

PDC

PORTLAND DEVELOPMENT COMMISSION

DATE: December 9, 2009
TO: Board of Commissioners
FROM: Bruce A. Warner, Executive Director
SUBJECT: Report Number 09-134
Burnside Bridgehead Redevelopment Briefing

EXECUTIVE SUMMARY

BOARD ACTION REQUESTED

None – information only.

SUMMARY

This briefing provides an update on the Burnside Bridgehead (BBH) project, covering milestones and tasks accomplished since February 2009. This includes the following:

- Portland Development Commission (PDC)- Beam Development (Beam) Memorandum of Understanding (MOU)
- Convention Plaza Re-Use Analysis
- Redevelopment Framework Plan

In addition, PDC staff, Beam Development, and the Framework Plan consultant team, led by Will Bruder of Will Bruder+Partners, will lead the PDC Board of Commissioners (Board) through a summary of the public input received at the November 18 public workshop and preview draft Framework Plan Development Principles, Goals, and Objectives for Board comment and input.

BACKGROUND

PDC – BEAM MOU: PDC and Beam entered into a yearlong MOU in February 2009, authorized by the PDC Executive Director. The MOU outlines the partnership between PDC and Beam, in which Beam serves as PDC's Strategic Advisor in preparing the BBH site for future development. In exchange, Beam has the right to exclusive negotiations with PDC to develop a portion of the BBH site that, at a minimum, is equal to 20% of the BBH site area.

Over the past nine months, the PDC and Beam team has met bi-weekly to discuss the BBH project and accomplish tasks. Two of the tasks – the Framework Plan and the Convention Plaza Re-Use Analysis – are discussed in detail below. Tasks remaining after the completion of the Framework Plan in March include the development of a Marketing Strategy for the site. As the Framework Plan and the Marketing Strategy tasks will extend beyond February 2010, the PDC-BEAM team has mutually agreed to extend the MOU until September 2010.

Framework Plan: The creation of a significant mixed-use gateway development on the BBH site is called out in the City's Economic Development Strategy as a key opportunity for catalytic

investment in physical place-making, to support the city's job creation efforts, and to maintain Portland's leadership in sustainability through urban innovation.

The Framework Plan process supports this goal by taking advantage of the downturn in the market to refine and clarify public goals and objectives for the property, and identify key opportunities and constraints on the site. The plan will include a Sustainability Plan, a Construction Cost Reduction Study, and Metrics for how future development proposals on the site could be evaluated against the Framework Plan's goals and objectives.

PDC kicked off the Framework Plan process in September 2009 with the selection of Will Bruder+Partners as the consultant team for the six-month Framework Plan development.

Will Bruder is the president of Will Bruder+Partners PHX/PDX and is the 2009-2010 Distinguished Visiting Professor of Urban Architecture in the School of Architecture at Portland State University. The team also includes Portland architects Group Mackenzie and Works Partnership Architecture, as well as subject matter experts Johnson Reid (market analysis), Green Building Services (sustainability), Peter Finley Fry (planning), Lango Hansen (landscape architecture), Architectural Cost Consultants (cost estimating), and Group Mackenzie Engineering (transportation analysis).

The consultant team was introduced to the public at the October 20 Burnside Bridgehead Citizen Advisory Committee (CAC) meeting. The project team (PDC and Beam and the consultant team) meets monthly with the CAC to get its input into key steps in the development of the plan.

Two public workshops offer further opportunity for public engagement. The first was held on November 18, 2009. This workshop was a forum for conversation between the project team and stakeholders – approximately 140 people attended this workshop and provided input on a series of questions related to the project. These questions were:

- What makes this site such an important opportunity for Portland and the east side?
- What two uses would you like incorporated at the site?
- What would be an inappropriate use at the Bridgehead?
- What do you hope development on this site catalyzes?
- Which of these parking options should be the goal for the site?
 - Provide the minimum parking requirement for the development
 - Provide parking for the development with 'no net loss' of on street parking
 - Provide parking for the site development and for the neighborhood
- What would warrant public investment in this project?
- What sustainable ideas and features would be appropriate for the project?
- What will make this site 'a live, work and play destination' for residents and visitors?

The second workshop will be held on January 27, 2010. This workshop will include the presentation of draft Framework Plan materials for public comment.

The PDC-BEAM-Consultant team has gathered input and feedback to similar questions from several other groups including the Central Eastside Urban Renewal Advisory Committee and the Central Eastside Industrial Council Land Use committee and two focus groups comprised of an assortment of Westside and eastside business and property owners.

Convention Plaza Re-Use Analysis: The Convention Plaza Building is a 5-story, 96,000 SF former warehouse, built in 1925, converted to offices in the 1950's, and vacated since 2007. It is situated on one of four city blocks collectively known as the 'Burnside Bridgehead', bounded by NE Martin Luther King Jr. Blvd, NE 2nd Ave, NE Davis St, and the Burnside Bridge itself.

The Re-Use Analysis was requested by PDC and Beam in order to determine whether the building should be reused or whether it should be demolished. Components of the analysis include:

- Re-Development Opportunity Impact: Analysis of the building's location and its compatibility with potential future development, and the ability to meet wider goals of generating jobs and acting as a catalyst for area development, considering the building and site's urban design constraints and opportunities.
- Building Re-Use Evaluation: Analysis of the architectural integrity of the building and the evaluation and identification of the types of improvements, and their costs, that would be required for the re-use of the building.

Attachment A provides a summary of the preliminary findings of the Convention Plaza Re-Use Analysis.

ATTACHMENTS:

- A. Convention Plaza Re-Use Analysis



The Convention Plaza Building is a 5-story, 96,000 SF, former warehouse, built in 1925, converted to offices in the 1950's and vacated since 2007. It is situated on one of four city blocks collectively known as the 'Burnside Bridgehead', bounded by NE MLK Blvd, NE 2nd Ave, NE Davis St, and the Burnside Bridge itself. The Re-Use Analysis was requested by PDC and Beam Development in order to determine whether the building should be reused or whether it should be demolished.

Components of the analysis include:

- **Re-Development Opportunity Impact:** Analysis of the building's location and its compatibility with potential future development. This includes consideration of the ability to meet job generation goals, the site's role in acting as a catalyst for area development, and the building and site's urban design constraints and opportunities.
- **Building Re-Use Evaluation:** Analysis of the architectural integrity of the building and the evaluation and identification of the types of improvements, and their costs, that would be required for the re-use of the building.

IMPLICATIONS

The findings of the draft Re-Use Analysis indicate that prior to determining whether the building should be reused or whether it should be demolished the following should be completed:

- **Evaluation of scenarios:** A comparison of costs between scenarios should be completed. This includes comparing redevelopment costs, building upgrade costs, building maintenance costs, demolition costs and potential operating income for each scenario.
- **Market Analysis:** An updated market analysis should be completed to provide input regarding the types of development, and rents, anticipated for the area. This will inform the re-use analysis by providing data on uses expected to locate in new development vs. rehabilitated buildings and the types of rents expected for a variety of uses in each scenario.
- **Framework Plan:** This plan will provide direction on whether to reuse or demolish the building. The plan should incorporate the following:
 - *Convention Plaza Re-Use Analysis* preliminary findings;
 - *Market Analysis* findings;
 - *Urban Design* strategy for how the Burnside Bridgehead site integrates into the wider context of the area;
 - *Sustainability Analysis* to determine how reuse or demolition of the building impacts the sustainability approach for site development;
 - *City of Portland Economic Development Strategy* and the implications of a job creation emphasis on the site;
 - *Potential phasing of development* for the site and implications of phasing on retention of the Convention Plaza building.



PRELIMINARY FINDINGS

Building Re-Use Evaluation

The consultant team evaluated two improvement scenarios that represent alternative approaches to the redevelopment and improvements of the Convention Plaza building. For both scenarios, site improvements related to parking lot and landscaping improvements were also identified.

- *Scenario 1* is based on not seismically improving the building, nor adding an additional floor. The exclusion of a seismic upgrade limits occupancy changes and restricts the flexibility of uses to existing Type B uses.
- *Scenario 2* includes a seismic upgrade with new shear walls, concrete topping slab and an additional floor. The full seismic upgrade allows occupancy changes and allows for flexibility of uses.

Building Improvement Cost Estimates: The following chart summarizes the hard costs estimated for the two improvements scenarios. At this time, these cost estimates do not include land acquisition, permitting, soft or financing costs.

	Scenario 1	Scenario 2	Site Improvements	Building Demolition
Estimated Direct Cost	\$9,449,599	\$13,344,206	\$630,920	\$871,556
Contingencies	1,432,127	2,004,170	92,207	80,183
Subtotal	10,881,726	15,348,377	723,127	951,739
Add'l hard costs	691,745	973,738	61,451	80,877
Total Hard Costs	11,573,471	16,322,115	784,578	1,032,616
Estimated Cost / SF	119.56	150.23		

Re-Development Opportunity Impact

The studies completed by the consultant team show the different potential massing of redevelopment on the Burnside Bridgehead site with or without retention of the Convention Plaza building. In order to evaluate comparable options, all scenarios compare massing options that maintain the existing street grid. The maximum development floor area of the four blocks (excluding streets) is 1,764,000 SF including maximum bonus floor area. The following chart summarizes the scenarios and compares FAR and gross SF development potential.

	Description	FAR	Gross SF
1	This option preserves the Convention Plaza building and maximizes development on the remaining sites to the height allowable (200')	9.86	1,527,200
2	This option preserves the Convention Plaza building and maximizes development on the remaining sites to 150'.	7.12	1,128,500
3	This option preserves the Convention Plaza building, adding a penthouse expansion to it. Other development shown varies in height, stepping up in a spiral, from northwest to southwest. The tallest volume is 200'.	5.74	921,650
4	This option replaces the Convention Plaza building and develops on all sites to the maximum height (200') and FAR (12) allowable.	11.96	1,837,700
5	This option replaces the Convention Plaza building and develops on all sites. The massing steps up in height to a maximum of 200'.	7.20	1,139,800