

City of Portland, Oregon

FINANCIAL IMPACT STATEMENT For Council Action Items

(Deliver original to Financial Planning Division. Retain copy.)

1. Name of Initiator Diane Hale		2. Telephone No. 503-823-2281	3. Bureau/Office/Dept. Bureau of Planning and Sustainability
4a. To be filed (date) June 10, 2010	4b. Calendar (Check One) Regular Consent 4/5ths <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>		5. Date Submitted to FPD Budget Analyst: June 9, 2010

1. Legislation Title:

Authorize the Mayor and Auditor to sign an Agreement for Development between the City and Siltronic Corporation regarding contingent commitments for development and restoration on the Siltronic site. (Ordinance).

2. Purpose of the Proposed Legislation:

The City and Siltronic Corporation have negotiated an Agreement for Development to achieve mutually supportive environmental protection and economic development objectives on the Siltronic site, located along the North Reach of the Willamette River. The agreement stipulates that Siltronic will give the City a conservation easement over the portions of the Property that serve significant natural resource functions and the City will implement a Council directive related to the River Plan / North Reach (Ordinance # 183694) to eliminate the environmental overlay zones on the part of the property not subject to the conservation easement.

3. Revenue:

Will this legislation generate or reduce current or future revenue coming to the City? If so, by how much? If new revenue is generated please identify the source.

This legislation could spur development and generate revenue for the City. The Development Agreement "mitigates" for future development and therefore simplifies the permitting process. New private investment on the site, located in the Willamette Industrial Urban Renewal Area, generates additional Tax Increment Financing (TIF) through future property tax revenue to be reinvested in the area. Public investments can be in the form of infrastructure or direct assistance for redevelopment. In the past, WIURA has not generated much revenue due to the lower industrial property values.

The conservation easement on the Siltronic site may be included in the River Restoration Program, a new Bureau of Environmental Services (BES) program or could be part of a mitigation bank. BES plans to restore fish and wildlife habitat in the conservation easement area and sell the habitat units to developers that cannot mitigate on site. Revenue will come from requirements to vegetate a portion of their property or pay a fee in lieu capped at \$200,000 and requirements to mitigate for impacts in the river environmental overlay zone. The cost of mitigation can range anywhere from several thousand to close to a million dollars.

4. Expense:

What are the costs to the City as a result of this legislation? What is the source of funding for the expense? (Please include costs in the current fiscal year as well as costs in future years)

There may be additional costs to the City as a result of this legislation. The City intends to enhance the habitat value of the conservation easement area. BES's preliminary estimates indicate that the enhancement activities will cost approximately \$10 million. BES will be better able to project the final cost once a more detailed design study is complete.

PDC may provide financial assistance to attract new private reinvestment on the Siltronic site, but it is anticipated that new investment would generate additional TIF funds.

Staffing Requirements:

5. Will any positions be created, eliminated or re-classified in the current year as a result of this legislation? *(If new positions are created please include whether they will be part-time, full-time, limited term or permanent positions. If the position is limited term please indicate the end of the term.)*

No positions are expected to be created in the current year as a result of the legislation.

6. Will positions be created or eliminated in future years as a result of this legislation?

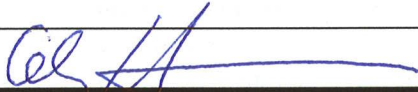
No positions are expected to be created in future years as a result of the legislation.

Complete the following section only if an amendment to the budget is proposed.

7. Change in Appropriations *(If the accompanying ordinance amends the budget please reflect the dollar amount to be appropriated by this legislation. Include the appropriate center codes and accounts that are to be loaded by accounting. Indicate "new" in Center Code column if new center needs to be created. Use additional space if needed.)*

No additional funds need to be appropriated.

Celia Heron, Bureau Operations Manager



APPROPRIATION UNIT HEAD (Typed name and signature)



City of Portland
Bureau of

Planning and Sustainability

Sam Adams, Mayor
Susan Anderson, Director

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M E M O

June 23, 2010

To: Mayor Adams

From: Sallie Edmunds

Cc: Jan Betz, Brian Campbell, Amy Ruiz

Subject: Additional Amendments re: Siltronic Development Agreement

After consultation with City Attorney Jan Betz this morning, we would like to propose two additional amendments as follows:

Amendment to the Ordinance

NOW, THEREFORE, the Council directs:

- a. The Mayor and Auditor are authorized to enter into the Agreement for Development in substantially the form of the document attached to this Ordinance as Exhibit A.

Amendment to the Development Agreement (Exhibit A)

VI. TERMINATION OF AGREEMENT:

A. This Agreement shall terminate on July 1, 2040, if not sooner terminated pursuant to Section VII.B. herein.

B. In the event that Siltronic or the City is in default of any obligation under this Agreement beyond the cure period provided for in Section VII below, the non-defaulting party has the right to terminate this Agreement under any provision herein. Such termination shall be effective upon the date specified by the non-defaulting Party in a written notice of termination given to the other Party. The date specified in the termination notice shall be no fewer than ninety (90) days after the date of the notice; provided that the Agreement cannot be terminated unilaterally after conveyance of the Conservation Easement by Siltronic to the City.

~~C. Upon termination pursuant to Section VI B., all rights and obligations of the Parties shall cease; provided that the Agreement cannot be terminated unilaterally after conveyance of the Conservation Easement by Siltronic to the City.~~



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Amendment

M E M O

June 22, 2010

To: Mayor Adams
From: Sallie Edmunds
Cc: Brian Campbell, Amy Ruiz
Subject: **Siltronic Development Agreement**

Substitute Siltronic Development Agreement (Attached)

On June 10, 2010 the Bureau of Planning and Sustainability filed the following ordinance:
**Authorize the Mayor and Auditor to sign an Agreement for Development between the City and Siltronic Corporation regarding contingent commitments for development and restoration on the Siltronic property.*

On June 17, 2010 the City Council held a hearing on the ordinance and associated Development Agreement. Council deferred the vote to June 22 because there were only three Council members present.

Between June 10 and June 22 staff found several typos in the Development Agreement and received specific wording changes from the Portland Development Commission and Siltronic. Attached is a substitute Development Agreement with the following changes.

Page	Paragraph	Change
2.	Recital F.	directive-recital
3.	II. B.2.	D <u>C</u>
5.	III.A.1.a	D <u>C</u>
5.	III.A.2a.3.	B <u>A</u>
6.	III.A.3.a.1	E <u>C</u>
10.	III.B.2.	the City, through PDC anticipates that it, may provide...
10.	III.B.2.	The <u>incremental cost of constructing the eco-roof, along with the estimated long term benefits in energy savings,</u> will be <u>negotiated considered as part of</u> the financial incentive package at the time of development.
10.	IV.	F <u>D</u>
11.	VI. B.	In the event that Siltronic or the City <u>is in default of any obligation under this Agreement beyond the cure period provided for in Section VII below, the non-defaulting party</u> has the right to terminate this Agreement under any provision herein. <u>Such</u> termination shall occur <u>be effective</u> upon the date specified by one <u>the non-defaulting Party</u> ...
11.	VII.	...the non-defaulting part has given <u>written</u> notice...
19.	Exhibit List	<u>Exhibit E--Revised Zoning Maps</u>

Legal Description

The Bureau of Environmental Services recently reviewed Exhibit C, the legal description for the conservation easement, prepared by WH Pacific and believes that it may contain one or more errors. A corrected legal description will be included in/attached to the conservation easement when it comes to Council for approval in the future.