

DATE: July 21, 2016
TO: Board of Commissioners
FROM: Faye Brown, Interim Executive Director
SUBJECT: Report Number 16-40

Authorizing an Intergovernmental Agreement with the Portland Bureau of Transportation for Construction of the Halsey/Weidler Streetscape Improvement Project in the Gateway Urban Renewal Area; Providing Funding in an Amount Not to Exceed \$1,600,000

BOARD ACTION REQUESTED

Adopt Resolution No. 7201.

ACTION DESCRIPTION

This action by the Portland Development Commission (PDC) Board of Commissioners (Board) will authorize the Executive Director to enter into an Intergovernmental Agreement (IGA) between PDC and the City of Portland Bureau of Transportation (PBOT) providing funding in an amount not to exceed \$1,600,000 for the construction of the Halsey/Weidler Streetscape Improvement Project (Halsey/Weidler Project) between NE 102nd and NE 112th avenues on NE Halsey and NE Weidler streets within the Gateway Regional Center Urban Renewal Area (URA). In addition, PBOT will add new pavement to NE Halsey Street between NE 92nd and NE 114th avenues through the PBOT Fix Our Streets Program. The total construction cost of the Halsey/Weidler Project is \$2,896,259.

- **Intersection improvements**, including curb extensions, Americans with Disabilities Act curb ramps, pedestrian-scaled street lighting, marked cross walks, and improved transit stops.
- **Crossing and safety improvements**, including rectangular Rapid Flashing Beacons at key intersections and reduced speed limits on the corridor.
- **NE 103rd Avenue improvements**, including flexible and standard street improvements on NE 103rd Avenue between NE Halsey and NE Clackamas streets.
- **Protected bike lanes**, including parking-protected bike lanes along NE Halsey and NE Weidler streets.
- **East entry triangle improvements**, including a stormwater facility, placemaking, street lighting, and identity features inside of the curbs of the East Entry Triangle. The construction of the stormwater features has been conditionally committed through the Bureau of Environmental Services (BES) 1% for Green program. If funds from the 1% for Green program are not committed the rest of the East Entry Triangle Improvements will not move forward.

In addition, the following scope element will be constructed concurrently with the Halsey/Weidler Project.

- **Paving of NE Halsey Street**, including new pavement for NE Halsey Street from NE 92nd to NE 112th avenues. The paving is funded through the PBOT Fix Our Streets Program.

Following a construction bid and award phase in late 2016, construction is anticipated to begin in March 2017 and be completed by December 2017.

BACKGROUND AND CONTEXT

Halsey/Weidler Commercial District Investment Strategy. The Halsey/Weidler Commercial District Investment Strategy (Halsey/Weidler Strategy) was completed in 2014 to help establish a positive identity for the Gateway Regional Center URA, stimulate commercial redevelopment to support Gateway as a regional center, and support a thriving business district. As part of the Halsey/Weidler Strategy work, PDC staff partnered with the community and consultants to develop the Halsey/Weidler Streetscape Vision Plan (Streetscape Vision), which includes the Halsey/Weidler couplet from NE 102nd to NE 112th avenues.

The objectives of the Halsey/Weidler Strategy are to:

- **Build capacity** within the business district;
- **Identify a developer** for a commercial or mixed-use development at NE 106th Avenue and NE Halsey Street and **enter into an IGA with Portland Parks & Recreation** for the design and construction of the Gateway Urban Plaza and Neighborhood Park;
- **Promote business growth** and vitality through outreach, financing, and technical assistance;
- **Complete a Gateway Action Plan** that identifies and addresses the challenges and opportunities in the Gateway Regional Center URA;
- **Invest in infrastructure improvements** that support business growth.

Draft Gateway Five-Year Action Plan. The draft Gateway Action Plan takes a geographic approach to the Gateway Regional Center URA and focuses resources in three strategic areas: Halsey/Weidler Business District, Gateway Transit Center, and Central Gateway. Each strategic area includes actions that are tailored to its unique qualities and development readiness and targets resources accordingly. Actions for the Halsey/Weidler Business District include:

- **Action 1.** Promote and support business development along NE Halsey and NE Weidler streets to establish district identity and cohesion.
- **Action 2.** Promote redevelopment of publicly owned properties and facilitate redevelopment of privately owned properties.
- **Action 3.** Enhance safety and business viability throughout the Gateway Regional Center URA.
- **Action 4.** Identify opportunities for additional housing.
- **Action 5.** Improve pedestrian and bicycle infrastructure within the Halsey/Weidler Business District.
- **Action 6.** Enhance pedestrian mobility between Gateway Transit Center and the Halsey/Weidler Business District.

Halsey/Weidler Streetscape Improvements. The Halsey/Weidler couplet has a ‘main street’ feel that is unique in the Gateway Regional Center URA. It is home to a concentrated collection of small, unique, locally-owned businesses; boasts easy access to Interstates 205 and 84; and is served by three light rail lines. However, challenges remain that prevent future job growth and redevelopment, including unsafe street crossings and suburban building form.

PDC and consultants worked with business owners and property owners along the corridor to identify goals and priorities for the couplet between NE 102nd and NE 112th avenues. The two priorities of the conceptual Streetscape Vision include:

- **Safety:** Slow traffic, enhance the pedestrian environment, and improve lighting.
- **Identity:** Create a cohesive impact through streetscape improvements and revitalized storefronts, and to capture the historic identity of Gateway.

COMMUNITY AND PUBLIC BENEFIT

Benefits of the Halsey/Weidler Project include:

- Creating a pedestrian-friendly streetscape from NE 102nd to NE 112 avenues along both NE Halsey and NE Weidler streets.
- Supporting the Halsey/Weidler corridor's role as a vibrant commercial district for the Gateway Regional Center URA and East Portland.
- Fostering the community's vision for the Halsey/Weidler Commercial District as developed through the Streetscape Vision process.
- Providing area residents, seniors, employees, and patrons with a safe, pedestrian-friendly environment to walk and bike.
- Supporting existing businesses with improved access through updated crossings and curb extensions.
- Application of PDC's Equity Policy to this IGA and associated construction contracts.

PUBLIC PARTICIPATION AND FEEDBACK

PDC staff conducted community outreach to gauge support for the Halsey/Weidler Project and to inform residents, businesses, and property owners of the Halsey/Weidler Project plans. Outreach efforts to develop the Streetscape Vision included:

- In 2013, a series of small group interviews and a workshop were held with business and property owners in the Halsey/Weidler couplet to identify opportunities and a vision for the business district.
- A group of 18 business and property owners and representatives of the Hazelwood and Parkrose Heights Neighborhood Associations came together with consultants between April 2014 and July 2014 to develop a streetscape vision.
- Two public open houses were held on May 2014, one morning and one evening, to gather feedback on the streetscape vision, 38 community members attended.
- The streetscape vision was shared at the Hazelwood Fair in July 2014.

Outreach efforts for the Halsey/Weidler Streetscape Design process included:

- Mailers sent to 300 homes and businesses.
- Two open house sessions in January and February 2016, targeted to business owners along NE Halsey and NE Weidler streets. The protected bike lanes and parking concerns were the main focus of these two conversations.
- PBOT and PDC staff followed up on business owners' specific parking-related concerns with one-on-one conversations and presented solutions using parking signage options.
- PBOT and PDC staff held two days of door-to-door conversations with business owners along NE Halsey and NE Weidler streets to share the streetscape plans and to record concerns.
- PBOT and PDC staff presented the Halsey/Weidler Project to the Halsey/Weidler Group and Gateway Business Association and at the Gateway Action Plan Open House in May 2016.

Feedback from business owners and community members gathered during these outreach efforts resulted in the refinement of the design of the Halsey/Weidler Project and specific changes to lessen negative impacts on businesses.

BUDGET AND FINANCIAL INFORMATION

Design & Engineering IGA. In July 2015, PDC entered into an IGA with PBOT for the design and engineering of the Halsey/Weidler Project with expected deliverables including the completion of the final design, 100 percent plans, specifications, and estimates. The IGA committed \$192,944 in funding from PDC and \$71,363 from PBOT system development charge (SDC) funds for a total of \$264,307. The design and engineering IGA has been extended through February 2017.

Construction IGA. There are sufficient funds in the fiscal year (FY) 2016-17 Gateway Regional Center URA Adopted Budget, including \$200,000 in FY 2015-16 and \$1,400,000 in FY 2016-17 (see Attachment B). Should the Halsey/Weidler Project cost come in below budget, remaining funds shall be retained by PDC. Below is a breakdown of Halsey/Weidler Project costs. The table also notes additional streetscape work that PBOT intends to include in its bid documents and an overall estimated project budget of \$5,227,259.

Sources – Halsey/Weidler Project		Uses – Halsey/Weidler Project	
PDC tax increment financing	\$1,600,000	Construction and Anticipated Items	\$2,727,297
PBOT SDC	\$1,296,259	Construction Contingency – five percent of bid items	\$110,082
		Regional Arts & Culture Council – two percent of eligible items	\$58,880
IGA Total	\$ 2,896,259*	IGA Total	\$2,896,259*
Sources – Additional Streetscape Work		Uses – Additional Streetscape Work	
BES 1% for Green	\$91,000	Stormwater features of the east entry triangle	\$91,000
PBOT Fix Our Streets (not-to-exceed amount, program will reimburse for paving costs)	\$2,240,000	Paving of NE Halsey Street	\$2,240,000
Total Investment	\$5,227,259	Total Investment	\$5,227,259

*60 percent design estimate. Subject to change.

RISK ASSESSMENT

There is a risk that contract bids will exceed the cost estimate. The IGA is not to exceed \$1,600,000 and PDC has notified PBOT that PDC does not have any additional financial resources to contribute to the

Halsey/Weidler Project. Therefore, PBOT will need to complete the scope of the Halsey/Weidler Project within the available financial resources. Should the Halsey/Weidler Project costs increase beyond available financial resources, PBOT will need to identify alternative resources for those increases. Any cost savings shall be retained by PDC.

There is a risk that the PDC Board does not approve the fall revised budget which will include the carried forward amount necessary to fund the project.

ALTERNATIVE ACTIONS

The PDC Board can elect to not authorize the IGA and direct PDC staff to renegotiate the terms of the IGA. Such action may terminate the Halsey/Weidler Project.

ATTACHMENTS

- A. Halsey/Weidler Streetscape Improvement Project Map
- B. Gateway Regional Center URA Financial Summary

GATEWAY REGIONAL CENTER URA FINANCIAL SUMMARY

**Financial Summary
 Five-Year Forecast**

Gateway Reg Center URA Fund	Revised FY 2015-16	Adopted FY 2016-17	Forecast FY 2017-18	Forecast FY 2018-19	Forecast FY 2019-20	Forecast FY 2020-21
Resources						
Beginning Fund Balance	6,358,307	8,161,453	1,885,530	1,300,964	2,156,352	3,274,887
Revenue						
Fees and Charges	50	1,764	3,264	3,800	3,430	430
Interest on Investments	20,832	22,444	7,409	5,282	8,325	14,381
Loan Collections	13,815	12,894	12,894	79,931	5,905	5,905
TIF - Short Term Debt	4,797,948	4,508,142	4,372,733	4,426,921	4,995,000	4,995,000
Reimbursements	3,600	-	-	-	-	-
Total Revenue	4,836,245	4,545,244	4,396,300	4,515,934	5,012,660	5,015,716
Total Resources	11,194,552	12,706,697	6,281,830	5,816,898	7,169,012	8,290,603
Requirements						
Administration						
A00031-Debt Management-GTW	7,285	10,000	10,000	10,000	10,000	10,000
Administration Total	7,285	10,000	10,000	10,000	10,000	10,000
Economic Development						
Traded Sector						
A00115-Business Development-GTW	20,000	20,000	20,000	20,000	20,000	20,000
Community Economic Development						
A00123-Community Development-GTW	20,000	20,000	20,000	20,000	20,000	20,000
Business Lending						
A00210-BL -General-GTW	300,100	300,100	300,100	300,200	300,200	200,200
Economic Development Total	340,100	340,100	340,100	340,200	340,200	240,200
Housing						
A00158-Property Management-GTW	1,000	-	-	-	-	-
A00163-Home Buyer Assistance-GTW	9,300	-	-	-	-	-
A00172-Affordable Housing-GTW	0	2,630,466	1,560,698	206,654	400,000	1,606,992
A00182-PHB Staff & Admin-GTW	168,537	-	-	-	-	-
Housing Total	178,837	2,630,466	1,560,698	206,654	400,000	1,606,992
Infrastructure						
Parks						
A00252-Gateway Park Project-GTW	0	1,000,000	-	-	-	-
Transportation						
A00251-GTW Street Improvement-GTW	400,000	1,466,438	-	-	-	-
Infrastructure Total	400,000	2,466,438	-	-	-	-
Property Redevelopment						
Real Estate						
A00344-JJ North Rstrmt Lot-GTW	18,200	16,000	-	-	-	-
A00345-Bingo Site-GTW	6,700	5,250	-	-	-	-
A00348-Real Estate Mgmt-GTW	2,000	1,000	1,000	1,000	1,000	1,000
Commercial Property Lending						
A00367-CPRL-General-GTW	501,000	3,500,750	1,501,500	1,501,500	1,501,500	-
Redevelopment Strategy						
A00343-Commercial Dev-GTW	100,000	-	-	-	-	-
A00346-Project Development-GTW	50,000	100,000	100,000	100,000	100,000	100,000
Redevelopment Grants						
A00132-CLG-General-GTW	175,000	200,000	200,000	200,000	200,000	200,000
A00139-DOS-General-GTW	50,000	75,000	75,000	75,000	75,000	75,000
A00147-SIP-General-GTW	125,000	150,000	150,000	150,000	150,000	150,000
A00151-GFGP-General-GTW	100,000	125,000	125,000	125,000	125,000	125,000
A00152-Commerical Dist Pilot-GTW	256,000	350,000	-	-	-	-
Property Redevelopment Total	1,383,900	4,523,000	2,152,500	2,152,500	2,152,500	651,000
Total Program Expenditures	2,310,122	9,970,004	4,063,298	2,709,354	2,902,700	2,508,192
Personnel Services	108,728	139,164	134,203	137,159	142,110	145,094
Total Fund Expenditures	2,418,850	10,109,168	4,197,501	2,846,513	3,044,810	2,653,286
Interfund Transfers - Indirect Charges	614,249	711,999	783,365	814,033	849,315	873,893
Contingency	8,161,453	1,885,530	1,300,964	2,156,352	3,274,887	4,763,424
Total Fund Requirements	11,194,552	12,706,697	6,281,830	5,816,898	7,169,012	8,290,603