



City of Portland
Bureau of
**Planning and
Sustainability**

Sam Adams, Mayor
Susan Anderson, Director

**Portland Planning
Commission**

Don Hanson, President
Amy Cortese, Vice President
Michelle Rudd, Vice President

André Baugh
Lai-Lani Ovalles
Howard Shapiro
Jill Sherman
Irma Valdez

1900 S.W. 4th Ave., Ste. 7100
Portland, OR 97201-5350
Phone 503-823-7700
FAX 503-823-7800
TTY 503-823-6868

www.portlandonline.com/bps

An equal opportunity employer
Printed on recycled paper



December 8, 2009

Portland City Council
City of Portland
1120 SW 5th Avenue, Room 340
Portland, Oregon 97204

Dear Mayor Adams and members of the Portland City Council,

I am pleased to inform you that on June 23, 2009 the Planning Commission voted to forward the River Plan / North Reach Recommended Plan and revised zoning code to you for your consideration in fall 2009. Staff has worked extensively with the Planning Commission and the community to amend the plan to address issues that have arisen through the process.

Responding to the Challenges

The Willamette River faces great challenges: toxic sediments in the river have resulted in a Superfund designation for the Portland Harbor; upland sites are contaminated as a result of past industrial practices; Chinook, Coho and Chum salmon and Steelhead trout have been listed as threatened under the federal Endangered Species Act; Portland's riverfront industrial areas are experiencing increased costs and constraints on growth in the face of global competition and the complications that come with legacy contamination; demand is growing for riverfront parks and recreational facilities; and, access to the river from nearby neighborhoods is difficult or even impossible in many locations.

This Plan addresses the many challenges in this area including: supporting industry and especially river dependent industry; improving natural resource function; increasing access to, along and across the river; improving the industrial/neighborhood interface; and, improving the regulatory process at the river's edge. Attachment 1 summarizes the plan's key elements and Attachment 2 summarizes the plan's benefits.

The Planning Process

The North Reach Planning process involved several levels of stakeholder and community involvement over several years. I chaired a citizen advisory group, the River Plan Committee, which served as a sounding board and provided guidance throughout the planning process. Staff organized stakeholder task groups and other small groups to discuss specific topics and issues. Harbor area industry leaders identified opportunities and constraints and prioritized investments. Other outreach events involved the wider North Reach community.

The Planning Commission held numerous briefings, public hearings and work sessions on the River Plan as listed below:

- | | |
|-----------------------|-------------------------------|
| 1. August 26, 2008 | Briefing |
| 2. September 23, 2008 | Briefing |
| 3. October 28, 2008 | Briefing and Document Release |

4. December 9, 2008	Hearing
5. January 13, 2009	Hearing
6. February 24, 2009	Worksession
7. March 24, 2009	Worksession
8. April 14, 2009	Hearing
9. May 12, 2009	Worksession
10. May 26, 2009	Worksession
11. June 23, 2009	Worksession and Recommendation to Council

Progress since the Planning Commission's action

In addition to approving their recommendation to City Council, the Planning Commission asked staff to advance work on several implementation elements and brief the Planning Commission prior to taking the plan to City Council. Staff briefed the Planning Commission on November 24, 2009 on the following topics.

1. Mitigation Banks

City staff and stakeholders have had a number of discussions about the establishment of a mitigation bank since the Planning Commission's decision. These discussions have led to a slight change in course.

City staff have determined that the City should certify any mitigation bank that would operate in the City of Portland but have not made a final determination if the City should operate a mitigation bank. The City is open to having multiple banks serving the North Reach. These could be private or public/private banks. However, City staff believe that any mitigation bank should be certified to serve City, state and federal development permits.

Due to these discussions, the City plans to propose several amendments to the River Plan / North Reach that allow the River Plan to operate with or without a mitigation bank. The Planning Commission recommends that the City use local mitigation banking entities if possible.

2. Calculating the Mitigation and Vegetation In-Lieu Fees

City staff have continued to work with a consultant, Tetra Tech, on the development of a model based on widely accepted scientific methods to quantify impacts and determine the cost of mitigation. This model, mentioned at several Planning Commission work sessions, develops scores for pre- and post- development habitat values on a site and then factors in a multiplier for temporal loss of habitat. The City intends to have one component of this model reviewed by a science panel in early December and the rest of it reviewed early next year.

Attachment 3 shows the model's calculations. The consultant is also in the process of refining the cost numbers that are in the Planning Commission's recommended draft and in Attachment 3. I understand that those refined numbers should be available in mid-December.



3. Revised Vegetation Standard

City staff reported that they refined the vegetation standard and in lieu fee alternative that the Planning Commission discussed in a series of discussions facilitated by you, Mayor Adams. In those meetings industrial stakeholders indicated that they were willing to pay 1% of project value but they did not support the requirement to vegetate up to 15% of their property. Attachment 4 summarizes the draft amendment.

4. City, state, federal coordination

The Planning Commission supported the City's continued role reviewing development below the ordinary high water mark and agreed with staff that it would be critical to develop a coordinated process for early review of projects that will require City, state and federal permits. This type of process and early information sharing would provide an opportunity to clarify requirements and timelines and avoid misunderstandings that may result in project delays.

The new Office of Healthy Working Rivers has agreed to convene a pilot process and has confirmed participation by the Corps of Engineers, the Department of State Lands, Natural Marine Fisheries Service, Department of Environmental Quality and the Oregon Department of Fish and Wildlife and the Bureau of Development Services.

5. Prioritizing and funding investments

The River Plan / North Reach Action Agenda includes a long list of investments to support industry, the environment, riverfront communities and better access to, along and across the river. City staff developed and applied prioritization criteria and identified potential funding sources for the investments. These changes are reflected in the River Plan / North Reach Recommended Draft.

6. Resolving environmental/industrial land use conflicts on Harbor ReDi sites

Harbor Redi sites are those that are suitable for industrial development but have environmental constraints (habitat, contamination) that make them difficult to develop. Staff sees promise in the new Comprehensive Natural Resource Plans chapter of the code for Harbor Redi sites. This code allows for comprehensive consideration of future development plans where there are natural resource overlay zones. These plans can be completed at various levels of detail so the more specific the plan, the less review will be required as future development occurs over time. The Planning Commission did not receive any comments on this proposal.

7. Administrative rules

Several administrative rules will be required to implement the River Plan / North Reach Recommended Draft. These include a formula for determining rough proportionality when trails are required, collecting the IG2 and EG2 landscape fee-in-lieu and collecting the replacement bulkhead mitigation fee.

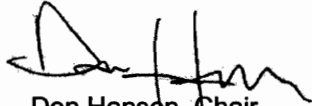
If a proposed amendment to allow use of a fee-in-lieu of mitigation rather than a mitigation bank is approved by City Council, staff will also need to develop an administrative rule to clarify implementation of that approach.



Once the River Plan / North Reach is adopted, staff will turn their focus to development of these administrative rules. The Planning Commission has asked River Plan staff to give the Commission a progress report on the administrative rules and other implementation measures in June 2010.

Attached are several documents describing the River Plan / North Reach. Please let me know if I can be of help to the City Council as you consider this important plan.

Sincerely,



Don Hanson, Chair
On behalf of the Portland Planning Commission

c: Susan Anderson
Joe Zehnder
Sallie Edmunds

Attachments

1. River Plan / North Reach Key Elements (November 2009)
2. How Different Stakeholders Benefit (November 24, 2009)
3. Calculating the Mitigation and Vegetation in-lieu fee (November 24, 2009)
4. Vegetation in lieu fee (November 24, 2009)

