



PROSPER
PORTLAND
Building an Equitable Economy

DATE: June 10, 2020
TO: Board of Commissioners
FROM: Kimberly Branam, Executive Director
SUBJECT: Report Number 20-29

Authorizing the Executive Director to Enter into a Contract with McDonald Excavating, Inc. in an Amount Not to Exceed \$1,336,847 for Hot Spot Soils Remediation and the Abatement and Demolition of the Vehicle Maintenance Facility on the Prosper Portland Owned Property at 715 NW Hoyt Street in the River District Tax Increment Finance District

BOARD ACTIONS REQUESTED

Adopt Resolution No. 7380

If approved, this action will authorize the executive director to enter a contract with McDonald Excavating, Inc. in an amount not to exceed \$1,336,847, to advance the remediation of identified hot spot soils and the abatement and demolition of the Vehicle Maintenance Facility (VMF), located on the Prosper Portland-owned property at 715 NW Hoyt Street in the River District tax increment finance (TIF) district (see a site map in Attachment A). Timely soils remediation, and abatement and demolition of the VMF is necessary for facilitating initial phases of redevelopment on the 32-acre Broadway Corridor site.

STRATEGIC PLAN ALIGNMENT AND OUTCOMES

The proposed action will enable Prosper Portland to advance hot spot soils remediation and abatement and demolition of the VMF (Project). The Project is a critical step in advancing the Broadway Corridor redevelopment.

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 Broadway Corridor's vision statement, guiding principles, and goals identified by the 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 Portland Housing Bureau (PHB), the City of Portland infrastructure bureaus, and robust community engagement.

The Project also support the agency's financial sustainability, as this will facilitate redevelopment, mitigate interim management costs, and expedite Prosper Portland's ability to sell property in Broadway Corridor and repay its line of credit with the City of Portland (City).

BACKGROUND AND CONTEXT

In 2016, Prosper Portland, in partnership with PHB, acquired the 13.4-acre property located at 715 NW Hoyt Street in Portland's Central City (Property) from the United States Postal Service. Acquisition and redevelopment of the Property, as called for in the Central City 2035 Plan, offers a once-in-a-generation opportunity for Prosper Portland and the City to meet growth requirements—including private development together with affordable housing, economic development, transportation, and open space goals—on a large, contiguous property in the middle of downtown and adjacent to one of Portland's regional transit hubs. Redevelopment of the Property could house approximately 2,400 new households and 4,000 jobs, which represents approximately 10 percent of the growth projected to be added to the Central City by 2035.

The hot spot soils remediation and abatement and demolition of the VMF are necessary for facilitating this development. The demolition of the main Processing and Distribution Center facility (P&DC) is also critical for redevelopment and will be completed under a separate contract. Staff anticipates returning to the Prosper Portland Board in late 2020 to seek approval of the P&DC abatement and demolition contract. The parking structure located at the southwest corner of the Property, which will include the Interim Post Office Retail Facility, will remain until the Post Office is relocated within future development of the Property, and demolition is necessary for latter phases of redevelopment on the site.

The VMF is located at the northern edge of the Property and is adjacent to the NW Lovejoy Street bridge ramp. Containing approximately 10,540 square feet of building area, the VMF is a one and two-story concrete building with an abandoned vehicle refueling pump station. Contaminated soil and an abandoned underground storage tank associated with the former vehicle maintenance and fueling activities will be removed and appropriately disposed of during the work. Additional contaminated soil is located in the northwest corner of the site, the former location of a manufactured gas plant associated with the prior railyard operations. The hot spot soils will be remediated to a level appropriate for commercial and residential development, in consultation with the Department of Environmental Quality and with onsite oversight from Stantec. It is estimated that approximately 2,200 tons of soil will be remediated during the environmental cleanup activities conducted in the VMF area and northwest corner.

McDonald Excavating, Inc. (McDonald) was selected through a competitive request for proposal (RFP) solicitation for Construction Manager/General Contractor (CM/GC) services. Emerio Design has prepared the demolition plans with input from McDonald, and with involvement of Stantec regarding the soil remediation and PBS Engineering and Environmental regarding the hazardous building materials abatement scopes of work (Project Team). Continuum Partners is serving as Owner's Representative for the Project; their local representative will provide day-to-day oversight of the Project, in close coordination with staff and the Project Team.

The Project Team is in the process of obtaining a building permit for the demolition. Staff anticipates finalizing the contract and issuing a Notice to Proceed in late June 2020. Abatement and demolition activities are anticipated to occur in July through early October 2020. Removal of an underground storage tank and hot spot contaminated soils is anticipated to be complete by early October 2020.

McDonald has established a guaranteed maximum price (GMP) of \$1,036,847 for completion of the work. The GMP includes a contingency of \$101,177, which can be authorized to address unforeseen contractor conditions such as the need for dewatering, discovery of additional concrete footings, etc. Staff, in consultation with the Owner's Representative, is recommending an additional Owner's Contingency of \$300,000. Utilization of any Owner's Contingency will be authorized at Prosper Portland's discretion to address owner-directed changes to the scope of work if necessary, such as the need for removal of additional soil beyond the tonnage identified in the contract documents. Any unused contractor or Owner's contingency will result in savings to Prosper Portland. Up to \$500,000 of certain project costs are eligible for reimbursement through an U.S. Environmental Protection Agency Brownfields Grant. McDonald will coordinate with staff and Stantec to delineate expenses eligible for grant reimbursement.

EQUITY IMPACT

Prosper Portland has a compelling interest to ensure that the agency's owned and sponsored projects provide opportunities for State of Oregon Certified firms (Minority-Owned, Women-Owned, Disadvantaged, and Emerging Small Businesses, or M/W/D/ESBs). Prosper Portland has established a 20 percent utilization goal for professional services costs and a 20 percent utilization goal for a project's hard construction costs.

COMMUNITY PARTICIPATION AND FEEDBACK

To help ensure equitable participation and outcomes, staff consulted with NAMC-Oregon and the Professional Business Development Group prior to issuing the CM/GC RFP. Representatives of the Minority Construction Group and the Oregon Native American Chamber also participated on the CM/GC selection panel.

Staff has additionally conducted a multi-year, robust engagement strategy that has informed the Broadway Corridor development planning work and priorities for public and community benefits, including ongoing negotiations of a Community Benefits Agreement with the Healthy Communities Coalition.

Project information and a Frequently Asked Questions page are being updated on the Broadway Corridor project website and informational postcards will be sent to adjacent neighbors prior to the state of onsite work.

BUDGET AND FINANCIAL INFORMATION

There are adequate resources in the fiscal year (FY) 2019-2020 River District Adopted Budget and forecast for pre-development activities, including funds for the Project (see Attachment B). However, the River District Five-Year Forecast is out of balance due to more conservative assumptions on holding costs, predevelopment costs, and sale of the Property. Staff anticipates resolving the budget deficit through i.) securing additional revenue from assets in the district and/or ii.) reducing programmed expenditures.

RISK ASSESSMENT

The Prosper Portland Board could elect to not authorize a contract with McDonald and rebid the work. However, the RFP evaluation committee believes McDonald is well qualified to complete the work, and rebidding through a low-bid selection process would expose the agency to schedule delays, as well as potentially higher costs, a less qualified team, and/or reduced utilization of certified firms.

ATTACHMENTS

- A. Project Site Map
- B. River District Financial Summary

Property Site 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
Resources						
Beginning Fund Balance	53,674,233	52,868,175	35,745,471	6,368,708	(39,811,334)	(45,541,329)
Revenue						
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	678,399	562,174	562,174
Loan Collections	1,094,918	455,182	477,069	492,486	493,104	477,409
TIF - Short Term Debt	27,972,000	12,967,000	11,140,985	-	-	-
Other Debt	9,500,000	-	-	-	-	-
Property Sales	-	-	-	10,000,000	-	-
Rent and Property Income	2,175,537	2,714,261	2,764,261	2,614,261	2,664,261	2,914,261
Reimbursements	136,000	90,000	90,000	90,000	90,000	90,000
Total Revenue	42,589,352	17,297,036	15,702,839	14,278,762	4,011,669	4,043,664
Total Resources	96,263,585	70,165,213	51,448,310	20,667,490	(35,799,665)	(41,497,465)
Requirements						
Administration						
A00025-Debt Management-RVD	978,806	1,345,797	1,060,815	35,061,106	33,098	33,098
Administration Total	978,806	1,345,797	1,060,815	35,061,106	33,098	33,098
Economic Development						
Traded Sector						
A00110-Business Development-RVD	50,000	-	-	-	-	-
Community Economic Development						
A00084-OT/CT Action Plan-RVD	65,000	-	-	-	-	-
Economic Development Total	115,000	-	-	-	-	-
Housing						
A00166-Affordable Housing-RVD	4,905,241	2,498,266	13,827,623	101,933	-	-
Housing Total	4,905,241	2,498,266	13,827,623	101,933	-	-
Infrastructure						
Public Facilities						
A00463-Union Station Grant-RVD	550,000	-	-	-	-	-
Infrastructure Total	550,000	-	-	-	-	-
Property Redevelopment						
Real Estate Management						
A00276-Post Office-RVD	2,375,000	1,669,000	1,626,666	1,361,000	1,243,333	987,333
A00276-4th and Burnside-RVD	30,000	22,980	22,960	22,980	22,980	22,980
A00285-Block Y-RVD	49,627	84,559	86,789	93,230	97,892	102,785
A00286-Union Station-RVD	1,183,675	3,736,190	1,668,190	1,668,190	1,668,190	1,668,190
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	66,510	36,000	36,000	36,000	36,000	36,000
A00292-One Waterfront North-RVD	108,200	-	-	-	-	-
A00293-Old Fire Station Mgmt-RVD	1,006,676	280,700	280,700	280,700	280,700	280,700
A00556-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
Real Estate Predevelopment						
A00276-Post Office-RVD	-	6,265,000	20,145,000	5,765,000	20,000	20,000
A00276-4th 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	-	-	-
Real Estate Disposition						
A00288-Centennial Mills-RVD	-	1,100,000	100,000	100,000	100,000	100,000
Redevelopment Strategy						