AGENDA
City of Oregon City, Oregon
WEDNESDAY, OCTOBER 6, 2010

REGULAR MEETING OF THE URBAN RENEWAL COMMISSION
5:00 p.m.

Urban Renewal Commission:		Meeting Held at:
Don Slack, Chair	**James Nicita**	**City Hall**
Nancy Walters, Vice Ch.	**Rocky Smith, Jr.**	**Commission Chambers**
Alice Norris	**Graham Peterson**	**625 Center Street**
Doug Neeley	**Brian Shaw**	**Oregon City, OR 97045**
Daphne Wuest	**Robb Crocker**	**503-657-0891**

1. Convene Regular Meeting of October 6, 2010, and Roll Call

2. Citizen Comments

3. Future Agenda Items

4. Adoption of the Agenda

5. General Business

   a. Urban Renewal Projects Update
      Staff: Dan Drentlaw, Economic Development Manager

   b. Termination and Conditional Reinstatement Agreement
      Staff: Dan Drentlaw, Economic Development Manager

   c. Citizen Survey/Urban Renewal Projects
      Staff: Dan Drentlaw, Economic Development Manager

   d. Minutes of the September 15, 2010 Regular Meeting
      Staff: Nancy Ide, City Recorder

6. City Manager's Report

7. Adjournment

Agenda Posted October 1, 2010 at City Hall, Pioneer Community Center, Library, City Web site.

Video Streaming & Broadcasts: The meeting is streamed live on the Internet on Oregon City's Web site at www.orcity.org and available on demand following the meeting.

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COMMENT FORM

PLEASE PRINT CLEARLY

- SPEAK INTO THE MICROPHONE AND STATE YOUR NAME AND ADDRESS
- Limit Comments to ***3 MINUTES***.
- Give to the City Recorder in Chambers ***prior*** to the meeting.

OREGON CITY

Date of Meeting 10·6·2010

Item Number From Agenda 5a
David Leland, Leland Consulting Group
Steve Janik, Ball Janik LLP

NAME: Brian Vanneman, Leland Consulting Group
Andy Parks, GEL Oregon

ADDRESS: **Street:**

City, State, Zip:

PHONE NUMBER: 503·222·1600

SIGNATURE: BmVa

COMMENT FORM

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OREGON CITY

Date of Meeting 10-06-10

Item Number From Agenda 5a

NAME: Ed Darrow, Pacific Property Search

ADDRESS: **Street:**

City, State, Zip:

PHONE NUMBER:

SIGNATURE:

COMMENT FORM

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OREGON CITY

Date of Meeting 10-6-10

Item Number From Agenda 5c

NAME: Casey Flesch

ADDRESS: **Street:** 1611 11th St

City, State, Zip: Oregon City OR 97045

PHONE NUMBER: 503 317 4543

SIGNATURE:

COMMENT FORM

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OREGON CITY

Date of Meeting 10-6-10

Item Number From Agenda 5-C

NAME: Tom O'Brien

ADDRESS: **Street:** 19364 HAZELGROVE

City, State, Zip: OC 97045

PHONE NUMBER: 503-723-3334

SIGNATURE: Tom O'Brien

Agenda Item No. 5a
Meeting Date: 06 Oct 2010

COMMISSION REPORT: CITY OF OREGON CITY

TO:	Urban Renewal Commission
FROM:	Dan Drentlaw, Economic Development Manager
PRESENTER:	Dan Drentlaw, Economic Development Manager
SUBJECT:	Urban Renewal Projects Update
Agenda Heading: General Business	
Approved by: David Frasher, City Manager	

RECOMMENDED ACTION (Motion):

Approve current work program.

BACKGROUND:

Staff and Leland Consulting Group will present background information and a status report on the Rivers and Cove projects. A summary of the projects and impact to the Urban Renewal District in terms of property taxes and debt capacity will be provided. Leland Consulting will also summarize related planning efforts in the district.

BUDGET IMPACT:

FY(s):
Funding Source:

ATTACHMENTS:

Work program status report

LELAND CONSULTING GROUP

Oregon City Regional Center
Project Update

Date	30 September 2010
To	David Frasher, City Manager, City of Oregon City Dan Drentlaw, Economic Development Manager, City of Oregon City
From	David Leland, Leland Consulting Group
CC	Steve Janik, Ball Janik LLP Andy Parks, GEL Oregon Brian Vanneman, Leland Consulting Group
Project No.	4335

This memo outlines the topics that we will be presenting to the Urban Renewal Commission at the Commission meeting on Wednesday, 6 October.

It will be an informational presentation to the Commission. We are not at this time recommending actions or votes from the Commission on the night of the sixth; rather, we will be providing information and documents that will bring the Commission up to date on progress, and current context.

As you know, we are continuing to advance the Urban Renewal Agency's priority issues—including The Rivers, The Cove, and financial projections for the entire urban renewal area—in coordination with the other parties involved, and will continue to do so up until the meeting on the sixth. Thus, we are providing this summary project update rather than a final set of findings and recommendations, since details are likely to change between now and then as we work through these complex projects.

Presentation Outline

- Urban Renewal Context and Goals
  - Oregon City Economic Development Strategy and Goals
  - Historical Context for decision making
  - Current scope of work
  - Current economic environment
- Urban Renewal Financial Update
  - With Andy Parks, GEL Oregon
  - 2010 Update, including projected sources, uses, debt capacity, and related information
  - Changes from 2009 projections
  - Projected financial impact of The Rivers, Cove, and other proposed projects
  - Revenue available for other projects in 2011 forward

People Places Prosperity

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Creating Partnerships
Targeting Real Estate Success
Shaping Financial Strategies
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- The Rivers: Project Update
  - With Steve Janik, Ball Janik LLP; Oregon City staff; and CenterCal LLC
  - 2010 process and progress report
  - Development and Disposition Agreement (DDA) updates, 2010. The two key parties to the DDA, the URA and CenterCal LLC, are working on a revised version of the DDA. The DDA should be ready for final review, revision, and/or approval by the Commission and CenterCal in late 2010.
  - Updates on proposed project design, site plan, tenants, financing, and other details.
- The Cove: Project Update
  - With Steve Janik, Ball Janik LLP; Oregon City staff; and Pacific Property Search
- Other Urban Renewal Area projects and issues
  - Supporting and adjacent development in the Regional Center
  - Sustainable Communities federal planning application
  - Downtown Oregon City Rail Quiet Zone
- Related discussion

OREGON CITY URBAN RENEWAL AGENCY

Urban Renewal Commission Status Report

PREPARED FOR

OREGON CITY

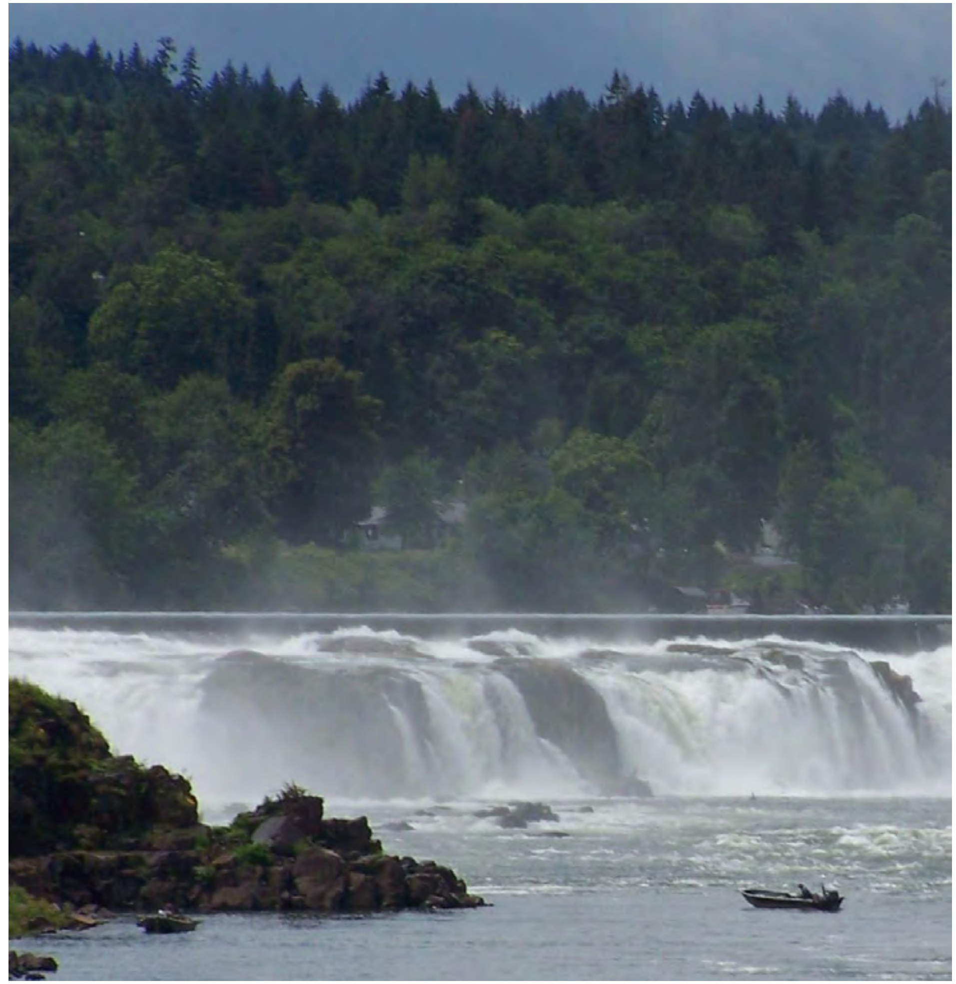
PREPARED BY

LELAND CONSULTING GROUP
People Places Prosperity

6 OCTOBER 2010

Presentation Overview

- Regional Center
  - Background and Context
- Urban Renewal Financial Update
- Project Updates
  - The Rivers
  - The Cove
- Other Projects and Issues
  - HUD-DOT Application
  - Regional Center Controls
  - Rail Quiet Zone
- Recommendations and Next Steps



Oregon City Regional Center
Background and Current Context

Adopted Economic Development Goals

- Enhance community appeal and attractiveness
- Provide environment for growth
- Leverage public dollars
- Create increment with each investment or ensure private investment follows public investment

Source: Oregon City Futures, 2004.

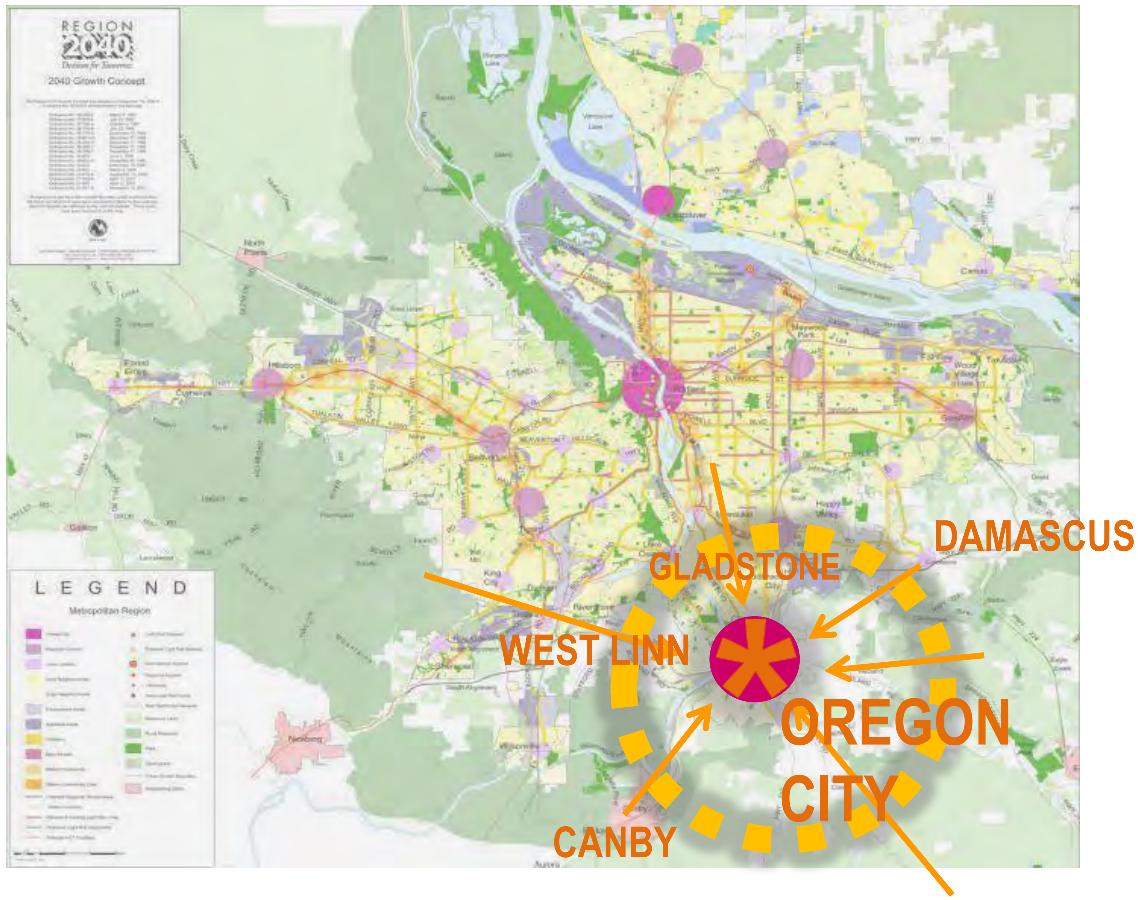
Adopted Economic Development Goals

- Increase community's assessed value
- Increase diversification of business / industry
- Increase number and quality of jobs
- Develop businesses with staying power

Source: Oregon City Futures, 2004.

Adopted Strategy: Regional Center

- Shift in thinking:
  - One of only seven Regional Centers
  - Big picture
- Outreach to outlying communities
- Build relationships and create partnerships
  - Local
  - Regional
  - State
  - Federal
- Sub-regional role

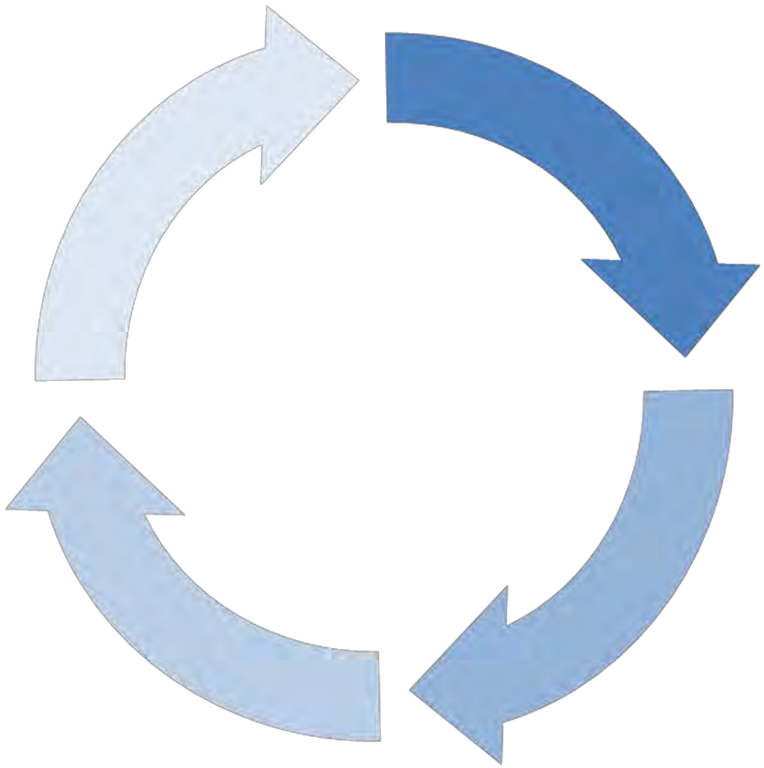


Regional Center Timeline

2004	**Oregon City Futures: Economic Development Strategy** Goal: Define context and initiate major Regional Center projects (Mills)
2006	**Oregon City Futures: Regional Center Strategy** Negotiate major public-private partnerships while encouraging smaller projects (Rivers, Cove)
2009 – present	**Implementation:** Partnerships, project planning, negotiation, entitlements, City Hall

Urban Renewal Principles

Invest in major
public private partnerships



Leverage 1 public dollar
with an average of
4 to 5 private dollars

Private investment
creates tax increment

Opportunity to
reinvest funds
in additional
public and private
projects

Regional Center and Leverage

Regional Center and Downtown Plans

Attract catalyst developments

Development generates tax increment
Development on raw land creates maximum increment

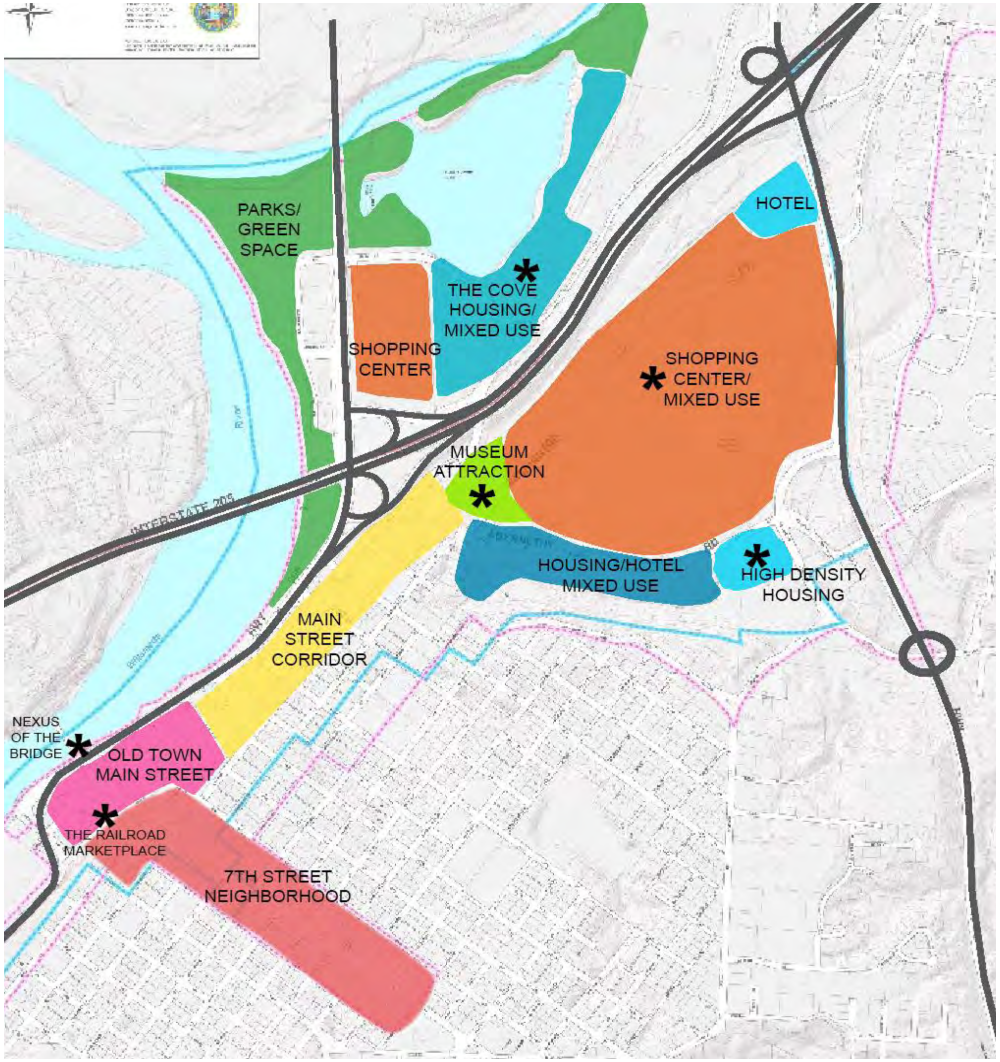
Catalyst developments create
adjacent spin-off opportunities

Use tax increment revenue
for additional investment priorities

Regional Center and Leverage

- Instructed to recruit experienced developers
- Deal with two difficult properties
- Implement public goals through partnerships
- Consistent encouragement by Oregon City for the two major catalyst projects

Rivers and Cove



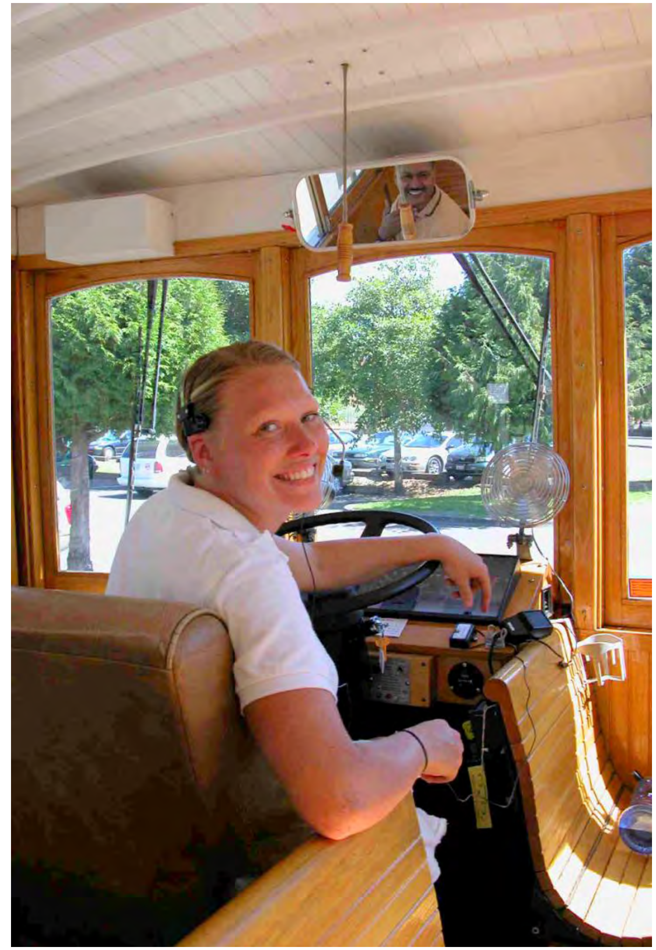
- Large properties = large development potential
- Other areas promising but smaller, fractured ownerships
- Major development generates major tax increment
- Key sites, key Oregon City gateways
- Cure problems (brownfield conditions) while creating public amenities
- Generate spin-off investment and development

City Commission Goals

(From 2010/11 planning session)

Urban Renewal:

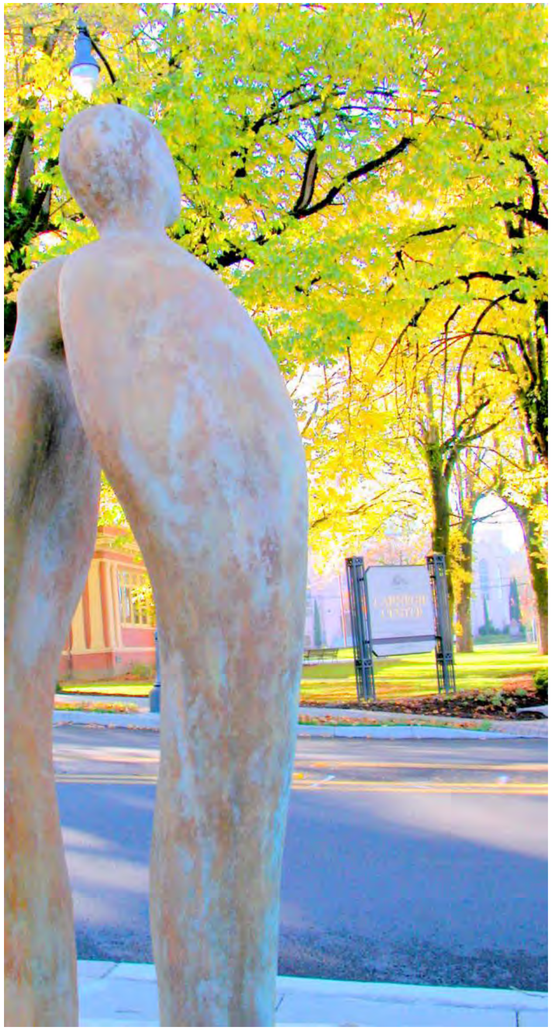
- *Facilitate Cove Development*
- *Continue efforts to develop DDA and implement development of the Rivers*
- *Provide URC with work product and due diligence on Cove*
- Update URC on developments at Blue Heron
- Refine and adopt Store Front Guidelines
- Fund National Heritage Program



Scope of Work

Leland Consulting Group, 2010 tasks:

- Continue Urban Renewal District strategy
- Development agreement at Rossman site
- Forward desired development at the Cove
- Governance and standards that assures the City of desired development quality
- Refine development projections surrounding the Rivers site
- Assist with updates to the urban renewal plan
- Make presentations to the City and Urban Renewal Commissions as requested



Oregon City Accomplishments

- **Economic Development Climate**
  - Economic Development Strategy
  - Public-public partnerships at local, regional, and state levels
  - Negotiating major revitalization projects:
    - The Rivers: Major retail/entertainment center
    - The Cove: Mixed use housing/commercial development at Clackamette Cove
  - Urban Renewal Plan amendment and updates
  - Ended Hilltop Urban Renewal District early, provided revenue boost
- **New Development and Business**
  - City Hall
  - Downtown development and rehab projects, including 900 Main
  - 22 new businesses in downtown Oregon City
  - Seventh Street and Molalla Development, including 221 Molalla
- **Transportation Improvements**
  - The Jughandle: $22M in State and Federal Stimulus funds
  - Light rail: Back into the region's long-term plan for Oregon City
  - Seventh Street improvements
  - Constructed & opened Amtrak Station; kept the trains running
  - Restarted summer Trolley program
  - Implemented Pavement Management Fee to maintain streets as result of citizen committee recommendation
  - McLoughlin Boulevard enhancements
  - Promenade

The Jughandle

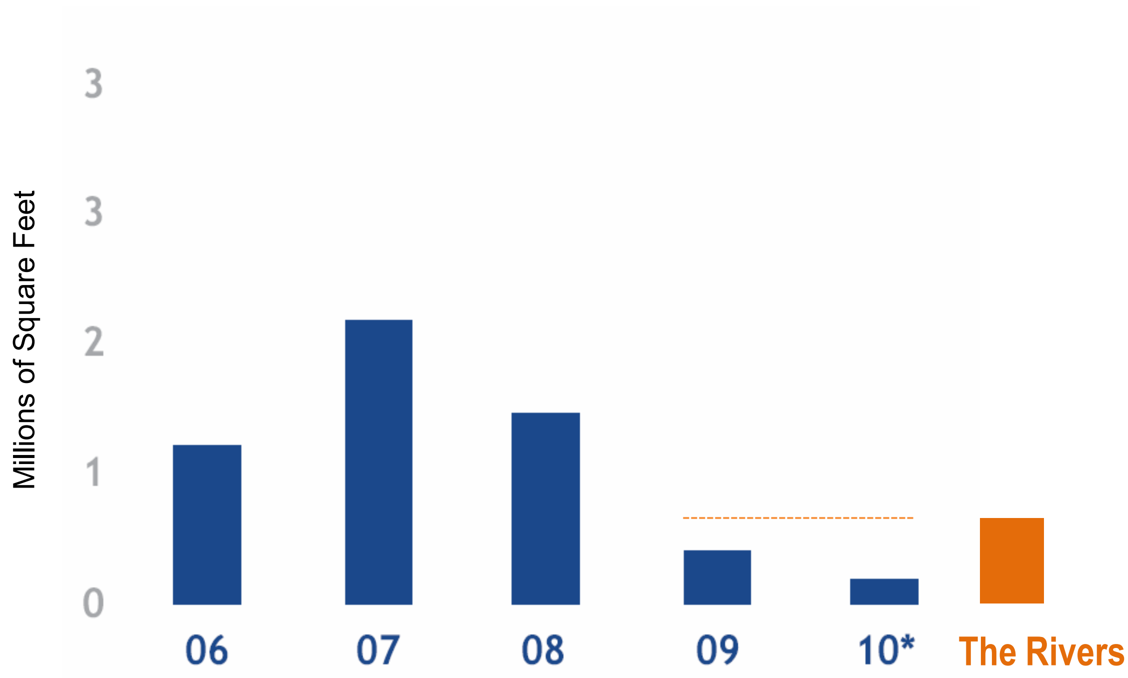
- State allocation of matches $22M to facilitate job creation
- Construction: Spring 2011 – 2013
- Outcomes:
  - Spur job growth at Rivers, Cove, and beyond
  - Reduce congestion
  - Provide additional traffic capacity
  - Improve pedestrian and bicycle connectivity

Development Context

Regional Development Climate

- 2009 – 2010:
  Slowest two-year period for retail development in more than a decade
- The Rivers:
  More new retail space than entire metro area, 2009 – 2010

Retail Completions by Year, Portland Metro Region

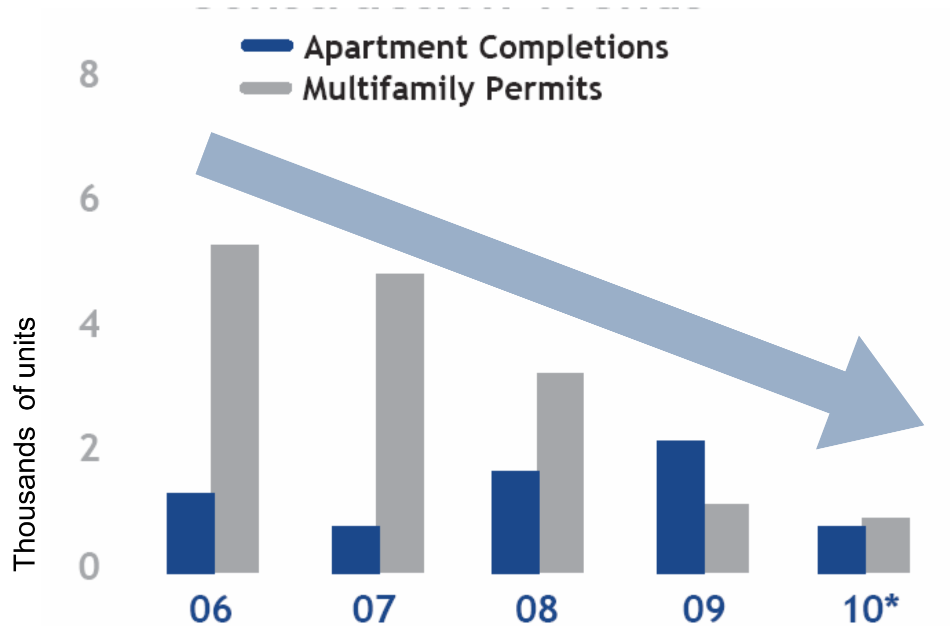


*Source: Marcus & Millichap, Retail Research Market Update, Q3 2010. * Indicates forecast.*

Regional Development Climate

- Tepid economic recovery limiting residential development opportunity
- 660 units to be completed in 2010, compared to five year average of 1,200
- Apartment demographics are encouraging (HHs 25 to 34)

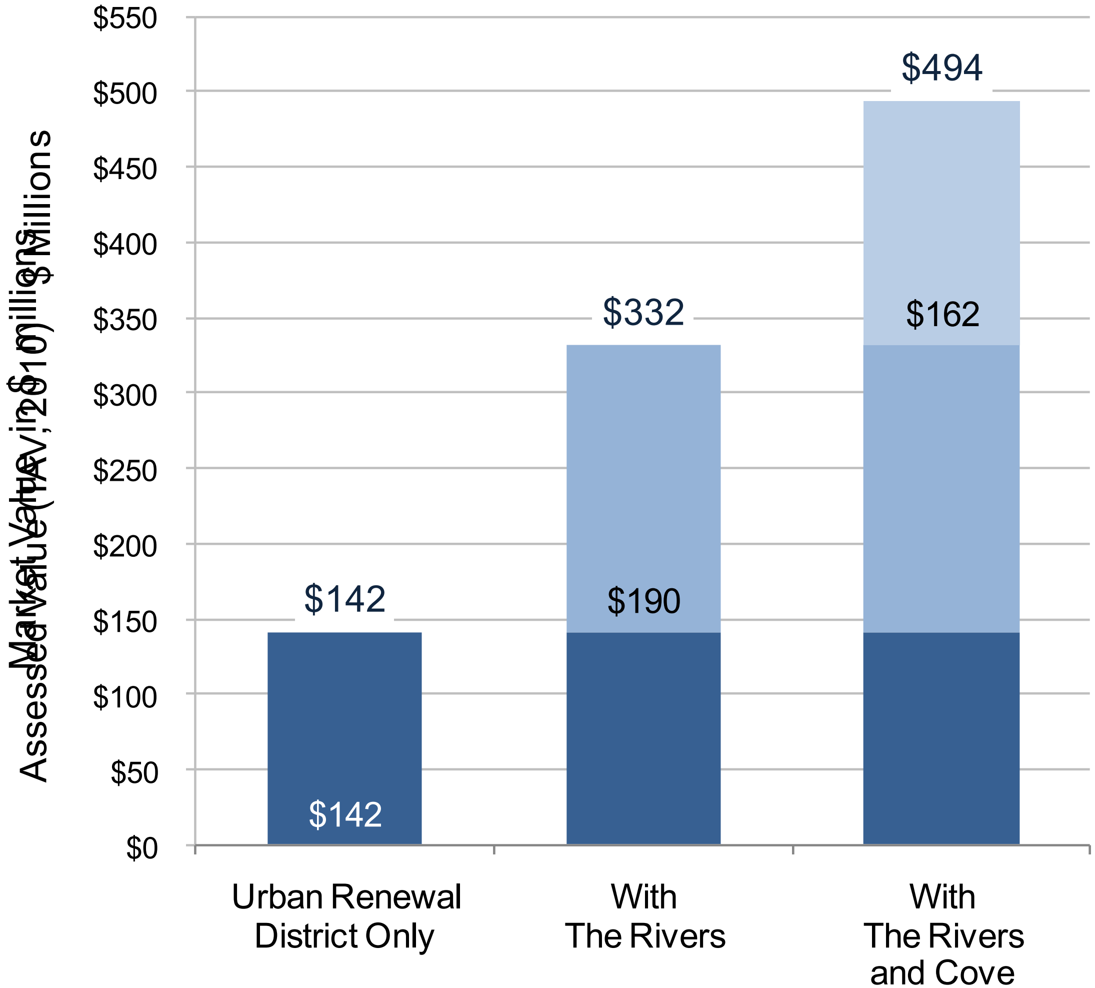
Apartment Construction Trends



*Source: Marcus & Millichap, Apartment Research Market Update, Q3 2010. * Indicates forecast.*

Building the Regional Center

Market Value of URA and Projects



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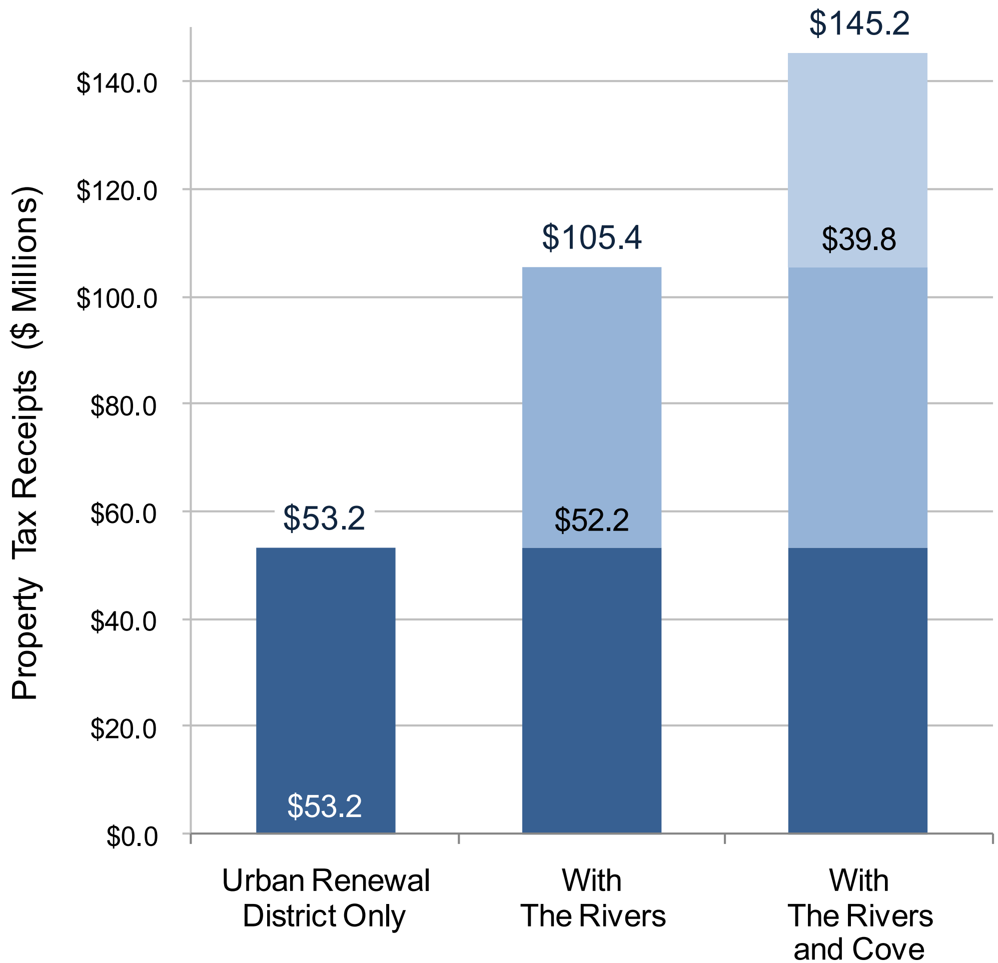
Context: Building the Regional Center

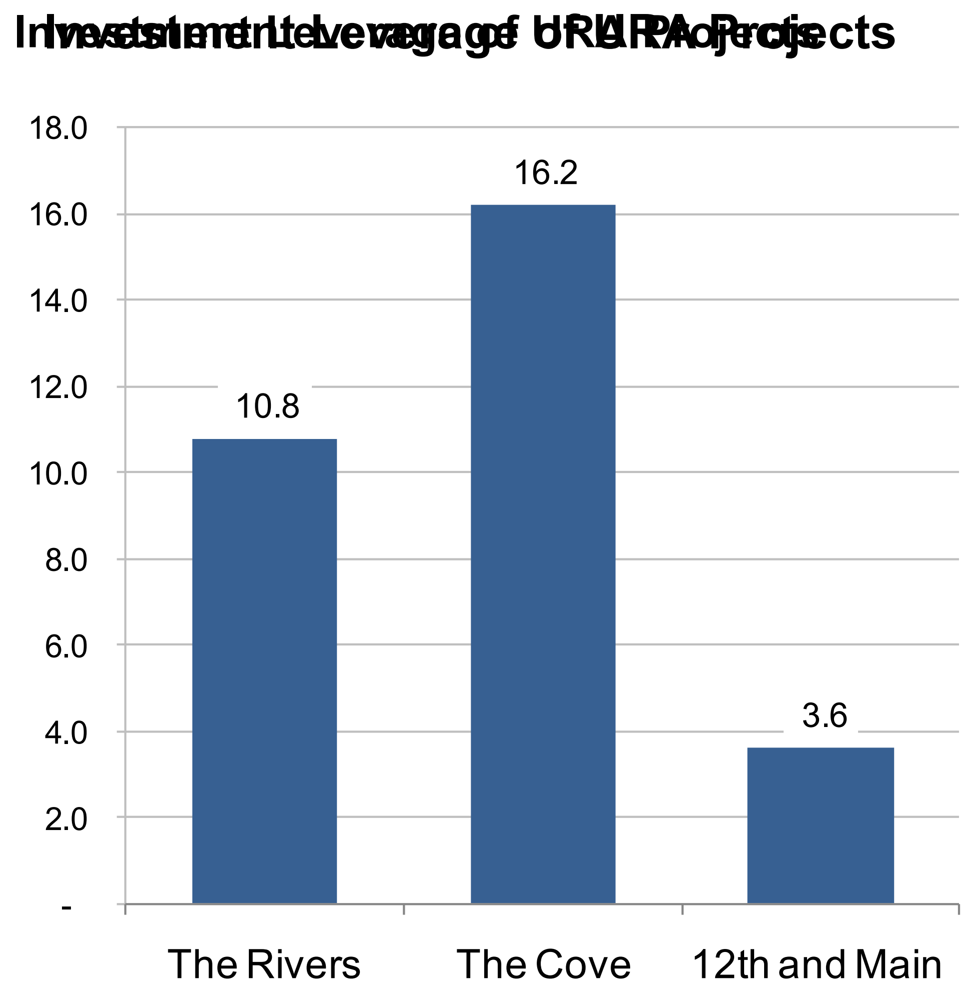
Total Property Taxes Generated by URA and Projects

Projects, 2011-2030



Investment Leverage

- Ratio of private to public dollars



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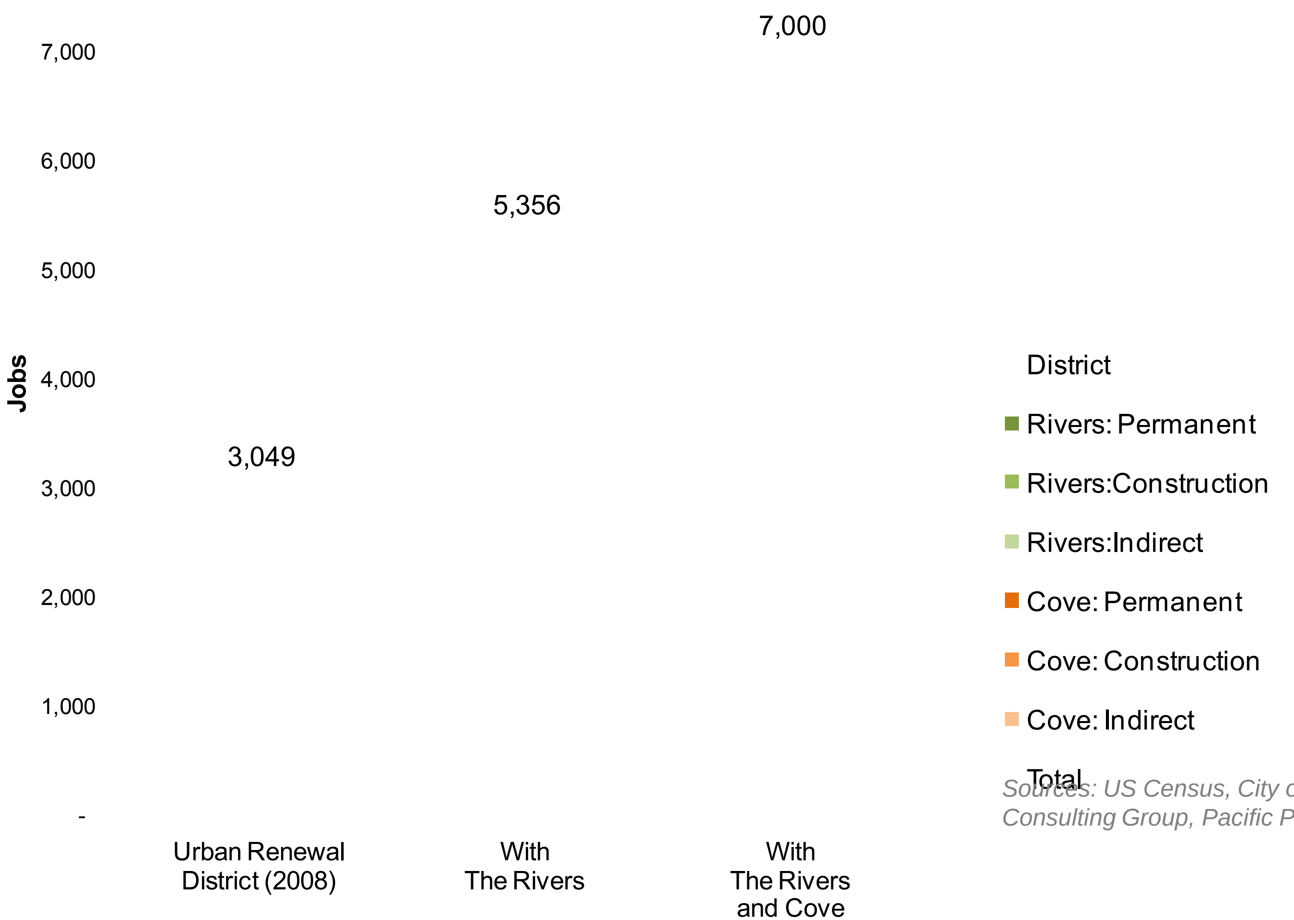
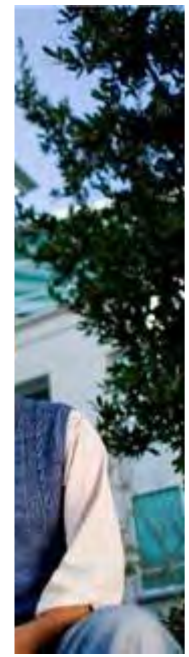
Job Creation

Jobs in the District, Rivers, and Cove

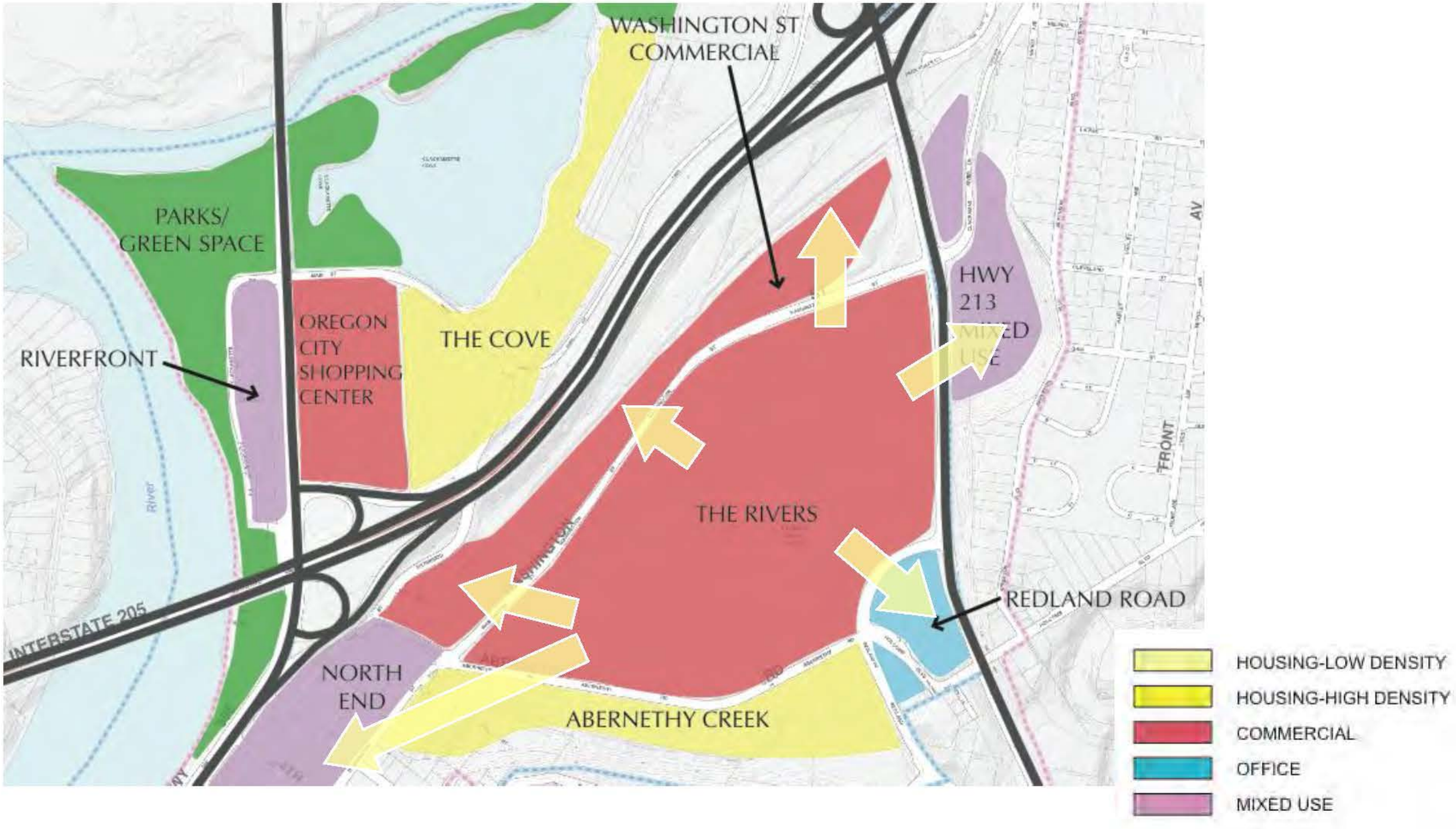
Jobs in the District, Rivers, and Cove



Sources: US Census, City of Oregon City, Leland Consulting Group, Pacific Property Search, CenterCal LLC.



The Ripple Effect: Spin-off Development



The Ripple Effect: Spin off Development

Area	Development Type	Ret.	Ofc.	Res.	Hotel	Other	Discounted Value (RMV) Low	High
Major Projects								
The Rivers	Mixed Use							$190,000,000
The Cove	Mixed Use							$162,000,000
Subtotal								**$352,000,000**
Other Development								
Abernethy Creek	Residential						$47,250,000	$53,175,000
Redland Road	Retail and Office						$24,525,000	$29,400,000
North End	Retail and Office						$24,525,000	$29,400,000
Oregon City Shopping Center	Retail and Office						$0	$0
Riverfront	Mixed Use						$25,350,000	$30,375,000
Washington St. Commercial	Retail and Office						$80,550,000	$100,725,000
Highway 213 Commercial	Energy, Office						$133,275,000	$166,650,000
Subtotal							**$335,475,000**	**$409,725,000**
Total							**$687,475,000**	**$761,725,000**

Economic Development Goals

Economic Development Goal	The Rivers	The Cove
• Increase community's assessed value	✔	✔
• Increase diversification of business / industry	✔	✔
• Increase number and quality of jobs	✔	✔
• Develop businesses with staying power	✔	✔
• Enhance community appeal and attractiveness	✔	✔
• Provide environment for growth	✔	✔
• Leverage public dollars	✔	✔
• Create increment with each investment or urban renewal	✔	✔

Development Context

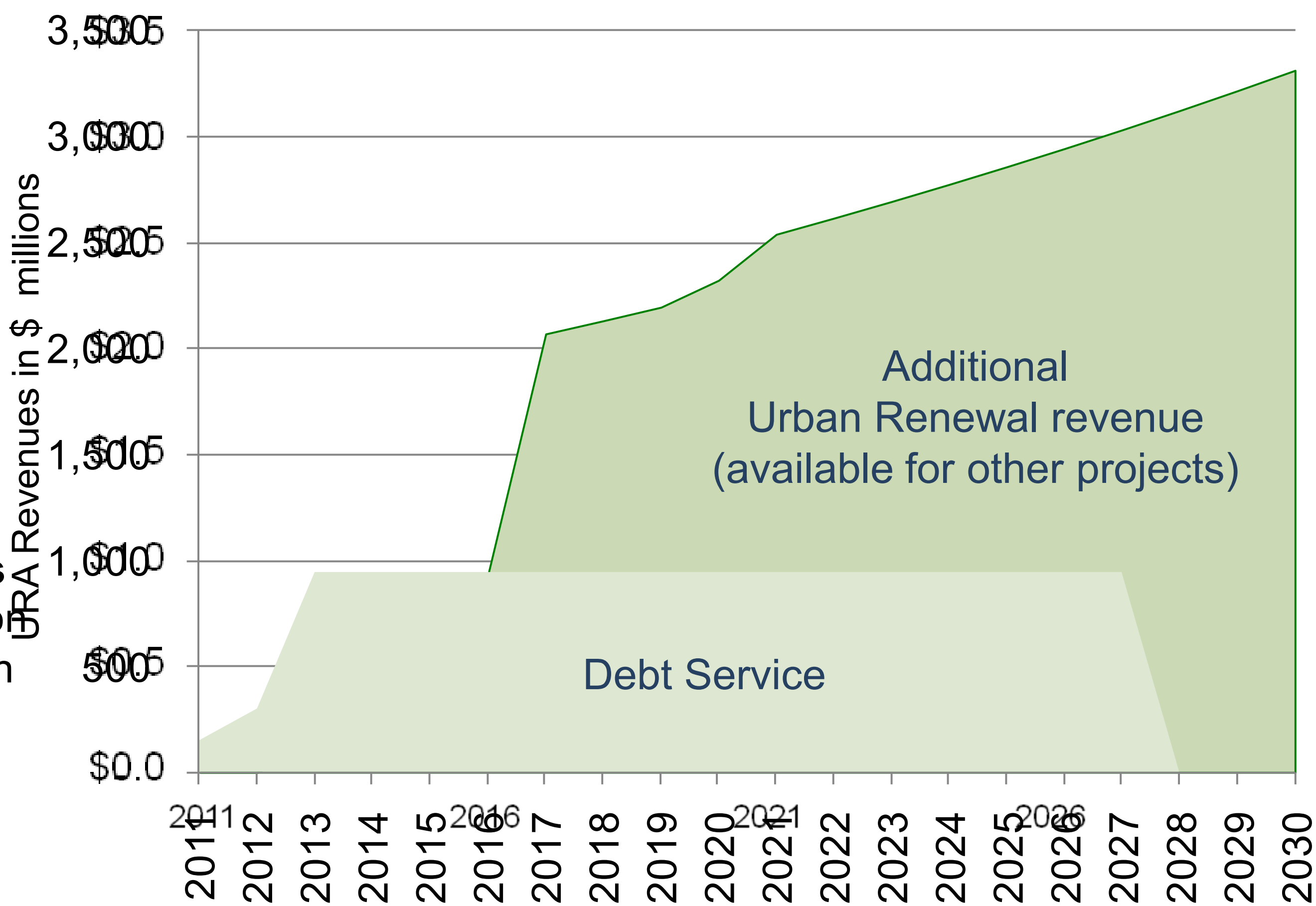
Financial Context

Changes, 2008 – 2010:

- Jughandle off City balance sheet
- Bonding conditions
  - Lenders much more conservative
  - Shorter terms (15 yr), higher rates,
  - No credit for annual value increase—
    —bond against what’s on the ground”
  - These projections are conservative, revenues and debt capacity could increase

Financial Reporting Format

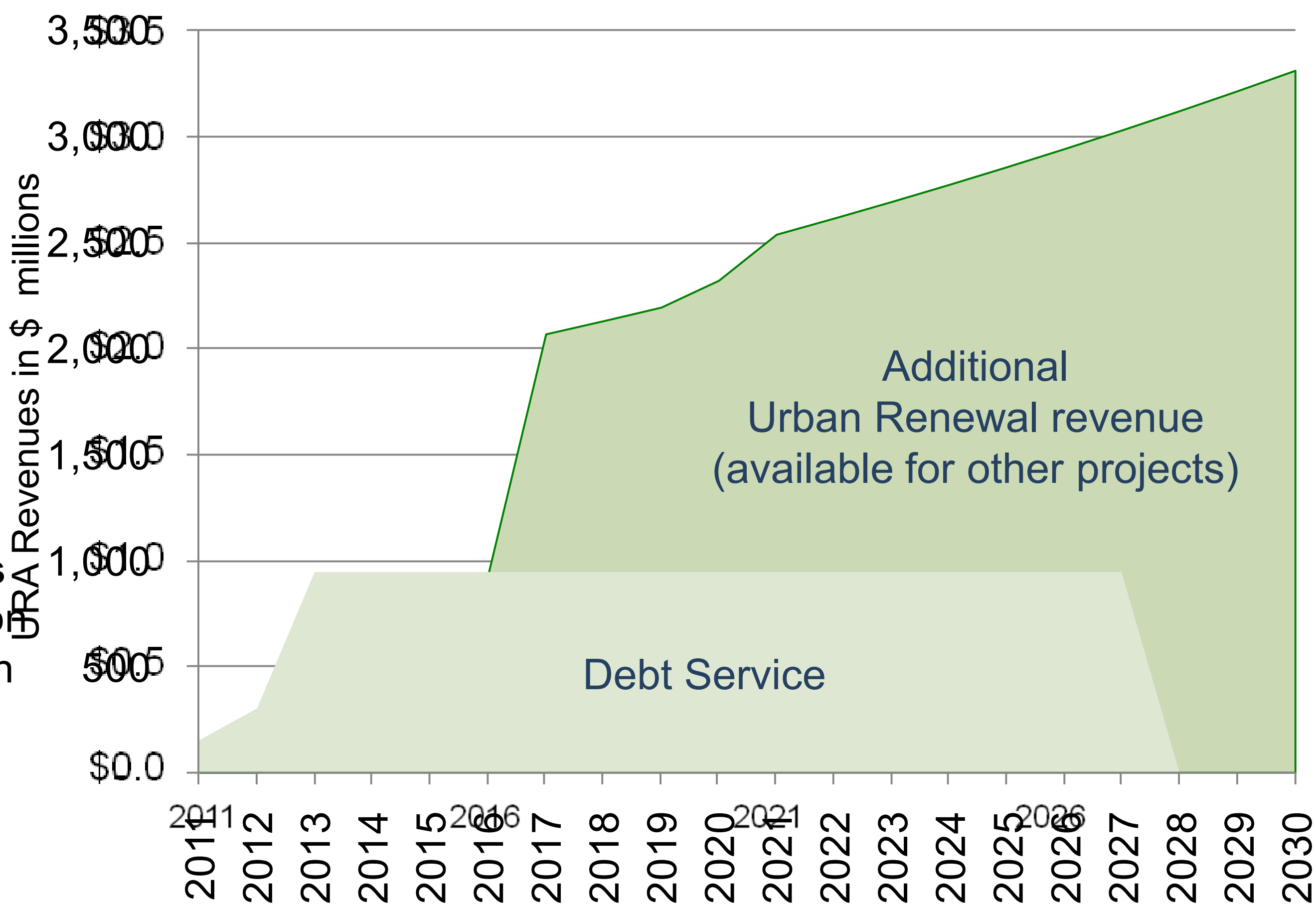
Projected Revenue and Debt Service



- Downtown revitalization and housing
- North End development
- Covered Farmers Market
- Blue Heron analysis
- Façade grants

The Cove

Projected Revenue and Debt Service



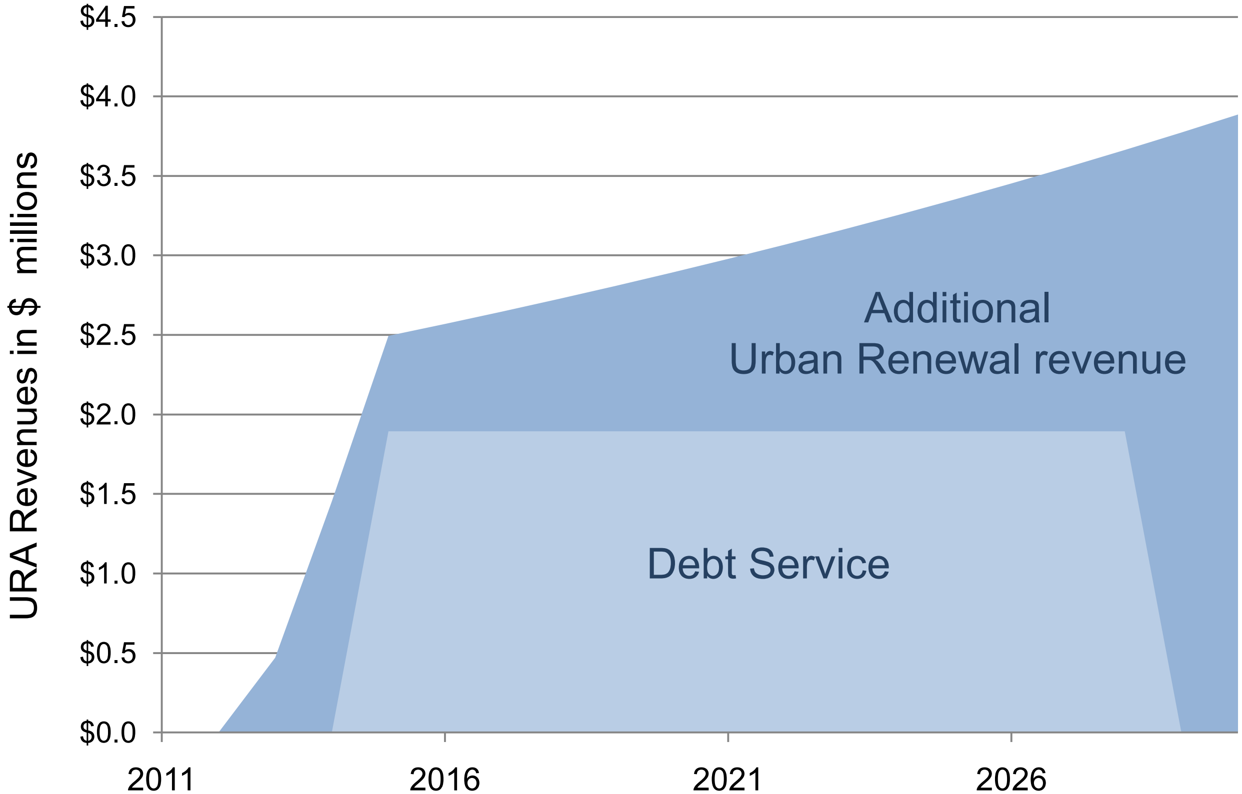
Twenty-year Totals

Property taxes	$39.8 million
Debt*	$14.4 million
Annual taxes, 2030	$3.31 million

* All debt figures include principal and interest.

The Rivers

Projected Revenue and Debt Service

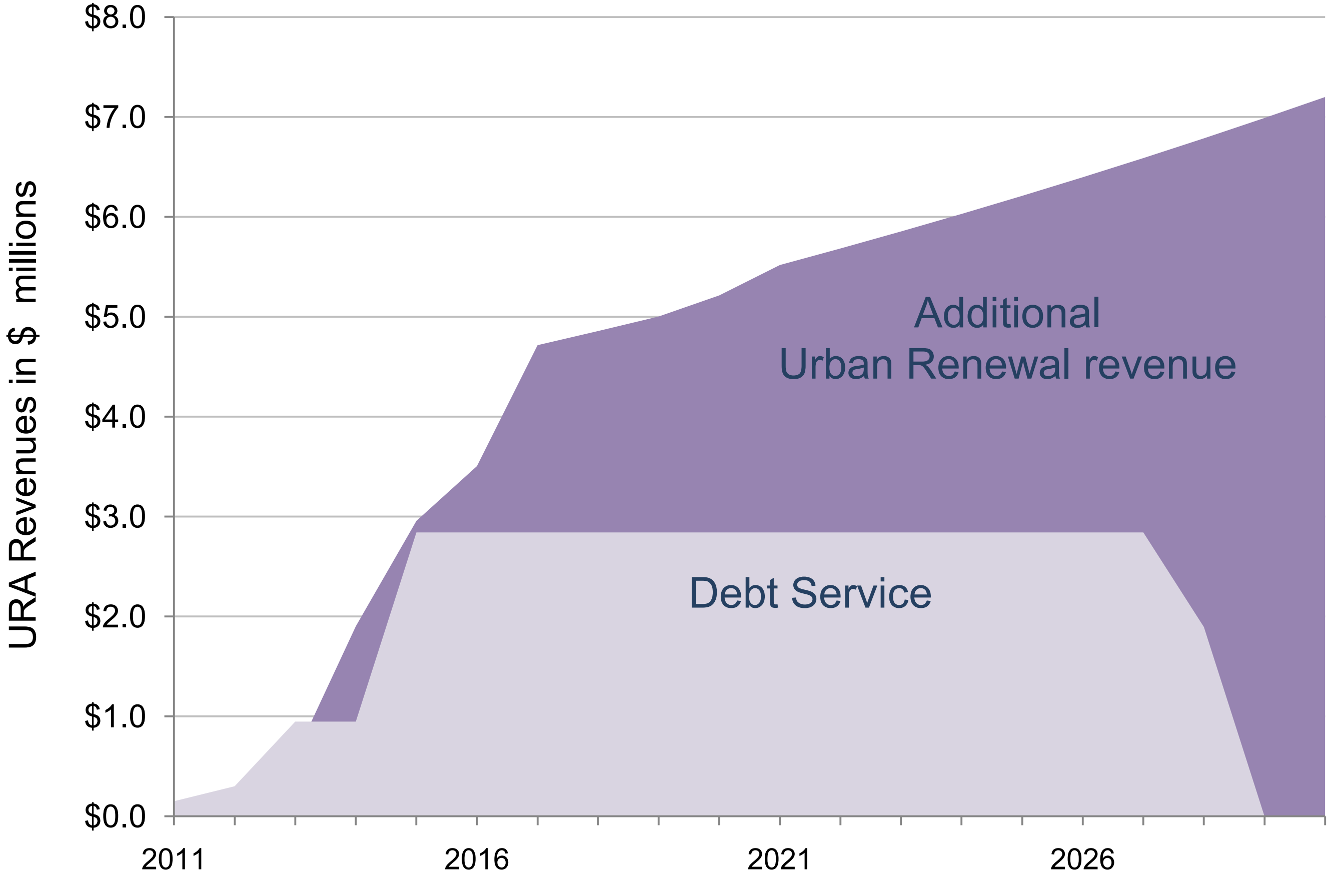


Twenty-year Totals

Property taxes	$52.2 million
Debt	$26.5 million
Annual taxes, 2030	$3.9 million

The Rivers and Cove Combined

Projected Revenue and Debt Service

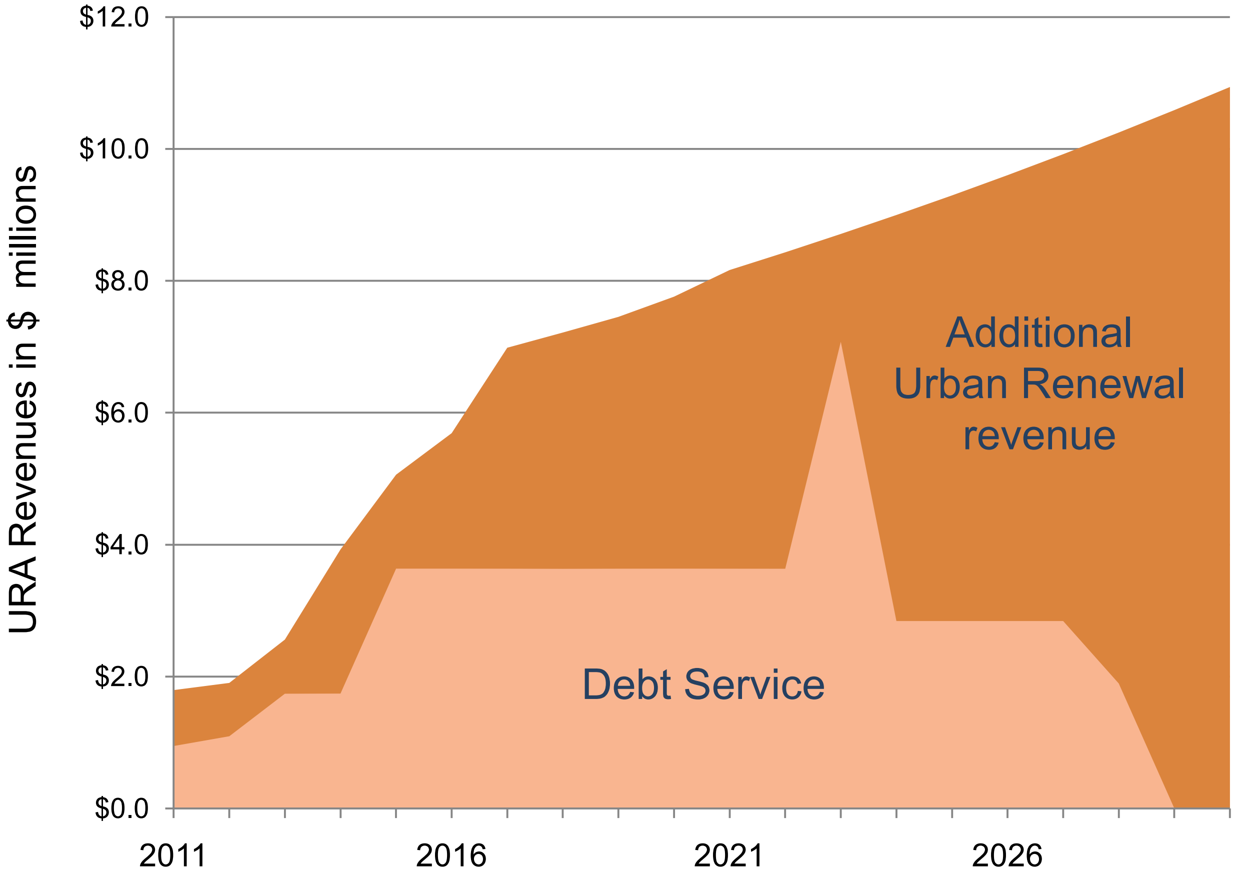


Twenty-year Totals

Property taxes	$92.0 million
Debt	$40.9 million
Annual taxes, 2030	$7.2 million

With District, Rivers, and Cove

Projected Revenue and Debt Service

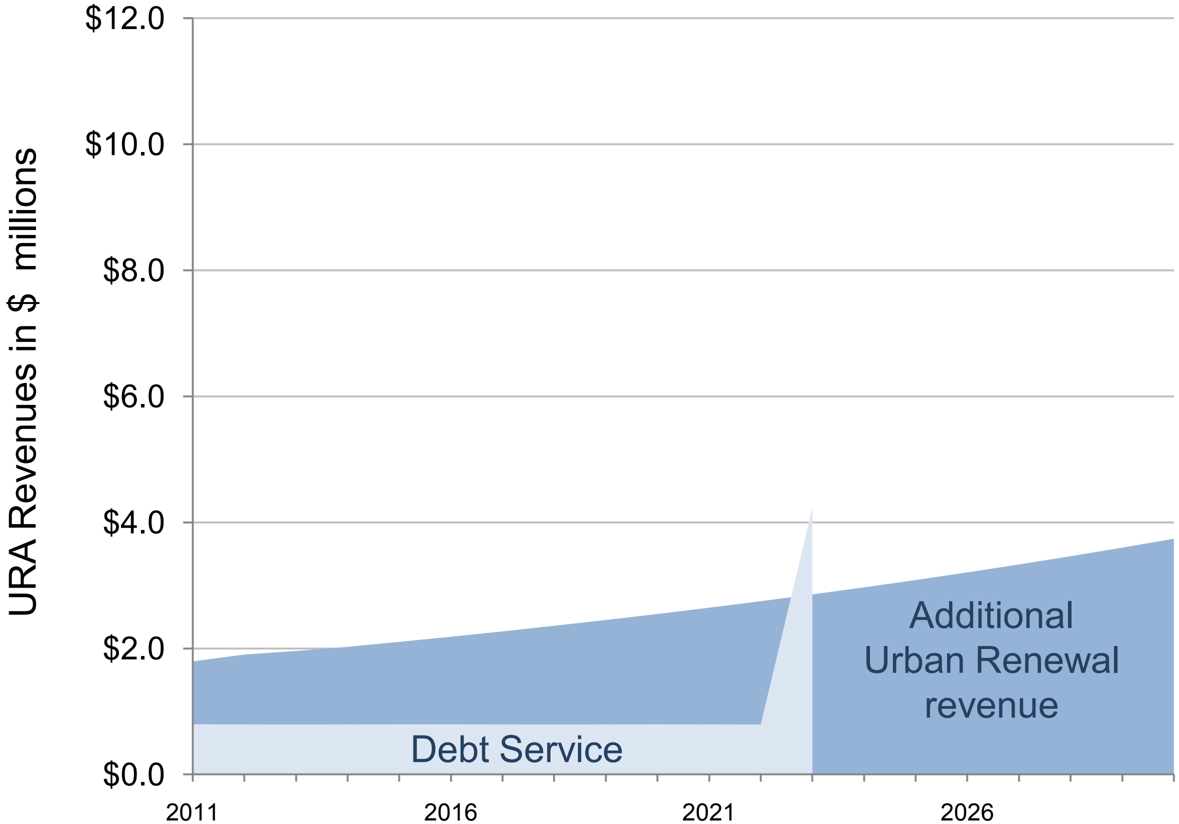


Twenty-year Totals

Prop taxes	$145 million
Debt	$55 million
Annual taxes, 2030	$10.9 million

Existing District without Rivers and Cove

Projected Revenue and Debt Service

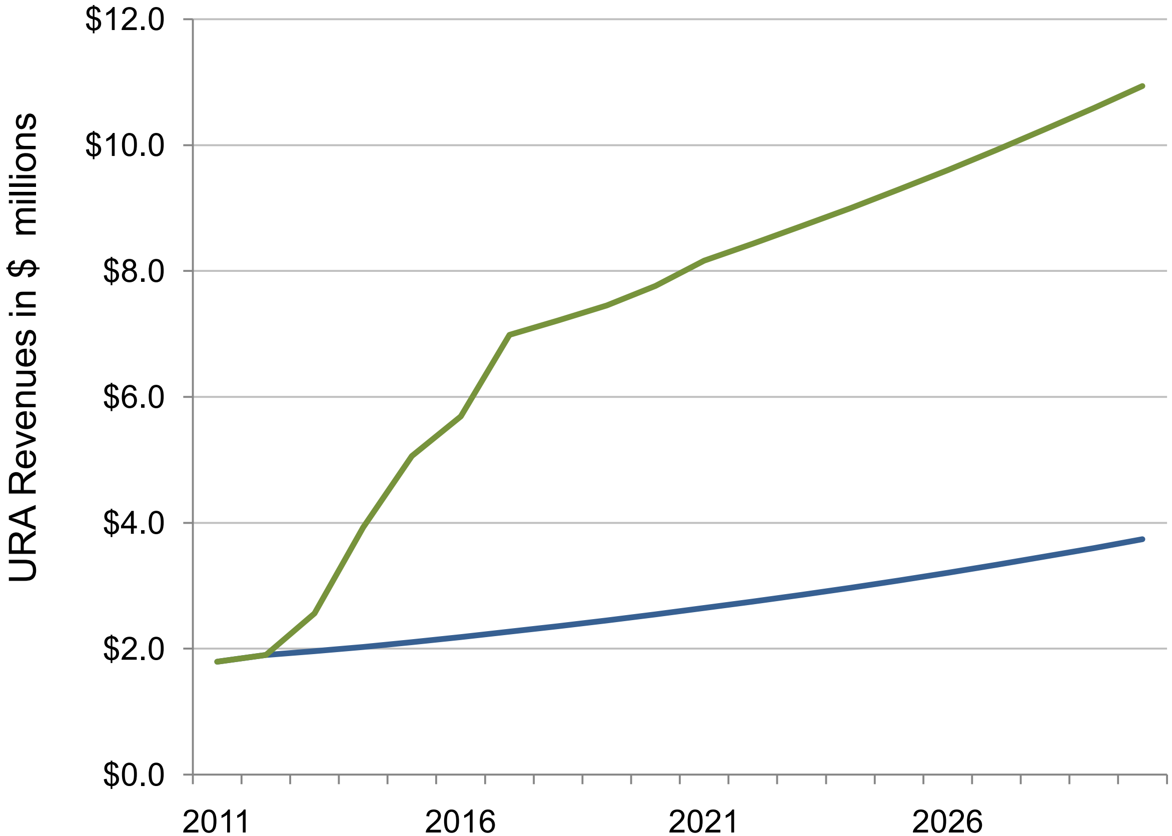


Twenty-year Totals

Prop taxes	$53.2 million
Debt	$13.8 million
Annual taxes, 2030	$3.7 million

Revenue Comparison

Projected Revenue



With The Rivers and Cove

Without The Rivers and Cove

Net Available for other projects

With The Rivers and Cove	$90 million
Without The Rivers and Cove	$39 million

Project Updates
The Rivers and The Cove

The Rivers: Site

Site details:

- 66 acres
- Owner: Park Place Development
- Project developer: CenterCal LLC

Site issues:

- Landfill/unstable soils
- Methane contamination
- Piles and significant grading required

Plan:

- —Regional retail uses”
- Advantages include parcel size, excellent access and visibility

The Rivers

- Negotiations resumed
  - Oregon City staff:
    Urban Renewal and Public Works
  - Center Cal
  - Ball Janik LLP
  - Leland Consulting Group
- Discussions include
  - Project scale and uses
  - Site Plan
  - Transportation infrastructure
  - Funding
  - Timing

"Village Court" Plaza at the Rivers

The Rivers

- Draft Development Agreement (DDA) distributed tonight
- No action requested tonight
- Broad agreement between parties on DDA deal points
- Final DDA could be ready for authorization in several weeks
- CenterCal ready to sign DDA

The Rivers

- Center Cal actions
  - Site plan revisions
  - Tenant negotiations and recruitment
  - Pro forma and market analysis
  - DDA terms and agreement

The Rivers

Current CenterCal Obligations per Draft DDA

- Complete development, brownfield redevelopment, off-site public improvements
- Minimum of 650,000 sf retail, restaurant, entertainment
- At least 15,000 sf public plazas
- 10-plus screen cinema
- Must obtain all required permits from agencies for any impacts on wetlands
- Comparable in quality, design quality, and tenants to Bridgeport Village and/or Cascade Station
- Include historic elements
- Pay for and complete transportation improvements (est. $17.6M) to be reimbursed later by URA; includes Abernethy, Washington, Redland, and bike/ped improvements.
- Fund project and brownfield remediation

The Rivers

URA Obligations per Draft DDA

- Acquire right-of-way
- Once project is “substantially complete,” repay transportation costs
- Transfer 3-acre Agency property for $400,000

The Cove: Project Summary

- A mixed-use, active waterfront
- 109 Acres
- Approximately 220 Apartments
- 180 Waterfront Condos
- Medical / Office: 80,000 sq ft
- Office / Restaurants: 58,400 sq ft
- Esplanade, Plaza, and Restaurants
- Trail on rivers edge
- Boat condo slips-Yacht Club
- Water Sports Center (for kids)
- Canoe launch.

The Cove: Progress

Contingency Period 1 (Sept 2 - Jan 12, 2010):

Requirements completed for this Period:

- Master Plan Approved (5.2.1)
- Phase 1 & Phase 2 Infrastructure Approved (5.2.2)
- Land Use & Amendments Approved (5.2.3)
- No appeals filed (5.2.4)
- URA secured $10M credit line (5.2.5)
- Slayden closed on Parker Phase 1 property (5.2.6)
- Glacier contract no default, assigned to URA, and closed (5.2.10)
- Phase 2 of Parker land assigned to URA, closed (5.2.11)
- Agency secures fee simple title to City property (5.2.13)
- Agency approves CCLLC & financials (5.2.15)
- Agency approves the public bidding exemption

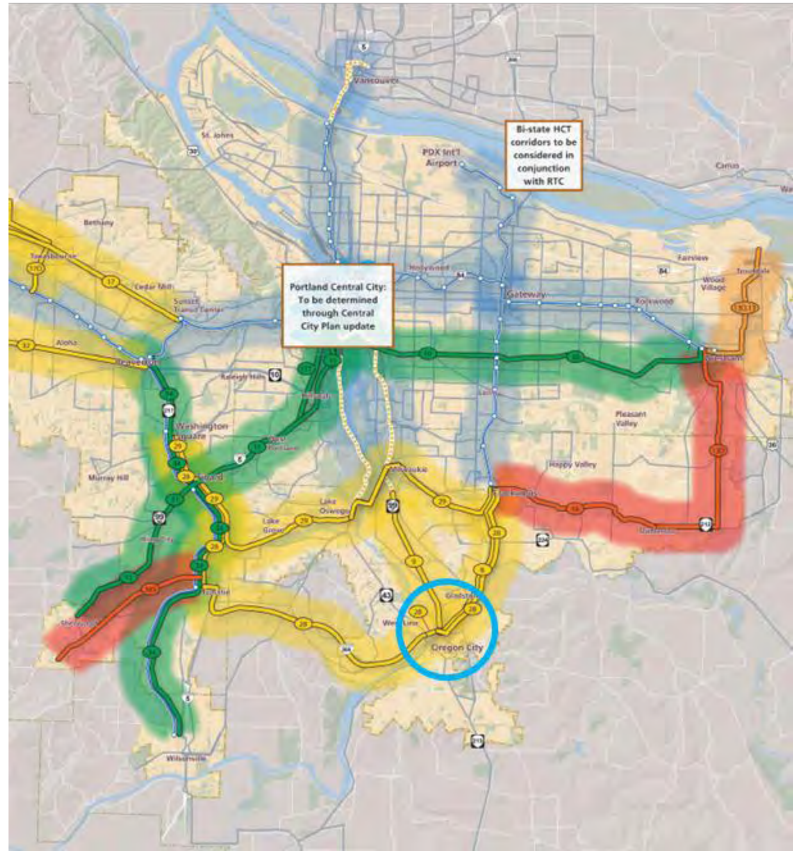
The Cove: Next Steps for Consideration

- Conditional Reinstatement Agreement
  - Temporarily terminates Development Agreement, enables conditional reinstatement
- City protected via the following conditions of re-instatement:
  - Apartments: Foundations permits and Recordation of Construction Loan (5.2.7)
  - Agency & CCLLC to agree on the contract, contractor & Bonds (5.2.8)
  - Changes to Master Plan or other project components subject to URA approval
  - 99 year land lease with Tri-City (5.2.14)
  - Joint Use Agreement for parking (5.2.17)
  - Agency review and approval of Public Investment Budget (5.2.18)

Additional Projects

Sustainable Communities Grant Application

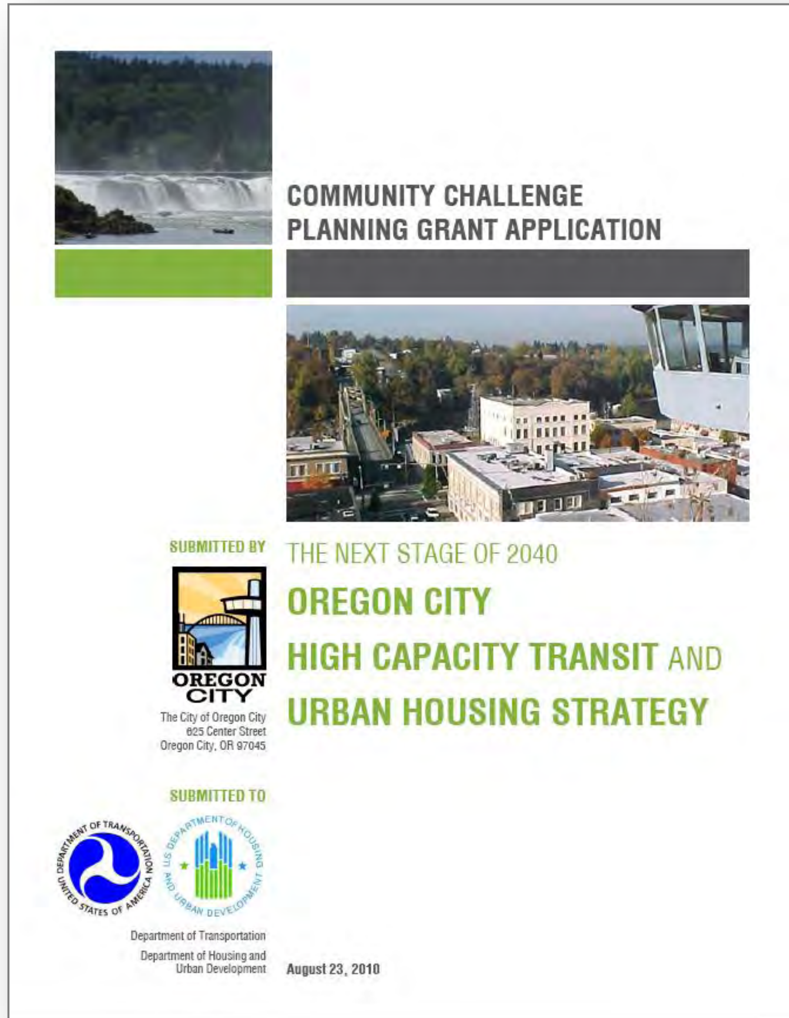
- *Oregon City*
  High Capacity Transit and
  Urban Housing Strategy
  - Builds on Metro's 2009 Regional High Capacity Transit Study
  - Develop a plan to bring MAX or rapid bus to the Oregon City Regional Center.
  - Review of routes, stations, operations, station area conditions.
  - Plan to include affordable and market-rate, transit-oriented housing to the Oregon City Regional Center.



Metro's HCT Map

Sustainable Communities Grant Application

- $300,000 Requested
- Submitted 23 August 2010
- Grant announcements made December 2010
- $50,000 City match, plus staff time


COMMUNITY CHALLENGE
PLANNING GRANT APPLICATION

SUBMITTED BY

OREGON CITY

The City of Oregon City
625 Center Street
Oregon City, OR 97045

THE NEXT STAGE OF 2040

OREGON CITY
HIGH CAPACITY TRANSIT AND
URBAN HOUSING STRATEGY

SUBMITTED TO

Department of Transportation
Department of Housing and Urban Development

August 23, 2010

Sustainable Communities Grant Application

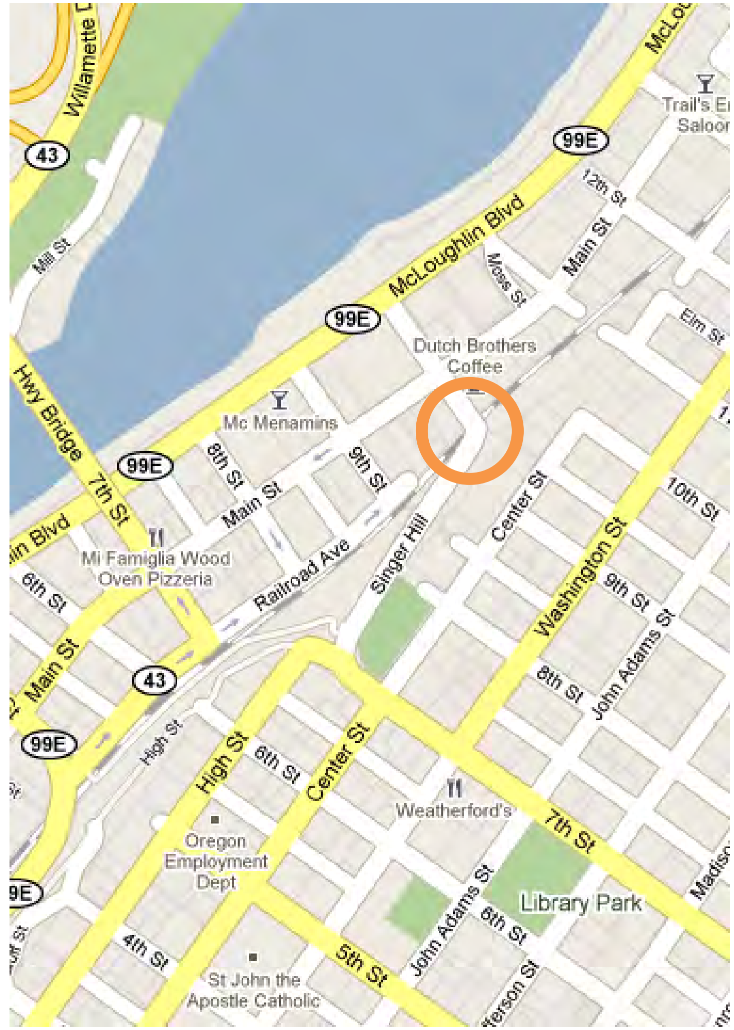
- A unique federal partnership and opportunity
  - HUD-DOT-EPA —Partnership for Sustainable Communities" announced 2009
  - Template for future funding opportunities
- Oregon City's first-ever application to HUD, DOT, or EPA
- Holistic perspective on urban livability, includes
  - Transit and transportation choices
  - Affordable housing
  - Economy
  - Strong communities and neighborhoods
- Opportunity to partner with Metro, TriMet, others

Downtown Rail Quiet Zone

- Challenge:
  - Trains sound horns 15-plus times per day at Singer Hill/10th St. crossing
  - Deterrent to downtown housing
- Potential solution:
  Rail Quiet Zone
  - Softer horn, stationery horn at intersection, other
  - Portland, multiple crossings
  - Tualatin, 8 WES crossings
  - Elsewhere across the country
  - Established Federal Railroad Administration/ ODOT process

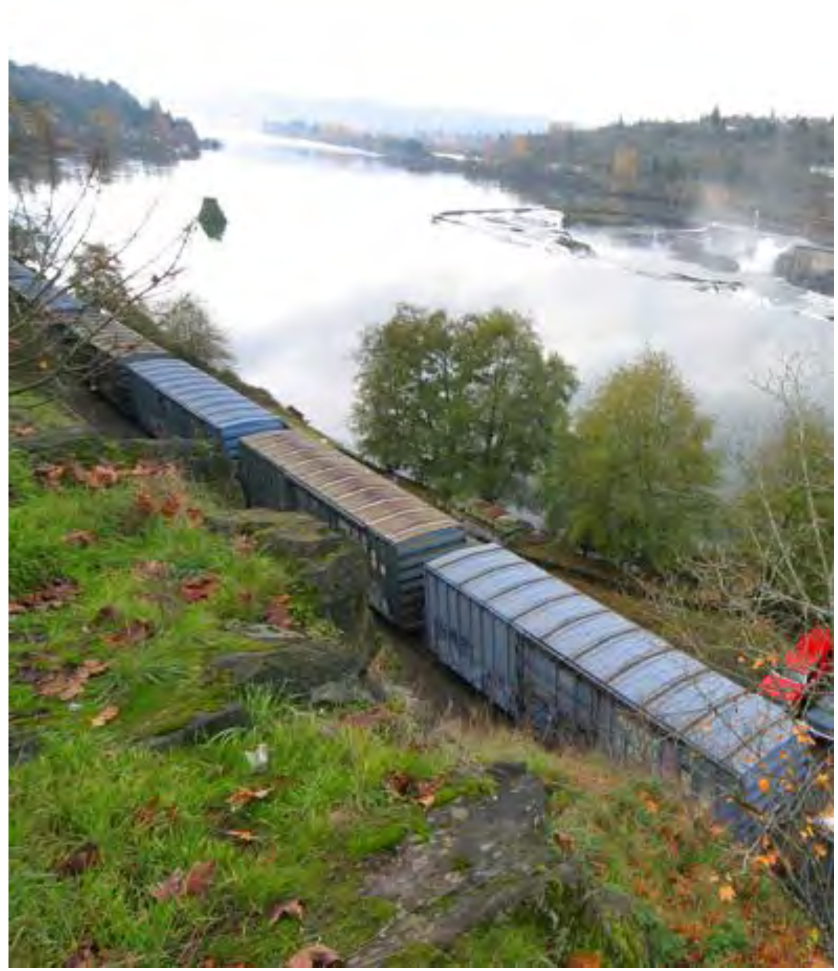
Rail Quiet Zone

- Preliminary Analysis
  by Kittelson & Associates:
  - Intersection characteristics
    (auto and train volumes, speeds, etc)
  - FRA and ODOT guidelines
- Quiet zone likely possible with:
  - Two more gates at intersection
    (for four gate total)
  - Curbed median on Sugar Hill/10th St.
  - Both measures



Rail Quiet Zone

- Potential Phase 1:
  - Additional transportation analysis
  - Confirm preliminary conclusions
  - Preliminary conversations with ODOT, Union Pacific,
  - Evaluate potential to implement transportation improvements
  - Order of magnitude cost estimates
  - Presentation to Commission
- Further work if Quiet Zone is feasible



Summary and Recommendations

Recommendations and Next Steps

The Cove:

- Review, refine and adopt Cove Conditional Reinstatement Agreement
- Maintain activity level by Pacific Property Search (PPS)
- Send positive signal to additional apartment, hotel and/or office investors
- Staff to work closely with PPS to remove any remaining barriers
- Do not spend anymore of the credit line until conditions are met

Recommendations and Next Steps

The Rivers:

- Review, refine and adopt Development and Disposition Agreement with CenterCal
- Send strong signal to Cabela's and other tenants in negotiation with CenterCal
- Staff to work closely with CenterCal, Cabela's and other tenants to move project forward
- Continue forward on transportation improvements

Recommendations and Next Steps

- Rail Quiet Zone
  - Conduct Phase 1 investigation
- Controls
  - Establish procedures to strengthen quality controls in the Regional Center
- Other
  - As directed by the Urban Renewal Commission

LELAND CONSULTING GROUP

People Places Prosperity

KITTELSON & ASSOCIATES, INC.
TRANSPORTATION ENGINEERING / PLANNING
610 SW Alder Street, Suite 700, Portland, OR 97205 P 503.228.5230 F 503.273.8169

MEMORANDUM

Date: August 30, 2010 Project #: 11256

To: Brian Vanneman
Leland Consulting Group

From: Mike Coleman, P.E.

Project: Oregon City Quiet Zone

Subject: Proposed Scope of Services

Brian,

This memorandum outlines a proposed phased approach for researching and implementing a quiet zone in Oregon City. Chris Brehmer and I would lead this effort. We are coming off a recently publicized quiet zone success in Portland's Pearl District and welcome the opportunity to also help Oregon City.

Sugar Hill / 10th Street Quiet Zone Assessment

Phase 1 will provide a clear understanding of the current Quiet Zone Application Requirements (regulatory needs), and anticipated opportunities and constraints associated with implementing a quiet zone in downtown Oregon City.

PHASE 1 SCOPE OF SERVICES (NOT TO EXCEED $5,000)

- Conduct an initial field assessment and preliminary field review of the crossing and the traffic conditions in the vicinity of the crossing.
- Update the FRA Quiet Zone Calculator database for the crossing.
- Calculate Quiet Zone Risk Indexes for existing conditions and an assortment of Supplemental Safety Measures (SSM) to confirm that the National Significant Risk Threshold can be satisfied.
- Contact the Oregon Department of Transportation Rail Division (ODOT Rail) to assess their role and interest in implementing a quiet zone as well as the current state of the practice/lessons learned in Oregon.
- Contact the Union Pacific Railroad to gauge their response/interest in implementing an Oregon City quiet zone.
- Conduct a second field assessment concentrated on the constructability of SSMs.

- Prepare a memorandum summarizing the findings, listing potential SSMs and their order-of-magnitude cost estimate, and identifying specific work activities required to complete a formal Quiet Zone application,
- Meet with City staff to discuss the Phase 1 assessment findings.

PHASE 2 SCOPE OF SERVICES (NOT TO EXCEED $5,000)

Phase 2 will follow if Phase 1 determines that implementing a quiet zone is feasible. This phase will identify and address any operational challenges associated with implementing a quiet zone. Peak hour traffic conditions along Sugar Hill/10th Street are known to be congested. Identifying, understanding and addressing new or exacerbated impacts associated with a quiet zone will influence its implementation.

- Collect traffic data concerning traffic operations along Sugar Hill/10th Street from High Street to McLoughlin Boulevard (OR 99E).
- Conduct two peak hour field reviews to observe traffic conditions.
- Analyze traffic performance through Synchro modeling.
- Propose recommendations to mitigate identified traffic impacts on the grade crossing.
- Prepare a memorandum summarizing findings and recommending next steps.

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TRANSPORTATION ENGINEERING / PLANNING
110 E Broward Boulevard, Suite 2410, Fort Lauderdale, FL 33301 P 954.828.1730 F 954.828.1787

MEMORANDUM

Date:	August 30, 2010	Project #: 11256
To:	Brian Vanneman, Leland Consulting Group	
From:	Mike Coleman, P.E.	
Project:	Downtown Oregon City	
Subject:	Railroad Quiet Zone in the Vicinity of Singer Hill/10th Street	

This memorandum summarizes preliminary information pertaining to Oregon City's Singer Hill/10th Street railroad grade crossing and its potential eligibility as a "quiet zone" where operators of approaching trains would not be required to sound their horn.

Background and Existing Conditions:

The Union Pacific Railroad's Singer Hill/10th Street grade crossing is the only grade crossing in downtown Oregon City. There are no other grade crossings within .5 miles. Therefore the grade crossing would be the only location within the proposed quiet zone.

The grade crossing's quiet zone preliminary eligibility was calculated using the Federal Rail Administration's (FRA) Quiet Zone Calculator, available in FRA's website at http://www.fra.dot.gov/Pages/1318.shtml.

Specific data are needed to calculate eligibility. The Quiet Zone Calculator supplies FRA's most current information for the crossing. The FRA cautions that their data may be outdated but a cursory review suggests that the data for the Singer Hill/10th Street grade crossing is reliable for preliminary assessments. The following data were used in the calculation:

- Daily total traffic: 14,150 vpd
- Daily total train volumes: 15
- Number of tracks: 1
- Street classification: Urban Minor Arterial
- Max. allowed train speeds: 40 mph
- Number of traffic lanes: 2
- Reported crashes in last 5 years: 1

To be eligible for quiet zone consideration the calculation's result, the Quiet Zone Risk Index (QZRI), must be less than a threshold value called the National Significant Risk Threshold (NSRT).

Findings:

Using the FRA data, the QZRI is calculated to be 93,086. To be eligible for quiet zone consideration the QZRI needs to be less than the NSRT, which is 18,775. Under current conditions the resulting QZRI exceeds the NSRT. Therefore the grade crossing is not automatically an eligible quiet zone candidate. However by adding new Supplemental Safety Measures (SSM) to the grade crossing, the QZRI can be reduced significantly.

The Quiet Zone Calculator formula indicates that there are two specific SSMs that, if added to the crossing, would satisfy the NSRT quiet zone threshold.

- Adding two more gates to block the grade crossing's exiting lanes (upgrading from the existing 2-quadrant gate installation to a "4-quadrant" installation) reduces the crossing's QZRI to 16,755.
- Adding a curbed median on the center of Singer Hill/10th Street to prevent drivers from maneuvering around the existing gates reduces the QZRI to 18,617.
- Combining the two SSMs would further decrease the QZRI.

Recommendations:

This initial evaluation indicates the potential to establish a quiet zone at the Singer Hill/10th Street grade crossing if additional gates and/or center medians are added. To move forward in pursuing the quiet zone, the next steps should include:

- Confirming the reliability of available Quiet Zone Calculator information/data. The QZRI varies with adjustments to traffic volumes, train frequency, and reported crash history. Gathering and using current data to calculate a definitive QZRI is essential to the process.
- Comparing the ODOT Rail guidelines for gate and median design with the grade crossing's available space. An early initial assessment of SSM constructability and potential impacts pedestrian/bike/ auto circulation and maneuverability is important.

If the results are positive it is further recommended that the City:

- Submit notification to the FRA that it intends to establish a quiet zone, and
- Convene an onsite diagnostic team meeting that includes participants from FRA, UPRR and ODOT Rail Division. The meeting would discuss the existing conditions, conceptual design, review and approval protocols, design and construction cost estimates and funding responsibilities.

I hope this information is helpful to you and the City. Best of luck as you move forward in pursuing the quiet zone.

COMMUNITY CHALLENGE PLANNING GRANT APPLICATION

SUBMITTED BY

OREGON CITY

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THE NEXT STAGE OF 2040

OREGON CITY HIGH CAPACITY TRANSIT AND URBAN HOUSING STRATEGY

SUBMITTED TO

Department of Transportation

Department of Housing and Urban Development

August 23, 2010

Introduction

From the 1840s though the 1860s, Oregon City was the end of the Oregon Trail for tens of thousands of American pioneers who headed west in search of a better life. Throughout the 19th and 20th centuries, Oregon City has continued to play a unique role in the history of the west, as capital of the Oregon Territory, timber processing and industrial center, and today, as one of the Portland region's seven designated “Regional Centers.”

Oregon City is looking to the future now—to the next generation of transportation and high capacity transit, and to creative housing solutions that fit the needs of the City's 21st century population.

The City is very excited to submit this Community Challenge Planning Grant Application. The grant will fund the Oregon City High Capacity Transit and Urban Housing Strategy (“the Strategy”) which will:

- **Develop a plan to bring the region's next generation of high capacity transit to Oregon City.** In 2009, Oregon City was identified by Metro regional government as a key link in two of the region's “Next Phase Regional Transit Priority Corridors,” which will most likely be served by light rail or bus rapid transit. This Strategy will enable the City to do the work necessary to be selected as a “Near-Term Regional Transit Priority Corridor” (where high capacity transit will be implemented next) including: route and station planning along both corridors, establishing a preferred corridor and station locations, conducting preliminary operational analysis, and identifying key opportunities and barriers to transit success. The Strategy will also evaluate and recommend solutions to several other transportation barriers.
- **Bring affordable and market-rate, transit oriented housing to the Oregon City Regional Center.** Even with a relatively healthy main street, retail, and employment components, and concerted efforts to put together development partnerships, Oregon City has not added housing to its Regional Center in the past decade. The City, along with Clackamas County and Metro regional government, is determined to change that. This Strategy will build on existing plans for urban and transit oriented housing, and determine how to best leverage publicly-owned properties, complete site-specific concept plans, conduct outreach to key property owners, and queue up real development to deliver housing in the Regional Center.
- **Realize progress on DOT and HUD's Livability Principles,** particularly with respect to providing more transportation choices, promoting equitable, affordable housing, and enhancing economic competitiveness.
- **Leverage the significant planning that has already been done for the Oregon City Regional Center, and its diverse districts,** including the downtown, North End, Clackamette Cove, Rossman Landfill, and others. Existing plans give the City the strategic direction and momentum it will need to move forward with implementation.

Regional Context for Transit and Housing

The Portland region has been known throughout the country as a pioneer in “smart growth” planning and livability since the 1970s. Residents take pride in the region's successes, including a world-class transit system and bicycle network, a vibrant central city, easy access to outdoor recreation, and numerous revitalized urban centers in the region's smaller cities.

Since the beginning, Oregon City has been a key component of the region's growth management plans, and has been committed to investing in its own quality of livability.

This application begins with a short background section describing the planning context in Oregon City and the Portland region. This is followed by the proposed Strategy's purpose, a Work Plan, outcomes, and sections describing efforts for leveraging and collaboration, and the City's capacity to implement the plan.

The Portland Region

The success of Oregon City as a dense, vibrant, and transit oriented place is integral to the success of the entire Portland region. Two regional plans clearly demonstrate the local and regional aspirations for Oregon City: the 2040 Growth Concept and the High Capacity Transit Study. Both were completed by Metro regional government, with input from local municipalities and citizens, in 1995 and 2009, respectively.

These two key plans are complemented by Metro's other plans, such as Great Communities (2007), Regional Transportation Plan (RTP, 2010), and Urban Growth Report (UGR, 2010).

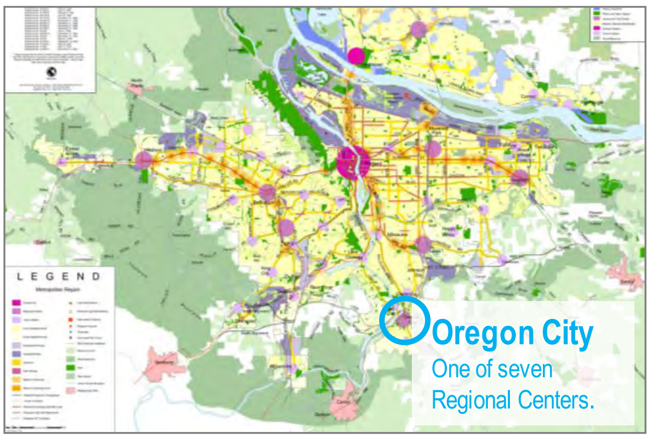
2040 Growth Concept

Beginning in the mid 1990s, the region’s citizens and leaders got serious about the impacts of accelerating population growth, and a collective approach to growth management. From this effort came the 2040 Growth Concept; the primary map illustrating the concepts of the plan is shown below.

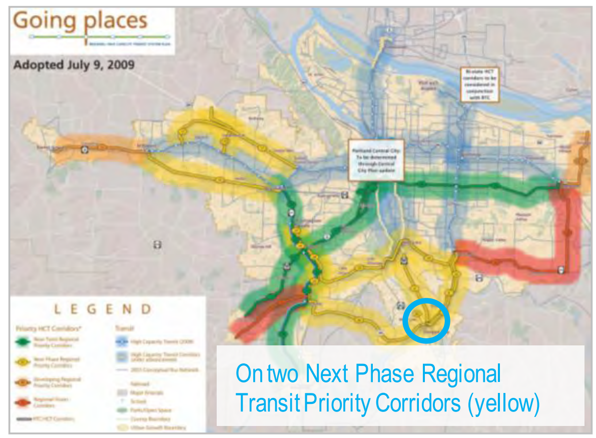
The intent of the 2040 outreach and planning effort is to enhance the region’s access to nature; vibrant —Town” and —Regional Centers;” neighborhoods with easy access to shopping, schools, jobs and recreational opportunities; and transportation choices.

The 2040 Growth Concept designated seven Regional Centers (light purple on the map) including Oregon City. The plan’s long-term vision for Regional Centers is for –centers of commerce and local government services serving a market area of hundreds of thousands of people…[that] become the focus of transit and highway improvements. They are characterized by two to four story compact employment and housing development served by high-quality transit.”

2040 Growth Concept



Regional High Capacity Transit System Plan



Regional High Capacity Transit System Plan

During 2008 and 2009, Metro, the Joint Policy Advisory Committee on Transportation[1] (JPACT), and the region’s counties and cities collaborated to create the Regional High Capacity Transit System Plan (HCT Plan), with the purpose of defining the most important high capacity transit corridors that should be implemented over the long term. While the priority of the HCT Plan is to determine the most effective way to move residents throughout the region, the Plan is also intended to reinforce the key elements of the 2040 Growth Concept, such as mixed use centers and regional livability. The plan defines HCT as transit able to –carry high volumes of passengers quickly and efficiently from one place to another,” to bypass traffic, and operate in exclusive or semi-exclusive rights of way. The HCT concept encompasses multiple transit modes, including light rail, bus rapid transit, rapid streetcar, and commuter rail.

The process began with 55 total potential HCT corridors, which was then narrowed to 16 corridors. Each was evaluated on four broad sets of criteria: community (including supportiveness of existing and planned land uses), environment (including reduction in emissions), economy (including operating cost per rider), and deliverability (including cost per mile).

The HCT Plan identifies four tiers of HCT corridors. The first is —Near-Term Regional Priority Corridors,” including those most viable for implementation in the next four years. The second tier is —Next Phase Regional Priority Corridors” which are –corridors where future HCT investment may be viable if recommended planning and policy actions are implemented.” (The third and fourth tiers are Developing Regional Priority Corridors and Regional Vision Corridors, respectively.)

Oregon City is the terminus of two Next Phase Regional Priority Corridors: Clackamas Town Center to Oregon City Transit Center in the vicinity of I-205 (corridor #8), and Milwaukie to Oregon City Transit Center in the vicinity of McLoughlin Boulevard (corridor #9).

[1] A 17-member committee of elected officials and representatives of agencies involved in transportation that make recommendations to the Metro Council on transportation needs in this region.

Metro outlined four sets of actions to be taken by jurisdictions seeking to move their corridors “at the front of the line” towards being recognized as Near-Term Regional Priority Corridors, with the ultimate goal of becoming functioning HCT routes. These sets of actions are listed below and are the foundation for the Work Plan described later in this application:

- Conduct Land Use/TOD Plans for Centers/Station Areas.
- Conduct Station Area Access Plans.
- Complete a System Expansion Implementation Plan for consideration to be elevated to a Priority Corridor.
- Initiate Preliminary Alternative Analysis.

Regional Centers: Barriers to Success

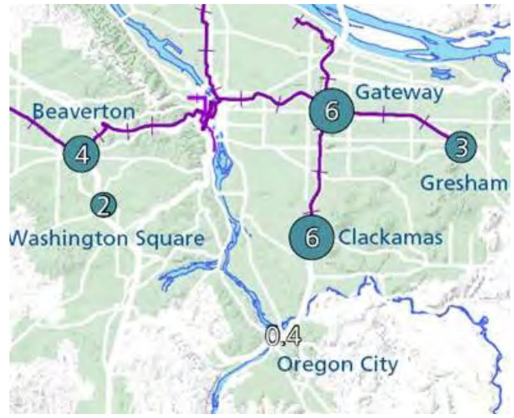
While the region’s vision for livability and equity have been clear for decades, its track record for implementing the vision includes both gratifying achievements and disappointments. The region’s vision for its Regional Centers has proved particularly elusive.

For example, the map at right shows the existing dwelling units per acre within the region’s Regional Centers. The baseline goal is an average of 30 dwelling units per acre, but the existing average varies from 0.4 to 6. Oregon City has the lowest residential density of all of the Regional Centers, due to its large site, numerous underutilized historic buildings, commercial orientation, and abundant vacant land.

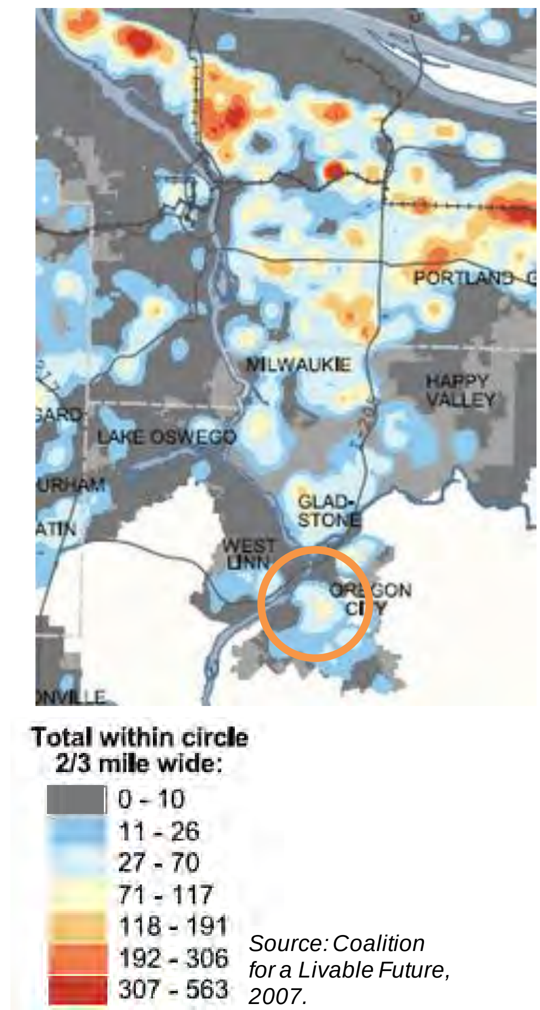
In 2009, Metro identified a series of barriers to achieving compact, mixed use, transit oriented Regional and Town Centers[2]. The Oregon City Regional Center contends with nearly all of the barriers present in other centers, and the intent of this Strategy is to address and overcome as many of them as possible. A partial list of Metro’s barriers includes:

- Public-private partnerships: time and expertise are needed but not always available within jurisdictions.
- Corridor design: challenges in combining higher traffic volumes with attractive places.
- Transit access: the most frequently identified challenge to a great Regional Center.
- Local access: achieving local circulation and street connectivity are challenges for most Regional Centers.
- Market: the market does not support the rent levels necessary for vertical mixed use development.
- Zoning and development code: regulations are often incompatible with aspirations or make the desired development forms difficult or time consuming to implement.
- Regional highway access: providing or maintaining access to the regional highway system is a challenge. Emerging and new Regional Centers need new interchanges, highway or arterial access.
- Fragmented property ownership.

Existing Dwelling Units Per Acre, Regional Centers



Children in Poverty, 2000



Source: Coalition for a Livable Future, 2007.

[2] “Achieving Mixed Use Compact Development in Centers and Corridors: Aspirations, Challenges, and Tools Background Information,” Metro, July 2009.

Additional Relevant Regional Plans

Other relevant regional plans and efforts include:

- Housing Equity and Opportunity Strategy for the Portland Metropolitan Region, anticipated in 2011. Metro—with a broad consortium of partner organizations that includes Clackamas County—has submitted an application to HUD's Sustainable Communities Regional Planning Grant Program that seeks to —involve local governments, housing authorities, community-based organizations and the private sector in collaboratively developing an integrated regional plan for housing equity and opportunity in the Portland metropolitan region." A grant award decision will be made by HUD in late 2010. This Strategy will seek every opportunity to leverage the expertise and findings of this regional consortium, in particular through the inclusion of some regional members within its advisory groups, and the workshops outlined below.
- McLoughlin Area Plan (MAP), Phase 1, 2010. This plan encompasses a large unincorporated section of Clackamas County north of Oregon City that surrounds the McLoughlin Boulevard Next Phase HCT Corridor. The MAP calls for development at key sites along McLoughlin and better public transit, among other improvements. This Strategy will seek partnerships with the MAP Committee, the citizen group that guided the MAP.
- 2009 – 2011 Clackamas County Consolidated Plan, Clackamas County, 2009.
- Regional Transportation Plan, Metro, 2010.
- Urban Growth Report, Metro, 2010.
- Transit Oriented Development Strategic Plan, Metro, anticipated completion late 2010.
- Transit System Expansion Policy, Metro, anticipated completion late 2010.

Oregon City Profile and Planning Context

During the past half-century, Oregon City has been home to a middle-income and working class community, providing relatively affordable workforce housing within a unique natural and historic setting. Dramatic views of two rivers and thundering Willamette Falls are among the City's most memorable sights. For several decades, the Blue Heron Paper Company was both the largest and most visible private employer in the City, complemented by significant employment at the County Courthouse and administrative offices, City offices, and major healthcare providers.

While Oregon City is a socioeconomically diverse community, the City contains a concentration of low-income households that could benefit from more affordable housing options and better access to employment opportunities throughout the region. The —Regional Equity Atlas," created by the local non-profit Coalition for a Livable Future in 2007, documents the need in the Oregon City Regional Center. Based on 2000 U.S. Census data, three neighborhoods within the Regional Center exhibit higher than average rates of poverty and child poverty, and lower quality schools. For example, the Park Place neighborhood, home to one of the County's largest publicly-funded affordable housing projects, had a poverty rate of 15.1 percent and child poverty rate of 28.1 percent in 2000. A map of child poverty is shown above. As this map indicates, most poverty is clustered on the east side of the Willamette River, while the west side is relatively affluent. On other measures of equity, however, such as access to transit, food, and natural habitat, the Regional Center's neighborhoods fares relatively well.

Oregon City contains two of the three large-scale publicly financed affordable housing projects within the County: Oregon View Manor and Clackamas Heights. Both were funded through the Clackamas County Housing Authority and received entitlement assistance from Oregon City. However, neither has good access to transit.

Oregon City's Assets and Barriers to Redevelopment

Assets

- Unique historic character
- Engaged citizens
- Supportive regional planning framework
- Waterfronts: Willamette River, Clackamas River, and Clackamette Cove
- Employers: County, Clackamas Community College, Providence Hospital
- Redevelopment momentum in Regional Center and Urban Renewal District
- Recent downtown investment
- Vacant properties
- Transportation
  - Regional bus
  - City-wide —trolley" circulator,
  - Interstate highway (I-205) – 20 minutes to PDX
  - State highway (McLoughlin Boulevard/Highway 99-E), with high visibility

Barriers

- Transportation
  - Two highways and bluff act as barriers to pedestrian connectivity
  - Transit – travel time and predictability
  - Main Street – one way
  - Pedestrian and bike connections
- Housing /Development
  - Brownfield sites:Rossman Landfill and the Cove
  - Unproven urban/suburban center market
  - Limited budgets for outreach
  - Small parcel size, fragmented ownerships
  - Bars, perception of rough town
  - Freight train corridor
  - Constrained by natural barriers
  - Vacant properties

Capacity

During the past decade, Oregon City has engaged in a number of ambitious planning and public works efforts as it has attempted to redefine itself in the context of a 21st century metropolitan region and economy. The following is a partial list of the City's recent planning and public works accomplishments in the Regional Center alone, which demonstrate the capacity to plan for and improve the public realm. All physical projects on this list are built and operating today.

- Development of a comprehensive city-wide economic development strategy (—Oregon City Futures") and downtown Oregon City economic development campaign, —Blue Collar Creative."
- Major waterfront and public space improvements, including the opening of the Clackamas River Trail, McLoughlin Boulevard walkway, and McLoughlin Boulevard improvements.
- Amtrak Station, with service to Portland, Seattle, and other west coast destinations.
- Retail, restaurant, and office investments, redevelopment, and façade improvements in the downtown.
- Creation of the Oregon City Main Street Program, one of only two such programs accredited by the National Trust for Historic Preservation in the State.
- Construction of Liberty Plaza in the downtown.
- Downtown farmers market.
- Ongoing planning for mixed use redevelopment within the Regional Center, primarily at the Clackamette Cove and Rossman Landfill sites.

Citizen Involvement

Oregon City's residents are engaged in their City's planning and revitalization. This Strategy will draw on these groups for input, while also reaching out to new groups who are not already actively engaged in planning for the City's future:

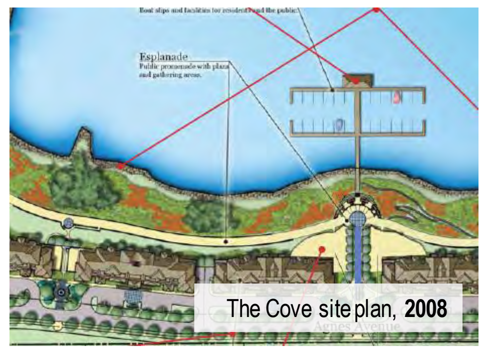
- **Citizen Involvement Committee.** The CIC is officially recognized by the State to meet Statewide Planning Goal 1, and to –provide an active and systematic process for citizen and public agency involvement in the land use decision-making for Oregon City." The CIC coordinates and communicates various aspects of citizen participation in the community, advises the City Commission, and regularly hears presentations from developers, the school district, and others in the community.
- **Neighborhood associations.** Twelve associations, covering the entire City, provide a forum for residents to gather and offer input to the City and other public agencies.
- **Urban Renewal and Planning Commissions.** The URC is a 10-member commission that includes five City Commissioners, and five appointed Oregon City residents; the Planning Commission is a seven-member board of citizens.
- **Main Street Oregon City.** MSOC is a two-year-old, non-profit organization with an active 12-member board of directors, four subcommittees, and active participation from more than 60 individuals.

City Plans that Set the Stage for HCT and Urban Housing

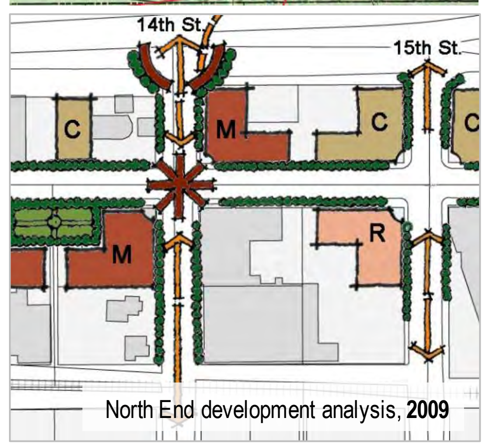
The following is a representative, but partial, list of plans completed by the City during the past decade that will set the stage for the addition of HCT and urban housing to the Regional Center.

Oregon City Regional Center Plans
2006 - 2010

Oregon City Futures, **2006**



The Cove site plan, **2008**



North End development analysis, **2009**


Development Opportunities Study, **2010**

- **Comprehensive Plan.** Oregon City's Comprehensive Plan, thoroughly revised in 2004, is founded on the following principles, which are highly complementary with the Federal Livability Principles:
  - Promote sustainability and sustainable development
  - Contain urban development
  - Promote redevelopment
  - Protect natural resources
  - Foster economic vitality
  - Provide efficient and cost-effective services
  - Ensure a sense of history and place
- **Oregon City Futures: A Strategy for Economic Development (2004 and 2006) and Regional Center Implementation.** This strategy (shown above right) defined the boundaries of the Oregon City Regional Center and calls for mixed use, high intensity development within the area. The strategy has formed the basis for the City's ongoing pursuit of major housing, office, and public space redevelopment in the Regional Center. As stated above, the Regional Center strategy has served as a basis for moving forward with two large-scale, mixed use public private partnerships, at Clackamette Cove (the Cove) and on the Rossman Landfill site. Upon completion, the Cove is expected to contain approximately 400 units of housing, along with retail and office, while development on the Rossman Landfill site is expected to be largely retail-driven and include a movie theater and apparel shops, along with office space. A development agreement for the Cove has been signed and approved by the City Commission, and an agreement for the Rossman Landfill site is under review by all parties.
- **Oregon City Municipal Code.** The City's zoning code was overhauled in 2006 to reflect the 2040 Growth Concept, the new Comprehensive Plan, and new economic development strategy. Nearly all of the Oregon City Regional Center now falls within the Mixed Use Downtown (MUD) zone. The Comprehensive Plan describes the desired development forms in this zone as, ―urban density, mixed uses that are conducive to pedestrian and transit uses. This category is intended to be used to implement the Oregon City Downtown Community Plan (1999), the Oregon City Waterfront Master Plan (2002), and Metro's Regional Center concept, particularly in terms of connecting the Downtown with the waterfront. A design overlay is included in this area and is intended to promote development consistent with Oregon City's traditional Downtown form."
- Downtown Oregon City Retail Market Analysis (2009).
- Downtown Oregon City Development Opportunity Study (2010, page five), and North End Development Evaluation, (2009, page five).
- Downtown Parking Study (2010).

Parallel and Complementary Plans

The following planning and implementation efforts will be underway during 2011 and 2012, and will be integrated as closely as possible with this Strategy:

- Clackamette Cove Esplanade, public trailway system, bikeways, and additional Cove infrastructure improvements.
- Downtown Circulation Study, underway.
- Ongoing downtown revitalization directed by Main Street Oregon City.
- The Cove mixed use waterfront project, anticipated.
- Rail Quiet Zone project.
- Rossman Landfill, ongoing redevelopment implementation.
- Jughandle Transportation Improvements, which will improve auto, pedestrian, and bicycle transportation near I-205, State Highway 213, and Washington Street.

Opportunities for Collaboration

The City anticipates partnering closely with the agencies, groups, and organizations listed below.

- **Clackamas County,** including County Community Development Department and Housing Authority. The City has partnered with Clackamas County to entitle and build two of the County's three significant publicly-financed affordable housing projects, Clackamas Heights and Oregon View Manor. Upon completion, Clackamas Heights will contain 360 affordable housing units and will be the largest such property in the County. In addition, the City partners with the County on a wide variety of other issues, including master planning for the County's administrative offices and partnering at the Cove, and a mixed use project anticipated for the Regional Center, where the County owns land.

- **Metro regional government.** The City is currently partners in several ways with Metro. Mayor Alice Norris serves on the Metro Policy Advisory Committee (MPAC) and Joint Policy Advisory Committee on Transportation (JPACT), and as an advisor to the 2010 Urban Growth Report process. The City is currently partnering with Metro staff to finalize a Development Opportunity Study that examines the redevelopment opportunities for two City-owned properties in the Regional Center.
- **TriMet.** TriMet manages the Oregon City Transit Center, with assistance from the City. The Transit Center is served by seven TriMet bus lines, as well as CAT, which serves small communities to the south.
- **Main Street Oregon City.** The City works closely with this non-profit to provide operating funds, coordinate programs such as downtown façade improvements, farmers market, and marketing.
- **Oregon Department of Transportation (ODOT).** The City is currently partnering with ODOT on several projects: a repair plan for the historic Abernethy Bridge, an evaluation of the costs and benefits of changing Main Street from one to two-way operation, and high speed rail corridor planning (also involving the federal government). High speed rail is being considered for the Vancouver B.C. to Eugene, Oregon corridor, with Oregon City as a potential station.
- **Public-private partnerships.** As stated above, the City is actively engaged in two public-private real estate development partnerships at the Cove and Rossman Landfill sites. The Rossman Landfill site is a brownfield that will require significant remediation.

Work Plan

This section outlines the City's proposed Work Plan, to be initiated upon receipt of Community Challenge Planning Grant funds. As stated throughout this application, the dual goals of the plan are to first, pursue designation of one of the City's two HCT corridors as a Near-Term Regional Priority Corridor, and second, to bring affordable and market-rate, transit oriented housing to the Oregon City Regional Center.

While these two goals are integrally related, the City is in many ways further ahead on planning for new housing than for the next generation of HCT. This difference is reflected in the following scope by the fact that the HCT work elements are largely focused on *planning and analysis*, while the housing-related work elements are focused on *implementation* (through public-private partnerships that lead to construction).

Work is expected to commence in late 2010 or early 2011 and continue for approximately 18 months. The Work Plan was developed by consulting the ―next steps" recommended in the 2009 Regional High Capacity Transit System Plan, in work sessions including the City's elected leaders and staff, consultation of past plans and goals, and guidance from best practices in urban planning locally and nationally.

The Strategy will encompass two study areas. All transit planning will review conditions and opportunities within the two HCT corridors, which include areas within and beyond the City. Housing planning and implementation will focus entirely on the areas within the Oregon City Regional Center.

Budget. The City anticipates issuing a Request for Proposals (RFP) to identify qualified consultant teams that can complete the Work Plan as outlined, subject to improvements and efficiencies. In addition to the $300,000 Sustainable Communities funds, the City has set aside $50,000 in cash and $53,100 in in-kind funds (staff time contributions by Urban Renewal Agency and Community Development Department staff), for a total budget of $403,100. In addition, the City is willing to explore setting aside additional cash funds if further scoping discussions with HUD, DOT, Metro, and other partners indicate that these funds will result in more comprehensive analysis and/or more desirable outcomes for the City and region. A letter confirming the local funding match is attached to this application.

Project Timeline

This timeline provides an overview of the four major task groups; the duration of each sub-task is listed in the Work Plan below.

Task Group		Budget	Month																			
			1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
1	Project Initiation and Public Outreach Plan	$20,000																				
2	High Capacity Transit Corridor Planning	$210,000																				
3	Conduct Station Area Access and TOD Plans	$80,000																				
4	Regional Center Housing and Mixed Use Development Implementation	$62,000													Core Tasks				Negotiation			
5	Presentation of Findings and System Expansion Evaluation	$31,100																				
	Total	**$403,100**																				

1. Project Initiation and Public Outreach Plan

- Form project advisory groups:
  - Regional Center Working Group. This advisory group may simply be the Oregon City Urban Renewal Commission, which includes the five City Commissioners and five citizens.
  - Corridor Working Group, which will include members representing the City and County, and regional members representing citizens, business, staff, and elected officials.
- Finalize Work Plan:
  - Clarify project principles, outcomes, and performance measures (see the Livability Principles section, below.)
  - With Working Groups, create outreach plan for entire project.
  - Define key processes that will ensure outreach to and inclusion of low-income, minority, and demographic groups typically not included in planning processes. Meet with key Oregon City Citizen Involvement Committee and City Commission to review outreach processes.
  - Review Metro's refined System Expansion Implementation Plan guidelines (under revision as of submittal of this application) to determine if this revision requires scope changes.
  - Set public open house and workshop dates.
  - Finalize project Work Plan with Corridor Working Group.
- Create first round of project outreach materials: web site, preliminary fact sheet, email newsletter template, timeline, and opportunities for involvement.
- **Benchmarks/Deliverables:**
  - Working Groups formed – Month 1.
  - Finalize Work Plan – Month 2.
  - Project outreach materials – Month 3.
- Estimated cost: $20,000

2. High Capacity Transit Corridor Planning

- Create timeline and Working Group meeting schedules.
- Create corridor definitions and problem statements for both McLoughlin and I-205 corridors.
- Review existing plans and document baseline corridor conditions through the following documents: HCT Plan; HCT technical evaluation report including appropriate performance measures; mobility corridors index; Regional Centers inventory; and others as necessary.
- Public outreach, including email newsletter, open houses, and call for input and on-line survey responses; a one or two-day workshop with the Working Groups may be included. Outreach and open houses will be conducted within Oregon City and, if possible, coordinated with other jurisdictions. The level of community support is an important criterion considered by Metro in HCT system expansion evaluations.
- Conduct housing equity and opportunity workshop:
  - Review best practices for affordable housing in Regional Centers.
  - Convene Regional Center Working Group with representatives from Metro's regional Housing Equity and Opportunity Strategy, non-profit and private affordable housing developers, Clackamas County Housing Authority, and other experts on affordable housing.
  - Build relationships between providers of affordable housing and services within Oregon City and HCT corridors.
  - Brainstorm opportunities and threats to affordable and equitable housing within the HCT corridors and Regional Center.

    - Identify key actions that will result in increased levels of affordable and equitable housing options with the HCT corridors and Regional Center.
- Develop HCT corridor alternatives. Detailed corridor planning will take place within the City of Oregon City. Beyond the City, planning will take place at a conceptual level, following existing plans and documented community aspirations, and will leverage partnerships to the greatest extent possible, recognizing that Oregon City is not the proper entity to develop detailed plans for these areas.
    - The HCT corridor alternatives will take into account the following attributes:
        - Routes;
        - Modes (LRT, BRT, etc.);
        - Operational characteristics including headways and travel times;
        - Ridership;
        - Connections to other transit routes and other transportation;
        - Financial analysis: capital and operations costs and revenues (farebox, etc.);
        - Station locations; and
        - Other alternatives.
- Evaluate corridor alternatives on the basis of principles, outcomes, and performance measures. Quantify projected impact on performance measures including ridership, impact on combined housing and transit affordability, transit oriented development, integration with regional transit system, and other measures. The outcomes will be key inputs that can inform decisions by Metro/JPACT regarding the readiness of the corridors to become Near-Term Regional Transit Priority Corridors, and to revise the regional System Expansion Implementation Plan.
- Select a preferred alternative that includes the attributes listed above. Refine as necessary.
- Adoption of preferred alternative by Corridor Working Group and Regional Center Working Group.
- **Benchmark/Deliverables:**
    - Existing plans and baseline corridor conditions report – Month 4.
    - Documentation of public input – Month 5.
    - Housing equity and opportunity recommendations – Month 5.
    - Corridor alternatives memorandum – Month 7.
    - Corridors evaluation memorandum – Month 9.
    - Preferred corridor memorandum and preferred corridor adoption – Month 10.
- Estimated cost: $210,000

3. Conduct Station Area Access and TOD Plans

The focus for this task group will be on the station areas recommended for the Oregon City Regional Center along the preferred alternative corridor. Detailed station area plans for areas outside of Oregon City will not be completed, although the City welcomes opportunities to plan collaboratively with Clackamas County, the McLoughlin Area Plan Committee, Metro, or other groups.

The significant planning efforts already completed by the City in the Regional Center (Oregon City Futures, Urban Renewal Plan, etc.) will significantly reduce the amount of work needed to complete the tasks below; most will require that existing data be assembled rather than created from scratch.

- Create timeline and Working Group meeting schedules.
- Using existing plans and data, assess existing conditions within a half mile of station area: zoning, existing land uses, pending local improvements, transportation infrastructure (including signalized intersections, sidewalks, pedestrian crossings, transit services and ridership, etc.).
- Public open house and outreach via mail, email newsletter, and project web site.
- Quantify vacant land, ownership (public, private, willingness to sell, develop, or partner), redevelopment potential by property, amenities (views, location, adjacencies, etc.), disamenities or constraints (noise, nuisances, brownfield conditions), and estimated market potential.
- Document available TOD toolkit, including funding tools, regulatory incentives, technical or staff assistance, etc. It will be essential to establish the funding capacity of tools such as Urban Renewal, Metro Centers Program, HUD funds through Clackamas County, and other sources.
- Market evaluation, identifying key real estate market opportunities and trends.
- Recommended station area plan and action plan:
    - Recommend measures to improve access to potential station location for all modes (bike, pedestrian, transit and auto access).
    - Recommend measures to increase TOD/redevelopment potential, including rezoning or regulatory changes, transportation or other public improvements, design standards, etc.
    - Create station area redevelopment plan, including maps by land use, projected number of affordable and market-rate housing units, other uses, representative development prototypes, and phasing plan.

  - Identify lead agencies for addressing and implementing recommendations.
  - Create concise summary of station area existing conditions and plan for use in the transit oriented redevelopment implementation task group..
- Adoption of action plan by Regional Center Working Group and Corridor Working Group.
- **Benchmarks/Deliverables:**
  - Station area existing conditions report – Month 10.
  - Station area plans: land use, access, and action plans – Month 13.
- Estimated cost: $80,000

4. Regional Center Housing and Mixed Use Development Implementation

The goal of this task group is to translate planning completed as part of this Strategy and earlier work, into action, partnerships, and agreements that will result in physical redevelopment. Key outcomes are expected to include preliminary development agreements for transit oriented housing or mixed use development between the City, property owners, private and non-profit developers, and potentially other partners.

- Create timeline and working group meeting schedules.
- Stakeholder outreach and interviews. The project team will identify a list and interview key stakeholders with the ability to influence redevelopment in the Regional Center. Property owners will be one critical group to connect with. Additional stakeholders include private and non-profit developers, community-based organizations, housing authorities, real estate brokers, business owners, and public sector staff. Fifty to 100 stakeholders can be engaged in the process via a focused series of multi-day stakeholder interview sessions. Outcomes include an understanding of the viability of various development partnerships.
- Review of Oregon City ―investment criteria" (tied to Comprehensive Plan goals).
- Identification of four to 10 key ―opportunity sites" or development opportunities (not site-specific). The project team will emphasize development opportunities and partners that enable affordable and equitable housing.
- Basic site and development capacity evaluation (massing, quantity of units, land uses, etc.).
- Follow-up meetings with development stakeholders/partners to confirm interest, review development capacity analyses, and discuss preliminary development programs and deal points.
- Sign letters of interest, memoranda of understanding, or other preliminary non-binding development agreement between development partners.
- TOD implementation report, summarizing progress on transit oriented development goals.
- **Benchmarks/Deliverables:**
  - Establishment of partnerships expected to lead to redevelopment, revitalization, and mixed-income housing – Month 13.
  - Development of site capacity evaluations – Month 14.
  - Preliminary development agreements – Month 15.
  - TOD implementation report – Month 16.
  - Ongoing redevelopment dialogues and partnerships, leading to binding development agreements (likely to extend beyond official end of project work).
- Estimated cost: $62,000

5. Presentation of Redevelopment and High Capacity Transit Findings

The goal of this task group is to present the Strategy's findings and outcomes to the two Working Groups, regional stakeholders, and Metro, and to begin the formal discussion of elevating the recommended corridor to a Near-Term Regional Transit Priority Corridor.

- Collect findings from task groups one through four into a project binder.
- Create HCT corridor system expansion evaluation, a distillation of key findings from this Strategy relevant to the System Expansion Implementation Plan and corridor advancement decisions, including corridor performance measures, community support, station area plans, land use suitability, and TOD development partnerships.
- Present regional center housing and mixed use redevelopment outcomes, with development partners, to Working Groups, City Commission, Urban Renewal Commission, CIC, and other stakeholder groups.
- Present findings to JPACT, Metro leadership and staff.
- Petition Metro/JPACT for corridor advancement and Regional Transportation Plan amendment if appropriate.
- Draft and sign intergovernmental agreement.

- Discuss Federal Transit Administration's Alternatives Analysis process.
- **Benchmarks/Deliverables:**
  - Report on regional center housing and mixed use redevelopment outcomes – Month 17.
  - Presentation on revised development agreements – Month 17.
  - Oregon City High Capacity Transit and Urban Housing Strategy project binder – Month 17.
  - HCT corridor system expansion evaluation – Month 17.
  - Presentations of findings to JPACT/Metro – Month 18.
  - Potential intergovernmental agreement – timeframe to be determined.
- Estimated cost: $31,100

Livability Principles

This section explains how the Strategy will address DOT and HUD's six Livability Principles, the outcomes that will be produced by the Strategy, and the specific performance measures by which the success of the Strategy can be evaluated. While the Community Challenge Planning Grant NOFA states that performance measures are required for only two sets of outcomes, this application proposes measures for three sets of outcomes, since the Strategy has the potential to produce measurable change in all three.

The table below summarizes the principles, outcomes, and performance measures, which are then explained in greater depth in the following pages. The rationale for the projected outcomes is also explained. The codes (e.g., C13) following some performance measures indicate that the measure was evaluated in the HCT Strategy. Oregon City has made an effort to use HCT measures when possible so that findings can be compared and transferred to other station areas and corridors throughout the region.

Livability Principle	**Related Outcomes (HUD-DOT)**	**Performance Measures / Metrics**	**Emphasis on Measures in this Strategy**	
			Primary	Secondary
Provide More Transportation Choices	Travel changes; higher shares of transit, walking, bike, and other alternative transportation modes.	• Viable plan for HCT to Oregon City • Provide equitable transit opportunities • Achieve transit ridership mode share of 20 percent or greater for new Regional Center residents • Increase market feasibility of urban density housing • Ridership, total daily and total change (D4) • Travel time benefit/transportation efficiency (C13) • Equity benefit (C9) • Integration with regional transportation system	✔	
Promote Equitable, Affordable Housing	Impact on affordability and accessibility.	• Reduce combined transportation and housing costs for new residents (housing and transportation affordability benefit, C12) • Increase number of affordable and market-rate dwelling units in station areas and Regional Center (projected) • Development agreements or letters of intent for public-private partnerships	✔	
Enhance Economic Competitiveness	Economic development.	• Decrease in transit travel time to key employment centers throughout the region • Number of housing units to be located downtown (projected) • Amount of redevelopment of older or underutilized areas (projected) • Total private investment (projected) • Utilization of efficient and cost effective public services (projected) • Clear public sector intent for mixed use,	✔	

		urban scale development • Development agreements or letters of intent for public-private partnerships • Total private investment (projected)		
Support Existing Communities	Livability in historic communities such as Oregon City.			✔
Coordinate Policies and Leverage Investment	Efficient, governance, transparency, and value for citizens.	• Public-public partnerships • Public-private partnerships • Public to private investment leverage ratio		✔
Value Communities and Neighborhoods	Investments in healthy, safe, and walkable neighborhoods.			✔

Provide More Transportation Choices / Travel Changes

Outcomes. This Strategy will:

- Enable Oregon City to conduct the planning and implementation steps necessary to be designated a Near-Term Regional Transit Priority Corridor.
- Lay the groundwork to increase ridership, reduce travel times, and improve transit users' experience.
- Project and make progress on changes to land use patterns in the corridor that will result in improved regional livability and a more transit supportive environment.
- Evaluate progress towards these outcomes using the performance measures in the table above.

Rationale for Projected Outcomes. Throughout the Metro region, when HCT has been introduced in a new neighborhood or City, the local transit mode share has increased. For example, a Metro Travel Behavior Study found that the percentage of trips made by transit was more than 10 times higher (11.5 percent) in areas with mixed use urban form and good transit, compared to other areas in the region (1.2 percent). A study of The Merrick, a TOD project in Portland, showed a variety of transit supportive outcomes; for example, 53 percent of the travel trips generated were by auto, compared to 87 percent for the balance of the region; 60 percent of the residents state they drive a little to a lot less and 70 percent use transit a little to a lot more.

National research data on the number of trips associated with different building uses (referred to as trip generation data) will be used, combined with the regional data on travel mode splits by urban form to calculate the ―induced ridership" that would result from construction of a proposed TOD project, compared to the base case scenario.

Studies also indicate that, compared to typical suburban development, areas that are walkable, urban, and transit oriented can reduce traffic congestion and air pollution by up to 25 to 50 percent—and thus reduce green house gas emissions, automobile dependence, energy consumption, and dependence on foreign oil.

Promote Equitable, Affordable Housing

Outcomes. This Strategy will:

- Strengthen partnerships between organizations with the ability to implement equitable and affordable housing within the HCT corridors and Regional Center.
- Explore emerging best practices in implementing mixed market-rate and affordable housing.
- Plan for the addition of urban-scale housing within the Regional Center.
- Pursue preliminary development agreements between the City and potential development partners.
- Evaluate progress towards these outcomes using the performance measures in the table above.

Rationale for Projected Outcomes. Oregon City strongly supports Metro's Housing Equity and Opportunity Strategy and Title 7 of the Metro Regional Functional Plan Regional Affordable Housing Strategy (2000), which identifies measures to provide adequate affordable housing in the Metro region linking affordable housing investments in the region to available and planned public services and infrastructure, such as employment opportunities, health care, transportation, education, and recreation.

Oregon City has long provided low and moderate workforce housing for the Portland metro region through the private market and will likely continue to do so. Oregon City's Comprehensive Plan Goal 10.2 is to ―Provide and maintain an adequate supply of affordable housing." The City's policies allow increases in residential density (density bonuses) for affordable housing and provide incentives that encourage the location of affordable housing near public transportation routes.

By providing a neighborhood with amenities of a small downtown for those who may work in, but be priced out of, the housing market in the nearby upscale communities as well as the central city, downtown Oregon City can address a major need called out in Clackamas County's 2010 Consolidated Plan. One goal of the Consolidated Plan is to: ―Increase the number of Affordable Housing units for working households."

The 2010 Oregon Building Code assures that all new development and major redevelopments will be energy efficient, since it requires buildings that are 15 percent more efficient that previous building codes. The Oregon Code also sets a higher bar than the International Code Council's model code.

Enhance Economic Competitiveness

Outcomes. This Strategy will enable:

- Oregon City to connect via HCT to the Portland region's other major employment centers, including downtown Portland, Washington County's high-tech business cluster, the Lloyd Center district, and other areas.
- Increased development within the Oregon City Regional Center and lay the groundwork for additional development throughout the recommended HCT corridor.
- A significant expansion of the customer base for existing businesses in the Regional Center.
- Significant growth in the City and Urban Renewal Area's tax base, resulting in greater fiscal security.
- Evaluate progress towards these outcomes using the performance measures in the table above.

Rationale for Projected Outcomes. Metro forecasts that residents of transit oriented development projects have convenient and inexpensive access to the region's major employment and service centers, because most of those centers are now linked by high capacity transit. Linking Oregon City into that high capacity transit will increase its economic competitiveness.

By bringing residents downtown, this Strategy will expand the customer base for existing downtown businesses and stimulate new businesses to serve the new market. Oregon City downtown merchants are already supporting Main Street planning and activities such as a First Fridays Arts Walk, Art in Windows, concerts, festivals and a business recruitment campaign, ―Blue Collar Creative." The City recruited 14 new businesses to downtown in 2009, including FunnelBox Creative, one of Oregon's 10 fastest-growing companies.

The strategy furthers the intent of Oregon City that its Regional Center be developed in a way that improves its ability to provide goods and services to the surrounding cities of Gladstone, West Linn, Wilsonville, Canby, Molalla, Damascus, Estacada, consistent with the Oregon City Futures economic development plan.

Support Existing Communities

This Strategy will strengthen some of the most historic neighborhoods within Oregon City, itself one of the west's oldest cities. The Strategy is expected to result in the introduction of superior transportation, vitality, equitable and affordable housing, and other ancillary uses to the City's Regional Center.

Coordinate Policies and Leverage Investment

This strategy seeks to allow Oregon City to coordinate with the rest of the region to fulfill its designation as a 2040 Regional Center, and hub of two HCT corridors. According to Metro, ―All of the centers, with the exception of Oregon City are well connected to the rest of the region through MAX lines, the WES, and frequent bus service."

In addition, the City will be seeking to leverage investments made to the public realm and park spaces within the Regional Center, primarily within the downtown and the City's two riverfronts.

Value Communities and Neighborhoods

This Strategy will strengthen some of the most historic neighborhoods within Oregon City, itself one of the west's oldest cities. The Strategy is expected to result in the introduction of superior transportation, vitality, equitable and affordable housing, and other ancillary uses to the City's Regional Center.

Sustainable Community Partnership Policy Priorities

Capacity Building, Knowledge Sharing, and Community Engagement

This Strategy is one important way to further develop and strengthen Oregon City's partnership with Metro and Clackamas County, particularly the latter's Community Development, Housing Authority, and Transportation and Development Departments. It will also strengthen the partnership with the non-profit Main Street program and housing organizations such as NW Housing Alternatives and Clackamas Community Land Trust as well as the private market development community. These partners will be invited to participate in the Corridor Working Group. In addition, Mayor Alice Norris is an active participant in the Metro Policy Advisory Commission and JPACT, both important regional venues for capacity building and knowledge sharing. Throughout the project, the project team will post information on the Strategy web site, including project schedules, meeting surveys, agendas and minutes, and other materials.

Expand Cross-Cutting Policy Knowledge

Metro is embarking on an effort with Portland State University's Institute of Metropolitan Studies (IMS) to develop a coordinated regional approach to develop and utilize performance measures for public investments. As this new regional approach is developed, the performance indicators identified in this Strategy can be included into a broader, even more holistic performance system.

Metro's proposed approach builds on past experience and strengthens it by relating the measurement process directly to the decision-making process. Agreeing on shared, desired outcomes was the first step in a greater commitment toward an outcomes-based approach to decision-making for the region. Establishing a broader performance measure framework with indicators and targets that apply to all of the region's growth management decisions and other sustainability oriented policy decisions is the next logical step. Oregon City's Strategy will tie into this broader regional approach and utilize the IMS to document data. The extent of data that will be made available to IMS researchers will be clarified through a data-sharing agreement.

IMS will share policy lessons learned during the Strategy planning process to a diverse range of potential audiences, including policymakers, other regional consortia, and interested community leadership worldwide. Mayor Norris will share with local policymakers through MPAC as well. Finally, it is anticipated that a PowerPoint case study on the Strategy will be developed, to be shared at events such as the American Planning Association, EPA Smart Growth, and RailVolution conferences.

600 NE Grand Ave.
Portland, OR 97232-2736
www.oregonmetro.gov

Metro | People places. Open spaces.

August 12, 2010

The Honorable Ray LaHood
Secretary of Transportation
US Department of Transportation
1200 New Jersey Ave., SE
Washington, DC 20590

RE: TIGER II/ HUD Community Challenge Grant Proposal – The Next Stage of 2040: Oregon City High Capacity Transit and Urban Housing Strategy

Dear Secretary LaHood:

On behalf of the Portland metropolitan region's Joint Policy Advisory Committee on Transportation (JPACT), I am writing in support of the City of Oregon City's *The Next Stage of 2040: Oregon City High Capacity Transit and Urban Housing Strategy* grant proposal for $300,000 under the Transportation Investments Generating Economic Recovery II (TIGER II)/HUD Community Challenge program.

As the committee of locally elected officials and transportation services providers for the Portland region's metropolitan planning organization, JPACT is responsible for identifying the region's transportation priorities and actively works to support and facilitate positive outcomes associated with transportation investments such as livability, economic competitiveness and equity.

The TIGER II / HUD grant funds will enable the following planning work and outcomes:

- *Develop a plan to bring the region's next generation of High Capacity Transit to Oregon City.* The Plan will follow up on the regional 2009 High Capacity Transit Study—by determining which routes, station locations, and operational characteristics will best serve Oregon City and other communities along the two southeast regional Transit Priority Corridors.
- *Bring hundreds of units of affordable and market-rate, transit-oriented housing to the Oregon City Regional Center.* The Plan will build on existing plans for urban and transit-oriented housing within the Oregon City "Regional Center," and determine how to best leverage publicly-owned properties, complete site-specific concept plans, conduct outreach to key property owners, and queue up development deals that result in new urban housing.

This *Oregon City High Capacity Transit and Urban Housing Strategy* is a vital connection between transportation and housing to create an affordable, livable region. JPACT urges you to fund this important project.

Sincerely,

Carlotta Colette
Metro Councilor, District 2
JPACT Chair

Lynn Peterson
Chair

Commissioners
Bob Austin
Jim Bernard
Charlotte Lehan
Ann Lininger

CLACKAMAS COUNTY

BOARD OF COUNTY COMMISSIONERS

PUBLIC SERVICES BUILDING
2051 KAEN ROAD | OREGON CITY, OR 97045

The Honorable Ray LaHood
Secretary of Transportation
US Department of Transportation
1200 New Jersey Ave., SE
Washington, DC 20590

16 August 2010

RE: TIGER II / HUD Community Challenge Grant Proposal – "The Next Stage of 2040: Oregon City High Capacity Transit and Urban Housing Strategy."

Dear Secretary LaHood:

I am writing to strongly endorse the City of Oregon City's Tiger II Community Challenge Planning Grant application—"The Next Stage of 2040: Oregon City High Capacity Transit and Urban Housing Strategy."

Oregon City is a community with a unique history, and a bright future. Oregon City was the "end of the Oregon Trail," the first incorporated city west of the Rocky Mountains, and administrative seat of the West beginning in 1848. Today, Oregon City is one of the Portland region's seven designated "Regional Centers"—areas where the region plans to concentrate the 21st century influx of urban housing, employment, retail, and civic uses—and is located within two Metro-designated Regional Transit Priority Corridors.

This is the right location for new development that is progressive, creative, mixed-use, mixed-income, and transit-oriented. And where Community Challenge Grant funds can help to accelerate both local and regional aspirations. The grant funds will enable the following planning work and outcomes:

- *Develop a plan to bring the region's next generation of High Capacity Transit to Oregon City.* The Plan will take the regional 2009 High Capacity Transit Study further—by determining which routes and stations locations will best serve Oregon City and other communities along the two southeast regional Transit Priority Corridors.
- *Bring hundreds of units of affordable and market-rate, transit-oriented housing to the Oregon City Regional Center.* The Plan will build on existing plans for urban and transit-oriented housing, and determine how to best leverage publicly-owned properties, complete site-specific concept plans, conduct outreach to key property owners, and queue up real development deals that result in new urban housing.
- *Realize progress on DOT and HUD's six Livability Principles.*
- *Leverage the significant planning, citizen outreach, and momentum that has already been completed for the Oregon City Regional Center.* Over the past decade, the City Commission, Urban Renewal Commission, Citizens Involvement Commission, and Main Street organization have collaborated to define and pursue a bold vision for revitalization. This plan will maintain the momentum.

Thank you very much for giving your careful consideration to the Oregon City High Capacity Transit and Urban Housing Strategy. Again, I offer my strongest support for this application, which has the potential to enable the City to truly fulfill its role as a Regional Center.

Sincerely,

Lynn Peterson

Lynn Peterson, Chair
Clackamas County Board of Commissioners

Historic Downtown
MAIN STREET
Oregon City

August 12, 2010

The Honorable Ray LaHood
Secretary of Transportation
US Department of Transportation
1200 New Jersey Ave., SE
Washington, DC 20590

RE: TIGER II / HUD Community Challenge Grant Proposal
"The Next Stage of 2040: Oregon City High Capacity Transit and Urban Housing Strategy."

Dear Secretary LaHood:

Please give the City of Oregon City's request for project funding all due consideration. For more than 160 years this city has been a pioneer of good planning and development in the Pacific Northwest. Support from DOT and HUD will enable the city to explore the possibilities of *integrating* transit, residential and commercial development in a timely and appropriate manner.

As one of the Portland region's seven designated "Regional Centers"—areas where the region plans to concentrate the 21st century influx of urban housing, employment, retail, and civic uses – good planning is fundamental to success. TIGER II Funding will ensure that this community makes time to engage in a deliberate planning process that results in integrated projects that enhance livability and leverage the potential of mass transit with residential and commercial development in our downtown marketplace.

The City has begun to work with local and regional partners to explore residential/commercial and mass transit development opportunities at a site-specific level. TIGER II funding will support a more comprehensive approach to planning for, and integrating, mass transit solutions – like light rail, with mixed-use housing and commercial solutions in a city in need of both.

In Oregon City, the right components are in place – Regional Center designation, an Urban Renewal district for project funding, a progressive City Commission, and an active downtown revitalization program; all ready to ensure that good planning translates to good programs, projects and development. Transit and housing are high priority issues for this community. Funding from the TIGER II program will bring all these components together for a collaborative approach to transit, housing, and commercial development planning in our mixed use downtown and regional center.

Regards,
Lloyd Purdy M.P.A.
Executive Director
503.522.1564

OREGON CITY

20 August 2010

The Honorable Ray LaHood
Secretary of Transportation
US Department of Transportation
1200 New Jersey Ave., SE
Washington, DC 20590

RE: Local Funding Match Commitment
TIGER II / HUD Community Challenge Grant Proposal:
Oregon City High Capacity Transit and Urban Housing Strategy

Dear Secretary LaHood:

This letter is an addendum to the City of Oregon City's TIGER II / HUD Community Challenge Grant Proposal "Oregon City High Capacity Transit and Urban Housing Strategy," and outlines the City's commitment to provide the required 20 percent local funding match.

The City has requested $300,000 in federal funds for the Oregon City High Capacity Transit and Urban Housing Strategy.

Per the Federal NOFA, the local match can be provided in cash or in-kind contributions, a category which can include staff time, donated materials, and/or services. The City's $103,100 total local match will be provided through the following combination of cash and in-kind contributions:

- $50,000 in cash which will pay for the professional fees and services associated with transportation and land use planning, and the other tasks outlined in the Work Plan. Pending the final project schedule and conversations with HUD-DOT grant managers, the City would like to explore the option of allocating $25,000 in fiscal year 2010-2011 and $25,000 in the following fiscal year. The City will also explore making an additional $60,000 in cash available in the event that additional tasks are added to the Work Plan. These funds will be made available within the Oregon City Urban Renewal Agency professional services budget, which is adequate.
- $53,100 in staff time, though a combination of time that will be spent administering and executing this Plan by City Staff, including myself, the Community Director, Public Works Director, and Assistant to the City Manager. This staff time allocation is shown on the following page. This is the *minimum* staff time that we anticipate spending on this project and expect other City, County, Metro, and other staff to assist and collaborate in some capacity.
- The City also anticipates the participation and contribution of some staff time from staff at Metro, TriMet, Clackamas County, Main Street Oregon City, and perhaps other organizations. The amount of that in-kind contribution has not been estimated as part of the local match.

The City is very excited to submit this Community Challenge Planning Grant Application, and looks forward to collaborating with DOT and HUD to further Oregon City's efforts to be a national leader in livability, multi-modal transportation, and vibrant urban activity

Sincerely,

Dan Drentlaw

Dan Drentlaw, AICP
Economic Development/Urban Renewal Manager

Staff Time Allocated to Oregon City High Capacity Transit and Urban Housing Strategy

Staff	Title	Hourly Wage (Includes benefits)	Percent of Time	Total Hours	Value
Dan Drentlaw	Economic Development Manager	$75.69	10%	312	$23,600
Tony Konkol	Community Development Director	$65.11	5%	156	$10,200
Nancy Kraushaar	Public Works Director	$79.77	5%	156	$12,500
Teri Bankhead	Assistant to the City Manager	$43.91	5%	156	$6,800
Total				**780**	**$53,100**

Note: Calculations assume a work year of 2,080 hours and an 18 month project timeline.

ENTERED INTO THE RECORD
DATE RECEIVED: 10-06-10
SUBMITTED BY: Steve Janik
SUBJECT: Item 5a
URC

DRAFT

DISPOSITION AND DEVELOPMENT AGREEMENT

AMONG

CITY OF OREGON CITY,

URBAN RENEWAL AGENCY OF
THE CITY OF OREGON CITY,

And

OC CENTERCAL, LLC

October ___, 2010

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DEVELOPMENT AND DISPOSITION AGREEMENT

This DEVELOPMENT AND DISPOSITION AGREEMENT (this "Agreement") is entered into and effective as of this __ day of October, 2010 (the "Effective Date"), by and between OC CENTERCAL, LLC, a Delaware limited liability company (the "Developer"), the CITY OF OREGON CITY, an Oregon municipal corporation (the "City"), and the URBAN RENEWAL AGENCY OF THE CITY OF OREGON CITY (the "Agency"), an Oregon public body corporate and politic and agency of the City. The Developer, the City and the Agency may be referred to individually as a "Party" or collectively as the "Parties."

RECITALS

A. In Metro's 2040 Growth Concept Plan, the Metro Council identified Oregon City as one of seven Regional Centers in metropolitan Portland to serve as a hub of concentrated employment and mixed use activity serving smaller outlying communities.

B. In accordance with the Metro Council's action, the City has identified the location for this Regional Center in a portion of the central core of the City, described below as the Project Property.

C. The Developer is the contract purchaser of the real property, approximately 66 acres in size, described on Exhibit A-1 and depicted on the map attached as Exhibit A-2 (the "Private Property"). The Private Property is owned by Park Place Development, Inc., an Oregon corporation.

D. The Agency owns that real property approximately three acres in size and identified on attached Exhibit B (the "Agency Property"). The Private Property and the Agency Property are collectively the "Project Property."

E. Developer desires to re-develop the Project Property to serve as a cornerstone of the City's Regional Center pursuant to a development program that will include three components: (i) an On-Site Mixed Use Center, which will consist of approximately 650,000 square feet of new retail, restaurant, and entertainment uses; (ii) an On-Site Brownfield Redevelopment, as more fully described below; and (iii) Off-Site Public Improvements (together, the "Project"). A preliminary site and development plan for the Project is attached as Exhibit C (the "Preliminary Plan").

F. The Private Property, as the former site of the Rossman Landfill, is contaminated with methane, generally exhibits a pattern of unstable soils and includes other conditions or substances which may require mitigation, design, construction or engineering solutions in connection with the Project, including, without limitation, grading, installation of piles and other activities. In order to resolve these site conditions, the Private Property will require On-Site Brownfield Redevelopment to create a developable site. The On-Site Brownfield Redevelopment work is described on attached Exhibit D.

G. The necessity of On-Site Brownfield Redevelopment of the Private Property presents certain challenges that will substantially raise Developer's costs to construct and develop the Project.

H. The City, the Developer and the Oregon Department of Transportation ("ODOT") have identified certain transportation improvements which will be necessary to provide adequate transportation capacity to serve the Project (the "Transportation Improvements"). The Transportation Improvements will also provide transportation capacity improvements for the general public. The Transportation Improvements are more particularly identified in Sections 1.5 and 1.9 below and include the Developer Transportation Improvements and the Public Transportation Improvements.

I. The City and the Developer have also identified the need for certain non-transportation public facilities which will be necessary to serve the Project (the "Public Facility Improvements"). The Public Facility Improvements will also provide capacity improvements for the general public. The Public Facility Improvements are more particularly identified in Section 1.6 below. The Developer Transportation Improvements and the Public Facility Improvements are collectively referred to as the "Off-Site Public Improvements."

J. The Agency was created as a public body and agency of the City for the purpose of, among others, carrying out the urban renewal purposes of ORS Chapter 457.

K. The Agency has adopted the Downtown Oregon City/North End District Urban Plan ("Plan") which provides for redevelopment of portions of the City, including the Project Property.

L. The Plan specifically authorizes the Agency to participate in the planning, design, funding, and construction of transportation and related improvements throughout the area subject to the Plan.

M. The City and the Agency both have determined that the Project Property constitutes a "blighted area" as that term is used in the Plan and that the public interest would be served through redevelopment of the Project Property pursuant to the terms and conditions of this Agreement and under the authority of ORS Chapter 457, including without limitation, the powers of the Agency under ORS 457.170. The Plan calls for the development of the Project Property with a mixed-use lifestyle center.

N. The City and the Agency both have determined that re-development of the Project Property will serve the public benefit by (i) removing blighted conditions, (ii) increasing the City's ad valorem tax base, (iii) creating a variety of new employment opportunities,

(iv) attracting citizens from throughout the Portland region and tourists to the Plan area, and (v) helping to achieve the goals of the Metro 2040 Plan.

O. In light of the significant public benefits from the redevelopment of the Project Property, and in light of the significant additional costs required by the On-Site Brownfield Redevelopment and the Off-Site Public Improvements, the City and the Agency have determined that it is in the public's interest to finance these costs. The Developer is willing to complete the On-Site Brownfield Redevelopment and certain of the Off-Site Public Improvements only if public financing is available.

P. To achieve the public benefits described in Recital N, the City and the Agency desire that the On-Site Brownfield Redevelopment and Off-Site Public Improvements be completed. In order to complete the On-Site Brownfield Redevelopment and Off-Site Public Improvements, the City and the Agency have agreed to enter into this Agreement to induce the Developer to construct certain improvements and to provide for reimbursement of the Developer for costs associated therewith, as described in greater detail below.

Q. As described in greater detail below, the Developer is responsible for all construction costs associated with the Project, including the costs of the On-Site Brownfield Redevelopment and the cost of certain Off-Site Public Improvements. Upon satisfaction of certain conditions, the City and Agency will provide contingent funds to reimburse the Developer for On-Site Brownfield Redevelopment costs and certain of the Off-Site Public Improvement costs. Such contingent funds will be provided in the form of a grant to reimburse certain costs which constitute Eligible Expenses as defined below.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Parties agree as follows.

SECTION 1 PROJECT DESCRIPTION

1.1 Private Property.

The Developer represents and warrants that the Developer is the contract purchaser of the Private Property, and that the purchase contract is in full force and effect. The Developer shall purchase the Private Property pursuant to the terms and conditions of the purchase contract, when and as required by this Agreement.

1.2 Agency Property.

The Agency represents and warrants that it owns the Agency Property free and clear of any monetary liens or encumbrances and has full power and authority to convey the Agency Property to the Developer without a public bidding process. The Developer shall have no obligation to purchase the Agency Property, but, subject to the conditions of this Agreement, may do so at its election. Subject to the conditions precedent set forth in Section 8.1, upon the election of the Developer, the Agency shall convey the Agency Property to the Developer on or before the date specified in Section 6.2, subject to the requirements of ORS 457.230.

1.3 Project Description:

The Project is a single-phase, mixed use development containing three components: (i) the On-Site Mixed Use Center; (ii) the On-Site Brownfield Redevelopment; and (iii) the Off-Site Public Improvements. The Project is designed to serve as the cornerstone of the north end of the City's downtown area and to revitalize an under-developed and blighted area of the City. The Project is intended to serve as a "Class A" destination and, as such, it will be constructed with unique architectural features and shall include a range of uses subject to certain quality and design standards set forth below. The Developer shall use commercially reasonable efforts to obtain a range of national and local tenants for the Project comparable in quality and range to tenants of Bridgeport Village in Tigard, Oregon (for the lifestyle component of Project) and Cascade Station in Portland, Oregon (for the large format component of Project). The Developer has prepared the Preliminary Plan for the Project which has been approved as a conceptual site and development plan by the Agency. The Project shall substantially conform to the Preliminary Plan and, notwithstanding anything to the contrary, shall, upon completion, include the following minimum components:

1.3.1 Retail: The Project shall include a minimum of 650,000 square feet of retail, restaurant and entertainment space.

1.3.2 Open Space/Plazas: The Project shall include a minimum of 15,000 square feet reserved for open space and public plaza areas, not including any parking areas.

1.3.3 Entertainment. The Project shall include a multi-screen cinema complex including not less than 10 screens. For purposes of this Agreement, the square footage of the cinema complex is included as part of the retail, restaurant, and entertainment uses referenced in Section 1.3.1.

1.3.4 Historic Elements. The Developer shall incorporate a series of historic design elements into the design of the Project. Prior to submitting this design, the Developer shall consult with the City to obtain the City's approval of how the Project can best honor the City's historic role as the end of the Oregon Trail.

1.3.5 Wetlands. The Project includes the wetland areas identified on Exhibit E (the "Wetlands"). The Developer may only impact the Wetlands after obtaining all required permits from regulatory agencies with jurisdiction over such matters, including any applicable City regulations.

1.3.6 LEED Standards. The elements of the Project developed by the Developer shall be designed and constructed to meet LEED certification, subject to the provisions of this Section 1.3.6. At a minimum, the Project shall include the following described features and systems that promote environmental sustainability: ____________________ (the "Sustainability Elements"). Prior to submission of the Development Plan defined in Section 3.1, the Developer shall obtain a recommendation from a LEED Accredited Professional (New Construction and Interiors) identifying how the Project may be constructed to meet LEED certification standards (the "LEED Report"). The LEED Report shall only apply to those portions of the Project developed by the Developer, including the shell and core elements of the Project, but shall not apply to improvements made to building pads sold or leased to third parties, tenant improvements constructed by tenants of the Project, or improvements made by the Developer pursuant to an agreement to construct for a third party a specific prototype that is not compatible with LEED certification. The Developer must construct and install the Sustainability Elements in developing and constructing the Project. In addition, the Developer shall make commercially reasonable efforts to design and construct the applicable elements of the Project consistent with the recommendations of the LEED Report and shall thereafter use commercially reasonable efforts to apply for and obtain LEED certification for such elements of the Project. For elements of the Project not subject to the LEED design and construction requirements of this Section 1.3, the Developer shall use commercially reasonable efforts to encourage the tenant or owner to obtain LEED certification. Provided that the Developer has constructed and installed the Sustainability Elements and has made commercially reasonable efforts to design and construct the Project in all material respects consistent with the LEED Report and has encouraged third parties to obtain LEED certification, the Developer shall not be in default under this Section 1.3 should the Project fail to obtain LEED certification or should a tenant or owner of a portion of the Project elect not to seek LEED certification.

1.4 Class "A" Project.

The Project shall be designed and constructed as a "Class A" development. The term "Class A" shall mean a development that includes a development style and quality of construction for "The Village" identified in the Preliminary Plan comparable to the quality of construction at Bridgeport Village in Tigard, Oregon and a development style and quality of construction for the balance of the On-Site Mixed Use Center identified in the Preliminary Plan comparable to the quality of construction at Cascade Station in Portland, Oregon.

1.5 Developer Transportation Improvements.

Subject to the preconditions in Section 8.2 below, the Developer shall construct the following transportation facilities (the "Developer Transportation Improvements") at the Developer's sole cost and expense, in conformance with the City's Transportation System Plan and any other applicable City standards, plans and specifications approved of by the City.

1.5.1 Abernethy Road Improvements: The Developer shall construct the "Abernethy Road Improvements" as more particularly described on Exhibit F-1.

1.5.2 Washington Street Improvements. The Developer shall construct the "Washington Street Improvements" as more particularly described on Exhibit F-2.

1.5.3 Minor Arterial Street Improvements. The Developer shall construct the "New Connector Street Improvements" as more particularly described on Exhibit F-3. The New Connector Street Improvements shall be classified as a private street, subject to a public access easement.

1.5.4 Redland Road Improvements. The Developer shall construct the "Redland Road Improvements" described on Exhibit F-4.

1.5.5 Bike/Pedestrian Improvements. The Developer shall construct the "Bicycle and Pedestrian Improvements" described on Exhibit F-5.

1.5.6 Timing of Construction.

1.5.6.1 The Developer shall achieve final completion of the Developer Transportation Improvements in accordance with the Developer Transportation Improvements Construction Schedule attached as Exhibit G, subject to excused delay pursuant to Section 10.11.

1.5.6.2 The City shall not issue any certificate of occupancy (temporary or permanent) for any space within the Project until that space meets the generally applicable requirements for a certificate of occupancy and either: (i) all of the Developer Transportation Improvements are Substantially Complete; or (ii) the Developer Transportation Improvements and the Public Transportation Improvements necessary to serve the portion of the Project subject to any certificate of occupancy are Substantially Complete and operational. The Developer shall finally complete construction and installation of all Developer Transportation Improvements prior to obtaining the final certificate of occupancy for the Project.

1.5.6.3 Prior to commencement of construction of the Developer Transportation Improvements, the Developer shall provide to the City and the Agency, as joint obligees, a good and sufficient completion bond or other form of financial security approved of by the City and the Agency assuring completion of those Developer Transportation Improvements (or portions thereof) assuring completion of those Developer Transportation Improvements (or portions thereof) subject to the City's jurisdiction.

1.6 Public Facility Improvements.

Prior to the issuance of any temporary or permanent certificate of occupancy for the Project, and in conformance with all applicable City development standards, the Developer shall construct a potable water main generally as described on Exhibit H (the "Public Facility Improvements") at the Developer's sole cost and expense.

1.7 City Public Works and Development Standards.

Nothing herein shall prevent the City from requiring, pursuant to City development standards or conditions on Project land use approvals, the installation or construction of additional public facilities in conjunction with the Project.

1.8 Agency and State Approval.

Prior to construction of any Developer Transportation Improvements, the Developer shall obtain all approvals from ODOT and any other state, county or federal agency whose approval is required for the Developer Transportation Improvements.

1.9 Public Transportation Improvements.

1.9.1 The "Public Transportation Improvements" consist of the improvements to Highway 213 described on attached Exhibit G-6. The Oregon Legislature has approved HB 2001, 2009 Oregon Laws, which the Governor has signed, which allocates state funds of $22,000,000 to the City for purposes of constructing interchange improvements to Highway 213 included in Exhibit G-6. The Public Transportation Improvements are required in order to accommodate traffic generated by the Project.

1.9.2 Subject to the State of Oregon actually funding $22,000,000 for the construction of the Public Transportation Improvements, the City agrees to construct the Public Transportation Improvements or to cause some or all of the Public Transportation Improvements to be constructed by ODOT. The Developer shall not be responsible for construction of the

Public Transportation Improvements. The City will commence construction, or cause construction to commence, of the Public Transportation Improvements, no later than June 1, 2011 and to thereafter diligently pursue completion of the Public Transportation Improvements.

1.9.3 However, the City will owe no obligation to the Developer to complete the Public Transportation Improvements if this Agreement is terminated pursuant to either Section 3.2 or Section 8.3.

SECTION 2 ENVIRONMENTAL CONDITIONS

2.1 Description of Site Conditions.

The Private Property is the former site of the Rossman Landfill. Consequently, the Private Property's site characteristics include various environmental conditions that need to be corrected.

2.2 DEQ Approval.

Within six (6) months after the Effective Date of this Agreement, the Developer shall submit to the State of Oregon, department of Environmental Quality ("DEQ") a "Work Plan" to mitigate environmental conditions on the Private Property consistent with all applicable laws and the terms and conditions of that certain Consent Judgment between Developer and DEQ now pending before DEQ. Thereafter, the Developer shall mitigate environmental conditions on the Private Property in accordance with the Work Plan to the extent necessary to allow development of the Project as contemplated in this Agreement. Unless approved by the City, the Developer shall not allow visible open flaring of methane gas on any part of the Project.

2.3 Geotechnical Report.

The Developer has obtained a geotechnical site evaluation prepared by ____________ (the "Geotechnical Engineer") and dated ___________ (the "Geotechnical

Report"). The Developer shall construct the Project consistent with the limitations and conditions of the Geotechnical Report, as it may be further revised by the Geotechnical Engineer.

SECTION 3 PLAN AMENDMENT, DEVELOPMENT PLAN APPROVAL

3.1 Elements of Development Plan

Within three (3) months of the Effective Date, the Developer shall prepare and submit to the Agency for its review and approval a "Development Plan" containing the following elements:

3.1.1 An updated version of the Preliminary Plan;

3.1.2 A massing plan showing the approximate scale, bulk and height of the buildings to be included within the Project;

3.1.3 Proposed elevations of anchor buildings and typical in-line retail buildings showing the proposed exterior architecture and design details of these buildings;

3.1.4 A description of the proposed exterior finish materials for the buildings within the Project;

3.1.5 Preliminary designs for all public plazas and open spaces; and

3.1.6 Preliminary designs for all Project elements described in Section 1.3.

3.2 Approval by the Agency.

The Agency agrees to meet with the Developer the later of: within the 20 days after submittal of the Development Plan or at the Agency's next available meeting so as to confer with the Developer on the elements of the Development Plan. If the Agency determines that the Development Plan is incomplete, then the Developer shall provide the missing components of the Development Plan within 21 days. At the next reasonably available Agency public meeting after the earlier of: (i) the conference between the Agency and the Developer and the Agency's determination that the Development Plan is complete, or (ii) the conference between the Agency and the Developer and the subsequent submittal by the Developer of items necessary for a complete Development Plan, the Agency agrees to either approve the Development Plan, with or without conditions, or to disapprove the Development Plan, in the Agency's sole discretion. In the event that the Agency disapproves of the Development Plan, the Agency will give Developer a written statement of the grounds for the disapproval and changes to the Development Plan that would, if made, result in Agency approval. Upon disapproval of the proposed Development Plan by the Agency, the Parties shall be obligated to negotiate in good faith to reach agreement on the elements of the Development Plan. If, after negotiating in good faith for a period of 120 days the Agency does not approve the Development Plan, then any Party may terminate this Agreement by written notice to the other.

SECTION 4 LAND USE ENTITLEMENTS; APPROVAL PROCESS

4.1 Agency Approval Required.

The Developer is required under the OCMC to submit a number of land use applications to the City prior to the development of the Project. Prior to or upon submitting any land use application necessary for the development of the Project, the Developer shall consult with the Agency regarding the land use application and shall submit all land use applications to the Agency for its concurrent review and approval (individually, a "Land Use Submittal", collectively, the "Land Use Submittals").

4.1.1 Standard of Review. The Agency's review of the Land Use Submittals does not constitute a land use decision, but the review is necessary to ensure that development of the Project is consistent with applicable terms of this Agreement and the Agency's approval in Section 3.2. The Agency may withhold its approval of any Land Use Submittal only upon a finding that, in the reasonable discretion of the Agency, the Agency finds that the proposed development as described in a Land Use Submittal is inconsistent with Sections 1.3 and 1.4 of this Agreement, or the Agency's approved Development Plan referred to in Section 3.2.

4.1.2 Time for Review. Provided that the Developer delivers a Land Use Submittal twenty (20) days prior to the next scheduled Agency meeting, the Agency shall approve, approve with conditions or disapprove the Land Use Submittal at that Agency meeting.

4.1.3 Basis for Denial. Should the Agency disapprove of any Land Use Submittal, the Agency shall provide the Developer with written notice identifying the inconsistencies with this Agreement or the Agency's approval in Section 3.2 above.

4.1.4 Resubmittal. The Developer shall have the right to re-submit a revised Land Use Submittal at any time, consistent with Section 4.1.2 above.

4.1.5 Submittal Deadline. The Developer shall deliver the first Land Use Submittal to the Agency within six months of the Effective Date of this Agreement, and shall thereafter seek approval of all land use applications described in any approved Land Use Submittal.

4.1.6 City Land Use Procedure. Within 12 months of the Effective Date of this Agreement, the Developer shall submit all land use applications required for the development of the Project (the "City Applications") to the City for its regulatory approval. All City Applications and Final Land Use Approvals must be consistent with the approved Development Plan and the approved Land Use Submittals.

4.2 Land Use Appeals.

The term "Final Land Use Approval" means, (i) that the City has approved the City Applications with conditions of approval reasonably acceptable to the Developer, and (ii) all applicable appeal periods have expired, or if an appeal has been filed, the appeal has been resolved favorably to the City, and the City Applications, together with the conditions thereto, are final and cannot be further appealed.

4.3 Applicable Standards.

Pursuant to ORS 227.17(3), the Developer shall be subject to all development and zoning standards set forth in the OCMC applicable on the date that City Applications are filed.

SECTION 5 PROJECT CONSTRUCTION

5.1 Development of Project.

The Developer shall be required to construct the Project pursuant to all applicable timelines set forth in any Final Land Use Approval or as otherwise set forth in the OCMC. In addition, the Developer shall be required to meet the following Project milestones (the "Project Milestones"):

5.1.1 Development Plan. Pursuant to Section 3.1, the Developer shall submit the Development Plan to the City no later than three (3) months after the Effective Date of this Agreement.

5.1.2 City Applications. Pursuant to Section 4.1.6 the Developer shall submit all City Applications to the City no later than twelve (12) months after the Effective Date of this Agreement.

5.1.3 DEQ Work Plan: Pursuant to Section 2.2 the Developer shall submit the DEQ Work Plan to DEQ no later than six (6) months after the Effective Date of this Agreement.

5.2 Compliance with Law; Construction Standards.

In developing the Project the Developer shall comply with all City, County, State and Federal laws, rules and regulations.

5.3 Construction Financing Commitments.

Prior to any construction of the Project, the Developer shall be required to submit to the Agency evidence reasonably satisfactory to the Agency that Developer has obtained legally binding commitments for equity and/or debt financing sufficient to enable Developer to complete construction of the Project, the Transportation Improvements, the Public Facility Improvements and to satisfy its obligations under Section 2 of this Agreement.

5.4 Commencement and Completion of Project Construction.

The Developer shall cause the Project to be Substantially Complete (as defined in Section 7.4) by October 31, 2013, except for those portions of the Project consisting of building pads to be leased or sold to third parties.

SECTION 6 CITY OBLIGATIONS

6.1 Acquisition of Right-of-Way.

Prior to construction of any Developer Transportation Improvements, the City shall use its reasonable efforts to obtain the rights-of-way identified on Exhibit I (the "Right-of-Way") within six (6) months after the Effective Date. Upon the satisfaction of the pre-conditions in Section 8.1 and 8.2, the City shall dedicate the Right-of-Way and provide construction easements to the extent required for the Developer to construct the Developer Transportation Improvements.

6.2 Transfer of Agency Property.

Subject to the satisfaction of all conditions precedent in Section 8, and at the election of the Developer, the Agency shall, within sixty (60) days after Developer's written request, convey the Agency Property to the Developer for the sum of $400,000. The deed to the Agency Property shall include a deed restriction requiring the development of the Agency Property consistent with this Agreement and the Agency-approved Development Plan as it may be amended by the parties from time to time, and a right of reentry and reversion should the Developer fail to substantially complete construction of the Project within 5 years of the date of the conveyance of the City Property to the Developer. Upon reversion and reentry by the City, the City shall reimburse Developer the sum of $400,000.

SECTION 7 PROJECT FINANCE [Subject to OC Centercal, LLC and City Response]

7.1 Developer Obligations.

The Developer shall be solely responsible for funding all costs associated with the construction of the Project, including without limitation, all costs associated with the Project, On-Site Brownfield Redevelopment, the Developer Transportation Improvements and the Public Facility Improvements; provided, however, the Developer shall only be responsible for funding costs associated with the mitigation of environmental conditions associated with the On-Site Brownfield Redevelopment to the extent required to comply with the Work Plan and Consent Judgment referred to in Section 2.2.

7.2 Tax Increment Financing.

The Project is entirely within the Downtown North End Urban Renewal Area. As provided in Section 7.4, the Agency shall issue tax increment bonds ("TIF Bonds") payable out of the Available Increment to generate funds to be used to partially reimburse the Developer, in the form of a grant, for Eligible Expenses incurred in developing the Project, subject to the provisions of this Section 7.

7.3 Maximum Reimbursement Amount.

Notwithstanding the obligations of the Developer to construct and pay all costs associated with the Project as set forth in Section 7.1, and subject to the Conditions Precedent in Section 8.1 and the conditions of this Section 7, the Agency agrees to reimburse the Developer for a portion of the Developer's Eligible Expenses incurred in developing the Project in an amount which shall equal the lesser of: (a) the Developer's actual Eligible Expenses or (b) $17,648,311 (the "Maximum Reimbursement"). Except as provided in Section 7.5 of this Agreement, neither the City nor the Agency shall have any obligation to provide the Maximum Reimbursement unless the Project is Substantially Complete (as defined in Section 7.4).

7.3.1 The Parties agree that to promote the general welfare and accomplish the public benefits described in Recital N, the City and Agency desire that the Developer complete the On-Site Brownfield Redevelopment and the Off-Site Public Improvements and that but for the City's agreement to pay the Maximum Reimbursement as provided herein, (i) the Developer would not enter into this Agreement or its contract to purchase the Private Property; and (ii) the Private Property would be of no productive use. Further, the Parties expect the Project will generate income and profits, exclusive of Eligible Expenses incurred by the Developer and the payment of the Maximum Reimbursement, comparable to other commercial development opportunities currently available to the Developer. Therefore, the Developer shall receive no net benefit upon receipt of the Maximum Reimbursement amount. Any Maximum Reimbursement paid by the Agency is paid to promote the general welfare and obtain the public benefits described in Recital N.

7.3.2 Any portion of the Maximum Reimbursement paid to the Developer attributable to On-Site Brownfield Redevelopment shall be characterized as a "grant in aid of construction" made to reimburse the Developer for expenses incurred in connection with the On-Site Brownfield Redevelopment and not for services rendered or to be rendered. The net result of incurring the Eligible Expenses and the receipt of the Maximum Reimbursement shall be that the Developer shall hold no additional funds which could be used for distributions, interest or any other item chargeable to or payable out of earnings or income of the Developer.

7.3.3 The construction of the Off-Site Public Improvements by Developer is for and on behalf of the City and the Agency and any portion of the Maximum Reimbursement paid to the Developer attributable to the Off-Site Public Improvements is intended to reimburse Developer for costs and expenses incurred in connection with the construction thereof for the benefit of the City and the Agency.

7.3.4 In order to assure the Agency that the Eligible Expenses include only the hard and soft construction costs of the On-Site Brownfield Redevelopment and the Off-Site Public Improvements, the Developer and the Agency must agree, each in their reasonable judgment, on a procedure for separately contracting for and keeping separate cost accounting of the costs of the On-Site Brownfield Redevelopment and the Off-Site Public Improvements segregating these costs from any other Project Costs.

7.4 TIF Bond Sale.

In order to reimburse the Developer in accordance with this Section 7, the Agency shall sell TIF Bonds in one or more offerings (each a "TIF Bonds Sale") to generate funds to reimburse Developer. The initial TIF Bond Sale shall occur only after (i) the Conditions Precedent in Section 8 have been satisfied and (ii) the Project is "Substantially Complete." For the purposes of this Section 7, the term "Substantially Complete" shall mean either (i) that the Developer has constructed at least 95% of the floor area of the core and shell space (excluding storefront, HVAC, and interior improvements) for all improvements set forth in Section 1.3 of this Agreement, and such improvements are eligible to receive an acknowledgment of construction completion for the core and raw shell space (excluding storefront, HVAC, and interior improvements) from the City pursuant to the City's building regulations, or (ii) that the Developer has constructed at least 80% of the floor space, including HVAC and interior improvements, for all improvements set forth in Section 1.3 of the Agreement, and such improvements are eligible to receive from the City a preliminary certificate of occupancy or document affirming compliance of construction with applicable OCMC and building code requirements for the core, shell and interior tenant improvements. In either event, in order for the Project to be "Substantially Complete" under this Section 7.4, the Developer Transportation Improvements necessary to serve the portions of the Project described above must also be complete and accepted by the City or ODOT, as appropriate. Provided that the Project is Substantially Complete by December 31 of any calendar year, the Agency shall hold the initial TIF Bond Sale as soon as reasonably practicable in the following fiscal year. The initial TIF Bond Sale shall be structured to produce Net Bond Proceeds (as defined below) in amount equal to the maximum principal amount that can be sold by the Agency based upon the Available Increment in the year in which the Agency holds the TIF Bond Sale, but in an amount not to exceed the Maximum Reimbursement.

7.4.1 The Agency shall engage the services of a bond underwriter of the Agency's selection (the "Bond Underwriter") and shall rely on the advice of Bond Underwriter in determining when to sell the TIF Bonds. The TIF Bond Sale will be through one (1) or more bond offerings as determined by the Agency based upon advice of the Bond Underwriter. The Bond Underwriter's discretion in determining when to conduct the TIF Bond Sale shall be exercised within the time period described in Section 7.4 above and in accordance with the terms of this Agreement.

7.4.2 Within 30 days after completion of a TIF Bond Sale and receipt of the proceeds of the TIF Bond Sale, the Agency shall distribute to the Developer, as a grant, the "Net

Bond Proceeds" received by the Agency in connection with the TIF Bond Sale in an amount not to exceed the Maximum Reimbursement.

7.4.3 The term "Net Bond Proceeds" shall mean the gross amount of actual bond proceeds received by the Agency from the bond purchasers, less all fees, costs and expenses incurred by the City and Agency in connection with the TIF Bond Sale, including, without limitation, all out-of-pocket costs, Bond Underwriter fees, legal fees, bond counsel fees, and other fees associated with the TIF Bond Sale but not including any payments to third parties not involved in the TIF Bond Sale, including without limitation, other developers or property owners.

7.4.4 To the extent that the Net Bond Proceeds from the first TIF Bond Sale are less than the amount of the Maximum Reimbursement, together with accrued and compounded interest thereon as provided in Section 7.6, the difference shall be referred to as the "Reimbursement Remainder."

7.5 Available Increment Fund.

From and after the date upon which the Developer initiates construction of any element of the Project, the Agency shall place all Available Increment generated by the Project and the Project Property into a special fund held for the benefit of the Developer (the "Available Increment Fund"). If the Project is not Substantially Complete, but Developer has constructed at least 80% of the floor area of the core and raw shell space (excluding storefront, HVAC, and interim improvements) for all improvements set forth in Section 1.3 of this agreement and such improvements are eligible to receive an acknowledgment of construction completion for the core and raw shell condition (excluding storefront, HVAC, and interior improvements) from the City pursuant to the City's building regulations by December 31 of any calendar year, then the Agency shall pay all amounts held in the Available Increment Fund, not to exceed the Maximum Reimbursement, to the Developer as soon as reasonably practicable, but in no event later than August 1 of the year following that December 31. The Maximum Reimbursement shall be reduced by an amount equal to all amounts paid to Developer from the Available Increment Fund.

7.6 Alternative Funding Sources.

In the event there is a Reimbursement Remainder after the TIF Bond Sale, the Agency shall obtain and pay to the Developer funds received from any source allowed by the Plan and ORS Chapter 457 until the Maximum Reimbursement is paid in full to the Developer, except for funds necessary to service debt incurred in connection with the projects referred to in Section 7.12.

7.7 Interest.

Any Reimbursement Remainder shall accrue simple interest, which interest (the "Remainder Interest") shall be added to the Reimbursement Remainder, at the following rates: (1) At an annual rate of five percent (5%) commencing upon the earlier of (i) October 1 of the year in which the Agency is required to hold the initial TIF Bond Sale, or (ii) the date upon which the Developer receives the Net Bond Proceeds from the initial TIF Bond Sale ("Date of Commencement") and continuing until the earlier of the date that is three (3) years after the Date of Commencement ("Date of Increase") or the date when the Maximum Reimbursement is paid in full to the Developer ("Date of Payoff"); and (2) at an annual rate of eight percent (8%) commencing upon the Date of Increase and continuing until the Date of Payoff. If the Agency fails to sell TIF Bonds and pay the Net Bond Proceeds to Developer in a timely manner as required by Section 7.4 and Section 7.4.2, then the interest described in the preceding sentence shall accrue on the entire Maximum Reimbursement amount (rather than the Reimbursement Remainder) until the date on which the Net Bond Proceeds from the initial TIF Bond Sale are received by the Developer as required by this Agreement, and thereafter, such interest will accrue on the Reimbursement Remainder as provided in the preceding sentence, and any such interest which accrues shall not be counted as part of (or satisfy payment of) the Maximum Reimbursement. Following the initial TIF Bond Sale and receipt by the Developer of the Net Bond Proceeds in accordance with Section 7.4, the Agency shall pay installment payments to the Developer, at the Agency's option (i) annually on or before each anniversary of the Date of Commencement, or (ii) monthly beginning 30 days after the Date of Commencement until the Date of Payoff, equal to the amount of funds generated by the Agency pursuant to Section 7.6, and such funds shall be applied first to accrued but unpaid Remainder Interest, and then to the Reimbursement Remainder until all Reimbursement Interest and Reimbursement Remainder have been paid in full.

7.8 Agency Authorized Funding.

The Agency represents and warrants that the performance of the Agency's obligations hereunder, including the issuance of the TIF Bonds contemplated by this Agreement, together with any other debt incurred or to be incurred by the Agency, (i) is authorized by the Plan and all applicable law, (ii) will not result in any breach of applicable law or material contractual obligation of the Agency or any default under any applicable law or material contract to which the Agency or City is bound, and (iii) will not cause the Agency to exceed the Agency's "maximum indebtedness" as that term is defined in ORS 457.020(10). The Agency further represents and warrants that the Agency shall not, through act or omission, cause the failure of or prevent the performance of the Agency's obligations hereunder, including the issuance of the TIF Bonds contemplated by this Agreement, for any reason, including without limitation, due to a breach of warranties (i), (ii), and/or (iii) above on or after the Effective Date.

7.9 Notification of TIF Bond Sale.

The Agency shall notify the Developer 30 days prior to any proposed TIF Bond Sale.

7.10 No Liability for TIF Bond Sale Timing.

Subject to the obligation to issue TIF Bonds under Section 7.4 above, the decision regarding the precise timing of any TIF Bond Sale shall be in the sole discretion of the Agency, based upon the advice of Bond Underwriter. In no event shall the City or the Agency have any liability to the Developer regarding the precise timing of the TIF Bond Sale or the amount of proceeds received by the Agency from any TIF Bond Sale; provided, however, the Parties agree that until the Developer has been paid the Maximum Reimbursement, there shall be a Reimbursement Remainder, which shall trigger the Agency's obligations set forth in Section 7.5 and Section 7.6 of this Agreement.

7.11 No Credit Enhancement.

Neither the City nor the Agency shall have any obligation to provide any form of credit enhancement in connection with any TIF Bond Sale.

7.12 No Additional Debt.

The Agency agrees that it shall not sell any bonds backed by Available Increment other than the TIF Bonds or bonds which are sold in principal amounts not greater than, and in furtherance of projects identified as the Committed Agency Projects in attached Exhibit J until the Agency has paid Developer the Maximum Reimbursement amount and interest accrued pursuant to Section 7.7.

7.13 System Development Charges.

The Developer shall be required to pay SDCs consistent with the then applicable SDC regulations set forth in the OCMC. The Parties acknowledge that certain portions of the Developer Transportation Improvements may be eligible for SDC credits.

7.14 SDC Credits.

The Developer shall be entitled to seek SDC credits from the City for all qualifying improvements related to the Developer Transportation Improvements and the Public Facility Improvements, subject to the then applicable provisions of the OCMC and Oregon law, except to the extent the Eligible Expenses paid by the Developer to construct those Developer Transportation Improvements and Public Facility Improvements are to be reimbursed by the Agency pursuant to Section 7.3. The City has issued an SDC predetermination letter attached hereto as Exhibit K (the "Predetermination Letter"). The Predetermination Letter is not part of this Agreement. Except as provided in this Section 7.14, any SDC credits granted by the City shall not be contingent upon a bond sale and shall not be counted as part of (or satisfy payment of) the Maximum Reimbursement. Any grant of SDC credits by the City pursuant to the OCMC will be intended to reimburse the Developer for costs and expenses incurred in connection with a portion of the cost of the construction of the Developer Transportation Improvements for the City and the Agency as provided by the OCMC. Notwithstanding the foregoing, to the extent that the sum of the Maximum Reimbursement and any SDC Credits exceed the total of the Developer's Eligible Expenses (the "Excess Reimbursement"), then the Maximum Reimbursement shall be reduced by an amount equal to the Excess Reimbursement.

SECTION 8 BASIC CONDITIONS PRECEDENT TO PARTIES' OBLIGATIONS

8.1 City/Agency Conditions.

The City's and the Agency's obligations under this Agreement set forth below are expressly contingent upon satisfaction of the following conditions:

8.1.1 The Agency and Developer shall have agreed upon the Development Plan and the Land Use Submittals.

8.1.2 Developer shall have received Final Land Use Approval for the City Applications.

8.1.3 DEQ shall have approved the Work Plan and Consent Judgment.

8.1.4 The Agency shall have reviewed and approved the Developer's construction financing commitments referred to in Section 5.3.

8.1.5 Developer shall have received all City and ODOT approvals necessary in order to enable the Developer to construct the Developer Transportation Improvements, and Developer shall have provided a completion bond or other form of financial security as contemplated by Section 1.5.6.3.

8.1.6 The City shall have acquired the Right-of-Way.

8.1.7 All actions of ODOT or any other state agency necessary to authorize the expenditure of the funds referred to in Section 1.9 for the Public Transportation Improvements have been taken and are final and unappealable.

8.1.8 The Agency and the Developer shall have agreed on the contracting process and the cost accounting process for the On-Site Brownfield Redevelopment and the Off-Site Public Improvements.

8.1.9 The Developer shall have acquired fee simple title to the Private Property and the Private Property shall be free and clear of monetary liens except for liens for ad valorem taxes and local improvement district assessments, if any.

8.1.10 The Developer shall not be in default of this Agreement.

8.2 Developer Conditions.

The Developer's obligations under this Agreement are expressly contingent upon satisfaction of the following conditions:

8.2.1 The Agency has approved the Development Plan and the Land Use Submittals.

8.2.2 Developer shall have received Final Land Use Approval for the City Applications.

8.2.3 DEQ shall have approved the Work Plan and Consent Judgment.

8.2.4 The City shall have acquired the Right-of-Way.

8.2.5 Developer shall have received all City and ODOT approvals necessary in order to enable the Developer to construct the Developer Transportation Improvements.

8.2.6 All actions of ODOT or any other state agency necessary to authorize the expenditure of the funds referred to in Section 1.9 for the Public Transportation Improvements have been taken and are final and unappealable.

8.2.7 The Agency and the Developer shall have agreed on the contracting process and the cost accounting process for the On-Site Brownfield Redevelopment and the Off-Site Public Improvements.

8.2.8 The Developer shall have acquired fee simple title to the Private Property and the Private Property shall be free and clear of monetary liens except for liens for ad valorem taxes and local improvement district assessments, if any.

8.2.9 Neither the City nor the Agency shall be in default of this Agreement.

8.3 Satisfaction of Preconditions

Each Party agrees to use commercially reasonable efforts to cause those conditions precedent over which such Party has influence or effect to be satisfied, subject to Section 10.22. In the event that all of the conditions precedent set forth in Section 8.1 and 8.2 have not been satisfied by __________, then either (i) the City and the Agency, or (ii) the Developer may terminate this Agreement by written notice to the other, delivered prior to the initiation of construction of the Developer Transportation Improvements.

SECTION 9 TERMINATION

9.1 Unilateral Right to Terminate.

The Developer may terminate this Agreement at any point prior to the commencement of construction of the Developer Transportation Improvements or the On-Site Mixed Use Center described in Section 1.3 for any cause or no cause. Other than in an event of default, or as provided in Section 9.2, the Developer shall have no right to terminate this Agreement after initiation of the Developer Transportation Improvements or the On-Site Mixed Use Center described in Section 1.3. Upon any Developer termination pursuant to this Section 9.1, but only if the Parties' respective pre-conditions in Sections 8.1 and 8.2 have been satisfied or waived, the Developer shall pay to the City and Agency a termination fee (the "Termination Fee") in the amount of $300,000, which represents a portion of the internal and out-of-pocket costs incurred by the City and the Agency in connection with the negotiation and preparation of this Agreement.

9.2 City/Agency Termination Rights.

Neither the City nor the Agency shall have the right to terminate this Agreement except for a Material Default by the Developer, as provided in Section 10 or upon the failure of a condition precedent as provided in Section 8.3.

SECTION 10 GENERAL PROVISIONS

10.1 Default and Remedies

10.1.1 In the event the Developer commits a Material Default, and fails to cure such Material Default within thirty (30) days after receipt of written notice from any other Party, then the City and the Agency shall have as their sole remedy the right to immediately terminate this Agreement; provided, however, if the nature of such default is such that it cannot reasonably be cured within thirty (30) days after Developer's receipt of notice, then the Developer shall have up to an additional ninety (90) days to cure such default. If Developer fails to cure the default within the extended cure period, then the City and the Agency shall have as their sole remedy the right to immediately terminate this Agreement and the right to enforce any payment and performance bond for the Developer Transportation Improvements.

10.1.2 In the event the City or Agency commits a Material Default, and fails to cure such Material Default within thirty (30) days after receipt of written notice from the Developer, then the Developer shall have the right to require specific performance under the terms and conditions of this Agreement by the City, Agency, or both, as applicable; provided, however, if the nature of such Material Default is such that it cannot reasonably be cured within thirty (30) days after City or Agency's receipt of notice, then the City or the Agency shall have up to an additional ninety (90) days to cure such Material Default. In the event the City or Agency fails to cure such Material Default within ninety (90) days after receipt of written notice from the Developer, then the Developer shall have the right to require specific performance under the terms and conditions of this Agreement by the City, Agency, or both, as applicable, but the Developer shall have no right to claim damages of any form.

10.2 Governing Law.

This Agreement and its construction shall be governed by and construed in accordance with the laws of the State of Oregon without regard to principles of conflicts of law.

Any claim, action, suit or proceeding between the Parties that arises from or relates to this Agreement shall be brought and conducted solely and exclusively within the Circuit Court of Clackamas County for the State of Oregon. All parties, by execution of this Agreement, hereby consent to the *in personam* jurisdiction of said courts.

10.3 Severability.

If any provisions of this Agreement or the application thereof to any persons or circumstances shall, to any extent, be invalid or unenforceable, then the remainder of this Agreement, or the application of such provision, or portion thereof, and each provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

10.4 Nature of Approval.

The City and the Agency confirm that they have approved and executed this Agreement pursuant to their respective governing charters and not pursuant to ORS 94.504 *et seq.* and further confirm that this Agreement does not constitute or concern the adoption, amendment, or application of the Statewide Planning Goals, a comprehensive plan provision, or a land use regulation; however, the parties acknowledge that these confirmations may be subject to review by LUBA. Accordingly, the Parties acknowledge and agree that any and all land use approvals required for the Project are to be obtained in due course at a later date and in accordance with all applicable laws and regulations.

10.5 Entire Agreement.

This Agreement, the Recitals and the attached exhibits sets forth the entire understanding among the Parties with respect to the subject matter referenced in this Agreement, there being no terms, conditions, warranties or representations with respect to its subject matter other than as contained in this Agreement.

10.6 Third Parties.

The provisions of this Agreement are for the exclusive benefit of the Parties hereto and not for the benefit of any other persons, as third-party beneficiaries or otherwise, and this Agreement shall not be deemed to have conferred any rights, express or implied, upon any person not a Party to this Agreement.

10.7 No Partnership.

This Agreement specifically does not create any partnership or joint venture between or among any of the Parties or in any respect render any Party liable for any of the debts or obligations of any other Party.

10.8 Notices and Demands.

Any notice, demand, or other communication under this Agreement shall be in writing and shall be sufficiently given if sent by (i) registered or certified mail return receipt requested, postage prepaid, (ii) nationally recognized overnight courier service or (iii) facsimile transmission to:

If to Developer:

OC CenterCal, LLC
Attn: Jean Paul Wardy
7455 Bridgeport Road
Tigard, OR 97224
Facsimile: ____________

With a copy to:

Perkins Coie LLP
Attn: Steven L. Pfeiffer, Esq.
1120 NW Couch Street, Tenth Floor
Portland, Oregon 97209-4128
Facsimile: (503) 727-2222

If to the City:

City of Oregon City
Attn: ______________
____
____
Oregon City, OR
Facsimile: (503)__________

With a copy to: Ball Janik LLP
Attn: Stephen T. Janik
101 SW Main Street, Ste. 1100
Portland, Oregon 97204
Facsimile: (503) 295-1058

If to Agency: Oregon City Urban Renewal Agency
Attn: ________________
____
____
Oregon City, OR
Facsimile: (503)__________

With a copy to: Ball Janik LLP
Attn: Stephen T. Janik
101 SW Main Street, Ste. 1100
Portland, Oregon 97204
Facsimile: (503) 295-1058

or to such other address, within the United States, with respect to a Party as that Party may from time to time designate in writing and forward to the others as provided in this Section. A copy of any notice, demand or other communication under this Agreement given by a Party under this Agreement to any one Party under this Section shall be given to each other Party (except the Party giving the notice) to this Agreement. Notice shall be deemed given on the earlier of (i) actual receipt, or (ii) three (3) business days after mailing if sent by U.S. Mail.

10.9 Binding Effect.

This Agreement shall be binding upon and inure to the benefit of the Parties and their respective legal representatives, successors and assigns.

10.10 Modifications.

This Agreement cannot be changed orally, and no agreement shall be effective to waive, change, modify or discharge it in whole or in part unless such agreement is in writing and is signed by the Parties against whom enforcement of any waiver, change, modification or discharge is sought.

10.11 Force Majeure Event.

The time for performance of any term, covenant, condition, or provision of this Agreement shall be extended by any period of any Force Majeure Event.

10.12 Further Assurances.

Each Party agrees that it will, without further consideration, execute and deliver such other documents and take such other action as may be reasonably requested by the another Party to more effectively consummate or achieve the purposes or subject matter of this Agreement.

10.13 Attorneys' Fees.

In the event of any controversy, claim or dispute between the Parties affecting or relating to the subject matter or performance of this Agreement, each prevailing Party shall, to the extent not prohibited by applicable law, be entitled to recover from each non-prevailing Party all of its reasonable expenses, including reasonable attorneys, experts and accountants fees and expenses of litigation, whether incurred at trial or on appeal or petition and including any incurred in or in connection with any bankruptcy proceeding, as determined by the judge at trial or upon appeal or petition.

10.14 Counterparts.

This Agreement may be executed in several counterparts, either by manual, facsimile or email signatures and all such executed counterparts shall constitute one and the same agreement.

10.15 Headings.

The section headings set forth in this Agreement are for convenience and reference only and in no way define or limit the scope or content of this Agreement or in any way affect its provisions.

10.16 Construction.

The Parties acknowledge that the Parties and their counsel have drafted and negotiated this Agreement and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting Party shall not be employed in the interpretation of this Agreement or any exhibits or amendments hereto.

10.17 Time of the Essence.

Time is of the essence of each and every term, covenant, and condition set forth in this Agreement.

10.18 Assignability

10.18.1Prior to the date the Project is Substantially Complete, the Developer may not assign its right, title, and interest in, and its obligations under this Agreement without the prior consent of the City or the Agency, which consent shall not be unreasonably withheld, conditioned or delayed.

10.18.2Subsequent to the date the Project is Substantially Complete, Developer may assign all of its rights, title, interest in, and its obligations under, this Agreement to any person or entity in Developer's sole discretion without the prior consent of the City or the Agency, but provided that such assignment is not effective as to the City and the Agency until such time as the City and the Agency receive written notice of such assignment.

10.19 Recording.

This Agreement shall be recorded in the Public Records in and for Clackamas County, Oregon. This Agreement is intended to and shall run with the Project Property.

10.20 Exhibits.

All Exhibits attached to this Agreement are an integral part of this Agreement and incorporated into this Agreement where they are first referenced.

10.21 Defined Terms.

Defined terms are words that are capitalized but not as the first word of a sentence. Some defined terms are defined in the text of this Agreement and some are defined in the Glossary of Defined Terms attached as Exhibit L. In the event of a conflict, the definition in the text shall control. Defined terms have the meaning given them when first used as a defined term.

10.22 City's Regulatory Authority.

Nothing in this Agreement shall be applied or interpreted so as to in any way limit, restrict or affect the City's regulatory and police power authority.

THIS AGREEMENT is executed by Developer, the City, and the Agency as of the date first hereinabove written.

DEVELOPER: OC CENTERCAL, LLC, a Delaware limited liability company

By:______________________________
Its:______________________________

CITY: CITY OF OREGON CITY, an Oregon municipal corporation

By:____________________________________
Its:____________________________________

Agency: URBAN RENEWAL AUTHORITY OF THE CITY OF OREGON CITY

By:____________________________________
Its:____________________________________

<u>EXHIBIT A-1</u>

Legal Description of Private Property

<u>**EXHIBIT A-2**</u>

Map of Private Property

EXHIBIT B

Description of Agency Property

EXHIBIT C

Preliminary Plan

EXHIBIT D

On-Site Brownfield Redevelopment Work

EXHIBIT E

Project Site Wetlands

EXHIBIT F-1

Abernathy Real Improvements

<u>EXHIBIT F-2</u>

Washington Street Improvements

<u>EXHIBIT F-3</u>

Minor Arterial Street Improvements

EXHIBIT F-4

Redland Road Improvements

EXHIBIT F-5

Bike/Pedestrian Plan Improvements

EXHIBIT F-6

Public Transportation Improvements

EXHIBIT G

Developer Transportation Improvements Schedule

<u>EXHIBIT H</u>

Public Facility Improvements

<u>EXHIBIT I</u>

Right-of-Way

EXHIBIT J

Committed Agency Projects

<u>EXHIBIT K</u>

SDC Predetermination Letter

EXHIBIT L

Glossary of Defined Terms

"Abernethy Road Improvements" shall mean the improvements to Abernethy Road described in Section 1.5.2.

"Agency" means the Urban Renewal Agency of the City of Oregon City, Oregon, a public body corporate and politic and agency of the City organized under the laws of the State of Oregon.

"Agency Property" means that certain ±0.55-acre parcel of real property that is adjacent to the Private Property described in Recital D and depicted on Exhibit B.

"Agreement" shall mean this Development and Disposition Agreement.

"Available Increment" shall mean that part of the assessed value of a taxing district attributable to any increase in the assessed value of the property located in the Plan area, or portion thereof, over the assessed value in base year _____.

"Available Increment Fund" shall mean the fund established under Section 7.5.

"Bicycle and Pedestrian Improvements" shall mean the bicycle and pedestrian improvements described in Section 1.5.6.

"Bond Underwriter" shall mean the bond underwriter engaged by the Agency described in Section 7.4.

"City" means the City of Oregon City, Oregon, a municipal corporation organized under the laws of the State of Oregon.

"City Applications" shall mean all land use applications necessary for the development of the Project as described in Section 4.1.6.

"Condition Precedent" means the conditions precedent set forth in Section 8.

"County" shall mean Clackamas County, a political subdivision of the State of Oregon described in Section 4.4.

"Date of Commencement" shall have the meaning set forth in Section 7.7.

"Date of Increase" shall have the meaning set forth in Section 7.7.

"Date of Payoff" shall have the meaning set forth in Section 7.7.

"DEQ" means the Oregon Department of Environmental Quality, a state agency.

"DEQ Work Plan" shall have the meaning set forth in Section 2.2.

"Developer" means OC CenterCal, LLC, a Delaware limited liability company, with its principal office located at 7455 Bridgeport Road, Tigard, Oregon 97224.

"Development Plan" shall mean the plan required to be submitted by the Developer to the Agency described Section 3.1.

"Developer Transportation Improvements" shall mean the improvements described in Section 1.5.1 through 1.5.5.

"Effective Date" shall mean __________, 2010.

"Eligible Expenses" shall mean costs associated with or incurred in connection with On-Site Brownfield Redevelopment, as well as the Off-Site Public Improvements, including, but not limited to, grading and fill of the Private Property; piles; pile caps; structural slabs; structural sidewalks; mitigation of methane and other hazardous materials; engineering; design; installation; construction; permitting; inspections; reporting; lab analysis; consulting and legal fees; off-site utilities, roadways, landscape; and right of way; on site utility upgrades due to

On-Site–Brownfield Redevelopment and any ongoing reporting, maintenance and monitoring costs related thereto.

"Final Land Use Approval" shall have the meaning set forth in Section 4.2.

"Force Majeure Event" means any occurrence beyond the reasonable control of the Party obligated to perform the applicable term, covenant, condition or provision under this Agreement and shall include, without limiting the generality of the foregoing, delays attributable to acts of God, strikes, riot, civil commotion, acts of public enemy and casualty or unrelated third parties, and, except with respect to the City's commitments under Section __ and the Agency's commitments under Section __, legal challenge by a non-signatory to this Agreement not arising from breach or non-compliance with this Agreement so long as the Party claiming such force majeure is proceeding diligently and with good faith commercially reasonable efforts to settle, fully adjudicate, or otherwise obtain final disposition of such matter; but shall not include delays attributable to financial difficulties of such Party or the costs associated with any improvements required under this Agreement.

"Geotechnical Report" shall have the meaning set forth in Section 2.3.

"Land Use Submittal" shall have the meaning set forth in Section 4.1.

"Leed Report" shall mean that report prepared as required under Section 1.3.7.

"Material Default" means, with respect to any Party, a breach of any material term, condition, covenant or obligation of this Agreement that is so material and continuing that it has the effect of abrogating such Party's performance and any other Party's enjoyment of the benefits under this Agreement taken as a whole. With respect to the Developer, (1) a breach resulting from a Force Majeure Event or (2) a breach of certain provisions of the Agreement shall not constitute a Material Default by the Developer, including, without limitation, as to clause (2), a breach of Section 1.6 and a breach of Section 5.2, provided the Developer is demonstrating a diligent, good faith effort to comply with the law, rule, or regulation referenced in Section 5.2, or any decision or order interpreting same that is issued by the applicable City, County, State, or Federal agency shall not constitute a Material Default by the Developer.

"Maximum Reimbursement" shall have the meaning set forth in Section 7.3.

"Net Bond Proceeds" shall have the meaning set forth in Section 7.4.3.

"New Connector Street" means the new street connecting Washington Street and Abernethy Road described in Section 1.5.4 and depicted on Exhibit F-4.

"OCMC" means the Oregon City Municipal Code, as it may be amended from time to time.

"ODOT" means the Oregon Department of Transportation, a state agency.

"ODOT CIA" shall mean the Cooperative Improvement Agreement described in Section 1.6.

"ODOT MOU" shall mean the Memorandum of Understanding described in Section 1.5.

"On-Site Mixed Use Center" shall mean the portion of the Project described in Sections 1.3.1 through 1.4.

"Off-Site Public Improvements" shall mean the Developer Transportation Improvements and the Public Facility Improvements referenced in Recital I.

"On-Site Brownfield Redevelopment" shall have the meaning set forth in Recitals E and F.

"Party or Parties" means any party to this Agreement.

"Plan" means the Downtown Oregon City/North End District Urban Plan, as it may be amended from time to time, and described in Recital J.

"Preliminary Plan" shall mean that preliminary site and development plan for the Project as described in Recital E and attached as Exhibit C.

"Private Property" means that certain ±62-acre parcel of real property legally described on Exhibit A-1 and depicted in Exhibit A-2.

"Project" means the On-Site Mixed Use Center, On-Site Brownfield Redevelopment and Off-Site Public Improvements described in Recital E.

"Project Milestones" shall have the meaning set forth in Section 5.1.

"Project Property" Shall mean, together, the Private Property and the Agency Property.

"Public Facility Improvements" shall have the meaning set forth in Section 1.6 and described on Exhibit H.

"Public Transportation Improvements" shall mean the improvements to Highway 213 described on Exhibit G-6.

"Redland Road Improvements" shall mean the improvements to Redland Road described in Section 1.5.5 and depicted on Exhibit F-5.

"Remainder Interest" shall have the meaning set forth in Section 7.7.

"Right-of-Way" shall mean the right-of-way described in Exhibit I.

"SDC" means "System Development Charge," as that term is defined in OCMC.

"Substantially Complete" shall have the meaning set forth in Section 7.4.

"Sustainability Elements" shall mean those elements described in Section 1.3.7.

"Termination Fee" shall have the meaning set forth Section 9.1.

"TIF Bond Sale or Sales" shall have the meaning set forth in Section 7.4.

"TIF Bonds" shall have the meaning set forth in Section 7.2

"Transportation Improvements" shall mean the Developer Transportation Improvements and the Public Transportation Improvements referenced in Recital H and more particularly identified in Sections 1.5 and 1.9.

"TSP" shall mean the City's Transportation System Plan described in Section 1.5.

"Washington Street Improvements" shall mean the transportation improvements to Washington Street described in Section 1.5.3 and depicted on Exhibit F-3.

"Wetlands" shall mean the wetland areas identified on Exhibit E and described in Section 1.3.6.

"Work Plan" means the Developer's plan which must be submitted to DEQ as described Section 2.2.

Agenda Item No. 5b
Meeting Date: 06 Oct 2010

COMMISSION REPORT: CITY OF OREGON CITY

TO:	Urban Renewal Commission
FROM:	Dan Drentlaw, Economic Development Manager
PRESENTER:	Dan Drentlaw, Economic Development Manager
SUBJECT:	Termination and Conditional Reinstatement Agreement
Agenda Heading: General Business	
Approved by: David Frasher, City Manager	

RECOMMENDED ACTION (Motion):

Direct staff to perfect and bring forward an agreement for a vote at the next Urban Renewal Commission.

BACKGROUND:

City staff has been working with Steve Janik on a "Termination and Conditional Reinstatement Agreement." This agreement would terminate our current Development and Disposition Agreement (DDA) with Clackamette Cove, LLC due to the fact that several items that were required in contigency period 2 have not been completed in the time frame established in the DDA. The proposed agreement would allow the current DDA to be reinstated if the items required are completed within one year. Mr. Janik will be present to explain the proposal and answer any questions.

BUDGET IMPACT:

FY(s):
Funding Source:

ATTACHMENTS:

DRAFT

CONDITIONAL REINSTATEMENT AGREEMENT

ENTERED INTO THE RECORD
DATE RECEIVED: 10-06-10
SUBMITTED BY: Steve Janik
SUBJECT: Item 5b
URC

DATED: October ___, 2010

BETWEEN: THE URBAN RENEWAL AGENCY OF THE CITY OF OREGON CITY (the "Agency")

AND: CLACKAMETTE COVE LLC, an Oregon limited liability company ("CCLLC")

The Agency and CCLLC entered into that Disposition and Development Agreement for The Cove dated September 2, 2009 (the "DDA"). The DDA pertains to a proposed development known as The Cove to be developed by CCLLC, on property primarily owned by the Agency, with substantial investment of funds by the Agency.

The DDA contemplated two contingency periods, with pre-conditions to the parties' respective obligations to be satisfied or not during those contingency periods, and if satisfied, then two closings and two tranches of investment by the Agency would occur.

Pursuant to Section 5.1 of the DDA, contingencies set forth in Sections 5.2.1 through 5.2.6, 5.2.10, 5.2.11, 5.2.13, 5.2.15 and 5.2.16 (the "Contingency Period One Contingencies") were to be satisfied or waived by November 15, 2009, Contingency Period One. The Contingency Period One Contingencies were satisfied during Contingency Period One, and the Agency performed its obligations pursuant to Sections 8.1., 8.2 and 8.3.1 of the DDA when and as due under the DDA.

Pursuant to Section 5.1 of the DDA, conditions set forth in Sections 5.2.7 through 5.2.10, 5.2.12, 5.2.14, 5.2.17 and 5.2.18 (the "Contingency Period Two Contingencies") were to be satisfied by April 15, 2010, the Contingency Period Two. The end date of Contingency Period Two was extended by the Agency until July 15, 2010. As of the extended end date of Contingency Period Two, CCLLC had not satisfied the following Contingency Period Two

Contingencies: Sections 5.2.7, 5.2.8, 5.2.14, 5.2.17 and 5.2.18 and, as a result, the Agency was and is entitled to terminate the DDA pursuant to Section 5.1.

Defined terms not separately defined in this Conditional Reinstatement Agreement (this "Agreement") have the meaning given them in the DDA.

The Agency is not willing to further extend the term of the DDA but is willing to give CCLLC the opportunity to reinstate the DDA on the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the mutual promises of the parties set forth in this Agreement and for other good and valuable consideration, the sufficiency of which is acknowledged by the parties, the Agency and CCLLC agree as follows:

SECTION 1 TERMINATION; RELEASE

1.1 Termination of DDA

The Agency hereby terminates the DDA, and such termination is unconditional. CCLLC acknowledges the unconditional termination of the DDA. CCLLC waives any claim that the DDA is not terminated.

1.2 Release

CCLLC agrees that the Agency has performed all of its obligations under the DDA, that CCLLC has no claim against the Agency on account of or related to the DDA and the Agency's conduct with respect to the DDA or the subject matter of the DDA, and CCLLC hereby unconditionally releases the Agency from any claim, loss, cost or liability of whatever form or theory arising out of or in any way related to the DDA and the subject matter of the DDA, whether known or unknown to CCLLC.

SECTION 2 DDA WORK PRODUCT

Pursuant to Section 8.3.1 of the DDA, the Agency advanced to CCLLC funds for pre-development work performed by engineers, architects, consultants and project managers of CCLLC and described in the Existing Invoices (the "Work Product"). CCLLC has granted the Agency a UCC security interest in that Work Product, which has been perfected by the filing of a financing statement. CCLLC agrees to allow the Agency a period of thirty (30) days, commencing with the Effective Date, to make copies of any and all hard copy documents included in the Work Product, at the Agency's cost and expense, and to provide the Agency with an electronic copy of all electronic documents (including emails) included in the Work Product. CCLLC agrees to fully cooperate with the Agency in implementing the above. CCLLC agrees to execute and deliver to the Agency within such thirty (30) day period of time a bill of sale conveying such copies of the Work Product to the Agency and authorizing the Agency to own, use or further convey the Work Product. However, CCLLC shall retain a license to use the Work Product in connection with the Project in the event the DDA is reinstated pursuant to this Agreement.

SECTION 3 POSSIBLE REINSTATEMENT

3.1 In General

The Agency agrees to give CCLLC the opportunity to reinstate the DDA, as amended as provided below, on or before October 1, 2011 (the "Reinstatement Period") on the terms and conditions set forth below.

3.2 Conditions to Reinstatement

The Agency agrees to reinstate the DDA, as amended, and as provided below, if during the Reinstatement Period the following pre-conditions have been satisfied:

3.2.1 CCLLC has satisfied all of the Contingency Period Two Conditions, in the commercially reasonable judgment of the Agency;

3.2.2 If CCLLC changes the Master Plan, the Phase 1 and Phase 2 Plan, the Land Use Approval Amendments, or the Project information (referred to in Section 4.2 of the DDA), such changes must be acceptable to the Agency in its commercially reasonable judgment;

3.2.3 The Land Use Approval Amendments and any other governmental approvals or permits for the Project shall not have expired or been revoked;

3.2.4 The Agency's credit facility referred to in Section 6 of the DDA shall not have expired or if it has expired, the issuer shall have extended the credit facility after a commercially reasonable pursuit of an extension by the Agency;

3.2.5 ODOT shall not have terminated or materially revised the agreement referred to in Section 5.2.12;

3.2.6 The Agency, in its commercially reasonable judgment, shall have approved the then Operating Agreement of CCLLC and any related agreements pertaining to the Project and the then financial and operational capability of CCLLC to implement and complete the Project;

3.2.7 If any public bidding exemption is legally required as of the end of the Reinstatement Period, such public bidding exemption shall have been approved, and no appeal shall have been filed; and

3.2.8 Recognizing that, during the Reinstatement Period, things, circumstances or conditions may change or CCLLC may elect to materially modify the Project, the parties shall have entered into an amendment to the DDA, each in their respective good faith sole discretion, responding to any such changes or modifications which are not otherwise addressed in the above subsections of Section 3.2.

3.3 Termination of Reinstatement Right

CCLLC's right to a reinstatement of the DDA, as amended, and this Agreement, shall automatically terminate upon any of the following events:

3.3.1 CCLLC is the subject of a voluntary or involuntary petition in bankruptcy or makes an assignment for the benefit of creditors.

3.3.2 CCLLC is subject to a judgment in the amount of $10,000 or more which is unsatisfied or has not been released upon the posting of an adequate surety bond within thirty (30) days.

3.3.3 CCLLC is dissolved, becomes insolvent or ceases doing business.

3.3.4 Pacific Property Search LLC ceases to be a member of CCLLC.

3.3.5 Neither Slayden Construction Group, Inc. nor Woodley Properties, Inc. is a member of CCLLC, and any replacement member has not been approved of, in advance by the Agency in its sole discretion.

3.3.6 The Agency is no longer an "urban renewal agency" as defined in ORS 457.010 or the Agency is no longer legally authorized to perform its obligations under the DDA, as amended.

3.3.7 There has been a material physical change to some or all of the Project Site that materially impacts the cost, financing or feasibility of the Project, and the parties have not agreed on changes to the DDA responding to such changes, each acting in their respective commercially reasonable judgment.

SECTION 4 AGENCY PROPERTY

The Agency currently owns the Agency Parcel, the Parker Phase 2 property and the Glacier Parcel (which have been incorporated into the Agency Parcel). The Agency agrees that, during the Reinstatement Period, the Agency will not voluntarily sell, lease, encumber or grant easements upon some or all of the Agency Parcel without the prior written consent of CCLLC which may or may not be given by CCLLC in its commercially reasonable judgment.

SECTION 5 DEALING WITH OTHER DEVELOPERS

During the Reinstatement Period, the Agency agrees not to solicit proposals for the development of the Agency Parcel from developers, users or investors. During the Reinstatement Period, the Agency may respond to expressions of interest, proposals, requests for information or offers from developers, users or investors with respect to some or all of the Agency Parcel and may engage in negotiations with such parties. However, during the Reinstatement Period, the Agency may not enter into an agreement, legally binding on the Agency, with a developer, user or investor with respect to some or all of the Agency Parcel unless either: (i) the Agency receives CCLLC's prior written consent in its sole and complete discretion; (ii) the proposed agreement will not materially adversely affect CCLLC's reinstatement right under this Agreement; or (iii) the Agency's legal obligation under any such agreement is pre-conditioned on the termination of this Agreement pursuant to either Section 3.3 or the failure of any or all of the pre-conditions to reinstatement set forth in Section 3.2.

SECTION 6 GENERAL PROVISIONS

6.1 Event of Default

An "Event of Default" shall exist if a party fails to perform an obligation of that party set forth in this Agreement, when and as required by this Agreement, the other party gives notice of such failure, and the failure of performance is not cured within ten (10) days of the effective date of the notice, or if the failure cannot be cured, the party has not commenced the cure within ten (10) days and thereafter diligently completed the cure.

6.2 Remedies

In the case of an Event of Default, the non-defaulting party shall be entitled to pursue all available legal and equitable remedies, including but not limited to the termination of this Agreement.

6.3 Effective Date

The "Effective Date" is that date by which this Agreement has been executed by both parties.

6.4 Waiver

Failure of either party at any time to require performance of any provision of this Agreement shall not limit the party's right to enforce the provision, nor shall any waiver of any breach of any provision constitute a waiver of any succeeding breach of that provision or a waiver of that provision itself.

6.5 Prior Agreements

This Agreement is the entire, final, and complete agreement of the parties pertaining to the matters covered by this Agreement, and supersedes and replaces all prior or existing written and oral agreements between the parties and/or their representatives relating to the same matters, including, but not limited to, the DDA, until the DDA is reinstated pursuant to this Agreement.

6.6 Notices

Any notice under this Agreement shall be in writing and shall be effective when actually delivered in person, or one (1) business day after being sent by facsimile, with receipt being electronically confirmed or one (1) business day after deposit with a nationally recognized overnight courier service, with charges pre-paid, or three (3) days after being deposited in the U.S. mail, registered or certified, return-receipt requested, postage prepaid and addressed or sent by facsimile to the party at the address or number set forth below or such other address or number as either party may designate by written notice to the other.

If to the Agency:	URBAN RENEWAL AGENCY OF THE CITY OF OREGON CITY PO Box 3040 Oregon City, OR 97045 Attn: City Manager Fax No.: (503) 657-7026
With a copy to:	Ball Janik LLP 101 SW Main Street, Suite 1100 Portland, OR 97204 Attn: Stephen T. Janik Fax No.: (503) 295-1058
If to CCLLC:	CLACKAMETTE COVE LLC c/o 23535 SW Gage Road Wilsonville, OR 97040 Attn: Edward E. Darrow Fax No.: 503-638-0709
With a copy to:	Greene & Markley, P.C. 1515 SW Fifth Avenue, Suite 600 Portland, OR 97201 Attn: Ward Greene Fax No.: 503-295-2668

6.7 Applicable Law; Venue

This Agreement has been entered into in Oregon, and the Project Site is located in Oregon. The parties agree that the laws of the state of Oregon shall be used in construing this Agreement and enforcing the rights and remedies of the parties. Venue shall be in the Circuit Court for Clackamas County, Oregon; provided that, if litigation is properly brought in federal court, venue shall be in the U.S. District Court for the State of Oregon in Portland, Oregon.

6.8 Attorneys' Fees

In the event of litigation to enforce or interpret this Agreement, the prevailing party shall recover its litigation costs, disbursements, paralegal fees, expert fees and attorneys' fees as determined by the judge at trial or upon any appeal or petition for review.

6.9 Invalid Provision

If any provision of this Agreement is held to be illegal, invalid or unenforceable under present or future laws, such provision shall be severable, this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never been a part of this Agreement, and the remaining provisions of this Agreement shall remain in full force and effect and not be affected by such illegal, invalid or unenforceable provision or by its severance, but shall be reasonably interpreted to give effect, if possible, to the intent of the parties.

6.10 Time

Time is of the essence in this Agreement.

6.11 Non-Waiver of Governmental Authority

Nothing in this Agreement shall be construed or interpreted to constitute a waiver of the City of Oregon City's governmental powers or condemnation authority.

6.12 Defined Terms

A word that is capitalized and is not the first word in a sentence or is set off in quotation marks is a defined term. A defined term has the meaning given to it when first used in this Agreement or as previously defined in the DDA.

6.13 Assignment

Neither party may assign its right or obligations under this Agreement without the prior written consent of the other party which may or may not be given in such party's sole discretion.

IN WITNESS WHEREOF, CCLLC and the Agency have executed and delivered this Agreement to be effective on the date first set forth above.

AGENCY: URBAN RENEWAL AGENCY OF THE CITY OF OREGON CITY

By:____________________
Its:____________________

CCLLC: CLACKAMETTE COVE LLC, an Oregon limited liability company

By: Pacific Realty of Oregon, LLC, Member

By:____________________
Its:____________________

By: Woodley Properties, Inc., an Oregon corporation, Member

By:____________________
Its:____________________

Agenda Item No. 5c
Meeting Date: 06 Oct 2010

COMMISSION REPORT: CITY OF OREGON CITY

TO:	Urban Renewal Commission
FROM:	Dan Drentlaw, Economic Development Manager
PRESENTER:	Dan Drentlaw, Economic Development Manager
SUBJECT:	Citizen Survey/Urban Renewal Projects
Agenda Heading: General Business	
Approved by: David Frasher, City Manager	

RECOMMENDED ACTION (Motion):

Decide whether to conduct a public opinion survey regarding Urban Renewal Projects.

BACKGROUND:

At the September 15, 2010 meeting the Urban Renewal Commission agreed to discuss the merits of a survey at a future Urban Renewal meeting. The survey would cost approximately $10,000, and would be funded through the Urban Renewal budget.

BUDGET IMPACT:

FY(s): $10,000 FY 10/11
Funding Source: Urban Renewal

ATTACHMENTS:

City of Oregon City
Urban Renewal Commission Minutes
September 15, 2010

City Hall – Commission Chambers
625 Center Street
Oregon City, OR 97045

1. Convene Regular Meeting of the Urban Renewal Commission and Roll Call

Chair Slack called the meeting to order at 5:30 p.m.

Commissioners Present:
Don Slack
Robb Crocker
James Nicita
Graham Peterson
Nancy Walters
Rocky Smith, Jr.
Daphne Wuest
Alice Norris
Brian Shaw
Doug Neeley

Staff Present:
City Manager David Frasher
Assistant to the City Manager Teri Bankhead
City Attorney Ed Sullivan
City Recorder Nancy Ide
Community Development Director Tony Konkol
Library Director Maureen Cole
Economic Development Manager Dan Drentlaw
Community Services Director Scott Archer

2. Citizen Comments

Tom O'Brien of Oregon City discussed the differences between the agenda on the Web site and what was provided that night. Ms. Ide pointed out the agendas were the same, and Mr. O'Brien was mistakenly construing the online attachments as agenda items.

3. Future Agenda Items

No future agenda items were suggested.

4. Adoption of the Agenda

Motion by Commissioner Nicita, second by Commissioner Smith, to add discussion and a vote of the City's contract with Leland Consulting to the agenda.

Motion failed with the following vote: Commissioners Smith, Nicita, and Walters voting "aye" and Commissioners Wuest, Neeley, Norris, Crocker, Peterson, Shaw, and Slack voting "no." [3:7]

Motion by Commissioner Neeley, second by Commissioner Smith, to add discussion of the contract with Leland Consulting to the agenda.

Motion passed with the following vote: Commissioners Wuest, Smith, Nicita, Neeley, Shaw, Crocker, Peterson, Norris, Walters, and Slack voting "aye." [10:0]

5. General Business

a. Development Opportunity Grant

Dan Drentlaw, Economic Development Manager, said this was a grant the City received from Metro for $35,000. The purpose of the grant was to look at development and market feasibility for two sites, one on 10th and Main and the other on 12th and Main, both owned by the Urban Renewal Agency.

Megan Gibb of Metro discussed the purpose of the Development Opportunity Grant. Metro looked forward to continuing the partnership with Oregon City on this project.

Nancy Guitteau, Urban Land Economics, presented the results of the feasibility analysis. There were two development proposals; one was a larger mixed use and the other a more modest use. She discussed the challenges to, projected cost of, and increment generated by the projects.

Mike Corl of Vallaster Corl Architects explained the process the architects went through for the project and discussed the Main Street style and proposed design for the sites.

Ms. Guitteau gave the recommended next steps for attracting developers.

There was discussion about the design of the developments, incentive ideas, funding, and market projections.

Tom O'Brien of Oregon City said the building at 10th and Main looked like a viable project, but 12th and Main would be a significant financial impact to the citizens. He did not think the proposed design would work at 12th and Main due to the lack of parking.

Paul Edgar of Oregon City said 10th and Main looked good, but the architectural rendering without any historic motif was inappropriate. Regarding 12th and Main, the lower level was in the flood plain and parking downtown was also an issue. The building had to make a statement and draw attention and the proposed design did not accomplish that.

Commissioner Neeley wanted to look at alternatives to the current SDC policy in the downtown area and put forward a request for proposals on the site.

Commissioner Norris thought the focus should be on the 10th and Main project and staff could research and talk to developers regarding incentive options to be discussed at a future meeting.

Commissioner Wuest wanted both properties to be looked at concurrently.

Commissioner Shaw wanted to make sure the historic aspects and parking were included in the discussions.

b. Community Survey of the Cove and the Rossman Landfill

Motion by Commissioner Neeley, second by Commissioner Walters, to continue the community survey discussion to the next Urban Renewal Commission agenda.

Motion passed with the following vote: Commissioners Wuest, Smith, Nicita, Neeley, Shaw, Crocker, Peterson, Norris, Walters, and Slack voting "aye." [10:0]

c. Discussion of the City's Contract with Leland Consulting

Commissioner Neeley said some accusations had been placed on Leland Consulting for hiring the former City Manager. He asked Mr. Leland to respond.

Commissioner Nicita discussed his concerns about the consultant hiring Mr. Patterson. He thought the City should disassociate itself from Mr. Patterson to build citizen confidence.

Commissioner Walters thought the situation of hiring someone who was involved in decisions directly after employment was considered prohibited under many jurisdictions. The Commission should look at a competitive process as soon as possible.

David Leland of Leland Consulting stated he had been working with the City for six years to develop an economic development strategy. All of the risks regarding the Cove development had been pointed out and his firm was working on many projects for the City trying to follow the strategy that had been adopted. Mr. Patterson was on contract for other cities and had nothing to do with Oregon City projects. There was more information regarding the Cove and Rivers projects that would be brought to the October 6 meeting.

6. Consent Agenda

Motion by Commissioner Smith, second by Commissioner Wuest, to approve the consent agenda as presented.

Motion passed with the following vote: Commissioners Wuest, Smith, Nicita, Neeley, Shaw, Crocker, Peterson, Norris, Walters, and Slack voting "aye." [10:0]

7. City Manager's Report

Mr. Drentlaw updated the Commission on the Economic Improvement District process. A public hearing at a City Commission meeting would be held on October 20 to establish the District.

8. Adjournment

Chair Slack adjourned the meeting at 7:03 p.m.

Respectfully submitted,

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Nancy Ide, City Recorder