

DATE: November 18, 2015
TO: Board of Commissioners
FROM: Patrick Quinton, Executive Director
SUBJECT: Report Number 15-68
Update on the South Waterfront North District Development Agreement and Intergovernmental Agreements

BOARD ACTION REQUESTED

No action is requested; information only.

SUMMARY

On June 10, 2015, the Portland Development Commission (PDC) Board of Commissioners (Board), through Resolution No. 7117, authorized the Executive Director to enter into a South Waterfront North District Project Development Agreement (DA) with ZRZ Realty Company (ZRZ) and recommended Portland City Council (City Council) approve the DA. On June 24, 2015, per Ordinance 187212, City Council approved the DA.

This report is intended to provide the PDC Board with a status update on DA implementation. This update includes the following:

- Intergovernmental Agreements (IGAs): Per the DA, PDC and partner bureaus were required to execute IGAs for the implementation of particular components of the DA within 120 days of the effective date of the DA, which was November 12, 2015. IGAs have been executed with the following bureaus:
 - Portland Bureau of Transportation (PBOT): Bond Avenue concept and further design
 - Portland Housing Bureau (PHB): Affordable housing option
 - Bureau of Environmental Services: District stormwater partnership implementation
 - Portland Parks & Recreation (PP&R): Open space concept plan implementation
- ZRZ will present an overview of its Phase 1 private development progress, including design development and project schedules for Block 1, 4, and 6 development projects.
- The Oregon Health & Science University (OHSU) will present an overview of the Knight Cancer Building development progress, including design development and project schedule.
- Implementation Schedule: Immediate next steps over the next six months include:
 - December 2015: Street Plan Amendment to City Council
District energy viability reviewed
 - January 2016: Greenway Plan update initiated
South Waterfront Project Apprenticeship Agreement Oversight Committee kick-off

- March: District stormwater concept planning
Bond Avenue 30 percent design complete
OHSU Knight Cancer Building construction start
- April: Affordable housing appraisals underway
- May 2016: Pacific Power & Light line underground complete
ZRZ Block 1 construction start

PDC staff expects to brief the PDC Board in spring 2016 with an update on Bond Avenue design and costs (including any potential PDC budget adjustments), the affordable housing appraisal process, and other project updates.

BACKGROUND AND CONTEXT

The DA established an agreement for City of Portland (City) support of ZRZ development of 1,500,000 square feet (SF) of mixed-use, employment-oriented commercial and residential property. PDC's investment under the DA is estimated to be \$23,700,000. The estimate is based on projected availability of tax increment financing (TIF) from the amended North Macadam Urban Renewal Area (URA) Plan recently approved by the PDC Board and City Council and the planned scale of ZRZ private development. PDC TIF investment is directed to economic development, transportation, infrastructure, greenway, and open space improvements.

The following provides a summary of the private development, public infrastructure, and public-private partnerships included in the DA. Attachment B provides a map of project phasing as described below and included in the DA.

Private Development

Phase 1: ZRZ intends to develop at least 440,000 SF of space anticipated to include mixed-use, employment-oriented projects, and build on the ZRZ Emery housing project completed in 2013.

Phase 2: ZRZ intends to develop at least 1,000,000 SF of space anticipated to include commercial and residential uses that contribute to South Waterfront employment and housing goals.

Phase 3: ZRZ has completed a plan for development of additional SF on properties south of the Ross Island Bridge; this development is anticipated to occur after the last date to issue debt in the North Macadam URA.

Infrastructure

Phase 1:

- Bond Avenue: PDC will fund and PBOT will design and construct Bond Avenue street improvements from SW Porter to SW Grover streets, built in three segments that are coordinated with adjacent development. Street improvements could include District Energy pipe conveyance system if a District Energy System is initiated by OHSU.
- Stormwater: ZRZ will fund, design, and construct a stormwater system for Phase I development projects and Bond Avenue located on ZRZ property east of Moody Avenue and west of Bond Avenue.
- Economic Development: At PDC's discretion, PDC may provide funding for the undergrounding of the Pacific Power & Light line adjacent to ZRZ property and other economic development investments including structured parking.

Phase 2:

- Willamette River Greenway: PDC will fund and ZRZ will design and construct greenway improvements from the Marquam Bridge to the Ross Island Bridge with a connector under the

Ross Island Bridge to Moody Avenue. The final design shall be mutually agreed upon by ZRZ, PDC, OHSU, and PP&R.

- Bond Avenue: If ZRZ development reaches an aggregate of 750,000 SF, the SW Bond Avenue street improvement from SW Grover to SW Gibbs streets (on ZRZ property) and from SW Gibbs to SW Whitaker streets will be triggered for design and constructed.

Phase 3: If ZRZ proceeds with Phase 3 development prior to June 2025, PDC, at its discretion, may invest additional TIF, as available, for street improvements on SW Bond Avenue from SW Grover to SW Gibbs streets or SW Gibbs to SW Whitaker streets (if not already funded) and remaining upland greenway improvements from Ross Island Bridge to Gibbs Street.

Next Steps (one to two years)

- Bond Avenue: Per the DA, the City funds and constructs the design and construction of Bond Avenue concurrent with the design and construction of ZRZ and OHSU projects. Based on current ZRZ and OHSU project schedules, PDC anticipates initiating 60 percent design and construction plans after 30 percent design has been completed and construction costs have been identified with construction of segments occurring in alignment with ZRZ and OHSU timelines.
- Ross Island Bridge Park/Greenway: ZRZ and PP&R will enter into a Zidell Yards Open Space Concept Plan process (initiated by October 2018) that will include identification of a size, location, and conceptual design for the Ross Island Bridge Park and will also include greenway concept design and other open space within the ZRZ property. Based on partnership outcomes, PDC would commit to \$5,000,000 for Ross Island Bridge property acquisition.
- Affordable Housing: ZRZ and PHB will enter into an agreement to provide PHB with an option to purchase property and development rights within the ZRZ development. A purchase price will be agreed to by July 2016, with an escalation rate increasing the purchase price until the option is executed, which is anticipated to occur by 2021.

ATTACHMENTS

- A. Property Map
- B. Development Phasing Map

Property Map



Development Phasing Plan

