



## Enhanced Service Districts Program

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Portland.gov/venues/enhanced-service-districts

# City of Portland Enhanced Services District (ESD) PROPOSAL MATERIALS AND CHECKLIST

Please provide the following recommended Checklist and Narrative items to the City's Enhanced Services District Coordinator (ESD Coordinator) to request formation/renewal/expansion of an ESD. Doing so will assist City staff in helping to manage the request and required processes. Please combine Proposal Documents Checklist items and ESD Proposal Narrative responses into one PDF. These combined materials will be referred to as your ESD Petition Packet. Please submit your ESD Petition Packet by email to:

Devin Reynolds  
ESD Coordinator  
503-349-9996

[Devin.reynolds@portlandoregon.gov](mailto:Devin.reynolds@portlandoregon.gov)

### ESD or Originating Stakeholder Actions

#### Proposal Documents Checklist:

- Formal letter to the City from ESD Board Chair or originating organization who is authorized to conduct business with the City, requesting formation/renewal/expansion.
- A description of the boundaries of the proposed ESD.
- Proposed ESD Property Management License Fee rate structure (assessment) formula with a breakdown by ratepayer classification.
- The proposed uses of the ESD funds and their estimated cost (workplan and budget);
- All ratepayer outreach materials and engagement plan.
  - a. **\* Note: City staff (ESD Coordinator/Revenue) must review outreach materials prior to distribution to prospective ratepayers. Please contact ESD Coordinator to arrange this step. Once materials are approved by City staff, ESD may send them to ratepayers and stakeholders. Please include the final outreach materials in this pdf packet along with the other Checklist and Narrative items.**
- Letters of support from a wide range of prospective ratepayers.
- Electronic copy(s) of the following maps of the boundaries of the ESD proposal:
  - a. If the proposal is to create a new ESD exclusively, provide one map of the proposed ESD boundaries. Using solid lines and a transparent color overlay (so parcels and streets can be seen



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through it), please indicate the proposed boundaries. The map should also include a map key and north arrow.

- b. If the proposal is to change an existing ESD, please provide a map distinctly showing the two boundaries. Using solid lines and a transparent color overlay (so parcels and streets can be seen through it), please indicate the existing and proposed boundaries. Please use one line color for the existing boundaries and a second line color for the proposed new boundaries. The map should also include a map key and north arrow.
- c. **\* Note: The electronic copy of the map(s) should include the pdf version(s) and the original version(s) with underlying data/layers used to create them or should otherwise be editable by City staff.**

- An electronic spreadsheet of prospective ratepayers, indicating for each individual assessment:
  - a. Addresses, parcel numbers and use of the affected properties and/or other necessary data used to calculate the assessment.
  - b. The calculation and estimated amount of each individual assessment.
  - c. Names and mailing addresses of ratepayers.

**\* Note: Revenue Division will provide this spreadsheet to prospective ESD for use during rate structure creation, calculations, and outreach. Please include the final spreadsheet in your ESD Petition Packet.**

## ESD Proposal Narrative:

### Boundaries

- 1) Describe how the boundaries were selected and how services will be distributed within the boundaries. Describe reasoning for excluding specific parcels or portions of parcels. Describe how this is a reasonable area for economic development and/or neighborhood revitalization.

### Ratepayers and Stakeholders

- 2) Total number of potential ESD ratepayers and parcels:
  - o # of ratepayers: \_\_\_\_\_
  - o # of parcels: \_\_\_\_\_
- 3) Describe the different “stakeholders” within the district and how they are affected by this ESD. (See Glossary for definition of stakeholder). Are there any known stakeholders who are opposed to it? If so, please explain why.

### Rate Structure Calculation

- 4) Approximate annual license fee assessment to be collected in year one \$ \_\_\_\_\_
- 5) Please outline the calculation factors informing how your rate structure will be created:
  - Assessed Value of Improvements (AVI) \$ \_\_\_\_\_ x \$1,000.00 of (AVI)
  - Square Feet of Improvements (SQFTI - fill in rates below)
    - Commercial \$ \_\_\_\_\_ per \$290 sqft / Residential \$ \_\_\_\_\_ per \$725 sqft
  - Square Feet Square Feet of Land (SQFTL) \$ \_\_\_\_\_ per 1 SQFTL
  - Residential rate cap \$ \_\_\_\_\_ per unit, per year
  - Annual escalation/inflation
    - Please describe

- Other - If other, please describe the rationale for using a different methodology:
  - Please describe
  - \* Note: Revenue Division and ESD Coordinator will support the creation of the ESD rate structure in partnership with the ESD or originating stakeholder(s).

6) The following chart shows actual and average assessments per ratepayer type. Please fill this in using the Rate Structure Calculations you plan to use.

Ratepayer Classification	Assessment Methodology	Types of Ratepayers	Number of Ratepayers	Total Assessment	Average Assessment Amount	% of Total
Commercial		Office buildings		\$	\$	
		Commercial Parking lots		\$	\$	
Industrial / Warehouse				\$	\$	
Multi-Family Residential and Mixed Use		4-plex buildings		\$	\$	
		Mixed Use		\$	\$	
		Condos		\$	\$	
		Apartments		\$	\$	
Tax Exempt		Churches		\$	\$	
		Nonprofit housing		\$	\$	
		Social services and other		\$	\$	
Government acting as business		(List the agencies)		\$	\$	

7) Show the estimated cost for each type of service. The total cost shown should equal the total proposed ESD annual budget.

*Example:*

Benefit/Service (Examples)	Cost	% of Budget
Administration	\$XX	X%
District and business marketing	\$XX	X%
Business support and recruitment	\$XX	X%
Community events and festivals	\$XX	X%
Public plaza management	\$XX	X%
Sidewalk and street cleaning	\$XX	X%
Community forums and communication	\$XX	X%
Total (should equal total assessment collected)	\$XX	100%

8) Describe how each ratepayer classification will benefit from the services relative to their assessment. If a classification of ratepayers is paying a lower or higher rate, demonstrate how their assessment ties to the direct benefits they will receive.

*Example: Residential uses are capped because they are not benefitting directly from the district marketing and promotional events. With this cap, residential assessments represent about 40 percent of the total assessments in the district, which is about \$200,000. Marketing costs are 20% of the budget, which equals about \$100,000 of the \$500,000 budget. This results in the residential assessments of \$200,000 covering about 50% of the remaining \$400,000 budget. While it is not possible to create a rate that will exactly relate to direct benefit costs, this rate seems reasonable to us and our potential ratepayers.*

## **Outreach:**

### **Outreach Material Distribution and Engagement Methods**

- 1) Please describe how the outreach materials (e.g., map, work plan, budget, rate structure, etc.) were provided to all ratepayers (as defined in the Glossary) and how feedback was collected from them.
- 2) Describe the outreach and engagement conducted to determine support for the ESD proposal, including outreach to the different stakeholders, geographic areas, ratepayer classifications, etc. Include dates of group meetings and attendance, number of individual meetings, number of letters mailed, electronic communications, etc. The City currently recommends that ratepayers and other identified stakeholders are provided with reasonable notice and opportunity to provide feedback about the proposed ESD.

## **City Actions**

### **Next Steps (City Actions):**

- 1) Once the ESD Coordinator has received the ESD Petition Packet, a City-led outreach and engagement plan will be developed and put into action to further gauge support for the ESD request. This outreach and engagement plan may include public notification via a mailing, public meeting(s), verifying official opposition to the ESD request, and meeting with City Council and Mayoral staff.
- 2) The City will collect, validate, and track any formal opposition to the ESD request. Please see Glossary (ESD Notification and Opposition Validation Process) for more details on this.
- 3) Once City staff has made a good faith effort to verify official opposition to the ESD request does not represent ratepayers who would be responsible for more than 33% of revenues in the new, or existing district, a City Council hearing will be held where City staff and ESD staff/board, or originating organization, will present the ESD Petition Packet and make official ESD request to City Council, seeking approval.

## **Glossary:**

**Business Property:** Real property that is not residential property and is not exempt property. If real property in the District in part is residential or exempt property and in part is neither residential nor exempt property, then “business property” is that portion of the real property that is neither residential nor exempt property, including a proportionate share of the land. For a condominium, all condominium units and their undivided

interests in the common elements will be treated as a single property. (City Code 6.06.020 – [www.portland.gov/code/6/06/020](http://www.portland.gov/code/6/06/020))

District Management Association (DMA/Qualified Contractor): The organization that administers the operations of the ESD. The DMA is recommended by the ESD Board of Directors to the City. The ESD Board of Directors approves an annual budget for use of ESD generated funds in alignment with the ESD ordinance. The DMA administers the funds in accordance with the approved budget through direct expenditures and/or contracts with service providers. The DMA's administration will comply with all applicable provisions of law, with all county and City resolutions and ordinances, and with all regulations lawfully imposed by the state auditor or other state agencies. City Code uses the term "Qualified Contractor" to refer to DMAs and states that they are non-profit corporations or other non-profit entities established by property owners or licensees in the District for the purpose of providing services that benefit the District. (City Code 6.06.020 – [www.portland.gov/code/6/06/020](http://www.portland.gov/code/6/06/020))

Enhanced Services District (ESD/District): "ESD" is an acronym for Enhanced Services District. An enhanced services district is a geographically defined area within the City of Portland, in which services, activities, and programs are paid for through a property management license fee which is charged to all non-exempt ratepayers within the area with the intention of reasonably distributing the benefits received and the costs incurred to provide the agreed-upon services, activities, and programs. City Code uses the term "District" to refer to ESDs and states that they are enhanced services districts. (City Code 6.06.020 – [www.portland.gov/code/6/06/020](http://www.portland.gov/code/6/06/020))

ESD Board of Directors: The City strongly recommends the forming ESD create and fill an ESD Board of Directors with bylaws, to oversee operations of the funds, approve an annual budget for use of ESD generated revenues and recommend a District Management Association.

ESD Notification and Opposition Validation Process: Processes in which the ESD, and then the City notifies potential ratepayers of the ESD proposal and validates any official opposition by prospective ratepayers who do not favor the ESD proposal. The City expects the ESD (proposed or existing) to conduct prospective ratepayer outreach via mailings, public meetings, and one-on-one meetings with the goal of building broad support for the proposed action. Only after this has been done, and a formal letter has been received from the district board (proposed or existing), will the City send a letter/postcard to all potential ratepayers to notify them that the ESD proposal has been submitted to the City. The City will make a good faith effort to validate all official opposition from prospective ratepayers by verifying their name, business name, parcel number, and water bill account number. The City will then assign a value associated with each opposing prospective ratepayer based on what their annual assessment would be. If total opposition by ratepayers who would be responsible for more than 33% of revenues in the new or existing district object, the proposal may not move forward.

Exempt Property: Mass shelters and religious properties are typically exempt from ESD assessments. (City Code 6.06.020 – [www.portland.gov/code/6/06/020](http://www.portland.gov/code/6/06/020))

Property Management License Fee (Assessment): Any person engaged in property management activities within an ESD will pay a license fee for such activities covering each license year, or if registration is made after the beginning of a license year, then for the balance of the license year. The license fees prescribed are for the privilege of engaging in the activity of property management in an ESD and the revenues collected will be used to provide, through a qualified contractor (DMA), cleaning, security, crime prevention, business development, transportation, public policy, housing, and marketing and communications services, or any such services that benefit properties in the ESD. Essentially, this assessment is a fee that each ratepayer pays to support the programs funded by the ESD. The sum of all the individual assessments that ratepayers pay

comprise the total yearly assessment of the ESD, and underwrite most, if not all, annual operating expenses. The total yearly assessment is unique to each ESD in Portland. (City Code 6.06.010 – [www.portland.gov/code/6/06/010](http://www.portland.gov/code/6/06/010))

Ratepayer (Licensee): Those individuals, organizations or entities that are assessed the license fee, i.e., those that receive a license fee bill from the City as a result of establishing the ESD. Entities who are not engaged in property management activities as defined in PCC 6.06 are not ratepayers and do not become ratepayers if any costs are imposed by a ratepayer that resulted from the ratepayer becoming subject to the property management license fee. City Code uses the term “Licensee,” to refer to ratepayers and states that these are people who are licensed to engage in property management activities within the District. (City Code 6.06.020 – [www.portland.gov/code/6/06/020](http://www.portland.gov/code/6/06/020))

Ratepayer Classification: ratepayers that are grouped into a specific category either for purposes of applying a unique assessment rate or formula or for distinguishing a unique type or level of benefit.

Residential Property: Real property that is exclusively in residential use and is not exempt property. If part of real property is in residential use and part is not in residential use or is exempt property, then “residential property” is that portion of the real property that is exclusively in residential use and is not exempt property, and a proportionate share of land. Property is considered to be in residential use if the use is within a “Residential Use Category” as defined by Chapter 33.920 of this Code. For a condominium, all condominium units and their undivided interests in the common elements will be treated as a single property. (City Code 6.06.020 – [www.portland.gov/code/6/06/020](http://www.portland.gov/code/6/06/020))

Stakeholder: Individuals, organizations or entities that are located in, or have a direct interest in the boundaries of the district. They can be ratepayers or non-ratepayers. They may include, but not be limited to, property owners, businesses, residents, government agencies, nonprofit agencies, and other institutions. For example, a district could have the presence of manufacturing businesses, retail and service businesses, a private school, nonprofit service providers, condo associations, residential property owners, commercial property owners, etc.