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37572

Resolution

## Renew the Central Eastside Industrial District property management license fee for 10 years

Adopted

WHEREAS, in 1994, the City established City Code 6.06 allowing for the collection of property management license fees for the purpose of funding enhanced services within districts established by the City upon the request of property managers within said districts.

WHEREAS, in 2019, via Ordinance 189374, upon the request of property owners and managers, the City established the Central Eastside Industrial District ("District") and Central Eastside property management license fee to fund sidewalk operations, safety and outreach services, streetscape improvement, and community grants within the District.

WHEREAS, when the District was created in 2019, City Code established a sunset review of the district to take place three years after its establishment, and every ten years thereafter, to ascertain whether the license fee should be terminated. Under City Code, this review will include City Council conducting a public hearing or hearings, and prior to the first hearing the City mailing notice of the hearing or hearings to ratepayers.

WHEREAS, the district license fee can be terminated either via City Council vote or the receipt of written objections from ratepayers representing more than 33 percent of total revenues generated by the license fee during the July 1, 2021 to June 30, 2022 license fee year.

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, on October 1, 2021, City Council passed Resolution 37554, directing the Office of Management and Finance to review 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,

Introduced by

[Mayor Ted Wheeler](#)

Bureau

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

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Requested Agenda Type

Time Certain

Date and Time Information

**Requested Council Date**

April 27, 2022

**Requested Start Time**

10:15 am

**Time Requested**

(1 of 2) 30 minutes

accountability, oversight, and guidance of said districts; especially in the areas of district governance, the use of private security in public spaces, guidelines for establishing new enhanced service districts, and the inclusion of condominiums and other residential properties and property management license fee payers; bringing an ordinance to City Council reflecting the appropriate changes to City Code 6.06 from this review within the next two years.

WHEREAS, on February 9, 2022, the Office of Management of Finance sent notices to all ratepayers and posted a public news release announcing the avenues of public input and the City Council hearing for the review.

WHEREAS, the Office of Management and Finance conducted a series of public sessions and other community engagement strategies to gain feedback on the District's effectiveness, weaknesses, potential improvements, and general perception of District operations. This feedback was obtained by holding a question and answer session (February 25, 2022), three public listening sessions (March 1, March 7, and March 10, 2022), and a public comment session after the release of the draft contract (April 4, 2022), and taking public input via email, an online comment form, and direct meetings upon request.

WHEREAS, feedback obtained from ratepayers and the community showed strong support for the continuation of the District and its programs, with a large majority viewing it as being vital to the revitalization of the district area. Support was voiced by ratepayers, businesses, residents, and social service advocacy groups. No opposition was noted in the collection of public feedback.

WHEREAS, Central Eastside Together, the non-profit contracted by the City to manage the District, 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 a commitment to enacting further reforms if needed.

WHEREAS, both the City of Portland and Central Eastside Together 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 Central Eastside Industrial District, prior to the next renewal of the Central Eastside Industrial District in ten years.

NOW THEREFORE BE IT RESOLVED, that the Central Eastside Industrial District will be renewed for ten years starting July 1, 2022.

## Impact Statement

 [Impact Statement](#) (168.43 Kb)

## Budget Office Financial Impact Analysis

The Central Eastside Industrial District has been in existence since 2019, when upon the request of property owners and managers, the City established the District and the Central Eastside property management license fee to fund sidewalk operations, safety and outreach services, streetscape improvement, and community grants within the District. The resolution allows it to continue for an additional ten years. The Central Eastside ESD started collecting revenues in FY 2018-19, with \$455,226 collected that year, \$1,094,154 in FY 2019-20, and \$1,348,519 in FY 2020-21. The fee charged to property owners is a complex calculation based on the factors in PCC 6.06.320, and for the Central Eastside, it is calculated annually but paid in two equal installments due on July 1st and February 1st.

The ordinance authorizes a contract with Central Eastside Together to provide services for the Central Eastside Enhanced Service District. These services are paid for by the Property Managers of those properties within the District through the Property Management License Fee collected by the Revenue Division. This contract spells out the City's service levels in the District, the license fee collection and remittance obligations, and other obligations; in turn, the contract spells out service level expectations for Central Eastside Together, as well as budget and reporting obligations to the City each year. The initial term of this contract shall be from July 1, 2022 through June 30, 2027, with an option to renew for an additional five year term, commencing on the expiration of the original term. The total not-to-exceed amount under this contract for the initial term shall be \$7.74 million (and thus valued annually at most approximately \$1.6 million), subject to annual review of the scopes of work and budgets. The contract also includes an agreement between the Bureau of Environmental Services and Central Eastside Together regarding outreach and maintenance related to the Morrison Bridge bioswales within the District.

As a result of the enhanced service district and this contract, Revenue is responsible for billing and collecting the revenues from the property managers within the Central Eastside Industrial District. Revenue may retain 2.0% of the annual license fees billed to partially cover the costs to administer the program, along with certain centrally charged Fund expenses. The net revenues are then remitted to Central Eastside Together to use to provide the contracted services. Approximately \$45,000 is retained annually to fund Revenue Division costs for the program. In addition, Central Eastside Together also agrees to fund approximately \$19,000 towards the City's Enhanced Service District Coordinator position over the next two years, after which a new cost sharing agreement will be reached.

Regarding the agreement between BES and Central Eastside Together to fund outreach and maintenance related to the Morrison Bridge bioswales within the District, BES will provide approximately \$30,000 annually from its existing operating fund, or grant funding if available.

## Agenda Items

### 313 Time Certain in [April 20-21, 2022 Council Agenda](#)

Continued

Continued to April 27, 2022 at 10:15 a.m. Time Certain.

### 322 Time Certain in [April 27-28, 2022 Council Agenda](#)

Adopted

Commissioner Dan Ryan Yea

Commissioner Jo Ann Hardesty Yea

Commissioner Mingus Mapps Yea

Commissioner Carmen Rubio Yea

Mayor Ted Wheeler Yea