

DATE: June 24, 2015
TO: Board of Commissioners
FROM: Patrick Quinton, Executive Director
SUBJECT: Report Number 15-42

Authorizing the Third Amendment to the Hawthorne Bridge Relocation Intergovernmental Agreement with Multnomah County and the Second Amendment to the Health Department Building Intergovernmental Agreement with Multnomah County

BOARD ACTION REQUESTED

Adopt Resolution No. 7129

ACTION DESCRIPTION

These proposed actions by the Portland Development Commission (PDC) Board of Commissioners (Board) will reallocate financial commitments previously made to Multnomah County (County) by authorizing amendments to two intergovernmental agreements (IGAs). If approved, the amendments will return funding to PDC that the County never utilized for relocation of the Hawthorne Bridge ramps in the Downtown Waterfront (DTWF) Urban Renewal Area (URA) and provide the County with additional funding for construction of the County Health Department Building in the River District (RD) URA.

Specifically, the proposed amendment to the Hawthorne Bridge Relocation IGA will terminate the IGA and provide reimbursement to PDC from the County in the amount of \$9,323,009. The proposed amendment to the Health Department Building IGA will result in an increased PDC contribution to the County in the amount of \$9,499,409 and alter the timing of payments.

BACKGROUND AND CONTEXT

Hawthorne Bridge Relocation IGA

The PDC Board authorized the Hawthorne Bridge Relocation IGA on November 17, 2007, through Resolution No. 6537 to provide \$9,000,000 to the County for the relocation of the Hawthorne Bridge ramp; relocation of the ramp would allow the County property to construct a new courthouse (Courthouse Building). In accordance with terms of the Hawthorne Bridge Relocation IGA, PDC disbursed \$8,820,000 to the County and \$176,400 to the Regional Arts and Culture Council (RACC) for the 2% for Art requirement in Fiscal Year (FY) 2007-08.

After a number of years considering locations for the Courthouse Building, on April 16, 2015, the County Board of Commissioners authorized locating the Courthouse Building on property that is outside the boundaries of the DTWF URA and no longer requires relocation of the Hawthorne Bridge ramp (see a site map in Attachment A). This action will terminate the IGA and return to PDC the previously disbursed PDC funds, with accrued interest.

Health Department Building IGA

The PDC Board authorized the Health Department Building IGA with the County on October 24, 2012, through Resolution No. 6978 to provide \$26,948,460 in funding for the County Health Department Building (Health Department Building) at NW Sixth Avenue and Hoyt Street in the RD URA (see a site map in Attachment A). As per terms of the Health Department Building IGA, PDC disbursed an initial \$10,000,000 to the County in FY 2013-14. However, the final payment of \$16,948,460 could not be disbursed since the payment is contingent on a number of items including land transfer, full land use approvals, and the issuance of building permits. Due to ongoing redesign of the facility, the Health Department IGA was amended on June 27, 2014, to extend disbursement of the final payment until June 30, 2015. Since then, the County has made further design changes to the facility to add additional programs that require zoning amendments increasing the base height from 75 feet to 105 feet. Based on the County's current timeline, the Health Department Building IGA will require a further extension of the final payment until December 30, 2016.

Therefore, PDC staff is proposing to amend the Health Department IGA with the County to i.) Extend Final Payment by PDC to December 30, 2016, and ii.) Increase PDC's contribution to the Project by \$9,499,409. PDC will request a \$176,400 credit with RACC within the DTWF URA for subsequent public and private projects obligated under the City of Portland's (City) 2% for Art policy. Due to the numerous commitments in the RD URA, the agreement for additional funding is structured to be disbursed on or before December 30, 2018, making total PDC contribution to the Health Department Building \$36,447,869.

COMMUNITY AND PUBLIC BENEFIT

These amendments, if approved, will provide multiple community and public benefits. Most notably, they will add significant, additional resources in the DTWF URA budget to implement Old Town/Chinatown Action Plan goals. In addition, the Health Department Building project will develop a vacant site in Old Town/Chinatown and provide 120,000 to 150,000 square footage of new commercial development, adding 350 employees within the district.

PUBLIC PARTICIPATION AND FEEDBACK

PDC staff has not conducted any formal public involvement related to these two actions. However, during the URA amendment process led by PDC staff in FY 2014-15, numerous stakeholders, including the Old Town/Chinatown Community Association and the Portland Business Alliance, expressed concern regarding the adequacy of resources within the DTWF URA to implement the Old Town/Chinatown Action Plan. This action would increase the availability of resources within DTWF URA but not impact the overall \$57,000,000 commitment made as a result of the Old Town/Chinatown Action Plan. The County has undertaken significant outreach regarding community support for the Health Department Building program and design as a result of requiring additional height and entitlement and has received support of the Old Town/Chinatown Community Association, City staff, and the Planning & Sustainability Commission.

BUDGET AND FINANCIAL INFORMATION

These proposed actions will result in a reimbursement to the DTWF Urban Renewal Fund of an estimated \$9,323,009 that can be programmed back to the DTWF URA Budget (see Attachment B). These actions will also require that PDC appropriate \$9,499,409 in resources from the RD URA no later than FY 2018-19 to facilitate the amended funding amount for the Health Department Building project. The amount will be identified in the five-year forecast budget based on timing of when the funds are

needed per the construction schedule. They are currently not included in the resources or programmed expenditures as shown in the FY 2015-16 Adopted Budget and Five-Year Forecast.

Following initial funding of the County Courthouse IGA in 2008, PDC disbursed \$176,400 to the RACC in accordance with the IGA. Since RACC funds must be used in accordance with Oregon Revised Statutes 457 and spent in the DTWF URA, PDC has communicated to RACC that since the original anticipated project was not completed, all expended or unexpended funds related to the 2% for Art compliance will transfer as a credit to a future eligible PDC or City project within the boundaries of DTWF URA.

This set of actions has no impact on PDC's overall commitment to the implementation and funding for the Old Town/Chinatown Action Plan, but it does impact the split between the two URAs which are the sources of PDC's overall \$57,000,000 commitment.

RISK ASSESSMENT

The set of actions do not pose significant risk to PDC as they are net neutral to the overall PDC budget as described above.

ALTERNATIVE ACTIONS

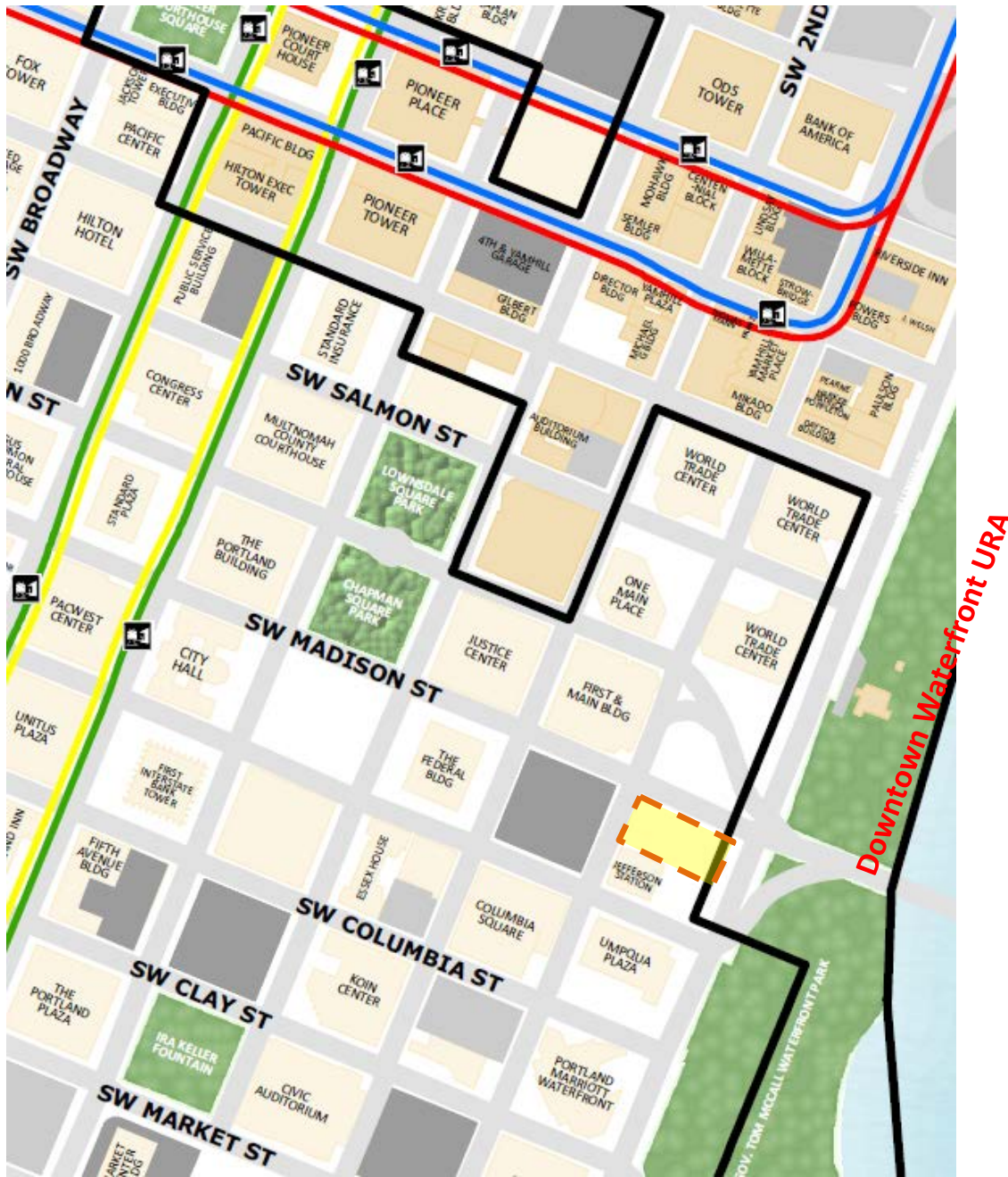
Should the PDC Board choose not to adopt the amendments, funds will remain programmed as planned in the RD URA budget, and PDC and the County will have to resolve under separate agreement PDC's partnership with the County at the bridgeheads and on the Courthouse Building project. This may delay the County's ability to move forward with the Courthouse Building project.

Similarly, the PDC Board could adopt the resolution and related amendments but with adjusted terms which may similarly impact the County's ability to advance both projects on a schedule that meets the current obligations.

ATTACHMENTS

- A. Project Maps
- B. FY 2015-16 DTWF and RD URA Budgets

Project Maps



Multnomah County Courthouse – Future Site

Project Maps



Multnomah County Health Department Building – Future Site

FY 2015-16 URA Budgets

Five-Year Forecast Program Requirements Detail

	Revised- 3 FY 2014-15	Adopted FY 2015-16	Forecast FY 2016-17	Forecast FY 2017-18	Forecast FY 2018-19	Forecast FY 2019-20
Downtown Waterfront URA						
Resources						
Beginning Fund Balance	14,416,731	16,397,236	11,035,759	7,875,605	8,291,581	5,646,146
Fees and Charges	250	6,000	2,800	2,800	2,800	2,800
Interest on Investments	60,000	30,000	10,000	10,000	0	0
Loan Collections	2,294,229	321,487	2,275,437	3,296,476	289,382	29,226
Property Income	2,734,764	2,490,035	2,571,510	69,885	68,260	66,635
Reimbursements	15,200	15,200	15,200	15,200	15,200	15,200
Total Resources	19,521,174	19,259,958	15,910,706	11,269,966	8,667,223	5,760,007
Requirements						
Program Expenditures						
Administration						
Financial Administration						
A45101320 Debt Management-DTW	4,501	4,501	8,000	8,000	8,000	8,000
Total Administration	4,501	4,501	8,000	8,000	8,000	8,000
Business Development						
Business Lending						
L00210320 BL -General-DTW	100,000	100,100	100,100	100,100	100,100	100,100
Small Business & Community Dev						
B55005320 OT/CT Action Plan-DTW	75,000	65,000	65,000	0	0	0
Total Business Development	175,000	165,100	165,100	100,100	100,100	100,100
Housing						
PHB Housing						
H15430320 Affordable Rental Hsg-DTW	0	1,717,345	254,565	0	0	0
Total Housing	0	1,717,345	254,565	0	0	0
Infrastructure						
Parks						
N32010015 Chinese Garden-DTW	0	638,000	0	0	0	0
Transportation						
N32030015 Dtn Retail Infra-DTW-Adm	0	500,000	1,500,000	0	0	0
Total Infrastructure	0	1,138,000	1,500,000	0	0	0
Property Redevelopment						
Commercial Property Redevelopm						
P32060615 SW 3rd & Oak-DTW-Adm	78,015	73,432	2,873,432	0	0	0
P32052215 CC 2035-DTW-Adm	9,186	0	0	0	0	0
P32053625 Old Town Lofts-Accel	337,707	31,800	31,800	31,800	31,800	31,800
P32053635 Old Town Lofts-Prkng-DTW-Adm	29,948	10,045	10,045	10,045	10,045	10,045
P32056515 RiverPlace Marina-DTW-Adm	20,000	15,200	15,200	15,200	15,200	15,200
P32060115 Block 8 - L-DTW-Adm	1,014,688	0	0	0	0	0
P32060415 SW 3rd & Taylor Lot-DTW-Adm	19,100	0	0	0	0	0
P32060515 One Waterfront South-DTW-Adm	8,960	4,600	4,600	0	0	0
Commercial Real Estate Lending						
R01100320 CPRL-General-DTW	100,000	3,951,000	2,001,000	2,001,000	2,001,000	1,000
Community Redevelopment Grants						
G01100320 CLG-General -DTW	111,000	100,000	100,000	100,000	100,000	100,000
G02100320 DOS-General-DTW	100,000	50,000	50,000	50,000	50,000	50,000
G03100320 SIP-General-DTW	373,000	200,000	200,000	200,000	200,000	200,000
Total Property Redevelopment	2,201,604	4,436,077	5,286,077	2,408,045	2,408,045	408,045
Total Program Expenditures	2,381,105	7,461,023	7,213,742	2,516,145	2,516,145	516,145

Downtown Waterfront Continued:

	Revised- 3 FY 2014-15	Adopted FY 2015-16	Forecast FY 2016-17	Forecast FY 2017-18	Forecast FY 2018-19	Forecast FY 2019-20
Personal Services	173,786	201,529	249,752	262,240	275,352	289,119
Transfers - Indirect	569,047	561,647	571,607	200,000	229,580	272,684
Total Fund Expenditures	3,123,938	8,224,199	8,035,101	2,978,385	3,021,077	1,077,948
Contingency	16,397,236	11,035,759	7,875,605	8,291,581	5,646,146	4,682,059
Ending Fund Balance	0	0	0	0	0	0
Total Requirements	19,521,174	19,259,958	15,910,706	11,269,966	8,667,223	5,760,007

	Revised- 3 FY 2014-15	Adopted FY 2015-16	Forecast FY 2016-17	Forecast FY 2017-18	Forecast FY 2018-19	Forecast FY 2019-20
River District URA						
Resources						
Beginning Fund Balance	49,258,181	37,846,177	16,489,814	5,850,288	1,782,873	265,476
Fees and Charges	16,900	6,000	1,324	2,937	2,110	2,110
Interest on Investments	200,000	200,000	150,000	50,000	25,000	5,000
Intergovernmental Revenues	1,983,620	1,983,620	0	0	0	0
Loan Collections	14,664,000	5,211,777	704,564	1,214,497	940,948	4,516,616
Long Term Debt	0	21,000,000	21,066,380	9,000,000	2,900,000	0
Property Income	2,769,168	2,672,865	11,945,115	2,470,115	6,116,995	2,466,015
Reimbursements	918,311	0	0	0	0	0
Short Term Debt	20,472,169	19,948,515	12,542,954	16,575,087	17,437,825	18,543,087
Total Resources	90,282,349	88,868,954	62,900,151	35,162,924	29,205,751	25,798,304
Requirements						
Program Expenditures						
Administration						
Financial Administration						
A45101330 Debt Management-RVD	71,055	71,055	65,000	65,000	65,000	65,000
Total Administration	71,055	71,055	65,000	65,000	65,000	65,000
Business Development						
Business Lending						
L00210330 BL -General-RIV	50,000	500,100	500,100	500,100	500,100	500,100
Small Business & Community Dev						
B55005330 OT/CT Action Plan-RVD	155,000	145,000	125,000	0	0	0
Traded Sector Business Dev						
B15100330 Cluster Development-RVD	50,000	50,000	50,000	50,000	50,000	0
Total Business Development	255,000	695,100	675,100	550,100	550,100	500,100
Housing						
PHB Housing						
H15136330 Erickson-Fritz-RVD	2,804,275	0	0	0	0	0
H15137330 The Abigail-RVD	9,254,109	0	0	0	0	0
H15430330 Affordable Rental Hsg-RVD	0	12,455,583	8,369,756	3,253,533	2,428,468	0
H15900330 PHB Staff & Admin-RVD	858,960	0	0	0	0	0
H15930330 Fairfield Apartments-RVD	46,738	0	0	0	0	0
H15931330 Block 26-RVD	1,402,138	0	0	0	0	0
Total Housing	14,366,220	12,455,583	8,369,756	3,253,533	2,428,468	0
Infrastructure						
Parks						
N33011915 Nbrhd Prk(The Fields)-RVD-Adm	9,170	400,000	0	0	0	0
Public Facilities						
N33022015 Union Station Grant-RVD-Adm	2,461,889	2,461,889	3,500,500	0	0	0
Transportation						
N33033415 Pearl District Cir-RVD-Adm	1,841,465	0	0	0	0	0
Total Infrastructure	4,312,524	2,861,889	3,500,500	0	0	0
Property Redevelopment						
Commercial Property Redevelopm						
P33060215 Union Station-RVD-Adm	1,541,484	1,156,747	1,156,747	1,156,747	1,156,747	1,156,747
P33060315 Grove Hotel-RVD-Adm	43,037	41,037	0	0	0	0
P33060415 Centennial Mills-RVD-Adm	3,883,713	5,536,355	12,766,287	0	0	0
P33060525 Station Place Lot 5-RVD-Adm	21,300	204,000	4,000	0	0	0

River District Continued:

	Revised- 3 FY 2014-15	Adopted FY 2015-16	Forecast FY 2016-17	Forecast FY 2017-18	Forecast FY 2018-19	Forecast FY 2019-20
P33060615 Block R-RVD-Adm	10,550	8,750	8,750	8,750	8,750	0
P33060715 One Waterfront North-RVD-Adm	16,083	7,187	7,187	0	0	0
P33092015 Real Estate Mgmt-RVD-Adm	8,069	2,000	2,000	2,000	2,000	2,000
P33054315 RD Enviro Reimb-RVD	1,000	0	0	0	0	0
P33060815 Old Fire Station Mgmt-RVD-Adm	80,086	17,747	0	0	0	0
P33050015 Post Office-RVD-Adm	250,000	1,700,000	10,000,000	10,000,000	14,000,000	0
P33060115 Block Y-RVD-Adm	48,404	45,100	45,100	45,100	45,100	45,100
A45997330 Superfund-RVD	25,000	0	0	0	0	0
P33055115 Multnomah County-PDV-Adm	0	16,948,460	0	0	0	0
P33050115 Dtn Retail Strat-RVD-Adm	30,000	30,000	30,000	0	0	0
P33050215 4th and Burnside-RVD	1,559,662	0	0	0	0	0
P33050315 Broadway Corridor-RVD	65,000	310,000	125,000	0	0	0
P33052115 10th & Yamhill Redev-RVD-Adm	50,000	3,250,000	1,750,000	0	0	0
P33052215 CC 2035-RVD-Adm	175,990	0	0	0	0	0
P33052715 PNCA-RVD-Adm	7,907	0	0	0	0	0
P33052815 PNCA Contract-RVD	9,049	0	0	0	0	0
Commercial Real Estate Lending						
R01100330 CPRL-General-RVD	18,220,000	20,452,000	12,002,000	11,002,000	3,002,000	2,002,000
Community Redevelopment Grants						
G01100330 CLG-General-RVD	138,000	100,000	100,000	100,000	100,000	0
G02100330 DOS-General-RVD	100,000	100,000	100,000	100,000	100,000	100,000
G03100330 SIP-General-RVD	308,000	300,000	300,000	300,000	300,000	300,000
G04100330 GFGP-General-RVD	0	25,000	0	0	0	0
Total Property Redevelopment	26,870,499	50,585,489	38,668,177	22,985,703	18,985,703	3,876,953
Total Program Expenditures	45,875,298	66,669,116	51,278,533	26,854,336	22,029,271	4,442,053
Personal Services	532,505	624,464	595,584	625,363	656,632	689,463
Transfers - Indirect	6,028,370	5,085,559	5,175,747	5,900,352	6,254,373	6,066,742
Total Fund Expenditures	52,436,173	72,379,139	57,049,864	33,380,051	28,940,276	11,198,258
Contingency	37,846,176	16,489,815	5,850,287	1,782,873	265,475	14,600,046
Ending Fund Balance	0	0	0	0	0	0
Total Requirements	90,282,349	88,868,954	62,900,151	35,162,924	29,205,751	25,798,304