

ORDINANCE NO. 186356 *As Amended*

*Amend the District Property Management License code to update the fee and cap formulas for the Lloyd Business District, add a yearly fee payment escalator and District Board's opportunity to recommend against it, and make other housekeeping changes (Ordinance; amend Code Chapter 6.06)

The City of Portland ordains:

Section 1. The Council finds:

1. Pursuant to Chapter 6.06 of the City Code, the City has established a business property management license fee within the Lloyd Business District, also called the "Lloyd BID" or the "District." The purpose of the license fee is to provide revenues to fund supplemental transportation management, District Attorney prosecution, and economic development services within the District.
2. The Lloyd BID is managed by Lloyd BID, Inc, a non-profit 501(c)(3) corporation whose Board of Directors is comprised of several of the District's largest payers.
3. As part of the District's 2013 renewal process, several stakeholders and Directors of the Lloyd BID Board strongly endorsed the need to update the fee formula used to assess District property management fees given the District's growing economic importance.
4. During the renewal process, the Lloyd Board of Directors unanimously voted to endorse changing the fee formula to increase the amounts owed per square footage of property, to change the baseline property values from 1999 to 2010, to increase the fee cap for non-residential payers to \$35,000 from the current \$20,000, and to add a new fee cap for certain residentially zoned properties.
5. In addition to updating the fee formula, the Board of Directors also proposed adding a provision that allowed for a yearly escalator of 2.3%. Currently, the District has no escalator and, thus, the fees paid have been stagnant for 10 years. In contrast, the Clean & Safe District has a yearly escalator based on Portland metro areas CPI-W rate.
6. As with Clean & Safe, the Board felt it was important to be able to recommend to the City Council that the escalator of 2.3% be waived entirely or reduced in difficult economic times. Clean & Safe's Board of Directors already has a similar ability to recommend to Council a reduction of the CPI-W increase as per PCC 6.06.240.
7. In 2012, the definition in PCC 6.06.020 F. "District" was updated to reflect that services within the districts are not limited to business services or business properties. Services to residential properties may also be part of a district. The name of the Lloyd Business District should be changed as a result of this changed definition.

NOW, THEREFORE, the Council directs:

a. Portland City Code Section 6.06.250 be amended as follows:

6.06.250 Lloyd Business District.

The Lloyd Business District is that area within the boundaries formed by the Willamette River, from the Broadway Bridge to the point just south of the Oregon Convention Center at which NE Lloyd Boulevard reaches the River; NE Lloyd Boulevard, from the Willamette River to NE 16th Avenue; NE 16th Avenue curving into NE 15th Avenue, from NE Lloyd Boulevard to NE Halsey Street; NE Halsey Street, from NE 15th Avenue to NE Grand Avenue; NE Grand Avenue, from NE Halsey Street to NE Broadway; and NE Broadway, from NE Grand Avenue to the Willamette River.

b. Portland City Code Section 6.06.260 be amended as follows:

6.06.260 Lloyd Business District Fee Rates for Engaging in Property Management Activities.

A. Except as set out in Subsection B. of this Section, the fee established by this Chapter for management of business and residential property in the Lloyd Business District for a license year will be the sum of the following amounts, computed separately in relation to each such property within the District as to which the licensee is engaged in property management activities:

1. ~~\$.30~~ 40 (cents) per \$1,000 of assessed value of improvements for the ~~1999-2000~~ 2010-2011 property tax assessment year;
2. Plus ~~\$1.60~~ 2.25 per 290 square feet of improvements as of July 1, ~~1999~~ 2010;
3. Plus \$.015 (cents) per square foot of land as of July 1, ~~1999~~ 2010.
4. Plus the total of the amounts determined under Subsections A.1 through A.3 multiplied by a 2.3% annual escalator for license years commencing on or after February 1, 2015.

B. In relation to business and residential property other than exempt residential property where physical changes to the property on or after July 1, ~~1999~~ 2010 have resulted in an increase or decrease in square footage of improvements, as compared to the square footage as of July 1, ~~1999~~ 2010, the fee established by this Chapter, for management of such property in the Lloyd Business District in a license year, will be as provided in this Subsection:

1. During the period between the date the City Bureau of Development Services issues an authorization, documentable by written documentation, to occupy the improvements, or during the period between 180 days after the date the Bureau of Development Services issues such an authorization to occupy any portion of the improvements that was not occupied while the physical changes were being made, and the date of beginning of the license year following the first property tax assessment year in which the assessment roll reflects the physical changes, the fee otherwise payable during the period will be adjusted to the following amount, prorated based on the number of days of the period in the applicable license year:

- a. The amount determined under Subsection A.1., plus ~~\$.30~~ 40 (cents) per \$1,000 of the cost of the physical changes, as determined from the City Bureau of Development Services records of all building permits issued authorizing or in association with the physical changes;
- b. Plus the amount determined under Subsection A.2., plus ~~\$1.60~~ 2.25 per 290 additional square feet of improvements, resulting from the physical changes, as determined from the City Bureau of Developmental Services records of building permits issued authorizing or in association with the physical changes;
- c. Plus the amount determined under Subsection A.3.

2. Beginning with the license year following the first property tax assessment year in which the assessment roll reflects the physical changes, the fee will be:

- a. ~~\$.30~~ 40 (cents) per \$1,000 of assessed value of improvements for the first property tax assessment year in which the assessment roll reflects the physical changes or would reflect the changes were the property not assessed by the Oregon Department of Revenue;
- b. Plus ~~\$1.60~~ 2.25 per 290 square feet of improvements, as of July 1 of the first property tax assessment year in which the assessment roll reflects the physical changes or would reflect the changes were the property not assessed by the Oregon Department of Revenue;
- c. Plus the amount set out in Subsection A.3.;
- d. Plus the total of the amounts determined under Subsections B.2.a through B.2.c multiplied by a 2.3% annual escalator for the license years commencing on or after February 1, 2015.

C. In computing the fee as provided in Subsection A. or B.:

- 1. In relation to real property within the Lloyd Business District as to which a licensee is engaged in property management activities, where the property in part is exempt residential property or religious organization property or,
- 2. In relation to persons generally exempt from the license requirements of this Chapter under Section 6.06.050 but where the exemption does not apply to property management activities in relation to part of the property they manage, the fee in relations to property management activities as to such real property will be the fee computed as though the management of the entire property were subject to the fee multiplied by a fraction, the numerator of which is the square footage of the area in which the licensee is engaged in property management activities subject to the fee (including land or improvements, as applicable) and the denominator of which is the square footage of the entire real property parcel (including land or improvements, as applicable).

- 3. In relation to property within the District as to which there is more than one property manager for a given property, the fee for each property manager will be calculated as follows:
 - a. Each property manager's fee will first be computed as though the property manager was subject to the fee for the entire property. That amount will then be multiplied by a fraction, the numerator of which is the square footage of the area for which the property manager is engaged in property management activities subject to the fee (including land or improvements, as applicable), and the denominator of which is the square footage of the entire real property parcel (including land or improvements, as applicable); and
 - b. If there are common area improvements in a property subject to subsection a. above, then in computing square footage of each property manager's improvements, such square footage will be deemed to include an allocated portion of the common area improvements. The allocated portion of common area improvements will be determined by multiplying the square footage of common are improvements by a fraction, the numerator of which is the square footage of the property improvements subject to this fee for each district manager, and the denominator of which is the square footage of all improvements on the property less the square footage of the common area improvements.

D. Notwithstanding the amount of the fee computed under Subsections A., B., and C., of this Section, in no case will the fee payable by a licensee, in relation to all real property within the Lloyd Business District as to which the licensee is engaged in property management activities, exceed ~~\$20,000~~ 35,000 for non-residential zoned property and \$8,500 for non-exempt residential zoned property.

E. The Lloyd Business District license requirements will not apply to exempt property. For purposes of this Section, "exempt property" means exempt property as defined in Section 6.06.020 I. and also means exempt residential property. For purposes of this Section, "exempt residential property" means a dwelling

unit as defined in Chapter 33.910 of this Code that is owner-occupied and has its own separate water service; single room occupancy housing, as defined in Chapter 33.910 of this Code; low income housing; and subsidized housing. For purposes of this Subsection, low income housing is dwelling units available for rent at rates that are considered affordable, under federal affordability standards in effect on July 1, 1997, to persons earning 60 percent or less of the Portland region median income as identified in the records of Metro as of July 1 of each year. For purposes of this Subsection, subsidized housing is housing units available for rent at below market rates because either the units qualify for federal income tax benefits under Section 42 of the Internal Revenue Code, as in effect on January 1, 1997; or the units are subsidized through United States Department of Housing and Community Development Section 8 subsidies, as in effect on January 1, 1997, or other public or private organization subsidies. Subsidized housing includes but is not limited to student housing owned by the Oregon State System of Higher Education and housing owned by non-profit organizations that is subsidized through charitable contributions and grants.

F. Remains unchanged.

c. Portland City Code Section 6.06.270 be amended as follows:

6.06.270 Revisions to License Fee Year Schedule.

(Amended by Ordinance Nos. 178073 and 185495, effective July 11, 2012.) Notwithstanding that Sections 6.06.010 through 6.06.180 are based on a license fee year of October 1 through September 30, the license fee year for the Lloyd Business District will be February 1 through January 31, with the first license fee year to commence February 1, 2001. Therefore, the due dates set out in Sections 6.06.010 through 6.06.180, for purposes of the Lloyd Business District, will be February 15 and September 15 except that the August 1 date set out in Section 6.06.090 will be January 5. Any other dates are also changed to provide at least 30 days notice before a due date and may be clarified by the Revenue Bureau in a written policy.

d. Portland City Code Section 6.06.280 be amended as follows:

6.06.280 Lloyd Business District Periodic Sunset Review.

(Replaced by Ordinance No. 178073; amended by Ordinance No. 185495, effective July 11, 2012.) During 2013 and each tenth year thereafter, the City Council will conduct a public hearing or hearings to determine whether the Lloyd Business District property management license fee should be terminated. Prior to the first such hearing in 2013 and in each tenth year thereafter, the City will mail notice of the hearing to the then current Lloyd Business District licensees under this Chapter.

e. Portland City Code Section 6.06.290 be amended as follows:

6.06.290 Lloyd Business District Early Termination.

(Added by Ordinance No. 178073; amended by Ordinance No. 185495, effective July 11, 2012.) If the City Council, on or before July 31 of any license fee year, receives written objections signed in that license fee year by licensees responsible for more than 33 percent of the total revenues generated from the Lloyd Business District property management license fee during that year, then the license fee for the Lloyd Business District will be terminated as of January 31 of that license fee year.

f. Portland City Code Section 6.06.300 be added as follows:

6.06.300 Request That Annual Lloyd District Escalator Be Lowered.

A. The Lloyd District contractor's Board of Directors may recommend that the annual 2.3% escalator adjustment be set to an amount lower than 2.3% for a particular license year.

1. The Board must pass a resolution during a regular board meeting and submit the resolution, any minutes from the meeting and the results of the vote to the Revenue Bureau no later than October 10th. The resolution must contain the following information:

- a. The reason why the board is requesting the annual escalator adjustment be set at a rate that is lower than 2.3%;
- b. What the Board recommends as the appropriate escalator amount for the license year;
- c. The impact on the upcoming budget that will result if a lower escalator adjustment is made, specifically as it relates to contract employee wages and contract service levels; and
- d. The impact to District services.

2. The Revenue Bureau will review the information from the Lloyd District contractor's Board of Directors and evaluate impacts to contract employee wages to ensure wages for these employees do not decrease inappropriately as a result of a lower escalator adjustment. The Revenue Bureau will make a recommendation to City Council if a lower escalator adjustment is warranted for the upcoming license year.

3. City Council must approve a lower escalator adjustment prior to December 1st.

4. An approved lower escalator adjustment will apply to the next license year that begins on February 1st.

B. City Council's approval to decrease the annual escalator for any given year has no effect on future years, and the District contractor's Board must follow the process outlined in Subsection A.1 of this section for each year it wishes to recommend a rate lower than the prescribed 2.3% escalator.

Section 2. The Council declares that an emergency exists because it is necessary to update the fee formulas found in Portland City Code 6.06.260 without delay to allow for the January 1, 2014 bills for the 2014-2015 license year to be accurately calculated using this updated formula; therefore, this ordinance shall be in full force and effect from and after its passage by Council.

Passed by the Council:

NOV 27 2013

Mayor Charlie Hales

Prepared by: Terri Williams

Date Prepared: October 30, 2013

LaVonne Griffin-Valade

Auditor of the City of Portland

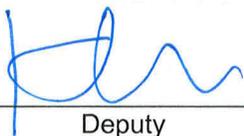
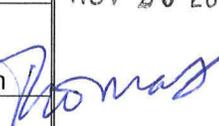
By

Gayla Jennings

Deputy

Agenda No. **186356** As Amended
ORDINANCE NO.
 Title

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INTRODUCED BY Commissioner/Auditor: Mayor Charlie Hales	CLERK USE: DATE FILED <u>NOV 15 2013</u>
COMMISSIONER APPROVAL Mayor—Finance and Administration - Hales Position 1/Utilities - Fritz Position 2/Works - Fish Position 3/Affairs - Saltzman Position 4/Safety - Novick	LaVonne Griffin-Valade Auditor of the City of Portland By:  Deputy
BUREAU APPROVAL Bureau: Revenue Bureau OMF CAO: Jack D. Graham Bureau Head: Thomas W. Lannom Prepared by: Terri Williams Date Prepared: 10/29/2013	ACTION TAKEN: NOV 20 2013 CONTINUED TO NOV 27 2013 ^{9:30 A.M} As Amended 
Financial Impact & Public Involvement Statement Completed <input checked="" type="checkbox"/> Amends Budget <input type="checkbox"/>	
Portland Policy Document If "Yes" requires City Policy paragraph stated in document. Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
City Auditor Office Approval: required for Code Ordinances <i>Terri</i>	
City Attorney Approval: required for contract, code, easement, franchise, comp plan, charter <i>Hales</i>	
Council Meeting Date 11/20/2013	

AGENDA
TIME CERTAIN <input checked="" type="checkbox"/> Start time: <u>10 am</u> <i>2013</i> Total amount of time needed: 60 minutes (for presentation, testimony and discussion)
CONSENT <input type="checkbox"/>
REGULAR <input type="checkbox"/> Total amount of time needed: 5 minutes (for presentation, testimony and discussion)

FOUR-FIFTHS AGENDA	COMMISSIONERS VOTED AS FOLLOWS:		
		YEAS	NAYS
1. Fritz	1. Fritz	<input checked="" type="checkbox"/>	
2. Fish	2. Fish	<input checked="" type="checkbox"/>	
3. Saltzman	3. Saltzman	<input checked="" type="checkbox"/>	
4. Novick	4. Novick	<input checked="" type="checkbox"/>	
Hales	Hales	<input checked="" type="checkbox"/>	