

**DATE:** March 13, 2013  
**TO:** Board of Commissioners  
**FROM:** Patrick Quinton, Executive Director  
**SUBJECT:** Report Number 13-06  
Approving the Intergovernmental Agreement Portland Union Station Tracks and Building PE/NEPA between the Portland Development Commission and the Oregon Department of Transportation

**BOARD ACTION REQUESTED**

Adopt Resolution No. 6991

**ACTION DESCRIPTION**

This action will authorize the Executive Director to execute the *Intergovernmental Agreement Portland Union Station Tracks and Building PE/NEPA* (IGA) between the Portland Development Commission (PDC) and the Oregon Department of Transportation (ODOT).

The IGA will provide funding for the completion of preliminary engineering/design (PE) and environmental review (NEPA) for the list of improvements included in Attachment A. These improvements include seismic/structural upgrades, Americans with Disabilities Act (ADA) improvements, new mechanical systems, electrical service, fire detection and protection systems, and track and platform upgrades. This scope of work will help PDC better assess the design, cost, and preferred phasing of the improvements.

The total project cost is estimated at \$4,959,051. Funding will be provided as follows:

- 80 percent – Federal Railroad Administration (FRA), through the IGA with ODOT, up to a maximum of \$3,967,243.
- 20 percent – PDC River District Urban Renewal Area (URA), estimated at \$991,808 for the total project cost.

**BACKGROUND AND CONTEXT**

PDC acquired Union Station in 1987 from Portland Terminal Railroad as part of a larger 31 acre development opportunity site, most of which was subsequently redeveloped. The City of Portland Office of Management and Finance (OMF) manages the station, located at 800 NW Sixth Avenue in the River District URA, on PDC's behalf.

Listed on the National Register of Historic Places, Union Station opened for service in 1896. It is the oldest major passenger terminal on the West Coast and is the oldest of the grand "Union" stations west of St. Louis, Missouri. A major remodel of Union Station was completed in 1930 by Pietro Belluschi, and the station was in a state of neglect prior to acquisition by PDC.

The Union Station Facility Assessment and Seismic Work Plan (Facility Assessment) prepared by Degenkolb Engineers in 2001 identified a range of necessary facility improvements. In 2007 PDC, OMF,

and Architectural Cost Consultants updated the cost estimates associated with the recommended improvements, and identified their timing as either critical, near critical, or long term. The Facility Assessment addressed only the building – not the surrounding infrastructure. The following is a summary of the cost estimates, which are at a conceptual level, and include soft costs and a 20 percent contingency:

<b>Critical</b>	<b>Estimated Cost: \$8,553,859</b>
Key Issues Include: Roof Repairs, Gutters, Windows, Doors & Mold Abatement	
<b>Near Critical</b>	<b>Estimated Cost: \$4,458,736</b>
Key Issues Include: Masonry, Main Electrical, Life/Safety/ADA, Perimeter Drainage, Hazardous Materials	
<b>Long Term</b>	<b>Estimated Cost: \$25,396,300</b>
Key Issues Include: Electrical, Lighting, Energy Conservation, Tenant Space & Public Area Improvements	
<b>Total Estimated Cost: \$38,408,895</b>	

The following table summarizes work completed and pending since the update to the Facility Assessment in 2007. Approval of the IGA will allow Phase 3 to commence.

Phase	Funding by Source	Amount	Timing	Status & Scope
1	Total	\$1,374,309	Fiscal Year (FY) 2007-08	COMPLETED: Replacement of portions of the roof and limited exterior and interior repairs
	<i>ODOT Transportation Enhancement (TE) Grant</i>	\$1,036,427		
	<i>PDC/ Union Station Operating Reserves</i>	\$337,882		
2 & 2B	Total	\$10,870,565	FY 2009-10 – 2012-13	CLOSING-OUT: Design and construction of remaining roof repairs (all sections over 30 yrs old), seismic anchors, window repairs, etc – remainder of Critical Repairs and portion of Near Critical Repairs.
	<i>ODOT TE Grant</i>	\$2,636,000		
	<i>FRA High Speed Rail Grant</i>	\$7,240,583		
	<i>PDC</i>	\$993,982		
3	Total	\$4,959,051	FY 2012-13 – 2015-16	PENDING APPROVAL: Preliminary design of remaining Near Critical and Long Term repairs – and portions of track/platform upgrades
	<i>FRA High Speed Rail Grant</i>	\$3,967,243		
	<i>PDC</i>	\$991,808		

In addition to pursuing the work described above, in the current calendar year PDC staff will also prepare a long-term business plan for the operation and ownership of Union Station. Located within Portland’s central city, Union Station is one of two designated multimodal hubs, providing convenient connections between passenger rail, light rail, intra- and inter-city buses, streetcar lines, taxis, and various shuttle services. Amtrak is the primary tenant, and the station is also home to approximately twenty small office tenants and a restaurant.

**COMMUNITY AND PUBLIC BENEFIT**

In order to continue and expand the station’s important role in providing convenient transportation alternatives and employment opportunities, the historic Union Station facility requires significant

upgrades to maintain safety and operability. The approval of the IGA will provide funding for the completion of preliminary design work (approximately 60 percent design development), environmental review documentation, and a financing and phasing plan for future implementation of the necessary improvements.

The project is complementary to improvement plans and federal funding requests by the Washington Department of Transportation, ODOT, and Amtrak to make incremental rail and rolling stock improvements to enhance the speed, frequency, reliability, and passenger experience of Amtrak services in the rail corridor between Eugene, Oregon and Vancouver, British Columbia.

Locally, the project is anticipated to create approximately 54 short-term design, engineering, and environmental jobs (as estimated by the Council of Economic Advisers multiplier of one job per \$92,000 expended). Staff will implement best practices, consistent with our nation's civil rights and equal opportunity laws, for ensuring that all individuals – regardless of race, gender, age, disability, and national origin – benefit from activities funded through the IGA. Within 30 days of executing the IGA, PDC will provide ODOT and FRA a plan for incorporating these best practices in implementation of the project, including establishing contract goals. Staff will use the recently adopted Equity Policy as the foundation for this work.

#### **PUBLIC PARTICIPATION AND FEEDBACK**

Public participation and feedback has been limited due to the nature of the project. The project has been included in the River District URA budget reviewed by the River District Urban Renewal Advisory Committee. Additionally, Amtrak submitted a letter in support of the project, which was included in the grant application.

#### **BUDGET AND FINANCIAL INFORMATION**

The total project cost is estimated at \$4,959,051. FRA, through ODOT, will provide 80 percent of the project funds, up to a maximum of \$3,967,243. These funds will be provided on a reimbursement basis. PDC will be responsible for the 20 percent local match, estimated at \$991,808 for the total project. ODOT will be reimbursed for its expenses in assisting with the project, currently estimated at \$129,372.

PDC will be incurring all project costs directly and seeking reimbursement for 80 percent of the costs (up to the allowed maximum) from FRA through ODOT. Therefore, staff has included the gross project costs to be incurred by PDC in the Revised FY 2012-13 and Forecast River District URA Budget, as well as the revenues to be received through reimbursement (see Attachment B).

The Revised FY 2012-13 River District URA Budget also includes \$3,500,000 in FY 2015-16. This may be used as a potential future match for funding the construction of the improvements to be designed in this current phase.

#### **RISK ASSESSMENT**

The PDC Board of Commissioners (Board) should weigh the following risks when contemplating approval of the IGA:

- **Legal:**
  - PDC has multiple leases upon the Property. Some of the work contemplated by this IGA will ultimately be necessary to ensure the long term operability of the facility. If the work is not performed, PDC may at some point in the future be unable to meet its maintenance obligations under the leases and may be forced to terminate the leases.

- As the direct sub-recipient of the grant from the FRA, PDC will be responsible for complying with and fulfilling the terms and conditions of the grant. This includes requirements related to record keeping, status reporting, contracting requirements, etc.
- **Financial:**
  - PDC has expressed its intention to provide the required local match for the FRA Grant. Failure to maintain this commitment may jeopardize the ability to pursue other future grant opportunities for this or other ODOT sponsored projects.
  - PDC will be responsible for any project cost overruns. This risk is being addressed in three ways:
    - The project budget currently includes a seven percent contingency.
    - As a first task in the scope of work, the FRA requires the completion of a Detailed Work Plan and Budget (DWP). FRA must approve the DWP before the remainder of the project can proceed. This step is an opportunity to revise and refine the project scope of work and budget submitted with the grant application in much greater detail. Working with a consultant team, this will allow PDC to have greater certainty of the scope of work that can be completed within the allowed budget, and the appropriate contingency to be included.
    - As noted above, the FY 2015-16 Forecast Budget includes additional funds, which could be utilized in a worst-case scenario.
- **Public:**
  - Union Station is listed on the National Historic Register. There are strong public constituencies that look to PDC, as its owner, to preserve and maintain this historic asset.

#### **ALTERNATIVE ACTIONS**

The Board may elect to not authorize the execution of the IGA and forego the grant funds.

#### **ATTACHMENTS**

- A. Scope of Work: Included Improvements
- B. URA Financial Summary: FY 2012-13

## Attachment A: Scope of Work – Included Improvements

### **BUILDING IMPROVEMENTS**

#### ***A2 - Other Exterior Elements***

Repair stormwater drainage (allowance)  
Demo and re-build west wood canopy addition  
Demo and re-build metal Butler Building  
Exterior floodlights

#### ***A3 - Interior Areas & Finishes***

Renovate employee locker & restroom areas  
Maintenance, preservation, restoration at tenant spaces

#### ***A4 - Vertical Transportation***

Add new 3-story elevator in tower - Main Bldg  
Add new 2-story elevator at north end - Main Bldg  
Re-build stair at tower - Main Bldg

#### ***A5 - Other Interior Elements***

New concourse furnishings (seating & displays) - Main Bldg

#### ***A7 - ADA Code Upgrades***

Remove and replace door handle lever sets - Main Bldg  
HC accessible single occupancy RR (2ea) - Main Bldg

#### ***S2 - Lateral Systems***

Shotcrete at exterior walls - Main Bldg  
Shotcrete at exterior walls - Annex Bldg  
Shotcrete, anchors, framing at tower - Main Bldg

#### ***S4 - Nonstructural Components***

Fill/stabilize chimneys (2ea) - Main Bldg  
Fill/stabilize chimney - Annex Bldg

#### ***E1 - Electrical Power Distribution***

New service (switchgear and incoming feeder)  
New distribution panels, transformer, feeder - Main Bldg  
New distribution panels, transformer, feeder - Annex Bldg  
Underground main service (allowance)  
Conceal surface mounted electrical (allowance)  
New branch circuits - Main Bldg  
New branch circuits - Annex Bldg

#### ***E2 - Lighting***

Lighting - Main Bldg  
Lighting - Annex Bldg  
Lighting - Train Platforms  
Lighting at clock faces, flag pole and building façade

#### ***E3 - Telecom***

Telephone/data - Main Bldg  
Telephone/data - Annex Bldg

#### ***E6 - Emergency Power***

Emergency generator

#### ***E7 - Egress Lighting***

Egress lighting - Main Bldg  
Egress lighting - Annex Bldg

#### ***FP1 - Fire Protection***

Wet and dry fire protection systems - Main Bldg  
Wet fire protection systems - Annex Bldg  
Remove standpipes/cabinets - Main Bldg  
Remove standpipes/cabinets - Annex Bldg

#### ***FP2 - Fire Alarm***

Fire alarm system - Main Bldg  
Fire alarm system - Annex Bldg

#### ***M1 - HVAC Systems***

Central ventilation system - Main Bldg  
Toilet exhaust - Main Bldg  
Heat pumps at tenant space (w/ cooler) - Main Bldg  
Heat pumps for elec/data/telecom rooms - Main Bldg  
New grease duct system at restaurant kitchen - Main Bldg  
Insulate existing steam & condensate piping - Main Bldg  
Heat pumps at tenant space (w/o cooler) - Annex Bldg

#### ***M2 - Plumbing***

Replace galvanized domestic piping - Main Bldg  
Replace galvanized domestic piping - Annex Bldg

**TRACK & PLATFORM IMPROVEMENTS**

Repair stormwater drainage

Replace remaining jointed rail with continuous welded rail

Fix ground power/main electrical

Fix potable water system

Raise platforms 8' above top of rail

Power-operate all switches in station complex

Alternative fueling options due to reinstatement of Track 6

Reinstate Track 6

**Attachment B: FY 2012-13 URA Financial Summary**

**Five-Year Forecast Program Requirements Detail**

	Revised FY 2012-13	Draft FY 2013-14	Forecast FY 2014-15	Forecast FY 2015-16	Forecast FY 2016-17	Forecast FY 2017-18
<b>River District URA</b>						
<b>Resources</b>						
Beginning Fund Balance	22,424,911	18,986,303	4,505,073	5,331,888	4,529,965	587,121
Intergovernmental Revenues	0	1,800,000	2,100,000	0	0	0
Loan Collections	241,920	2,899,564	1,913,258	2,733,943	658,725	1,310,253
Long Term Debt	0	6,200,000	12,900,000	29,608,389	25,000,000	13,000,000
Property Income	698,128	698,128	698,128	698,128	698,128	698,128
Short Term Debt	21,756,450	20,422,519	21,869,244	23,455,165	19,421,913	19,830,147
<b>Total Resources</b>	<b>45,121,409</b>	<b>51,006,514</b>	<b>43,985,704</b>	<b>61,827,513</b>	<b>50,308,730</b>	<b>35,425,648</b>
<b>Requirements</b>						
<b>Program Expenditures</b>						
<b>Administration</b>						
<b>Financial Administration</b>						
A45101330 Debt Management-RVD	50,000	50,000	50,000	50,000	50,000	50,000
<b>General Administration</b>						
A65467330 URA Administration-RVD	50,000	0	0	0	0	0
<b>Total Administration</b>	<b>100,000</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>
<b>Business Dev</b>						
<b>Business Lending</b>						
L02100330 BIF-General-RVD	500,000	301,000	200,000	200,000	200,000	200,000
L02110330 BIF-Cluster Group-Budget-RVD	0	500,000	500,000	500,000	500,000	500,000
<b>Traded Sector Business Dev</b>						
B15102330 Site Recruitment-RVD	82,500	0	0	0	0	0
B15401330 Design Forum/PDX-RVD	5,000	0	0	0	0	0
B15100330 Cluster Development-RVD	100,000	50,000	50,000	50,000	50,000	50,000
B55005330 OT/CT Entrepreneurial-RVD	0	110,000	5,000	5,000	0	0
<b>Total Business Dev</b>	<b>687,500</b>	<b>961,000</b>	<b>755,000</b>	<b>755,000</b>	<b>750,000</b>	<b>750,000</b>
<b>Infrastructure</b>						
<b>Parks</b>						
N33011915 Nbrhd Pk(The Fields)-RVD-Adm	4,205,000	0	0	0	0	0
<b>Public Facilities</b>						
N33022015 Union Station-RVD-Adm	0	2,226,500	2,546,500	3,506,500	6,500	6,500
<b>Transportation</b>						
N33030015 Dtnw Retail Infra-RVD-Adm	244,702	0	0	0	0	0
N33033417 Pearl District Cir-RVD-Pred	2,545,000	0	0	0	0	0
N33033715 Streetcar Loop Project-RVD	500,000	0	0	0	0	0
<b>Total Infrastructure</b>	<b>7,494,702</b>	<b>2,226,500</b>	<b>2,546,500</b>	<b>3,506,500</b>	<b>6,500</b>	<b>6,500</b>
<b>Portland Hsg Bureau</b>						
<b>PHB Housing</b>						
H15135330 The Medford-RVD	1,476,000	0	0	0	0	0
H15430330 Affordable Rental Hsg-RVD	2,025,000	4,825,000	7,325,000	11,025,000	7,425,000	2,725,000
H15900330 PHB Staff & Admin-RVD	521,210	173,995	430,271	516,490	544,756	528,533
H15930330 Fairfield Apartments-RVD	65,000	50,000	50,000	50,000	50,000	0
H15951330 Yards at Union Station-RVD	1,265,963	0	0	0	0	0
<b>Total Portland Hsg Bureau</b>	<b>5,353,173</b>	<b>5,048,995</b>	<b>7,805,271</b>	<b>11,591,490</b>	<b>8,019,756</b>	<b>3,253,533</b>
<b>Property Redevel</b>						
<b>Commercial Property Redevelopm</b>						
P33050115 Dtnw Retail Strat-RVD-Adm	500,000	250,000	0	0	0	0
P33060525 Station Place Lot 5-RVD-Adm	200	200	0	0	0	0
P33091015 Public Outreach-RVD-Adm	0	2,000	0	0	0	0

**Five-Year Forecast Program Requirements Detail**

	Revised FY 2012-13	Draft FY 2013-14	Forecast FY 2014-15	Forecast FY 2015-16	Forecast FY 2016-17	Forecast FY 2017-18
P33060815 Old Fire Station-RVD-Adm	17,656	15,804	0	0	0	0
P33060715 One Waterfront North-RVD-Adm	6,508	4,187	4,187	4,187	4,187	4,187
P33060615 Block R-RVD-Adm	3,306	3,101	3,101	3,101	3,101	3,101
A45997330 Superfund-RVD	32,000	0	0	0	0	0
P33060535 Station Place Lot 7-RVD-Adm	9,554	9,365	9,365	9,365	9,365	9,365
P33050015 Post Office-RVD-Adm	675,000	500,000	8,000,000	16,000,000	15,000,000	22,000,000
P33060415 Centennial Mills-RVD-Adm	38,885	38,885	38,885	38,885	38,885	38,885
P33060315 Grove Hotel-RVD-Adm	42,924	29,584	0	0	0	0
P33050415 Centennial Mills Rdv-RVD-Adm	1,015,000	700,000	7,800,000	7,500,000	0	0
P33060115 Block Y-RVD-Adm	121,732	20,377	20,377	20,377	20,377	20,377
P33055115 Multnomah County-PDV-Adm	0	26,948,460	0	0	0	0
P33054315 RD Enviro-RVD-Adm	75,000	0	0	0	0	0
P33053219 Horse Barn Relocation-RVD-mgmt	1,750,000	0	0	0	0	0
P33052215 CC 2035-RVD-Adm	163,895	0	0	0	0	0
P33052115 10th & Yamhill Redev-RVD-Adm	0	0	0	3,250,000	14,200,000	0
P33060215 Union Station-RVD-Adm	842,767	0	0	0	0	0
P33060545 Station Place Prking-RVD-Adm	276,572	208,168	208,168	208,168	208,168	208,168
<b>Commercial Real Estate Lending</b>						
R01100330 CPRL-General-RVD	4,035,000	3,000,000	3,000,000	3,000,000	1,500,000	1,500,000
<b>Community Redevelopment Grants</b>						
G02100330 DOS-General-RVD	100,000	100,000	100,000	100,000	100,000	100,000
G03100330 SIP-General-RVD	275,000	300,000	300,000	300,000	300,000	300,000
<b>Total Property Redev</b>	<b>9,980,999</b>	<b>32,130,131</b>	<b>19,484,083</b>	<b>30,434,083</b>	<b>31,384,083</b>	<b>24,184,083</b>
<b>Total Program Expenditures</b>	<b>23,616,374</b>	<b>40,416,626</b>	<b>30,640,854</b>	<b>46,337,073</b>	<b>40,210,339</b>	<b>28,244,116</b>
Personal Services	897,565	768,477	1,732,370	2,619,802	2,273,409	1,596,864
Transfers - Indirect	3,669,367	5,316,338	6,280,592	8,340,673	7,237,861	5,083,941
<b>Total Fund Expenditures</b>	<b>28,183,306</b>	<b>46,501,441</b>	<b>38,653,816</b>	<b>57,297,548</b>	<b>49,721,610</b>	<b>34,924,920</b>
Contingency	16,938,103	4,505,073	5,331,888	4,529,965	587,121	500,728
Ending Fund Balance	0	0	0	0	0	0
<b>Total Requirements</b>	<b>45,121,409</b>	<b>51,006,514</b>	<b>43,985,704</b>	<b>61,827,513</b>	<b>50,308,730</b>	<b>35,425,648</b>