

PDC

PORTLAND DEVELOPMENT COMMISSION

DATE: April 23, 2009

TO: Board of Commissioners

FROM: Bruce A. Warner, Executive Director

SUBJECT: Report Number 09-48
Intergovernmental Agreement with Portland Bureau of Transportation to Construct Denver Avenue Streetscape Improvements.

EXECUTIVE SUMMARY

BOARD ACTION REQUESTED

Adopt Resolution No. 6697

ACTION SUMMARY

This action will authorize the Executive Director to execute an Intergovernmental Agreement (IGA) with Portland Bureau of Transportation (PBOT) in the amount of \$2,847,545, subject to budget appropriation, to construct streetscape improvements consistent with the *Downtown Kenton-Denver Avenue Streetscape Plan* (the Plan).

The Streetscape Improvement Project (the Project) covers North Denver Avenue from North Interstate Avenue south to North Watts. It will include the installation of trees, sidewalk improvements, curb extensions, storm water planters, art, ornamental streetlights and pedestrian crossings. The sidewalks will be widened and the center turn lane, currently little used, will be eliminated.

Design and engineering will be completed this spring. The Project is scheduled to be bid in late April, pending approval by the Portland Development Commission (PDC) Board of Commissioners (Board) and Portland City Council. Construction is expected to start late July 2009 and be completed by December 2009.

PUBLIC BENEFIT

The 4.5-block streetscape improvements are part of the larger Downtown Kenton Redevelopment Project, begun in fall 2005 by PDC. Currently, many of the properties within the Kenton Business District stand vacant or underutilized. Denver Avenue, the main street through Kenton, has narrow sidewalks, a wide roadway, and limited pedestrian amenities. The Project will help make Denver Avenue a safer and more attractive place for pedestrians and shoppers, and will spur the revitalization of the Kenton commercial corridor. The improvements will aid in "placemaking," helping to create a stronger identity and better visibility for the district, and strengthen the connection between Denver Avenue, the surrounding community, and the Interstate Max light-rail station which lies one block away. The new stormwater planters will help infiltrate runoff and create one of the first green main streets in Portland.

The challenges faced in Downtown Kenton call for an integrated approach between development and economic development activities. This is also the approach PDC is working to foster through its recent reorganization, which combines the Development and Economic Development Departments into a single Urban Development Department. While work is being done on the streetscape, PDC is also doing outreach along the corridor to offer business support through PDC programs including the Storefront Improvement Program, the Storefront Lighting Improvement Program (SLIP), Development Opportunity Services (DOS) Grant Program, and business finance assistance. It is estimated that the streetscape work will create up to 42 construction and construction-related jobs

This action will support the following PDC goals:

- Sustainability and Social Equity
- Healthy Neighborhoods
- A Vibrant Central City
- Strong Economic Growth and Competitive Region
- Effective Stewardship over our Resources and Operations, and Employee Investment

PUBLIC PARTICIPATION AND FEEDBACK

The streetscape plan and its designs were developed through an extensive public participation process. At its core was the Denver Streetscape Citizen’s Advisory Committee (the CAC), comprised of 14 Kenton property and business owners, residents and city-wide representatives. The CAC was formed by PDC in 2006 and met regularly for the following year to advise PDC, its consultants and PBOT (“the team”). Through the work with the CAC, the final designs represent a compromise between the parking and loading needs of the Denver Avenue business owners, some of whom are light industrial or manufacturing in nature, and the desire on the part of many residents to have a more walkable, green, and attractive commercial destination.

The team also received feedback from the general public at a December 2006 Design Workshop, a series of four Open Houses held between 2007 and 2009, and three Kenton Neighborhood Association briefings (January 9, October 8, and June 11, 2008). The Interstate Corridor Urban Renewal Advisory Committee (ICURAC) also was regularly updated on the Denver streetscape design process.

As mentioned, a key component of the improvements is that Denver Avenue’s center-turn lane will be eliminated and sidewalks widened to provide capacity for cafes and more pedestrian activity. Many of the businesses on the street had been using the center lane for truck delivery loading and unloading. This arrangement was convenient for them, although illegal and potentially dangerous because it blocked visibility. To ease the transition to the new design, the travel lanes were restriped to their new configuration in January. During this time, the team worked closely with business owners to determine their needs and PBOT tweaked the redesign to best accommodate business parking and loading at curbside.

Denver Avenue businesses are also being surveyed so as to structure construction to have the least impact on their daily activity. Finally, PDC staff went door-to door to notify local businesses on financial assistance programs. During construction, a consultant will

continue to do public outreach for the local businesses and serve as a single point of contact on construction related concerns.

COMPLIANCE WITH ADOPTED PLANS AND POLICIES

The *Kenton Downtown Plan* (2001) lists the revitalization of the Denver Avenue Business District into a neighborhood-serving retail corridor as a Kenton neighborhood priority. An update to the *Kenton Neighborhood Plan* included in the *Downtown Plan* states that a priority action is to “*Create a pedestrian-friendly shopping area on Denver Avenue. Focus public investment on a project that supports a retail corridor on Denver Avenue.*”

The streetscape plan also supports multiple goals and objectives of *The Interstate Corridor Urban Renewal Plan*, including a thorough public outreach process, sustainability, and most specifically Urban Form goal #1 which states, “*Target Street Improvements to complement light rail use and to leverage appropriate private investment.*”

Construction of the Project will implement the *Downtown Kenton-Denver Avenue Streetscape Plan* adopted by the PDC Board on February 13, 2008 (Resolution No. 6556), and by City Council on February 27, 2008.

FINANCIAL IMPACT

The financial impact of this action is \$2,847,545. A total of \$492,000 was allocated for the Denver Streetscape Project in the Interstate Corridor Urban Renewal Area (URA) 2008-09 budget. Once design and engineering are fully complete, an estimated \$200,000 will remain for preparing the bid package and awarding the construction contract. In the FY 2009-10 budget, \$3,413,000 is proposed for Denver Avenue construction. Commitment of the \$3,413,000 in the proposed FY 2009-10 budget is subject to final budget appropriation. The cost of construction will also be supplemented by a \$75,000 Oregon Department of Transportation Community Enhancement grant. The proposed construction budget is based on 60% engineer's cost estimates. A 12% Project contingency of \$340,645 is controlled by PDC; additionally a 5% construction contract contingency of \$87,000 and a 10% Project contingency of \$220,410 are controlled by PBOT.

RISK ASSESSMENT

Construction bids could come in higher than engineer's estimates; however, the Project is not considered a high risk construction project because it is implementing standard City of Portland sidewalks, lighting, trees and curb extensions. Also the market is very competitive because of the economic recession. In addition, mitigation of potential risk has been carefully addressed in the IGA; it includes:

1. The Project will not be bid until PDC and PBOT project managers discuss and agree in writing to the engineer's final estimate.
2. The construction contract will not be awarded if bids exceed the engineer's final cost estimate by more than 15%.

3. The construction contract will not be awarded until PDC and PBOT project managers are in agreement regarding the acceptability of the bids and PBOT has received written approval from PDC to proceed.
4. All change orders over \$15,000 must be reviewed by PDC project manager.
5. There is adequate contingency included in the IGA, as detailed above.
6. Use of the PDC-controlled contingency must be approved in writing by the PDC project manager.

WORK LOAD IMPACT

The Project associated with this action is in the current PDC and PBOT work plans. Each organization has a project manager who will dedicate a portion of their time to this Project. In addition to work by existing staff, outside consultants will design street lighting, and will provide construction design assistance and public outreach, including serving as a single point of contact with affected businesses on construction related concerns and promoting PDC financial assistance programs.

ALTERNATIVE ACTIONS

The PDC Board may choose to not approve the IGA. The final design and engineering work is nearly complete as part of previous Work Orders with PBOT at the cost of about \$300,000. The design and engineering work would likely still be valid if the Project goes to construction at a later date, although costs would likely have to be revised due to inflation.

In addition, if the Project does not proceed at this time, public confidence that PDC and the City are committed to the revitalization of Downtown Kenton may be questioned and the opportunity to leverage the recent Multnomah County investment in a new Denver Avenue library branch could be lost for the present. Also lost would be an immediate chance to provide economic stimulus with the estimated 42 jobs that would be generated from the Project construction and related activities.

If bids come in higher than anticipated, PDC can choose not to proceed with the project. However, there is contingency in the IGA and additional funding in the ICURAC budget for this project, which could be used to cover overages, if necessary.

CONCURRENCE

The final IGA was developed with full cooperation of PDC and PBOT staff, the Neighborhood Division and legal staff of both organizations. This Project concurs with the Interstate Corridor Urban Renewal Advisory Committee and its citizens' Transportation Subcommittee, and the above referenced groups support the recommended action. An ordinance authorizing the IGA and the Project contracting is expected to go to City Council in April.

BACKGROUND

North Denver Avenue, stretching from Watts Street north to Interstate Avenue, forms the heart of the downtown Kenton business district. The *Kenton Downtown Plan*, the *Kenton Neighborhood Plan*, and the *Interstate Corridor Urban Renewal Area Plan* all identify Denver Avenue as a key commercial corridor with neighborhood services and destinations.

While the main street offers several attractive historic buildings and is one block from a new MAX light rail station and a large public park, many commercial properties along Denver Avenue and its side streets stand underutilized or vacant. In 2005, PDC began the Downtown Kenton Redevelopment Project to promote revitalization of this historic business district.

Among the key recommendations of this Project were to create streetscape improvements along Denver Avenue to improve its business environment. The current streetscape has fairly narrow 10-foot sidewalks and a very wide three-lane roadway with a center-turn lane. The large expanse of concrete encourages drivers to speed past the business district, making Denver Avenue feel unsafe and uncomfortable for pedestrians and shoppers. There are few amenities, such as trees, benches, and sidewalk lights. Preliminary concepts for improvement were developed in the Project's first phase.

In the summer of 2006, PDC assembled a project team with PBOT, SERA Architects, and landscape architects Greenworks to create schematic designs which could be implemented within the next few years. The 14-member CAC and a Technical Assistance Committee met regularly to give input on the designs. The general public also reviewed and commented on the work at Open Houses and a Design Workshop. The Project team also met individually with Denver Avenue business and property owners. Since summer 2007, PBOT has been engaged in completing the Denver Avenue design and engineering, and will oversee the project bidding and construction.

During the public outreach process, the CAC and public had developed a list of criteria with which to judge the success of the new Denver streetscape design. In brief, criteria included making the Denver street environment safe, attractive, unique, durable, pedestrian- and bike-friendly, and green. The new streetscape design strives to address all these criteria.

Among the most significant changes recommended is expansion of the sidewalks from 10- to 15-feet to create a more pleasant pedestrian environment with room for outdoor café tables and other retail amenities. The bike lanes which line both sides of Denver would also be widened to a more comfortable six-foot width. Attractive pedestrian-scale lights and trees will enhance the commercial area. Public art, designed by sculptor Mauricio Saldana under the auspices of RACC, will be placed on the central corner of the streetscape. RACC will also design and maintain seven stone art benches to be placed at the remaining corners and complement the public art piece.

The street will be resurfaced with concrete, using an innovative technique called ultra-thin white topping, which is quick setting and cost competitive with asphalt. Parking lanes and intersections will be distinctively colored to visually narrow the street. Stormwater planters along the entire stretch of Denver will soften the concrete with green and capture and infiltrate stormwater runoff from the sidewalks and roadways. Due to budget constraints, full undergrounding of utilities will not be possible with the project.

In order to slow traffic, Denver's center-turn lane will be eliminated and delivery loading and unloading important to local businesses would be accommodated at curbside. PBOT is working closely with business owners to create the most effective loading zones and parking timing and signage. The two traffic lanes would be widened to 11-feet each to allow cars to pass around a curbside delivery truck without stopping the flow of traffic. Finally, the gateways at the north and south end of the district will be enhanced with new greenery to better mark the district.

ATTACHMENTS:

- A. Interstate Corridor URA Financial Summary
- B. Project Map
- C. Conceptual Rendering of New Streetscape

Note: The IGA is shown as Exhibit A of the accompanying Resolution

INTERSTATE CORRIDOR URA - Five-Year Budget Planning by Project for FYs 2010-2014

| Resources | Adopted | 2008-09 | AMENDED | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 5 Yr Total |
|-----------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | FY | Actuals* | 2008-09 | | | | | | |
| | 2008-09 | July-Dec | BUDGET | | | | | | |
| 3110 Tax Increment - S-T Debt | 5,994,000 | 0 | 6,504,468 | 6,401,397 | 5,017,671 | 5,805,125 | 5,274,794 | 6,144,137 | 28,643,124 |
| 3120 Tax Increment - L-T Debt | 21,847,566 | 9,640,986 | 13,086,900 | 16,479,351 | 11,488,500 | 4,395,600 | 6,993,000 | 4,595,400 | 43,951,851 |
| 3130 Loan Fees | 0 | 11,983 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3140 Loan Late Charges | 0 | 161 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3310 Loans - Principal Collection | 710,120 | 179,121 | 710,120 | 53,559 | 247,614 | 2,264,437 | 38,748 | 38,748 | 2,643,106 |
| 3320 Loans - Interest Earned | 60,120 | 36,926 | 60,120 | 53,559 | 1,156,384 | 46,897 | 38,748 | 38,748 | 1,334,336 |
| 3340 Reimbursement | 0 | 188 | 45,000 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3510 Rent and Property Income | 0 | 250 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3710 Interest - City Invest Pool | 40,000 | 5,717 | 40,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 100,000 |
| 3810 Real Property Sales | 1,120,000 | 258,572 | 0 | 2,920,424 | 0 | 0 | 0 | 0 | 2,920,424 |
| 3999 Beginning Fund Balance | 528,171 | 1,541,458 | 1,541,458 | 857,635 | 2,377,849 | 801,464 | 502,644 | 528,896 | 5,068,488 |
| Total Fund | 30,299,977 | 11,675,361 | 21,988,066 | 26,785,925 | 20,308,018 | 13,333,523 | 12,867,934 | 11,365,929 | 84,661,330 |

Requirements

Project Expenditures (These do not include Personal Services or Indirect Cost)

| Development | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 5 Yr Total | | | |
|--------------------------------------|------------------|----------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|
| 19018 Interstate Redevelopment | 291,000 | 27,666 | 291,000 | 350,000 | 1,125,000 | 500,000 | 500,000 | 500,000 | 2,975,000 |
| 19019 Interstate DOS Program | 300,000 | 87,085 | 300,000 | 300,000 | 300,000 | 300,000 | 300,000 | 300,000 | 1,500,000 |
| 19020 Interstate Streetscape Improve | 4,872,000 | 97,072 | 2,872,000 | 3,781,000 | 300,000 | 800,000 | 800,000 | 0 | 5,681,000 |
| 19021 Interstate Trans Improvements | 150,000 | 5,845 | 150,000 | 600,000 | 100,000 | 100,000 | 100,000 | 100,000 | 1,000,000 |
| 19023 Interstate Community Liv. | 300,000 | 179,511 | 300,000 | 300,000 | 300,000 | 300,000 | 300,000 | 300,000 | 1,500,000 |
| 19038 Interstate Parks | 815,000 | 208,215 | 455,000 | 1,065,000 | 3,050,000 | 600,000 | 1,100,000 | 600,000 | 6,415,000 |
| 19048 IC Downtown Kenton Redev | 100,000 | 12 | 100,000 | 100,000 | 1,500,000 | 700,000 | 700,000 | 700,000 | 3,700,000 |
| 19049 IC Redevelopment Loan Program | 400,000 | 4,633 | 400,000 | 1,900,000 | 1,900,000 | 400,000 | 400,000 | 400,000 | 5,000,000 |
| Development Total | 7,228,000 | 610,039 | 4,868,000 | 8,396,000 | 8,575,000 | 3,700,000 | 4,200,000 | 2,900,000 | 27,771,000 |

Economic Development

| | | | | | | | | | |
|-------------------------------------|------------------|----------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|
| 19026 IC Storefront Grants | 400,000 | 137,876 | 400,000 | 400,000 | 400,000 | 400,000 | 400,000 | 400,000 | 2,000,000 |
| 70019 IC Business Finance | 1,350,000 | 275,232 | 850,000 | 1,385,000 | 1,350,000 | 1,250,000 | 1,255,000 | 1,300,000 | 6,540,000 |
| 70257 IC Business Retent & Asst | 20,000 | 158 | 20,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 250,000 |
| 70275 IC Killingsworth Sta Fin Asst | 0 | 0 | 0 | 0 | 450,000 | 450,000 | 0 | 0 | 900,000 |
| 70556 IC Community Ec Dev | 275,000 | 0 | 125,000 | 650,000 | 650,000 | 700,000 | 750,000 | 800,000 | 3,550,000 |
| 70756 IC Target Industry Devel | 0 | 0 | 0 | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 | 2,500,000 |
| Economic Development Total | 2,045,000 | 413,266 | 1,395,000 | 2,985,000 | 3,400,000 | 3,350,000 | 2,955,000 | 3,050,000 | 15,740,000 |

Housing

| | | | | | | | | | |
|---------------------------------------|-------------------|------------------|-------------------|------------------|------------------|------------------|------------------|------------------|-------------------|
| 19025 IC Aff Rental Housing | 970,000 | 130,251 | 38,424 | 1,500,000 | 2,000,000 | 1,500,000 | 1,500,000 | 1,500,000 | 8,000,000 |
| 31043 Interstate Home Repair | 500,000 | 196,726 | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 | 2,500,000 |
| 33419 Interstate Homebuyer Asst | 450,000 | 402,571 | 700,000 | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 | 2,500,000 |
| 33431 IC Aff Homeownership Dev | 1,290,423 | 284,856 | 235,423 | 0 | 0 | 500,000 | 500,000 | 500,000 | 1,500,000 |
| 34606 Killingsworth Block | 4,760,000 | 255,851 | 500,000 | 4,758,023 | 1,155,024 | 515,940 | 0 | 0 | 6,428,987 |
| 34612 Patton Park Aff. Rental Hsg | 3,055,000 | 1,325,322 | 3,055,000 | 0 | 0 | 0 | 0 | 0 | 0 |
| 34613 Shaver Green | 1,063,444 | 1,145,000 | 1,063,444 | 0 | 0 | 0 | 0 | 0 | 0 |
| 37919 IC Hsg Policy/Planning | 5,000 | 0 | 1,400 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 25,000 |
| 37928 Vanport Phase II Housing | 0 | 1,178 | 3,600 | 0 | 0 | 0 | 0 | 0 | 0 |
| 37931 IC HAP Aff Hmownrshp/Acq | 2,511,000 | 1,720,201 | 1,797,424 | 0 | 0 | 0 | 0 | 0 | 0 |
| 37932 IC HAP Aff Owmrshp/Rehab | 550,000 | 12,106 | 325,000 | 938,576 | 0 | 0 | 0 | 0 | 938,576 |
| 38710 IC Cambridge Court Rehab | 0 | 516,544 | 931,576 | 0 | 0 | 0 | 0 | 0 | 0 |
| 38711 IC Habitat for Humanity | 0 | 0 | 385,000 | 0 | 0 | 0 | 0 | 0 | 0 |
| 38712 IC Woolsey Corner-Hmownrshp Dev | 0 | 0 | 670,000 | 200,000 | 0 | 0 | 0 | 0 | 200,000 |
| 89045 Home Rehab & Retention | 0 | 0 | 0 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 500,000 |
| 89046 PCRI Homeownership Devel | 0 | 0 | 0 | 300,000 | 0 | 0 | 0 | 0 | 300,000 |
| Housing Total | 15,154,867 | 5,990,606 | 10,206,291 | 8,801,599 | 4,260,024 | 3,620,940 | 3,105,000 | 3,105,000 | 22,892,563 |

Central Services

| | | | | | | | | | |
|-------------------------------|---------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|
| 59148 IC Debt Management | 18,537 | 7,533 | 18,537 | 19,464 | 20,438 | 21,459 | 22,532 | 22,532 | 106,425 |
| Central Services Total | 18,537 | 7,533 | 18,537 | 19,464 | 20,438 | 21,459 | 22,532 | 22,532 | 106,425 |

Executive

| | | | | | | | | | |
|---|-------------------|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| 60040 IC Eastside/Central City Plan | 75,000 | 63,796 | 75,000 | 75,000 | 0 | 0 | 0 | 0 | 75,000 |
| 60043 IC N/NE Ec Dev Initiative | 0 | 0 | 11,000 | 63,000 | 0 | 0 | 0 | 0 | 63,000 |
| Executive Total | 75,000 | 63,796 | 86,000 | 138,000 | 0 | 0 | 0 | 0 | 138,000 |
| Total Project Expenditures | 24,521,404 | 7,085,241 | 16,573,828 | 20,340,063 | 16,255,462 | 10,692,399 | 10,282,532 | 9,077,532 | 66,647,988 |
| Interfund Transfer to OCC | 642,259 | 604,002 | 642,259 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total All Personal Svcs & Indirect Costs | 4,217,475 | 2,117,153 | 3,914,344 | 4,068,013 | 3,251,092 | 2,138,480 | 2,056,506 | 1,815,506 | 13,329,598 |
| Total Fund Expenditures | 29,381,138 | 9,806,396 | 21,130,431 | 24,408,076 | 19,506,554 | 12,830,879 | 12,339,038 | 10,893,038 | 79,977,586 |
| Contingency | 918,839 | 0 | 857,635 | 2,377,849 | 801,464 | 502,644 | 528,896 | 472,891 | 4,683,744 |
| Ending Fund Balance | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Requirements | 30,299,977 | 9,806,396 | 21,988,066 | 26,785,925 | 20,308,018 | 13,333,523 | 12,867,934 | 11,365,929 | 84,661,330 |

Note:

General Fund resources are needed to implement specific Community Economic Development activities that are not TIF eligible, such as: Marketing assistance for struggling business districts, workforce development activities, Storefronts and/or Main Streets in non-URA areas, and working capital loans to small businesses. General Fund resources are also needed to continue the Homeownership Retention/Foreclosure Prevention Program. This effort identifies homeowners at risk of losing their homes and helps them connect to appropriate financial, tax and legal services to resolve problems that put them at risk.

*Please note that the 2008-09 Actuals data only shows revenue and expenditures which have been entered into Lawson as of December 31, 2008. These numbers DO NOT show or represent any encumbrances, since encumbrances may or may not spend in the current fiscal year.

PROJECT MAP





Conceptual Rendering of New Streetscape on Denver Avenue