



DATE: April 11, 2018
TO: Board of Commissioners
FROM: Kimberly Branam, Executive Director
SUBJECT: Report Number 18-11
Approving Broadway Corridor and USPS Property Agreements

BOARD ACTION REQUESTED AND BRIEF DESCRIPTION

Adopt Resolution No. 7267 and Resolution No. 7268

These actions by the Prosper Portland Board of Commissioners (Board) will authorize the Executive Director to:

- Execute a professional services contract with Zimmer Gunsul Frasca Architects (ZGF) for the purpose of completing a Development Plan for Broadway Corridor (Development Plan), including a Master Plan for the United States Postal Service property (USPS Property); and
- Select Continuum Partners LLC (Continuum) as the preferred developer partner for the USPS Property, and authorize Prosper Portland to negotiate a Memorandum of Understanding (MOU) summarizing the roles and responsibilities for the preparation of the Development Plan and the redevelopment of the USPS Property.

The 32-acre Broadway Corridor Study Area (Study Area) is located in the River District Urban Renewal Area (URA) and is generally bounded by NW Glisan Street, NW Lovejoy Street, NW 9th Avenue, and NW 5th Avenue. The Study Area encompasses several Prosper Portland-owned properties including the 14-acre USPS Property, Union Station, Block Y, and Block R (see Attachment A).

STRATEGIC PLAN ALIGNMENT AND OUTCOMES

Planning for redevelopment of the Broadway Corridor and the USPS Property represents one of Prosper Portland's most significant opportunities to advance the goals of the agency's Strategic Plan. The location and size of the Broadway Corridor provide the potential to realize Prosper Portland's vision for an equitable economy by advancing prosperity, creating a vibrant neighborhood, and supporting living wage jobs. The project's vision statement, guiding principles, and goals identified by the 41-member Broadway Corridor Steering Committee (Steering Committee) reflect the priorities of:

- Creating a healthy, vibrant, and complete neighborhood serving a diverse mixed-income population;
- Providing access to high quality employment and career pathways through partnerships with large anchor employers as well as small and mid-size businesses;
- Fostering wealth creation and shared prosperity, particularly for people of color, through affordable commercial space, workforce training, and contracting opportunities during construction and ongoing operations; and

- Leveraging partnerships through collaboration with the City of Portland Housing Bureau (PHB), engagement of the project's Public Partners Technical Team, coordination with potential philanthropic partners, and robust community participation.

BACKGROUND AND CONTEXT

Through multiple Portland City Council (City Council) adopted land use and development plans, the Broadway Corridor, and particularly the USPS Property, have been identified as perhaps the most significant redevelopment opportunity within Portland's Central City. The Broadway Corridor is a key opportunity site for high-density employment, mixed-income housing, and signature city attractions and amenities.

Prosper Portland, in partnership with the City of Portland (City) Housing Bureau (PHB), acquired the USPS Property in September 2016. This approximately 14-acre site offers the potential to create nearly four million square feet of new economic, business, social and community development opportunities. Construction of a replacement processing and distribution facility for the USPS is underway, and relocation is anticipated to occur by late 2018, with the exception of the USPS retail operations, which will be retained within the USPS Property. The proposed Central City 2035 Plan (CC2035), anticipated to be approved by City Council in May 2018, requires the preparation of a Master Plan, subject to Land Use Review approval by the Portland Design Commission, prior to redevelopment of the USPS Property.

The two actions under consideration by the Prosper Portland Board mark significant milestones in advancing the redevelopment of the Broadway Corridor and allow work to begin on the preparation of a Development Plan.

Development Plan. ZGF was selected as the lead consultant for the project through a competitive solicitation in 2015 seeking a consultant team for the preparation of the Broadway Corridor Framework Plan, which was completed in October 2015. The Framework Plan solicitation authorized Prosper Portland, at its discretion, to negotiate a subsequent contract for the preparation of the Development Plan. Staff has worked with ZGF to prepare a scope of work necessary to prepare the Development Plan, including the Master Plan for the USPS Property and its affiliated Land Use Review process. A summary of the scope of work is included as Exhibit A to Resolution 7267. ZGF is working to identify the sub-consultants necessary to complete the work, and will meet or exceed Prosper Portland's Business Equity Program requirements, with the preponderance going to certified Disadvantaged or Minority Business Enterprise firms. The consultant fee to complete the work is estimated at \$2,100,000. Due to the nature of the work, including the new and untested Master Plan requirements and the intent to conduct extensive community participation to inform the Development Plan, staff has additionally recommended a five percent contingency in order to address unforeseen scope changes. Should the Prosper Portland Board approve this action, staff anticipates negotiating and executing the contract with ZGF in May 2018, with all work complete by the end of 2019, depending on the Land Use Review process.

Development Partner. Prosper Portland issued a Request for Qualifications (RFQ) on November 8, 2017, seeking a qualified development partner (Developer) to inform development planning and identification of required public benefits on the broader Broadway Corridor Study Area. Prosper Portland is seeking to engage the Developer early in the planning process to ensure an implementable Development Plan that accommodates the city's growth and delivers robust community benefits. Upon selection, the Developer will perform the following:

- **Development Planning Phase:** The Developer will serve as an advisor on the development planning activities described above, in collaboration with the project stakeholders.

- Redevelopment Phase: It is Prosper Portland’s intent to negotiate exclusively with the Developer for redevelopment of the USPS Property. The development rights controlled by PHB may or may not be included in the transaction. This determination will be made at PHB’s sole discretion and informed in part by the Developer’s ability to deliver on the affordable housing commitments beyond Inclusionary Housing requirements.

Nine submittals were received in response to the RFQ. The Steering Committee was extensively involved in the preparation of the solicitation, and representatives participated on the 12-member Evaluation Committee. The evaluation included the following key steps:

- Minimum Qualifications Criteria review and preliminary background checks by Prosper Portland and Portland Housing Bureau staff;
- Evaluation Criteria Review by the Evaluation Committee to short-list the top three candidates;
- Candidates Public Forum presentations by top three candidates and input via public polling; and
- Candidates Interviews by the Evaluation Committee and Portland Housing Bureau and Prosper Portland leadership.

The following observations were noted during the evaluation process:

- Continuum was deemed to be qualified by the Minimum Qualifications review, largely based on financial capacity and prior experience with projects of a comparable scale and scope. The firm additionally demonstrated experience in contracting and mentoring certified firms, community engagement, commercial tenancing, and integrating sustainable infrastructure in past projects.
- The Denver Union Station project shows strong experience with projects of comparable scale and complexity. Continuum partner Frank Cannon was instrumental in Denver Union Station and will be extensively engaged in the Broadway Corridor.
- Continuum’s mission and values most strongly aligned with the vision and goals for the Broadway Corridor.
- Continuum best addressed and understood the priority for racial equity and inclusion, and demonstrated experience in capacity building. Continuum additionally committed to entering into a legally binding community benefits agreement.
- Continuum expressed a desire to work with Prosper Portland and others to build out its team with local partners.

Subsequent feedback from public polling, Steering Committee members in attendance at the Candidates Public Forum, and the Evaluation Committee was consistent in strong support for the selection of Continuum as the Developer.

If authorized by the Prosper Portland Board, Continuum and Prosper Portland will enter into a non-binding MOU that describes in general terms the conditions, contingencies, and commitments by the parties separately and/or jointly that must be completed during the Development Plan phase and prior to negotiation of a Development Agreement, Community Benefits Agreement, and/or other transaction document(s) anticipated in mid-2019.

EQUITY IMPACT

Prosper Portland is pursuing planning and redevelopment of the Broadway Corridor with an intentional focus on ensuring all communities have an opportunity to engage in and benefit from its redevelopment. This approach has been informed by a staff-led Racial Equity Impact Assessment, which included an internal audit of past projects and ways to interrupt the status quo to lead to more equitable outcomes.

The Steering Committee is composed of 41 community members who are demographically diverse and represent a broad range of geographic and subject matter expertise and interests. The Steering Committee has met monthly since May 2017 to inform the project goals and priorities included in the RFQ and identify priorities for a future Community Benefits Agreement in advance of selecting the Developer. The Steering Committee will also advise on the Development Plan.

Lara Media has been hired to prepare a strategic communication strategy with the goal of 1) creating project awareness, particularly by those who are traditionally disengaged; and 2) authentically engaging this target audience to empower them to share their opinions and actively participate, thereby maximizing the project's community benefit potential.

The Broadway Corridor project team, including staff, consultants, and the Steering Committee, are committed to promoting social equity by reducing disparities, extending community benefits, building affordable housing, and improving socio-economic opportunities for underserved and underrepresented people. The project team is also committed to true and authentic community engagement, intentionally involving underserved and underrepresented communities in the decision-making process, design, and build-out of the project.

COMMUNITY PARTICIPATION AND FEEDBACK

In addition to the previously described engagement of the Steering Committee, Prosper Portland hosted a Candidates Public Forum on March 21, 2018, providing an opportunity for the general public and project stakeholders to hear presentations from the top three developer candidates, submit questions for the question and answer portions of the forum, and respond to polls on the fit and qualifications of the candidates. Approximately 400 people attended the forum, which was also live-streamed on Prosper Portland's YouTube channel, generating more than 475 views. Online viewers were also able to participate in the online polls. As noted above, the Steering Committee members in attendance at the forum and the respondents to the polls strongly favored the selection of Continuum as the Developer.

Staff has also engaged the Broadway Corridor Public Partners Technical Team, including city bureau staff, TriMet, Portland Streetcar Inc, Portland General Electric, and NW Natural in the identification of the Development Plan scope of work to be completed by ZGF.

BUDGET AND FINANCIAL INFORMATION

The Revised Fiscal Year (FY) 2017-2018 River District URA Budget includes \$600,000 to support the initial work under the ZGF contract for the preparation of the Development Plan. Additional resources will be included this spring in the River District URA budget through a revision of the FY2017-18 budget, as well in the Proposed Budget for FY 2018-2019 River District URA budget.

RISK ASSESSMENT

The MOU between Prosper Portland and Continuum will be non-binding. As such, there is risk that either party may elect to terminate at its sole discretion. To ensure that the Developer was well informed about the expectations for the project, Prosper Portland was intentionally very transparent in the RFQ regarding the anticipated project goals, engagement process, and intent to enter into a Community Benefits Agreement. The MOU will also clearly identify how any potential conflicts will be addressed.

The actions under consideration also authorize the expenditure of up to \$2,100,000 for the purpose of completing the Development Plan, including the Master Plan for the USPS Property. The completion of the Master Plan is required by the city prior to commencing redevelopment of the USPS Property

(pending approval of the CC2035 Plan). In the event Prosper Portland needs to seek an alternate developer partner, the work product will still be necessary and have benefit.

Additionally, by June 2022 Prosper Portland is required to repay the line of credit provided by the City to make resources available for the acquisition of the USPS Property. Resources from a transaction on the USPS Property are necessary for timely repayment.

ATTACHMENTS

- A. Broadway Corridor Study Area Map
- B. URA Financial Summary

Broadway Corridor Study Area Map



URA Financial Summary

**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 Redevelopment-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