

DATE: February 11, 2015
TO: Board of Commissioners
FROM: Patrick Quinton, Executive Director
SUBJECT: Report Number 15-12

Authorizing an Intergovernmental Agreement with the Portland Bureau of Transportation for Construction of the Killingsworth Street Improvement Project Phase II in the Interstate Corridor Urban Renewal Area; Providing Funding in an Amount Not to Exceed \$3,000,000

BOARD ACTION REQUESTED

Adopt Resolution No. 7101

ACTION DESCRIPTION

This action will authorize the Portland Development Commission (PDC) Executive Director to enter into an Intergovernmental Agreement (IGA) between PDC and the Portland Bureau of Transportation (PBOT) providing funding in an amount not to exceed \$3,000,000 for the construction of Killingsworth Street Improvement Project Phase II (Project) between N. Commercial Street and NE Martin Luther King, Jr. Boulevard (see Attachment A). The Project is entirely within the Interstate Corridor Urban Renewal Area (ICURA) and will include the following work:

- Constructing approximately a half-mile new sidewalk, replacing existing substandard sidewalk
- Installing approximately 53 pedestrian-scale 'historic' design streetlights
- Enhancing the pedestrian environment by:
 - Improving transit stops
 - Slowing traffic by narrowing vehicle lanes and widening sidewalks
 - Improving crossings at key locations
- Upgrading approximately 63 American Disabilities Act (ADA) curb ramps
- Planting up to 33 deciduous trees
- Constructing curbs, driveways, and bio-swales

Following a construction bid and award phase in early 2015, construction is anticipated to begin in May 2015 and be completed by December 2015.

BACKGROUND AND CONTEXT

Killingsworth Street is identified in the *Albina Community Plan* and the *Humboldt Neighborhood Plan* as a key commercial corridor containing neighborhood services and destinations and is designated as a Main Street and Station Community in the *Metro 2040 Plan* and as a Community Main Street in *Portland's Transportation System Plan*.

In June 2002, PDC partnered with PBOT to begin an extensive public process that involved more than 1,000 community members and a 19-member Citizen Advisory Committee to identify potential streetscape improvements along Killingsworth Street from N. Interstate Avenue to NE Martin Luther King, Jr. Boulevard. The outcome was the *Killingsworth Street Improvements Planning Project Report*, adopted by Portland City Council through Resolution No. 36161 in August 2003. The report identified street design and themes to strengthen the connection between the Interstate MAX line and residences and businesses along Killingsworth Street.

The street improvements outlined in the planning project were broken down into phases. Phase I-A, completed in July 2006, included five blocks from N. Michigan to N. Borthwick avenues. Phase I-B, completed in 2008, included improvements from N. Interstate to N. Michigan avenues, the I-5 crossing, and the section from N. Borthwick Avenue to N. Commercial Street. PDC funded approximately \$2,000,000 toward the \$3,600,000 Phase 1-A and 1-B projects to reconstruct sidewalks, provide new transit stops, plant new trees, and install pedestrian-scale streetlights, street furniture, and pedestrian fencing on the I-5 crossing.

PBOT was awarded a \$400,000 grant in Metro's 2006-2009 Metropolitan Transportation Improvement Program funding for design and engineering for the final phase (Phase II) of the street improvement project with PDC providing \$332,000 in matching funds. PDC has been asked to contribute funding for construction, not to exceed \$3,000,000. Completing Phase II will fulfill a commitment to the citizens and businesses along Killingsworth Street and in the neighboring communities, including Portland Community College, which invested \$60,000,000 in its Cascade Campus, and the students and families of Jefferson High School. Since the Project is on the "Gem List" and completes a larger infrastructure project begun in 2003, PDC staff is supportive of this investment.

PDC's Neighborhood Commercial Corridor Strategy establishes tailored approaches for 26 neighborhood commercial corridors based on business and demographic conditions. The corridor is experiencing late stage or dynamic ongoing gentrification pressures, and residents are vulnerable to displacement. Because of these dynamics, PDC will only fund infrastructure investments that have been identified as community priorities.

To better understand potential impacts and mitigation measures, PDC staff conducted an equity impact analysis that identified steps to mitigate gentrification pressures along this corridor. Specifically, PDC staff will i.) Conduct proactive outreach to minority-owned businesses and long-time property and business owners, and ii.) Provide business technical and financial assistance to priority populations in order to close equity gaps.

To mitigate adverse impacts to local businesses during construction, PBOT will:

- Provide construction notification to local businesses and property owners and maintain regular, thorough communication as the Project proceeds.
- Tailor construction plans and specifications to ensure access to local businesses during construction. The Project will have less of an impact on local businesses than previous phases, as there will be no street closures.
- Post signage with business names indicating 'Open During Construction' and publish a bi-weekly newsletter to businesses updating construction progress. Individual businesses will receive notice no less than seven days prior to construction in front of their business with information on whom to contact should the business have specific needs.

COMMUNITY AND PUBLIC BENEFIT

Benefits of the Project include:

- Creating a continuous, pedestrian-friendly streetscape between Interstate Avenue, the MAX Yellow Line/Killingsworth transit station, and Martin Luther King, Jr. Boulevard.
- Supporting Killingsworth’s role as a neighborhood commercial center and a key commercial corridor serving North and Northeast Portland.
- Fostering of the community’s vision for Killingsworth Street as a vibrant community-building path of activity.
- Providing area residents, seniors, students, businesses, and library patrons with a safe, pedestrian-friendly environment to walk and bicycle.
- Supporting existing businesses with improved access through new sidewalks replacing crumbling sidewalks.
- Making sidewalks ADA-accessible with new and improved ramps.
- PDC’s Equity Policy applies to this IGA and associated construction contracts.

PUBLIC PARTICIPATION AND FEEDBACK

Staff has more recently conducted community outreach to gauge support for the Project and inform business and property owners of financial tools and assistance. Outreach efforts included:

- Sending information flyers to more than 300 neighborhood residents, businesses, and property owners.
- Canvassing businesses within the project area to share Project details; response was positive.
- Outreach to the Humboldt Neighborhood Association (HNA) and King Neighborhood Association (KNA). HNA expressed positive support for the project with their primary concern focused on reducing impacts to businesses during construction. KNA appreciated the project moving forward. PDC staff is attending both HNA (2/10/15) and KNA (3/11/15) meetings to share specific project information and outline required construction plan specifications to reduce impacts to businesses.

BUDGET AND FINANCIAL INFORMATION

There are sufficient funds in the ICURA budget, including \$500,000 in the adopted fiscal year 2014-15 budget, and \$2,500,000 in the requested budget (see Attachment B). Should Project costs come in below budget, remaining funds shall be retained by PDC. Below is a breakdown of Project costs:

SOURCES		USES	
PDC (ICURA)	\$3,000,000	Construction	\$2,187,819
		Engineering & Management	\$618,988
		Contingency – five percent of construction, engineering, and management	\$149,436
		Regional Arts & Culture Council – two percent for art	\$43,757
Total	\$3,000,000	Total	\$3,000,000

RISK ASSESSMENT

There is a risk contract bids will exceed the cost estimate. The IGA is not to exceed \$3,000,000. PDC has notified PBOT that PDC does not have any additional financial resources to contribute to the Project. Therefore, PBOT will need to complete the scope of the Project within the available financial resources, or, to the extent the Project costs increase beyond available financial resources, PBOT will need to identify alternative resources for any increased costs. Any cost savings shall be retained by PDC.

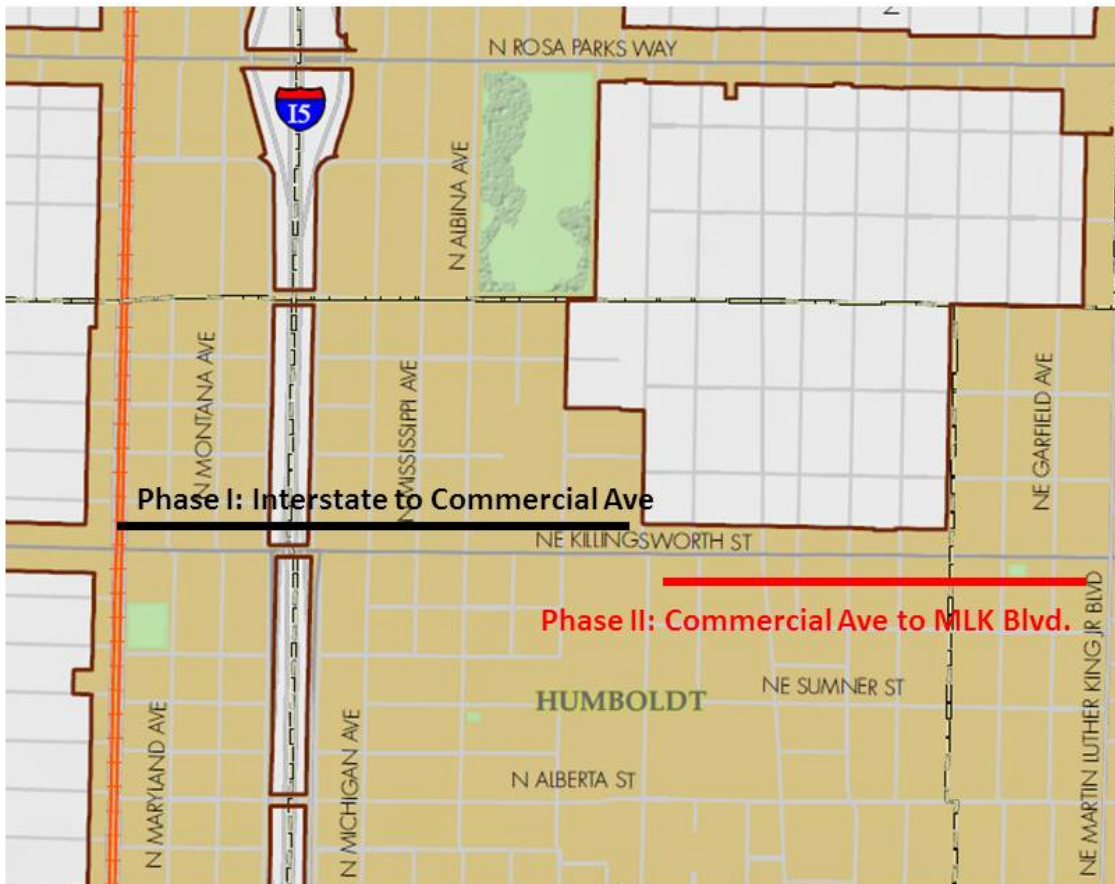
ALTERNATIVE ACTIONS

The PDC Board of Commissioners can elect to not authorize the IGA and direct PDC staff to renegotiate the terms of the IGA. Such action may terminate the project. If project is terminated, PBOT would be required to return the \$400,000 federal grant funds expended on design and engineering.

ATTACHMENTS

- A. Project Site Map
- B. ICURA Financial Summary

Project Site Map



ICURA Financial Summary

Five-Year Forecast Program Requirements

	Revised- 2 FY 2014-15	Requested FY 2015-16	Forecast FY 2016-17	Forecast FY 2017-18	Forecast FY 2018-19	Forecast FY 2019-20
Interstate Corridor URA						
Resources						
Beginning Fund Balance	15,550,161	11,049,551	3,751,866	1,234,387	38,498	36,322
Fees and Charges	5,800	2,200	1,500	1,500	1,500	1,500
Interest on Investments	72,000	33,149	11,256	3,703	0	0
Loan Collections	408,002	260,999	198,041	338,329	325,246	372,785
Long Term Debt	0	1,000,000	1,500,000	1,100,000	3,700,000	0
Property Income	171,776	772,652	182,400	182,400	182,400	182,400
Reimbursements	40,349	40,112	40,112	40,112	40,112	40,112
Short Term Debt	11,488,500	11,488,500	11,488,500	11,488,500	11,488,500	11,488,500
Total Resources	27,736,588	24,647,163	17,173,675	14,388,931	15,776,256	12,121,619
Requirements						
Program Expenditures						
Administration						
Financial Administration						
A45101370 Debt Management-ISC	22,532	22,532	22,532	22,532	22,532	22,532
Total Administration	22,532	22,532	22,532	22,532	22,532	22,532
Business Development						
Business Lending						
L00210370 BL -General-INT	8,659,050	650,000	650,000	650,000	650,000	650,000
L00200370 BL -Modifications-INT	150	0	0	0	0	0
Small Business & Community Dev						
B55900370 Community Development-ISC	25,000	25,000	25,000	25,000	25,000	25,000
B55710370 NPI & Main St Network-ISC	50,000	50,000	50,000	50,000	50,000	50,000
B55800370 Business Development-ISC	5,000	5,000	5,000	5,000	5,000	5,000
Traded Sector Business Dev						
T01069370 Lean Manufacturing-ISC	50,000	50,000	50,000	50,000	50,000	50,000
Total Business Development	8,789,200	780,000	780,000	780,000	780,000	780,000
Housing						
PHB Housing						
H15410370 Home Repair Projects-ISC	499,628	500,000	500,000	500,000	1,000,000	1,000,000
H15420370 Home Buyer Assistance-ISC	586,614	500,000	500,000	500,000	1,000,000	1,000,000
H15430370 Affordable Rental Hsg-ISC	342,347	7,564,501	6,048,749	6,600,000	6,792,304	1,000,000
H15900370 PHB Staff & Admin-ISC	770,437	864,255	1,026,306	1,064,651	1,157,221	308,688
Total Housing	2,199,026	9,428,756	8,075,055	8,664,651	9,949,525	3,308,688
Infrastructure						
Parks						
N37017315 Bridgeton-ISC-Adm	0	0	1,500,000	0	0	0
N37017415 Dawson Park-ISC-Adm	200,000	0	0	0	0	0
Transportation						
N37037715 Killingsworth Stscape-ISC-Adm	500,000	2,500,000	0	0	0	0
N37037815 Lombard Investment-ISC-Adm	100,000	2,200,000	0	0	0	0
N37037615 Denver Streetscape-ISC-Adm	48,400	0	0	0	0	0
Total Infrastructure	848,400	4,700,000	1,500,000	0	0	0
Property Redevelopment						
Commercial Property Redevelopm						
P37060515 Reiss House-ISC-Adm	8,711	8,611	0	0	0	0
P37090015 Project Development-ISC-Adm	19,250	20,000	20,000	20,000	20,000	20,000
P37060415 C&M Motors Lot-ISC-Adm	142,620	724	0	0	0	0
P37060215 3620 NE MLK Prkng-ISC-Adm	8,227	9,700	9,700	9,700	9,700	9,700

P37060155	Argyle Lot-ISC-Adm	30,702	3,430	3,430	3,430	3,430	3,430
P37060145	Spar-Tek Building-ISC-Adm	27,891	24,685	24,685	24,685	24,685	24,685
P37060135	Nelson Bldg-Corner-ISC-Adm	299,193	9,893	9,893	9,893	9,893	9,893
P37060125	Nelson Bldg-Indust-ISC-Adm	224,840	66,380	66,380	66,380	66,380	66,380
P37054815	Kenton Redev Dtw n-ISC-Adm	85,000	65,000	0	0	0	0
P37050215	Vanport III-ISC-Adm	85,000	0	0	0	0	0
P37092015	Real Estate Mgmt-ISC-Adm	10,290	15,290	5,000	5,000	5,000	5,000
Commercial Real Estate Lending							
R01100370	CPRL-General-ISC	503,000	2,470,000	2,000,000	1,275,000	1,275,000	1,275,000
Community Redevelopment Grants							
G01100370	CLG-General-ISC	300,700	300,000	300,000	300,000	300,000	300,000
G02100370	DOS-General-ISC	100,025	100,000	100,000	100,000	100,000	100,000
G03100370	SIP-General-ISC	500,025	500,000	500,000	500,000	500,000	500,000
G04100370	GFGP-General-ISC	100,000	100,000	100,000	100,000	100,000	100,000
Total Property Redevelopment		2,445,474	3,693,713	3,139,088	2,414,088	2,414,088	2,414,088
Total Program Expenditures		14,304,632	18,625,001	13,516,675	11,881,271	13,166,145	6,525,308
Personal Services		486,957	531,514	558,090	585,994	615,294	646,059
Transfers - Indirect		1,895,448	1,738,782	1,864,523	1,883,168	1,958,495	2,036,835
Total Fund Expenditures		16,687,037	20,895,297	15,939,288	14,350,433	15,739,934	9,208,202
Contingency		11,049,551	3,751,866	1,234,387	38,498	36,322	2,913,417
Ending Fund Balance		0	0	0	0	0	0
Total Requirements		27,736,588	24,647,163	17,173,675	14,388,931	15,776,256	12,121,619

Friday, January 30, 2015

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Page 2 of 2 (D13d)