

ORDINANCE No.

Approve an Option Agreement among the City of Portland Office of Management and Finance, the Portland Development Commission, and Rip City Management LLC d/b/a Portland Arena Management to transfer certain land and property development rights in the Rose Quarter District, and authorize the establishment of a Rose Quarter Event Parking District as specified. (Ordinance)

The City Council ordains:

Section 1. The Council finds:

1. Future development and redevelopment in the Rose Quarter District will realize the long-anticipated community vision of a pedestrian-oriented, mixed-use district well integrated and connected with the surrounding neighborhood and adjacent Lloyd District, and create jobs.
2. The Portland Development Commission (PDC) is the urban renewal and economic development agency for the City of Portland (City) with broad powers under ORS 457.170 for the planning and implementation of urban renewal projects, including administering the Oregon Convention Center Urban Renewal Plan (the "Plan"), which, in part, encourages efforts to develop the Rose Quarter area pursuant to the Plan.
3. PDC relies heavily on tax increment financing to fund its activities and seeks to diversify its revenue sources to accomplish a broader mission to create one of the world's most desirable and equitable cities by investing in job creation, innovation and economic opportunity throughout Portland. Achieving this mission will require PDC to become more entrepreneurial in nature with more flexible funding and alternative revenue streams.
4. Land ownership and control of development rights is one method to create new revenue options for PDC that are not reliant on tax increment financing or subject to other restrictions and limitations on their use.
5. On August 22, 2012, through Resolution No. 36970, City Council authorized the City's Chief Administrative Officer (CAO) and the Executive Director of PDC to negotiate an agreement formalizing PDC's lead role in the redevelopment of the Rose Quarter.
6. Transfer of real property and development rights in the Rose Quarter to PDC will advance both the development aspirations for the area as described in the Rose Quarter District Plan and Central City 2035 N/NE Quadrant Plan, as well as the desire to establish new funding options for the economic development activities pursued by PDC.
7. Over time, development in the Rose Quarter District will also increase the City's real property tax base, which will enhance General Fund revenue.
8. The following real property parcels, which are described in Exhibit A, have the most development potential in the Rose Quarter:

- a. The Benton Block, a City-owned surface parking lot used for parking, events and VMC event staging;
 - b. The Parking Garage Parcel, which is developed with the City-owned East/West Garages;
 - c. The Wheeler Triangle, a landscaped parcel currently leased to PAM;
 - d. The Phase II Entertainment Complex, a grass landscaped polygon adjacent to the Rose Garden Arena, which is not currently a legal lot; and
 - e. The VMC Parcel, which includes the land occupied by the Veterans Memorial Coliseum and the Plaza, a portion of which is currently leased to PAM.
9. Transfer of land ownership from the City of Portland, by and through the Office of Management and Finance, to the City of Portland, by and through the Portland Development Commission simply transfers management of the land from one agency of the City to another and does not divest the City of the title to that land.
 10. The City's Spectator Facilities Fund (SFF) relies primarily on revenues from user fees and parking to cover its committed obligations for bond payments, the repair, maintenance and capital improvement of City-owned facilities and the administration of the fund and facilities. If SFF revenues are insufficient to pay existing legal obligations, other legally available City resources, including the General Fund, would be required to pay these obligations. Mechanisms to compensate the SFF for revenues lost due to development that impacts parking or events can minimize risk to the SFF and therefore the General Fund.
 11. Development of land and property in the Rose Quarter should maintain existing City agreements and community benefits.
 12. The East/West Garages provide over 1,100 spaces that are critical to the ongoing operations of both the VMC and Rose Garden Arena, and provide revenue to the SFF. In order to ensure continued success in the operation of the VMC and Rose Garden Arena, as well as protect the SFF, Exhibit A requires that 98% of all existing parking in the East/West Garages be maintained during construction and replaced as part of the permanent development.
 13. Proximity and price of parking for large event venues can have an impact on event attendance. Some patrons are willing to walk longer distances for less expensive parking, while others are willing to pay higher prices to be closer to the venue.
 14. Redevelopment of the Benton Lot may displace existing parking and staging activities and reduce the revenue generated by these activities.
 15. Opportunities to create additional revenue as well as parking and staging options exist through (a) metering additional streets in the Lloyd Parking District and increasing parking rates; and (b) managing the parking meters in close proximity to the Rose Quarter for the benefit of Rose Quarter activities, such as the use of parking meter hoods on certain streets to facilitate event staging at Veterans Memorial Coliseum.
 16. Likewise, variable pricing of parking is an effective tool to manage parking availability and encourage use of transit, bicycling, and walking. The City's Bureau of Transportation

(PBOT) is successfully using variable meter rates and extended hours of operation for on-street parking meters to effectively manage parking and traffic impacts within the JELD WEN event area.

17. The Bureau of Transportation has a long history of extending on-street parking meter hours in Portland's Lloyd Meter District to support events at the Rose Quarter.
18. The Bureau of Transportation sets rates and extends hours for on-street parking meters during events to protect the availability of parking for neighborhoods and reduce traffic congestion associated with cruising while searching for free or reduced priced parking spaces because the pricing structure reduces the financial incentive to park on-street.
19. Creation of an Event Parking District in the Rose Quarter area (the "Rose Quarter Event Parking District") will allow PBOT to employ a range of parking pricing strategies to protect neighborhood livability and reduce congestion as well as generate incremental revenues during event times, which may be directed to a reserve fund within the SFF (the "Parking Revenue Reserve") to compensate for lost revenues from development of the Benton Lot.
20. The Lloyd Transportation Management Association is supportive of City efforts to create and manage a Rose Quarter Event Parking District. When the Lloyd Meter District was established, the City agreed to allocate 51% of net meter revenue from the District to support transportation projects and programs that benefit the District as identified by the Lloyd Meter Revenue Allocation Committee.
21. The East and West Rose Quarter Garages provide revenue to the SFF and are heavily relied upon to provide critically needed nearby parking for the Rose Quarter event venues. These Garages have sufficient excess parking capacity during non-event hours, which could be utilized to help support future redevelopment activities in the Rose Quarter district.

NOW, THEREFORE, the Council directs:

- a. The Mayor is authorized to execute an Option Agreement among the City of Portland Office of Management and Finance, the Portland Development Commission and Rip City Management LLC d/b/a Portland Arena Management (PAM) on behalf of the City, by and through the Office of Management and Finance, in substantially similar form to that shown in Exhibit A.
- b. The Director of PBOT is authorized to establish a Rose Quarter Event Parking District, with boundaries to be determined by the Director of PBOT, in consultation with the Lloyd Transportation Management Association and PAM.
- c. That parking meter hours shall be extended as needed on event days and parking meter rates may be increased up to \$3.50 per hour during scheduled events that are expected to reach threshold attendance levels, as determined by the Director of PBOT, at any of the venues within the Rose Quarter. Higher rates and extended hours will only apply on event days.

- d. That the Director of PBOT is delegated the authority, with input from the Lloyd Transportation Management Association and PAM, to make adjustments to the Event Parking District boundaries, to determine event days, to set threshold attendance levels, and to modify meter hours and rates as necessary to ensure effectiveness of the Rose Quarter Event Parking District.
- e. That PBOT, as soon as is practicable after the establishment of the Rose Quarter Event Parking District and the implementation of event parking rates, shall apply up to \$200,000 of annual revenues arising from such changes to the Parking Revenue Reserve, subject to the following conditions:
 - i. The term of PBOT's obligation to transfer shall not exceed 20 years from the date of the first transfer from PBOT to the Parking Revenue Reserve;
 - ii. The annual amount transferred shall be derived solely from the City share of net revenue generated by the Rose Quarter Event Parking District. If the net revenue is less than \$200,000 then the amount transferred shall be the total city share;
 - iii. The maximum amount that the Parking Revenue Reserve shall be allowed to reach is \$500,000. If the Parking Revenue Reserve has reached this threshold, PBOT shall not be obligated to make a transfer until and unless the Parking Revenue Reserve drops below \$500,000; and
 - iv. If, as determined by the City's Chief Administrative Officer, within 5 years from the adoption of this agreement, and annually thereafter, the Spectator Facilities Fund has established sufficient reserves and is forecast to have adequate resources to meet future obligations, then PBOT's obligation to contribute revenue to the Parking Revenue Reserve shall cease
- f. That the Office of Management and Finance and PAM will collaborate to review options for future management of the East and West Rose Quarter Garages, in order to provide a higher level of revenue performance and to support future redevelopment. The Office of Management and Finance will provide a report to City Council detailing the management options and recommendations within 5 years following the adoption of this agreement

Passed by the Council:

Mayor Sam Adams

Prepared by: Peter Parisot

Date Prepared: November 19, 2012

LaVonne Griffin-Valade

Auditor of the City of Portland

By

Deputy