

*As Amended***AMENDMENT NUMBER One(1)****CONTRACT NUMBER 30004500****FOR****Local Transportation Infrastructure Fee Project**

Pursuant to Ordinance Number TBD after Council hearing

This Contract was made and entered by and between Economic Consultants Oregon, LTD, dba Eco Northwest, hereinafter called Consultant, and the City of Portland, a municipal corporation of the State of Oregon, by and through its duly authorized representatives, hereinafter called City.

1. This contract is hereby extended through 12/31/2017.
2. Additional work is necessary as described in the Scope of Work as follows: See attached Exhibit A
3. Additional compensation is necessary and shall not exceed \$340,000. New NTE contracts value would then be \$494,380.

All other terms and conditions shall remain unchanged and in full force and effect.

CONSULTANT SIGNATURE

This contract amendment may be signed in two (2) or more counterparts, each of which shall be deemed an original, and which, when taken together, shall constitute one and the same contract amendment.

The parties agree the City and Consultant may conduct this transaction by electronic means, including the use of electronic signatures.

Consultant Name: Economic Consultants Oregon , LTD, dba Eco Northwest

Address: 222 SW Columbia Blvd, Suite 1600

Portland OR 97201

Telephone: 503.222.6060

Signature: _____ Date: _____

Name: _____

Title: _____

Contract Number: 30004500

Amendment Number: One (1)

Contract Title: Local Transportation Infrastructure Fee Project

CITY OF PORTLAND SIGNATURES

By: NA _____ Date: _____
Chief Procurement Officer

By: _____ Date: _____
Elected Official

Approved:

By: NA _____ Date: _____
Office of City Auditor

Approved as to Form:

By: _____ Date: _____
Office of City Attorney

Scope of Work for Development of a Neighborhood Streets Program

1. Background

In the City of Portland, there are many miles of unpaved or under-improved roads in poor condition.¹ Collectively, this Scope of Work refers to these roads as “problem streets.” ECONorthwest is under contract with the Portland Bureau of Transportation (PBOT) to evaluate potential solutions to these problem streets. This contract includes two previous phases – Phase 1: Evaluation of the Scope of the Problem, and Phase 2: Implementation of a Local Transportation Infrastructure Charge. This document is a scope of work for a proposed Phase 3: Implementation of a comprehensive Neighborhood Streets Program.

Phase 1 of this contract, evaluation of the scope of the problem, attempted to quantify the amount and location of the City’s problem streets, and the potential cost to improve those streets. Although Phase 1 evaluated the problem at its highest level, the Phase-1 investigation ended with an agreement to narrow the focus of Phase 2, by addressing just one aspect of the problem: the fact that in some situations new development on problem streets is being allowed without any improvements made or fees paid by developers.²

To resolve this issue, Phase 2 developed a Local Transportation Infrastructure Charge (LTIC). The LTIC will provide developers the option of paying a fee rather than making frontage improvements to their property. The City can then pool the resources generated by the LTIC to make strategic investments in transportation improvements.³

The LTIC was developed with input from a Stakeholder Work Group (SWG).⁴ Neighborhood representatives on the SWG accepted the LTIC as a first step, but they were clear that their primary interest was solving the larger problem of improving problem streets. Thus, PBOT staff agreed in Phase 2 that, after adoption of the LTIC, it would continue to a Phase 3 of this effort

¹ Phase 1 of PBOT’s recent study identified 56 miles of unpaved streets and an additional 323 miles without curb.

² Some developers doing in-fill development in areas with mainly under-improved streets are not required to make street improvements or set aside money for future street improvements. Instead, they sign a “waiver of remonstrance” that stipulates that they waive their right and that of future homeowners, to vote against any local improvement district that may be organized in the future to charge property owners for street improvements.

³ The LTIC will apply only to residential development of three units or less, with frontage on local streets. Developers who make frontage improvements that conform to adopted City standards will be exempt from the LTIC.

⁴ The SWG was composed of 11 members, including developers, realtors, City staff, and representatives of neighborhood coalitions.

that would address the larger problem through the establishment of a comprehensive Neighborhood Streets Program.

3. Scope of work

Overview

The purpose of Phase 3 is to establish a comprehensive Neighborhood Streets Program. This program, will allow the City to begin making immediate and sustained progress to improve local streets and related transportation infrastructure in neighborhoods throughout the City. The program will have four key elements:

Standards: What street standards should be applied in what situations? The City already has adopted alternative standards, but it is unclear when and if those standards should be applied, how well those standards work with the needs of other bureaus, and what the process is for officially designating a street as an alternative standard.

Funding: What public sources of funds should be dedicated to funding neighborhood transportation improvements? What amount of matching private funding (for example, from local improvement districts) is reasonable to expect?

Prioritization: How will the City weigh competing projects in different geographic areas, with different costs and benefits, and determine which should receive funding? The Neighborhood Streets Program will need to include a clear set of principles to guide future City decisions on where funding should be allocated.

Community involvement. All of these elements will be heavily informed by a community involvement program that will seek input from those who have a direct stake in the outcome, those who live or own property on under-improved local streets. These community involvement efforts will allow us to focus on equity in a meaningful way, directly engaging persons with disabilities, and racial minorities, and highlighting their input in the project.

The work plan that follows describes six tasks. For each task it lists key products, budget, and schedule.⁵

Task 1: Community involvement program⁶

A successful Neighborhood Streets Program will require meaningful community outreach and involvement. Property owners and residents in areas with problem streets have to understand, and agree with the definition of the problem, potential solutions, and the recommended solution.

⁵ The work plan lists just key meetings and deliverables: there will be more informal meetings between PBOT and consulting staff, and other written communication.

⁶ Although the community involvement program is listed as a separate task in the scope of work for budgetary purposes, in practice these community outreach and involvement efforts would be interwoven with all other steps in the analysis and inseparable from those tasks.

This is especially important because it is anticipated that private funding (for example, payments from local property owners through local improvement districts) will be a fundamental component of the Neighborhood Streets Program. Thus, the City needs to understand how important this issue is to Portland's residents and property owners, and what their willingness is to pay for these types of improvements.

Community involvement efforts on this project will include a range of techniques to determine the values and needs of Portlanders and test alternative solutions. The process will be inclusive of both those who live or own property on problem streets and those who live or own property in the neighborhoods that surround problem streets. The process will also build on the lessons and recommendations of previously adopted street design plans. The process and its recommendations will be equitable, transparent, defensible and values-based, and will be appropriately-timed with the decision-making process. Below, we identify the expected elements of the community involvement program:⁷

- **Surveys:** Up to 2 statistically valid telephone surveys (including cell phone sampling). Surveys will be citywide to recognize the citywide scope of the problem. However, the surveys will be extensive enough to allow for statistically significant results for specific geographic areas with the highest concentrations of problem streets, including areas in Southwest, North, Northeast and Southeast Portland.

Anticipates one telephone survey at the beginning of the project to identify and/or confirm community needs and values, to get opinions on options and trade-offs. Sampling will be conducted to attain specific assessment of those who live and/or own property on under-improved streets, and capture a broad representation of Portlanders overall. The consulting team will work with City staff to define upfront the level of sampling analysis that is needed for decision-making. For instance, such sampling may include breakdowns of opinions from households with disabled persons, by income levels, by households with people of color and/or children under 18 years old. Sampling size and level of effort to accomplish sample breakdowns will be discussed and agreed upon once Phase 3 is initiated.

Includes budget for a second, follow-up survey (of a reduced scope and budget) that may be required to test and refine potential solutions for the Neighborhood Streets Program. The need and scope for the second survey will be discussed among the project team following the focus groups.

Report and analyze results: The project team will develop a clear and concise summary of survey findings. Following the first survey, the project team will meet to discuss the findings, determine topics and targeted invitations for follow up focus groups, and determine needed refinements to the process scope and how the refinements will affect other project tasks or budget.

⁷ The first immediate action item in Phase 3 will be to write a technical memo clarifying the specific details of the work plan for the community involvement program. This memo will clarify the exact timing, number, and scope of each of the community involvement methods that we propose to use in this evaluation.

- **Focus groups:** Focus groups and interviews with direct stakeholders (not just elected or appointed representatives, but people selected to provide different points of view).

2-5 focus groups will be conducted following the initial telephone survey. Goals, questions, support materials, and invitations will be identified by the project team following the analysis and discussion noted above. The team anticipates that some focus groups may require language interpretation or other support to ensure a robust conversation from Portlanders with diverse backgrounds and opinions.

An additional round of 2-5 focus groups is budgeted to test emerging recommendations following second survey and/or technical work conducted in other tasks.

- **Bureau Advisory Committee (BAC) briefings:** Periodic updates on our progress, and presentations and discussions of policy options. Assumes 2-4 briefings, as process warrants. Easy-to-understand and graphic materials to ensure broad and diverse access to project information; materials to include content for a program web page with a feedback mechanism and progressive FAQ that is updated as the study advances, culturally-appropriate informational materials to support focus groups and public information needs, presentation materials, and/or multi-lingual information fact sheets.
- **Community workshops:** Workshops (two: one east side, one west side) may occur during Task 6 to assist with validating the problem and defining the realm of solutions. The need and scope of community workshops will be determined following the initial telephone survey.

Products: Tech Memo 1: Community Involvement Work Plan;
Details TBD, assumed deliverables include: 2 telephone surveys with reports on findings and cross-sampling results, 4-10 focus groups, with summaries of key findings; 2-4 presentations / briefings with the BAC; culturally-appropriate information and outreach materials including content for project webpage updates and materials to support focus groups; up to two community workshops with summary of general themes and results

Budget: \$140,000⁸

Schedule: May, 2016 – May, 2017

Task 2: Refinement of the scope of the problem

Phase 1 of this project included a technical memorandum that provided an Evaluation of the Scope of the Problem. That analysis summarized the magnitude of the problem citywide, and with broad ranges for the scale and cost of the problem. The Phase 1 analysis was meant to

⁸ The consulting team can conduct meetings in English and Spanish; other languages and participant needs, such as listening aids, will be provided by the City of Portland. Meetings will be held in locations most convenient to participants and will be accessible to persons with disabilities. City of Portland staff will assist with administrative support to set up and host meetings that include community members, and will be primarily responsible for providing any requested special accommodations of participants. The project team will collaborate to identify and develop webpage content. City of Portland staff will be responsible for posting updates and supporting any online feedback mechanism(s). The consulting team can support webpage postings or separate subpages for languages other than English, with translation services determined and provided by City of Portland.

provide a shared understanding for the consultant team and City staff as they worked on solutions to the LTIC in Phase 2. The Phase 1 analysis, however, does not provide the level of specificity or geographic detail that will be necessary for engaging the general public in a meaningful way for Phase 3. Thus, a refinement of the scope of the problem is necessary.

Task 2 will add data and analysis to provide further clarity on the location, condition, and costs of neighborhood transportation deficiencies throughout Portland. The analytical work will build off the summary report in Phase 1. Although the official deliverable associated with this task is a tech memo that documents our findings, this task has the added value of supplying information (especially maps and other graphics) that can be used in the community involvement efforts described in Task 1.

Products: Tech Memo 2: Scope of the Problem
 Budget: \$20,000
 Schedule: May – July

Task 3: Evaluation of street standards

The purpose of this task – informed by the community involvement efforts in Task 1 – is to reach agreement on the community process to determine what street standards to apply, where and when, and to clarify PBOT policies regarding alternative street standards. Portland has three adopted street standards — Full Street Standard, Skinny Street Standard, and Shared Street Standard—but the second two are rarely used. Thus, the intent of this task is not to adopt additional street standards (the three the City has are probably sufficient), but it is to facilitate a public conversation about when and where those standards should be applied, and to formalize this process to streamline future decision-making on the application of alternative standards to local residential streets.

The task has four main components:

Review and evaluation of current City standards. We would provide clear documentation on what the existing standards are, and their implications for road design and safety. We would summarize how these standards have been applied in the past, and what challenges PBOT, the Bureau of Environmental Services (BES), and other key stakeholders have encountered when applying these standards.

Cost estimation. We would quantify the typical cost of building streets to each City standard, and how different assumptions for the application of the City's alternatives standards could affect the magnitude of the funding gap for Portland's problem streets.

Coordination with other bureaus. Although streets are often thought of as serving a purely transportation function, they are a critical component of storm water infrastructure as well. Thus, we will coordinate with BES to gain an understanding of how the application of alternative street standards may affect BES's ability to provide storm water management services. Furthermore, BES has additional standards for accommodating drainage. In this task, we will seek to identify any conflicts or inconsistencies between BES standards and PBOT's street standards.

Refinement and documentation of procedures for applying alternative local street

standards. These alternative standards are not new. The City approved them years ago, and some streets have had these alternative standards applied to them. In this task, we will document the City's existing procedures, and identify any areas of confusion. We will then recommend improvements to these procedures based on public input garnered in Task 1, while also applying lessons learned from recent neighborhood-scale transportation plans (e.g., Tryon-Stephens Headwaters Neighborhood Street plan, Cully Local Street Plan, etc.).

The results of this analysis will be documented in a stand-alone report on Design Standards Practices. Although this document will have merit on its own, it is intended primarily as one component of the larger Neighborhood Streets Program that will be delivered at the completion of Task 6.

Products: Design Standards Practices

Budget: \$45,000

Schedule: July – December

Task 4: Evaluation of funding sources

At the heart of this project is an evaluation of funding sources. In the FYE 2016 Budget, the City allocated approximately \$1 million to a new Residential Street Program. The LTIC is forecast to generate about \$3 million per year.⁹ Combined, these two funding sources will barely scratch the surface of a problem with a total cost estimated to be as high as \$2 billion.¹⁰ Although private funding sources are estimated to play a significant role, there is a practical limit to the amount homeowners are willing to pay for these improvements (which we will assess through community involvement efforts in Task 1). The ability of the City to make progress on neighborhood street improvements depends upon the identification of some public funding sources to be dedicated to these projects.

The result of this task will be a Neighborhood Streets Program Funding Strategy. It will identify what City funding sources will be allocated to neighborhood street projects, what other public funding sources (if any) will be pursued, and the financial mechanisms that will be used to combine public and private sources to invest in actual projects.

These questions of funding are too important for PBOT staff and the consultant team to attempt to answer on their own. For this Funding Plan to be meaningful, it will require buy-in from the senior staff in each of the bureaus that oversee the various funds that may be pledged to this

⁹ Assuming 100 homes paying the LTIC with frontage of 50 feet per home and a cost of \$600 per linear foot of frontage.

¹⁰ Estimates of the total cost of improving Portland's problem streets vary dramatically, based on the assumed unit cost assumptions and mileage of streets included in the total. Other estimates and assumptions could result in a total cost of less than \$1 billion, but even the most conservative assumptions result in cost estimates measured in hundreds of millions.

effort. Thus, we will convene an Executive Committee on Funding that will be integrally involved in this task.

The Executive Committee will be a group of financial advisors and decision-makers, assembled by PBOT leadership. The group will include senior finance and management staff from multiple City bureaus, including: the City Budget Office, the Bureau of Environmental Services, The Office of Management and Finance, the Bureau of Planning and Sustainability, the Portland Development Commission, and the Portland Bureau of Transportation. Each will need to contribute to developing a coordinated and sustainable funding strategy.

The consultant team will organize and facilitate regular meetings of the Executive Committee, as needed, until a final Funding Plan has been agreed to. We anticipate four to eight meetings with this group. Early meetings will focus on an assessment of the scope of the problem, and the results of polling and focus groups, providing community input on the importance of the problem. Later meetings will focus on brainstorming potential funding sources, amounts, and responsibilities, and putting the pieces together to form a cohesive Funding Strategy.

While many of the key decisions on this task will be made by the Executive Committee, there will be significant technical work by the consultant team outside of these meetings. The details of the Funding Plan, including how different sources could be used to repay bonds, or supplement LIDs, and the impact on City cash flow over time, will need to be evaluated, to ensure that Executive Committee has complete and accurate information necessary to make important decisions on the Funding Strategy.

Products: Neighborhood Streets Program Funding Strategy
 Budget: \$45,000
 Schedule: July – December

Task 5: Framework for project prioritization

Work in Task 3 will establish a framework for determining what gets built where. And work in Task 4 will determine how to pay for those projects. But the cost of all potential neighborhood street projects will likely far exceed the short-term (or even long-term) revenues identified in Task 4. The City will need a system to prioritize which projects are funded first.

The intent of this task is not to create a long-list of specific projects that will be built according to a set schedule. Instead, this task will establish criteria for awarding funding for neighborhood transportation projects. Although this may sound like a simple goal, there are numerous complications that will make this task more challenging. This task will address the following issues:

One program or multiple? Should all neighborhood street projects, and funding sources be lumped together, or are there reasons to segregate certain funds to be used for certain purposes?

Leveraging funds. Giving higher priority to projects with the most matching funds (i.e., private contributions) can help stretch public resources further, but not all

neighborhoods will have the same willingness or ability to pay, which could result in underinvestment in already disadvantaged areas.

Spending dollars in the vicinity in which they were raised. At least for the LTIC (which is envisioned as being only one small part of the overall funding stream for the Neighborhood Streets Program), there has been input from the public that the funds should be used in the areas in which they were raised, but the areas with the highest development may not be the areas with the greatest needs for neighborhood street improvements.

Neighborhood priorities. Neighborhood associations or coalitions are likely to have their own list of high priority projects. Those projects may or may not align with broader City goals, or citywide criteria for project prioritization. How will PBOT respect the priorities of neighborhoods, while still maintaining a cohesive, citywide program?

Problem streets versus other types of infrastructure. This project focuses on problem streets, which we have defined as unpaved or under-improved *local* streets. However, some communities may place a higher importance on making improvements to collector or arterial streets. Should collector and arterial projects be eligible for funding from the Neighborhood Streets Program? If so, under what circumstances?

Fairness. Most of the issues above fall under the banner of fairness. At the end of the day, the Neighborhood Streets Program needs a set of fair criteria that ensure that needs of all Portlanders are being heard and respected as the City makes future decisions on where to invest in neighborhood streets projects.

The results of this analysis will be documented in a stand-alone report on the Neighborhood Street Project Selection Process. Although this document will have merit on its own, it is intended primarily as one component of the larger Neighborhood Streets Program that will be delivered at the completion of Task 6.

Products: Neighborhood Street Project Selection Framework
 Budget: \$40,000
 Schedule: July – December

Task 6: Implementation Plan for the comprehensive Neighborhood Streets Program

Tasks 1 through 5 provide all of the raw elements for a comprehensive Neighborhood Streets Program. Combining those elements into a comprehensive program that is more than the sum of its parts, however, will require thoughtful and strategic decisions by PBOT and the consultant team. In this final task, we will carefully review the draft deliverables from tasks 3 through 5, and make refinements as necessary to ensure all three are compatible with one another. Collectively, these three deliverables – Design Standards Practices, Neighborhood Street Project Selection Framework, and Funding Strategy – will form the core of the Neighborhood Streets Program.

In addition to reviewing and revising draft deliverables from previous tasks, this final task will include an overarching Implementation Plan document that will provide additional information on how this new program will be implemented and administered over time.

Products: Final Report: Neighborhood Streets Program Implementation Plan;
 Revised final reports for core elements of the Program, including:
 Funding Strategy, Project Selection Framework, and Design Standards Practices
 Budget: \$50,000
 Schedule: December 2016 – May, 2017

4. Summary of budget and schedule

ECONorthwest would complete all tasks in Phase 3 for a total cost, not-to-exceed \$340,000. The project schedule would extend from April 2016 through April 2017, for a total period of 13 months. The figure below summarizes the schedule, showing tasks by month, and key products.

