

FOLDER NO.: 52311

REPORT
87-17

MEETING DATE: 3/18/87

PORTLAND DEVELOPMENT COMMISSION

DATE: March 18, 1987
TO: The Commissioners
FROM: Patrick L. LaCrosse, Executive Director
COMMISSION REPORTS & DOCUMENTS NO. 87-17
SUBJECT: Review of Central City Plan Draft Land Use Concept Plan

As part of the final public review period, the Commission has been asked to comment on the Draft Land Use Concept Plan put forward by the Central City Plan Citizens Steering Committee. The Draft Plan is the culmination of over two years of Steering Committee work and in May 1987, will be submitted to the Planning Commission which will oversee plan completion. The Plan is expected to be forwarded to City Council in December 1987 for approval.

The Commission has previously reviewed and commented on various other elements of the plan. In October 1985, the Commission responded to the Vision and Issues Statements, and in April 1986, the Commission reviewed the next draft Vision Statement and Goals and Policies. The Commission's previous reviews and discussions have encompassed the broad range of issues addressed by the Plan, with particular emphasis on the most fundamental element of the Plan, Economic Development.

On February 26, 1987, a package of Central City Plan materials was sent to the Commission. The background information included: (1) Draft Land Use Concept Plan; (2) Tabloid; and (3) Highlights of Public Hearing Testimony of Eight Functional Advisory Committee Chairpersons before Citizens Steering Committee on February 18, 1987.

A. GENERAL COMMENTS

The Central City Plan is proposed to be more than a Land Use Plan; it is envisioned to be a comprehensive framework for guiding all activities within the Central City Area. Preparing a final plan which balances all of these competing interests is a difficult task. We offer the following constructive comments in the spirit of achieving a workable and realistic final plan:

- 1) Streamline Goals and Policies - Streamline the goals and policies through consolidation or removal of appropriate items. The net result will be an action oriented, clear and simplified framework for guiding the Central City into the twenty-first century.
- 2) Prioritize Goals - The Commission has maintained that prioritization of goals, policies and strategies is the key to creating and maintaining the active vital core that the Plan envisions. The Plan revolves upon expenditure of substantial public resources which may or may not be available. The future availability of financial resources is the largest unknown facing the Plan. By establishing a prioritized list of goals, policies and strategies, the Plan can set the stage for phased public investment to complement and stimulate private investment.
- 3) Reduce Internal Conflicts/Inconsistencies - Plans by their very nature tend to have inherent inconsistencies and conflicts. To the extent possible, we recommend that the goals and policies be examined from the standpoint of how they will be implemented, and eliminate those inherent conflicts in order to provide a clear framework for future growth. Allowing the conflicts and inconsistencies to remain will set the stage for unnecessary, long and drawn out land use battles.

B. DETAILED ISSUES/ELEMENTS OF CONCEPT PLAN

We have undertaken a detailed review of the Plan on a district-by-district basis. Noted below are those elements of the Plan we believe are appropriate for the future of the Central City and those elements we have strong concerns or disagree with.

Downtown

We agree with:

- Downtown as highest density office district and retail core.
- Highest density development along transit mall and LRT.
- Cultural District/University District/Theater District.
- RX Zone.
- Tom McCall Waterfront Park and Morrison Bridgehead area attractor.
- Retention of existing housing.

We have strong concerns or disagree with:

- "Encouraging" housing near S.W. Fourth and Oak.

Goose Hollow

We generally concur with proposed concept plan, which maintains residential character of area.

North Macadam

We agree with:

- Commercial development along Macadam Avenue.
- Some degree of mixed commercial and housing development.
- Researching the feasibility of an attractor near the Marquam Bridge.

We have strong concerns or disagree with:

- Regional park south of the Marquam Bridge.

Northwest Triangle

We agree with:

- Continued industrial sanctuary for northwest area.
- Continued MXD designation for area north of Burnside.
- North park block extension.

We have strong concerns or disagree with:

- 50/50 commercial and residential requirement for area northwest of Union Station (Burlington Northern Railyard Property).

Lower Albina

We are concerned with the removal of industrial sanctuary designation in lieu of predominantly industrial with commercial designation. We believe that further market analysis is necessary to determine if opening the area for additional land uses is the key to revitalization.

Lloyd Center/Coliseum

We agree with:

- Lloyd Center area continued commercial designation.
- Two major institutional uses (Memorial Coliseum and Convention Center).
- Housing emphasis east of Lloyd Center.

We have strong concerns or disagree with:

- Limiting commercial uses to "neighborhood support" along Broadway-Weidler.
- Strong housing element west of Lloyd Center, particularly the eight block area proposed for predominantly residential with commercial.

Central Eastside

We agree with:

- Commercial corridor along Union/Grand and Morrison/Belmont couplets and Burnside.
- Industrial sanctuary designated areas.
- Redevelopment of Station "L".

We have strong concerns with or disagree with:

- Removal of industrial sanctuary designation for area west of Union (we believe this is a major issue and that zoning changes are inappropriate, or premature at best).
- Expansion of existing buffer of MXD or residential designation along 12th Avenue.
- Redesignation of Sandy Boulevard to industrial sanctuary.

C. MAJOR ISSUES FOR COMMISSION DISCUSSION AND RECOMMENDATION

The Draft Land Use Plan includes a number of fundamental departures from existing zoning and plans which are of concern to the Portland Development Commission. We have identified four major issues or underlying premises of the Plan for discussion and recommendation by the Commission at the March 18th meeting.

- 1) Central Eastside - The Concept Plan includes rezoning a substantial portion of the Central Eastside from industrial sanctuary to a mixed development type zone. It envisions rezoning approximately 150 acres in the west of Union Avenue area as a means to achieve "higher intensity and richer mix of uses." Effectively, the Plan, if adopted, would allow housing to be interspersed with existing industrial and commercial businesses.

Another closely related issue is the removal or relocation of the I-5 Freeway. The Draft Plan assumes that the freeway will remain in tact throughout the span of the Central City Plan. This issue has been hotly debated and may resurface before the Citizen Steering Committee and Planning Commission.

ANALYSIS:

- 1) The Central Eastside Revitalization Strategy was adopted by the City in 1985 and businesses have benefited from this strategy. We understand that the business community continues to support the Revitalization Strategy.
- 2) The area west of Union, between I-84 and Hawthorne Blvd., now contains 150 businesses which employ more than 2,200 people. Most of the businesses are wholesale and distribution oriented and utilize heavy trucks as an integral part of their operations.
- 3) Initial estimates from the Oregon Department of Transportation indicate that the cost of relocating the one-mile stretch of I-5 several blocks to the east would be \$300 million to \$500 million. It is our understanding that this project might be funded through a regional transportation plan and would take 20 years to complete. By comparison, the proposed west side light rail to Beaverton and 185th Avenue would cost \$200 million to \$250 million.

RECOMMENDATION: Continue Industrial Sanctuary in west of Union Avenue area to reinforce job base; reaffirm that I-5 will not be relocated during the next 20 years to create climate of certainty for businesses.

- 2) North Downtown Area - The Plan proposes rezoning the B-N property and the Union Station property north of the Broadway Bridge to 50% residential/50% commercial designation. The impetus for this rezoning is the view that this area represents a major opportunity area for new development. The Plan hopes to create a new residential area, possibly with a major water feature. The rezoning, if adopted, would be a major departure from existing zoning (MX), which allows industrial uses along with commercial and residential uses.

ANALYSIS:

The opportunity for new middle-income housing in North Downtown can be created in limited areas where views to open space or the river are provided. In our opinion, this would occur during later phases of North Downtown development.

RECOMMENDATION: Provide zoning which will maximize employment opportunities and not require housing as a condition for private investment and development.

- 3) Housing - The Plan has aggressively addressed where future housing in the Central City could be developed and recommends rezoning or possibly down-zoning substantial areas to include housing, either on a mandatory or optional basis. Two of these areas are currently in industrial sanctuary and mixed development zoning, thus directing major land use changes.

The Plan identifies several new housing opportunity areas: The Burlington Northern Railyard Property area, North Macadam area, and west of Lloyd Center. These areas would become new housing neighborhoods, in addition to continued residential development of the South Park Blocks area, Goose Hollow and the South Waterfront areas.

ANALYSIS:

Housing research completed on behalf of the Central City Plan showed a twenty-year demand for 2,300 new housing units. The Draft Plan has a twenty-year objective of developing 4,700 new housing units. The draft Concept Land Use Plan would reserve enough land to accommodate development of approximately 7,500 new housing units.

RECOMMENDATION: Support goals to preserve existing housing and encourage new housing development, but recommend that housing resources be targeted and prioritized as follows:

Top housing priority areas:

South Waterfront
South Park Blocks
Goosehollow
East of Lloyd Center

Areas of limited potential area:

Select Portions of North Macadam
Northwest Triangle near the River

Areas not recommended for new housing construction:

Central Eastside
SW Fourth & Oak
West of Lloyd Center

RECOMMENDATION: Approve general comments and detailed issues. Discuss major issues and forward recommendations for consideration by the Citizens Steering Committee and City Planning Commission.

A handwritten signature in dark ink, appearing to read "Patrick L. LaCrosse", written over a horizontal line.

Patrick L. LaCrosse, Executive Director

ACTION: P. 87-33, March 18, 1987, Approved.

FOLDER NO.: 52312

REPORT
87-18

MEETING DATE: 3/11/87

PORTLAND DEVELOPMENT COMMISSION

March 11, 1987

TO: The Commissioners

FROM: Patrick L. LaCrosse

Commission Report & Documents No. 87-18

SUBJECT: EDA Industrial Site Development Approval: Wayne B. & Rebecca A. Van Raden dba Cascade Trailer & Equipment, Inc. - 820 N. River

Staff has received a request for a \$100,000 loan under the EDA Industrial Site Development Loan Fund from Wayne and Rebecca Van Raden, sole shareholders in Cascade Trailer & Equipment, Inc. Loan funds will be used to permanently finance the acquisition of the former ITT Fabra Valve property located in the Albina Industrial District at 820 N River Street. Mr. Wayne Van Raden is part of the Van Raden family which established and operated Peerless Trailer Company until 1972. He worked for Peerless for eleven years and upon the sale of Peerless, went to work for Columbia Trailer which was owned by his uncle. For eight years he was shop foreman of the company. He left three years ago to establish Cascade Trailer & Equipment which is engaged in the custom manufacturing of heavy truck trailers, primarily log trailers.

The firm currently leases 10,000 square feet at 505 N.E. 3rd Avenue. The property is in the process of being acquired by PDC for the Convention Center but a definite date for acquisition is not yet determined. Cascade understands a move prior to actual purchase of their present facility may require them to forfeit relocation benefits, however, they feel the opportunity presented by the subject property warrants immediate purchase. The subject property is composed of 55,000 square feet in three industrial buildings located on 2.65 acres of land and includes a number of heavy cranes. The ITT Fabra Valve operation closed in 1982 eliminating over 600 jobs. The buildings are in poor condition and waste removal, major site clean-up and demolition of the three buildings had been proposed by all the prior potential purchasers. Cascade has a big purchase advantage in that they will salvage one of the buildings and restore and use the cranes.

The purchase price of the property is \$200,000 with approximately \$288,000 in rehabilitation and clean-up costs anticipated by Cascade. Key Bank will provide \$400,000 during the construction phase of the project and Borrowers are contributing \$88,000 in project equity. PDC will take Key Bank out for \$100,000 upon completion of the project. The PDC loan will be secured by a deed of trust second only to Key Bank's deed of trust securing their note in the amount of \$300,000. In addition, PDC will have the personal guarantee of Bruce Van Raden, Wayne Van Raden's father and the former President and majority stockholder of Peerless Trailer Company.

In addition to the owner, the company currently employs 11 fulltime personnel. The firm estimates an additional 11 positions will be created over the next three years, 8 of which, will be machinists. Cascade will be entering into an employment agreement with the Private Industry Council.

The Investor Rehabilitation Loan Review Committee reviewed this loan on March 9, 1987 and recommended Commission approval subject to the following conditions:

1. Receipt and approval by PDC of the personal financial statement and 1985 Personal Tax Return of Bruce Van Raden, proposed loan guarantor.
2. Receipt of fully executed Earnest Money on the subject property.
3. Receipt of a fully executed employment agreement by and between Cascade Trailer & Equipment, Inc. and the Portland Private Industry Council.

RECOMMENDATION: Authorize the issuance of an EDA Industrial Site Development Loan commitment in the amount of \$100,000 at 5% interest, 20 year amortization and 10 year term subject to the above stated conditions.



Executive Director

ACTION: P. 87-28, March 11, 1987, Approved.

PORTLAND DEVELOPMENT COMMISSION

MEMORANDUM

Date: March 3, 1987

TO: IRL Committee/Commissioners

FROM: Nancy Farr

SUBJECT: Loan Application Report - Cascade Trailer & Equipment, Inc.
EDA Industrial Site Development Loan - \$100,000

BORROWER: Wayne B. & Rebecca A. Van Raden, Husband & Wife

COMPANY: Cascade Trailer & Equipment, Inc.
505 N.E. 3rd Avenue
Portland, Oregon 97232
Phone: 236-4028 Contact: Wayne Van Raden, President

PRIVATE LENDER: Key Bank of Oregon - East Portland Commercial Branch
834 S.E. 7th Street
P.O. Box 14935
Portland, Oregon 97214
Phone: 230-2657 Contact: Bob Simpson, Asst. V-P

PURPOSE:

PDC loan funds will be used to permanently finance the purchase and rehabilitation of the former ITT Fabra Valve property located at 820 N. River. The facilities are composed of 55,000 square feet of industrial buildings situated on 2.65 acres of land and includes one 10-ton crane, one 3-ton crane, one two-ton crane and several jib cranes.

The purchase price is \$200,000 with approximately \$288,000 in rehabilitation costs anticipated. Key Bank will provide \$400,000 during the construction phase of the project and Borrower is contributing \$88,000. PDC will take Key Bank out for \$100,000 on completion of the project upon posting and recording of completion notice and removal of all liens.

LOAN AMOUNTS, TERMS & SECURITY(*):

<u>Source</u>	<u>Amount</u>	<u>Terms (**)</u>	<u>Security (***)</u>
Key Bank	\$300,000	10.25%, 20 year amort. 10 year term \$2,945/mo.	First Trust Deed Land & Imprvmnts. Personal guarantee
PDC	<u>100,000</u>	5%, 20 year amort. 10 year term \$ 660/mo.	Second Trust Deed Land & Imprvmnts. Personal guarantee
TOTAL	\$400,000	\$3,605/mo.	

- (*) Reflects terms and conditions of the permanent loan and not the interim construction loan.
- (**) Key Bank terms are prime + 2.75 fully floating w/ floor of 7% and ceiling of 12.75%.
- (***) The personal guarantee is from Bruce Van Raden, founder and majority stockholder of Peerless Trailer Company. The Company was sold in 1972 and Bruce Van Raden is estimated to have a net worth in excess of \$6 million. Both Key Bank and PDC loan commitment will be subject to a full disclosure of Mr. Van Raden Senior's assets and liabilities.

COMPANY INFORMATION:

Wayne Van Raden is part of the Van Raden family which established and operated Peerless Trailer Company until 1972. Wayne Van Raden worked for Peerless Trailer Company for eleven years and upon the sale of Peerless, went to work for Columbia Trailer which was owned by his uncle. For eight years he was shop foreman of the company. He left three years ago to establish Cascade Trailer & Equipment in which he and his wife are the sole stockholders. The company is engaged in the custom manufacturing of heavy truck trailers, primarily log trailers. The company is servicing the rapidly expanding wood products industry in Oregon and Washington.

In the first twelve months of operation, they sold \$167,000 worth of business and over the past twelve months, over \$1,007,000. They have carved a niche in the industry because of the high quality products which they manufacture for both large and small clients. Wayne Van Raden has developed and applied for five separate patents on a "extra-axle" design which enables a trailer to carry 25-35% more weight per load. They manufacture four different kinds of log trailers, each designed for a particular length of log in order to effect maximum efficiency on a load.

The company carries no trailer inventory since all jobs are made to order for an impressive list of clients including Crown Zee, Kenworth, Volvo-White, Peterbilt and Weyerhaeuser. The firm currently leases a 10,000 square foot building situated on 60,000 square feet of land at 505 N.E. 3rd Avenue. The property is in the process of being acquired by PDC for the Convention Center but a definite date for acquisition cannot be determined. Thus, Cascade Trailer is now forced to make a move which they have been contemplating for over a year. They understand a move prior to purchase of the property may require them to forfeit any relocation benefits, however, the opportunity presented by the subject property warrants purchasing the property immediately. According to Van Raden, the lumber industry in the Northwest is producing lumber at record levels and he is turning away business on a daily basis due to limited manufacturing space.

PROJECT INFORMATION:

The primary goal of the EDA Industrial Site Fund is to provide development assistance to industrial sites and vacant buildings which the private market has not developed and is not likely to develop due to physical and structural limitations. Thus the fund provides suitable sites for the retention and expansion of Portland industrial firms to keep jobs and industry within the City. The subject land, buildings and project ideally meet this goal.

The ITT Fabra Valve operation closed in 1982 eliminating over 600 jobs. ITT has had the property listed with local realtors for around \$950,000. East Coast-based ITT couldn't understand why 55,000 square feet of facility located on 2.65 of prime industrial real estate, with an assessed value of \$630,000, was not selling. In 1983, they turned down a \$550,000 cash offer from Gender Machine Works since they could not grasp the fact that Portland's real estate market was, and still is, depressed. They have been "tough" negotiators to say the least and have refused to sign an Earnest Money on the property unless it was free of any contingencies, even financing.

Cascade Trailer is the fifth prospect local realtors have brought to the Economic Development financial assistance department in the past 18 months. The buildings are in poor condition and waste removal, clean up and demolition on the site has been estimated at \$150,000 - \$200,000 by most prospective buyers. Cascade has a big advantage in that they can salvage one of the three buildings on the site and remove and utilize all of the cranes included in the purchase. Cascade intends to place metal siding on the remaining 26,000 square foot structure, repair and replace the electrical, sprinkler and crane systems and replace the roof on this building (see property sketch attached).

Project Cost Breakdown During Interim Construction Period

<u>Source</u>	<u>Use of Funds</u>	<u>Amount</u>	<u>Total</u>
Key Bank	Property purchase	200,000	200,000
Key Bank	Demolition	90,000	
	Sprinkler repair	19,000	
	Door Installation (5)	16,000	
	Rest Room(s) Plumbing	4,000	
	Exterior repair/paint	8,000	
	Facing & Squaring	15,000	
	Crane Removal and		
	Re-Installation	12,000	
	Permits	6,000	
	New Office Construction	<u>30,000</u>	
			200,000
Borrower's	Site Clean-up	12,000	
Equity	New Roof	33,000	
	Electrical System	25,000	
	Closing costs/fees	12,000	
	Construction interest	<u>6,000</u>	
			<u>88,000</u>
TOTAL PROJECT COST			\$488,000

EMPLOYMENT INFORMATION:

In addition to the owner and his wife (employed on a part-time basis), the company currently employs 11 full-time personnel. Six of these 11 employees are machinists, 4 in sales and 1 position is clerical in nature. Mr. Van Raden conservatively estimates an additional 11 employees will be hired over the next three years, 8 of whom will be machinists.

Cascade will be entering into an employment agreement with the Portland Private Industry Council to fill new and existing entry level machinist, clerical and sales positions which become available. Industrial Site guidelines dictate that no more that \$20,000 may be loaned per job created or relocated on the site. Cascade's loan amount to created or retained job is $\$100,000/22 = \$4,545$, well below the maximum.

FINANCIAL INFORMATION:

Sales and Profit (in thousands)

	<u>Actual</u>		<u>Projected</u>		
	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>
Sales	524	1,007	1,300	1,800	2,400
Cost of Sales	(16)	(480)	(592)	(819)	(1,029)
Gross Profit	508	527	708	981	1,308
Expenses	(428)	(466)	(605)	(817)	(1,071)
Operating Income	80	61	103	164	237
Other Income (Exp.)	-	(2)	(35)	(61)	(65)
EBT	80	59	68	103	172
Taxes	-	-	(26)	(39)	(65)
Sub-lease income	-	-	12	12	12
Total Income	-	-	54	76	118

Debt to Worth (in thousands)

	<u>Actual</u>		<u>Projected</u>
	<u>1985</u>	<u>1986</u>	<u>1987</u>
Total Debt	39	87	507
Net Worth	125	129	625
Debt to Worth	.31/1	.69/1	.81/1

Note: While the company was founded in 1984, it was not incorporated until July 1986. It was run as a sole proprietorship until incorporation with the owner taking a \$6,500 draw in 1985 and a \$54,500 draw in 1986. Therefore, the net worth of the company increased only \$4,000 from year end 1985 to year end 1986.

CONSISTENCY WITH ELIGIBILITY CRITERIA:

Location - The project is located in the Albina Industrial District within the PDC Economic Development Northeast Target Area boundaries. This is a priority location under Industrial Site guidelines.

Type of Business - The company is engaged in the manufacture and assembly of a wholesale product or commodity, as required under the program.

Project Costs - Acquisition of land and vacant buildings, to include fixed improvements to a building, are eligible costs under this program.

Debt Service/Security - Financial information submitted by the firm indicates sufficient projected cash flow to service debt. In addition, PDC will have a Second Trust Deed on property which Jon Deskin appraised last year "as-is" at \$325,000. The firm proposes to finance \$288,000 in improvements to the property prior to PDC's disbursement of any funds.

In addition, Key Bank and PDC will obtain the personal guarantee of Mr. Bruce Van Raden who is estimated to have a substantial net worth. The PDC loan commitment will be subject to receipt and approval of Mr. Bruce Van Raden's financial statement and 1985 personal tax return.

Historical Review - March 5, 1987

Neighborhood Notification - February 27, 1987

ATTACHMENTS AS FOLLOWS:

- Property Sketch & Plot Map
- Photos of the facility

Note: If you have any questions or wish to review the entire file prior to Monday's meeting, please contact me at 796-5240.

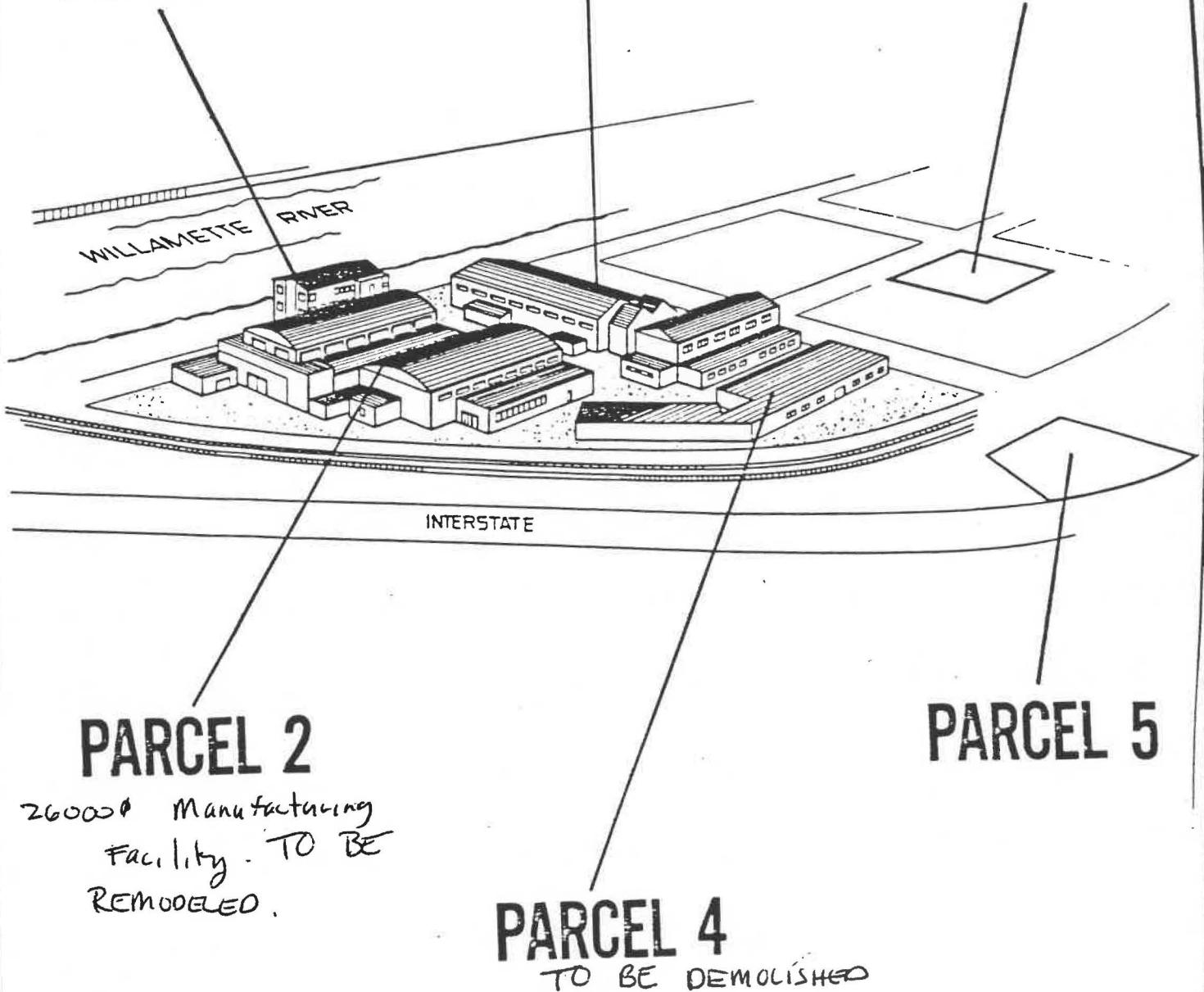
TO BE DEMOLISHED
PARCEL 3

PREVIOUSLY
SOLD & DEVELOPED
NOT PART OF
SALE

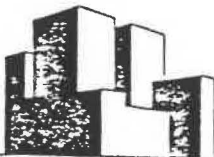
PARCEL 1

PREVIOUSLY SOLD
& DEVELOPED
NOT PART OF
SALE

PARCEL 6



The information contained herein has been obtained from sources we deem reliable. We do not, however, guarantee its accuracy.



**NORRIS, BEGGS
& SIMPSON**

720 S.W. Washington, Portland, Oregon 97205 (503) 223-7181

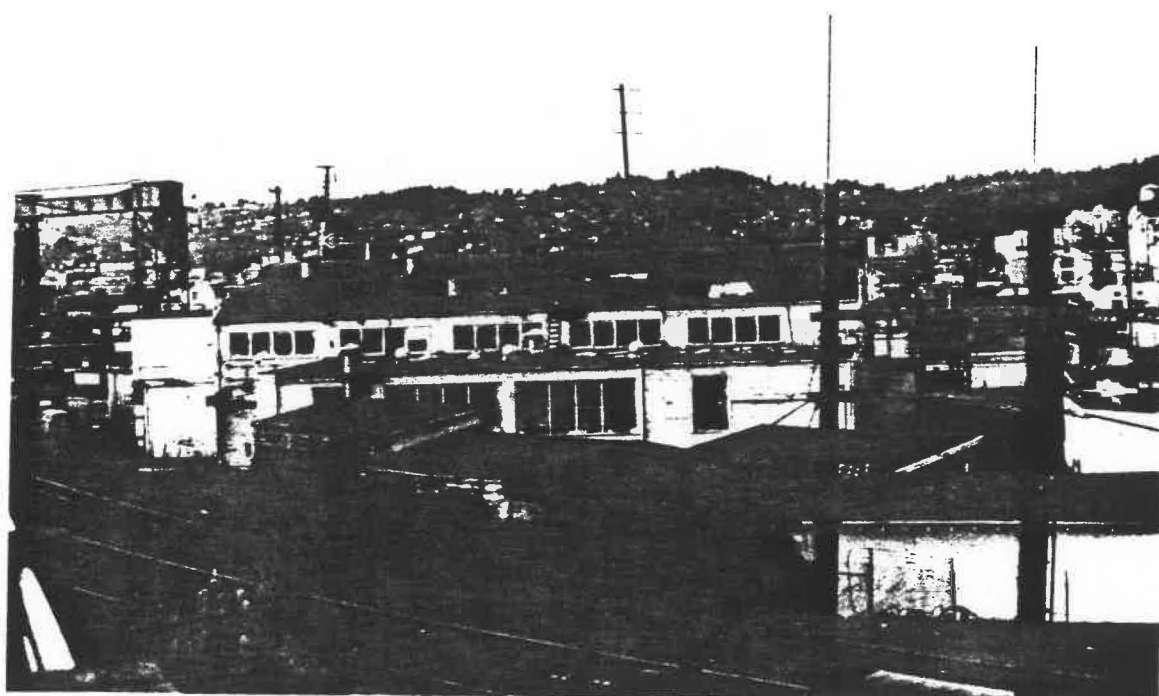
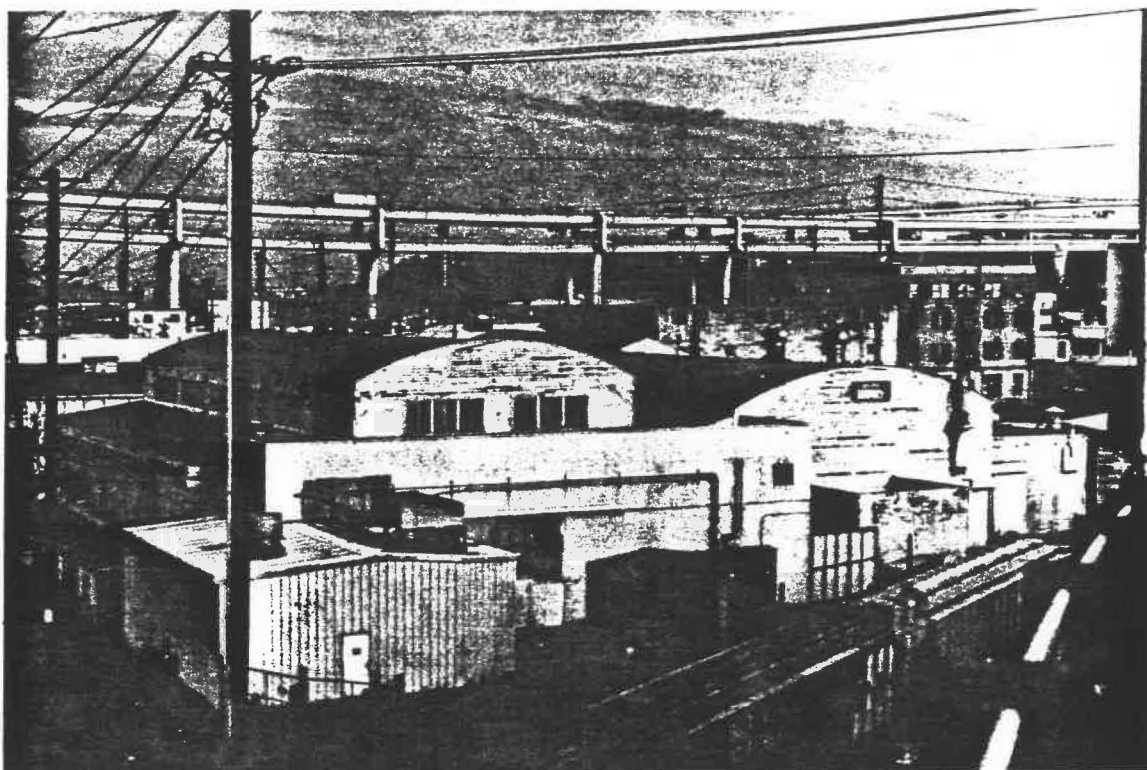
San Francisco • San Jose • Sacramento • Los Angeles • Portland • Tacoma • Honolulu • Lafayette • Orange County • Claremont

The sketch below is made solely for the purpose of assisting in locating said premises and the company assumes no liability, or variations, if any, in dimensions or location ascertained by actual survey.

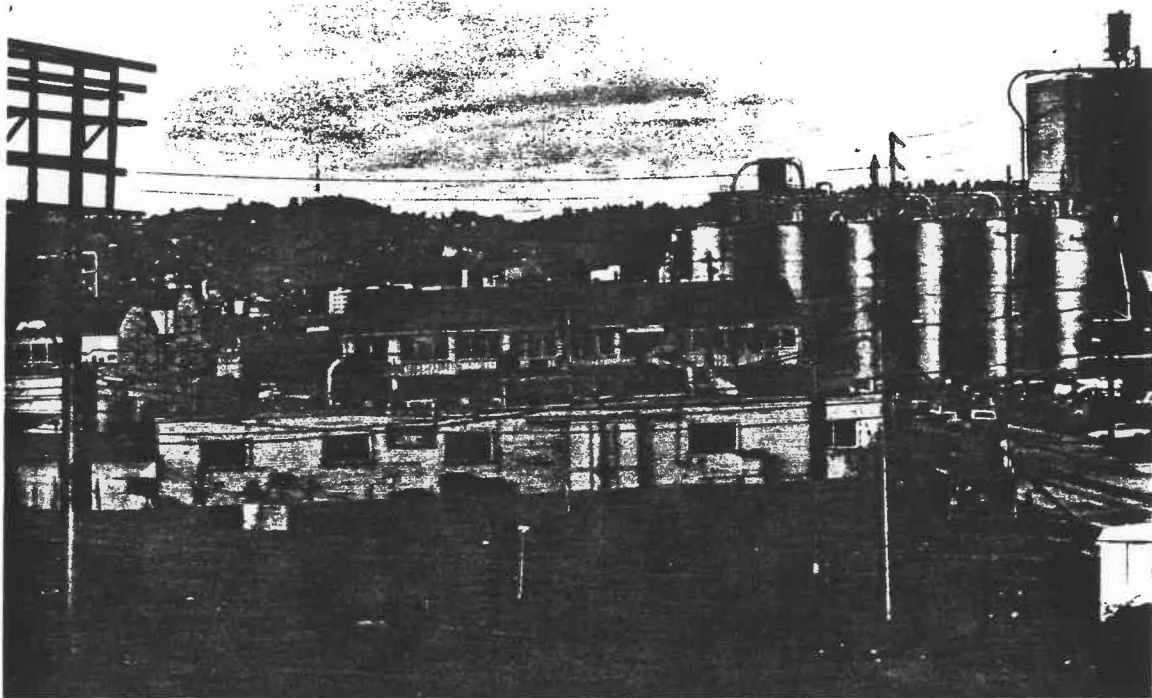


TICOR TITLE INSURANCE

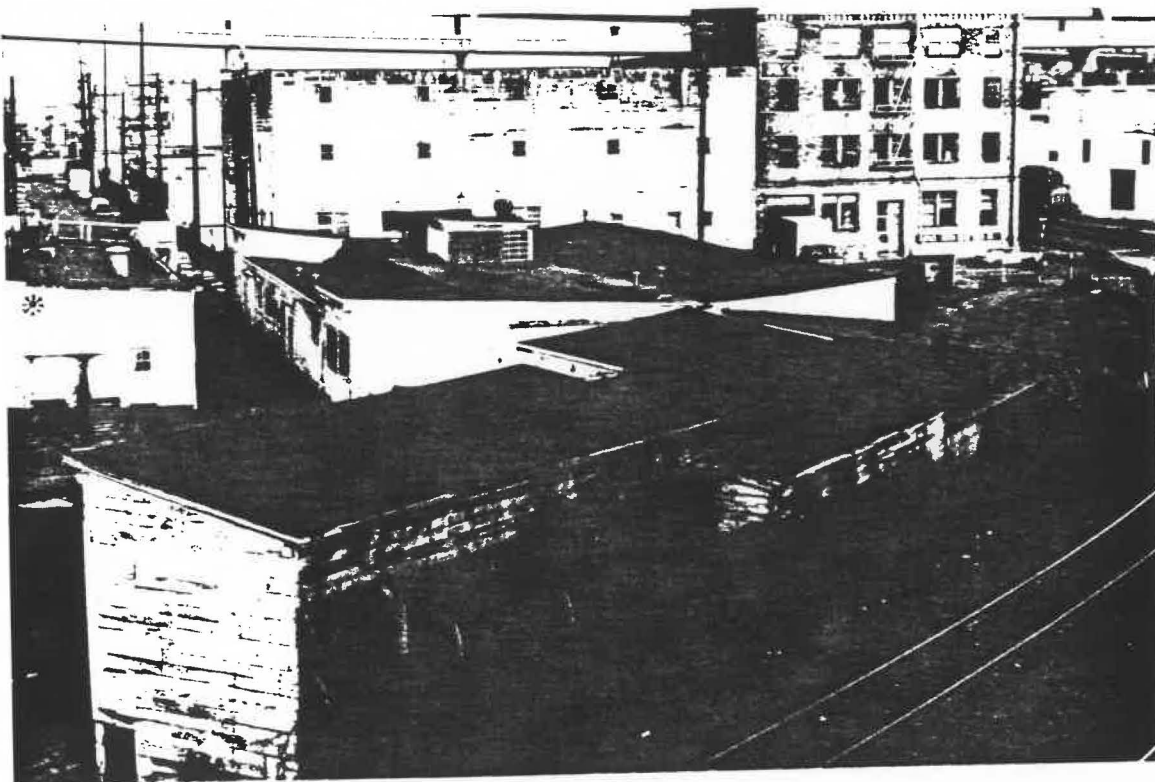




26,000 SQ.FT. MANUFACTURING FACILITY



BUILDINGS TO BE DEMOLISHED



FOLDER NO.: 52313

REPORT
87-19

MEETING DATE: 3/11/87

PORTLAND DEVELOPMENT COMMISSION

DATE: March 11, 1987
TO: The Commissioners
FROM: Patrick L. LaCrosse
Executive Director

COMMISSION REPORTS & DOCUMENTS NO. 87-19

SUBJECT: Production of a Portland Economic Development
Promotional Book

This communication is to advise you that the Portland Development Commission has been offered the opportunity to sponsor, in cooperation with Windsor Publications, the production of a high quality, four-color promotional book featuring the Portland area economy.

As sponsor of the project, the Portland Development Commission will provide economic research and editorial advice to assure that the book serves the economic development efforts of public and private organizations in the Portland metropolitan area. In addition, the Commission will participate in publicity and public endorsement of the project.

As publisher, Windsor Publications will assume all costs associated with publication including production, printing, and distribution. The Portland Development Commission will receive a 10% royalty on the net sales of all hardcover books, and a 5% royalty on any subsequent softcover books. In addition, Windsor, will provide the Commission with 1,000 free copies of the book and 50 free leather-bound editions at no charge. The Portland Development Commission will also be provided two full pages in the book at no charge.

The book will include featured corporate profiles of major area companies. These business profile pages, along with patron participation, will finance the publication of the book.

The book responds to a need identified by the Mayor's Office, the Portland Ambassador Program, and the Portland Development Commission, to develop better promotional tools for marketing Portland to economic development prospects.

Similar projects in other metropolitan areas have been extremely successful and have been a major generator of revenues for economic development.

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CRD No. 8719

It is staff's recommendation that all funds received from the sale of this promotional book be used to support expanded economic development marketing efforts.



Patrick L. LaCrosse, Executive Director

ACTION: P. 87-28, March 11, 1987, Approved.

FOLDER NO.: 52314

REPORT
87-20

MEETING DATE: 3/11/87

March 11, 1987

TO: The Commissioners

FROM: Patrick LaCrosse

Commission Reports & Documents No. 87-20

SUBJECT: Financial Report for the period July 1, 1986 through
January 31, 1987

Recommendation: For Information and File.


Executive Director

ACTION: P. 87-29, March 11, 1987, Approved.

PORTLAND DEVELOPMENT COMMISSION
RESOURCES AND EXPENDITURES STATEMENT
(BUDGETARY BASIS)

For the period from July 1, 1986 to January 31, 1987

ALL PROGRAMS AND FUNDS

RESOURCES	ANNUAL BUDGET	RESOURCES TO DATE	TARGET 58%	NOTES
	-----	-----	-----	-----
Beginning fund balance	23,885,390	25,666,373	107%	
Real property sales	4,825,000	10,000	0%	(1)
HCD contract	7,112,188	2,680,025	38%	
Other grants - City contracts	2,285,000	1,169,002	51%	(2)
Other city contracts	15,137,366	104,500	1%	(3)
Other contracts	3,644,954	129,243	4%	(4)
Investment interest	2,237,260	1,006,581	45%	
Private grants & donations	880,000	164,837	19%	(5)
Rents and miscellaneous	558,593	296,875	53%	
Loan collections	4,751,688	3,401,290	72%	
Bond sales	3,000,000		%	(6)
Other borrowing	3,800,000	170,000	4%	(7)
Transfers from other funds	784,322	636,402	81%	
Interdepartment allocations	965,129	418,929	43%	
	-----	-----	-----	
	73,866,890	35,854,056	49%	
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EXPENDITURES	ANNUAL BUDGET	EXPENDITURES TO DATE	TARGET 58%	ENCUMBERED	AVAILABLE	
	-----	-----	-----	-----	-----	
Personal services	4,517,456	2,278,353	50%		2,239,103	
Professional services	1,997,600	477,860	24%	349,052	1,170,688	
Information services	406,952	88,699	22%	37,697	280,556	
Operating costs	1,991,814	837,609	42%	98,617	1,055,588	
Loan costs	136,050	48,597	36%	4,810	82,643	
Furniture and equipment	133,700	73,432	55%	18,894	41,374	
Property acquisition	11,490,787	1,929,415	17%	18,671	9,542,701	(8)
Property improvements	20,098,000	2,108,672	10%	1,188,472	16,800,856	(9)
LID subsidies	148,000	44,279	30%		103,721	
Relocation	130,000	65,846	51%		64,154	
Loans to borrowers	13,263,744	5,225,077	39%	1,270,516	6,768,151	
Debt repayment	2,607,900	1,268,696	49%		1,339,204	
Interest	719,602	346,660	48%		372,942	
Transfers to other funds	740,822	637,014	86%		103,808	
Contingency	4,033,482		%		4,033,482	
	-----	-----	-----	-----	-----	
	62,415,909	15,430,207	25%	2,986,729	43,998,972	
	-----	-----	-----	=====	=====	
RESOURCES (- EXPENDITURES)	11,450,981	20,423,848				
	=====	=====				

PORTLAND DEVELOPMENT COMMISSION
RESOURCES AND EXPENDITURES STATEMENT
(BUDGETARY BASIS)

For the period from July 1, 1986 to January 31, 1987

DEVELOPMENT

RESOURCES	ANNUAL BUDGET	RESOURCES TO DATE	TARGET 58%
Beginning fund balance	13,604,480	15,392,841	113%
Real property sales	4,825,000	10,000	0%
Other city contracts	14,027,366		%
Other contracts	1,580,727	5,500	0%
Investment interest	1,572,600	664,193	42%
Private grants & donations	200,000	164,787	82%
Rents and miscellaneous	425,143	199,046	47%
Loan collections	389,608	269,403	69%
Other borrowing	1,500,000		%
Transfers from other funds	181,346	-10,000	-6%
Interdepartment allocations	4,347	4,347	100%
	38,310,617	16,700,117	44%

EXPENDITURES	ANNUAL BUDGET	EXPENDITURES TO DATE	TARGET 58%	ENCUMBERED	AVAILABLE
Personal services	1,520,578	653,771	43%		866,807
Professional services	841,900	274,904	33%	245,842	321,154
Information services	160,725	30,223	19%	19,774	110,728
Operating costs	384,810	174,160	45%	7,584	203,066
Loan costs	450	11	3%		439
Furniture and equipment	5,000	4,414	88%		586
Property acquisition	5,985,317	1,475,173	25%	18,263	4,491,880
Property improvements	19,788,000	2,108,672	11%	1,176,522	16,502,806
LID subsidies	48,000	20,271	42%		27,729
Relocation	100,000	12,365	12%		87,635
Loans to borrowers	700,000		%	870	699,130
Debt repayment	1,500,000		%		1,500,000
Interest	90,000	43,750	49%		46,250
Transfers to other funds	54,347	83,891	154%		-29,544
Contingency	1,581,635		%		1,581,635
	32,760,761	4,881,605	15%	1,468,856	26,410,301

RESOURCES (- EXPENDITURES)	5,549,856	11,818,512
	=====	=====

PORTLAND DEVELOPMENT COMMISSION
RESOURCES AND EXPENDITURES STATEMENT
(BUDGETARY BASIS)

For the period from July 1, 1986 to January 31, 1987

ECONOMIC DEVELOPMENT

RESOURCES	ANNUAL BUDGET	RESOURCES TO DATE	TARGET 58%
Beginning fund balance	810,000	838,419	103%
HCD contract	1,874,123	764,053	41%
Other grants - City contracts	95,000	64,473	68%
Other city contracts	1,000,000		%
Other contracts	1,963,170	36,900	2%
Investment interest	64,380	43,422	67%
Private grants & donations	60,000	50	0%
Rents and miscellaneous	96,250	24,402	25%
Loan collections	441,368	424,440	96%
Bond sales	3,000,000		%
Other borrowing	300,000	170,000	57%
Transfers from other funds	456,830	456,830	100%
Interdepartment allocations	8,220	9,342	114%
	10,169,341	2,832,330	28%

EXPENDITURES	ANNUAL BUDGET	EXPENDITURES TO DATE	TARGET 58%	ENCUMBERED	AVAILABLE
Personal services	906,758	455,928	50%		450,831
Professional services	701,000	109,822	16%	33,334	557,845
Information services	136,500	7,386	5%	6,870	122,245
Operating costs	299,195	141,256	47%	833	157,105
Loan costs	1,200	82	7%		1,118
Property acquisition	3,843,170	509	0%		3,842,661
Property improvements	310,000		%		310,000
Loans to borrowers	1,830,744	414,016	23%	232,625	1,184,103
Interest	37,500	6,706	18%		30,794
Transfers to other funds	58,220	9,546	16%		48,674
Contingency	474,484		%		474,484
	8,598,771	1,145,249	13%	273,661	7,179,860

RESOURCES (- EXPENDITURES)	1,570,570	1,687,081
	=====	=====

PORTLAND DEVELOPMENT COMMISSION
RESOURCES AND EXPENDITURES STATEMENT
(BUDGETARY BASIS)

For the period from July 1, 1986 to January 31, 1987

HOUSING

RESOURCES	ANNUAL BUDGET	RESOURCES TO DATE	TARGET 58%
Beginning fund balance	4,326,720	3,760,739	87%
HCD contract	5,491,497	3,296,672	60%
Other grants - City contracts	2,190,000	1,104,529	50%
Other contracts	70,601		%
Investment interest	234,280	99,183	42%
Private grants & donations	600,000		%
Rents and miscellaneous		10,338	%
Loan collections	136,078	29,391	22%
Other borrowing	2,000,000		%
Transfers from other funds		79,352	%
Interdepartment allocations		589	%
	15,049,176	8,380,793	56%

EXPENDITURES	ANNUAL BUDGET	EXPENDITURES TO DATE	TARGET 58%	ENCUMBERED	AVAILABLE
Personal services	1,524,421	855,230	56%		669,192
Professional services	250,500	34,047	14%	57,846	158,607
Information services	57,750	32,423	56%	10,561	14,766
Operating costs	449,663	188,330	42%	7,022	254,312
Loan costs	98,050	23,981	24%	4,810	69,259
Furniture and equipment		21,184	%	2,764	-23,948
Property acquisition	1,662,300	452,431	27%	165	1,209,704
Property improvements			%	11,950	-11,950
LID subsidies	100,000	24,008	24%		75,992
Relocation	5,000	2,570	51%		2,430
Loans to borrowers	10,733,000	4,749,437	44%	1,037,021	4,946,542
Debt repayment	700	721	103%		-21
Interest	30,728	17,612	57%		13,116
Transfers to other funds	14,348	14,936	104%		-588
Contingency	171,899		%		171,899
	15,098,360	6,416,909	43%	1,132,138	7,549,313

RESOURCES (- EXPENDITURES)	-49,184	1,963,884
	=====	=====

PORTLAND DEVELOPMENT COMMISSION
RESOURCES AND EXPENDITURES STATEMENT
(BUDGETARY BASIS)

For the period from July 1, 1986 to January 31, 1987

ALL OTHER PROGRAMS

RESOURCES	ANNUAL BUDGET	RESOURCES TO DATE	TARGET 58%
	-----	-----	-----
Beginning fund balance	5,144,190	5,674,374	110%
HCD contract	-253,432	-1,380,699	545%
Other city contracts	110,000	104,500	95%
Other contracts	30,456	86,843	285%
Investment interest	366,000	199,782	55%
Private grants & donations	20,000		%
Rents and miscellaneous	37,200	63,088	170%
Loan collections	3,784,634	2,678,056	71%
Transfers from other funds	146,146	110,220	75%
Interdepartment allocations	952,562	404,651	42%
	-----	-----	-----
	10,337,756	7,940,815	77%
	-----	-----	-----

EXPENDITURES	ANNUAL BUDGET	EXPENDITURES TO DATE	TARGET 58%	ENCUMBERED	AVAILABLE
	-----	-----	-----	-----	-----
Personal services	565,699	313,425	55%		252,274
Professional services	204,200	59,088	29%	12,030	133,083
Information services	51,977	18,668	36%	492	32,817
Operating costs	858,146	333,863	39%	83,178	441,105
Loan costs	36,350	24,523	67%		11,827
Furniture and equipment	128,700	47,834	37%	16,130	64,736
Property acquisition		1,302	%	243	-1,545
Relocation	25,000	50,911	204%		-25,911
Loans to borrowers		61,624	%		-61,624
Debt repayment	1,107,200	1,267,975	115%		-160,775
Interest	561,374	278,592	50%		282,782
Transfers to other funds	613,907	528,641	86%		85,266
Contingency	1,805,464		%		1,805,464
	-----	-----	-----	-----	-----
	5,958,017	2,986,445	50%	112,073	2,859,499
	-----	-----	-----	=====	=====

RESOURCES (- EXPENDITURES)	4,379,739	4,954,371
	=====	=====

PORTLAND DEVELOPMENT COMMISSION
NOTES TO THE RESOURCES AND EXPENDITURES STATEMENT
(BUDGETARY BASIS)

For the period from July 1, 1986 through January 31, 1987

The "Annual Budget" column incorporates budget changes that had been approved by the Commission as of the financial statement date. "Resources to Date" and "Expenditures To Date" are reported on a modified accrual basis of accounting at year-end. "Encumbered" amounts are not recorded in the accounting records and are included in these statements as supplementary information.

The following notes explain selected resource and expenditure categories.

RESOURCES	<u>ANNUAL BUDGET</u>	<u>RESOURCES TO DATE</u>
1. Real property sales		
Rouse/Morrison Street	\$ 4,825,000	\$ 0
St. Johns Project	0	10,000
	<u>\$ 4,825,000</u>	<u>\$ 10,000</u>
	=====	=====
2. Other grants - City contracts		
Ec Dev Planning Grant	\$ 45,000	\$ 14,473
EDA Industrial Sites Grant	50,000	50,000
Rental Rehab Grant	750,000	616,094
Homestead Grants	1,440,000	488,435
	<u>\$ 2,285,000</u>	<u>\$ 1,169,002</u>
	=====	=====
3. Other city contracts		
Hollywood Parking LID	\$ 1,000,000	\$ 0
Parking Revenue Bonds	14,027,366	0
City General Fund -		
Ambassador Program	40,000	38,000 (A
International Program	70,000	66,500 (A
	<u>\$15,137,366</u>	<u>\$ 104,500</u>
	=====	=====

- A) The City of Portland reduced these special appropriations, along with other General Fund budgets, to 95% of the original commitment.

RESOURCES (cont.)	<u>ANNUAL BUDGET</u>	<u>RESOURCES TO DATE</u>
4. Other contracts		
Old Town Parking/Helistop	\$ 1,300,000	\$ 0
Convention Center	175,727	5,500
Aquarium	35,000	0
Central City Planning	70,000	0
Columbia Corridor	1,893,170	0
Portland Private Industry Council	70,000	36,900
Schools' Fee Developer	70,601	0
Relocation Contracts	30,456	86,843
	<u>\$ 3,644,954</u>	<u>\$ 129,243</u>
	=====	=====
5. Private grants & donations		
Chinatown Gate	\$ 200,000	\$ 164,787
Economic Development	60,000	50
Residential Hotels	600,000	0
Business Recruitment	20,000	0
	<u>\$ 880,000</u>	<u>\$ 164,837</u>
	=====	=====
6. Bond sales		
Central Eastside	\$ 1,500,000	\$ 0
Columbia South Shore	1,500,000	0
	<u>\$ 3,000,000</u>	<u>\$ 0</u>
	=====	=====
7. Other borrowing		
St. Johns Project Refinancing	\$ 1,500,000	\$ 0
Ford Foundation (SEARF Loans)	300,000	170,000
Public Interest Lender Loans	2,000,000	0
	<u>\$ 3,800,000</u>	<u>\$ 170,000</u>
	=====	=====

EXPENDITURES	ANNUAL BUDGET	EXPENDITURES TO DATE
8. Property acquisition		
St. Johns	\$ 78,317	\$ 717
Fountain Plaza	27,000	20,458
Morrison Street	90,000	177,407
South Park Blocks	0	5,006
Parking Structure/Helistop	1,300,000	0
Parking Structure/Retail Core	2,740,000	0
North Terminal	260,000	950
South Waterfront	1,250,000	1,270,274
Historic Program	240,000	0
Rivergate Quarry	0	509
Other	0	1,663
Columbia South Shore	1,893,170	0
Central Eastside	1,000,000	0
Hollywood Parking LID	950,000	0
Residential Hotel Preservation	950,000	0
Homeownership Programs	712,300	452,431
	<u>\$11,490,787</u>	<u>\$ 1,929,415</u>
	=====	=====
9. Property improvements		
South Auditorium	\$ 50,000	\$ 0
Morrison Street	3,648,900	106,407
Central Waterfront	2,550,000	970,279
Parking Structure/Helistop	6,050,000	77,443
Parking Structure/Retail Core	4,675,000	0
South Waterfront	1,001,100	512,260
South Park	1,620,000	260,610
Historic Program	193,000	181,673
Rivergate Quarry	310,000	0
	<u>\$20,098,000</u>	<u>\$ 2,108,672</u>
	=====	=====

FOLDER NO.: 52331

REPORT
87-21

MEETING DATE: 3/18/87

March 18, 1987

TO: The Commissioners

FROM: Patrick L. LaCrosse

COMMISSION REPORTS & DOCUMENTS NO. 87-21

SUBJECT: Union Station Study - Responses to Comments at the March 11
Public Meeting and Staff Recommendations

At the Commission's March 11 public meeting on the Union Station study, approximately 75 people were in attendance and 23 speakers provided comments before the Commission. After receiving all of the comments, it was clear that there was substantial support from the business community, property owners and developers to proceed with acquisition of the property. On the other hand, although not opposed to the purchase, concern was expressed by a number of speakers regarding the need for proper preservation of the Station building and the maintenance of continued passenger rail service in the depot.

Below is a summary of the main points raised at the March 11 meeting, followed by staff's response to those issues and its recommendation for further action.

Public Comments

Property Owners & Developers: Broad support was offered for the public acquisition and redevelopment of the property by representatives of the major businesses and property owners in the area. Comments made at the meeting referred to:

- o The importance of undertaking major public improvements in the North Downtown area, particularly the extension of the Transit Mall, as a means to foster substantial private development;
- o The need for a major public attractor or attractors in the area;
- o The low purchase price (\$9.53/sq.ft.)
- o The likely northward downtown growth pattern and making connections across the river to the Lloyd Center and Convention Center area.

Merchants/Tenants: Most area businesses expressed general support for the project, but a few speakers raised concerns regarding the continued problems with the homeless and social service agencies in the area south of Union Station. It was suggested that these issues need to be addressed if public money is spent on the property's redevelopment.

Historic Preservation Interests: The Historic Preservation League of Oregon commented that they supported the redevelopment of the area provided that the Station building be properly and carefully restored and maintained for continued use as a rail passenger depot. Many other speakers echoed these points.

Public Agencies: Overall support was offered by the Port of Portland. Tri-Met indicated the availability of 80% funding for the Transit Mall extension, including current funding for preliminary design and engineering.

Private Railway and Transit Organizations: Representatives from various other private groups associated with rail and transit service were also present and spoke at the meeting. These included:

- o The Pacific Northwest Chapter of the National Railway Historical Society
- o The Oregon Association of Railway Passengers
- o Citizens for Better Transit
- o Railfax

The primary concerns expressed by these groups were that first-rate rail passenger service should absolutely be maintained in the Station; that adequate trackage for current needs and future expansion adjacent to the depot be left in place; and that the building, in conjunction with Greyhound, Trailways and Tri-Met, become a Transportation Center as identified in the City's adopted plans and policies. They also expressed full support for the inclusion of a railroad museum in any development plans for the site. With the above comments noted, these groups generally have endorsed proceeding with Land Use Alternative B.

Northwest Rail Museum, Inc: A representative from this organization spoke in support of the redevelopment of the site and indicated that they were developing a proposal for a railroad museum on the property.

Central City Concern: A representative of this agency spoke in support of PDC acquiring the property and proceeding with redevelopment.

Responses to Comments

Clearly, the majority of the suggestions or concerns expressed before the Commission revolved around preserving the Station, maintaining its use as a train depot and keeping sufficient trackage to allow for continued rail operation as shown on Land Use Alternative B.

Although two of the three alternatives were purposely structured to show the possible rail relocation options, staff favors Alternative B's solution, which is to maintain a corridor adjacent to the Station for continued Amtrak, freight and possible trolley use. We also support the continued use of the Station for rail passenger service and see Amtrak as a valuable asset to the redevelopment of the building and the development of a regional transportation center.

To this end, staff certainly supports retaining sufficient trackage for current operations, but at this time would not recommend agreeing to a specific number (some of the speakers asked for the preservation of eight lines) until an independent analysis can be done to determine current and projected rail demand figures. Current Amtrak ridership figures indicate that approximately 300,000 persons (arriving and departing on 8-10 trains daily) use the Station depot annually, a slight decline over previous years. Freight traffic through the Union Station yards averages 6 or 7 trains a day.

Staff also supports the full and careful preservation and rehabilitation of the Station depot and would assure that the work is done in conformance with all applicable reviews and standards. A meeting before the Portland Historical Landmarks Commission is scheduled for March 25 to discuss the Union Station program.

Relative to creating the Transportation Center in the area, we believe that Greyhound, Trailways, Tri-Met, Amtrak and possible future trolley facilities can all be tied together such that they serve as a regional transportation hub. This would most likely include physical connections between the Greyhound facility and Union Station, transit Mall extension improvements, and rail and trolley service within the Station depot.

It is somewhat more difficult for staff to address the social (e.g. crime, homeless, drugs, etc.) problems in the area except to say that the situation is improving through the increased activities of the City, merchants, social service agencies and the Association for Portland Progress. We feel that through the continued implementation of the Mayor's 12-point program, along with an overall physical improvement program in the area as proposed in his North Downtown Program, these problems will eventually be substantially reduced or eliminated.

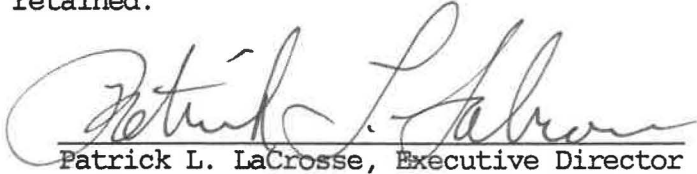
Finally, since a number of the speakers proposed the development of certain types of public attractors on the site (e.g. a railroad museum, an aquarium, a wood products museum, etc.), staff would recommend that it develop a specific process and list of criteria to identify and/or select the appropriate type, size and location of proposed public attractors in the area.

Conclusion

It was clear from the public meeting that there is broad support to proceed with the acquisition and redevelopment of the Union Station property along the lines of Land Use Alternative B with the above-described assurances.

RECOMMENDATION: Based on the comments received at the March 11 public meeting, the information contained in the attached Cost/Revenue Analysis and Preliminary Market Assessment, as well as other information and technical suggestions made by other City bureaus, business and merchant organizations, staff recommends that:

1. It be directed to prepare an amendment to the Downtown Waterfront Urban Renewal Plan to authorize acquisition of the Union Station property and to return to the Commission at its April 8 meeting for Commission review and approval;
2. That the revised Land Use Alternative B be finalized to reflect PDC's position as described above and any other changes directed by the Commission; and
3. That staff initiate an independent analysis to determine the projected future demand for freight and passenger service in the area as a means to identify the number of tracks which should be ultimately retained.



Patrick L. LaCrosse, Executive Director

ACTION: P. 87-31, March 18, 1987, Approved.

UNION STATION PROJECT

DRAFT

COST/REVENUE ANALYSIS

March 17, 1987

Attached is an economic and financial analysis of the proposed Union Station program based upon a series of market and land use assumptions explained below.

The primary finding of this analysis is that, under a realistic development phasing and expenditure timeline, tax revenues and land sale proceeds from the resulting new development on the Union Station property will pay back all capital and interest costs in approximately 15 years (2003). A graph showing a summary of this cost/benefit analysis is attached as Exhibit 1. If indirect revenues are calculated from resulting new investment outside of the Union Station property, the payback would be sooner.

Tables #1 through #4 attached hereto are summarized as follows:

Table #1 - Ten Year Budget of Public Expenditures

Table #1 shows a projected phasing of public expenditures, regardless of source, for the Union Station project. It is pointed out that as much as \$10 million of the total \$25 million estimated public expenditures could likely come from non-tax increment sources such as the Federal Urban Mass Transit Administration (some of which is already in place) or private financing.

The table also shows how the various public improvements would be concentrated in the early years to prepare the area for redevelopment and to provide an inducement to bring private investment. Staff estimates that most of the public improvements would be completed by the end of 1991.

Table #2 - Parcel Development Cost Matrix

Table #2 provides a break-out of the development potential of the property based on Land Use Alternative B as prepared by SRG Partnership and Benkendorf Associates, PDC's study consultants. This alternative proposes that development on the site consist of generally mid-rise structures (two to six stories), primarily office use types, but allowing some retail, hotel and possible housing.

Under this scenario, the site could accommodate as much as 2,156,000 gross square feet of office space, although it is more likely that some retail and hotel uses will be built, bringing the total office space down to approximately 1,800,000 gross square feet.

Total development costs, including parking and landscaping, are also shown indicating a total private development potential of approximately \$175,000,000 (1987 dollars).

Table #3 - Projected Private Investment, Property Tax and Land Sale Revenues

Table #3 provides the most information regarding the project's economics, but also requires a series of assumptions about the overall metropolitan economic posture, absorption rates, capture rates and phasing. Many of these variables have been identified by Karen Myers & Associates through her preliminary market assessment work on the project. Others are generated by staff. These are discussed below:

- o Office absorption rates in the downtown area are assumed at 475,000 net sq.ft. annually based on the past six-year average. The North Downtown area is projected to capture 32% of that amount (North of Burnside Study, 1980) during 1985-1990. Staff estimates that as much as 40% of the North Downtown share could be sited on the 30-acre Union Station site. This translates to an annual absorption on the site of approximately 73,000 gross sq.ft. or 13% of the total downtown area projection.

- o Project phasing, based on these absorption figures, is shown following a development sequence beginning at and around the Union Station depot. Private development start-up is projected for 1990-91.
- o Total annual property taxes are based on the current 1987 tax rate of \$27 per \$1,000 of assessed valuation.
- o Estimates of land sale proceeds are very difficult to develop as they are tied so closely to future, site-specific market conditions. Staff assumes that the majority of the initial acquisition expenditures will be recovered over time by property sales.
- o Interest earnings on land sale proceeds and tax revenues are also shown as direct revenue sources. A 6% rate, compounded annually, is assumed which reflects the present rate of interest on such funds.

Indirect revenues are also shown on Table #3. The projections assume that the adjacent Glacier Park development will commence in 1994 (following the completion by PDC of public improvements in the area and commencement of private development) and continue at a modest rate beyond the development of the Union Station property. It also assumes that the balance of the area north of Burnside will generate new investment at a moderate growth rate over time.

It is pointed out that the actual capture rate that can be realistically expected to be obtained at the Union Station site is highly dependent on other activity in the immediate area. In other words, short-term construction of additional office space on the waterfront or at Pacific Square (as examples) would reduce the capture rate and extend the Union Station development period. However, although this investment would occur off-site instead of on-site, the City nevertheless receives the property taxes generated by the new development.

Table #4 - 25-Year Potential Employment

In order to estimate the total employment which could be accommodated on the Union Station site, as well as the North Downtown area as a whole, total development potential (in terms of building square footages) over a 25-year period was identified from Tables #2 and #3. Using an employee per sq.ft. ratio of 1:200 for office space as identified by Karen Myers & Associates and a ratio of 1:300 for retail/hotel space as developed by Planning Bureau staff, Table #4 projects that the North Downtown area could accommodate in excess of 20,000 additional jobs by the year 2012. Further employment would occur beyond that date as the overall area continued to grow.

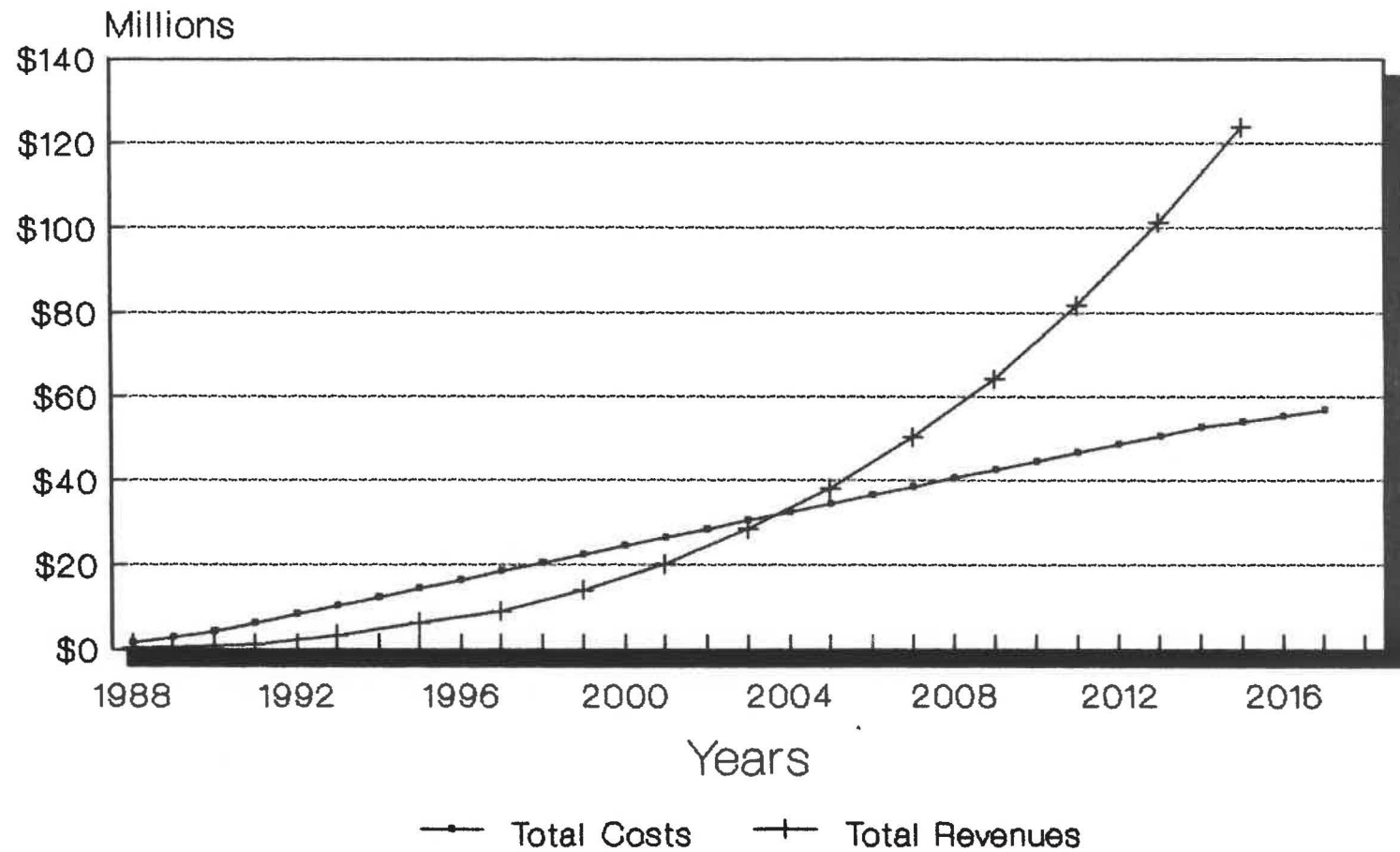
Conclusion

In conclusion, exercise of the option to purchase the Union Station property would require a substantial, long-term investment on the part of PDC. Under favorable terms, a direct pay-back of the public investment (tax increment and non-tax increment) could be seen in about 15 years, although less favorable economic conditions could extend this.

When including indirect revenues from the adjacent areas, however, the economic return to the City is far more immediate. In either case, once the public expenditure is balanced, the financial and economic benefits will continue to inure to the City indefinitely thereafter.

Union Station

Cost Benefit



Costs: Bond Debt Service
Revenues: Tax Increment, Land Sales

TABLE 1

UNION STATION PROJECT
TEN YEAR BUDGET OF PUBLIC EXPENDITURES
(\$000's) (1987 Constant Dollars)

	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	TOTAL
ACQUISITION	\$11,800	\$500										\$12,300
TENANT RELOCATION			\$20	\$20	\$20	\$20						\$80
TRACK REMOVAL & SELECT												\$0
DEMOLITION		\$30	\$100	\$200	\$20							\$350
UTILITIES			\$40	\$30	\$15		\$15		\$10			\$110
STREETS-9th AVE.		\$70	\$730	\$80								\$880
-FRONT AVE			\$150	\$50								\$200
-9th RR X-ING		\$25	\$100	\$75								\$200
-OTHERS			\$100	\$200	\$200	\$25	\$25		\$30		\$30	\$610
TRANSIT MALL CONSTRUCTION	\$30	\$150	\$2,450	\$2,800								\$5,430
STATION - RENOVATION		\$200	\$300	\$3,000	\$250	\$50						\$3,800
-FORECOURT PLAZA				\$200	\$100							\$300
TROLLEY LINE				\$100	\$300	\$100						\$500
PROJ. MGMT, LEGAL, MISC.	\$60	\$60	\$60	\$50	\$30	\$20	\$20	\$10	\$10	\$10	\$10	\$340
TOTAL CAPITAL EXPENDITURES	\$11,890	\$1,035	\$4,050	\$6,805	\$935	\$215	\$60	\$10	\$50	\$10	\$40	\$25,100
INTEREST ON BONDS		\$960	\$960	\$960	\$960	\$960	\$960	\$960	\$960	\$960	\$960	\$9,600
TOTAL PUBLIC EXPENDITURES	\$11,890	\$1,995	\$5,010	\$7,765	\$1,895	\$1,175	\$1,020	\$970	\$1,010	\$970	\$1,000	\$34,700

Union Station Capital Improvements

■ Capital Improvements

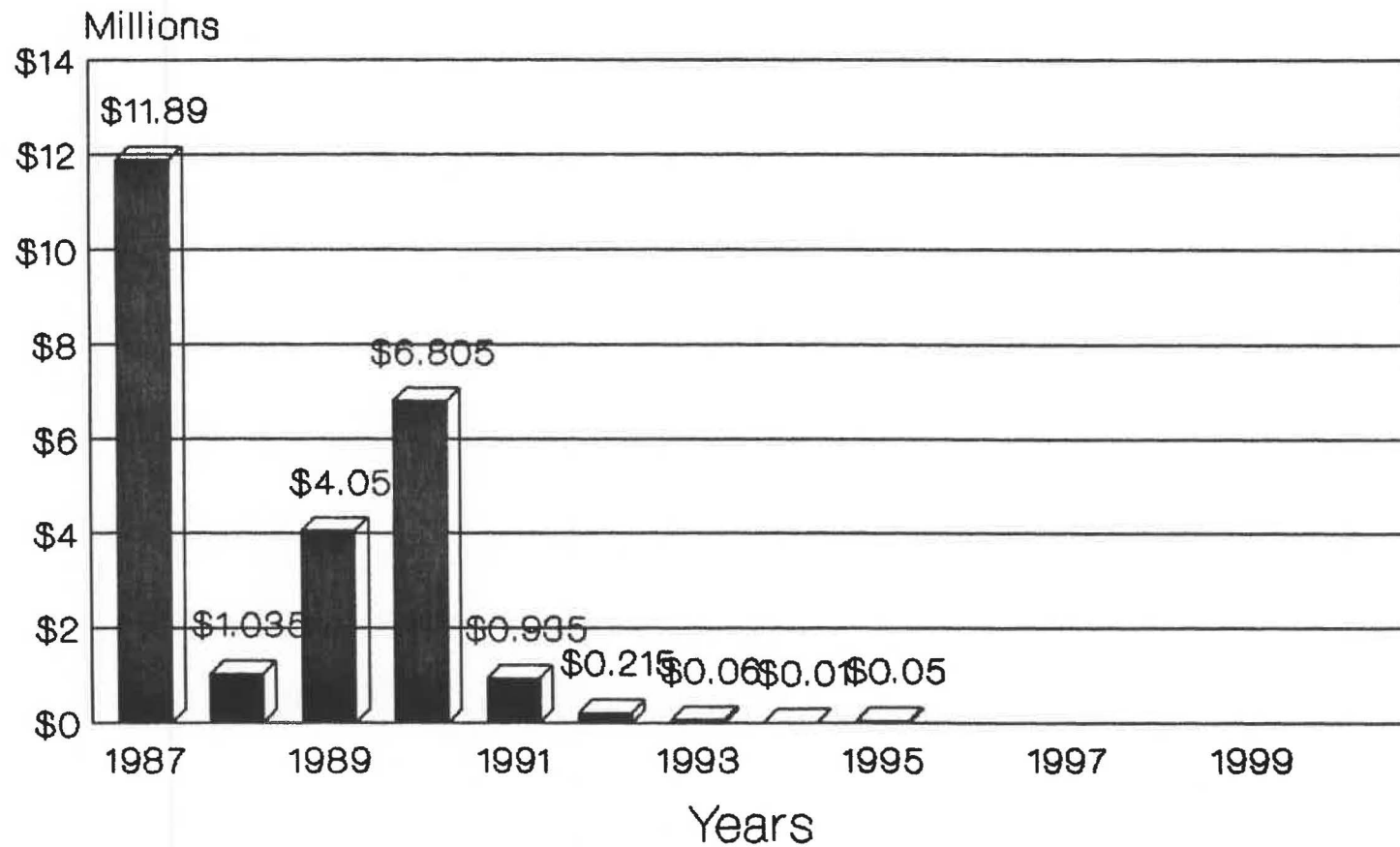


TABLE 2

UNION STATION PROJECT
PARCEL DEVELOPMENT COST MATRIX
(1987 CONSTANT DOLLARS)

PARCEL	TOTAL AREA (ACRES)	LAND USE	# STOR	55% LOT COVER.	BUILD. AREA	COST/SF	BUILDING COST	PARKING REQ'D	COST/SF	PARKING COST	TOTAL	10% LAND- SCAPE & MISC	GRAND TOTAL (rounded)
STATION DEPOT	4	MIXED	3	95,832	0	\$0	\$0	0	\$0	\$0	\$3,750,000	\$0	\$3,750,000
A	2	OFF	8	47,900	383,200	\$70	\$26,824,000	107,296	\$36	\$1,931,328	\$28,755,328	\$2,875,533	\$32,000,000
B	1	OFF	4	23,958	95,832	\$62	\$5,941,584	13,445	\$36	\$242,014	\$6,183,598	\$618,360	\$6,800,000
C	2.2	OFF	8	52,708	421,661	\$70	\$29,516,256	118,065	\$36	\$2,125,170	\$31,641,426	\$3,164,143	\$35,000,000
D	2	OFF/RES	6	47,916	287,496	\$64	\$18,399,744	40,336	\$36	\$726,042	\$19,125,786	\$1,912,579	\$21,000,000
E	1.8	OFF/PUB	4	43,124	172,498	\$70	\$12,074,832	48,229	\$36	\$869,388	\$12,944,220	\$1,294,422	\$14,000,000
F	2.3	OFF/RES/ PUB	4	55,103	220,414	\$62	\$13,665,643	30,924	\$36	\$556,633	\$14,222,276	\$1,422,228	\$16,000,000
G	.9	OFF	4	21,562	86,249	\$70	\$6,037,416	24,150	\$36	\$434,694	\$6,472,110	\$647,211	\$7,000,000
H	1.8	OFF/RES	6	43,124	258,746	\$64	\$16,559,770	36,302	\$36	\$653,438	\$17,213,208	\$1,721,321	\$19,000,000
I	.8	HOT/RET/ OFF	12	19,166	229,997	\$66	\$15,179,789	217,347	\$36	\$3,912,246	\$19,092,035	\$1,909,204	\$21,000,000
TOTALS	18.8			450,393	2,156,093		\$144,199,034	636,164		\$11,450,953	\$159,399,987	\$15,564,999	\$175,550,000

ASSUMPTIONS:

% of lot coverage:	.55 of site area
Leasable bldg. area-ret:	0.8 of GSF
Parking/1000 sf-ret:	5.5 sp/1000 sf
Area per park. space:	350 SF
Parking - Res:	1.2 sp/unit
Residential Efficiency:	0.8 of GSF
Residence Area:	1600 sf
Parking - Office:	1 sp/1000 sf
Office Efficiency:	0.8 of GSF
Parking Cost:	50% on-grade
Parking - Hotel:	1 sp/unit
Hotel Efficiency:	0.8 of GSF
Hotel Room Area:	800 sf

Union Station

Private Investment

■ Private Investment

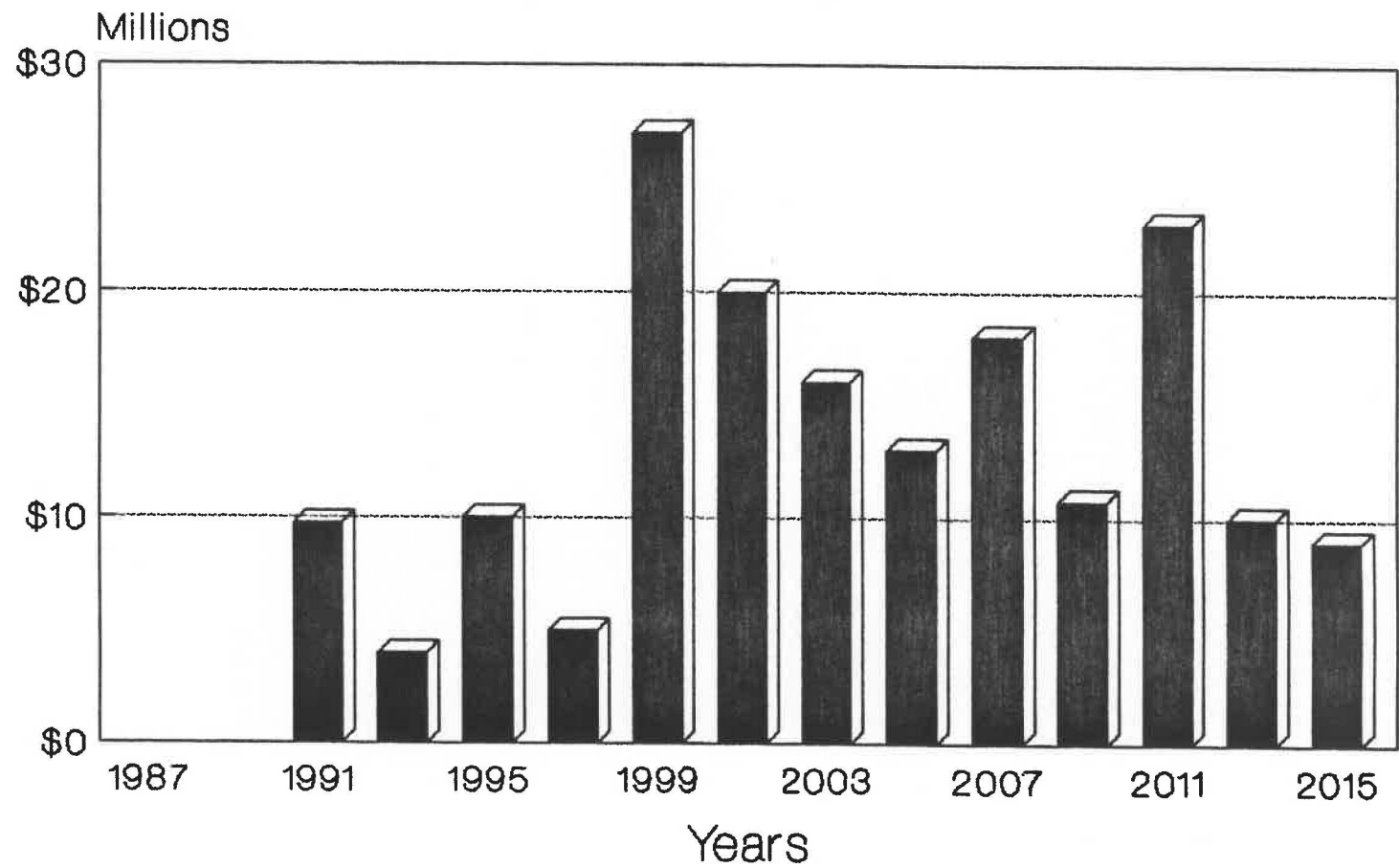


TABLE 3

UNION STATION PROJECT
PROJECTED PRIVATE INVESTMENT, PROPERTY TAX AND LAND SALE REVENUES
(\$000's) (1987 Constant Dollars)
(TWENTY-FIVE-YEAR BUILD-OUT)

DIRECT REVENUES

LAND USE
PARCEL

	1990- 1991	1992- 1993	1994- 1995	1996- 1997	1998- 1999	2000- 2001	2002- 2003	2004- 2005	2006- 2007	2008- 2009	2010- 2011	2012- 2013	2014- 2015	TOTALS
STATION	\$3,750													\$3,750
"E"	\$6,000	\$4,000	\$4,000											\$14,000
"F"			\$6,000	\$5,000	\$5,000									\$16,000
"H"					\$10,000	\$9,000								\$19,000
"I"					\$12,000	\$9,000								\$21,000
"G"						\$2,000	\$4,000	\$1,000						\$7,000
"A"							\$12,000	\$12,000	\$8,000					\$32,000
"B"									\$3,000	\$3,800				\$6,800
"D"									\$7,000	\$7,000	\$7,000			\$21,000
"C"											\$16,000	\$10,000	\$9,000	\$35,000

TOTAL PRIVATE
INVESTMENT

	\$9,750	\$4,000	\$10,000	\$5,000	\$27,000	\$20,000	\$16,000	\$13,000	\$18,000	\$10,800	\$23,000	\$10,000	\$9,000	\$175,550
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TOTAL BIENNIAL
PROPERTY TAXES

	\$527	\$743	\$1,283	\$1,553	\$3,011	\$4,091	\$4,955	\$5,657	\$6,629	\$7,212	\$8,454	\$8,994	\$9,480	\$62,583
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LESS CURRENT
PROP TAXES

	\$216	\$216	\$216	\$216	\$216	\$216	\$216	\$216	\$216	\$216	\$216	\$216	\$216	\$2,808
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NET BIENNIAL
PROP TAXES

	\$311	\$527	\$1,067	\$1,337	\$2,795	\$3,875	\$4,739	\$5,441	\$6,413	\$6,996	\$8,238	\$8,778	\$9,264	\$59,775
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EST. LAND SALE
PROCEEDS

	\$0	\$1,500	\$1,500	\$500	\$1,000	\$500	\$1,000	\$500	\$1,000	\$500	\$1,000	\$500	\$500	\$10,000
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SUBTOTAL

	\$311	\$2,027	\$2,567	\$1,837	\$3,795	\$4,375	\$5,739	\$5,941	\$7,413	\$7,496	\$9,238	\$9,278	\$9,764	\$69,775
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INTEREST
EARNINGS

	\$19	\$161	\$456	\$775	\$1,206	\$1,841	\$2,668	\$3,689	\$4,933	\$6,419	\$8,194	\$10,288	\$12,665	\$53,314
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TOTAL DIRECT
REVENUES

	\$329	\$2,188	\$3,022	\$2,611	\$5,000	\$6,215	\$8,407	\$9,630	\$12,346	\$13,915	\$17,432	\$19,566	\$22,429	\$123,089
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INDIRECT
REVENUESGLACIER PARK
INVESTMENT

	\$0	\$0	\$8,000	\$8,000	\$7,000	\$8,000	\$9,000	\$11,000	\$18,000	\$14,000	\$16,000	\$10,000	\$13,000	\$122,000
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BALANCE NORTH
DOWNTN INVEST.

	\$3,600	\$3,600	\$3,600	\$3,600	\$3,600	\$3,600	\$3,600	\$3,600	\$3,600	\$3,600	\$3,600	\$3,600	\$3,600	\$46,800
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TOTAL

INVESTMENT	\$3,600	\$3,600	\$11,600	\$11,600	\$10,600	\$11,600	\$12,600	\$14,600	\$21,600	\$17,600	\$19,600	\$13,600	\$16,600	\$168,800
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TOTAL ANNUAL
PROPERTY TAXES

	\$194	\$389	\$1,015	\$1,642	\$2,214	\$2,840	\$3,521	\$4,309	\$5,476	\$6,426	\$7,484	\$8,219	\$9,115	\$52,844
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GRAND TOTAL
ALL SOURCES

	\$524	\$2,576	\$4,038	\$4,253	\$7,214	\$9,055	\$11,928	\$13,939	\$17,821	\$20,341	\$24,916	\$27,785	\$31,544	\$175,933
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TABLE 4

UNION STATION PROJECT
25-YEAR EMPLOYMENT POTENTIAL
NORTH DOWNTOWN AREA

<u>DIRECT EMPLOYMENT</u>		<u>UNION STATION</u>	<u>BALANCE OF AREA</u>
Gross Bldg. Area-	Off. sq. ft.	1,850,000	1,800,000
	Ret/Hotel sq. ft.	300,000	290,000
Employees-	Off(1/200 GSF)	9,250	9,000
	Ret(1/300 GSF)	1,000	967
Public Attractor(s) Employment		300	0
TOTAL POTENTIAL EMPLOYMENT		10,550	9,967
GRAND TOTAL NORTH DOWNTOWN:		20,517	

PRELIMINARY MARKET ASSESSMENT

UNION STATION PROPERTY

March 1987 (DRAFT REPORT)

Prepared for:

**PORTLAND DEVELOPMENT COMMISSION
1120 S. W. Fifth Avenue
Portland, Oregon 97204**

Prepared by:

**KAREN MYERS & ASSOCIATES
525 N. W. Skyline Crest
Portland, Oregon 97229
(503) 297-1321**

I. SUMMARY OF CONSULTANTS' FINDINGS AND OPINIONS

For this study and report, the Union Station area is defined as the area lying north of West Burnside Street, east of S. W. Fifteenth Avenue, west of the Willamette River, and south of the Freemont Bridge -- in general, the northern portion of downtown Portland.

While a large amount of documentation was provided to the consultants for this study, it generally related to a larger geographic area than the Union Station study area (e.g., Portland Metropolitan Area, Central City Planning Area, downtown, etc). As a result, the consultants have extrapolated from this information and the interviews to make preliminary findings and conclusions about market opportunities for the Union Station site and area. We suggest that site- and area-specific market and economic feasibility be evaluated prior to commencing redevelopment of the Union Station property and area.

In the consultants' opinion, the Union Station area is in transition. Over the past few years, several development activities have occurred in the area which demonstrate the transition, including: general upgrading and rehabilitation of existing buildings; revitalization of historic and cultural identities; specialty retail shopping; One Pacific Square office building; McCormick Pier apartments; Freemont Place light industrial park; and the Greyhound transportation center.

The evidence suggests the transition will continue. Large parcels of land in unified ownerships are rare in the inner city (especially the downtown loop area), yet the Union Station area has several including: Pacific Square; Glacier Park/Burlington Northern; Union Station; Broadway Cab; and the Naito holdings. Recent property acquisitions in the area also indicate developer interest.

The downtown serves as the center of national and international commerce for Portland and the region. As the region grows economically, so will the downtown (and other areas of Portland, as well). While suburban developments compete with the downtown, the downtown remains the preferred, and in some cases the required, location for many businesses.

Unfortunately, both the Central Business District (CBD), the middle portion of downtown, and the southern portion have relatively limited economic growth potential since little vacant or underutilized land exists. As a result, achieving Portland's urban economic growth potential lies in continued development of the northern portion of downtown.

It is logical to anticipate northerly expansion into the Union Station area primarily because of the adjacent relationship with the CBD, the large amount of underdeveloped and redevelopable land, the unified ownerships, and developer interest. Further, national indications are that corporate and industrial site locators are beginning to look at urban, rather than suburban areas, with renewed interest because of existing linkages with commercial activities, transportation systems, educational institutions, and public facilities.

However, current market conditions suggest that the transition of the Union Station area will not be easy and may take some time. Presently, most land uses in the Portland area (especially office and hotel) are overbuilt. The south end of the downtown appears, at this time, to be the most likely location for market-rate housing. Additional infrastructure improvements are needed in the Union Station area. In addition, the area north of West Burnside Street is affected by real and/or perceived social problems which in turn negatively affect all commercial markets.

Recently, public intervention to encourage growth and development has begun in the Union Station area, for example, light rail transit, efforts to address the social problems, and the China Gate. More activities are planned. The proposed heliport will provide a new transportation element and the proposed parking garage will address parking problems in Old Town. The proposed convention center is also expected to positively affect economic growth in nearby areas, as should the planned Oregon Museum of Science and Industry. As public intervention occurs, so will the transition of the Union Station area (giving credence to the land development adage that private investment follows public investment). Placing a "public attractor" facility in the area could be another way to stimulate economic growth. If public intervention is hastened, it is reasonable to assume that private developments in the area will also be hastened.

As a result, the mid- and long-term prospects for the Union Station area are good. The area offers great opportunity to the city, generally, and to the downtown, specifically.

FOLDER NO.: 52332

REPORT
87-22

MEETING DATE: 4/8/87

PORTLAND DEVELOPMENT COMMISSION

DATE: April 8, 1987

FROM: Patrick L. LaCrosse

COMMISSION REPORT & DOCUMENTS NO. 87-22

SUBJECT: 11th Amendment to the Downtown Waterfront Urban Renewal Plan

The Downtown Waterfront Urban Renewal Plan was approved and adopted by the City Council in 1972 to stimulate private investment to increase the City's tax base, employment and eliminate blight. Over the past 15 years, the Commission has been very successful in achieving the Plan's goals, both through its direct investment in public improvements (Waterfront Park, Pioneer Square, Chinatown Gate) and direct assistance to private development (RiverPlace, Pioneer Place, Yamhill Marketplace, New Market Theater). The success of these efforts have more importantly sustained the confidence of downtown businesses and developers in the future of downtown Portland during a period when many cities saw their office and retail cores decline or stagnate.

An important measure of the success of the Downtown Waterfront Urban Renewal Plan has been the strong growth in private taxable investment since 1972 within the Plan's present boundaries. Over the past 15 years, taxable property values within the Plan's area have increased from \$124,592,000 to \$700,863,000 or 363% as of January 1, 1986. This growth is important not only for the contribution it is making to the City's future tax base, but also for stability it has provided for the Commission's development financing requirements.

It is now recommended that a portion, approximately 30 acres, of the Downtown Waterfront Urban Renewal Area be deleted from the official renewal area by an amendment to the Plan's boundaries as illustrated on the attached map. It is our belief that the goals of the urban renewal plan have been substantially achieved within this area and that it is in the interest of the City to restore the approximately \$90,000,000 of new tax base created in this area to the City's tax roles.

The proposed boundary change can be made only with a formal amendment to the Downtown Waterfront Urban Renewal Plan requiring Commission authorization, Planning Commission review and Council approval by non-emergency ordinance.

RECOMMENDATION: Approval of the Report on the 11th Amendment to the Downtown Waterfront Urban Renewal Plan, dated April 8, 1987 and approving the 11th Amendment to the Downtown Waterfront Urban Renewal Plan.



Patrick L. LaCrosse, Executive Director

ACTION: P. 87-37, April 8, 1987, Approved.

11TH AMENDMENT TO THE
DOWNTOWN WATERFRONT URBAN RENEWAL PLAN

- Summary of Modifications -

<u>Page</u>	<u>Amendment</u>
ii	Add reference to 11th Amendment
iv	Add reference to 11th Amendment
Exhibit 1 - Project Boundary and Land Use Plan	Deletion of Blocks 5 - 8, 10 - 12, 25, 53 - 59, 70 and part of Block 52, Portland Addition, City of Portland from the Plan's Boundary
Exhibit 2 - Boundary Description	Deletion of Blocks 5 - 8, 10 - 12, 25, 53 - 59, 70 and part of Block 52, Portland Addition, City of Portland from the Plan's Boundary
Exhibit 4 - Districts Maps	Deletion of Blocks 5 - 8, 10 - 12, 25, 53 - 59, 70 and part of Block 52, Portland Addition, City of Portland from the Plan's Boundary
Exhibit 5 - Property Acquisition Map	Deletion of Blocks 5 - 8, 10 - 12, 25, 53 - 59, 70 and part of Block 52, Portland Addition, City of Portland from the Plan's Boundary

DOWNTOWN WATERFRONT URBAN RENEWAL PLAN

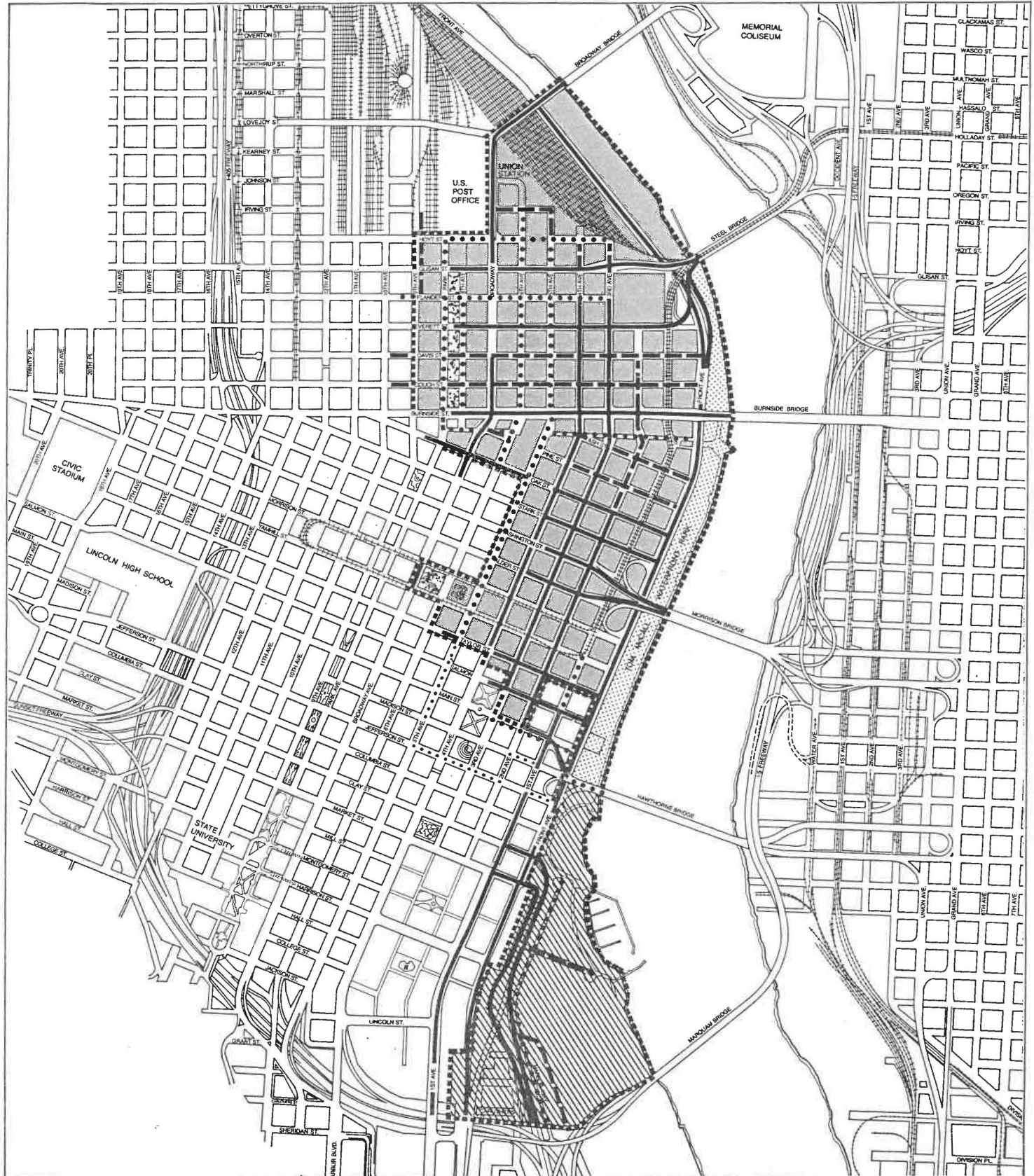


EXHIBIT 1 Land Use Plan



LEGEND

Waterfront Park

Public Open Space and Park

Mixed Use

Mixed Use: South Waterfront Activity Area

Traffic Access Street

Local Service Street

Non-Automobile Oriented Street

Project Boundary

EXHIBIT TWO

BOUNDARY DESCRIPTION OF DOWNTOWN WATERFRONT URBAN RENEWAL AREA

The Project Area is described as that land containing all lots or parcels of property situated in the City of Portland, County of Multnomah and State of Oregon, bounded generally as follows:

BEGINNING at the intersection of the southerly line of S.W. Montgomery Street with the Harbor line on the west side of the Willamette River (U.S. Corps of Engineers, 1968); thence along said Harbor line, south $20^{\circ}17'37''$ east 794.27 feet to its intersection with the northerly line of Interstate 5 (west Marquam Bridge Interchange); thence along said northerly line, south $55^{\circ}04'53''$ west 194.66 feet; thence north $87^{\circ}47'20''$ west 12.16 feet; thence along a curvilinear portion of said northerly line 410 feet more or less; thence west 125.71 feet; thence south $0^{\circ}52'$ west 108.04 feet; thence continuing along the curvilinear portion of said northerly line, along a spiral curve which chord bears south $42^{\circ}11'50''$ west 146.52 feet; thence along a chord bearing south $84^{\circ}42'10''$ west 39.86 feet; thence along a chord bearing south $89^{\circ}54'03''$ west 98.20 feet to the intersection of said northerly line with the easterly right-of-way line of the Southern Pacific Co.; thence crossing said right-of-way of the Portland-Salem Freeway and the right-of-way of S.W. Water Avenue, in a westerly direction, a distance of 410 feet more or less to the point of intersection of the west right-of-way line of S.W. Water Avenue with the south right-of-way line of S.W. Caruthers Street; thence along said south line and its westerly extension thereof, 570 feet more or less to a point in the easterly boundary of Lot 5, Block "H" of "South Auditorium Addition", said point lying in the easterly boundary of the "South Auditorium Project Area I"; thence along said boundary north $0^{\circ}41'57''$ east 515.92 feet; thence north $0^{\circ}41'57''$ east 4.00 feet; thence north $0^{\circ}43'51''$ east 30.00 feet; thence south $89^{\circ}16'09''$ east 170.52 feet to a point in the easterly right-of-way line of S.W. Front Avenue; thence along said easterly line north $0^{\circ}41'57''$ east 489.95 feet; thence north $20^{\circ}49'25''$ east 332.81 feet to the intersection of said easterly line with the southerly right-of-way line of S.W. Harrison Street; thence along said southerly line and its easterly extension thereof, south $69^{\circ}08'00''$ east 101.07 feet to the southeast corner of Block "J" of said "South Auditorium Addition"; thence along the easterly line of said Block "J", north $20^{\circ}50'08''$ east 209.94 feet; thence south $69^{\circ}12'13''$ east 0.80 feet; thence north $20^{\circ}50'10''$ east 50.00 feet; thence north $69^{\circ}09'45''$ west 1.80 feet; thence north $20^{\circ}53'00''$ east 579.90 feet to a point in

the north right-of-way line of S.W. Market Street; thence along the easterly extension of said north line to the west construction line of S.W. Harbor Drive, said west line being the easterly boundary of the "South Auditorium Project Area II"; thence along said easterly boundary to the north boundary of the South Auditorium Project Area II; thence westerly along the north line of S.W. Jefferson Street to the east line of S.W. First Avenue; ~~thence northerly along the east line of S.W. First Avenue to the north line of S.W. Madison Street; thence westerly along the north line of S.W. Madison Street to the west line of S.W. Second Avenue; thence southerly along the west line of S.W. Second Avenue to the north line of S.W. Jefferson Street; thence westerly along the north line of S.W. Jefferson Street to the west line of S.W. Fifth Avenue; thence northerly along the west line of S.W. Fifth Avenue to the south line of S.W. Taylor Street;~~ Front Avenue; thence northerly along the west line of S.W. Front Avenue to the south line of S.W. Taylor Street; thence westerly along the south line of S.W. Taylor Street to center line of S.W. Second Avenue; thence southerly along the centerline of S.W. Second Avenue to the centerline of S.W. Main Street; thence westerly along the centerline of S.W. Main Street to the centerline of S.W. Third Avenue; thence northerly along the centerline of S.W. Third Avenue to the north line of S.W. Salmon Street; thence westerly along the north line of S.W. Salmon Street to the midpoint of Block 52, Portland Addition, City of Portland (hereinafter Block 52); thence northerly along the midpoint of Block 52 to the south line of S.W. Taylor Street; thence westerly along the south line of S.W. Taylor Street to the west line of S.W. Sixth Avenue; thence northerly along the west line of S.W. Sixth Avenue to the south line of S.W. Yamhill Street; thence westerly along the south line of S.W. Yamhill Street to the west line of S.W. Broadway; thence northerly along the west line of S.W. Broadway to the north line S.W. Morrison Street; thence easterly along the north line of S.W. Morrison Street to the west line of S.W. Fifth Avenue; thence northerly along the west line of S.W. Fifth Avenue to the south line of S.W. Oak Street; thence westerly along the south line of S.W. Oak Street to the west line of S.W. Park Avenue; thence northerly along the west line of S.W. Park Avenue to the south line of west Burnside Street; thence westerly along the south line of west Burnside Street to the southerly extension of the west line of N.W. Ninth Avenue; thence northerly along the west line of N.W. Ninth Avenue to the north line of N.W. Hoyt Street; thence easterly along the north line of N.W. Hoyt Street to the west line of the N.W. Broadway Avenue Bridge Ramp; thence northerly along the west line of the N.W. Broadway Avenue Bridge Ramp 845 feet, more or less, to a point; thence northeasterly along the north line of the Broadway Bridge 790 feet, more or less, to the West Harbor line of the Willamette River; thence southerly along the west

Harbor line of the Willamette River 8,943 feet, more or less
to the Point of Beginning.

Containing 324 Acres more or less.

DOWNTOWN WATERFRONT URBAN RENEWAL PLAN

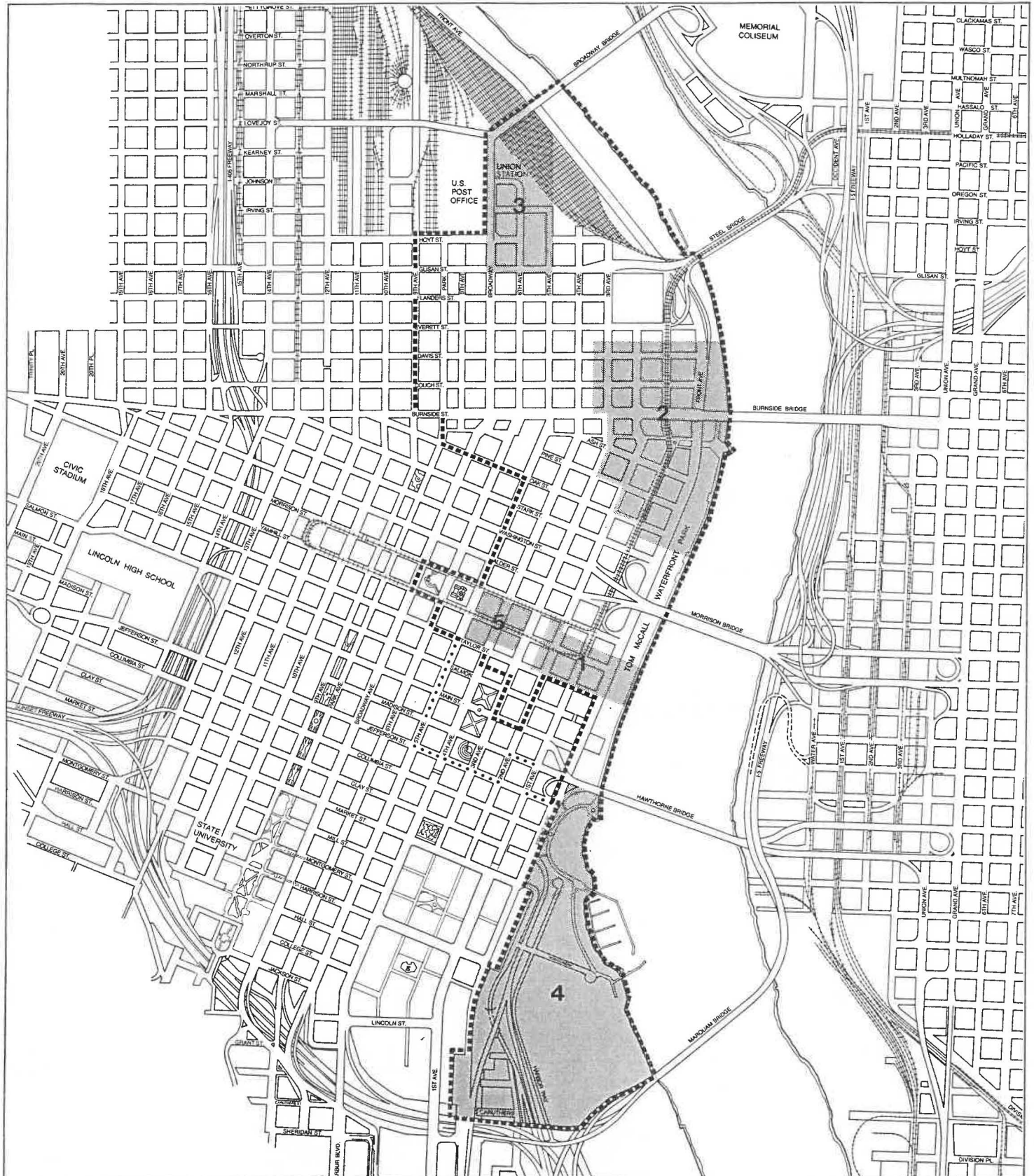


EXHIBIT 4 Districts Map

LEGEND

- 1 Yamhill (by Ord. No. 140282)
- 2 Skidmore/Old Town (by Ord. No. 140593)
- 3 Transportation Center (by Res. No. 31950)

- 4 South Waterfront (by Res. No. 32460)
- 5 Morrison Street Project (by Ord. No. 152218)

Portland Development Commission



DOWNTOWN WATERFRONT URBAN RENEWAL PLAN

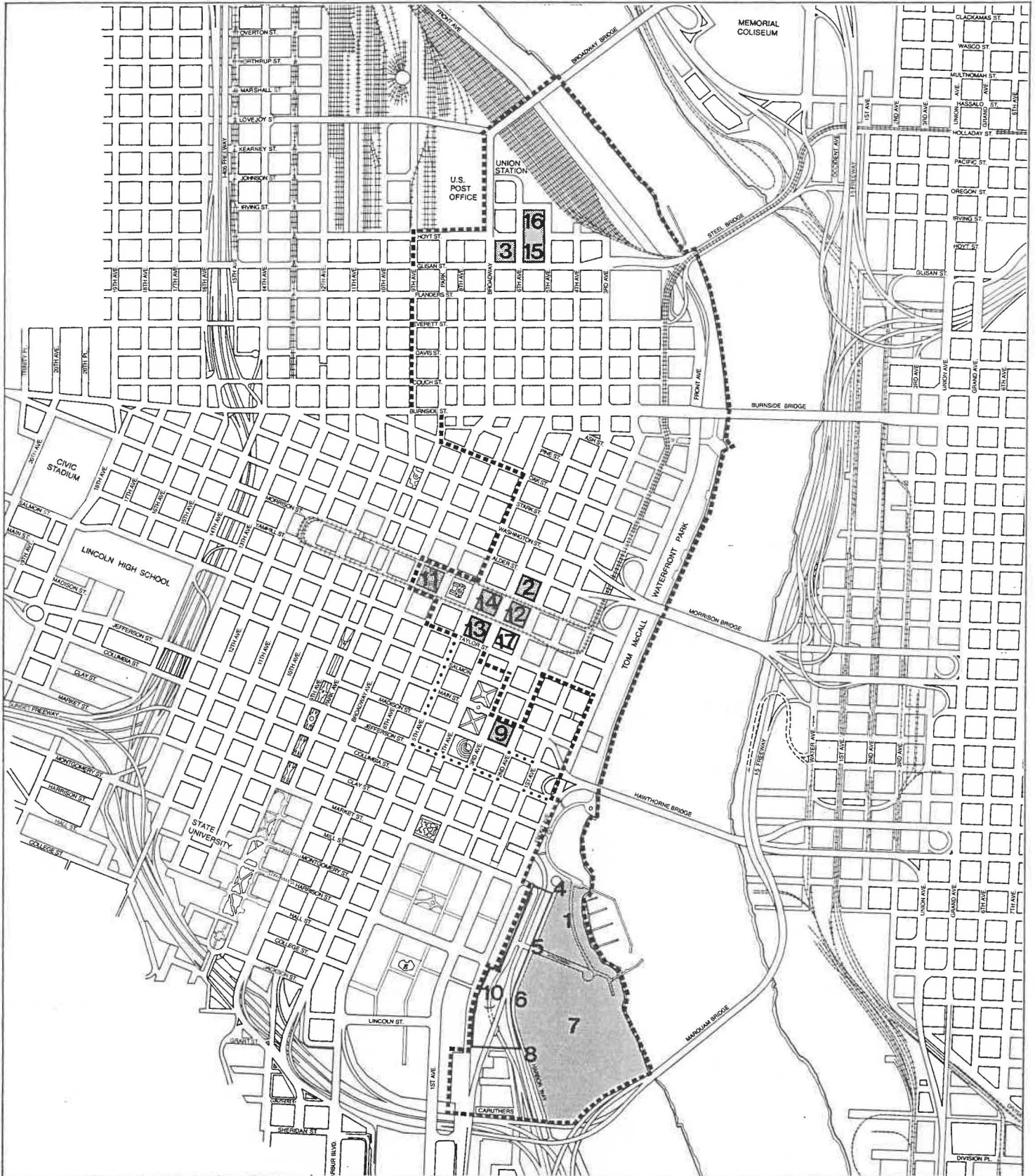


EXHIBIT 5 Property Acquisition Map

LEGEND

Project Boundary

Property Acquired

Property To Be Acquired



FOLDER NO.: 52333

REPORT
87-23

MEETING DATE: 4/8/87

April 8, 1987

TO: The Commissioners

FROM: Patrick L. LaCrosse

COMMISSION REPORTS & DOCUMENTS NO. 87-23

SUBJECT: Twelfth Amendment to the Downtown Waterfront Urban Renewal Plan -- Union Station Project

Following the Commission's March 18 meeting, staff has prepared the Twelfth Amendment to the Downtown Waterfront Urban Renewal Plan and Report on the Amendment authorizing acquisition of the Union Station property.

The Amendment itself adds the property to the list of land which may be acquired under the Renewal Plan and identifies anticipated public improvements. The Report, required by ORS 457, provides an overall summary of the physical, social, and financial conditions resulting from the Amendment and includes:

- o A Land Use Concept Map incorporating the basic land use designations approved by the Commission at its March 18th meeting;
- o A summary Financial Analysis containing the information presented to the Commission at the last meeting;
- o A Relocation Plan

The Report has been reviewed by PDC legal counsel, who concurs in its findings. The Relocation Report was prepared by staff in accordance with State law.

Following Commission action, the Amendment and accompanying Report must be reviewed by the Planning Commission and approved by City Council by non-emergency Ordinance. The Planning Commission is scheduled to hear the item at their April 21, 1987 meeting. It would likely be forwarded to the City Council in early May.

The following documents are attached to this CRD for the Commission's consideration and (together with all materials and testimony presented to the Commission at its March 11, 1987 public hearing, and the Commission meetings of December 10, 1986, January 14, 1987 and March 18, 1987) serve as the basis for approval of the Union Station Project:

- o Report on the Twelfth Amendment to the Downtown Waterfront Urban Renewal Plan
- o Union Station Land Use Alternatives for to the Downtown Waterfront Urban Renewal Plan

- o Preliminary Market Assessment - Union Station Property
- o April 1, 1987 Letter from David J. Lau & Associates, real estate appraisers and consultants, regarding their value analysis

RECOMMENDATION: Approval of the Report on the Twelfth Amendment to the Downtown Waterfront Urban Renewal Plan, dated April 8, 1987 and approval of the Twelfth Amendment to the Downtown Waterfront Urban Renewal Plan



Patrick L. LaCrosse, Executive Director

ACTION: P. 87-38, April 8, 1987, Approved.

REPORT ON THE TWELFTH AMENDMENT
TO THE
DOWNTOWN WATERFRONT URBAN RENEWAL PLAN
CITY OF PORTLAND, OREGON

CITY OF PORTLAND DEVELOPMENT COMMISSION

Dated April 8, 1987

CHAPTER I - INTRODUCTION

A 1979 amendment to the State's urban renewal law [ORS 457.085(3)] requires that a substantial amendment to an urban renewal plan be accompanied by a report which contains:

- A. A description of physical, social and economic conditions in the urban renewal areas of the plan and the expected impact, including the fiscal impact, of the plan in light of added services or increased population;
- B. Reasons for selection of each urban renewal area in the plan;
- C. The relationship between each project to be undertaken under the plan and the existing conditions in the urban renewal area;
- D. The estimated total cost of each project and the sources of monies to pay such costs;
- E. The anticipated completion date for each project;
- F. The estimated amount of money required in each urban renewal area under ORS 457.420 to 457.440 and the anticipated year in which indebtedness will be retired or otherwise provided for under ORS 457.440;
- G. A financial analysis of the plan with sufficient information to determine feasibility;
- H. A fiscal impact statement that estimates the impact of the tax increment financing, both until and after the bonds are repaid, upon all entities levying taxes upon property in the urban renewal area; and
- I. A relocation report which shall include:
 - 1. An analysis of existing residents or businesses required to relocate permanently or temporarily as a result of agency actions under ORS 457.170;
 - 2. A description of the methods to be used for the temporary or permanent relocation of persons living in, and businesses situated in, the urban renewal area in accordance with ORS 281.045 to 281.105; and
 - 3. An enumeration, by cost range, of the existing housing units in the urban renewal areas of the plan to be destroyed or altered and new units to be added.

The Downtown Waterfront (DTWF) Urban Renewal Plan and the first six amendments to that plan were approved by the Portland City Council prior to the 1979 State law amendment. The Seventh, Eighth, Ninth and Tenth Amendments, adopted by City Council on September 2, 1981, April 21, 1983, January 30, 1986 and December 11, 1986 respectively were done in

accordance with the revised State law requirements and, therefore, were accompanied by the required report. The Eleventh Amendment is currently being reviewed by the City Council. This report will include information concerning the Twelfth Amendment to the DTWF Urban Renewal Plan.

The Twelfth Amendment to the DTWF Urban Renewal Plan in the City of Portland, Oregon, authorizes the Portland Development Commission (PDC), as the City's urban renewal agency, to acquire certain parcels of land for development in accordance with the land use designations and other development criteria contained herein.

The property in question is known generally as the Union Station property and is bounded roughly by Front Avenue on the north and east, Irving, Hoyt and Glisan Streets and the Lovejoy ramp on the south, and Ninth Avenue on the west. A map of the property is provided in Exhibit A to this Report.

The information required by State law to be included in this report and responses and comments thereto are set forth below.

CHAPTER II - A DESCRIPTION OF THE PHYSICAL, SOCIAL AND ECONOMIC
CONDITIONS IN THE URBAN RENEWAL AREAS AND THE EXPECTED
IMPACT, INCLUDING THE FISCAL IMPACT, OF THE PLAN AMENDMENT IN
LIGHT OF ADDED SERVICES OR INCREASED POPULATION

A. Physical Conditions of the Property to be Acquired

The land which is proposed to be acquired consists of 1,238,101 sq.ft. (28.42 acres), more or less, plus certain development rights over a rail corridor. The majority of the land lies underutilized and inconsistent with the goals and guidelines of the City's adopted Downtown Plan and the Northwest Triangle District Plan which call for redevelopment of obsolete industrial areas for mixed use development.

A corridor of approximately 55 feet in width will be maintained, dividing the property to be acquired in the location of the existing main freight lines (Portland Terminal Railroad Co. Tracks Nos. 6 and 7), for continued use and operation of passenger and freight rail service. An easement for full development rights above the corridor, as well as the right to relocate the corridor, will be retained by PDC.

The corridor comprises approximately 3.5 acres and contains only rail trackage and related switching and other rail equipment. Approximately 17.9 acres, or 63% of the remaining property acreage, contains only trackage and related rail equipment, although much of it is not in usage and will be removed. Another approximately 6.9 acres, or 24% of the remaining property, is currently vacant and contains some unused trackage, building debris, asphaltic pavement, etc.

A surface pay parking lot operates on the city block in front of the Union Station depot (Block Y, Couch's Addition), as well as certain paved areas north and east of that block under the Broadway Bridge ramp and adjacent to a warehouse building on N.W. Fifth Avenue. Improvements include asphaltic pavement, curbs, landscaping and miscellaneous parking equipment.

A Premarketing Geotechnical Investigation undertaken by Geotechnical Resources, Inc. in 1985 indicates that the site is essentially flat, ranging in elevation from +29.5 to +31.5 feet. In general, soils conditions are consistent with similar near-waterfront properties in Portland.

There exists five separate buildings on the site. The largest and most prominent is the Union Station depot itself at 800 N.W. Sixth Avenue, containing approximately 80,000 gross sq.ft. on three floors. Completed in 1894, the depot is a City-designated historic landmark and is also listed on the National Register of Historic Places. The depot, overall, is in generally good shape, but because of deferred maintenance and repairs, its condition appears to be slowly declining. Its original exterior remains essentially intact. Although a 1930 remodeling altered portions of the interior, particularly in and around the grand waiting room, these alterations appear sensitive to the overall character of the building.

Adjacent to the depot is a small building containing approximately 5,015 sq.ft. and housing the steam plant (also known as "the Annex"). This structure was built in 1895 and, like the depot, appears to be in a declining condition.

An extremely small, two-story structure containing 616 sq.ft. is situated near the terminus of N.W. Front Avenue and serves as a switching tower for current rail operations.

At 510 N.W. Third Avenue there exists a two-story former City fire engine house (the Fire Station) containing approximately 6,120 sq.ft. This structure was built in 1913 and shows noticeable signs of deterioration.

The final structure is a one and two-story industrial warehouse with office space located at the northeast corner of N.W. Fifth and Hoyt 700 N.W. Fifth Avenue. This structure contains approximately 20,000 sq.ft. and has remained vacant since 1985. Portland Terminal Railroad Co. has proposed that the structure be demolished.

With the exception of the latter, all buildings on the site are constructed of unreinforced red brick with varying degrees of stone and terra cotta work, molding and ornamentation.

A preliminary analysis undertaken by Benkendorf Associates and SRG Partnership Architects in March 1987 concludes that these structures, while of generally sound construction, would require significant work, particularly building systems and seismic strengthening, to

bring them up to current standards. Also, a building condition survey undertaken in 1973 as part of the Eligibility Report for the DTWF Urban Renewal Plan classifies the depot and steam plant structures as being in "fair" condition. The old fire station was classified, after rehabilitation, as in "excellent" condition. The warehouse structure was listed as in "poor" condition.

The steam plant possesses the same historic designations as the depot. The Fire Station is listed in the Portland Historic Resources Inventory. The other two structures have no historic designation.

Public water, storm and sanitary sewer systems are in place adjacent to the site on Front Avenue and on the access streets to the south of Lovejoy. There are no public utilities through the property to be acquired other than those contained within the viaduct easements. There exist no public rights-of-way through the property other than easements for above-ground viaducts for the Broadway Bridge and its ramping.

B. Existing Social and Economic Conditions of the Parcel to be Acquired

SOCIAL CONDITIONS

The Union Station property is held under the single ownership of the Portland Terminal Railroad Co. (PTRRCo) which is a holding company representing the Union Pacific Railroad (40%), the Southern Pacific Railroad (20%) and Burlington Northern (40%). Some of the adjacent properties are held by the individual railroad companies.

The three occupied structures on the property contain a total of 19 business tenants and no residential tenants. Business tenants include a number of rail-related companies and organizations, a restaurant, a number of professional/office uses and other miscellaneous tenants. Most tenants are located in the Union Station depot; three are situated in the steam plant; one in the Fire Station; and the parking lot operator manages the spaces in front of the depot and adjacent to the warehouse building. For further and more detailed information on building tenants, please refer to the "Relocation Plan", Exhibit D to this Report.

The Union Station depot is recognized as one of the most architecturally significant historic properties in the City of Portland. This is considered as having an important social impact on the community and is one of the considerations for undertaking the project since it is an adopted City goal (1972 Downtown Plan) to identify, preserve, protect and dramatize historical structures within downtown.

The property possesses excellent locational identity. The clock tower of Union Station is a highly visible and well-recognized local landmark and can be the central identifying feature of the area.

Union Station forms the terminus of the view corridor down Sixth Avenue and is highly visible from many locations in the central business district.

The opportunity to save Union Station as a landmark of local and national prominence through complete renovation and preservation is a key attribute of the property. The building, and in particular the clock tower, lends itself extremely well to creation of a strong and unique architectural identity for the project. (See Union Station Site Evaluation, CTS Committee, 1986.)

ECONOMIC CONDITIONS

An important measure of the economic conditions within the downtown area and a standard land use analysis tool is the relationship between the value of individual parcels of land and the improvements on them. In a downtown area, Improvement to Land ratios (I:L) of less than 1:1 would indicate a severe underutilization of land and a corresponding inadequate payment of municipal property taxes for basic public services.

The I:L ratio for the Union Station property is calculated in two ways. First, as determined by an independent MAI appraisal performed for PTRRCo as of April 1, 1986, valuations of the improvements on the site are \$464,000 while the land value is \$11,336,000, indicating an I:L ratio of .04:1, far below the 1:1 standard.

Second, based on PTRRCo's 1986 tax valuations, the assessed value of improvements total \$457,200 while the assessed value of the land total \$5,094,900, indicating an I:L ratio of .09:1, still far below standards.

The property is assessed together with all of PTRRCo's holdings in the area. 1985 property taxes paid for the subject property were \$122,567 or 44% of their total tax bill. 1986 taxes are \$153,349.

CHAPTER III - THE EXPECTED IMPACT, INCLUDING THE FISCAL IMPACT, OF THE PLAN AMENDMENT IN LIGHT OF ADDED SERVICES OR INCREASED POPULATION

The primary objectives of the DTWF Urban Renewal Plan are to improve the function, conditions and appearance of the area adjacent to the Willamette River and to eliminate blighting influences in order to strengthen the downtown and re-establish its relationship to the river. The emphasis of the Renewal Plan is on conservation and rehabilitation of existing structures and on the provision of public improvements and assistance which will stimulate investment by the private sector.

The subject property currently contains only five building structures, a limited number of business tenants and no residential uses. The land use

element of this Plan Amendment establishes commercial/office, retail, hotel, public uses, and possible housing as the major future land uses in the area. Estimates of potential employment accommodation on the site indicate that, at full development, approximately 10,000 jobs could be located there (reference Preliminary Market Assessment, Union Station Property by Karen Myers & Associates, March 1987).

Additional housing, while allowed in certain locations in the Renewal Area, is not anticipated to be significant or be family-oriented (Preliminary Market Assessment). Therefore, the additional development is not expected to require any additional school capacity.

Being located in the downtown urban area with full public services existing in place, the Plan Amendment is not anticipated to result in a significant additional public service requirements such as police, fire, etc.

When acquired, the property will be partially removed from the tax rolls. It is estimated that all private uses continuing to operate on the site will be subject to property taxation which would represent (in 1986 valuations) approximately \$15,000 annually for improvements and an estimated \$21,000 annually for land (based on 15% of the total land area). Most of these tax payments would be recoverable through existing tenant pass-throughs.

The balance of the assessed valuation would remain exempt from real property taxes until and unless returned to private hands.

Tax proceeds generated by any increased assessed value generated within the Renewal Area above that of the frozen base will be received by PDC to retire debts incurred in implementing the approved Renewal Plan. It is estimated that, when fully built out, the development would generate approximately \$175 million in new private investment (reference Union Station Land Use Alternatives by Benkendorf Associates, March 1987), representing approximately \$4.7 million in annual property taxes (all in 1987 dollars). This is virtually all new revenues since the existing valuation is minimal.

The infrastructure capacity of the area (sewer, water, streets, etc.) is adequate for serving all contemplated redevelopment with minimal, if any, additional public investment (reference Union Station Land Use Alternatives).

CHAPTER IV - REASONS FOR SELECTION OF EACH URBAN RENEWAL AREA IN THE PLAN AMENDMENT

Stated goals and objectives for the redevelopment of the Union Station property and the continued revitalization of the surrounding neighborhood are described below:

- A. To generate new investment and an increased tax base in the North Downtown.
- B. To preserve, rehabilitate and utilize a unique Portland historic landmark for the long term benefit of the community.
- C. To maintain the active usage of the building for railroad passenger travel and related activities.
- D. To establish an open space, recreation, pedestrian circulation and public amenities framework on-site to enhance the off-site redevelopment of the North Downtown.
- E. To encourage the continued improvement and rehabilitation of existing buildings and the retention of small businesses in the area.
- F. To capitalize on the excellent access and transportation network in the area.
- G. To foster the expansion of the Transit Mall and other physical improvements in the area, and to implement the Transportation Center concept as identified by the City of Portland.
- H. To further the development of vacant and underutilized land in the Central City and to assure proper land uses and development patterns.
- I. To provide an opportunity for the development of public facilities compatible with Union Station which attract downtown tourists, conventioners, workers and residents.

The determination to proceed with acquisition and redevelopment activities on the Union Station property followed a land use analysis, an economic (cost/benefit) analysis and a market assessment for the entire North Downtown area as well as this specific site. A public hearing was also held before the Development Commission on March 11, 1987 to elicit comments and recommendations from the general public. Based on the desire to achieve the identified goals and objectives, because there was broad based support expressed by the community, and because the PDC held an option to purchase the property thereby bringing it under full public control, the project was identified as a redevelopment project.

The project is fully consistent with and furthers the primary objectives of the original DTWF Urban Renewal Plan as well as the Third Amendment to that Plan, the 1972 Downtown Plan, the North of Burnside Recommended Land Use Policy of 1981, the Northwest Triangle District Plan of 1982, the Union Station Transportation Center report, and other adopted plans and policies in the area through the preservation of historic properties, the redevelopment of obsolete and underutilized properties, the creation of public amenities and the development of a Transportation Center.

CHAPTER V - THE RELATIONSHIP BETWEEN EACH PROJECT TO BE UNDERTAKEN UNDER

CHAPTER V - THE RELATIONSHIP BETWEEN EACH PROJECT TO BE UNDERTAKEN UNDER
THE PLAN AMENDMENT AND THE EXISTING CONDITIONS IN THE URBAN
RENEWAL AREA

In this context, "Project" means urban renewal activity such as property acquisition, relocation, etc. "Project Activities" under this Amendment may include, but not be limited to the following:

- A. Property acquisition
- B. Business relocation (there are no residential occupants)
- C. Site preparation, including building demolition and relocation of trackage
- D. Construction of on and off-site public and other improvements
- E. Rehabilitation/historic preservation
- F. Administration and planning
- G. Property management

All public improvements, including streets, sidewalks, street lighting, landscaping, pedestrian amenities, and utility or infrastructure improvements; redevelopment financing programs; administrative and technical support; property acquisition and redevelopment authorization; relocation activities; property disposition; creation of redeveloper's obligations and owner participation programs set forth in the DTWF Urban Renewal Plan are intended to implement the Urban Renewal Plan, to eliminate the existing blight and blighting influences, to realize the objectives of the Downtown Plan, the North of Burnside Policy and other applicable plans and public policies, and to realize a proper utilization of the parcel in concert with other development in the area.

Project activities are proposed to be undertaken both north and south of the Broadway Bridge as necessary to eliminate blighted conditions within the Urban Renewal Area. In this regard, acquisition of the property north of the Broadway Bridge is necessary since:

- A. PDC must have the ability to plan, design and construct improvements in the area affecting the entire parcel.
- B. PDC must have the ability to move railroad tracks which extend through both portions of the site.
- C. PDC must have the ability to reconstruct or modify presently existing improvements (loading docks, pavement, railroad tracks and equipment, utilities, platforms, etc.) which extend through both portions of the site.
- D. PDC must be able to maintain improvements, utilities and equipment which extend through both portions of the site.

- E. PDC must be able to construct reasonable truck, auto and emergency access to the Union Station depot (on the south portion) through the north portion from Front Avenue on the north, and from Ninth Avenue on the west since the PUC would not, in all likelihood, grant a rail crossing between Ninth Avenue and the Steel Bridge. Therefore, some of the north portion of the property will necessarily be purchased for development of the south.
- F. PDC must be able to ensure adequate pedestrian connections to the west end of the parcel.
- G. Site is currently one single parcel of land under single ownership. Subdivision is not necessary or appropriate.
- H. The present owner states it will not consider a partial purchase for the reasons stated above. The resulting costs of involuntary acquisition of the south and severance damages for the north portion of the parcel would likely exceed the current option price of \$11,800,000.

Exhibit B is the Land Use Concept Map which will serve as a guide to the overall development of the property subject to the provisions of existing zoning or other applicable plans or policies.

The implementation of this Amendment will serve to substantially alter the existing conditions on the site through the construction of these various public and private improvements.

CHAPTER VI - THE ESTIMATED TOTAL COST OF EACH PROJECT OR ACTIVITY AND ITS ANTICIPATED COMPLETION DATE

A. Estimated Project Activity Costs

Estimated project activity costs are summarized as follows:

Acquisition	\$12,300,000
Tenant relocation	80,000
Track removal & select demolition	350,000
Utilities	110,000
Streets	
Ninth Avenue	880,000
Front Avenue	200,000
Ninth railroad crossing	200,000
Others	610,000
Transit Mall construction	5,430,000

Depot renovation	3,800,000
Forecourt plaza	300,000
Trolley line	500,000
Project management, legal & miscellaneous	340,000
Miscellaneous	<u>200,000</u>
GROSS PROJECT COSTS	\$25,300,000

B. Project Activity Financing Sources

Most costs associated with the implementation of the project will be paid for with tax increment proceeds arising from growth in the taxable value of property located within the DTWF Urban Renewal Area as provided for in ORS 457.440. Project activity costs will also be financed, in whole or in part, from sources other than tax increment proceeds as provided for in ORS 457.190. Estimated non-tax increment funding sources include, but are not limited to:

- o Federal Urban Mass Transit Administration (UMTA) funds covering up to 80% of the Transit Mall extension
- o Other Federal monies toward the installation of the railroad crossing or historic preservation
- o Private sources for all or a portion of the costs of depot renovation and trolley line development.

Tax increment bond issuances of up to \$21,300,000 are anticipated for the Union Station Project.

C. Anticipated Completion Date

Acquisition activities are scheduled to be completed by 1988. Construction of the majority of the above public improvements are scheduled to be completed by 1991. Other miscellaneous activities will continue through the life of the project as required for specific developments at the time.

CHAPTER VII - THE ESTIMATED AMOUNT OF MONEY REQUIRED UNDER ORS 457.420 TO 457.440 AND THE ANTICIPATED YEAR IN WHICH INDEBTEDNESS WILL BE RETIRED OR OTHERWISE PROVIDED FOR UNDER ORS 457.440

Estimates of funding requirements under ORS 457.420 to 457.440 are provided in Chapter VI above. It is anticipated that the maximum annual indebtedness of \$1,776,000 will be retired in approximately 15 years (+2003). Exhibit C illustrates the projected cost/revenue streams to be generated by the project.

CHAPTER VIII - FINANCIAL ANALYSIS OF THE PLAN AMENDMENT WITH SUFFICIENT
INFORMATION TO DETERMINE FEASIBILITY

Sufficient tax increment proceeds of the DTWF Urban Renewal Area are available to PDC to finance the proposed project activities. Annual tax increment proceeds available for debt service are approximately \$6,500,000. Maximum annual debt service is estimated to be \$1,776,000.

Exhibit C provides a financial analysis of the proposed Union Station program evidencing its financial feasibility.

CHAPTER IX - A FISCAL IMPACT STATEMENT THAT ESTIMATES THE IMPACT OF THE
TAX INCREMENT FINANCING UPON TAXING ENTITIES IN THE URBAN RENEWAL
AREA

Because this Plan Amendment does not create a new tax increment district or expand an existing one, there is no effect on the tax revenues to be collected by any of the eight taxing bodies or the tax payments by the public. However, upon completion of the Union Station program and retirement of all outstanding debt, the additional estimated \$344,350,000 (1987 dollars) in assessed value generated directly and indirectly by the project will bring estimated new tax revenues of \$9,083,000 (1987 dollars) annually to the public bodies (see Exhibit D). This would ultimately have the effect of reducing the overall tax rate.

CHAPTER X - RELOCATION PLAN

A separate Relocation Plan has been prepared entitled "Union Station Project: Relocation Plan for Properties within the Downtown Waterfront Urban Renewal Area". The Relocation Plan is attached to this Report on the Urban Renewal Plan Amendment as Exhibit D.

The provisions of ORS 281.045 to 281.105 and of all City and PDC policies and procedures in regard to relocation of businesses which will be in need of relocation are described in the above-described Relocation Plan. Copies of such Relocation Plan are available at the offices of the Portland Development Commission.

EXHIBIT A

Union Station Property

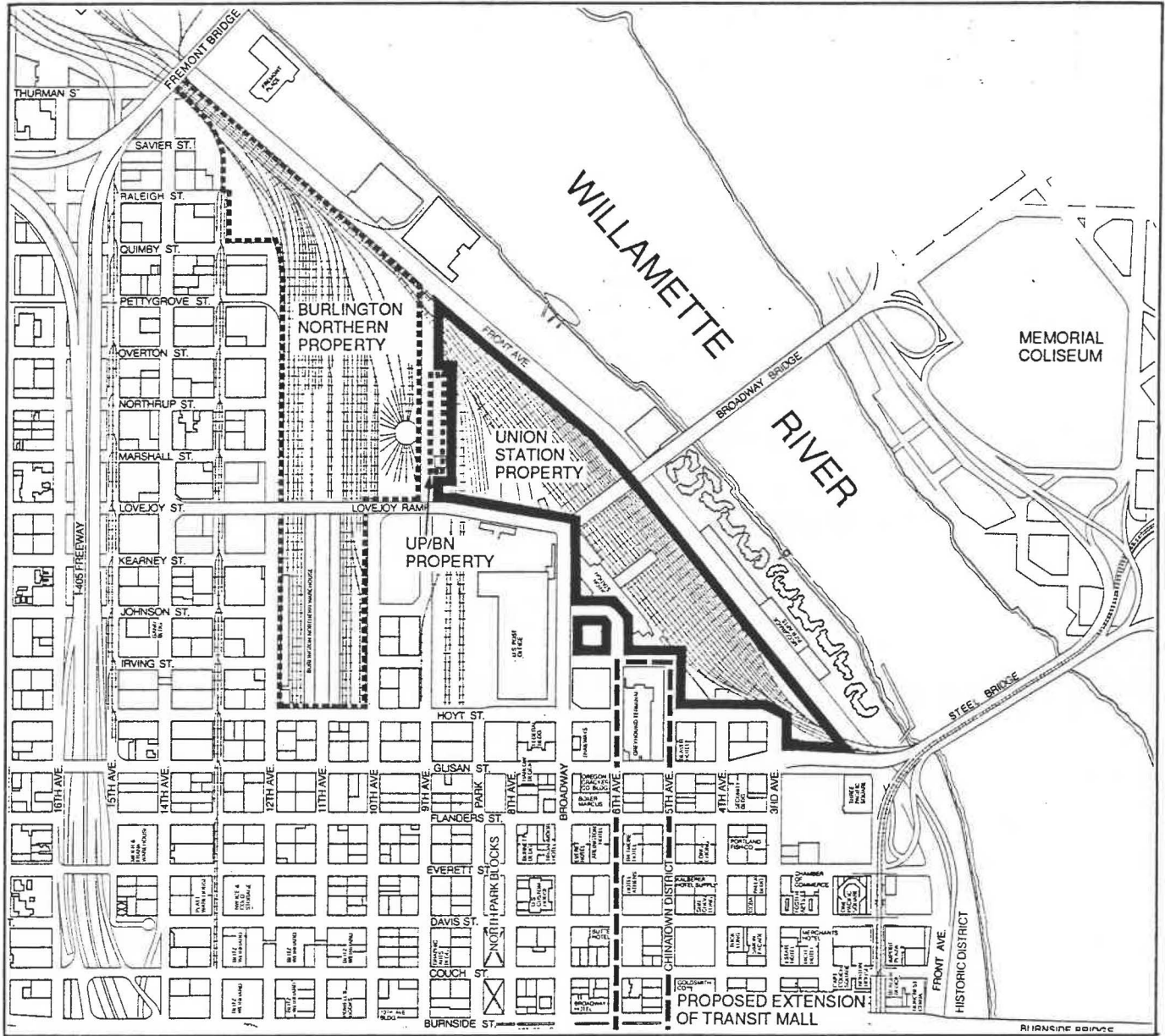
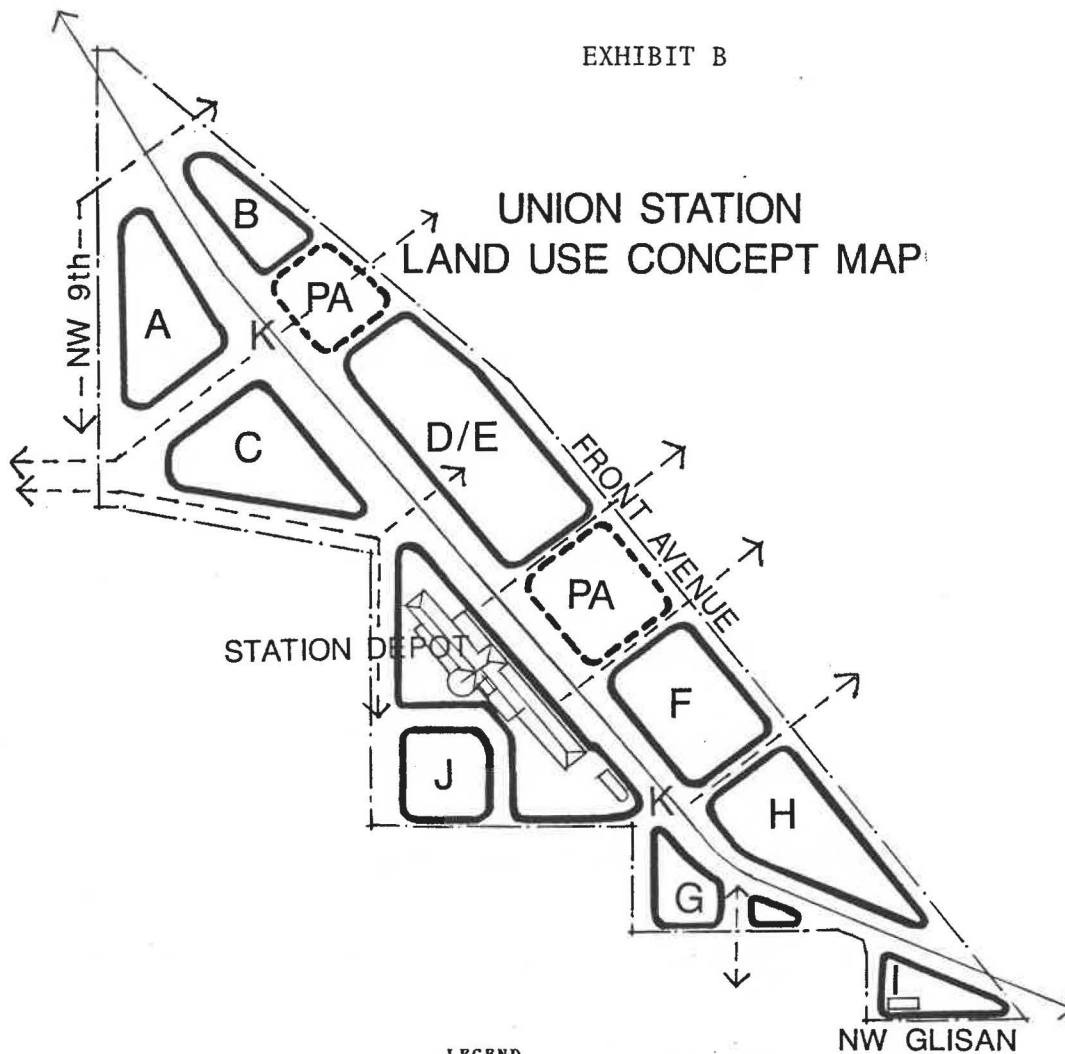


EXHIBIT B



LEGEND

PARCEL	PRIMARY LAND USE	SECONDARY LAND USE
A	Commercial Office/Flex	Housing/Public
B	Commercial Office/Flex	Housing/Public
C	Commercial Office/Flex	Parking/Public
D/E	Commercial/Office	Housing (NE 1/2)/Public
F	Commercial/Office	Housing (NE 1/2)/Public
G	Commercial/Office/Hotel	Parking/Office
H	Commercial/Office	Housing (NE 1/2)
I	Hotel/Retail	Office
J	Public/Open Space/ Transportation Related	Parking
K	Transportation Corridor: Rail Freight/Rail Passenger/ Auto/Ped/Possible Trolley or LRT	
PA	Major Public Attractor/ Open Space	Commercial/Office
Station Depot	Public/Retail/Office	Hotel

NOTES: 1) Overall land use concept for Union Station calls for a mixed use development. Supportive uses such as retail, necessary parking and others are allowable to the extent that they can be shown to be compatible with the overall plan.

2) Parcel sizes are illustrative indicating maintenance of traditional downtown development pattern.

3) Prior to development of Parcel C, the possible extension of the N. Park Blocks should be reviewed.

EXHIBIT C

UNION STATION PROJECT

FINANCIAL ANALYSIS

March 17, 1987

Attached is an economic and financial analysis of the proposed Union Station program based upon a series of market and land use assumptions explained below.

The primary finding of this analysis is that, under a realistic development phasing and expenditure timeline, tax revenues and land sale proceeds from the resulting new development on the Union Station property will pay back all capital and interest costs in approximately 15 years (2003). A graph showing a summary of this cost/benefit analysis is attached as Attachment #1 hereto. If indirect revenues are calculated from resulting new investment outside of the Union Station property, the payback would be sooner.

Attachment #2 - Parcel Development Cost Matrix

Attachment #2 provides a break-out of the development potential of the property based on a realistic development program for the land use plan as prepared by SRG Partnership and Benkendorf Associates. It assumes development on the site will consist of generally mid-rise structures, primarily office use types, but allowing some retail, hotel and possible housing.

Under this scenario, the site could accommodate as much as 2,156,000 gross square feet of office space, although it is more likely that some retail and hotel uses will be built, bringing the total office space down to approximately 1,800,000 gross square feet.

Total development costs, including parking and landscaping, are also shown indicating a total private development potential of approximately \$175,000,000 (1987 dollars).

Attachment #3 - Projected Private Investment, Property Tax and Land Sale Revenues

Attachment #3 provides the most information regarding the project's economics, but also requires a series of assumptions about the overall metropolitan economic posture, absorption rates, capture rates and phasing. Many of these variables have been identified by Karen Myers & Associates through her preliminary market assessment work on the project. Others are generated by staff. These are discussed below:

- o Office absorption rates in the downtown area are assumed at 475,000 net sq.ft. annually based on the past six-year average. The North

Downtown area is projected to capture 32% of that amount during 1985-86. (The North of Burnside Study in 1980 projected this capture rate, if major public investments were also made, for a study area which is approximately one-half of the North Downtown area. Therefore, this assumption is considered somewhat conservative.) PDC estimates that as much as 40% of the North Downtown share could be sited on the 30-acre Union Station site. This translates to an annual absorption on the site of approximately 73,000 gross sq.ft. or 13% of the total downtown area projection.

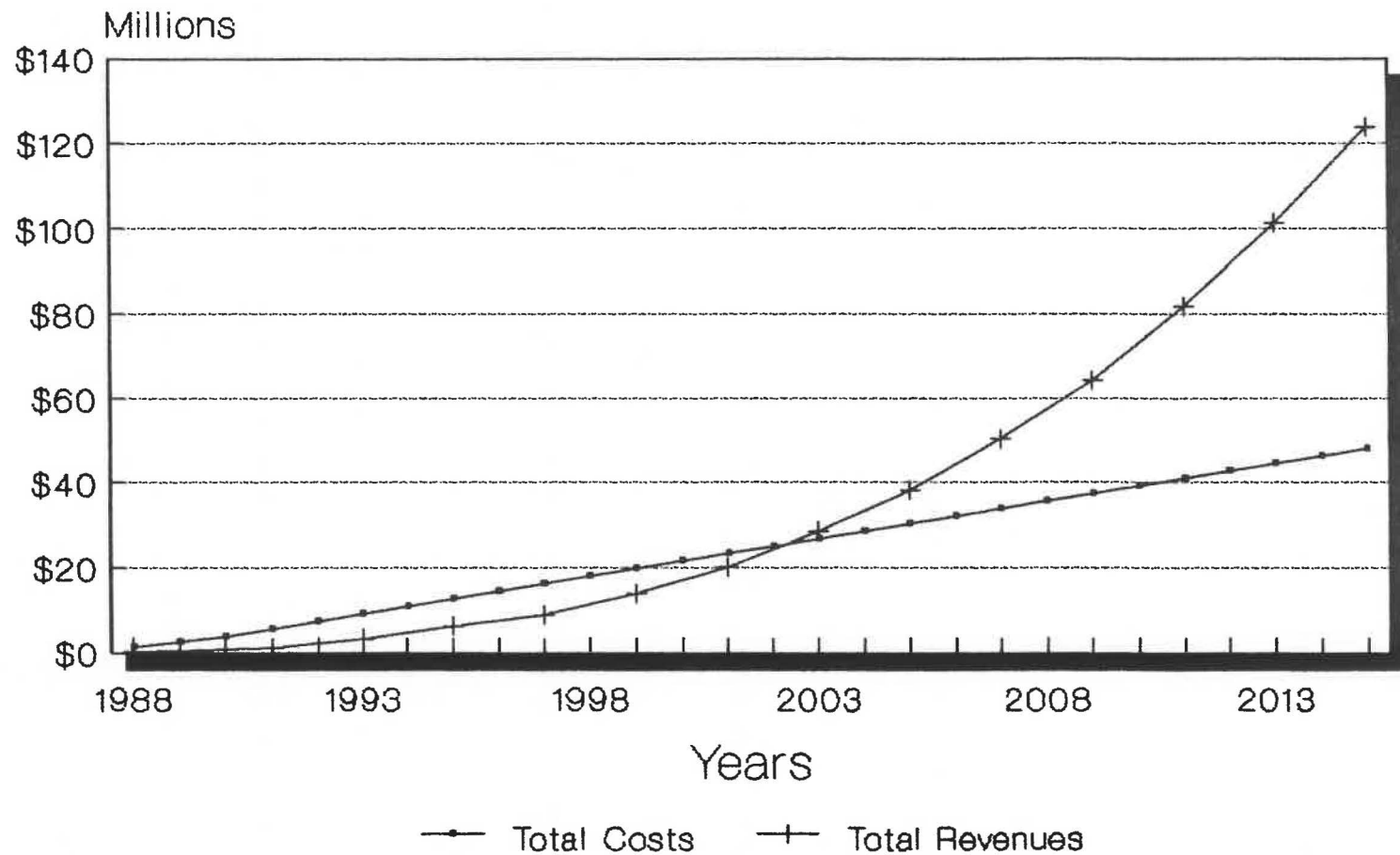
- o Project phasing, based on these absorption figures, is shown following a development sequence beginning at and around the Union Station depot. Private development start-up is projected for 1990-91.
- o Total annual property taxes are based on the current 1987 tax rate of \$27 per \$1,000 of assessed valuation.
- o Estimates of land sale proceeds are very difficult to develop as they are tied so closely to future, site-specific market conditions. Staff assumes that the majority of the initial acquisition expenditures will be recovered over time by property sales.
- o Interest earnings on land sale proceeds and tax revenues are also shown as direct revenue sources. A 6% rate, compounded annually, is assumed which reflects the present rate of interest on such funds.

Indirect revenues are also shown on Attachment #3. The projections assume that the adjacent Glacier Park development will commence in 1994 (following the completion by PDC of public improvements in the area and commencement of private development) and continue at a modest rate beyond the development of the Union Station property. It also assumes that the balance of the area north of Burnside will generate new investment at a moderate growth rate over time.

It is pointed out that the actual capture rate that can be realistically expected to be obtained at the Union Station site is highly dependent on other activity in the immediate area. In other words, short-term construction of additional office space on the waterfront or at Pacific Square (as examples) would reduce the capture rate and extend the Union Station development period. However, although this investment would occur off-site instead of on-site, the City nevertheless receives the property taxes generated by the new development.

Union Station

Cost Benefit



Costs: Bond Debt Service

Revenues: Tax Increment, Land Sales

ATTACHMENT #2

UNION STATION PROJECT
PRIVATE DEVELOPMENT COST MATRIX
(1987 CONSTANT DOLLARS)

PARCEL	TOTAL AREA (ACRES)	LAND USE	# STOR	55% LOT COVER.	BUILD. AREA	COST/SF	BUILDING COST	PARKING REQ'D	COST/SF	PARKING COST	TOTAL	10% LAND- SCAPE & MISC	GRAND TOTAL (rounded)
STATION DEPOT	4	MIXED	3	95,832	0	\$0	\$0	0	\$0	\$0	\$3,750,000	\$0	\$3,750,000
A	2	OFF	8	47,900	383,200	\$70	\$26,824,000	107,296	\$36	\$1,931,328	\$28,755,328	\$2,875,533	\$32,000,000
B	1	OFF	4	23,958	95,832	\$62	\$5,941,584	13,445	\$36	\$242,014	\$6,183,598	\$618,360	\$6,800,000
C	2.2	OFF	8	52,708	421,661	\$70	\$29,516,256	118,065	\$36	\$2,125,170	\$31,641,426	\$3,164,143	\$35,000,000
D	2	OFF/RES	6	47,916	287,496	\$64	\$18,399,744	40,336	\$36	\$726,042	\$19,125,786	\$1,912,579	\$21,000,000
E	1.8	OFF/PUB	4	43,124	172,498	\$70	\$12,074,832	48,229	\$36	\$869,388	\$12,944,220	\$1,294,422	\$14,000,000
F	2.3	OFF/RES/ PUB	4	55,103	220,414	\$62	\$13,665,643	30,924	\$36	\$556,633	\$14,222,276	\$1,422,228	\$16,000,000
G	.9	OFF	4	21,562	86,249	\$70	\$6,037,416	24,150	\$36	\$434,694	\$6,472,110	\$647,211	\$7,000,000
H	1.8	OFF/RES	6	43,124	258,746	\$64	\$16,559,770	36,302	\$36	\$653,438	\$17,213,208	\$1,721,321	\$19,000,000
I	.8	HOT/RET/ OFF	12	19,166	229,997	\$66	\$15,179,789	217,347	\$36	\$3,912,246	\$19,092,035	\$1,909,204	\$21,000,000
TOTALS	18.8			450,393	2,156,093		\$144,199,034	636,164		\$11,450,953	\$159,399,987	\$15,564,999	\$175,550,000

ASSUMPTIONS:

% of lot coverage: .55 of site area
 Leasable bldg. area-ret: 0.8 of GSF
 Parking/1000 sf-ret: 5.5 sp/1000 sf
 Area per park. space: 350 SF
 Parking - Res: 1.2 sp/unit
 Residential Efficiency: 0.8 of GSF
 Residence Area: 1600 sf
 Parking - Office: 1 sp/1000 sf
 Office Efficiency: 0.8 of GSF
 Parking Cost: 50% on-grade
 Parking - Hotel: 1 sp/unit
 Hotel Efficiency: 0.8 of GSF
 Hotel Room Area: 800 sf

ATTACHMENT #3

UNION STATION PROJECT PROJECTED PRIVATE INVESTMENT, PROPERTY TAX AND LAND SALE REVENUES (\$000's) (1987 Constant Dollars) (TWENTY-FIVE-YEAR BUILD-OUT)

DIRECT REVENUES

LAND USE PARCEL	1990- 1991	1992- 1993	1994- 1995	1996- 1997	1998- 1999	2000- 2001	2002- 2003	2004- 2005	2006- 2007	2008- 2009	2010- 2011	2012- 2013	2014- 2015	TOTALS
STATION	\$3,750													\$3,750
"E"	\$6,000	\$4,000	\$4,000											\$14,000
"F"			\$6,000	\$5,000	\$5,000									\$16,000
"H"					\$10,000	\$9,000								\$19,000
"I"					\$12,000	\$9,000								\$21,000
"G"						\$2,000	\$4,000	\$1,000						\$7,000
"A"							\$12,000	\$12,000	\$8,000					\$32,000
"B"									\$3,000	\$3,800				\$6,800
"D"									\$7,000	\$7,000	\$7,000			\$21,000
"C"											\$16,000	\$10,000	\$9,000	\$35,000
TOTAL PRIVATE INVESTMENT	\$9,750	\$4,000	\$10,000	\$5,000	\$27,000	\$20,000	\$16,000	\$13,000	\$18,000	\$10,800	\$23,000	\$10,000	\$9,000	\$175,550
TOTAL BIENNIAL PROPERTY TAXES	\$527	\$743	\$1,283	\$1,553	\$3,011	\$4,091	\$4,955	\$5,657	\$6,629	\$7,212	\$8,454	\$8,994	\$9,480	\$62,583
LESS CURRENT PROP TAXES	\$216	\$216	\$216	\$216	\$216	\$216	\$216	\$216	\$216	\$216	\$216	\$216	\$216	\$2,808
NET BIENNIAL PROP TAXES	\$311	\$527	\$1,067	\$1,337	\$2,795	\$3,875	\$4,739	\$5,441	\$6,413	\$6,996	\$8,238	\$8,778	\$9,264	\$59,775
EST. LAND SALE PROCEEDS	\$0	\$1,500	\$1,500	\$500	\$1,000	\$500	\$1,000	\$500	\$1,000	\$500	\$1,000	\$500	\$500	\$10,000
SUBTOTAL	\$311	\$2,027	\$2,567	\$1,837	\$3,795	\$4,375	\$5,739	\$5,941	\$7,413	\$7,496	\$9,238	\$9,278	\$9,764	\$69,775
INTEREST EARNINGS	\$19	\$161	\$456	\$775	\$1,206	\$1,841	\$2,668	\$3,689	\$4,933	\$6,419	\$8,194	\$10,288	\$12,665	\$53,314
TOTAL DIRECT REVENUES	\$329	\$2,188	\$3,022	\$2,611	\$5,000	\$6,215	\$8,407	\$9,630	\$12,346	\$13,915	\$17,432	\$19,566	\$22,429	\$123,089
INDIRECT REVENUES														
GLACIER PARK INVESTMENT	\$0	\$0	\$8,000	\$8,000	\$7,000	\$8,000	\$9,000	\$11,000	\$18,000	\$14,000	\$16,000	\$10,000	\$13,000	\$122,000
BALANCE NORTH DOWNTN INVEST.	\$3,600	\$3,600	\$3,600	\$3,600	\$3,600	\$3,600	\$3,600	\$3,600	\$3,600	\$3,600	\$3,600	\$3,600	\$3,600	\$46,800
TOTAL INVESTMENT	\$3,600	\$3,600	\$11,600	\$11,600	\$10,600	\$11,600	\$12,600	\$14,600	\$21,600	\$17,600	\$19,600	\$13,600	\$16,600	\$168,800
TOTAL ANNUAL PROPERTY TAXES	\$194	\$389	\$1,015	\$1,642	\$2,214	\$2,840	\$3,521	\$4,309	\$5,476	\$6,426	\$7,484	\$8,219	\$9,115	\$52,844
GRAND TOTAL ALL SOURCES	\$524	\$2,576	\$4,038	\$4,253	\$7,214	\$9,055	\$11,928	\$13,939	\$17,821	\$20,341	\$24,916	\$27,785	\$31,544	\$175,933

3/26/87

RELOCATION REPORT

FOR UNION STATION PROJECT WITHIN THE THE DOWNTOWN WATERFRONT URBAN RENEWAL AREA

Introduction

The following analysis is intended to describe the potential impact of the Union Station Project on businesses that may be required to relocate. This analysis and plan have been prepared pursuant to ORS 457.085. Information regarding the occupants of the site has been obtained from the owner of the property, by on site visits to the site by relocation staff, and by review of published public information. In depth interviews with all potential displaced persons and an assessment of needs based on information provided in the interviews, will be undertaken prior to initiation of relocation activities. It is anticipated that existing occupants will be allowed to remain for an indefinite period until further decisions are made regarding development of the site. No immediate relocations are contemplated.

General Conditions

The Union Station Project site has four retail businesses and 15 other general office and railroad related spaces which are currently occupied. A complete list of these businesses is shown in Attachment I. Two office areas are occupied by the railroads which are current owners of the property and, as a result of the option agreement, will not receive relocation benefits. Five businesses moved into Union Station or signed leases after the option to purchase was signed. As a result they were fully informed of the pending development and are aware that they will not receive relocation benefits.

Two of the businesses are food-related retailers, a restaurant and a coffee/gift shop. The coffee/gift shop is directly related to the Amtrak service and it is expected that this will continue in operation at the site. A restaurant is a desirable use in the project and it is possible that this restaurant may continue in operation as part of the renovated space. Even though these may be appropriate tenants for the new development, it may be necessary for some or all businesses to relocate to allow for renovation. Some businesses may choose to relocate permanently elsewhere.

To address the needs of those who must relocate, the Development Commission will implement a business relocation assistance program which stresses the fair and equitable application of assistance and benefit programs consistent with local, state, and federal laws and regulations.

The Development Commission has undertaken similar relocation programs, and has considerable experience in the relocation of businesses including projects such as South Auditorium, Portland State University, Morrison Park East and West Parking Structures, the City-County Justice Center, Pioneer Square Project, and Morrison Street.

Relocation Impacts

The major office tenant in the building is Southern Pacific Railroad which can move to other railroad related office space. Most of the other businesses within the project area are small, with a limited number of employees.

The impact of moving on office tenants is generally less than ground-floor stores. Office moves are usually straightforward and uncomplicated since little equipment or machinery is involved. Some office remodeling expenses may be incurred by the businesses involved, but this is much less extensive than for ground-floor retail establishments. Other office space is anticipated to be available in the area.

Retail businesses face more difficulty in successfully moving. The most often encountered problems are increased operating costs (mainly in rent) and initial capital expenses. Capital improvement costs generally fall heavily on restaurants, which may require both new expensive equipment and substantial remodeling at a new site. Remodeling costs are not eligible for reimbursement by relocation regulations. The only business that could face these complications is the restaurant/lounge, which may not need to move.

Some retail businesses report that they experience about a six-month to one-year recovery period after a move before their sales and income return to or exceed that before the move. Many businesses examine their operation closely before moving, make adjustments and eventually do better than before. Unprofitable portions of the businesses are dropped, modernization of equipment and procedures occur, and often a better location is selected. Most businesses that do relocate survive the move and continue in business.

An important part of the business relocation assistance program for the Union Station will be consulting with individual businesses regarding relocation choices and opportunities.

Relocation Resources

Relocation that will occur in this project will occur over an extended period of time. Because of this, little difficulty is anticipated in being able to find replacement locations. Portland currently has a high vacancy rate in office space and many small office and retail spaces are available in the NW area in the vicinity of Union Station. A number of older buildings have been rehabilitated in this area which could offer similar space to that currently occupied by most of the tenants in the project. As stated earlier, it is anticipated that the restaurant and some other tenants might be able to stay in the Union Station building.

Relocation Benefits

Relocation assistance, both physical and financial, will be provided in accordance with State Law (ORS 281.105) and with the adopted policy of the Portland Development Commission. Guidelines and benefits are described in

Portland Development Commission Relocation Regulations, dated September 10, 1986 (see Attachment II). These regulations require:

1. An interview to determine the relocation needs of the business.
2. Assistance in finding possible replacement locations.
3. Provision of information concerning available moving, financial and technical assistance.
4. Assistance in organizing a move to a new location.
5. Assistance in obtaining the most advantageous relocation payment available to the business.

In general, a business relocated from the project area will be eligible for payment of actual moving expenses, which include:

1. Packing and unpacking; transportation of personal property; and, storage, if required.
2. Disconnection and re-connection of equipment including connections to utilities.
3. Insurance premiums on personal property while in transit during the move.
4. Cost of licenses, permits, and certifications necessitated by the move.
5. Relettering of signs and printing of replacement stationery made obsolete by the move.
6. Actual direct loss of personal property not to exceed its present value or the estimated cost of moving it.
7. Purchase of substitute equipment, not to exceed the cost of the item or the estimated cost of moving the replaced item.
8. Expenses incurred in searching for a replacement location up to a maximum amount of \$1,000.

A financial payment of between \$2,500 and \$10,000 may be made to a displaced business in lieu of the above payments for actual moving expenses when certain eligibility requirements are met. The amount of this fixed payment is based on the average net earnings of the displaced business. To qualify, it must be determined that the business cannot be relocated without a substantial loss of its existing patronage, and that it is not part of an enterprise having another establishment engaged in the same or similar business.

The regulations do not allow payment for any improvements to the real property at the new location or for any additional operating expenses. Cost of professional services are also ineligible.

Conclusion

Because of the basic approach of renovation of the site it may not be necessary for all businesses to move. Those that must move will have ample time to plan for and find replacement locations because of the extended time frame for development of the property. All current businesses have been informed that PDC would like the existing tenants to remain for the foreseeable future. Benefits will be provided to businesses that wish to move who are eligible at the time of acquisition of the property.

3/26/87

**UNION STATION PROPERTY SITE
CURRENT BUSINESS LIST**

	<u>Businesses Eligible For Relocation Benefits</u>	<u>Space Occupied</u>
1.	Wilf's Restaurant	Room 1, 2B, Dressing Room, Restaurant area, Icehouse.
2.	Horizons Unlimited	Room 119
3.	Walker Travel Service, Inc	Rooms 111 & 121
4.	NPT Credit Union	Rooms 205 & 207
5.	Trans Continental Frt Bureau	Room 203
6.	David Schwabe	Room 347
7.	N R H S	Rooms 1 & 6 in Annex
8.	Dennis R. Clemmons	Rooms 2 & 5 in Annex
9.	Evenson, Lundgren, & Larson	Fire Station Bldg
10.	Photo Works	Old Baggage Room
11.	Amtrak	Station Area, Platforms, Tracks
12.	The Glenn Pringle Family	Lobby

	<u>Businesses Not Eligible For Relocation Benefits</u>	<u>Space Occupied</u>
1.	RAILFAX Associates, Inc. Donna L. Davis	Room 301
2.	Tom Edlefson Associates	Rooms 200 & 2A, 3 in Annex
3.	Southern Pacific Transportation Co.	1st - 3rd Floors
4.	Diamond Parking	Front of Station & under Lovejoy Ramp
5.	Tom Lancaster, PE	Room 206
6.	Paul G Harmon, Engineer (dba "Startrack" RR Crossings)	Room 312
7.	Portland Terminal Railroad Co.	Rooms 123, 201, 208, 209, 210, 211, 300

3/26/87

PORTLAND DEVELOPMENT COMMISSION

RELOCATION REGULATIONS

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REGULATIONS GOVERNING RELOCATION PAYMENTS

1.0 INTRODUCTION

- 1.1 Purpose. These regulations constitute the policies and requirements of the Development Commission with respect to making relocation payments.
- 1.2 Persons who are to be displaced are encouraged to contact or visit the Commission office. The regular Commission office hours are 8:00 a.m. to 5:00 p.m., Monday through Friday; and, by arrangement, appointments can be made at other than regular office hours. The Development Commission is anxious to consult with those expected to be displaced.
- 1.3 These regulations are intended to comply with the requirements of Oregon State Law governing relocation assistance to displaced persons.

2.0 DEFINITIONS

- 2.1 Displaced person. A displaced person is defined as: Any person who moves or is required to move his or her residence and personal property incident thereto, or his or her business or farm operation as a result of:
- 2.1.1 Acquisition of real property in whole or in part, by the Development Commission; or
 - 2.1.2 The receipt of a written order by such a person from the Development Commission to vacate the property for public use.
- 2.2 Business. A business is defined as any lawful activity, conducted primarily:
- 2.2.1 For the purchase, sale, lease or rental of personal and real property, and for the manufacture, processing or marketing of products, commodities or any other personal property including farming; but not including outdoor advertising displays; or
 - 2.2.2 For the sale of services to the public; or
 - 2.2.3 By a nonprofit organization.
- 2.3 Number of Businesses. Separate legal entities may actually constitute only one business for purposes of relocation payments. In determining the number of businesses, the factors listed in Section 6.3.2 will be considered.
- 2.4 Family. A family is defined as two or more individuals who by blood, marriage, adoption or mutual consent live together as a family unit.
- 2.5 Development Commission. Development Commission means the Portland Development Commission.

3.0 CLAIMS FOR PAYMENT

- 3.1 Time Limit for Submission of Claim. Any claim for a payment shall be submitted to the Development Commission within 12 months after displacement of the claimant. Displacement occurs upon complete vacation of the premises acquired.
- 3.2 Payment. No payments can be made until the displaced person has completely moved from the premises acquired.
- 3.3 Approval of Claims. The Development Commission Relocation staff shall determine the eligibility and amount of all claims. Any claimant who is dissatisfied with a determination as to eligibility or the amount of payments, may have his claim reviewed in accordance with the established Development Commission grievance procedure.

4.0 RESIDENTIAL RELOCATION PAYMENTS

- 4.1 Individuals and families who are displaced persons and move from their residence shall be eligible for relocation payments and assistance from the Development Commission.
- 4.2 Relocation payments and assistance to such individuals and families shall be made in the same amounts and to the same extent that such relocation payments and assistance would be made available if the relocation payments and assistance were made by the Development Commission to such individuals and families pursuant to Part 42 of Title 24 of the Code of Federal Regulations (HUD Relocation Payments and Assistance Regulations) as amended.

5.0 BUSINESS RELOCATION PAYMENTS

5.1 Eligibility. To qualify for benefits, a business must meet the following requirements:

- A. It must qualify as a business, and
- B. It must qualify as a displaced person.

5.2 Notification of Intention to Move.

5.2.1 Requirement. The business concern shall notify the Development Commission of its intention to move at least 30 days prior to the date that the first item of personal property is moved, but not earlier than 90 days prior to the move. The Commission may waive this notice requirement after documenting its file accordingly.

5.2.2 Information to be Submitted to the Development Commission. The business concern's notification to the Development Commission shall be in writing and shall include the following:

- A. A statement of its intention to begin the move and/or to dispose of personal property, and the date(s) of the intended move or disposition of property, including a list of the items to be moved.
- B. A list of the property which the business may offer for sale as a result of the displacement and/or which may be the basis for a claim for direct loss of property.
- C. If the move is to be in whole or in part a self-move, a statement indicating the intention of the business to make a self-move and identifying specific portions of the move to be performed by employees of the business concern.
- D. If the move is to be contracted out, assurance that, prior to the issuance of invitations to bids, the business concern will furnish the Development Commission with:
 - . A statement setting forth in detail the proposed scope of work and a complete inventory of the tangible personal property to be relocated.
 - . The dates on which the move is expected to begin and to be completed.
- E. Intention to purchase substitute items of personal property pursuant to Section 5.3.7.

5.3 Moving Expenses.

5.3.1 Actual Reasonable Moving Expenses. A business concern that elects to receive payment for actual moving and related expenses shall be paid the full amount of eligible expenditures incurred, subject to the following:

- A. The Development Commission will pay only eligible expenditures in amounts determined by it to be reasonable and not in excess of an acceptable low bid or estimate. (See Bid Requirements, Section 5.3.10)
- B. No item of property included in the real property acquisition of the Development Commission is eligible for relocation benefits.
- C. No item of personal property moved from real property not being acquired is eligible for relocation benefits.

5.3.2 Moving Expenses--Eligible Expenditures. A relocation payment for actual reasonable moving expenses may include the cost of:

- A. Transporting personal property from the acquired site to a replacement site (including to and from storage). Transportation costs beyond the first 50 miles from the site from which the displacement occurred are not eligible, except where the Development Commission determines that a move of a longer distance is justified and reasonable.
- B. Packing and crating and unpacking and uncrating personal property.
- C. Disconnecting, dismantling, removing, reassembling and installing relocated machinery, equipment, and other personal property, including connection to utilities available at the replacement location and modifications necessary to adapt such property to the replacement location or to utilities available at the replacement location or to adapt such utilities to the personal property. (See Section 5.3.6)
- D. Storing personal property for a period not to exceed 12 months, when the Commission determines that storage is necessary. (See Section 5.3.5)
- E. Insurance premiums covering loss of or damage to personal property while in storage or transit.

- F. Any license, permit or certification required by a displaced business concern to the extent such cost is necessary to the reestablishment of its operation at a new location. The amount may not exceed the amount that the business concern would be required to pay annually, limited to the amount covering the remaining useful life of the existing license, permit or certification.
- G. Relettering trucks, signs, and similar items, and replacing stationery and other printed matter on hand at the time of the move that is made obsolete as a result of the move. The actual cost of replacing signs painted on a door or window or on walls may also be compensable, but such compensation shall not include cost of acquisition of a site for such sign.
- H. Searching for a replacement location. (See Section 5.3.9)
- I. Actual direct loss of tangible property. (See Section 5.3.11)
- J. Moving expenses incurred in conducting a self-move to the replacement location. (See Section 5.3.8)
- K. Disconnecting and reinstalling leased equipment, such as telephone, burglar and fire alarm systems and similar items of personal property.
- L. Substitute equipment. (See Section 5.3.7)

5.3.3 Moving Expenses--Ineligible Expenditures. A relocation payment for moving expenses may not include the cost of:

- A. Additional expenses incurred because of operating in a new location.
- B. Moving structures, improvements, or other real property acquired by the Development Commission at the former location, or in which the displaced person reserved ownership. Any building, structure, or other improvement which would be considered to be real property if owned by the owner of the real property on which it is located, shall be considered to be real property.
- C. Interest on loans to cover moving expenses.
- D. Loss of good will.
- E. Loss of profits.

- F. Loss of trained employees.
- G. Personal injury.
- H. Cost of preparing the claim for moving and related expenses.
- I. Any addition, improvement, or other physical change in or to the replacement structure or its premises, including changes required by OSHA, or other code requirements.
- J. Downtime.
- K. Loss of lease or leasehold interests.
- L. Professional services including but not limited to attorneys, architects, consultants, and engineers.
- M. Cost of replacing or repairing property lost, stolen, or damaged in process of moving.
- N. Advertising except signs moved as personal property as provided in Section 5.3.2.
- O. Expenditures incurred after 12 months of the date of displacement. Displacement occurs upon complete vacation of the premises acquired.
- P. Any other items that the Commission determines are not reasonable or necessary.
- Q. Any expenditure which duplicates any eligible expenditure.

5.3.4 Limitation on Moving Costs. Where in the judgement of the Development Commission the cost of moving any item of personal property which is used in connection with a business would be disproportionate in relation to its value, the allowable reimbursement for the expense of moving such property shall not exceed the difference between the cost of replacing the same with a comparable item available on the market and the amount which would have been received for such property on liquidation.

5.3.5 Storage Costs

- 5.3.5.1 General. A relocation payment for moving expenses may include actual reasonable storage costs (dead storage) incurred by a business concern that either (1) does not immediately reestablish at a new location, or (2) although reestablishing at a new location, cannot complete its move until the total required space becomes available.

No payments for storage cost may be made unless the Development Commission has determined that storage is necessary in connection with relocation of the business.

5.3.5.2 Time Limit. Costs in connection with storage (including insurance while in storage) are limited to a period not to exceed 12 months.

5.3.5.3 Ineligible Costs. A payment for storage may not include costs related to:

- A. Any item(s) stored in or upon property owned or occupied by the claimant.
- B. Any items replacing item(s) removed from storage. (Storage costs compensable as a moving expense must be reduced accordingly for any item(s) removed, if permitted in the warehousing contract).
- C. Any item(s) subsequently replaced by substitute equipment under Section 5.3.7.
- D. Any item(s) not owned by the business at the time of the beginning of the move.

5.3.5.4 Loss of Property. No payment for direct loss of property, (See Section 5.3.11) may be made for any item(s) placed in storage, except when the move to storage is made because of an emergency (e.g., fire) and (a) the claimant is not permitted time to determine the items that he wishes to dispose of, and (b) the Development Commission determines that the claimant has moved expeditiously to remove from storage those items for which he intends to file a claim for direct loss of property.

5.3.6 Installation of Relocated Machinery, Equipment or Other Personal Property.

5.3.6.1 General.

- A. A relocation payment for moving expenses may include necessary and reasonable costs for the installation of relocated machinery, equipment or other personal property at the replacement location. The term "replacement location" is defined as only the replacement structure, not the surrounding premises.

- B. At the time that the business concern notifies the Development Commission pursuant to Section 5.2 of its intention to move and its expectation that costs will be incurred at the replacement location for the installation of relocated machinery, equipment or other personal property, the business concern and the Development Commission shall explore together the most feasible method of accomplishing the installation activity that is the least costly for successfully carrying out the move.

5.3.6.2 Eligible Costs. Eligible installation costs include reasonable amounts incurred for the following:

- A. Connection of relocated machinery, equipment or other personal property to available utility services at the replacement location.
1. "Available utility services" are defined as currently existing utilities on or within the structure which are distributed throughout the structure from the utility service entrance and/or main panel or main value system.
 2. Utility services include electrical, water, gas, compressed air, vacuum, vent, sewer, oil, and similar service lines.
 3. Connection to available utility services shall be either: (i) at or on the relocated machinery, equipment, or other personal property, or (ii) at a nearby distribution point within the structure as determined by the Development Commission.
- B. Modification to adapt or convert the relocated machinery, equipment or other personal property to the available utility services at the replacement location.
- C. Modifications to the existing utility services at the replacement location to accomodate the relocated machinery, equipment or other personal property when the Development Commission determines that it would be less expensive than modifying the relocated items to the available utility services.

- D. Costs necessary to place or situate the relocated machinery, equipment or other personal property at the replacement location in order to install the relocated items. Costs are limited to those necessary to allow access to the replacement location, such as removing and replacing doors, panels, and similar items to permit placement of the relocated personal property.

5.3.6.3 Limitations. Eligible installation costs do not include costs for the following:

- Construction of a new structure, the rehabilitation, or modification of an existing structure to rehouse the relocated machinery, equipment, or other personal property.
- The cost of increasing the load carrying capacity of a floor or structure.
- Supplying utility services from the public right-of-way to the utility service entrance and/or main panel or main valve system in or on the replacement location.
- Changes or modifications to a utility service entrance and/or main panel or main valve system within the replacement location, except as provided in Section 5.3.6.2.A.
- Construction of concrete pads or foundations necessary to install relocated machinery, equipment, or other personal property.

5.3.7 Substitute Equipment.

5.3.7.1 General. A displaced business concern may elect to replace with a substitute item, any unit or article of personal property currently utilized in its operation but which is not to be moved. Substitute items must perform approximately the same function as the item replaced.

5.3.7.2 Notification to the Development Commission. A business concern that contemplates the use of substitute equipment must so indicate to the Development Commission at the time that it submits written notification of its intention to move. (See Section 5.2)

5.3.7.3 Allowable Costs. The allowable cost includable in the relocation payment for moving expenses shall be the lesser of:

- A. The actual cost of the substitute equipment delivered and installed at the replacement location, less any proceeds received from the sale or trade-in of the old equipment (see subparagraph 5.3.7.5 below); or
- B. The estimated cost to relocate the old equipment to the new location (disconnect, cartage, reconnect). The Development Commission shall obtain necessary bids or estimates to determine the reasonable cost of the move. No amount for storage costs may be included in the bids or estimates.

5.3.7.4 Ineligible Cost. No payment for direct loss of any item of property may be made when a payment for a substitute item is made. No payment for substitute equipment may be made if the original equipment has been moved to property owned, leased or occupied by the claimant.

5.3.7.5 Equipment Left on Site by Business Concern. If personal property that the business concern replaced with substitute equipment is not sold or traded in, it must be conveyed to the Development Commission.

5.3.8 Self-Moves

5.3.8.1 General. A business concern may elect to make a self-move and not submit documentation in support of the moving costs actually incurred as long as the amount of the claim does not exceed an acceptable low bid or estimate as determined by the Development Commission. The business concern may carry out the move by using its own employees and equipment or engage a mover or contractor to handle all or a part of the move. A business concern planning a self-move must notify the Development Commission at least 30 days prior to the date of the move.

5.3.8.2 Limitations.

- A. The amount of a relocation payment for a self-move shall not exceed the estimated cost of the move or of an acceptable low bid determined pursuant to Section 5.3.10. The Development Commission shall obtain necessary bids or estimates to determine the reasonable cost of the move.

- B. The "no documentation" provision applies only to the portion of the claim representing the moving cost component supported by an acceptable bid or estimate. All other costs included in the claim are subject to applicable limitations and requirements.

5.3.8.4 Requirements.

- A. The work performed in moving the business concern must conform with the scope of work covered by the acceptable low bid or estimate (other than the time period for completion).
- B. In determining the acceptability of cost to be claimed, the Development Commission, in negotiating with the claimant, shall consider the following factors:
 - 1. The relationship of the move to the scope of work and the time duration covered by the acceptable low bid or estimate.
 - 2. The reasonableness of labor and supervisory costs associated with the move.
 - 3. The reasonableness of costs attributed to equipment used in the move.

5.3.8.5 Exception to "No Documentation" Provision in Connection with Self-Move.

- A. Determination to Document Moving Costs. When bids cannot be obtained or the business concern elects to make a self-move and the Commission and the concern cannot agree on an acceptable amount to cover the cost of the move, the business concern must submit full documentation in support of all amounts claimed. Documentation shall include such reasonable evidence of costs incurred as required by the Development Commission.
- B. Cost Limitations. The amount of a payment for a documented self-move is subject to the following limitation:
 - 1. If an acceptable low bid or estimate was obtained, the amount of the payment may not exceed the lesser of (a) the actual costs incurred as documented by the business concern, or (b) the amount of the acceptable low bid or estimate.

C. Allowable Expenses. Compensable costs for a documented self-move may include reasonable and necessary expenses incurred by the business concern for:

1. The use of equipment to accomplish the move. This may be either the cost of renting equipment to accomplish the move or the cost of the use of the concern's equipment at a rate not to exceed the reasonable cost of rental equipment.
2. Wages paid for the labor of persons who physically participated in the move. The labor may be performed by regular employees of the concern, owners of the concern, or persons employed for the move.

5.3.9 Searching For A Replacement Location.

5.3.9.1 Eligible Costs. Searching expenses may include:

- A. Transportation expenses within a radius of 50 miles from the boundaries of the City of Portland, at a mileage rate not to exceed the amount normally paid by the Development Commission for travel of its staff.
- B. Meals and lodging while away from home.
- C. An amount to cover the reasonable time spent in searching based on the average hourly wage rate of the business concern's representative, but not to exceed \$15.00 per hour.
- D. Reasonable fees paid to a real estate agent or broker to locate a replacement site or operation.

5.3.9.2 Maximum Amount. The maximum total amount of compensation for searching expenses is limited to \$1,000.

5.3.9.3 Documentation. Expenses incurred by the business concern in searching for a replacement location must be supported by receipted invoices, where appropriate. A list of the dates and addresses viewed as possible relocation sites must accompany a claim.

5.3.10 Bid Requirements.

- 5.3.10.1 When Bids Must Be Obtained. When relocation expenses of a business concern are estimated to exceed \$1,000 the business concern must obtain a competitive bid from two reputable movers and/or other contractors with respect to the work, except as provided in Section 5.3.10.7. If the total cost of a move by a general contractor, is estimated to cost \$10,000 or more, the sealed-bid procedure described in Section 5.3.10.8 must be followed.
- 5.3.10.2 Time Requirements for Submission of Bids. Bids are required to be submitted to the business concern at least 10 days prior to the commencement of the concern's move.
- 5.3.10.3 Low Bid Sets Maximum Payment. A relocation payment for moving expenses of a business concern may not exceed the amount of an acceptable low bid.
- 5.3.10.4 Bid Form. State or local laws or regulations governing bidding procedures shall be followed in obtaining bids, or, in obtaining estimates where estimates will be used.
- 5.3.10.5 Preparation of Bid or Estimate Specifications by Business Concern.
- A. Scope of Work. The scope of work covered by each bid or estimate obtained by a business concern must be the same. To achieve this uniformity, all contractors must be provided with the same work specifications on each individual phase of the move.
 - B. Specifications. The specifications should be subdivided to reflect the specific responsibilities of each trade or craft that will perform a separate category of services in the move.
 - C. Development Commission Assistance. The Development Commission may assist in the preparation of bid or estimate specifications if the business concern wishes, but selection of movers and other contractors who will be requested to bid shall be the sole prerogative of the business concern.

- 5.3.10.6 Review of Specifications. The Development Commission shall review the bid or estimate specifications prepared by the business concern to determine conformance with these regulations and with recognized sound bidding procedures.
- 5.3.10.7 Obtaining Bids. Bids shall be obtained by the business concern except when substitute equipment will be used at the new location and/or when the concern will conduct a self-move. The concern must obtain bids from at least two contractors, or at least two contractors for each trade or craft where there is no general contractor. Exceptions may be made under the following circumstances;
- A. Concern Unable to Obtain Two Bids. If the business concern is unable to obtain two bids for any category of work, the justification therefore shall be submitted, in writing, to the Development Commission. No relocation payment may be made in such cases unless the Development Commission finds that two bids were unobtainable. In the event that no bids are obtained, the Development Commission shall obtain a technical evaluation of the cost of the move and allow the move to proceed on an actual cost basis supported by adequate documentation. The nature and complexity of the move will govern the Commission's decision.
 - B. Legal Prohibition on Bids. If bids for any portion of the work to be performed are prohibited by Federal, State, or local laws or regulations, the business concern may submit estimates for that portion of the move.
- 5.3.10.8 Sealed-Bid Procedure. If the total cost of the move by a general contractor, or of any separately identified category involved in the relocation, is estimated to cost \$10,000 or more, the sealed-bid procedure described in this subparagraph shall be followed.

A. Submission of Bids or Estimates. The original and one copy of the completed sealed bid or estimate must be mailed or otherwise presented by the bidder to the business concern not less than 10 days prior to commencement of the move. Each bid or estimate must specify the precise scope of work covered by the bid or estimate.

B. Bid Openings. The business concern shall open the sealed bids or estimates at the established time (which should be not less than 10 days prior to the commencement of the move) and place. An authorized representative of the Development Commission must be present at the bid opening unless the Development Commission has notified the business and has requested that the bid opening proceed without the Development Commission's representation. Those who have submitted sealed bids or estimates may be present. The Development Commission shall be promptly provided with a copy of each bid submitted.

5.3.10.9 Contract Award. When the business concern has determined which is the lowest bid and the Development Commission has concurred, the business concern shall award the contract to the low bidder. Where estimates rather than bids have been submitted, the amount to be compensated as a moving expense shall not be determined until invoices and other required documentation of actual costs have been submitted and reviewed by the Development Commission.

5.3.10.10 Verification of Reasonableness of Bids. If it is deemed desirable in order to verify the reasonableness of bids obtained by the business concern, the Development Commission shall obtain an independent analysis or estimate of the cost of the move.

5.3.11 Actual Direct Loss of Property.

5.3.11.1 General. A business concern may receive a payment for any actual direct loss of any of its tangible personal property, including inventory or goods held for sale, which it chooses not to relocate.

The following policies and limitations apply:

A. The payment may not exceed the estimated reasonable expense of moving the property.

- B. The business concern must make an effort to achieve a bona fide sale to dispose of the property.
- C. The payment may cover only items of tangible personal property. Items for which compensation was made in the real property acquisition, or which were identified as real property in the acquisition are not eligible.
- D. A payment may not be made for any item for which compensation has otherwise been made, including any item sold or traded in and replaced with a substitute item as provided in Section 5.3.7.
- E. A payment may not be made for actual or estimated storage costs for the items for which a property loss is claimed except as provided in Section 5.3.5.

5.3.11.2 Amount of Property Loss Payment. The amount of the payment for actual direct loss of property shall be determined by adding (1) the reasonable costs incurred by the business concern in its efforts to sell the property, and (2) the lesser of:

- A. The value not recovered by the sale (i.e., the fair market value for continued use of the property at the displacement site, less any proceeds recovered by the sale). When property loss is claimed for goods held for sale, the fair market value shall be based on the cost (to the business concern) of the items, not the potential selling price.
- B. The lowest estimated reasonable moving expenses which would have been incurred had the property been moved. Estimated moving costs as determined by the Development Commission are limited to the amount which would have been necessary for the reasonable cost of transporting (not to exceed 50 miles), packing and unpacking, crating and uncrating, disconnecting and reconnecting, removing, reassembling, and reinstalling those items of personal property not moved and for which a property loss is claimed. The estimate may not include the cost of physical changes or conversions.

- C. If a bona fide sale cannot be effected, the payment for direct loss of property shall be the lesser of (a) the fair market value for continued use, or (b) the estimated moving expense.

5.3.11.3 Bona Fide Sale. A bona fide sale as determined by the Development Commission is a sale at the highest price offered, after reasonable efforts have been made over a reasonable period of time to interest prospective buyers, including secondhand dealers, and, if appropriate, junkmen, who customarily deal in similar property. An auction held after reasonable public notice is a bona fide sale. A private sale to one's relatives or associates is not a bona fide sale. A trade-in may be considered a bona fide sale, but if the item so traded has been compensated through a Substitute Equipment payment as described in Section 5.3.7, no property loss payment shall be made.

5.3.11.4 Cost of Sale. Ordinary and reasonable expenses incurred by the business concern in its efforts to sell personal property may be included in the amount of a payment for a direct loss of property.

5.3.11.5 Fair Market Value.

A. Procedure. The fair market value of the property for continued use at the location from which the business concern is displaced shall be ascertained by an appraisal secured by either the Development Commission or the claimant and concurred in by the other. It shall be made by a qualified appraiser or a valuation consultant in accordance with the accepted standards of the appraisal profession.

B. Exception. If the value of the property to be disposed of is so small that the expense of an appraisal is not warranted, the fair market value for continued use may be ascertained by either of the following methods:

1. Through consultation with an equipment dealer, determine a value which reflects current used market value of the item or its nearest functional equivalent of the same approximate age and condition; or

2. Compute the fair market value by multiplying:

- a. The original cost of the item to the claimant (exclusive of installation) by
- b. The figure obtained by dividing (a) the period of the remaining useful life of the property at the date of removal, by (b) the period of normal useful life of the property on the date of its acquisition by the claimant.

5.3.11.6 Cost of Appraisal. The cost of an initial appraisal by the Development Commission to determine actual direct loss of property shall be borne by the Development Commission. The cost of any other appraisal obtained by the claimant shall be borne by the claimant.

5.3.11.7 Claim for Payment for Direct Loss of Property. A claim for a payment for direct loss of property shall be supported by:

- A. Written evidence of the loss, which may include appraisals, certified prices, copies of bills of sale, receipts, cancelled checks, copies of advertisements, offers to sell, auction documents, and other appropriate records.
- B. A list of the items of machinery, equipment, trade fixtures, inventory, stock-in-trade, or other tangible personal property excluded from the appraisals of the real property.
- C. Documentation of the fair market value of each item, or each lot or group of similar items, for continued use in place, unless an appraisal secured by the Commission has been concurred in by the claimant.

6.0 FIXED PAYMENT FOR MOVING EXPENSES

6.1 General. A fixed payment in lieu of moving and related expenses may be made to a business that elects to receive such a payment and that meets the eligibility requirements for a payment for moving and related expenses and the additional requirements set forth in this Section.

6.2 Amount of Payment. A payment in lieu of moving and related expenses shall be equal to the average annual net earnings of the business concern, but not less than \$2,500 nor more than \$10,000. Payment to a nonprofit organization shall be \$2,500.

6.3 Eligibility Requirements--Business Concern.

6.3.1 A displaced business concern may be eligible for a payment in lieu of moving and related expenses if the Development Commission determines that the business meets all three of the following tests. Any business that meets these three tests is eligible irrespective of whether it continues or discontinues its operations.

A. Test 1. The business cannot be relocated without a substantial loss of its existing patronage. Existing patronage means either clientele or net earnings. Loss of existing patronage is presumed unless the type of operation is such that patronage is not dependent upon the location in the neighborhood from which displacement takes place. Examples of this type of business include, but are not limited to, the general practice of any of the professions, and businesses whose sales operations do not require customers to travel to the place of business.

B. Test 2.

(1) General Rule. The business is not part of a commercial enterprise having another place of business and which is engaged in the same or similar business activity and which is not being acquired; but, the sole remaining facility of a business that has been displaced from its principal location shall not be considered as "another place of business" if, during the two taxable years prior to displacement from its principal location the other place of business had:

a. Average gross receipts of less than \$5,000; or

b. Average annual net earnings of less than \$1,000.

C. Test 3. During the two taxable years prior to displacement, the business

- (1) Had average annual gross receipts of at least \$5,000; or
- (2) Had average annual net earnings of at least \$1,000; or
- (3) Contributed at least 33-1/3 percent of the average annual gross income of the owners or operators of the business.
- (4) If in the determination of the Development Commission, the application of any of the above criterion in a specific case would result in substantial hardship to the claimant by denial of the "fixed" payment, the Commission may use alternate criteria as determined more equitable under the circumstances.

6.3.2 Determination of Number of Business.

- A. Policy. Separate legal entities, all of which have been or will be acquired, shall be eligible for a single payment in lieu of moving and related expenses if they actually constitute only one business.
- B. Procedure. In determining whether two or more legal entities constitute a single business, the following factors, among others, shall be taken in consideration:
 - (1) The extent to which the same premises and equipment are shared.
 - (2) The extent to which substantially identical or intimately interrelated business functions are pursued and business and financial affairs are commingled.
 - (3) The extent to which the entities are held out to the public, and to those customarily dealing with such entities, as one business.
 - (4) The extent to which the same person or closely related persons own, control or manage the affairs of the entities.

6.4 Eligibility Requirements--Nonprofit Organization.

A displaced nonprofit organization shall be eligible for a fixed payment in lieu of moving and related expenses (in the amount of \$2,500) if the Development Commission determines that the following two tests have been met:

- A. Test 1. The nonprofit organization cannot be relocated without a substantial loss of its existing patronage. "Existing patronage" of a nonprofit organization includes the membership, persons, community, and/or clientele serviced or affected by the activities of the nonprofit organization.
- B. Test 2. The nonprofit organization is not a part of an organization having at least one other establishment which is not being acquired for the project and which is engaged in the same or similar activity. Affiliation with a national or another local organization (e.g. fraternal organizations, union locals, or churches) does not disqualify a nonprofit organization for the payment if it can demonstrate that there is no substantial financial dependency between them.

6.5 Average Annual Net Earnings.

- 6.5.1 Definition. Average annual net earnings mean one-half of any net earnings of the business or farm operation, before Federal, State, and local income taxes, during the two taxable years preceding the taxable year in which displacement takes place. Average annual net earnings includes salaries, wages, or other compensation paid by the business or farm operation to the owner (see Section 6.5.3), his spouse, or his dependents.
- 6.5.2 Base Period. If the Development Commission determines that the two-year period immediately preceding displacement is not equitable for establishing earnings, an alternate base period determined by the Commission to be most representative, may be used.

Following are examples:

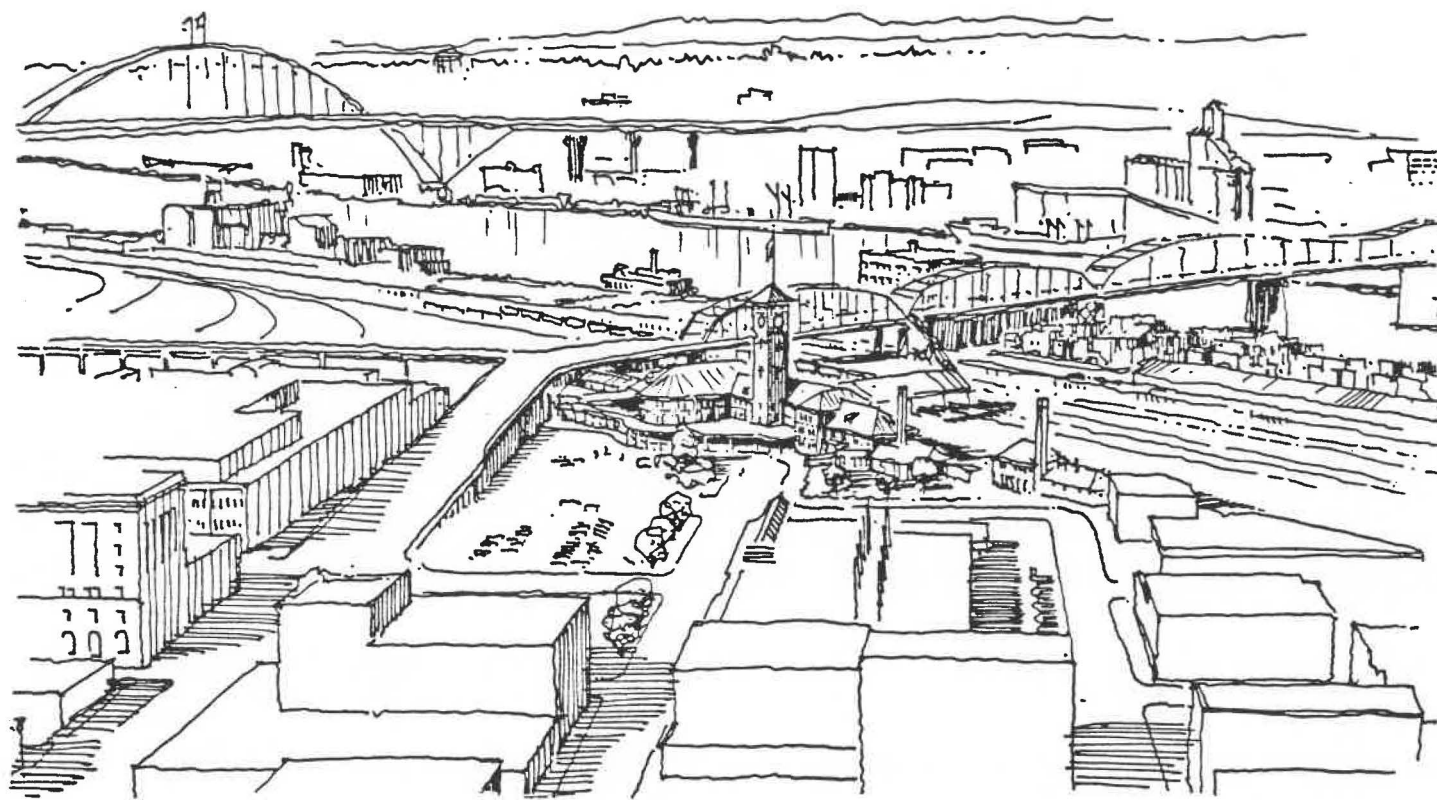
- A. Business Adversely Affected by Project Activities. If during the two years prior to displacement the earnings of the business or farm were adversely affected by project activities, an alternate period (e.g., the third and fourth year prior to displacement) may be used as an alternate base period.
- B. Business in Operation Less Than Two Years. If the business or farm was not in operation for the full two years prior to displacement, net earnings should be computed on the basis of the period that the business or farm was in operation in the project area, projected to arrive at an annual figure.

- C. Ongoing Operation Moved to Project Area. If a business moved its operations from a site outside the project area to a site within the project area and its earnings within the project area were adversely affected by project activities, a period determined by the Development Commission as being more representative than the two years prior to displacement may be used to compute the amount of net earnings. An alternate period may be used only if the business operation conducted outside of and within the project area is the same.

6.5.3 Ownership.

- A. Definition of "Owner". The term "owner" includes the proprietor in a sole proprietorship, the principal partners in a partnership, and the principal stockholders of a corporation, as determined by the Development Commission. For the purpose of determining a principal stockholder, stock held by a husband, his wife, and their dependent children shall be treated as one unit.
- B. Ownership of More than One Business. Ownership in other businesses by one or more of the owners of a displaced business does not necessarily affect eligibility for a fixed payment. For example, A and B owned a displaced laundry. B is the sole proprietor of another laundry not being acquired. As joint owners of the displaced laundry, A and B are eligible for the payment, provided all other requirements are met.

- 6.6 Documentation of Claim. Claims shall be supported by such reasonable evidence of earnings and ownership as may be required by the Development Commission including copies of Federal and/or State income tax returns filed by the business.



UNION STATION

Land Use Alternatives for The Union Station Properties

March 1987

**ANALYSIS OF LAND USE ALTERNATIVES
UNION STATION PROPERTY**

March, 1987

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Section IV B.2 was prepared with the assistance of Northwest Heritage Property Associates.

Section V B was prepared by Karen Myers & Associates.

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o INTRODUCTION

On May 5, 1986, the Portland Development Commission (PDC) obtained an option to purchase 31 acres of land known as the Union Station property from the Portland Terminal Railroad Company. The Portland Terminal Railroad Company is a holding company representing the three railroads operating in Portland: Burlington Northern, Union Pacific and Southern Pacific. Originally obtained as a possible site for the Oregon Convention Center, the option allows PDC until September 30, 1987 to make a decision regarding purchase. The option price is \$11,800,000 (representing \$9.53 per square foot) and was obtained at a cost of \$10.00 by PDC.

Although the Holladay/Union site was ultimately selected for the convention center, PDC has been urged by many members of the downtown business community and others to examine potential uses for the site and exercise the option. It is suggested by those who support the public purchase that the opportunity to secure the land from the railroads will, in all likelihood, not occur again. Exercising the option, is seen as a once in a lifetime opportunity for public initiative to make a substantial positive change in the north end of downtown.

To properly evaluate the feasibility of proceeding with the acquisition of the property, PDC selected Benkendorf & Associates in association with SRG Partnership, P.C. and William Church, AIA, to undertake a land use analysis. The primary purpose of the analysis was to assist PDC and the City in determining whether or not to exercise the purchase option.

The scope of the work required of the consultants included the development of three distinct land use alternatives based on:

1. Sound land use planning principles;
2. An analysis of environmental and other site conditions affecting the area;
3. An assessment of existing and projected market trends in the area; and
4. Existing plans and policies affecting the area.

In addition to the above, meetings and interviews with many individuals and agencies were conducted. The meetings and interviews provided useable information and enabled interested parties an opportunity to share their views, opinions and suggestions relative to the site.

I. PUBLIC POLICY CHOICES

There is a series of public policy choices available to the City and PDC regarding the continuing revitalization of the North Downtown area. PDC has an opportunity to exercise one of these choices as purchase of the Union Station property is considered. Public acquisition of this parcel will set a series of public investments in motion that should contribute to the continued revitalization and redevelopment of this section of the City.

As acquisition of this parcel is considered, the broader public policy choice of public investment in the North Downtown should be considered. The policy issue is a determination by PDC and the City that a major public investment in the area north of Burnside is needed and desirable from an overall downtown Portland perspective vis a vis continued investment in the areas south of Burnside.

The first choice then is a determination that a major public investment is needed in the North Downtown area. Given an affirmative on the need for this minimum level of investment, then PDC and the City have three distinct public policy choices relative to the amount of the investment and the most productive manner of achieving the **goals and objectives** described in Section III of this report:

- o Purchase the Union Station Property**
- o Not purchase the Union Station Property but rather invest in other public improvements in the immediate vicinity to foster private redevelopment.**
- o Purchase the Union Station Property for \$11,800,000. and invest additional public dollars in other public improvements in the immediate vicinity to foster additional private redevelopment.**

As these choices are considered, the character of the redevelopment of this land area and the use of the station should be considered. The three land use alternatives described in Section VII suggest:

- o **Redevelopment for Private Use**
- o **Redevelopment for a mix of Private and Public Uses**
- o **Redevelopment for Public Purposes only.**

The Union Station property has the potential to play a key role in the future of this area of Portland. The ownership, use and timing of any redevelopment can be extremely instrumental for the North Downtown. The relationships of this site, the station and this part of the city to the remainder of the downtown is also described in Section IV.

II. METHODOLOGY

The overall approach to undertaking this land use analysis in a very short (sixty day) timeframe was to separate and identify three specific tasks leading to the final report and recommendation to PDC.

The first task included primarily an information gathering period. Various reports and other documents relating to the site were researched, analyzed and summarized into a clear and concise format. All of the agencies and individuals which would have any relationship or interest in the property were consulted and their ideas, thoughts or suggestions were documented. Over fifty (50) separate meetings were held with various groups, agencies or individuals by PDC staff and/or the consultants. A list of those persons or agencies consulted is provided in the Appendix. This "consensus building" process was intended to both gather the information necessary to undertake the study, as well as involve interested agencies, land owners, developers, citizen groups and individuals.

The second task involved an assessment of the short and long-term market conditions and market potential in the north downtown, as well as for this specific site. This market review was undertaken in two ways: On February 3, 1987 an all-day workshop was held at the Union Station depot where local real estate brokers and market analysts shared their experience with and options of the area. Also, beginning in late February, Karen Myers and Associates undertook a preliminary market assessment of the entire area. This report is provided under separate cover.

The combination of these first two tasks lead to the generation of a series of short and long-term redevelopment alternatives for the property, which were subsequently evaluated and narrowed down to three possible land use alternatives. Should the PDC elect to proceed with the acquisition of the property, a selected land use alternative would be in a form sufficient to meet the requirement of the state urban renewal legislation, Section 457.085.

The results of this task are the primary product of the study.

Should PDC and the City decide to exercise the option to purchase the property and elect to prepare an Urban Renewal Plan Amendment, PDC would then commence a second level of analysis. The analysis would include a detailed market study, more detailed site investigations and a detailed master development and phasing plan. Further studies would not be initiated if the option is not exercised.

III. GOALS AND OBJECTIVES

Preliminary goals and objectives for the redevelopment of the Union Station Property and the continued revitalization of the surrounding neighborhood are described below:

1. To generate new investment and an increased tax base in the north downtown.
2. To preserve, rehabilitate and utilize a unique Portland historic landmark for the long term benefit of the community.
3. To maintain the active usage of the building for railroad passenger travel and related activities.
4. To establish an Open Space, Recreation and pedestrian circulation framework on-site to enhance the off-site redevelopment of the North Downtown.
5. To encourage the continued improvement and rehabilitation of existing buildings and the retention of small businesses in the area.
6. To capitalize on the excellent access and transportation network in the area.
7. To foster the expansion of the Transit Mall and other physical improvements in the area.
8. To further the development of vacant and under-utilized land in the Central City.
9. To provide an opportunity for the development of community facilities compatible with Union Station which attract downtown tourists, conventioners, workers and residents.

IV. INVENTORY AND ANALYSIS

A. Site

The Union Station property is a 31 acre site located in northwest Portland parallel to and adjacent to Front Avenue. The site is an irregular shape with sawtooth shaped boundaries on the southwest property line. The site is bounded by Glisan on the South, 9th on the West and north and Front Avenue on the east. The Broadway Bridge approach ramp bisects the site into two distinct areas. The Station and two smaller buildings are in the area south of the bridge. See Exhibit 1

1. Land Use

The site contains railroad tracks paralleling Front Avenue, the Union Station building and two associated smaller buildings to the southeast. The station is being used for office and support retail associated with the Portland Terminal Railroad and Amtrak.

The adjacent land use patterns are primarily light industrial and retail to the south. The main U.S. Post Office and the Burlington Northern railroad yards are West of the site. The McCormick Pier apartments, an extensive low rise apartment project, a vacant grain mill and open waterfront property abuts the site east of Front Avenue.

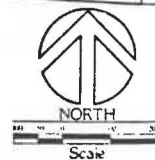
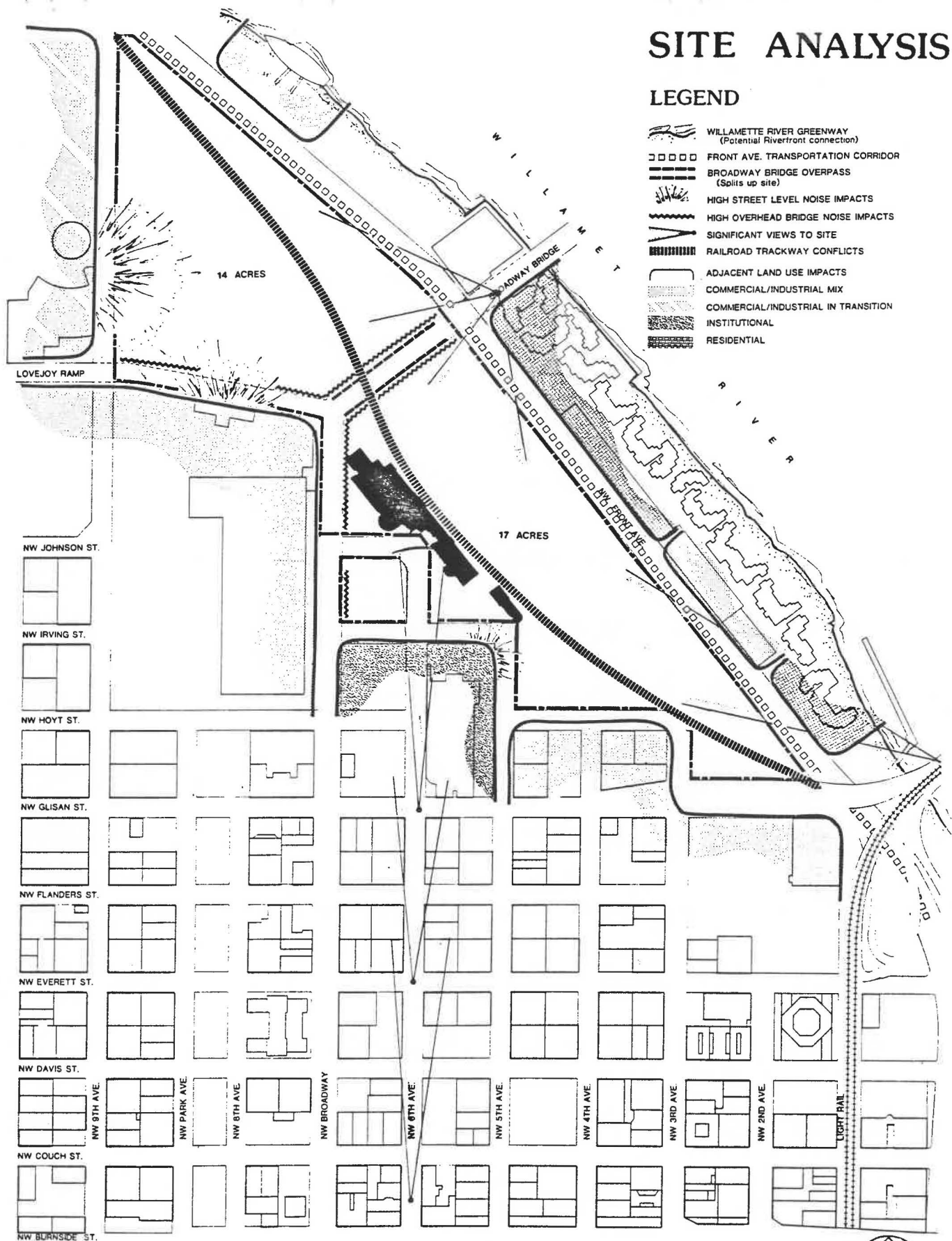
The Burlington Northern Railroad yards are being planned for redevelopment by Glacier Park, the BN's real estate subsidiary. The preliminary master plan studies currently underway include a variety of uses including mid-rise and high-rise office, hotel, special uses, and commercial retail.

Retail uses are most dense immediately adjacent to Burnside Avenue and change slowly to light industrial and parking lots in the blocks south southwest of the property. The significant adjacent land uses, in addition to the post office, include the Federal Building, Customs House and newly completed Greyhound Bus Terminal.

SITE ANALYSIS

LEGEND

- WILLAMETTE RIVER GREENWAY
(Potential Riverfront connection)
- FRONT AVE. TRANSPORTATION CORRIDOR
- BROADWAY BRIDGE OVERPASS
(Splits up site)
- HIGH STREET LEVEL NOISE IMPACTS
- HIGH OVERHEAD BRIDGE NOISE IMPACTS
- SIGNIFICANT VIEWS TO SITE
- RAILROAD TRACKWAY CONFLICTS
- ADJACENT LAND USE IMPACTS
- COMMERCIAL/INDUSTRIAL MIX
- COMMERCIAL/INDUSTRIAL IN TRANSITION
- INSTITUTIONAL
- RESIDENTIAL



A number of social service/social relief centers are located in three distinct areas: These are in the immediate vicinity of 3rd Avenue and Couch Street, 6th Avenue and Everett and 4th Avenue and Glisan. The public park/open space development is very sparse and limited to the North Park blocks and the Greenway improvements along the river at McCormick Pier.

2. Existing Plans and Planning Districts

The site is zoned C1Z, Central Commercial, south of the Broadway Bridge and GI-1, General Industrial-1 north of the Bridge. The Z represents a Downtown Development Design Zone overlay. The maximum permitted zoning North of the bridge is MX. The comprehensive plan designation is Central Services north of the bridge and Downtown Commercial south of the bridge.

The site also lies within or adjacent to seven different planning districts. The districts most impacting the site are:

- o Downtown Waterfront Urban Renewal District (south of Broadway Bridge only)
- o North Burnside Plan District
- o N.W. Triangle Plan District (north of Broadway Bridge only)

An Urban Design Plan has been prepared by the Planning Bureau for Front Avenue and is currently being reviewed by the Planning Bureau.

Other nearby special planning districts include: Chinatown, Skidmore Oldtown Plan District and the Willamette Greenway. The site is within a complex network of planning overlays all of which will require careful analysis as detailed planning is completed in the future.

3. Transportation

a. Vehicular

The principle vehicular access to the site is Front Avenue, 3rd through 9th from the south and Glisan and Everett. **Third and Fourth Avenues provide the clearest north/south circulation** from the entire downtown area north to the property. Front Avenue was recently improved and significant vehicular capacity exists to serve the redevelopment of this site. Interstate 405 North can be accessed directly from Glisan and Interstate 84 East can be accessed directly from the Steel Bridge.

The area of the site south of the Broadway Bridge is in the Downtown Parking LID. The area north of the bridge is outside the LID. The parking LID issue will have to be resolved for the area south of the bridge.

b. Pedestrian

The pedestrian and bicycle oriented routes are along Flanders, Front Avenue, and 2nd and 3rd Avenues. In addition, a pedestrian route has been constructed in the Greenway along the Willamette River at McCormick Pier.

c. Public

A considerable investment has been made in bus and transit service near the site. Greyhound and Trailways main Portland Terminals are immediately south of the Union Station. The MAX light rail line serving East Portland and Gresham passes within a few hundred feet of the southeastern corner of the property. The first stop on the west side of the river is on 1st between Everett and Davis, approximately two blocks from the southern property line. This station is approximately eight blocks from the Union Station building.

Tri-Met provides bus service on 5th and 6th Avenues through downtown on the Transit Mall and begins the service at Glisan. The streets in this immediate vicinity are used by the buses for queuing as they await their departure for the Transit Mall. Bus service is also provided on Everett, Glisan, Hoyt and Front Avenues.

Tri-Met has indicated that they are prepared to contribute 80% match funds to extend the Transit Mall North to Hoyt. Federal funds have been budgeted in the amount of 3.6 million for the extension by the agency.

4. Utilities

The site is well served by all utilities on the perimeter of the site. There are no public utilities running through the site and no current plans for expansion of any existing lines. Any development which may occur on the site in the future should be serviced by the main sanitary, storm and water lines in Front Avenue. These lines are relatively new and have the capacity to provide additional service to this area. The sanitary and storm lines southwest of the site are extremely old and are mixed storm/sanitary systems.

5. Environmental

The major environmental conditions impacting the site are **vehicular and railroad noise and railroad vibration**. The major sources of vehicular noise are the loading platform areas on the north side of the main post office and the approach ramps to the Broadway Bridge at Lovejoy and Broadway. The noise emanating from the loading platforms is particularly offensive because it is generated 24 hours a day with much of the activity occurring in the evening hours.

The major railroad noise and vibration was noted in two locations. West of the site and north of the Broadway Bridge where the Burlington Northern Railroad operates a major fueling station for locomotives. This station is visible from the site. The vibration is generated by freight and Amtrak trains traversing the site. The vibration problem will require special consideration during building design.

6. Rail Track Relocation Options

The Amtrak and freight service utilizing the existing railroad tracks could be a major constraint to the redevelopment of this property, depending on the land use plans ultimately adopted. For that reason, several options should be considered in the future relative to the location of these tracks. Four choices were identified during the course of this research.

- o Retain a minimum number of tracks adjacent to Union Station**
- o Relocate the minimum number of tracks required, adjacent to Front Avenue.**
- o Relocate the minimum number of tracks adjacent to Front Avenue north of the Broadway Bridge only.**
- o Evaluate the long term feasibility of eliminating rail service through this property.**

The long range plans which have been prepared for the site illustrate three of these four options. The location of these tracks on the site has a profound impact on the potential utilization and future reuse of this property and should be carefully studied in the future.

B. Building

1. Building Analysis

The Union Railway Station, designed in 1890, contains approximately 80,000 square feet of gross area on three floors. Included in this space is public waiting and service rooms, office spaces, baggage and storage lofts, a restaurant, clock tower and other associated structures.

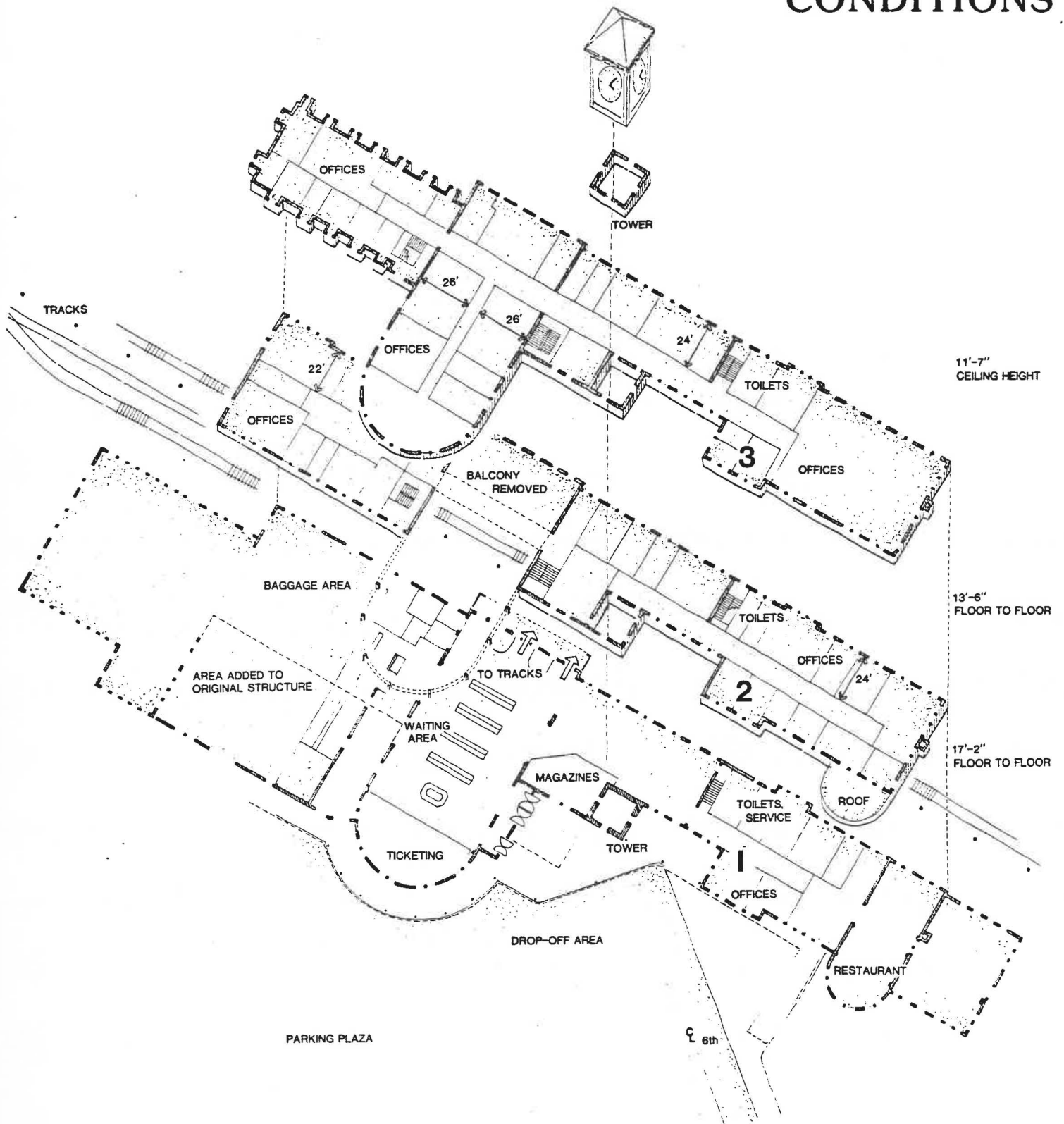
The **first floor** contains the main passenger station with its central two story waiting and ticketing lobby and a large baggage loft at the north end of the building. A restaurant occupies the south end of the building adjacent to the service facilities including toilet rooms and maintenance equipment storage spaces. Three stairways are dispersed throughout the plan. Floor to floor heights are generous. **See Exhibit 2**

The **second floor** contains offices. The north and south portions are separated by the central two story space. A balcony connecting these two areas was removed when the ticketing function moved from the east to the west end of the main lobby at the first floor. Original wainscot, flooring and sash remain in good condition. Large double-hung windows allow generous light and views from all office spaces. The corridors are wide and well lit.

The **third floor** contains offices and includes a full floor above the main lobby area. The north portion is lit by dormer windows only, which reduce the desirability of this as office space.

Over the life of the building, various additions have been made. The baggage area has been expanded at the west face of the building and the men's reading room has been replaced by the present entry vestibule into the main waiting lobby. The ticketing area was formerly at the east end of the main waiting lobby. When it was removed, the balcony above it connecting the two ends of the second floor was also removed.

EXISTING BUILDING CONDITIONS



The total gross area of the building proper is approximately 80,000 square feet, leaving 75,000 square feet of net area measuring to the inside face of the exterior wall. Subtracting restrooms, shafts, stairs and mechanical rooms leaves **64,000 square feet of total useable area including the corridor areas.**

The building systems are all in need of upgrading although the structure is quite sound. Seismic reinforcing, new mechanical and electrical systems, sprinklers, new roofing and new finishes are required throughout. Excluding any tenant improvements, this work is roughly estimated at between \$3.0 and \$3.8 milion (\$40-50 per square foot).

2. Historic Preservation Issues and Requirements

The station, annex, and firehouse are listed in the Historic Resource Inventory, City of Portland (see attached summary in Appendix).

The station was nominated to the National Register of Historic Places in 1974 and **accepted in 1975 as a landmark.** The building was reviewed by the Portland Landmarks Commission and submitted by the State Historic Preservation Office.

The registration covers 9.3 acres, but does not specifically describe the "Annex" Building. If the Annex is a historically significant building (constructed prior to 1948), then the registration should be amended to include this building as well. The significance (or insignificance) of the building would determine which guidelines must be followed in any improvement plans. The Fire Station is ranked "1" (the highest designation) by the Portland Historic Resource Inventory, and would easily qualify as a Landmark in the National Register of Historic places.

The owners have not applied for any Federal or State benefits available to tax-paying organizations, such as:

- o Federal investment tax credits for rehabilitation of income-producing buildings.
- o Charitable deductions in Federal taxes for donation of easements (exterior, interior, or open space).
- o Federal preservation grants-in-aid.
- o 15 year property tax assessment freeze - an Oregon program.

If the current or future owners of Union Station **do not apply for tax benefits** no special restrictions apply to any work done on the building. If tax benefits are requested, then **appropriate Federal or State guidelines must be followed.**

Tax increment financing does not require following preservation guidelines if tax benefits are not in force. However, as a policy, PDC adheres to all federal and state standards regardless of funding source and has a long track record of successful preservation projects.

The station is located near a number of other individual buildings on the National Register. There are also two nearby Historic Districts: Skidmore-Old Town and the newly formed 13th Avenue Warehouse Historic District.

V. MARKET ASSESSMENT

A. Workshop Summary

A market assessment workshop was conducted early in the research effort to determine the market opportunities for reuse of this site. Participants in the workshop included principals of the major real estate brokerages, consulting economists, a civic leader, PDC staff and consultants. A range of ideas for reuse of the building were discussed and a range of land uses for redevelopment of the land area were also evaluated. The major conclusions of the assessment were as follows:

- o **Office** - At the present time, an overbuilt market and the lack of public amenities in this area of downtown inhibits the ability of this area to compete. Mid and long term the potential for office is expected to improve over time. Portland needs new growth and immigration from the outside to generate an improved office market.

- o **Housing** - The need for market rate owner occupied housing in the downtown area in general is weak, although properly priced rental housing might be possible. The opportunity for any kind of housing on this site is inhibited by the social conditions to the south and the railroad and vehicular noise both on and offsite to the west. In addition, the McCormick Pier apartments obstruct views of the river south of the Broadway Bridge.

The general conclusion was that housing is only feasible on this site long term if it is tied to the river north of the Broadway Bridge.

- o **Retail** - The opportunity for retail only exists on this site in a support role. Support retail can be provided to office, housing or a major public attraction. The nature of the retail will depend on the primary land uses ultimately developed.

- o **Park/Open Space** - There was general agreement about the need for open space in the North Downtown area. The amount and character of the space was not discussed, but consensus regarding the need for a circulation and open space framework was strong.
- o **Public Attractions** - A variety of public attractions were suggested for the site including:
 - Aquarium
 - Railroad Museum
 - Cousteau Ocean Center
 - Sports Stadium
 - Conservatory
 - Trade Center
 - Government Center
 - Wood Products Museum
- o **Building** - The building may be reused for a variety of private and public uses. Generally, the consultant team has concluded that the building will best serve as a gateway or transition space to a larger attraction. The building can be the focus of new development to the north or the south.

Potential private uses include a hotel, office space, or retail.

B. Preliminary Market Analysis

The Union Station study area is in transition. Over the past few years, several development activities have occurred in the area which demonstrate the transition including: general upgrading and rehabilitation of existing buildings; revitalization of historic and cultural identities; increased amount of specialty retail shopping; One Pacific Square office building; McCormick Pier apartments; Fremont Place light industrial park; and the Greyhound transportation center.

The evidence suggests the transition trend will continue. Large parcels of land in unified ownerships are rare in the inner city (specifically the Downtown loop area), yet the Union Station study area has several including: Pacific Square; Glacier Park/ Burlington Northern; Union Station; Broadway Cab; and Naito. Recent property acquisitions in the area also indicate developer interest.

The downtown CBD serves as the center of commerce for the region. As the region grows economically, so will the downtown. While suburban developments compete with the downtown, the downtown remains the preferred, and in some cases the required, location for many businesses. Unfortunately, growth within the CBD proper is limited. As growth occurs, it naturally will result in an expansion of the CBD proper into adjacent areas, but on the west side of the Willamette River, generally, and within the freeway loop, specifically.

It is logical to anticipate that the downtown core will be expanded in a northerly direction into the Union Station study area because of the relationship with the CBD proper, the large amount of undeveloped and redevelopable land, the unified ownerships, and developer interest.

However, current conditions suggest that the transition will not be easy and may take some time. Presently, most markets (especially office and hotel) are overbuilt. The south end of the downtown appears, at this time, to be the most likely location for market-rate housing. In addition, the area north of West Burnside Street is affected by real and/or perceived social problems which in turn negatively affect all markets.

Public intervention activities to encourage growth and development have begun in the area, for example, light rail transit, solutions to the social problems, and the Chinatown Gate. More are planned. The proposed convention center is also expected to positively affect economic growth in nearby areas. As the public intervention activities occur, so will the transition of the Union Station study area (giving credence to the

land development adage that private investment follows public investment). Placing a "public attractor" facility in the area could be another way to stimulate economic growth. If public intervention is hastened, it is reasonable to assume that private developments in the area will also be hastened.

As a result, the mid- and long-term prospects for the Union Station study area are good. In fact, the area offers great opportunity to the city, generally, and to the downtown, specifically.

A final market assessment has been completed by Karen Myers & Associates and is available under separate cover.

VI. PLANNING ASSUMPTIONS

Numerous meetings were held with various public agencies having regulatory or policy influence over the site. An analysis of these plans and policies with these agencies, as well as a review of existing site conditions, have resulted in a series of planning assumptions for the site and the North Downtown area. The following assumptions are intended to act as a framework or a guide to the planning efforts in the area and on the site.

A. On-Site Assumptions

1. Union Station shall be retained and rehabilitated for adaptive reuse. The character of the Station lobby should also be preserved.
2. The Station requires an adjacent major public or private development or attraction to maximize its potential.
3. Amtrak service should remain in the station if at all possible, with a direct connection to the Transportation Center.
4. Amtrak and Burlington Northern mainline service will remain.
5. Amtrak needs must be met, including covered loading platforms, parking, etc.
6. Structured parking will probably be necessary; interim surface parking should be allowed.
7. Pedestrian connections to the waterfront should be made.
8. Residential uses immediately adjacent to the Broadway Bridge, ramps or main rail lines should be discouraged due to noise and vibration.
9. Vistas and views resulting from downtown's 200-foot grid system should be maintained through the site to the extent possible.

B. Off-Site Assumptions

1. Lovejoy ramp may eventually be lowered to grade at or near N.W. Ninth Avenue.
2. Transit Mall on Fifth and Sixth will be extended as proposed. Physical improvements will continue north to the Station depot.
3. Light rail may be extended west as proposed.
4. Ninth/Front Avenue will be improved and reopened to Front Avenue with a 90 degree connection and railroad signalization.
5. 30+/- acres of Burlington Northern Property to the west will be redeveloped over time.
6. The feasibility and timing for the possible extension of the North Park Blocks should be pursued and coordinated with the development of adjacent property.
7. Circulation and land use relationships to the Convention Center should be considered.
8. Front Avenue exposure and access could improve viability of commercial or office in that location.

VII REDEVELOPMENT ASSESSMENT

The site and building inventory and market assessment served as the basis for determining the redevelopment opportunities for this property. Maximizing the redevelopment potential of this site can best be achieved by recognizing the role this site can play in the future of the North Downtown area. The extension of open space, transportation and infrastructure improvements north into this section of the downtown will be required if productive reuse is to be achieved.

A. North Downtown Relationships to Central City

Bold efforts have been made by the private market to move the quality and character of downtown north of Burnside. The U.S. National Bank tower and mall, Northwest Natural Gas tower, Chamber of Commerce building and numerous historic renovations by William Naito are examples of these efforts. Recent public investment in this area has been selective. Examples include the Greyhound terminal, immediately south of the Union Station, the Chinatown Gate, street lights, financing the rehabilitation of SRO hotels and the reconstruction of Front Avenue.

With the exception of the North Park Blocks, the major open space and transportation systems which have been created in the downtown in recent years have terminated at Burnside. The waterfront park, transit mall and continuous north/south vehicular circulation are all absent north of Burnside. In addition to extending these systems north, this site is uniquely positioned to provide the open space and pedestrian circulation systems needed in this part of the city if continued revitalization and redevelopment is to occur. Most important is the need to connect new open space and circulation systems to the west and south with the waterfront and the Willamette Greenway. The following diagram of the downtown area illustrates these concepts. See Exhibit 3.

B. Long Range Redevelopment Alternatives

Three long range redevelopment concepts for the property have been prepared. These concepts have been framed primarily in terms of public

POTENTIAL NORTH DOWNTOWN IMPROVEMENTS

KEY:

- 1 New Convention Center
- 2 New Parking Structure/Heliport
- 3 Proposed Extension of 5th/6th Transit Mall
- 4 Proposed Parking/Office Building for U.S. Post Office
- 5 Expansion of Freemont Place (Phase II)
- 6 Improved Vehicular Connections to Downtown
- 7 Extension of Pedestrian Access
(North Park Blocks) to Site and River
- 8 Improved Pedestrian Access to West
(including Northwest Portland)
- 9 Improved Vehicular Connection
to West (including Northwest Portland)
- 10 Extension of Willamette Greenway System
- 11 Development of New Riverfront Focus or Park
- 12 Improved Pedestrian Connections from
Site to Greenway
- 13 New Connection at Front and 9th Avenues
- 14 Potential Glacier Park/Private Development
- 15 Potential Union Station Improvements
- 16 Potential Pacific Square Private Development

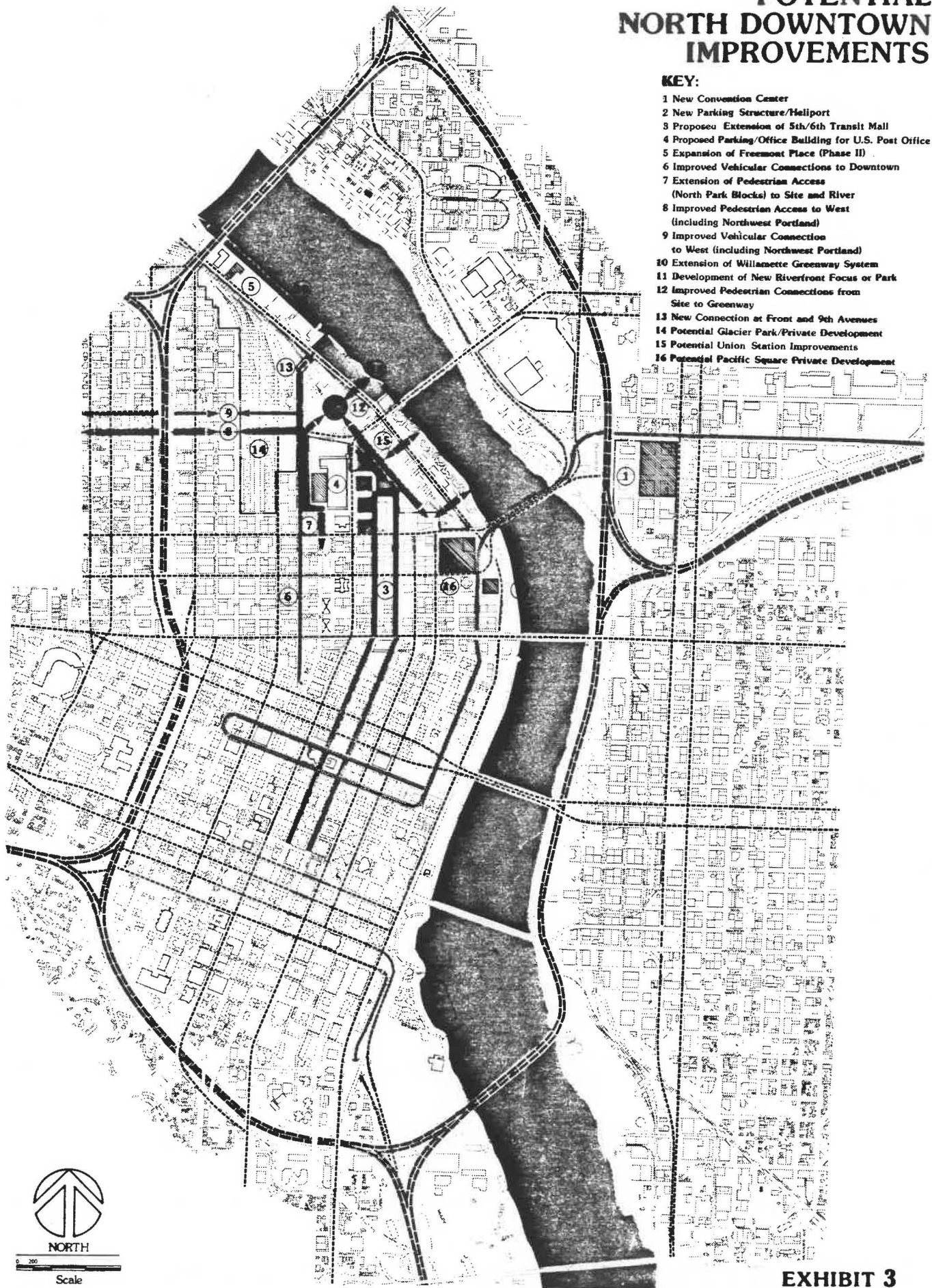


EXHIBIT 3

or private reuse. Land use alternatives have been suggested for each development parcel, but the ultimate shape of development will be determined by market opportunities at the time of development and more detailed master planning.

1. Private Reuse - Alternative A

The first alternative is to purchase the site and make the public improvements necessary to prepare development parcels for private reuse. See Exhibit 4. PDC would focus on readying the site for redevelopment by others. Achieving the surrounding open space, transportation and infrastructure improvements would be the major thrust of this effort. This concept suggests that the station would also be renovated for primarily private use. No rail tracks are illustrated on this alternative not because private reuse is dependent on no rail but rather that no rail is the most desirable condition for complete private redevelopment. The following table illustrates the development parcels, acreage available for redevelopment and potential land use.

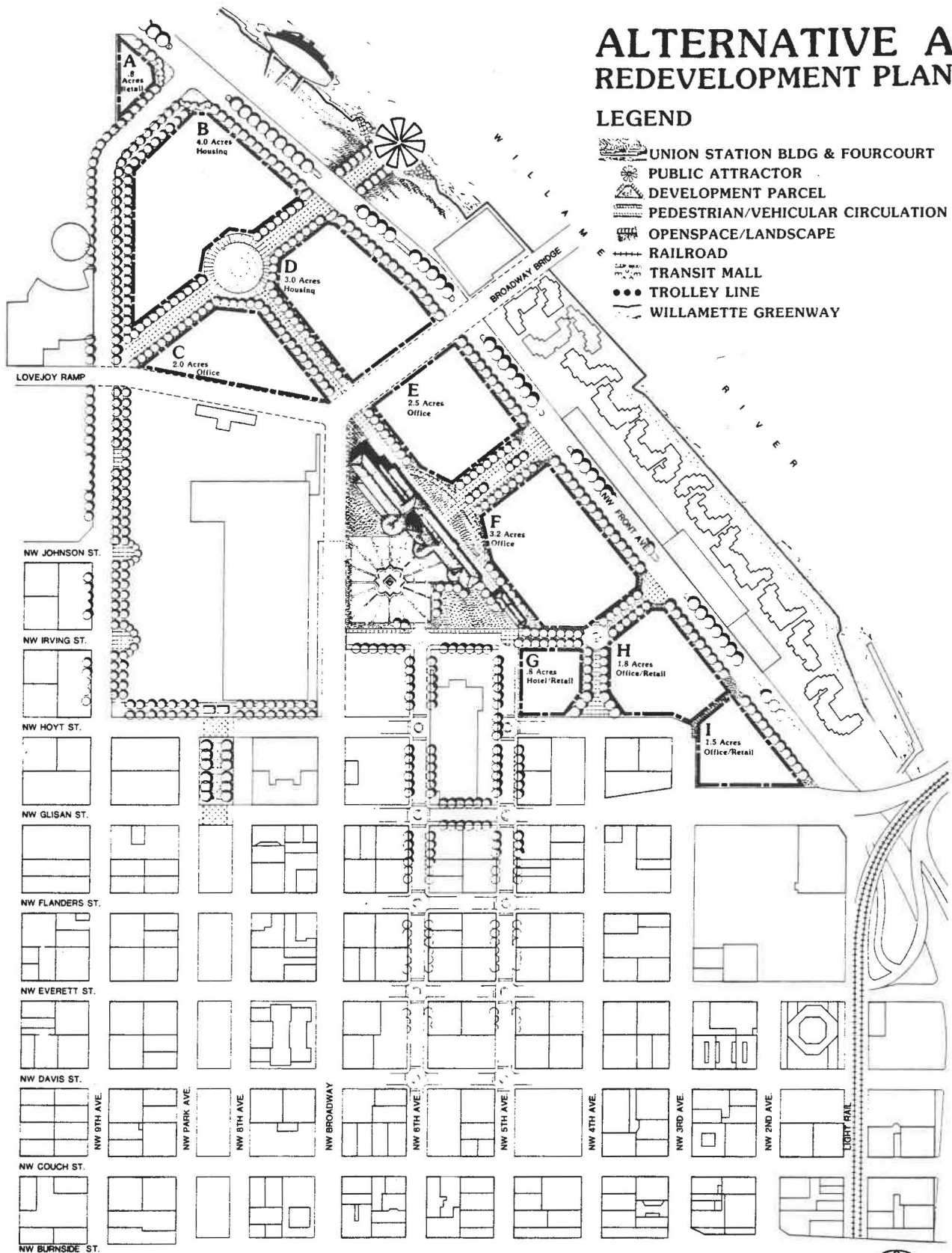
Table 1
Development Parcels - Alternative A

Parcel	Acreage	Primary Use	Alternate Use
Station	---	Retail/Office	Hotel
A	.5	Retail	
B	4.0	Housing	Office
C	2.0	Office	Housing
D	3.0	Housing	Office
E	2.5	Office	
F	3.2	Office	
G	.8	Hotel/Retail	Office
H	1.8	Office/Retail	
I	1.5	Office Retail	Hotel
Total	19.3		

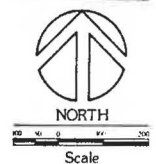
ALTERNATIVE A REDEVELOPMENT PLAN

LEGEND

- UNION STATION BLDG & FOURCOURT
- PUBLIC ATTRACTOR
- DEVELOPMENT PARCEL
- PEDESTRIAN/VEHICULAR CIRCULATION
- OPENSOURCE/LANDSCAPE
- RAILROAD
- TRANSIT MALL
- TROLLEY LINE
- WILLAMETTE GREENWAY



Private Use



Under this alternative, approximately 19.3 acres would be available for private redevelopment.

2. Public and Private Reuse - Alternative B

The second redevelopment concept suggests a mix of public and private reuse. See Exhibit 5. The role of PDC would be similar to Alternative A but expanded to aggressively promote partial reuse for public purposes. The Union Station building, the land area to the east and some of the area north of the Broadway Bridge would be reserved for this purpose. In addition, the waterfront property north of the Broadway Bridge should be considered for acquisition and development as a possible site for a public attractor. The following table illustrates the parcels, acreage and land use.

Table 2
Development Parcels - Alternative B

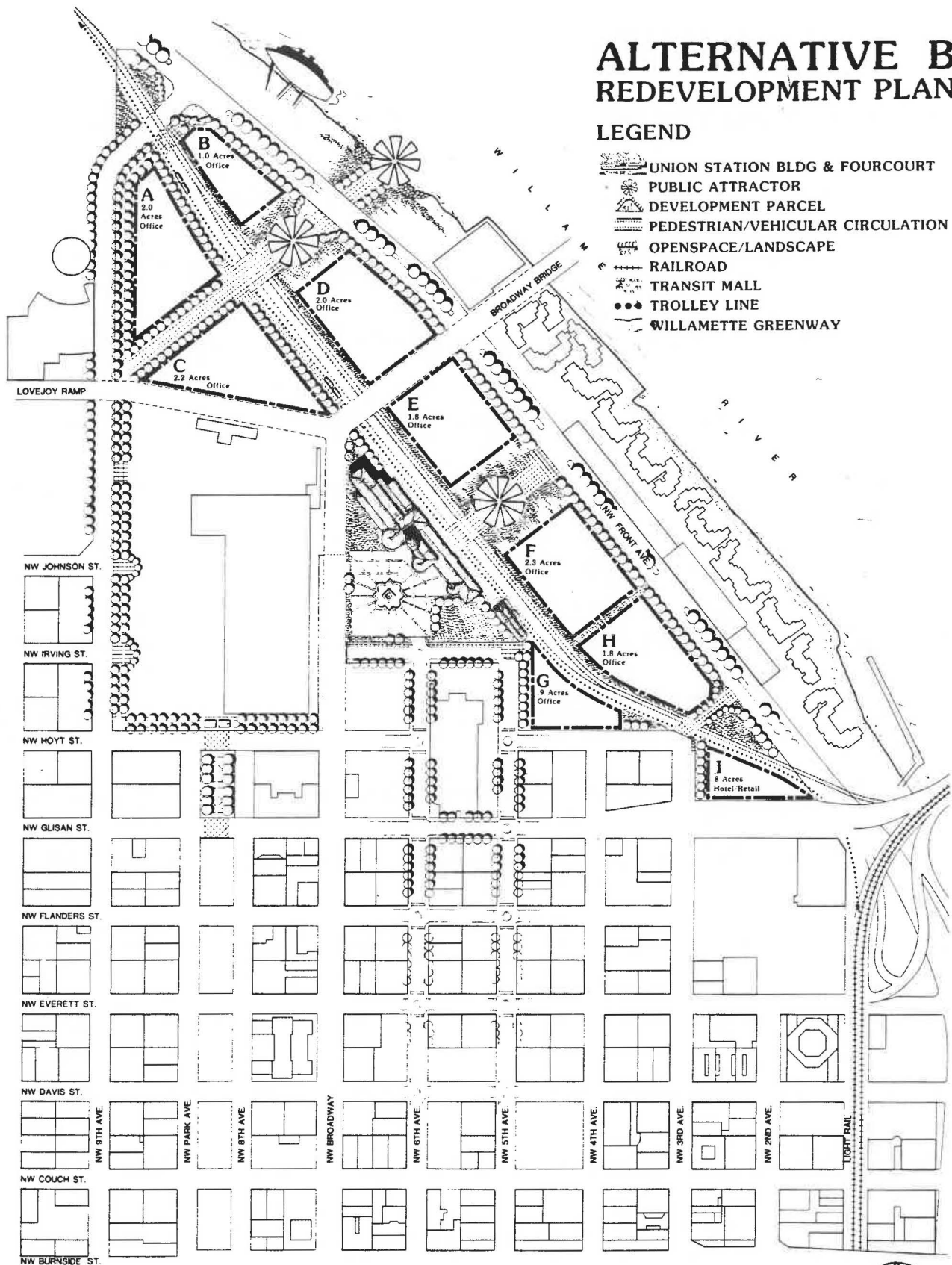
Parcel	Acreage	Primary Use	Alternate Use
Station	---	Public Facility/ Retail/Office	Hotel
A	2	Office	
B	1	Office	
C	2.2	Office	Housing
D	2	Office	Housing
E	1.8	Office	Public Facility
F	2.3	Office	Public Facility/ Housing
G	.9	Office	
H	1.8	Office	Housing
I	.8	Hotel/Retail	Office
TOTAL	14.8		

A minimum number of rail tracks are illustrated on this concept and remain parallel to Union Station.

ALTERNATIVE B REDEVELOPMENT PLAN

LEGEND

- UNION STATION BLDG & FOURCOURT
- PUBLIC ATTRACTOR
- DEVELOPMENT PARCEL
- PEDESTRIAN/VEHICULAR CIRCULATION
- OPENSACE/LANDSCAPE
- RAILROAD
- TRANSIT MALL
- TROLLEY LINE
- WILLAMETTE GREENWAY



Public/Private Use



3. Public Reuse

The final alternative proposes redevelopment of the property for public use. See Exhibit 6. The concept is to utilize the site to fulfill an open space deficit in this part of the downtown. In addition, a series of primarily public but potentially private attractions would be developed over time within the framework of a park environment. Public open space consistently serves as a focus for private redevelopment in urban areas. Central Park in New York is the best example, but the renaissance of development on the South Park Blocks during the last 20 years, and the new development along waterfront park are equally good examples.

As a major new open space, this site could provide the framework for major new private investment on the lands adjacent to and in the vicinity of this site. The following table illustrates the land uses for this alternative.

Table 3
Site Use as Public Park

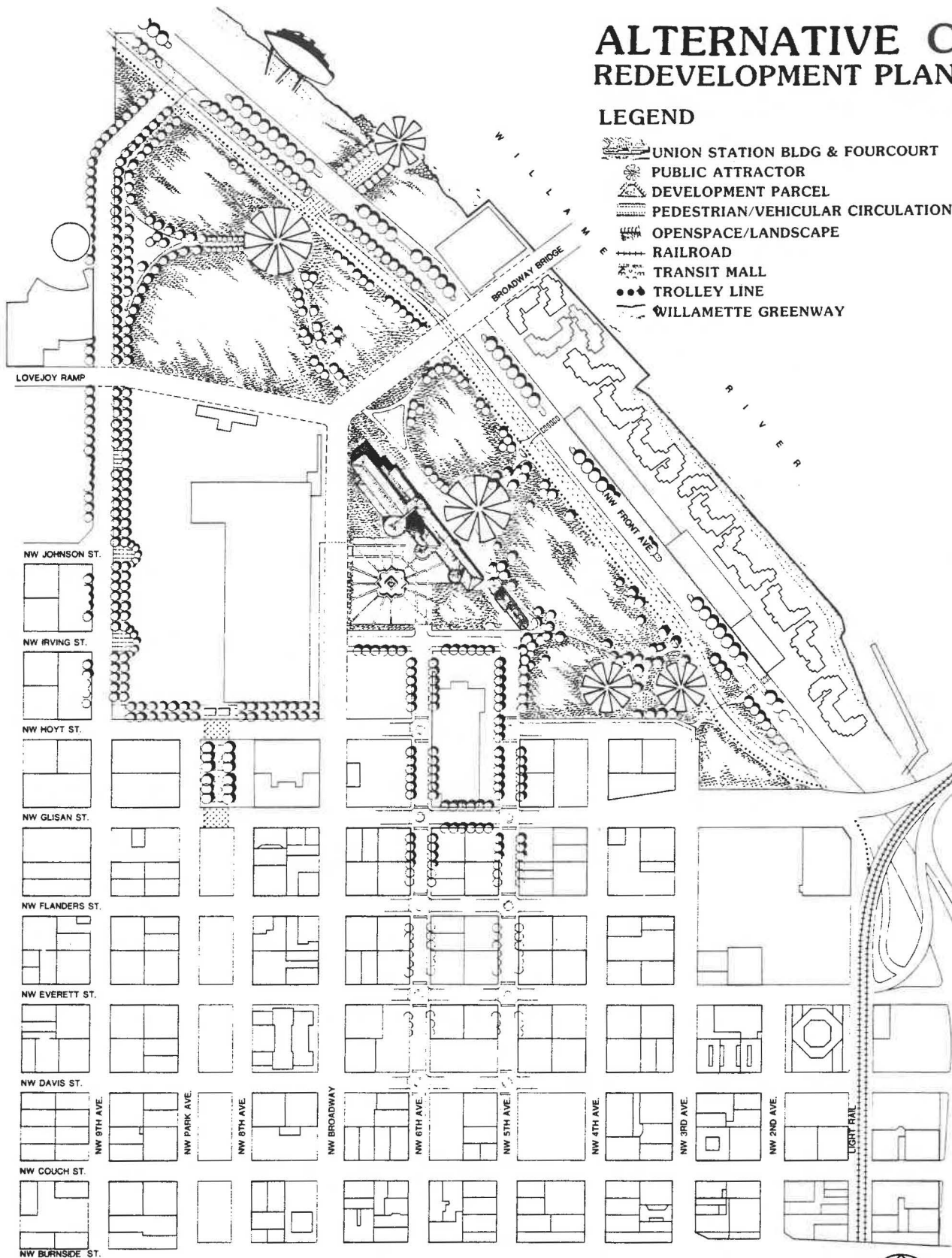
Parcel	Acreage	Primary Use	Alternate Use
Site	---	Public Facility/ Open Space/Park	Limited Office/ Retail
Station	---	Public Facility Retail	Hotel

For the purposes of illustrating the rail location options, the tracks are shown adjacent to Front Avenue on this concept.

ALTERNATIVE C REDEVELOPMENT PLAN

LEGEND

-  UNION STATION BLDG & FOURCOURT
-  PUBLIC ATTRACTOR
-  DEVELOPMENT PARCEL
-  PEDESTRIAN/VEHICULAR CIRCULATION
-  OPENSOURCE/LANDSCAPE
-  RAILROAD
-  TRANSIT MALL
-  TROLLEY LINE
-  WILLAMETTE GREENWAY



Public Use



4. Building and Potential Reuse

The Union Station is an important civic landmark and the key to optimizing its use depends on acknowledging its position within the city and the North Downtown area. The building has all the attributes of an urban institution - classic design, recognizable image, unique features, strategic location, ground spaces, public acceptance and can stand alone as an isolated structure or serve as a gatehouse or vestibule building without diminishing its power or image. The tower provides a city scale focus, the diagonal alignment interrupting the city grid reflects the Willamette River's alignment.

Internally the variety of spaces lend themselves to uses beyond that of a rail station. The main 2 story waiting lobby is ideal as a display hall or as a vestibule to a larger development to the east. The upper floors could easily be rearranged to provide either small scale (office) spaces or large open loft (gallery) spaces, both with generous amounts of height and views back to the city. Stairways and toilet rooms are centrally located and after up-grading could continue to serve the building adequately. See Exhibit 7.

The present entries to the building are hard to find and awkward. A new main entry adjacent to the tower could be accommodated and would provide a connection to a stairway up to the upper levels or possible beyond to a future building to the east. This entry could be skylit and provide a focus for the building on axis with Sixth Avenue. Terraces could be developed along the west side of the building, especially to the south end adjacent to the restaurant.

BUILDING REDEVELOPMENT POTENTIAL

33

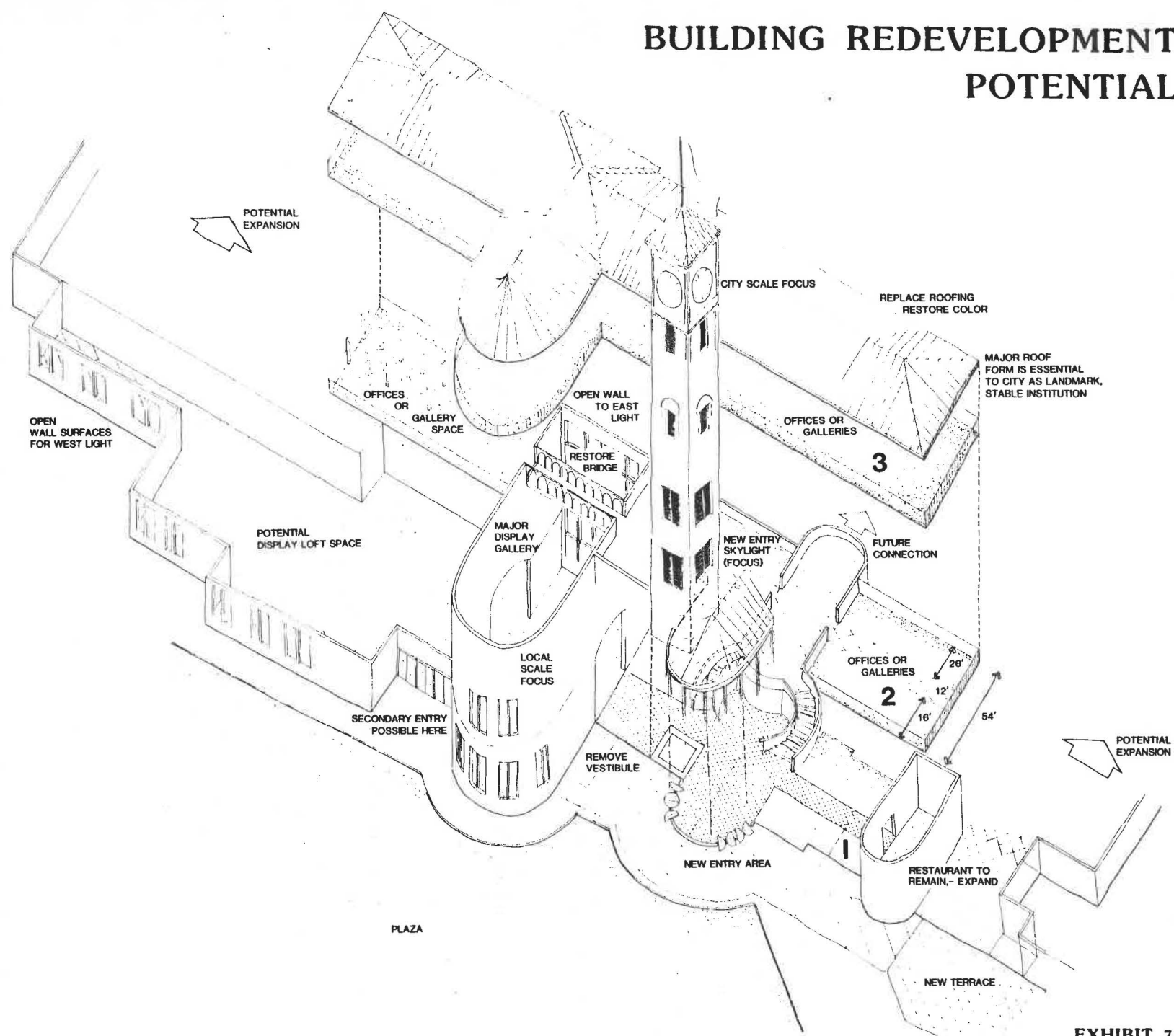


EXHIBIT 7

C. Selected Land Use Plan

The selected Land Use Plan is Alternative B illustrated on Exhibits 8 and 9. The plan is very similar to Exhibit 5 but the potential land uses have been expanded as illustrated in Table 4. The plan provides for private reuse on 14.8 net acres and the remaining acreage will be utilized for public purposes, open space and transportation improvements.










Table 4
Development Parcels - Selected Land Use Plan

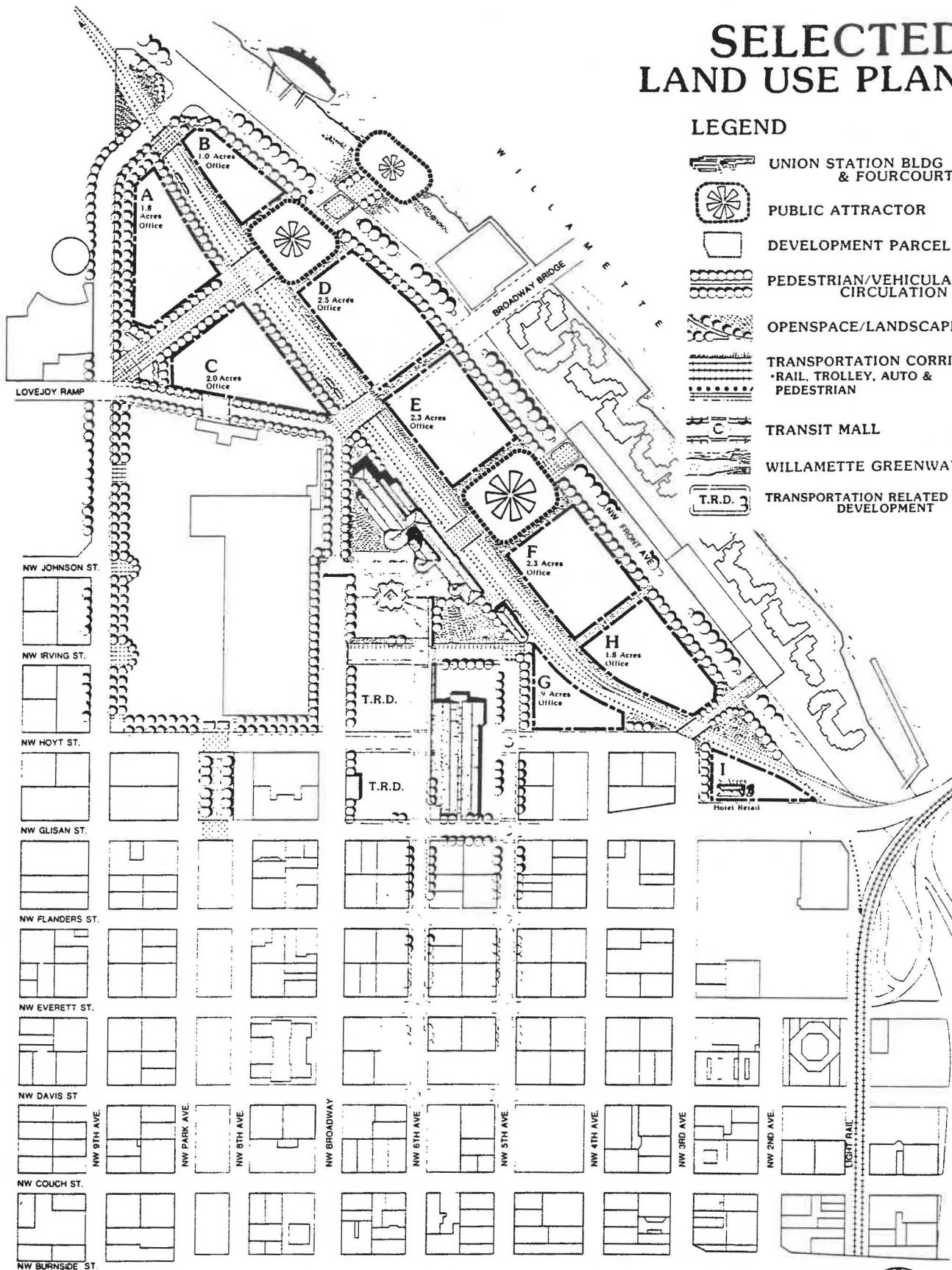
Parcel	Acreage	Primary Use	Alternate Use
Station	---	Public Facility/ Retail/Office	Hotel
A	2	Commercial Office/Flex	Housing
B	1	Commercial Office	Public Facility Support/Housing
C	2.2	Commercial Office/Flex	Parking
D	2	Commercial Office	Housing/Public Facility Support
E	1.8	Commercial Office	Public Facility Support
F	2.3	Commercial Office	Public Facility Support/Housing (N.E. $\frac{1}{2}$)
G	.9	Commercial Office/Hotel	Parking
H	1.8	Commercial Office	Housing (N.E. $\frac{1}{2}$)
I	.8	Hotel/Retail	Office
TOTAL	14.8		

The selected Land Use Plan illustrates the need to continue to plan and redevelop the site as a unit. There are several natural boundaries to this site including Front Avenue, 9th Avenue and the surrounding land uses such as the Post Office, Greyhound Terminal and McCormack Pier. The site is in single ownership and has a continuous transportation corridor bisecting the site. Coordination of the redevelopment of the adjacent parcels with this corridor will be critical to the success of these new uses. All of these factors serve to require that this parcel be considered in its entirety.

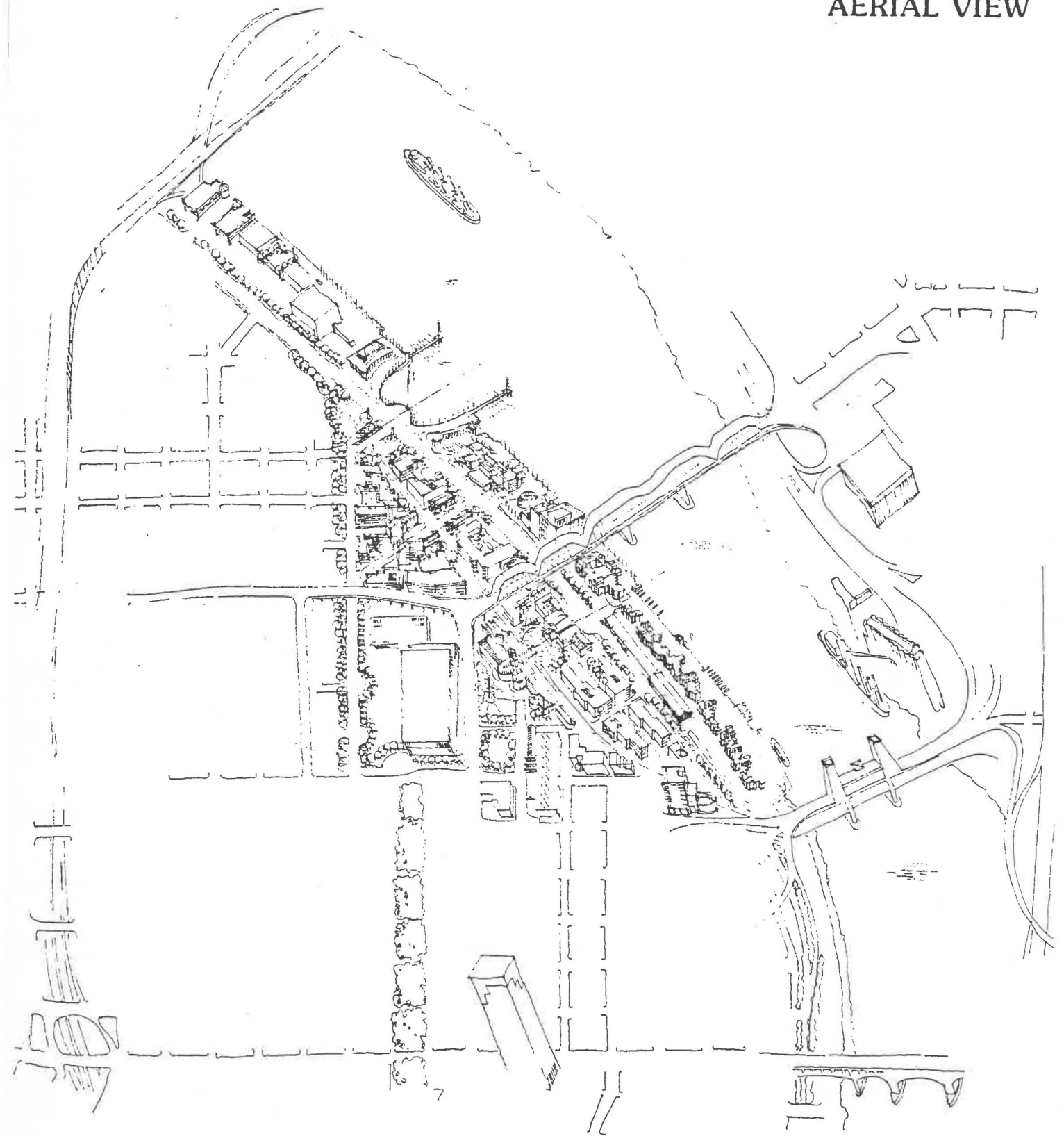
SELECTED LAND USE PLAN

LEGEND

-  UNION STATION BLDG & FOURCOURT
-  PUBLIC ATTRACTOR
-  DEVELOPMENT PARCEL
-  PEDESTRIAN/VEHICULAR CIRCULATION
-  OPENSACE/LANDSCAPE
-  TRANSPORTATION CORRIDOR
• RAIL, TROLLEY, AUTO & PEDESTRIAN
-  TRANSIT MALL
-  WILLAMETTE GREENWAY
-  T.R.D. TRANSPORTATION RELATED DEVELOPMENT



SELECTED PLAN AERIAL VIEW



D. Preliminary Development Budget and Operating Pro Forma

Over the course of PDC's review of the purchase option, they have consulted the various City Bureaus, utility companies and others to ascertain the estimated initial development costs associated with the property. These, along with acquisition and potential tenant relocation costs, are provided below:

Table 5
Preliminary Acquisition and Site Development Budget

Acquisition	\$12,300,000
Tenant Relocation	80,000
Track Removal & Select Demolition	350,000
Utilities	110,000
Streets	
Ninth Avenue	880,000
Front Avenue	200,000
Ninth Railroad Crossing	200,000
Others	610,000
Transit Mall Construction	5,430,000
Depot Renovation	3,800.00
Forecourt Plaza	300,000
Trolley Line	500,000
Project Management Legal & Miscellaneous	340,000
Miscellaneous	<u>200,000</u>
GROSS PROJECT BUDGET	\$25,300,000

* Budget does not include option of moving Amtrak to other facilities or relocation of main lines, nor does it include associated parking facilities or other improvements.

As seen above, on-site development costs are minimal with most expenses incurred on off-site improvements. Also, some costs, such as the renovation of the station, extension of the transit mall and some street improvements may likely be funded in part from other sources including private funds.

Preliminary estimates of potential private investment have been calculated for each development parcel.

Table 6

Alternative B

Dollar Range of Potential Private Investment

Parcel	Low ¹	High ²
A	\$25,875,000	\$32,000,000
B	5,500,000	6,800,000
C	28,500,000	35,000,000
D	17,200,000	21,000,000
Station	3,500,000	3,750,000 ³
E	11,650,000	14,000,000
F	15,500,000	16,000,000
G	12,750,000	7,000,000
H	5,850,000	19,000,000
I	<u>11,000,000</u>	<u>21,000,000</u>
TOTAL	\$136,325,000	\$175,550,000
	Say (\$135,000,000)	Say (\$175,500,000)

1. Assumes Lot Coverage of 45%.
2. Assumes Lot Coverage of 55%.
3. Assumes public station use. This amount is duplicated on Table 4 and should be deducted from the total private investment indicated here.

A preliminary operating pro forma analysis developed by PDC is shown below. It is based on the assumption that PDC would take title to the property and maintain the existing tenant leases, including Amtrak, in place. The analysis shows that existing and anticipated revenues from rent and other sources totaling approximately \$379,000 annually would offset annual expenses of approximately the same amount. Presently, the leasable spaces in the Union Station exceed 90% occupancy.

Table 7
Preliminary Pro Forma Analysis Under PDC Ownership

Revenues		
Rents ¹ :	Amtrak	\$ 89,148
	SPTC ²	80,640
	Wilf's	33,252
	Diamond Parking	36,000
	Other Small Tenant Leases	40,000
	PTR Space ³	30,000
Misc:	Utility and Tax Prorations, etc.	70,000
		<u>\$379,040</u>
 Expenses		
	Utilities (based on current expenses)	\$118,000
	Insurance	27,000
	Property Management	25,000
	Administration	22,000
	Supplies and Equipment	10,000
	Repairs and Maintenance	20,000
	Capital Sinking Fund	30,000
Personnel:	Security (2)	27,000
	Janitorial (2)	27,000
	Maintenance	15,000
	Grounds	15,000
Taxes (building and 15% of land) ⁴		35,000
		<u>\$371,000</u>

1. Assumes most leases would continue in the short term on same basis.
Average rental rate: \$4.50-\$5.00/sq.ft./yr.
2. Southern Pacific Transportation Co. is considering vacating the property in July 1987.
3. Assumes PTR pays rent on space or it is otherwise leased.
4. Assumes PDC pays property taxes on Station building, Annex, Firehouse and related land only.

E. First Phase Implementation Program

A first phase implementation program has been organized to suggest initial tasks that might be undertaken by PDC to achieve any one of the long range plans described. These tasks are incorporated into a short term action program and illustrated on **Exhibits 9 and 10.**

First phase actions on the site should include:

- o Renovation of the building and efforts to attract a public attractor for or adjacent to the building
- o Removal of all unnecessary railroad tracks.
- o Site clearance and landscape enhancement including perimeter trees, seeding and berming as appropriate.

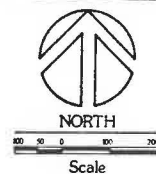
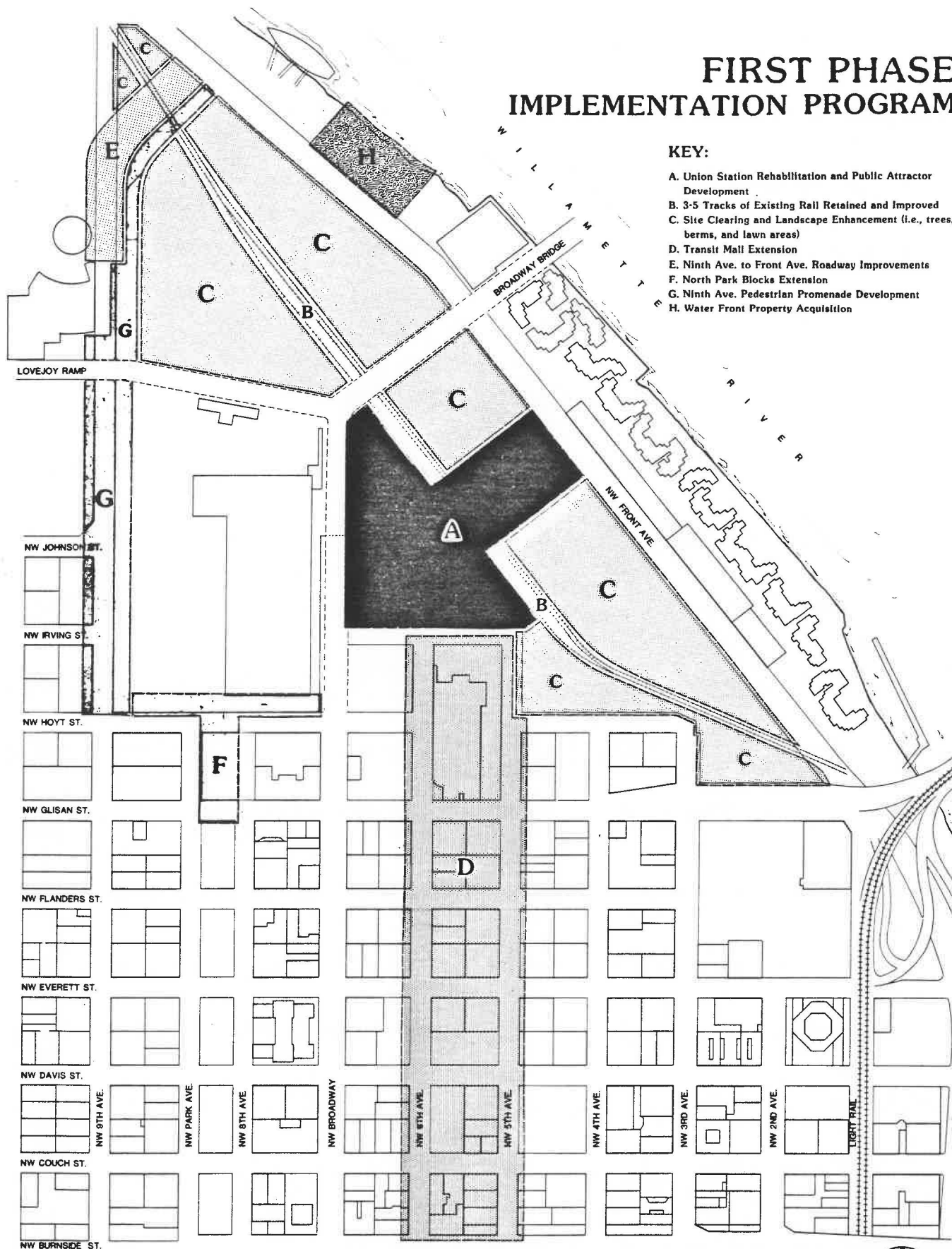
Public improvements which the PDC should actively promote with the City bureaus and other public agencies include:

- o Extension of the Transit Mall north of Burnside to the Station.
- o Extension of 9th Avenue to Front Avenue and installation of signalized railroad crossing.
- o Implementation of the Front Avenue Urban Design Plan.
- o Reconstruction of 9th Avenue to achieve the visual impression of a Park block extension to the river.
- o Extension of the Park Blocks one block north from Glisan to Hoyt.
- o Acquisition of at least 500' of waterfront property north of the Broadway Bridge.

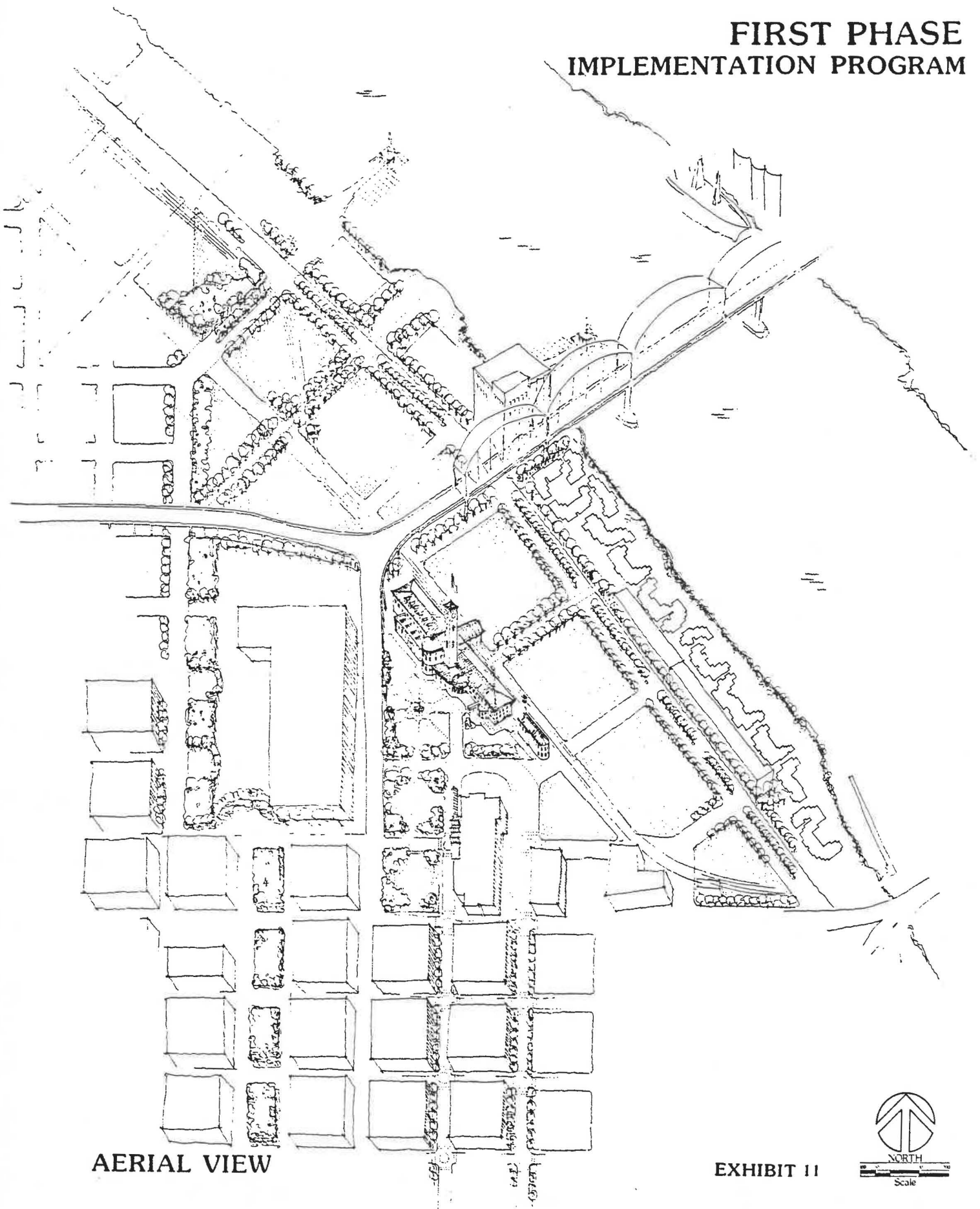
FIRST PHASE IMPLEMENTATION PROGRAM

KEY:

- A. Union Station Rehabilitation and Public Attractor Development
- B. 3-5 Tracks of Existing Rail Retained and Improved
- C. Site Clearing and Landscape Enhancement (i.e., trees, berms, and lawn areas)
- D. Transit Mall Extension
- E. Ninth Ave. to Front Ave. Roadway Improvements
- F. North Park Blocks Extension
- G. Ninth Ave. Pedestrian Promenade Development
- H. Water Front Property Acquisition



FIRST PHASE IMPLEMENTATION PROGRAM



AERIAL VIEW

EXHIBIT 11



For the near term, the land area can fulfill two potential needs. First, it can provide much needed open space to the north downtown. Second, it can serve as a site for special local and regional events. These could include a Horticultural Fair, a regional Expo, and a potential site for the Rose Festival Carnival, the proposed 1992 Lewis and Clark Exposition and related activities.

The building will be difficult to utilize fully, absent additional development or a major public attraction nearby. Until additional attractions are developed, existing tenants should be retained and similar uses encouraged to locate here.

Long term development should be initiated adjacent to the station and move to the parcels North of the bridge over time. The time period for utilization of these parcels will exceed 15 years and be subject to the real estate market conditions in the City in the future.

VIII APPENDIX

- A. Agencies and Individuals Contacted**
- B. Historic Resource Inventory**
- C. Memos to Interested Agencies and Individuals**
 - o February 4, 1987**
 - o March 5, 1987**
- D. Public Meeting Notice**
- E. Cost Estimates - Selected Land Use Plan**

A. Agencies and Individuals Contacted

Meetings have been held with the following agencies or individuals in the development of the Union Station Study including:

AIA Urban Design Committee
Anderson, Lloyd
Association for Portland Progress
Breezley, Roger
Bureau of Parks
Bureau of Transportation
Burnside Projects
Central City Concern
Central City Plan Staff
Chamber of Commerce
Clark, Bud - Mayor
Commissioners' Assistants
Glacier Park Development Company
Larimer, David
Market Factors Team Workshop (at Union Station)
Naito, William
National Railway Historical Society
Northwest Rail Museum, Inc.
Northwest Triangle Business Association
Oregon Electric Railway Historic Society
Oregon Railway Historical Society
Oregon Railway Passenger Association
Planning Bureau Staff
Port of Portland
Prendergast, Pat
Ridgely, Robert
Shiels, Roger - Shiels & Obletz
Smith, Joseph
Stastny, Donald
Tri-Met
Union Station Community Business Association
U.S. Post Office
Zimmer Gunsul Frasca, Architects

Historic
Resource
Inventory
CITY OF PORTLAND, OREGON

3-006-00800

800 N.W. Sixth Avenue

Couch's, Blocks 194, K, X
QUARTER SECTION MAP #: 2929
Burnside

ORIGINAL NAME: Grand Central Station, Grand Union Depot
OTHER NAMES: Union Station

ORIGINAL FUNCTION: Railroad Station
OTHER FUNCTIONS: Offices, Restaurant

DATE BUILT: 1890

STYLE: Queen Anne

ARCHITECTURAL PLANS BY: Van Brunt and Howe

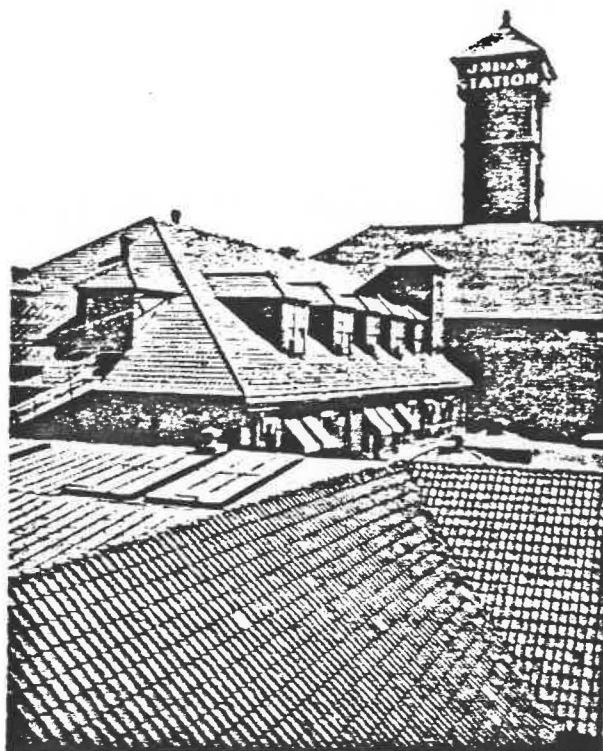
ORIGINAL OWNER: Oregon and Transcontinental Company
TENANTS: Wilf's

ZONING: C12, C12S

DESIGNATION: Landmark, National Register

SPECIAL FEATURES AND MATERIALS:

Hip roofs. Metal roof tiles painted red. Molded and pressed bricks for quoining, window trim and string courses; intervening exterior wall surfaces of rough-textured stucco. Terra cotta panels with winged-wheel motif above second story windows. Carved stone. Two tall chimneys. Campanille-like



clock tower. Cast-iron columns with flat-iron scrollwork supporting porch roofs. Apsidal-ended waiting room.

SPECIAL F/M - ORIGINAL REMOVED:

Wood paneling and ceiling beams, flat-iron scroll work from waiting room.

SPECIAL F/M - SIGNIFICANT ALTERATION:

Major alteration to interior including marble floors and walls, bronze beamed-and-coffered ceiling in waiting room, 1930.

AREAS OF SIGNIFICANCE: Architecture, Transportation, Development, Transportation, Development, in association with Henry Villard

Transportation: Portland's Union Station is the only major railroad station built in Oregon and one of the major extant stations on the West Coast.

Development: Constructed on land obtained by filling in a small lake.

Transportation, Development, in association with Henry Villard: Villard was born in Bavaria, Germany in 1835 and immigrated to America in 1853. After a period of legal study he became a newspaper writer and served as a war correspondent for several foreign and domestic newspapers during the Civil War. In 1866 he married Fanny Garrison, daughter of William Lloyd Garrison, the abolitionist.

When he returned to Germany in the early 1870's he established ties with German investors who held bonds in the Oregon and California Railroad. When these bonds defaulted on their interest in the Panic of 1873, Villard was sent to Oregon to study the situation. By 1876, he took over management of the line and bought the Oregon Steam Navigation Co., merging both companies into the newly formed Oregon Railway and Navigation Company. In 1881, he gained control of the Northern Pacific R.R. and by 1883 had completed construction of the first transcontinental rail line to Oregon. During the Panic of 1884, Villard lost control of the Northern Pacific but regained it in 1887. In 1881 and 1883, he made substantial gifts to the University of Oregon. He died in 1920.

BIBLIOGRAPHY:

MacColl, E. Kimbark, *THE SHAPING OF A CITY: BUSINESS AND POLITICS IN PORTLAND, OREGON 1885 - 1915* (Portland, 1976).

Corning, Howard M., *DICTIONARY OF OREGON HISTORY* (Portland, 1956).

Hartwig, Paul, *National Register of Historic Places, nomination form*, 1974.

MAJOR ALTERATIONS: 1930/Pietro Belluschi

Present owner as of 1974: Portland Terminal Railroad Company

MAILING ADDRESS: 1300 N.W. Ninth, Portland 97209

No Preservation Funding

Negative: 102-12A, 102-13A

Historic
Resource
Inventory
CITY OF PORTLAND, OREGON



2-444-00501

501 N.W. Irving Street

Couch's, Block X or L
QUARTER SECTION MAP #: 2929
Burnside

ORIGINAL FUNCTION: Steam Plant

DATE BUILT: 1895

STYLE: Richardsonian Romanesque

ARCHITECTURAL PLANS BY: Van Brunt and Howe

TAX ASSESSOR'S ACCOUNT #: R-18023-6440
ZONING: C1Z

DESIGNATION: Landmark, National Register

SPECIAL FEATURES AND MATERIALS:

Brick and cement plaster exterior. Romanesque tower with arch pilasters.
Iron and wood trim. Metal tile hip and gable roof.

AREAS OF SIGNIFICANCE: Architecture, Transportation

BIBLIOGRAPHY:

Union Station, City of Portland Planning Bureau, inventory.
McArthur, Lewis L., unrecorded interview by Virginia Ferriday.
Present owner as of May 1980: Portland Terminal Railroad Company
MAILING ADDRESS: 800 N.W. Sixth Avenue, #200, Portland 97209

No Preservation Funding

Negative: 403-16, 404-6, 7

Score - Design/Construction: 14

Score - Historical:

Score - Rarity:

Score - Environment: 10

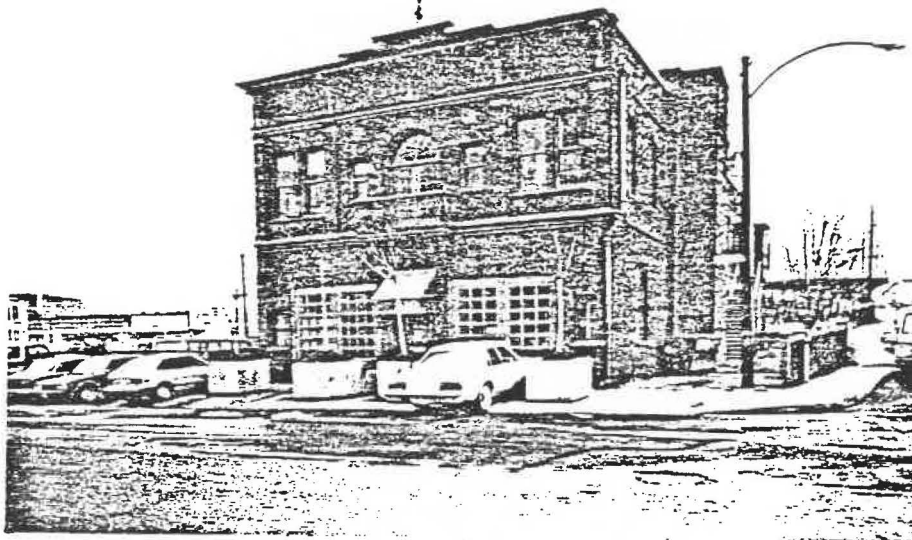
Score - Integrity: 10

Score - Intrinsic: 14

Score - Contextual: 20

Score - Total: 69

Historic
Resource
Inventory
CITY OF PORTLAND, OREGON.



3-003-00510

510 N.W. Third Avenue

Couch, Block N, Lot 2

QUARTER SECTION MAP #: 2929

Burnside

ORIGINAL NAME: Portland Fire Department Engine House #2

ORIGINAL FUNCTION: Firehouse

OTHER FUNCTIONS: Offices, Warehouse

DATE BUILT: 1913

STYLE: Twentieth Century Italian Renaissance

ARCHITECTURAL PLANS BY: Holden, L.G.

ORIGINAL OWNER: City of Portland

OTHER OWNERS: Portland Terminal Railroad Company

TAX ASSESSOR'S ACCOUNT #: R-18023-6440

ZONING: C12S

Rank I

SPECIAL FEATURES AND MATERIALS:

Decorative cornice with large brackets. Round-arched opening with fanlight and French doors opening onto wrought-iron balcony. Multi-light garage doors. Clinker brick. Stone sills.

SPECIAL F/M - ORIGINAL REMOVED:

Classicizing pedimented entry with urn, supported by Ionic columns. Sheet metal plates with name and number of company over apparatus doors. Urns at corners of cornice and initials of Portland Fire Department on parapet.

AREAS OF SIGNIFICANCE: Architecture, Government, Natural Disasters

Architecture: Lee Holden, architect, was born in 1865. In 1887 he joined Grant Engine Co. No. 2, Stephens Addition, East Portland (volunteer fire company). In 1891, he became foreman of Hose Company No. 3, East Portland and Albina and in 1898 district engineer in charge of the entire East side. Later his title was Battalion Chief. He resigned in 1907 and built the Rhododendron Tavern. In 1911, he was Battalion Chief in charge of S.W. Portland. In 1923 First Assistant Chief and in 1923, Chief. He constructed all but six fire stations and two concrete fireboat houses.

Government: In 1906, Mayor Harry Lane discovered that Northern Pacific Terminal Co. occupied N.W. Irving and Kearny streets without a franchise. This company owned land Lane wanted for a new fire station and Lane had refused to lease the land. Lane called the manager of the Terminal Co. and told him the City would dig up the tracks over which the company was illegally running its trains from the depot to the Steel Bridge, if the company did not deed a firehouse site to the City. By September, 1906, the deed for the station was in Lane's hands. The location was N.W. Third and Glisan. The Terminal Co. got their franchise. It was Lane's only substantial victory in his long battle with railroad interests.

Natural Disasters: During construction the building cracked in half during a flood. Rather than tear it down, the crack was accommodated and east end of building tilts slightly downhill.

BIBLIOGRAPHY:

City of Portland Buildings Bureau microform and card files.

Multnomah County Tax Assessor records, microform, automated data files, and card files (Portland, 1980).

Sanborn Insurance Map, 1908, 1926.

Portland City Directory (Portland, Oregon).

Engine House #2, photograph, OHS Collection.

Evenson, Robert, unrecorded interview by Pat Erigero.

Holden, L.G. and Sinex, E.L., working drawings xerox, Collection of Evenson/Lundgren/Larsen, architects, 510 N.W. Third Avenue, Portland.

3-003-00510

OLD ADDRESS: 126 Third Street North

Present owner as of May 1981: Pacific Terminal Railroad Company

MAILING ADDRESS: 800 N.W. Sixth Avenue #200, Portland 97209

No Preservation Funding

Negative: 124-14

Score - Design/Construction: 13

Score - Historical: 5

Score - Rarity:

Score - Environment: 8

Score - Integrity: 10

Score - Intrinsic: 18

Score - Contextual: 18

Score - Total: 81

MAR - 5 1987

March 5, 1987

PORTLAND
DEVELOPMENT
COMMISSION

Patrick L. LaCrosse
Executive Director

Commissioners

Angie L. Davis


Harry L. Demorest

Barbara M. Karmel

Neil Kelly

C. Douglas McGregor

TO: Participants in the Union Station Study

FROM: Bruce Allen, Portland Development Commission 

SUBJECT: Draft Land Use Alternatives for the Union Station Property

I am pleased to forward to you three land use alternatives developed by PDC's project consultants, Benkendorf Associates, for the Union Station property. Many of the thoughts, ideas or suggestions received from the various groups and individuals we have met with have been incorporated into these plans and certainly, since they are "draft" documents, they will be subject to further refinement before being finalized.

The PDC Commissioners have scheduled a public meeting to review these alternatives and to hear general comments or suggestions from anyone desiring to speak on:

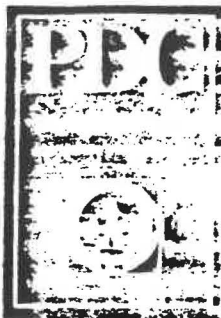
Wednesday, March 11, Noon
Portland Building, 2nd floor, Room B
1120 S.W. Fifth Avenue

A presentation on the alternatives will be made by staff and a draft consultant report will also be made available at that time.

The PDC will discuss the Union Station study again on March 18, 1987. At that time, they will decide whether or not to proceed with the purchase of the property and the land use alternative to be adopted. The final land use plan and planning report would then be finalized for public distribution.

Again, thank you for your participation in this process. If you cannot attend the March 11th meeting please feel free to call or write to me with any additional comments you may have.

SBA:bls
Encls.



**PORTLAND
DEVELOPMENT
COMMISSION**

Patrick L. LaCrosse
Executive Director

Commissioners

Angie L. Davis
Harry L. Demorest
Barbara M. Karmel
Neil Kelly
C. Douglas McGregor

February 4, 1987

To U.S. Mailing List

**RE: Study of Land Use Alternatives for the Union
Station Property**

As you know, the Portland Development Commission (PDC), working with Benkendorf Associates, SRG Partnership and William Church AIA, is now in the middle of the process to generate ideas for the future use of the Union Station property in the event PDC should elect to exercise its option to purchase it.

Over the past couple of weeks, we have been holding a series of meetings with people involved with or interested in the project in order to gauge people's perception of the area and to get an idea of the types of things they would like to see happen there. The consultants will be drawing up a series of land use alternatives in February for everyone's further review and comment.

The entire study process will be wrapped up in early March, so it is important that any additional thoughts or ideas you may have be shared with us as soon as possible.

I have enclosed a schedule showing the steps we will be going through over the next few weeks, as well as a list of goals and objectives and general planning assumptions about the property that PDC has thus far developed.

Again, we look forward to your participation in this project and invite your comments and suggestions. Please feel free to contact me at 796-6869 or Al Benkendorf at 226-0068 at any time during the study.

Sincerely,

S. Bruce Allen
Project Coordinator

SBA:bls
Encls.

PUBLIC MEETING

UNION STATION STUDY

The Portland Development Commission will consider recommendations for the acquisition and long-term development of the 31-acre Union Station property.

**March 11, 1987, Noon
The Portland Building, 2nd Floor, Room B
1120 SW Fifth Avenue, Portland, Oregon**

The public is invited to attend and comment on the Union Station feasibility study now in progress.



**Portland Development Commission
1120 SW Fifth Avenue
Portland, Oregon 97204
503/796-5300**

UNION STATION PLANNING STUDY -- PARCEL DEVELOPMENT COST MATRIX

SCHEME: PUBLIC/PRIVATE

PARCEL	TOTAL AREA (ACRES)	USE TYPES	LOT COVERAGE 55%	BUILDING AREA	COST/ SF	BUILDING COST	PARKING REQUIRED	COST/SF	PARKING COST	TOTAL COST	LANDSCAPING/ MISC. COST	GRAND TOTAL
STATION DEPOT	4	Mixed	3	95,832	0	0	0	0	0	\$3,750,000	\$0	\$3,750,000
A	2	Office	8	47,900	383,200	70	\$26,824,000	107,296	36	\$1,931,328	\$2,875,533	\$32,000,000
B	1	Office	4	23,958	95,832	62	\$5,941,584	13,445	36	\$242,014	\$618,360	\$6,800,000
C	2.2	Office	8	52,708	421,661	70	\$29,516,256	118,065	36	\$2,125,170	\$3,164,143	\$35,000,000
D	2	Off / Res	6	47,916	287,496	64	\$18,399,744	40,336	36	\$726,042	\$1,912,579	\$21,000,000
E	1.8	Off / Pub	4	43,124	172,498	70	\$12,074,832	48,299	36	\$869,388	\$1,294,422	\$14,000,000
F	2.3	Off/Res/Pub	4	55,103	220,414	62	\$13,665,643	30,924	36	\$556,633	\$1,422,228	\$16,000,000
G	0.9	Off	4	21,562	86,249	70	\$6,037,416	24,150	36	\$653,438	\$669,085	\$7,000,000
H	1.8	Off/Res	6	43,124	258,746	64	\$16,559,770	36,302	36	\$434,694	\$1,699,446	\$19,000,000
I	0.8	Hotel/Ret/Off	12	19,166	229,997	66	\$15,179,789	217,347	36	\$3,912,246	\$1,909,203	\$21,000,000
TOTALS	18.8			450,394	2,156,092		\$144,199,034	636,164		\$11,450,953	\$15,564,999	\$175,550,000

LEGEND - VARIABLES

Percent of lot coverage:	0.55 of site area	Parking - Office:	1 space / 1000 SF
Leaseable bldg. area-Retail:	0.8 of GSF	Office Efficiency:	0.8 of GSF
Parking/1000SF - Retail:	5.5 spaces / 1000 SF	Parking Cost:	36 50/50 Struct./On
Area per parking space:	350 sf	Parking - Hotel:	1 space / unit
Parking - Residential:	1.2 spaces per unit	Hotel Efficiency:	0.8 of GSF
Residential Efficiency:	0.8 of GSF	Hotel Room Area:	800 sf
Residence Area:	1600 sf		



PORTLAND
DEVELOPMENT
COMMISSION

PRELIMINARY MARKET ASSESSMENT

UNION STATION PROPERTY

MARCH
1987

Prepared by:
KAREN MYERS & ASSOCIATES

PRELIMINARY MARKET ASSESSMENT -- UNION STATION PROPERTY

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I. SUMMARY OF CONSULTANTS' FINDINGS AND OPINIONS

For this study and report, the Union Station area is defined as the area lying north of West Burnside Street, east of S. W. Fifteenth Avenue, west of the Willamette River, and south of the Freemont Bridge -- in general, the northern portion of downtown Portland.

While a large amount of documentation was provided to the consultants for this study, it generally related to a larger geographic area than the Union Station study area (e.g., Portland Metropolitan Area, Central City Planning Area, downtown, etc). As a result, the consultants have extrapolated from this information and the interviews to make preliminary findings and conclusions about market opportunities for the Union Station site and area. We suggest that site- and area-specific market and economic feasibility be evaluated prior to commencing redevelopment of the Union Station property and area.

In the consultants' opinion, the Union Station area is in transition. Over the past few years, several development activities have occurred in the area which demonstrate the transition, including: general upgrading and rehabilitation of existing buildings; revitalization of historic and cultural identities; specialty retail shopping; One Pacific Square office building; McCormick Pier apartments; Freemont Place light industrial park; and the Greyhound transportation center.

The evidence suggests the transition will continue. Large parcels of land in unified ownerships are rare in the inner city (especially the downtown loop area), yet the Union Station area has several including: Pacific Square; Glacier Park/Burlington Northern; Union Station; Broadway Cab; and the Naito holdings. Recent property acquisitions in the area also indicate developer interest.

The downtown serves as the center of national and international commerce for Portland and the region. As the region grows economically, so will the downtown (and other areas of Portland, as well). While suburban developments compete with the downtown, the downtown remains the preferred, and in some cases the required, location for many businesses.

Economic growth potential is physically constrained in both the Central Business District (CBD), the middle portion of downtown, and the southern portion since little vacant or underutilized land exists. (Of course, redevelopment of existing structures is possible, as evidenced by the planned Rouse Company project, and surface parking lots could be developed into other uses.) As a result, achieving Portland's full urban economic growth potential lies in continued development of the northern portion of downtown.

It is logical to anticipate northerly expansion into the Union Station area primarily because of the adjacent relationship with the CBD, the large amount of underdeveloped and redevelopable land, the unified ownerships, and developer interest. Further, national indications are that corporate and industrial site locators are beginning to look at urban, rather than suburban areas, with renewed interest because of existing linkages with commercial activities, transportation systems, educational institutions, and public facilities.

However, current market conditions suggest that the transition of the Union Station area will not be easy and may take some time. Presently, most land uses in the Portland area (especially office and hotel) are overbuilt. Additional infrastructure improvements are needed in the Union Station area. In addition, the area north of West Burnside Street is affected by real and/or perceived social problems which in turn negatively affect all commercial markets.

An extensive planning process covering the central city is underway. The Draft Land Use Plan calls for a mix of 50 percent commercial and 50 percent residential on the Union Station site. In the consultants' opinion, the draft plan places too much housing on the site. This opinion is based on the preliminary review of market conditions, physical site characteristics, plans for surrounding sites, and the relationship of the site to other land uses in the downtown. The south end of downtown appears, at this time, to be a better location for focusing efforts to increase market-rate housing uses in the downtown.

Recently, public intervention to encourage growth and development has begun in the Union Station area, for example, light rail transit, efforts to address the social problems, and the China Gate. More activities are planned. The proposed heliport will provide a new transportation element and the

proposed parking garage will address parking problems in Old Town. The proposed convention center is also expected to positively affect economic growth in nearby areas, as should the planned Oregon Museum of Science and Industry. As public intervention occurs, so will the transition of the Union Station area (giving credence to the land development adage that private investment follows public investment). Placing a "public attractor" facility in the area could be another way to stimulate economic growth. If public intervention is hastened, it is reasonable to assume that private developments in the area will also be hastened.

Still, achieving full economic potential of the Union Station site and area should be considered a long-term proposition. Making the needed public improvements will take time. In addition, market conditions will be right for some land uses before others. The South Auditorium and Johns Landing areas are examples of economic growth achieved through public and private participation over a period of time.

As a result, the consultants believe that the mid- and long-term prospects for the Union Station area are good. The area offers great opportunity to the city, generally, and to the downtown, specifically.

II. PURPOSE AND METHODOLOGY

A. Purpose

The purpose of this study is twofold: first, to provide a preliminary review of current market conditions in the vicinity of the Union Station property; and, second, to identify potential market opportunities to consider in planning for redevelopment of the property.

The study was undertaken at the request of the Portland Development Commission and staff for use in connection with the potential purchase and redevelopment of the Union Station property.

B. Methodology

This study is not an in-depth analysis of current market conditions, nor of future market opportunities. Rather, it provides a glimpse of both, based on information readily available at this time. Original field research was not undertaken, except for the interviews described below.

Findings in the report are based on the interviews and on existing documents which contain data about land uses which may be considered for the Union Station property. In some cases, several sources identified the same or similar data (in this report, the data are attributed to only one source to avoid redundancy). Our intent has been to accurately describe information contained in the materials reviewed and we hope that other consultants will find their work adequately reported.

Exhibit 1 is a map showing the 32+-acre Union Station property. The report reviews market opportunities for the Union Station property vis-a-vis the surrounding area (generally the area between the Willamette River, West Burnside Street, the Freemont Bridge, and N. W. 15th Avenue) and the downtown. The review examines the property in relation to short- (1-5 years) and long-term (up to 20 years) market potential.

In addition to reviewing existing documents, the consultants "tested" the findings by interviewing several real estate brokers, developers, and property owners who are familiar with, and active in, the area of the Union Station property. Their comments and observations are contained in the appropriate report sections below. Those interviewed include:

- * Mr. Patrick R. Prendergast, President, Prendergast & Associates
- * Mr. John B. Parsons, Vice President, Pacific Square Corporation
- * Mr. Edward L. Allis, President, Grayco Resources, Inc.
- * Ms. Lisa Reddick, Land Division Assistant, Grubb & Ellis.

III. SUMMARY OF OFFICE MARKET

A. Documents Reviewed

1. "Portland's Service Sector: Opportunities for Future Growth", ECO Northwest, April 1986.
2. "Central City Planning Area Office Market Study", Karen Myers & Associates, March 1986.
3. "Historic & Current Office Space Development Trends in the Portland Metropolitan Area", Portland Development Commission Staff, March 1986.
4. "Employment and Economic Trends in the Portland Metropolitan Area 1960-2005", Portland Development Commission Staff, March 1986.

B. Findings and Observations

1. "Employment in the service sector is growing faster than employment in other sectors of the economy." III.A.1. page iii
2. "Producer services, i.e., those sold to businesses, more effectively stimulate economic growth than do consumer services." III.A.1. page iv
3. Portland's service sector is primarily regional, but also serves national and international markets. Pacific Rim countries offer a growth opportunity. III.A.1. pages iv and v (paraphrased)
4. "Producer- and consumer-service firms choose the location in the metropolitan area allowing them to operate most efficiently, and for many firms the optimal location is the central city." III.A.1. page v
5. "The City of Portland should concentrate its central city development effort on producer-service industries for four reasons: (1) they are the fastest-growing industries and should continue to grow, (2) they have the greatest potential for exporting and replacing services currently imported, (3) most

find the central city the most efficient location, and (4) they contribute to a base of services that help attract other firms to Portland. The city should especially target the following producer-service industries: finance, insurance, and real estate; business services; legal services; social services; miscellaneous professional services." III.A.1. page v

6. "The City of Portland can benefit central city service firms by stimulating the demand for services and by reducing their costs." In addition, "the city should continue its efforts to make Portland a pleasant place to live. By providing and enhancing amenities that contribute to a high quality of life, the city will attract and retain the entrepreneurs that start and run successful service firms." III.A.1. page vi

7. "The city should attempt to make the central city a more pleasant place to do business. Many respondents in our interviews with local firms said reducing the impact of street people should be an important city goal." III.A.1. page vi

8. As of year-end 1985, the downtown contained approximately 12.5 million square feet of office space (out of a total Central City Planning Area inventory of 13.9 million net rentable square feet). For the CCPA, another 2.3 million square feet of new construction and renovations have announced development plans. As of year-end 1985, the westside portion of the CCPA had a vacancy rate of about 20.6 percent. For the CCPA, office space absorption for the past six years has averaged approximately 475,000 net square feet annually. III.A.2. pages 2 and 3 (paraphrased)

9. Based on a computerized projection model which takes into account vacant office space, additions to the office inventory, employment growth, and space utilization (square feet per employee), it could take five years or longer to reach 90% occupancy in the CCPA. III.A.2. pages 6 and 7 (paraphrased)

10. General office market trends include: "A"- and "B"-type space have the lowest vacancy rates in the CCPA; about one-third of the office space inventory was developed in the last five years (since 1980); average building size is increasing; about one-third of the CCPA office space inventory has been renovated; square footage utilization in the downtown is higher than the national average; CCPA office market growth has

generally been internally stimulated; and office space of downtown quality is now available in suburban markets. III.A.2. pages 1 - 4 (paraphrased)

11. In the Union Station study area, significant new office developments include: One Pacific Square and the Chamber of Commerce building. Over the years, many of the older (and in some cases historic) buildings have been renovated and/or converted to office space (e.g., Blagan Block, Merchant Hotel).

12. Rents at One Pacific Square are currently about \$15 per square foot. Occupancy is 92 percent. From interview with Mr. John Parsons, Pacific Square Corporation.

13. With the exception of One Pacific Square, Union Station area office space is found in older buildings -- some of which have been renovated and some of which have been designated as historic structures. Currently, the older buildings average about 25 percent vacancy and \$11.00 per square foot annual gross rent. These buildings compete with those in the Skidmore and Yamhill Districts, but generally attract tenants who are a little more price sensitive. From interview with Ms. Lisa Reddick, Grubb & Ellis.

IV. SUMMARY OF RETAIL MARKET

A. Documents Reviewed

1. "Study of Small Retail Businesses", Hobson & Associates, April 1986.

2. "Historical and Current Retail Activity in the Portland Metropolitan Area", Portland Development Commission Staff, March 1986.

B. Findings and Observations

1. "Suburban retail development in the past three decades has supplanted portions of the downtown Portland's historic retail function." "What had been a broad array of retail goods and services in the downtown has become a more specialized group of merchants with a strong trade in the downtown labor force." IV.A.1. page 2

2. The central city contains 1,398 retail establishments, with 66 percent located in the downtown. IV.A.1. page 3 (paraphrased)

3. A telephone survey of small retailers in the central city revealed that they are either very satisfied or somewhat satisfied with their current locations and that they "liked their locations best for the density of activity and proximity to other businesses and sources of traffic". IV.A.1. page 4 (paraphrased)

4. A focus group discussion with small retailers and interviews with managers of major department stores revealed that the central city environment is exciting and special; that efforts to enhance the environment should be made; but that there is an "apparent increase in people's reluctance to visit the Central City because of crime and social problems on the streets". IV.A.1. page 4 (paraphrased)

5. "The downtown retail core consists of approximately 1.5 million square feet of retail space, including 3 major department stores and 3 specialty and festival market centers." IV.A.2. page 1

6. "Major development projects such as the Morrison Street Project and the proposed Convention Center will have significant impacts on the character of Central City retailing in the future by: strengthening the retail environment, supporting the specialty retail market niche of the downtown and other emerging areas and acting as the impetus for redevelopment of surrounding areas, particularly in commercial uses." IV.A.2. pages 2 and 3

7. Overall, retail lease rates in the Old Town area are estimated at \$6.00-\$8.00 per square foot for existing space and \$18.00 per square foot for rehabilitated space, based on 1,500 square feet, ground level, non-anchor tenant, triple net leases, with percentage of sales clauses. IV.A.2. Table 5 (paraphrased)

8. Recently, retail leasing in the overall northwest area has increased. Retailers are starting to occupy buildings formerly used for industrial purposes, particularly when a large amount of inventory is involved. From the tenants perspective,

parking, access, and public transit are key locational considerations. From interview with Ms. Lisa Reddick, Grubb & Ellis.

V. SUMMARY OF HOUSING MARKET

A. Documents Reviewed

1. "Survey of Middle-Income, Multi-Family Rental Housing Projects in the Downtown and Close-In Area", Portland Development Commission Staff, September 1986.
2. "Summary of Housing Market Research for Downtown Middle-Income Housing", Portland Development Commission Staff, September 1986.
3. "Demand for Rental Housing - The Tri-County Area and Downtown Portland", Hobson & Associates, September 1986.
4. "Single-Room Occupancy (SRO) Housing Study - Central City Planning Area", Karen Myers & Associates, September 1986.
5. "Portland Central City Housing Market and Consumer Preference Survey Findings", Region West Research Consultants, June 1986.
6. "Central City Planning Area Housing Study", Karen Myers & Associates, April 1986.

B. Findings and Observations

1. In September of 1986, a survey of 2,771 units in 24 projects characterized the downtown and close-in middle-income rental housing (monthly rents from \$500 - \$800) market by: month-to-month rental agreements; limited concessions and/or incentives; little advertising; rent increases of 1-5 percent over the past year; waiting lists, but no commitment to move in; rigid pre-screening of tenants; annual vacancies of about 3.5 percent; location as major tenant draw; tenants who work in nearby businesses or retired households; few children; mostly one or two person households; and the higher rent projects generally have older tenants. V.A.1. pages 2 and 3 (paraphrased)

2. 534 middle-income rental units are planned for the downtown by 1988-1989; another 300 are announced for post 1989. All are located at the southern end of downtown (South Park Blocks, South Auditorium, and RiverPlace). V.A.1. page 11 (paraphrased)

3. "There are at present approximately 1,500 middle-to-high income households which are willing and able to pay for multi-family rental housing in the downtown area. These 1,500 households are in addition to those that already live downtown. Depending on income and housing needs, these households would pay between \$400 and \$1,000 per unit per month in rent. The demand for middle income rental housing in the downtown is growing by 25 to 30 households per year." V.A.3. page 3

4. In the Central City Planning Area, about 2,100 Single Room Occupancy (SRO) housing units are open (about 93 percent are located in the downtown - about 35 percent are located north of West Burnside Street). Approximately 56 percent of the CCPA SRO units rent for \$185 or less per month. The CCPA contains about 660 (about 61 percent in the Union Station area) closed and potentially reopenable SRO housing units (assuming financial feasibility, no conversions to other uses, and no new construction). V.A.4. section 3 pages 3, 4, and 10 (paraphrased)

5. Based on Metro data, "a net increase of 2,326 dwelling units are projected for the CCPA between 1980 and 2005. The Downtown is projected to receive the largest increase, 2,022 units". The average is about 93 units per year for the CCPA and about 81 units per year for the downtown over the projection period. V.A.6. page 3 (paraphrased)

6. Market-rate housing in the downtown appears to be attracting market segments preferring urban-oriented lifestyles. Uncertainties about the depth of the market exist, primarily due to the large amount of reasonably priced housing stock in nearby areas and to the relatively short commute distances and good transportation systems compared to other major metropolitan areas. Non-market-rate housing is another matter, in that the population served has little, if any, economic choice as to housing location.

VI. SUMMARY OF FLEX SPACE / LIGHT INDUSTRIAL MARKET

A. Documents Reviewed

1. "Portland Central City Industrial Districts Study", Economic Development Services, June 1986.
2. "Small Business Incubators", Portland Development Commission Staff, April 1986.
3. "Growing, Mature and Declining Industries", Hobson & Associates, April 1986.

B. Findings and Observations

1. "Downtown Portland has experienced significant revitalization and investment in the last fifteen years. One effect of downtown's renewal has been to place additional pressure on adjoining industrial areas for possible commercial and mixed-use redevelopment." VI.A.1. page 1
2. "Principal assets of Central City industrial districts are: central regional location and accessibility; availability of an existing stock of relatively well maintained private building space and of "in-place" public infrastructure; low space costs; and high "loyalty" to the Central City by existing firms and companies". VI.A.1. page 15
3. "Major liabilities are: an older existing building stock that creates physical or functional obsolescence problems for some users; inadequate local transportation and parking; security and crime." VI.A.1. page 15 Continued development of competing industrial locations in the region may also limit growth of manufacturing, warehousing, and distribution uses in the central city. VI.A.1 page 16 (paraphrased)
4. Two demand scenarios are projected for existing central city industrial firms: one indicating a net increase of 377,457 square feet of building floor area between 1985 and 1990; and the other indicating a net increase of 920,396 square feet. These projections exclude potential demand from new businesses which might locate in the central city. VI.A.1. page 18 (paraphrased)

5. The discussion above (VI.B.1.-4.) excludes about half (the eastern half) of the Union Station area.

6. Document VI.A.2. does not indicate the presence of an "industrial incubator" in the area of the Union Station property, nor whether there might be market demand for such a facility.

7. A recent light industrial / flex space project, Freemont Place, differs from other industrially-related land uses in the Union Station area. The project is very much like suburban industrial developments and is the only such project in the inner-city at this time. Freemont Place is being developed by Prendergast & Associates and covers six acres. Ultimately the project is planned to contain 120,000 square feet in two buildings. Phase I, a 60,000 square foot building, was completed in August of 1986 and is currently 70 percent occupied. It is about 50 percent flex space and 50 percent office space. Phase II, another 60,000 square foot building, is scheduled to begin construction in May and complete in October of 1987. It is planned to be about one third flex space and two thirds office space. A key to the success of this project is the parking ratio, 3.5 spaces per 1,000 square feet of building space. A float plane operation is being considered for the project, connecting Portland with Lake Union in Washington. From interview with Mr. Pat Prendergast, Prendergast & Associates.

8. We understand that Glacier Park may be considering a mixed-use development project with a science-park orientation for the Burlington Northern property, but specific plans or time schedules have not been announced. From various interviews and the Business Journal, Week of March 16, 1987.

9. Grayco Resources, Inc. has acquired six properties, including buildings and vacant parcels, in the western portion of the Union Stations area. The company reports it has no firm development/redevelopment plans at this time, but rather identifies the area as a long-term investment opportunity. We have included this information in this section of the report because the properties are located in a primarily industrialized zone. The company indicated that if, and when, redevelopment occurs it may, or may not, be that land use. The company reports it sees several similarities between the Union Station area now and Johns Landing about 14 to 15 years ago and which is now in final redevelopment. During an interview with the company

president, it was suggested that the city could facilitate private investment potential in the Union Station area by stimulating overall business growth and streamlining the review and permit processes. From interview with Mr. Edward Allis, Grayco Resources, Inc.

10. Document VI.A.3. pages 55-99 provides industrial employment projections by 2-digit SIC (Standard Industrial Classification) codes for the Portland Metropolitan Area. While the projections do not specifically indicate what might occur in the Union Station area, nor the economic growth potential of any given industrial firm, they do provide an indication of overall industrial expectations for the area (assumes no public intervention aimed at modifying these trends). The projections are: (paraphrased)

<u>SIC Code/Industry</u>	<u>Employment Projection</u>
20 Food & Kindred Products	Steady decline, near- and long-term
22 Textile Mill Products	Steady decline, near- and long-term
23 Apparel	Steady decline, near- and long-term
24 Lumber & Wood Products	Slight growth from current levels, with slackening toward the end of the decade, then a rebound in the 1990s
25 Furniture & Fixtures	Decline, near- and long-term
26 Paper & Allied Products	Slight growth, near-term; long-run stability
27 Printing & Publishing	Slower growth through the end of the decade in the neighborhood of 2% per year; slightly higher in the 1990s
28 Chemicals & Allied Products	Stable, near- and long-term
29 Petroleum Products	Near-term stability; small construction-related growth during the 1990s
30 Rubber & Plastics	Excellent near- and long-term
31 Leather & Leather Products	Stable, near- and long-term
32 Stone, Clay & Glass Products	Stability or slight decline in the near-term; moderate growth in the 1990s
33 Primary Metals	Near-term decline, leveling off in the 1990s

<u>SIC Code/Industry</u>	<u>Employment Projection</u>
34 Fabricated Metals	Growth trend in the range of 1 to 1.5% per year in the near-term, rising above 2% in the 1990s
35 Nonelectrical Machinery	Strong growth in the neighborhood of 2.5 % per year, near- and long-term
36 Electrical Machinery & Electronics	Good probability of sustained growth in the neighborhood of 4% per year
37 Transportation Equipment	Slight near-term decline based on slow regional growth and over-capacity in international shipping, tempered by new Navy repair contracts; long term moderate growth
38 Instruments	Near- and long-term growth of 3.5 to 4% per year
39 Misc Manufacturing	Minimal change, near- and long-term
40 Railroads	Decline
41 Passenger Transportation	Very moderate growth
42 Trucking & Warehousing	Steady growth in the neighborhood of 1.5% year
44-47 Other Transportation	Steady growth in the neighborhood of 1% per year
48 Communication	Average growth consistent with national rates, 2.5 to 3% per year
49 Public Utilities	Near-term stability, rising to between 1 and 1.5% per year in the 1990s
50 Durable Goods Wholesaling	Recovery of nearly all the jobs lost during the recession, than a return to the long-run trend in the neighborhood of 2% per year in the 1990s
51 Non-Durable Goods Wholesaling	Continuing growth based on the strength of retailing; growth rate through the 1990s in the range of 1.5 to 2% per year
52-59 Retail Trade	Overall retail employment should pace just ahead of population growth as the population will be comprised of a higher proportion of empty nesters and newly retired with greater disposable incomes

<u>SIC Code/Industry</u>	<u>Employment Projection</u>
60 Banking	Very moderate growth until banks are able to take full advantage of deregulation and other changes during the remainder of the decade
61 Credit Agencies Other Than Banks	Employment gains in the neighborhood of 3% per year as the industry continues to respond to opportunities opened up by deregulation
65-66 Real Estate & Combination Offices	Very moderate growth, with perhaps a downturn in the last years of the decade; higher growth in the 1990s
70 Hotels & Lodging	Near-term growth will be moderate, in the neighborhood of 1.5% per year, due to soft conditions in the current market, but long-term growth will rise through sheer pressure from demographic demand
72 Personal Services	Moderate growth in the range of 1 to 1.5% per year through 1990, rising to 1.5% or over during the 1990s
73 Business Services	Strong growth in the neighborhood of 3 to 3.5% per year, less than the national rate
80 Health Services	Growth at 2.5 to 3% per year through the early 1990s with a rise after that as the population ages
82 Educational Services	Steady growth in the near- and long-term around 2% per year
Government	Moderate near- and long-term growth in the range of 1 to 1.5% per year.

VII. SUMMARY OF MARKET FOR SPECIAL USES

A. Documents Reviewed

1. "Trends in the Hotel Industry", Pannell Kerr Forster Certified Public Accountants, Monthly Reports August through December, 1986.

2. "Economic Impact of Marine Themepark in Portland, Oregon", Author Unknown, October 1985 (Draft Report).

3. "Preliminary Survey of an Aquarium for Portland, Oregon", Portland Development Commission Staff, September 1985.

4. "Feasibility Analysis of Oceanarium Development at East Delta Park", Harrison Price Company, February 1985 (Draft Report).

5. "Convention and Tourism Activity in the Portland Metropolitan Area", Portland Development Commission Staff, March 1986.

6. "A Competitive Convention Facility for Portland", Greater Portland Convention & Visitors Association, May 1985.

7. "Comparative Site Analysis for the Oregon Museum of Science and Industry", Zimmer Gunsul Frasca Partnership, October 1986.

B. Findings and Observations

1. Reported year-end lodging industry occupancy statistics for 26 properties with 4,554 rooms in Oregon for the years 1985 and 1986 are: (Note: The source report does not break out the number of properties/rooms by geographic location.) VII.A.1. December 1986 (paraphrased)

<u>Location</u>	<u>1986</u>	<u>1985</u>
Downtown Portland	57.0%	59.7%
Airport/Clackamas	66.8%	71.7%
Beaverton/Wilsonville	61.8%	67.2%
Willamette Valley	57.6%	58.8%
Southwest Oregon	64.6%	53.0%
Resorts and Inns	55.2%	52.1%

2. A feasibility analysis of East Delta Park for an oceanarium suggests such a venture could range between being a "marginally profitable undertaking and an outstanding development opportunity". VII.A.4. section 6 page 14 (paraphrased)

3. An economic analysis of East Delta Park for a marine themepark suggests that the assumptions used in the feasibility study (finding 2. above) "are at the optimistic end of the range of likely market performance". "Given an acceptable range of 25-30% (Internal Rate of Return) for a project of this type, the project is marginal under the Feasibility Study assumptions and clearly not feasible under the conservative assumptions." VII.A.2. section 1 page 3 (paraphrased)

4. The fiscal impact to the City of Portland from a marine themepark at East Delta Park "would be positive". "The park would likely have positive impacts on other existing attractions as it would increase the overall level of visitors activity. The park would likely affect attendance at the proposed downtown aquarium because both would open at the same time and compete for attendance during their start-up periods. It would not adversely affect occupancy at downtown hotels because visitors to the park staying at outlying hotels will likely be net new visitors to the area." VII.A.2. section 1 page 5 (paraphrased)

5. As of 1984, Portland is estimated to have a 0.43% market share of U. S. convention delegates and a 0.35% market share of U. S. convention expenditures. VII.A.6. page 2 (paraphrased)

6. If Portland were to have a competitive convention facility, market shares in the fifth year of operation (mid-1990s) are projected to increase to 0.71% of U. S. convention delegates (150,000 new delegates) and to 0.57% of U. S. convention expenditures (\$75,000,000 new delegate expenditures). VII.A.6. page 8 (paraphrased)

7. Portland's "most obvious inadequacies in terms of convention facilities are: primary exhibit space; total meeting room square footage; capacity for general assembly; committable hotel rooms within one mile of convention center; and availability of major convention headquarters hotel." VII.A.6. page 5 (paraphrased)

8. Now that the Holiday site has been selected for the proposed convention center, we assume the first three reported "inadequacies" (finding 7. above) will be resolved. However, the documents reviewed for this study do not indicate whether or not the hotel-related inadequacies will be addressed, and if not, whether this might be an opportunity for the Union Station area.

9. In 1983, tourism (including convention activity) "resulted in the direct expenditure of over \$1 billion in the Portland tri-county area"; "5% of 1983 non-agricultural wage and salary employment, or 26,600 jobs"; over \$16 million in hotel and property taxes. VII.A.5. page 1 (paraphrased)

10. Given existing tourist attractions in the Portland area, planned new attractions, the proposed convention center, and an appropriate level of promotion activities, the benefits related in finding 9. are anticipated to increase. VII.A.5. pages 5 and 6 (paraphrased)

11. The relocation study for the Oregon Museum of Science and Industry considered the Union Station site, among three others. "Although it must be said that Union Station was, and remains something of an unknown quantity. A specific site could be identified at each of the first three mentioned locations (OMSI's existing site, Terminal 1, and Station L). At Union Station, an opportunity for widespread redevelopment of obsolete railyards exists." "Union Station is not recommended for further consideration at this time since there is not indication that a suitable site can be provided at little or no cost to OMSI. Should such a site be made available under favorable terms, there remains the question of how long OMSI might have to wait before development could proceed. Should a decision on site selection be delayed pending resolution of these unknowns, opportunities presented by the recommended sites may be withdrawn. It is recognized, however, that an exceptionally generous donation to OMSI contingent upon selection of a Union Station site might be sufficient to outweigh these uncertainties." VII.A.7. pages 1 and 2 (paraphrased)

12. Other specific findings about the Union Station site relative to OMSI include: VII.A.7. pages 6 - 15 (paraphrased)

* It is the most central and the most urban of the sites reviewed - truly a part of the downtown.

* It has the best transit access and is accessible on foot to a greater number of people compared to the other sites considered.

* Existing access (coupled with planned improvements) would give good access.

* There appears to be sufficient land to accommodate OMSI's parking needs, but at this time there is no basis on which to assess cost (since there is not specific site).

* Since no specific site is offered, it is not known if existing buildings would be involved; no comment can be made about utilities, soils, noise and vibration, and electro-magnetic interference.

* With the exception of the entrance to Union Station, landscape features would have to be created.

* The presence of street people could affect visitor acceptance of the location.

13. The planned heliport and 400-space parking garage, on the Broadway Cab Company site, should be an asset to any commercial development project considered for the Union Station site or area.

VIII. PRELIMINARY MARKET-BASED REDEVELOPMENT POTENTIAL

In 1980, the "North of Burnside Study" analyzed market opportunities for office, retail, and housing uses. (Prepared for the City of Portland Office of Planning and Development and the Bureau of Planning by Leland & Hobson Economics Consultants and Region West Research Consultants.) It should be noted that the geographic area was different from the Union Station area. The North of Burnside Study did not include the area west of the park blocks and it did include the Skidmore Historic District.

The North of Burnside Study made the following projections of capture rates for the area vis-a-vis market demand for the downtown under three development scenarios which had varying levels of public investment:

	<u>Scenario I</u>	<u>Scenario II</u>	<u>Scenario III</u>
Office Space			
1980-1985	15%	18%	24%
1985-1990	18%	20%	32%
Retail Space			
1980-1985	18%	21%	27%
1985-1990	21%	23%	33%
Housing			
1980-1990	3-5%	6-8%	10-14%

The North of Burnside Study did not address flex / light industrial uses or public attractors.

Since the market capture projections were made, conditions have changed. For example: the economic recession was not foreseen; the market appears to be more accepting of rental housing than condominium housing in the downtown; the Portland region has become known as a center for high technology development; corporate site locators are more sophisticated and demanding; some of the assumed public investments have taken place - others have not; likewise for the proposed private investments; public resources are more limited due primarily to federal policies; Portland markets are increasingly affected by world economic conditions; and locally some industry sectors have expanded and others have contracted.

As a result, it is not known whether the forecasted capture rates are realistic in today's market. Certainly, it is reasonable to assume that some of the growth projected for the 1980-1985 period has not materialized. Whether or not that growth is lost or will be made up in the 1985-1990 period, or beyond, is unknown.

For this study, the consultants were not asked to undertake a detailed market analysis and project demand or capture rates. We have included the information from the North of Burnside Study to demonstrate what was anticipated then in terms of future market potential based on public investment as a catalyst for private investment and overall economic growth and job creation.

Portland has experienced the positive influence of public investment in the middle and south portions of downtown. Based on the documents reviewed for this report and on the interviews, a similar kind of condition may exist in the Union Station area. Potential public investments include: the planning assumptions (see Exhibit 2); the heliport, 400-space parking garage, and 15,000 square feet of retail space planned for the Broadway Cab Company site; and the potential redevelopment of the Union Station property.

At the same time, private investments are taking place, markets are being examined, and projects are being planned. For example:

- * Freemont Place Phase II
60,000 square feet flex / light industrial space
float plane operation
- * Asian Commerce Center
350,000 square feet mixed-use (retail, office, hotel)
- * Pacific Square (3 blocks) mixed-use
- * Glacier Park (40 ± acres) mixed-use
- * Naito waterfront holdings (5 ± acres plus Albers Mill)
- * Grayco Resources, Inc. acquisitions.

In addition, over the past few months optimistic insights about market potential have been expressed in local business publications (such as, the Oregonian and the Business Journal) based on comments by the major real estate brokerages (including, Grubb & Ellis, Coldwell Banker, Cushman & Wakefield, and Norris, Beggs & Simpson). Generally, the market optimism is somewhat guarded in the short-term, becoming more expansive in the mid- to long-term. The consultants view the owner/developer positioning in the Union Station area as evidence of that optimism. Further, several of the individuals interviewed during this study (plus those attending the market workshop held during the Benkendorf & Associates land use study), pointed to the "window of opportunity" presented to the City by the railroad companies' agreement to sell the Union Station property.

Based on these findings and the data in this report, the consultants make the following preliminary assessment of market potential for various land uses at the Union Station site and in the area, generally:

Assumptions:

1. Site- and use-specific market and feasibility studies will be undertaken.
2. Economic development and business attraction efforts will continue at, at least, the current pace.
3. Social issues will be resolved.
4. Regulatory conditions will not impede development.
5. Parking ratios will be higher than in the downtown CBD and more like those allowed in suburban development projects.
6. Financial resources are, or will be, available to undertake the proposed public development activities.
7. "Normal" business cycles will probably take place, but no major catastrophic economic event will occur.

Market Potential Estimates:

	Short-Term (1 - 5 Years)	Long-Term (Up To 20 Years)
Implementation of Planning Assumptions (See Section IX)	Required	Continue and complete
Public Attractor(s)	At least one major attraction (timed with completion of convention center	Others as feasible
Hotel	Possibly one (timed with completion of convention center)	Others as feasible to support public, flex, and office uses

	<u>Short-Term</u> <u>(1 - 5 Years)</u>	<u>Long-Term</u> <u>(Up To 20 Years)</u>
Office	Increasing optimism 3 - 5 years	Good prospects as CBD market tightens
Retail	3 - 5 years Moderate to good possibilities	Supportive of public attractor(s), office, hotel, flex / light industrial
Flex / Light Industrial	1 - 5 years Emerging opportunity	Continued opportunity
Market-Rate Housing	Unlikely	Possibly toward end of period

IX. EVALUATION OF PLANNING ASSUMPTIONS

In connection with the opportunity to purchase and redevelop the Union Station property, Portland Development Commission staff have prepared a set of planning and development assumptions. (See Exhibit 2.) Some of the assumptions are site-specific; others concern the area around the Union Station site.

The consultants understand that these assumptions were also used in the Alternative Land Use Study prepared by Benkendorf & Associates. (See Section X below.)

For this study, the consultants were asked to review the market findings reported above in Sections III - VII vis-a-vis the planning assumptions. This means that the consultants' assessment of market opportunities assumes that public development activities identified in the planning assumptions would be undertaken and in place at the time of site development and/or marketing. Therefore, market opportunities would be determined, not by the composition of the site and area today, but by the composition of the site and area after assumed public developments have occurred.

Based on this, the consultants find that:

* While it is necessary to provide an Amtrak passenger terminal at the site, the existing depot building may not be the only alternative. At present, the Union Station building is considered underutilized. Potential redevelopment/reuse of the building should be examined to identify the most complementary set of uses for the building itself, the entire site, and the overall Union Station area. Then the location of the passenger terminal at the site should be planned. For example, a dedicated passenger terminal north or south of the Union Station building might just as conveniently make use of the existing trackage and link Amtrak with the Greyhound Transportation Center. We believe Amtrak's preference should be the major consideration in utilizing the main building.

* The planning assumptions do not address the "real and/or perceived" social problems which exist in the Union Station area. Mitigation of these problems is clearly called for, as demonstrated by this study's findings. We understand efforts are being made with respect to resolving social problems in the area. Until they are, we believe it is unlikely that the area will realize its full market potential.

* We do not expect the site and area to develop with the high densities found in the CBD. Low- and mid-rise buildings are more likely, except for occasional higher structures. Planning for the site and area should not be an extension of CBD policies, but should rather take advantage of area characteristics which will make it complementary to other portions of downtown.

* However, given the large size of the parcel, it may be possible to configure a "super-block" development opportunity within the Union Station property.

* Improvements to public transit and the planned parking garage on the Broadway Cab Company site will not completely solve access issues. Sufficient on-site parking should be provided in higher ratios than in the CBD in order to attract new tenants and visitors to the area.

* In order to facilitate market potential, consideration needs to be given to the regulatory process. The process should encourage development and make it easy for market opportunities to be realized.

* The opportunity exists to "master plan", not only the Union Station site, but a larger geographic area as well. The Union Station area will be the likely recipient of downtown expansion. It is the only such area remaining within the downtown "freeway loop". There are presently several sophisticated owners and developers interested and/or active in the area, plus they control large parcels of land. In addition, the area is located within the region's largest commercial center, with strong linkages to cultural, educational, and residential resources. As a result, we view it as an exciting economic development opportunity for the City of Portland. We suggest that planning for the Union Station site encompass a larger area, include other land owners, and commence as soon as possible to prepare for overall market attraction opportunities.

* We concur with the balance of the planning assumptions and encourage their implementation. They should enhance access to, and within, the area. In addition, they should improve the area visually, making it more attractive to potential users and visitors.

X. EVALUATION OF CONCEPTUAL LAND USE PLANS

The consultants were asked to review the "Analysis of Land Use Alternatives Study" prepared by Benkendorf & Associates with respect to the findings of the preliminary market assessment (this report). The documents reviewed include:

- * Draft Report, March 6, 1987.

- * Memo Summary of Draft Report, March 5, 1987.

- * Parcel Development Cost Matrix Forms, Plans A and B, SRG Partnership, March 1987.

The reader should note that this preliminary market assessment is an overview and not a detailed feasibility analysis of market potential for any specific use at the Union Station site. Based on the market issues and considerations identified in this report, the consultants make the following comments and observations about the draft land use alternatives:

* If developed to maximum potential, Plan A calls for about 2.6 million square feet of building area (with 55 percent lot coverage). At 225 square feet per employee (current CCPA office space average), this calculates to about 11,500 employees. With the same assumptions, Plan B would result in about 2.2 million square feet of building area and an estimated 10,000 employees. If the national average of 200 square feet per employee were realized, Plan A would result in about 13,000 employees and Plan B would result in about 11,000 employees. These employment figures are based on full office development (except the Union Station building). If retail and hotel uses occur on the site, employment would be less, but estimates are not available for this study. Nevertheless, Plans A and B demonstrate the economic potential of the site from an employment standpoint.

* Plan A is a vision of full private development potential of the site. While, economically, this alternative would likely yield the highest return on investment (this is an assumption, as data are not available to actually assess feasibility), the planning assumptions indicate that Amtrak will need to stay on-site with 1-3 tracks and Burlington Northern will require 2 mainline tracks. Therefore, it appears that the private alternative will ultimately be scaled down somewhat, as will the potential building area and employment estimates shown in the preceding paragraph. From a market perspective, the existence of the Amtrak terminal and the trackage is not viewed as a major obstacle to site development. With careful planning, the rail connection could become a site asset, for example, if a public attractor element is rail or transportation-related.

* At 50 units per acre (similar to Phase I of River Place), the 7.0 acres designated for housing in Plan A would result in 350 units. Based on documents reviewed for this study, Plan A might provide too much housing, assuming it would be at least moderate/middle income housing complementary to other uses and investments placed on the site. At best, from a market perspective, housing appears to be a long-term possibility, but only after major changes have occurred in the area and at the site itself. Public policy and public/private development actions and market acceptance appear more positive regarding housing in the south portion of downtown.

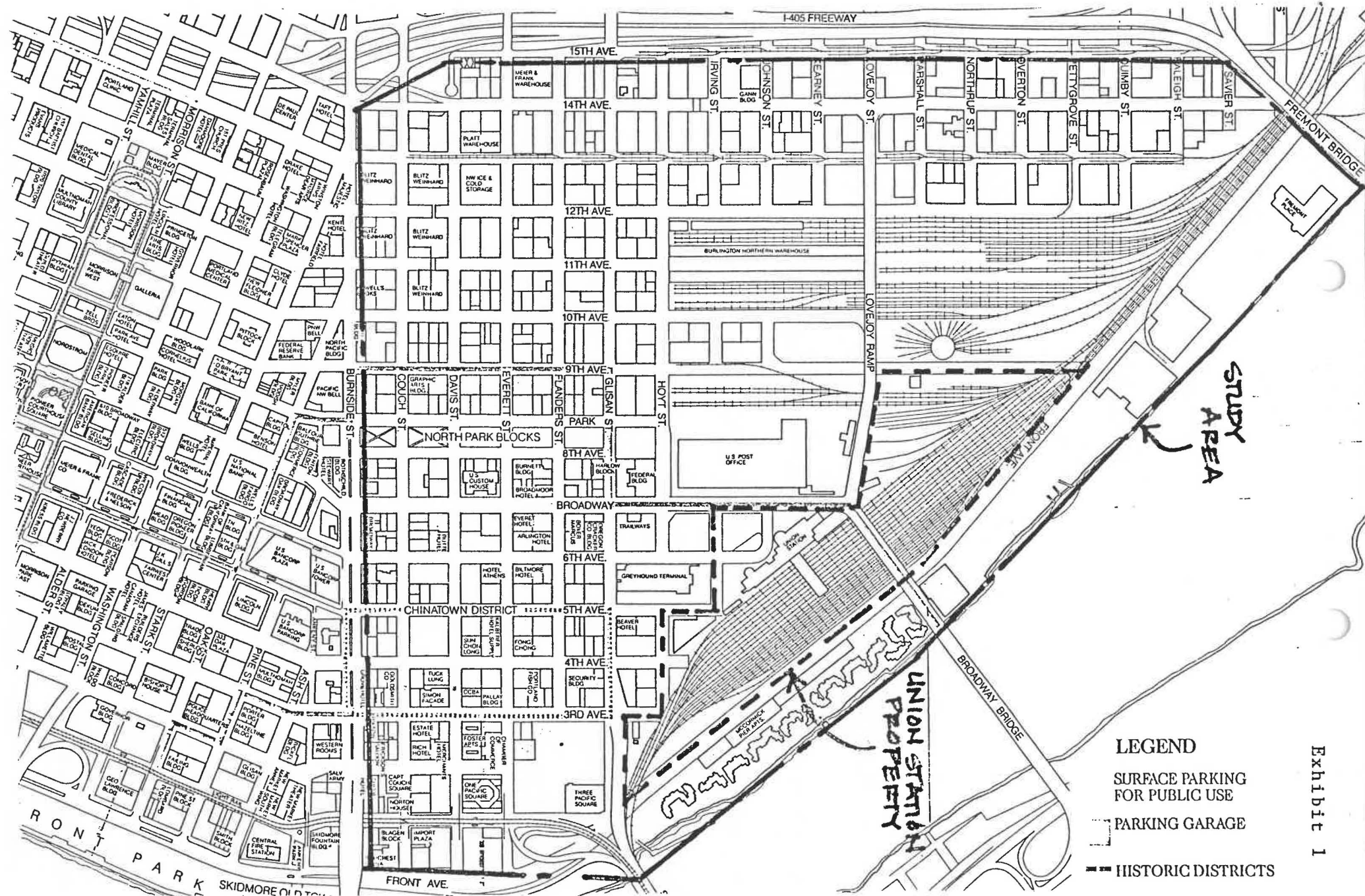
* Hotel facilities, shown in Plans A and B, would support the public attractor(s) and other uses on the site. Hotels would also provide linkages with the convention center and other development projects in the vicinity. At this time, hotel facilities appear to be a "supportive" land use appropriate to mid- to long-term development.

* The office and retail uses, shown in Plans A and B, would complement the surrounding area, including the downtown CBD. These appear to be the most appropriate uses to phase in starting in the short-term, with continued implementation over the mid- and long-term. They would also complement a public attractor, particularly the retail element, if such a project were undertaken in the short-term.

* In conjunction with the planning assumptions and the other suggestions in Section IX, a public attractor may be a good vehicle for facilitating economic growth at the Union Station site and in the area, generally, especially if it were to be developed about the same time as the proposed convention center.

* Based on the information reviewed for this study, Plan C may underutilize the property. The majority of the site would be open space and, thus, generate no financial return. In addition, the public attractor(s) would not be associated with other uses (except those off-site), thereby eliminating any potential for synergistic economic benefits.

* None of the plans include flex space / light industrial uses. As other proposed developments in the area become firm and since this land use would normally have high economic benefits, it should be considered during the detailed site planning and feasibility analyses.





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RECEIVED

April 1, 1987

APR 3 1987

Portland Development Commission

Mr. Don Stark
Williams, Fredrickson, Stark,
Norville & Weisensee, P.C.
1600 SW Fourth Avenue, Suite 775
Portland, Oregon 97201-5578

Re: Union Station Property; Portland, Oregon

Dear Don:

You employed me in May, 1986 as a consultant to advise you on the potential value and utility of the Union Station property which was under consideration as a possible convention center site for the city of Portland.

The study I undertook focused on the Union Station property located south of the Broadway Bridge, containing about 15 acres. I also thoroughly inspected the Union Station building and employed Stan Carlson, a structural engineer, to advise me on the structural soundness of the station buildings.

My value analysis assumed the property could be developed over a six year period, and further assumed that the Union Station buildings themselves could be rehabilitated and converted to economic use. I projected developed land values in a range of from \$20 per square foot to \$30 per square foot of land area and projected the building value contribution at from \$10 per square foot to \$20 per square foot. I assumed that the railroad would retain a 50 foot right-of-way along NW Front Avenue for mainline use. Values were based on commercial redevelopment and no severance to the owner was considered.

Using a constant dollar assumption whereby no inflation was projected and a 10% discount rate during the holding period, my projections resulted in value projections ranging from \$12,500,000 to \$19,250,000 with a most probable value of \$15,800,000.

I have reviewed the comparable sales which I considered, as well as the work papers which I prepared and continue to believe that the most probable value projection of \$15,800,000 is realistic.

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D. FIN. SVCS	_____
D. BUS. DEV. / MKT.	_____
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David J. Lau, MAI
Kenna D. Gillespie

Mr. Don Stark
April 1, 1987
Page 2

I have been advised that the entire Union Station property, including land located north of the Broadway Bridge between NW 9th Avenue and NW Front Avenue containing an additional 11 acres more or less, has been offered to the City of Portland for \$11,800,000.

Obviously, based upon my analysis, this appears to be an excellent buy for the City of Portland. In fact, the entire purchase price could reasonably be allocated to the property located south of the Broadway Bridge.

The south parcel has, in my judgement, a highest and best use as commercial and commercial office development. On the other hand, the parcel located north of the Broadway Bridge has a highest and best use for industrial development.

The north parcel has severe restrictions which adversely impact its value and development potential related to its access to adjoining streets. It is highly unlikely that an access permit could be obtained from NW Front Avenue, in as much as such an access would require a grade crossing permit across the main line of the Union Pacific railroad. Even if the access were granted (PUC personnel are doubtful), the physical nature of the access with the railroad right-of-way encumbrance would certainly be less than ideal.

Further, the north parcel does not front directly on NW 9th Avenue and is served with an accessway approximately 60 feet wide adjacent to the Lovejoy Street bridge ramp. This, of course, limits the developability of the property, particularly at the north end of the site and suggests that, if developed, the property would only have utility to a single user. This further limits the utility and value of the north parcel.

Obviously, the north parcel has value as an industrial site, but I remain convinced that the value of the south parcel exceeds the \$11,800,000 price asked for both parcels.

Sincerely yours,



DAVID J. LAU, MAI
DJL/sn