



PROSPER
PORTLAND
Building an Equitable Economy

DATE: May 12, 2021

TO: Board of Commissioners acting in its Capacity as the Prosper Portland Local Contract Review Board

FROM: Kimberly Branam, Executive Director

SUBJECT: Report Number 21-09

Adopting Findings in Support of and Exempting Site Preparation Activities Involving the Former United States Postal Service Processing and Distribution Center Located at 715 NW Hoyt Street from Low-Bid Selection Processes

BOARD ACTIONS REQUESTED

Adopt Resolution No. 7413

If approved, this action will advance the abatement and demolition of the Processing and Distribution Center (P&DC), soils remediation, reconfiguration of accessways, and removal of certain utility infrastructure located on the Prosper Portland-owned property at 715 NW Hoyt Street in the River District tax increment finance (TIF) district (see property site map in Attachment A). The timely completion of these site preparation activities (Projects) is necessary for facilitation of the initial phases of Broadway Corridor redevelopment.

Specifically, adoption of Local Contract Review Board (LCRB) Resolution No. 7413 would exempt the Projects from the low-bid solicitation process and permit staff to proceed with competitive request for proposal (RFP) solicitations for Construction Manager/General Contractor (CM/GC) services for i.) the demolition of the P&DC; and ii.) soils remediation and accessway reconfigurations. The findings supporting this exemption are attached as Exhibit A to Resolution No. 7413.

STRATEGIC PLAN ALIGNMENT AND OUTCOMES

The proposed action will enable Prosper Portland to advance site preparation activities that are critical steps in advancing 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 a unique opportunity to realize Prosper Portland's vision for an equitable economy by advancing prosperity, creating a vibrant neighborhood, and supporting living wage jobs on an unprecedented scale. Broadway Corridor'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 Portland Housing Bureau (PHB), the City of Portland (City) infrastructure bureaus, and robust community engagement.

These site preparation activities also support the agency's financial sustainability, as they will accelerate 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.

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. The 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.

Pursuant to Resolution No. 7345, adopted November 13, 2019, the LCRB authorized an exemption from competitive bidding for (i) certain work associated with the demolition and remediation of the vehicle maintenance facility on the northern part of the site (VMF Project), which is now complete, and (ii) the Projects subject to this requested LCRB action. The Projects were initially solicited pursuant to one request for proposals, RFP #19-53, which was subsequently cancelled, and Prosper Portland staff now seeks the LCRB's authorization to bid the Projects pursuant to two new solicitations.

Following is a description of the Projects, which are the remaining site preparation activities necessary for facilitating initial phases of redevelopment of the Property:

- **USPS Processing & Distribution Center**

The main P&DC occupies most of the eastern half of the Property. Containing approximately 400,000 square feet of building floor area, the P&DC is a three/four-story reinforced concrete building that primarily contained postal processing and distribution facilities, with approximately 240,000 square feet of office space. This was the main USPS processing facility serving Oregon and southwest Washington. The USPS processing operations have been relocated to the Colwood Industrial Park, and the retail post office has been relocated to an interim post office (Interim Post Office) in the ground floor of the adjacent parking structure. The P&DC is now vacant and abatement and demolition work can begin.

The P&DC scope of work includes coordination with the design team to obtain necessary permits, abate hazardous materials from the P&DC building, and demolish the P&DC building.

Due to the P&DC's proximity to the existing parking structure (including the Interim Post Office) and the Broadway Bridge, the engineering and demolition of the P&DC will need to be carefully coordinated to ensure safety and minimize disturbances to adjacent operations.

- **Soils remediation and reconfiguration of accessways**

This scope of work includes primarily civil/flatwork including coordination with the design team to obtain necessary permits, coordination with Prosper Portland and the design team on strategies to limit disruption to USPS delivery trucks during soil remediation and demolition,

demolition of the electrical transformer building (ETB), soil remediation, and construction of new driveway access for USPS delivery trucks and cars utilizing the existing parking garage. Coordination with the Oregon Department of Environmental Quality will be particularly important for this scope of work, as the USPS Property is subject to a Consent Judgment dated May 25, 2016, which contains various procedural and substantive requirements for the undertaking of remediation activities on the site.

The ETB is located approximately 100 feet north of the eastern end of the existing parking garage. It is a one-story concrete block building that contains approximately 1,000 square feet of floor area and currently houses high-voltage electrical equipment that supplies power to the Property. The demolition of the ETB may need to be coordinated with the demolition of the P&DC and any associated electrical service needs.

This scope is also anticipated to include removal of existing utility infrastructure no longer necessary to support the P&DC and former VMF. This includes on-site water, sanitary sewer, and stormwater infrastructure, as well as removal of the ETB.

Prosper Portland has initiated the necessary design and engineering services for the Projects, but work is currently on hold until new solicitations are issued and selected CM/GCs can be engaged. Due to dependency of infrastructure and development activities on these Projects, it is critical to proceed with the solicitation of the CM/GC at the earliest possible opportunity.

Staff believes that the agency is best served by retaining CM/GCs to complete the Projects described above, rather than award the contract based on a low-bid selection process. This approach will allow the selected CM/GC firms to participate in the design process and provide input on constructability, value engineering, and means and methods of demolition. The Projects will also be subject to requirements arising from the Healthy Communities Coalition Community Benefits Agreement (defined below), which will require significant coordination and negotiation between the CM/GC, construction trades, and other stakeholders during the design phase in connection with labor-related requirements of that agreement.

Oregon Revised Statutes (ORS) Chapter 279C and the LCRB Rules generally require that all public construction contracts must be awarded pursuant to a low-bid selection process. ORS 279C.335(2) and LCRB Rules, Part 4(II)(B)(2) allow exemptions to the general requirement for competitive bidding upon the LCRB making certain findings, including that the exemption is unlikely to encourage favoritism and that it is anticipated that the exemption would result in substantial cost savings. The findings in support of this exemption, which articulate the basis for the exemption in further detail, are attached as Exhibit A to LCRB Resolution No. 7413.

Staff anticipates returning to the Prosper Portland Board later this year to seek approval of the associated Guaranteed Maximum Price contracts.

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 22 percent utilization goal for the Projects' hard construction costs.

The Projects are anticipated to be subject to the CBA authorized by the Prosper Portland Board pursuant to Resolution No. 7390, adopted August 12, 2020 (Healthy Communities Coalition CBA). Pursuant to the

Healthy Communities Coalition CBA, the Projects would provide a wide variety of community benefits, including without limitation: (i) contribution of an amount of up to \$200,000 to Prosper Portland's Construction Equity Fund; (ii) labor-related benefits generally consistent with the City's template Community Benefits Agreement adopted through City Council Resolution No. 37328, adopted November 8, 2017, with certain negotiated modifications; and (iii) adoption of a 15 percent local hiring goal.

COMMUNITY PARTICIPATION AND FEEDBACK

To help ensure equitable participation and outcomes, staff consulted with NAMC Oregon and the Professional Business Development Group on procurement documents, as well as the Healthy Communities Coalition during negotiations of the Healthy Communities Coalition CBA. The lessons staff has learned from this engagement has significantly informed both the content and scopes of the procurement documents.

Staff has additionally conducted a multi-year, robust engagement strategy that includes a two-year collaboration with a 37-member Steering Committee. This comprehensive engagement work has informed the Broadway Corridor development planning work and priorities for public and community benefits.

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 for the alternative contracting method (CM/GC) on April 23, 2021. The hearing was held on May 10, 2021.

BUDGET AND FINANCIAL INFORMATION

There are adequate resources in the fiscal year (FY) 2021-2022 River District Proposed Budget and forecast for pre-development activities (see Attachment B). However, the River District Five-Year Forecast is currently out of balance due to planned expenditures exceeding forecasted resources. Staff anticipates resolving the budget deficit through i.) use of bond reserves released after retirement for all River District TIF District bonds and/or ii.) reducing future programmed expenditures. These options will be further explored in advance of the FY 2022-23 budget development process.

RISK ASSESSMENT

Not approving the exemption for the solicitations could result in having to pursue a low-bid selection process for the contractors. This could expose the agency to higher costs due to factors that are not discovered during the design phase and risks that could increase the complexity of the Projects, resulting in additional cost and time required to complete construction.

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 2020-21	Proposed 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	56,355,296	7,260,463	3,887,162	(2,275,956)	(869,628)
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	2,014,997	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	3,005,102	11,120,690	9,134,718	8,548,346	2,924,102
Total Resources	156,193,533	59,360,398	18,381,153	13,021,880	6,272,390	2,054,474
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	9,366,715	6,133,383	-	-	-
Housing Total	1,517,214	9,366,715	6,133,383	-	-	-
Property Redevelopment						
Real Estate Management						
A00276-Post Office-RVD	1,295,534	777,923	644,923	544,923	459,923	459,923
A00278-4th and Burnside-RVD	27,725	34,558	34,558	34,558	9,000	9,000
A00285-Block Y-RVD	83,200	86,493	88,267	90,128	91,778	93,496
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	416,264	466,932	9,000	9,000	9,000
A00290-Station Place Prkng-RVD	744,975	807,661	649,082	671,074	680,313	694,552
A00291-Block R-RVD	22,550	34,128	34,734	35,371	36,008	36,645
A00292-One Waterfront North-RVD	0	9,000	9,000	9,000	19,652	19,652
A00293-Old Fire Station Mgmt-RVD	461,695	280,685	-	-	-	-
A00558-RD Small Lots - 9th & Naito-RVD	7,875	17,269	17,682	18,116	18,572	19,028
A00587-Block 25-RVD	76,400	35,054	35,054	35,054	-	-
Real Estate Predevelopment						
A00276-Post Office-RVD	12,292,782	22,660,000	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	-	905,000	5,000	5,000	-	-
Redevelopment Strategy						
A00038-Superfund-RVD	436,360	382,320	46,080	79,200	79,200	-
A00279-Broadway Corridor-RVD	229,000	-	-	-	-	-
A00517-OT/CT Investment & Parking-RVD	2,000,000	8,451,177	-	-	-	-
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	37,137,182	4,080,496	11,541,711	3,261,527	3,261,240
Total Program Expenditures	23,488,346	47,536,995	10,246,977	11,574,809	3,294,625	3,261,240
Total Fund Expenditures						
Personnel Services	753,491	1,298,302	1,170,243	1,036,067	1,082,282	482,057
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	7,260,463	3,887,162	(2,275,956)	(869,628)	(3,295,373)
Total Fund Requirements	156,193,533	59,360,398	18,381,153	13,021,880	6,272,390	2,054,474