

## ORDINANCE No. 183091

\*Authorize acquisition of approximately 1.9 acres in Lents on SE Flavel Street for use as a maintenance facility by the Bureau of Parks and Recreation (Ordinance).

The City of Portland ordains:

### Section 1. The Council finds:

1. Parks currently services some of its properties in South Portland out of a maintenance facility located on leased property in the City of Milwaukie (the Leased Property).
2. Annual rents for the Leased Property are about \$110,000 per year.
3. Continued use of the Leased Property requires in excess of \$800,000 in tenant improvements, made and paid for by Parks. Funds are encumbered for said improvements.
4. Parks was not willing to make the required improvements without securing acceptable lease extension options from the owner of the Leased Property (the Landlord). Parks and the Landlord agreed to a lease amendment which provides Parks with the right to remain on the Leased Property through January 31, 2031. City Council authorized the lease amendment through Ordinance No. 182407. The amendment has been signed by the Landlord and is awaiting signature by the City.
5. Prior to committing to the necessary tenant improvements and the amended lease for the Leased Property, Parks initiated a review of other available properties within the Portland city limits, which would better serve the needs of Parks. The evaluation identified approximately 1.9 acres of improved property in the Lents neighborhood (the Flavel Street Property), which can be purchased and renovated by Parks in a manner that does not exceed the budget currently associated with the Lease Property. The property is depicted on Exhibit A hereto.
6. The negotiated purchase and sale agreement (PSA), attached as Exhibit B, provides maximum flexibility to Parks and the City. Key terms and conditions of the PSA include: (i) a purchase price of \$1.4 million, which has been confirmed by an independent appraisal procured by Parks; (ii) a down payment of \$400,000, which will come from the \$800,000 budgeted for tenant improvements at the Leased Property; (iii) remaining balance financed by the seller at a 7% interest rate, with the annual payment based on a 30-year amortization period; (iv) annual payments not commencing until March 1, 2011, about one month after the City's lease at the Lease Property is currently scheduled to terminate; and (v) the remaining balance to be paid in full within 10 years of the closing date, with no prepayment penalty if paid earlier. Under this scenario, the remaining \$400,000

encumbered for tenant improvements at the Lease Property will be used, instead, to renovate the City-owned Flavel Street Property.

7. The PSA enables the City to use funds budgeted for the Leased Property (budgeted lease payments and encumbered tenant improvement funds) to acquire and renovate the Flavel Street Property. It is assumed that the purchase contract will be paid off early in its term through a mechanism approved by City Council.
8. In addition to the above, the Flavel Street Property: (i) is inside the city limits of Portland; (ii) includes over 600 feet of frontage on the Springwater Corridor, a key asset of the City, to be managed out of the Flavel Street Property; (iii) is inside the Lents Urban Renewal District, with intended Parks improvements to contribute to overall improvement of the District; (iv) includes over three times more yard space than the Leased Property, with some of the surplus area to be available for temporary storage needs associated with the Mt. Tabor Yard renovation project; and (v) is within ¼ mile of a new Max station, enabling Park employees to use the Max as well as bus service which is convenient to the property.
9. Except for the environmental assessment, due diligence reviews have been completed by and are acceptable to Parks. Preliminary environmental assessment outcomes imply generally acceptable to Parks with final assessments to be completed within the next thirty days.
10. Parks has deposited a \$25,000.00 promissory note into escrow pursuant to the PSA, with the note to be converted to cash upon all of the PSA conditions being met to the full satisfaction of the City.
11. The Director of Parks reports that sufficient funds exist in the Leased Property budget to close the sale, make initial improvements to the Flavel Street Property and to make annual payments required under the PSA. The remaining balance to be paid within 10 years of the closing date will require an additional appropriation by City Council.
12. The Director of Parks estimates that the on-going O&M costs for the Flavel Street Property will be comparable to those incurred at the Leased Property.

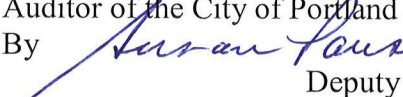
NOW, THEREFORE, The Council directs:

- a. The Commissioner in Charge of Parks or, in his absence, the Mayor, is authorized to execute all documents necessary to close the transaction, including the purchase contract, upon notification from Parks that all outstanding contingencies have been satisfied by the Sellers, including environmental remediation, if any, with said documents to be approved as to form by the City Attorney.

- b. The Commissioner in Charge of Parks shall direct Parks to use budgeted Leased Property funds for the purpose of making the \$400,000 down payment required by the PSA and reasonably necessary renovations to the Flavel Street Property.
- c. The Director of Parks is directed to add the Flavel Street Property to the City's Park inventory as a maintenance facility.

Section 2. The Council declares that an emergency exists because delay may prevent the completion of the high priority land acquisition, which is currently scheduled to close on or before September 4, 2009; therefore, this ordinance shall be in full force and effect after its passage by Council.

Passed by the Council: **AUG 12 2009**  
Commissioner Fish  
Prepared by: Todd Lofgren:kmg  
July 30, 2009

**LaVonne Griffin-Valade**  
Auditor of the City of Portland  
By   
Deputy

-1141

Agenda No.

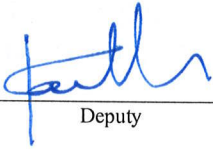
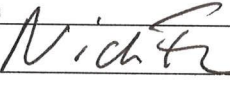

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<b>INTRODUCED BY</b>	CLERK USE: DATE FILED <u>AUG 07 2009</u>
Commissioner Nick Fish	<p style="text-align: center;">LaVonne Griffin-Valade Auditor of the City of Portland</p> <p>By:  Deputy</p> <p><b>ACTION TAKEN:</b></p>
<b>NOTED BY COMMISSIONER</b>	
Mayor—Finance and Administration	
Position 1—Utilities	
Position 2—Works 	
Position 3—Affairs	
Position 4—Safety	
<b>BUREAU APPROVAL</b>	
Bureau: Parks & Recreation	
Prepared by: Todd Lofgren Date Prepared: July 30, 2009	
Financial Impact Statement <input checked="" type="checkbox"/> Completed <input type="checkbox"/> Amends Budget <input type="checkbox"/> Not Required	
Portland Policy Document If "Yes," requires City Policy paragraph stated in document. <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
Council Meeting Date August 12, 2009	
Bureau Head: 	

AGENDA		FOUR-FIFTHS AGENDA	COMMISSIONERS VOTED AS FOLLOWS:		
Consent	Regular			YEAS	NAYS
	<input checked="" type="checkbox"/>	1. Fritz	1. Fritz	✓	
NOTED BY		2. Fish	2. Fish	✓	
City Attorney		3. Saltzman	3. Saltzman	✓	
		4. Leonard	4. Leonard	✓	
		Adams	Adams	✓	