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192027

Emergency Ordinance

***Authorize City Administrator to negotiate and execute a lease for District 3 Council office space for an estimated total cost of \$63,000**

Passed

The City of Portland ordains.

Section 1. The Council finds:

1. Resolution No. 37638, adopted November 29, 2023, provided direction from Council to the Office of Management and Finance's (OMF) Division of Asset Management, the predecessor of Bureau of Fleet and Facilities (BFF), to undertake planning to identify and onboard in-district offices (Offices) to accommodate new City Council activities within the four respective City Council districts and to provide updates to Council.
2. Resolution No. 37668, adopted July 3, 2024, amended Resolution No. 37638 to remove the requirement for BFF to identify and onboard these Offices by January 1, 2025, due to BFF's concerns about design program uncertainty, costs, and the speculative nature of the overall effort absent the input and approval of Councilors who would be the users of the spaces.
3. Resolution No. 37668 did not preclude BFF from re-initiating the identification and development of Offices if requested by a future Council, nor did it require BFF to identify and develop Offices absent a future Council directive to do so.
4. With the full Council elected and seated on January 1, 2025, BFF consulted with the Councilors regarding Office space in their districts.
5. Collectively, District 3 Councilors identified the space located at 3534 SE Main Street (SE Uplift) as being optimal for their program and their community's needs.
6. The landlord of the SE Uplift space is willing to lease this space to the City at commercially reasonable rental rates and terms for a period of twenty-one (21) months, beginning April 1, 2025, with options to renew. This proposed lease will have no annual lease rate or cost escalations for the duration of the lease term, although any option to renew past

Document number

2025-088

Introduced by

[Mayor Keith Wilson](#)

City department

[Bureau of Fleet and Facilities](#)

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Agenda Type

Consent

Date and Time Information

Meeting Date

March 19, 2025

this original term could include a rental rate or other cost escalation, as determined by the landlord.

7. On or about October 19, 2005, prior Council passed Ordinance 179682, which directed the adoption of an administrative policy to maximize the City investment in City owned facilities, when these facilities reasonably meet the business needs of the bureau. The ordinance was later filed in the Portland Policy Document Repository as ADM 13.01. The former Chief Administrative Officer of the dissolved OMF was directed to determine the appropriateness of entering into out-leases for City operations and to obtain administrative approval from Council before exercising administrative contract authority of leases with the City as the tenant (out-leases). The City Administrator succeeded to the Chief Administrative Officer's responsibility and BFF has OMF's lease management functions.
8. BFF assessed the needs of the District 3 Councilors against the available space within City-owned facilities in District 3 and concluded that there are no viable City-owned facilities options to meet the District 3 Councilors' needs and goals within District 3.
9. As it is more streamlined to execute one lease versus three, and as the SE Uplift facility includes certain fixed resources that will be shared equally by all three District 3 Councilors, the SE Uplift lease will be executed with, administered, and paid for through the budget resources of BFF's Facilities Services Division, on behalf of all three District 3 Councilors.
10. Each of the District 3 Councilors will be billed equally for any actual costs incurred by the SE Uplift lease agreement, including a small property management fee that covers the cost of BFF's property management team, which oversees activities such as lease negotiations and invoice payments.
11. Recovery of all of BFF's lease and lease-management related costs need to comply with City Financial Policy 2.08.04. Thus, the District 3 Councilors' *FY 2024-25 Interagency Agreements with BFF – Facilities Services* will be amended to reflect the anticipated signing of the SE Uplift lease on April 1, 2025, and future Interagency Agreements will similarly reflect this lease agreement.
12. The financial impact of the SE Uplift lease for the remainder of FY 2024-25 year is estimated at \$9,000 for rent, plus a BFF property management fee of \$525. Capacity exists within the respective FY 2024-25 Council budgets to absorb these expenses.
13. The financial impact in FY 2025-26 is estimated at \$36,000 for rent, plus a BFF property management fee of \$3,156, with the costs anticipated to be paid from the District 3 Councilors' respective FY 2025-26 annual budgets, again split evenly.

14. As this lease terminates on December 31, 2026, which is halfway through FY 2026-27, the financial impact in FY 2026-27 is estimated at \$18,000 for rent, plus a BFF property management fee that will be based on BFF's FY 2026-27 property management rates, which are not yet known. These costs will be paid from the District 3 Councilors' respective FY 2026-27 annual budgets, split evenly.
15. The decision to renew the lease will be made with the District 3 Councilors who may be elected on November 3, 2026. If renewed, the lease terms and costs may change, as determined by the landlord, as may the split of costs between the District 3 Councilors, as determined by the future Councilors.
16. In the event any District 3 Councilor elects to vacate the leased premise during the term of the original twenty-one month lease, the remaining District 3 Councilors agree to negotiate and cover all remaining lease costs as they see fit. However, in no instance will any lease costs go unpaid or require subsidy by BFF or another City bureau, unless that bureau has formally agreed to a sublease that matches the terms of this Ordinance and covers in full the costs of the original lease.
17. In addition to lease-related costs, District 3 Councilors agree to pay in full all costs associated with improving, occupying, and departing SE Uplift, with no subsidy of these costs funded in the budgets of BFF or another City bureau.
18. In accordance with the ordinance, the City Administrator may assist District 3 Councilors, and execute appropriate leasing documents with landlord SE Uplift, or another suitable landlord, pursuant to the City Administrator's administrative authority under City Charter, City Code and policies. The City Administrator is the Mayor's delegee for Charter Section 2-401(j).

NOW, THEREFORE, the Council directs:

- A. The City Administrator or delegee is authorized to negotiate and execute out-lease for District 3 Councilors. All documents must be legally reviewed and approved as to form by the City Attorney prior to execution.
- B. District 3 Councilors may enter into administrative Interagency Agreement(s) with the City Administrator through BFF for the appropriate fiscal years for purpose of cost reimbursement for the lease and lease management.
- C. Cost reimbursement for subsequent fiscal years as outlined in the ordinance and proposed out-lease will be contingent upon approval of future budget appropriation in those subsequent fiscal years.

Section 2. The Council declares that an emergency exists in order that this out-lease and funding may occur without delay; therefore, this Ordinance shall be in full force and effect from and after its passage by the Council.

Exhibits and Attachments

 [Testimony](#) 81.19 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
March 19, 2025

Auditor of the City of Portland
Simone Rede

Impact Statement

Purpose of Proposed Legislation and Background Information

The Councilors representing District 3 have concluded that the Southeast Uplift (SE Uplift) Neighborhood Coalition space satisfies their joint interest in and need for an in-district Office. This Ordinance authorizes the City Administrator through BFF to negotiate and execute a lease agreement for the SE Uplift space on behalf of the District 3 Councilors, who will jointly share the space, and all costs associated with its lease, improvement, occupancy, and eventual departure.

Financial and Budgetary Impacts

The annual cost of the leasing the building is representative of market rates and includes all operating expenses. The annual cost is within the District 3 Councilors' existing and forecasted operating budgets. The lease will be administered and paid for through BFF's Facilities Services Division budget. Each of the District 3 Councilors, who will be tenants, will be billed equally for actual costs incurred, plus a property management fee, via their interagency agreements with BFF's Facilities Services Division. These agreements will be amended to reflect the costs of the lease in FY 2024-25 and FY 2025-26.

Although not covered by this Ordinance, one-time costs can and should be anticipated for minor improvements to the space and furnishings, and for the City's eventual departure from the site; these costs have been estimated and are within the District 3 Councilors' FY 2024-25 and forecasted budgets.

Although not covered by this Ordinance, additional non-facility-related costs may result from this lease, such as ad hoc on-site technology and security support. These costs will be based on the District 3 Councilors' demand for these services and thus cannot be presently known or evaluated for their budgetary impacts.

Economic and Real Estate Development Impacts

This is an existing building, owned and occupied by SE Uplift, and is near the center of District 3. There are no new impacts to the real estate community, positive or negative.

Community Impacts and Community Involvement

The Office selected by the District 3 Councilors is zoned for the intended use. The location is near the center of District 3 and is easily accessible to the District 3 community by public transit, automobile, bicycle, and walking.

100% Renewable Goal

There are no additional positive or negative impacts to the City's renewable goal, and there is no opportunity to improve upon them by occupying this existing building.

Financial and Budget Analysis

This authorization will allow the Bureau of Fleet and Facilities to enter into a lease agreement on behalf of the three District 3 City Councilors for in-district office space. The estimated total cost is \$63,000 over the twenty-one-month lease term with SE Uplift.

The total cost anticipated in FY2024-25 is \$9,000 in rent and \$525 in administrative internal service fees, and the FY 2025-26 estimated full-year cost is \$36,000 in rent and \$3,156 in administrative internal service fees. All costs associated with the lease, including rent and internal service fees, will be paid in thirds by each District 3 City Councilor's budget via IA agreements with the Bureau of Fleet and Facilities, which will pay the lease in the first instance and charge the City Councilors.

These estimates do not include any build-out or technology updates to the space and solely relate to the lease agreement. Additionally, the lease terms do not specify rates for renewal after the twenty-one-month period.

Document History

Document number: 2025-088

Agenda	Council action
March 19, 2025 Consent Agenda <div>City Council</div>	Passed Aye (12): Avalos, Dunphy, Smith, Kanal, Ryan, Koyama Lane, Morillo, Novick, Clark, Green, Zimmerman, Pirtle-Guiney