

See Substitute
37205

RESOLUTION No.

Acknowledge the engineering contributions of the Professional and Technical Employees Local 17 and create the City of Portland Professional Employees Association Value Capture Program to leverage funding for design and construction of transportation and stormwater infrastructure (Resolution)

WHEREAS, since the City of Portland Professional Employees Association (COPPEA) Chapter of Professional and Technical Employees Local 17 (PTE Local 17) was chartered over 40 years ago the professional employees have demonstrated pride in their work and delivered quality infrastructure projects for the City of Portland; and

WHEREAS, one of the primary responsibilities of the City of Portland is to protect public safety, health and welfare by constructing and maintaining safe, well-designed and well-maintained streets for its community members, businesses and visitors; and

WHEREAS, the traditional sources upon which the City has relied for funding have been Oregon and Multnomah County gas taxes and City on-street parking revenues (General Transportation Revenue – GTR). These sources of funding increasingly fail to produce the level of revenue needed to adequately maintain existing streets and provide no funding for defraying the cost of Local Improvement Districts (LIDs); and

WHEREAS, there is widespread recognition at the local and state levels that new and creative financing mechanisms must be developed to address inadequate infrastructure, which in Portland comprises approximately one-fifth of the City's street network; and

WHEREAS, PTE Local 17 represents professional and technical employees in the Portland Bureau of Transportation (PBOT); and

WHEREAS, the LID Administrator position was created to ensure effective administration of LIDs, centralizing functions that previously were dispersed among multiple bureaus and positions in conjunction with Resolution No. 35937 approved by Council on November 1, 2000; and

WHEREAS, City Code was updated to reflect a redesigned LID program and LID process improvements per Ordinance No. 177124 approved by Council on December 11, 2002; and

WHEREAS, PTE Local 17 members have benefited from a collaborative working relationship with the LID Administrator since the passage of Resolution No. 35937, with the volume of LIDs increasing significantly. Prior to the passage of Resolution No. 35937 it was common for several years to elapse between formation of LIDs; and

WHEREAS, subsequent to the passage of Resolution No. 35937 City Council has approved 39 LIDs for which PBOT has been the Responsible Bureau and which have been administered by the LID Administrator for an average of a new LID approximately every 5 months. These completed and pending transportation LIDs excluding streetcar have a value of \$52,759,000 (\$3,467,000 per year on average) not including the Portland Aerial Tram LID, and \$109,759,000 (\$7,212,000 per year on average) including the Portland Aerial Tram LID; and

WHEREAS, PBOT budgeted \$10,825,859 in the FY-14-15 budget year to maintain its existing transportation infrastructure, reflecting the inadequacy of general transportation revenue (GTR) to fund new capital construction while preserving existing transportation infrastructure; and

WHEREAS, LIDs previously received majority funding from Community Development Block Grant (CDBG) and tax increment financing (TIF) from the former Bureau of Housing & Community Development (BHCD) and the Portland Development Commission (PDC), respectively. While these funding partners' contributions provided significant value to the City, opportunities to fund infrastructure and capitalize on external funding leverage were constrained by geographic and other limitations, limiting PBOT's ability to deliver infrastructure improvements to diverse and underserved neighborhoods; and

WHEREAS, LIDs have replaced vacant lots and blighted buildings with new housing, helping alleviate the City's shortage of housing, particularly market rate housing. Examples include construction of multifamily housing and preservation of existing housing made possible by:

- a. The SE 119th Avenue & Pine Street Housing & Community Development LID (see record of Ordinance No. 178479 approved by Council on June 9, 2004; and
- b. The NW 13th Avenue Phase II LID (see record of Ordinance No. 180019 approved by Council on March 22, 2006; and
- c. The SE 128th Avenue LID (see record of Ordinance No. 178962 approved by Council on December 15, 2004; and
- d. The SW 19th Avenue LID (see record of Ordinance No. 178963 approved by Council on December 15, 2004; and
- e. The Portland Aerial Tram LID (see record of Ordinance No. 180869 approved by Council on April 4, 2007; and
- f. The SE Ellis Street LID (see record of Ordinance No. 180842 approved by Council on March 21, 2007; and
- g. The NE 97th Avenue Green Street LID (see record of Ordinance No. 186508 approved by Council on March 19, 2004; and
- h. Additional housing development anticipated upon completion of the NE Couch Court, North Vancouver Avenue & Cook Street, SW 45th Avenue & California Street, NW 20th Avenue and SE 86th Court and Steele Street LIDs; and

WHEREAS, as of June 30, 2015 the City had 55.7 miles of unpaved streets. Absent LIDs completed since the passage of Resolution No. 35937 the City would have 60.0 centerline miles of unpaved streets, which equates to a 7.2% reduction. Of the remaining backlog, 15.9 centerline miles (or 28.6%) of unpaved streets are in areas with high density zoning, which have the greatest need for comprehensive infrastructure improvements and provide the greatest opportunity to realize quality infill development, additions to the City's housing supply, and increases to the City's tax base; and

WHEREAS, as of June 30, 2015 the City had 306.8 miles of paved streets without curbs. Absent LIDs completed since the passage of Resolution No. 35937 the City would have 308.1 centerline miles of paved streets without curbs, which equates to a 0.4% reduction. Of the remaining backlog, 63.1 centerline miles (or 20.6%) of paved streets without curbs are in areas with high density zoning, which have the greatest need for comprehensive infrastructure improvements and provide the greatest opportunity to realize quality infill development, additions to the City's housing supply, and increases to the City's tax base; and

WHEREAS, PTE Local 17 values its working relationship with the LID Administrator, property owners, and diverse community partners. Civil design and construction management work associated with LIDs provides living wage jobs for a diverse workforce and increases employee morale upon the delivery of quality infrastructure projects that make meaningful improvements in neighborhood livability. PTE Local 17 strongly supports the COPPEA Value Capture concept as a means of providing a sustainable funding source to expand quality infrastructure to more of the City's 95 neighborhoods; and

WHEREAS, over time, the infrastructure backlog will be reduced commensurate with adding to the City's tax base, enabling this increased value to support police, fire and other City services; and

WHEREAS, as an example, \$850,000 in PDC funding made possible the NW 13th Avenue Phase II LID, leveraging \$1,093,362.83 in LID and other external funding. Nine (9) years after final assessment, the real market value of properties assessed by this LID had increased by \$178 million (or 360%) from \$49.5 million to \$227.5 million. In the 2012-2013 property tax year, City property tax revenue had increased by \$481,444 for a return over one-half of the initial PDC investment in a single property tax year. Similarly, other taxing jurisdictions, including but not limited to Portland Public Schools, increased by \$1,051,211 in a single property tax year, over twice the amount of the initial PDC investment; and

WHEREAS, as an example, \$147,000 in PDC funding made possible the NE 148th Avenue LID, leveraging \$1,361,166.05 in LID and other external funding. Nine (9) years after final assessment, the real market value of properties assessed by this LID had increased by \$48.7 million (or 287%) from \$17.0 million to \$65.7 million. In the 2012-2013 property tax year, City property tax revenue had increased by \$184,535 for a return greater than the initial PDC investment in a single property tax year. Similarly, other taxing jurisdictions, including but not limited to Reynolds School District, increased by \$365,500 in a single property tax year, over twice the amount of the initial PDC investment. The development also resulted in the addition of living wage jobs in East Portland; and

WHEREAS, DeLacy Consulting, LLC in Chicago, Illinois, has attested as to the soundness of the COPPEA Value Capture concept per the document attached as Exhibit A based on its previous work including but not limited to monetizing the value of rights-of-way in Spokane, Washington. Portland has similarly benefited from investments in infrastructure, including but not limited to installation of sanitary sewers in East Portland, and transit-oriented development made possible by new transportation infrastructure; and

WHEREAS, the COPPEA Value Capture Program will support thoughtful and responsible infill development, thereby reducing pressure to expand the region's urban growth boundary; will provide much-needed housing; and City-administered capital improvement projects funded by COPPEA Value Capture Program will help to increase transit ridership and use of alternative modes of transportation by building new pedestrian facilities and other infrastructure in high density areas; and

WHEREAS, no funds from the COPPEA Value Capture Program will be expended without prior Council approval of the project; and

WHEREAS, PBOT's level of confidence in the revenue estimates for the COPPEA Value Capture Program is medium and is based on historical examples of increased tax increment following completion of LID projects. The document attached as Exhibit B is an example from the SE 119th and Pine LID. Actual encumbrances of General Fund revenue will be made during the annual Council budget process and will be based on actual increases in tax increment on a "pay as you go" basis, and will not be bonded against anticipated or estimated future tax increment; and

WHEREAS, in addition to the economic benefits of the increase in tax increment, LID projects also reduce blight and increase neighborhood livability, while providing living wage jobs to City employees represented by PTE Local 17 in multiple bureaus including but not limited to PBOT.

NOW, THEREFORE, BE IT RESOLVED, that the Council creates the COPPEA Value Capture Program housed in PBOT and administered by the LID Administrator without additional administrative costs; and

BE IT FURTHER RESOLVED, that Council acknowledges the collaborative working relationship between PTE Local 17 and City Council; and

BE IT FURTHER RESOLVED, that the LID Administrator will track each LID individually subsequent to final assessment for 20 years and request for annual City Economist and City Budget Office review and recommendation for Council approval amounts to be appropriated from the General Fund to the COPPEA Value Capture Program annually based on actual increase in LID tax increment on a "pay-as-you go" basis; and

BE IT FURTHER RESOLVED; that all proposed and actual expenditures of increased tax increment appropriated to the COPPEA Value Capture Program by Council as part of each year's annual budget process will be reviewed and recommended by the LID Administrator and

approved by Council within the LID Formation Ordinance and Final Assessment Ordinances for each LID, respectively; and

BE IT FURTHER RESOLVED that all proposed and actual expenditures of increased tax increment appropriated to the COPPEA Value Capture Program by Council as part of each year's annual budget process will finance improvements that include pavement, curb, sidewalk, street lighting, street trees, utility upgrades and stormwater management unless recommended by the LID Administrator and expressly waived by Council by Ordinance; and

BE IT FURTHER RESOLVED that all proposed and actual expenditures of increased tax increment appropriated to the COPPEA Value Capture Program by Council as part of each year's annual budget process will be for LIDs for which the entirety of the area included is residential zoning of RH, R1, R2, R2.5 or R3; commercial/mixed use zoning; industrial zoning; and/or employment zoning, unless recommended by the LID Administrator and expressly waived by Council by Ordinance. The Formation Ordinance of each LID utilizing COPPEA Value Capture funding will include findings with respect to geographic and racial equity.

Adopted by the Council,

Commissioner Steve Novick

Prepared by: Amy Bowles / PTE Local 17: sld

Date Prepared: March 17, 2016

Mary Hull Caballero

Auditor of the City of Portland

By

Deputy

**COPPEA Value Capture Program
for Local Improvement Districts**

SE 119th and Pine LID Example

SE 119th and Pine LID	City Property Tax Revenues	County, Schools & Other Tax Revenues	Property Tax Revenue Total
2013 Actual Property Tax Revenue	\$97,200	\$228,000	\$325,200
2004 Property Tax Revenue	<u>\$31,000</u>	<u>\$72,800</u>	<u>\$103,800</u>
9 Year Tax Revenue Increase	\$66,200	\$155,200	\$221,400
Estimated Average Yearly Revenue Increase	\$7,400	\$17,200	\$24,600

Agenda No. **RESOLUTION NO.**
Title

spellout

Acknowledge the engineering contributions of the Professional and Technical Employees Local 17 and create the COPPEA Value Capture Program to leverage funding for design and construction of transportation and stormwater infrastructure (Resolution)

<p>INTRODUCED BY Commissioner/Auditor: COMMISSIONER STEVE NOVICK</p>	<p>CLERK USE: DATE FILED <u>APR 12 2016</u></p>
<p>COMMISSIONER APPROVAL</p> <p>Mayor—Finance and Administration - Hales</p> <p>Position 1/Utilities - Fritz</p> <p>Position 2/Works - Fish</p> <p>Position 3/Affairs - Saltzman</p> <p>Position 4/Safety - Novick <i>CW</i></p>	<p>Mary Hull Caballero Auditor of the City of Portland</p> <p>By: <u><i>[Signature]</i></u> Deputy</p> <p>ACTION TAKEN:</p>
<p>BUREAU APPROVAL</p> <p>Bureau: Transportation Engineering Services Group Manager: Steve Townsen <i>ST</i> Director: Leah Treat <i>[Signature]</i></p> <p>Prepared by: Amy Bowles:slid <i>ARB/R.B.</i> Date Prepared: March 17, 2016 Supervisor: Lola Gailey <i>lag</i></p>	
<p>Impact Statement</p> <p>Completed <input checked="" type="checkbox"/> Amends Budget <input type="checkbox"/></p>	
<p>Portland Policy Document</p> <p>If "Yes" requires City Policy paragraph stated in document.</p> <p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p>	
<p>City Auditor Office Approval: required for Code Ordinances</p>	
<p>City Attorney Approval: required for contract, code, easement, franchise, comp plan, charter</p>	
<p>Council Meeting Date April 20, 2016</p>	

AGENDA
<p>TIME CERTAIN <input checked="" type="checkbox"/></p> <p>Start time: <u>10:30</u></p> <p>Total amount of time needed: 30 minutes (for presentation, testimony and discussion)</p>
<p>CONSENT <input type="checkbox"/></p>
<p>REGULAR <input type="checkbox"/></p> <p>Total amount of time needed: _____ (for presentation, testimony and discussion)</p>

FOUR-FIFTHS AGENDA	COMMISSIONERS VOTED AS FOLLOWS:	
	YEAS	NAYS
1. Fritz	1. Fritz	
2. Fish	2. Fish	
3. Saltzman	3. Saltzman	
4. Novick	4. Novick	
Hales	Hales	