

SALTZMAN 982 AMENDMENTS

36880

BE IT FURTHER RESOLVED, City Council will not consider the final disposition and development agreement without a guaranteed maximum price on the construction costs of the OSC.

BE IT FURTHER RESOLVED, No costs associated with the design and construction of the OSC will be allowed from Tax Increment Financing from a potential or future Urban Renewal District.

Moore-Love, Karla

From: Walters, Ben
Sent: Monday, September 19, 2011 10:39 AM
To: Moore-Love, Karla
Cc: Parsons, Susan; Yocom, Jennifer; Rees, Linly
Subject: RE: Leonard teleconferencing next week

Karla:

The Mayor should make a statement at the beginning of the morning and afternoon sessions identifying that Commissioner Leonard will be participating by telephone, to make a "record of the circumstances constituting an emergency which requires use of electronic circumstances", to conform to the requirements of PCC 3.02.025.C. The statement needs to reflect, in some fashion, that failure to allow participation by telephone "would jeopardize the public interest, health, safety or welfare." PCC 3.02.025.A.

A reference to the requests as made by Commissioner Leonard should suffice.

Let me know if there are any questions.

Ben

' 503.823.4947

email ben.walters@portlandoregon.gov

From: Moore-Love, Karla
Sent: Friday, September 16, 2011 4:07 PM
To: Walters, Ben; Rees, Linly
Cc: Parsons, Susan
Subject: Leonard teleconferencing next week

Ben and Linly,

Commissioner Leonard has requested to participate by telephone (emails are attached) for the following items on the Wednesday, Sept. 21 agenda and Jennifer Yocom replied to the Commissioner's request stating the Mayor approved the requests:

9:30 a.m. Time Certain agenda item #982 Oregon Sustainability Center

11:00 a.m. Time Certain agenda item #S-986 Office of Equity

2:00 p.m. Time Certain agenda item 1007 LU 11-124052 ICE Detention Facility

<< Message: Re: Request to vote on Office of Equity ordinance 9/21/11 >> << Message: RE: Request to participate in hearing on LU 11-124052 CU PR by telephone >> << Message: Re: Request to participate in OSC hearing by telephone 9/21/11 >>

Karla

Karla Moore-Love
 Council Clerk
 Office of the City Auditor
 503.823.4086

DATE: September 16, 2011
TO: Mayor Sam Adams
FROM: Peter Parisot, Office of Mayor Sam Adams

1. **Resolution Title:** Commit to pursue a mutually agreeable partnership with the Oregon University System and Portland State University for constructing the Oregon Sustainability Center, direct the Bureau of Planning and Sustainability, the Portland Development Commission and the Office of Management and Finance to finalize construction design and commit to building the Oregon Sustainability Center.

Contact Name: Peter Parisot, Office of Mayor Adams
Michael Armstrong (BPS)
Jeff Baer (OMF)

Department: Mayor's Office **Phone Number:**

503-823-4541 (Parisot)
503-823-6053 (Armstrong)
503-823-6852 (Baer)

2. **Requested Council Date:** September 21, 2011
3. **Consent Agenda Item** **Regular Agenda Item**

If this is on Consent, explain why presentation is unnecessary:

4. **Emergency Item** (explain below) **Non-Emergency Item**

If this is an emergency, why does this need to take effect immediately:

5. History of Agenda Item/Background:

A. Overview

The Oregon Sustainability Center (OSC) is a proposed building that would be constructed and operated to meet the Living Building Challenge by a broad partnership that includes the City of Portland, the Oregon University System (OUS), Portland State University, the Oregon Living Building Initiative and leading Oregon companies. As a mixed-use building with retail operations, educational facilities, and a public “action center” to showcase Oregon’s industries and universities, the OSC’s approximately 130,000 gross square feet is intended to serve as:

- an investment in Portland’s Economic Development Strategy, building on Portland’s clean-technology expertise and giving Oregon firms a competitive advantage in the global economy;
- high-performance office space for private firms, academia, non-profit organizations, and public owners and tenants;
- a tangible demonstration of Oregon’s commitment to advancing social equity by integrating equity commitments, benchmarks, and programming into each phase of building construction and operation;
- a living laboratory to drive advanced research and commercial innovation and connect university researchers with private sector partners;
- an educational facility, including a 350-seat classroom;
- a new global standard-bearer for high-performance buildings, as the tallest Living Building in the world; and
- a major construction project that will generate approximately 780 direct and indirect jobs and more than \$100 million of total economic impact.

Portland’s history of supporting high-performance design and construction has helped local and regional companies develop sought-after expertise, and Oregon firms now routinely provide design, engineering and consulting services to major development projects in China, Korea, and the Gulf States. Early adoption of green building policies for City facilities and projects receiving PDC funds played an important role in building demand for this expertise. Similarly, by housing the Office of Sustainable Development as an original tenant in the reconstructed Natural Capital Center (the Ecotrust Building)—the first LEED Gold historic renovation and a path-breaking building—the City made a business commitment to high-performance buildings that lent credibility and stability to an emerging economic sector.

The OSC is proposed as an investment in Portland’s economy that would give Oregon companies a position of global leadership in super-high-performance design and

construction. It would also serve as a real estate investment that would house the Bureau of Planning and Sustainability.

This memo describes the goals of the OSC; summarizes the proposed ownership structure between the City and OUS as well as the City financial investment and risk analysis involved with that proposed structure; and describes the building's anticipated economic and social impacts. The following four documents attached to the Resolution provide additional detail on these key issues:

- Exhibit A. Construction Equity Agreement
- Exhibit B. OMF Financial Analysis
- Exhibit C. Schematic design drawings (*note: schematic design pro forma attached to OMF Financial Analysis*)

B. Project Goals

Economic Investment

The OSC is intended to strengthen Portland and Oregon's clean technology cluster and create highly exportable expertise to meet a growing global demand. While the United States has been slow to prioritize efficient, low-carbon development, the rest of the world is rapidly transitioning to extremely efficient, high performance buildings and development. The OSC is designed specifically to help Portland and Oregon's businesses and workers meet the growing national and international demand for high performance services and products, convert new technologies into marketable products and create a living laboratory for advanced research. Examples of exporting this demand include:

- Architects and engineers experiencing increased demand to work on high performance buildings internationally;
- Workers in SANYO's Salem plant manufacturing silicon for state-of-the-art solar panels required to meet the OSC's net zero energy goals;
- Technology and software-related firms commercializing new energy management software piloted in the OSC;
- Construction workers installing net-zero water and energy systems using skills developed during their work on OSC, including MWESB firms; and
- Building materials manufacturers developing toxin-free materials for other cutting-edge buildings.
-

The OSC's international business partners such as Intel, SANYO and CertainTeed have stated that construction of the OSC positions Portland and Oregon as a hub of

innovation which effectively competes with other global centers in the development of clean technology.

The economic potential of the green building sector is illustrated by the experience of Portland firms since 2000. A PDC analysis of employment data since 2000 shows that employment at green building firms has grown while employment at conventional firms has declined. On an annualized basis, employment within the green building firms grew at 3.3% per year since 2009, while conventional firms contracted by 2.5% per year over this same period.

The OSC also has a substantial near-term impact as a large construction project. Preliminary IMPLAN analysis of the multiplier effect of dollars invested in the region suggests that just the construction of the OSC will generate approximately 780 direct and indirect jobs and more than \$100 million of total economic impact.

Commitment to Social Equity

The OSC project partners are committed to ensuring that the project's goals include intentional efforts to advance social equity, from building design and construction through operation and programming. The OSC project steering committee, which has included representatives from the City, OUS, PDC, and OLBI, included a representative from the Community for Equity to broaden perspectives in decision making as well as to enable full transparency. The Community for Equity—representing a coalition of communities of color, housing organizations of color, and other community allies—worked with owners' representatives and the developer to develop a Construction Equity Agreement to memorialize commitments to advancing equity during the construction document and construction phase of the project. The proposed Construction Equity Agreement is attached to the proposed Resolution as Exhibit A. The owners group anticipates continuing to work with the Community for Equity and other community groups to establish how the OSC will support equity work once the building is complete and occupied.

Building Performance and the Living Building Challenge

Located on the Transit Mall with the Portland Streetcar running diagonally through the block, the OSC will be designed, constructed and operated to meet the Living Building Challenge, the most stringent building performance standard currently recognized. Initially developed in the Northwest by the Cascadia Region Green Building Council and now administered by the International Living Future Institute, the Living Building Challenge requires performance well beyond LEED Platinum and consists of a series of simple but ambitious performance requirements. To achieve the Living Building Challenge, the OSC must:

- Produce all the energy needed to meet the building's requirements, in this case from on-site solar photovoltaics and a geothermal well;

- Supply all of its water needs, potable and non-potable, from rainwater and reclaimed water;
- Manage all stormwater, graywater, and blackwater on site;
- Use only non-toxic building materials; and
- Use building materials from local and regional sources, with the heaviest materials traveling the shortest distances.

The Living Building Challenge requires that each of these performance levels must be met over the course of the building's first year of operation, so that the performance is actual and verifiable, rather than simply designed and modeled.

C. Ownership & Financial Structure

Ownership

This resolution would commit the City to pursue a mutually agreeable partnership with OUS for constructing the Oregon Sustainability Center and instruct staff to negotiate a final Disposition and Development Agreement, including ownership and financial commitments by both parties. As owners, the City and OUS would be the voting members of a condo association and responsible for its contractual, managerial and financial operations as required in the condominium documents and law. The arrangement would be similar to the condominium agreements currently in place for the 1900 SW 4th Building and the Portland Archives and Records Center/PSU Academic and Student Recreation Center.

In the OSC, OUS/PSU will own and occupy one third of the building and the City will own and occupy just over 25% of the space. Table 1 provides a summary of square footage breakdown.

OUS and the City will share the tenancy risk for this remaining 40% of the building equally. This means that each year all revenues associated with this portion of the building will be matched against all costs associated with this portion of the building. If costs exceed expenses, OUS and the City would each be responsible for one-half of this amount, which will be tracked on a cumulative basis. Discussions have proposed that if the project produces a negative cash flow, building ownership will be adjusted to acknowledge the City's contribution. If revenues exceed costs, these surpluses will be used first to reduce any existing cumulative deficit and then to increase the general reserves available for the OSC to mitigate any operational risks of the building.

	% of Rentable Square Feet
Oregon University System	33 %
Oregon BEST/Research	1%
City of Portland	26%
Owner-Occupied Space	60 %
+	
OUS/City Risk-Share Space	40 %
	100 %

Current Anticipated Tenants of the Oregon Sustainability Center

- Bureau of Planning and Sustainability
- Earth Advantage
- International Living Future Institute
- Oregon Built Environment and Sustainable Technologies (BEST) Center
- Oregon Environmental Council
- Oregon State University
- Portland State University
- River Network
- Umpqua Bank

Other private-sector firms are in serious discussions about leasing substantial space in the OSC, and PSU is prepared to adjust its square footage in the building to accommodate additional private-sector tenants if necessary.

Project Funding Status

When previously considered by Council in August 2010, the OSC was not fully funded, and the project partners have worked both to reduce the cost of the project and to identify additional funding sources. As shown at right, through fund-raising efforts and cost-management during schematic design, the budget gap has been closed.

At that time, City Council and the Oregon University System authorized proceeding with schematic design on the project. Schematic design was completed in spring 2011. The 2011 Oregon Legislature requested that, prior to reauthorizing the Article XI-F bonds for the OSC, the project team provide additional information about the project. This request was adopted as a legislative budget note attached to the OUS 2011-13 capital budget.

The project partners have provided a draft budget note response to the Joint Ways and Means Committee of the Oregon Legislature and will meet with the Committee on September 23, 2011. A copy of that budget note response (without full attachments) is attached to the OMF Financial Analysis.

Restatement of the City's commitment (contingent on state approval) to own its condominium share, share risk with OUS and continuing with design development and construction document will help secure the State's reauthorization to proceed with this project. With the support of the Joint Ways and Means Committee to proceed with design, the scheduled opening of the OSC will be delayed from fall of 2013 to winter of 2013/2014.

City Financial and Risk Analysis

In August 2010 City Council adopted Resolution 36808 directing PDC and BPS to continue to evaluate the proposed building and instructing PDC, BPS, and OMF to

Uses	
Land	\$ 3,800,000
Construction Hard Costs	\$ 38,700,000
Construction Soft Costs	\$ 17,900,000
Financing Costs	\$ 1,300,000
	\$ 61,700,000
<hr/>	
Sources	
OUS Article XI-F Bonds	\$ 36,200,000
City Bonds	\$ 8,300,000
City TIF	\$ 4,900,000
City Land Contribution	\$ 3,800,000
OUS Cash	\$ 3,000,000
NMTCs & ETO	\$ 2,500,000
Grant and Fundraising	\$ 3,000,000
	\$ 61,700,000
Budget Gap	\$ 0

analyze the fiscal and policy impacts of entering into a commitment to pursue a joint partnership with OUS. A detailed response to City Council's request to analyze the OSC as a real estate investment on the part of the City of Portland is attached as Exhibit B to the Resolution. Note that this analysis does not consider the economic development impacts the building may produce nor other potential project impacts.

One-time Costs. The cost to move BPS into the OSC consists of move costs; furniture, fixtures and equipment (including tenant improvements and build out in excess of current budget); project management and space planning; and BTS technology (including a 50% contingency). The bulk of these costs are standard for any bureau move to and not unique to the OSC. The estimated cost range is large at \$2.7 - \$4.5 million. These costs are not currently budgeted.

Condominium Ownership On-going Costs. The August 2010 Resolution directed OMF and BPS to monitor project costs carefully and report any changes in overall costs. The schematic design process resulted in a cost per square foot estimate of \$434 per gross square foot without land and financing, slightly higher than the \$420 per square foot target targeted in Resolution 36808. The City's policy is that each bureau pays the full cost of the space it occupies; costs vary across City buildings significantly. OSC occupancy costs are currently estimated at \$174,000 above the current annual BPS budget, primarily due to an increase in square footage of about 4,600 SF, plus a conference center surcharge described below. On a per square foot basis, OSC rents are projected to be slightly lower than 1900 Building rents in 2014.

Risk Share Space: Vacancy and Rent Risk On-going Costs. The draft development agreement terms call for OUS to finance and own all leasable space within OSC (52,011 gross sf, or 40% of the building) and for the City to share 50% of any subsidy this space may require (e.g., due to rent loss, vacancy or capital repairs). In order to estimate and quantify the risk associated with this commitment, OMF has modeled a range of both project and market scenarios.

- **Vacancy Risk.** Currently, leases are in negotiation for about 78% of leasable space (36,000 out of 46,000 square feet). The 'typical performance' scenario assumes some vacancy (10%, or 3,300 sf) beginning in year one and continuing throughout the project. This serves as a proxy for a variety of possible scenarios: slow leasing of retail space, lower than anticipated rent rates secured on remaining vacant office space, etc. In a fully recovered economic context, the project would experience negative cash flows through year 14, break even by year 15 and by year 30 generate over \$2 million (net present value of 30 year cash flow). In a market context of more moderate growth, the project realizes negative cash flow for its first 17 years, and the City's share would be roughly \$75,000 annually in the first few years, decreasing, spiking again in year 11 and

turning positive in year 18. The project would come close to breaking even by year 30.

- **Non-profit Tenancy Risk.** Four non-profits are currently in negotiation to lease 14% of the building (10% in 30 year leases, 4% in 10 year leases). These entities are founding partners in the building. They are however relatively higher financial risk due and have historically occupied far less expensive Class C office space. To minimize financing cost impact, OUS will finance non-profit occupied space with tax-exempt bonds. If the original non-profits vacate the building, the space can only be re-leased to other non-profit entities. While the legal risk for upholding bond covenants falls to OUS, the City will have 50% of the financial risk of carrying vacant space or subsidizing leases to other non-profit entities. If this space is vacated, PSU, or the City could expand into it. If this is not possible, subsidy could be required to bring rents down to be competitive with rates paid by non-profit and public sector tenants within the University District (about 45% below OSC non-profit rates, a rent gap expected to decrease over time).
- **Capital Repair Risk.** Capital repair risk is associated with funding long-term maintenance needs. The City's policy is to set-aside 1-3% of each building's value annually; the International Facilities Managers Association recommends 3%. BPS occupancy costs at the OSC incorporate a 1% set-aside, equivalent to a \$4.65/square foot Facilities surcharge. However, operating charges for risk share tenants – for which the City holds 50% of financial risk – include a much smaller set-aside of \$0.50/square foot (about 0.1% of the building's replacement cost). This introduces risk that, in the absence of rent escalations, repair bills will require additional City subsidy.
- **Conference Center risk.** It is currently proposed that PSU will manage leasing for this space and operations for the exhibit and conference center (the conference center is 3,800 square feet on the second floor; the exhibit center is 1,400 off the lobby on the first floor). Project partners have advocated for including conference and exhibit space as a way to expose and educate the public on the building's unique attributes. Current operating estimates anticipate a required annual City subsidy of roughly \$42,000 to cover debt service, given relatively conservative occupancy rates. Required subsidy would decrease if the space attracted higher usage. The project has been modeled so that subsidies associated with the conference center will be added to the BPS occupancy costs (a surcharge of \$1.31 per square foot). This is included in the \$174,000 estimate of the BPS annual occupancy cost increase mentioned above. When/if the center performs above expectations, this surcharge could be removed and BPS rents lowered accordingly.

CITY COSTS

	Low	Moderate	High	Notes
BPS Occupancy				
One-time occupancy costs				
One-time move	\$2,652,000	\$3,630,000	\$4,512,000	One-time cost
On-going occupancy costs				
Ongoing costs	\$1,008,000	\$1,008,000	\$1,008,000	<ul style="list-style-type: none"> • \$132,000 above current BPS budget. • Excludes \$42,000 conference center surcharge (see below).
Risk Share				
Ongoing risk share				
Rents/vacancy	\$0	\$50,000	\$130,000	<ul style="list-style-type: none"> • Low = fully occupied at asking rents. • Moderate = 10% vacancy • High = 22% vacancy
Conference center operations	\$42,000	\$42,000	\$63,000	<ul style="list-style-type: none"> • Low/Moderate = based on PSU projections • High = 50% lower usage
Non-profit tenancy	\$0	\$20,000	\$86,000	<ul style="list-style-type: none"> • Moderate = short-term leases vacate in year six • High = no non-profit leases signed
Capital replacement	\$0	\$0	\$0	Appears to be \$0; full study needed
Total on-going risk share costs	\$42,000	\$112,000	\$279,000	Total annual sum

CITY SOURCES

	Low	Moderate	High	Notes
One-time sources				
PDC TIF	\$4,900,000	\$4,900,000	\$4,900,000	South Park Blocks URA bonds
PDC Land contribution	\$3,850,000	\$3,850,000	\$3,850,000	City is credited \$1.8M of this value.
Total one-time sources	\$8,750,000	\$8,750,000	\$8,750,000	
Ongoing sources				
BPS budgeted rent	\$880,000	\$880,000	\$880,000	Budget for BPS occupancy at 1900 + Ecotrust
South Park Blocks loan repayment	\$99,000	\$137,000	\$176,000	Avg. annual income from loan portfolio with 50%, 22% and 0% bad debt allowances.
Total ongoing sources	\$979,000	\$1,017,000	\$1,056,000	

6. **Purpose of Agenda Item:** To authorize a contingent commitment to own a share of the Oregon Sustainability Center and instruct the City and PDC to proceed in funding the next phase of the project, design development and construction documents.
7. **Legal Issues:** City Attorney's Office has been extensively involved in the discussions with OUS regarding joint partnership and in preparation of the two IGAs. City Attorney's Office also reviewed and commented on the Community Equity Agreement for the OSC.
8. **What individuals or groups support or oppose this agenda item?**

Opposed:

Supportive: Senator Merkley
 Senator Wyden
 Representative Blumenauer
 Governor Kitzhaber
 Oregon University System
 Portland State University
 Portland Community College
 Community for Equity
 Clean tech and green building private firms and nonprofits
 (including CertainTeed, Cisco, Earth Advantage, InSpec, Intel,
 International Living Future Institute, Neil Kelly Inc., Oregon
 Environmental Council, PGE, River Network, SANYO, Umpqua
 Bank)

Other: The Oregon House Ways and Means Committee has asked for additional information in the form of a budget note prior to reauthorizing State bonds for the project

9. **How does this relate to current City policies?**

The City's five-year Economic Development Strategy, adopted by Resolution 36714 in June 2009, calls for constructing the OSC "to drive innovation in green building and serve as the hub for the region's public and private sector efforts at leadership in sustainability."

The 2009 Climate Action Plan, adopted jointly by the City and Multnomah County, established a goal of reducing carbon emissions by 80% from 1990 levels by 2050

(Resolution No. 36748). Buildings account for more than 40% of local carbon emissions, and the Climate Action Plan establishes an objective that all new buildings and homes will produce as much energy as they consume by 2030. The OSC would be the first large-scale building in the state to achieve this standard.

The City's green building policy for its own facilities, originally adopted in 2001 (Resolution 35956) and updated most recently in 2005 (Resolution 36310), directs all City bureaus and the Portland Development Commission to achieve sustainable and green standards in construction, operation and maintenance of City buildings and PDC-funded projects.

The draft Portland Plan, a strategic and comprehensive plan for the future growth and development of the city over the next 30 years—and that has been developed over the past three years through research, analysis, and extensive public involvement—identifies the Oregon Sustainability Center as a “quick start action” in its Economic Prosperity and Affordability strategy. The draft Portland Plan will be released for public comment at the end of September and is anticipated to come to City Council for consideration in early 2012.

At the same City Council meeting when this resolution is considered, Council is also scheduled to consider creating an Office of Equity with the purpose of promoting equity and address disparities within City government, and to work with community partners to promote equity and inclusion within Portland and throughout the region, producing measurable improvements and disparity reductions. The OSC is an important opportunity to demonstrate how the City's commitment to equity is applied in practice.

Portland, Oregon
FINANCIAL IMPACT and PUBLIC INVOLVEMENT STATEMENT
For Council Action Items

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

1. Name of Initiator Peter Parisot	2. Telephone No. 503.823.4541	3. Bureau/Office/Dept. Office of Mayor Adams
4a. To be filed (date): September 21, 2011	4b. Calendar (Check One) Regular Consent 4/5ths <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	5. Date Submitted to Commissioner's office and FPD Budget Analyst: September 15, 2011
6a. Financial Impact Section: <input checked="" type="checkbox"/> Financial impact section completed.		6b. Public Involvement Section: <input checked="" type="checkbox"/> Public involvement section completed.

1) Legislation Title:

Commit to pursue a mutually agreeable partnership with the Oregon University System for constructing the Oregon Sustainability Center, direct the Bureau of Planning and Sustainability, the Portland Development Commission and the Office of Management and Finance to finalize construction design and negotiate a final Disposition and Development Agreement with the Oregon University System which would enable the building the Oregon Sustainability Center. (Resolution)

Authorize an Intergovernmental Agreement with the Portland Development Commission for the land disposition and development of the Oregon Sustainability Center within the South Park Blocks Urban Renewal Area (Ordinance)

Authorize an Intergovernmental Agreement with the Oregon University System to jointly share the costs to obtain design development and 50% construction documents for the Oregon Sustainability Center within the South Park Blocks Urban Renewal Area (Ordinance)

2) Purpose of the Proposed Legislation:

The Oregon Sustainability Center (OSC) is a proposed building that would be constructed and operated to meet the Living Building Challenge by a broad partnership that includes the City of Portland, the Oregon University System (OUS), Portland State University, the Oregon Living Building Initiative and leading Oregon clean tech companies. City Council has adopted a five-year economic development strategy with the objective of continuing Portland's leadership in green building by fostering innovation and economic growth through the next generation built environment, identifying the OSC as such improvement.

3) Which area(s) of the city are affected by this Council item? (Check all that apply—areas are based on formal neighborhood coalition boundaries)?

- | | | | |
|--|------------------------------------|------------------------------------|--------------------------------|
| <input checked="" type="checkbox"/> City-wide/Regional | <input type="checkbox"/> Northeast | <input type="checkbox"/> Northwest | <input type="checkbox"/> North |
| <input type="checkbox"/> Central Northeast | <input type="checkbox"/> Southeast | <input type="checkbox"/> Southwest | <input type="checkbox"/> East |

- Central City
 Internal City Government Services

FINANCIAL IMPACT

4) Revenue: Will this legislation generate or reduce current or future revenue coming to the City? If so, by how much? If so, please identify the source.

The authorization of an Intergovernmental Agreement with the Portland Development Commission (PDC) involves conditional transfer of land and TIF resources to the City for the design and development of the OSC. Most immediately, the IGA includes up to \$2 million of TIF resources budgeted in the South Park Blocks Urban Renewal Area transferring to the City contingent on (i) execution of an OSC Construction Equity Agreement and (ii) the City and OUS executing an agreement, satisfactory to PDC, in which OUS provides an amount equal to those funds provided by the PDC and the City for 50% construction documents. Additional TIF resources and land transfer would not occur until spring 2012 with a negotiated and City Council approved City-OUS Disposition and Development Agreement (DDA) and full funding and bond authorization.

5) Expense: What are the costs to the City related to 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. If the action is related to a grant or contract please include the local contribution or match required. If there is a project estimate, please identify the level of confidence.)*

The authorization of an Intergovernmental Agreement with OUS involves conditional transfer of those TIF resources received from PDC to OUS for the City's cost share of completing the aforementioned 50% construction documents.

The resolution commits to pursuing a mutually agreed upon partnership with OUS and instructs the Bureau of Planning and Sustainability (BPS), the Office of Management and Finance (OMF), and PDC to negotiate a DDA with OUS with terms substantially similar to those specified in the accompanying OMF Financial Analysis, and dependent on a set of specified contingencies. The terms outlined in the resolution contemplate future costs to the City as outlined in the OMF Financial Analysis, but no costs would be incurred by the City until a legally binding DDA with OUS is presented to City Council in spring 2012 for consideration of approval.

6) Staffing Requirements:

- **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 will be created, eliminated or re-classified in the current year as a result of this legislation.

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

No positions will be created, eliminated or re-classified in future years as a result of this 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 cost elements that are to be loaded by accounting. Indicate "new" in Fund Center column if new center needs to be created. Use additional space if needed.)*

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

[Proceed to Public Involvement Section — REQUIRED as of July 1, 2011]

PUBLIC INVOLVEMENT

8) Was public involvement included in the development of this Council item (e.g. ordinance, resolution, or report)? Please check the appropriate box below:

YES: Please proceed to Question #9.

NO: Please, explain why below; and proceed to Question #10.

9) If "YES," please answer the following questions:

a) What impacts are anticipated in the community from this proposed Council item?

The OSC is intended to strengthen Portland and Oregon's clean technology cluster and create highly exportable expertise to meet a growing global demand. The OSC will have a substantial near-term impact as a \$61.7 million construction project. The OSC goals also include intentional efforts to advance social equity, from building design and construction through operation and programming.

b) Which community and business groups, under-represented groups, organizations, external government entities, and other interested parties were involved in this effort, and when and how were they involved?

The OSC is broad partnership that includes the City of Portland; the Oregon University System; Portland State University; the Oregon Living Building Initiative coalition; social equity non-profits; and leading Oregon companies. Private sector firms have been extensively involved throughout the feasibility and schematic design phases of the project, resulting in numerous technical, research, tenancing, and/or investment partnership commitments. The Community for Equity has represented various organizations and under-represented groups during schematic design, including helping to develop a Construction Equity Agreement to advance equity during remaining design and construction phases of the project. Schematic design outcomes were presented twice at open public meetings, one held on the Portland State University campus and one at AIA offices in northwest Portland.

c) How did public involvement shape the outcome of this Council item?

Input from the various public, institutional, private and nonprofit partners listed above directly shaped the project's schematic design outcomes, financial structure, and social equity goals as captured in the proposed Construction Equity Agreement.

d) Who designed and implemented the public involvement related to this Council item?

BPS and OMF represented the City on a project steering committee (which also included representation by OUS, PSU, PDC the Oregon Living Building Initiative, and the social

equity community) who broadly guided public involvement related to this project. BPS managed public involvement related to the Construction Equity Agreement. PDC managed public involvement related to private sector outreach and public review of schematic design results.

e) Primary contact for more information on this public involvement process (name, title, phone, email):

Michael Armstrong
Senior Sustainability Manager
Bureau of Planning and Sustainability
503-823-6053
Michael.Armstrong@portlandoregon.gov

10) Is any future public involvement anticipated or necessary for this Council item? Please describe why or why not.

Public involvement and partnerships as described in section 9.b is anticipated to continue at similar levels through all subsequent design and construction phases.

Peter Parisot, Economic Development Director

BUREAU DIRECTOR (Typed name and signature)

