

PDC

PORTLAND DEVELOPMENT COMMISSION

DATE: June 11, 2008
TO: Board of Commissioners
FROM: Bruce A. Warner, Executive Director
SUBJECT: Report Number 08-75

Disposition of a Permanent Easement at the Burnside Bridgehead Property, Block 69, to the Oregon Department of Transportation for the potential future replacement and/or expansion of an existing I-84 highway on-ramp in exchange for relinquishment of an encumbrance on Block 67 and 68

EXECUTIVE SUMMARY

BOARD ACTION REQUESTED

Adopt Resolution No. 6596

ACTION SUMMARY

This action will grant a permanent easement through Portland Development Commission (PDC)-owned property located at 123 NE 3rd Avenue, Block 69, of the Burnside Bridgehead property (the Property), to the Oregon Department of Transportation (ODOT) for the potential future replacement and/or expansion of an existing I-84 on-ramp. The granting of this easement is in consideration of ODOT's release of a 1956 highway easement that presently runs through the center of the Property on Blocks 67 and 68. This highway easement must be eliminated from the title to the Property in order for the development of the Burnside Bridgehead project to proceed.

The existing I-84 on-ramp facility is located at the north end of the Property, on Block 69. The proposed easement area consists of 2,310 square feet (see Attachment A) and has been appraised by ODOT at \$34,650. The easement will allow for the future replacement and/or expansion of the on-ramp, which will allow for increased traffic capacity as well as an upgrading of the facility per new seismic standards. The additional easement area will allow parking for the Burnside Bridgehead project on the site below.

Disposition of this easement area will happen concurrently with ODOT's release of the 1956 highway easement, no longer needed, that runs north-south through the Property on Blocks 67 and 68, totaling 4,909 square feet (see Attachment B), with an internal ODOT appraisal value of \$73,635. The net value of these two actions is \$38,985, which will be paid by PDC to ODOT when the documents are recorded.

PUBLIC BENEFIT

The future redevelopment of the existing I-84 highway on-ramp will allow for increased traffic capacity as well as an upgrading of the facility per new seismic standards.

Additionally, ODOT's release of the highway easement, on Blocks 67 and 68, is necessary for the redevelopment of Burnside Bridgehead site.

This action will support the following PDC goals:

- Develop healthy neighborhoods
- Provide access to quality housing
- Help businesses to create and sustain quality jobs
- Support a vibrant Central City (urban core)
- Contribute to a strong regional economy

PUBLIC PARTICIPATION AND FEEDBACK

The Burnside Bridgehead Citizen Advisory Committee (CAC), which is charged with overseeing the planning work for the Burnside Bridgehead project, was briefed on all pre-development items and fully supports PDC's actions to complete the pre-development work to render the site "shovel ready".

COMPLIANCE WITH ADOPTED PLANS AND POLICIES

The Resolution is consistent with and supports PDC's ability to implement the Eastbank at Burnside: Lower East Burnside Redevelopment Plan, through the development of the Burnside Bridgehead project. The proposed easement will also serve to facilitate potential improvements to the interstate transportation system consistent with state and federal transportation plans.

FINANCIAL IMPACT

The net value of these two actions is \$38,985, which will be paid by PDC to ODOT when the documents are recorded.

On April 25, 2008, the PDC Investment Committee reviewed this proposal and issued a recommendation supporting its approval.

RISK ASSESSMENT

Release of ODOT's highway easement on Blocks 67 and 68 is essential to the redevelopment of the Burnside Bridgehead site. Without it, the property cannot be built upon and has a greatly diminished value.

Granting of the easement to ODOT for potential replacement and/or expansion of the freeway on-ramp poses no risk to the Commission and has no adverse impacts on the Property since the land is not suitable for development by reason of its location, size and existing encumbrances.

WORK LOAD IMPACT

Staff resources are available and programmed to support the proposed action.

ALTERNATIVE ACTIONS

Staff could attempt to renegotiate the terms and conditions of the proposed easement, however, as stated above, removal of the highway easement on Blocks 67 and 68 is essential to redevelopment of the property and the net consideration to be paid by PDC is deemed fair and reasonable.

CONCURRENCE

The Burnside Bridgehead Project continues to be strongly supported by the Central Eastside (CES) Urban Renewal Advisory Committee, the Central Eastside Industrial Council, the Burnside Bridgehead Citizens Advisory Committee (CAC) and PDC's interdepartmental CES Urban Renewal Area Team. The CAC, who is charged with overseeing the planning work for the Burnside Bridgehead project, was briefed on all pre-development items and fully supports PDC actions.

On April 25, 2008, the PDC Investment Committee reviewed and supported the terms and conditions of this transaction.

BACKGROUND

On August 16, 2004, PDC issued Request for Developer Proposals #04-05 for the Burnside Bridgehead Mixed Use Redevelopment Project (RFP). The RFP received responses from three teams: Gerding/Edlen Development, Beam Development, and Opus Northwest, LLC (Opus). On April 27, 2005, the PDC Board of Commissioners (Board) selected Opus as the preferred developer for the Burnside Bridgehead.

The land for the Burnside Bridgehead project was assembled by the Commission over a number of years. The last piece, the Convention Plaza property, was acquired by PDC on May 11, 2006. Prior to closing, PDC obtained a written commitment from the Director of the Oregon Department of Transportation to release the 1956 highway easement to allow development of the site to proceed.

PDC staff and Opus worked together for approximately two years to prepare the site and surrounding property for development, however, with the recent economic downturn, Opus indicated that they could no longer continue to invest resources into the project. In response, the Commission elected to allow the Memorandum of Understanding with Opus to expire and to focus the Commission's efforts on completing a series of pre-development actions that are necessary to prepare the site for redevelopment. These actions include the removal of the subject highway easement, environmental remediation, demolition of the buildings and other improvements on the site as well as finalizing the plans and funding sources for the Eastside Burnside/Couch Couplet project.

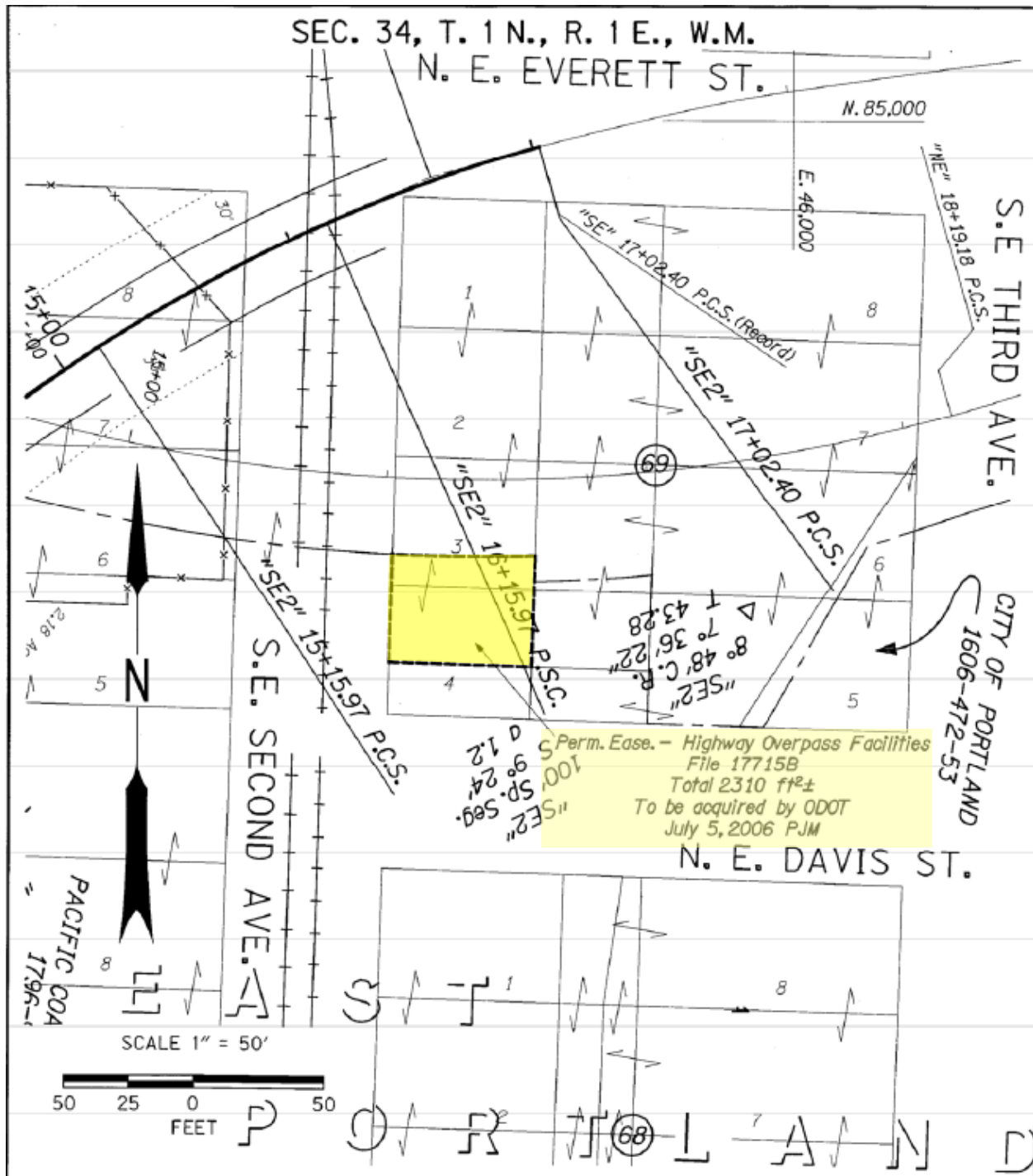
Following the work described above, staff anticipates undertaking a new process to solicit and secure a new development team for the Bridgehead project this fall or winter.


ATTACHMENTS:

- A. Site Map showing Easement to be Granted to ODOT
- B. Site Map showing Encumbrance to be Released by ODOT
- C. Central Eastside URA FY 2007/08 Financial Summary
- D. Burnside Bridgehead Project Summary

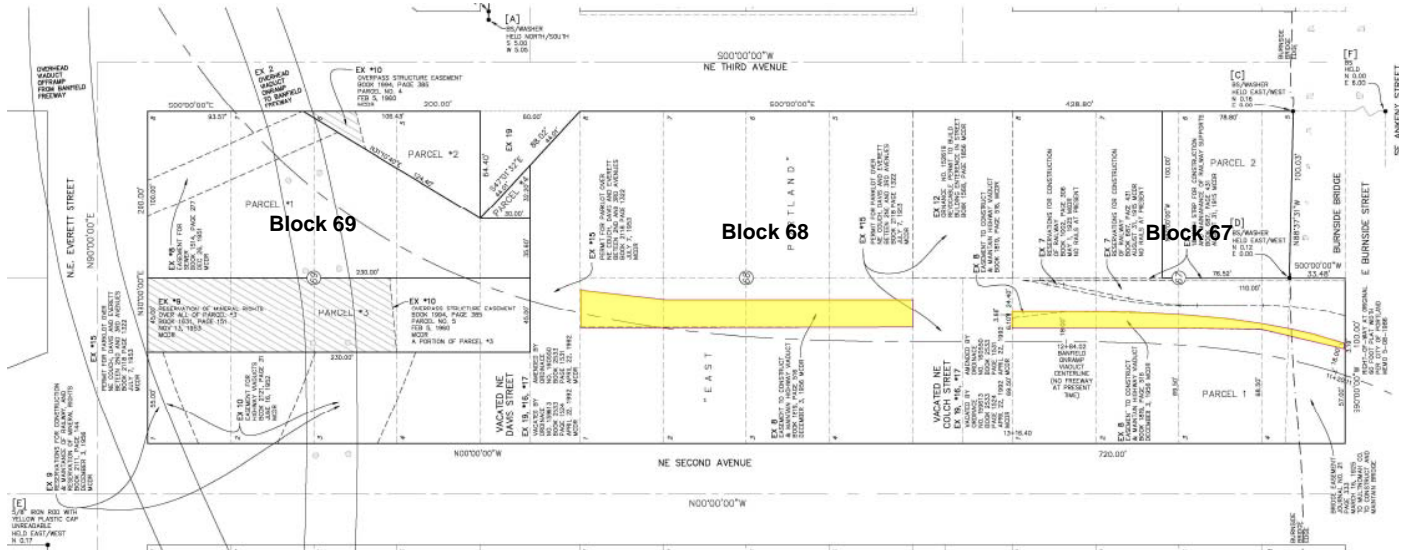
CC: L. Bowers, Interim Development Department Director
S. Bruce Allen, Sr. Development Manager
T. Lam, Project Coordinator
D. Elott, Interim General Counsel
J. Jackley, Executive Operations Manager

Site Map showing Easement to be Granted to ODOT
 (highlighted in yellow)



OREGON DEPARTMENT OF TRANSPORTATION  RIGHT OF WAY ENGINEERING SKETCH MAP	Section	E. Marquam Intchge. (N.B. & Banfield Access)		
	Highway	Pacific		
	County	Multnomah	Scale 1" = 50'	
	Purpose	To be acquired	Date	July, 2006
	File	17715B	See Drawing 10B-1-36	

Site Map showing Encumbrance to be Released by ODOT
(highlighted in yellow)



CES URA FINANCIAL SUMMARY

Financial Summary

Fund Summary - Five-Year Budget Projections

	<i>Revised FY 2007-08</i>	<i>FY 2008-09 Proposed</i>	<i>FY 2009-10 Forecast</i>	<i>FY 2010-11 Forecast</i>	<i>FY 2011-12 Forecast</i>	<i>FY 2012-13 Forecast</i>
Central Eastside URA						
Resources						
Beginning Fund Balance	2,078,427	750,455	134,359	-9,133,751	-14,546,073	-15,556,309
Interest - City Invest Pool	25,000	0	0	0	0	0
Loans - Interest Earned	0	87,827	85,050	59,065	56,500	44,915
Loans - Principal Collection	53,206	70,813	65,050	59,065	56,500	44,915
Real Property Sales	0	7,000,000	0	0	0	0
Tax Increment - L-T Debt	6,670,000	5,984,010	774,225	1,703,295	1,749,763	1,645,481
Tax Increment - S-T Debt	3,119,817	2,770,828	3,172,220	2,947,446	3,096,898	3,233,248
Total Fund Resources	11,946,450	16,643,933	4,210,904	-4,364,880	-9,586,412	-10,587,750
Requirements						
Project Expenditures (does not include Personal Services or Indirect Cost)						
Development						
10041 - CES Streetcar Construction	0	0	3,184,000	3,000,000	0	0
10044 - CES Burns/Couch Couplet	497,757	3,830,000	6,020,000	0	0	0
10048 - Eastbank Park/Holman Bldg	42,836	0	0	0	0	0
10052 - Washington Monroe	3,815,000	0	0	0	0	985,000
10060 - CES Redevel Loan Fnd (Seismic)	300,000	300,000	300,000	300,000	300,000	600,000
10070 - Sidewlk/Rtes to River Plan/Des	75,000	125,000	0	250,000	325,000	0
10071 - Burnside Bridgehead - Reloc	1,325,000	0	0	0	0	0
10072 - Burnside Bridgehead: Developme	210,000	6,400,000	0	0	0	0
Development Total	6,265,593	10,455,000	9,504,000	3,550,000	625,000	1,585,000
Economic Development						
10021 - CES Storefront Grants	93,339	0	0	0	0	0
10023 - CES Industrial Storefronts	50,000	100,000	100,000	100,000	100,000	100,000
70017 - CES Business Finance	2,800,000	1,427,844	1,000,000	1,000,000	1,000,000	1,000,000
70247 - CES Business Retention	50,000	150,000	50,000	50,000	50,000	50,000
Economic Development Total	2,793,339	1,677,644	1,150,000	1,150,000	1,150,000	1,150,000
Housing						
33423 - CES Aff Homeownership	100,000	0	0	1,750,000	0	0
80021 - CES Workforce Rental Housing	0	0	500,000	0	1,250,000	0
80028 - CES Aff Rental Housing	35,000	2,500,000	500,000	0	1,100,000	0
80045 - Hooper Center	0	0	0	2,000,000	0	0
Housing Total	135,000	2,500,000	1,000,000	3,750,000	2,350,000	0
Central Services						
59187 - CES Debt Management	9,195	9,655	10,137	10,644	11,176	0
Central Services Total	9,195	9,655	10,137	10,644	11,176	0
Total Project Expenditures	9,203,127	14,642,299	11,664,137	8,460,644	4,136,176	2,735,000
Indirect Cost	1,992,878	1,867,275	1,860,519	1,743,544	1,830,721	500,000
Total Fund Expenditures	11,196,005	16,509,574	13,324,656	10,204,188	5,966,897	3,235,000
Contingency	750,445	134,359	0	0	0	0
Ending Fund Balance	0	0	-9,113,752	-14,569,068	-15,553,309	-13,822,750
Total Requirements	11,946,450	16,643,933	4,210,904	-4,364,880	-9,586,412	-10,587,750

PROJECT SUMMARY

- Project Name:** Burnside Bridgehead
- Description:** Permanent easement for the future replacement or expansion of an existing I-84 highway overpass facility in exchange for ODOT's release of an old highway easement that presently runs through the center of the Property on Blocks 67 and 68
- Location:** Granting of permanent easement to ODOT on Block 69 and release of existing ODOT highway easement on Blocks 67 and 68
- URA:** Central Eastside
- Current Phase:** Planning and Preliminary Design
- Site/Project Map:**

