

**MEMORANDUM OF UNDERSTANDING FOR THE DESIGN AND
CONSTRUCTION OF RELOCATED SE WATER AVENUE.**

This Memorandum of Understanding ("MOU") is between the City of Portland Bureau of Transportation (PBOT), Tri-County Metropolitan Transportation District of Oregon (TriMet), Portland Development Commission (PDC), City of Portland Bureau of Environmental Services (BES), Oregon Museum of Science and Industry (OMSI), and Portland Opera (Opera) for the purpose of supporting the design and construction of the relocation of a southern section of SE Water Ave.

Recitals

Whereas, through the Portland to Milwaukie Light Rail Transit (PMLRT) Project design process, the Willamette River Partnership made recommendations for a new alignment for crossing of the Willamette River and established a station on the eastside on the SE Sherman alignment;

Whereas, OMSI Master plan proposed the relocation of SE Water Avenue to connect with SE 4th to support the PMLRT Project, the Streetcar Loop project and the future development of the OMSI District;

Whereas, OMSI supports the relocation of SE Water Ave as it would restore OMSI property access, minimize vehicle conflict with existing and future development, relocate the PGE line, and provide flexibility in the future use of "old" Water Ave as a pedestrian and bicycle friendly plaza with limited vehicle use;

Whereas, Opera supports the relocation of SE Water Ave as it would remove motor vehicle traffic between Opera parcels, minimize vehicle conflict with existing development, relocate the PGE line, and provide flexibility in the future use of "old" Water Ave as a pedestrian and bicycle friendly plaza with limited vehicle use;

Whereas, PBOT supports the relocation of SE Water Ave as it would improve district circulation, create a more direct connection to SE 4th Ave, create the possibility for improved pedestrian corridor to access the new bridge, and support "Portland Loop" and "Close the Loop" streetcar projects while eliminating interaction between streetcar and through-district freight activities, and improve functionality of traffic and train signal operations at the intersection of "old" Water Avenue and the light rail transitway;

Whereas, TriMet supports the relocation of SE Water Ave as it would support PMLRT project design and station access, support TriMet's efforts to relocate the Oregon Rail Heritage Foundation facility to site 2, provide construction staging and site access flexibility, minimize contractor interference during PMLRT construction, support future redevelopment around the LRT station, and improve

functionality of traffic and train signal operations at the intersection of "old" Water Avenue and the light rail transitway;

Whereas, PDC supports the relocation of SE Water Ave as it would support redevelopment of OMSI and Opera and adjacent properties within the Central Eastside Urban Renewal Area, and provide flexibility in the future use of "old" Water Ave as a pedestrian and bicycle friendly plaza connecting people to the river;

Whereas, BES supports the relocation of SE Water Ave as the project relieves BES of the requirement to remove the temporary roadway and BES also agrees to allow as is possible the installation of both the Portland Streetcar work and the TriMet Light Rail bridge approach in the area and during the term currently used by BES to construct the East Side CSO (ESCSO) Tunnel Project.

Whereas, area property owners support the relocation of SE Water Ave as it improves district freight circulation and commercial activity in the district; and provide flexibility in the future use of "old" Water Ave as a pedestrian and bicycle friendly plaza.

Understandings

This MOU is a statement of the good faith effort of the parties and is not a binding legal agreement. The MOU will serve to help the parties to proceed on the following action items:

1. Project Scope

The scope of the project is shown in the attached exhibit B. This scope includes a "shed section" roadway, two travel lanes, center turn lane, two bicycle lanes, stormwater facility, 8 foot asphalt sidewalk and temporary streetlights on wood poles on the westside, 8 foot concrete sidewalk and permanent streetlights on the east side, and relocation of PGE transmission poles "B, X and C" to the eastside of the relocated roadway.

The Parties further intend that a permanent sidewalk corridor should be constructed on the westside of the roadway and include concrete sidewalks, street trees and "OMSI District light fixtures" at time of future vertical redevelopment on adjacent parcels.

2. Conceptual Funding Plan

The parties intend to support the conceptual funding plan attached as Exhibit C to this MOU and intend to pursue the finalization of the funding contributions through Inter Governmental Agreement (IGA) or other mechanism prior to July 1, 2012 or the date of the PMLRT Full Funding Grant Agreement which ever comes later.

The parties intend that OMSI's cash contribution shall be made in conformance with conditions of the Settlement Agreement between OMSI and the City of Portland for Portland Streetcar.

3. Grant applications for additional funding

The parties agree to pursue outside grants to secure additional funding for the project scope shown in exhibit A. Parties agree that BES ESCSO dollars (equivalent to the estimated cost for removal of temporary impervious surfaces determined under item 7 below), OMSI cash contribution, PDOT TSDC Overlay contribution, Central Eastside Urban Renewal and/or other PDC funds, and OMSI and Opera property donations for Right of Way can be offered as local match for applications.

Grant funding request amount should be equal to the TriMet contribution to the Conceptual Funding Plan shown in Exhibit B. TriMet intends to fund any remaining amount not funded through a grant award.

4. Project Coordination

BES, PBOT, and TriMet intend to coordinate their work on the existing ESCSO project site (prior to completion of the ESCSO project) to the extent possible. PBOT and TriMet intend to compensate BES for any additional costs incurred as a result of direct expenses or disruptions to the ESCSO work as a result of the PBOT Streetcar and TriMet PMLRT work on the site.

5. Final Design of SE Water Ave Roadway

TriMet agrees to include the complete design of the SE Water Ave relocation in the Final Design of the PMLRT Project including any and all tasks necessary to construct this roadway segment. In addition to design efforts, TriMet will also prepare property legal descriptions and materials for the relocation of the PGE easement to align over the new roadway. PBOT agrees to process the dedication of new rights of ways and any anticipated donation agreements and SDC credits.

6. Construction of SE Water Ave Roadway

TriMet agrees to include, once fully funded by all parties, the construction of SE Water in the PMLRT Project construction contracts. The date of project construction will be determined based on east segment construction staging planning but construction will be complete by the start of revenue service of the PMLRT Project. Current construction planning indicated that the project would be constructed starting in the third quarter 2012 and reaching substantial completion by the third quarter 2013.

TriMet agrees that, as much as is reasonably possible, traffic access and circulation will be maintained during the construction of the relocated roadway.

7. Acceptance of responsibility for BES Water Ave Detour

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PBOT agrees to accept responsibility for the temporary roadway constructed by BES as part of the ECSO project until the new SE Water Ave roadway can be constructed. PDOT and TriMet agree to pursue new greenway permit(s) and include amending the ESCO project greenway application and other land use approvals to transfer the BES obligation to remove the temporary impermeable areas that PBOT or TriMet may wish to retain.

8. Roadway Designation for Relocated Water Ave and "Old" Water Ave

PBOT intends that, once the project is fully funded and at the conclusion of a public process, to recommend to City Council that the Transportation System Plan (TSP) be amended to relocate the policy classifications for "Old" SE Water Ave to "New" SE Water Avenue alignment.

PDOT further intends to evaluate, through station area planning and updates to the City's comprehensive plan, the circulation and connectivity needs for the OMSI district including the desired character, width and extent of "Old" Water Ave, and at City Council's directive, adjust additional policy and streetplan designations as appropriate.

9. Exchange of property/Transportation SDC credits

OMSI and Opera intend to accept the exchange of the value of land needed for the roadway for property, Right Of Way, or other considerations as agreed to by the parties. Any net value resulting after property exchanges will be compensated through credit for Transportation System Development Charges (SDC).

The dimensions of the subject Right of Way will be finally determined by registered survey prepared by TriMet. The per square foot value of the properties to be exchanged will be established by appraisal of fair market value by a qualified, professional appraiser based upon comparable sales of similar property between unrelated parties in an arms-length transaction. OMSI and Opera may obtain an appraisal and any disparity between appraisals will be negotiated.

Any TSDC credits resulting from this exchange would be applied for, calculated, and transferred in accordance with section 17.15.060 (SDC Credits, SDC Credit Transfers and SDC Reimbursements) of the City of Portland Code and Charter. TSDC Credits will be issued upon final acceptance of New Water Avenue by the City Engineer and the completion of restoration of staging facilities on OMSI and Opera property as defined in lease and sublease agreements with TriMet and/or the City of Portland.

Authorization

Each Party represents that it has the authority to enter into this MOU which is non legally binding and is a statement only of good faith and intentions of the

1/19/2011

Parties. Each signatory represents that it has been authorized by that Party to execute and deliver this MOU.

Portland Bureau of Transportation (PBOT)

By: _____
Title: _____
Date: _____

Tri-County Metropolitan Transportation District of Oregon (TriMet)

By: _____
Title: _____
Date: _____

Oregon Museum of Science and Industry (OMSI)

By: _____
Title: _____
Date: _____

City of Portland Bureau of Environmental Services (BES)

By: _____
Title: _____
Date: _____

Portland Opera

By: _____
Title: _____
Date: _____

Portland Development Commission (PDC)

By: _____
Title: _____
Date: _____

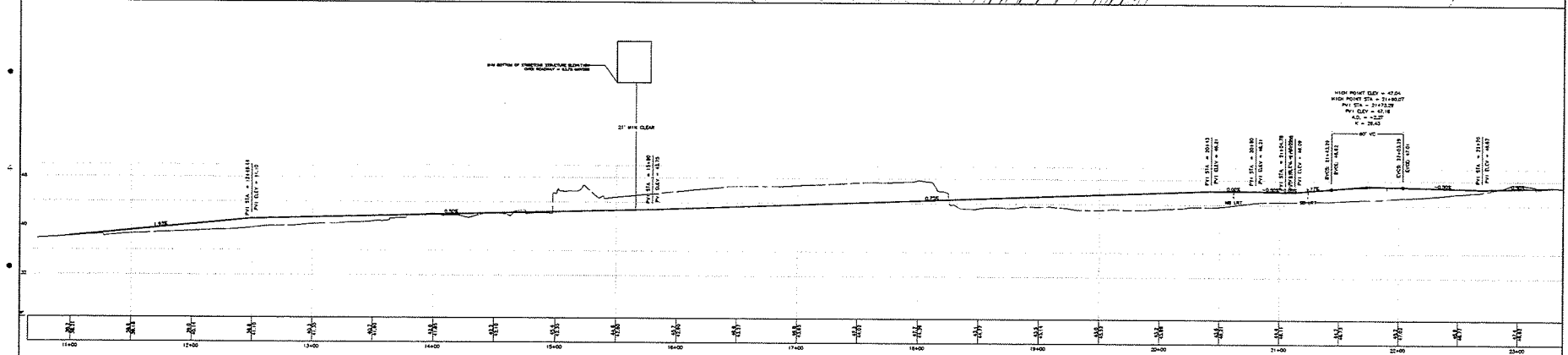
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EXHIBIT B



Exhibit C: New Water Avenue Cost and Conceptual Funding Plan

Project Cost	Amount
Demolition	\$173,132
Sidewalk	\$121,302
Roadway	\$776,345
Utilities	
Water	\$731,608
Storm sewer	\$378,197
Power	\$253,500
Lighting	\$267,020
Landscaping	\$428,227
Traffic Control	Not needed if Const with PMLRT
Mobilization Allowance (5% of directs)	Not needed if Const with PMLRT
Allowance for Art (1.5% of Direct cost)	Not needed if Const with PMLRT
Potential Insurance Costs for the work	\$116,120
Escalation to YOE (12%)	\$412,061
Added Sidewalks- Eastside of Street	\$150,000
Total Construction Cost in YOE	\$3,807,512
Right of Way Estimated Cost	\$1,200,000
Total Cost including Right of Way	\$5,007,512

Funding	Amount
PDC Central Eastside URA	\$250,000
BES CSO (Temp Water Restoration \$)	\$250,000
TSDC Overlay (Proposed New TSDC District)	\$250,000
OMSI (Eastside Streetcar Settlement)	\$325,000
PMLRT Project Construction Cost Share	\$1,200,000
PMLRT E/A Contribution	\$570,503
Land from MSI (for TSDC Credits)	\$1,044,550
Land from Portland Opera (for TSDC Credits)	\$167,450
Water Bureau (YOE + Allowances- Less cost to case line in old water)	\$817,561
Total Funding	\$4,875,064