



MULTNOMAH COUNTY AGENDA PLACEMENT REQUEST

(Revised: 6/9/2014)

Board Clerk Use Only

Meeting Date: 7/16/15
Agenda Item #: R.2
Est. Start Time: Approx. 10:00 am
Date Submitted: 7/2/15

Agenda Title: **RESOLUTION Approving amendments to agreements with the Portland Development Commission to exchange funding for the Courthouse project for funding for the Health Department project**

Requested Meeting Date: July 16, 2015 **Time Needed:** 10 min
Department: Dept. of County Management **Division:** Finance
Contact(s): John Tydlaska
Phone: 8-6277 **Ext.** **I/O Address:** 503/531
Presenter Name(s) & Title(s): Ken Elliott, Senior Assistant County Attorney;
John Tydlaska, Economic Development Specialist

General Information

1. What action are you requesting from the Board?

This resolution authorizes the County Chair to execute two separate but related amendments to two different agreements with the Portland Development Commission ("PDC"). Principally, these two amendments will increase the amount of funding to be received from PDC to support construction of the Health Department headquarters building ("Health Project") and decrease PDC's financial support of the construction of the downtown courthouse ("Courthouse Project") by an equivalent amount.

2. Please provide sufficient background information for the Board and the public to understand this issue. Please note which Program Offer this action affects and how it impacts the results.

Section 457.470(10)(e) of the Oregon Revised Statutes requires PDC to pay \$16,948,460 to the County from the River District Urban Renewal Area ("RDURA") no later than June 30, 2021. Pursuant to the Intergovernmental Agreement that the County and PDC entered into, effective November 13, 2012, as amended (the "Health IGA"), PDC agreed to support the Health Project within the RDURA by accelerating the disbursement of the above amount upon the County satisfying certain pre-conditions by June 30, 2015. As a result of reevaluating the building program and scale, PDC and the County have agreed to extend the deadline for satisfying the pre-conditions to December 30, 2016.

Pursuant to the Intergovernmental Agreement that the County and PDC entered into, effective November 19, 2007, as amended (the "Courthouse IGA"), PDC paid \$8,820,000 to the County from the Downtown Waterfront Urban Renewal Area ("DTWURA", and such

funds, the “Courthouse Funds”) to support the Courthouse Project. The amendments that are before the Board of County Commissioners address and solve the challenges that County staff has encountered in trying to realize the full benefit of the Courthouse Funds for the County.

Under Oregon Statutes, urban renewal funds may only be spent on projects within the urban renewal area that generated the funds, but the County’s west Hawthorne bridgehead property is not located within the DTWURA. Because the property directly abuts the DTWURA boundary of Naito Parkway, staff examined several options for using the Courthouse Funds to support the Courthouse Project.

Due to the complexity of exploring these options, PDC and the County twice amended the Courthouse IGA to provide the County with more time and flexibility to identify a viable use of the Courthouse Funds. All options for using the Courthouse Funds to support the Courthouse Project are likely to result in some amount of increase in the overall cost of the Courthouse Project. To the extent these additional costs are less than the Courthouse Funds, the County would still realize some benefit from the Courthouse Funds. However, incurring any additional costs would translate into the County realizing less than the full value of the Courthouse Funds.

In order that the County may get the full economic benefit of the Courthouse Funds and thus use taxpayer dollars more efficiently, the County and PDC have agreed that PDC will provide additional funding from the RDURA to support the Health Project, and the County will return the Courthouse Funds to PDC.

The amendment to the Courthouse IGA will impact Program Offer 78014 (Facilities Downtown Courthouse), and the amendment to the Health IGA will impact Program Offer 78018 (Health Headquarters Construction), which impacts are explained in more detail below.

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

The fiscal impact of the amendments to the Courthouse IGA and the Health IGA is immaterial because the reduced PDC contribution to the Courthouse Project will be offset by the increased contribution to the Health Project. The net result is that the County will need approximately \$9 million more of debt to pay for the Courthouse Project and approximately \$9 million less of debt to pay for the Health Project.

Pursuant to the amendment to the Courthouse IGA, the County will transfer \$9,323,009 from the capital fund for the County courthouse to PDC. This amount represents the original transfer of \$8,820,000, plus \$503,009 of interest. Pursuant to the amendment to the Health IGA, PDC will transfer \$9,499,409 to the County from the RDURA before December 30, 2018, which the County will use for the Health Project.

The amount transferred from the RDURA exceeds the amount returned to the DTWURA by \$176,400. At the time of the disbursement of the Courthouse Funds, it was the policy of PDC to withhold amounts that PDC later paid to the Regional Arts and Culture Council under its Percent for Art policy. The amount of the Courthouse Funds reflected that PDC withheld that amount, as required by its policies. PDC’s policies no longer require that it withhold these amounts from government recipients of its funds that support the arts, and so PDC will not withhold such amount from the distribution from the RDURA.

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

Upon PDC’s receipt of the DTWURA funds, the DTWURA IGA will terminate.

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

The PDC Board is scheduled to vote on these amendments at its regular monthly meeting on June 24.

Required Signature

**Elected
Official or
Department**

Director: Karyne Kieta /s/ **Date:** July 2, 2015

Note: Please submit electronically. Insert names of your approvers followed by /s/ - we no longer use actual signatures. Please insert date approved.