

# PDC

## PORTLAND DEVELOPMENT COMMISSION

**DATE:** May 28, 2008

**TO:** Board of Commissioners

**FROM:** Bruce A. Warner, Executive Director

**SUBJECT:** Report Number 08-66  
Intergovernmental Agreement with Portland Office of Transportation for construction of Phase I of Russell Street Improvements

### EXECUTIVE SUMMARY

#### BOARD ACTION REQUESTED

Adopt Resolution No. 6589

#### ACTION SUMMARY

This action will authorize an Intergovernmental Agreement (IGA) with Portland Office of Transportation (PDOT) in the amount of \$2,990,836, subject to budget appropriation, to construct streetscape improvements consistent with Phase I of the Russell Street Improvements Planning Project Final Report (the Plan). Phase I of the Plan includes N. Russell Street from Interstate Avenue to Commercial Avenue, plus Albina and Mississippi Street from Interstate Avenue to Russell Street (the Project). The Project will include the installation of trees, sidewalk improvements and curb extensions, storm water management, art, ornamental streetlights, pedestrian crossings, and enhanced transit stops. Design and engineering will be completed and the Project bid in June 2008. Construction is expected to start late summer 2008 and be completed by January 2009.

#### PUBLIC BENEFIT

Streetscape improvements are a revitalization tool used in the Interstate Corridor Urban Renewal Area (ICURA) along key commercial corridors to help transform the area into safer and more attractive places for pedestrians and shoppers and to stimulate commercial revitalization. The revitalization strategy also focuses resources along the corridor through Portland Development Commission (PDC) business assistance programs, the Storefront Improvement Program, Development Opportunity Services (DOS) Grant Program, and the Commercial Redevelopment Loan Program. Russell Street is one of three target areas in the ICURA for streetscape improvements, the other two are Killingsworth Street and Denver Avenue.

Improvements on Russell will aid in creating a stronger identity and better visibility for Lower Albina and strengthen the connection to upper Albina, the surrounding community and the Interstate MAX light rail station.

This Project will complete Phase I of the Plan, providing new sidewalks, ornamental pedestrian-scaled streetlights, new street trees, storm water management, and pedestrian crossings along N. Russell Street from Interstate Avenue east to Commercial Avenue, plus

Albina and Mississippi Streets from Interstate Avenue to Russell. The streetscape improvements will provide a pedestrian-friendly route between the Albina-Mississippi MAX station area and employment centers and residential neighborhoods to the east. The improved quality of the street will support area businesses, provide better separation between pedestrians and vehicles, and preserve the truck traffic that is vital to businesses in the lower Albina Industrial area.

**This action will support the following PDC goals:**

- Develop healthy neighborhoods
- Provide access to quality housing
- Help businesses to create and sustain quality jobs
- Support a vibrant Central City (urban core)
- Contribute to a strong regional economy

## **PUBLIC PARTICIPATION AND FEEDBACK**

The Plan and its designs were developed through an extensive public participation process designed for this Project. The Plan was the culmination of over a year of outreach starting with a community walk with 42 community members in June 2002. A 19-member Citizens Advisory Committee (CAC) represented the varying perspectives in the Plan area. Community involvement for the project built upon a relationship of trust already established through three years of relations building efforts of the project team. Community members were provided with opportunities to get involved and provide input through door-to-door surveying; participation in focus groups; and a series of workshops and open houses. In addition, community-based racial/ethnic groups, environmental and social service organizations, government agencies, churches and neighborhood and business associations were individually briefed. Public meetings were broadly advertised, including mailings, emails, and phone calls. Community input gathered throughout the process was reviewed by the CAC and considered as recommendations were made.

The project team has meet with area property owners twice and held one public open house during the design and engineering phase. A final open house is planned in May 2008.

The Eliot Neighborhood Association is eager to see the Plan implemented. The Interstate Corridor Urban Renewal Advisory Committee (ICURAC) and its Transportation Subcommittee support this project and has recommended funding the project through the PDC budget process.

## **COMPLIANCE WITH ADOPTED PLANS AND POLICIES**

The requested action implements the Russell Street Improvement Planning Project Final Report adopted by City Council November 19, 2003.

The requested action supports several Interstate Corridor Urban Renewal Area Plan (2000) goals and principles. Specifically, this action supports these Principles:

**General Principle #A6: Optimize Light Rail Investment.** Recognizing this as a unique opportunity to link urban renewal to a major new transit facility, urban renewal will serve to optimize the public investment in the Interstate light rail line by ensuring that the entire area

benefits from this investment, in particular through the creation of catalyst projects near light rail stations and other key locations.

**Economic Development/Jobs Principle #9: Positive Business Environment.**

Recognizing that each area serves a different purpose and that all areas help enrich the fabric of the entire community, create an environment that supports existing businesses, increase profitability, creates jobs, and encourages the development of new complimentary businesses and industries. Ensure compatibility between commercial, industrial, and residential areas for their mutual benefit. Improve the community's economic capacity to support business.

**Transportation Principle #1: Optimize Light Rail Investment.** Optimize the benefits of light rail by coordinating other program investments to realize potential commercial and residential investment resulting in economic vitality and revitalization of the area, and by enhancing access to transit for residents and workers.

**Transportation Principle #4: Access.** Assure that area residents and workers have access to a variety of transportation options to provide connections to jobs, services, community facilities, etc. This is especially critical with regard to east-west connections to light rail stations.

**Transportation Principle #5: Pedestrian Environment.** Create a pleasant and safer pedestrian environment, particularly in terms of enhancing, extending, and creating pedestrian access to transit.

**Urban Form/Urban Design/Historic Preservation Principal #1: Target Street Improvements.** Target streetscape improvements to complement light rail use and to leverage appropriate private investment.

**Central City Plan.** Russell Street west of the I-5 overpass is in Lower Albina, a subset of the Central City Plan area. The Central City Plan calls for gateways to the Lower Albina area and to develop Russell Street as a pedestrian connection to the Eliot neighborhood. Russell Street is designated as an historical district and as an industrial sanctuary.

**Albina Community Plan.** The Russell Street Improvement Project supports the Albina Community Plan's (1993) objectives related to the addition of light rail on Interstate Avenue and the emphasis of Russell as a main street in the district.

**Eliot Neighborhood Plan.** The Russell Street Improvement Project also supports the goals and objectives of the Eliot Neighborhood Plan as they relate to Russell Street.

## **FINANCIAL IMPACT**

The financial impact of this action is \$2,990,836, of which \$27,500 is budgeted in the Interstate URA 2007-2008 budget for bid and award; and \$2,963,336 is proposed in the FY 2008-2009 budget for construction. Commitment of the \$2,963,336 in the proposed FY 2008-2009 budget is subject to final budget appropriation. \$105,000 of the 2008-09 construction budget will be funded from the Oregon Convention Center (OCC) URA for improvements on the east end of Phase I that are located in that URA. The proposed construction budget is based on 95% engineer's cost estimates. The construction

contingency is \$704,320, 40% of the construction contract estimate of \$1,760,800. The contingency is divided as PDOT controlled and PDC controlled. PDC controls \$352,160 of the total contingency.

## **RISK ASSESSMENT**

Construction bids could come in higher than engineer's estimates; however, the Project is considered a low risk construction project because it is implementing City of Portland standards for curb extensions, pedestrian lighting, and side walk replacement. The Project area does not pose any additional concerns. Mitigation of potential risk is outlined in the IGA and includes:

1. The Project will not be bid until PDC and PDOT project managers discuss and agree in writing to the engineer's final estimate.
2. The construction contract will not be awarded if bids exceed the engineer's final cost estimate by more than 10%.
3. The construction contract will not be awarded until PDC and PDOT project managers are in agreement regarding the acceptability of the bids and PDOT has received written approval from PDC to proceed.
4. The Project contingency is 40% of the construction contract estimate.
5. All change orders over \$15,000 must be reviewed by PDC project manager.
6. Use of the PDC-controlled contingency must be approved in writing by the PDC project manager.

## **WORK LOAD IMPACT**

The Project associated with this action is in the PDC Development Business Plan (2008) and PDOT's work plan.

Each organization has a project manager who has dedicated a portion of their time to this Project. It is not anticipated that this action will require additional work or staffing beyond previous levels dedicated to this Project.

## **ALTERNATIVE ACTIONS**

The PDC Board of Commissioners (Board) may choose to not approve the IGA. The design and engineering work is nearly complete as part of previous Work Orders with PDOT at the cost of \$293,100. The design and engineering work would still be valid if the Project goes to construction at a later date, although costs would increase due to inflation.

In addition, if the Project does not proceed at this time public confidence that PDC and the City are committed to the revitalization of Russell Street and the Lower Albina area may be questioned and the opportunity to leverage the recent private investment which expanded the Widmer Brewery in the Project area could be lost.

## CONCURRENCE

The final IGA was developed with full cooperation of PDC and PDOT staff, and legal staff of both organizations. Pedestrian improvements on Russell are identified in the City of Portland Transportation System Plan. The Project was successful in competing for a Transportation Growth Management (TGM) grant for planning. This Project concurs with the Russell Street Improvement Planning Project Final Report (the Plan) adopted by City Council on November 19, 2003. The Interstate Corridor Urban Renewal Advisory Committee and its Transportation Subcommittee, as well as the above referenced organizations support the recommended action.

With Board approval, the IGA will go to City Council for approval.

## BACKGROUND

Russell Street is the main east-west corridor in Lower Albina. The full project area stretches from Interstate Avenue east to Martin Luther King, Jr. Blvd. and crosses two urban renewal areas. The west end of the project, Interstate Avenue to Commercial Avenue, plus Albina and Mississippi from Interstate to Russell, is in ICURA and will be implemented through this project. Russell east of the I-5 overpass is in OCC URA and is not part of this project.

Lower Albina is an area rich with the history of Portland's growth. Russell Street was the main street of the former City of Albina, an area that grew rapidly in the 1880s as a result of railways coming to the area. Russell's proximity to the river and the rail yard gave it prominence as Albina's main street and provided connection from the river and rail yard to the west to the residential area to the east. Much of the commercial development of Russell Street is tied to the spread of the streetcar lines serving Portland and Albina

In the 1950s a small portion of the area's residential neighborhoods were wiped out in order to build the Interstate 5 freeway. In the 1960s construction of Memorial Coliseum dislocated Portland's African American community located around Broadway and Interstate. In the 1970s many homes and businesses were displaced when the Fremont Bridge and Interstate 405 were built. With no housing to support the commercial businesses, the area became largely industrial with rail yards and harbor industries.

Today, Russell and the surrounding area is a mixture of urban, small-block industrial area with a prominent cluster of public maintenance facilities. There are signs that the area is an emerging and redeveloping commercial district, including several thriving restaurants and recent expansion of the Widmer Brewery. There are still many under-used, vacant and blighted sites in this area. The community envisions Russell returning to its once active mixed-use, featuring nightclubs and neighborhoods along with the Albina Rail Yards and factories. In post World War II - era, Albina was a lively jazz scene.

The Russell streetscape plan was developed with significant public outreach and opportunities to provide input. The selected design concept recognizes and supports the unique mix of industrial, commercial and institutional uses in the project area. The design concept was assessed against objectives formulated by the group including: identify improvements to create not only a safe and convenient pedestrian and bicycle access to light rail, but improvements that

draw and motivate people to want to explore this area and benefit from the transportation opportunities; provide connections to Eliot neighborhood and Emanuel Hospital via Russell Street; balance the needs of retaining businesses in the Lower Albina Industrial Sanctuary with the needs of providing safe pedestrian access to the light rail station for existing institutions and residents; design improvement in a way that accommodates the truck traffic serving businesses in the industrial area; and recognize the diverse historic, cultural, and ethnic identity of Russell Street east and west of I-5.

Improvements will include new scored sidewalks, street trees, and pedestrian scaled streetlights. Minimal street furniture will be included in the historic district between Interstate and Albina to maintain the existing historic feeling. Improved pedestrian crossings with curb extensions and marked crosswalks will be installed across Russell Street at N. Albina Avenue, N. Borthwick Avenue, N. Ross Avenue and N. Commercial Avenue. Curb extensions will be 'truck friendly.' No on-street parking will be lost. Public art in the area will be developed with the community.

The Project implementation area is limited to available funding in the ICURA. The OCC URA was able to commit \$105,000 to complete a critical pedestrian link to the neighborhood east of the I-5 overpass. Without this additional work, there would still be a barrier between Legacy Emanuel Hospital and neighborhoods to the east and the business area and MAX to the west.

**ATTACHMENTS:**

- A. URA Financial Summary
- B. Project Summary and Map
- C. Project Improvements

**CC:** L. Bowers, Interim Development Department Director  
S. Kuhn, Senior Project Coordinator  
D. Elott, Interim General Counsel  
J. Jackley, Director of Communications & Business Equity

## URA FINANCIAL SUMMARY

### Financial Summary

#### Fund Summary - Five-Year Budget Projections

	Revised FY 2007-08	FY 2008-09 Proposed	FY 2009-10 Forecast	FY 2010-11 Forecast	FY 2011-12 Forecast	FY 2012-13 Forecast
<b>Interstate Corridor URA</b>						
<b>Resources</b>						
Beginning Fund Balance	2,526,737	404,469	880,841	687,466	554,890	443,041
Interest - City Invest Pool	40,000	40,000	20,000	20,000	20,000	0
Loans - Interest Earned	79,840	80,120	53,559	47,814	46,897	38,748
Loans - Principal Collection	552,000	260,120	53,559	47,814	46,897	38,748
Real Property Sales	600,000	1,120,000	4,691,432	0	0	0
Reimbursement	1,272	0	0	0	0	0
Rent and Property Income	4,817	0	0	0	0	0
Tax Increment - L-T Debt	7,133,047	17,449,928	5,994,000	7,642,350	2,397,600	4,145,850
Tax Increment - S-T Debt	5,889,075	6,097,387	5,073,757	5,880,314	7,049,667	6,549,473
<b>Total Fund Resources</b>	<b>16,826,588</b>	<b>25,432,024</b>	<b>16,767,148</b>	<b>14,325,358</b>	<b>10,115,951</b>	<b>11,215,860</b>
<b>Requirements</b>						
<b>Project Expenditures (does not include Personal Services or Indirect Cost)</b>						
<b>Development</b>						
19018 - Interstate Redevelopment	314,606	366,000	481,000	1,521,000	870,000	870,000
19019 - Interstate DOS Program	271,247	300,000	300,000	300,000	300,000	300,000
19020 - Interstate Streetscape Improve	2,949,944	2,592,000	2,581,000	300,000	0	800,000
19021 - Interstate Trans Improvements	190,066	150,000	75,000	75,000	75,000	175,000
19023 - Interstate Community Liv.	300,000	300,000	300,000	300,000	300,000	300,000
19038 - Interstate Parks	1,271,000	440,000	755,000	1,005,000	505,000	505,000
19048 - Downtown Kenton Redev	25,000	100,000	800,000	1,500,000	700,000	700,000
19049 - IC Redevelopment Loan Program	400,000	400,000	400,000	400,000	400,000	400,000
<b>Development Total</b>	<b>5,721,863</b>	<b>4,648,000</b>	<b>5,692,000</b>	<b>5,401,000</b>	<b>3,150,000</b>	<b>4,050,000</b>
<b>Economic Development</b>						
19026 - IC Storefront Grants	540,333	400,000	400,000	400,000	400,000	400,000
70019 - IC Business Finance	1,725,000	1,360,000	1,385,000	1,850,000	1,750,000	1,750,000
70257 - IC Business Retent & Asst	80,900	275,000	50,000	0	0	0
70275 - Killingsworth Block Fin Asst	0	0	465,000	0	0	0
<b>Economic Development Total</b>	<b>2,346,233</b>	<b>2,025,000</b>	<b>2,300,000</b>	<b>2,250,000</b>	<b>2,150,000</b>	<b>2,150,000</b>
<b>Housing</b>						
19025 - IC Aff Rental Housing	200,000	970,000	1,500,000	1,500,000	502,000	502,000
31043 - Interstate Home Repair	455,618	500,000	300,000	300,000	300,000	300,000
33419 - Interstate Homebuyer Asst	500,000	450,000	450,000	450,000	450,000	450,000
33431 - IC Aff Homeownership Dev	801,577	500,000	500,000	500,000	500,000	500,000
34808 - Killingsworth Block	215,000	3,545,852	1,442,567	0	0	0
34812 - Crown Motel Aff. Rental Hsg	1,000,000	3,470,000	0	0	0	0
34813 - Shaver Green	1,451,556	648,444	0	0	0	0
37919 - IC Hsg Policy/Planning	31,902	5,000	5,000	5,000	5,000	5,000
37928 - Vanport Phase II Housing	79,255	0	0	0	0	0
37931 - IC HAP Aff Hmownrshp/Acq	0	2,511,000	0	0	0	0
37932 - IC HAP Aff Ownrshp/Rehab	0	550,000	0	0	0	0
<b>Housing Total</b>	<b>4,734,908</b>	<b>13,150,296</b>	<b>4,197,587</b>	<b>2,755,000</b>	<b>1,757,000</b>	<b>1,757,000</b>
<b>Central Services</b>						
59148 - IC Debt Management	17,655	18,537	19,464	20,438	21,459	22,532
<b>Central Services Total</b>	<b>17,655</b>	<b>18,537</b>	<b>19,464</b>	<b>20,438</b>	<b>21,459</b>	<b>22,532</b>
<b>Total Project Expenditures</b>	<b>12,820,659</b>	<b>19,841,833</b>	<b>12,209,051</b>	<b>10,426,438</b>	<b>7,078,459</b>	<b>7,979,532</b>
Operating Transfers Out	600,000	642,259	0	0	0	0
Indirect Cost	3,001,460	4,067,091	3,870,631	3,344,029	2,594,451	2,916,447
<b>Total Fund Expenditures</b>	<b>16,422,119</b>	<b>24,551,183</b>	<b>16,079,682</b>	<b>13,770,467</b>	<b>9,672,910</b>	<b>10,895,979</b>
Contingency	404,469	880,841	687,466	554,891	443,041	319,881
Ending Fund Balance	0	0	0	0	0	0
<b>Total Requirements</b>	<b>16,826,588</b>	<b>25,432,024</b>	<b>16,767,148</b>	<b>14,325,358</b>	<b>10,115,951</b>	<b>11,215,860</b>

**PORTLAND DEVELOPMENT COMMISSION**  
**Budget Change Request Form**  
 For Changes to the Budgets Originally Submitted to the Commission/Council Workgroup  
 for Fiscal Year 2008-2009

**To Use this Form:**

- Data Entry is only allowed in the Yellow-shaded cells and in the Approval Section. The rest of the form will fill in automatically. Please note additional instructions in blue
- This form (and entire workbook) should be completed no later than Friday, March 14th. You will be notified of Approvals by Friday, March 21st.

Dept #: **10**  
 Fund #: **370**

Dept Name: **Development**  
 Fund Name: **Interstate Corridor URA**

Budget Request as Presented to the Commission/Council Workgroup					Budget Change Requested (+/-)				
1. Enter the 5-digit Project number(s). 2. Enter Budget Amount as it was originally designated in the Requested Budget.					1. Enter the NEW Budget Amount you are Proposing. 2. Type an explanation for the requested change. □			<b>Approved:</b>	
Fund	Dept ID	Project#	REQUESTED BUDGET	Project Name	PROPOSED NEW PROJECT TOTAL	Explanation/Reason for Change			
							Yes	No	
370	10	19020	\$2,592,000	Interstate Streetscape Improve	\$4,092,000	Add \$1.5 million for Russell St. Project. (This includes a \$400K contingency for the project which is not expected to be needed at this time, though it is required to be in the budget.)			
370	30	34606	\$3,545,852	Killingsworth Block	\$3,638,023	Add \$92,171 for K-Block. In addition to this amount for 08-09, there are adjustments that will affect the 5 yr forecast as follows: 09/10 Proposed: \$1,442,587 - reduce this project by \$287,563 to new budget of \$1,155,024, and decrease Project 70275 from Proposed: \$465K to \$450K; 10/11 Proposed - Originally at \$0, now budget at \$515,940 for this Project and \$450K for 70275. See related budget change relating to K-Block below - amending FY 07-08 from \$215K to \$450K.			
370	30	33431	\$500,000	Affordable Homeownership Dev	\$1,290,423	Additional \$555,423 needed to fully fund 4 projects which are already included in the FY 2008/09 budget.  ALSO - To adequately fund K-Block for the current FY (07-08), \$235K is being transferred from this Project in the next revised budget. This request reinstates the funds in Aff. Hmownrshp in FY 08-09.			
370									
<b>ORIGINAL BUDGET AMOUNT TOTAL:</b>			<b>\$6,637,852</b>		<b>\$9,020,446</b>	<b>TOTAL CHANGE AMOUNT</b>			
					<b>\$2,382,594</b>	<b>TOTAL CHANGE AMOUNT</b>			

Prepared by: Jan MacWilliams  
 Approval: \_\_\_\_\_  
 CFO Approval: \_\_\_\_\_  
 Executive Director Approval: \_\_\_\_\_

Date: revised 5-12-08  
 Date: \_\_\_\_\_  
 Date: \_\_\_\_\_  
 Date: \_\_\_\_\_



## PROJECT SUMMARY

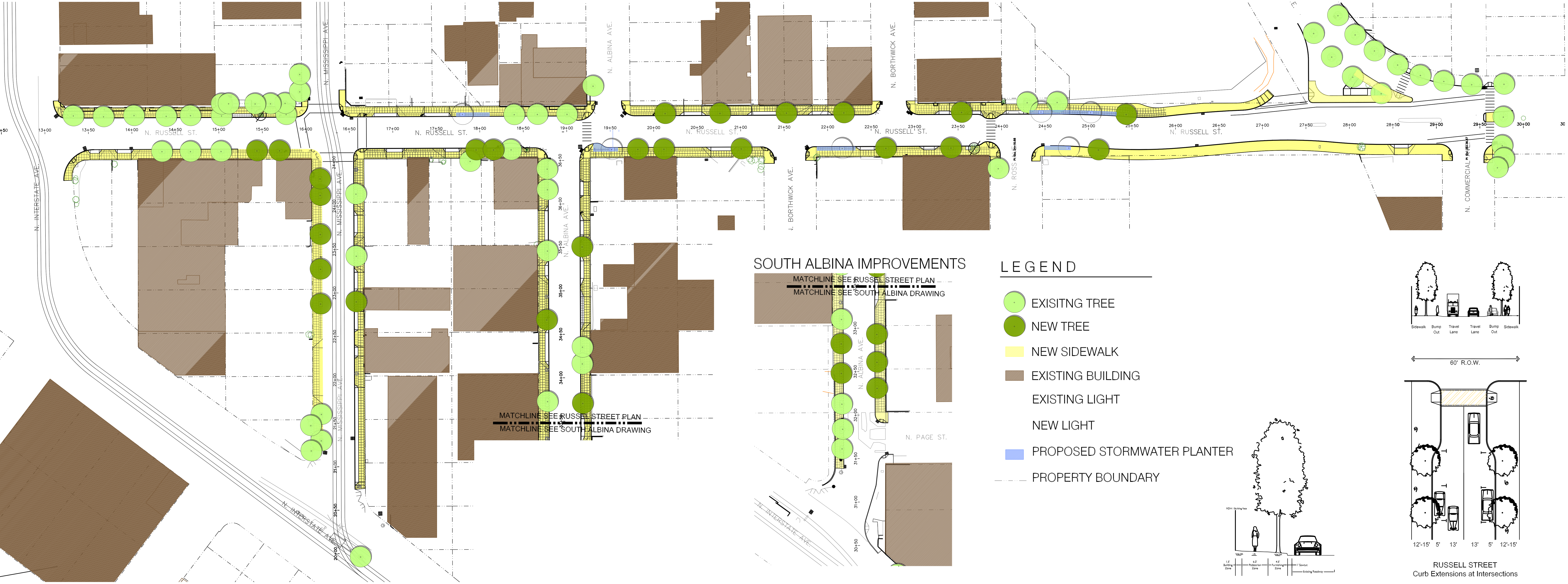
- Project Name:** Russell Street Improvement Project
- Description:** Construction Phase of streetscape improvement project
- Location:** Russell Street from Interstate Avenue to Commercial Avenue, plus Albina and Mississippi Avenues from Interstate Avenue to Russell Street
- URA:** Interstate Corridor Urban Renewal Area
- Current Phase:** Design and Engineering
- Next Milestone:** Bid and Award Phase, Construction
- Completion Target:** December 31, 2008
- Outcome:** Improved streetscape, revitalization of commercial district, important east-west link to MAX Yellow Line

### Site/Project Map:

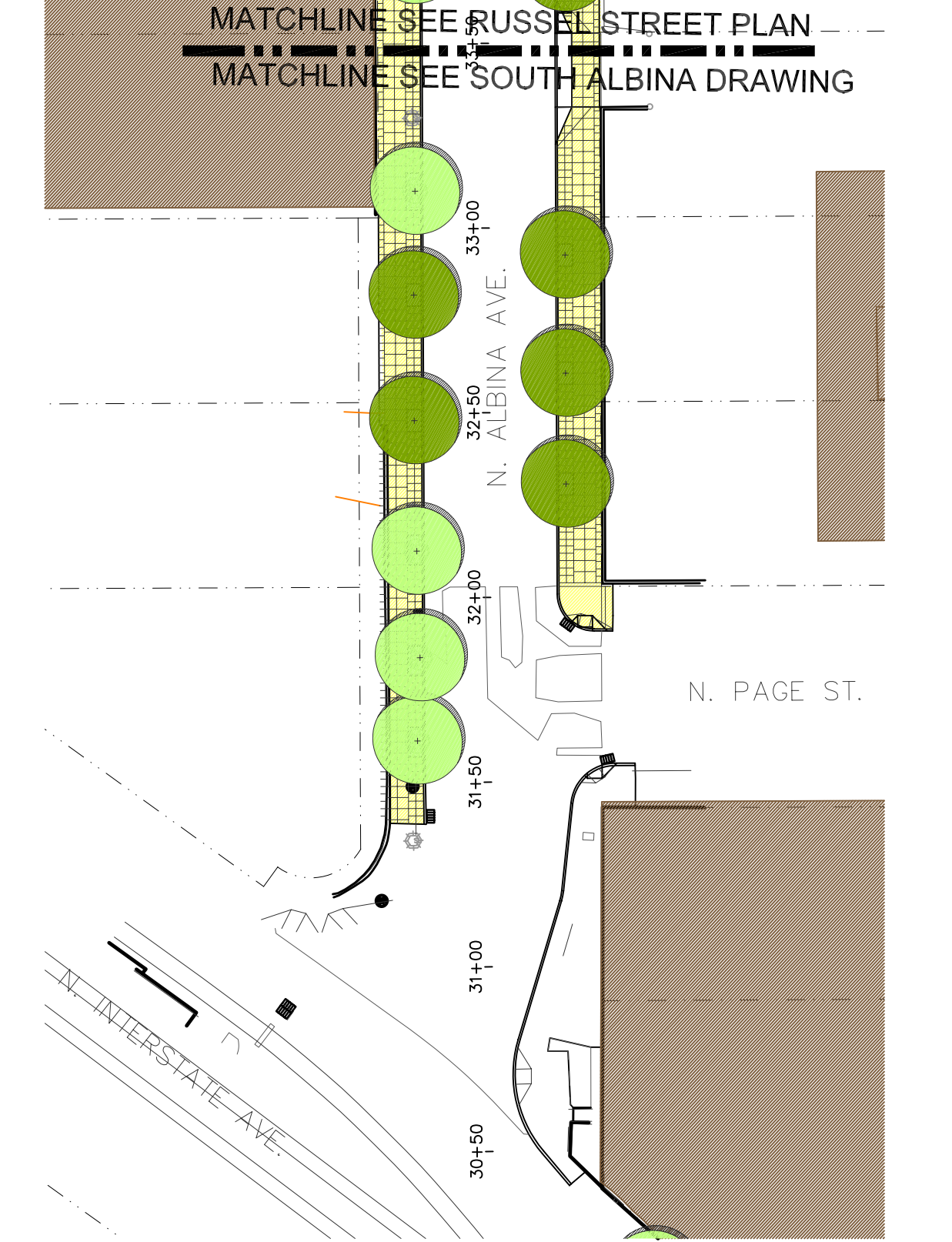




# RUSSELL STREET PLAN

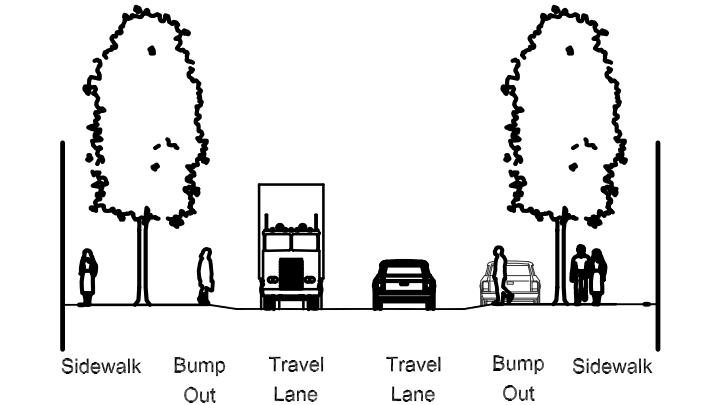


## SOUTH ALBINA IMPROVEMENTS

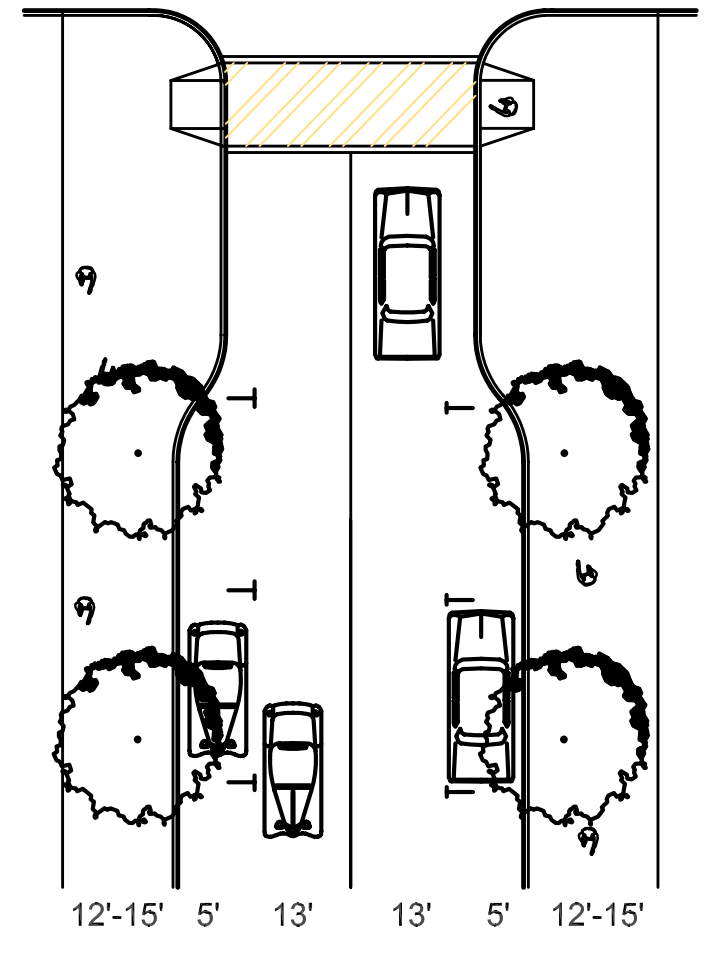


## LEGEND

- EXISTING TREE
- NEW TREE
- NEW SIDEWALK
- EXISTING BUILDING
- EXISTING LIGHT
- NEW LIGHT
- PROPOSED STORMWATER PLANTER
- PROPERTY BOUNDARY



60' R.O.W.



RUSSELL STREET  
 Curb Extensions at Intersections

