



**PROSPER**  
**PORTLAND**  
Building an Equitable Economy

**DATE:** October 9, 2019  
**TO:** Board of Commissioners  
**FROM:** Kimberly Branam, Executive Director  
**SUBJECT:** Report Number 19-47

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 Tax Increment Finance District

#### **BOARD ACTION REQUESTED AND BRIEF DESCRIPTION**

Adopt Resolution No. 7343

This action by the Prosper Portland Board of Commissioners (Board) will authorize 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 \$343,995 reflects a refined understanding of the work necessary to complete development planning, including the City of Portland's Type III Land Use Review approval of the United States Postal Service (USPS) Property Master Plan (Master Plan).

The 32-acre Broadway Corridor study area is located in the River District Tax Increment Finance District and is generally bounded by NW Glisan Street, NW Lovejoy, NW 9<sup>th</sup> Avenue, and NW 5<sup>th</sup> Avenue. The Study Area encompasses several Prosper Portland-owned properties including the 14-acre USPS Property, Union Station, Block Y, and Block R (see a map Attachment A).

Portland Design Commission approval of a Central City Master Plan specific to the USPS Property is required prior to commencing development on the site.

#### **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 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, in partnership with PHB, acquired the USPS Property in September 2016.

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 (ZGF Contract) for a fee not to exceed \$2,205,000 including a five percent contingency. On December 12, 2018 the Prosper Portland through Resolution No. 7297 authorized an amendment to the ZGF Contract and an additional five percent contingency, for a maximum contract value of \$2,375,049. The amendment and additional budget contingency provided for the completion of a Development Impact Study, cultural and historic resources research, an updated baseline feasibility analysis, and vision documentation.

The USPS Master Plan will be the first Central City Master Plan to be reviewed by bureau staff and the Design Commission since the creation of the new code requirement. As such, there has been an evolving understanding of the technical information required to support approval of the Master Plan, based on extensive coordination with bureau partners. The proposed amendment of \$343,995 provides additional fee to cover the engineering and technical documentation required by bureau partners for review and approval of the Master Plan, and forecasts an increase in fee necessary for the consultant team to nimbly respond to additional requests that may arise during the review and approval process. Staff and ZGF anticipate submitting the Master Plan application and associated materials in mid-October.

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.

At the October 9, 2019 Prosper Portland Board meeting, staff will provide an update on key project activities, including:

- Broadway Corridor Development Plan and USPS Property Master Plan
- Community engagement input
- Community Benefit Agreement negotiations
- Disposition and Development Agreement negotiations
- City Investment Strategy negotiations to inform Intergovernmental Agreements with bureau partners
- Site preparation and development timelines

### **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 socioeconomic 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 may change based on whether the additional work required will be completed certified subconsultants.

### **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, four public open houses and online forums, several focus groups, and multiple one-on-one stakeholder interviews. The Steering Committee advised on the Development Plan and the community benefit priorities that are informing Prosper Portland's position going into negotiation of the various project related agreements.

### **BUDGET AND FINANCIAL INFORMATION**

The Adopted Fiscal Year (FY) 2019/20 River District Budget includes \$1,028,263 to support the work under the ZGF Contract for the preparation of the Development Plan. In autumn 2019, staff will seek Prosper Portland Board approval of Revision 2 to the FY 2019/20 budget, which will carry forward unspent funds from the prior fiscal year and add additional resources to support this work as necessary (see Attachment B).

### **RISK ASSESSMENT**

The action under consideration increases the value of the contract with ZGF to \$2,719,044, which represents a 14 percent increase over the current contract value and a 23 percent increase over the original contract value. At minimum, completion and approval of the 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.

Alternatively, the Prosper Portland Board may elect to not authorize the increased expenditure authority and direct staff to reduce other aspects of the ZGF Contract to accommodate additional work as necessary.

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. River District Financial Summary

### Broadway Corridor Study Area Map



River District Financial Summary

Financial Summary  
 Five-Year Forecast

River District TIF Fund	Revised 2 FY 2018-19	Adopted FY 2019-20	Forecast FY 2020-21	Forecast FY 2021-22	Forecast FY 2022-23	Forecast FY 2023-24
<b>Resources</b>						
Beginning Fund Balance	53,674,233	52,888,175	35,745,471	6,388,708	(39,811,334)	(45,541,329)
<b>Revenue</b>						
Fees and Charges	6,002	3,380	3,578	3,616	2,110	-
Grants - Federal except HCD	181,318	-	-	-	-	-
Interest on Investments	1,523,577	1,047,215	1,226,926	878,399	562,174	562,174
Loan Collections	1,094,918	455,162	477,069	492,486	493,104	477,409
TIF - Short Term Debt	27,972,000	12,987,000	11,140,985	-	-	-
Other Debt	9,500,000	-	-	-	-	-
Property Sales	-	-	-	10,000,000	-	-
Rent and Property Income	2,175,537	2,714,281	2,764,281	2,814,281	2,864,281	2,914,281
Reimbursements	136,000	90,000	90,000	90,000	90,000	90,000
<b>Total Revenue</b>	<b>42,589,352</b>	<b>17,297,038</b>	<b>15,702,839</b>	<b>14,278,782</b>	<b>4,011,669</b>	<b>4,043,864</b>
<b>Total Resources</b>	<b>96,263,585</b>	<b>70,185,213</b>	<b>51,448,310</b>	<b>20,667,490</b>	<b>(35,799,665)</b>	<b>(41,497,465)</b>
<b>Requirements</b>						
<b>Administration</b>						
A00025-Debt Management-RVD	978,806	1,345,797	1,060,815	35,061,106	33,098	33,098
<b>Administration Total</b>	<b>978,806</b>	<b>1,345,797</b>	<b>1,060,815</b>	<b>35,061,106</b>	<b>33,098</b>	<b>33,098</b>
<b>Economic Development</b>						
<b>Traded Sector</b>						
A00110-Business Development-RVD	50,000	-	-	-	-	-
<b>Community Economic Development</b>						
A00084-OT/CT Action Plan-RVD	65,000	-	-	-	-	-
<b>Economic Development Total</b>	<b>115,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Housing</b>						
A00166-Affordable Housing-RVD	4,905,241	2,498,286	13,827,623	101,933	-	-
<b>Housing Total</b>	<b>4,905,241</b>	<b>2,498,286</b>	<b>13,827,623</b>	<b>101,933</b>	<b>-</b>	<b>-</b>
<b>Infrastructure</b>						
<b>Public Facilities</b>						
A00483-Union Station Grant-RVD	550,000	-	-	-	-	-
<b>Infrastructure Total</b>	<b>550,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Property Redevelopment</b>						
<b>Real Estate Management</b>						
A00276-Post Office-RVD	2,375,000	1,869,000	1,828,668	1,361,000	1,243,333	987,333
A00278-4th and Burnside-RVD	30,000	22,980	22,980	22,980	22,980	22,980
A00285-Block Y-RVD	49,627	84,559	88,789	93,230	97,892	102,785
A00286-Union Station-RVD	1,183,675	3,738,190	1,688,190	1,688,190	1,688,190	1,688,190
A00288-Centennial Mills-RVD	308,657	66,200	66,200	66,200	66,200	66,200
A00289-Station Place Lot 5-RVD	5,000	-	-	-	-	-
A00290-Station Place Prkng-RVD	551,365	770,301	625,066	656,320	689,136	723,591
A00291-Block R-RVD	86,510	36,000	36,000	36,000	36,000	36,000
A00292-One Waterfront North-RVD	108,200	-	-	-	-	-
A00293-Old Fire Station Mgmt-RVD	1,006,678	280,700	280,700	280,700	280,700	280,700
A00558-RD Small Lots - 9th & Naito-RVD	3,000	7,500	7,500	7,500	7,500	7,500
A00587-Block 25-RVD	20,384	63,380	54,499	24,675	25,909	27,204
<b>Real Estate Predevelopment</b>						
A00276-Post Office-RVD	-	6,285,000	20,145,000	5,785,000	20,000	20,000
A00278-4th and Burnside-RVD	-	30,000	5,000	5,000	5,000	5,000
A00293-Old Fire Station Mgmt-RVD	-	5,000	5,000	5,000	5,000	5,000
A00587-Block 25-RVD	-	205,000	50,000	-	-	-
<b>Real Estate Disposition</b>						
A00288-Centennial Mills-RVD	-	1,100,000	100,000	100,000	100,000	100,000
<b>Redevelopment Strategy</b>						

<b>River District TIF Fund</b>	<b>Revised 2 FY 2018-19</b>	<b>Adopted FY 2019-20</b>	<b>Forecast FY 2020-21</b>	<b>Forecast FY 2021-22</b>	<b>Forecast FY 2022-23</b>	<b>Forecast FY 2023-24</b>
A00276-Post Office-RVD	-	-	-	10,000,000	-	-
A00279-Broadway Corridor-RVD	2,299,045	1,028,263	-	-	-	-
A00280-10th & Yamhill Redev-RVD	4,038,912	-	-	-	-	-
A00284-Multnomah County-RVD	9,500,000	-	-	-	-	-
A00517-OT/CT Investment & Parking-RVD	7,665,308	9,345,026	-	-	-	-
<b>Redevelopment Grants</b>						
A00390-CLG-General-RVD	152,519	100,000	100,000	100,000	100,000	100,000
A00497-Prosperity Investment Program (PIP) Grant-RVD	450,000	250,000	250,000	250,000	250,000	250,000
<b>Property Redevelopment Total</b>	<b>29,833,880</b>	<b>25,287,099</b>	<b>25,353,592</b>	<b>20,481,795</b>	<b>4,637,840</b>	<b>4,422,483</b>
<b>Total Program Expenditures</b>	<b>36,382,927</b>	<b>29,131,182</b>	<b>40,242,090</b>	<b>55,644,834</b>	<b>4,670,938</b>	<b>4,455,581</b>
Personnel Services	1,038,455	704,721	726,300	727,346	756,463	712,487
<b>Total Fund Expenditures</b>	<b>37,421,382</b>	<b>29,835,903</b>	<b>40,968,390</b>	<b>56,372,180</b>	<b>5,427,401</b>	<b>5,168,068</b>
Interfund Transfers - Indirect Charges	5,954,028	4,603,839	4,091,272	4,106,644	4,314,263	4,298,513
Contingency	52,888,175	35,745,471	6,388,708	(39,811,334)	(45,541,329)	(50,964,046)
<b>Total Fund Requirements</b>	<b>96,263,585</b>	<b>70,185,213</b>	<b>51,448,310</b>	<b>20,667,490</b>	<b>(35,799,665)</b>	<b>(41,497,465)</b>