# ADMINISTRATIVE PROCEDURES GUIDE

# FOR

# NORTHWEST TRANSPORTATION FUND

**CITY OF PORTLAND**
**PORTLAND OFFICE OF TRANSPORTATION**

**November 2003**
**Updated July 2005**
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# INTRODUCTION TO PROCEDURES GUIDE

The purpose of this guide is to provide procedures for implementing the Northwest Transportation Fund in the City of Portland. The guide explains the reasons for creating the Northwest Transportation Fund, their applicability to individual developments and how the fees are calculated, collected, and used.

This guide is based on, and implements, Chapter 17.19 of Title 17, Public Improvements, of the Code of the City of Portland. Chapter 17.19 was adopted by City Council of October 22, 2003 (Ordinance No. 177993), effective date November 21, 2003.

The Northwest Transportation Fund was created as a bonus option in Title 33, Planning and Zoning, in both the Northwest Plan District and the Guild's Lake Industrial Sanctuary Plan District as part of the Northwest District Plan adopted by City Council on September 24, 2003.

Non-residential uses such as retail sales and services, offices, commercial parking and major event entertainment, among others, can generate a substantial amount of traffic. The transportation system will likely experience additional congestion, particularly at the peak traffic hours if the development potential in the Northwest District Plan District and in Subdistrict B of the Guild's Lake Industrial Sanctuary Plan District is realized. The Northwest Transportation Fund is intended to ensure that there is a source of funding for transportation improvements in a specific area of the Northwest Portland Plan District and in Subdistrict B of the Guild's Lake Industrial Sanctuary Plan District. The improvements will mitigate for transportation impacts associated with new development in that area.

The Northwest Transportation Fund bonus option is not a systems development charge because it can be used to address both existing deficiencies and mitigate for the transportation impacts of growth. System development charges will apply independently of any fees collected as part of the Northwest Transportation Fund bonus option.

> *In instances where a requirement or direction is quoted verbatim from the Northwest Transportation Fund ordinance (Chapter 17.19) or from Title 33, Planning and Zoning, the text appears in italics.*

## APPLICABILITY OF NORTHWEST TRANSPORTATION FUND

The Northwest Transportation Fund is activated through the Northwest Transportation Fund bonus option in the Northwest Plan District:

> *Northwest Transportation Fund bonus option. Within the area north of NW Pettygrove Street, on sites zoned EX, contributors to the Northwest Transportation Fund (NWTF) receive non-residential floor area bonuses. For each contribution to the NWTF, a bonus of one square foot of additional floor area that may be in non-residential use is earned, up to a maximum of the total floor area that is allowed on the site. (33.562.230.G)*

The Northwest Fund is also activated through the Northwest Transportation Fund bonus option in the Guild's Lake Industrial Sanctuary Plan District, Subdistrict B:

> *Northwest Transportation Fund bonus option. Contributors to the Northwest Fund (NWTF) receive Office floor area bonuses. For each contribution to the NWTF, a bonus of one square foot of additional floor area that may be used for Office use is earned, up to an additional floor area ratio of 0.85 to 1. (33.531.140.F)*

The Northwest Transportation Fund bonus option applies to non-residential development in the Northwest Plan District on sites that are zoned EX, Central Employment, and located north of NW Pettygrove. The boundaries of this area generally are NW Pettygrove Street, NW 23rd Avenue, the I-405 freeway and the two blocks north of I-405 that are bounded by NW Upshur Street and NW 18th and 19th Avenues. The bonus option applies to office uses in Subdistrict B, which is generally bounded by NW Vaughn Street, NW 27th Avenue, NW Wilson Street, and NW 23rd Avenue, and also includes part of a block bounded by NW Wilson Street, NW 26th Avenue, and NW Nicholai Street. The bonus option applies to development that exceeds a 1:1 floor area ratio (FAR) in the Northwest Plan District (up to the maximum allowed by the plan district) and to development that exceeds 1:1 FAR, up to a maximum of 1.85:1 FAR in Subdistrict B.

> *For each contribution to the Northwest Transportation Fund, a bonus of one square foot of additional floor area above the 1:1 base floor area ratio (FAR) that may be in non-residential use is earned, up to the maximum total floor area that is allowed on the site. The amount of floor area is regulated by Title 33, Planning and Zoning. (17.19.020)*

The map on page 6 shows the boundaries of the two areas eligible for the Northwest transportation Fund bonus option.

## Existing Development

In the case where development is an expansion or change in use of an existing structure, the Northwest Transportation Fund bonus will be calculated on the amount of square feet above the base 1:1 FAR regardless of whether the development is existing or not. (See Example 3 under Calculation of Northwest Transportation Fund Fee in the Northwest Plan District.)

## Longevity of Program

The Northwest Transportation bonus option will remain in effect indefinitely unless repealed through a legislative project that amends the bonus option provision in Title 33, Planning and Zonning.

# NW Transportation Fund

**Legend**

Guild's Lake Industrial Sanctuary Plan District Subdistrict B

Northwest Plan District Transition Subarea

N

Feet

0 200 400 800 1,200

City of Portland
Bureau of Planning
Geographic Information System
November 8, 2003

INFORMATION SOURCES:

All data compiled from source materials at different scales. For more detail, please refer to the source materials or City of Portland, Bureau of Planning.

The information on the map was derived from digital databases on the City of Portland, Bureau of Planning GIS. Care was taken in the creation of this map but it is provided "as is". The City of Portland cannot accept any responsibility for error, omissions, or positional accuracy, and therefore, there are no warranties which accompany this product. However, notification of any errors will be appreciated.

# CALCULATION OF NORTHWEST TRANSPORTATION FUND FEES

## Information Needed to Determine Northwest Transportation Fund Applicability and Amount

The applicant shall, at the time of application, provide the Administrator with adequate information regarding the proposed use of the property including the site area and the amount of floor area in each use.

Bureau of Development Service staff will calculate the amount of floor area allowed under the provisions of the Northwest Transportation Fund bonus option.

## How the Fee is Determined

The Northwest Transportation bonus option fee was originally established as $2.90 per square foot of floor area (base year 2003). The fee was adjusted for 2004 and 2005 to be $3.20 per square foot of floor area. The 2006 fee is set at $3.40 based on the ODOT Construction Cost Trends Rate Increase Table (web site: http://www.odot.state.or.us/tsestimates/trends.htm. The fee is intended to cover the costs associated with mitigating the transportation impacts of new non-residential (office only in Guild's Lake) development and redevelopment as it occurs. The fee will be adjusted annually to account for changes in the cost of construction (see Updating Fund Rate on page 18).

**Calculation of Northwest Transportation Fund Fees and Examples**

*Subdistrict B of the Guild's Lake Industrial Sanctuary Plan District*

A. Site size is: _____

B. Proposed use by square feet is: _____

C. If B is in **Office** use and is greater than A, then the area in excess of A is subject to the Northwest Transportation Fund fee.

D. Calculate the fee at $2.90 (or current equivalent as increased or decreased by the Oregon Composite Construction Index to the current year as of July 1) per square foot of development in **Office** use.

E. Result of D equals amount due as Northwest Transportation Fund fees.

*Example 1*

| | | |
|---|---|---|
| A. | Site size is: | 40,000 square feet |
| B. | Proposed use is: | 74,000 square feet in Office use |
| C. | If B is greater than A and in office use: | 74,000 s.f. minus 40,000 s.f. = 34,000 s.f. |
| D. | Calculate C times $2.90 (or adjusted amount): | 34,000 s.f. times $3.40[1] = $115,600 |
| E. | Amount due: | $115,600 (prior to issuance of building permit) |

*Example 2*

| | | |
|---|---|---|
| A. | Site size is: | 40,000 square feet |
| B. | Proposed use is: | 50,000 square feet in Office use |
| | | 140,000 square feet in Manufacturing use* |
| C. | IF B is greater than A and in Office use: | 50,000 s.f. minus 40,000 s.f. = 10,000 s.f. |
| D. | Calculate C times $2.90 (or adjusted amount): | 10,000 s.f. times $3.40 = $34,000 |
| E. | Amount due: | $34,000 (prior to issuance of building permit) |

*not eligible for Northwest Transportation Fund bonus option)

[1] The $3.40 figure is the for the year 2006-2007. The rate is adjusted annually (see Updating the Fund, page 18).

*Northwest Plan District*

A. Site size is: _____

B. Proposed use by square feet is: _____

C. If B is in **non-residential** use and is greater than A, then the area in excess of A is subject to the Northwest Transportation Fund fee.

D. Calculate the fee at $2.90 (or current equivalent as increased or decreased by the Oregon Composite Construction Index to the current year as of July 1) per square foot of development in **non-residential** use.

E. Result of D equals amount due as Northwest Transportation Fund fees.

*Example 1*

| | | |
|---|---|---|
| A. | Site size is: | 40,000 square feet |
| B. | Proposed use is: | 40,000 square feet in Office use |
| | | 40,000 square feet in Retail use |
| | | 80,000 square feet Total in non-residential use |
| C. | If B is greater than A and in non-residential use: | |
| | | 80,000 s.f. minus 40,000 s.f. = 40,000 s.f. |
| D. | Calculate C times $2.90 (or adjusted amount): | 40,000 s.f. times $3.40[1] = $136,000 |
| E. | Amount due: | $136,000 (prior to issuance of building permit) |

*Example 2*

| | | |
|---|---|---|
| A. | Site size is: | 40,000 square feet |
| B. | Proposed use is: | 80,000 square feet in Residential use* |
| | | 60,000 square feet in Retail use |
| C. | IF B is greater than A and in non-residential use: | |
| | | 60,000 s.f. minus 40,000 s.f. = 20,000 s.f. |
| D. | Calculate C times $2.90 (or adjusted amount): | 20,000 s.f. times $3.40[1] = $68,000 |
| E. | Amount due: | $68,000 (prior to issuance of building permit) |

[1] The $3.40 figure is the for the year 2006-2007. The rate is adjusted annually (see Updating the Fund, page 18).

*Example 3*

| | | |
|---|---|---|
| A. | Site size is: | 40,000 square feet |
| B. | Proposed use is: | 80,000 square feet in Residential use* (converted Manufacturing use) |
| | | 60,000 square feet in Retail use (converted Manufacturing use) |
| C. | IF B is greater than A and in non-residential use: | |
| | | 60,000 s.f. minus 40,000 s.f. = 20,000 s.f. |
| D. | Calculate C times $2.90 (or adjusted amount): | 20,000 s.f. times $3.40[1] = $68,000 |
| E. | Amount due: | $68,000 (prior to issuance of building permit) |

*not eligible for Northwest Transportation Fund bonus option)

[1] The $3.40 figure is the for the year 2006-2007. The rate is adjusted annually (see Updating the Fund, page 18).

## EXEMPTIONS

The Northwest Transportation Fund bonus option is not available to residential development in the EXd area north of NW Pettygrove Street in the Northwest Plan District and it is not available to any use other than office in Subdistrict B in the Guild's Lake Industrial Sanctuary Plan District. The bonus option is not available to any uses in other areas of the Northwest Plan District or the Guild's Lake Industrial Sanctuary Plan District.

### Temporary Uses

The Northwest Transportation Fund bonus option is not available to development that is temporary in nature as defined in Chapter 33.296, Temporary Activities, in Title 33, Planning and Zoning.

# PAYMENT

## When Payment is Due

The fee for the Transportation Fund bonus option is due prior to the issuance of a building permit. No building permit will be issued for development being built under the Transportation Fund bonus option unless and until the NW Transportation Fund fees are paid.

## Type of Permit

For purposes of collecting the Northwest Transportation Fund fees, building permit means a permit issued by the City Building Official pursuant to the State of Oregon Structural Specialty Code Section 301 or as amended.

## Form of Payment

The method of payment must be a check or other negotiable instrument.

## RECEIVING AND DEPOSITING NW TRANSPORTATION FUND PAYMENTS

### Receipts

Receipts will be issued when paid to the cashier in the Development Services Center.

### Deposits

Northwest Transportation Fund fees will be deposited in the Northwest Transportation Fund Account.

> *All monies derived from the Northwest Transportation Fund shall be placed in the Northwest Transportation Fund Account. (17.19.050)*

The Northwest Transportation Fund account name is Northwest Transportation Bonus Option Fund, and its account number is F/A/C 116/439000/15904844. The fee code is 0343.

The Manager of the Bureau of Transportation Engineering and Development (BTE & D) is the Administrator of the Northwest Transportation Fund. The Development Services Division Manager also has authority to deposit funds into the account.

All Northwest Transportation Fund fees collected by the City will be identified with the name of the development for which the fee was paid, the name of the applicant who paid the fee, the amount paid, and the date the fee was paid.

Northwest Transportation Fund fees will be deposited promptly in the Northwest Transportation Fund of the City.

### Investment of Northwest Transportation Fund Revenue Pending Expenditure

Money collected from the Northwest Transportation Fund bonus option and deposited in the Northwest Transportation Fund will be invested by the City Treasurer until needed for a transportation improvement. Interest earned is credited to the Northwest Transportation Fund account at the end of each accounting period. Interest earned within the Northwest Transportation Fund shall remain in that account and be used for the same purposes as the Northwest Transportation Fund fees in that account.

# EXPENDITURE OF FUND REVENUES

## Permitted Uses

Northwest Transportation Fund revenues can be used to provide transportation improvements in the area bounded by NW Pettygrove Street, NW Nicholai Street, the I-405 freeway and NW 27th Avenue. The revenues can also be used in the immediate vicinity of this area if the need arises. The revenues can be used to address both existing deficiencies and the transportation impacts of growth. The revenues in the Northwest Transportation Fund can be used for the following purposes:

*A. Transportation analysis*

*B. Design and construction plan preparation*

*C. Permitting*

*D. Right-of-way acquisition, including costs of acquisition or condemnation*

*E. Relocation of public utilities*

*F. Construction of new lanes for vehicular or transit use*

*G. Construction of turn lanes*

*H. Construction of bridges*

*I. Design, purchase and installation of traffic signs and signals*

*J. Design and construction of pedestrian or bicycle facilities*

*K. Design and construction of drainage facilities*

*L. Design and construction of curbs, curb extensions, and medians*

*M. Construction management and inspection*

*N. Surveying and soils and materials testing, including environmental testing*

*O. Landscaping*

*P. Transit facilities*

*Q. Demolition that is part of the construction of any of the improvements*

*R. Payment of principal and interest, necessary reserves and costs of issuance under any bonds or other indebtedness issued by the City to provide money to construct or acquire the transportation facilities.*

*S. Administrative costs of establishing, maintaining, and administering the fund. (17.19.050)*

Administrative costs are not to exceed five percent of revenues on average for each year over a ten year period, starting with the inception of the program.

**Process for Expenditures**

The Director of the Office of Transportation (or delegate) has authority to expend monies for the listed purposes. The Director will notify the Northwest district Association (NWDA) and the Northwest Industrial Association (NINA) prior to undertaking a major transportation analysis or capital improvement and provide an opportunity to comment.

# APPEALS

## What Can Be Appealed

Applicants may appeal the following:

- Application of the Northwest Transportation Fund
- Calculation of the Northwest Transportation Fund (mathematical error)
- Denial of application for refund of the Northwest Transportation Fund fee

*Any appeal of the application of the Northwest Transportation Fund fee is to the Director of the Office of Transportation. (17.19.030.A)*

## Fee

There is a charge of $500 for processing an appeal.

*The Manager of the Bureau of Transportation Engineering and Development may establish an appeal fee that will cover the full cost of processing the appeal. (17.19.030.A)*

# REFUNDS

## Eligibility

Refunds may be granted if an applicant cancels a building permit prior to construction of development using the Northwest Transportation Fund bonus option.

> *The Office of Transportation is authorized to refund the Northwest Transportation Fund fee, without further Council action, where the non-residential development approved by building permit is not constructed and the building permit is cancelled. (17.19.030.C)*

## Fee

> *There is a charge of $500 for processing a refund request. (17.19.030.C)*

## Procedures for Processing

The applicant must submit a written request for a refund to the Manager of the Bureau of Transportation Engineering and Development. Applications for refunds will be reviewed promptly by the City. Refunds will be paid promptly by the City.

If an appeal to the calculation of the Northwest Transportation Fund (mathematical error) is successful and the Office of Transportation has erred, the applicable amount of the Northwest Transportation Fund fee will be refunded in addition to the $500 appeal fee.

## UPDATING FUND RATE

The Northwest Transportation Fund in Chapter 17.19 contains a provision to annually adjust the Northwest Transportation Fund rate for inflation using the Oregon Composite Construction Cost Index[1].

> *The Northwest Transportation Fund fee will be increased or decreased on July 1 of each year. The change will occur automatically, and the new dollar amount will be filed with the City Auditor. The change will be based on the 10-year moving average percentage, fluctuation of the Oregon Composite Construction Cost Index. Any increase or decrease that is not a multiple of $.05 will be rounded to the nearest multiple of $.05. (17.19.030.B)*

[1] This index is used to develop the ODOT Construction Cost Trends Rate Increase Table.

# RECORD KEEPING

### Records of Receipts

All Northwest Transportation Fund fees that are received will be listed in chronological order within the Northwest Transportation Fund account. Each receipt will include the date received, the amount received, the name of the development for which the fee was paid, and the name of the applicant who paid the fee.

### Records of Investments

All investment transactions and all refunds must include the date and the description of the transaction.

### Records of Expenditures

In the case of a refund, the date of the refund, the amount refunded, the name of the development for which the fee was refunded, and the name of the applicant who received the refund. Records of disbursements will include the date and specific capital improvement project for which the funds are expended (or transferred for expenditure).

### Reports

The City will prepare an annual report of receipts and expenditures of the Northwest Transportation Fund account. The annual report will indicate the source and amount of all moneys collected, earned, or received, and the capital improvements that were financed in whole or in part by the Northwest Transportation Fund.

# ORDINANCE No. 177993

Amend Title 17, Public Improvements, by adding a new Chapter 17.19, Northwest Transportation Fund (Ordinance, Title 17)

The City of Portland ordains:

Section 1. The Council finds:

1. On September 17, 2003, City Council adopted the Northwest District Plan.

2. The Northwest District Plan establishes a transportation bonus provision for additional floor area in a portion of the Northwest Plan District north of NW Pettygrove and zoned EXd and in Subdistrict B of the Guild's Lake Industrial Sanctuary Plan District where substantial amounts of new development are anticipated.

3. The bonus provision for additional floor area can be utilized by paying a fee into a Transportation Fund.

4. The Transportation Fund is intended to provide financial resources for transportation changes in the area bounded generally by NW Pettygrove Street, NW 27th Avenue, NW Nicholai Street, and the I-405 Freeway that are needed to address the transportation impacts of significant development in the area.

5. A new chapter in Title 17 is needed to implement the Transportation Fund.

6. City Council directed staff to prepare amendments to Title 17 and any needed administrative policies to be adopted with an effective date to coincide with the effective date of the Northwest District Plan and it's implementing regulations.

NOW, THEREFORE, the Council directs:

a. City Code, Title 17, Public Improvements, is amended by adding a new Chapter 17.19, Northwest Transportation Fund, as provided in Exhibit A.

b. The Office of Transportation is hereby authorized to prepare an Administrative Procedures Guide for the Northwest Transportation Fund and forward it to the City Auditor for inclusion in the Portland Policy Documents as an Administrative Rule.

Passed by the Council: OCT 22 2003

**GARY BLACKMER**
Auditor of the City of Portland
By

Deputy

Commissioner Jim Francesconi
Jeanne E. Harrison:jeh
September 8, 2003