

# PDC

## PORTLAND DEVELOPMENT COMMISSION

**DATE:** May 27, 2009

**TO:** Board of Commissioners

**FROM:** Bruce A. Warner, Executive Director

**SUBJECT:** Report Number 09-60  
Acquisition of property located at 3620 NE Martin Luther King Jr. Boulevard in the Oregon Convention Center Urban Renewal Area

### EXECUTIVE SUMMARY

#### BOARD ACTION REQUESTED

Adopt Resolution No. 6705

#### ACTION SUMMARY

This action will authorize the acquisition of real property located at 3620 NE Martin Luther King Jr. Boulevard in the Oregon Convention Center (OCC) Urban Renewal Area (URA). The property is currently owned by the City of Portland. The Portland Development Commission (PDC) has managed the property for the City for the last nine years. This lot is located on the east side of NE Martin Luther King Jr. Blvd., between Beech St. and Fremont St. The combined lots total .05 acre. PDC will not pay a cash purchase price for the acquisition of the property. PDC will, however, be responsible for implementing environmental remediation measures associated with an underground storage tank located on the property. The property has a current market value of \$115,510. The zoning code designation for the property is General Commercial with a design overlay (CGd).

#### PUBLIC BENEFIT

Acquisition of this property will further facilitate implementation of the 1993 Albina Community Plan's transportation strategy of providing opportunities for off-street parking along Martin Luther King Jr. Blvd. These spaces are needed by the local retail businesses that rely on walk-in/drive-by traffic.

In 2006, a collaborative effort of PDC and Bureau of Planning staff teamed with stakeholders to craft the Martin Luther King Jr. (MLK) Action Plan, adopted June 28, 2006, which identified parking management as a key action item that was vital to business development and expansion.

Following acquisition, the site will continue to serve the local area with 22 parking stalls to be used by surrounding businesses. The property may be redeveloped in the future if adjacent properties are available and redevelopment is in the interest of PDC and the community. In that event, public parking would likely be retained in the new development.

**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**

None required.

**COMPLIANCE WITH ADOPTED PLANS AND POLICIES**

The OCC Urban Renewal Plan specifically authorizes property to be acquired from willing sellers if it helps meet goals laid out in the plan. The MLK Action Plan's Strategy No. 6, "Improving the function of Martin Luther King Jr. Blvd. for people and transit," includes an ongoing action item of developing a parking management strategy for both on-street and off-street spaces.

**FINANCIAL IMPACT**

PDC will not pay a cash purchase price for the acquisition of the property. PDC will be responsible for implementing environmental remediation measures associated with an underground storage tank located on the property. The OCC URA has a total of \$70,000 budgeted between fiscal years 2008-09 and 2009-10 for the remediation of the site (see Attachment A). Staff feels confident that all remediation costs will come below the amount budgeted.

**RISK ASSESSMENT**

Environmental assessments (Phase I completed August 23, 2007, and Phase II completed January 8, 2008) have concluded that there is an underground storage tank located on the property. Further testing of the soils near the location of the tank found very minimal concentrations of petroleum. Exposure in the soil appears to be very isolated. As part of the due diligence associated with Phase II, PDC was obligated to notify the Department of Environmental Quality (DEQ) (Initial Report Form dated January 16, 2008) of any remediation needed. PDC is not able to fulfill the obligations required by DEQ until ownership is conveyed, thus the reason that PDC is seeking ownership prior to initiating clean up. Ongoing maintenance, consisting of cleaning and landscaping, will continue to be done by Fremont Partners LLC as part of an existing agreement with PDC.

## **WORK LOAD IMPACT**

There will be minimal staff impact as the site is currently cleaned and maintained by a third party. All remediation will be done by a contracted third party under management by one of PDC's construction managers.

## **ALTERNATIVE ACTIONS**

The PDC Board of Commissioners (Board) could decline to approve the acquisition of the property and/or direct staff to renegotiate the terms of the transaction.

## **CONCURRENCE**

Acquisition negotiations and terms were approved by the PDC Investment Committee on January 19, 2009.

## **BACKGROUND**

In 1982, the Portland City Council found that the NE Union Ave. Improvement Project eliminated much of the on-street parking along NE Union Ave. and purchased Lots 2 and 3 on Block 22, and Lincoln Park to provide off-street parking. This parking was established for customers of the businesses which were adversely affected by the loss of on-street parking. The City Council passed an ordinance accepting the parking lot and assigning the Bureau of Facilities Management (BFM) to administer and manage the parking facility. The BFM maintained the lot but faced safety and security challenges with managing the property.

In the mid 1990's the BFM became the Bureau of General Services (BGS). In 2000, BGS proposed to transfer the property management responsibilities to PDC under a Transfer of Administrative Jurisdiction. The parties agreed that the parking lot would be more effectively managed by PDC as an urban renewal property. In February 2000, through PDC Resolution No. 5401, the PDC Board authorized the PDC Executive Director to assume property management responsibilities for the property.

In 2006, PDC entered into a lease with Fremont Partners, LLC, which gave them exclusive use of seven spaces in the parking lot in exchange for taking over management and maintenance responsibilities of all 22 spaces for a period of five years, with two five-year extensions available. This lease agreement is still in effect at this time and staff sees no reason why this lease would not lead to an extension in 2011.

In 2007, Office of Management & Finance proposed that the City convey fee title of the property to PDC. On June 13, 2007, City Council adopted Ordinance No. 181051 authorizing the conveyance of the title of the property to PDC.

## **ATTACHMENTS:**

- A. OCC URA Budget with five-year forecast
- B. Project Summary and Site Map

**URA FINANCIAL SUMMARY**

**Financial Summary**

**Fund Summary - Five-Year Budget Projections**

	Revised FY 2008-09	Proposed FY 2009-10	Forecast FY 2010-11	Forecast FY 2011-12	Forecast FY 2012-13	Forecast FY 2013-14
<b>Convention Center URA</b>						
<b>Resources</b>						
Beginning Fund Balance	7,379,026	2,665,155	616,085	672,287	698,301	183,164
Cash Transfers In	642,259	0	0	0	0	0
Fees and Charges	2,500	0	0	0	0	0
Interest on Investments	125,000	160,000	110,000	61,000	50,000	0
Loan Collections	251,232	195,232	195,232	188,302	179,332	0
Miscellaneous	0	0	0	0	0	0
Property Income	1,050,000	126,000	4,000,000	0	0	0
Reimbursements	70,000	0	0	0	0	0
Tax Increment Proceeds	7,392,600	12,787,200	3,396,600	7,117,875	3,715,403	0
<b>Total Resources</b>	<b>16,912,617</b>	<b>15,933,587</b>	<b>8,317,917</b>	<b>8,039,464</b>	<b>4,643,036</b>	<b>183,164</b>
<b>Requirements</b>						
<b>Program Expenditures</b>						
<b>Business &amp; Industry</b>						
<b>Community Economic Development</b>						
72030 Community Economic Development	150,000	250,000	250,000	300,000	350,000	0
<b>General Business Assistance</b>						
79020 Business Finance	900,000	1,000,000	550,000	250,000	300,000	0
79022 Business Retention	100,000	50,000	0	0	0	0
<b>Target Industries</b>						
79020 Business Finance	250,000	100,000	0	100,000	100,000	0
<b>Business &amp; Industry Total</b>	<b>1,400,000</b>	<b>1,400,000</b>	<b>800,000</b>	<b>650,000</b>	<b>750,000</b>	<b>0</b>
<b>Housing</b>						
<b>Multi-Family - For Sale</b>						
19032 King/Parks Affordable Hsg	299,752	500,000	625,000	625,000	0	0
80003 Lloyd Cascadian Phase II	1,200	0	0	0	0	0
80010 Fremont Housing	140,000	0	0	0	0	0
80026 Grant Warehouse/Affordable Hsg	100,000	300,000	1,600,000	0	0	0
<b>Multi-Family - Rental Housing</b>						
80002 MFH - 2nd and Wasco	1,600	0	0	0	0	0
80042 OCC Miracles Club	1,400,000	2,085,000	0	0	0	0
80043 Rose Qtr Afford Rental Hsg	800,000	800,000	0	0	0	0
89030 Affordable Rental Housing	223,417	500,000	800,000	0	0	0
<b>Plans and Strategies - Housing</b>						
37921 Lloyd Hs Policy/Planning	3,800	0	0	0	0	0
<b>Portland Housing Bureau</b>						
28025 Administration	0	0	158,129	151,782	88,674	0
<b>Housing Total</b>	<b>2,969,769</b>	<b>4,185,000</b>	<b>3,183,129</b>	<b>776,782</b>	<b>88,674</b>	<b>0</b>
<b>Infrastructure</b>						
<b>Transportation</b>						
16230 Lloyd Trans Improv/Streetcar	100,000	0	0	0	0	0
16231 OCC Streetcar Planning	1,750,000	1,000,000	0	0	0	0
25525 MLK Jr Blvd Improvements	50,000	50,000	0	0	0	0
25537 MLK Jr Blvd Gateway Imprvmts	100,000	100,000	500,000	0	0	0
<b>Infrastructure Total</b>	<b>2,000,000</b>	<b>1,150,000</b>	<b>500,000</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Financial Summary**

**Fund Summary - Five-Year Budget Projections**

	Revised FY 2008-09	Proposed FY 2009-10	Forecast FY 2010-11	Forecast FY 2011-12	Forecast FY 2012-13	Forecast FY 2013-14
<b>Revitalization</b>						
<b>Community Outreach - Revitalization</b>						
11601 Community Outreach	20,000	20,000	20,000	20,000	10,000	0
<b>Plans and Strategies - Revitalization</b>						
25607 MLK Jr Blvd Action Pln Implmnt	10,000	10,000	0	0	0	0
60041 Eastside Central City Plan	75,000	57,000	0	0	0	0
60042 N/NE Economic Dev Initiative	11,000	63,000	0	0	0	0
<b>Redevelopment</b>						
16237 HQ Hotel	1,900,000	4,000,000	500,000	0	0	0
25533 Vanport Redevelopment	20,000	15,000	0	0	0	0
25535 3934 NE MLK Renovation -- Heritage Project	2,087,759	0	0	0	0	0
25536 3510 NE MLK Fremont Redevel	237,000	0	0	0	0	0
25605 MLK Jr Blvd Commercial SiteDev	30,000	50,000	0	0	0	0
25606 Lloyd Commerical Develop	20,000	10,000	0	0	0	0
25610 Bee Car Rental Redevelopment	7,000	7,000	7,000	0	0	0
25611 OCC Blk 47/49 Redevel	10,000	0	0	0	0	0
25612 King/Parks Commercial	0	0	700,000	0	0	0
25613 Rose Quarter Revitalization	0	35,000	0	3,500,000	1,900,000	0
27001 Storefront Grants	250,000	250,000	250,000	250,000	150,000	0
27050 DOS Grants	100,000	100,000	100,000	100,000	100,000	0
28030 Redevelopment Loan Projects	1,500,000	1,000,000	500,000	1,000,000	680,023	0
<b>Revitalization Total</b>	<b>6,277,759</b>	<b>5,617,000</b>	<b>2,077,000</b>	<b>4,870,000</b>	<b>2,840,023</b>	<b>0</b>
<b>Administration</b>						
<b>Finance</b>						
98001 Debt Management	24,717	25,953	27,250	28,613	30,044	0
<b>Administration Total</b>	<b>24,717</b>	<b>25,953</b>	<b>27,250</b>	<b>28,613</b>	<b>30,044</b>	<b>0</b>
<b>Total Program Expenditures</b>	<b>12,672,245</b>	<b>12,377,953</b>	<b>6,587,379</b>	<b>6,325,395</b>	<b>3,708,741</b>	<b>0</b>
Personal Services	957,696	886,759	267,604	256,861	150,063	0
Indirect Cost	2,517,521	2,052,788	790,647	758,908	443,368	0
<b>Total Fund Expenditures</b>	<b>16,147,462</b>	<b>15,317,500</b>	<b>7,645,630</b>	<b>7,341,164</b>	<b>4,302,172</b>	<b>0</b>
Contingency	765,155	616,087	672,287	698,300	340,864	183,164
Ending Fund Balance	0	0	0	0	0	0
<b>Total Requirements</b>	<b>16,912,617</b>	<b>15,933,587</b>	<b>8,317,917</b>	<b>8,039,464</b>	<b>4,643,036</b>	<b>183,164</b>

### PROJECT SUMMARY

**Project Name:** 3620 NE Martin Luther King Jr. Boulevard  
**Description:** Parking Lot  
**Location:** Lots 2 and 3 on Block 22, north of Fremont Ave on the eastside of the boulevard  
**URA:** Oregon Convention Center  
**Current Phase:** Acquisition and conveyance of title  
**Next Milestone:** Remediation  
**Completion Target:** Fall of 2009  
**Site/Project Map:**

