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# 37554

Resolution

## Continue Downtown Business District Property Management License Fee for additional ten years and direct Office of Management and Finance to review effectiveness of Enhanced Service Districts

Adopted

Amended by Council

WHEREAS, the City of Portland established the Downtown Economic Improvement District ("DEI District") in 1988. The DEI District funded supplemental downtown cleaning, security and marketing services. The DEI District's funding covered the period from October 1988 to September 1991; and

WHEREAS, the City renewed the DEI District in 1991, on a voluntary basis due to provisions of Article XI, Section 11b of the Oregon Constitution. The renewed DEI District funded supplemental downtown cleaning, security, business development and marketing services. The DEI District's funding covered the period of from October 1991 through September 1994; and

WHEREAS, the City established the downtown business property management license fee in 1994, applicable with in the Downtown Business District (known as the Downtown Clean and Safe District ("DC&S District")) and discontinued the DEI District. The DC&S District funded supplemental downtown cleaning, security, crime prevention, business development and marketing and communication services to persons doing business in the DC&S District. The DC&S District's funding covered the period from October 1994 through September 1997; and

WHEREAS, the City renewed the license fee within the DC&S District in 1997 and extended it to cover managers of market-rate rental apartments. The DC&S District funds supplemental downtown services similar to those provided in the 1994-1997 period. The DC&S District's funding covered the period from October 1997 through September 2000; and

WHEREAS, the City Council reviewed the continuation of the DC&S District in 2000 and determined in Resolution No. 35890 that the DC&S District should continue for an additional year and be subject to further review in 2001; and

Introduced by

[Mayor Ted Wheeler](#) ; [Commissioner Mingus Mapps](#)

Bureau

[Chief Administrative Officer](#) ; [Management and Finance](#) ; [Revenue and Financial Services](#)

Prepared by

Geraldene Moyle, Shawn Campbell

Date Prepared

September 9, 2021

Requested Agenda Type

Regular

WHEREAS, Resolution No. 35890 provided for the City Council to conduct a public hearing or hearings to determine whether the DC&S District license fee should be terminated and, prior to the first hearing, for the City to mail notice of the hearing or hearings, received written objections from licensees responsible for more than 33 percent of total revenues generated from the license fee during the October 1, 2000 to September 30, 2001 license fee year, then the fee would be terminated as of September 30, 2001. Otherwise, the license fee would continue in effect; a

WHEREAS, those persons responsible for the major portion of the total revenues expected to be generated from an extension of the license fee proposed amendments to City Code Chapter 6.06 that extended the license fee for an additional ten (10) years without the need for expensive reviews every three (3) years; adjusted the license fee rates; slightly modified the DC&S District boundaries; extended the license fee to all downtown rental housing and other changes. Based upon the review hearing and receiving no written objections to terminate the fee, the changes were adopted by City Council via Ordinance 175729 in June 2001; and

WHEREAS, Portland City Code Chapter 6.06 was amended in 2009 to include condominiums in the definition of Residential Property and collect the District license fee from property managers of condominiums; and

WHEREAS, the changes to Portland City Code Chapter 6.06 included the addition of Subsection 6.06.220, which calls for a periodic Sunset Review of the DC&S District in 2011 and every 10 years thereafter. Notice of a hearing was mailed by the Revenue Bureau on April 8, 2011 on behalf of the City to the current DC&S District licensees under this Chapter as required by this code section; and

WHEREAS, the City Council reviewed the continuation of the District in 2011 and determined in Resolution No. 36857 that the District should continue for an additional 10 years starting October 1, 2011 and be subject to further review in 2021; and

WHEREAS, on August 13, 2020, the City Auditor released a report regarding all enhanced service districts in Portland, including the DC&S District, entitled "Enhanced Service Districts: City provides little oversight of privately funded public services" which found the City failed to provide guidance on the process to form enhanced services districts, failed to provide guidance on district governance or allowable services, and provided little oversight of public safety or other services provided in public services.

WHEREAS, Clean & Safe, Inc. (the City's hired contractor to perform DC&S District services) and the City of Portland conducted a series of listening sessions and other community engagement strategies to get feedback on the DC&S District's effectiveness, weaknesses, potential improvements and general perceptions of DC&S District operations. This feedback was obtained by holding six public meetings for retail ratepayers of the DC&S District (June 29, 2021), residential ratepayers of the DC&S District (July 20,

2021), all community members (two separate meetings on July 27, 2021), and all ratepayers of the DC&S District (August 17, 2021), and taking public input via email and an online anonymous comment form; and

WHEREAS, feedback obtained from the ratepayers of the DC&S District showed that overall, the vast majority are satisfied and not only want the DC&S District to continue, but view it as vital to the revitalization of downtown, especially with respect to public safety and cleaning services given the vast majority of ratepayers hold the view that basic city services have been inadequate in these areas; and

WHEREAS, a minority of the ratepayers of the DC&S District, expressed the need to reform enhanced service districts, especially with respect to public safety and the findings of the City Auditor report, none called for the DC&S district to not be renewed; and

WHEREAS, a minority of residential ratepayers of the DC&S District expressed the want to remove condominiums from the definition of Residential Property, none called for the DC&S District to not be renewed; and

WHEREAS, half of the feedback from the broader community expressed the need to significantly reform enhanced service districts, especially with respect to public safety and the findings of the City Auditor report, the majority as well supported the renewal of the DC&S District; and

WHEREAS, though half of the feedback from the broader community called for the DC&S District to not be renewed, no viable alternatives were offered regarding the providing of services to meet ratepayer concerns regarding safety and cleanliness in the DC&S District; and

WHEREAS, Clean and Safe, Inc. has shown a willingness and good faith effort to put in place reforms in response to the City Auditor report during the negotiation of their most recent contract and scope of work and a commitment to enacting further reforms if needed; and

WHEREAS, both the City of Portland and Clean and Safe, Inc. fully recognize that the City's response to the City Auditor report may result in changes to Section 6.06 of the City Code, resulting in changes to all enhanced service districts, including the DC&S District, prior to the next renewal of the DC&S District in ten years.

NOW THEREFORE, BE IT RESOLVED the Downtown Business District, known as the Downtown Clean and Safe District, will be renewed for 10 years starting October 1, 2021; and

BE IT FURTHER RESOLVED that the Office of Management and Finance, in response to the City Auditor report and public input, should review Portland City Code 6.06 and any related programs, contracts, scope of work, memorandum of understanding, and other agreements, in order to ascertain the effectiveness of enhanced service districts and any changes needed to improve the transparency, equity, accountability, oversight, and guidance of said districts; and

BE IT FUTHER RESOLVED that the Office of Management and Finance, as part of its review, will specifically examine issues related to the governance of enhanced service districts, the use of private security to patrol public areas, guidelines for establishing new enhanced service districts, and the inclusion of condominiums and other residential properties as property management fee payers; and

BE IT FUTHER RESOLVED that the Office of Management and Finance shall bring an ordinance to City Council reflecting the appropriate changes resulting from this review, and including any changes to Portland City Code 6.06, within the next two years.

## Impact Statement

 [Impact Statement](#) (131.31 Kb)

## Agenda Items

### 705 Time Certain in [September 22-23, 2021 Council Agenda](#)

Continued

Motion to continue the resolution to September 29, 2021 at 9:30 a.m.:  
Moved by Rubio and seconded by Wheeler. (Y-5)

### 717 Regular Agenda in [September 29, 2021 Council Agenda](#)

Adopted As Amended

Motion to add language following Paragraph 21: BE IT FUTHER RESOLVED that the Office of Management and Finance, as part of its review, will specifically examine issues related to the governance of enhanced service districts, the use of private security to patrol public areas, guidelines for establishing new enhanced service districts, and the inclusion of condominiums and other residential properties as property management fee payers; and. Moved by Ryan and seconded by Rubio. (Y-4 Mapps, Rubio, Ryan, Wheeler; N-1 Hardesty)

Motion to extend the contract by 1 year: Moved by Hardesty and seconded by Rubio. (Y-1 Hardesty; N-4 Mapps, Rubio, Ryan, Wheeler). Motion failed.  
Commissioner Jo Ann Hardesty Nay

Commissioner Mingus Mapps Yea

Commissioner Carmen Rubio Yea

Commissioner Dan Ryan Yea

Mayor Ted Wheeler Yea