



DATE: February 10, 2021
TO: Board of Commissioners
FROM: Kimberly Branam, Executive Director
SUBJECT: Report Number 21-02

Adopting Findings in Support of and Exempting the Engine House No. 2 Demolition from Low-Bid Solicitation; Authorizing the Executive Director Authority to Enter into a Contract for Demolition and Pre-Demolition Services in Connection with the Engine House #2 Demolition Project in an Amount Not to Exceed \$1,000,000

BOARD ACTION REQUESTED AND BRIEF DESCRIPTION

Adopt Resolutions No. 7409 and No. 7410

Staff are requesting the Prosper Portland Commission Board of Commissioners (Board) take two actions at their February 10, 2021, meeting to advance the demolition and the hazardous building material abatement (Project) of Engine House No. 2, a two-story, 6,692 square foot unreinforced masonry building owned by Prosper Portland on the northeast corner of NW 3rd Avenue and NW Glisan Street in the River District Tax Increment Finance District (see a project summary in Attachment A):

1. Serving in its capacity as Prosper Portland's Local Contract Review Board (LCRB), the Prosper Portland Board will adopt Resolution No. 7409 in support of an exemption from the general rule of low-bid solicitation accordance with Oregon Revised Statutes (ORS) 279C.335(2). The LCRB's action will allow Prosper Portland staff to issue a Request for Proposals (RFP) to solicit the service of a demolition contractor for the Project instead of issuing an Invitation to Bid. ORS 279C.335(2) and Prosper Portland's LCRB Administrative Rules (LCRB Rules) provide that the LCRB may exempt certain public contracts from the low-bid process upon the LCRB making the following findings:
 - a. It is unlikely that such exemption will encourage favoritism in the awarding of a public contract or substantially diminish competition for public improvement contracts; and
 - b. The awarding of public improvement contract under the exemption will likely result in substantial cost savings and other substantial benefits to the agency or the public.
2. Should the LCRB approve Resolution No. 7409, staff will then request the Prosper Portland Board approve Resolution No. 7410, which will authorize the Executive Director to enter into a demolition contract for Engine House #2 not exceeding \$1,000,000, subject to identification of a contractor through the RFP process.

STRATEGIC PLAN ALIGNMENT AND OUTCOMES

These actions meet Prosper Portland's Strategic Plan objective to create healthy complete neighborhoods by releasing funds to focus on other community priorities expressed in the Old Town/Chinatown Five-Year Action Plan.

BACKGROUND AND CONTEXT

Prosper Portland acquired Engine House No. 2 in 1987 as part of the larger Union Station acquisition (see a Property Plan in Attachment B). While the building, which was built in 1913, has been designated a Portland Historic Landmark by the City of Portland (City), it is in poor condition and was placed on the “Unsafe Building List” by the City Bureau of Fire and Rescue in 2010. Not only does the building need seismic, structural, roofing, masonry, electrical, plumbing, and other repairs, per a third-party analysis, the “site is mapped by the City as being in a zone of high earthquake hazard, and based on the subsurface conditions, the native and fill soils are likely to be highly susceptible to liquefaction under strong earthquake shaking.” In the event of a strong earthquake, both horizontal settlement on the order of two to four feet and lateral displacement on the order of two to ten feet are likely to occur.

After more than four years of analysis, Prosper Portland determined that redevelopment of Engine House #2 was not financially feasible due to its state of deterioration and location in a liquefaction zone. The most recent feasibility analysis estimated redevelopment costs between \$13,300,000 and \$18,300,000, which includes a funding gap of between \$4,000,000 to \$7,000,000 given the resources Prosper Portland budgeted within the River District Tax Increment Finance (TIF) District Fund.

Given this information about costs and available budget, staff contacted the Old Town Community Association for input on next steps. In general, stakeholders expressed that Prosper Portland’s funds would be better spent on other development priorities within Old Town/Chinatown. Given the site conditions, budget gap, and community feedback, staff began the process to scope demolition of Engine House No. 2.

Prosper Portland has procured the necessary design and civil engineering services for demolition of the Engine House No. 2 from Emerio Design LLC (a certified, minority-owned business) in advance of the contracting process and has submitted plans for permitting. Staff initiated design and permitting in advance of contracting with a demolition contractor in order to meet the required demolition delay period of 120 days which began on November 2, 2020 and ends on March 2, 2021.

It is staff’s intent to issue the RFP for demolition in March and award a contract in April with demolition complete by end of June 2021. Due to the building’s deterioration and proximity to the TriMet Max Line and Steel Bridge, the demolition will need to be carefully coordinated to ensure public safety and avoid critical disturbances to adjacent public transportation and infrastructure. Through the RFP process, staff will seek a demolition contractor with an exemplary safety record and experience working with similarly complex projects. During a brief pre-demolition period, there will be time for additional value engineering input from the selected demolition contractor. The contract form will be a Guaranteed Maximum Price.

After demolition is complete, Prosper Portland will seek input on disposition goals from stakeholders through the Old Town Community Association. While TriMet has expressed interest in using the site for a bus driver rest area, the final disposition process and goals have yet to be determined.

EQUITY IMPACT

Prosper Portland’s Business and Workforce Equity programs will apply to the demolition work. The selected contractor will make a good faith effort to meet or exceed Prosper Portland’s business equity goals of 22 percent of project hard costs to certified firms (14 percent of which to Disadvantaged Business Enterprise/Minority Business Enterprise firms) and 20 percent professional services costs to certified firms. Also, the selected firm will make a good faith effort to meet or exceed Prosper Portland’s workforce training and hiring goals of 20 percent of hours for subcontractors greater than \$100,000 going to apprentices and having 30 percent minority and 15 percent female participation including both apprenticeship and journey level hours. An exemption from the low-bid method of contracting will

increase Prosper Portland's ability to meet or exceed equity goals and enhance wealth creation opportunities for minority, disadvantaged, and women-owned businesses and workers.

COMMUNITY PARTICIPATION AND FEEDBACK

In accordance with ORS 279C.335(5) and the LCRB Rules, Part 4(II)(B)(2), Prosper Portland published notice of the required public hearing on January 15, 2021. The hearing was held on February 1, 2021, and no public comments were received on these findings. As noted earlier in the Background and Context section of this report, Prosper Portland staff discussed the extent and expense of repairs, availability of resources, and prioritization among other efforts with the Old Town Community Association, which is supportive of the demolition. Most recently, staff provided an update at the January 2021 Old Town Community Association Land Use Sub-Committee Meeting.

BUDGET AND FINANCIAL INFORMATION

There are sufficient funds in the fiscal year 2020-21 River District budget and forecast for funding the demolition (see Attachment C). The demolition will save Prosper Portland approximately \$190,000 per year in security and other holding costs. Over the last three fiscal years, total holding costs have equaled \$583,000.

RISK ASSESSMENT

The primary risk, although unlikely, is that the cost of demolition may exceed the estimation of between \$550,000 to \$750,000. This risk is mitigated by sufficient funds in the fiscal year 2020-21 River District budget and forecast. Should the Prosper Portland Board, acting as the LCRB, choose to not adopt the findings and instruct staff to use a traditional low bid process, this would impact the Project by limiting the selection of a contractor solely based on price, which would compromise the ability to select a demolition contractor with an exemplary safety record and experience working with similar projects. Furthermore, with a low bid contract, Prosper Portland would not be able to consider business and workforce equity related past or proposed performance in the selection.

ATTACHMENTS

- A. Project Summary
- B. Property Plan
- C. River District Financial Summary

PROJECT SUMMARY

Project Name:	Demolition of Engine House #2
Description:	6.692 square foot building in Portland's Old Town/Chinatown
Location:	510 NW 3rd Avenue
Tax Increment District:	River District
Current Phase:	Permitting and Contracting
Next Milestone:	Issue demolition Request for Proposal by March 1, 2021
Completion Target:	Complete demolition by June 30, 2021



Site Map



Building Photo

Old Fire Station - Property Plan

Wednesday, February 10, 2021 8:00 AM

Property Strategic Considerations	
Goals & Objectives	
Acquisition Date & Purpose	October 31, 1987 from Portland terminal Railroad Company <ul style="list-style-type: none">• Acquired as part of the 12th Amendment of the Downtown Waterfront URA Plan, for redevelop 31-acres in the River District and DTW URAs (Resolution 3543-April 8, 1987)
Property Plan Objective	Development Site / Active
2015-2020 Strategic Plan Objective(s)	Objective 1: Create Healthy, Complete Neighborhoods Throughout Portland (Outcome 1.1: Vibrant Communities & Corridors)
Financial Sustainability Plan Objective	Program Related Investment - 2.5%
Equity Objective(s)	Interim: Increase equitable contracting of certified firms Development: Renovate local historic landmark in support of OTCT Action Plan
Property Information	
Property Characteristics	
Property Code ¹	330-A00293
Property Name(s)	Old Fire Station
Project Name(s)	Old Fire Station; Block A&N
Property Description	Original firehouse
Address	510 NW 3rd Avenue
RNumber(s)	R141452
Tax Lot Description(s)	COUCHS ADD; BLOCK A&N TL 600
Lot Size	.77 acres (33,580 sq ft)
Building SF	6,692 sq ft
Neighborhood	
URA	River District
Neighborhood	Old Town Community Association
NMTC Census Tract	Census Tract 51
Opportunity Zone	Yes-Severe Distress
Zoning	CX-Central Commercial; d-Design
Base FAR & Height	4:1 / 225'
Financial Baseline	
Book Value (2017)	\$431,000
Real Market Value (2017)	\$4,481,710
Appraised Value	September 4, 2013; \$1,050,000; Integra

Financial Sustainability Plan Cash Flow	(\$233,235) FY 19/20 (\$2,001,847) Ten-year outlook including FY 19/20, FY 20/21 demolition \$750,000 ; \$125,000 security
Due Diligence	
Alta/As-Built	N/A
Title Report	N/A
Title Easements	N/A
Site Constraints	Property is bounded by TriMet tracks to the west, the Steel Bridge approach ramp to the south, and freight and passenger train tracks to the west and north
Environmental Documents/Notes	ESA Phase I: June 2006; ESA Phase II: February 2010; Hazardous Building: February 2010; VCP ICP ECSI #5830; RI/FS: November 2014; ROD: April 2015; UST Certification: December 2013; PTRR to reimburse 100% of hard and 75% of soft cost (GASB 49 17/18)
Additional Information	
Historical Background	
Interim Activity Strategy	Manage & maintain the property in a way that minimizes risks and holding costs, while maintaining it in a clean and respectable manner.
Development Goals & Objectives	
Re-Development/Re-Use	
Active/Inactive	Active
Phase of Development (acquisition, community process, predev, disposition, construction)	Demolition/Predevelopment
Development Concept(s)	Possible TriMet layover facility
Action Plan / Framework(s)	Old Town Chinatown Action Plan
URA / Community Goal(s)	River District URA Plan
Major Consultant Contracts	Abassi Design Works - Arch; Swinerton - CMGC; Heritage Consulting - Historic Preservation; Novogradac - Historic Tax Credits
Major Milestone(s) & Deadline(s)	Since Oct. 2019, pursue demolition and disposition of site Demolition permit has been applied for and in 120 day waiting period since building is on City list of historic structures, waiting expires March 2, 2021
Project Budget	See Fund 330 Budget
Project Manager	Bernie Kerosky
Project Team Member(s)	Ember Breckenridge (Property Management), Colin Polk (Environmental)
Project Sponsor	Amy Edwards
Developer	TBD
Major External Stakeholder(s)	OTCT Community Association
Major Bureau Partner(s)	Mayor's Office; PBOT

Agency Approvals & Recommendations	
FIC Approval(s)	October 2019
Board/Council Approval(s) & Recommendation(s)	
Agreements	
LOI/MOU/DDA/PSA	LOI
Additional Notes	
Project File Document Location	S:\Projects\CC-URAs\RD\Projects\Block A&N (Old Fire Station)

RIVER DISTRICT FINANCIAL SUMMARY

Financial Summary Five-Year Forecast						
River District TIF Fund	Revised 2 FY 2020-21	Requested FY 2021-22	Forecast FY 2022-23	Forecast FY 2023-24	Forecast FY 2024-25	Forecast FY 2025-26
Resources						
Beginning Fund Balance	72,237,857	58,493,207	7,549,998	4,069,034	(1,699,585)	94,121
Revenue						
Fees and Charges	3,578	3,616	2,110	-	-	-
Grants - Federal except HCD	200,000	-	-	-	-	-
Interest on Investments	895,354	470,737	95,475	-	-	-
Loan Collections	361,560	502,065	562,281	543,408	5,833,662	42,083
TIF - Short Term Debt	11,140,985	-	-	-	-	-
Property Sales	0	-	8,000,000	6,000,000	-	-
Rent and Property Income	1,312,778	2,024,997	2,446,726	2,576,789	2,699,728	2,866,614
Reimbursements	90,000	13,687	14,098	14,521	14,956	15,405
Transfers In	69,951,421	-	-	-	-	-
Total Revenue	83,955,676	3,015,102	11,120,690	9,134,718	8,548,346	2,924,102
Total Resources	156,193,533	61,508,309	18,670,688	13,203,752	6,848,761	3,018,223
Requirements						
Administration						
A00025-Debt Management-RVD	1,064,974	1,033,098	33,098	33,098	33,098	-
Administration Total	1,064,974	1,033,098	33,098	33,098	33,098	-
Housing						
A00166-Affordable Housing-RVD	1,517,214	10,328,353	6,133,383	-	-	-
Housing Total	1,517,214	10,328,353	6,133,383	-	-	-
Property Redevelopment						
Real Estate Management						
A00276-Post Office-RVD	1,295,534	751,709	578,700	478,700	393,700	393,700
A00278-4th and Burnside-RVD	27,725	27,058	27,058	27,058	-	-
A00285-Block Y-RVD	83,200	86,202	88,049	89,986	91,704	93,422
A00286-Union Station-RVD	1,502,232	1,684,650	1,739,184	1,798,287	1,858,081	1,919,944
A00288-Centennial Mills-RVD	515,830	783,264	1,117,932	-	-	-
A00290-Station Place Pkwy-RVD	744,975	762,475	790,448	819,819	844,435	869,051
A00291-Block R-RVD	22,550	27,128	27,734	28,371	29,008	29,645
A00292-One Waterfront North-RVD	0	-	-	-	10,652	10,652
A00293-Old Fire Station Mgmt-RVD	461,695	271,685	-	-	-	-
A00558-RD Small Lots - 9th & Nato-RVD	7,875	8,269	8,682	9,116	9,572	10,028
A00587-Block 25-RVD	76,400	26,400	26,400	26,400	-	-
Real Estate Predevelopment						
A00276-Post Office-RVD	12,292,782	22,860,000	55,000	7,957,000	-	-
A00278-4th and Burnside-RVD	5,000	5,000	5,000	5,000	-	-
A00293-Old Fire Station Mgmt-RVD	5,000	-	-	-	-	-
A00587-Block 25-RVD	50,000	-	-	-	-	-
A00620-Post Office Grant-RVD	200,000	-	-	-	-	-
Real Estate Disposition						
A00288-Centennial Mills-RVD	100,000	300,000	-	-	-	-
A00293-Old Fire Station Mgmt-RVD	0	5,000	5,000	5,000	-	-
Redevelopment Strategy						
A00038-Superfund-RVD	436,360	-	-	-	-	-
A00279-Broadway Corridor-RVD	229,000	-	-	-	-	-
A00517-OT/CT Investment & Parking-RVD	2,000,000	10,951,177	-	-	-	-
Redevelopment Grants						
A00390-CLG-General-RVD	550,000	100,000	100,000	100,000	-	-
A00497-Prosperity Investment Program (PIP) Grant-RVD	300,000	150,000	150,000	150,000	-	-
Property Redevelopment Total	20,906,158	38,600,008	4,719,187	11,494,737	3,237,152	3,326,442
Total Program Expenditures	23,488,346	49,961,459	10,885,668	11,527,835	3,270,250	3,326,442
Personnel Services	753,491	732,214	639,215	688,542	719,279	256,316
River District TIF Fund	Revised 2 FY 2020-21	Requested FY 2021-22	Forecast FY 2022-23	Forecast FY 2023-24	Forecast FY 2024-25	Forecast FY 2025-26
Total Fund Expenditures	24,241,837	50,693,673	11,524,883	12,216,377	3,989,529	3,582,758
Interfund Transfers - Indirect Charges	4,365,834	3,264,637	3,076,771	2,686,960	2,765,112	1,606,550
Interfund Transfers - Cash Transfers	70,201,392	-	-	-	-	-
Contingency	57,384,470	7,549,998	4,069,034	(1,699,585)	94,121	(2,171,084)
Total Fund Requirements	156,193,533	61,508,309	18,670,688	13,203,752	6,848,761	3,018,223