



PORTLAND DEVELOPMENT COMMISSION

DATE: April 9, 2008
TO: Board of Commissioners
FROM: Bruce A. Warner, Executive Director
SUBJECT: Report Number 08-45
Waterfront Park, Ankeny Plaza, and Street Improvements Project

EXECUTIVE SUMMARY

BOARD ACTION REQUESTED

Adopt Resolution No. 6557

ACTION SUMMARY

This action will authorize the Executive Director to:

1. Enter into an Intergovernmental Agreement (IGA) with Portland Bureau of Parks & Recreation (PP&R) for the design and construction of improvements to Waterfront Park, including Portland Saturday Market's new home, and improvements to enhance public safety under the Burnside Bridge, including a new active retail space at the MAX Station platform, and lighting, painting and public safety improvements to the parking area between the MAX Station and Naito Parkway (Project), and payment to PP&R in an amount not to exceed One million, nine hundred, seventy-eight thousand seven hundred DOLLARS (\$1,978,700) for services performed as described in the IGA; and
2. Enter into necessary contracts for hard construction and construction soft costs in a total amount not to exceed Six million, eight hundred seventy, four hundred and two AND NO/100 Dollars (\$6,870,402), with Five million, six hundred, twenty two thousand, one hundred and twenty two AND NO/100 Dollars (\$5,622,123) for construction hard costs, and One million, two hundred, forty eight, two hundred, seventy eight AND NO/100 Dollars (\$1,248,279) for construction soft cost on the Project.

This project is under an extremely compressed schedule in order to complete improvements to Waterfront Park by March 2009, to accommodate Portland Saturday Market (PSM) for the start of the 2009 market season. Completion of the project by March 2009 must occur in order to follow through on the commitments made by PDC to adjacent property owners and PSM vendors.

The PDC Board of Commissioners (Board) approved the Ankeny / Burnside Development Framework (Framework) on December 13, 2006 (Resolution 6420), which recommended these public realm improvements as key to the revitalization to Ankeny / Burnside in the Downtown Waterfront Urban Renewal Area (DTWF URA).

The IGA will cover the planning, design and construction elements for fiscal years 2007-08 and 2008-09

PUBLIC BENEFIT

The public benefits of the Project include a new home for continued success of the Portland Saturday Market, support for private development in the Ankeny/Burnside area and continued implementation of the Portland Parks & Recreation's Waterfront Master Plan. In addition, the improvements to the Burnside Bridge MAX Station will help activate, revitalize and improve the public safety for the new adjacent developments as well as anticipated and currently underway private development in this district. Expenditure of tax increment funds (TIF) for the improvements to support PSM is a direct recommendation from the Framework, and a direct result of the Saturday Market Permanent Home Study, completed by Parametrix in 2006

PDC's contribution of \$8,500,000 to the Project supports continued success of Portland Saturday Market and furthers the Framework's goals for the redevelopment of privately-owned land, including:

- The White Stag Project – public safety and parking improvements will support the University of Oregon and for-profit companies located in three newly rehabilitated historic buildings scheduled to open this spring, which will bring approximately 150 jobs and 175 students to the neighborhood.
- The Mercy Corps Project – redevelopment of a surface parking lot and rehabilitation of the historic Skidmore Fountain Building, which will bring positive weekday activation and 200 jobs to the district.
- Phase I of the Beam/Naito Development Plan, including the Import Plaza Block (Block 8) redevelopment, expected to bring an active retail complex, 400 jobs and 400 students from the Oregon College of Oriental Medicine, 50 market rate condominiums and redevelopment of Block 13 as an owner-occupied workforce housing development. Estimated private investment in these two projects is over \$126,000,000.

PSM is a not-for-profit mutual-benefit corporation organized in 1974 under Oregon law to operate an outdoor arts and crafts market. From the initial handful of vendors, it has grown to an internationally recognized arts and crafts marketplace with 350+ micro-businesses that support over 250 low and medium income households in Portland, generate over ten (10) million dollars in annual sales, and attract over one million visitors annually to the central city.

Daytime activation during the week is necessary to remediate public safety concerns in the area around Ankeny Plaza, and under the Burnside Bridge. New amenities such as the new retail space at the Burnside MAX and the Legacy Fountain in Waterfront Park, which will complement ground-floor active uses in each new private development in the Ankeny / Burnside area, are expected to substantially elevate activity and improve public safety. PSM will also improve public safety in Waterfront Park during its hours of operation due to the passive surveillance afforded by the PSM vendors and patrons on weekend days. As envisioned in the Framework, Mercy Corps and occupants of the White Stag Project will

provide a critical mass of professionals, academics, and students, which will greatly contribute to the revitalization of the Ankeny / Burnside area.

This action will support the following PDC goals:

- ☒ Develop healthy neighborhoods
- ☒ Support a vibrant central city (urban core)
- ☒ Contribute to a strong regional economy
- ☒ Promote M/W/ESB construction participation

PUBLIC PARTICIPATION AND FEEDBACK

Public participation for the Project has involved a Project Advisory Committee comprised of PDC Staff, Portland Parks & Recreation Staff and constituents, local property owners, University of Oregon representatives, Mercy Corps representatives, and adjacent park use stakeholders that provided input throughout the schematic design process from February to August 2007. The design team has had access to stakeholder input from the kickoff of the Project, and has had opportunities to engage with the Project Advisory Committee throughout the process.

Two public open houses were held during the process to allow the widest range of public input into the key stages of design. Attendance at both events was between 50-100 community members for each event, and representative of a cross section of Portland Saturday Market vendors, design professionals, and the general public. Comment cards on the design were made available at the public open houses, and also through the Project website after the presentations. Input was collated and made available to the public to assure a transparent and inclusive process. Further public engagement was sought at three Stop and Talks at Saturday Market and at public displays of the design model at the downtown Library and US Bank Corps Building. Extensive market vendor input was received, and has provided valuable insight for the Project team on the technical needs of Portland Saturday Market.

In addition, Project progress was regularly reported at both the Old Town/Chinatown Neighborhood Association and Old Town/Chinatown Visions Committee. The Neighborhood Association/Visions Joint Land Use committee testified on behalf in support of the Project during the Landmarks Commission design approval process hearings. Two adjacent developments including University of Oregon - White Stag Building and Mercy Corps - Skidmore Fountain Building provided considerable input and support for the proposed Project.

CONCURRENCE WITH ADOPTED PLANS AND POLICIES

The Project is consistent with the following plans and policies:

- Downtown Waterfront Urban Renewal Plan
- The Central City Plan (1988) guides planning in Portland's downtown and close-in neighborhoods, including the area around Ankeny Plaza.

- The Old Town/China Town Visions Plan (1997) – and – Development Plan (1999) and the Visions/Development Plan Update are the neighborhood stakeholders' vision of development desired in the district.
- The Downtown Waterfront Development Opportunities Study, adopted by the PDC Board in November 2003, highlights the development potential for Portland's downtown waterfront blocks.
- The Waterfront Park Master Plan (2003), developed by PP&R, provides direction for the park's renovation, and addresses related land use and environmental issues.
- The Ankeny/Burnside Development Framework adopted by the PDC Board in December 2006 (Resolution 6420), was a joint PDC and Bureau of Planning project to create an urban design framework and development strategy for the Skidmore / Old Town Historic District.

FINANCIAL IMPACT

Authorization to enter into an IGA will enable PDC to spend budgeted funds for this Project. The revised, adopted and forecasted FY 2006-07, 2007-08 and 2008-09 Downtown Waterfront Budgets reflect \$8,500,000 total expenditure for Ankeny / Burnside public improvements. Project funding for Waterfront Park and Max/Retail improvements consist of Base Bid Sources and Costs and Future Bid Alternate Sources and Costs. This resolution only covers Base Bid Sources and Costs. Staff intends to return to the Board in May after bids are open and amount of final fund raising is confirmed, for consideration of additional funding if necessary.

Base Bid Project Sources

Funded by PDC TIF	\$8,500,000
BES contribution (anticipated)	\$ 215,712
TriMet (potential)	\$ 54,000
RACC Credit	\$ 91,865
Fire Station Restroom (deduct)	(\$286,645)
Total Sources	\$8,574,932

Base Bid Project Costs

Waterfront Park_Hard Construction	\$4,718,014
Max/Retail Hard Construction	\$ 793,871
Construction Contingency 2%	\$ 110,238
IGA Parks – Design Costs	\$1,978,700
Soft Construction Costs	\$ 974,109
Total Base Bid Project	\$8,574,932

Fire Station 1 Ankeny Plaza Restrooms effort is being undertaken separately by PDC. There is an anticipated project gap of \$350,000 that will need to be considered at the 5/14/2008 Commission meeting in addition to the bid alternate discussion (see below)

Potential Bid Alternate Project Sources

Fundraising	\$1,000,000
Additional DTWF PDC TIF	\$3,800,000
Total Potential Sources	\$4,800,000

Future Bid Alternate Costs (Estimated)*

Waterfront Park Hard Construction	\$2,410,858
Max/Retail Hard Construction	\$ 155,309
Construction Contingency incr. to 13%	\$ 716,547
Total Bid Alternate Costs	\$3,282,714 (A)

Potential Additional Improvements

Ankeny Plaza	\$1,379,400
Fire Station Restroom Gap	\$ 350,000
Total	\$1,729,400 (B)

Bid Alternate + Additional Improvements

Total (A+B)	\$5,012,114
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* Anticipate returning to Board for funding consideration in May 2008 after bids are received and private fundraising confirmed.

Other Future Improvements*

Ankeny Plaza Upgrades
District Street Lighting Strategy

*Preliminary design has been completed; anticipate returning to the Board for funding consideration in May 2008 as part of the Future Bid Alternate cost consideration.

In order to assure maximum flexibility upon receipt of bids, meet the critical schedule and offer most opportunities for M/W/ESB contractors for construction, the Project was divided into two base bid packages to include 1) the Waterfront Park - East of Naito Bid and 2) the Max/Retail - West of Naito Bid. Furthermore, to help balance additional features and permit requirements that were added into the Project scope during design, as well as the potential uncertainty in realizing all donated funds pledged, staff have established a Base Bid amount for both Waterfront Park and Max/Retail that fits within the current authorized budget and a number of bid alternates that can be awarded depending on availability of funds. PDC Staff intends to return to the Board on May 14, 2008, to present decision packages that represent the base bid and the bid alternates based on actual bid amounts and discuss availability of funds to undertake Other Future Improvements.

The Old Town/Chinatown Neighborhood Association and Visions Commission have expressed their shared desire to complete all the Ankeny / Burnside public realm improvements, however funds are limited. These groups along with other key stakeholders,

including University of Oregon, Mercy Corps, and the Bill Naito Company, have proposed using tax increment funds that were previously allocated in the Adopted 2007-08 DTWF Budget to Ankeny Burnside private development assistance for the Salvation Army site and future parking facilities for this Project. PDC staff has no clear indication of Salvation Army's future plans and parking implementation will be addressed at a later phase as demand increases. A recently completed parking study for the district recommends a longer term solution of potentially adding floors to the Naito-Davis garage or utilizing Block 25, along with a potential future facility south of Burnside on 1st or 2nd Avenues.

Allocation of additional funds beyond the Base Bid will require future action by the Board, which is anticipated to occur on May 14, 2008 when bids are received, confirmation of all funding sources pledged and recommendation on the Alternative Bid award items. In addition, Staff intends to proceed with final design and cost estimation for Ankeny Plaza, and District Lighting Strategy and intends to return to the Board on May 14, 2008, with refined cost estimates and decision packages.

Fire Station Restroom:

Restrooms will not be provided in Waterfront Park due to concerns raised by PP&R and the Oregon Nikkei Endowment; therefore the restrooms will be located in the Fire Station #1 museum adjacent to Ankeny Plaza. As part of the Project budget, PDC Staff is allocating a sum of \$286,645 for the hard costs for this separate project.

PDC initiated final design for the new restroom in March 2008 and intends to have refined costs ready by May 14, 2008, Board meeting. In addition, Staff will resolve the final details of integration of the Fire Station Restrooms into Fire Station #1 in partnership with Portland Fire Bureau. In addition, use of the Ladd Cast Iron Collection and a potential adjacent retail component will be evaluated.

RISK ASSESSMENT

PDC and PP&R staff, along with the entire Project team, have deployed every effort to meet the Project goals, minimize costs and expedite delivery of the Project, in spite of increased expectations and permit requirements. Efforts to minimize risk include: value engineering during preliminary and final design, dividing the Project into two bid packages and establishing bid alternates. Related to this is the complex coordination effort to facilitate the PSM interim location which is further compounded with the University of Oregon and Mercy Corps' redevelopment all in the same constrained area. The largest single project constraint is schedule (Improvements for PSM in Waterfront Park must be completed by March 2009, in order to align with the opening of the market season) immediately followed by budget.

To maximize efficiency and best meet the constrained schedule, in the fall of 2007 PP&R agreed to be the lead agency in design and obtaining permits, and PDC agreed to be the lead agency for procurement and construction. With PP&R staff very busy with other large park projects, this structure should provide the optimal delivery mechanism in order to meet the constrained schedule. To ensure optimal coordination and clear project management structure a communication protocol is included as an attachment to the IGA.

To best manage the risk of Project cost exceeding the budget several actions are being deployed including: dividing the Project into two bid packages, establishing bid alternatives, escalating construction estimating costs, expediting permit process and ensuring a quality design package is brought forward to bid. In addition the budget includes 5% construction contingency and 5% soft cost contingency to help with any other unforeseen costs.

WORK LOAD IMPACT

PDC intends to retain a consultant to assist with construction project management and these funds are incorporated into the Project budget. Workload for PDC procurement and project manager are within existing resources and the additional workload will not result in a need for additional staff beyond those positions already established.

ALTERNATIVE ACTIONS

The Board could elect to not authorize the IGA. Construction of the Waterfront Park improvements to allow Portland Saturday Market to move to its new home for the 2009 market season would not be completed. There would be significant public relations challenges to this highly visible public/private partnership in particular as it pertains to commitments made to the University of Oregon and Mercy Corps. Not entering into the IGA could put the design approvals for these improvements at risk. Delay in the project will likely increase overall Project costs due to construction cost escalation, having to ramp back up the project team and may result in impacts to construction due to adverse weather conditions.

CONCURRENCE

PP&R is in concurrence on all elements embodied in this Report, the IGA which this Report refers to, and all Attachments to the IGA.

The City Council approved Ordinance No. 181232 on August 29, 2007, providing authorization to the PP&R Director and the City Auditor to execute agreements using the template that formed the basis of the attached IGA.

To accomplish the design and construction of improvements in Waterfront Park will require extraordinary cooperation between many of Portland's bureaus. To help accomplish this, the Bureau Directors Planning & Development Group has agreed to support and actively participate in decision making when necessary to expedite the process of implementing the project

BACKGROUND

The improvements being brought forward and outlined in this Report are directly supportive of the revitalization of Ankeny / Burnside as recommended by the Ankeny Burnside Development Framework. The relocation of Portland Saturday Market became a vital component of the revitalization of Ankeny / Burnside due to significant development pressure for parking lots which they utilize for their market operations. Finding a long term home for PSM resulted in a preferred layout in Waterfront Park and Ankeny Plaza, thereby requiring a site specific design to

accommodate the market's needs while providing a public space which is flexible for a range of different users when PSM is not operating. This Project is the culmination of a partnership between PDC and PP&R to come up with a workable solution.

PP&R, PDC, the Portland Saturday Market (PSM), the Ankeny / Burnside Development Framework Stakeholder Advisory Group and the Waterfront Park, Ankeny Plaza and Streetscapes Project Advisory Committee (PAC), have developed a concept which will accommodate PSM in Waterfront Park and Ankeny Plaza, as well as contributing to the ongoing momentum to revitalize the Ankeny / Burnside area including a portion of the north end of Waterfront Park. PSM needs to be operational during the construction of their new home in Waterfront Park (Park) and Ankeny Plaza (Plaza). Thus, a sufficient interim site has been arranged through much cooperation of neighborhood partners and City bureaus, including University of Oregon, Venerable Properties, Mercy Corps, the Portland Office of Transportation (PDOT), PP&R, Portland Fire & Rescue, Water Bureau, Bureau of Environmental Services and the many events that take place in Waterfront Park and on Naito Parkway. The interim site for PSM is to be the area under the Burnside Bridge on the West side of Naito, the Southbound 2 lanes of Naito from Couch to Ash, and Ankeny Plaza. A commitment letter which outlines this interim site has been signed by all applicable parties, and Bureau partners. It is understood that this interim site is to be utilized only through the 2008 market season, with the future improvements that are necessary for PSM to operate in Waterfront Park to be completed by March 2009.

ATTACHMENTS:

- A. DTWF URA Financial Summary
- B. Project Summary and Map

CC: C. Twete, Development Department Director
K. Brake, Senior Project Coordinator
M. Baines, General Counsel
J. Jackley, Executive Operations Manager

URA FINANCIAL SUMMARY

Financial Summary

Fund Summary - Five-Year Budget Projections

	<i>FY 2006-07 Revised Budget</i>	<i>FY 2007-08 Adopted Budget</i>	<i>FY 2008-09 Forecast</i>	<i>FY 2009-10 Forecast</i>	<i>FY 2010-11 Forecast</i>	<i>FY 2011-12 Forecast</i>
Downtown Waterfront URA						
Resources						
Beginning Fund Balance	21,117,691	1,522,000	15,631,669	2,396,495	0	0
Budgeted Transfers	1,860,233	1,947,303	1,643,986	0	0	0
Interest - City Invest Pool	484,564	600,000	400,000	250,000	0	0
Loans - Interest Earned	342,089	340,095	350,000	350,000	0	0
Loans - Principal Collection	935,000	389,000	350,000	350,000	0	0
Real Property Sales	1,402,000	3,925,000	5,625,000	425,000	0	0
Reimbursement	200,000	0	0	0	0	0
Rent and Property Income	350,000	0	0	0	0	0
Tax Increment - L-T Debt	1,600,000	52,720,028	0	0	0	0
Tax Increment - S-T Debt	4,219,853	1,750,000	0	0	0	0
Total Fund Resources	32,511,430	63,193,426	24,000,655	3,771,495	0	0

Requirements

Project Expenditures (does not include Personal Services or Indirect Cost)

Development

10025 - DTWF OT/CT Streetscape	1,274,645	0	0	0	0	0
10213 - DTWF A/B Property Redev	3,300,000	6,400,000	2,750,000	1,099,000	0	0
10215 - DTWF A/B Public Imprvt	1,200,000	5,425,000	2,000,000	0	0	0
10216 - DTWF Multnomah County	0	9,200,000	0	0	0	0
10218 - DTWF DOS-Naito Pkwy Imprv	1,470,624	0	0	0	0	0
10219 - DTWF Retail Loan Program	380,500	200,000	1,000,000	0	0	0
10220 - DTWF A/B Historic Pres	0	50,000	530,000	0	0	0
10221 - DTWF Transit Mall Redev	0	250,000	250,000	0	0	0
11031 - DTWF Light Rail	5,016,000	0	0	0	0	0
11234 - DTWF Burnside/Couch	75,000	800,000	800,000	0	0	0
11237 - DTWF Union Station Mgmt	40,000	90,000	150,000	150,000	0	0
11601 - DTWF Comm Outreach	5,000	5,000	5,000	5,000	0	0
13080 - DTWF Historic Pres DOS	50,000	50,000	50,000	50,000	0	0
13084 - DTWF U&R Redev	122,000	122,000	0	0	0	0
13130 - DTWF Union Station Environ	50,000	50,000	50,000	50,000	0	0
13152 - DTWF North OT/CT Redev	108,000	0	0	0	0	0
14205 - DTWF White Stag Seismic	2,500,000	0	0	0	0	0
14206 - DTWF Seismic Loans	350,000	2,000,000	2,000,000	0	0	0
16306 - DTWF Predevelopment	550,000	350,000	0	0	0	0
16309 - DTWF RiverPlace Environ	0	0	1,400,000	0	0	0
16310 - DTWF Signage & Lighting	0	40,000	100,000	100,000	0	0
Development Total	16,491,769	25,032,000	11,085,000	1,454,000	0	0

Economic Development

10217 - DTWF Seismic Loans	350,000	0	0	0	0	0
11022 - DTWF Business Retention	74,300	100,000	50,000	50,000	0	0
12202 - DTWF Storefront Grants	320,626	250,000	200,000	200,000	0	0
70011 - DTWF Business Finance	3,106,323	4,106,323	2,000,000	1,000,000	0	0
70300 - DTWF Transit Mall Assistance	245,000	0	0	0	0	0
Economic Development Total	4,096,249	4,456,323	2,250,000	1,250,000	0	0

Housing

32108 - DTWF Affordable Preservation	0	2,500,000	0	0	0	0
32116 - DTWF Blanchet House	0	1,000,000	1,000,000	0	0	0
34504 - DTWF Rich/Estate	5,850,000	850,000	0	0	0	0
37916 - DTWF Hsg Policy/Planning	5,000	5,000	5,000	0	0	0
80032 - DTWF Musolf Manor	1,100,000	2,900,000	0	0	0	0
80033 - DTWF Westshore	500,000	0	0	0	0	0
80034 - DTWF Community Facilities	0	610,000	1,000,000	0	0	0

PROJECT SUMMARY

Project Name: Ankeny / Burnside Public Realm Improvements

Description: Construction of Waterfront Park for Portland Saturday Market's new home, and public safety improvements to Burnside Bridge MAX Station and the underside of the Burnside Bridge.

Location: Ankeny / Burnside

URA: Downtown Waterfront

Current Phase: Implementation

Next Milestone: Bid Packages received and opened in late April 2008

Completion Target: Final construction stage March 1, 2009

Outcome: Revitalization of the Ankeny / Burnside area pursuant to recommendations which were proposed through the Ankeny / Burnside Development Framework planning process.

Site/Project Map:

