

PDC

PORTLAND DEVELOPMENT COMMISSION

DATE: May 12, 2010

TO: Board of Commissioners

FROM: Bruce A. Warner, Executive Director

SUBJECT: Report Number 10-46
Intergovernmental Agreement for Union Station Critical Repairs

EXECUTIVE SUMMARY

BOARD ACTION REQUESTED

Adopt Resolution No. 6792

ACTION SUMMARY

This action will authorize the Executive Director to execute the *Amended and Restated Intergovernmental Agreement between Portland Development Commission and Office of Management and Finance for the Union Station Critical Repairs Project* (Amended and Restated Agreement).

The Portland Development Commission (PDC) and the City of Portland Office of Management and Finance (OMF) entered into the original Intergovernmental Agreement on June 1, 2009 (Agreement), establishing the terms and conditions by which PDC engages OMF to implement specific improvements to Union Station. PDC and OMF now desire to amend and restate the Agreement to expand the scope of work, schedule, and budget for the improvements to be implemented by OMF. The expanded scope of work increases the total project budget from \$1,515,000 to \$9,460,929.

The Amended and Restated Agreement will provide for the implementation of critical repairs to Union Station, including replacement of portions of the red metal roof tiles, remediation of significant dry rot in the wood frame substructure, seismic structural upgrades, repair of failing eaves (gutters, fascia, and soffits), and other improvements intended to prevent increasing exposure to building deterioration and address safety concerns (Critical Repairs). See Attachment A for a further summary of the Critical Repairs.

Funding for the project is to be provided by multiple sources:

- \$400,000 – Union Station Major Maintenance Fund managed by OMF
- \$2,636,000 – Oregon Department of Transportation's (ODOT) Transportation Enhancement (TE) Grant (increased from \$1,200,000)
- \$6,424,929 – PDC River District Urban Renewal Area (URA) (increased from \$315,000)
- \$5,900,000 – Federal Railroad Administration (FRA) High Speed Intercity Passenger Rail Program (HSIPR) Grant. This funding is anticipated to be provided to OMF through ODOT in a future funding agreement, and applied to reduce PDC's financial commitment noted above.

PUBLIC BENEFIT

Located within Portland's central city, Union Station is one of two designated multimodal hubs, providing convenient connections between passenger rail, light rail, intra- and inter-city buses, future streetcar lines, taxis, and various shuttle services. The station is also home to approximately twenty small office tenants and a restaurant, and adjacent to significant future redevelopment opportunities totaling nearly twenty acres.

Listed on the National Register of Historic Places, Union Station opened for service in 1896. It is the oldest major passenger terminal on the west coast and is the oldest of the grand "Union" stations west of St. Louis, Missouri.

In order to continue, and expand, this important role in providing convenient transportation alternatives, the historic Union Station facility requires critical repairs to maintain safety and operability. These improvements include: roof repairs, seismic/structural upgrades, ADA improvements, new mechanical systems, electrical service, and fire detection and protection systems. The approval of the Amended and Restated Agreement will provide for the implementation of the first phase of these repairs – largely securing the building envelope from further water penetration and deterioration.

The project is complementary to improvement plans and federal funding requests by the Washington Department of Transportation, ODOT, and Amtrak to make incremental rail and rolling stock improvements to enhance the speed, frequency, reliability, and passenger experience of Amtrak services in the rail corridor between Eugene, Oregon and Vancouver, British Columbia.

The project is anticipated to create approximately 102 temporary design, engineering, and construction jobs (as estimated by the Council of Economic Advisors multiplier of one job per \$92,000 expended).

This action will support the following PDC goals:

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

PUBLIC PARTICIPATION AND FEEDBACK

The rehabilitation needs and pursuit of grant funding for the Union Station improvements have been highlighted at Amtrak's National Train Day event at Union Station on May 5, 2009; the Cascadia Rail Congress in Portland and Seattle on May 27-29, 2009; and in various public presentations regarding plans for the Broadway Corridor area (comprised of Union Station, the Post Office site, and surrounding properties). The project has also been included in the River District URA budget reviewed by the River District Urban Renewal Advisory Committee. The feedback received has been positive and no opposition has been expressed.

COMPLIANCE WITH ADOPTED PLANS AND POLICIES

Providing funding for the design and construction of the Critical Repairs is consistent with the following plans and policies:

- **Amended and Restated River District Urban Renewal Plan:** PDC acquired the Union Station property to meet the objectives of the Downtown Waterfront Urban Renewal Plan. In 2008, Union Station and surrounding property was removed from the Downtown Waterfront URA, and in 2009, added to the River District URA and the Amended and Restated River District Urban Renewal Plan.
- **Comprehensive Plan:** Union Station is identified in the Comprehensive Plan as one of two multi-modal hubs in the city of Portland, in addition to the Portland International Airport.
- **ODOT TE Grant:** PDC's financial contribution provides for the required local match for the ODOT TE Grant.
- **HSIPR Grant:** The project implements the scope of work funded by the HSIPR Grant. The grant is anticipated to be provided by the FRA to ODOT, who will in turn enter into an agreement with OMF for the funding and implementation of the project.
- **PDC Cost Recovery Policy (Resolution No. 6560):** This policy does not apply, as PDC is not providing goods or services to OMF.

FINANCIAL IMPACT

The total cost of design and construction of the Critical Repairs contemplated by the Amended and Restated Agreement is \$9,460,929. Financial investments are to be provided by the following sources:

- **OMF:** \$400,000 from the Union Station Major Maintenance Fund (which is comprised of Union Station rental income and managed by OMF).
- **ODOT TE Grant:** \$2,636,000 in grant funding awarded to OMF specifically for designing and constructing a portion of the Critical Repairs.
- **PDC:** \$6,424,929 provided by the River District URA budget. \$1,319,484 is included in the Revised FY 09-10 River District URA budget and the remaining funds are included in the FY 10-11 and FY 11-12 River District URA Requested Budgets (see Attachment B).
- **HSIPR Grant:** \$5,900,000 in grant funding to be provided by the FRA, through ODOT, to OMF. If secured, the funding will be utilized to reduce PDC's financial commitment for the project by an equivalent amount.

RISK ASSESSMENT

The PDC Board of Commissioners (Board) should weigh the following risks when contemplating approval of the Amended and Restated Agreement:

- **Legal:** As the property owner of Union Station, and the landlord of its tenants, PDC is required to maintain the safety and operability of the facility. The improvement needs of Union Station are estimated to exceed \$40 million. The Amended and Restated Agreement contemplates the implementation of only the most immediately critical needs.
- **Financial:**
 - PDC has expressed its intention to provide the required local match for the increased ODOT TE Grant. Failure to maintain this commitment may jeopardize the ability to pursue other future grant opportunities for this or other City sponsored projects.
 - The Amended and Restated Agreement authorizes the project to potentially commence in advance of securing a binding commitment for the recently awarded HSIPR Grant, and the receipt of necessary associated project approvals by the FRA. While this poses a potential risk to the utilization of the grant, it also mitigates other potential risks associated with time delays that could jeopardize the utilization of both the HSIPR and ODOT TE Grants. Proceeding with the full scope of work at this time allows construction to proceed during this year's good weather window (necessary for removing the roof), and under a single construction contract rather than as two sequential projects. Delaying or dividing the project could impact OMF's ability to meet the schedule requirements for both grants. PDC, OMF, ODOT, and FRA staff are working together to fast track the necessary agreements and approvals to ensure utilization of the HSIPR Grant. Failure to utilize this grant may reflect poorly on the City of Portland and the State of Oregon, and jeopardize the ability to pursue future funding for this or other State sponsored high-speed rail projects. An inability to utilize the HSIPR Grant also requires PDC to maintain its full funding commitment of \$6,424,929.
 - PDC's maximum financial investment contemplated in the Amended and Restated Agreement is not in the current Adopted FY09-10 River District URA budget. Failure to include the full funding in the FY10-11 and FY 11-12 URA Budgets to be adopted by the Board will impact PDC's ability to fulfill its financial commitment to OMF.
- **Public Trust:** Union Station is listed on the National Historic Register, and as its owner, PDC's failure to preserve the significant historic asset could jeopardize PDC's reputation for fulfilling its mission as the city's economic development and redevelopment agency.

WORK LOAD IMPACT

Management and fulfillment of PDC's responsibilities contemplated within the Amended and Restated Agreement have been incorporated into the work plans of existing staff.

ALTERNATIVE ACTIONS

The PDC Board may elect to not authorize the execution of the Amended and Restated Agreement, and maintain the scope of work, schedule, and budget included in the current Agreement. However, the Amended and Restated Agreement provides the opportunity to leverage additional grant funding and commence construction on a shovel ready project to implement necessary repairs to Union Station.

CONCURRENCE

OMF, the Bureau of Planning and Sustainability, ODOT, and the State Historic Preservation Office have all participated in the development and review of the improvements plans, and are supportive of the scope of work as proposed.

BACKGROUND

PDC acquired Union Station, located at 800 NW Sixth Avenue in the River District URA, in 1987 from the Portland Terminal Railroad Company. The City of Portland Office of Management and Finance manages the station on PDC's behalf.

The Union Station Facility Assessment and Seismic Work Plan (Facility Assessment) was prepared by Degenkolb Engineers in 2001, which identified a range of needed facility improvements. In 2007, PDC in consultation with OMF and Architectural Cost Consultants, updated the cost estimates associated with the recommended improvements and identified the timing of the improvements as either critical, near critical, or long term.

In 2008, OMF applied for and was awarded an ODOT TE Grant in the amount of \$1,200,000, which required a local match from PDC in the amount of \$300,000, for a total investment of \$1,500,000. At this time, PDC and OMF identified a corresponding scope of work to begin implementation of the most critical repairs, and entered into the original Agreement identifying the terms and conditions by which OMF would complete the scope of work and PDC would provide the local grant match.

In 2009, as the result of additional funds for the ODOT TE Program provided by federal economic stimulus funding, ODOT increased the ODOT TE Grant awarded to OMF to \$2,636,000 and PDC's local match requirement to \$570,000. Concurrently, PDC also requested that OMF expand the scope of improvements included in the design development phase, for the purpose of informing and better positioning a request for federal stimulus funding through ODOT's HSIPR funding request. As a result of these two items, PDC and OMF identified an expanded scope of work that could be implemented by the additional federal funding. In February 2010, notification was received that HSIPR funding has been awarded for the project, although a binding commitment is still underway.

The preparation of necessary design and construction documents, and the solicitation of construction bids, is complete. Negotiation of a construction contract is underway, with construction anticipated to commence by June 2010 and be completed by July 2012.

While PDC Board approval was not required for the execution of the original Agreement because PDC's investment of \$315,000 was within the authority of the Executive Director, Board approval is now required for the proposed increase in PDC's investment to up to \$6,424,929.

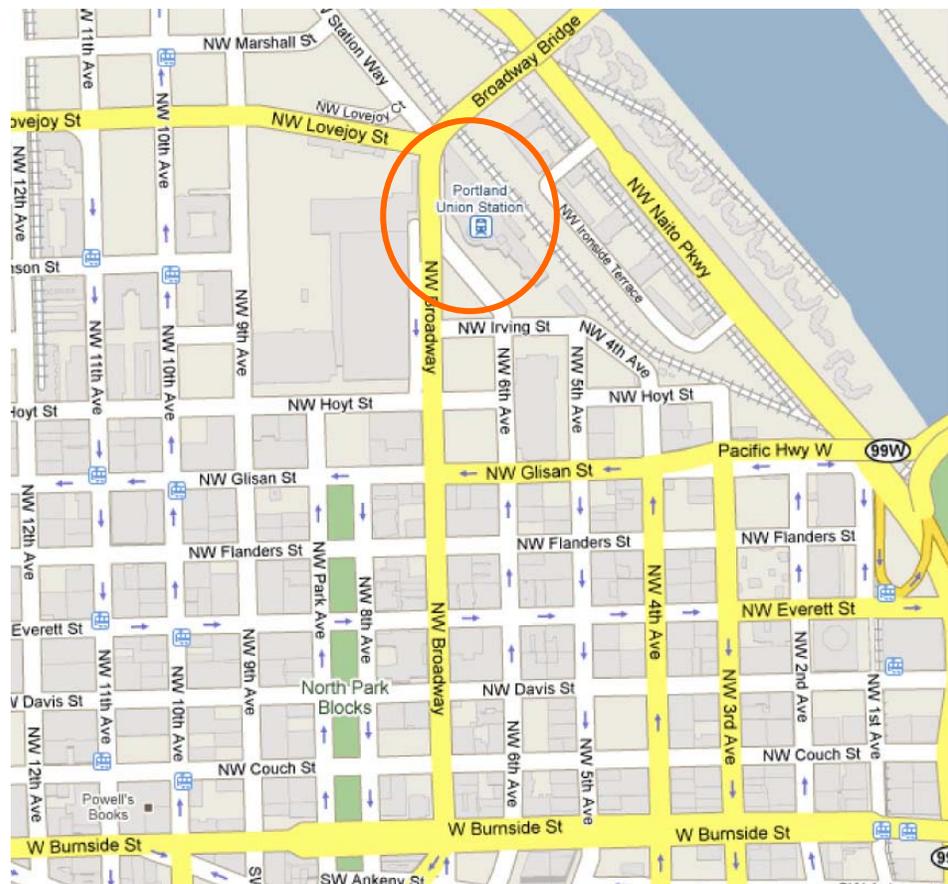
ATTACHMENTS:

- A. Project Summary
- B. River District URA Financial Summary

PROJECT SUMMARY

- Project Name:** Union Station Critical Repairs
- Description:** Approval of an Amended and Restated Intergovernmental Agreement between PDC and OMF for the implementation of critical repairs to Union Station
- Location:** 800 NW Sixth Avenue
- URA:** River District
- Current Phase:** Construction Contracting
- Next Milestone:** Award of Construction Contract and Notice to Proceed
- Completion Target:** July 2012
- Outcome:** Implementation of critical repairs to Union Station, including replacement of portions of the red metal roof tiles, remediation of significant dry rot in the wood frame substructure, seismic structural upgrades, repair of failing eaves (gutters, fascia, and soffits), and other improvements intended to prevent increasing exposure to building deterioration and safety concerns. Further detail on the physical improvements is included below.

Site/Project Map:



Physical Improvements: The following improvements are included in the scope work to be implemented by OMF, as contemplated by the Amended and Restated Agreement:

A1 – Exterior Envelope

Remove and replace roof tiles:

- Remove and repair/replace metal roof tiles at all high metal roofs, other than sections previously completed (above main concourse; at clock tower roof; and between main concourse and clock tower roofs).
- Remove and repair/replace metal roof tiles at low roofs above Shop and above Wilf's Restaurant.
- Remove existing non-historic roof vents and replace with invisible vents built in to ridge caps.

R&R standing seam at low roof:

- Remove and replace standing seam metal roof at low roofs above Shop and above Wilf's Restaurant.

R&R flat roof membrane at Wilf's:

- Remove and replace flat roof membrane above Wilf's apse-shaped bar area.
- Remove and reinstall HVAC equipment at low membrane roof above Wilf's apse.
- Add parapet bracing at low membrane roof above Wilf's apse.
- Remove and replace flat roof membrane at high roof between main concourse and clock tower.
- Remove and replace access ladder and hatch at high membrane roof between main concourse and clock tower.

Gutter, soffit & downspout – S&W; Gutter, soffit & downspout – N&E:

- Repair or replace all gutters, fascia, soffits and downspouts at roof areas being replaced.

Demo skylights:

- Remove non-historic vents in existing skylights at Baggage Handling roof and at Shop roof.

New skylights:

- Install four reproduction skylights at Baggage Handling roof.
- Repair skylights at Shop roof.

Repair windows – Main Bldg S&W (extreme); Repair windows – Main Bldg N&E (moderate):

- Repair all windows and re-paint.

Repair terracotta/sandstone walls – Main Bldg:

- Repair all exterior walls.

Repair cement plaster/seal sidewalk at base – Main Bldg:

- Repair and re-paint all cement plaster base at exterior walls.

Repair sliding doors – Main Bldg; Repair swinging doors – Main Bldg:

- Repair all exterior doors.

Repair roof rafters (allowance):

- Repair as needed any roof rafters showing structural damage.
- Replace ridge board at high roof above Wilf's Restaurant.

A2 – Other Exterior Elements

Dormers/Ventilation – Main Bldg:

- Repair sheet metal and add vent grilles at sides of small dormers.

A3 – Interior Areas & Finishes

Mold abatement, as needed (allowance)

- Mold abatement as needed, upon discovery during construction.

A8 – Energy Code

Add batt insulation at ceiling/attic – Main Bldg

- Add insulation (rigid, batt and blown-in cellulose) at ceiling/attic throughout.

S2 – Lateral Systems

Wall/floor anchors at perp framing roof – Main Bldg; Wall/floor anchors at parallel framing roof – Main Bldg:

- Add wall/floor seismic anchors at roof/wall connections where roof is being replaced.

Shear wall addition at baggage – Main Bldg:

- Add shear wall at Baggage Handling area.
- Add shotcrete and structural bracing to create shear strength at east and west walls of North Shop.

Out-of-plan bracing (seismic wall cores) at concourse – Main Bldg:

- Add seismic wall cores at rounded west wall of main concourse and east wall of main concourse.

Attic diaphragm strengthening; Low roof diaphragm strengthening – Main Bldg:

- Strengthen roof level diaphragm at all sections where roof is being replaced.

S4 – Nonstructural Components

Re-attach marble veneer at covered windows – Main Bldg:

- Stabilize marble veneer at covered windows on either side of main concourse rounded wall.
- Stabilize marble veneer at covered windows in clock tower.

URA FINANCIAL SUMMARY

Five-Year Forecast Project Requirements

	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15
River District URA						
Resources						
Beginning Fund Balance	24,932,236	7,333,580	1,050,961	10,116,170	520,743	547,637
Interest on Investments	150,000	100,000	50,000	50,000	50,000	50,000
Loan Collections	1,800,000	718,770	718,770	697,339	686,624	680,000
Property Income	1,016,000	1,016,000	1,016,000	1,016,000	1,016,000	1,016,000
Reimbursements	125,000	125,000	0	0	100,000	0
TIF Proceeds	37,162,800	48,006,000	49,251,492	46,123,875	54,606,911	23,768,364
Total Fund Resources	65,186,036	57,299,350	52,087,223	58,003,384	56,980,278	26,062,001
Requirements						
Program Expenditures						
Business and Industry						
Community Economic Development						
H79020 Business Finance	0	1,125,000	912,500	912,500	912,500	912,500
High Growth						
H79020 Business Finance	0	1,125,000	912,500	912,500	912,500	912,500
Industry Cluster						
H79020 Business Finance	595,000	2,250,000	1,825,000	1,825,000	1,825,000	1,825,000
H79023 Materials Lab	100,000	0	1,000,000	0	0	0
Business and Industry Total	695,000	4,500,000	4,650,000	3,650,000	3,650,000	3,650,000
Debt Service						
Debt Service						
H98001 Debt Management	50,000	50,000	50,000	50,000	50,000	50,000
Debt Service Total	50,000	50,000	50,000	50,000	50,000	50,000
Housing						
Multi-Family - Rental Housing						
H12030 Fairfield Apartments	470,000	930,000	430,000	430,000	430,000	430,000
H32138 Peaf Family Housing	12,000,000	7,000,000	0	0	0	0
H37937 RAC - Access Center	16,200,000	13,500,000	0	0	0	0
H37938 Blanchet House Redev	265,000	1,885,000	0	0	0	0
H37940 New Avenues for Youth	1,200,000	0	0	0	0	0
H80036 Yards at Union Station	0	4,400,000	0	0	0	0
H80037 Grove Apartments	100,000	75,000	75,000	75,000	0	0
H89030 Affordable Rental Housing	500,000	0	0	0	4,000,000	9,000,000
Portland Housing Bureau						
H28025 Administration	62,297	0	0	0	0	0
Housing Total	30,797,297	27,790,000	505,000	505,000	4,430,000	9,430,000
Infrastructure						
Facilities						
H60020 Union Station	1,319,484	4,135,192	2,726,178	6,500	6,500	6,500
Parks						
H13119 Neighborhood Park (The Fields)	350,000	2,000,000	3,000,000	0	0	0
Transportation						
H11234 Westside Burnside-Couch Couplet	764,663	300,000	800,000	0	0	0
H11263 RD Public Site Improvements	479,000	0	0	0	0	0
H13137 Streetcar Loop Project	9,797,730	4,500,000	0	0	0	0
Infrastructure Total	12,710,877	10,935,192	6,526,178	6,500	6,500	6,500
Revitalization						
Plans and Strategies - Revitalization						
H92110 Westside/Central City Study	442,874	150,000	0	0	0	0
Redevlopment						
H11244 One Waterfront Place	356,000	6,000	4,006,000	4,506,000	6,000	6,000
H12101 Downtown Retail Strategy	27,500	0	0	0	0	0
H12102 Downtown Retail Strategy Projects	0	500,000	750,000	750,000	250,000	0
H13104 Centennial Mills Redevelopment	269,000	569,000	9,404,000	2,800,000	200,000	0
h13115 Station Place Garage/Parcels	378,700	378,700	378,700	378,700	378,700	378,700

Five-Year Forecast Project Requirements

	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15
H13138 Streetcar LID	0	0	0	550,000	0	0
H13143 RD Environmental	124,000	100,000	0	0	100,000	0
H22500 Post Office	200,000	518,500	4,018,500	30,018,500	29,518,500	18,500
H27001 Storefront Grants	300,000	300,000	300,000	300,000	300,000	300,000
H27050 DOS Grants	75,000	75,000	75,000	75,000	75,000	75,000
H28030 Redevelopment Loan Projects	250,000	3,000,000	4,312,500	4,312,500	4,312,500	3,312,500
H60021 10th and Yamhill Redevelopment	0	250,000	0	0	3,750,000	4,000,000
h60027 Broadway Corridor/Greyhound/Block R	18,500	0	0	0	0	0
h60028 Block A&N	30,000	2,000	0	0	0	0
h60029 Block 25	14,000	14,000	0	0	0	0
Revitalization Total	2,485,574	5,863,200	23,244,700	43,690,700	38,890,700	8,090,700
Total Program Expenditures	46,738,748	49,138,392	34,975,878	47,902,200	47,027,200	21,227,200
Personal Services	1,086,995	1,013,632	1,678,842	2,299,306	2,257,306	1,018,906
Transfers - Indirect	4,115,425	5,426,229	4,476,912	6,131,482	6,019,482	2,717,082
PHB Staff/Admin	0	670,136	839,421	1,149,653	1,128,653	509,453
Total Fund Expenditures	51,941,168	56,248,389	41,971,053	57,482,641	56,432,641	25,472,641
Contingency	13,244,868	1,050,961	10,116,170	520,743	547,637	589,360
Ending Fund Balance	0	0	0	0	0	0
Total Requirements	65,186,036	57,299,350	52,087,223	58,003,384	56,980,278	26,062,001