



190790

Ordinance

Authorize agreement for Central Eastside Industrial District Management District Services with Central Eastside Together

Passed

The City of Portland ordains:

Section 1. The Council finds:

1. Pursuant to Chapter 6.06 of the City Code, the City has established a district property management license fee within the Central Eastside Industrial District ("District"). The purpose of the license fee is to provide revenues to fund sidewalk operations, safety and outreach services, streetscape improvement, and community grants within the District. A resolution is before the City Council on April 20, 2022 to extend the District for a ten-year period.
2. The Central Eastside Industrial Council is presently providing such services to the District under an Agreement for Central Eastside Industrial District Management Services (City Contract No. 30006940, approved by Ordinance No 189373) which expires June 30, 2022.
3. Central Eastside Industrial Council, an Oregon non-profit 501(c)(6) corporation, initiated the establishment of the District. The Central Eastside Industrial Council represents the property managers of a large geographical area within the District. Actual management of District funds has been handled by Central Eastside Together, a separate board which has since become an independent Oregon non-profit, and is currently in the process of securing its 501(c)(3) status. Central Eastside Together is formed by license fee payers in the District for the specific purpose of managing the District.
4. Central Eastside Together is the only qualified contractor under City Code Section 6.06.020.N, which defines a "qualified contractor" as "... a non-profit corporation or other non-profit entity established by property owners or licensees in the District for the purpose of providing services that benefit the District."

Introduced by

[Mayor Ted Wheeler](#)

Bureau

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

Contact

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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

(2 of 2) 30 minutes

5. The services provided for the District are part of a unique and coordinated program that Central Eastside Together provides at the District's request. There is at this time no other "qualified contractor" with the experience, expertise and capability of Central Eastside Together. Therefore, it is appropriate for the City to enter into an agreement with Central Eastside Together for such service and Central Eastside Together is willing to contract to provide the services.
6. In accordance with City Code 5.33.120.C, a Sole Source Procurement Notice was approved by the Chief Procurement Officer and published on April 12, 2022 and remained posted for a minimum of seven (7) business days. No responses were received to the public notification of the intent to award a sole source contract. The City may award a sole source contract in accordance with City Code Chapter 5.33.
7. Both the City of Portland and Central Eastside Together recognize that the City Auditor August 2020 audit report: "Enhanced Service Districts: City provides little oversight of privately funded public services", and recent public listening sessions, highlight the need for greater accountability and transparency in the functioning of enhanced service districts.
8. In response to the City Auditor report and public listening sessions, Central Eastside Together has shown a willingness and good faith effort in the negotiation of this contract to make needed reforms with regards to accountability and transparency, and as part of this contract has committed itself to further changes as part of the City's audit response if needed.
9. Specifically, Central Eastside Together has agreed to continue regular reporting and quarterly public meetings, maintaining a board made up of representatives of all stakeholders within the District, and regular surveys of houseless community members to gauge program effectiveness. In addition, Central Eastside Together has agreed to greater oversight over its programs, improved transparency of its finances and programs, and a commitment to following City procurement standards.
10. Though this is a five-year contract valued annually at approximately \$1.6 million, portions of this contract may be re-negotiated prior to its expiration if the City's audit response results in changes to City Code Chapter 6.06.

NOW, THEREFORE, the Council directs:

- A. The Mayor, or designee, is authorized to execute an agreement with Central Eastside Together to manage and provide certain Central Eastside Industrial District services, in substantially the form attached to this Ordinance as Exhibit A and upon City Attorney approval as to form. The Chief Administrative Officer of the Office of Management and Finance, or designee, is authorized to execute amendments to the

agreement, subject to approval as to form by the City Attorney, to the scope of services or the terms and conditions, provided the changes do not increase the legal risks or financial risks to the City.

Documents and Exhibits

 [Exhibit A](#) (1012.75 Kb)

An ordinance when passed by the Council shall be signed by the Auditor. It shall be carefully filed and preserved in the custody of the Auditor (City Charter Chapter 2 Article 1 Section 2-122)

Passed by Council
April 27, 2022

Auditor of the City of Portland
Mary Hull Caballero

Impact Statement

 [Impact Statement](#) (174.08 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

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

Passed to second reading

Passed to second reading April 27, 2022 at 10:15 a.m. Time Certain.

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

Passed

Commissioner Dan Ryan Yea

Commissioner Jo Ann Hardesty Yea

Commissioner Mingus Mapps Yea

Commissioner Carmen Rubio Yea

Mayor Ted Wheeler Yea