DATE: May 14, 2009

TO: Board of Commissioners

FROM: Bruce A. Warner, Executive Director

SUBJECT: Report Number 09-51
Transfer Agreement for South Waterfront Neighborhood Park (3508 SW Moody Avenue) with Portland Bureau of Parks and Recreation

EXECUTIVE SUMMARY

BOARD ACTION REQUESTED

Adopt Resolution No. 6698

ACTION SUMMARY

This action will authorize the Executive Director to enter into an agreement to transfer ownership of the South Waterfront Neighborhood Park site from the Portland Development Commission (PDC) to Portland Parks and Recreation (Parks). The 2.1-acre property, located at 3508 SW Moody Avenue in the North Macadam Urban Renewal Area, is planned for development as a public park facility by Parks, with development funded by a maximum of $4 million in PDC Tax Increment Financing, as called for in the Central District Development Agreement (CDDA).

This action governs the transfer of the property and the requirement to build a public park on the property. The immediate action does not address funding the construction or relationship between the parties, which are governed by the CDDA and its amendments, as well as an Intergovernmental Agreement (IGA) between PDC and Parks.

This park project is a part of the Mayor’s Economic Stimulus Package as well as PDC’s recession response. Construction on South Waterfront Neighborhood Park commenced on March 23 under a temporary permit of entry with Parks. Substantial completion of the park improvements are scheduled by August 2009. Full opening of all areas of the park is planned for fall 2009.

PUBLIC BENEFIT

The South Waterfront Neighborhood Park project was identified as one of three of Parks’ capital projects in the Mayor’s Economic Stimulus package and identified to directly create 39 jobs based on an economic multiplier on the $2.1 Million construction budget. As stated earlier, the Park was identified as part of PDC’s recession response.

Development of the property as a public park would provide a much needed open space resource in the South Waterfront neighborhood. As currently planned, this neighborhood will be one of the most densely developed areas in the State of Oregon. In anticipation of the dense development, the CDDA provided for public investment in open space in the vicinity of this site as well as along the riverfront. The park property will be designated for
use as a park by restrictive covenant, ensuring the long term existence of this public resource.

In addition to serving the larger Portland community, the park will serve its immediate neighbors that were constructed within the past three years including:

- OHSU Center for Health and Healing
- Meriwether Condos- 246 units
- John Ross Condos- 303 units
- Atwater Condos- 214 units
- Ardea Apartments- 323 units
- Alexan Apartments/Riva on The Park- 314 units

There are two additional projects that should be completed within the next year:

- Mirabella Continuing Care Retirement Community- 220 units
- Matisse Apartments- 272 units

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 North Macadam Urban Renewal Advisory Committee was briefed at their February 12, 2009 meeting and had no objections to the transfer as it was originally contemplated in the DDA. Development of the property as a neighborhood park was contemplated in the 2002 South Waterfront Plan, which had significant public input. Environmental cleanup on the property, which was partially funded with an EPA grant, had a significant community outreach function. In addition, the design of the final improvements to the property, which took place in 2007 and was administered by Parks, involved multiple open houses, a project advisory committee, multiple questionnaires and a Parks website.

COMPLIANCE WITH ADOPTED PLANS AND POLICIES

Development of the site with final public park improvements will further implementation of the North Macadam Urban Renewal Area Plan (1999), the 2002 South Waterfront Plan and the PDC Mission.

Development of the Park will also support Department Goal #10 and PDC Organizational Outcome #6 to implement Urban Renewal Plans by facilitating development of public infrastructure that will leverage private redevelopment.

The plan is in compliance with PDC’s Disposition Policy.
All construction of the final improvements to the park will be in compliance with the South Waterfront Central District Workforces Training and Hiring Program which exceeds the MWESB requirements for PDC projects.

FINANCIAL IMPACT

This action involves the donation of land and total cash investment by PDC of over $12,600,000. PDC acquired this property through condemnation, for the intended purpose of future development as a park for a price of $7,000,000 in 2005. Subsequently, PDC relocated tenants, demolished existing buildings, performed environmental remediation and made interim improvements to the property in 2006 totaling approximately an additional $1,000,000. Some of PDC’s costs were recouped through an EPA Brownfields grant for $200,000 and Parks’ SDC funds of $1,800,000. There are no significant direct costs associated with the transfer of the property to Parks.

By designating this site for a public park, PDC and the City of Portland will forgo property tax revenue generated by the property in the future. However, as the site is currently publicly owned, this will not impact expected future tax revenue for the property.

Per the CDDA, and subsequent amendments PDC has previously committed $4,000,000 for the design and construction of final park improvements on the site in the FY07/08, FY08/09, and FY09/10 budgets. PDC is providing full funding to Portland Parks and Recreation for the design and construction of the public park, the use of the funds is governed by a separate IGA with Parks and the CDDA. The $4 million covers both hard and soft costs associated with Parks’ obligation to build the improvements to the property. The currently selected bid for construction of the park, awarded to Nutter Corporation was $2.1 million, we currently anticipate this will keep the project within its construction budget of $2.75 million and within the overall budget of $4 million once soft costs are included.

RISK ASSESSMENT

There is minimal risk for executing the Transfer Agreement with Parks for development of the property, in fact executing the agreement ensures we do not have operations and maintenance obligations on the property. If the PDC does not execute the Transfer Agreement with Parks, however, there is risk that the construction and operation of the park site could not proceed as originally planned. This could jeopardize fulfillment of the CDDA obligations for schedule and performance. To facilitate the start of construction and to meet deadlines defined in the CDDA, PDC issued a temporary permit of entry to allow Parks to commence construction.

An IGA between Parks and PDC limits PDC’s financial contribution to the project to a total of $4 million. The IGA further established a maximum hard construction cost of $2.75 million.

WORK LOAD IMPACT

Staff resources are available to undertake the property transfer and project oversight for Parks construction of the project.
Acquisition and development of South Waterfront Park was included in the Development Department Work Plan and is a Tier 1 project.

In addition, PDC staff obligations will be reduced without the need for property management activities on the site.

ALTERNATIVE ACTIONS

The Transfer Agreement with Parks, which spells out the transaction for the transfer and development of the property, includes the following provisions:

- Transfer of property to Parks
- Deed restriction for use as a public park
- Provision to allow PDC to transfer FAR from property in the future

PDC could choose not to execute a Transfer Agreement with Parks. However, under current agreements with Parks this would not allow for the development of the final improvements to the property. In turn, this would lead PDC to not fulfill its obligations under the CDDA.

PDC could choose to enter into a disposition and development agreement with Parks. PDC legal has determined that the transfer form is sufficient to cover obligations in conjunction with the IGA and CDDA.

Lastly, PDC could transfer the property without a Transfer Agreement or any obligations by Parks. This course of action might not provide PDC with sufficient safeguards to ensure that the property was developed as a public park in accordance with current plans.

CONCURRENCE

The PDC Investment Committee has supported the general terms and conditions of this disposition at its March 24, 2008 meeting. The Investment Committee further reviewed the negotiated Transfer Agreement and concurred with this format at its May 5, 2009 meeting. The Portland City Council will also need to approve the transfer, which is anticipated at its May 20, 2009 meeting.

BACKGROUND

The CDDA contemplated the significant redevelopment of the South Waterfront Central District through a partnership of public and private investment. As part of the public investment, PDC committed to acquiring land, formally known as the Public Storage Site, for the development of a public park. This process was achieved in two phases, the first being the acquisition, demolition and remediation of the site and use as an interim open space. The second phase, which we are currently in the process of, is the design and construction of the final park improvements on the site.

The Neighborhood Park property is currently owned by PDC. PDC acquired the Park property from Public Storage of Oregon through condemnation in 2005 as required by the Central District Project Development Agreement. Public Storage remained on the site until December 31, 2005. For the purchase of the Neighborhood Park property, the Board approved the Third Amendment to the North Macadam URA Plan (December 1, 2003). The Resolution approved a minor
amendment to the Plan to authorize acquisition of the Public Storage of Oregon property, the site of the future South Waterfront Neighborhood Park (Resolution No. 6084). On June 9, 2004, Board also authorized continued negotiation and commencement of condemnation if necessary, to acquire the Public Storage of Oregon property (Resolution No. 6138).

The Neighborhood Park property is located at 3508 SW Moody Avenue within the 130-acre South Waterfront Plan Area and the North Macadam URA. The site is bounded at the north-south by SW Curry and SW Gaines Streets and east-west by SW Bond and SW Moody Avenues. The park property is at the center of the South Waterfront redevelopment area, called the Central District.

The Neighborhood Park is over two city blocks in size (92,000 square feet) and includes a portion of the vacated SW Pennoyer Avenue right-of-way. The site is relatively flat. Redevelopment of the property as a Neighborhood Park is being completed in two phases. Phase I Park Improvements include demolition of the Public Storage facility, remediation of low level contamination and installation of lawn, irrigation and perimeter sidewalks; improvements were completed in 2006. Urban renewal revenues and Park System Development Charges funded acquisition of the Neighborhood Park property from Public Storage of Oregon. Phase I Park Improvements were funded by urban renewal revenues and a $200,000 U.S. Environmental Protection Agency Brownfields Cleanup Grant.

Planning and design of the Phase II Park Improvements, the current phase of improvements to the property, began in fall 2007. A design team was selected in late 2007: Hargreaves Associates. A significant public participation process took place in the winter and spring of 2008. From this process which included several community surveys a preferred design was presented in a public open house in April 2008. Design Development and Construction Drawings were developed in the spring, summer and fall of 2008. Permits were applied for in late Fall 2008.

A Request for Proposals for construction of the Park was issued by Parks in December 2008. After a response of six bidders, five within approximately $100,000 of each other, the bid was awarded to Nutter Corporation on January 30, 2009. City Council awarded the bid on February 18, 2009. Nutter was given a notice to proceed with construction on March 20, 2009.

Construction on South Waterfront Neighborhood Park commenced on March 23 with substantial completion of the park improvements anticipated by August 2009. Full opening of all areas of the park is planned for fall 2009. Lastly, Parks has officially named the park Elizabeth Caruthers Park as of April 8.

ATTACHMENTS:

A. North Macadam URA Financial Summary
B. Project Summary and Site Map
URA FINANCIAL SUMMARY

**NORTH MACADAM URA - Five-Year Budget Planning by Project for FYs 2010-2014**

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**Requirements**

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

**Development**

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PROJECT SUMMARY

Project Name: South Waterfront Neighborhood Park
Description: 2.1 acre property designated for development as a public park
Location: 3508 SW Moody Avenue
URA: North Macadam
Current Phase: Construction
Next Milestone: Substantial Completion of Construction
Completion Target: August 2009 (construction)
Outcome: Approval of Transfer Agreement

Site/Project Map: