



PROSPER
PORTLAND
Building an Equitable Economy

DATE: April 11, 2018
TO: Board of Commissioners
FROM: Kimberly Branam, Executive Director
SUBJECT: Report Number 18-10
Approving Additional Funds to Complete the Portland Union Station
Tracks and Building Preliminary Engineering/ National Environmental
Policy Act Grant Work

BOARD ACTION REQUESTED AND BRIEF DESCRIPTION

Adopt Resolution No. 7266

This action by the Prosper Portland Board of Commissioners (Board) will authorize the Executive Director to increase Prosper Portland's contribution to complete the Union Station Tracks and Building Preliminary Engineering /National Environmental Policy Act project (PE/NEPA Project). If the additional funding is approved, Prosper Portland can complete the PE/NEPA Project that will better assess the design, cost, and preferred phasing of needed improvements at Union Station, a Prosper Portland-owned held asset within the Broadway Corridor study area and River District Urban Renewal Area (URA).

STRATEGIC PLAN ALIGNMENT AND OUTCOMES

The PE/NEPA project delivers on several Strategic Plan objectives, most notably by investing in a Central City and regional landmark and by strengthening Portland's Old Town/Chinatown neighborhood.

BACKGROUND AND CONTEXT

Portland's Union Station is the oldest major passenger terminal on the West Coast; it opened for service in 1896 and has been in continuous operations since that time. A significant renovation and modification to the original waiting and passenger service areas was completed between 1927 and 1930 by noted architect Pietro Belluschi. In 1975, Union Station was listed on the National Register of Historic Places. The station today looks much like it did in the 1930s but is in need of many code, systems, and operations-related upgrades.

Prosper Portland acquired Union Station in 1987 from Portland Terminal Railroad as part of a larger 31-acre development opportunity site (see a map in Attachment A). Since the acquisition, Prosper Portland has disposed of a significant amount of the original property, leading to affordable housing projects (The Yard at Union Station, Station Place Tower), a hotel (Residence Inn by Marriott), office headquarters (Ziba Design, 9North), and structured parking (Station Place Parking Garage).

The remaining Union Station property is approximately 8.24 acres and includes the station building, the Annex, four of the five existing tracks, and the two passenger platforms and canopies. The fifth existing

track is owned by Portland Terminal Railroad Company (PTRR) and used mostly for freight trains. The station, located at 800 NW Sixth Avenue in the River District URA, is managed by the City of Portland Office of Management and Finance (OMF) on behalf of Prosper Portland.

Over the last ten years, several critical repair and maintenance projects have been completed at Union Station including: replacement of the metal roof tiles, gutters and downspouts; partial roof seismic stabilization; and the repair/replacement of deteriorated windows and doors. Despite this significant work, additional repairs and upgrades are needed to stabilize and rehabilitate Union Station and to accommodate the forecasted increase in passengers.

In September 2011, the Oregon Department of Transportation (ODOT) was awarded a grant under the Federal Railroad Association (FRA) High-Speed Intercity Passenger Rail Program to complete the Union Station Tracks and Building PE/NEPA Project. The PE/NEPA Project includes a comprehensive analysis (including NEPA and Section 106 of the National Historic Preservation Act) of potential impacts to the human and natural environment as a result of future construction of track and building upgrades to Union Station. The effort is complementary to improvement plans and federal funding requests by the Washington Department of Transportation (WSDOT), ODOT, and Amtrak to make incremental rail and rolling stock improvements to enhance the speed, frequency, reliability, safety, and passenger experience of Amtrak services in the rail corridor between Eugene, Oregon and Vancouver, British Columbia. For a full list of the PE/NEPA Project goals, see Attachment B.

On March 13, 2013 through Resolution No. 6991, the Prosper Portland Board approved an Intergovernmental Agreement (IGA) with ODOT to fund the \$4,959,051 PE/NEPA Project, whereby FRA would contribute 80 percent of the grant funds (up to a maximum of \$3,967,243) through ODOT, and Prosper Portland would contribute the remaining 20 percent with funding from the River District URA, estimated at \$991,808.

After a competitive solicitation process in 2014, Prosper Portland selected three consultant teams (one for building-related improvements, one for track-related improvements, and one for environmental-related documentation) to complete the PE/NEPA Project. Since then, Prosper Portland has worked with the consultants and key stakeholders (including FRA, State Historic Preservation Office (SHPO), ODOT, WSDOT, Amtrak, OMF, and the railroad companies) to complete the PE/NEPA Project deliverables identified through a detailed work plan (DWP). The project budget in the DWP is broken into three tasks:

1. Project Management (including ODOT, OMF, and Prosper Portland staff time)
2. Preliminary Engineering for both the station building and track improvements
3. Environmental Services

As the PE/NEPA Project developed, so did its complexity and the list of required deliverables and tasks not originally identified in the DWP. For example, the project was believed to qualify for a Categorical Exclusion (CE) under NEPA because: 1) the project takes place within an existing rail yard and station that has been in active use as a rail corridor, and 2) it was not expected to cause, contribute, or exacerbate any environmental conditions. However, as the project developed, FRA pushed to make this project an Environmental Assessment under NEPA, which would significantly impact the timeline and budget. Staff was able to reach a compromise with FRA and the project has been moving forward as a well-documented CE, but these negotiations added time and tasks to the project. One of these added tasks was to complete a robust public outreach process, not typically part of a CE. This included a

tenant-specific meeting and a public open house announced in the newspaper, mailers, and neighborhood posters to explain the proposed project and schedule and collect comments from tenants, neighbors, and general public; and separate meetings with the Pearl District Neighborhood Association and Portland Business Alliance. This work, while valuable, impacted project schedule and added costs. As track improvements developed, the need for a new passenger train inspection movement track and a revised tie-in point for new Track 6 expanded the project extents from the original NW 9th Avenue boundary north to NW 15th Avenue requiring design work for impacts to NW 9th Avenue and along NW Naito Avenue. In addition, there were numerous added tasks and deliverables related to environmental services, including the submittal of a revised Determination of Eligibility for SHPO, a Biological Assessment, Archaeological Treatment Plan, Inadvertent Discovery Plan, a Programmatic Agreement, a 4(f) Evaluation, Transportation and Traffic analysis, Noise and Vibration analysis and Air Quality analysis, all with impacts to project schedule and costs. Due to all of these changes to the DWP, what was originally expected to be completed in approximately three years will now take almost five. For a more detailed list of DWP changes, see Attachment C.

The following table summarizes the DWP budget from 2013 and the actual costs as forecasted through project completion in June 2019.

	DWP (2013)		ACTUAL (2019)	
	Duration	Cost	Duration	Forecasted Cost
Task 1 Project Management	36.5 months	\$1,339,372	60 months	\$1,438,739
Task 2 Preliminary Engineering	28 months	\$3,025,000	56 months	\$3,232,293
Task 3 Environmental Services	15 months	\$140,000	51 months	\$538,019
Contingency		\$454,679		\$50,000
TOTAL		\$4,959,051		\$5,259,051

The timing of the Union Station project overlaps well with the Broadway Corridor development planning efforts. While the PE/NEPA project focuses mostly on interior station improvements and rail and platform improvements, the Broadway Corridor project will leverage the commercial and retail tenancing strategy developed under the PE/NEPA Project to inform future activation and integration of the station and neighborhood.

EQUITY IMPACT

In order to continue and expand Union Station’s important role in providing convenient transportation alternatives and employment opportunities, the historic Union Station facility requires significant upgrades to maintain safety and operability. The approval of additional funds to complete the preliminary design work (approximately 30 percent design development), environmental review documentation, and a financing and phasing plan for future implementation of the necessary improvements is a vital step in moving this project forward into funding and construction phases.

Locally, the additional funding is anticipated to create approximately 57 temporary design, engineering, and environmental jobs (as estimated by the federal Council of Economic Advisers’ multiplier of one job

per \$92,000 expended). After the Prosper Portland Board approved the original IGA, in August 2013 staff prepared a Participation Plan for Small Business Concerns Owned and Controlled by Socially and Economically Disadvantaged Individuals, which set participation goals for Architecture/Historic Preservation Services at 16 percent of contract value; Rail Registered Civil Engineering/Civil Engineering at 10 percent of contract value; and for Environmental/Environmental Registered Geologist at 12 percent of contract value. To date, Architecture/Historic Preservation is tracking just over 13 percent and Environmental is tracking at 56 percent.

COMMUNITY PARTICIPATION AND FEEDBACK

Staff has conducted significant public outreach on the PE/NEPA Project. On May 3, 2017, staff hosted a public open house attended by approximately 40 individuals to solicit feedback on the proposed station and rail improvements, in particular, potential impacts to the historic station, natural resources, and transportation; socioeconomic and community impact considerations; and options to resolve identified adverse effects. As noted, staff has met with the Pearl District Neighborhood Association and the Portland Business Alliance to provide input on the proposed station and rail improvements, possible impacts to the neighborhood, retail and tenancing opportunities, and project schedule. In addition, staff provided an update on the PE/NEPA Project at the May 10, 2017 Prosper Portland Board meeting, which was open for public comment. Finally, project information has been posted to the Prosper Portland website and the public was invited to leave comments through a Survey Monkey poll. Feedback throughout this public participation process has been mostly positive, especially around the station improvements to improve American with Disabilities Act access and passenger safety. Neighbors expressed concern with potential noise and traffic as passenger trains moving through the station increased. There was some concern that high project costs could mean the project would not move forward.

BUDGET AND FINANCIAL INFORMATION

There are sufficient resources in the fiscal year (FY) 2018/19 River District URA budget to fund this action (see Attachment D). If approved, Prosper Portland's PE/NEPA Project contribution would increase by \$300,000 from an original \$991,808 (20 percent of total cost) to \$1,291,808 (25 percent of total costs). Neither ODOT nor FRA has additional funds to contribute.

RISK ASSESSMENT

There are both legal and financial risks associated with this proposed action.

As the direct sub-recipient of the grant from the FRA, Prosper Portland is responsible for complying with and fulfilling the terms and conditions of the grant. As the property owner of Union Station and the landlord of its tenants, Prosper Portland is required to maintain the safety and functionality of the facility. This project allows Prosper Portland to further understand and plan for needed upgrades to station and rail yard.

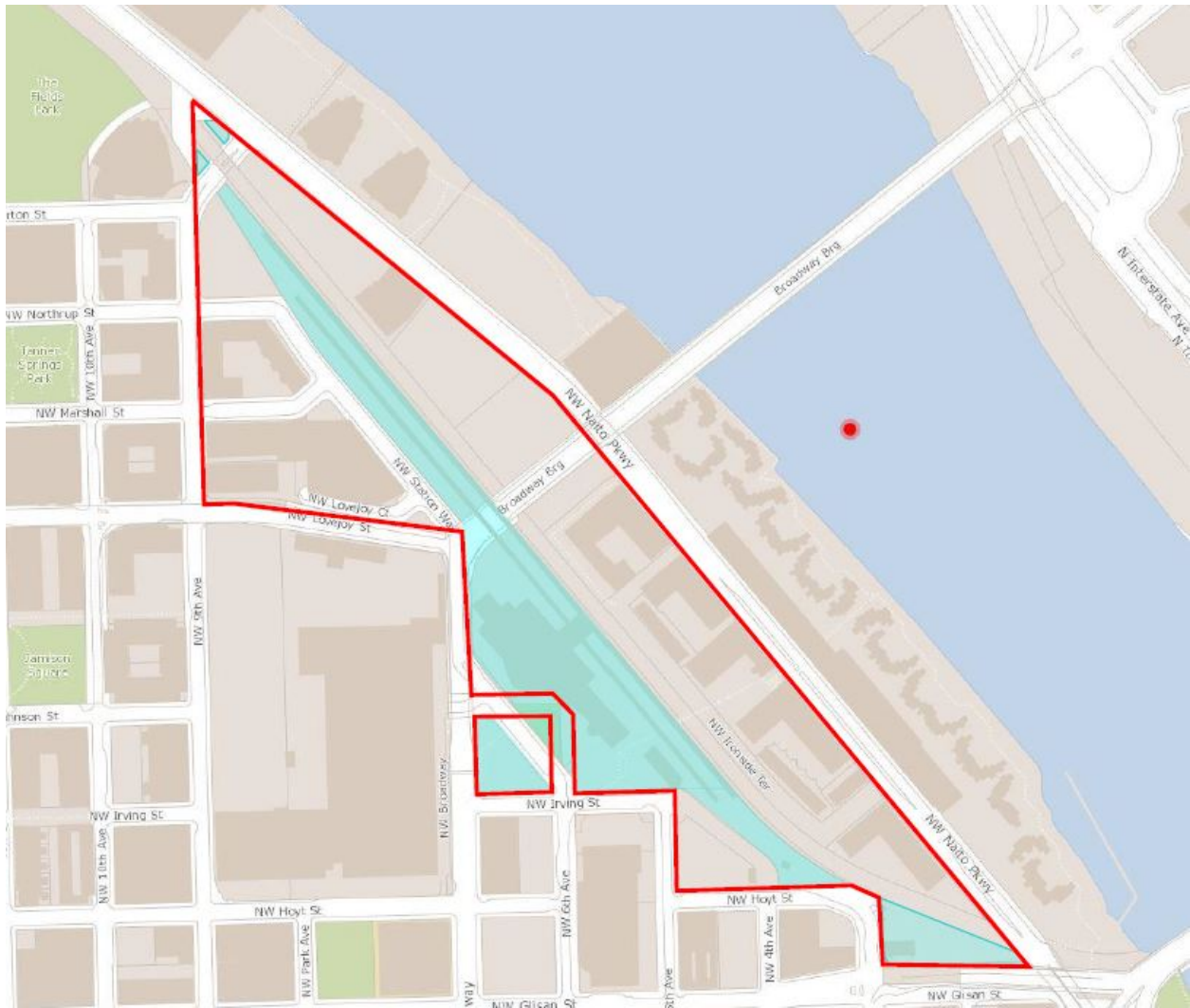
Failure to complete the grant work may require the federal funds already received to be repaid and may jeopardize the ability to pursue other future grant opportunities for this or other ODOT-sponsored projects. In addition, Prosper Portland is responsible for any project cost overruns.

Finally, Union Station is listed on the National Historic Register and Prosper Portland's failure to preserve the significant historic asset could jeopardize Prosper Portland's reputation for fulfilling its mission to create economic growth and opportunity for Portland.

ATTACHMENTS

- A. Union Station Property Map – 1987 and 2018
- B. Union Station Tracks & Building, Preliminary Engineering and Environmental Review Project Purpose and Need, Goals and Objectives
- C. Summary of Added Scope for Union Station Tracks and Building: Preliminary Engineering and Environmental Review Detailed Work Plan
- D. River District URA Budget

Union Station Property Map – 1987 and 2018



— Union Station Property acquired by Prosper Portland in 1987

— Union Station Property owned by Prosper Portland in 2018

Union Station Tracks & Building, Preliminary Engineering and Environmental Review Project Purpose and Need, Goals and Objectives

The project's Purpose and Need, and Goals and Objectives (PNGO) guide the development and evaluation of project alternatives. The PNGO was also used in the decision making to select the proposed project.

Purpose and Need

The **Purpose** of the Portland Union Station Building and Tracks Improvement Project is to support future Union Station building and adjoining track repairs needed to stabilize and rehabilitate the historically significant Union Station and to accommodate existing and future passenger rail traffic at Union Station.

The **Need** for the project is based on: does not meet some current building code requirements and City policies; current passenger service operations are inefficient and outdated; the building and site do not support long term financially and environmental sustainable operations in a manner that supports the vitality of the facility and surrounding area; increasing track congestion diminishes on-time performance of passenger rail service and multi-modal connectivity; existing rail facilities do not meet some passenger safety and accessibility requirements; existing rail facilities cannot accommodate forecasted increases in passenger service; and, existing rail facilities and yard do not support long term financially and environmentally sustainable operations and maintenance.

Goals and Objectives

The Goals and Objectives of the Portland Union Station Building and Tracks Improvement Project, as defined by Prosper Portland and the project stakeholders are as follows:

GOAL #1: Revitalize Union Station as a multi-modal transportation hub that can accommodate the future growth and operational needs of passenger and freight rail in the region.

- Objective 1-1. Meet the capacity and operating needs of expanded intercity passenger rail.
- Objective 1-2. Ensure adequate capacity for freight movement through the station.
- Objective 1-3. Improve and enhance the experience of passengers and visitors.
- Objective 1-4. Modernize station operations in accordance with Amtrak requirements and design guidelines.
- Objective 1-5. Reinforce multi-modal connections and convenience for connecting passengers.
- Objective 1-6. Improve station, and raiiside, ADA accessibility.
- Objective 1-7. Upgrade facilities to reflect current seismic and building codes.
- Objective 1-8. Upgrade critical life safety and security standards.

GOAL #2: Preserve and protect the historic character of Union Station as an operational passenger station for future generations.

- Objective 2-1. Ensure that Union Station is a functional and vibrant historic landmark for the future.
- Objective 2-2. Restore and preserve historic materials, finishes, and building elements.
- Objective 2-3. Honor the historic legacy of Union Station as a passenger rail facility.

GOAL #3: Improve the financial viability of Union Station and its contributions to the redevelopment of surrounding neighborhoods.

- Objective 3-1. Minimize building operating costs.
- Objective 3-2. Improve the quality, marketability, and economic return on leased tenant spaces.
- Objective 3-3. Identify opportunities to repurpose underutilized space to benefit both travelers and non-travelers.
- Objective 3-4. Support revitalization of the surrounding neighborhoods by positioning Union Station as a key activity center that is integrated into the surrounding urban fabric.
- Objective 3-5. Contribute to the economic and social vitality of the surrounding neighborhoods.

GOAL #4: Ensure that Union Station, as a Portland icon, reflects the community's values and best practices for environmental sustainability.

- Objective 4-1. Meet or exceed the City's LEED Gold sustainability rating.
- Objective 4-2. Incorporate sustainability best practices of project partners.
- Objective 4-3. Reduce energy use, water consumption, and trash generation.
- Objective 4-4. Reduce greenhouse gas and air pollutant emissions.
- Objective 4-5. Remediate hazardous materials in building components.
- Objective 4-6. Improve stormwater management and containment of potential groundwater pollutants.
- Objective 4-7. Minimize detrimental impacts of station operations (e.g. noise) on passengers, tenants, and surrounding land uses.
- Objective 4-8. Promote sustainable transportation options to and from Union Station.

Summary of Added Scope for Union Station Tracks and Building: Preliminary Engineering and Environmental Review Detailed Work Plan

There have been a number of additional tasks and schedule impacts due to Union Station's design complexity and environmental process changes. Existing conditions at Union Station, identified through the Conditions Assessment and Conceptual Design, have proven to be more complicated than originally anticipated when the Detailed Work Plan (DWP) was completed in 2013. These issues have created various design challenges over the development of the project and have contributed to the need for additional design revisions and environmental review processes amounted to added costs of approximately \$300,000 beyond the approved grant amount and adding approximately two years to the schedule. These include, but are not limited to:

- Expanded Area of Project Extents (APE) from NW 9th Ave to NW 15th Ave
 - DWP assumed project extent would be limited to Prosper Portland property or NW 9th Ave.
 - 15" high level board platform eliminated ability to complete required train inspections on tracks 4 or 5. Solution to add a stub track to allow trains to move from Tracks 4 and 5 across NW 9th Ave and onto Track 1 for required inspections and maintenance and then back.
 - New Track 6 bypass track for freight needed to accommodate full freight train. This could not be accomplished within the original project boundary
- SHPO requested the project team revise the original Determination of Eligibility (DOE) that was not comprehensive enough to describe the periods of historic significance and what elements of the building and rail yard should be included in the Finding of Effect (FOE).
- The re-DOE expanded the scope of the required FOE due to coordination with SHPO and potential effects of project on the Broadway Bridge, a NRHP eligible property from Track 6. The Draft FOE determined an adverse effect for above ground resources, due largely to new platform canopies. The unexpected adverse effect triggered the requirement for 4(f) evaluation.
- Robust Public Outreach
 - A project assumed to qualify for a Categorical Exclusion does not typically require Public Outreach. This effort was not part of the original DWP, but became a valuable part to our understanding of neighborhood and tenant needs, wants, and concerns
- Initial review of Stormwater Report and Plan triggered the requirement for a Biological Assessment with a stormwater focus because Union Station is in the 500 year floodplain.
- Review of the revised Archaeological Resources Baseline report triggered a requirement to complete an Archaeological Treatment Plan, Inadvertent Discovery Plan, and a Programmatic Agreement.
- Noise Quality report was expanded to include both noise and vibration for the revised APE and detailed noise and vibration analysis of the proposed track improvements and train operations
- Transportation/Traffic Analysis.
 - The original project boundary in the DWP anticipated to remain within the existing right-of-way and no transportation impacts were anticipated
 - With the expansion of the project boundary to NW 15th and the added track work at NW 9th, a transportation analysis was required to review potential modifications to existing traffic circulation patterns
 - The City of Portland's Bureau of Transportation (PBOT) was consulted about the proposed modifications to NW 9th from additional track work and train crossings for vehicles, emergency services, bicyclists and pedestrians
- Air Quality Analysis not identified in DWP as a separate task includes:
 - Emissions analysis of ambient criteria pollutants
 - Odor analysis for diesel fumes related to change in operation for maintenance inspections across NW 9th Ave adjacent to residential condominiums

River District URA Budget

**Financial Summary
 Five-Year Forecast**

<u>River District URA Fund</u>	<u>Revised 1 FY 2017-18</u>	<u>Requested FY 2018-19</u>	<u>Forecast FY 2019-20</u>	<u>Forecast FY 2020-21</u>	<u>Forecast FY 2021-22</u>	<u>Forecast FY 2022-23</u>
Resources						
Beginning Fund Balance	32,879,165	43,935,571	27,232,409	19,042,126	9,933,737	4,651,944
Revenue						
Fees and Charges	7,812	6,002	3,380	3,578	3,616	2,110
Grants - Federal except HCD	1,458,266	-	-	-	-	-
Interest on Investments	887,206	562,174	227,014	227,014	227,014	227,014
Loan Collections	690,305	436,981	452,629	479,258	484,220	505,802
TIF - Short Term Debt	24,975,000	27,972,000	12,987,000	11,140,985	-	-
Other Debt	0	11,700,000	-	-	-	-
Rent and Property Income	2,290,790	2,279,390	2,245,190	2,245,190	2,245,190	2,466,015
Reimbursements	226,000	136,000	100,000	100,000	100,000	-
Transfers In	0	-	39,900,000	-	-	-
Total Revenue	30,535,379	43,092,547	55,915,213	14,196,026	3,060,040	3,200,942
Total Resources	63,414,544	87,028,118	83,147,623	33,238,152	12,993,777	7,852,885
Requirements						
Administration						
A00025-Debt Management-RVD	639,372	1,033,098	36,523,319	33,098	33,098	33,098
Administration Total	639,372	1,033,098	36,523,319	33,098	33,098	33,098
Traded Sector						
A00110-Business Development-RVD	50,000	50,000	-	-	-	-
Community Economic Development						
A00084-OT/CT Action Plan-RVD	65,000	65,000	-	-	-	-
Economic Development Total	115,000	115,000	-	-	-	-
Housing						
A00166-Affordable Housing-RVD	11,292,850	8,949,097	2,333,710	5,642,199	511,411	-
Housing Total	11,292,850	8,949,097	2,333,710	5,642,199	511,411	-
Infrastructure						
Public Facilities						
A00483-Union Station Grant-RVD	1,822,833	-	3,500,000	-	-	-
Infrastructure Total	1,822,833	-	3,500,000	-	-	-
Property Redevelopment						
Real Estate						
A00278-4th and Burnside-RVD	18,800	6,000	10,000	10,000	10,000	-
A00285-Block Y-RVD	25,249	36,145	36,145	36,145	36,145	55,996
A00286-Union Station-RVD	1,025,984	1,016,902	1,016,902	1,016,902	1,016,902	1,416,707
A00288-Centennial Mills-RVD	1,173,657	48,239	48,239	48,239	48,239	48,239
A00289-Station Place Lot 5-RVD	565,212	-	-	-	-	-
A00290-Station Place Prkng-RVD	563,527	385,283	385,283	385,283	385,283	317,724
A00291-Block R-RVD	164,800	86,510	11,510	11,510	11,510	1,710
A00292-One Waterfront North-RVD	8,200	8,200	8,200	8,200	8,200	8,200
A00293-Old Fire Station Mgmt-RVD	702,466	18,000	18,000	18,000	18,000	-
A00295-Real Estate Mgmt-RVD	0	-	-	-	-	10,250
Redevelopment Strategy						
A00276-Post Office-RVD	166,534	7,970,000	14,385,000	10,185,000	385,000	385,000
A00279-Broadway Corridor-RVD	600,000	725,000	-	-	-	-
A00280-10th & Yamhill Redev-RVD	5,000,000	-	-	-	-	-
A00284-Multnomah County-RVD	0	9,500,000	-	-	-	-
A00517-OT/CT Investment & Parking-RVD	16,004,000	22,675,882	-	-	-	-
Redevelopment Grants						
A00390-CLG-General-RVD	100,000	100,000	100,000	100,000	-	-
A00497-Prosperity Investment Program (PIP) Grant-RVD	450,000	450,000	450,000	450,000	450,000	-
Property Redevelopment Total	26,568,429	43,026,162	16,469,280	12,269,280	2,369,280	2,243,826
Total Program Expenditures	40,438,484	53,123,357	58,826,309	17,944,577	2,913,789	2,276,924
Personnel Services	792,363	1,013,546	615,487	627,111	636,485	645,647
Total Fund Expenditures	41,230,847	54,136,902	59,441,795	18,571,687	3,550,273	2,922,572
Interfund Transfers - Indirect Charges	4,589,152	5,658,807	4,663,701	4,732,728	4,791,560	4,921,132
Contingency	17,594,545	27,232,409	19,042,126	9,933,737	4,651,944	9,182
Total Fund Requirements	63,414,544	87,028,118	83,147,623	33,238,152	12,993,777	7,852,885

