



PROSPER
PORTLAND
Building an Equitable Economy

DATE: December 12, 2018
TO: Board of Commissioners
FROM: Kimberly Branam, Executive Director
SUBJECT: Report Number 18-48

Authorizing an Amendment to the Professional Services Contract with Zimmer Gunsul Frasca Architects for the Preparation of a Development Plan for the Broadway Corridor in the River District Urban Renewal Area

BOARD ACTION REQUESTED AND BRIEF DESCRIPTION

Adopt Resolution No. 7297

This action by the Prosper Portland Board of Commissioners (Board) will authorize the Executive Director to execute an amendment to the professional services contract with Zimmer Gunsul Frasca Architects (ZGF) to complete a development plan for Broadway Corridor (Development Plan). The increase of \$132,300 in expenditure authority will allow for the following additions to the scope of work, as further described in the Background and Context section of this report:

- Development Impact Study
- Cultural and historic resources research
- Baseline feasibility analysis

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, NW 9th Avenue, and NW 5th Avenue. The Study Area encompasses several Prosper Portland-owned properties including the 14-acre United States Postal Service (USPS) Property, Union Station, Block Y, and Block R (see Attachment A).

STRATEGIC PLAN ALIGNMENT AND OUTCOMES

The planning for and redevelopment of Broadway Corridor represents one of Prosper Portland's most significant opportunities for advancing the goals of the agency's Strategic Plan. The location and size of Broadway Corridor represents an opportunity 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 Broadway Corridor 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 (City) Housing Bureau (PHB), engagement of the project's Public Partners Technical Team, coordination with potential philanthropic partners, and robust community engagement.

BACKGROUND AND CONTEXT

The Broadway Corridor, and particularly the USPS Property, has been identified as perhaps the most significant redevelopment opportunity within Portland's Central City through multiple Portland City Council (City Council) adopted land use and development plans. The Broadway Corridor is a key opportunity site for high-density employment, mixed-income housing, and signature city attractions and amenities. The USPS Property offers the potential to create nearly four million square feet of new economic, business, social and community development opportunities. Prosper Portland acquired the USPS Property in September 2016, in partnership with PHB.

On April 11, 2018 the Prosper Portland Board through Resolution No. 7267 authorized the Executive Director to enter into a professional services contract with ZGF for a fee not to exceed \$2,205,000 including a five percent contingency. The current contract with ZGF authorizes a scope of work and fee totaling \$2,129,651. Staff is recommending an increase to the scope of work and an associated fee of \$132,300 for a total revised contract value not to exceed \$2,261,951, and the addition of a five percent contingency beyond that stated amount as necessary.

On April 11, 2018 the Prosper Portland Board also authorized the Executive Director to select Continuum Partners LLC (Continuum) as the Preferred Developer Partner to serve as a developer advisor to the development planning process and have exclusive negotiation rights for the redevelopment of the USPS Property (excluding the portion of the property to be controlled by PHB).

Development planning activities commenced in June 2018, including extensive engagement of the project's Steering Committee and Public Partners Technical Team, a robust community engagement strategy, and coordination with Continuum and the consultant team.

As the development planning phase has progressed, Prosper Portland staff and project partners have identified additional work necessary for the success of the project, including:

- **Development Impact Study:** The purpose of this analysis is to evaluate and disclose actual and anticipated impacts from the relocation of the USPS distribution center and the redevelopment of the Broadway Corridor site. The analysis will consider economic, social, and environmental impacts, and will help inform the establishment of Community Benefits Agreements for the redevelopment of the Broadway Corridor site. ZGF's original scope of work included a baseline impact analysis specific to the redevelopment of the Broadway Corridor, but did not contemplate the relocation of the USPS distribution center from Old Town Chinatown to the Cully neighborhood. The expanded analysis is being led by the Bureau of Planning and Sustainability, with assistance from the ZGF consultant team, and is informed by an advisory committee with representation from the Cully, Old Town Chinatown, and Pearl District neighborhoods. The expansion of this analysis is consistent with Prosper Portland's intent to ensure the redevelopment of the Broadway Corridor benefits underserved and underrepresented communities; minimizes and mitigates for disparate impacts; and is in direct response to stakeholder interest in considering the impact of the relocation of the USPS

distribution center to the Cully neighborhood when contemplating the terms of a Community Benefits Agreement.

- **Cultural and historic resources research:** ZGF's original scope of work included a cultural and historic resources analysis to help inform how the Development Plan can honor, represent, and celebrate the people who have lived in, worked in, or otherwise occupied the Broadway Corridor and adjacent areas. This work is underway; however, staff and the consultant team have agreed that additional work is required to successfully complete this study.
- **Baseline feasibility analysis:** The Broadway Corridor Framework Plan, completed in 2015, provided an assessment of the financial feasibility of redeveloping the USPS Property. Within the current development planning effort, staff and the consultant team had originally intended to prepare an updated in-depth financial feasibility analysis once a concept was selected to move forward for further refinement. However, under advisement from Continuum and in response to stakeholder feedback, staff is recommending the preparation of a baseline feasibility analysis prior to the selection of a single concept to move forward. The baseline analysis will consider updated assumptions and costs of the minimum site preparation, street, open space, and utility improvements required for the redevelopment of the USPS Property; provide updated assumptions regarding the potential vertical development phasing and absorption rate; and inform initial discussions regarding a coordinated City investment package. The addition of this scope of work is anticipated to have a two-month impact to the project schedule and will largely be completed by then end of February 2019.

During the two-month extension of the current phase of work, staff will also work with project stakeholders to further define the process and participants for negotiating a Community Benefits Agreement.

A summary of the anticipated changes to the scope of work, budget, and schedule is included in Attachment B.

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 project approach has been informed by a Racial Equity Impact Assessment, which included an internal audit of past Prosper Portland projects and identified ways to interrupt the status quo to lead to more equitable outcomes.

The Broadway Corridor project team, including staff, consultants, Continuum, 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 and intentionally involving underserved and underrepresented communities in the decision-making process, design, and build-out of the project.

In formulating a subconsultant team, ZGF worked diligently to include certified firms, with an emphasis on minority-owned business enterprises (MBEs) and disadvantaged business enterprises (DBEs). ZGF's original contract forecasted 23 percent of the contract value to be completed by certified firms, with 21 percent to be completed by MBE and DBE certified firms. The utilization percentages are anticipated to decrease slightly, as the additional work required will be completed non-certified firms.

COMMUNITY PARTICIPATION AND FEEDBACK

A robust engagement strategy has informed the development planning work, including monthly meetings of the project’s Steering Committee and Public Partners Technical Team, three public open houses and online forums, several focus groups, and multiple one-on-one stakeholder interviews. The Steering Committee will continue to advise on the Development Plan and the community benefit priorities that will inform Prosper Portland’s position going into negotiation of various project related agreements. Community engagement activities related to the development planning process will continue until a preferred concept is refined in Summer 2019.

The proposed additions to the scope of work have been informed by stakeholder and project partner interests. However, there has not been any formal community engagement measures specific to the contract amendment.

BUDGET AND FINANCIAL INFORMATION

The Adopted Fiscal Year (FY) 2018/2019 River District URA Budget includes \$2,095,000 to support the work under the ZGF contract for the preparation of the Development Plan. There are additional resources included in the Forecasted FY 2019/2020 River District URA Budget to support this work (see Attachment C). Additional resources will be included in the Proposed Budget for FY 2019/2020 River District URA budget in light of the proposed increased expenditure authority and so as to not impact resources needed for other project-related expenses.

RISK ASSESSMENT

The action under consideration increases the total value of the contract with ZGF by \$132,300, for a total not to exceed \$2,261,951, and authorizes a five percent contingency beyond that stated amount as necessary. At minimum, the completion and approval of a Master Plan, as defined by City code and subject to Land Use Review approval by Design Commission, is required prior to commencing redevelopment of the USPS Property. Staff recommends the additional scope of work summarized above to better inform the feasibility of the redevelopment of the Broadway Corridor, and the priorities and resources available for the delivery of community benefits.

Alternatively, the Prosper Portland Board may elect to not authorize the increased expenditure authority and thereby maintain the original scope of work, or direct staff to reduce other aspects of the contract to accommodate the tasks above.

Additionally, Prosper Portland is required to repay the line of credit provided by the city to make available resources for the acquisition of the USPS Property by June 2022. Resources from a transaction on the USPS Property are necessary for timely repayment. Significant schedule delays or changes in financial feasibility would necessitate refinancing and/or finding alternate means for repaying the line of credit.

ATTACHMENTS

- A. Broadway Corridor Study Area Map
- B. Summary of contract amendment
- C. URA Financial Summary

Broadway Corridor Study Area Map



**Contract Amendment Summary
 (adjustments shown in bold font)**

Project Task	Original Fee	Original Schedule	Amended Fee	Amended Schedule
Task A: Due Diligence <i>Amendment: Expand Development Impact Study; Expand Cultural and Historic Resources Report</i>	\$116,247	8/1/18	\$200,497	5/1/19
Task B1: Program & Goals	\$227,957	8/1/18	\$227,957	8/1/18
Task B2: Preliminary Concepts	\$366,377	10/1/18	\$366,377	10/1/18
Task C1: Concept Alternatives Refinement <i>Amendment: Add Baseline Feasibility Analysis</i>	\$264,573	12/1/18	\$312,623	2/15/19
Task C2: Concept Alternatives Evaluation	\$151,965	1/15/19	\$151,965	3/15/19
Task C3: Advance Pref. Development Plan	\$589,943	5/15/19	\$589,943	7/31/19
Task D1: Draft Development Plan	\$240,153	8/15/19	\$240,153	10/31/19
Task D2: Final Development Plan	\$65,244	9/15/19	\$65,244	11/30/19
Total Personnel Expenses	\$2,022,459		\$2,154,759	
Reimbursable Expenses	\$107,192		\$107,192.00	
Total Cost of Services	\$2,129,651		\$2,261,951	

URA Financial Summary

**Financial Summary
Five-Year Forecast**

River District URA Fund	Revised 2 FY 2017-18	Adopted FY 2018-19	Forecast FY 2019-20	Forecast FY 2020-21	Forecast FY 2021-22	Forecast FY 2022-23
Resources						
Beginning Fund Balance	32,879,165	49,186,022	43,626,945	18,609,719	9,623,556	2,483,863
Revenue						
Fees and Charges	89,812	6,002	3,380	3,578	3,616	2,110
Grants - Federal except HCD	1,458,266	-	-	-	-	-
Interest on Investments	862,006	562,174	427,014	327,014	227,014	227,014
Loan Collections	623,137	436,981	452,629	479,258	484,220	505,802
TIF - Short Term Debt	31,968,000	27,972,000	12,967,000	11,140,985	-	-
Other Debt	0	11,700,000	-	-	-	-
Rent and Property Income	2,290,790	2,285,190	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	37,518,011	43,098,347	56,115,213	14,296,026	3,060,040	3,200,942
Total Resources	70,397,176	92,284,369	99,742,158	32,905,745	12,683,596	5,684,804
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	4,908,956	7,949,097	6,333,710	5,642,199	2,101,855	-
Housing Total	4,908,956	7,949,097	6,333,710	5,642,199	2,101,855	-
Infrastructure						
Public Facilities						
A00483-Union Station Grant-RVD	2,122,833	200,000	-	-	-	-
Infrastructure Total	2,122,833	200,000	-	-	-	-
Property Redevelopment						
Real Estate						
A00278-4th and Burnside-RVD	18,800	10,000	10,000	10,000	10,000	10,000
A00285-Block Y-RVD	49,045	59,049	59,049	59,049	59,049	69,390
A00286-Union Station-RVD	1,232,334	1,187,792	1,179,930	1,172,854	1,166,486	1,268,268
A00288-Centennial Mills-RVD	104,834	308,657	48,239	48,239	48,239	48,239
A00289-Station Place Lot 5-RVD	655,000	-	-	-	-	-
A00290-Station Place Prkng-RVD	563,527	410,694	405,818	401,430	397,480	337,752
A00291-Block R-RVD	164,800	86,510	11,510	11,510	11,510	1,710
A00292-One Waterfront North-RVD	10,200	8,200	8,200	8,200	8,200	8,200
A00293-Old Fire Station Mgmt-RVD	772,466	367,771	89,594	97,771	97,771	81,771
A00295-Real Estate Mgmt-RVD	0	-	-	-	-	10,250
A00558-RD Small Lots - 9th & Naito-RVD	0	3,000	3,000	3,000	3,000	3,000
Redevelopment Strategy						
A00276-Post Office-RVD	194,034	7,970,000	14,385,000	9,885,000	385,000	385,000
A00279-Broadway Corridor-RVD	728,438	2,095,000	570,000	-	-	-
A00280-10th & Yamhill Redev-RVD	2,000,000	3,000,000	-	-	-	-
A00284-Multnomah County-RVD	0	9,500,000	-	-	-	-
A00517-OT/CT Investment & Parking-RVD	1,000,000	7,000,000	15,675,882	-	-	-
Redevelopment Giants						
A00390-CLG-General-RVD	260,000	100,000	100,000	100,000	-	-
A00497-Prosperity Investment Program (PIP) Grant-RVD	290,000	450,000	450,000	450,000	450,000	-
Property Redevelopment Total	8,043,478	32,556,674	32,996,222	12,247,053	2,636,735	2,223,581
Total Program Expenditures	15,829,639	41,853,869	75,853,251	17,922,350	4,771,688	2,256,679
Personnel Services	792,363	1,058,843	615,487	627,111	636,485	645,647
Total Fund Expenditures	16,622,002	42,912,711	76,468,738	18,549,461	5,408,173	2,902,326
Interfund Transfers - Indirect Charges	4,589,152	5,744,713	4,663,701	4,732,728	4,791,560	2,541,412
Contingency	49,186,022	43,626,945	18,609,719	9,623,556	2,483,863	241,067
Total Fund Requirements	70,397,176	92,284,369	99,742,158	32,905,745	12,683,596	5,684,804