DATE: May 28, 2008

TO: Board of Commissioners

FROM: Bruce A. Warner, Executive Director

SUBJECT: Report Number 08-66
Intergovernmental Agreement with Portland Office of Transportation for construction of Phase I of Russell Street Improvements

EXECUTIVE SUMMARY

BOARD ACTION REQUESTED

Adopt Resolution No. 6589

ACTION SUMMARY

This action will authorize an Intergovernmental Agreement (IGA) with Portland Office of Transportation (PDOT) in the amount of $2,990,836, subject to budget appropriation, to construct streetscape improvements consistent with Phase I of the Russell Street Improvements Planning Project Final Report (the Plan). Phase I of the Plan includes N. Russell Street from Interstate Avenue to Commercial Avenue, plus Albina and Mississippi Street from Interstate Avenue to Russell Street (the Project). The Project will include the installation of trees, sidewalk improvements and curb extensions, storm water management, art, ornamental streetlights, pedestrian crossings, and enhanced transit stops. Design and engineering will be completed and the Project bid in June 2008. Construction is expected to start late summer 2008 and be completed by January 2009.

PUBLIC BENEFIT

Streetscape improvements are a revitalization tool used in the Interstate Corridor Urban Renewal Area (ICURA) along key commercial corridors to help transform the area into safer and more attractive places for pedestrians and shoppers and to stimulate commercial revitalization. The revitalization strategy also focuses resources along the corridor through Portland Development Commission (PDC) business assistance programs, the Storefront Improvement Program, Development Opportunity Services (DOS) Grant Program, and the Commercial Redevelopment Loan Program. Russell Street is one of three target areas in the ICURA for streetscape improvements, the other two are Killingsworth Street and Denver Avenue.

Improvements on Russell will aid in creating a stronger identity and better visibility for Lower Albina and strengthen the connection to upper Albina, the surrounding community and the Interstate MAX light rail station.

This Project will complete Phase I of the Plan, providing new sidewalks, ornamental pedestrian-scaled streetlights, new street trees, storm water management, and pedestrian crossings along N. Russell Street from Interstate Avenue east to Commercial Avenue, plus
Albina and Mississippi Streets from Interstate Avenue to Russell. The streetscape improvements will provide a pedestrian-friendly route between the Albina-Mississippi MAX station area and employment centers and residential neighborhoods to the east. The improved quality of the street will support area businesses, provide better separation between pedestrians and vehicles, and preserve the truck traffic that is vital to businesses in the lower Albina Industrial area.

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 Plan and its designs were developed through an extensive public participation process designed for this Project. The Plan was the culmination of over a year of outreach starting with a community walk with 42 community members in June 2002. A 19-member Citizens Advisory Committee (CAC) represented the varying perspectives in the Plan area. Community involvement for the project built upon a relationship of trust already established through three years of relations building efforts of the project team. Community members were provided with opportunities to get involved and provide input through door-to-door surveying; participation in focus groups; and a series of workshops and open houses. In addition, community-based racial/ethnic groups, environmental and social service organizations, government agencies, churches and neighborhood and business associations were individually briefed. Public meetings were broadly advertised, including mailings, emails, and phone calls. Community input gathered throughout the process was reviewed by the CAC and considered as recommendations were made.

The project team has met with area property owners twice and held one public open house during the design and engineering phase. A final open house is planned in May 2008.

The Eliot Neighborhood Association is eager to see the Plan implemented. The Interstate Corridor Urban Renewal Advisory Committee (ICURAC) and its Transportation Subcommittee support this project and has recommended funding the project through the PDC budget process.

COMPLIANCE WITH ADOPTED PLANS AND POLICIES


The requested action supports several Interstate Corridor Urban Renewal Area Plan (2000) goals and principles. Specifically, this action supports these Principles:

General Principle #A6: Optimize Light Rail Investment. Recognizing this as a unique opportunity to link urban renewal to a major new transit facility, urban renewal will serve to optimize the public investment in the Interstate light rail line by ensuring that the entire area
benefits from this investment, in particular through the creation of catalyst projects near light rail stations and other key locations.

**Economic Development/Jobs Principle #9: Positive Business Environment.** Recognizing that each area serves a different purpose and that all areas help enrich the fabric of the entire community, create an environment that supports existing businesses, increase profitability, creates jobs, and encourages the development of new complimentary businesses and industries. Ensure compatibility between commercial, industrial, and residential areas for their mutual benefit. Improve the community’s economic capacity to support business.

**Transportation Principle #1: Optimize Light Rail Investment.** Optimize the benefits of light rail by coordinating other program investments to realize potential commercial and residential investment resulting in economic vitality and revitalization of the area, and by enhancing access to transit for residents and workers.

**Transportation Principle #4: Access.** Assure that area residents and workers have access to a variety of transportation options to provide connections to jobs, services, community facilities, etc. This is especially critical with regard to east-west connections to light rail stations.

**Transportation Principle #5: Pedestrian Environment.** Create a pleasant and safer pedestrian environment, particularly in terms of enhancing, extending, and creating pedestrian access to transit.

**Urban Form/Urban Design/Historic Preservation Principal #1: Target Street Improvements.** Target streetscape improvements to complement light rail use and to leverage appropriate private investment.

**Central City Plan.** Russell Street west of the I-5 overpass is in Lower Albina, a subset of the Central City Plan area. The Central City Plan calls for gateways to the Lower Albina area and to develop Russell Street as a pedestrian connection to the Eliot neighborhood. Russell Street is designated as an historical district and as an industrial sanctuary.

**Albina Community Plan.** The Russell Street Improvement Project supports the Albina Community Plan’s (1993) objectives related to the addition of light rail on Interstate Avenue and the emphasis of Russell as a main street in the district.

**Eliot Neighborhood Plan.** The Russell Street Improvement Project also supports the goals and objectives of the Eliot Neighborhood Plan as they relate to Russell Street.

**FINANCIAL IMPACT**

The financial impact of this action is $2,990,836, of which $27,500 is budgeted in the Interstate URA 2007-2008 budget for bid and award; and $2,963,336 is proposed in the FY 2008-2009 budget for construction. Commitment of the $2,963,336 in the proposed FY 2008-2009 budget is subject to final budget appropriation. $105,000 of the 2008-09 construction budget will be funded from the Oregon Convention Center (OCC) URA for improvements on the east end of Phase I that are located in that URA. The proposed construction budget is based on 95% engineer’s cost estimates. The construction
contingency is $704,320, 40% of the construction contract estimate of $1,760,800. The contingency is divided as PDOT controlled and PDC controlled. PDC controls $352,160 of the total contingency.

RISK ASSESSMENT

Construction bids could come in higher than engineer’s estimates; however, the Project is considered a low risk construction project because it is implementing City of Portland standards for curb extensions, pedestrian lighting, and sidewalk replacement. The Project area does not pose any additional concerns. Mitigation of potential risk is outlined in the IGA and includes:

1. The Project will not be bid until PDC and PDOT 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 10%.

3. The construction contract will not be awarded until PDC and PDOT project managers are in agreement regarding the acceptability of the bids and PDOT has received written approval from PDC to proceed.

4. The Project contingency is 40% of the construction contract estimate.

5. All change orders over $15,000 must be reviewed by PDC project manager.

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 PDC Development Business Plan (2008) and PDOT’s work plan.

Each organization has a project manager who has dedicated a portion of their time to this Project. It is not anticipated that this action will require additional work or staffing beyond previous levels dedicated to this Project.

ALTERNATIVE ACTIONS

The PDC Board of Commissioners (Board) may choose to not approve the IGA. The design and engineering work is nearly complete as part of previous Work Orders with PDOT at the cost of $293,100. The design and engineering work would still be valid if the Project goes to construction at a later date, although costs would increase 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 Russell Street and the Lower Albina area may be questioned and the opportunity to leverage the recent private investment which expanded the Widmer Brewery in the Project area could be lost.
CONCURRENCE

The final IGA was developed with full cooperation of PDC and PDOT staff, and legal staff of both organizations. Pedestrian improvements on Russell are identified in the City of Portland Transportation System Plan. The Project was successful in competing for a Transportation Growth Management (TGM) grant for planning. This Project concurs with the Russell Street Improvement Planning Project Final Report (the Plan) adopted by City Council on November 19, 2003. The Interstate Corridor Urban Renewal Advisory Committee and its Transportation Subcommittee, as well as the above referenced organizations support the recommended action.

With Board approval, the IGA will go to City Council for approval.

BACKGROUND

Russell Street is the main east-west corridor in Lower Albina. The full project area stretches from Interstate Avenue east to Martin Luther King, Jr. Blvd. and crosses two urban renewal areas. The west end of the project, Interstate Avenue to Commercial Avenue, plus Albina and Mississippi from Interstate to Russell, is in ICURA and will be implemented through this project. Russell east of the I-5 overpass is in OCC URA and is not part of this project.

Lower Albina is an area rich with the history of Portland’s growth. Russell Street was the main street of the former City of Albina, an area that grew rapidly in the 1880s as a result of railways coming to the area. Russell’s proximity to the river and the rail yard gave it prominence as Albina’s main street and provided connection from the river and rail yard to the west to the residential area to the east. Much of the commercial development of Russell Street is tied to the spread of the streetcar lines serving Portland and Albina.

In the 1950s a small portion of the area’s residential neighborhoods were wiped out in order to build the Interstate 5 freeway. In the 1960s construction of Memorial Coliseum dislocated Portland’s African American community located around Broadway and Interstate. In the 1970s many homes and businesses were displaced when the Fremont Bridge and Interstate 405 were built. With no housing to support the commercial businesses, the area became largely industrial with rail yards and harbor industries.

Today, Russell and the surrounding area is a mixture of urban, small-block industrial area with a prominent cluster of public maintenance facilities. There are signs that the area is an emerging and redeveloping commercial district, including several thriving restaurants and recent expansion of the Widmer Brewery. There are still many under-used, vacant and blighted sites in this area. The community envisions Russell returning to its once active mixed-use, featuring nightclubs and neighborhoods along with the Albina Rail Yards and factories. In post World War II - era, Albina was a lively jazz scene.

The Russell streetscape plan was developed with significant public outreach and opportunities to provide input. The selected design concept recognizes and supports the unique mix of industrial, commercial and institutional uses in the project area. The design concept was assessed against objectives formulated by the group including: identify improvements to create not only a safe and convenient pedestrian and bicycle access to light rail, but improvements that
draw and motivate people to want to explore this area and benefit from the transportation opportunities; provide connections to Eliot neighborhood and Emanuel Hospital via Russell Street; balance the needs of retaining businesses in the Lower Albina Industrial Sanctuary with the needs of providing safe pedestrian access to the light rail station for existing institutions and residents; design improvement in a way that accommodates the truck traffic serving businesses in the industrial area; and recognize the diverse historic, cultural, and ethnic identity of Russell Street east and west of I-5.

Improvements will include new scored sidewalks, street trees, and pedestrian scaled streetlights. Minimal street furniture will be included in the historic district between Interstate and Albina to maintain the existing historic feeling. Improved pedestrian crossings with curb extensions and marked crosswalks will be installed across Russell Street at N. Albina Avenue, N. Borthwick Avenue, N. Ross Avenue and N. Commercial Avenue. Curb extensions will be ‘truck friendly.’ No on-street parking will be lost. Public art in the area will be developed with the community.

The Project implementation area is limited to available funding in the ICURA. The OCC URA was able to commit $105,000 to complete a critical pedestrian link to the neighborhood east of the I-5 overpass. Without this additional work, there would still be a barrier between Legacy Emanuel Hospital and neighborhoods to the east and the business area and MAX to the west.

**ATTACHMENTS:**

A. URA Financial Summary  
B. Project Summary and Map  
C. Project Improvements

**CC:**  
L. Bowers, Interim Development Department Director  
S. Kuhn, Senior Project Coordinator  
D. Elott, Interim General Counsel  
J. Jackley, Director of Communications & Business Equity
# URA FINANCIAL SUMMARY

## Financial Summary

### Fund Summary - Five-Year Budget Projections

<table>
<thead>
<tr>
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<td><strong>Interstate Corridor URA Resources</strong></td>
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<td>Beginning Fund Balance</td>
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<td>Tax Increment - L/T Debt</td>
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<td><strong>Total Fund Resources</strong></td>
<td>16,620,598</td>
<td>25,432,024</td>
<td>16,767,148</td>
<td>14,325,358</td>
<td>10,115,391</td>
<td>11,215,000</td>
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### Requirements

**Project Expenditures (does not include Personal Services or Indirect Cost)**

**Development**

- 19010 - Interstate Redevelopment: 314,000, 300,000, 300,000, 300,000, 300,000, 300,000
- 19015 - Interstate DOS Program: 271,247, 300,000, 300,000, 300,000, 300,000, 300,000
- 19020 - Interstate Streetscape improve: 2,346,044, 2,092,000, 2,091,000, 300,000, 0, 300,000
- 19021 - Interstate Trans Improvements: 100,000, 150,000, 75,000, 75,000, 75,000, 75,000
- 19022 - Interstate Community Liv: 300,000, 300,000, 300,000, 300,000, 300,000, 300,000
- 19030 - Interstate Parks: 1,271,000, 440,000, 755,500, 1,006,000, 506,000, 506,000
- 19040 - Downtown Korean Riders: 26,000, 100,000, 100,000, 1,500,000, 700,000, 700,000
- 19049 - IC Redevelopment Loan Program: 400,000, 400,000, 400,000, 400,000, 400,000, 400,000
- **Development Total**: 5,721,863, 4,643,000, 5,582,000, 8,541,800, 3,150,000, 6,350,000

**Economic Development**

- 19025 - IC Storefront Grants: 540,333, 400,000, 400,000, 400,000, 400,000, 400,000
- 70109 - IC Business Finance: 1,722,000, 1,300,000, 1,350,000, 1,850,000, 1,750,000, 1,750,000
- 70257 - IC Business Retent & Assit: 80,600, 275,000, 50,000, 0, 0, 0
- 70275 - Killingsworth Block Fin Assit: 0, 0, 485,000, 0, 0, 0
- **Economic Development Total**: 2,346,233, 2,025,600, 2,390,000, 2,260,000, 2,160,000, 2,160,000

**Housing**

- 10025 - IC Aff Rental Housing: 200,000, 300,000, 1,500,000, 1,500,000, 502,000, 502,000
- 31043 - Interstate Home Repair: 450,010, 500,000, 500,000, 300,000, 300,000, 300,000
- 33419 - Interstate Homebuyer Assit: 300,000, 400,000, 450,000, 450,000, 450,000, 450,000
- 33431 - IC Aff Homeowner/Site Dev: 591,077, 300,000, 500,000, 500,000, 500,000, 500,000
- 30806 - Killingsworth Block: 215,000, 3,045,652, 1,442,587, 0, 0, 0
- 39012 - Crown Motel Aff, Rental Hsg: 3,000,000, 3,470,000, 0, 0, 0
- 54813 - Shaver Green: 1,481,668, 946,444, 0, 0, 0
- 37010 - IC Hsg Policy/Planning: 31,002, 6,000, 6,000, 6,000, 6,000, 6,000
- 37028 - Vanport Phase II Housing: 76,365, 0, 0, 0, 0, 0
- 37021 - IC HAP Aff Homeowner/Asq: 0, 2,511,000, 0, 0, 0
- 37022 - IC HAP Aff Ownership/Rehab: 0, 560,000, 0, 0, 0
- **Housing Total**: 4,734,908, 13,150,286, 4,197,587, 2,755,900, 1,757,000, 1,757,000

**Central Services**

- 09148 - IC Debt Management: 17,655, 18,537, 19,404, 20,438, 21,439, 22,532
- **Central Services Total**: 17,655, 18,537, 19,404, 20,438, 21,439, 22,532

**Total Project Expenditures**

- 12,920,659, 19,541,833, 12,295,851, 10,428,438, 7,078,459, 7,978,532

**Operating Transfers Out**

- 800,000, 842,250, 0, 0, 0, 0

**Indirect Cost**

- 3,001,460, 4,067,833, 3,870,831, 3,244,020, 2,564,461, 2,016,447

**Total Fund Expenditures**

- 16,422,119, 24,551,163, 16,076,682, 13,770,467, 9,072,940, 10,986,970

**Contingency**

- 404,409, 580,841, 587,400, 554,861, 443,041, 318,831

**Ending Fund Balance**

- 0, 0, 0, 0, 0, 0

**Total Requirements**

- 16,926,600, 25,432,024, 16,776,148, 14,325,358, 10,116,661, 11,215,600
### PORTLAND DEVELOPMENT COMMISSION

**Budget Change Request Form**

**For Changes to the BudgetsOriginally Submitted to the Commission/Council Workgroup**

**for Fiscal Year 2008-2009**

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**To Use this Form:**

1. **Data Entry is only allowed in the Yellow-shaded cells and in the Approval Section.** The rest of the form will fill in automatically. Please note additional instructions in blue.

2. **This form (and entire workbook) should be completed no later than Friday, March 14th. You will be notified of Approvals by Friday, March 21st.**

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**Dept #:** 10  
**Fund #:** 370  
**Dept Name:** Development  
**Fund Name:** Interstate Corridor URA

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#### Budget Change Requested (+/-)

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<th>Fund</th>
<th>Dept ID</th>
<th>Project#</th>
<th>REQUESTED BUDGET</th>
<th>Project Name</th>
<th>PROPOSED NEW PROJECT TOTAL</th>
<th>Explanation/Reason for Change</th>
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<td>370</td>
<td>10</td>
<td>19020</td>
<td>$2,592,000</td>
<td>Interstate Streetscape Improve</td>
<td>$4,092,000</td>
<td>Add $1.5 million for Russell St. Project. (This includes a $400K contingency for the project which is not expected to be needed at this time, though it is required to be in the budget.)</td>
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<td>370</td>
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<td>34606</td>
<td>$3,545,852</td>
<td>Killingsworth Block</td>
<td>$3,638,023</td>
<td>Add $92,171 for K-Block. In addition to this amount for 08-09, there are adjustments that will affect the 5 yr forecast as follows: 09/10 Proposed: $1,442,587 - reduce this project by $287,563 to new budget of $1,155,024, and decrease Project 70275 from Proposed: $465K to $450K; 10/11 Proposed - Originally at $0, now budget at $515,940 for this Project and $450K for 70275. See related budget change relating to K-Block below - amending FY 07-08 from $215K to $450K.</td>
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<tr>
<td>370</td>
<td>30</td>
<td>33431</td>
<td>$500,000</td>
<td>Affordable Homeownership Dev</td>
<td>$1,290,423</td>
<td>Additional $555,423 needed to fully fund 4 projects which are already included in the FY 2008/09 budget. ALSO - To adequately fund K-Block for the current FY (07-08), $235K is being transferred from this Project in the next revised budget. This request reinstates the funds in Aff. Hmwnrshp in FY 08-09.</td>
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**TOTAL CHANGE AMOUNT**  
$2,382,594

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Prepared by: Jan MacWilliams  
Date: revised 5-12-08
PROJECT SUMMARY

Project Name: Russell Street Improvement Project

Description: Construction Phase of streetscape improvement project

Location: Russell Street from Interstate Avenue to Commercial Avenue, plus Albina and Mississippi Avenues from Interstate Avenue to Russell Street

URA: Interstate Corridor Urban Renewal Area

Current Phase: Design and Engineering

Next Milestone: Bid and Award Phase, Construction

Completion Target: December 31, 2008

Outcome: Improved streetscape, revitalization of commercial district, important east-west link to MAX Yellow Line

Site/Project Map: