



RFP No. OMF053

PROFESSIONAL, TECHNICAL AND EXPERT SERVICES

**City of Portland, Oregon
November 16, 2009**

REQUEST FOR PROPOSALS

for

URBAN RENEWAL BOND FEASIBILITY CONSULTANT

PROPOSALS DUE: December 11, 2009 by 1:00 p.m.

Envelope(s) shall be sealed and marked with RFP # and Project Title.

Submit one (1) original and four (4) complete copies of the Proposal to:

**City of Portland
Bureau of Financial Services
Public Finance and Treasury Division
1221 SW Fourth Avenue, Room 120
Portland, OR 97204**

Refer questions to:

**Patricia Tighe
Phone: (503) 823-5580
Fax: (503) 823-4209
Email: ptigue@ci.portland.or.us**

GENERAL INSTRUCTIONS AND CONDITIONS

DIVERSITY IN EMPLOYMENT AND CONTRACTING REQUIREMENTS

The City of Portland seeks to extend contracting opportunities to Minority Business Enterprises, Women Business Enterprises and Emerging Small Businesses (M/W/ESBs) in order to promote their economic growth and to provide additional competition for City contracts. Therefore, the City has established an overall 20% utilization goal in awarding PTE contracts to ESBs. No goal is set for the use of M/WBE firms, but the City is committed to ensuring that such firms receive opportunities and equal consideration to be awarded City PTE contracts.

ENVIRONMENTALLY PREFERABLE PROCUREMENT

In accordance with the City's Sustainable City Principles and the City's Sustainable Procurement Policy, the City of Portland values the use of products and services that minimize the negative human health and environmental impacts of City operations. Therefore, proposers are encouraged to incorporate environmentally preferable products or services into their responses wherever possible. "Environmentally preferable" means products or services that have a lesser or reduced effect on human health and the environment when compared with competing products or services that serve the same purpose. This comparison may consider raw materials acquisition, production, manufacturing, packaging, distribution, reuse, operation, maintenance, or disposal of the product or service. To view the above City policies go to www.portlandonline.com and navigate to "Charter, Code & Policies Documents".

INVESTIGATION – The proposer shall make all investigations necessary to inform itself regarding the service(s) to be performed under this request for proposal.

SPECIAL CONDITIONS – Where special conditions are written in the Request for Proposal, these special conditions shall take precedence – over any conditions listed under the Professional, Technical and Expert Service "General Instructions and Conditions".

CLARIFICATION OF REQUEST FOR PROPOSAL – Proposers who request a clarification of the RFP requirements must submit questions in writing to the person(s) shown in the REFER QUESTIONS TO section on the cover of this RFP, or present them verbally at a scheduled pre-submittal conference, if one has been scheduled. The City must receive written questions no later than the date stated herein. The City will issue a response in the form of an addendum to the RFP if a substantive clarification is in order.

Oral instructions or information concerning the Request for Proposal given out by Bureau or Office managers, employees or agents to prospective proposers shall not bind the City.

ADDENDUM – Any change to this RFP shall be made by written addendum issued no later than 72 hours prior to the proposal due date. The City is not responsible for any explanation, clarification or approval made or given in any manner except by addendum.

COST OF PROPOSAL – This Request for Proposal does not commit the City to pay any costs incurred by any proposer in the submission of a proposal or in making necessary studies or designs for the preparation thereof, or for procuring or contracting for the services to be furnished under the Request for Proposal.

CANCELLATION – The City reserves the right to modify, revise or cancel this RFP. Receipt and evaluation of proposals or the completion of interviews do not obligate the City to award a contract.

LATE PROPOSALS – Proposals received after the scheduled closing time for filing will be returned to the proposer unopened.

REJECTION OF PROPOSALS – The City reserves the right to reject any or all responses to the Request for Proposal if found in the City's best interest to do so. In the City's discretion, litigation between the

City and a proposer shall be cause for proposal rejection, regardless of when that litigation comes to the City's attention and regardless how the consultant's proposal may have been scored. Proposals may also be rejected if they use subcontractors or subconsultants who are involved in litigation with the City. Proposers concerned about possible rejection on this basis should contact the City before submission of a proposal for a preliminary determination of whether its proposal will be rejected.

CITY OF PORTLAND BUSINESS LICENSE – Successful consultant shall obtain a current City of Portland Business License prior to initiation of contract and commencement of the work.

WORKERS' COMPENSATION INSURANCE – the successful consultant shall be covered by Workers' Compensation Insurance or shall provide evidence that State law does not require such coverage.

CERTIFICATION AS AN EEO AFFIRMATIVE ACTION EMPLOYER

Proposers must be certified as Equal Employment Opportunity Affirmative Action Employers as prescribed by Chapter 3.100 of the Code of the City of Portland. The required documentation must be filed with the Bureau of Purchases, City of Portland, prior to contract execution.

EQUAL BENEFITS PROGRAM – Proposers must provide benefits to their employees with domestic partners equivalent to those provided to employees with spouses as prescribed by Chapter 3.100 of the Code of the City of Portland. The required documentation must be filed with the Bureau of Purchases, City of Portland, prior to contract execution.

CONFLICT OF INTEREST – A proposer filing a proposal thereby certifies that no officer, agent or employee of the City who has a pecuniary interest in this Request for Proposal has participated in the contract negotiations on the part of the City, that the proposal is made in good faith without fraud, collusion or connection of any kind with any other proposer of the same call for proposals, and that the proposer is competing solely in its own behalf without connection with or obligation to, any undisclosed person or firm.

CONFIDENTIALITY – All information submitted by proposers shall be public record and subject to disclosure pursuant to the Oregon Public Records Act (ORS 192.410 et seq.), except such portions of the proposals for which proposer requests exception from disclosure consistent with Oregon Law. Any portion of a proposal that the proposer claims constitutes a "trade secret" or is "confidential" must meet the requirements of ORS 192.501, ORS 192.502 and/or ORS 646.461 et seq. If the entire proposal is marked as constituting a "trade secret" or being "confidential," at the City's sole discretion, such a proposal may be rejected as non-responsive.

If a request to inspect the proposal is made, the City will notify the proposer of the request. If the City refuses to release the records, the proposer agrees to provide information sufficient to sustain its position to the District Attorney of Multnomah County, who currently considers such appeals. If the District Attorney orders that the records be disclosed, the City will notify the proposer in order for the proposer to take all appropriate legal action. The proposer further agrees to hold harmless, defend and indemnify the City for all costs, expenses and attorney fees that may be imposed on the City as a result of appealing any decision regarding the proposer's records.

The Purchasing Agent has the authority to waive minor irregularities and discrepancies that will not affect the competitiveness or fairness of the solicitation and selection process.

These Professional, Technical and Expert Services Request for Proposal "General Terms and Conditions" are not to be construed as exclusive remedies or as a limitation upon rights or remedies that may be or may become available under ORS Chapter 279.

PART I

CONTRACT REQUIREMENTS

SECTION A

GENERAL INFORMATION

1. INTRODUCTION

This document constitutes an invitation for sealed competitive proposals under Portland City Code Chapter 5.68. This Request For Proposals (RFP) is for the City of Portland, Bureau of Financial Services, Public Finance and Treasury Division as identified herein in accordance with the requirements and provisions herein. The City of Portland (the "City") requires the services of a firm to serve as a feasibility consultant in connection with the issuance of tax increment bonds over the next three years. The feasibility consultant will undertake analysis to demonstrate the sufficiency of projected tax increment revenues to meet debt service coverage levels provided in bond ordinances as described more fully herein. A list of tax increment bond issues planned over the next three years is shown in the table below. The years of bond sales are preliminary and subject to change.

The tax increment financing program will provide funding for the Portland Development Commission ("PDC") urban renewal district capital improvement projects. PDC was created in 1958 to serve as the urban renewal and redevelopment agency for the City. It is responsible for developing and managing urban renewal plans and currently manages activities in eleven urban renewal districts. The City issues bonds on behalf of all City bureaus, including PDC, and will be the primary contact relating to the issuance and ongoing management of tax increment bonds.

2. BACKGROUND

Overview. Over the next few years, the City expects to issue bonds to fund urban renewal district capital improvements on behalf of PDC. The amount of bonds to be issued will depend in part on the growth of the incremental assessed value in urban renewal areas, tax rates, and other factors that may affect collections of tax increment revenues, such as Measure 5 compression.

Oregon state statutes pertaining to urban renewal provide for several different types of urban renewal plans depending on the date on which the district was formed or amended. The City has three types, each of which will create particular challenges for bond financings over the next few years. These include "Option 3" plans, "standard rate" plans and "reduced rate" plans. Additionally, new districts and districts for which the maximum indebtedness is increased are required to share revenues generated from incremental assessed value with overlapping taxing jurisdictions once certain milestones are reached. A list of the districts for which debt remains to be issued is shown below, including the tax increment revenue collection method for each district and the urban renewal plan expiration date. A more detailed description of how tax increment revenues are collected in Oregon follows.

District	Type	Last Date to Issue Debt	Next Expected Bond Sale
Convention Center	Option 3	June 2013	2013
River District	Standard Rate Plan	June 2021	2011
Lents Town Center	Standard Rate Plan	June 2020	2010
North Macadam	Standard Rate Plan	June 2020	2010
Interstate Corridor	Standard Rate Plan	June 2021	2011
Gateway Regional Center	Standard Rate Plan	June 2022	uncertain
Willamette Industrial	Reduced Rate Plan	December 2024	-
Central Eastside	Reduced Rate Plan	August 2018	2011

Tax Increment Revenue Collections in Oregon. The primary funding source for capital improvements undertaken in urban renewal areas is bond proceeds secured by tax increment revenues and associated investment income. Under Oregon law, revenue collections in urban renewal areas are subject to a “division of taxes.” Once the urban renewal district is established, property values are assessed and frozen at predevelopment levels. Taxes derived from the value of the frozen base continue to be allocated to the applicable taxing jurisdictions overlapping the urban renewal area. Property taxes derived from the increase in assessed valuation (herein referred to as the “divide the taxes revenues”) are allocated to the urban renewal district to pay for redevelopment costs. Under Measure 50, the growth in assessed valuation of property is limited to three percent annually plus any new development. The method used to collect tax increment revenues depends on the date of formation of the urban renewal area. Different collection methods are authorized for districts formed before December 6, 1996, districts formed on or after December 6, 1996 but prior to October 6, 2001, and districts formed on or after October 6, 2001.

The “Pre-1996 Districts.” The passage of Measure 50 made changes to the way taxes are collected in urban renewal districts. For Pre-1996 Districts, Oregon state law provided for three methods for collecting tax increment revenues. The City currently has four districts formed prior to December 6, 1996 – Airport Way, Downtown Waterfront, Oregon Convention Center, and South Park Blocks – that are characterized as “Option 3” districts. Option 3 districts may collect a fixed amount of divide the taxes revenues and may receive an allocation of a City-wide Special Levy, which is currently \$15 million in total for all Option 3 Districts. Of the four Option 3 districts, only Oregon Convention Center may issue long-term debt. The last date to issue debt for Oregon Convention Center is in 2013.

The “Standard Rate” Plans. Urban renewal areas formed on or after December 6, 1996, and before October 6, 2001, qualify as “standard rate plans.” These districts collect all divide the taxes revenues on the Incremental Assessed Value of the areas, calculated by multiplying the consolidated tax rate by the Increment Assessed Value. The consolidated tax rate for standard rate plans is comprised of the permanent rates of the taxing jurisdictions overlapping the urban renewal area, the “local option” and “gap bond” rates (e.g., the City’s Parks and Children’s Investment Fund local option levies and its Fire and Police Disability and Retirement Fund levy), and general obligation bond levies.

The City has five Standard Rate Plans: River District, Lents Town Center, North Macadam, Interstate Corridor, and Gateway Regional Center. Plans are underway to issue debt for the

Lents Town Center urban renewal area in FY 2009-10.

The “Reduced Rate” Plans. Urban renewal areas formed or substantially amended on or after October 6, 2001, qualify as “reduced rate plans.” These districts collect all divide the taxes revenues on the Incremental Assessed Value of the areas, but the consolidated tax rate used to calculate the tax increment revenues for an urban renewal area is comprised of the permanent rates of the taxing jurisdictions overlapping the urban renewal area, the “local option” and “gap bond” rates (e.g., the City’s Parks and Children’s Investment Fund local option levies and its Fire and Police Disability and Retirement Fund levy) approved prior to October 6, 2001, and general obligation bond levies approved prior to October 6, 2001. Local option and general obligation bond levies approved by the voters on or after October 6, 2001, are excluded from the consolidated tax rate.

The City has two Reduced Rate Plans: Willamette Industrial (adopted in 2004) and Central Eastside (substantially amended in August 2006). It is not expected that bonds will be issued for the Willamette Industrial urban renewal area over the next three years.

Revenue Sharing. In 2009, the Oregon State Legislature approved legislation (House Bill 3056) which requires urban renewal areas to share revenues generated from the incremental assessed value of urban renewal areas once certain milestones are reached. The legislation has different requirements for the City of Portland and for other urban renewal areas in Oregon. For the City, all districts created after the effective date of the legislation are required to begin sharing once tax increment revenues reach three percent of maximum indebtedness. After tax increment revenues to the urban renewal area reach 10 percent, all revenues generated from incremental assessed value above this amount revert to the taxing jurisdictions. Additionally, if an urban renewal area undergoes a substantial amendment to increase maximum indebtedness, it is subject to sharing requirements as described in the legislation. The legislation also describes particular sharing provisions for the River District urban renewal area.

3. SCOPE OF WORK

The City of Portland, Bureau of Financial Services is seeking proposals from individuals, firms, teams or consultants, hereafter called “Proposer(s),” with demonstrated experience in forecasting property values and tax increment collections in urban renewal areas and proposes to engage the successful Proposer for the following services:

- Reviewing historical and projecting future growth in assessed and incremental assessed value within an urban renewal area, including real, personal, manufactured and utility property of the City;
- Reviewing historical tax increment collections and projecting future tax increment collections based on projections of tax rates, Measure 5 compression, and other relevant factors,
- Preparing a feasibility report with projections of property value and tax increment revenues, including a description of the methodology used for these projections, for inclusion in the bond official statement, and
- Providing a certification that the information provided in the feasibility report is accurate and contains no material omissions or misstatements of fact.

4. PROJECT FUNDING

The City has not determined the anticipated cost for the requested services. The Proposer’s proposal shall include the Proposer’s true estimated cost to perform the work irrespective of the City’s budgeted funds for this work. This cost estimate should be the amount anticipated to prepare each feasibility report and to provide the required certification.

5. TIMELINE FOR SELECTION

The following dates are proposed as a timeline for this project:

Written proposals due at <u>1:00</u> p.m.	December 11, 2009
Selection committee recommendation	December 21, 2009
Contract negotiation with successful Proposer	December 21, 2009
Notice to proceed – work begins	January 4, 2010

The City reserves the right to make adjustments to the above noted schedule as necessary.

SECTION B

WORK REQUIREMENTS

1. TECHNICAL OR REQUIRED SERVICES

The successful Proposer shall perform the tasks listed below for this project, and shall be expected to work closely with designated City personnel to accomplish these goals:

- a. Review historical trends in assessed and incremental assessed value growth, and evaluate underlying causes due to property type, new construction, abatements, boundary adjustments or other relevant factors.
- b. Review historical trends in tax increment revenue collections, and evaluate factors contributing to these collections including changes in the consolidated tax rate and Measure 5 compression. If applicable to the specific urban renewal area, the successful Proposer will also consider how revenue sharing has impacted tax increment revenue collections.
- c. Evaluate assessed values in relation to Measure 5 values by property type to determine the extent to which individual properties within each property class were at or near Measure 5 compression levels and may be expected to face compression in future years. See Exhibit A for methodology employed for this task in earlier feasibility studies.
- d. Provide a 5-10 year projection (to be determined) of property assessed value and incremental assessed value within an urban renewal area by forecasting growth in the assessed value "base" (i.e., property other than new development), including identification of any changes in composition of property types in the urban renewal area or boundary adjustments, if any, and identifying and quantifying the effect of known new development expected to be added to the tax rolls.
- e. Provide a 5-10 year projection (to be determined) of tax increment revenues to be collected based on projections of the consolidated tax rate, Measure 5 compression, revenue sharing and any other factors that may be relevant.
- f. Prepare a report summarizing the findings in a. through e. above to be included in the official statement for bonds issued for the designated urban renewal area.
- g. Certify that information contained in the feasibility report is accurate and contains no material omissions or misstatements of fact.

2. WORK PERFORMED BY THE CITY

The City has assigned a project manager to oversee the successful Proposer's work and provide support as needed. It is expected that the successful Proposer(s) will work primarily with the Debt Management staff.

The City will provide the successful Proposer with debt service amounts and required debt service coverage levels for urban renewal areas, as well as historical information on property values and tax increment revenues that it routinely collects for each urban renewal area.

3. DELIVERABLES AND SCHEDULE

Deliverables shall be considered those tangible resulting work products that are to be delivered to the City such as reports, draft documents, data, interim findings, drawings, schematics, training, meeting presentations, final drawings and reports. The successful Proposer is encouraged to provide any deliverables in accordance with the City's Sustainable Paper Use Policy. The policy can be viewed at: <http://www.portlandonline.com/omf/index.cfm?c=37732>.

Deliverables and schedule for this project shall include:

- a. A feasibility report to be included in official statements for urban renewal and

redevelopment bonds describing historical and projecting future assessed value, incremental assessed value, and tax increment revenues, along with the Proposers' methodology for the projections.

b. A certificate to be issued at closing attesting that the feasibility report contains no information known to be misleading, false, or that misstates a material fact.

c. Attendance at one or more meetings as needed to describe the results of the feasibility study to the financing team.

Appendix A and Appendix B include samples of the feasibility report and certificate provided in connection with the City's River District Urban Renewal and Redevelopment Bonds, 2003 Series A and B.

All deliverables and resulting work products from this contract will become the property of the City of Portland.

4. PLACE OF PERFORMANCE

Contract performance will take place primarily at the Proposer's facility. On occasion and as appropriate, work will be performed at City facilities, a third-party location or any combination thereof.

5. PERIOD OF PERFORMANCE

The contract with the successful Proposer will extend for approximately three years, through December 30, 2012. City anticipates having the successful Proposer begin work immediately upon contract execution.

6. PUBLIC SAFETY

Public safety may require limiting access to public work sites, public facilities, and public offices, sometimes without advance notice. The Proposer shall anticipate delays in such places and include the cost of delay in the proposed cost. The successful Proposer's employees and agents shall carry sufficient identification to show by whom they are employed and display it upon request to security personnel. City project managers have discretion to require the successful Proposer's employees and agents to be escorted to and from any public office, facility or work site if national or local security appears to require it.

7. INSURANCE

The successful Proposer(s) shall agree to maintain continuous, uninterrupted coverage of all insurance as required by the City. There shall be no cancellation, material change, reduction of limits or intent not to renew the insurance coverage(s) without a 30-day written notice, or ten (10) days written notice for non-payment from the successful Proposer or its insurer(s) to the City.

Workers' Compensation Insurance in compliance with ORS 656.017, which requires subject employers to provide Oregon workers' compensation coverage for all their subject workers (firms with one or more employees, unless exempt under ORS 656.027).

General Liability Insurance with a combined single limit of not less than \$1,000,000 per occurrence for Bodily Injury and Property Damage. It shall include contractual liability coverage for the indemnity provided under this contract, and shall provide that the City of Portland, and its agents, officers, and employees are Additional Insureds but only with respect to the successful Proposer's services to be provided under this Contract.

Automobile Liability Insurance with a combined single limit of not less than \$1,000,000 per occurrence for Bodily Injury and Property Damage, including coverage for owned, hired, or non-owned vehicles, as applicable.

Professional Liability Insurance with a combined single limit of not less than \$1,000,000 per claim, incident, or occurrence. This is to cover damages caused by negligent acts, errors or omissions related to the professional services to be provided under this contract. If insurance coverage is provided on a "claims made" basis, the successful Proposer shall acquire a "tail" coverage or continue the same coverage for three years after completion of the contract, provided coverage is available and economically feasible. If such coverage is

not available or economically feasible, contractor shall notify City immediately.

Certificates of Insurance: As evidence of the insurance coverages, the successful Proposer shall furnish acceptable insurance certificates to the City at the time signed contracts are returned to the City. The certificate will specify all of the parties who are Additional Insureds and will include the 30-day cancellation clause and 10-day non-payment clause as identified above. Insuring companies or entities are subject to City acceptance. If requested, complete policy copies shall be provided to the City. The successful Proposer shall be financially responsible for all pertinent deductibles, self-insured retentions, and/or self-insurance.

SECTION C

1. INDEX

2. SAMPLE CONTRACT

ATTACHMENTS

- Exhibit A Sample Feasibility Report prepared in connection with River District Urban Renewal and Redevelopment Bonds, 2003 Series A and B.
- Exhibit B Sample certification to be delivered at bond closing.

The Professional, Technical and Expert Services Contract is the City's standard contract and will be used as a result of this selection process. A sample contract can be viewed at: <http://www.portlandonline.com/shared/cfm/image.cfm?id=27067> .

PART II

PROPOSAL PREPARATION AND SUBMITTAL

SECTION A

PRE-SUBMITTAL MEETING/CLARIFICATION

1. PRE-SUBMITTAL MEETING

There will be no pre-submittal meeting or site visit scheduled for this project.

2. RFP CLARIFICATION

Questions and requests for clarification regarding this Request for Proposal must be directed in writing, via email or fax, to the person listed below. **The deadline for submitting such questions/clarifications is November 30, 2009.** An addendum will be issued no later than 72 hours prior to the proposal due date to all recorded holders of the RFP if a substantive clarification is in order.

Patricia Tigue
Bureau of Financial Services
City of Portland
1221 Fourth Avenue, Room 120
Portland, Oregon 97204

E-mail: ptigue@ci.portland.or.us
Phone: (503) 823-5580
Fax: (503) 823-4209

SECTION B

PROPOSAL SUBMISSION

1. PROPOSALS DUE

Sealed proposals must be received no later than the date and time, and at the location, specified on the cover of this solicitation. The outside of the envelope shall plainly identify the subject of the proposal, the RFP number and the name and address of the Proposer. It is the Proposer's responsibility to ensure that proposals are received prior to the specified closing date and time, and at the location specified. Proposals received after the specified closing date and/or time shall not be considered and will be returned to the Proposer unopened. The City shall not be responsible for the proper identification and handling of any proposals submitted to an incorrect location.

2. PROPOSAL

Proposals must be clear, succinct and not exceed **15** pages. Section dividers, title page, and table of contents do not count in the overall page count of the proposal. Proposers who submit more than the pages indicated may not have the additional pages of the proposal read or considered.

For purposes of review and in the interest of the City's Sustainable Paper Use Policy and sustainable business practices in general, the City encourages the use of submittal materials (i.e. paper, dividers, binders, brochures, etc.) that contain post-consumer recycled content and are readily recyclable. The City discourages the use of materials that cannot be readily recycled such as PVC (vinyl) binders, spiral bindings, and plastic or glossy covers or dividers. Alternative bindings such as reusable/recyclable binding posts, reusable binder clips or binder rings, and recyclable cardboard/paperboard binders are examples of preferable submittal materials. Proposers are encouraged to print/copy on both sides of a single sheet of paper wherever applicable; if sheets are printed on both sides, it is considered to be two pages. Color is acceptable, but content should not be lost by black-and-white printing or copying.

All submittals will be evaluated on the completeness and quality of the content. Only those Proposers providing complete information as required will be considered for evaluation. The ability to follow these instructions demonstrates attention to detail.

3. ORGANIZATION OF PROPOSAL

Proposers must provide all information as requested in this Request for Proposal (RFP). Responses must follow the format outlined in this RFP. Additional materials in other formats, or pages beyond the stated page limit(s) may not be considered. The City may reject as non-responsive at its sole discretion any proposal or any part thereof, which is incomplete, inadequate in its response, or departs in any substantive way from the required format. Proposal responses shall be organized in the following manner:

1. Cover Letter
2. Project Team
3. Proposer's Capabilities
4. Project Approach and Understanding
5. Diversity in Employment and Contracting Requirements
6. Proposed Cost
7. Supporting Information

Proposal responses may not exceed 15 pages, including the cover letter.

SECTION C

EVALUATION CRITERIA

1. COVER LETTER

By submitting a response, the Proposer is accepting the General Instructions and Conditions of this Request for Proposal (reference second page of the RFP) and the Standard Contract Provisions of the Professional, Technical and Expert Services contract.

The Cover Letter must include the following:

- RFP number and project title
- name(s) of the person(s) authorized to represent the Proposer in any negotiations
- name(s) of the person(s) authorized to sign any contract that may result
- contact person's name, mailing or street addresses, phone and fax numbers and email addresses

A legal representative of the Proposer, authorized to bind the Proposer in contractual matters must sign the Cover Letter.

BUSINESS COMPLIANCE

The successful Proposer(s) must be in compliance with the laws regarding conducting business in the City of Portland before an award may be made. The Proposer shall be responsible for the following:

Certification as an EEO Affirmative Action Employer

The successful Proposer(s) must be certified as Equal Employment Opportunity Employers as prescribed by Chapter 3.100 of the Code of the City of Portland prior to contract award. Details of certification requirements are available from the Bureau of Purchases, 1120 SW Fifth Avenue, Room 750, Portland, Oregon 97204, (503) 823-6855, website: <http://www.portlandonline.com/omf/purchasing>

Non-Discrimination in Employee Benefits (Equal Benefits)

Proposers are encouraged to submit the Equal Benefits Compliance Worksheet/Declaration Form with their response. If not submitted, you will be contacted and required to provide this form prior to contract award; otherwise your proposal may be rejected. If your company does not comply with Equal Benefits and does not intend to do so, you must still submit the Form. The Equal Benefits Compliance Worksheet/Declaration Form can be obtained from the following web site: <http://www.portlandonline.com/omf/purchasing>

Fill out the form properly. You may call the Bureau of Purchases at 503-823-6855 to ensure you correctly complete the form. You may also call the

contact listed on the front page of this solicitation document for assistance.

There are five options on the Worksheet/Declaration Form to pick among. They range from full compliance (Options A, B, C), to one that requires advance authorization by the City (Option D – Delayed Compliance), to Non Compliance. Select the option that is true of your company's standing at the time you submit your proposal. You cannot change your answer after you submit the Worksheet/Declaration Form.

Option D is only used if you have an official waiver from the City. Waivers are only issued by the Bureau of Purchases.

The Form provides the City with your declared Equal Benefit status. However, the City issues the final determination of your Equal Benefit status for purposes of contract award.

If information on your form is conflicting or not clearly supported by the documentation that the City receives, the City may seek clarification to ensure we properly classify your compliance.

Business License

The successful Proposer(s) must be in compliance with the City of Portland Business License requirements as prescribed by Chapter 7.02 of the Code of the City of Portland prior to contract award. Details of compliance requirements are available from the Revenue Bureau License and Tax Division, 111 SW Columbia Street, Suite 600, Portland, Oregon 97201, (503) 823-5157, website: <http://www.portlandonline.com/omf/index.cfm?c=29320>

If your firm currently has a business license and is EEO certified, include in the Cover Letter your firm's City of Portland Business License number as well as the Equal Employment Opportunity (EEO) expiration date.

2. PROJECT TEAM

1. Identify the individual who will be the project manager for this engagement. Please provide a brief resume which demonstrates the experience of this individual with similar projects. How much of this person's time can the City expect will be devoted to this project?
2. Identify other key members of the team that will be performing work on this project. Please identify the following for each team member:
 - their responsibilities on this project
 - current assignments
 - experience on similar or related projects
 - unique qualifications
 - percentage of their time that will be devoted to the project

3. PROPOSER'S CAPABILITIES

1. Describe similar projects performed within the last three years which best characterize your firm's capabilities to do the type of work being requested. Include in your response whether your firm has specifically undertaken feasibility studies in connection with the issuance of tax increment bonds or any other types of bonds secured by property tax revenues.
2. Describe any specialized resources available to your firm to complete the work being requested, such as access to databases or models.

4. PROJECT APPROACH AND UNDERSTANDING

1. Describe the proposed work tasks and activities, the methodology that will be used to accomplish them, and identify the team members who will work on each task.
2. Describe the proposed work products that will result from each task or activity.
3. Identify points of input and review with City staff.
4. Identify the time frame estimated to complete each task.

**5. DIVERSITY IN
EMPLOYMENT AND
CONTRACTING
REQUIREMENTS**

The City is committed to increasing contracting opportunities for State of Oregon certified minority, women and emerging small business (M/W/ESB) enterprises. The City values, supports and nurtures diversity, and encourages any firm contracting with the City to do the same, maximizing M/W/ESB business participation with regard to all City contracts. As such, the City has established an overall 20% utilization goal in awarding PTE contracts to State of Oregon certified emerging small business (ESB) enterprises. The City has assigned at least 15% of the total points available on this solicitation to determine the award of this contract. No goal is set for the use of minority (MBE) and women business (WBE) enterprises, but the City is committed to ensuring that such firms receive opportunities and equal consideration to be awarded City PTE contracts.

All Proposers shall address the following in their proposals:

- a. Indicate if your firm is currently certified in the State of Oregon as an MBE, WBE and/or ESB, or if your firm has applied for certification with the State of Oregon's Office of Minority, Women and Emerging Small Business (OMWESB). Provide a copy of the State of Oregon certification letter confirming receipt of application or copy of the approval letter certifying your firm.
- b. Identify your current diversity of workforce and describe your firm's commitments to providing equal employment opportunities. Include in your response:
 - Number of total employees and description of type of work performed.
 - Number of minorities and women within your current workforce, broken out by ethnicity and positions held.
 - Any underutilization of minorities or women within your workforce and your firm's efforts to remedy such underutilization.
 - Any plans to provide innovative mentoring, technical training or professional development opportunities to minorities and women in your workforce in relation to this project, or plans to employ minorities and women to work on this project.
 - Description of the process your firm uses to recruit minorities and women.
- c. Have you subcontracted or partnered with State of Oregon certified M/W/ESB firms on any project within the last 12 months? If so, please describe the history of the firm's subcontracting and partnering with certified M/W/ESB firms. Include in your response:
 - List of State of Oregon certified M/W/ESB firms with which your firm has had a contractual relationship during the last 12 months.
 - Any innovative or successful measures that your firm has undertaken to work with M/W/ESB firms on previous projects.
 - Any mentoring, technical or other business development services your firm has provided to previous or current M/W/ESB subconsultants or partners, or will provide in relation to this project.
- d. Are you subcontracting any element of your proposal? Describe your firm's plan for obtaining maximum utilization of State of Oregon certified M/W/ESB firms on this project. Include in your response:
 - Subcontracting opportunities your firm has identified in the scope of this project.
 - Efforts made relating to outreach and recruitment of certified M/W/ESB firms. Did your firm advertise contracting opportunities in the *Daily Journal of Commerce*, *Skanner*, *Oregonian*, *Observer*, *El Hispanic News*, *Asian Reporter*, and/or other trade publications? Did your firm conduct any outreach meetings? Did your firm use the State's OMWESB certification list, or other source, as a basis for direct outreach? What were the actual results of any of the above efforts?
 - Any proposals received from certified M/W/ESB firms. If any such proposals were rejected, provide reasons for rejection.
 - Other efforts your firm used or proposes to use in relation to this project.

- e. If your firm will be utilizing State of Oregon certified M/W/ESB firms on this project, please list those firms and detail their role within your proposal. In addition, **all Proposers must submit Exhibit A - First Tier Subconsultant Disclosure Form 1** in their proposal, which requires Proposers to identify the following:
- The names of **all** subconsultants to be used on this project with subcontracts greater than or equal to \$10,000.
 - The names of all State of Oregon certified MBE, WBE and ESB firms. If firms have more than one certification (i.e., ESB and MBE, and/or ESB and WBE) note that on the form so that proper credit can be given for the ESB goal and for tracking MBE and WBE utilization.
 - The proposed scope or category of work for each subconsultant.
- If Proposers will not be using any subconsultants that are subject to the above disclosure requirements, Proposers are required to indicate “**NONE**” on the First Tier Subconsultant Disclosure Form 1.

The City expects thoughtful consideration of all of the above Diversity in Employment and Contracting criteria in the preparation of proposals. The City will enforce all diversity in workforce and M/W/ESB commitments submitted by the successful Proposer, and the successful Proposer will be required to submit a completed Monthly Subconsultant Payment and Utilization Report to ensure that subconsultants are utilized to the extent originally proposed and submitted in its proposal. The successful Proposer will not be permitted at any time to substitute or add a subconsultant without the prior written approval of the Purchasing Agent. ALL subconsultants, including M/W/ESB firms, and first tier subconsultants shall be reported on the Monthly Subconsultant Payment and Utilization Report as well as contract amounts and payments. For reference, a copy of this form may be obtained at: <http://www.portlandonline.com/shared/cfm/image.cfm?id=119851> .

6. PROPOSED COST

The proposal shall include the Proposer's true estimated cost or fixed-price estimate for the proposed project approach irrespective of the City's anticipated cost. Additionally, this cost shall include the hourly rates of each person associated with the project as well as the estimated number of hours each staff member will be expected to work on each task. The proposed cost should be stated per transaction (i.e., per feasibility report, certification and other required tasks for a single bond issue).

7. SUPPORTING INFORMATION

Supporting material must include a minimum of **3** references, and may include other information pertinent to the project or work to be performed. References must include the contact person's name, agency, address, phone number, their role in the project (e.g., project manager, etc.), name of the project and when the work was done.

PART III

PROPOSAL EVALUATION

SECTION A

PROPOSAL REVIEW AND SELECTION

1. EVALUATION CRITERIA SCORING

Each proposal shall be evaluated on the following evaluation criteria, weighting and maximum points, as follows:

Criteria		Maximum Score
a.	Cover Letter	0
b.	Project Team	20
c.	Proposer's Capabilities	25
d.	Project Approach and Understanding	25
e.	Diversity in Employment and Contracting	15
f.	Proposed Cost	15
g.	Supporting Information*	0
Total Points Available		100

*While no points have been assigned to this criterion, the City reserves the right to consider this factor in making its selection.

2. PROPOSAL REVIEW

An evaluation review committee will be appointed to evaluate the proposals received. For the purpose of scoring proposals each of the committee members will evaluate each proposal in accordance with the criteria and point factors listed above. The evaluation committee may seek outside expertise, including but not limited to input from technical advisors, to assist in evaluating proposals.

The successful Proposer shall be selected by the following process:

- An evaluation committee will be appointed to evaluate submitted written proposals.
- The committee will score the written proposals based on the information submitted according to the evaluation criteria and point factors.
- The committee will require a minimum of 5 working days to evaluate and score the written proposals.
- A short list of Proposers, based on the highest scores, may be selected for oral interviews if deemed necessary. The City reserves the right to increase or decrease the number of Proposers on the short list depending on the scoring and whether the Proposers have a reasonable chance of being awarded a contract.
- If oral interviews are determined to be necessary, the scores from the written proposals will be considered preliminary. Final scores, based on the same evaluation criteria, will be determined following the interviews.

All communications shall be through the contact(s) referenced in Part II, Section A.2 of the RFP. At the City's sole discretion, communications with members of the evaluation committee, other City staff or elected City officials for the purpose of unfairly influencing the outcome of this RFP may be cause for the Proposer's proposal to be rejected and disqualified from further consideration.

For contracts over \$100,000, the evaluation committee's recommendation for contract award will be submitted to the Portland City Council for approval. The City has the right to reject any or all proposals for good cause, in the public interest.

NOTE: In the City's discretion, litigation between the City and a Proposer shall be cause for proposal rejection, regardless of when that litigation comes to the City's attention and regardless how the Proposer's proposal may have been scored.

Proposals may also be rejected if they use subcontractors or subconsultants who are involved in litigation with the City. Proposers concerned about possible rejection on this basis should contact the City before submission of a proposal for a preliminary determination of whether its proposal will be rejected.

3. CLARIFYING PROPOSAL DURING EVALUATION

During the evaluation process, the City has the right to require any clarification or change its needs in order to understand the Proposer's view and approach to the project and scope of the work.

SECTION B

CONTRACT AWARD

1. CONSULTANT SELECTION

The City will negotiate and, if successful, award a contract to the highest scoring Proposer. Should the City not reach a favorable agreement with the highest scoring Proposer, at the City's sole discretion, the City shall terminate negotiations and commence negotiations with the second highest scoring Proposer and so on until a favorable agreement is reached. A consultant selection process will be carried out under Portland City Code Chapter 5.68.

2. CONTRACT DEVELOPMENT

The proposal and all responses provided by the successful Proposer may become a part of the final contract. The form of contract shall be the City's Contract for PTE Services.

3. AWARD REVIEW AND PROTESTS

REVIEW:

Following the Notice of Intent to Award, the public may view proposal documents. However, any proprietary information so designated by the Proposer as a trade secret or confidential and meeting the requirements of ORS 192.501, 192.502 and/or ORS 646.461 et seq., will not be disclosed unless the Multnomah County District Attorney determines that disclosure is required. At this time, Proposers not awarded the contract may seek additional clarification or debriefing, request time to review the selection procedures or discuss the scoring methods utilized by the evaluation committee.

PROTESTS OF CONTRACT AWARDS:

Protests may be submitted to the Purchasing Agent only for contracts in excess of the formal limit established by the City Auditor (reference <http://www.portlandonline.com/omf/index.cfm?a=74585&c=27353>), and only from those Proposers who would receive the contract if their protest were successful.

Protests must be received by the Purchasing Agent within seven (7) calendar days UNLESS OTHERWISE NOTED following the date of the City's Notice of Intent to Award was issued. The protest must specifically state the reason for the protest and show how its proposal or the winning proposal was mis-scored or show how the selection process deviated from that described in the solicitation document. The contract award process will be put on hold until the protest has been resolved.

Timely protests must include all legal and factual information regarding the protest, and a statement of the form of relief requested. Protests received later than specified or from other than the Proposer who would receive the contract if the protest was successful will not be considered. The exercise of judgment used by the evaluators in scoring the written proposals and interviews, including the use of outside expertise, is not grounds for appeal.

The Purchasing Agent may waive any procedural irregularities that had no material affect on the selection of the proposed contractor, invalidate the proposed award, amend the award decision, request the evaluation committee re-evaluate any proposal or require the bureau to cancel the solicitation and begin again to solicit new proposals. In the event the matter is returned to the evaluation committee, the Purchasing Agent shall issue a notice canceling the Notice of Intent to Award.

Decisions of the Purchasing Agent are final and conclude the administrative appeals process.



Tashman Johnson LLC
Consultants in Policy, Planning & Project Management

EXHIBIT A
Sample Feasibility Report Prepared in Connection with
River District Urban Renewal and Redevelopment Bonds, 2003 Series A and B

PROJECTION OF TAX INCREMENT REVENUES

CITY OF PORTLAND

RIVER DISTRICT URBAN RENEWAL AREA

May 12, 2003

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I. INTRODUCTION

This report describes projections (FY 2003/2004 through FY 2007/2008) of tax increment revenues before and after Measure 5 compression losses for the City of Portland's River District Urban Renewal Area ("River District" or the "Area"). The report has been prepared for the purpose of issuance of the Series 2003 Series A and 2003 Series B Urban Renewal and Redevelopment Bonds by the City of Portland. The projections in the report take into account revisions to Oregon Administrative Rules (OAR 457.440(9)) that implement the Oregon Supreme Court's decision in the *Shilo v. Multnomah County* lawsuit ("Shilo Case").

The analysis summarized in this memo consists of (1) projecting future incremental assessed values and tax rates to arrive at the tax increment revenues prior to Measure 5 compression and (2) analyzing Measure 5 compression.

This report is based on the professional judgment of the authors. Many of the factors that can affect the actual tax increment revenues are not predictable. The conclusions of this report do not take into account such factors as:

- Changes to the property taxation system resulting from Legislative action or initiative.
- Major external events that affect the regional economy.
- Failure of anticipated new development to occur because of financial or market conditions.
- Conditions described in the Risk to Bondholders section of the Official Statement for the City of Portland, Oregon 2003 Series A and 2003 Series B Urban Renewal and Redevelopment Bonds

II. SUMMARY

Table 1. below shows the projected tax increment revenues and Measure 5 compression losses. Taxes "extended" are before Measure 5 compression. Taxes "imposed" are net of compression losses.

Table 1: River District Projected Tax Increment Revenues and Measure 5 Compression Losses

FY Ending June 30	2003	2004	2005	2006	2007	2008
Tax Increment Revenues Extended	\$ 7,493,344	\$ 9,151,643	\$ 12,021,877	\$ 13,373,697	\$ 13,907,279	\$ 14,341,405
Compression Losses	355,955	622,311	893,660	1,085,415	1,203,971	1,335,025
Tax Increment Revenues Imposed	\$ 7,137,389	\$ 8,529,332	\$ 11,128,217	\$ 12,288,282	\$ 12,703,307	\$ 13,006,381
Compression Loss Percent	4.8%	6.8%	7.4%	8.1%	8.7%	9.3%

III. PROJECTED TAX INCREMENT REVENUES PRIOR TO MEASURE 5 COMPRESSION

River District receives tax increment revenues solely through the “division of tax” process. Property taxes levied by taxing districts are divided by the assessor, who allocates an amount equal to the taxes on the incremental assessed value to the urban renewal agency. The amount of annual tax increment revenues for the Area is determined by the amount of incremental assessed value (“increment” or “excess value”) in the Area and the total property tax rate (“consolidated billing rate”) that is applied to the increment. This memorandum describes the projections of both factors.

A. Incremental Assessed Value or Increment

The increment is calculated by the county assessor by taking the total assessed value (AV) within the Area and subtracting the certified “frozen” base. In FY 2002/2003, the total AV was \$719,104,177, the frozen base was \$358,684,364 and the increment was \$360,419,813. Total AV is determined by the assessor by adding the individual AV amounts of each property (“tax account”) in the Area.

The AV of any tax account will consist of the lesser of its real market value (RMV) or its prior year’s AV plus 3%, except if the property was “changed” by virtue of new development, rezoning and use in conformance with the new zoning, subdivision or partition of the property or the expiration of an exemption. Value from these types of changes is called “exception value.”

Tax accounts can be of four types: real, personal, mobile and utility. A real account consists of land and/or improvements. Personal property commonly consists of equipment used in business. A mobile account is generally a manufactured home. Utility accounts are property like electrical, phone and cable TV lines and equipment. Personal, utility and mobile properties are currently assessed at 100% of their real market value and, as long as they continue to be so assessed, will not increase in value unless their real market value increases.

Values for personal and utility property can be more changeable and difficult to predict than values for real property. Personal property is commonly subject to rapid depreciation for property tax purposes. Utility property is assessed by the Oregon Department of Revenue, based on an appraisal of the value of the utility company. The value determined in this manner is then allocated to counties by the state and allocated to tax code areas by the county assessor. Utility values

reflect the market and financial factors that affect the utility company, and therefore can fluctuate dramatically.

Table 2. shows the breakdown of real market value in the Area by property type, from FY 1999/2000 to FY 2002/2003.

Table 2: Real Market Value by Property Type

FY Ending June 30	2000	2001	2002	2003
PROPERTY TYPE				
REAL	\$643,912,830	\$849,505,060	\$1,082,372,160	\$1,279,585,200
MOBILE	\$0	\$0	\$0	\$0
PERSONAL	\$81,316,891	\$83,827,758	\$96,038,671	\$88,131,221
UTILITIES	\$24,081,188	\$111,052,583	\$150,956,101	\$164,798,459
TOTAL	\$749,310,909	\$1,044,385,401	\$1,329,366,932	\$1,532,514,880

The sharp increase in utility values from FY 1999/2000 to FY 2000/2001 was due to late reporting of utility facilities in the new tax code area established for River District. Value not reflected in the prior year was reflected in the following year. For the purpose of characterizing the relationship between AV and RMV, real property is grouped into seven classes and for each class the assessor calculates the average county wide ratio between AV and RMV. This “Changed Property Ratio” or “CPR” is used to determine the assessed value of exception value (increases in RMV resulting from changes such as new development).

The pertinent categories of real property in the Area are industrial, single family residential (which includes condominiums), multi-family residential, commercial and industrial. Table 3. below shows the current (FY 2002/2003) CPR’s for these categories of real property.

Table 3: Changed Property Ratios (FY 2002/2003)

Single Family Residential	70.6%
Commercial	55.0%
Industrial	100.0%
Multi-Family Residential	67.3%

The relationship between AV and RMV for tax accounts in the Area is significant for many reasons:

1. The AV of property assessed well below 100% of its RMV can be counted on to grow the maximum 3% each year, even if its RMV does not grow.

2. The lower the ratio between AV and RMV, the lower the losses are to Measure 5 compression. This becomes a critical factor in projecting the compression losses under the “In District” methodology.
3. The lower the CPR, the lower the value of a new development of a given RMV. For instance, a new development with a RMV of \$10 million will be assessed at \$6 million if the CPR for that type of property is 0.6 but would be assessed at \$7 million if the CPR is 0.7.

Therefore, the process of projecting future total AV and thereby future increment therefore involves projecting the increases in existing properties (how much of the maximum 3% increase is projected to occur); projecting the RMV and type of new development or other exception value; and projecting the CPR that will be applied to the RMV of exception.

1. Increase in Existing Property Values

In FY 2002/2003, property within the Area was grouped into the following ranges of AV to RMV ratios. Table 4. shows, for example, that 10.9% of the total AV is for property assessed at an average of 35% of its RMV. Property assessed at more than 90% of its RMV tends to be assessed at 100% of its RMV. Therefore the average percentage in the over-90% percentile was projected to be 99%.

Table 4: Distribution of AV by AV:RMV Percentile, FY 2002/2003

	Total AV	719,104,177
AV:RMV Percentile	Percent of Total AV	AV
35%	10.9%	78,613,861
45%	17.0%	122,513,909
55%	16.1%	115,949,280
65%	5.4%	38,975,719
75%	14.0%	100,764,306
85%	0.1%	1,059,297
99%	36.3%	261,227,804

Compared to other PDC urban renewal areas, the Area contains a high percentage (36.3%) of its AV assessed at an average of 99% of its

RMV. Because this amount of property in the Area is assessed at close to 100% of its RMV and because the real market value of property in this percentile (i.e. personal property, utility property and industrial real property) has dropped instead of risen recently, the increase in the total AV of existing properties within the Area is projected to be only 1.5% for FY 2003/2004. As the amount of AV in this percentile is projected to decrease as a share of total AV, the projection shows total increases of

2.0% by FY 2007/2008. This particular factor is shown in Table 8 of this memo.

2. Exception Values

The main source of exception value within the Area is new development. While much of the property in the Area was rezoned (from industrial zones to mixed use zones) in the mid 1990's and has since been subdivided, the use of the property under the new zoning has occurred when new buildings are built or existing buildings are converted (typically from residential to industrial) and improved.

The Portland Development Commission (PDC) has tracked new development projects in the Area and a PDC compilation of development within the Area was relied upon for these projections. Table 5. below shows the development projects completed in 2002 and expected to be completed during the projection period. Projects or components of projects that are expected to receive total property tax abatement throughout the projection period are not shown.

Table 5: Projected New Development

Development	Housing Units	Target Income	Type	Comm/Retail/Office Space (Square Feet)
Bridgeport Condominiums	123	Market Rate	Condominium	7,800
Park Place Condominiums	124	Market Rate	Condominium	15,000
Park XIII	139	Market Rate	Apartment	8,400
The Edge	124	Market Rate	Condominium	35,000
Streetcar Lofts	139	Market Rate	Condominium	10,000
Brewery Blocks				
Block 1				128,000
Block 2				135,900
Block 3	123	Market Rate	Condominium	11,000
Block 4				270,000

Real market values were projected for these projects by estimating the market value of the residential units based on asking price, and for the commercial space based on analysis of comparable real market values by PGP Valuation. Retail space was projected to have a real market value of \$230.00 per square foot and office space a real market value of \$170.00.

For the Brewery Block project, the County Assessor's office provided data on those improvements whose real market values as of January 1, 2002 were not reflected in the FY 2002/2003 tax rolls because the projects were under construction. Also, except for Block 3, the assessors office provided estimates of January 1, 2003 values (for the FY 2003/2004 tax roll) and projections of the full value of projects when complete. Such

PROJECTED TAX INCREMENT REVENUES, RIVER DISTRICT URBAN RENEWAL AREA

projections of value at completion were in FY 2002/2003 dollars.. Block 3 calculations are shown separately in Table 6.

The CPR's used to convert real market value to AV are lower than those currently in place, as market values are likely to continue to increase at greater than 3% annually. For these projections, CPR's of 65% for single family residential, 62% for multi-family residential and 50% for commercial were used.

Table 6. below shows the AV calculations in FY 2002/2003 dollars for the projects listed above.

Table 6: FY 2002/2003 Assessed Value Projections for New Development

a: Brewery Blocks:

	RMV	AV:RMV	AV	Completed By Jan. 1
Block 1				
Retail, Office, Utility				
Retail	19,000,000	0.50	9,500,000	2003
Other	15,000,000	1.00	15,000,000	2004
Block 2				
Retail/Office				
Building Shell + Tenant Improvements	18,000,000	0.50	9,000,000	2003
Tenant Improvements	4,000,000	0.50	2,000,000	2004
Tenant Improvements	4,000,000	0.50	2,000,000	2005
Tenant Improvements	4,000,000	0.50	2,000,000	2006
Block 3				
Retail/Residential				
Residential			31,980,000	2005
Retail			1,265,000	2005
Block 4				
Retail/Office				
Building Shell + Tenant Improvements	12,000,000	0.50	6,000,000	2003
Tenant Improvements	8,000,000	0.50	4,000,000	2004
Tenant Improvements	8,000,000	0.50	4,000,000	2005
Tenant Improvements	5,000,000	0.50	2,500,000	2006

PROJECTED TAX INCREMENT REVENUES, RIVER DISTRICT URBAN RENEWAL AREA

Block 3 Calculations:

Block 3					
	# of Units or SF	RMV/Unit or SF	RMV	AV:RMV	AV
Residential	123	400,000	49,200,000	0.65	31,980,000
Retail	11,000	230	2,530,000	0.50	1,265,000
					33,245,000

b: Other Projects

Development	RMV/Unit	AV:RMV	AV/Unit	RMV/SF	CPR	AV/SF	Total AV
Bridgeport Condominiums	348,000	65%	226,200	\$ 230.00	50%	\$ 115.00	28,719,600
Park Place Condominiums	396,000	65%	257,400	\$ 230.00	50%	\$ 115.00	33,642,600
Park XIII	250,000	0%	0	\$ 230.00	50%	\$ 115.00	966,000
The Edge	300,000	65%	195,000	\$ 230.00	50%	\$ 115.00	28,205,000
Streetcar Lofts	250,000	65%	162,500	\$ 230.00	50%	\$ 115.00	23,737,500

These AV's were then used as the projected future exception values, based on the estimated year of completion. Projects completed in any calendar year are shown on the tax rolls in the following fiscal year. The AV of projects was increased by 3% per year over FY 2002/2003 values.

For the most part, projects without specific anticipated starting dates were not included, nor value projected for sites for which specific projects are not yet proposed. In addition, no AV has been added for the expiration of prior tax abatements, as none are expected within the next five years.

Table 7 below shows the projected AV of exception value for the next five years.

Table 7: Projected Exception Value Increases (\$)

<i>Completed by January 1</i>	<i>2003</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>	<i>2007</i>
<i>On Tax Rolls, FY Ending June 30</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>	<i>2007</i>	<i>2008</i>
Bridgeport Condominiums		30,468,624			
Park XIII			1,055,574		
Park Place Condos		35,691,434			
Brewery Blocks	25,235,000	22,278,900	42,884,071	5,064,790	
The Edge		29,922,685			
Streetcar Lofts	24,449,625				
Total	49,684,625	118,361,642	43,939,645	5,064,790	

B. Property Tax Rate

The property tax rate for FY 2003/2004 and forward is shown as reflecting the three local option levies approved by voters in November, 2002. General Obligation Bond and “gap bond” rates are held constant at their FY 2002/2003 levels, and no additional general obligation bonds or local option levies are projected over the next five years. (Gap bonds are a particular type of levy allowed under Measure 50 that is still subject to the Measure 5 limits.) Permanent rates are, of course, held constant. The property tax rate for FY 2003/2004 is \$21.7435 per \$1,000 AV.

C. Projected Tax Increment Revenues Prior to Measure 5 Compression

Table 8 below shows the results of the calculations described above – which are the annual tax increment revenues prior to Measure 5 compression. This analysis combines the projection of appreciation in existing property values with the projection of exception value.

Table 8: Projected Tax Increment Revenues, Prior to Compression (\$)

FY Ending June 30	2004	2005	2006	2007	2008
Prior Total AV	719,104,177	779,575,365	911,579,576	973,750,813	998,290,619
Appreciation %	1.50%	1.75%	2.00%	2.00%	2.00%
Appreciation \$	10,786,563	13,642,569	18,231,592	19,475,016	19,965,812
Exception Value	49,684,625	118,361,642	43,939,645	5,064,790	0
Total AV	779,575,365	911,579,576	973,750,813	998,290,619	1,018,256,431
Base	358,684,364	358,684,364	358,684,364	358,684,364	358,684,364
Increment	420,891,001	552,895,212	615,066,449	639,606,255	659,572,067
Consolidated Billing Rate	21.7435	21.7435	21.7435	21.7435	21.7435
Tax Increment Revenues, Prior to Compression	9,151,643	12,021,877	13,373,697	13,907,279	14,341,405

IV. MEASURE 5 COMPRESSION AND THE SHILO CASE

The Shilo Case pertains to the division of taxes for urban renewal. Under prior statutes, taxes were first imposed on individual properties in conformance with the Measure 5 limits on local government, school and General Obligation (“GO”) bond taxes. Then the county assessor allocated the amount equal to the taxes on the increment (including taxes resulting from local government, school or bond levies) to the urban renewal agency and the amount equal to the taxes on the certified base to taxing districts. Thus under the pre-Shilo Case system, taxes were first imposed and then divided.

In its December 20, 2001 decision, the Supreme Court found that property taxes must *first* be divided for urban renewal and then measured against the Measure 5 limits. The Court found that taxes divided for urban renewal, irrespective of whether they originated as a result of a local government levy, a school levy or a bond levy, must be considered general government taxes, subject to the \$10.0000 per \$1,000 real market value (RMV).

Once the division of tax amount attributable to each property is calculated, the amount is to be added to the other local government taxes on the property and the total is tested against the Measure 5 limit for local government and is reduced or “compressed” if

necessary. The Court did not provide direction regarding how to determine the amount of taxes divided for urban renewal from an individual property.

The aggregate *amount* of urban renewal division of tax revenues, prior to Measure 5 compression, is the same after the Shilo Case as it was before. It is an amount equal to the property taxes extended on the increment by all overlapping taxing districts. To determine how much each individual property contributes to the division of taxes, this amount becomes, in effect, an “urban renewal division of tax levy.”

Two alternatives were evaluated by DOR. They differed in terms of the area subject to the urban renewal division of tax levy. The “In-District Alternative” defined this area as the urban renewal area itself. The In-City Alternative defined this area as the area shared by a taxing district that levies taxes in an urban renewal area and the municipality which adopted the urban renewal plan and any part of the urban renewal area that extends beyond the municipal boundaries. (The River District does not extend beyond the city limits.)

The rule adopted by DOR May 23, 2002 uses the In-City Alternative, i.e. the urban renewal division of tax revenues is to be raised within the municipality. The rule was not challenged. While portions of the Shilo Case were pending before the Oregon Tax Court and in consideration of possible action by the 2003 Oregon Legislature, urban renewal agencies generally analyzed the impact on future tax increment revenues of the In-District Alternative, which would result in greater Measure 5 compression losses. As of the date of this report, the Oregon Tax Court has approved a settlement of the Shilo Case that leaves the methodology for calculating Measure 5 compression unchanged. Also as of the date of this report, no bills have been introduced in 2003 Oregon Legislative Session that propose a change in the methodology contained in the Administrative Rule for calculation of Measure 5 compression. In view of these facts, projections in this report of the Measure 5 compression losses under the In-District Alternative were not requested by the City of Portland or the Portland Development Commission and were not prepared.

In addition, the rule provides that taxes divided for urban renewal from local option levies are compressed in the same manner as general government local option levies. Thus, this portion of the urban renewal division of tax revenues would be compressed first, to zero if necessary, before any compression of permanent rate levies or the remainder of the division of tax revenues.

V. METHODOLOGY FOR PROJECTING MEASURE 5 COMPRESSION LOSSES

A. Urban Renewal Rate Calculation

Again, both alternatives start with the same urban renewal division of tax levy for each overlapping taxing district levy, including future local option and bond levies. Then “urban renewal rates” are calculated for individual properties by dividing the division of tax levy into the assessed value (AV) of the taxing district

within the city of Portland. These rates, when applied to a property's AV determine the amount each property contributes to the urban renewal division of taxes. The urban renewal rates, when applied to all the AV within the city of Portland produce the taxes that are allocated to the urban renewal agency.

The rates that apply to a property for the taxes allocated to the taxing district ("taxing district effective rates") are calculated by subtracting the urban renewal rate from the original taxing district rate. The taxing district effective rate, when applied to the appropriate properties, produces the taxes on the frozen base and the remainder of the AV in the city of Portland.

The urban renewal rates for each taxing district are then totaled and added to other local government effective rates and the urban renewal special levy rate to produce the total local government rate. Also calculated is the total local government local option rate, which includes the urban renewal rate associated with all local option levies, including the local option levy by Portland Public Schools.

B. Calculation of Compression Losses

The total local government taxes are then tested against the Measure 5 local government limit and reduced if necessary to meet the limit. Because the limit is expressed as a rate per \$1,000 of RMV, it is necessary to know, for each property, its AV, which determines the dollar amount of taxes "extended" (pre compression) and its RMV.

A rate of over \$10.0000 per \$1,000 assessed value will exceed the Measure 5 limit if a property is assessed at 100% of its real market value, but may not exceed the limit if it's assessed at less than 100% of its real market value. On the other hand, a local government rate of less than \$10.0000 per \$1,000 AV will never cause taxes to exceed the Measure 5 limits because no property can be assessed at more than its real market value.

Because an actual property-by-property analysis of compression losses would be unwieldy, the properties within the City of Portland were grouped within seven percentiles of this relationship (i.e.. properties whose AV was more than 90%, 80 – 90%, 70 – 80%, 60 – 70%, 50 – 60%, 40-50% and less than 40% of their RMV). Then the total amount of AV in each percentile was calculated, as well as the percent that each percentile's total is of the total assessed value in the urban renewal area. (For example, properties whose AV was more than 90% of their real market value might comprise 32% of the total AV of the area.)

For FY 2003/2004 and on, the total assessed value in the urban renewal areas was projected and distributed in percentiles. The future distribution reflects a judgment that RMV will grow at a faster rate than AV. This will result in more AV in the lower percentiles over time. (The projection of AV distribution by percentiles is not based on detailed analysis of the AV:RMV relationship of

individual properties over time and only reflects a general judgment that RMV will grow faster than AV. The actual AV:RMV relationships will be a major determinant of the actual compression losses. Actual compression losses may vary substantially from those projected because of the difference between the actual and projected AV:RMV relationships.)

Then, for each percentile, the total local government taxes were compared to the Measure 5 limit of 0.1% (\$10.0000 per \$1,000) of RMV. (RMV was calculated by dividing the AV of each percentile by the midpoint in the percentile range, except for property assessed at over 90% of its RMV, for which a ratio of 0.99 was used.) If the total local Measure 5 government taxes exceeded the limit, the amount by which they exceeded the limit – the compression loss - was calculated.

To calculate the taxes imposed for each levy and for the urban renewal division of tax, local option taxes were first reduced. The reductions were allocated proportionally on the basis of rates for the local option levies themselves and the urban renewal division of tax from those local option levies.

If compression losses exceeded the total local option taxes, the remainder was applied to the other local government taxes. The losses to urban renewal and to taxing districts were similarly determined on the basis of the pro rata share of the total rates.

C. Key Assumptions

Some key assumptions used for the analysis are as follows:

1. The Portland Public School District local option levy is assumed to be renewed by voters in 2006 at its existing rate.
2. Rates for Portland's FPD&R and GO Bond levies and the urban renewal special levy rate are held constant at FY 2002/2003 levels.

VI. CONCLUSIONS

The results of the projection of tax increment revenues and of the losses to Measure 5 compression are shown in Table 1. Compression losses increase from 4.8% to 9.3% between FY 2002/2003 and FY 2007/2008.

Compression losses increase between FY 2002/2003 and FY 2003/2004 because the local option levies approved by voters in November, 2002 are first extended in FY 2003/2004. Compression losses increase thereafter because division of tax revenues are projected to increase at a faster rate than shared value area AV, resulting in higher total urban renewal division of tax rates. Because other tax rates and the AV:RMV relationship of property within the shared value area are held constant over the projection period, Measure 5 compression losses increase as total urban renewal division of tax rates increase.

Exhibit B

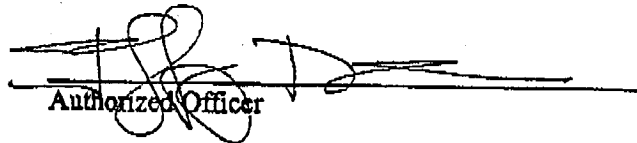
Sample Certification to be
Delivered at Bond Closing**CERTIFICATE OF FEASIBILITY CONSULTANT****City of Portland, Oregon****\$33,180,000
River District
Urban Renewal and
Redevelopment Bonds
2003 Series A
(Tax-Exempt)****\$28,760,000
River District
Urban Renewal and
Redevelopment Bonds
2003 Series B
(Federally Taxable)**

On behalf of Tashman Johnson LLC, as Feasibility Consultant (the "Feasibility Consultant") to the City of Portland, Oregon (the "City") for the captioned bonds (collectively, the "Bonds"), I hereby certify as follows:

1. Based on the Feasibility Consultant's projection of tax increment revenues for the City's River District Urban Renewal Area (the "River District") in connection with its preparation of a Feasibility Report (the "Feasibility Report") and the review of such information contained in the Preliminary Official Statement for the Bonds dated June 10, 2003 (the "Preliminary Official Statement") and the Official Statement for the Bonds dated June 17, 2003 (the "Official Statement") under Tables 5, 6, 7 and 10 and "Appendix C - Consultant's Report: Projections of Divide the Taxes Revenues," the Feasibility Consultant has not become aware of any information that causes it to believe that the information presented in Tables 5, 6, 7 and 10 and "Appendix C - Consultant's Report: Projections of Divide the Taxes Revenues" of the Preliminary Official Statement or Official Statement misstates a material fact or fails to state a material fact that, in light of the circumstances under which such information is presented, renders the information materially misleading or false.

2. The Feasibility Consultant consents to the inclusion of the Feasibility Report in the Preliminary Official Statement and the Official Statement.

Dated as of the 26th day of June, 2003.

Tashman Johnson LLC
Authorized Officer