

# PDC

## PORTLAND DEVELOPMENT COMMISSION

**DATE:** May 14, 2009

**TO:** Board of Commissioners

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

**SUBJECT:** Report Number 09-51  
Transfer Agreement for South Waterfront Neighborhood Park (3508 SW Moody Avenue) with Portland Bureau of Parks and Recreation

### **EXECUTIVE SUMMARY**

#### **BOARD ACTION REQUESTED**

Adopt Resolution No. 6698

#### **ACTION SUMMARY**

This action will authorize the Executive Director to enter into an agreement to transfer ownership of the South Waterfront Neighborhood Park site from the Portland Development Commission (PDC) to Portland Parks and Recreation (Parks). The 2.1-acre property, located at 3508 SW Moody Avenue in the North Macadam Urban Renewal Area, is planned for development as a public park facility by Parks, with development funded by a maximum of \$4 million in PDC Tax Increment Financing, as called for in the Central District Development Agreement (CDDA).

This action governs the transfer of the property and the requirement to build a public park on the property. The immediate action does not address funding the construction or relationship between the parties, which are governed by the CDDA and its amendments, as well as an Intergovernmental Agreement (IGA) between PDC and Parks.

This park project is a part of the Mayor's Economic Stimulus Package as well as PDC's recession response. Construction on South Waterfront Neighborhood Park commenced on March 23 under a temporary permit of entry with Parks. Substantial completion of the park improvements are scheduled by August 2009. Full opening of all areas of the park is planned for fall 2009.

#### **PUBLIC BENEFIT**

The South Waterfront Neighborhood Park project was identified as one of three of Parks' capital projects in the Mayor's Economic Stimulus package and identified to directly create 39 jobs based on an economic multiplier on the \$2.1 Million construction budget. As stated earlier, the Park was identified as part of PDC's recession response.

Development of the property as a public park would provide a much needed open space resource in the South Waterfront neighborhood. As currently planned, this neighborhood will be one of the most densely developed areas in the State of Oregon. In anticipation of the dense development, the CDDA provided for public investment in open space in the vicinity of this site as well as along the riverfront. The park property will be designated for

use as a park by restrictive covenant, ensuring the long term existence of this public resource.

In addition to serving the larger Portland community, the park will serve its immediate neighbors that were constructed within the past three years including:

- OHSU Center for Health and Healing
- Meriwether Condos- 246 units
- John Ross Condos- 303 units
- Atwater Condos- 214 units
- Ardea Apartments- 323 units
- Alexan Apartments/Riva on The Park- 314 units

There are two additional projects that should be completed within the next year:

- Mirabella Continuing Care Retirement Community- 220 units
- Matisse Apartments- 272 units

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

- Sustainability and Social Equity
- Healthy Neighborhoods
- A Vibrant Central City
- Strong Economic Growth and Competitive Region
- Effective Stewardship over our Resources and Operations, and Employee Investment

## **PUBLIC PARTICIPATION AND FEEDBACK**

The North Macadam Urban Renewal Advisory Committee was briefed at their February 12, 2009 meeting and had no objections to the transfer as it was originally contemplated in the DDA. Development of the property as a neighborhood park was contemplated in the 2002 South Waterfront Plan, which had significant public input. Environmental cleanup on the property, which was partially funded with an EPA grant, had a significant community outreach function. In addition, the design of the final improvements to the property, which took place in 2007 and was administered by Parks, involved multiple open houses, a project advisory committee, multiple questionnaires and a Parks website.

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

Development of the site with final public park improvements will further implementation of the *North Macadam Urban Renewal Area Plan* (1999), the *2002 South Waterfront Plan* and the PDC Mission.

Development of the Park will also support Department Goal #10 and PDC Organizational Outcome #6 to implement Urban Renewal Plans by facilitating development of public infrastructure that will leverage private redevelopment.

The plan is in compliance with PDC's Disposition Policy.

All construction of the final improvements to the park will be in compliance with the South Waterfront Central District Workforces Training and Hiring Program which exceeds the MWESB requirements for PDC projects.

## **FINANCIAL IMPACT**

This action involves the donation of land and total cash investment by PDC of over \$12,600,000. PDC acquired this property through condemnation, for the intended purpose of future development as a park for a price of \$7,000,000 in 2005. Subsequently, PDC relocated tenants, demolished existing buildings, performed environmental remediation and made interim improvements to the property in 2006 totaling approximately an additional \$1,000,000. Some of PDC's costs were recouped through an EPA Brownfields grant for \$200,000 and Parks' SDC funds of \$1,800,000. There are no significant direct costs associated with the transfer of the property to Parks.

By designating this site for a public park, PDC and the City of Portland will forgo property tax revenue generated by the property in the future. However, as the site is currently publicly owned, this will not impact expected future tax revenue for the property.

Per the CDDA, and subsequent amendments PDC has previously committed \$4,000,000 for the design and construction of final park improvements on the site in the FY07/08, FY08/09, and FY09/10 budgets. PDC is providing full funding to Portland Parks and Recreation for the design and construction of the public park, the use of the funds is governed by a separate IGA with Parks and the CDDA. The \$4 million covers both hard and soft costs associated with Parks' obligation to build the improvements to the property. The currently selected bid for construction of the park, awarded to Nutter Corporation was \$2.1 million, we currently anticipate this will keep the project within its construction budget of \$2.75 million and within the overall budget of \$4 million once soft costs are included.

## **RISK ASSESSMENT**

There is minimal risk for executing the Transfer Agreement with Parks for development of the property, in fact executing the agreement ensures we do not have operations and maintenance obligations on the property. If the PDC does not execute the Transfer Agreement with Parks, however, there is risk that the construction and operation of the park site could not proceed as originally planned. This could jeopardize fulfillment of the CDDA obligations for schedule and performance. To facilitate the start of construction and to meet deadlines defined in the CDDA, PDC issued a temporary permit of entry to allow Parks to commence construction.

An IGA between Parks and PDC limits PDC's financial contribution to the project to a total of \$4 million. The IGA further established a maximum hard construction cost of \$2.75 million.

## **WORK LOAD IMPACT**

Staff resources are available to undertake the property transfer and project oversight for Parks construction of the project.

Acquisition and development of South Waterfront Park was included in the Development Department Work Plan and is a Tier 1 project.

In addition, PDC staff obligations will be reduced without the need for property management activities on the site.

## **ALTERNATIVE ACTIONS**

The Transfer Agreement with Parks, which spells out the transaction for the transfer and development of the property, includes the following provisions:

- Transfer of property to Parks
- Deed restriction for use as a public park
- Provision to allow PDC to transfer FAR from property in the future

PDC could choose not to execute a Transfer Agreement with Parks. However, under current agreements with Parks this would not allow for the development of the final improvements to the property. In turn, this would lead PDC to not fulfill its obligations under the CDDA.

PDC could choose to enter into a disposition and development agreement with Parks. PDC legal has determined that the transfer form is sufficient to cover obligations in conjunction with the IGA and CDDA.

Lastly, PDC could transfer the property without a Transfer Agreement or any obligations by Parks. This course of action might not provide PDC with sufficient safeguards to ensure that the property was developed as a public park in accordance with current plans.

## **CONCURRENCE**

The PDC Investment Committee has supported the general terms and conditions of this disposition at its March 24, 2008 meeting. The Investment Committee further reviewed the negotiated Transfer Agreement and concurred with this format at its May 5, 2009 meeting. The Portland City Council will also need to approve the transfer, which is anticipated at its May 20, 2009 meeting.

## **BACKGROUND**

The CDDA contemplated the significant redevelopment of the South Waterfront Central District through a partnership of public and private investment. As part of the public investment, PDC committed to acquiring land, formally known as the Public Storage Site, for the development of a public park. This process was achieved in two phases, the first being the acquisition, demolition and remediation of the site and use as an interim open space. The second phase, which we are currently in the process of, is the design and construction of the final park improvements on the site.

The Neighborhood Park property is currently owned by PDC. PDC acquired the Park property from Public Storage of Oregon through condemnation in 2005 as required by the Central District Project Development Agreement. Public Storage remained on the site until December 31, 2005. For the purchase of the Neighborhood Park property, the Board approved the Third Amendment to the North Macadam URA Plan (December 1, 2003). The Resolution approved a minor

amendment to the Plan to authorize acquisition of the Public Storage of Oregon property, the site of the future South Waterfront Neighborhood Park (Resolution No. 6084). On June 9, 2004, Board also authorized continued negotiation and commencement of condemnation if necessary, to acquire the Public Storage of Oregon property (Resolution No. 6138).

The Neighborhood Park property is located at 3508 SW Moody Avenue within the 130-acre South Waterfront Plan Area and the North Macadam URA. The site is bounded at the north-south by SW Curry and SW Gaines Streets and east-west by SW Bond and SW Moody Avenues. The park property is at the center of the South Waterfront redevelopment area, called the Central District.

The Neighborhood Park is over two city blocks in size (92,000 square feet) and includes a portion of the vacated SW Pennoyer Avenue right-of-way. The site is relatively flat. Redevelopment of the property as a Neighborhood Park is being completed in two phases. Phase I Park Improvements include demolition of the Public Storage facility, remediation of low level contamination and installation of lawn, irrigation and perimeter sidewalks; improvements were completed in 2006. Urban renewal revenues and Park System Development Charges funded acquisition of the Neighborhood Park property from Public Storage of Oregon. Phase I Park Improvements were funded by urban renewal revenues and a \$200,000 U.S. Environmental Protection Agency Brownfields Cleanup Grant.

Planning and design of the Phase II Park Improvements, the current phase of improvements to the property, began in fall 2007. A design team was selected in late 2007: Hargreaves Associates. A significant public participation process took place in the winter and spring of 2008. From this process which included several community surveys a preferred design was presented in a public open house in April 2008. Design Development and Construction Drawings were developed in the spring, summer and fall of 2008. Permits were applied for in late Fall 2008.

A Request for Proposals for construction of the Park was issued by Parks in December 2008. After a response of six bidders, five within approximately \$100,000 of each other, the bid was awarded to Nutter Corporation on January 30, 2009. City Council awarded the bid on February 18, 2009. Nutter was given a notice to proceed with construction on March 20, 2009.

Construction on South Waterfront Neighborhood Park commenced on March 23 with substantial completion of the park improvements anticipated by August 2009. Full opening of all areas of the park is planned for fall 2009. Lastly, Parks has officially named the park Elizabeth Caruthers Park as of April 8.

**ATTACHMENTS:**

- A. North Macadam URA Financial Summary
- B. Project Summary and Site Map

**URA FINANCIAL SUMMARY**

**NORTH MACADAM URA - Five-Year Budget Planning by Project for FYs 2010-2014**

Resources	Adopted FY 2008-09	2008-09 Actuals* July-Dec	AMENDED 2008-09 BUDGET	2009-10	2010-11	2011-12	2012-13	2013-14	5 Yr Total
	3110 Tax Increment - S-T Debt	2,901,338	0	4,995,000	4,523,060	6,459,832	6,848,067	5,381,191	6,257,213
3120 Tax Increment - L-T Debt	16,464,600	0	6,346,882	8,241,750	0	78,372	0	9,831,768	18,151,890
3220 Grants - Federal Except HCD	0	0	0	0	0	0	0	0	0
3310 Loans - Principal Collection	1,959,928	47,964	0	1,959,928	0	0	0	0	1,959,928
3320 Loans - Interest Eamed	0	16,477	0	0	0	0	0	0	0
3340 Reimbursements	0	449,660	449,660	0	0	0	0	0	0
3510 Rent and Property Income	0	62,764	0	0	0	0	0	0	0
3520 Other Contracts	290,402	0	290,402	298,526	306,880	315,472	0	0	920,878
3710 Interest - City Invest Pool	50,000	16,670	50,000	50,000	50,000	50,000	0	0	150,000
3810 Real Property Sales	6,000,000	0	0	3,000,000	5,400,000	0	0	0	8,400,000
3999 Beginning Fund Balance	1,228,661	2,448,633	2,448,633	604,912	471,550	1,059,392	1,729,307	965,977	4,831,138
<b>Total Fund</b>	<b>26,614,728</b>	<b>3,032,058</b>	<b>14,680,687</b>	<b>18,878,178</b>	<b>12,888,282</b>	<b>8,361,303</b>	<b>7,110,488</b>	<b>17,064,968</b>	<b>83,883,197</b>

**Requirements**

Project Expenditures (These do not include Personal Services or Indirect Cost)

Development	2009-10	2010-11	2011-12	2012-13	2013-14	5 Yr Total
10510 N Mac Implement Coord	75,000	24,696	80,000	50,000	50,000	150,000
10511 N Mac Trans Planning	20,000	13	20,000	0	0	0
10512 N Mac Dev Agreements	45,000	40,496	45,000	45,000	0	90,000
10514 N Mac Strategic Opp Fund	0	0	0	0	0	0
10516 C.D. Greenway Implem. Strategy	0	0	0	0	0	0
10518 C.D. Greenway Design & Const	1,435,000	20,417	75,000	500,000	3,360,000	3,860,000
10521 N Mac Tram	0	0	0	0	0	0
10523 N District Ptnrshp Design Wkshp	0	234	120,000	0	0	0
10532 Cntrl Dist Infrastructure	2,444,020	0	2,444,020	0	0	0
10534 NMAC Bio & Storm Overflow	0	0	0	0	0	0
10536 SWF Neighborhood Park	3,463,400	16,028	2,000,400	1,463,000	0	1,463,000
10537 Gibbs St. Pedestrian Bridge	678,000	0	578,000	0	0	0
10540 NMAC New Initia-Parks and Gway	0	0	0	0	757,000	1,960,000
10541 NMAC New Initiatives-Transport	0	0	0	0	2,649,500	6,860,000
11060 RivPI Environ Parc1 The Strand	5,000	0	9,000	2,000	0	2,000
11062 RiverPlace Lot8 Parcel Dev	40,000	0	0	40,000	0	40,000
11063 RiverPlace Lot 3 ReDev	80,000	3,900	0	80,000	10,000	90,000
11069 RiverPl Dev Parcel1 & Gen	1,600	-2,042	1,500	0	0	0
11080 RiverPlace Property Mgmt	10,000	1,364	10,000	10,000	15,000	35,000
11081 Harbor Nalto Plan/ReDev	38,000	17,991	38,000	0	0	0
11082 Greenway Trail	0	0	0	0	0	0
<b>Development Total</b>	<b>8,237,920</b>	<b>121,976</b>	<b>6,419,920</b>	<b>2,190,000</b>	<b>3,475,000</b>	<b>3,471,600</b>
<b>Economic Development</b>						
70008 NMAC New Initiative - Jobs	0	0	0	0	378,500	350,000
70217 NMAC Bioscience Devel Strategy	1,606,000	289,793	1,505,000	700,000	700,000	0
<b>Economic Development Total</b>	<b>1,606,000</b>	<b>289,793</b>	<b>1,505,000</b>	<b>700,000</b>	<b>700,000</b>	<b>378,500</b>
<b>Housing</b>						
10525 NMAC Affordable Rental Housing	0	0	0	0	998,268	1,650,000
10543 NMAC Blk 49 Aff Rental Housing	9,000,000	168,666	4,000,000	13,000,000	0	0
33433 NMAC Homeownership	0	0	0	0	0	0
<b>Housing Total</b>	<b>9,741,000</b>	<b>168,666</b>	<b>4,000,000</b>	<b>13,000,000</b>	<b>998,268</b>	<b>1,650,000</b>
<b>Central Services</b>						
59162 NMAC Debt Management	16,834	8,140	16,834	16,626	17,467	18,330
<b>Central Services Total</b>	<b>16,834</b>	<b>8,140</b>	<b>16,834</b>	<b>16,626</b>	<b>17,467</b>	<b>18,330</b>
<b>Total Project Expenditures</b>	<b>18,499,754</b>	<b>578,495</b>	<b>10,940,764</b>	<b>16,808,828</b>	<b>6,190,726</b>	<b>6,618,330</b>
Debt Service	5,000,000	0	0	0	5,400,000	0
Total All Personnel Svcs & Indirect Costs	3,079,432	1,624,260	3,084,961	2,300,000	1,038,146	1,103,888
<b>Total Fund Expenditures</b>	<b>27,579,186</b>	<b>2,102,761</b>	<b>13,876,866</b>	<b>18,208,828</b>	<b>11,828,870</b>	<b>8,821,898</b>
Contingency	674,360	0	604,912	471,550	1,059,392	1,729,307
Ending Fund Balance	0	0	0	0	0	0
<b>Total Requirements</b>	<b>28,153,546</b>	<b>2,102,761</b>	<b>14,680,687</b>	<b>18,878,178</b>	<b>12,888,282</b>	<b>8,361,303</b>

Direct Project Expenditures (excludes Indirect, Debt Service and Contingency):						
Central District Projects	10,622,420	15,663,000	4,060,000	0	0	19,723,000
Non-Central District (excl. Indirect & debt svcs)	318,334	243,626	1,130,726	5,518,330	5,000,000	25,892,681
<b>Total</b>	<b>10,940,754</b>	<b>16,006,626</b>	<b>6,190,726</b>	<b>6,618,330</b>	<b>6,000,000</b>	<b>46,816,881</b>

**Notes:**

- The Resources for the FY 09-10 and forecast are revised estimates as per January 21, 2009.
- The 09-10 estimates are equal to the figures included in the FY 2008-09 Adopted Budget with exception of some carry forwards made during the Amendment or in the preliminary phases of the Draft budget: Greenway; Neighborhood Park; Affordable Housing; Block 49 plus other minor adjustments.
- Personal Services and Indirect has been recalculated and now is estimated at 20% (a rule of thumb) of direct Project expenses: this percent is subject to change.
- Project Central District Infrastructure (10532) has an encumbrance of \$538K as of January 26, 2009. Estimations of carry forward are expected to occur in the later phases of the budget cycle after completing a comprehensive analysis.

\*Please note that the 2008-09 Actuals data only shows revenue and expenditures which have been entered into Lawson as of December 31, 2008. These numbers DO NOT show or represent any encumbrances, since encumbrances may or may not spend in the current fiscal year.

May 14, 2009

### PROJECT SUMMARY

- Project Name:** South Waterfront Neighborhood Park
- Description:** 2.1 acre property designated for development as a public park
- Location:** 3508 SW Moody Avenue
- URA:** North Macadam
- Current Phase:** Construction
- Next Milestone:** Substantial Completion of Construction
- Completion Target:** August 2009 (construction)
- Outcome:** Approval of Transfer Agreement
- Site/Project Map:**

