

City of Portland, Oregon

FINANCIAL IMPACT STATEMENT For Council Action Items

(Deliver original to Financial Planning Division. Retain copy.)

1. Name of Initiator Diane Hale		2. Telephone No. 503-823-2281	3. Bureau/Office/Dept. Bureau of Planning and Sustainability
4a. To be filed (date) Nov. 10, 2010	4b. Calendar (Check One) Regular <input checked="" type="checkbox"/> Consent <input type="checkbox"/> 4/5ths <input type="checkbox"/>	5. Date Submitted to FPD Budget Analyst: Nov. 10, 2010	

1. Legislation Title:

Accept and approve a conservation easement in accordance with the Agreement for Development between the City and Siltronic Corporation and direct staff to complete follow-up items (Ordinance)

2. Purpose of the Proposed Legislation:

The City and Siltronic Corporation have signed an Agreement for Development to achieve mutually supportive environmental protection and economic development objectives on the Siltronic site, located along the North Reach of the Willamette River. The agreement stipulates that Siltronic will give the City a conservation easement over the portions of the Property that serve significant natural resource functions and the City will implement a Council directive related to the River Plan / North Reach (Ordinance # 183694) to eliminate the environmental overlay zones on the part of the property not subject to the conservation easement. This legislation authorizes follow-up actions related to implementation of the agreement.

3. Revenue:

Will this legislation generate or reduce current or future revenue coming to the City? If so, by how much? If new revenue is generated please identify the source.

This legislation could spur development and generate revenue for the City. The Development Agreement "mitigates" for future development and therefore simplifies the permitting process. New private investment on the site, located in the Willamette Industrial Urban Renewal Area, generates additional Tax Increment Financing (TIF) through future property tax revenue to be reinvested in the area. Public investments can be in the form of infrastructure or direct assistance for redevelopment. In the past, WIURA has not generated much revenue due to the lower industrial property values.

The conservation easement on the Siltronic site may be included in the River Restoration Program, a new Bureau of Environmental Services (BES) program or could be part of a mitigation bank. BES plans to restore fish and wildlife habitat in the conservation easement area and sell the habitat units to developers who cannot mitigate on site. Revenue will come from requirements to vegetate a portion of their property or pay a fee in lieu capped at \$200,000 and requirements to mitigate for impacts in the river environmental overlay zone. The cost of mitigation can range anywhere from several thousand to close to a million dollars.

4. Expense:

What are the costs to the City as a result of this legislation? What is the source of funding for the expense? (Please include costs in the current fiscal year as well as costs in future years)

There may be additional costs to the City as a result of this legislation. The City intends to enhance the habitat value of the conservation easement area. BES's preliminary estimates indicate that the enhancement activities will cost approximately \$10 million. BES started pre-design and will be better able to project the final cost once that more detailed design study is

complete.

PDC may provide financial assistance to attract new private reinvestment on the Siltronic site, but it is anticipated that new investment would generate additional TIF funds.

Staffing Requirements:

5. Will any positions be created, eliminated or re-classified in the current year as a result of this legislation? *(If new positions are created please include whether they will be part-time, full-time, limited term or permanent positions. If the position is limited term please indicate the end of the term.)*

No positions are expected to be created in the current year as a result of the legislation.

6. Will positions be created or eliminated in future years as a result of this legislation?

No positions are expected to be created in future years as a result of the legislation.

Complete the following section only if an amendment to the budget is proposed.

7. Change in Appropriations *(If the accompanying ordinance amends the budget please reflect the dollar amount to be appropriated by this legislation. Include the appropriate center codes and accounts that are to be loaded by accounting. Indicate "new" in Center Code column if new center needs to be created. Use additional space if needed.)*

No additional funds need to be appropriated.

Susan Anderson/Michael Armstrong

APPROPRIATION UNIT HEAD (Typed name and signature)



City of Portland
Bureau of

Planning and Sustainability

Sam Adams, Mayor
Susan Anderson, Director

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MEMORANDUM

To: Mayor Sam Adams

From: Susan Anderson, Director

Date: November 9, 2010

1. Ordinance Title: Accept and approve a conservation easement in accordance with the Agreement for Development between the City and Siltronic Corporation and direct staff to complete follow-up items (Ordinance)
2. Contact Name, Department, & Phone Number: Diane Hale, Bureau of Planning and Sustainability, (503) 853-6127
3. Requested Council Date: November 17, 2010

Consent Agenda Item: _____ or Regular Agenda Item: x

Emergency Item (answer below): _____ or Non- Emergency Item: x

If emergency, why does this need to take effect immediately:

4. History of Agenda Item/Background:

Siltronic Corporation owns an approximately 80-acre parcel of partially developed land (the Property) within the boundary of the River Plan / North Reach. The Plan designates part of the undeveloped portions of the Property as a Special Habitat Area and proposes application of the e, c and p overlay zones on these portions.

At a Portland Planning Commission hearing on January 13, 2009, Siltronic requested that the City not apply the e, c and p overlays so it could maximize the amount of developable land on the Property and gain a higher level of certainty that it will be able to quickly respond to development/employment opportunities.

Siltronic and the City discussed ways to achieve mutually supportive environmental protection and economic development objectives on the Property, resulting in a Memorandum of Understanding (MOU) adopted by Council on May 5, 2010 (Resolution no. 36784). The MOU anticipates that Siltronic will give the City a conservation easement over the portions of the Property that serve significant natural resource functions and the City will reduce the environmental overlay zones on the part of the Property not subject to the conservation easement.

On June 23, 2010, Council approved an agreement for development (DA) between Siltronic Corporation and the City of Portland based on the framework provided by the MOU. The DA was signed by Mayor Sam Adams, Neil Nelson, Siltronic President and CEO and Lavonne Griffin-Valade, City Auditor on June 29, 2010. Council also directed staff to complete follow-up items related to implementation of the DA, including ESEE amendments and a Conservation Easement, before January 1, 2011.

5. Purpose of Agenda Item: Staff has prepared a conservation easement based on the DA as directed by Council on June 23, 2010. Staff recommends that Council accept and approve the conservation easement.

6. Legal Issues: Due to a LUBA appeal, staff cannot complete all aspects of this deal at this time.

7. Individuals or groups that are or would be opposed to or supportive of this ordinance: Based on public testimony submitted at previous hearings related to this project, the following individuals or groups are opposed to or supportive of the ordinance:

Opposed

A few Linnton residents are opposed due to concerns about contamination on the Siltronic Site. The Audubon Society and one NW Portland resident are concerned that the easement area is too small.

Supportive

Siltronic Corporation.

8. How Does This Relate to Current City Policies? The agreement is designed to achieve several substantive requirements of the River Plan / North Reach, adopted by Council on April 15, 2010 by Ordinance no. 183694. Both the City and Siltronic intend to protect, restore and maintain significant existing habitat, mitigate for impacts to natural resources, maintain effective use of the existing industrial land supply and achieve the City's economic development objectives, particularly in the high tech and green technologies areas.

9. Community Participation: City Council took public testimony on the MOU on February 17 and April 1, 2010 and on the DA on June 17, 2010. City staff hosted public meetings on May 26 and October 6, 2010 to present draft materials and answer questions. Three members of the public attended the first meeting and two attended the second meeting, not counting Siltronic representatives.

10. Other Government Participation: Oregon Department of Environmental Quality provided information related to contamination of the conservation easement area.

11. Financial Impact:

Revenue - This legislation could spur development and generate revenue for the City. The Development Agreement "mitigates" for future development and therefore simplifies the permitting process. New private investment on the site, located in the Willamette Industrial Urban Renewal Area, generates additional Tax Increment Financing to be reinvested in the area.

The conservation easement on the Siltronic site may be included in the River Restoration Program (BES) or could be part of a mitigation bank. BES plans to restore fish and wildlife habitat in the conservation easement area and sell the habitat units to developers who cannot mitigate on site. Revenue will come from requirements to vegetate a portion of their property or pay a fee in lieu capped at \$200,000 and requirements to mitigate for impacts in the river environmental overlay zone. The cost of mitigation can range anywhere from several thousand to close to a million dollars.

Expense - There may be additional costs to the City as a result of this legislation. The City intends to enhance the habitat value of the conservation easement area. BES's preliminary estimates indicate that the enhancement activities will cost approximately \$10 million. BES started pre-design and will be better able to project the final cost once that more detailed design study is complete. PDC may provide financial assistance to attract new private reinvestment on the Siltronic site, but it is anticipated that new investment would generate additional TIF funds.