

PDC

PORTLAND DEVELOPMENT COMMISSION

DATE: July 9, 2008

TO: Board of Commissioners

FROM: Bruce A. Warner, Executive Director

SUBJECT: Report Number 08-98
Intergovernmental Agreement with Portland Office of Transportation for
35 Percent Preliminary Engineering and Cost Estimating for the West
Burnside/Couch Urban Design and Renewal Project

EXECUTIVE SUMMARY

BOARD ACTION REQUESTED

Adopt Resolution No. 6618

ACTION SUMMARY

This action by the Portland Development Commission (PDC) Board of Commissioners (Board) authorizes the Executive Director to enter into an Intergovernmental Agreement (IGA) between the PDC and Portland Office of Transportation (PDOT) in an amount not to exceed \$1,481,000 to complete the 35 percent preliminary engineering drawings and cost estimates (Work) for the West Burnside/Couch Urban Design and Renewal Project (Project).

The total cost for the Work included in the IGA is \$2,224,800, with \$1,481,000 funded by PDC and \$743,800 funded by PDOT from the City of Portland General Transportation Fund.

The study area for the Project includes (Attachments A and B):

- West Burnside from North West 2nd Ave to North West 24th Place
- North West Couch from North West 2nd Ave. to Trinity Place

The Work included in the IGA is part of a multi-year effort to evaluate the feasibility, design, and costs associated with the Project. The Work is necessary to further refine the plan, accurately estimate costs, and prepare a financing plan for the Project. The Portland City Council (Council) has asked that the results of the Work come back for Council review and approval before further moving forward with the Project.

PDC and PDOT previously entered into a work order dated February 11, 2008, to conduct the Work, with an expenditure of \$118,952 in FY 2007-08, with \$59,476 from the Downtown Waterfront Urban Renewal Area (DTWF URA) (320-10-11234) funds and \$59,476 from River District Urban Renewal Area (RD URA) (330-10-11264) funds. PDC's total financial commitment to the Work is \$1.6 million, including the FY 2007-08 expenditure and the amount included in the IGA.

The IGA does not include funds for implementation or construction of the Project. PDC does not currently have any funds budgeted for the construction of the Project.

PUBLIC BENEFIT

Benefits of the IGA include advancing the design and engineering on the Project which will improve connections and safety across West Burnside Street, improve multi-modal facilities and vehicular access, extend the Portland Streetcar along West Burnside Street between NW 2nd Avenue and NW 24th Place, and serve as a revitalization catalyst along West Burnside and NW Couch streets.

Approximately 64 percent of the Project study area is located in the DTWF URA and the RD URA. The Project will stimulate redevelopment of vacant and underused properties for retail, office, and mixed-use projects. An analysis completed in 2006 estimated the following benefits of the Project:

- Property values are estimated to incrementally increase as much as \$1.4 billion over a 20-year time frame (\$1.3 billion maximum assess value (MAV) without Project compared to \$2.7 billion MAV with Project);
- New net property tax revenues are estimated to incrementally increase by \$28 million in Year 20;
- A 10:1 return on investment (\$800 million in MAV: \$80 million capital cost) could occur as early as Year 14 after project completion;
- 1,263 housing units, 120,000 square feet of retail, and 171,000 SF of office space could be generated as a result of the Project.

The Work included in the IGA will enable PDOT to advance the design of the Project and to develop a high confidence level cost estimate that will enable the Council to decide whether to proceed to final engineering.

This action will support the following PDC goals:

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

PUBLIC PARTICIPATION AND FEEDBACK

Planning for the Project has involved stakeholder and technical advisory committees and numerous public involvement opportunities, including presentations, open houses, workshops, questionnaires, and a website. The feedback received has helped direct the design of and preferred alternative for the Project. In late 2007, PDOT formed a Design Advisory Committee (DAC) to assist with the preliminary engineering phase of the Project. The DAC consists of approximately 28 members representing neighborhoods, business, and other stakeholders who may be affected by the Project. PDOT has met regularly with the DAC to review progress and receive feedback and direction on the design of the Project.

PDOT conducted a walking tour with the DAC in January 2008 and an open house in March 2008. PDOT anticipates conducting approximately 6-10 DAC meetings over the course of completing the work contained in this IGA.

The Project has been controversial for several years as many stakeholders believe the project will create negative impacts and that the Project is too costly. Specifically, negative feedback on the project has included the following comments:

- Converting West Burnside and NW Couch Streets to a couplet configuration will increase both the amount and speed of traffic on NW Couch Street, negatively affecting the quiet, pedestrian-friendly character of this street.
- The proximity of the proposed streetcar alignment may have negative consequences for the Cathedral School and St. Mary's Cathedral, both located on NW Couch Street.
- The proposed streetcar is not yet part of a cohesive, planned streetcar system.
- There are better and less costly ways to improve the crossings and safety of West Burnside Street that should be pursued instead of the couplet.
- There are more pressing traffic congestion, street condition, and safety problems elsewhere in the city that should be addressed first.

The majority of the Council, and many other stakeholders, including the Pearl District Neighborhood Association, have been in support of the Project because they believe the Project will eliminate West Burnside as a barrier for pedestrians and automobiles, improve vehicular circulation from West Burnside to adjacent streets by providing for left-turn movements, decrease vehicular speeds, provide wider sidewalks and additional on-street parking, and enhance mixed-use development opportunities along West Burnside and NW Couch streets.

COMPLIANCE WITH ADOPTED PLANS AND POLICIES

Providing funding for the preliminary engineering for the Project is consistent with the following plans and policies:

- Downtown Waterfront Urban Renewal Plan (1974), as amended: to eliminate blight, encourage private conservation, rehabilitation and development within the urban renewal area, and encourage land uses that will help create a well balanced physical and economic environment;
- River District Urban Renewal Plan (1998): to strengthen connections between the River District and its neighbors, and to enhance the economy and functional efficiency of the city;
- Burnside Transportation and Urban Design Plan (2002): adopted by Council on December 11, 2002 (Resolution 36114), this plan recommends functional and aesthetic improvements to West Burnside and NW Couch streets, establishes a

blueprint for public and private investment, and includes an implementation strategy to take the plan from concept to construction;

- West Burnside/Couch Alternatives Analysis (2006): adopted by Council on April 11, 2007 (Resolution 36499), this report recommended a couplet alignment for West Burnside and NW Couch streets and the inclusion of a streetcar line in the corridor. Council directed PDOT to move forward with preliminary engineering and cost estimating for the recommended couplet and streetcar alignment. At the completion of 35 percent engineering, PDOT is to report back to Council for review of the design, a higher level of confidence cost estimate, and a proposed funding strategy;
- Portland Green Street Policy (2007): adopted by Council on April 18, 2007, this policy directs the incorporation of Bureau of Environmental Services (BES) approved green street technologies in city right-of-way infrastructure projects;
- PDC Expenditure and Disbursement Policy (Administrative Policy No. AP07-04) (2007): this policy requires purchases, contracts, or other obligations of PDC funds for an individual transaction greater than \$500,000 to be approved by the PDC Board of Commissioners (Board);
- PDC Business and Workforce Equity Policy (Resolution No. 6561): the IGA includes a requirement for PDOT to employ its best efforts to meet or exceed the PDC utilization goals for Emerging Small Businesses and Women and Minority owned-businesses (Section III.K.1); and
- PDC Cost Recovery Policy (Resolution No. 6560) (2008): this policy does not apply to this IGA since PDC is not providing goods or services to PDOT.

FINANCIAL IMPACT

The total cost for the Work authorized by the IGA is \$2,224,800, with PDC's contribution not to exceed \$1,481,000. Funding for PDC's contribution will come from the RD URA and DTWF URA. The allocation of PDC funding between the two URAs for billable work completed in FY 2007-08 is as follows (for specific dollar amounts see Attachment C): 50 percent of costs are allocated to the RD URA and 50 percent allocated to the DTWF URA. For billable work completed in FY 2008-09, the allocation of costs between the two URAs is as follows: 70 percent allocated to the RD URA and 30 percent to the DTWF URA. The reallocation of the funding for the respective work effort is based on the anticipated implementation of the recently amended RD URA. Such allocation of funding is subject to PDC's ability to implement the amended RD URA.

With regard to the RD URA, the adopted FY 2008-09 budget includes funding for the Work included in the IGA (RD: 330-10-11264).

With regard to the DTWF URA, authorization to enter into the IGA will allow for final disbursement of FY 2007-08 budgeted funds for the Work performed in FY 2007-08 (DTWF: 320-10-11234) but will require an amendment to the adopted FY 2008-09 for the Work to be performed in FY 2008-09. This will affect the allocation of funds to other projects in the Downtown Waterfront URA.

RISK ASSESSMENT

Authorization to enter into the IGA as a funding partner for the Project creates risk since PDC funds will be used to advance the design of a project that is uncertain to advance to construction for the following reasons:

(1) Total construction costs for the Project are not yet known. Preliminary cost estimates for the Project from 2007 are approximately \$80 million (in 2006 dollars). This is not considered a high confidence level cost estimate and cost estimates may increase as preliminary engineering is completed. One of the products of the work effort included in this IGA is a higher confidence level cost estimate associated with the 35 percent preliminary engineering. It is anticipated this cost estimate will be sufficient for Council to decide whether or not to proceed to final engineering.

(2) A complete funding package for the Project has not been secured by the City. It is likely the Project will require a combination of federal, state, and local funding. Assembling a complete funding package may be difficult due to scarce transportation funding resources and competition from other projects. Reliance on federal funding sources will create obligations to complete analyses and environmental documents for which federal approvals will be required. To the extent funding from PDC may be anticipated for final engineering and/or construction of the Project, no PDC funds have been budgeted for these purposes. The DTWF URA reached its last day to issue bonded indebtedness on April 24, 2008, and there is a high level of competition for funds in the RD URA. It is possible the City will be unable to secure a complete funding package.

(3) The Project is ambitious and has been controversial. Although the Project has been supported by a majority of the Council, the Project has been controversial. A vocal minority of citizens believes the Project is not necessary and is too expensive. As the Project continues to move through preliminary engineering and cost estimating process, it is possible the Project could lose political support or could be deemed to be too expensive to construct.

The work included in this IGA is necessary to provide the Council with the information on design, costs, and funding strategy needed to make a better informed decision whether to proceed to final engineering. PDOT has involved PDC staff in stakeholder and design advisory committees. PDC will continue to participate in these committees and monitor progress on and support for the Project. In addition, to help reduce risk, the IGA includes specific tasks for a discrete phase of work, requires regular coordination meetings between PDC and PDOT staff, has a termination date, and allows either party to terminate the agreement with 30 days notice.

WORK LOAD IMPACT

Authorization to enter into the IGA will result in increased workload for PDC staff. However, this has already been taken into account in establishing staffing needs. This workload should not result in a need for additional staff beyond those positions already established.

ALTERNATIVE ACTIONS

The Board could elect to not authorize the IGA. This would result in a shortfall for PDOT to complete the 35 percent preliminary engineering for the Project. As a result, PDOT would not be able to complete the preliminary engineering as directed by Council.

CONCURRENCE

PDOT is in favor of approving the IGA.

Council approved Ordinance No. 181631 on February 27, 2008, providing authorization to the PDOT Director and the City Auditor to execute agreements using the template that formed the basis of the attached IGA.

BACKGROUND

The Burnside Transportation and Urban Design Plan (the Plan) was adopted by Council on December 11, 2002 (Resolution No. 36114). The Plan outlines recommendations that respond to the diverse needs of the Central City and its surrounding neighborhoods to integrate Burnside more fully into downtown Portland. The Plan's Phase I work identifies catalyst development opportunities, recommends functional and aesthetic improvements to the right-of-way, and establishes a blueprint for public and private investment. The Plan's implementation strategy describes a variety of tasks necessary to take the Plan from concept to construction.

Since 2002, the Plan's Phase II work has been to complete conceptual design and planning work; produce an analysis and development opportunity strategy of the key development areas; and develop a preliminary project funding and phasing strategy. As part of Phase II work, the Project was divided into four distinct segments:

- Lower East (from East 14th Avenue to the eastside Burnside Bridgehead);
- Lower/Central West (west end of the Burnside bridgehead to West 16th Avenue);
- Upper West (from West 16th Avenue to West 24th Avenue); and
- Flanders Bike Boulevard.

On December 1, 2006, PDOT published the West Burnside/Couch Alternatives Analysis Report that re-examined alternative alignments and recommended a couplet alignment for the Westside segments. In addition the Plan made a recommendation for adding a streetcar line to the Project corridor.

On April 11, 2007, Council adopted the West Burnside/Couch Alternatives Analysis (Resolution No. 36499) and directed PDOT to move forward with preliminary engineering and cost estimating for the recommended couplet and streetcar alignment. At the completion of 35 percent engineering PDOT is to report back to Council for review of the design, a higher level of confidence cost estimates and a proposed funding strategy.

On April 11, 2007, Council also voted to move an alternative planned named "The Enhanced Existing Plan" to a greater level of design and planning. This portion of the Project is to be developed parallel to the 35 percent preliminary engineering. Funding for this portion of the Project, \$500,000, is entirely funded by city general funds.

On April 18, 2007, Council adopted the Portland Green Street Policy which directs the incorporation of BES approved Green Street technologies in city right-of-way infrastructure improvement projects.

In April 2008, PDOT published the Basis for Design: Green Streets and Conceptual Streetcar Design Refinements Study document. The study identified the feasibility of design refinement ideas of several “green street” and streetcar plans into the Burnside Transportation and Urban Design Plan. Feasibility parameters included public preference input and spatial distribution of features.

In February 2008, PDOT entered into a contract with a survey and mapping consultant team to provide electronic survey and mapping for the project area boundaries. Mapping data is to be used for future preliminary engineering and estimating efforts.

Large infrastructure projects such as the Project progress through several phases of planning and engineering. Once a concept has been developed through a conceptual planning and alternatives analysis phase, a project can progress to preliminary engineering. At the 35 percent preliminary engineering stage for the Project, deliverables will include an engineered drawing set, a specification index, a cost estimate report, and a report on funding strategies. The engineered drawings completed at this submittal usually demonstrate horizontal alignments for all elements and some vertical checks to ensure that all ideas identified in the planning stage of a project “fit.” After preliminary engineering, final engineering can commence to move the project to the 100 percent design level, after which construction can begin.

This IGA will cover the following design, engineering, and estimating activities:

Basis for Design Report: West Burnside/Couch Streetcar	\$57,700
Basis for Design Report: West Burnside/Couch Green Streets	\$34,000
Professional Surveying and Mapping	\$260,000
35 Percent Preliminary Engineering, Specifications and Estimating	\$914,000
Local Funding Strategy	\$80,700
PDC-Controlled Contingency	\$134,600
Total	\$1,481,000

ATTACHMENTS:

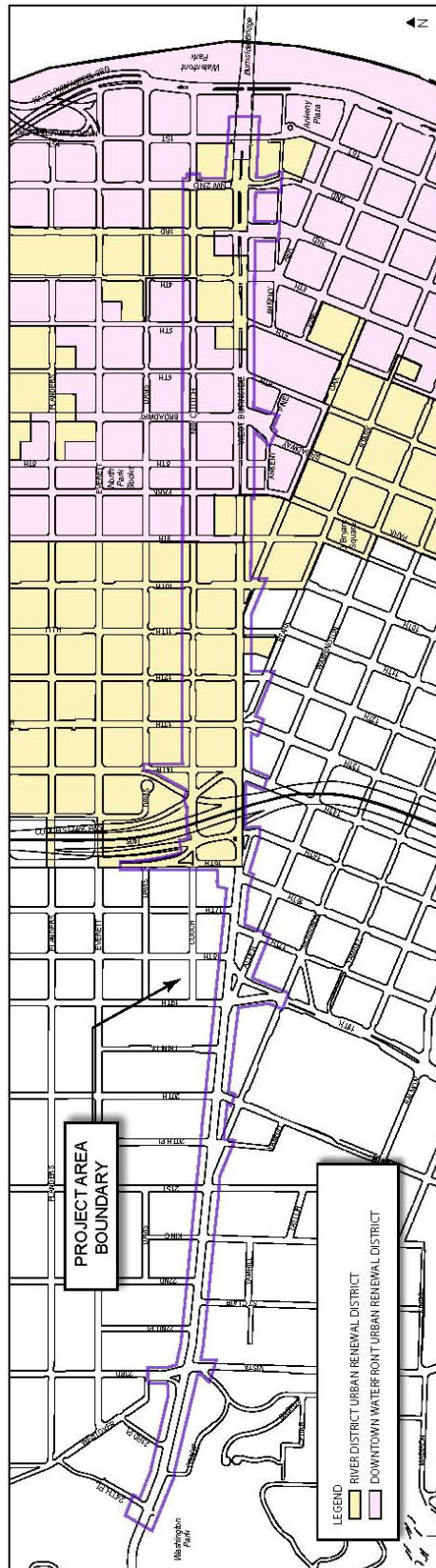
- A. Project Study Area with 2007-08 URA Boundaries
- B. Project Study Area with 2008-09 Amended URA Boundaries
- C. Allocation of Funds

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Attachment A – Project Study Area with 2007-08 URA Boundaries



Attachment B – Project Study Area with 2008-09 Amended URA Boundaries



	FY 07-08 (1) (2)	FY 08-09 (3)	IGA Total
Outside URA			
- PDOT Funding	\$143,365	\$300,435	\$443,800
Inside URA			
<i>Downtown Waterfront</i>			
- PDC Funding	\$229,450	\$96,596	\$326,046
- PDOT Funding	\$0	\$300,000	\$300,000
<i>Subtotal</i>	\$229,450	\$396,596	\$626,046
<i>River District</i>			
- PDC Funding	\$229,450	\$925,504	\$1,154,954
Total	\$602,265	\$1,622,535	\$2,224,800

Breakdown by Funding Source

- PDOT Funding	\$143,365	\$600,435	\$743,800
- PDC Funding			
Downtown Waterfront	\$229,450	\$96,596	\$326,046
River District	\$229,450	\$925,504	\$1,154,954
- PDC Total Funding	\$458,900	\$1,022,100	\$1,481,000

(1) Work effort completed between March 2008 and June 2008

(2) Work effort within two URAs for FY 07-08 split 50% Downtown Waterfront and 50% River District

(3) Work effort within two URAs for FY 08-09 split 30% Downtown Waterfront and 70% River District