

IMPACT STATEMENT

Legislation title:

Authorize the purchase of 2.00 acres of real property at 35227 SE Carpenter Lane in the amount of \$875,000 to be used for the Bull Run Filtration Project (Ordinance)

Contact Name: David Peters, P.E., Engineering Manager - Special Projects

Contact Phone: (503) 823-2003

Presenter Name: David Peters, P.E., Engineering Manager - Special Projects
Ben Gossett, Analyst III

Purpose of proposed legislation and background information:

The purpose of the proposed legislation is to authorize the Portland Water Bureau to enter into a Purchase and Sale Agreement (Agreement) to purchase property located at 35227 SE Carpenter Lane (Subject Property) for the Bull Run Filtration Project (Project) for \$875,000, plus closing and relocation costs.

In 2017, the Portland City Council directed the Portland Water Bureau to design the Project to comply with the Environmental Protection Agency's Long Term 2 Enhanced Surface Water Treatment Rule. The Project is being designed on 90 acres of City owned land in east Multnomah County (Project Site).

Currently, access to the Project Site is from SE Carpenter Lane, which is a narrow local road that also serves neighboring residences and nursery businesses. Project planning documents recommend relocating the access to SE Dodge Park Boulevard to the north to improve ingress and egress to the site. The Subject Property has frontage on both SE Carpenter Lane and SE Dodge Park Boulevard and is located north of the Project Site where access is recommended. In addition, the Subject Property is adjacent to property the City purchased in December 2019 for Project pipeline purposes.

In the Spring of 2020, the Subject Property Owners (Owners) informed the Portland Water Bureau they intended to list the property for sale and inquired if the City had an interest in purchasing the Subject Property for the Project. The Subject Property includes 2.00 acres of land that is strategically located for Portland Water Bureau purposes. Relocating the access as recommended would require the Portland Water Bureau to purchase additional property.

An appraisal completed for the Portland Water Bureau, dated September 22, 2020, estimated the market value of the Subject Property at \$825,000. The Portland Water Bureau offered to purchase the Subject Property for the appraised price, subject to City Council approval. The Owners refused to sell the Subject Property for the appraised price because the appraisal will be more than six months old at closing. The Owners offered to sell the Subject Property for \$875,000, which is the appraised price plus a 6% increase for the six months from the appraisal date. The Portland Water Bureau is willing to accept the Owners' terms. The terms include closing costs to be paid by the City, which are estimated to cost less than 3% of the purchase price. City Council approval is needed to authorize the

Portland Water Bureau to execute the Agreement because the purchase price and closing costs exceed existing Portland Water Bureau purchase authority.

Financial and budgetary impacts:

The cost of the legislation includes the purchase price of \$875,000; and closing costs estimated to cost less than 3% of the purchase price. In addition to the purchase price, the Owners would be entitled to relocation benefits outlined in Oregon Revised Statutes Chapter 35, Public Acquisition of Property.

Owners' relocation benefits would include costs to move their personal property and could include a direct payment to secure a comparable replacement dwelling. The Portland Water Bureau estimates the Owner's relocation benefits may cost up to \$100,000 in addition to the purchase price; however, the actual cost of the benefits would be determined concurrently with signing the Agreement and the cost of the benefits could increase or decrease depending on trends in the housing market that impact the Owners' cost to secure a comparable replacement property.

Other long-term costs may include expenses typical of property ownership such as insurance, utilities, maintenance, and security.

The legislation has no other known long-term financial impacts, and it does not amend the budget. The legislation will not create, eliminate, or reclassify any positions now or in the future. Funding will be made available in the Water Fund, FY 2020-2021 Budget, Portland Water Bureau WBS Element W02229.

Community impacts and community involvement:

The Portland Water Bureau has several public engagement tools dedicated to the Project which are supported by Portland Water Bureau staff and through contract services. The Portland Water Bureau uses the Project website, social media, press releases, the Annual Water Quality Report, bill inserts, postcards, and newsletters throughout the Project as well as engaging the community at outreach meetings and events.

The Portland Water Bureau has discussed the possibility of property acquisitions in public forums in general terms, but information about acquisition of the Subject Property has not been discussed publicly because the transaction involves an agreement reached with a willing seller.

The present Owners plan to sell the Subject Property on the open market if the City decides not to move forward with the purchase. Purchasing the Subject Property from the Owners would eliminate the expense of future acquisition processes that could include eminent domain and impacts to other would-be buyers if it is sold on the open market.

Relocating access to the Project Site to SE Dodge Park Boulevard could also significantly reduce traffic impacts on properties that neighbor the Project Site on SE Carpenter Lane.

100% Renewable Goal:

This legislation does not increase or decrease the City’s total energy use and does not increase or decrease the City’s renewable energy use.

Budgetary Impact Worksheet

Does this action change appropriations?

- ☐ **YES:** Please complete the information below.
☐ **NO:** Skip this section

Fund	Fund Center	Commitment Item	Functional Area	Funded Program	Grant	Sponsored Program	Amount