

PDC

PORTLAND DEVELOPMENT COMMISSION

DATE: February 23, 2011
TO: Board of Commissioners
FROM: Bruce A. Warner, Acting Executive Director
SUBJECT: Report Number 11-08
Executive Director Report

BOARD ACTION REQUESTED

None – Information only

Administration Update/Management Issues

I would like to thank Commissioners Mohlis and Colas-Dickson who both attended the Skanner's annual Martin Luther King, Jr. Breakfast held January 17 at the Oregon Convention Center. As a platinum level sponsor, PDC had two tables at the breakfast and John Jackley sat at the head dias. The breakfast is an important MLK Day event and was attended by both of Oregon's senators as well as representatives from Metro, Multnomah County, Mayor Adams, and other key civic and business leaders.

January's work centered around development of the FY 2011-12 budget. I want to thank each of the Commissioners for devoting several full days in January to our budget process as well as the normal busy work of the agency. We continue to work on refining the budget as we head toward the April 6 Council work session on the Proposed Budget.

Notable January projects and meetings I was involved in are:

- Attended monthly Bureau Directors lunch
- Participated in interview with Mary Kitch of Oregonian editorial board
- Attended Planning and Development Directors meeting
- Attended public meeting for the Oregon Sustainability Center's schematic design
- Attended Beaverton Mayor's annual community address
- Attended NW Evaluation Association's grand opening (former Port of Portland headquarters in Old Town)
- Attended PBA board retreat
- Additional meetings were held with all members of City Council and the PDC Board; and Dean Marriott (Bureau of Environmental Services).

**Urban Development Dept.
Business & Industry Team**

Manufacturing Luncheon January 25—Nearly 100 people attended “Looking Ahead: Forecasting Oregon's Manufacturing Economy in 2011,” on January 25 at the Governor Hotel. Guest Speaker Joe Cortright, Chief Economist of the Oregon Business Plan, was joined by Brice Barrett, Executive Director, Pacific Northwest Defense Council; and Drew Park, CEO, Columbia Wire and Iron and chairman of the 2011 NW Youth Careers Expo Committee.

Coffee Wholesaler Expands in River District—Sisters Coffee Company is a specialty coffee roaster that started in Sisters, Oregon in 1989. The company operates two retail locations in Sisters and service more than 150 wholesale accounts in six states, including Roth's, Whole Foods, Kroger/Fred Meyer, Black Butte Ranch, and Tillamook Cheese Factory. PDC provided \$175,000 in tenant improvement financing to allow Sisters Coffee to expand in the River District URA. Construction, including HVAC, plumbing, electrical, masonry, flooring, framing and cabinetry, is scheduled for December 2010 through February 2011, with a grand opening planned for March 2011. The Portland location will sell fresh roasted coffee, specialty beverages, and made-to-order breakfast and lunch items.

PDC Staff Continues Work With A&O Cluster—PDC attended the athletic & outdoor trade show Outdoor Retailer, held in Salt Lake City in January, where approximately 30 Oregon companies exhibited. The Outdoor Industry Association officially unveiled the Eco Index; a major announcement of collaboration with larger brands is expected in February and will demonstrate significant leverage of PDC's investment. We continue to work with the A&O cluster to form working groups around the various cluster action plan items.

Advanced Manufacturing Cluster Work Update—Last year, staff began organizing the Advanced Manufacturing Cluster. We analyzed a wide range of North American Industry Classification System (NAICS) data and, after discussions with numerous industry leaders, settled on those classifications that consisted primarily of Metals and Transportation Equipment. This was then validated with a series of one-on-one meetings with the heads of eight key Portland-area manufacturers. We pulled all of the firms from the NAICS and generated a list of approximately eighty (80) firms which we believe to represent the “core” group of Portland's advanced manufacturers. In January, we hired Peter Arezzini, a respected facilitator and specialist in the manufacturing community. He is leading a series of work sessions, each one with 6 to 10 local companies, to flesh out the cluster's internal challenges; constraints to growth; opportunities for growth; new resources; and what existing or new organization would help to advance the cause. The meetings have been remarkably successful, with open and honest dialogue. The CEOs have been very appreciative and volunteered to join a work group to develop solutions this spring.

West End Bikes Gets Ready to Open—PDC's Storefront Improvement Program has given a boost to a new bike shop that Bike Portland predicts will become “one of the top shops in town the moment it opens for business.” West End Bikes, on the corner of SW 11th and Stark in the Fairfield Hotel, discovered the availability of storefront funds through PDC's Real Estate staff, who negotiated the company's lease on behalf of the Portland Housing Bureau (PDC conveyed ownership in the property that houses West End Bikes to PHB as of July 1, 2010.) The space had been vacant for more than two years, and neighboring property and business owners were

very supportive of the new business. West End Bikes worked with Henneberry Eddy Architects to design a gleaming new shop, with floor to ceiling windows, plenty of natural light, and space to showcase the store's array of major cycling brands, clothing and parts. PDC funds helped the store owners pay for paint, windows and signage and covered Henneberry Eddy's flexible services work order for exterior design and design assistance, all of which will be on full display when West End Bikes opens its doors officially in early February.

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Neighborhood Team

Tree planting at Earl Boyles Park in Lents—In partnership with Friends of Trees and Portland Parks & Recreation, PDC sponsored the planting of 10 new trees at Earl Boyles Park in the Powellhurst-Gilbert neighborhood on January 15. The Oregon ash trees planted along the north side of SE Center Street replace filbert trees that were removed as part of a newly rebuilt section of the street. The event was part of a large annual tree planting by Friends of Trees in the Lents and Powellhurst-Gilbert neighborhoods. In addition to funding the tree planting, PDC partnered with the Portland Bureau of Transportation to reconstruct a 330-foot portion of SE Center Street that borders Earl Boyles Park to the south. The funds for the project come from the Lents Town Center URA. The project widened the street to eliminate the wide gravel shoulder on the north side, added curbs, gutters, new road bed and pavement, and storm water swales. The street reconstruction addresses neighborhood concerns over uncontrolled parking at the site by providing ample but limited on-street parking for neighbors and park users.

Since 1998, PDC has provided more than \$150,000 to plant 35,000 trees and shrubs in the Lents Town Center URA, to enhance community livability, improve air quality, and revitalize neighborhoods through community building efforts. This investment has leveraged other funds, in-kind donations, and volunteer labor. On the transportation side, PDC has funded more than \$12 million in more than 20 projects in the URA, including intersection improvements, rebuilding SE 92nd Avenue, and construction of the new MAX Green Line.

Gateway Business Development Strategy Presented—On January 20, PDC hosted the final team meeting for the Gateway Business Development Strategy. Approximately 30 individuals attended, including local business owners, property owners, Gateway advocates, and staff from PDC, Bureau of Planning and Sustainability, Metro and TriMet. Consultants from Walnut Creek, CA- based Applied Development Economics presented their draft recommended key action items to grow jobs in the Gateway Regional Center URA. The five recommended strategies are:

1. Support the expansion of existing Gateway businesses;
2. Create a sense of community by clustering neighborhood retail and services along the Halsey-Weidler couplet corridor;
3. Encourage development of small and medium-scale, multi-tenant office and industrial buildings;
4. Design and implement a business attraction campaign targeting specific industries; and
5. Identify larger-scale institutional/campus development opportunities.

Over the next several weeks, staff will work to prioritize two to three strategies and develop an action plan for the immediate future. Staff will brief the PDC Board on the Business Development Strategy and action plan at the February 23 meeting.

New EV Charging Station on MLK – A prototype solar canopy which had its debut at the Portland International Auto Show in January will be relocated to a PDC-owned parking lot later this month. PDC staff worked out the details to get both the solar canopy and an EV charging station installed at no cost at 3620 NE Martin Luther King Jr. Blvd. The Energy Transfer Merchant is a solar-powered charging and energy storage system designed to resemble an African acacia tree. Partners Chad Biasi and Hans van der Meer partnered with Christenson Electric Inc. and The Lynch Company, both of Portland, to build the first prototype of the system for the auto show. Van der Meer said the electrical engineering of the structure allows for battery storage of the solar energy and smart grid integration for grid back-up power. The system claims a 20-minute electric vehicle charging capability. Designed for parking lots, the structure will also capture storm water and divert it to planted bioswales.

Urban Development Dept.

Central City Team

Oregon Sustainability Center Open House—Sixty people attended a public open house on January 18 to review schematic design alternatives for the Oregon Sustainability Center (OSC). The event, held in the Smith Memorial Ballroom on the PSU campus, included a presentation on the Living Building Challenge, commercialization and research opportunities in the OSC project, an overview of the project and schematic design alternatives, and an opportunity to ask questions of the project team. The attendees were also able to view the schematic design alternatives and submit comments through the project website. The schematic design phase concludes in March 2011, followed by commitments and approvals from tenants and funding partners. PDC will execute a Disposition and Development Agreement before beginning final design in fall 2011.

Vestas Loan Closing—On January 20, the Vestas loans closed for the historic rehabilitation of the Meier and Frank Warehouse located at 1417 NW Everett Street. The building will house the North American headquarters of Vestas-Americas Wind Technology, Inc. Vestas will retain 396 jobs in Portland and plans to add at least 100 jobs within the next five years. This project will solidify Vestas's commitment to Portland, while further enhancing the city's reputation as a recognized clean tech leader in North America. PDC's financial participation comes in the form of an \$8.105 million loan, which the PDC Board approved on October 27, 2010. Total project costs will exceed \$66 million and will be funded with a variety of sources including historic tax credit equity, a senior commercial loan and significant private equity from local investors.

The project will add a fifth-floor penthouse and atrium space, with the second floor being used for hydraulic parking for 183 vehicles. When completed, the building will provide 133,258 sq. ft. of office space and 1,200 sq. ft. of storage space. Seismic improvements will upgrade the structure to current building code, and provide structural support for the penthouse addition. The developer will pursue LEED Platinum certification, with sustainability features including a solar array on the roof, a 150,000-gallon water collection tank in the basement, operable windows, and mechanical systems that are expected to operate at least 50 percent more efficiently than current building code requirements.

Anaerobic Digestion (AD) Systems Presentation—PDC is working with the Portland Sustainability Institute (PoSI) to explore potential district energy models in the five Eco District pilots – Lents, Gateway, Lloyd, South Waterfront and PSU. To explore one particular source for

alternative energy, PDC hosted a presentation on anaerobic digestion on Friday, January 21. Anaerobic digestion is a process by which microorganisms break down food or animal waste to be used as an alternative energy source or for composting. The presentation included Kendall Energy Consulting, a firm which provides policy and technical assistance for developing energy efficiency and renewable resource programs; Recology, San Francisco's recycling provider, which presented an AD system that was recently installed at an underutilized East Bay sewage treatment plant; and John Sayre of Qualco Energy, who discussed a methane digester project implemented as an alliance between the Tulalip Tribes and local dairy farmers. The project uses manure from 3,500 cows to create energy and prevent animal waste runoff from polluting local salmon runs. The facility opened in December 2008 and is already looking to expand operations.

Gibbs Pedestrian Bridge—Construction of a pedestrian and bicycle bridge connecting Lair Hill and South Waterfront has begun. On January 11, neighbors joined Mayor Sam Adams, Oregon Health & Science University President Joe Robertson and PDC Commissioner Steven Straus at OHSU's Center for Health & Healing to kick off construction of the Gibbs Street Pedestrian Bridge. Construction of the 700-foot bridge, designed by CH2M Hill, fulfills one of the final public obligations of the South Waterfront Central District Development Agreement. Key areas of public investment include transportation improvements in streetcar, street improvements, Caruthers Park, greenway improvements, and affordable housing. The bridge will serve the entire North Macadam URA, providing a pedestrian and bike connection to the greenway and the river from South Portland that has been a long-term objective of that community. The structure includes a cascading bio-swale on the span between Moody and Macadam Streets, a ground-breaking design that has never been achieved before on a bridge structure.

The Gibbs Street Pedestrian Bridge has a total project cost of \$12.6 million including; \$9.9 million in federal transportation funds, \$578,000 in tax increment financing, \$1.2 million in transportation system development charges and \$900,000 in PBOT general transportation revenue. Wildish Standard Paving Company is the selected contractor with construction anticipated to be completed by January 2012. Direct public investment of approximately \$125 million has generated \$1.5 billion in private investment and more than 1,000 jobs to date in the Central District.

Big Win for Light Rail in South Waterfront—Land donation agreements between both OHSU and the Zidell Company (ZRZ) with TriMet, which represent a major milestone in advancing redevelopment in the north district of South Waterfront, closed January 31 – with all 57 documents necessary to close having been recorded. PDC was part of the city team working with TriMet and OHSU and ZRZ to facilitate the \$14M land donation (\$7M +/- for each party) for Portland-Milwaukie Light Rail. PDC focused on facilitating the conditions subject to closing – including agreements for design and cost sharing of bridge to greenway trail connections and property exchanges between ZRZ and GHS LLC, which owns a corner of property in the area. These land donations are counted by TriMet as part of the project's local match – and are an important contribution to TriMet achieving its federal grant.

This is a key milestone for the project and could not have been met without hundreds of hours of work and, of course, hundreds of meetings, going back to September 2009 when the initial concept was discussed with OHSU and ZRZ. Without the land donations it would be difficult for light rail to proceed. The value of the donations was extremely important in securing more federal dollars, and advanced this \$1.4 billion transit project.

**Urban Development Dept.
Cross Functional**

Panel Discussion on Portland Plan and Economic Development—On January 17, PDC and the City Club sponsored a *Portland Plan Inspiring Communities* conversation with Bob Weissbourd. Bob is a nationally recognized expert in urban and regional economies and is a non-resident fellow at the Brookings Institute. He recently completed work with Brookings on Metropolitan Business Planning and shared results from his work with Seattle, Minneapolis and northeast Ohio. Following Bob's presentation PDC Urban Development Director Erin Flynn moderated a panel discussion that included PDC Commissioner Aneshka Colas-Dixon, Sheila Martin from PSU, Glen Montgomery from Oregon Solar Industries and Bob Tackett with NW Oregon Labor Council. The Mayor provided opening remarks.

Communications and Business Equity

Professional Services Section

Contract Compliance

Disparity Study—All Disparity Study information has now been received by PDC and the City of Portland. Staff is going through the information and working with BBC Consulting to get a clear understanding of the information. The study is approximately 549 pages and includes an executive summary, ten chapters and eight appendices. Changes will be made by BBC once staff edits have been completed and the final draft will then be discussed with the advisory group chaired by City Commissioner Nick Fish and the PDC Board.

Functions Attended by Staff:

- Block 49 Pre-Bid Meeting for South Waterfront Development Agreement requirements
- OAME AEPT meeting
- OAME Contractors Committee meeting
- Minority Business Opportunity Committee meeting
- Philippine American Chamber of Commerce monthly networking

Procurement

Personal Services, Materials and Other Services:

Solicitations were issued for:

- Foster-Lents Investment Strategy (RFP #10-19)

Contracts were executed with:

- PIDC - Portfol Implementation Services Consulting Services
- Outside In, Inc. – Employment Opportunity Initiative Program (EOI)

Amendments were executed for:

- 209165 Amendment #1 University of Portland (Entrepreneurial Study)
- 210080 Amendment #1 ASDS Computer Company (ACT! Upgrade)

- 208085 Amendment #2 Oak Tree Digital (Website Redesign)
- 209037 Amendment #1 Open Meadow (EOI)
- 209041 Amendment #1 Mt. Hood College (EOI)
- 220012 Amendment #1 Open Meadow (EOI)

Flexible Services:

Solicitations were issued for:

- RFQ #10-14, Environmental Services

Responses were received and are being evaluated for:

- RFQ #10-11, IT Professional Temporary Services

Contracts were executed with:

- 5 Outreach / Meeting Facilitation / Event Planning Services Contracts:
 - Barney & Worth
 - BergerABAM
 - Cogan Owens Cogan
 - JLA Public Involvement
 - Zenn Associates
- 2 Relocation Services Contracts:
 - Epic Land Solutions
 - Right of Way Associates

Amendments were executed for:

- 207100 Amendment #5 AMEC Earth & Environmental (Environmental Services)
- 208027 Amendment #3 CH2A & Associates (Cultural Liaison Services)
- 208069 Amendment #1 Northwest Protective Services (Property Security Services)
- 208068 Amendment #1 Harbor Security (Property Security Services)
- 4 Real Estate Landscape Services Contract Amendments:
 1. Weller Construction
 2. Teufel Landscape
 3. Greener Ventures, Inc.
 4. Portland Habilitation Center, Inc.

Construction Services:

Solicitations are pending for:

- Gateway Center Temporary Parking Lot

Contracts were executed with:

- Commercial Building Inspection
- Gateway Center Temporary Parking Lot

Contracts Closed / Notice To Proceed:

- Commercial Building Inspection, Emerald Home/Building Inspection

Prevailing Wage

The Prevailing Wage Team is currently monitoring eleven BOLI projects, five Davis-Bacon projects and two PDC Construction Wage projects. The Briarwood East Apartments, with construction of \$2.4 million is a new project that will trigger Davis-Bacon wage requirements.

Lawson Financial System

Professional Services staff continues to assist with the Financial System Consolidation Design project. Also, Professional Services has been selected as the next focal point for the TRIM project. The Flexible Services Contracts will be the first set of contracting files to be entered into TRIM.

Public Participation

URAC Support—Public participation staff scheduled and provided notification of meetings, prepared agendas and materials and facilitated URAC meetings for River District, Central Eastside, Lents Town Center, Gateway PAC and North Macadam.

Additional URAC Support

- Scheduled budget meetings for URAC members to discuss the 2011-12 budget.
- Sent the CES URAC and interested parties the invitation to the grand re-opening of the Clifford Hotel in the URA.
- Provided the CES URAC and interested parties with information on PBOT's Clinton Street multi-use path to the Willamette River. The project is vying with other projects for federal dollars.
- Sent out meeting summary to the Vanport PAC and interested parties.
- Processed the audio files of the January 20 Lents Town Center URAC special meeting recording in order to post them online.

Public Participation

- Prepared three public meeting listings for The Oregonian.
- Created a survey of URAC members to get their opinions on the level and type of public participation efforts provided by PDC.
- Scheduled meetings between John Jackley and the URAC Chairs.
- Worked on the consulting services RFP for the Foster-Lents Integration Partnership (FLIP) project, which is a multi-bureau effort to create a holistic approach for the redevelopment of Foster Road in the LTC URA. PDC will be the fiscal agent for this RFP.
- Prepared the final version of the LTC URAC Budget Priorities Memorandum, as approved by the URAC, and submitted it to the PDC Budget Office.
- Participated in the Lents EcoDistrict Engagement meeting, organized by PoSI.
- Began process to appoint a new member to the Lents URAC and remove non-attending members.
- Worked with UDD staff to prepare a presentation for the Powellhurst-Gilbert Neighborhood Association.
- Prepared the final version of the Interim Housing Committee recommendations memorandum and submitted it to Bruce Warner, Margaret Van Vliet (Portland Housing Bureau), and the North Macadam URAC.

- Helped UDD staff publicize the Oregon Sustainability Center Open House.
- Provided the mayor's office with URAC member contact information for a meeting regarding PDC's Executive Director recruitment process.
- Audited the 2010 Gateway Regional Center PAC attendance records and due to inactivity, currently advertising and recruiting for six new PAC member positions. Preparing Commission documents for two new appointments based on applications received.
- Assisted Portland Housing Bureau (PHB) in assigning a Gateway PAC member to serve on a PHB evaluation committee for the Rental Housing Notice of Funding Availability (NOFA) and the Gateway/Glisan and Gateway TIF request for proposals.
- Coordinated the final meeting of the Gateway Regional Center Economic Development Strategy including preparing and posting meeting materials, name tents, signage and catering. Worked with internal staff and consultants to develop/finalize the agenda, coordinate travel dates and consultant team schedule while in Portland, email meeting reminders and photograph the event for documentation. Working with UDD staff to develop the final report.
- Responded to inquiry from local real estate broker regarding more information on 20-minute neighborhoods. Provided links to info and referred her to the website and internal UDD staff contacts.
- Worked with public participation staff from various city bureaus to create a class on public participation and outreach to be taken by project managers and inspectors who work on capital projects.
- Met with PDC staff on the Business and Industry Team to begin plans for a two-day event including an awards banquet to take place in May. The event is a partnership between PDC, the Mayor's office and the Oregon Consular Corps. Began researching venues for the event.
- Began the creation of an event and meeting planning tool kit.
- Continued to participate in the Public Involvement Commission through the Office of Neighborhood Involvement.
- Met with UDD URA managers to obtain their ideas on possible revisions to the URAC Policy.
- Completed analysis of current members and did preliminary analysis of potential membership when amendment areas are added.

Diversity Efforts

- Planned a future presentation to the Immigrant and Refugee Community Organization's (IRCO) class on diversity and civic engagement to talk about PDC and its role in Portland.
- Assisted prevailing wage staff with the translation of part of a survey response from Spanish to English.

Professional Development

- Attended training on Leading Consensus-Based Processes, organized by the Office of Neighborhood Involvement
- Attended Webinars on Motivating the Millennials; and Gamestorming: A Playbook for Creative Innovation.

Public Affairs Section

Web Stats

December 31, 2010 – January 30, 2011

PDC.us

Unique visitors: 13,456

Total visits: 17,237

New visitors: 65 percent

Average number of pages viewed: 3

Most popular pages: Main page, Jobs, RFPs, Contact, Doing Business with PDC

PDC.us edits/new pages: 59

IRA edits/new pages: 33

Chargeportland.com

New section of site walks users through the process of obtaining an electrical permit with PortlandOnline.com.

Twitter

Followers: 2,130 (97 new followers)

Tweets: 18 updates to followers this month

Facebook

- PDC's page:
Fans: 490 (23 new fans)
- N/NE Economic Development Initiative's page:
Fans: 322 (0 new fans)
- Portland Main Street Program's page:
Fans: 138 (3 new fans)
- Oregon Sustainability Center's page:
Fans: 94 (55 new fans)

Video

The month of January was a busy month for shooting video. We have completed primary photography for 'The State of Entrepreneurship in Portland', The Community Livability Grant and The Oregon Sustainability Center update. The State of Entrepreneurship video has a dual focus: Portland's assets as an entrepreneurial city; and the Central Eastside's position as a hub for entrepreneurial activity. We asked business owners, what they do, why Portland, and particularly why the Central Eastside. The Livability Grant video is about small businesses that received funds from PDC to implement or enhance the sustainability performance of their buildings. For example, Ethos Music Center received a Livability Grant for eco-friendly improvements which allowed the center to leverage their funds to provide more educational services to local kids. The Sustainability Center update video will be an ongoing progress report of the building's development.

PDC's YouTube channel recently qualified as a Directors account which means we can post videos longer than the standard 15 minute limit. We are now able to post all episodes of PDC

Spotlight, a half hour program co-produced by the North Portland Media Training Center. In each episode PDC Spotlight host John Jackley talks with local business owners and industry professionals from around the city about how PDC helped them and provides an up-close look at PDC assistance and programs through the perspective of business and individual clients. PDC Spotlight and the entire collection of videos can be found here:

<http://www.youtube.com/user/PDXDevelopmentComm>

Other Public Affairs Work in January

January B&I Hot sheets

News release: Earl Boyles Park tree planting

Media advisory: OSC Schematic Design open house

Script: Mayor's Film & Video office video story

Interviews for State of Entrepreneurship video

Interviews for Community Livability Grant video

Review Doing Business with Portland brochure text

Success story write-up: A&K Designs

OSC Communications Team support

Additional interviews for Kenton video

Web page content updated

Assisted with 24 media inquiries

3 issues of *PDC People* – employee newsletter

3 brown bag presentations on emergency preparedness

A public affairs staff member continues to serve on the Collective Bargaining Agreement negotiations team