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## 191990

Ordinance

### Create the NW Park Ave Local Improvement District to construct street, sidewalk, stormwater, sanitary sewer and water main improvements in conjunction with the segregation of pending local improvement district liens (C-10076)

Passed

The City of Portland ordains.

Section 1. The Council finds:

1. The Council adopted Resolution No. 37679 on October 2, 2024, declaring its intent to initiate local improvement district formation proceedings and establishing the name of the local improvement district as the NW Park Avenue Local Improvement District ("LID").
2. The record related to the adoption of Resolution No. 37679 is incorporated into the record of this Ordinance except that no part of the record of Resolution No. 37679 shall be considered a remonstrance for purposes of Section 17.08.070 of City Code, nor for purposes of Section 9-403 of the City Charter.
3. The Budget & Liens Section mailed notice of the November 20, 2024 LID formation hearing on October 30, 2024 to the owners of the benefited properties within the proposed NW Park Avenue LID. The property owners were notified of the time and location of the hearing conducted by Council, the total estimated project costs, the right and manner to object to the formation of the NW Park Avenue LID, the deadline and procedure for filing a remonstrance against the formation of the NW Park Avenue LID, and the amount of the estimated future assessment on benefited properties as set forth in Exhibit A. The deadline to submit a written remonstrance was at 5:00 PM on November 13, 2024.
4. Notices of the LID formation hearing were posted within the NW Park Avenue LID on November 5, 2024.

Introduced by

[Mayor Ted Wheeler](#)

City department

[Transportation](#)

Contact

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Requested Agenda Type

Regular

Date and Time Information

Requested Council Date

December 4, 2024

5. The LID Administrator published notice of the November 20, 2024 LID Formation Hearing in the Daily Journal of Commerce on November 4, 2024 and on November 6, 2024.
6. The general character and scope is to remove the existing dirt, gravel and/or hard surfaces; grade the streets to their proper subgrade; construct streets with aggregate base and a combination of asphaltic concrete and plain concrete pavement; construct sanitary sewers, stormwater sewers and stormwater management facilities excluding offsite facilities; construct water mains; construct asphalt sidewalks on both sides of the street; install street lighting; and plant street trees in most locations, and install utility undergrounding
7. Widths, alignments and lengths of the project may be modified during the preparation of plans and specifications by the City Engineer.
8. The boundary of the NW Park Avenue LID includes the properties as shown on the map in Exhibit B.
9. The LID Administrator's estimated cost of designing, constructing and financing the improvements is \$9,592,294 as shown in Exhibit C, not including the cost of utility relocation that may be required at utilities' expense. The LID Administrator's estimate is based on the Engineer's Estimate of July 15, 2024 as adjusted on October 29, 2024, as shown in Exhibit D. The LID Administrator's level of confidence in the cost estimate for this project as of the filing date of this Ordinance is "Low" per Exhibit A of Resolution No. 36430 adopted by Council on July 26, 2006 given that project specifications are preliminary.
10. The estimated amount of the future assessment for the NW Park Avenue LID is \$8,672,294 as reflected in Exhibits A, C and E. Additional funding will be provided by the Portland Bureau of Transportation in the amount of \$920,000 from Transportation System Development Charge (TSDC) revenue.
11. The LID Administrator has analyzed the financial feasibility of the NW Park Avenue LID and finds that the collective bonding capacity of benefiting properties will be sufficient to minimize the City's financial risk, with the collective valuation of properties at 5.0 times the amount proposed to be assessed by both the NW Johnson-Kearney Streets LID and the NW Park Avenue LID.
12. The remonstrance level is evaluated in Exhibit E. Council retains jurisdiction over the formation of the NW Park Avenue LID because the total remonstrance level is less than the 60% threshold established by Section 9-403 of the City Charter.
13. The parcels of land within the NW Park Avenue LID will receive special benefit from the project in the amounts set forth in Exhibits A and E.

14. The Council has considered the remonstrances made by the owner of properties to be benefited by the NW Park Avenue LID project, and adopts the summary of remonstrances and findings as set forth in Exhibit F.
15. Passage of this Ordinance will constitute an assurance of performance as allowed by Section 17.24.055 B.5 of City Code.
16. Assessments for LIDs are not subject to the property tax limitation established by Article XI, Section 11b of the Oregon Constitution.
17. Pursuant to City Code, assessments for the NW Park Avenue LID will be imposed by a separate and subsequent ordinance.

NOW, THEREFORE, the Council directs:

- A. The NW Park Avenue LID is hereby created as shown in Exhibit B and the NW Park Avenue LID includes the properties to be benefited in the amounts identified in Exhibits A, C and E.
- B. Assurance of performance for nonexempt properties identified in Exhibit A is provided upon Council passage of this Ordinance per Section 17.24.055 of City Code.
- C. The properties' owners' estimated share of costs is as shown in Exhibits A, C and E. Costs for any necessary utility relocation shall be allocated per Subsection 17.16.100 of City Code as well as per the Final Procedures for Allocation of Utility Relocation Costs adopted on June 5, 2002.
- D. The City Engineer shall prepare plans and specifications for the improvement.
- E. Properties shall be assessed on a zoned square footage basis.
- F. Procurement Services shall advertise for bids, prepare a contract, and award the contract through a competitive bid process. The improvements may be constructed in whole or in part by the City of Portland, or the City of Portland may seek bids for any portion of the NW Park Avenue LID project. The manner in which the improvements are constructed will be at the sole discretion of the City Engineer.
- G. The Debt Management Division shall obtain interim financing to pay for NW Park Avenue LID project costs prior to bonding.
- H. PBOT is authorized to make expenditures for this project per Finding No. 9 and per Exhibit C, and the Debt Management Division is authorized to reimburse such expenditures from the LID Fund.

- I. The LID Administrator is authorized to negotiate Extra Work Agreements with any owner of property or properties for work not included in Findings 14 through 16, or other work, without a hearing notwithstanding Section 17.08.080 of City Code provided that:
1. The City Engineer has determined the additional work to be technically feasible; and
  2. An Extra Work Agreement for property or properties abutting the additional improvement(s) have been approved as to form by the City Attorney.
- J. The requirement for a hearing per Code Section 17.08.080 is waived to the extent of any increase in interest costs incurred prior to bonding.
- K. The requirement for a hearing per Code Section 17.08.080 is waived in the event that a major cost increase occurs as the result of contaminated media removal expense.
- L. In the event of any conflict between Binding City Policy ENB-6.02 and Code Chapter 17.08, Code Chapter 17.08 shall prevail.
- M. In the event of any conflict between Binding City Policy ENB-6.02 and this Ordinance, this Ordinance shall prevail.
- N. If any finding or directive within this Ordinance conflicts with Resolution No. 37679, the finding or directive within this Ordinance shall prevail.

## Exhibits and Attachments

 [Exhibit A](#) 71.91 KB

 [Exhibits B-F](#) 1.24 MB

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  
December 4, 2024

Auditor of the City of Portland  
Simone Rede

## Impact Statement

### Purpose of Proposed Legislation and Background Information

- NW Park Avenue, NW Johnson Street and NW Kearney Street are currently combined into a single LID.
- This Ordinance will bifurcate the LID so that NW Johnson Street and NW Kearney Streets are built in the first phase under its own LID, with a new LID building NW Park Avenue in a second construction phase.
- Taxlots have been platted since LID formation, so this ordinance segregates assessments to new taxlots and between the two LIDs.
- The segregation of assessments will provide significantly more clarity on future LID obligations to prospective purchasers and developers of property within the currently-formed LID.

### Financial and Budgetary Impacts

- The overall amount of the combined LID assessments between the currently-formed LID to be amended and the new LID to be formed does not change.
- The bifurcation of the LID provides considerably greater flexibility to manage interim financing costs prior to final assessment.
- An additional \$6.0 million in project costs will be funded by a State HB 1530 grant.
- The overall \$3.6 million in PBOT SDC funds budgeted for the project does not change.
- No funding is being provided by PBOT General Transportation Revenue (GTR).
- Per Administrative ENB-6.02, 100% of the future LID assessment amount is on currently publicly-owned properties and is therefore exempt from all feasibility tests in ENB-6.02; however these properties meet the requirements of Code Section 17.08.050.E. The remaining 15% of the future LID assessment amount will be secured on properties currently in private ownership which meet all other applicable requirements of ENB-6.02 in addition to Code Section 17.08.050.E. Formation of the LID also advances City goals and objectives as identified within Ordinance No. 190146 approved by Council on September 23, 2020.
- The Portland Bureau of Transportation, Budget and Finance Service Area's Debt Management and Revenue Division and Prosper Portland

have collaborated on using the NW Johnson-Kearney Streets LID credit facility that is being authorized separately but alongside this ordinance.

- Pursuant to intergovernmental agreements between the City and Prosper Portland, NW Johnson – Kearney Streets LID credit facility financing costs will be paid for separately by Prosper Portland and, in a limited amount, the City, as described in Exhibit G of the NW Johnson-Kearney Streets LID amending Ordinance. The Special Projects Debt Service Fund is frequently used for financings involving intergovernmental agreements and in this case is being used to record the receipt of funds from Prosper Portland and payment of credit facility interest to better manage the financing arrangement of the intergovernmental agreements.
- The risk of Prosper defaulting on payments due as a result to an inability to transact on land sales may also be mitigated by provisions that allow for renegotiation of the terms of the Community Benefit Agreement and/or the Disposition and Development Agreement due to financial infeasibility that could reduce Prosper Portland's financial obligations within the Funding and Finance Plan.
- If the aforementioned mechanisms are insufficient, the requirement of full and timely debt service payments on the NW Johnson-Kearney Streets LID credit facility and related long-term bonds creates potential risk to City funds, including the General Fund, if Prosper Portland defaults on the LID assessment payments.
- Formation of this LID conserves discretionary public resources and enables funding of additional planned public infrastructure within the Broadway Corridor.

## Economic and Real Estate Development Impacts

Engagement specific to the creation of the LID financing mechanism for the Broadway Corridor was limited to notifications to the impacted property owners as set forth in Chapter 17.08 of City Code.

The adjustments to the existing NW Park Avenue & Johnson / Kearney Street LID are necessary to implement the city code-required Broadway Corridor Master Plan, which in turn serves as a guide for the redevelopment of the former Post Office property. The Broadway Corridor Master Plan was informed by robust community engagement throughout the plan development process, which engaged more than 1,000 people through a steering committee, public forums, in-person open houses, online open houses, focus groups, and round table discussions.

The former Post Office property is currently a largely vacant 14-acre asphalt site. Creation of the LIDs, and subsequent construction of the associated

streets, has significant economic and real estate development impact, including:

- Directly creates construction contracting opportunities with an anticipated LID construction contract of \$14 million for the first phase of LID construction.
- Provides street infrastructure critical to catalyzing four million square feet of mixed-income development and public amenities on an underutilized site – stitching together the Pearl District, Old Town and Union Station and helping revitalize an area hit hard by the Covid-19 pandemic and regional housing crisis.
- Creates a Phase 1 affordable housing development parcel owned by PHB, and leverages Metro affordable housing bonds to create ~230 affordable (up to 60% median family income) housing units.
- Leverages an estimated \$1 billion in private investment and enables smart growth by unlocking a development site that can house up to 1,800 to 2,400 new households and 4,000 to 8,800 jobs in a mixed-income new neighborhood, thereby reducing displacement pressures on adjacent neighborhoods.

Property owners were provided mail, notification and posting notice beginning three (3) weeks in advance of the Council date as required by City Code. The segregation of assessments with the creation of new pending liens affects only properties currently owned by Prosper Portland. Coordination and collaboration between PBOT, Prosper Portland and Debt Management has occurred since April 2024 and shaped the LID amendments.

No feedback was received during the LID notification period. It should also be noted that the creation of the LIDs is being proposed in partnership with Prosper Portland, the majority property owner impacted by the LID. Prosper Portland has also discussed the financial impacts of the proposed LID with the Portland Housing Bureau and prospective private developers. No feedback has been received in these discussions counter to the proposed funding strategy.

The LIDs are necessary to unlock commercial and residential development of the former Post Office property. The cost of the LID will be borne by property owners, including future developers. As noted above, the formation of the LIDS is proposed in partnership with Prosper Portland, and details have been shared with prospective developers. Without the LID, economic and real estate development within the former Post Office property is not possible. The LID also improves east-west access to the Greyhound site and connects it to new development in the Broadway Corridor.



Construction of the streets is on the critical path for any economic and real estate development to occur within the property, and the LID enables construction of improvements which have already been established as conditions of development. Amendment of the LID per Code Section 17.24.055 will remove obstacles and barriers to development.

There are no direct impacts from the creation of the LID. However, extensive benefits are achieved via unlocking the development potential of the former Post Office property, as noted above. Without the LID in place to provide assurance of performance per 17.24.055 of City Code and as a mechanism to fairly allocate infrastructure costs across the development parcels, including Greyhound, this centrally located development opportunity would not be competitive for real estate developer and investor interest. Developing 230 units of affordable housing would also not be feasible, as a first phase in delivering on the City's commitment to provide at least 720 units of affordable housing in the Broadway Corridor.

As noted above, real estate development, including housing production across income levels, would not be feasible without the creation of the LIDs.

Conversely, the LID is a means to mitigate the need for undue cost burdens of district-wide infrastructure to be carried by the first phase of development – anticipated to be a half block affordable housing project. By providing a financing mechanism, the costs of infrastructure necessary for a first phase of development can be carried by all development parcels that will ultimately benefit from this upfront investment.

## Community Impacts and Community Involvement

- This project is part of the planned redevelopment of the Post Office site in Northwest Portland.
- This LID was initiated by majority petition support, with outreach to Prosper Portland and Greyhound, which are the only two (2) current property owners in the LID. Prosper Portland has in turn reached out the development partners who will be the future owners of their property.

## 100% Renewable Goal

Not applicable

## Document History

Agenda	Council action
<a href="#">November 20, 2024</a>	Passed to second reading Passed to second reading December 4, 2024 at 9:30 a.m.



Agenda	Council action
Regular Agenda City Council	
<a href="#">December 4, 2024</a> Regular Agenda City Council	<b>Passed</b>  <b>Aye (4):</b> Mingus Mapps, Dan Ryan, Rene Gonzalez, Ted Wheeler <b>Absent (1):</b> Carmen Rubio