

## ORDINANCE No. 188931

\*Declare properties at the block surrounded by NW 3<sup>rd</sup>, NW Glisan, NW 4<sup>th</sup> & NW Flanders, commonly known as Block 25, as surplus real property and authorize the Deputy Chief Administrative Officer to convey the property to Prosper Portland for reuse and redevelopment purposes. (Ordinance)

The City of Portland ordains:

Section 1. The Council finds:

1. The City of Portland ("City"), by and through the Office of Management and Finance – Facilities Services Division ("OMF - Facilities"), owns the properties (R140387; R140391; R140388; R140392) at the block surrounded by NW 3<sup>rd</sup>, NW Glisan, NW 4<sup>th</sup> & NW Flanders and commonly known as Block 25 ("Property"). The Property is composed of 4 tax parcels totaling approximately 0.62 acres, or 26,980 square feet, and as further described in the attached Exhibit A. The Property is currently used as a surface parking lot where the Portland Bureau of Transportation ("PBOT") provides certain management services on behalf of OMF - Facilities.
2. Property was acquired in 1998 by City Ordinance ("Ordinance") 172122, where City Council ("Council") authorized the City Attorney to commence condemnation proceedings to acquire the Property and declare that acquiring the Property, which was located in the Downtown Waterfront Urban Renewal District, would afford the City a major development opportunity to benefit the neighborhood and be consistent with the applicable Urban Renewal Plan. The boundaries of the Downtown Waterfront Urban Renewal District and the River District Urban Renewal Area were subsequently amended such that the Property is now within the River District Urban Renewal Area, which was originally adopted by Council in 1998 by Ordinance No. 172808.
3. In 1999, by Ordinance 173240, Council authorized the payment of \$1,400,000 to the owners of the Property as compensation therefor as a settlement of the litigation captioned as City of Portland v. Summit Properties, et al, Circuit Court No. 9806-04656. Of the \$1,400,000 purchase price, Prosper Portland paid \$937,000 and the Classical Chinese Garden Trust paid the balance.
4. The City entered into *Parking Agreement for Part of Block 25, Couch's Addition with Northwest Natural Gas Company*, an Oregon corporation ("NWNG"), dated June 1, 1999 (the "Parking Agreement"). The Parking Agreement was authorized by Ordinance 173396, duly enacted May 26, 1999 (the "Classical Chinese Garden Ordinance").
5. The Classical Chinese Garden Ordinance authorized the Parking Agreement as part of an arrangement whereby NWNG would ground lease to the City Block 16, Couch's Addition, where the Lan Su Classical Chinese Garden would be developed and maintained. Block 16 was, at the time, a surface parking area used by NWNG, and the

Parking Agreement was intended to replace the surface parking lost as a result of the development of the Lan Su Classical Chinese Garden.

6. The Parking Agreement gives NWNG exclusive use of the Property for parking during business hours, but permits the City to operate and charge a fee for public parking in the Property at all other times. The Parking Agreement also provides that the first \$3,000 in net operating revenue from this City use per quarter is to be contributed to the Classical Chinese Garden Trust, and the excess is retained by the City. The weekday evening and weekend public parking supports the Lan Su Chinese Garden, locals businesses, and the nearby Entertainment District where several streets are converted to pedestrian-only on Friday and Saturday nights which limits the availability of on-street parking at those times.
7. NWNG is currently planning to relocate its headquarters outside of the neighborhood in the next 2-3 years, which will result in termination of the Parking Agreement between NWNG and OMF - Facilities and free up the property for potential reuse and redevelopment. One of the acquisition purposes outlined in Ordinance 172122 was for this to be a major redevelopment opportunity in the future, which Prosper Portland is poised to carry out.
8. Prosper Portland has drafted an Inter-Governmental Agreement (IGA) for Conveyance of Real Property, reviewed by OMF – Facilities and PBOT, and presented to their Board on April 11, 2018, which is attached as Exhibit B. The IGA proposes to transfer title and ownership of the property to Prosper Portland as reimbursement for the portion of the Property's purchase price and assign Parking Agreement to Prosper Portland.
9. Due to NWNG's planned relocation, OMF - Facilities has determined that the Property is not suitable for active use and no future use of the Property has been identified. Therefore, for OMF - Facilities' operational and business purpose needs, the Property is considered excess and recommends that the most prudent course for disposition is to convey the Property to Prosper Portland to address what obligation OMF - Facilities may owe for reimbursement of purchase price.
10. In accordance with ADM-13.02, Disposition of City Real Property (ADM-13.02), OMF - Facilities determined the Property as Category 1 real property, and accordingly followed the internal notification process for excess real property by offering the Property to other City bureaus in March 2018. No bureau expressed interest in putting the Property to use or required any easements or infrastructure concerns be preserved.
11. OMF - Facilities requests that Council declare the Property surplus and authorize OMF - Facilities to convey the Property to Prosper Portland.

NOW, THEREFORE, the Council directs:

- a. The properties (R140387; R140391; R140388; R140392) at the block surrounded by NW 3<sup>rd</sup>, NW Glisan, NW 4<sup>th</sup> & NW Flanders, commonly known as Block 25, are designated as surplus real property.

- b. The Deputy Chief Administrative Officer is authorized to take all steps necessary to dispose of the Property through the City Real Property Disposition process as Category 1, and is authorized to execute on behalf of the City any and all documents approved by the City Attorney required for disposition and conveyance of title and assignment of Parking Agreement to Prosper Portland.

Section 2. The Council declares that an emergency exists because a delay in disposing of the property would unreasonably impact the transfer and development of the property, therefore, this ordinance shall be in full force and effect from and after its passage by the Council.

Passed by the Council:

MAY 09 2018

Mayor Ted Wheeler

Prepared by: Pauline Goble

Date Prepared: April 20, 2018

**Mary Hull-Caballero**

Auditor of the City of Portland

By



Deputy

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<b>INTRODUCED BY</b> Commissioner/Auditor: <b>Mayor Wheeler</b>	CLERK USE: DATE FILED <u>MAY 01 2018</u>
<b>COMMISSIONER APPROVAL</b> Mayor—Finance & Administration - Wheeler <i>Wheeler</i> Position 1/Utilities - Fritz Position 2/Works - Fish Position 3/Affairs - Saltzman Position 4/Safety - Eudaly	Mary Hull Caballero Auditor of the City of Portland  By: <u><i>Paul</i></u> Deputy
<b>BUREAU APPROVAL</b> Bureau: OMF CAO: Tom Rinehart Bureau Head: OMF DCAO: Carmen Merlo <i>CM</i>	<b>ACTION TAKEN:</b>
Prepared by: P. Goble Date Prepared: April 20, 2018	
<b>Impact Statement</b> Completed <input checked="" type="checkbox"/> Amends Budget <input type="checkbox"/>	
<b>Portland Policy Document</b> If "Yes" requires City Policy paragraph stated in document. Yes <input type="checkbox"/> No <input type="checkbox"/>	
<b>City Auditor Office Approval:</b> required for Code Ordinances	
<b>City Attorney Approval:</b> required for contract, code, easement, franchise, comp plan, charter <i>gob</i>	
Council Meeting Date <b>May 9, 2018</b>	

AGENDA	FOUR-FIFTHS AGENDA	COMMISSIONERS VOTED AS FOLLOWS:	
<b>TIME CERTAIN</b> <input type="checkbox"/> Start time: _____  <b>Total amount of time needed:</b> _____ (for presentation, testimony and discussion)	1. Fritz 2. Fish 3. Saltzman 4. Eudaly Wheeler	YEAS  1. Fritz 2. Fish 3. Saltzman 4. Eudaly Wheeler	NAYS     
<b>CONSENT</b> <input type="checkbox"/>			
<b>REGULAR</b> <input checked="" type="checkbox"/> <b>Total amount of time needed:</b> <u>20</u> (for presentation, testimony and discussion)			