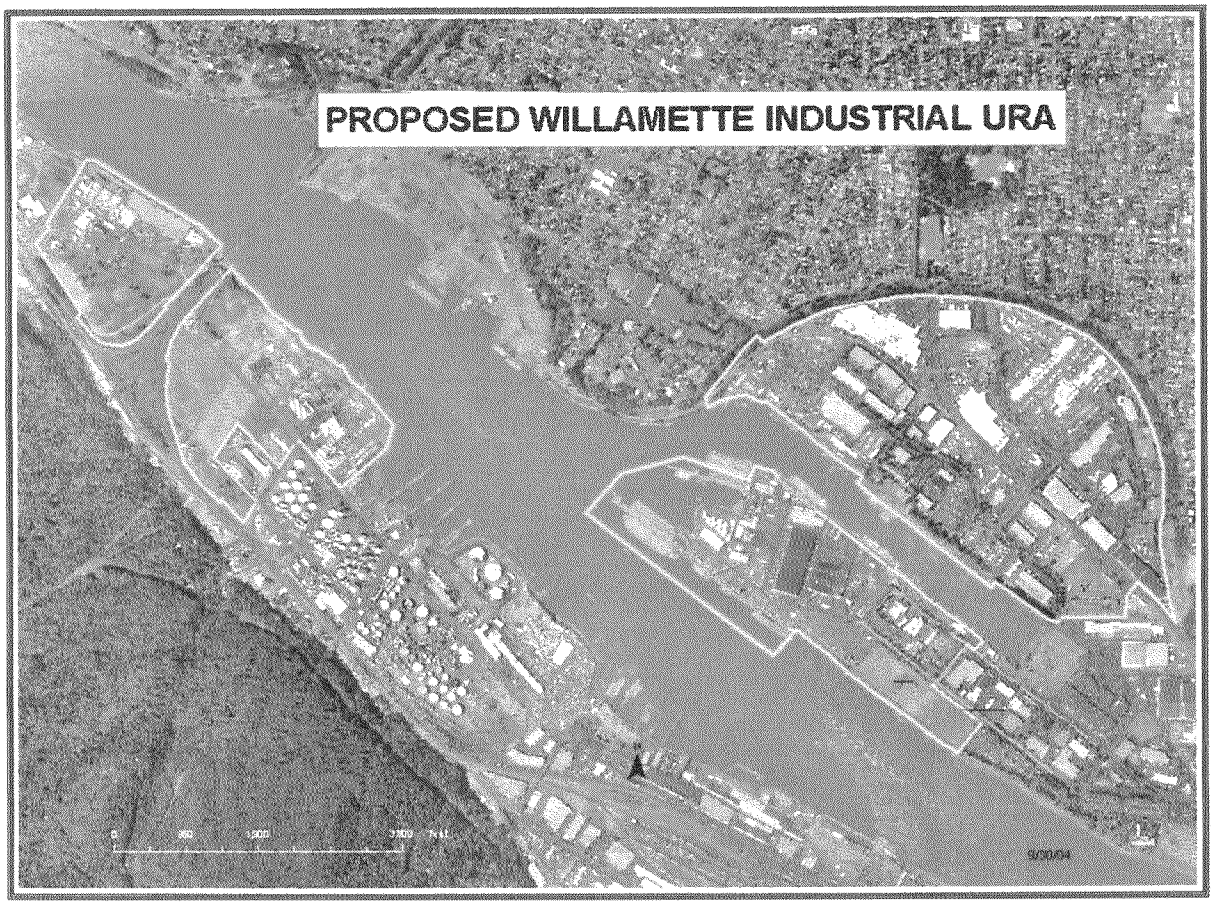
Budget Analyst

By: ______________________________ **Date:**

Dept/Countywide HR

By: ______________________________ **Date:**

Briefing Book



Portland Development Commission
October 1, 2004

PDC

PORTLAND DEVELOPMENT COMMISSION

Investing in Portland's Future

October 1, 2004

Dear Commissioners:

Attached please find a packet of materials pertaining to the proposed Willamette Industrial Urban Renewal Area. The materials include the draft Urban Renewal Plan and its accompanying Report.

A primary reason for the Portland Development Commission to pursue this Plan relates to our attempts to attract a new $466,000,000 silicon wafer fabrication plant, which we hope the Siltronic Corporation will build on its existing ownership within the proposed boundary of the Urban Renewal Area (URA). The plant would employ about 500 people.

Regardless of Siltronic's decision whether to build in Portland, this URA represents an important opportunity to achieve a critical component of the City's and the Region's economic development agenda in development of industrial land. Portland has one of the worst unemployment rates in the country. We also face a severe shortage of "shovel ready," buildable industrial lands in the City. Many key sites within the proposed URA are constrained by environmental contamination and other challenges to redevelopment. The proposed URA would provide tools with which to assist businesses (new and existing) to invest in their facilities, thereby creating new jobs.

We will be taking this Plan and Report to our Commission on October 13, 2004, with a public hearing scheduled before City Council on November 10, 2004. In anticipation of these hearings, we look forward to briefing you and receiving your comments this coming Tuesday, October 5, 2004.

In the interim, please call me at (503) 823-4590, or PDC's Director of Economic Development, Bob Alexander, at (503) 823-3248.

We look forward to our meeting with you.

Sincerely,

Donald F. Mazziotti
Executive Director

lgp

www.pdc.us

222 Northwest
Fifth Avenue
Portland, OR
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PDC

PORTLAND
DEVELOPMENT
COMMISSION

Q&A on Proposed New Urban Renewal Area
September 15, 20004

1. What is an urban renewal area?

The basic idea behind urban renewal is simple: future tax revenues pay for revitalization efforts. The City Council, acting on recommendations from its urban renewal agency - the Portland Development Commission (PDC) - draws a line around an area to legally designate it as an Urban Renewal Area (URA). Urban renewal areas are characterized as areas that are economically stagnant, under-used, poorly planned and/or physically deteriorated. In consultation with the community, PDC prepares an Urban Renewal Plan for the area, incorporating public input regarding potential projects, programs and improvements within that area. Following formation of the URA, the City issues urban renewal bonds to pay for the identified projects and programs. By building or improving things like roads, sewers and parks, urban renewal improves and revitalizes neighborhoods; attracts new business and jobs; adds public improvements for better livability; stimulates private investment and increases property values. As property values increase in the area due to new investment, the rise in property tax revenues, referred to as "tax increment", is used to pay off the urban renewal bonds. When the bonds are paid off and the district expires, the tax funds from the higher property values provide more support to schools, police and fire departments and other public services than would have been available had the improvements not been made.

2. Where is the proposed urban renewal area?

The proposed area would include industrial lands along the Willamette River in north and northwest Portland. It would be located on the east side of the river at Mock's Bottom and Swan Island, as well as on two nearby areas on the west bank, on either side of the Railroad Bridge. All of the areas in the proposed URA are currently zoned for industrial uses.

3. Why is this URA being proposed?

In a word, jobs. By improving the area, PDC intends to encourage existing businesses to stay and expand, and to attract new employers. Portland currently has few sites attractive for new industrial, high-tech and manufacturing businesses and development. Yet much of this proposed URA is currently vacant or underused and suffers from environmental contamination and other challenges that make new investment financially unfeasible. Designating the area as an urban renewal area is intended to help solve these problems.

4. What kinds of projects are funded by urban renewal?

Urban renewal funds can be used for a variety of investments, such as:

- Redevelopment projects, including mixed-use projects like Belmont Dairy, in Southeast Portland, and Museum Place in downtown.

- Economic development strategies, such as small business improvement loans, or loan programs tied to family-wage jobs
- Housing loans and other financial tools, for new and rehabilitated housing which serve a variety of income levels in a variety of densities and types (rental, for sale)
- Streetscape improvements, such as new lighting, trees and sidewalks.
- Transportation enhancements, such as light rail and intersection improvements.
- Historic preservation and redevelopment projects, such as Union Station, the Skidmore Fountain Building and the New Market Theater in the city's Old Town Historic District.
- Parks and open spaces, such as Tom McCall Waterfront Park and the Eastside Esplanade.

Loan and incentive programs available in the proposed URA could include the Quality Jobs Program, Economic Opportunity Fund, Deferred Loan Program, the Enterprise Zone Program, as well as assistance to help return contaminated sites to productive use.

5. How much say does the public have in the creation of new urban renewal areas?

A lot. The law requires – and PDC insists on – public participation at each step. Urban renewal area boundaries, goals, and projects are conceived in consultation with citizens who represent a broad spectrum of community interests. In addition, public hearings are held before three public bodies for any new urban renewal area: the Portland Development Commission, the Portland Planning Commission and City Council. Other taxing jurisdictions impacted by the urban renewal area – such as Multnomah County and the Portland Public School District – are asked to comment on the plan. Public comment is solicited and accepted throughout the process.

6. What are some benefits of the proposed URA?

While we can't predict the future, we can talk about the kind of development we hope to attract to the proposed urban renewal area. Here are some highlights:

- Portland suffers a severe shortage of ready-to-build industrial land. This URA could open up hundreds of vacant or underused acres for much-needed industrial development which will provide increased family wage jobs for Portland residents.
- Most of these properties would not be redeveloped without some additional financial assistance for environmental cleanup.
- One new high-technology plant proposed for this URA would create up to 500 new jobs.

7. How can I have input into the urban renewal plan?

There will be public hearings before PDC's Board of Commissioners, the Portland Planning Commission, and City Council. You can find meeting information on PDC's web page (www.pdc.us) or by calling 503-823-3200, as meeting times and locations may change. **For more information about the proposed URA, or to have your name placed on a mailing list to receive future information about public meetings and other notices, please contact John Southgate at 503-823-3257 or Liza Pedicini at 503-823-2997. We welcome your participation.**

Portland Development Commission

WILLAMETTE INDUSTRIAL URBAN RENEWAL PLAN

September 29, 2004

WILLAMETTE INDUSTRIAL URBAN RENEWAL PLAN

Table of Contents

I. INTRODUCTION

The Willamette Industrial Urban Renewal Area represents the heart of Portland's urban industrial waterfront. Comprised of properties lying on either side of the Willamette River, this area has historically been a major generator of jobs. While the area retains its industrial character, it faces key challenges which prevent it from achieving its full potential. These challenges include environmental contamination as well as other factors which deter new investment. In light of these challenges, and in light of the serious lack of developable parcels within the industrial riverfront, the creation of the Willamette Industrial Urban Renewal Area is a critical component in the City of Portland's efforts to attract new industrial and manufacturing investments which produce good-paying jobs, and to retain existing businesses.

Exhibit 1 shows a map of the Urban Renewal Area (URA). The Area includes portions of Swan Island and Mocks Bottom on the east side of the Willamette River, as well as properties on the west bank of the River on either side of the historic rail bridge. The Area contains approximately 758 acres. The entire URA falls within one of two of the City's industrial zones. The intention of the Plan is that these properties remain zoned for industrial uses, so that they can be developed in accordance with the goals set forth in this Plan, and to complement the City's overall economic development agenda.

The Willamette Industrial Urban Renewal Plan authorizes the Portland Development Commission, the Urban Renewal Agency of the City of Portland (the "Commission"), to use urban renewal powers to carry out the goals and objectives of this Plan. The Plan has been prepared pursuant to Oregon Revised Statutes (ORS) Chapter 457, and all applicable laws and ordinances of the State of Oregon and the City of Portland.

II. GOALS

The Plan will help implement the goals and objectives of Portland's Comprehensive Plan that relate to the development of the area. Unlike other urban renewal areas, the Willamette Industrial Urban Renewal Area is zoned exclusively for industrial uses. Urban renewal provides funding to help attract new industrial investment that supports the City's economic development agenda. Above all, the Plan is intended to stimulate new private industrial and manufacturing investments that will produce jobs, encourage existing businesses to remain and expand, and generate ancillary business opportunities.

The following are more specific goals that help to amplify the broad intentions of the Plan stated above.

Goal 1 – New Private Investment: Encourage new private investments, either expansion of existing businesses or new business development, that will generate relatively high densities of well-paying jobs.

Goal 2 – Business Retention: Encourage existing businesses within the URA to remain and expand, using various loan and grant programs, permitting assistance, infrastructure improvements, and other projects or programs.

Goal 3 – Attracting New Businesses: Encourage new businesses to invest in the area, through various loan and grant programs, permitting assistance, regulatory compliance, infrastructure improvements, and other programs.

Goal 4 – Business Generation: Encourage business investments that will generate additional business opportunities, such as opportunities for vendors and suppliers in the area.

Goal 5 – Industrial Land Supply: Facilitate business investment by assembling sites of suitable size, location and configuration to help achieve the goals of the Plan.

Goal 6 – Brownfield Remediation: Foster business investment on sites that contain, or may contain, environmental contamination so that these sites can be returned or enhanced to productive use. PDC assistance may take the form of environmental investigation, permitting assistance, and negotiations with regulatory agencies, and in some cases partial remediation or mitigation. PDC assistance is not, however, intended to remove the obligations, financial or otherwise, of parties responsible for contamination.

Goal 7 – Local Community Benefit: Generate wealth within the surrounding community through partnerships with local education, training, workforce, and contracting organizations. Local wealth creation includes providing both construction and permanent jobs as well as contracting opportunities for area residents and businesses. All new construction that involves PDC funding will be subject to the Commission's requirements regarding Minority & Women owned businesses, Emerging Small Businesses, and Workforce hiring.

Goal 8 – River Renaissance: In recognition that an enhanced environment and a strong economy are mutually supportive, encourage public improvements and private investment that are supportive of the City's efforts to carefully coordinate and integrate economic development goals with environmental stewardship goals and efforts, as suggested in the City's River Renaissance Strategy.

Goal 9 – Sustainability: In accordance with PDC's Green Building Policy, encourage new private investment and public infrastructure development that incorporates sustainability principles and practices in all aspects of development, including site and building design, demolition and site preparation, construction, and ongoing maintenance and operations.

Goal 10 – Natural Areas: Preserve and enhance natural resources in areas such as the Willamette riverbanks and greenway.

Goal 11 – Infrastructure to Support Business Investment: Invest in new or relocated infrastructure improvements (streets and sidewalks, utilities, pedestrian connections, intersections, and so forth) that will strengthen the accessibility of the area, and will help to attract new business investment.

III. PUBLIC INVOLVEMENT

The goals, policies and projects in this Plan have been developed in consultation with a variety of stakeholder groups, public agencies, property and business owners, the Portland Planning Commission, and the general public. Over the life of the Plan, PDC will solicit public input on all significant issues that it faces, in particular the implementation of major projects, short and long term financial planning and the monitoring of plan progress. All Plan amendments are reviewed and approved by the Commission in a public meeting with notice. In addition, substantial and City Council-approved Plan amendments (see Section XIII) are approved by the Commission, and adopted by the City Council at public meetings for which public notice is provided in conformance with state law.

IV. URBAN RENEWAL PLAN OUTLINE

The Willamette Industrial Urban Renewal Area is composed of four "sub-areas": Swan Island and Mocks Bottom (on the east side of the Willamette River), and West Bank-North and West Bank-South, on the west side of the River. Exhibit 1 identifies these four sub-areas. This section of the Plan briefly outlines what activities will be undertaken in these sub-areas.

In all sub-areas, PDC will undertake a variety of activities to accomplish the Plan goals. These activities include providing financial assistance to the expansion of existing businesses and new business investment; assistance in the assessment and remediation of environmental contamination; infrastructure improvements; land assembly; and site preparation. Improvements may include restoration of riparian habitat along the Willamette river bank (as well as along the bank of the Swan Island Lagoon), in order to assist businesses in complying with requirements of the Willamette Greenway and other regulations where applicable. (Under the provisions of the Swan Island Plan District, some waterfront properties in Swan Island and Mock's Bottom are exempt from greenway review under certain circumstances, in recognition of the particular needs of river-dependent industries; a mitigation plan is required in lieu of the greenway review).

The remainder of this subsection briefly describes the four sub-areas, and the opportunities for development or redevelopment within each sub-area. Urban renewal is a critical element in optimizing these opportunities, thereby satisfying the goals of this Plan. Without urban renewal, it is highly unlikely that the level of intensity of redevelopment called for in the Plan will occur.

Swan Island: Approximately 194 acres (roughly the northern two thirds) of Swan Island fall within the URA. The southern third of Swan Island is within the Interstate Corridor Urban Renewal Area. Originally a low-lying wooded island with channels running on both its east and west sides, the Port of Portland purchased Swan Island in the 1920s for the purpose of raising the elevation of the Island, and connecting it to the east bank of the River using dredge material from a deepened navigation channel. Those portions of Swan Island within the Willamette Industrial URA feature several major improvements and land holdings, including the Cascade General property and related ship repair companies, Freightliner's Engineering buildings, and a Port-owned approximately 30 acre vacant parcel directly abutting the riverfront. Most of these sites are vacant or largely under-utilized. Key opportunities include encouraging more intensive utilization of these parcels, as well as enhancements to portions of the riverbank which borders three sides of Swan Island, except where sites are exempt from Willamette Greenway Review, as noted above. The Cascade General holdings within this sub-area include "submerged lands", including dock facilities that could be the subject of substantial new investment.

Mocks Bottom: This is the largest of the sub-areas within the URA, totaling 365 acres. Major employers include Freightliner's Truck Plant, United Parcel Service, Federal Express, Anderson Construction, and the U.S. Coast Guard. Recent major improvements include the construction of a bridge over the Union Pacific Railroad's main line, which provides access to the northeasterly portion of Mocks Bottom, opening these areas up to development over the last two decades.

The western edge of Mocks Bottom consists of the Swan Island lagoon, which is characterized by a mix of vegetated bank (with a beach during periods of low water) and a variety of docks. Curving along the north and east edge of Mocks Bottom is a steep bluff, beyond which lie the Overlook and University Park neighborhoods (including the University of Portland).

This sub-area includes roughly 100 acres of vacant or under-utilized land. Some properties on Mocks Bottom lend themselves to redevelopment, particularly in light of the relative lack of available industrial sites in the City. Redevelopment might entail, for instance, the conversion of existing low intensity development to high density, jobs-intensive investments. Urban Renewal funds can also be targeted to the modernization and expansion of existing distribution and logistics facilities, which represent an important component of the City's freight and transportation infrastructure, and which the Commission has identified as one of its targeted industries. Redevelopment in Mocks Bottom could also include improvements to the shore of Swan Island lagoon (which forms the western edge of Mocks Bottom).

West Bank – North: The 79 acre Siltronic property is the sole land holding in this sub-area. This site includes the "Fab 1" plant developed in 1979-1980, with "Fab 2" added in 1995. A proposed new fabrication plant would adjoin these two earlier plants, representing an investment of approximately $466 million and employing 500 people. Urban renewal funds will be an essential component of this project's funding. The Siltronic ownership within this sub-area includes approximately 20 acres of additional undeveloped land, for which urban renewal funds could serve to assist in redevelopment.

West Bank – South: To the south of the Siltronic site and the Railroad Bridge lie several now-abandoned industrial sites, which are severely contaminated. The major businesses historically located in this approximately 119 acre sub-area included Atofina Chemicals, and Rhone-Poulenc. Urban renewal funding is necessary to leverage private investment within this sub-area due to the level of environmental contamination present.

V. URBAN RENEWAL AREA MAP AND LEGAL DESCRIPTION

Exhibit 1 is a map of the boundary of the URA. Exhibit 2 contains the narrative legal description of the boundary.

VI. URBAN RENEWAL PROJECTS

In order to achieve the objectives of this Plan, the following activities will be undertaken by the Commission, in accordance with applicable Federal, State, County and City laws, policies and procedures, and in accordance with the goals and objectives of this Plan. General authority for categories of projects and programs is included herein, as well as specific information on projects that are anticipated at the time of Plan adoption. These projects and programs may be modified, expanded, or eliminated as needed to meet the objectives of the Plan, subject to Section XIII, Amendments to the Plan.

A. Development, Redevelopment and Rehabilitation Assistance

The Commission may establish and administer loans and grant programs to assist property owners in developing, redeveloping, or rehabilitating property within the Area to achieve the goals of the Plan. These loans or grants may include financial assistance to improve older buildings to meet current code standards (including seismic standards); assist in the assessment, permitting, and mitigation or remediation of environmental conditions; assess the feasibility of development or redevelopment; assist in the construction of structured parking or other improvements to allow for the intensification of under-utilized sites; and other programs to eliminate blight in the area.

The following are specific Commission-adopted programs and activities that the Commission will utilize in the Willamette Industrial URA in support of business investment to implement the goals of the Plan:

- *Economic Opportunity Fund:* This program assists in the expansion of existing businesses and provides assistance for new businesses wishing to locate within the URA. Eligibility and specific amount of financial assistance are based upon a variety of factors. Special consideration is given to businesses that exhibit high economic impact, removal of blight, fall within one of the Commission's targeted industries (which include metals, high technology, transportation equipment, and distribution and logistics), and/or incorporate green building/sustainable building practices. Qualifying expenditures include infrastructure, permit fees, system development charges, sustainability investments, tenant improvements, and manufacturing improvements.

- *Quality Jobs Program*: This is a forgivable loan program targeted to businesses that pay better than average wages, and that feature relatively high job densities. Qualifying expenditures include physical improvements and infrastructure. To qualify for this program, businesses must pay wages averaging 200% of Oregon's minimum wage.
- *Deferred Loan Program*: This is a flexible financing tool targeted towards small businesses looking to expand within the URA.
- *Industrial Development Opportunities Services Program:* This is a matching grant fund intended to help business and property owners conduct preliminary feasibility analyses for possible redevelopment of their properties. Eligible expenditures include architecture, planning, appraisals, environmental assessments, and market feasibility studies.

In addition to these financial tools, PDC will provide a variety of technical services to help achieve the goals of the Plan, such as assistance in obtaining other funding sources (above and beyond urban renewal funds); assistance in obtaining permits; and so forth.

Over time, the Commission anticipates developing other specific programs and rules and regulations for their administration, to ensure that urban renewal funds are used properly and for their agreed upon purposes. The Commission shall adopt a minor amendment to the Plan to establish such future program(s), together with a statement of the estimated costs to support the programs. Amendments to the program(s) that do not change the estimated costs, the adoption of rules and regulations implementing the program(s), or amendments thereto shall not be considered changes to the Plan.

The Commission intends to provide financial assistance, in the form of loans, grants, infrastructure, and/or permitting and technical assistance, to a proposed new approximately 250,000 square foot silicon wafer fabrication plant to be built by the Siltronic Corporation, on property located within the West Bank-North sub-area of the URA.

B. Land Acquisition, Improvement and Disposition for Redevelopment Projects

The Commission may acquire, improve and dispose of property for redevelopment in conformance with the Comprehensive Plan, Zoning Ordinance and specific Plan goals. The detailed provisions pertaining to these activities are described in Sections VII and VIII below.

C. Public Improvements

The Commission may undertake public improvements that support the goals of this Plan. Public improvements include the design, construction, reconstruction, repair or replacement of sidewalks, streets, transit systems, parking, parks and open space, pedestrian amenities, trails, landscape features, water, sanitary sewer and storm sewer facilities and other public infrastructure deemed appropriate for the achievement of the goals of this Plan.

Commencement of a project that includes a public building shall be authorized by minor amendment to this Plan, which shall establish the level of benefit to the Plan area as required in ORS 457.085 (j).

D. Planning

The Commission may undertake planning activities which relate to projects designed to further the objectives of the Plan, whether or not such planning ultimately results in a project being constructed or funded.

E. Administration

The Commission is authorized to expend funds, subject to other provisions of law, to carry out the objectives of the Plan. This includes staff and office expenses, legal, consulting, and other services, and necessary overhead expenses.

VII. PROPERTY ACQUISITION POLICIES AND PROCEDURES

It is the intent of this Plan to acquire property within the Area, if necessary, by any legal means to achieve the goals of this Plan. Specifically, property acquisition is authorized when the acquisition is from willing sellers or when the acquisition is accomplished by eminent domain. The Commission may acquire property for either public improvements or for disposition and redevelopment.

At the time of Plan adoption, no specific property has been identified for acquisition. However, property acquisition, including limited interest acquisition, is hereby made a part of this Plan and may be used to achieve the Plan goals. Accordingly the Commission may use any of its statutory authority in carrying out the following projects:

A. Property Acquisition from Willing Sellers

For projects authorized by the Plan, the Commission may acquire property from owners that wish to convey title. Prior to acquiring such property, the Commission shall adopt a minor plan amendment identifying the property, finding that the acquisition thereof is necessary to achieve the goals of the Plan, and indicating an anticipated disposition of the property and a schedule for acquisition and disposition.

B. Property Acquisition by Eminent Domain for Public Improvements.

The Commission may use all legal means including eminent domain to acquire property for public improvement projects specifically described in the Plan. These improvements shall be located within public rights of way or on land that will remain in public ownership. Prior to acquiring such property, the Commission shall adopt a minor plan amendment identifying the property, finding that the acquisition thereof is necessary to achieve the goals of the Plan, and finding also that the public improvement project for which the acquisition is made is authorized by the Plan.

C. Property Acquisition by Eminent Domain for Disposition and Redevelopment.

The Commission may use all legal means including eminent domain to acquire property for disposition and redevelopment. Property to be acquired by eminent domain, or under the threat of eminent domain, for disposition and redevelopment shall be identified as such by means of a Council-approved amendment as set forth in Section XIII (B) of the Plan.

VIII. PROPERTY DISPOSITION POLICIES AND PROCEDURES

A. Property Disposition

The Commission is authorized to sell, lease, exchange, subdivide, transfer, assign, pledge, encumber by mortgage or deed of trust, or otherwise dispose of any interest in real property which has been acquired, in accordance with the provisions of this Urban Renewal Plan.

All real property acquired by the Commission for redevelopment in the Area shall be disposed of for development for the uses permitted in the Plan at its fair re-use value. All persons and entities obtaining property from the Commission shall use the property for the purposes designated in this Plan, and shall commence and complete development of the property within a period of time which the Commission fixes as reasonable, and shall comply with other conditions which the Commission deems necessary to carry out the purposes of this Plan.

To provide adequate safeguards to insure that the provisions of this Plan will be carried out to prevent the recurrence of blight, all real property disposed of by the Commission, as well as all other real property the development of which is assisted financially by the Commission, shall be made subject to this Plan. Leases, deeds, contracts, agreements, and declarations of restrictions by the Commission may contain restrictions, covenants, covenants running with the land, rights of reverter, conditions subsequent, equitable servitudes, or any other provisions necessary to carry out this Plan.

B. Redeveloper's Obligations

Any person or entity that acquires Commission property within the URA ("Redeveloper"), and the Redeveloper's successors and assigns, in addition to the other controls and obligations stipulated and required of the Redeveloper by the provisions of this Plan, shall also be subject to such requirements as may be determined by the Commission, including, but not limited to:

1. The Redeveloper shall obtain necessary approvals of proposed developments from all federal, state and/or local agencies which may have jurisdiction on properties and facilities to be developed within the Area.

2. The Redeveloper and the Redeveloper's successors or assigns shall develop such property in accordance with the land use provisions and building requirements specified in this Plan.

3. The Redeveloper shall submit all plans and specifications for construction of improvements on the land to the Commission for plan and design review and distribution to appropriate reviewing bodies as stipulated in this Plan and existing City codes and ordinances. Such plans and specifications shall comply with this Plan and the requirements of existing City codes and ordinances.

4. The Redeveloper shall accept all conditions and agreements as may be required by the Commission in return for receiving financial assistance from the Commission.

5. The Redeveloper shall commence and complete the development of such property for the uses provided in this Plan within a reasonable period of time as determined by the Commission.

6. The Redeveloper shall not effect or execute any agreement, lease, conveyance, or other instrument whereby the real property or part thereof is restricted upon the basis of age, race, color, religion, sex, sexual orientation or national origin in the sale, lease or occupancy thereof.

7. The Redeveloper shall maintain developed and/or undeveloped property under Redeveloper's ownership within the area in a clean, neat, and safe condition, in accordance with the approved plans for development.

IX. RELOCATION POLICIES AND PROCEDURES

If in the implementation of this Plan, persons or businesses should be displaced by the action of the Commission, the Commission will provide assistance in finding replacement facilities to those persons or businesses displaced. Such displacees will be contacted to determine their individual relocation needs. All relocation activities will be undertaken and payments made in accordance with the requirements of ORS 35.500-35.530 (which replaced ORS 281.045-281.105), the Commission's adopted Relocation Regulations in effect at the time of relocation, and any other applicable laws or regulations. The Commission's Relocation Regulations in effect at the time of Plan adoption were adopted on September 16, 1998 by Resolution No. 5169.

The Commission maintains information in its office relating to the relocation programs and procedures, including eligibility for and amounts of relocation payments, services available and other relevant matters.

X. RELATIONSHIP TO LOCAL PLANS AND OBJECTIVES

ORS 457.095 (3) requires that a City's governing body find that an urban renewal plan conforms with the City's Comprehensive Plan. Portland's Comprehensive Plan contains goals, policies, and objectives that apply to the entire city. It became effective on January 1, 1981, and was last revised July 2004. In addition to the goals and policies of the Comprehensive Plan, other area-specific plan documents apply: The Willamette Greenway Plan, the Guild's Lake Industrial Sanctuary Plan, and the Albina Community Plan. The following plan goals, policies, and objectives apply to the Willamette Industrial Urban Renewal Area:

A. Portland Comprehensive Plan

Citywide Goal 1: Metropolitan Coordination
The Comprehensive Plan shall be coordinated with federal and state law and support regional goals, objectives and plans adopted by the Columbia Region Association of Governments and its successor, the Metropolitan Service District, to promote a regional planning framework.

Policies
1.4 Intergovernmental Coordination
Insure continuous participation in intergovernmental affairs with public agencies to coordinate metropolitan planning and project development and maximize the efficient use of public funds.

Citywide Goal 2: Urban Development
Maintain Portland's role as the major regional employment, population and cultural center through public policies that encourage expanded opportunity for housing and jobs, while retaining the character of established residential neighborhoods and business centers.

Policies
2.2 Urban Diversity
Promote a range of living environments and employment opportunities for Portland residents in order to attract and retain a stable and diversified population.

2.7 Willamette Greenway Plan
Implement the Willamette River Greenway Plan which preserves a strong working river while promoting recreation, commercial and residential waterfront development along the Willamette south of the Broadway Bridge.

2.14 Industrial Sanctuaries
Provide industrial sanctuaries. Encourage the growth of industrial activities in the city by preserving industrial land primarily for manufacturing purposes.

2.19 Infill and Redevelopment [1]
Encourage infill and redevelopment as a way to implement the Livable City growth principles and accommodate expected increases in population and employment. Encourage infill and redevelopment in the Central City, at transit stations, along Main Streets, and as neighborhood infill in existing residential, commercial and industrial areas.

2.26 Albina Community Plan
Promote the economic vitality, historic character and livability of inner north and inner northeast Portland by including the Albina Community Plan as a part of this Comprehensive Plan.

Citywide Goal 5: Economic Development
Foster a strong and diverse economy which provides a full range of employment and economic choices for individuals and families in all parts of the city.

Policies
5.1 Urban Development and Revitalization
Encourage investment in the development, redevelopment, rehabilitation, and adaptive reuse of urban land and buildings for employment and housing opportunities.

Objectives:

A. Ensure that there are sufficient inventories of commercially and industrially-zoned, buildable land supplied with adequate levels of public and transportation services.

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[1] Ibid.

C. Retain industrial sanctuary zones and maximize use of infrastructure and intermodal transportation linkages with and within these areas.

F. Recognize and support environmental conservation and enhancement activities for their contribution to the local economy and quality of life for residents, workers and wildlife in the city.

5.2 Business Development
Sustain and support business development activities to retain, expand and recruit businesses.

5.4 Transportation System
Promote a multi-modal regional transportation system that encourages economic development.

5.8 Diversity and Identity in Industrial Areas
Promote a variety of efficient, safe and attractive industrial sanctuary and mixed employment areas in Portland.

5.9 Protection of Non-industrial Lands
Protect non-industrial lands from the potential adverse impacts of industrial activities and development.

5.12 Guild's Lake Industrial Sanctuary Plan

Encourage the economic stability of the Guild's Lake Industrial Sanctuary, maintain its major public and private investments in multimodal infrastructure, protect its industrial lands and job base, and enhance its capacity to accommodate future industrial growth by including the Guild's Lake Industrial Sanctuary Plan as part of this Comprehensive Plan.

Citywide Goal 6: Transportation
Develop a balanced, equitable, and efficient transportation system that provides a range of transportation choices; reinforces the livability of neighborhoods; supports a strong and diverse economy; reduces air, noise, and water pollution; and lessens reliance on the automobile while maintaining accessibility.

Policies
6.1 Coordination
Coordinate with affected state and federal agencies, local governments, special districts, and providers of transportation services when planning for and funding transportation facilities and services.

TRANSPORTATION FUNCTION POLICIES:

6.12 Regional and City Travel Patterns

Support the use of the street system consistent with its state, regional, and city classifications and its classification descriptions.

6.15 Transportation System Management

Give preference to transportation improvements that use existing roadway capacity efficiently and improve the safety of the system.

6.16 Access Management

Promote an efficient and safe street system, and provide adequate accessibility to planned land uses.

LAND USE AND TRANSPORTATION POLICIES:

6.17 Coordinate Land Use and Transportation

Implement the Comprehensive Plan Map and the 2040 Growth Concept through long-range transportation and land use planning and the development of efficient and effective transportation projects and programs.

PEDESTRIAN AND BICYCLE POLICIES:

6.22 Pedestrian Transportation

Plan and complete a pedestrian network that increases the opportunities for walking to shopping and services, schools and parks, employment, and transit.

6.23 Bicycle Transportation

Make the bicycle an integral part of daily life in Portland, particularly for trips of less than five miles, by implementing a bikeway network, providing end-of-trip facilities, improving bicycle/transit integration, encouraging bicycle use, and making bicycling safer.

PUBLIC TRANSPORTATION POLICY:

6.24 Public Transportation

Develop a public transportation system that conveniently serves City residents and workers 24 hours a day, seven days a week and can become the preferred form of travel to major destinations, including the Central City, regional and town centers, main streets, and station communities.

PARKING AND DEMAND MANAGEMENT POLICIES:

6.25 Parking Management

Manage the parking supply to achieve transportation policy objectives for neighborhood and business district vitality, auto trip reduction, and improved air quality.

6.27 Off-Street Parking

Regulate off-street parking to promote good urban form and the vitality of commercial and employment areas.

6.28 Travel Management
Reduce congestion, improve air quality, and mitigate the impact of development-generated traffic by supporting transportation choices through demand management programs and measures and through education and public information strategies.

FREIGHT, TERMINALS, AND TRUCK POLICIES:
6.29 Freight Intermodal Facilities and Freight Activity Areas
Develop and maintain an intermodal transportation system for the safe, efficient, and cost-effective movement of freight, goods, and commercial vehicles within and through the City on Truck Streets and for access and circulation in Freight Districts.

6.30 Truck Movement
Provide a complete, safe, and reliable system of Major and Minor Truck Streets for local truck movement, connecting Freight Districts, intermodal facilities, and commercial areas.

TRANSPORTATION DISTRICTS POLICIES:
6.34 North Transportation District
Reinforce neighborhood livability and commercial activity by planning and investing in a multimodal transportation network, relieving traffic congestion through measures that reduce transportation demand, and routing non-local and industrial traffic along the edges of the residential areas.

Objectives:

A. Improve truck and freight movement in North Portland through changes to the street system, street classifications, and signing to enhance the economic vitality of the area and minimize impacts on residential, commercial, and recreational areas.

A. Support improvements to transit service that will link North Portland to areas outside the downtown, especially to the Rose Quarter transit center and industrial areas within and outside the district.

B. Encourage transit coverage and frequency improvements, as well as bus stop improvements, within the district and within commercial and employment centers, including Portland International Raceway, Swan Island, and Rivergate.

K. Develop additional east/west and north/south bicycle routes to serve commuter and recreational bicyclists and provide connections to Northeast Portland bikeways.

L. Complete the sidewalk system in North Portland, including enhanced pedestrian crossings on streets with high volumes of vehicle traffic.

M. Consider extension of the Willamette Greenway Trail south from its current designation that ends at Edgewater and connecting to the trail on Swan Island, following the outcome of a feasibility study.

6.39 Northwest Transportation District

Strengthen the multimodal transportation system in the Northwest District by increasing public transit use, encouraging transportation demand management measures, and improving pedestrian and bicycle access.

Objectives:

A. Incorporate pedestrian and bicycle access improvements into all transportation projects, especially along arterials and at crossing locations.

B. Preserve and enhance freight mobility and industrial access in the Freight District by maintaining or improving truck operations on Front Avenue, Yeon Avenue, Nicolai Street, St. Helens Road, and the 114th and 16th Avenues couplet.

Goal 7 Energy

Promote a sustainable energy future by increasing energy efficiency in all sectors of the city by ten percent by the year 2000.

Policies

7.5 Energy Efficiency in Commercial and Industrial Facilities

The City shall encourage energy efficiency in existing commercial buildings and institutions by facilitating utility, local, state, and federal financial and technical assistance.

7.6 Energy Efficient Transportation [2]

Provide opportunities for non-auto transportation including alternative vehicles, buses, light rail, bikeways, and walkways. The City shall promote the reduction of gasoline and diesel use by conventional buses, autos and trucks by increasing fuel efficiency and by promoting the use of alternative fuels.

7.8 Energy Supply

The City shall promote conservation as the energy resource of first choice. The City shall also support environmentally acceptable, sustainable energy sources, especially renewable resources such as solar, wind, hydroelectric, geothermal, biomass (wood, farm and municipal waste), cogeneration, and district heating and cooling.

7.9 Waste Reduction and Recycling

The City shall promote energy-saving activities such as 1) reduced use of excess materials, such as packaging; 2) recovery of materials from the waste stream for direct reuse and remanufacture into new products; 3) recycling; and 4) purchase of products made from recycled materials.

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[2] Amended by Ordinance No. 170136, May 1996

Goal 8: Environment
Maintain and improve the quality of Portland's air, water and land resources and protect neighborhoods and business centers from detrimental noise pollution.

WATER QUALITY Policies

8.7 Land Use and Capital Improvements Coordination
Maintain coordination of land use planning and capital improvement to insure the most efficient use of the city's sanitary and stormwater run-off facilities.

8.8 Groundwater Protection [3]
Conserve domestic groundwater and surface water resources from potential pollution through a variety of regulatory measures relating to land use, transportation, and hazardous substances.

LAND RESOURCES Policies

8.11 Special Areas
Recognize unique land qualities and adopt specific planning objectives for special areas.

Objective:

H. Willamette River Greenway
Protect and preserve the natural and economic qualities of lands along the Willamette River through implementation of the city's Willamette River Greenway Plan.

8.14 Natural Resources [4]
Conserve significant natural and scenic resource sites and values through a combination of programs which involve zoning and other land use controls, purchase, preservation, intergovernmental coordination, conservation, and mitigation. Balance the conservation of significant natural resources with the need for other urban uses and activities through evaluation of economic, social, environmental, and energy consequences of such actions.

8.15 Wetlands/Riparian/Water Bodies Protection [5]
Conserve significant wetlands, riparian areas, and water bodies which have significant functions and values related to flood protection, sediment and erosion control, water quality, groundwater recharge and discharge, education, vegetation, and fish and wildlife habitat. Regulate development within significant water bodies, riparian areas, and wetlands to retain their important functions and values.

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[3] Added by Ordinance No. 160890, June 1988

[4] Policy 8.13 Sensitive Natural Areas deleted and Policies 8.14 through 8.18 added by Ordinance No. 160890, June 1988

[5] Policy 8.13 Sensitive Natural Areas deleted and Policies 8.14 through 8.18 added by Ordinance No. 160890, June 1988

Goal 9: Citizen Involvement

Improve the method for citizen involvement in the on-going land use decision-making process and provide opportunities for citizen participation in the implementation, review and amendment of the adopted Comprehensive Plan.

Policies

9.1 Citizen Involvement Coordination

Encourage citizen involvement in land use planning projects by actively coordinating the planning process with relevant community organizations, through the reasonable availability of planning reports to city residents and businesses, and notice of official public hearings to neighborhood associations, business groups, affected individuals and the general public.

GOAL 11A: Public Facilities

Provide a timely, orderly and efficient arrangement of public facilities and services that support existing and planned land use patterns and densities.

GOAL:11B Public Rights-of-Way

Improve the quality of Portland's transportation system by carrying out projects to implement the 2040 Growth Concept, preserving public rights-of-way, implementing street plans, continuing high-quality maintenance and improvement programs, and allocating limited resources to identified needs of neighborhoods, commerce, and industry.

Policies

11.9 Project Selection

Through the capital improvement program process, give priority consideration to transportation projects that will contribute to a reduction in vehicle miles traveled per capita, while supporting economic vitality and sustainability.

B. Willamette Greenway Plan

Goal

The goal of the Willamette Greenway Plan is to protect, conserve, maintain, and enhance the scenic, natural, historical, economic, and recreational qualities of lands along the Willamette River. The Plan addresses the quality of the natural and human environment along the river. The Willamette River and the lands adjacent to it are a unique and valuable natural resource which require special protection. The Plan is part of Portland's Comprehensive Plan.

Objectives

C. To restore the Willamette River and its banks as a central axis and focus for the City and its neighborhoods and residents.

D. To increase public access to and along the Willamette River.

To achieve this, the Greenway Plan identifies a continuous recreational trail extending the full length on both sides of the Willamette River, but not necessarily adjacent to the river for the entire length. The Greenway Plan also identifies trail and river access points, viewpoints and view corridors, and provides direction as to their design. The purposes to be achieved by designating and requiring property owners to dedicate right-of-way or recreational trail easements include increasing recreational opportunities, providing emergency vehicle access, assisting in flood protection and control, providing connections to other transportation systems and helping to create a pleasant, aesthetically pleasing urban environment.

E. To conserve and enhance the remaining natural riverbanks and riparian habitat along the river.

To achieve this, the Greenway Plan identifies significant wildlife habitat along the river which is to be preserved, and requires the conservation of wildlife habitat where practical. The Greenway Plan requires the development and restoration of riparian habitat and encourages the use of natural bank treatments, particularly in areas of low human use. The Greenway Plan encourages the use of native plants. The Greenway Plan requires landscape review, and provides direction on riverbank and landscape treatment.

F. To provide an attractive quality environment along the Willamette River.

To achieve this, the Greenway Plan includes design guidelines which require public and private developments to complement and enhance the riverbank area, particularly with regard to riverbank treatment, landscape enhancement, and the relationship of buildings to the Greenway Trail, access points, viewpoints, and view corridors.

G. To maintain the economic viability of Portland's maritime shipping facilities, based on the overall economic importance of deep-channel shipping to Portland's and Oregon's economy.

H. To reserve land within the Greenway for river-dependent and river-related recreational uses.

To achieve this, the Greenway Plan provides an overlay zone reserved primarily for river-dependent and river-related recreational uses.

C. Albina Community Plan

The Albina Community Plan, including its associated Neighborhood Plans, was adopted by City Council on September 30, 1993. It articulates, in more detail than the citywide Comprehensive Plan, a vision for the revitalization of much of north and northeast Portland, including the Swan Island and Mock's Bottom sub-areas of the Willamette Industrial Urban Renewal Area. The Willamette Industrial Urban Renewal Plan is structured to implement the following policy language from the Albina Community Plan.

Land Use Policies

General Land Use

Encourage residential, recreational, economic and institutional developments that reinforce Plan Area neighborhoods; increase the attractiveness of Albina to residents, institutions, businesses and visitors; and create a land use pattern that will reduce dependence on the automobile.

Economic Development
Foster development of distinct, well-anchored commercial, institutional and industrial nodes and centers that serve the needs of the community, attract shoppers from throughout the region and take advantage of the close proximity of the district to the Central City, Oregon Convention Center and Columbia Corridor. Ensure that institutions have opportunities for growth that meet their needs. Support the expanding and new industrial firms that provide family wage jobs to Albina Community residents. Protect residential neighborhoods from negative impacts associated with commercial, institutional and/or industrial growth.

Transportation Policies
Take full advantage of the Albina Community's location by improving its connections to the region. Emphasize light rail transit as the major transportation investment while improving access to freeways to serve industrial and employment centers. Protect neighborhood livability and the viability of commercial areas when making transportation improvements. Provide safe and attractive routes for bicyclists and pedestrians.

Objective 10
Provide transportation access to jobs and training opportunities. Link commercial, employment and residential areas with an efficient multimodal transportation system.

Business Growth and Development Policies
Stimulate investment, capital formation, and job creation benefiting Albina enterprises and households. Expand and diversify the area's industrial, commercial, and institutional employment base. Aggressively market the Albina Community to investors, developers, business owners, workers, households, and tourists.

Policies

A Business Investment and Development
Build a sustainable and robust economic activity and employment base in the Albina Community. Use public policies and resources to capture and direct the benefits of growth in community institutions and Albina Impact Area industries to Albina Community enterprises and households. Improve the competitive position and performance of the community's retail and service sectors. Maintain the public infrastructure necessary to support the expansion of economic activities and employment.

B Commercial, Institutional and Employment Centers
Recruit, retain, and encourage expansion of economic activities and institutions which enhance neighborhood livability. Conserve community assets and resources. Use public programs and resources to encourage more efficient design and utilization in the Albina Community's commercial, institutional and industrial centers.

C: Household Income and Employment
Use public resources to stimulate the creation of new sources of household income and family-wage employment for community residents.

Focus economic development activities to produce the greatest positive impact on those portions of Albina suffering most severely from under-utilization of human resources.

Jobs and Employment Policy
Reduce the unemployment rate among Albina residents. Strengthen programs that provide education, job training, job retention skills and services that prepare area residents for long-term employment and that create opportunities for career advancement. Ensure that job training programs include comprehensive services that are ethnically and culturally sensitive.

Environmental Values Policy

Maintain a strong commitment to preserving and improving the environment within the community and its neighborhoods, including air, water, and soil quality and related natural values.

D. Guild's Lake Industrial Sanctuary Plan

Jobs and Economic Development Policy Statement:
Maintain and expand industrial business and employment opportunities in the Guild's Lake Industrial Sanctuary. Stimulate investment in the area's public and private infrastructure and industrial facilities.

Objectives:
1. Provide new employment opportunities by reusing or redeveloping reclaimed, underutilized and vacant land and buildings in the GLIS.

2. Foster a business and public policy environment that promotes continued private and public sector investments in infrastructure, facilities, equipment and jobs.

3. Enhance the GLIS as a competitive and forward-thinking industrial area by fostering innovative and environmentally-sensitive industrial projects and practices that improve the operational efficiency of GLIS firms while conserving natural resources and reducing pollution.

Transportation Policy Statement:

Maintain, preserve and improve the intermodal and multimodal transportation system to provide for the smooth movement of goods and employees into and through the Guild's Lake Industrial Sanctuary.

Objectives:
1. Maintain, protect, and enhance the public and private multimodal transportation investments in the GLIS, including rail and marine terminal facilities, to ensure its continued viability as a major center for the import and export of industrial products in the state of Oregon.

2. Maintain operational characteristics on roads and at intersections that support truck movements and industrial economic growth, while accommodating traffic, transit, and emergency access needs.

3. Minimize traffic conflicts between industrial and nonindustrial uses.

4. Manage congestion on highways and roads within the GLIS through regional and area-wide systems planning and maximize the efficiency of transportation facilities for all modes of travel, with the participation of private industry.

5. Develop alternative transportation options for employees of the GLIS, including transit, carpools, bicycling, and walking to reduce parking needs, vehicle emissions, and congestion levels.

6. Locate safe pedestrian and bicycle routes within the GLIS that minimize conflicts with industrial traffic. Improve pedestrian and bicycle connections to nearby residential areas to reduce congestion levels and auto emissions, preserve capacity of the street system, and reduce parking needs.

Land Use Policy Statement:
Preserve and protect land primarily for industrial uses, and minimize land use conflicts in the Guild's Lake Industrial Sanctuary. Allow compatible nonindustrial uses within the GLIS that provide retail and business services primarily to support industrial employees and businesses.

Objectives:
1. Preserve the overall industrial character of the Guild's Lake Industrial Sanctuary.

2. Preserve the physical continuity of the area designated as Industrial Sanctuary within the Guild's Lake Industrial Sanctuary.

3. Minimize conflicts between industrial and nonindustrial land uses.

4. Prohibit new residential uses within the GLIS.

5. Allow the provision of support services to employees and businesses in the GLIS to reduce trips outside of the GLIS.

6. Preserve the GLIS's Willamette River waterfront as a location for river-dependent and river-related industrial uses.

7. Recognize the Willamette River as a valuable economic, transportation, natural, and recreational resource for the entire city. Coordinate *GLIS Plan* policies and implementation measures with ongoing and future citywide planning efforts that address the significance of the river and the city's industrial land supply.

8. The industrial character and economic viability of the Guild's Lake Industrial Sanctuary must continue to be the priority when considering the public need for expanded access to the river. Design and implement any greenway enhancements along the river so as to avoid or minimize negative impacts on industrial operations.

9. Contribute to the maintenance and enhancement of all of Northwest Portland as a diverse urban environment that includes opportunities for housing, commercial services, and industrial employment in relatively close proximity.

XI. LAND USE PLAN

Land use within the Area is governed by the City of Portland's Comprehensive Plan and implementing ordinances. Any adopted change in the Comprehensive Plan or implementing ordinance shall automatically amend Section XI of this Urban Renewal Plan, as applicable, without the necessity of any further formal action. This Section XI and Exhibit 3 (Comprehensive Plan and Zoning Designations) shall thereafter incorporate the relevant amendments, additions or deletions. On Exhibit 3 most areas have the same designation under the Comprehensive Plan Map and Zoning Map. To the extent this Section XI and Exhibit 3 conflict with the Comprehensive Plan or Zoning Code, the Comprehensive Plan and Zoning Code shall govern.

A. Comprehensive Plan and Zoning Designations

The comprehensive plan and zoning designations (as defined within Title 33, Planning and Zoning Code of the City of Portland) which apply within the Area are shown in Exhibit 3 and are listed below. These designations are modified by overlay zones (indicated by small letters) and Plan Districts, as set forth below:

IG2	General Industrial
IH	Heavy Industrial
c	Environmental Conservation Overlay
i	River Industrial Overlay
n	River Natural Overlay
p	Environmental Protection Overlay

Albina Community Plan District
Guild's Lake Industrial Sanctuary Plan District

B. Additional Land Use Provisions

The following are in addition to conditions, limitations or restrictions previously identified in this Section XI.

1. The Commission shall facilitate coordination of regulatory procedures related to applications for land use approvals of all private and public development activities for which it provides financial assistance.

2. The Commission shall be notified of land use requests (greenway permits, conditional uses, zone changes and comprehensive plan map amendments, and so forth) within the Area.

3. Plan and Design Review of private and public development shall be as follows:

(a) Within the Area, Plan and Design Review shall follow procedures established in Title 33, Planning and Zoning Code of the City of Portland

(b) Redevelopers, as defined in this Plan, shall comply with the Redeveloper's Obligations, Section VIII (B) of this Plan, which provides for supplementary plan and design review by the Commission.

XII. PLAN FINANCING

The Commission is authorized to finance the projects contained in the Plan using all legal sources of funding and specifically including funds raised under Article IX, Section 1c of the Oregon Constitution as authorized in Chapter 457 of Oregon Revised Statutes.

A. General Description of the Proposed Financing Methods

The Plan will be financed using a combination of revenue sources. These include:

- Tax increment revenues, described in more detail below;
- Advances, loans, grants and any other form of financial assistance from the Federal, State or local governments or other public body;
- Loans, grants, dedications or other contributions from private developers and property owners; and
- any other source, public or private.

Revenues obtained by the Commission will be used to pay or repay costs, expenses, advancements and indebtedness incurred in planning or undertaking project activities or otherwise exercising any of the powers granted by ORS Chapter 457 in connection with the implementation of this Plan.

B. Tax Increment Financing

The Plan may be financed, in whole or in part, by funds allocated to the Commission as provided in section 1c, Article IX of the Oregon Constitution and ORS 457.420 through ORS 457.450. To the extent practical, the Commission shall seek a balance between revenues and expenditures of tax increment funds within each of the four sub-areas of the URA.

C. Maximum Indebtedness

The maximum indebtedness that may be issued or incurred under the Plan is $200,000,000. This amount is the principal of such indebtedness and does not include interest or indebtedness incurred to refund or refinance existing indebted

D. Prior Indebtedness

Any indebtedness permitted by law and incurred by the Commission or the City of Portland in connection with the preparation of this Plan or prior planning efforts related to this Plan may be repaid from tax increment revenues from the Area when and if such funds are available.

XIII. AMENDMENTS TO THE PLAN

This Plan may be reviewed and evaluated periodically, and may be amended as needed, in conformance with statutory requirements. All amendments to this Plan shall be made pursuant to the following procedures.

A. Substantial Amendments

Substantial amendments are solely amendments:

- Adding land to the urban renewal area, except for an addition of land that totals not more than one percent of the existing area of the urban renewal area.
- Increasing the maximum amount of indebtedness that can be issued or incurred under the plan.

Substantial amendments shall require the same notice, hearing and approval procedure required of the original Plan, including public involvement, consultation with taxing districts, presentation to the Planning Commission and adoption by the City Council by non-emergency ordinance after a hearing notice of which is provided to individual households within the City of Portland.

B. Council-Approved Amendments

Council-approved amendments consist solely of the following amendments:

- Material changes to the Goals of the Plan.
- Addition or expansion of a project, which adds a cost in 2004 dollars of more than $750,000 and which is materially different from projects previously authorized in the Plan.
- Authorization of use of eminent domain for acquisition of property for private redevelopment.

Council-approved amendments require approval by the Commission by resolution and by the City Council, which may approve the amendment by resolution.

C. Minor Amendments

Minor amendments are amendments that are not substantial or Council-approved amendments. Minor amendments are effective upon adoption by the Commission by resolution.

Portland Development Commission

WILLAMETTE INDUSTRIAL URBAN RENEWAL REPORT

September 29, 2004

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I. INTRODUCTION

This Urban Renewal Report (the "Report") accompanies the Willamette Industrial Urban Renewal Plan (the "Plan') and contains information and analysis in support of Plan boundaries, policies and projects. An important source of information for this Report was the *Industrial Urban Renewal Area Draft Feasibility Report,* a study prepared in September, 2004 by the staff of the Portland Development Commission (PDC) with financial analyses prepared by the firm of Tashman Johnson, LLC. The study examined the feasibility and eligibility of the Urban Renewal Area (the "Area") for urban renewal. It also contains base information regarding physical and other conditions of the Area.

This Report also draws from city-wide studies related to industrial land supply, including the Portland Harbor Industrial Land Study and the Citywide Industrial Land Inventory and Assessment. Both of these reports were completed in 2003.

The Willamette Industrial Urban Renewal Area represents an enormous opportunity to strengthen the Portland economy. Urban renewal will allow for public investments to address the challenges which property owners in the area face, such as environmental contamination. Urban renewal will also help the City to address the severe shortage of industrial land within the harbor area, which is a fundamental challenge to the City's economic health.

II. PHYSICAL CONDITIONS

A. Land Use and Zoning

The proposed URA as described in this Report consists of approximately 758 acres of land lying on both the east and west sides of the Willamette River. The Area includes portions of Swan Island and Mock's Bottom on the east side, as well as properties lying on the west side of the River between St. Helens Road (Highway 30) and the River, in the vicinity of the historic Railroad Bridge.

The URA is divided into four sub-areas, as indicated in the map attached as Exhibit 1. These sub-areas are Swan Island and Mocks Bottom (both of which are located on the east side of the Willamette River), and West Bank-North and West Bank-South, lying on the west side of the River.

The entire proposed Urban Renewal Area falls within either the IG-2, General Industrial, or IH, Heavy Industrial, base zones. All of the Mocks Bottom sub-area falls within the IG-2 zone, as does about 18.5 acres towards the southern end of the Swan Island sub-area. The balance of the proposed URA (consisting of the remaining acreage of Swan Island as well as all the west bank properties) falls within the IH zone. Table 1 indicates the acreage in each sub-area, by zoning.

Table 1: Zoning by Sub-area

Sub-Section	1H	IG2
West Bank North	80	0
West Bank South	119	0
Swan Island	175.5	18.5
Mocks Bottom	0	365
Totals:	**374.5**	**383.5**

Both the IG-2 and IH zones are classified as "industrial sanctuary" zones, meaning that there are strong restrictions on non-industrial uses. Industrial sanctuary zones are intended to preserve lands for industrial, manufacturing and warehousing activities. Both the IG-2 and IH zones allow a broad range of industrial uses, including manufacturing, as well as warehousing, light processing and fabrication activities. As the name implies, the IH zone allows heavier and more intensive manufacturing uses, in addition to the uses allowed in the IG-2 zone.

Portions of the proposed URA (including all of the Swan Island sub-area, and those portions of the Mocks Bottom, West Bank North and West Bank South sub-areas lying close to the River) lie within the RI, River Industrial, overlay zone and are subject to its requirements in addition to the base zone requirements. The RI overlay zone is one of five Willamette Greenway overlay zones. The intent of the RI zone is to "encourage and promote the development of river-dependent and river-related industries which strengthen the economic viability of Portland as a marine shipping and industrial harbor, while preserving and enhancing the riparian habitat and providing public access where practical." Under the provisions of the Swan Island Plan District, some waterfront properties in Swan Island and Mocks Bottom are exempt from greenway review under certain circumstances, in recognition of the particular needs of river-dependent industries; a mitigation plan is required in lieu of the greenway review.

Consistent with the zoning designations, the predominant land uses within the URA are industrial, including manufacturing and warehouse. Table 2 indicates the number of sites and acreage by land use within the URA. Note that 127 acres are dedicated to transportation rights-of-way and open space (streets, railroads, and so forth).

Table 2: Sites and Acreage by Land Use

Facility Type	All Sites	All Acres
Occupied Sites	**62**	**531**
General Industrial	13	254
Distribution	23	151
Multi-Tenant	12	76
Industrial Services	11	44
Non-Industrial	3	6
Unoccupied Sites	**9**	**110**
Non-Sites (r.o.w., etc.)	**--**	**127**
Total	**71**	**768**

Source: Bureau of Planning and PDC, Industrial Lands Atlas, 2004.

B. Streets, Utilities and Infrastructure

This description of infrastructure conditions is based upon visual observations as well as consultation with staff from various City agencies, including the Portland Office of Transportation, the Bureau of Environmental Services, and the Bureau of Parks & Recreation.

Street Classifications

Streets within the proposed URA have the following classifications in the City's Transportation System Plan:

- Basin Avenue in Mocks Bottom is a neighborhood (traffic) collector street, community transit street, City bikeway, City walkway (as are all streets in that section of Mocks Bottom lying east of the Union Pacific main line), and major emergency response street.
- Lagoon Avenue and Channel Avenue, running parallel to each other in Swan Island, are classified as neighborhood (traffic) collector streets, transit access streets, City bikeways, City walkways, and major emergency response streets.
- Dolphin Street, towards the northern end of Swan Island, has the same classifications as Lagoon and Channel, except that it is not a Major Emergency Response Street.
- Front Avenue which runs through the West Bank-South sub-area and terminates immediately north of the Railroad Bridge, is classified as a neighborhood collector street, community transit street, City bikeway, and major emergency response street.
- Finally, the entire proposed URA is classified as a freight district.

The following describes the intended purpose of these street classifications (taken from the Transportation System Plan):

- Freight Districts are intended to provide for safe and convenient truck movement in areas serving large numbers of truck trip ends and to accommodate the needs of intermodal facilities.

- Neighborhood Collectors are intended to serve as distributors of traffic from Major City Traffic Streets or District Collectors to Local Service Streets and to serve trips that both start and end within areas bounded by Major City Traffic Streets and District Collectors.

- Transit Access Streets are intended for district-oriented transit service serving main streets, neighborhoods, and commercial, industrial, and employment areas.

- Community Transit Streets are intended to serve neighborhoods and industrial areas and connect to citywide transit service.

- City Bikeways are intended to serve the Central City, regional and town centers, station communities, and other employment, commercial, institutional, and recreational destinations.

- City Walkways are intended to provide safe, convenient, and attractive pedestrian access to activities along major streets and to recreation and institutions; provide connections between neighborhoods; and provide access to transit.

- Major Emergency Response Streets are intended to serve primarily the longer, most direct legs of emergency response trips.

Street Conditions

- In the Swan Island sub-area, there appears to be adequate road, rail, and ship access for current uses. There is limited road access to certain undeveloped portions at the northern end of the sub-area, however.

- The Mocks Bottom sub-area appears to have adequate transportation infrastructure for current uses, including road and rail access.

- On the West Bank North sub-area, Siltronic appears to have good transportation access to the developed portions of the property. Undeveloped portions will require additional access, however. There is rail access also just beyond the western edge of the property.

- The West Bank South sub-area has good road and ship access for the eastern portions of the sub-area. However, the tax lots in the western section of this sub-area have limited street access. There is a rail line just beyond the western edge of the sub-area.

In short, the transportation infrastructure is generally sufficient for existing development. However, future new development on vacant properties, and more intensive utilization of existing developed parcels, will need additional infrastructure due to added impacts. The existing streets are inadequate for significant increases in employment levels implicit in the Plan. Absent specific redevelopment plans for most of the potential redevelopment parcels within the URA, it is difficult to forecast specific additional street requirements (additional capacity, signalization, and so forth) which will be necessary to support new business investment. Therefore, the Plan anticipates the likelihood of such infrastructure investments by including future street improvements as a Plan project.

Utilities

As with streets, it is difficult to predict the exact nature of utility requirements for future business investment within the URA. As with streets, the Plan anticipates the likelihood that urban renewal funds will be needed to assist new businesses with infrastructure improvements such as water service, sewers and stormwater detention and treatment. Few if any of the existing uses in the URA have been developed to current City standards regarding stormwater treatment and detention. As properties are redeveloped, urban renewal funds will likely be necessary to assist in financing utility improvements.

The zoning maps for some properties within the URA include a trail designation – certain levels of redevelopment or private properties will trigger construction of public trails to standards set forth in the regulations of the Willamette Greenway overlay zone. As with other public improvement requirements, the Plan anticipates the need to assist in the funding of required trails.

C. Land and Improvement Values

Table 3 (below) indicates the 2003 improvement to land value ratio. This ratio is a useful indicator of the degree of utilization of a property or area. Areas with low improvement to land value ratios are characterized by low density development and/or vacant sites. Areas with high ratios are characterized by high density development. A ratio of at least 4:1 is considered to be indicative of a healthy development density for industrial areas, based on comparison with existing developed industrial properties. As Table 3 demonstrates, all of the sub-areas within the proposed URA fall short of this minimally desirable ratio, with the exception of the West Bank-North sub-area, which is anomalous due to the existing Siltronic facility. Even this property, however, will accommodate more intensive investment and is therefore considered under-utilized, given the possible new $466,000,000 fabrication plant that Siltronic is considering building at this site. The Siltronic property includes even more opportunities for redevelopment both regard to the older fabrication plants on this site as well as the approximately 20 acre vacant land on the western edge of the site.

Table 3: 2003 Improvement to Land Value Ratios

Subarea	Land Area Acres	Total Real Market Value		I:L Ratio	RMV Value $ per Land Acre
		Improvement $	Land $		
Swan Island	194	$7,693,230	$9,822,900	0.78	$50,634
Mocks Bottom	365	$180,175,000	$78,491,650	2.30	$215,046
West Bank North	80	$183,813,130	$8,431,240	21.80	$105,391
West Bank South	119	$8,057,040	$3,685,810	2.19	$30,973
Total	**758**	**$379,738,400**	**$100,431,600**	**3.78**	**$132,496**

Source: Multnomah County Assessment and Taxation, 2004.

* Note that this table uses Real Market Values, as opposed to Taxable, or Assessed, Values, shown in Table 4. The values are therefore not comparable.

There are in excess of 100 acres of vacant land within the proposed industrial URA. Much of this is in small lots, and all of it faces some constraints on new development due to factors such as known or potential environmental contamination, limitations related to LCDC Goal 5 and other environmental resource policies, access, and diverse ownership.

In addition to the vacant land, there are a number of parcels within the proposed URA that are relatively underutilized, as suggested in Table 3 above. These parcels maintain low-value, low-job density structures, exterior storage yards, and so forth. Sites such as these, in addition to the vacant parcels, have significant redevelopment potential, particularly in light of the severe shortage of industrial sites in Portland's harbor area. Redevelopment of these under-utilized sites can entail either completely new structures and uses, or expansion and modernization of existing facilities, i.e. distribution and logistic facilities. For instance, urban renewal funds can be used to assist in the construction of structured, multi-level parking, thereby allowing for more intensive use of surface parking lots.

The Portland Harbor Industrial Lands Study (2003) notes that "in the Region as well as in the City of Portland, there is a shortage of available, ready-to-develop land to accommodate industrial growth". This Study projects a regional demand of 6,310 acres for industrial development by the year 2020 (813 acres in Multnomah County alone). And yet the Study identifies only 33 acres of "Tier A" (ready to build) riverfront industrial land (all of it outside of the proposed URA). Industrial lands near the riverfront are considered particularly desirable because of their access to all modes of transportation – rail, truck, and, of course, the River. The Study includes an exhaustive list of harbor industrial properties, noting that virtually every property in the general area faces one or more constraints, which render these sites unfeasible for new industrial investment at this time.

The Portland Harbor Industrial Lands Study identifies the challenge of addressing environmental and other regulatory constraints which further diminishes the financial feasibility of new industrial development, in addition to the issue of the shortage of vacant or under-utilized industrial land in the harbor area. For this reason, formation of the URA is critical to provide resources to facilitate redevelopment of these unused/underutilized sites, as the private market does not view this level of financial risk profitable enough to invest in at this time.

Formation of the URA will also provide the means by which to assemble property so as to create adequately sized and configured sites for new or expanded manufacturing investment. Facilitation of site assembly, site preparation, and site remediation by PDC will greatly improve the economic viability of property located within the proposed URA, by increasing the amount of "shovel ready" developable industrial land within the region, allowing existing transportation infrastructure to be fully utilized while simultaneously increasing the City's tax base.

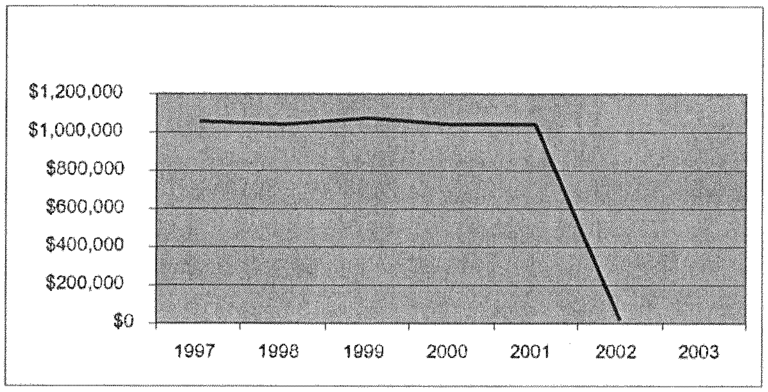
D. Environmental Conditions

Perhaps the greatest single impediment to new investment within the URA is environmental contamination. Many properties are or may be contaminated. Within the proposed URA boundaries, there are currently 13 DEQ (Department of Environmental Quality) cleanups or investigations underway. At least two of these sites (comprising 67 acres) are totally unoccupied, and many of the rest are highly underutilized. All properties within the URA on the west bank of the Willamette are sites with known or suspected contamination such as gasoline, diesel, oil, creosote, coal tar, PCB's, pesticides and herbicides. Several of these sites have been remediated but may require additional assistance before the sites are ready to be redeveloped. A large portion of the Swan Island area is currently being evaluated by DEQ for the presence and extent of contamination. In the Mocks Bottom area there are several properties that have known or suspected contamination; additional sites may be identified as DEQ continues its investigations.

The challenge with most of these contaminated properties is that they will not be redeveloped by the private sector without some additional public financial assistance, as it is currently not financially feasible to redevelop through conventional (private) financing sources. While the cost of remediation varies considerably depending on the level and type of contamination, it is common for clean-up costs to be so exorbitant that redevelopment does not provide a sufficient rate of return with respect to private financing. Even *with* urban renewal funding assistance, the costs of remediation can be so exorbitant that it is unfeasible to take the necessary remediation actions to return a contaminated site to productive use. However, the strategic use of urban renewal funds in some cases can make the difference in whether a contaminated site is redeveloped. PDC assistance is not necessarily intended to remove the obligations, financial or otherwise, of parties responsible for contaminated conditions.

The Atofina property, located in the West Bank – South sub-area of the URA, illustrates the effects of contamination on property values and redevelopment potential. At one time this property was one of the ten highest tax revenue sources in the City. In 2002 the Tax Assessor re-assessed this site in light of its contaminated condition, leading to a dramatic decline in tax revenues received by local taxing jurisdictions, including the City's General Fund, as depicted in the following graph:

Figure 1: Property Tax Decline: Atofina Site



Source: Multnomah County Assessment and Taxation, R483779 and R324210, 2004.

Based on a $60 million drop in market value, this site's annual contribution to property taxes fell by over $1 million in just one year.

Formation of an industrial URA is a major component of a comprehensive strategy to facilitate industrial brownfield redevelopment, thereby restoring once productive land that has become a financial and environmental liability. Urban renewal funds can be used for financial and technical assistance related to the assessment, mitigation, and/or remediation of these sites.

III. SOCIAL AND ECONOMIC CONDITIONS

A. Population, Income and Employment

Unlike most urban renewal areas, the land within the proposed Willamette Industrial URA is zoned exclusively for industrial uses. As such, there is no existing or proposed residential development within the URA boundary.

There is considerable employment within the proposed URA. The most recent estimates (2002) show approximately 7,000 jobs within the boundary. Typically these jobs are quality, high-paying positions. For instance, according to the Portland Harbor Industrial Lands Study (2003), a typical employee in the manufacturing sector earns about $51,800 per year, compared with a city-wide average for all jobs of about $36,700. As a result, manufacturing jobs have a stronger "multiplier effect" – higher paying jobs result in more discretionary income, thereby creating more secondary jobs. The aforementioned study notes that the 34,270 jobs in the harbor industrial areas (this comprises a much larger area than the proposed URA) generate an additional 46,890 jobs throughout the metropolitan area.

In light of the benefits of manufacturing jobs to the general economy, one of the primary goals of the Plan is the encouragement of new business investment that will result in a higher density of well-paying jobs.

B. Economic Conditions

Properties within the proposed URA are not achieving their full economic potential. Sections II-C and II-D describe the under-utilization of these properties, with a particular focus on the contaminated condition of many properties.

As noted above, there were approximately 7,000 jobs within the boundaries of the proposed URA in 2002. This number represents a significant decrease since 1996 and 2000, when there were approximately 9,900 and 10,800 jobs, respectively. This drop in job numbers can probably be attributed in part to factors far beyond the influence of urban renewal (such as the recession in the national economy over the last several years). However, the reduction in job count can be attributed in part to conditions identified in this Report, conditions which urban renewal can address, such as the contaminated condition of key sites.

The redevelopment of vacant or under-utilized sites represents an opportunity to generate increased employment numbers within the URA boundary. As described in Section VII of this Report, PDC has projected a new development scenario that is likely to occur if the proposed URA is formed. Using employment density estimates by use (set forth in a study prepared for PDC), this new development would result in the creation of over 10,000 new jobs over the 20 year build-out of the projected new development.

To the extent that it can help spur new private investment in the area, urban renewal is critical to the significant improvement of economic conditions within the proposed URA.

C. Service Impacts

The Willamette Industrial Urban Renewal Plan is not anticipated to have significant impacts on most services, in as much as there will be no residential development. Increase in residential population can require additional City services, such as parks and schools. Because there are no residentially zoned properties within the URA, this issue is largely moot.

As noted earlier in the Plan (Section II B), it is anticipated that new development could trigger the need for additional infrastructure such as street improvements and utilities. The Plan allows for expenditures on these improvements to accommodate new development which is supportive of the Plan goals.

IV. CONFORMANCE WITH LAND AREA AND ASSESSED VALUE LIMITS

ORS 457.420(2)(a)(A) provides that the assessed value of an urban renewal area, when added to the total assessed values previously certified by the assessor for all other active urban renewal areas, may not exceed 15% of the total assessed value of the municipality (i.e. the City of Portland), exclusive of any increased assessed value for other URA's.

ORS 457.420 (2)(a)(B) provides that the total land area of a proposed urban renewal area, when added to the land area of existing active urban renewal plans, may not exceed 15% of the City's total land area.

Data assembled from the Multnomah County Assessor indicates that the 2003 total assessed valuation for real property within the proposed urban renewal area boundary is $377,623,620. Staff estimates that the value it will carry at the time of certification of the frozen base will total $381,399,856, and that when Personal Property accounts are added, the certified frozen base will total approximately **$423,777,618**. Table 4 shows the certified values and acreage for all of Portland's renewal areas, and how values and acreage in the proposed industrial URA would influence the 15% limits.

Table 4 – Indication of Compliance with 15% Acreage and Assessed Value Requirements

Urban Renewal Area	Acreage		Assessed Value
Oregon Convention Center	601		$247,728,838
Downtown Waterfront	309		$70,866,644
Airport Way	2,780		$129,701,177
South Park Blocks	161		$378,055,680
Central Eastside	681		$224,605,349
Lents Town Center	2,472		$640,177,922
River District	310		$358,684,364
Gateway Regional Center	653		$307,174,681
North Macadam	409		$180,450,967
Interstate Corridor	3,744		$1,033,372,876
Total Current URA	**12,120**		**$3,570,818,498**
Proposed Industrial URA	**758**	*	**$423,777,618**
Total with Proposed URA	**12,878**		**$3,994,596,116**
Total City of Portland	**92,614**	**	**$37,695,449,753**
Total Percentage URA Acreage	**13.91%**		**10.60%**

Source: Tax Supervising and Conservation Commission, Multnomah County Assessment and Taxation, Tashman Johnson LLC, and PDC, 2004.

* Preliminary Estimates.
** 2003 Tax Year.

V. REASONS FOR SELECTION OF THE AREA

The area of the proposed Willamette Industrial Urban Renewal Plan was chosen in order to remove blighting conditions within the four sub-areas constituting the Plan. This proposed URA represents a tremendous opportunity for the City of Portland to fulfill over-arching economic development goals related to the attraction and retention of industrial enterprises which provide good paying jobs, as well as capitalizing on the transportation infrastructure provided by the urban growth boundary, which concentrates industrial uses in order to optimize transportation investment. This Plan is necessary to fully realize this opportunity and to achieve the above goals.

This Report addresses the core issues that drive the selection of the area – environmental contamination and under-utilization of key industrial opportunity parcels, in light of the City's severe lack of developable industrial land. The boundary includes sites on both the east and west sides of the River that are likely to remain in their current blighted condition without formation of the proposed URA. Inclusion of these properties within the URA will allow the area to achieve its potential, through the provision of important funding tools that are necessary to make new development financially feasible.

Each of the four sub-areas is characterized by the blighted conditions (environmental contamination and/or under-utilization of land) which urban renewal can help to ameliorate, thereby justifying inclusion in the URA boundary:

- The 194 acre Swan Island sub-area features several major vacant parcels, including a 30 acre Port-owned property on the main channel of the Willamette River, and the Cascade General property which has experienced a major decline in employment due to the removal of its dry-dock. As noted earlier, there are infrastructure deficiencies associated with the Cascade General property – a major redevelopment is likely to trigger substantial public infrastructure requirements.

- The Mock's Bottom sub-area, at 365 acres, is the largest of the four sub-areas, is fairly well developed, but much of this development is in low density, low improvement value uses, such as exterior storage. These properties on Mock's Bottom lend themselves to redevelopment, particularly in light of the relative lack of available, unconstrained industrial sites in the City. This redevelopment might entail the conversion of existing low intensity development to high density, jobs-intensive investments. It also might entail the modernization and expansion of warehouse facilities, again with the goal of increasing employment opportunities.

- West Bank North is partially developed with the Siltronic facility. However, Siltronic's ownership includes major opportunities for reinvestment, reinvestment that will not occur without inclusion of this property in the proposed URA. Urban renewal funds are essential to re-investment in Siltronic's existing fabrication plants as well as the approximately $466,000,000 fabrication plant Siltronic is contemplating developing on this site, which would generate about 500 good-paying jobs. The site also includes an additional 25 acres that could accommodate further expansion, if urban renewal funding is available to assist.

- West Bank South faces arguably the greatest challenges to redevelopment among the four sub-areas. As noted earlier in this report, the major holdings in this sub-area suffer from severely environmental contamination, and it is very unlikely that major new development will occur on these properties without the funding assistance that urban renewal provides. Even with urban renewal funding, it may not be possible to return some of these sites to productive use, but without urban renewal the restoration of these sites appears unfeasible.

The proposed URA includes numerous river-front parcels. Formation of the urban renewal area will provide funding sources to upgrade the river-front, to assist with enhanced wildlife habitat and with greenway trail improvements where required.

The proposed URA does not include the Willamette River, except as private parcels extend into the River. The River has not been included in the URA study boundary for the following reasons:

- Inclusion of non-privately held river "lands" would not serve the essential purposes of the proposed URA, i.e. to assist in new industrial/manufacturing investment which will create new quality jobs.

- The non-privately held River area is not taxable property, and therefore would not generate any tax increment, which is related to the aforementioned purpose of the URA (i.e. new increment to assist in new job-generating private investment).

- Inclusion of the River would add a considerable amount of non-taxable acreage. This is a concern because of the statutory limitation on the total acreage in the City that may fall within an Urban Renewal Area (see Section IV).

- Even if non-privately held portions of the Willamette River were included in the proposed URA, direct contamination clean-up costs in the Willamette River (bank to bank, as opposed to the adjacent developable shores) are not TIF eligible expenses because such a project would not prevent or eliminate blight in the proposed URA as required by ORS Chapter 457. Any contamination in the Willamette River is not one of the constraints that has created blight and prevented development of the properties in the proposed URA. Absent that link, TIF may not be used to clean up the Willamette River.

VI. RELATIONSHIP BETWEEN PROJECTS TO BE UNDERTAKEN AND EXISTING CONDITIONS IN AREA

The projects to be undertaken under the Plan are designed to remove blighted conditions within the District. The projects are directly related to conditions within the District. The major expenditure categories include business assistance, addressing environmental contamination, infrastructure investment, and land acquisition.

The Portland Development Commission's various financial assistance programs for businesses include the Quality Jobs Program, the Economic Opportunity Fund, Deferred Loan Program and the Industrial Development Opportunity Services Program. Use of these various funding programs in the URA will allow PDC to assist existing businesses to expand, and new businesses to locate in the URA. Financial assistance to new business investment, such as the proposed $466,000,000 Siltronic fabrication plant, is the primary impetus for the URA. Urban renewal is essential to attracting new investment on the many vacant and under-utilized properties within the URA boundary.

Environmental contamination in the proposed URA is another major challenge that urban renewal funds could remedy. As noted in this Report, there are numerous properties within the proposed URA that are constrained by environmental contamination. The proposed URA will provide a possible funding source to assist in the redevelopment of these properties, through the assessment, remediation, and/or mitigation of environmental conditions. Without this assistance, these properties are likely to remain abandoned or underutilized, which not only prevents increased tax revenue but also continues to endanger the health and safety of humans and of wildlife.

Infrastructure development (streets, water, sewer, storm drainage, pedestrian amenities) will occur as an incentive to private development. New development will require additional infrastructure, and in some cases will also trigger public improvement requirements related to the Willamette Greenway.

The Plan authorizes a comprehensive set of projects to eliminate blight in the area and to generate a significant amount of jobs and private business investment, in accordance with the aspirations set forth in the Plan.

VII. <u>ESTIMATED COSTS AND REVENUES</u>

Estimated revenues and costs, including capital and operating costs, are shown on Exhibits 2 and 2 and 4, Project Revenue and Expenditure Summary. (Exhibit 2 indicates revenues and expenditures *other* than the proposed Siltronic project; Exhibit 4 represents revenues and expenditures for the Siltronic project). Costs were estimated in 2004 dollars and converted to year of expenditure dollars assuming annual inflation of 3%. Revenues are obtained from urban renewal bond proceeds and the proceeds of short term urban renewal notes.

The capacity for urban renewal bonds and notes is based upon projected tax increment, which in turn is based upon projections related to development within the proposed URA. Development projections represent moderately conservative assumptions regarding new investment on vacant and under-utilized properties, as well as growth in the assessed value (AV) for existing development.

Specifically, tax increment revenues are assumed to derive from three separate sources, or categories of tax generating activity. These sources are:

A. Redevelopment of low valued lots.
B. Appreciation from lots that are not projected to redevelop.
C. Increment generated through Siltronic investment.

Annual assessed value appreciation of existing properties that are not projected to be redeveloped (generally, all properties with a total Real Market Value for land plus improvements of $6.50 per square foot or greater) is estimated at 1% initially, growing to 2.25% over time. This is a "blended" rate, consisting of commercial-assessed properties which are assumed to grow in assessed value at 3% annually (the maximum rate allowed under Measure 50), as well as industrial-assessed development, which appreciates in value at a much lower rate, due to depreciation and other factors.

Appreciation in value of land due to redevelopment was estimated by assuming that sites with a total (land and improvements) Real Market Value of less than $6.50 per square foot would redevelop. The mix of redevelopment would vary by sub-area based on their particular characteristics, according to the following divisions:

Table 5: Redevelopment Assumptions by Sub-area with Urban Renewal

Sub-area	Redeveloped Acreage	Warehouse %	Factory %	Office %
Swan Island	110.9	25%	50%	25%
Mocks Bottom	76.3	30%	50%	20%
West Bank North	24.7	60%	40%	0%
West Bank South	108.0	75%	25%	0%

Source: Portland Development Commission and Tashman Johnson LLC, 2004.

For these redevelopment projections, a non-build factor of .35 was assumed, meaning that of the lots slated for redevelopment, 35% would remain vacant after 20 years. The table above indicates acreage slated for redevelopment net of this non-build factor. Of the three development types, warehouse developments are estimated to have a total value of $22.96 per square foot of site area, factory developments are estimated at $46.80 per square foot of site area, and office developments are estimated at $74.75 per square foot of site area. Note that any new office development in the URA is assumed to be ancillary to adjoining industrial development, in accordance with zoning restrictions. These redevelopment assumptions result in a total new development/redevelopment value of $359.1 million over 20 years. These figures do not include the proposed Siltronic silicon wafer fabrication plant.

Based on these assumptions, total revenues of $99.2 million are expected to be available for projects from the bond and note proceeds, *not including* Siltronic. In nominal dollars, costs total $96.6 million. In addition, the Siltronic investment would require business assistance of approximately $65.6, based on revenues of $66.7 million.

Total costs for the URA (including Siltronic) would therefore total $162.2 million, and revenues total $165.9. Based on these projections, revenues are sufficient to cover expenditures, and the Plan is therefore financially feasible.

VIII. PROJECT SCHEDULE

The schedule of each urban renewal activity is shown on Exhibits 2 and 4. Activities are anticipated to be undertaken starting in FY 2005/2006 and ending in FY 2024/2025.

IX. FINANCIAL ANALYSIS

Exhibit 2 indicates that projected revenues (other than the proposed Siltronic investment) are sufficient to cover projected expenditures and that the Plan, therefore, is financially feasible. Exhibit 4 indicates that the assistance being offered Siltronic is less than the revenues that its $466 million investment will generate, and that the project is therefore feasible.

Exhibit 3 indicates that projected urban renewal taxes are sufficient to support bonded indebtedness to the extent necessary to provide project revenues *other* than the proposed Siltronic investment. Exhibit 5 indicates that projected urban renewal taxes generated by the proposed Siltronic investment are sufficient to support bonded indebtedness to the extent necessary to provide project revenues to that project. Additional revenues are provided by short term urban renewal notes, repaid on an annual basis from the ending fund balances.

X. FISCAL IMPACT STATEMENT

The amendments to the Oregon Constitution passed by voters in May, 1997 resulted in a shift in Oregon's property tax valuation system. The existing tax bases and most continuing levies by taxing districts were subsequently reduced and then converted to "permanent rates." These permanent rates were sufficient to levy the amount of revenue that each taxing district was authorized to levy in 1997-98.

Since FY 98/99, the maximum revenues for each taxing district that maintains a permanent rate is determined by applying the permanent rate to the assessed value within the taxing district. Under this revised taxation system, the fiscal impact of urban renewal consists primarily of tax revenues foregone by taxing districts.

To a lesser extent, impacts in terms of increased tax rates to tax payers will result from any levy other than permanent rates. For example, if a local option levy or exempt bond levy is approved by voters, the tax rate necessary to raise the amount approved may be higher as a result of the existence of the Plan.

It is projected that $134,4 million of tax increment funds will be required to implement the Plan (without the proposed Siltronic deal). In addition, the Siltronic project would require another

$66.7 million of tax increment funds It is projected that by the end of FY 2027/2028, sufficient urban renewal tax revenues will have been collected to retire all outstanding bonded indebtedness necessary to finance the Plan. Urban renewal tax collections would therefore be projected to cease in 2028. Table 5 shows the projected revenues foregone by the taxing districts that levy taxes within the Area through FY 2028. The permanent rates are based on FY 2003/2004 rates. No other rate adjustments were made since many of them require voter approval or will not exist for a significant duration of the plan. Also, bond rates may be different due to changes in debt service requirements.

The foregone revenues are those revenues resulting from taxes on the level of development that would occur *without* urban renewal. Based on recent trends, PDC projects that new investment within the proposed URA will be limited if the URA is not formed. For instance, the proposed Siltronic investment ($466,000,000) will not occur without urban renewal. Moreover, some properties will actually lose value (or at least not appreciate in value) due to such factors as environmental contamination and depreciation of existing plant and equipment. The example of Atofina illustrates this scenario (see Section II.D).

To estimate investment in the area without formation of the proposed URA, significantly less redevelopment is expected to occur compared to redevelopment projections with urban renewal. Moreover, the mix of uses is assumed to be more heavily weighted toward lower value uses (e.g., warehouse and flex space). Redevelopment assumptions that are projected without formation of the URA are shown below by sub-area and development types:

Table 6: Redevelopment Assumptions by Sub-area without Urban Renewal

Sub-area	Redeveloped Acreage	Warehouse %	Factory %	Office %
Swan Island	110.9	50%	30%	20%
Mocks Bottom	13.3	70%	20%	10%
West Bank North	24.7	80%	20%	0%
West Bank South	108.0	80%	20%	0%

Source: Portland Development Commission and Tashman Johnson LLC, 2004.

For the non-urban renewal scenario, a non-build factor of 50% was assumed for Swan Island, Mocks Bottom, and West Bank North. Given the significantly contaminated properties in the West Bank South sub-area, a much higher 80% non-build factor was assumed.

With these assumptions, these areas are expected to generate a total incremental Assessed Value of $347.5 million over 20 years assuming that the urban renewal area *is not* formed. This compares to a total incremental Assessed Value of $661.9 million assuming the URA is formed.

Consequently the foregone revenues to tax-affected jurisdictions are relatively modest. Table 7 below indicates estimated losses to permanent rate authorities over the 20 year life of the URA[1]:

Table 7: Impacts to Local Taxing Jurisdictions; Foregone Revenues

Tax Affected Districts	Rate	20 yr NPV at 3%	Average/yr, Current $

[1] This only includes permanent rates.

Port of Portland Permanent	0.0701	164,410	7,473
City of Portland Permanent	4.577	10,734,761	487,944
Metro Permanent	0.0966	226,563	10,298
Multnomah County Permanent	4.3434	10,186,883	463,040
Multnomah County ESD Permanent	0.4576	1,073,242	48,784
PCC Permanent	0.2828	663,271	30,149
SD1 PPS Permanent	4.7743	11,197,503	508,977
Totals:	**14.6018**	**34,246,633**	**34,246,648**

Source: Tashman Johnson, LLC, 2004.

Because of the increased assessed value that is projected to occur within the proposed URA as a result of urban renewal through FY 2025, even with minimal growth in assessed value after 2025 (4% annually), in present value terms the taxing districts are projected to recoup all foregone revenues within 14 years from the cessation of collection of urban renewal taxes, or by FY 2038/39.

XI. RELOCATION REPORT

ORS 457.085 (3) (i) requires a relocation report as part of the Report to an Urban Renewal Plan. The following addresses the components of the relocation report.

A. Analysis of Existing Residents or Businesses Required to Relocate

No properties have been specifically identified for acquisition in the Plan. Therefore, there are no existing residents or businesses which will be required to relocate. Any residents or businesses which are required to relocate as a result of Commission-sponsored projects will be eligible for relocation assistance in accordance with the Commission's Relocation Policy, adopted by Resolution 5169 on September 16, 1998.

B. Methods to be used for the temporary or permanent relocation of persons living in, and businesses situated in, the urban renewal area in accordance with ORS 281.045 to 281.105

Again, the Commission has adopted a Relocation Policy which conforms to the requirements of ORS 35.500 to 35.530. The Portland Development Commission Relocation Policy is incorporated herein by reference.

C. An enumeration, by cost range, of the existing housing units in the urban renewal areas of the plan to be destroyed or altered and new units to be added.

There are no housing units within the area, and zoning regulations prohibit new housing development. Therefore this provision does not apply.

Exhibit _ Project Revenues and Expenditures

Fiscal Year Ending June 30	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Beginning Balance	0	349,375	102,869	662,059	84,864	426,013	92,133	214,792	13,898	368,818
Long Term Bond Proceeds	1,230,129		3,153,499	0	5,024,194	0	5,827,934	0	5,687,124	0
Short Term Bond Proceeds	0	0	0	775,067	242,832	1,256,518	627,417	1,654,514	1,086,810	2,141,206
Interest	0	3,494	1,029	6,621	849	4,260	921	2,148	139	3,688
Total	**1,230,129**	**352,869**	**3,257,397**	**1,443,746**	**5,352,739**	**1,686,791**	**6,548,405**	**1,871,454**	**6,787,970**	**2,513,712**
Expenditures										
Bond Issuance Costs	30,753	0	78,837	388	125,726	628	146,012	827	142,721	1,071
Materials & Services	550,000	250,000	566,500	583,495	601,000	619,030	637,601	656,729	676,431	696,724
Environmental Mitigation	0	0	1,100,000	150,000	2,850,000	250,000	3,000,000	500,000	3,000,000	500,000
Financial Assistance	100,000	0	800,000	625,000	1,350,000	725,000	550,000	500,000	1,350,000	1,200,000
Land Acquisition							1,000,000		1,000,000	
Infrastructure	100,000		50,000				1,000,000	200,000	250,000	
Transfer to DS Fund	100,000	0	0	0	0	0	0	0	0	0
Total	**880,753**	**250,000**	**2,595,337**	**1,358,883**	**4,926,726**	**1,594,658**	**6,333,613**	**1,857,556**	**6,419,152**	**2,397,794**
Ending Balance	**349,375**	**102,869**	**662,059**	**84,864**	**426,013**	**92,133**	**214,792**	**13,898**	**368,818**	**115,918**

Fiscal Year Ending June 30	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenues										
Beginning Balance	115,918	170,296	150,029	109,490	125,358	65,415	61,859	114,298	184,780	42,000
Long Term Bond Proceeds	6,518,167	0	7,470,379		7,553,230		7,606,773		8,130,963	
Short Term Bond Proceeds	1,516,389	2,768,568	2,011,676	3,400,641	2,483,340	4,079,753	2,893,546	4,904,380	3,779,246	5,404,967
Interest	1,159	1,703	1,500	1,095	1,254	654	619	1,143	1,848	420
Total	**8,151,633**	**2,940,567**	**9,633,584**	**3,511,227**	**10,163,181**	**4,145,823**	**10,562,796**	**5,019,821**	**12,096,838**	**5,447,387**
Expenditures										
Bond Issuance Costs	163,712	1,384	187,765	1,700	190,072	2,040	191,616	2,452	205,164	2,702
Materials & Services	717,625	739,154	761,329	784,168	807,694	831,924	856,882	882,589	909,066	936,338
Environmental Mitigation	3,250,000	250,000	5,000,000	2,100,000	6,350,000	50,000	0	500,000	500,000	500,000
Financial Assistance	2,350,000	1,550,000	2,075,000	500,000	1,500,000	1,050,000	4,500,000	3,250,000	300,000	550,000
Land Acquisition	1,500,000		1,500,000		750,000	1,150,000	2,750,000	200,000	6,000,000	856,993
Infrastructure		250,000			500,000	1,000,000	2,150,000		4,140,608	
Transfer to DS Fund	0	0	0	0	0	0	0	0	0	2,500,000
Total	**7,981,338**	**2,790,538**	**9,524,094**	**3,385,869**	**10,097,766**	**4,083,964**	**10,448,498**	**4,835,041**	**12,054,838**	**5,346,034**
Ending Balance	**170,296**	**150,029**	**109,490**	**125,358**	**65,415**	**61,859**	**114,298**	**184,780**	**42,000**	**101,353**

Exhibit 3: Projected Urban Renewal Taxes and Bonded Indebtedness Schedule

Fiscal Year Ending June 30	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Beginning Balance	0	187,087	488,494	820,858	713,783	1,188,032	1,188,032	1,738,148	1,738,148	2,274,972
Tax Increment Revenues										
Current Year (@ 95%)	203,202	407,096	724,121	1,043,078	1,554,056	2,067,236	2,516,758	2,969,311	3,456,201	3,947,904
Prior Year (@4%)	0	8,556	17,141	30,489	43,919	65,434	87,042	105,969	125,024	145,524
Interest	0	1,871	4,885	8,209	7,138	11,880	11,880	17,381	17,381	22,750
Transfer from Project Fund	100,000	0	0	0	0	0	0	0	0	0
Total	303,202	604,610	1,234,641	1,902,633	2,318,896	3,332,582	3,803,712	4,830,809	5,336,753	6,391,149
Expenditures										
Debt Service										
Long Term										
Bond 1	116,115	116,115	116,115	116,115	116,115	116,115	116,115	116,115	116,115	116,115
Bond 2			297,668	297,668	297,668	297,668	297,668	297,668	297,668	297,668
Bond 3					474,248	474,248	474,248	474,248	474,248	474,248
Bond 4							550,116	550,116	550,116	550,116
Bond 5									536,824	536,824
Bond 6										
Bond 7										
Bond 8										
Bond 9										
Bond 10										
Total Long Term Bonds	116,115	116,115	413,783	413,783	888,032	888,032	1,438,148	1,438,148	1,974,972	1,974,972
Long Term Bond Reserve	116,115	116,115	413,783	413,783	888,032	888,032	1,438,148	1,438,148	1,974,972	1,974,972
Short Term Bonds				775,067	242,832	1,256,518	627,417	1,654,514	1,086,810	2,141,206
Total Expenditures	232,231	232,231	827,567	1,602,633	2,018,896	3,032,582	3,503,712	4,530,809	5,036,753	6,091,149
Ending Balance	70,971	372,379	407,074	300,000	300,000	300,000	300,000	300,000	300,000	300,000

Exhibit 3: Projected Urban Renewal Taxes and Bonded Indebtedness Schedule

Fiscal Year Ending June 30	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenues										
Beginning Balance	2,274,972	2,890,241	2,890,241	3,595,392	3,595,392	4,424,479	4,308,363	5,324,057	5,026,389	5,793,894
Tax Increment Revenues										
Current Year (@ 95%)	4,532,921	5,139,047	5,766,935	6,417,261	7,014,635	7,632,403	8,271,180	8,931,600	9,614,315	10,319,994
Prior Year (@4%)	166,228	190,860	216,381	242,818	270,200	295,353	321,364	348,260	376,067	404,813
Interest	22,750	28,902	28,902	35,954	35,954	44,245	43,084	53,241	50,264	57,939
Transfer from Project Fund	0	0	0	0	0	0	0	0	0	0
Total	6,996,870	8,249,050	8,902,459	10,291,425	10,916,181	12,396,480	12,943,991	14,657,158	15,067,035	16,576,640
Expenditures										
Debt Service										
Long Term										
Bond 1	116,115	116,115	116,115	116,115	116,115	116,115	116,115	116,115	116,115	116,115
Bond 2	297,668	297,668	297,668	297,668	297,668	297,668	297,668	297,668	297,668	297,668
Bond 3	474,248	474,248	474,248	474,248	474,248	474,248	474,248	474,248	474,248	474,248
Bond 4	550,116	550,116	550,116	550,116	550,116	550,116	550,116	550,116	550,116	550,116
Bond 5	536,824	536,824	536,824	536,824	536,824	536,824	536,824	536,824	536,824	536,824
Bond 6	615,269	615,269	615,269	615,269	615,269	615,269	615,269	615,269	615,269	615,269
Bond 7			705,151	705,151	705,151	705,151	705,151	705,151	705,151	705,151
Bond 8					712,972	712,972	712,972	712,972	712,972	712,972
Bond 9							718,026	718,026	718,026	718,026
Bond 10									767,505	767,505
Total Long Term Bonds	2,590,241	2,590,241	3,295,392	3,295,392	4,008,363	4,008,363	4,726,389	4,726,389	5,493,894	5,493,894
Long Term Bond Reserve	2,590,241	2,590,241	3,295,392	3,295,392	4,124,479	4,008,363	5,024,057	4,726,389	5,493,894	5,377,779
Short Term Bonds	1,516,389	2,768,568	2,011,676	3,400,641	2,483,340	4,079,753	2,893,546	4,904,380	3,779,246	5,404,967
Total Expenditures	6,696,870	7,949,050	8,602,459	9,991,425	10,616,181	12,096,480	12,643,991	14,357,158	14,767,035	16,276,640
Ending Balance	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000

Exhibit Siltronic Project Revenues and Expenditures

Fiscal Year Ending June 30	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Beginning Balance	0	0	23,925,123	7,058,130	6,440,278	6,209,161	425,170	300,000	300,000	300,000
Long Term Bond Proceeds		45,125,123								
Short Term Bond Proceeds	0	0	2,893,756	2,311,566	1,704,481	1,153,917	2,127,256	1,454,925	987,079	569,366
Interest	0	0	239,251	70,581	64,403	62,092	4,252	3,000	3,000	3,000
Total	0	45,125,123	27,058,130	9,440,278	8,209,161	7,425,170	2,556,678	1,757,925	1,290,079	872,366
Transfer to Debt Service Fund		1,200,000								
Expenditures	0	20,000,000	20,000,000	3,000,000	2,000,000	7,000,000	2,256,678	1,457,925	990,079	572,366
Ending Balance	0	23,925,123	7,058,130	6,440,278	6,209,161	425,170	300,000	300,000	300,000	300,000

Fiscal Year Ending June 30	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenues										
Beginning Balance	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000
Long Term Bond Proceeds										
Short Term Bond Proceeds	188,961	1,699,122	1,133,301	735,383	378,136	26,041	1,537,292	1,635,980	695,774	302,897
Interest	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Total	491,961	2,002,122	1,436,301	1,038,383	681,136	329,041	1,840,292	1,938,980	998,774	605,897
Transfer to Debt Service Fund										
Expenditures	191,961	1,702,122	1,136,301	738,383	381,136	29,041	1,540,292	1,638,980	698,774	305,897
Ending Balance	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000

Exhibit [illegible] Siltronic Debt Capacity

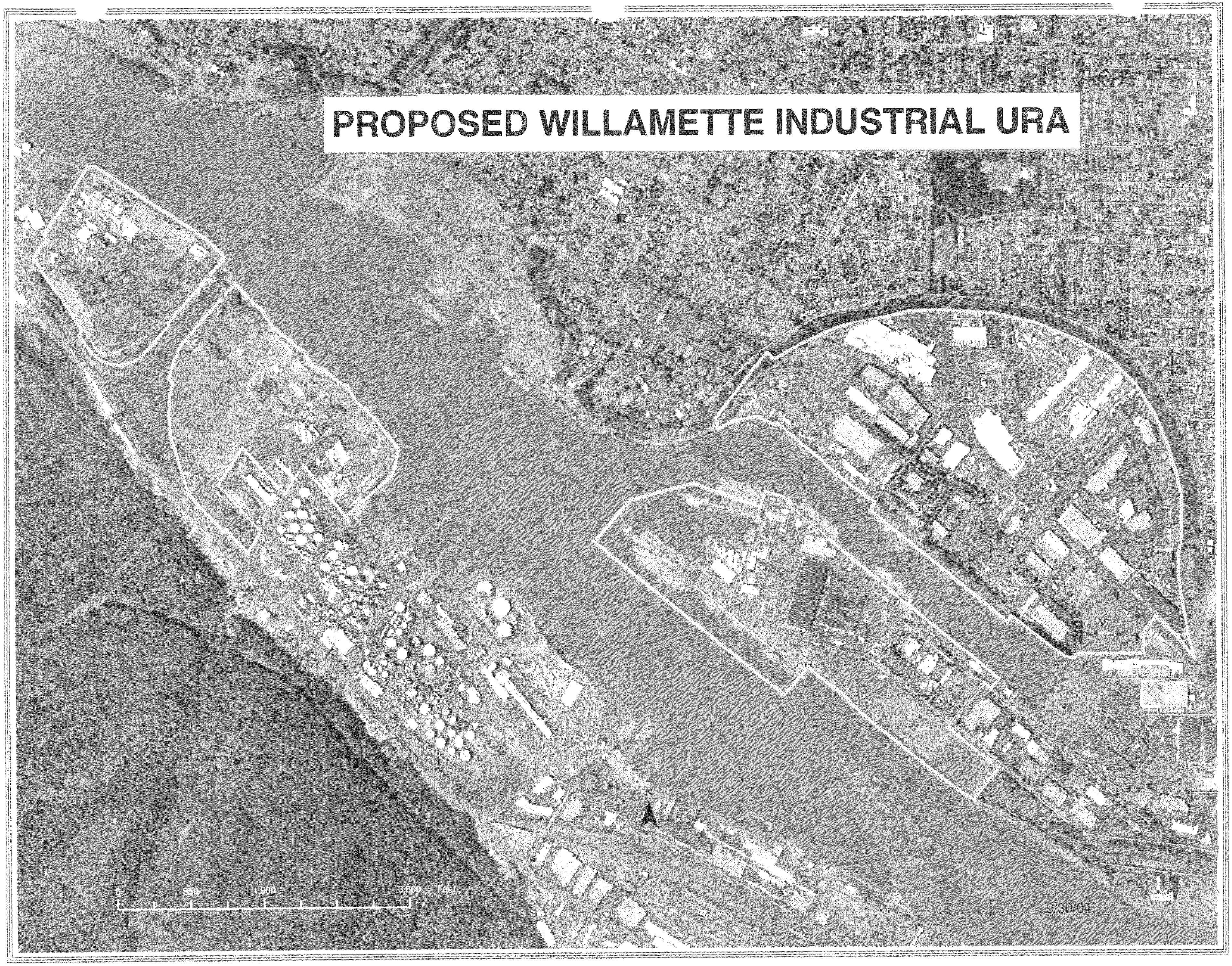
Siltronic Debt Capacity

Fiscal Year Ending June 30	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues											
Beginning Balance	0	0	4,394,619	4,359,492	4,359,492	4,359,492	4,359,492	4,359,492	4,359,492	4,359,492	4,359,492
Tax Increment Revenues											
Current Year (@ 95%)	0	5,324,366	6,849,991	6,239,043	5,657,682	5,131,596	6,127,086	5,412,840	4,975,068	4,575,787	4,212,194
Prior Year (@4%)	0	0	224,184	288,421	262,697	238,218	216,067	257,983	227,909	209,477	192,665
Interest	0	0	43,946	43,595	43,595	43,595	43,595	43,595	43,595	43,595	43,595
Transfer from Project Fund		1,200,000									
Total	0	6,524,366	11,512,740	10,930,551	10,323,466	9,772,902	10,746,241	10,073,910	9,606,064	9,188,351	8,807,946
Expenditures											
Debt Service											
Long Term											
Bond 1	0	2,129,746	4,259,492	4,259,492	4,259,492	4,259,492	4,259,492	4,259,492	4,259,492	4,259,492	4,259,492
Bond 2					0	0	0	0	0	0	0
Bond 3							0	0	0	0	0
Bond 4								0	0	0	0
Bond 5										0	0
Bond 6											
Bond 7											
Bond 8											
Bond 9											
Bond 10											
Total Long Term Bonds	0	2,129,746	4,259,492	4,259,492	4,259,492	4,259,492	4,259,492	4,259,492	4,259,492	4,259,492	4,259,492
Long Term Bond Reserve	0	2,129,746	4,259,492	4,259,492	4,259,492	4,259,492	4,259,492	4,259,492	4,259,492	4,259,492	4,259,492
Short Term Bonds			2,893,756	2,311,566	1,704,481	1,153,917	2,127,256	1,454,925	987,079	569,366	188,961
Total Expenditures	0	4,259,492	11,412,740	10,830,551	10,223,466	9,672,902	10,646,241	9,973,910	9,506,064	9,088,351	8,707,946
Ending Balance	0	2,264,873	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000

Exhibit [illegible] Siltronic Debt Capacity

Siltronic Debt Capacity

Fiscal Year Ending June 30	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Revenues											
Beginning Balance	4,359,492	4,359,492	4,359,492	4,359,492	4,359,492	4,359,492	4,359,492	4,359,492	4,359,492	4,359,492	4,359,492
Tax Increment Revenues											
Current Year (@ 95%)	5,737,664	5,107,612	4,736,223	4,394,614	4,056,903	5,582,373	5,616,830	4,675,173	4,321,945	0	0
Prior Year (@4%)	177,356	241,586	215,057	199,420	185,036	170,817	235,047	236,498	196,849	181,977	0
Interest	43,595	43,595	43,595	43,595	43,595	43,595	43,595	43,595	43,595	43,595	43,595
Transfer from Project Fund											
Total	10,318,107	9,752,285	9,354,368	8,997,121	8,645,026	10,156,277	10,254,965	9,314,759	8,921,882	4,585,064	4,403,087
Expenditures											
Debt Service											
Long Term											
Bond 1	4,259,492	4,259,492	4,259,492	4,259,492	4,259,492	4,259,492	4,259,492	4,259,492	4,259,492	4,259,492	2,129,746
Bond 2	0	0	0	0	0	0	0	0	0	0	0
Bond 3	0	0	0	0	0	0	0				
Bond 4	0	0	0	0	0	0	0	0	0		
Bond 5	0	0	0	0	0	0	0	0	0	0	0
Bond 6	0	0	0	0	0	0	0	0	0	0	0
Bond 7			0	0	0	0	0	0	0	0	0
Bond 8					0	0	0	0	0	0	0
Bond 9							0	0	0	0	0
Bond 10									0	0	0
Total Long Term Bonds	4,259,492	4,259,492	4,259,492	4,259,492	4,259,492	4,259,492	4,259,492	4,259,492	4,259,492	4,259,492	2,129,746
Long Term Bond Reserve	4,259,492	4,259,492	4,259,492	4,259,492	4,259,492	4,259,492	4,259,492	4,259,492	4,259,492	4,259,492	2,129,746
Short Term Bonds	1,699,122	1,133,301	735,383	378,136	26,041	1,537,292	1,635,980	695,774	302,897	0	0
Total Expenditures	10,218,107	9,652,285	9,254,368	8,897,121	8,545,026	10,056,277	10,154,965	9,214,759	8,821,882	8,518,985	4,259,492
Ending Balance	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000


PROPOSED WILLAMETTE INDUSTRIAL URA
0
950
1,900
3,800
Feet
9/30/04

Fact Sheet

Siltronic Corporation's 300 mm Silicon Wafer Fab
Consideration of Portland, Oregon

Key Facts

▪ Company:	Siltronic Corp. (formerly Wacker Siltronic)
▪ Current # employees:	1,100
▪ Investment Amount:	At least $600 million (building and equipment)
▪ New Employees:	500 to start; hundreds more possible in later phases
▪ Product:	Silicon Wafers (300 mm diameter)
▪ Key Customers Served:	Intel, Texas Instruments, IBM, Micron
▪ Decision Process:	Selection of winning site in Sept./Oct., 2004 Start-up in 2006; 2nd possible ramp in 2009

Community Benefit

- $4.5 billion in new revenue generated
- 500 jobs to start; hundreds more possible later
- Retention of existing Siltronic jobs, currently at 1,100
- 630 permanent secondary jobs (support services, suppliers)
- 810 construction jobs
- $29 million in income taxes, fees generated over 15 years
- Utilization of vacant industrial land
- Investment in industrial area currently underutilized

Community Investments Proposed

- Low interest federal loans (ED 108, Small Scale Energy Loan Program)
- Grants: Special Public Works Fund, Strategic Reserve, Energy Trust of Oregon
- Tax Abatements: Construction in Process
- Formation of a new Industrial Urban Renewal Area
- Workforce Training – Worksystems, Inc. services, state and federal grants
- Research – In silicon and nanotechnology
- Expedited land development and permitting processes

10/1/04

Backgrounder

Siltronic Corp., Portland

The Company
Siltronic Corp. is the world's third largest global manufacturer of high purity silicon and silicon wafers, providing fundamental products in the semiconductor industry as well as broader markets such as photovoltaics, flat panel displays, automotive components, satellite and telecommunications.

Siltronic is headquartered outside Munich, Germany and operates manufacturing facilities in Germany, the United States, Japan, and Singapore. A 100 mm facility opened on NW Front Avenue in Portland in 1979. At that time, the Portland Development Commission formed the NW Front Avenue urban renewal area (URA) to assist the company's location. That URA has since expired and the bonds have been paid off. The investment in this new facility in Portland would assure the continued existence of Siltronic as an important employer in Oregon.

Siltronic built its first 200mm fab at the Portland site in 1995/6. The company also operates 200mm fbs in Singapore and Japan. Siltronic built its most recent 300mm fab in Freiberg, Germany in 2003. The German government provided a cash incentive of 28% or 128M Euros to attract the local investment.

The Expansion
If it is located in Portland, it would be the first 300mm fab built in the western hemisphere. Currently, major production of 300mm silicon wafers takes place only in Germany or Asia. Leading customers of 300mm wafers, however, are primarily US-based (Intel, IBM, Texas Instruments, Motorola, Micron, etc.).

Corporate Citizenship/A 25-year commitment to local training and hiring
Siltronic has been a good corporate citizen, providing quality jobs since it first came to Portland in 1978/79. After the decision to locate the first facility here, the company agreed to an innovative "first source" agreement for recruiting all of the company's initial team of 450 production operators. The recruiting gave preference to local citizens who had been unemployed for a long period, and other disadvantaged groups. The program provided three months of classroom and hands-on training through Portland Community College. The Southeast Center campus of PCC on 82nd Avenue was launched through funding provided by this training.

Throughout the 1980s the company expanded the process -- building and adding new equipment and larger diameter wafer production lines. The company also cooperated with a unique partnership of local high tech companies, state agencies and community colleges to develop and provide training for individuals to prepare them for entry into the semiconductor field and for advancement within that field. The Semiconductor Workforce Consortium was formed in 1989 as a result of these efforts, and is still in operation today.

Siltronic entered into an Enterprise Zone Agreement when they expanded their Portland operations in 1996. This agreement stipulated preferential hiring and retention of those new employees living within the zone (North/Northeast Portland). The company also provided unique benefits above and beyond the family wage jobs. These included childcare assistance and referral, bus passes, home ownership forgivable loans and medical/dental and vision coverage. In addition, Siltronic has voluntarily built a partnership with community-based SE Works Neighborhood Jobs Center to recruit and train their entry level workforce. Siltronic pays a fee for each successful hire from the job center.

Good Corporate Citizenship/Environmentally Responsible

Siltronic's manufacturing operations are conducted with a focus on protection of the environment. The company's focus on top quality environmental programs and a commitment to the development and implementation of sustainable business practices led to a number of environmental awards. Awards have been received from the US Environmental Protection Agency EPA, the Governor of Oregon, Oregon DEQ, and the City of Portland. Siltronic has earned fifteen environmental awards based on performance, contribution and sustainable practices. The company built and operates under an Environmental Management System (EMS) certified by International Standards Organization ISO 14001 and EPA Environmental Performance Track criteria.

The Semiconductor Industry

Silicon is the basic material from which integrated circuits and other semiconductor devices are fabricated. The current environment in the electronics industry is such that ongoing technological advancements by device makers force silicon wafer producers to continually modify production processes in order to meet strict customer-imposed specifications. As a result, silicon wafer suppliers must keep pace with technology trends in order to assure stability in their customer base.

Siltronic has been expanding its 300mm wafer production lines and is one of only three manufacturers who can offer volume product to chip vendors making the transition from medium wafer manufacturing (i.e. 100mm and 200mm) to larger wafer manufacturing (300mm). It is expected that 300mm wafer manufacturing will be the fastest growing segment of the wafer industry.

*INDUSTRIAL URA - CRITICAL EVENTS CALENDAR

August 2004

S	M	T	W	T	F	S
1	2	3	4	5	6	7
	Mtg. Chair Linn		Draft Feasibility Study Complete			
8	9	10	11	12	13	14
			Mtg. Metro			
15	16	17	18	19	20	21
Documents to Planning for Review			Key Stakeholder Mtg.			
22	23	24	25	26	27	28
Planning Comm Feas. Briefing			Legal Description to Assessor for Review			
29	30	31		28	29	30
Stakeholder Card Mailing for Open House			Final Legal Description	Public Information Packet &Web-Site		
			31			

September 2004

S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
	Commission Work Session Briefing			Key Stakeholder Mtg.		
12	13	14	15	16	17	18
			Open House	Draft Plan & Report Complete		
19	20	21	22	23	24	25
Official Notice to Tax Jurisdictions						
26	27	28	29	30		
				Key Stakeholder Mtg.		
31						

October 2004

S	M	T	W	T	F	S
					1	2
City Councilor Briefings						
3	4	5	6	7	8	9
Multnomah County Board Consultation			Key Stakeholder Mtg.		SUPERNOTICE	
10	11	12	13	14	15	16
Back-Up Planning Comm. Mtg.			PDC Votes on Plan & Report			
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

November 2004

S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
	Planning Commission Review & Recommendation					
14	15	16	17	18	19	20
	Public Hearing - City Council #1 10:00 am					
21	22	23	24	25	26	27
	Public Hearing - City Council #2					
28	29	30		28	29	30
	Record Plan - Notice of Adoption					
31						

* Schedule is subject to change based on project requirements.

** TAD - Tax-Affected Districts

PROPOSED INDUSTRIAL URA - OUTREACH SCHEDULE

TAX AFFECTED DISTRICTS		
Multnomah County	Chair Diane Linn	August 2, 2004
	Board of Commissioners - Consultation	October 5, 2004 *
Metro	Pres David Bragdon & District #5, Rex Burkholder	August 12, 2004
Multnomah Education Service District	Superintendent Edward Schmitt (Phone)	tbd
Tri-met	Fred Hansen, General Manager (Phone)	July 26, 2004
Portland Public School District	Acting Superintendent Jim Scherzinger	July 30, 2004
Port of Portland	Bill Wyatt (phone)	July 16, 2004
Official Notice to Tax-Affected Districts		October 4, 2004
PLANNING COMMISSION	Planning Commission Chair Briefing	August 12, 2004
	Briefing	August 24, 2004
	Briefing	October 12, 2004
	Formal Review & Recommendations	November 9, 2004 *
KEY STAKEHOLDERS	Candidate Tom Potter	June 15, 2004
	Candidate Nick Fish	June 21, 2004
	Candidate Sam Adams	June 25, 2004
	Bureau Chiefs' Briefing	July 24, 2004
	Key Stakeholders Meeting #1	August 19, 2004
	Key Stakeholders Meeting #2	September 9, 2004
	Key Stakeholders Meeting #3	September 30, 2004
	Key Stakeholders Meeting #4	October 6, 2004 *
WEB-SITE AVAILABLE		August 30, 2004
OPEN HOUSE	Invitation to all Stakeholders including property owners, neighborhood associations, and other stakeholders. (mailed 8/30/04)	Sept. 15, 2004
SUPERNOTICE		October 3, 2004 *
COUNCIL	Individual Councilor Briefings prior to May 4th Council Hearing approving Feasibility Study	May 1, 2004
	Council Hearing & Approval of Feasibility Study	May 4, 2004
	Individual Councilor Briefings - IURA Update	October-November *
	1st Council Hearing for Approval of Plan and Report	November 17, 2004 *
	2nd Council Hearing for Approval of Plan and Report & Vote	November 24, 2004 *
COMMISSION	Commission Approval, Draft Feasibility, Draft Plan & Report based on favorable Feasibility	May 12, 2004
	Commission Briefing - IURA Progress Update	September 8, 2004
	Final PDC Commission Approval of Industrial URA Plan and Report	October 13, 2004 *

P:\Economic Development\Industrial URA\outreach schedule10-01-04.xls, 10/1/04

* scheduled, subject to change

AGENDA PLACEMENT REQUEST

BUD MOD #:

Board Clerk Use Only:	
Meeting Date:	**October 5, 2004**
Agenda Item #:	**B-2**
Est. Start Time:	**10:15 AM**
Date Submitted:	**09/07/04**

Requested Date: October 5, 2004 **Time Requested:** 1 hour

Department: Dept. of Business and Community Service **Division:** Facilities

Contact/s: Doug Butler

Phone: (503) 988-6294 **Ext.:** 86294 **I/O Address:** 274

Presenters: Doug Butler

Agenda Title: Briefing on the Facilities Portfolio Consolidation and Disposition Strategy

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?** This is briefing on the proposed strategy for increasing the efficiency and overall cost effectiveness of the Multnomah County real property portfolio through the strategic disposition of select properties.

2. **Please provide sufficient background information for the Board and the public to understand this issue.** The Facilities & Property Management Division (Facilities) at the direction of the County Chair was charged with leading the County in the development of a comprehensive strategy for consolidating County uses within our facilities portfolio and disposing of surplus property. This briefing is intended to acquaint the Board with the status of the strategy for achieving this objective and receiving Board input on the goals, objectives, and implementation of the Strategy.

3. **Explain the fiscal impact (current year and ongoing).** This is a briefing on the Strategy and there is therefore no fiscal impact. The fiscal impact of the Strategy will depend on the final Strategy language which is adopted and the success in achieving the goals and objectives of the Strategy.

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: N/A

- ❖ Potential budget implications to be explained during briefing.

If a contingency request, explain: N/A

If grant application/notice of intent, explain: N/A

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

- ❖ Potential legal and policy issues to be explained during briefing.

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

- ❖ Current experiences with the disposition of the Morrison and Montavilla Buildings have caused an evaluation of the County's "Unsiting" process. The development of a new standard "Unsiting" process will be discussed during the briefing.

Required Signatures:

Department/Agency Director: Doug Butler ______ **Date: 09/03/04**

Budget Analyst

By: ______ **Date:**

Dept/Countywide HR

By: ______ **Date:**

Multnomah County

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Facilities 2006
Disposition and Consolidation Strategy

Board Briefing
10/05/04

Agenda

1. The need for consolidation
2. ASM/FPM process
3. The Results
4. Procedures for Success
5. Next Steps

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1. The Need

Continual Pressure on General Fund

- **Over $61,000,000 in constraints impacted Budget in FY02-FY05**
  (Due to expenses growing faster than revenues)

- **Expect over $10,000,000 in impacts in FY06 and beyond**

- **Additional hit of $40,000,000 beginning in FY07**
  (From end of ITAX revenue)

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Multnomah County is living beyond its facilities means:

- **$120 million in Deferred Maintenance/Seismic backlog**
  (Figure is growing every year)
- **Insufficient Preventative Maintenance**
  (about 8% of workload vs. industry standard of up to 30%)
- **Escalating code compliance issues**
- **Reduction of client services by more than $1 million**
  (e.g. janitorial, carpet cleaning, etc.)
- **Ineffective use of building space**

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Solution:

Create Disposition & Consolidation Strategy to:

1. Reduce amount of occupied space to improve efficiency & reduce costs

2. Reduce the number of county sites to improve maintenance & program operating efficiencies

3. Dispose of our most inefficient & least economic properties

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2. The Process

Steps to Dispositions

- **Assess each facilities contribution and usefulness**
- **Assess cost to bring buildings to a maintainable state**
- **Assess County program's current and future needs**
- **Develop Disposition Strategy**
    - o Define target properties
    - o Define necessary relocations/consolidations
    - o Set process for approvals
    - o Develop "unsiting" procedure
- **Obtain BCC approval**
- **Complete dispositions by July 1, 2006**

Timing/Approval Process

04/12/04	BCC/Exec. Committee	Presentation of Concept
06/02/04	Exec. Committee	Concept/Strategic Direction Approval
07/08/04	ASM/Facilities Charette #1	Identify disposition candidates
07/15/04	ASM/Facilities Charette #2	Identify target dispositions and outline strategy
08/05/04	ASM weekly meeting	Exec Committee Preparation Review
08/11/04	Exec. Committee	ASM/Facilities Presentation Mid-Course Review
08/24/04	Board Staff Briefing	Update and Board review process
09/24/04	Exec Comm. Approval	Consideration of Strategy for approval
10/05/04	Board Presentation	Briefings/Proposal by Exec. Comm./Facilities
TBD	Board Approval	Strategy, Surplus Property, Unsiting

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ASM Charette Participants

DA	Scott Marcy
DCJ-Community Justice	Shaun Coldwell
Health	Carol Ford
DCHS-Human Services	Stevie Bullock, Al Stickel
DBCS-Business & Community Serv.	Robert Maestre
OSCP-Off. School&Comm. Partnership	Kathy Tinkle
MCSO-Sheriff Office	Christine Kirk, Sharie Lewis
Library	Becky Cobb
Budget	Bob Thomas
FBAT-Fin., Bud., Assm't, & Taxation	Mindy Harris
DBS-Business Services	Dan Kaplan, Rich Swift
Facilities & Property Mgmt (FPM)	Doug Butler, Matt Newstrom, Wanda Yantis, Jon Schrotzberger, Steve Pearson, Lynn Dingler Colleen Bowles,
	CRESA Partners: Mike Cook, Pat Cook, David Reinhart

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Rating Process Objectives

- **Balances the following factors:**
  - Cost,
  - Building,
  - Program
  - Opportunity

- **Allows a blending of solid data with subjective assessments**

- **Provides an agreed foundation for developing disposition recommendations to the Board**

- **Applies process equally to all properties, but with the ability to withdraw properties from the list that have a clear County mandate to be retained**

- **Must be implementable**

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Rating: The Steps

- **Establish Rating Factors for:**
  - Cost
  - Building
  - Program
  - Opportunity

- **Evaluate each building individually against factors**

- **Review individual ratings and make corrections**

- **Calculate initial priority order based on rating factors**

- **Examine buildings in priority order to place in categories**
  - "Yes"
  - "No"
  - "Maybe"

- **Summarize impact of disposition of "Yes" buildings**

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3. The Results

Selection Results Summary

<u>10% Square Footage Reduction</u>
326KSF of 320K targeted (102%)

<u>Annual Operating Expense Savings</u>
$2.1M of $2.5M targeted (89%)

<u>Deferred Maintenance Obligation reduction</u>
$8.8M of $10M targeted (88%)

<u>25% Site Reductions/Consolidations</u>
24 of 27 targeted (89%)

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The Yeses

106	Portland Building-14	225	Yes	
109	ADS DSO West Branch CLOSED	Not Rated	Yes	closed in 04
149	Tri-County Crisis	195	Yes	
226	North Disability Services	245	Yes	
245	Dexco Building	220	Yes	
276	Anchor Park	Not Rated	Yes	
278	Columbia Villa Health Field Nursing	Not Rated	Yes	closed in 04
303	South Powellhurst (ASD)	250	Yes	
313	Hansen Building	260	Yes	
315	State Medical Examiner	185	Yes	
331	MCCF	215	Yes	
339	East Portland Comm. Ctr.	245	Yes	
340	Marlene Building	235	Yes	
358	Hooper Memorial Center	280	Yes	MONTH TO MONTH LEASE...
393	Peninsula	185	Yes	
400	Gresham Neighborhood Center	Not Rated	Yes	closed in 04 - SOLD
412	Morrison	Not Rated	Yes	in process with community
421	Ford	Not Rated	Yes	closed in 04 - SOLD
433	DSO SE Portland Branch CLOSED	Not Rated	Yes	closed in 04
436	Powell Villa (DSO)	195	Yes	
454	Rockwood Neigh. Health	205	Yes	
462	Public Safety/School Bldg	290	Yes	
465	Wikman Building	205	Yes	
698	Montavilla Bldg	Not Rated	Yes	in process with community

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The Maybe's

356	King Neighborhood Fac.	235	maybe	
455	John B Yeon Annex	235	maybe	consolidation possibility
420	Southeast Health Clinic	240	maybe	consolidation possibility
166	Commonwealth Building	245	maybe	consolidation possibility
327	Penumbra Kelly Building	245	maybe	
407	Gresham Probation	255	maybe	
481	Central Probation	255	maybe	could combine w 304
160	Gladys McCoy Building	260	maybe	consolidation possibility
304	Mid-County District Office	260	maybe	could combine w 481
338	Baltazar Ortiz (La Clinica)	260	maybe	
155	Martha Washington (MCRC)	265	maybe	
161	Mead Building	270	maybe	
446	Bridge Shops	275	maybe	
999	Portland Building-15	285	maybe	

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4. Procedures

Project Procedures for Success

- Project Management
- Risk Assessment
- Fiscal Procedures
- Unsiting Procedures
- Communications
- Dispositions/Lease Exit Strategy
- Moves, Adds, Changes (MAC's)

==> Site Specific Strategies

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Project Management

- **Board Resolutions**
  - Strategy Approval
  - List of Surplus Properties
  - Unsiting Process
- **Establish roles and responsibilities**
- **Create task force for each disposition**
- **Implement Procedures:**
  - Fiscal
  - Communication
  - Unsiting
  - MAC
  - Lease/Disposition

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Risk Assessment

- **Assess variables**
  - Funding: Needs, timing, sources & shortfalls
  - Impacts on programs
  - "Due Diligence" discoveries
  - Community responses
  - Owner/landlord responses
  - Market dynamics
- **Make assumptions about outcomes**
- **Develop plans to minimize risks**
- **Develop contingency plans**
- **Communicate**

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Fiscal Procedures

One time costs/revenues

- Identify timing and magnitude of expenditures
- Identify any project revenue sources
- Target sales proceeds to first cover debt and transaction costs, then other one time costs
- Proposed use of remaining disposition proceeds

Ongoing costs

- Identify County-wide cost savings from dispositions
- Track disposition related vacancy costs
- Bill programs consistent with present policy
(Exception - Departments not responsible for Disposition Plan caused vacancies)
- Any redistribution of County-wide savings to be handled by Budget office

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Disposition

Un~~siting~~ Process

(Process Concept for Owned Property)

- **Phase 1: Declaration of Surplus**
  Same criteria as current policy

- **Phase 2: Notice and Information Gathering:**
  - Declaration posted on property
  - Declaration notification through *Oregonian* and local papers
  - Collect comments from interested citizens for approx 45 days

- **Phase 3: FPM reports to Board 45 days after close with action taken and proposed next steps**

- **Phase 4: Action and timeline by Board to extent determined by report content and recommendations**

Communications

- **Provide high level information to decision makers and community**

- **Provide detail to affected stakeholders**

- **Develop and publish communication practices, norms and protocols**

- **Preliminary work:**
  - o Identify key stakeholders
  - o Develop key messages and themes

- **Communication Vehicles:**
  - o Basic, standardized information packages
  - o MINT site--information and updates
  - o Periodic reports to ASM's, Exec's, Board Staff & Board

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Lease Negotiation and Dispositions

- Responsibility: Facilities and Property Management
- Use of outside expertise & resources as needed
- Regular communication with decision-makers as problems/opportunities arise

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Moves, Adds, Changes

- New Service Delivery Model-dedicated staff
- Integral to development of site strategies
- Focus on responsiveness, customer communication, and service
- Work closely with site task forces
- Utilize outside "move" experts for moves themselves
  - Reduces costs
  - Expands capability of staff
  - Enables multiple moves simultaneously
  - Acquires higher level of expertise

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5. Next Steps

- **Board Adoption of Resolutions**
  - Strategy and Plan
  - Declaration of "Surplus" for affected properties
  - Unsiting procedures

- **Development of Proposed Rollout**
  - Timing of dispositions
  - Program personnel moves
  - Identify costs, revenues, and their timing (proforma)

- **Implementation Phase**
  - Form site teams
  - Initiate communication, unsiting processes
  - MAC
  - Lease/Disposition

- **Continue with related initiatives**
  - Courthouse, Master Plan, Disposition of excess land

Multnomah County

Multnomah County Facilities Portfolio

Consolidation and Disposition Strategy

September, 2004

Prepared by:

- **Executive Committee**
- **Administrative Services Managers Forum**
- **Facilities and Property Management Division**

Submitted for acceptance by:

- **Multnomah County Board of Directors**

For Further Information Contact:
Doug Butler
Director
Facilities and Property Management Division
503-988-6294

C·R·E·S·A PARTNERS

Table of Contents

1. Executive Summary

The Facilities & Property Management Division (Facilities) at the direction of the County Chair was charged with leading the County in the development of a comprehensive strategy for consolidating County uses within our facilities portfolio and disposing of surplus property. The need for this strategy is based on the following:

County Funding
It is anticipated that County funding sources will continue to grow at a slower rate than requirements creating an annual shortfall. This trend will create the need to cut General Fund expenditures by as much as $10 million in each of the next several years. Just as significantly, the current temporary income tax (iTax) will sunset on June 30, 2006 which will create an immediate and permanent annual shortfall of an additional $40 million! [NOTE: An initiative effort has been successful in putting a measure on the November 2004 ballot which would repeal the iTax, creating the anticipated shortfalls 18 months earlier in January 2005.] Both of these circumstances will create a need to cut programs/services which, in turn, will result in facility vacancies and reduced utilization of County facilities. To address this situation, it is mandatory that the County develop a strategy for downsizing its building portfolio.

Portfolio Size
Multnomah County's 120+ structures – approximately half of which are owned – average only 24,000 Sq Ft/Bldg compared with a regional government building average of 199,000 Sq Ft/Bldg. Having a greater number of small buildings increases maintenance costs since every building has separate heating/cooling systems, roofs, etc. While the nature of many County services – such as neighborhood libraries – would cause some deviation from the norm, there appears to be a significant opportunity to decrease the County building count and improve our building maintenance efficiency.

Maintenance and Reliability
The current $39 million+ Facilities budget permits limited preventive maintenance work – currently about 8% of our total work requests vs. an industry standard of up to 30%. In addition, the Capital Budget only permits scheduling timely capital equipment replacement in the 28 "Tier 1" buildings which are in good condition and separately funded. All of our remaining facilities are managed on a "run to failure" policy where we address only emergencies or eminent life/health/safety issues simply because there is no funding to do otherwise. This is not a good strategy for the County since fixing failures is much more expensive in the mid-to-long term than preventing them and it includes an added risk of unscheduled closures due to system failures.

Space Utilization
The current County facility portfolio has grown and changed over the years to accommodate program needs, opportunities and funding levels. Cuts in response to funding constraints totaling more than $60 million during the past 5 years have led to reductions in staff and the elimination of programs. The result of these dynamics is that

the County has numerous facilities that appear to be under-utilized. Because it can be expensive to consolidate and reconfigure space in order to maximize the use of every square foot, the pace of this work has been far slower than the need/opportunity. If resources can be identified to cover the cost of consolidation, there is a significant opportunity to improve space utilization and cut facilities costs.

Deferred Capital Backlog

As described previously, current limited funding increases the risk of system failures and unplanned closures. Of equal concern is the fact that our buildings are deteriorating and the backlog of needed capital maintenance work grows a little larger each year. The current backlog (including needed seismic upgrades) totals more than $120 million. About $80 million of this total is due to problems with the Courthouse and Justice Center which are being addressed through a separate effort. This still leaves the County with a $40 million backlog and no short-term means of addressing it. A thoughtful disposition strategy could help eliminate some of the County's worst buildings and begin to address this backlog.

The Consolidation and Disposition Strategy is intended to:

- Improve the County's utilization of space within its facilities in order to reduce the cost of housing the County's activities
- Reduce the number of County buildings in order to reduce the extra costs of operating many small buildings (improve efficiency)
- Dispose of surplus County facilities in order to:
    - Reduce facilities operating costs
    - Avoid needed capital expenditures in substandard buildings and reduce the capital maintenance backlog
    - Generate potential funding to cover the costs of consolidation
    - Generate savings and one-time funding to address both General Fund shortfalls and continuing facilities capital and operations needs
    - Return unneeded County property to the tax rolls.
- Maintain the County's low vacancy rates within its facilities portfolio even as the County experiences significant downsizing. [NOTE: This is a mid- to long-term objective. It is anticipated that the process of consolidating space will create vacancies in the short-term that will then be eliminated as the portfolio is reduced.]
- Improve the County's capacity to care for the buildings within its portfolio by:
    - Eliminating some higher cost and uneconomical buildings
    - Using a portion of the savings/proceeds to fund critical capital maintenance work
    - Reducing the facilities portfolio to a size that permits a more prudent amount of preventative and compliance maintenance given current staffing and resources

Using guidance from the Board during the FY05 Facilities Budget discussion, Facilities outlined a concept and mapped out a more detailed strategy with the Executive Committee over the spring and summer. Following the direction set by the Executive Committee, Facilities and the Administrative Service Managers (ASMs) worked together to identify potential dispositions and to map a strategy for achieving the desired outcomes.

We chose over 65 buildings to analyze in detail and convened two all day meetings with the ASM's in July to rate each of the buildings on 12 dimensions to determine which ones were the top candidates for disposition. The ASM's and Facilities then ranked the buildings based on disposition potential and by consensus reached a recommendation for disposition of 24 buildings to present to the Board. An additional 14 buildings were identified as potential candidates worthy of further study. In the next 90 days, it is anticipated that additional buildings will be recommended for disposition from this list of potential buildings.

Specific strategies are outlined in this document to address the management of this effort, communication procedures, financial management, specific site strategies, disposition procedures and strategies, procedures for managing the resulting moves, adds, and changes (MACs) needed to physically reconfigure space, etc.

In order to quantify the objectives and to track progress toward their accomplishment, four benchmarks were established for this strategy. For informational purposes, the specific disposition recommendations included in this strategy have been quantified to show how far they would go toward the accomplishment of our goals.

	Target Amount	Amount Achievied	% of Goal
Reduce Portfolio Square Footage by 10%	320,000 sf	326,000 sf	**102%**
Reduce Sites by 25%	27 sites	24 sites	**89%**
Cut Operating Expenses by $2.5 million/yr	$2,500,000	$2,100,000	**84%**
Reduce Capital Backlog by $10 million	$10,000,000	$8,800,000	**88%**

Proposed Project Scope

Proposed scope for this project encompasses three major phases for each property to be disposed. Timeframes will occur at different times based on the Site Strategies, market conditions and other variables for each property.

Project Phases:

- Identify properties that can be disposed
- Develop site strategies for each property in collaboration with County tenants
    - Begin Disposition of each property as options become available
    - Identify relocation/consolidation options for County tenants
- Execute relocations and consolidations

The entire Disposition Strategy is projected to occur over a two-to-three year timeframe depending on external and internal variables. A proposed "Unsiting" process is being developed for Board consideration to assist with external interface.

The Executive Committee, the Administrative Services Managers, and the Facilities and Property Management Division jointly recommend this strategy for adoption.

2. The Need for Consolidation

a. County Funding

Projections show that County funding sources will grow at a slower rate than requirements creating an annual shortfall. This trend will create the need to cut General Fund expenditures by as much as $10 million each year in Fiscal Year 2006 and beyond. This situation follows a four year period in which this constraint condition required cuts of approximately $61 million.

Just as significantly, the County's current temporary income tax (iTax) will sunset on June 30, 2006 which will create an immediate and permanent annual shortfall of an additional $40 million! Compounding the impact and uncertainty from the loss of this funding is the fact that an initiative effort has been successful in putting a measure on the November 2004 ballot to repeal the iTax immediately. If successful, this measure would repeal the iTax and create the anticipated shortfalls 18 months earlier in January 2005.

Both of these circumstances will create a need to cut programs/services, which, in turn, will result in vacancies and reduced utilization of County facilities. This will only exacerbate the continuing challenges to provide safe, reliable, appropriate, and accessible facilities to house the County's programs and services.

These funding challenges have already resulted in a number of actions and conditions that affect the long-term reliability and efficiency of the facilities in the County's portfolio:

- An average reduction of $1 million per year in facilities expenditures in each of the past 5 years including a reduction of more than $1 in direct client services (janitorial, carpet cleaning, etc.)
- Insufficient preventative maintenance
- Inability to keep pace with escalating building/occupancy code compliance requirements
- A large and growing deferred maintenance/seismic backlog
- Inability to reconfigure space and adjust the portfolio as funding and program needs change resulting in the ineffective use of building space

In the past it was always assumed that the only way to address this situation was to increase facilities expenditures. In fact, bond financing was approved about five years ago to address some of the most urgent capital needs in County buildings. While helpful, this bond funding did not address the underlying causes of the facilities problems. In addition, the continuing reductions in County funding have meant that it was simply not realistic to provide additional funding to support the facilities portfolio. Clearly, a change in approach is needed.

This Strategy offers a new paradigm:

Multnomah County is living beyond its facilities means.

Rather than assuming we need to find more funding in order to address our facilities problems, this Strategy looks for ways to change our approach to one that allows us to properly care for our facilities using currently available resources. The first and most obvious means of achieving this objective is to downsize the County building portfolio.

Approximately 80% of the County facilities budget is fixed relative to buildings. In other words, the only way to achieve reductions in these costs is to reduce the amount of space we occupy. Debt, utilities, leases, capital maintenance, etc. continue as long as the County is responsible for the space. In addition, marginal reductions in maintenance and repair will lead to unplanned failures and problems which usually cost more to address in the long run than the amounts saved in the short run. Doing more with less and being as efficient as possible is clearly a worthy objective and an operating principle within the Facilities Division. It alone, however, cannot solve the fundamental problems we face. Only consolidation and disposition can address those problems.

<u>b. Portfolio Size</u>

Multnomah County occupies more than 120 structures. Approximately half of these buildings are owned while the other half are leased from other private, non-profit, and government owners. These facilities are widely dispersed geographically throughout the County and include a number of highly specialized structures like jails, a courthouse, and libraries.

In order to maximize client access and improve service delivery, the County has historically established many small sites throughout the area. While attractive from a service delivery perspective, this policy has a significant impact on costs. In addition, facilities decisions were largely driven by the County programs (which provided the required funding) in the past. This led to many decisions being made in relative isolation and, in part, is the reason the County has shifted more recently to central management of the facilities portfolio. From this central perspective, it is now possible to consider the potential co-location or consolidation of a variety of programs with virtually no loss of function or accessibility.

As a result of the trends described above, the County's owned facilities average only 24,000 square feet/building. This compares (according to the Building Owners and Managers Association) with a regional government building average of 199,000 square feet. [NOTE: this comparison is inflated because the BOMA survey relies heavily on larger Federal buildings but is still felt to be illustrative of the County's problem.] Having a greater number of small buildings increases maintenance costs dramatically since every building has separate heating/cooling systems, roofs, building envelopes, etc. It takes many more service calls to care for these multiple systems than it would to service fewer and larger systems. It also increases travel (unproductive) time significantly.

While the nature of many County services would make co-location more challenging or impractical, there appears to be a significant opportunity to decrease the County building count and improve our building maintenance efficiency.

c. Maintenance and Reliability

The current Facilities budget permits limited preventive maintenance work. Currently about 8% of the total work requests in Facilities are for preventive maintenance work. This compares with suggested industry standards that range up to 30%.

In addition, the Capital Budget only permits scheduling timely capital equipment replacement in a limited number of facilities. The County has designated 28 of its facilities as "Tier 1" buildings. These buildings are in good condition and funded separately from the other facilities. Assuming an average annual increase of 8% in the "Asset Preservation" fees that are charged to occupants in these buildings, these buildings are projected to be able to fund all required capital replacement needs for the next 15 years.

In contrast, all of the remaining facilities are managed under a "run to failure" policy where only emergencies or eminent life/health/safety issues are addressed simply because there is insufficient funding to do otherwise. This is not a good strategy for the County since fixing failures is much more expensive in the mid- to long-term than preventing them and it includes an added risk of unscheduled closures due to system failures.

This situation is further complicated and the risks of unplanned closures is increased by the significant increase in regulations and standards and the increased enforcement of these regulations and standards during recent years. Testing and servicing requirements have increased substantially as a result. Training and licensing requirements are increasing notably and documentation needs have increased dramatically. Obviously, this results in the identification of more deficiencies than were detected previously and the required remediation pushes costs up. Failure to comply with these regulations can result in fines (which are also increasing) and, in some cases, building closures.

With careful planning, the consolidation and disposition of facilities can emphasize the elimination of those structures that are the most difficult to maintain and which have the highest risk of unplanned closures. This process could conceivably also improve the ability to address the needs of the structures that remain in the portfolio.

d. Space Utilization

The current County facility portfolio has grown and changed over the years to accommodate program needs, opportunities and funding levels. In fact, the County has grown over the past 15 years from 53 to 120+ buildings – a 126% increase – and from 1.3 million to 3.2 million square feet of space – a 146% increase. Most recently, however, cuts in response to funding constraints totaling more than $60 million have led to reductions in staff and the elimination of programs.

The result of these dynamics is that the County has numerous facilities that appear to be under-utilized. Because it can be expensive to consolidate and reconfigure space in order to maximize the use of every square foot, the pace of this work has been far slower than the need/opportunity.

The effort to consolidate County programs into less space and to dispose of surplus property will generate both one-time proceeds from the sale of property and on-going operational savings. If portions of these resources are targeted to cover the cost of consolidation, there is a significant opportunity to improve space utilization and cut facilities costs.

e. Deferred Maintenance Capital Backlog

As described previously, current limited funding increases the risk of system failures and unplanned closures. Of equal concern is the fact that our buildings are deteriorating and the backlog of needed capital maintenance work grows a little larger each year. The current backlog (including needed seismic upgrades) totals more than $120 million. About $80 million of this total is due to problems with the Courthouse and Justice Center which are being addressed through a separate effort. This still leaves the County with a $40 million backlog and no short-term means of addressing it.

It is important to remember that this is not just a theoretical problem. Each time needed replacement or overhaul is delayed, the risk of a system failure increases. Eventually the day will come when the system does fail and it must be addressed on an emergency basis – at a greater cost and at the expense of other activities that were previously thought to be of greater import. If you do not install a new roof when it is needed, the old one will eventually leak. It isn't a question of "if"; the only question is "when".

One of the most effective means of addressing this backlog is to target some of the County's worst buildings for disposition. This approach can potentially reduce the backlog significantly without requiring additional funding.

3. General Strategy

a. Underlying Principles

Given the clear and compelling need to manage the County portfolio differently and, in specific, to reduce the amount of space and the number of sites, this Strategy was developed with the following objectives in mind:

- Promotes active stewardship/allocation of county assets
- Assures a countywide perspective when making facilities and real estate decisions
- Reduces facilities operating expense
- Enhances program operations
- Fosters FPM effectiveness
- Addresses underlying causes of current portfolio problems

b. Strategy Objectives

The Consolidation and Disposition Strategy is intended to:

- Improve the County's utilization of space within its facilities in order to reduce the cost of housing the County's activities.

- Reduce the number of County buildings in order to reduce the extra costs of operating many small buildings (improve efficiency).

- Dispose of surplus County facilities in order to:
    - Reduce facilities operating costs.
    - Avoid needed capital expenditures in substandard buildings and reduce the capital maintenance backlog.
    - Generate potential funding to cover the costs of consolidation.
    - Generate savings and one-time funding to address both General Fund shortfalls and continuing facilities capital and operations needs.
    - Return unneeded County property to the tax rolls.

- Maintain the County's low vacancy rates within its facilities portfolio even as the County experiences significant downsizing. [NOTE: This is a mid- to long-term objective. It is anticipated that the process of consolidating space will create vacancies in the short-term that will then be eliminated as the portfolio is reduced.]

- Improve the County's capacity to care for the buildings within its portfolio by:
    - Eliminating some higher cost and uneconomical buildings
    - Using a portion of the savings/proceeds to fund critical capital maintenance work
    - Reducing the facilities portfolio to a size that permits a more prudent amount of preventative and compliance maintenance given current staffing and resources

c. Current Conditions

Portfolio Characteristic	**Challenge**
Relatively low vacancy rate	Relocations are more difficult and time consuming
Inefficient space utilization	Space standards inadequate and not followed
High own vs. lease ratio	Less liquidity and flexibility
No funding to consolidate & improve space utilization	Must create immediate savings to cover cost of moves & improvements
More, smaller facilities	Higher maintenance and capital costs
Specialized improvements	Less flexibility
Facilities deteriorating and maintenance under funded	Greater occurrence of emergency repair; poor quality environment for staff/clients

d. General Approach

Building on the Objectives outlined above, a process was outlined for developing specific recommendations. The major steps in that process include:

1. Assessing usefulness and cost to bring current facilities to maintainable state.
   A detailed summary of all relevant data for each building was compiled to support this assessment.

2. Assessing current and future County program needs.
   Senior management of each Department was consulted to develop a baseline understanding and then Department personnel were included in the ranking process.

3. Ranking each facility to identify disposition candidates.
   Objective criteria (discussed in the next Chapter) were used to accomplish this ranking.

4. Creating a list of proposed properties for disposition.
   A detailed discussion of each disposition candidate considered whether community commitments, building characteristics, legal obligations, or other considerations would preclude its consideration for disposal.

5. Creating a more detailed project plan for the implementation of this Strategy.
   The key elements of this project plan and an outline of each element is discussed later in this document.

6. Complete dispositions by July 1, 2006.
   This is a very aggressive deadline that will be impacted by a number of factors that are not fully controllable. In order to contribute to the solution to the loss of the iTax, it was felt that everything possible should be done to try to meet this deadline.

e. Timing/Approval Process

Spring 2004	Board & Exec. Comm. Discussions	Define problem and identify key strategies
Summer 2004	Outline Strategy and develop supporting data	Develop Strategy outline and begin addressing key issues
7/8	ASM/Facilities Planning #1	Identify disposition candidates
7/15	ASM/Facilities Planning #2	Identify target dispositions and outline project plan
8/5	ASM weekly meeting	Exec Committee Preparation Review
8/11	Exec. Comm. Mid-Course Review	Review results of work to date & insure consensus
8/24	Board Staff Briefing	Strategy briefing and discussion of Board review process
10/5	Board Briefing	Consideration of Strategy and related recommendations
TBD	Board Approval of Resolutions	Formal adoption of Strategy, declaration of "surplus" for dispositions, and approval of related processes

4. Evaluation Process

a. General Process

Facilities (with CRESA Partners, its disposition consultant) and the Administrative Service Managers (ASMs) worked together to create an initial list of properties which are recommended for disposition. It is anticipated that this initial list will be supplemented with additional recommendations at a later date after further analysis is completed.

The process used to generate this recommended disposition list involved the following steps:

1. A number of properties were identified that should not be included in the assessment process. These properties are listed in Appendix C of this document and were not included in the assessment if:
    a. It is clearly a facility to be retained (e.g., Central Library and Inverness Jail);
    b. It is ancillary to a building that is being assessed (the primary building will determine what should happen to the ancillary building);
    c. It is felt that long-term program or community commitments, legal obligations, etc. would preclude disposition consideration.

2. Data was accumulated on each of the properties that were to be included in the assessment. In addition, senior management of each Department were consulted to develop a baseline understanding of on-going program needs.

3. A scoring spreadsheet was developed for evaluating each individual property. This scoring spreadsheet is described in more detail below and the initial scores assigned to each building are summarized at Appendix A.

4. The group held two full-day planning sessions to accomplish the required assessment.
    a. Day 1 focused on refining the scoring system, evaluating the 65 candidate buildings and scoring each of these buildings against the identified criteria.
    b. In Day 2, the group discussed the resulting rankings for each of the identified buildings in detail and determined whether to recommend disposition, further study, or no further consideration for each. [NOTE: a number of policies, procedures, and issues related to the implementation of this Strategy were also discussed on Day 2. The results of those discussions are reflected in later Chapters of this document relating to the Project Plan.]

5. The resulting recommendations are summarized below.

b. ASM Charette Participants

District Attorney	Scott Marcy
Community Justice	Shaun Coldwell
Health	Carol Ford
Human Services	Stevie Bullock, Al Stickel
Business & Community Services	Robert Maestre
Office of School & Comm. Partnerships	Kathy Tinkle
Sheriff Office	Christine Kirk, Sharie Lewis
Library	Becky Cobb
Budget	Bob Thomas
Finance, Budget, Assm't. & Taxation	Mindy Harris
Business Services	Dan Kaplan, Rich Swift
FPM Facilities & Property Mgmt	Doug Butler, Matt Newstrom, Wanda Yantis, Jon Schrotzberger, Steve Pearson, Lynn Dingler, Colleen Bowles
CRESA Partners	Mike Cook, Pat Cook, David Reinhart

c. Rating Process Objectives

To begin the process of evaluating the County's facilities, five objectives were identified for the rating system:

1. The ratings should balance the following factors:
   a. Facility Costs
   b. Building Condition/Needs/Characteristics
   c. Program Suitability
   d. Opportunity (for Disposition)

2. The system should allow a blending of solid data with subjective assessments.

3. The ratings should provide an agreed foundation for developing disposition recommendations to the Board.

4. Process should apply equally to all properties, but with the ability to withdraw properties from the list that have a clear County mandate to be retained.

5. Recommendations must be implementable.

d. Facilities Rating Factors

The following chart summarizes the rating system which was used to evaluate County buildings.

1. Each building was rated against the 12 characteristics listed below. A score of 1, 2, or 3 was assigned to each of these factors based on the criteria that are summarized in the right-hand column of the table.
2. A weight (importance factor) was then defined for each characteristic and the score for each characteristic was multiplied by the assigned weights.
3. The results were then totaled for each building to create a score for that building.
4. The buildings were then ranked from lowest to highest scores with the lowest scores considered as the best candidates for disposition. The detailed results of this scoring are summarized at Appendix A.

		Weight	1=consider if	3=keep if:	Explanation
Cost	Cost/SF	20	high	low	Includes total cost including all costs that would be eliminated by disposition of the facility - operating costs, debt reduction, repairs and maintenance
	5 YR Cap Rqmt / MV	10	high	low	Percent of value that could be captured in a sale. Total cost including all costs that would be eliminated by disposition of the facility - operating costs, debt reduction, repairs and maintenance
Building	Space Utilization	10	poor or vacant	good	Space use efficiency as judged by programs subjectively (sq. ft./fte provided but not relied on because of anomalies)
	Flexible Layout	5	inflexible	flexible	Easily allows for current program needs and adjustments for other program needs
	Costly to Move/ Recreate	10	easy	costly	Rates to specialty improvements impediments to relocation potential
	Marketability & Exit strategy	5	has ready market	not marketable	Rates building type, readiness to market, and building setting
Program	Proximity to public transit	10	limited transit	multi line transit	Rates advantages of multi-line access
	Functionality for current use	10	inadequate	good	Current functionality for current or intended program needs
	Program Funding Confidence	10	potential reductions over 5 yrs	expect 5yr at same level	Addresses 5 year funding expectations
	Location Functionality	10	if existing site not critical	existing site critical	Rates location sensitivity to any move of program/tenant that might impede service, client access or interprogram synergies.
	Co-location w/other programs	10	hard fit with others	potential fit with others	Rates compatibility/incompatibility to consolidate with other groups
	Opportunity	15	opportunity next 2 yrs	no opportunity	Current vacancy, lease termination, or market interest in site

NOTE: A number of properties were not included in the assessment process if: 1) There were obvious and compelling reasons they should be retained; 2) they are ancillary to a building on the list; or 3) retained due to long-term program/legal commitments. See Appendix C for detail.

e. Disposition Recommendation

Once all of the buildings were assigned a score and ranked in order of that score, a detailed discussion considered what should be recommended for disposition. Each building was considered individually and was assigned to one of three categories:

1. Yes	site is clearly agreed as a good target for disposition
2. No	site should not be considered for disposition
3. Further Study	all others

NOTE: Further analysis and strategy development is underway to address each of the building designated for "Further Study" and a future planning session will be scheduled to discuss each of these buildings in detail. It is anticipated that additional disposition recommendations will result from this effort.

Multnomah County

5. Selection Results

(See Appendix B for detailed scoring)

a. Recommended Dispositions

Bldg #	Building	Sq Ft	Approx Savings	5 Yr Def. Mtnc.	Score	Notes
106	Portland Building-14	18,772	380,229	0	225	
109	ADS DSO West Branch	7,560	0	0	Not Rated	closed in 04
149	Tri-County Crisis	2,204	34,356	0	195	
226	North Disability Services	10,311	199,209	0	245	
245	Dexco Building	8,661	150,636	0	220	
276	Anchor Park	3,005	0	0	Not Rated	lease expired
278	Columbia Villa Health Field Nursing	1,125	0	0	Not Rated	closed in 04
303	South Powellhurst (ASD)	21,610	212,906	0	250	
313	Hansen Building	46,181	246,274	2,615,000	260	
315	State Medical Examiner	10,928	100,831	433,000	185	
331	MCCF	23,023	127,206	769,000	215	
339	East Portland Comm. Ctr.	490	400	0	245	
340	Marlene Building	8,325	97,271	0	235	
358	Hooper Memorial Center	16,599	116,181	686,000	280	
393	Peninsula	7,285	99,659	323,000	185	
400	Gresham Neighborhood Center	24,626	0	0	Not Rated	closed in 04
412	Morrison	34,660	83,477	3,659,000	Not Rated	in process with community
421	Ford	52,143	0	0	Not Rated	closed in 04
433	DSO SE Portland Branch	7,376	0	0	Not Rated	closed in 04
436	Powell Villa (DSO)	6,865	114,292	0	195	
454	Rockwood Neigh. Health	3,654	78,208	0	205	
462	Public Safety/School Bldg	1,432	7,250	0	290	
465	Wikman Building	5,171	50,394	269,000	205	
698	Montavilla Bldg	4,702	0	0	Not Rated	in process with community
		326,708	$2,098,780	$8,754,000		

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b. Recommended for Further Study

Bldg #	Building	Sq Ft	Approx Savings	5 Yr Def. Mtnc.	Score	
155	**Martha Washington (MCRC)**	65,189	385,973	5,464,000	265	
160	**Gladys McCoy Building**	98,318	1,488,205	13,399,000	260	consolidation possibility
161	**Mead Building**	76,545	1,255,799	6,526,000	270	
166	**Commonwealth Building**	110,372	1,704,931		245	consolidation possibility
304	**Mid-County District Office**	4,972	70,247		260	could combine w/481
327	**Penumbra Kelly Building**	18,484	322,518	1,783,000	245	
338	**Baltazar Ortiz (La Clinica)**	7,738	272,221		260	
356	**King Neighborhood Fac.**	3,280	35,187		235	
407	**Gresham Probation**	4,054	55,338	291,000	255	
420	**Southeast Health Clinic**	23,386	439,876	1,743,000	240	consolidation possibility
446	**Bridge Shops**	18,360	104,395	774,000	275	
455	**John B Yeon Annex**	21,630	666,946	0	235	consolidation possibility
481	**Central Probation**	7,618	62,807	995,000	255	could combine w/304
999	**Portland Building-15**	18,750	380,255		285	

c. Not Recommended for Disposition

Bldg #	Building	Score
101	Multnomah Cty Courthouse	270
119	Justice Center	305
151	Cascade Plaza OAME Ctr	280
219	Gazelle House	275
221	Columbia Pacific (PBNO)	275
274	Blanchard Service Center	260
311	Juvenile Justice Complex	295
312	Vector Control	325
314	Inverness Jail	285
317	Library Administration	290
322	Walnut Park	275
324	Animal Shelter	250
325	North Portland Hlth Clinic	270
360	Womens Transition 1	275
365	Womens Transition 2	275
366	Womens Transition 3	275
406	Gresham District Court	295
409	Tabor Square	270
414	Elections Building	330
423	Rockwood Fmeyer	275
425	John B Yeon Facility	290
430	Mid-County Health Center	255
437	Multnomah County East	275
439	GCC MDT Building	285
444	Towne Building	285
447	St. Francis Dining Hall	285
448	GCC Service Bldg	265
451	GCC Resid. Bldg	300
473	YWCA Downtown Center	290
503	Multnomah Building	265
504	Multnomah Bldg Garage	315
617	Title Wave Bookstore	280

NOTE: A number of properties were not included in the assessment process if: 1) There were obvious and compelling reasons they should be retained; 2) they are ancillary to a building on the list; or 3) retained due to long-term program/legal commitments. See Appendix C for detail.

6. Progress Towards Benchmarks

Assuming disposition of all of the recommended properties, the following results will be achieved relative to the targets which were established for this effort. (The properties identified for further study will likely add more properties to the list recommended for disposition and will therefore help in the achievement of all of the targets.)

Reduce the Total Space Occupied by the County by 10%

326,000sf of 320,000sf targeted (102%)

Reduce the Number of Sites Supported by the County by 25%

24 of 27 targeted (89%)

Reduce County's Annual Facilities Expenses by $2,500,000

$2,100,000 of $2,500,000 targeted (84%)

Reduce County Deferred Maintenance Backlog by $10,000,000

$8,800,000 of $10,000,000 targeted (88%)

7. Project Plan

a. Project Management/Risk Assessment

1. Next Steps
   a. Obtain Board Approval for the following Resolutions:
      i. Approving the Consolidation and Disposition Strategy
      ii. Declaring the Recommended Disposition Properties as "Surplus"
      iii. Adopting an "Unsiting" Process for Disposal of Owned Property
   b. Create a Task Force for Each Disposition to Develop and Implement a Project Plan for that Consolidation/Disposition Effort
   c. Implement a Communications Strategy to Keep Decision Makers, Stakeholders, Other County Staff, and the Public Informed
   d. Reassign Facilities Staff and Implement a Moves, Adds and Changes (MACs) Strategy to Accomplish the Physical Work of Consolidation
   e. Develop and Implement Lease Negotiation and Sale/Transfer Strategies for each Disposal Property
   f. Complete Assessments of Properties Identified for "Further Study" and Hold a Planning Session with ASMs to make Final Disposition Recommendations

2. Roles and Responsibilities

Set Targets	ASM/Execs/Board
Develop Site Strategies	Site Task Forces (for each disposition)
Implementation	Facilities
Final Authorizations	Board action required

3. Facilities & Property Management Responsibilities

   - Draft Disposition Strategy, Project Plans, and Required Resolutions
   - Provide Decision-Maker Briefings
     - ❖ Monthly ASM updates
     - ❖ Quarterly Executive Committee updates
     - ❖ Semi-annual Board updates
   - Develop, Staff, and Lead Workplans for Each Disposition Site
   - Manage the Physical Consolidation Work for Each Site

4. Project Management

An undertaking of the magnitude outlined in this Strategy requires full-time project management. The requirements of shepherding dozens of variables and changing circumstances and of working with stakeholders and decision-makers to resolve problems and remove roadblocks are monumental. In addition, the extremely short timelines demanded for this effort require a strong sense of urgency and careful coordination to achieve the desired outcomes.

A full-time Project Manager will be appointed by Facilities to provide the required leadership for this project. An existing vacant position and resources within Facilities will be used for this purpose. It is anticipated that this will be a 2-3 year assignment and the person appointed to this role will serve as a member of the Facilities Management Team during that period to provide the needed access and emphasis as well as to facilitate needed coordination with Facilities.

5. Risk Assessment

The results of this effort will be heavily impacted by a number of variables which cannot be controlled directly. Among these variables are uncertainties about:

a. the timing of County funding shortfalls
b. the specific impacts of appropriation reductions on individual programs and facilities
c. community response to individual disposition proposals
d. owner/landlord responses to proposed lease termination settlements
e. market response to sale offers for the surplus properties
f. currently unidentified conditions in disposition properties which require remediation or affect values.

These uncontrollable variables could potentially have large impacts on the timing and total achievements of this effort. Some of the risks that are created by these uncertainties are outlined below:

a. Delays in the sale or termination of leases after a property has been vacated may cause short-term increases in vacancy costs.
b. Changes in program funding and requirements once disposition strategies have entered implementation could disrupt planned outcomes and/or necessitate costly remedial work.
c. The simultaneous implementation of multiple disposition strategies may create extra complications and expense as well as potential program disruption.
d. Competing demands and priorities on decision-makers could delay needed decisions and there impede progress on the implementation of this Strategy.

Assertive, professional management and a strong communication plan should permit the management and mitigation of most of these risks. In the end, it is difficult to commit absolutely to specific results by specific dates. The need for making the effort is clear, however, and potential for savings and efficiencies seem to far outweigh any related risks.

b. Site Strategies

As required, a separate task force will be established for each planned disposition. These task forces will be composed of a core group of Facilities, IT, Telecom, Finance and other individuals and supplemented with Department personnel from each of the affected organizations (either relocating from the Disposition Building or receiving activities from that Building).

Each task force will be responsible for developing a strategy, a work plan and timeline, a budget, "unsiting" plan implementation, required interfaces, and for proposing solutions for potential roadblocks and issues.

Developing Site Specific Strategies
The development of the specific site strategies will be generated by a Dispositions Task Force. The taskforce will be modeled after an ICS structure and will include team leaders (see attached org chart) from all of the major components of a disposition. The task force will be chaired by an incident commander, project manager or chair person who will be responsible for reporting out to the overall project manager of the Disposition/Consolidation project. Discipline resources will be assigned to the discipline leads.

Task Force Components
- Fiscal Plan
- Unsiting
- Communications
- Dispositions/Lease exit strategies
- MACS

Roles and Responsibilities
Fiscal Plan – Steve Pearson
- Define requirements
- Identify funding sources
- Define ongoing impacts

Unsiting – Rich Swift
- Define routine process to easily market and sell owned facilities
- Develop communication plans with BCC, community and other stakeholders

Communications – Trink Morimitsu
- Meetings and updates

- Routine updates to County occupants
- Public updates

Dispositions/Lease exit strategies – Lynn Dingler/Mike Sublett

- Market and sell owned facilities
- Negotiate exit strategies with building owners

MACS – Matt Newstrom

- Space planning and scenario building
- Construction and MAC management
- Portfolio review and assessment

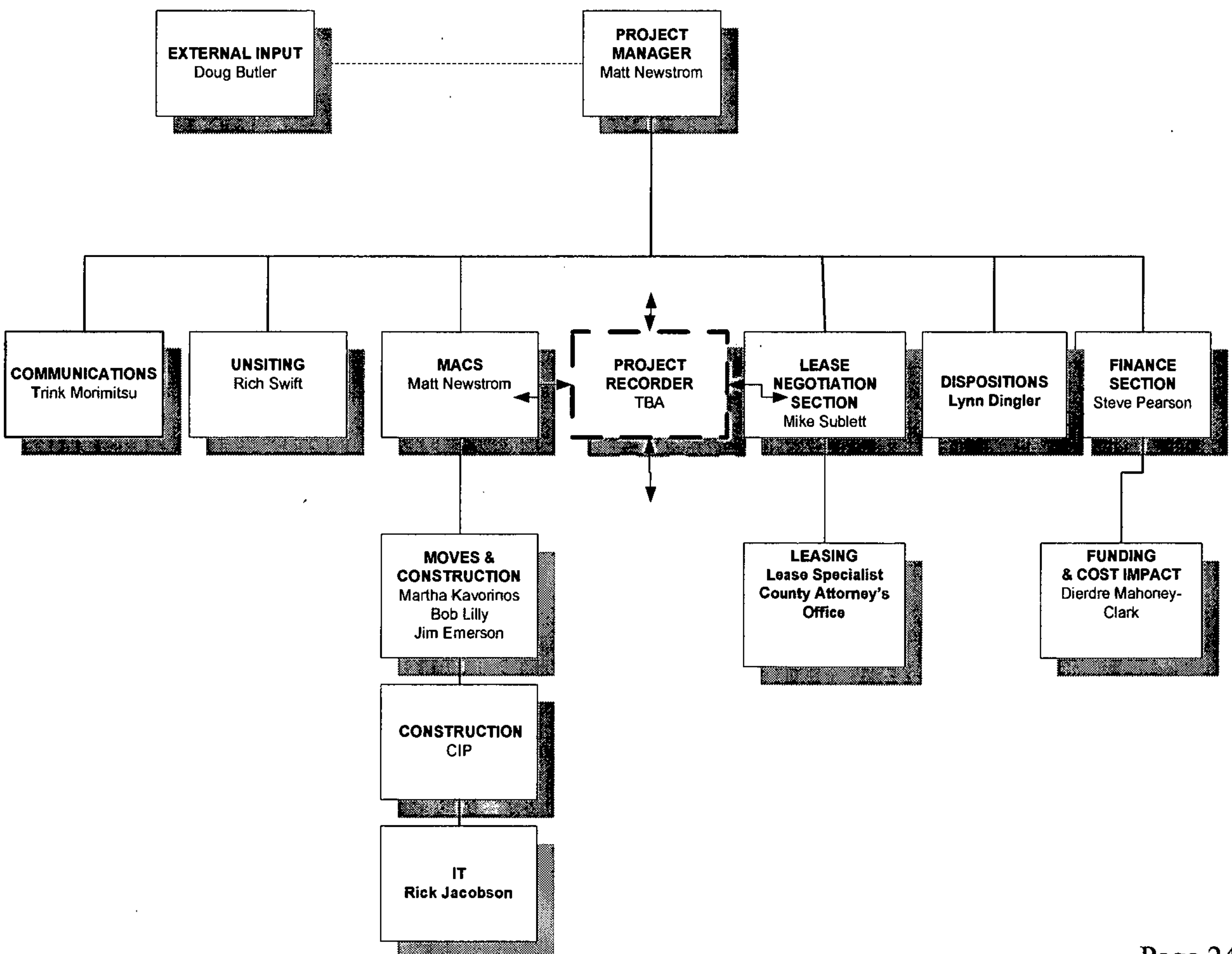
<u>Team Member Roles and Responsibilities</u>

Project Sponsor – Overall management oversight of the Disposition Project.

Project Manager – Responsibility for the forward momentum of the task force and Disposition Project. Identify and remove barriers for the team.

Team Lead – Responsible for escalating barriers and needs, communicating updates up to the task force chair and down to team resources. Directing and monitoring the work of the team resources

DISPOSITION TEAM STRUCTURE



Overview of the Yes's

State Medical Examiner - Disposition
The State is set to vacate the space in October of this year. The building ranked the lowest on the ranking sheet and there are no other apparent internal uses for the building. It is assumed the strategy for this building will focus on vacation and sale.
Task Force Requirements: Unsiting, Disposition, MACs, Finance, Communications

Peninsula - Disposition
The Peninsula Building has already been identified as a surplus property. Currently the HAP is leasing the building from the County and will likely need to vacate it in about one year. It is assumed that the strategy for this building will focus on a sale.
Task Force Requirements: Unsiting, Disposition, Finance, Communications

Hansen Building – Disposition
The Hansen Building has long been identified as potentially surplus. The Sheriff's Offices in the building must be relocated to new facilities (presumably in conjunction with East County courts). Current efforts of a Board work group to create this new facility are hoped to provide an opportunity to dispose of the Hansen Building. It is assumed that the strategy for this building will focus on relocation to a new building and sale.
Task Force Requirements: pending Courthouse workgroup results

MCCF and Edgefield Property – Disposition
The Correctional Facility and surrounding undeveloped property has long been identified as potentially surplus. The Sheriff is prepared to relocate operations to the Inverness Jail upon sale of this property. It is assumed that the strategy for this building will focus on relocation to Inverness and sale.
Task Force Requirements: Unsiting, Disposition, MACs, Finance, Communications

Tri-County Crisis - Lease
The Tri County lease is set to expire 12/31/04. We are actively researching other County occupied space with the Tri County staff. The assumed strategy for this building is relocation to another County facility and allowing the lease to expire.
Task Force Requirements: MACs, Finance, Communications

Powell Villa - Lease
It is believed that the activities at this location could be relocated to Multnomah County East. The lease does not expire until 4/30/07. It is assumed that the strategy for this building will be relocation to MCE and a negotiated lease termination.
Task Force: MACs, Leasing, Finance, Communications

Rockwood Health Clinic - Lease
Most of the programs that were located in the RHC have already been relocated to the Multnomah County East Facility. The lease is set to expire 8/31/05. If the ITAX is repealed, this building should be considered for an early termination strategy.
Task Force: MACs, Leasing, Finance, Communications

Wikman Building - Disposition
The Wikman is an owned building that is under-utilized due to the design of the floor plan. In discussions with DCJ this building was identified as a candidate for consolidation of multiple sites: TMB admin, Central Probation and Mid-County Probation. The assumed strategy for this building is relocation and sale.
Task Force: Unsiting, Disposition, MACs, Finance, Communications

Dexco - Lease
We are currently drafting space scenarios that would move the Dexco tenants into the recently vacated primary care space at South East Health Center. The building is a perfect fit and would utilize the SEHC space very efficiently. Lease expires 2/28/06. The assumed strategy for the building would be relocation to SEHC and a negotiated lease termination.
Task Force Requirements: MACs, Leasing, Finance, Communications

Portland Building 14 – Lease Hold Disposition
The majority of the 14th floor is currently vacant, and the balance of the floor is set to move out in January 2005. Discussions are underway with the City of Portland regarding a potential sale. It is assumed the strategy will involve relocation and sale.
Task Force Requirements: Disposition, MACs, Finance, Communications

Marlene Building - Lease
The lease has expired and the occupants have moved into vacant space at the SEHC.
Task Force Requirements: None

East Portland Community Center - Lease
This lease is for one office space and can be terminated with 90 days notice. The assumed building strategy is relocation and lease termination.
Task Force Requirements: MACs, Leasing, Finance

South Powellhurst - Lease
It is believed that the activities at this location could be relocated to other County facilities. The lease expires 6/30/05. The lease rate is very reasonable and the location is good. We are currently researching and analyzing alternates for this space.
Task Force Requirements: MACs, Leasing, Finance, Communications

Public Safety/School Building - Lease
Lease has expired and we have vacated the site.
Task Force Requirements: None

Anchor Park - Lease
Lease has expired and we have vacated the site.
Task Force Requirements: None

Montavilla Building - Disposition
Property is vacant and has been declared surplus. Community interest in the site has prolonged disposition. The assumed strategy is sale.
Task Force Requirements: Unsiting, Disposition, Finance, Communications

Morrison Building – Disposition
Property is vacant and has been declared surplus. Community interest in the site has prolonged disposition. The assumed strategy is sale.
Task Force Requirements: Unsiting, Disposition, Finance, Communications

Hooper Memorial Center – Disposition
Building is currently utilized (at no cost) by Central City Concern. Discussions about the possible transfer to the facility to CCC are currently underway.
Task Force Requirements: Disposition, Finance, Communications

Example of a Detailed Site Strategy

NDSO Strategy
The North Disabilities Services Office is located in a leased building approximately 12 blocks from another DSO office. The strategy is to consolidate both offices into one, which will be located in an owned building at the NE Walnut Park complex. This strategy will reduce one site, better utilize the vacant space in an owned building and provide annual savings of approximately $198k in operating expense.

Task Force
Lease Team
The lease does not expire until 5/31/06, will need to pursue an early release.

Fiscal Team
Provide analysis for lease buy-out and tenant improvement requirements

Unsiting Team
Work is already underway with the PAO office. Provide support as needed to the program management.

Communications Team
Work is already underway with the PAO office. Provide support as needed to the program management.

MACS Team
The move is currently not possible with the existing configuration of fumiture and program placement. Develop strategy to allow total consolidation. The Health department occupies space that could be easily recreated elsewhere for their field nurses office; this space could then be used for DCHS consolidation. Explore Tenant Improvements in the vacant mezzanine space.

Actual Steps/Lead
1. Develop scope of work and construction estimate for upgrade of vacant mezzanine space
2. Evaluate construction estimate vs. cost to move Health out of the 1st floor, south side of building to alternate general use space
3. Work with Health Dept as needed if a Health move is recommended
4. Develop lease exit strategy with County Attorney
5. Design building layout
6. Tenant Improvements
7. Execute move

Constraints
- Parking issues need to be resolved
- Lease expiration – 5/31/06

Cost to Dispose
- Tenant Improvements - $60k
- Moves - $25k
- Lease buy-out - $70k

Net Disposition Proceeds
- $199,209 annual operating cost
- $(155,000) Cost to Dispose

Net Proceeds - $44,209

c. Fiscal Plan

1. Introduction

   The disposition of the 24 proposed buildings (and the potential of up to 14 additional buildings) will create long-term savings for the County. The implementation will, however, trigger significant one-time expenditures, and cause shifts of Facility cost responsibilities.

   - One-time expenditures are driven by building dispositions. Such costs could include:
     - Extinguishing of fixed costs (such as debt balance)
     - Lease buyout
     - Move costs
     - Tenant Improvements
     - Disposition transaction costs
     - Communication costs
     - "Unsiting" costs

   - Ongoing cost savings are achieved by fewer buildings and consequently less building specific expenditures. Savings categories would include:
     - Operation and maintenance expenses
     - Lease (and sublease) charges and revenues
     - Capital improvement assessments (AP/CIP fees)
     - Utilities and recycling costs
     - Annual debt and interest payments
     - Code compliance costs
     - Building and asset management costs

   The sale of owned buildings can generate sales revenue. Certain payments should be prioritized from the use of proceeds of the sale, including transaction costs and outstanding debt. Net proceeds beyond those expenses can be used to fund the one-time expenditures or used for other purposes at the discretion of the Board consistent with current adopted financial policies.

   This procedure describes the approach and information to be provided by Facilities in making its recommendation to the Board regarding disposition proceeds for each affected property. [NOTE: This procedure will apply only to those buildings and moves related to the Strategic Disposition Plan and not to other moves initiated by departments.]

2. Timing, Data, and Reports

   The timeframe for the Disposition Plan and this procedure is FY05 through FY07 (to the extent final dispositions spill into that fiscal year). Information required will include the following for each building:

- Expected quarter of disposition
- One-time expenditures by disposition category, budget & actual, and rough timeframe
- Ownership costs (debt balance), restrictions on extinguishment, appraised value, and potential sales price and receipt
- Use of space by program by time period per plan and actual
- Monthly operating cost for year of disposition.
- Analysis of the above will feed into budget for FY06 and FY07

Reports and analysis will include:

- Cash flow and expenditure reports including balance available on one-time costs by building by quarter and in total for the project.
- Budget and actual impact of the Disposition plan on each building and on rates
- Disposition plan vacancy calculation for budget as well as actuals
- Impact on recovery of debt costs through rates from each department
- Budget revenue by department compared to previous year by building by year
- Comparison of operating costs to previous year
- Actual vs. planned moves and financial impact of change on costs and disposition vacancy

3. One-time Costs

The dispositions will overlap significantly. Closing buildings and moving personnel comes with a significant cost, and much of the expenditure will occur before any sales proceeds are realized. This will require funding sources to precede net sales receipts, possibly on a reimbursable basis.

The Board decides on the use of any proceeds from each specific sale. Such decisions normally come when the property is declared surplus or when the sales transaction comes before the Board for approval. While each disposition in the plan is ultimately a unique event, the funding and expenditures for the process are best examined in the larger context of all the expenditures.

A major assumption used is that this is a countywide program, so departments that are asked to move will not be required to pay for the one-time costs out of their budgets. Each quarter, a report will be produced comparing budget to actual expenditures for the one-time costs with resources applied and cash flow needs identified.

Sources for funding to cover the one-time expenditure needs may include:

- Capital Improvement budget funds--There is $250,000 identified in the FY05 budget for dispositions and moves. This source could be used to "front end" some of the costs until a sale is consummated and the fund is replenished.

- Capital Improvement Project delay—With Board approval, select adopted projects could be delayed until other sources (e.g., sales) were available.
- Facilities Operating Fund contingency (FY05)—The Board adopted a contingent amount of $148K in the operating budget for Facilities for FY05. Because there is no specific allowance for shortfalls in FY05 due to disposition moves, the contingency is probably best suited to absorb any related shortfalls.
- Transfers from General Fund—This source could be considered for short-term funding of the projects until such time as other revenue sources become available.
- Landlord funding of tenant improvements—Any renegotiation or extension of leases could include exploration of such funding to reduce our cash flow needs for tenant improvements.
- Sales proceeds from disposition of owned building—Some buildings will provide considerable funds, part of which could be used for one-time costs. There is a risk in budgeting sales as there could be wide fluctuations between the time sales are projected and when they actually occur. Funding for one-time expenditures should provide flexibility for such fluctuation.

Subject to the approval of the Board, the use of Sale Proceeds should be considered in this order:

- Pay direct transaction costs
- Applied to retire any outstanding debt on the facility sold

NOTE: If appropriate, a trust account could be established from the proceeds to cover the total cost of debt remaining and shall be held until the call date.

- If proceeds from the sale of a County building do not fully cover the cost of its outstanding debt, then funds remaining from the sale of other buildings in this disposition project may be used to cover that debt.
- Other one-time costs related to the strategic disposition plan (such as moves, tenant improvements).
- If the cash flow projections show part of the proceeds is not needed in the reasonable future, the remainder of the proceeds should be used to replenish reserves, or programmed for deferred maintenance projects in the Capital Improvement Fund.

On a quarterly basis, as well as before the Board approves a sale, the most current schedule and description of actual and projected costs will be presented and any recommendation for additional or fewer resources will be made.

4. Ongoing cost savings

Balanced and consistent treatment of ongoing cost savings and Facilities revenues is difficult to quantify and achieve. The effect of the Disposition Strategy is that overall annual costs to the County for facilities services will decrease. However, the overall rates per square foot for base service or overhead charge may increase (or at least not decrease) initially because of lost revenue and fixed costs. Thus, a department decreasing space will generally see a decrease in overall billings while one staying at the same locations could potentially see an increase.

Several procedures were examined. An initial idea proposed was to identify savings from each sale/disposition and share them among the moving department, the other departments, and Facilities (to bring maintenance closer to standard). Another proposal sought to capture all savings from individual transactions for the General Fund needs. Finally, the existing vacancy policy could be used. Whatever method is used, it is important that such a significant shift of programs from one place to another not place the burden on Facilities to cut services to everyone due to disposition-related vacancy revenue shortfalls.

Under the current vacancy policy, customers are charged for budgeted vacancies as part of departmental overhead or directly if they move between annual budget adoptions. The current vacancy policy is not considered appropriate for vacancies caused by the Disposition Strategy since the departments do not initiate the changes and there is a desire by some to share the savings more widely across the county.

Facilities proposes that changes in billings to departments caused by Disposition Strategy related events be treated in the following modified manner:

- Facilities will develop a month-by-month expense and revenue budget for those buildings to be disposed of during the budget year and any expected changes to other buildings caused by the Strategy.
- The costs for buildings to be disposed, before and after occupancy will be budgeted and included in the expenditure budget for FY06 and FY07, reported separately, and analyzed quarterly for variance between actual and the plan.
- Facilities will incorporate a new category in our budget development—"disposition vacancies" which will track the revenue shortfall, both budget and actual from what it would have been had there not been a disposal plan.
- Since both the revenue and expense side of the operating costs for buildings to be disposed will be included in the FY06 and FY07 budgets, they will be used to develop rates to be charged. The "disposal vacancy" will be calculated and its recovery mechanism determined during the budget process. Such recovery could be by surcharge, by changing the rates, by use of sale proceeds, or by other mechanisms as described above.
- The remaining risk for Facilities and the County is that actual operating costs, move timings, and vacancies will deviate significantly from the plan. Facilities will report on plan vs. actual and variance to the ASM's and

Executive Committee quarterly. Facilities will be prepared to propose an adjustment if the variance becomes large in one direction or another.

Rates per square foot for FY06 may be increasing while square footage is decreasing disproportionately among departments depending on moves. Some departments may have lower overall Facility charges and some may have higher bills, particularly if they move into more expensive buildings that the County is keeping. Reports will be provided with Facilities' proposed budget showing by department the FY06 sq ft, debt cost, and other costs by department by building compared to FY05.

Any adjustments to capture the savings through constraint adjustments for debt service coverage or overall department savings should be made through the Budget office. This will allow Facilities to concentrate on reducing overall cost to the County and continuing to charge each department in accordance with its normal procedures.

d. Property Disposition Process

The decision to declare real property as surplus rests solely with the Multnomah County Board of Commissioners (Board). Real property means any property or equity interest in real property held or owned by Multnomah County, Oregon. The administration of property as a public asset requires due diligence to maximize the return on assets and occurs in three phases.

In the **first phase** Facilities and Property Management (Facilities) moves to determine that real property in the custody of or use by a County department(s), commission, or agency is no longer needed or suited for its purposes. In doing so Facilities determines if that property meets one or more of the following criteria:

1. The County has or soon will have no practical, efficient, or appropriate use for the property, nor will it have such a use for the property in the near future;
2. The purpose served by the property can be accomplished by use of a better, less costly, or more efficient alternative;
3. The purpose served by the property or its use no longer exists as determined by a change of policy evidenced by an ordinance or resolution of the Board of County Commissioners or funding has been withdrawn for the program that has supported the property;
4. The facilities and or building residing on the property are damaged, worn out or otherwise inoperable and the cost of repairing the same is impractical.

Upon determining that the property meets one or more of the above criteria Facilities submits that property(s) to the Board who declares that property surplus through resolution.

In **phase two**, Facilities provides opportunity for public notice and comment regarding the disposition of any surplus property by notifying the community(s) of the declaration of surplus with subsequent intent to dispose of the property(s). On a predetermined date Facilities provides a report to the Board summarizing actions taken and next steps required for surplus property. This report may and often does contain a plan for sale of the property. The Board, by accepting the report, approves next steps regarding the property and moves the property into the third and final stage.

In **phase three**, Facilities may sell, contract to sell, sell by trust deed, or exchange such property or interest therein in the manner and upon the terms standards, and conditions approved by the Board. The County will obtain fair market value for any surplus real property offered for sale, except that less than fair market value may be accepted if it is determined to be in the best interest of the County to sell the property for a negotiated amount that is subsequently approved by the Board of County Commissioners.

Facilities has determined through a collaborative effort with affected Departments that those properties listed earlier in this report meet one or more of the criteria above. Therefore, the Board will be asked to approve a resolution for surplus. After which phases two and three will be undertaken with some activity occurring simultaneously. Facilities would then submit a report to the Board upon completion of that work for approval prior to final disposition activities for surplus property.

e. Communication Plan

Communication planning for the Disposition Strategy will be a critical and ongoing function throughout the life of this Project. Provided here are basic, preliminary elements of an overarching communication plan, with the expectation that additional elements and specific details will be included as the Project becomes operational. Communication planning will be especially closely tied to, coordinated with, and supportive of the Site Strategy and Moves/Adds/Changes teams.

Specific communication plans related to particular events, sites or milestones will be developed as the Project unfolds. These plans will adhere to the elements described here to provide consistency, cohesiveness and a comprehensive approach to the overall communication activities related to this Project.

Primary communication elements described include:
- scope and goals for the Plan
- a list of stakeholders that may be impacted
- proposed key messages in summary form
- recommendations for communication vehicles or tools
- temporary communication/change management structures
- Project Team communication protocols, guidelines and ground rules to coordinate with and support the efforts of the Site Strategy and MACs teams.

Scope and goals of the communication plan
The scope of this plan includes information and communication strategies targeted to:
- Internal stakeholders who may be impacted by the Facilities Disposition Project
- Facilities Disposition Team members, Facilities staff and contractors involved in implementing this Project

- A third potential area of focus is external customers, providers and clients of County services that are impacted by the Disposition Project, pending discussions with the Public Affairs Office to identify border issues and handoff points.

The goals of the communication plan will be to:

- Provide high-level information such as overall plan, timeline, benefits and updates sufficient to build general awareness of and support for the Disposition Project.
- In coordination with the Site Strategy and MACs teams, provide detailed information to impacted stakeholders on specific site developments to support planning for and execution of moves and changes.
- Develop communication practices, norms and protocols among the members of the Project Team and other Facilities staff to provide consistent, accurate and appropriate information to each other and to impacted stakeholders.

Stakeholder Identification and Analysis

The Facilities Disposition Project has the potential of affecting a wide range of stakeholders at different times and at different levels. The communication plan will provide information to each of these stakeholder groups as needed via appropriate communication vehicles and tools throughout the duration of the Project. This will be accomplished through an ongoing assessment to determine current stakeholder involvement, awareness and information needs.

Prospective stakeholder groups include:

- The Chair's Office, Board of County Commissioners, unions, other Elected Officials, external Boards or interest groups
- Facilities staff and contractors
- Department Directors and Administrative Services Managers (who, along with Facilities managers are considered 'champions' of this initiative)
- Business Services Leadership Team – some of whose operations will be impacted or will be providing infrastructure-related support for moves and changes
- The Public Affairs Office (PAO), who may be involved in providing information to the media and clients related to moves and changes
- Division managers, supervisors, leads who may be involved in planning for moves and changes
- Line staff who will be asked to move or change
- External and internal clients or customers of services provided at County facilities that are impacted by the Disposition Strategy
- External business, realtors, contractors, suppliers impacted by the Strategy
- External tenants of County facilities impacted by the Strategy
- The media who may be involved in communicating changes to the public related to the Disposition Strategy

Key Messages/Themes

Throughout the duration of the Project, key messages will be identified based on the approved Disposition Strategy, on events and milestones as they unfold and other critical developments. Communicating key messages consistently will help stakeholders clearly understand the need for this Project, its benefits and impacts. This will be important given that physical moves generally require a significant amount of information and effort. Moves pose disruptions to those affected and possibly will require new, undesired changes to routine. Additionally, moves imposed from 'above' could generate some resistance. Key messages will also help stakeholders manage their expectations, given the fair degree of ambiguity and likelihood of change inherent in this project.

Key messages should be incorporated into various communication vehicles and tools (as identified below). To achieve maximum consistency and clarity for stakeholders, incorporating key messages in face-to-face meetings, conversations, and presentations would also be helpful. Proposed key messages could include:

- **Mandate for change: Five years of budget cuts**
    - The Past: $60m cut from County budget in past 5 years
    - The Near-term: $32 million iTax impact
    - The Future: structural deficit of $5 million annually

- **Budget cuts create a serious situation for County facilities**
    - Portfolio size: too many small bldgs – 24,000s.f./bldg compared to 199,000, expensive to maintain many small bldgs
    - Preventive Maintenance underfunded: give stats
    - Inefficient use of space:
    - Deferred capital backlog – of properties that need capital maintenance work

- **Facilities Disposition Project addresses long-term needs:**
    - Reduce total County sq. footage by 10% (320,000 sf by 7/2006)
    - Reduce number of county sites by 25% (27 of 120)
    - Cut operating expenses by $2,500,000/yr
    - Reduce capital backlog by $10,000,000

- **Overall savings will benefit the County as a whole-** it will be important for stakeholders who are impacted to understand the overarching reason and benefit for their inconvenience

- **The Disposition Project is a Countywide initiative** supported by the Board, Dept. Directors and ASMs

- **Decisions will be made jointly** by the Executive Committee and ASMs and presented to the Board for approval

- **Special Task Forces convened** to oversee the Project
    - Fully staffed, experienced
    - New processes in place to support moves and changes
    - Communication, input opps, other resources available

- **The Project is complex:** fluid, many variables out of our control, many interdependencies that could be affected because one variable changes

- **We need to actively manage expectations**
    - two-three years before goal is reached
    - for those whose offices will move, some short-term disruption
    - likelihood of changes to original schedules b/c of variables

- **We need everyone's support and understanding**

Communication vehicles/tools

Appropriate communication vehicles and tools will be identified as the Project unfolds and will be keyed to stakeholders' preferences and needs. Tools could include:

- Basic information packet: Disposition Project overview, FAQ, Resources, Timeline
- Regular decision-maker updates by Facilities to:
    - ASMs monthly
    - Executive Committee quarterly
    - Board semi-annually
- Site-specific communication keyed to impacted stakeholders – coordinated with Site Strategy/MACs teams
- Ongoing, regular updates via email, hard copy regarding moves/changes
- Talking points to be included in dept. newsletters, updates, Directors' messages, etc.
- Mint site: static information such as Project overview, FAQ, Timeline
- Brown Bags or Focus Groups at request of Dept. Directors, ASMs, or others
- Talking points to key opinion leaders as needed
- Other communication tools, vehicles as requested, needed

Temporary communication structures

An effective strategy often used during significant organizational change is to identify site champions, transition monitoring teams or 'point people' (not Facilities' staff). These individuals/teams act as a 2-way information conduit to provide accurate information and to apprise the Disposition Team of misinformation or unidentified information needs. This strategy may be adopted pending development of Site Strategy and MACs plans.

Communication norms and protocols among the Disposition Team

Given the complex nature of this project, where every change to the status of any one property could affect a chain of interdependent variables, clear communication protocols will need to be established among the Project team members, to keep each other apprised. These protocols will be developed and coordinated closely with each of the Project teams.

Communication protocols will also need to be established regarding how and when information should be shared with impacted stakeholders, particularly regarding specific sites. As the Project Teams develop their respective plans, the expectation is that communication protocols for external stakeholders will also be clarified, agreed-upon and become part of standard operating procedure.

f. Lease Negotiation and Dispositions

Facilities and Property Management is engaged in a process of streamlining and increasing the efficiency of use for the Multnomah County Real Property Portfolio. This activity includes the disposing of property that isn't necessary for the County to retain. Facilities, has established a three part process for the identification and disposal of these surplus properties.

Phase 1 is internal to the County and establishes whether or not a property is operationally necessary and efficient for the County to operate. Program needs drive this phase of analysis. The product of this phase is a resolution of surplus by the Board of County Commissioners

Phase 2; the "Due Diligence" and "Unsiting" work is the responsibility of Facilities and Property Management. Facilities will evaluate the physical, legal, environmental, financial, and community condition of the "surplus" property. The result will be recommendation to the Board for action; such as sell, lease, or mothball and hold.

Phase 3 is the implementation action that is directed by the Board in Phase 2.

The attached flow chart graphically portrays a five point process for identifying the appropriate course of action for County owned property that is judged to be surplus. Currently there are nine properties that have been judged to be surplus to the County or are in the process of being declared surplus and are actively being worked on.

g. Moves Adds & Changes (MACs)

1. Background

   Historically the project management of MACs has been tracked and executed semi-independently. Although there is an existing County Administrative Procedure – FAC-6 - that indicates that Facilities is the responsible party to execute moves, the responsibility has been assumed in some departments by other staff. This inconsistency:

- Has led to the inconsistent application of regulatory requirements, County policies, contractual obligations, etc.
- Makes it more difficult to view and document current conditions, opportunities, and changes in the County facility portfolio
- Reduces the opportunities to capture economies of scale
- Makes it substantially more difficult to improve coordination between the Business Services disciplines, specifically: IT, Telecom and Facilities

Facilities is currently implementing a new service delivery model for MACs that will streamline operations, create consistent work practices in regards to MACs, and provide a level of visibility to the County portfolio and true space utilization as never achieved in the past. This reformation was driven by the need for the improved daily response to MACs and the need for enhanced space planning and move coordination required by the Consolidation and Disposition Strategy.

2. MACs Review Team Objectives

- Identify best practices and procedures
- Propose cost effective labor sources and practices
- Enhance the communication between IT, Telecom and Facilities
- Recommend a new service delivery model with enhanced customer service and response
- Propose a method to quantify MACs activity. [NOTE: with multiple players and no consistency, the County is currently unable to track expenditures associated with MACs accurately. The estimate that we reached for a 12-month period was in excess of $1,500,000 labor, materials, and services.]

3. Review Process

A team made up of Facilities, IT and other department staff reviewed the best practices and procedures for MACs. Topics reviewed included:

- Types and scale of moves
- Staff that currently execute this work
- Funding and cost recovery models
- Standardization of forms, procedures, practices
- Consistent operating methods regarding the use of internal labor vs. contractors
- Timing and expectations
- Communications and tracking

4. New Structure

The newly formed MACs team will consist of three FTE redeployed from other Facilities work groups (i.e., using only existing budget and staff). The team will report to the Disposition Strategy Project Manager. The team will be integral in the development and implementation of the specific site strategies pursued in this project. Increased team building and communication channels have been implemented between the CBS service providers. [NOTE: The staff that will be deployed will be pulled from Property Management, Project Management, and Support. Their current assignments include elements of the work required in the new assignment and the remaining elements will be assumed by others. Customer service impacts should be minimal.]

5. Funding

Since existing resources that are funded by the maintenance rate are being repositioned, there will not be a change to the Facilities budget. The MACs team will be funded through the maintenance rate and will not be charged to the client on a per hour basis as was previously the practice. This cost will be spread across the departments for all the benefit of all.

6. Operating Methods

The operating procedures for the MACs group have been totally overhauled with the focus on responsiveness, communications and customer service. A specific change that will lower the cost of MACs as well as dramatically improving response times is that moves work will be accomplished by outside vendors specializing in this type of work. In-house skilled staff will provide tenant improvement and other skilled labor as required but will no longer be used for moves themselves.

7. Tracking
   New accounting practices will be implemented using SAP to track, quantify and project move activity and requirements.

Multnomah County

Appendix A – Site Scoring Spreadsheet

					Cost		Building Characteristics				Program Compatibility					Opportunity	
				3=keep if:	low	low	good	flexible	costly	not marketable	multi line transit	good	expect 5yr at same level	existing site critical	hard fit with others	no opportunity	
				1=target:	high	high	poor or vacant	inflexible	easy	has ready market	limited transit	inadequate	potential reductions over 5 yrs	if existing site not critical	potential fit with others	good opportunity over 2 yrs	
Bldg Num.	Tier	Building List	Primary Occupant	Square Feet	Cost / Sq Ft	5 Yr Cap Reqm	Space Usage	Flexible Layout	Costly to Move Recreate	Market Exit Strategy	Close to Public Transit	Functional for current use	Funding Assurance	Location Function	Co-Location W/ other pgms	Opportunity	Total
			Weighting Factor		20	10	10	5	10	5	10	10	10	10	10	15	125
315	2	State Medical Examiner	DA	10,928	2	2	1	1	1	3	2	1	1	1	2	1	185
393	2	Peninsula Building	CommJus	7,285	2	1	1	2	1	2	2	2	1	2	1	1	185
149	4	Tri-County Crisis	HumanSv	2,204	1	3	1	1	1	1	1	2	3	3	1	1	195
436	4	Powell Villa (DSO)	HumanSv	6,865	1	3	1	3	1	2	2	1	2	1	1	2	195
454	4	Rockwood Neigh. Health	HealthSv	3,654	1	3	1	1	2	1	2	1	1	3	3	1	205
465	2	Wikman Building	CommJus	5,171	2	2	1	1	1	1	2	2	2	2	2	1	205
331	3	MCCF	MCSO	23,023	3	2	2	1	2	1	1	2	1	1	2	1	215
245	4	Dexco Building	HealthSv	8,661	1	3	2	2	1	1	3	2	2	2	2	1	220
106	4	Portland Building-14	Multi	18,772	1	3	1	3	1	3	3	3	3	1	1	1	225
340	4	Marlene Building	HealthSv	8,325	2	3	1	2	1	1	2	2	2	2	2	2	235
356	4	King Neighborhood Fac.	CommJus	3,280	2	3	2	2	2	2	2	2	2	2	1	1	235
455	1	John B Yeon Annex	CommSvc	21,630	1	3	2	2	1	2	1	2	3	1	2	3	235
420	1	Southeast Health Clinic	HealthSv	23,386	1	2	1	2	2	1	3	3	2	2	1	3	240
166	4	Commonwealth Building	Multi	110,372	1	3	3	3	1	1	3	3	3	2	1	1	245
226	4	North Disability Services	HumanSv	10,311	1	3	2	2	2	1	3	1	3	3	1	2	245
327	2	Penumbra Kelly Building	BusSvc	18,484	1	2	3	2	3	2	2	1	3	1	1	3	245
339	4	East Portland Comm. Ctr.	HumanSv	490	3	3	2	1	1	3	2	2	3	1	1	1	245
303	4	South Powellhurst (ASD)	HumanSv	21,610	2	3	2	1	1	1	3	2	3	2	1	2	250
324	3	Animal Shelter	CommSvc	13,148	1	2	3	1	3	2	1	2	2	1	3	3	250
407	2	Gresham Probation	CommJus	4,054	2	1	3	2	2	2	1	2	2	2	2	3	255
430	1	Mid-County Health Center	HealthSv	21,206	1	2	3	2	2	2	2	2	2	3	1	3	255
481	3	Central Probation	CommJus	7,618	2	1	2	2	2	2	2	3	2	2	1	3	255
160	3	Gladys McCoy Building	HealthSv	98,318	1	1	3	2	3	1	3	2	2	3	1	3	260
274	4	Blanchard Service Center	BusSvc	39,650	1	3	1	2	2	3	3	3	3	1	1	3	260
304	4	Mid-County District Office	CommJus	4,972	2	3	2	2	2	1	2	2	2	2	1	3	260
313	3	Hansen Building	MCSO	31,866	2	1	1	2	2	3	3	3	3	2	3	1	260
338	4	Baltazar Ortiz (La Clinica)	Multi	7,738	1	3	2	2	1	3	3	2	2	3	1	3	260
155	2	Martha Washington (MCR	CommJus	65,189	3	1	2	1	3	1	3	2	1	3	3	1	265
448	1	GCC Service Bldg	Multi	13,914	2	3	2	3	1	1	3	3	1	2	1	3	265
503	1	Multnomah Building	Multi	201,208	1	3	2	3	1	1	3	3	3	2	1	3	265
101	2	Multnomah Cty Courthous	DA/Courts	258,473	2	1	2	1	3	2	3	1	3	3	1	3	270
161	3	Mead Building	CommJus	76,545	1	1	3	2	3	1	3	2	2	3	2	3	270
325	1	North Portland Hlth Clinic	HealthSv	24,017	1	3	2	2	2	3	3	3	2	2	1	3	270
409	4	Tabor Square	HumanSv	29,087	2	3	2	3	2	2	2	1	2	3	1	3	270
219	4	Gazelle House	CommJus	2,668	3	3	3	1	2	1	1	2	2	2	1	3	275
221	4	Columbia Pacific (PBNO)	CommJus	9,987	2	3	2	3	2	1	3	2	2	1	2	3	275
322	3	Walnut Park	multi	74,294	2	2	2	2	2	2	3	2	2	3	1	3	275
360	1	Womens Transition 1	CommJus	2,576	2	3	3	1	1	1	2	2	2	2	3	3	275
365	1	Womens Transition 2	CommJus	1,773	2	3	3	1	1	1	2	2	2	2	3	3	275
366	1	Womens Transition 3	CommJus	2,519	2	3	3	1	1	1	2	2	2	2	3	3	275
423	4	Rockwood Fmeyer	CommJus	1,591	3	3	3	1	1	1	3	2	2	3	2	1	275
437	1	Multnomah County East	Multi	82,155	1	3	2	3	2	1	3	3	2	3	1	3	275
446	3	Bridge Shops	CommSvc	18,360	3	2	2	1	3	1	2	3	3	2	2	1	275
151	4	Cascade Plasa Oame Ctr	DBCS	130	1	3	3	2	1	3	2	3	3	3	1	3	280
358	2	Hooper Memorial Center	(contract)	16,599	3	2	3	1	1	1	3	2	1	3	3	2	280
617	3	Title Wave Bookstore	Libr	13,409	3	1	3	1	1	2	2	3	3	1	2	3	280
314	2	Inverness Jail	MCSO	233,342	2	2	2	1	3	3	1	3	2	2	3	3	285
439	1	GCC MDT Building	Multi	22,871	2	3	3	3	1	1	3	3	2	2	1	3	285
444	4	Towne Building	Courts	13,400	3	3	3	1	1	1	1	3	3	2	1	3	285
447	4	St. Francis Dining Hall	HealthSv	180	3	3	2	1	1	1	2	3	3	2	1	3	285
999		Ptld bldg-15		18,750	1	3	3	3	2	2	3	3	3	2	2	2	285
317	3	Library Administration	Libr	35,265	2	3	3	2	2	1	2	3	3	1	2	3	290
425	2	John B Yeon Facility	CommSvc	181,934	3	1	2	1	2	2	1	3	3	3	2	3	290
462	4	Public Safety/School Bldg	DA	1,432	3	3	3	2	2	1	2	2	3	2	3	1	290
473	4	YWCA Downtown Center	HumanSv	12,095	1	3	2	3	1	2	3	3	3	3	2	3	290
311	1	Juvenile Justice Complex	CommJus	179,841	1	3	2	2	3	2	2	3	3	3	2	3	295
406	4	Gresham District Court	DA/Courts	5,600	2	3	3	1	3	1	2	2	3	3	1	3	295
451	1	GCC Resid. Bldg	Multi	10,802	3	3	1	1	2	2	3	3	1	2	3	3	300
119	2	Justice Center	MCSO	265,745	2	1	2	1	3	3	3	3	3	3	2	3	305
504	1	Multnomah Bldg Garage	Multi	103,159	3	3	3	1	1	1	3	3	3	3	1	3	315
312	4	Vector Control	HealthSv	2,596	2	3	3	1	3	3	1	3	3	3	3	3	325
414	1	Elections Building	CommSvc	41,248	3	3	2	2	2	1	3	3	3	2	3	3	330

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Multnomah County

Appendix B – Results Spreadsheet

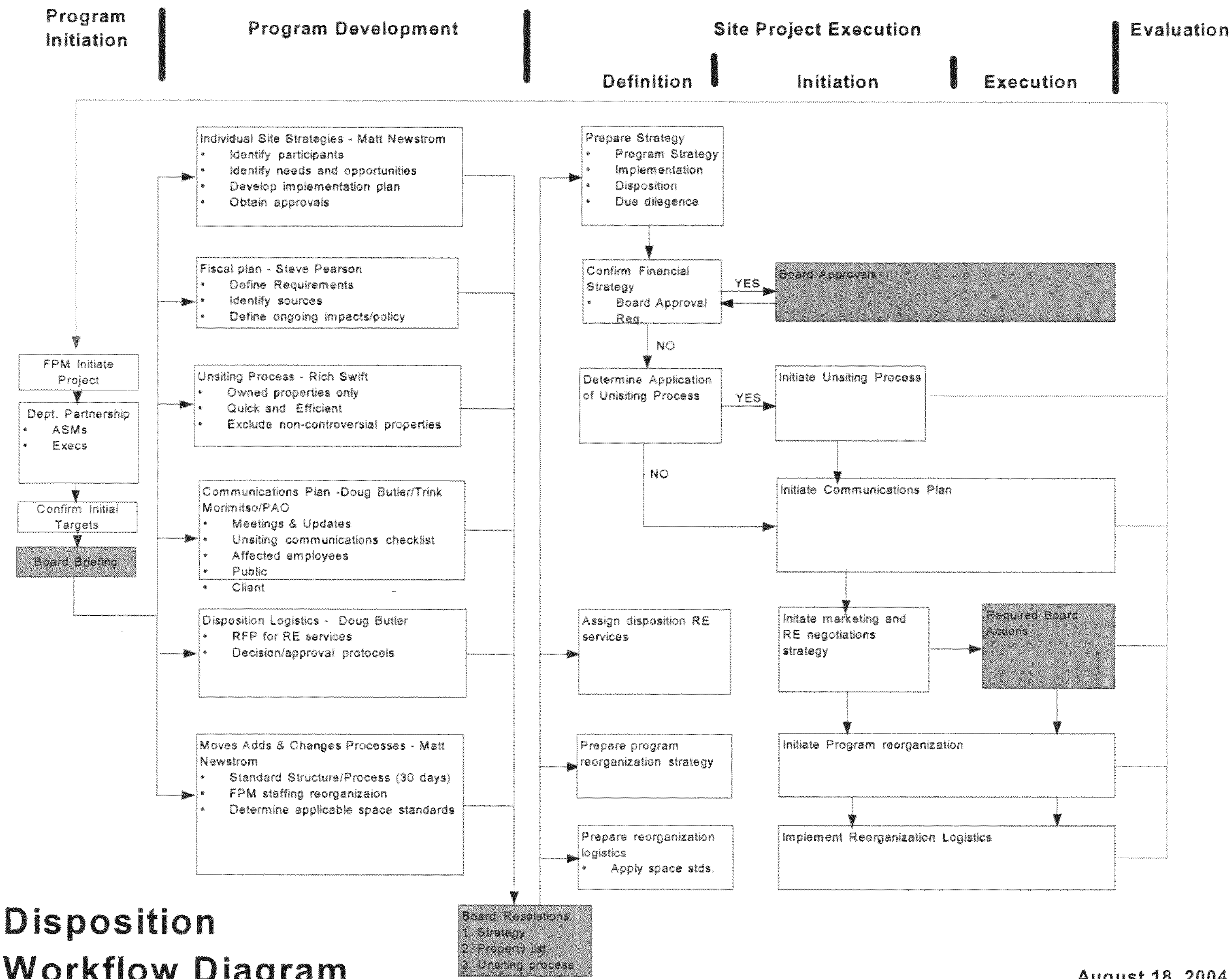
	Proposed Sites for Disposition												
									320,000	**$2,500,000**	**$5,000,000**	**30**	
					Approx.	**5 Yr**			**Disp Sq ft**	**Disp Savings**	**Disp Cap mtnc**	**Count**	
				Sq Ft	**Savings**	**Def Mtnc**	**Score**	**Dispose**	**326,708**	**2,098,780**	**8,754,000**	**29**	
owned	315	State Medical Examiner	DA	10,928	100,831	433,000	185	yes	10,928	100,831	433,000	1	
owned	393	Peninsula	HAP	7,285	99,659	323,000	185	yes	7,285	99,659	323,000	1	
leased	149	Tri-County Crisis	HumanSv	2,204	34,356		195	yes	2,204	34,356	0	1	
leased	436	Powell Villa (DSO)	HumanSv	6,865	114,292		195	yes	6,865	114,292	0	1	
leased	454	Rockwood Neigh. Health	HealthSv	3,654	78,208		205	yes	3,654	78,208	0	1	
owned	465	Wikman Building	CommJus	5,171	50,394	269,000	205	yes	5,171	50,394	269,000	1	
owned	331	MCCF	MCSO	23,023	127,206	769,000	215	yes	23,023	127,206	769,000	1	
leased	245	Dexco Building	HealthSv	8,661	150,636		220	yes	8,661	150,636	0	1	
leased	106	Portland Building-14	Multi	18,772	380,229		225	yes	18,772	380,229	0	1	
leased	340	Marlene Building	HealthSv	8,325	97,271		235	yes	8,325	97,271	0	1	
leased	356	King Neighborhood Fac.	CommJus	3,280	35,187		235	maybe					
owned	455	John B Yeon Annex	CommSvc	21,630	666,946	0	235	maybe					consolidation possibility
owned	420	Southeast Health Clinic	HealthSv	23,386	439,876	1,743,000	240	maybe					consolidation possibility
leased	166	Commonwealth Building	Multi	110,372	1,704,931		245	maybe					consolidation possibility
leased	226	North Disability Services	HumanSv	10,311	199,209		245	yes	10,311	199,209	0	1	
owned	327	Penumbra Kelly Building	BusSvc	18,484	322,518	1,783,000	245	maybe					
leased	339	East Portland Comm. Ctr.	HumanSv	490	400		245	yes	490	400	0	1	
leased	303	South Powellhurst (ASD)	HumanSv	21,610	212,906		250	yes	21,610	212,906	0	1	
owned	324	Animal Shelter	CommSvc	13,148	232,348	1,317,000	250	no					
owned	407	Gresham Probation	CommJus	4,054	55,338	291,000	255	maybe					
owned	430	Mid-County Health Center	HealthSv	21,206	391,697	1,234,000	255	no					
owned	481	Central Probation	CommJus	7,618	62,807	995,000	255	maybe					could combine w 304
owned	160	Gladys McCoy Building	HealthSv	98,318	1,488,205	13,399,000	260	maybe					consolidation possibility
leased	274	Blanchard Service Center	BusSvc	39,650	589,639		260	no					consolidation possibility
leased	304	Mid-County District Office	CommJus	4,972	70,247		260	maybe					could combine w 481
owned	313	Hansen Building	MCSO	31,866	246,274	2,615,000	260	yes	46,181	246,274	2,615,000	6	
leased	338	Baltazar Ortiz (La Clinica)	Multi	7,738	272,221		260	maybe					
owned	155	Martha Washington (MCRC)	CommJus	65,189	385,973	5,464,000	265	maybe					
owned	448	GCC Service Bldg	Multi	13,914	144,333	236,000	265	no					
owned	503	Multnomah Building	Multi	201,208	4,275,239	689,000	265	no					
owned	101	Multnomah Cty Courthouse	DA/Courts	258,473	2,020,303	68,317,000	270	no					
owned	161	Mead Building	CommJus	76,545	1,255,799	6,526,000	270	maybe					
owned	325	North Portland Hlth Clinic	HealthSv	24,017	663,405	0	270	no					
leased	409	Tabor Square	HumanSv	29,087	346,076		270	no					
leased	219	Gazelle House	CommJus	2668	10,859		275	no					
leased	221	Columbia Pacific (PBNO)	CommJus	9,987	133,666		275	no					
owned	322	Walnut Park	Multi	74,294	731,185	3,641,000	275	no					
owned	360	Womens Transition 1	CommJus	2,576	28,539		275	no					
owned	365	Womens Transition 2	CommJus	1,773	16,872		275	no					
owned	366	Womens Transition 3	CommJus	2,519	17,151		275	no					
leased	423	Rockwood Fmeyer	CommJus	1,591	2,754		275	no					
owned	437	Multnomah County East	HealthSv	82,155	2,091,476	0	275	no					
owned	446	Bridge Shops	CommSvc	18,360	104,395	774,000	275	maybe					
leased	151	Cascade Plasa Oame Ctr	DBCS	130	3,503		280	no					
owned	358	Hooper Memorial Center	(contract)	16,599	116,181	686,000	280	yes	16,599	116,181	686,000	1	
owned	617	Title Wave Bookstore	Libr	13,409	67,217	1,231,000	280	no					
owned	314	Inverness Jail	MCSO	233,342	1,818,951	7,255,000	285	no					
owned	439	GCC MDT Building	Multi	22,871	176,395	380,000	285	no					
leased	444	Towne Building	Courts	13,400	57,203		285	no					
leased	447	St. Francis Dining Hall	HealthSv	180	1,095		285	no					
leased	999	Portland Building-15	Multi	18,750	380,255		285	maybe					
owned	317	Library Administration	Libr	35,265	267,537	557,000	290	no					
owned	425	John B Yeon Facility	CommSvc	181,934	877,607	12,715,000	290	no					
leased	462	Public Safety/School Bldg	DA	1,432	7,250		290	yes	1,432	7,250	0	1	
leased	473	YWCA Downtown Center	HumanSv	12,095	239,081		290	no					
owned	311	Juvenile Justice Complex	CommJus	179,841	4,274,321	4,050,000	295	no					
leased	406	Gresham District Court	DA/Courts	5,600	43,992		295	no					
owned	451	GCC Resid. Bldg	Multi	10,802	81,611	100,000	300	no					
owned	119	Justice Center	MCSO	265,745	2,556,297	35,961,000	305	no					
owned	504	Multnomah Bldg Garage	Multi	103,159	159,909	195,000	315	no					
leased	312	Vector Control	HealthSv	2,596	110,475		325	no					
owned	414	Elections Building	CommSvc	41,248	229,028	837,000	330	no					look at financing strategies
		Disposal FY05 Not on list											
leased	276	Anchor Park	Libr	3,005				Yes	3,005	0	0	1	book storage, lease expire
owned	698	Montavilla Bldg	DBCS	4,702				Yes	4,702	0	0	1	
owned	412	Morrison		34,660	83,477	3,659,000		Yes	34,660	83,477	3,659,000	1	
		Closed In FY04											
	109	ADS DSO West Branch CLOSED		7560				Yes	7,560	0	0	1	
	278	Columbia Villa Health Field Nursing CLOSED 12/31/02		1125				Yes	1,125	0	0	1	
	400	Gresham Neighborhood Center		24626				Yes	24,626	0	0	1	
	421	Ford		52143				Yes	52,143	0	0	1	
	433	DSO SE Portland Branch CLOSED		7376				Yes	7,376	0	0	1	

Appendix C – Properties not included

The Noes – Buildings NOT in Portfolio Review

	Owned Buildings		**Leased Buildings**		**Ancillary out Buildings**
14	Rocky Butte Microwave Site	15	Biddle Butte Skamania County	269	Blanchard Parking Shed
111	Motor Pool Trailer (Lot 30)	307	River Patrol, Columbia	272	Blanchard Maint Bldg 1
320	Inverness Jail Laundry	308	River Patrol, Willamette	273	Blanchard Fleet Shops
321	Inverness Jail Storage	309	River Patrol, Chinook Landing	279	Blanchard Maint Bldg 2
330	Edgefield Children's Center	374	Banfield Industrial Park Bldg A	296	Vector Cont. Parking Shed
427	Road Shop #1 Skyline	469	Bridge Shop-Trailer Conf. Room	297	Vector Cont. Mod Office
432	Road Shop #5 Springdale	471	Bridge Shop - Modular Trailer	298	State Med Examiner-Garage
452	Multnomah County Wapato Facility	474	Kiper Bldg Rd. Maint	316	Hansen Building - Refueling
459	Road Shop #5 Springdale-Garage	602	Albina Library	318	Sheriff's Warehouse
464	Road Shop #1 Skyline - Garage	619	NW Library	319	Sheriff's Youth Search & Rescue
601	Central Library	621	Fairview Library	371	Animal Control - Trailer
603	Belmont Library	625	Sellwood Library	378	Hansen Building Garage 1
605	Capitol Hill Library			379	Hansen Building Garage 2
606	Gregory Heights Library			713	Health Services New Avenues For Youth
607	Gresham Library				
609	Holgate Library				
611	Midland Library				
612	North Portland Library				
614	Rockwood Library				
615	St. Johns Library				
618	Woodstock Library				
622	Hollywood Library				
623	Hillsdale Library				

Appendix D – Draft Workflow diagram



Disposition Workflow Diagram

August 18, 2004

Multnomah County

CRESA PARTNERS