



PROSPER
PORTLAND
Building an Equitable Economy

DATE: December 15, 2021
TO: Board of Commissioners
FROM: Kimberly Branam, Executive Director
SUBJECT: Report Number 21-34

Executing a Contract with Fulcrum Construction to Retrofit the Roof of the Prosper Portland-Owned Property Located at 2221 N. Argyle Street in the Interstate Corridor Tax Increment Finance District

BOARD ACTION REQUESTED AND BRIEF DESCRIPTION

Adopt Resolution No. 7439

This action by the Prosper Portland Board of Commissioners (Board) will authorize execution of a contract with Fulcrum Construction (Fulcrum) to retrofit a roof on the Prosper Portland-owned property located at 2221 N. Argyle Street (Property) in the Interstate Corridor tax increment finance (TIF) district (see a Property Photo and Aerial in Attachment A). If approved, Fulcrum will make critical retrofit repairs to the roof and allow current tenant Spartek Industries (Spartek) to continue operating in the building. Staff are seeking Prosper Portland Board approval as the estimated contract value of \$600,000 exceeds the executive director's signature authority.

STRATEGIC PLAN ALIGNMENT AND OUTCOMES

This action meets several Strategic Plan goals by effectively and responsibly managing the agency's real estate assets.

BACKGROUND AND CONTEXT

On May 11, 2011, the Prosper Portland Board through Resolution No. 6872 approved acquisition of approximately 3.5 acres of land, including the Property, in order to help support the Kenton community goal of a vibrant business district. Since acquisition, SparTek has been the Property tenant, operating as a full-service provider in the design, manufacture, and installation of production machinery for hydraulic press and material handling applications. They have provided reliable and cost-effective solutions to the wood products rubber and plastics industries for over 30 years, and serve customers throughout North and South America, Europe, and Asia. Over 50 percent of the plywood manufactured nationally is produced with SparTek equipment. All the company's equipment is manufactured and assembled in their operation headquarters at the Property in Kenton.

The SparTek lease is a triple net lease with all expenses, utilities, and maintenance paid by the tenant, and has a current termination date of November 30, 2023. To date, SparTek has made multiple repairs and patches to the 30,000 square foot metal roof that is believed to be 48 years old. SparTek has been diligent in the care of the building but can no longer work effectively with the roof leaking, as employees must cover desks and machinery during heavy rains.

On September 27, 2021, Prosper Portland released a public bid solicitation. One bid was received and staff subsequently selected Fulcrum as the only responsive low-cost bidder. If the Prosper Portland Board approves this action, staff anticipates that Fulcrum will be able to complete the retrofit in spring 2022.

EQUITY IMPACT

Prosper Portland's Construction Business and Workforce Equity Policy will apply to the roof retrofit. Fulcrum is a Women Business Enterprise/Emerging Small Business with a plan for 31 percent of hard construction funding going to Certification Office for Business Inclusion and Diversity certified firms.

COMMUNITY PARTICIPATION AND FEEDBACK

There has been no public participation related to this proposed action.

BUDGET AND FINANCIAL INFORMATION

While Fulcrum's cost estimate for the retrofit is \$495,871, staff are including a budget contingency in the case unforeseen issues arise. The FY 2021-22 Interstate Corridor Adopted Budget includes only \$200,000 for the retrofit (see Attachment B). Therefore, to allocate appropriate budget for the retrofit, staff will seek Prosper Portland approval of an amendment to the budget in a different agenda item on the December 15, 2021, agenda to increase the line-item budget to a total of \$600,000.

RISK ASSESSMENT

The risk in not moving forward with the Property roof retrofit is that the tenant would continue to be under duress while they continue trying to work and cover equipment from the elements. This could cause them to cease operations and/or relocate to another location, leaving Prosper Portland with a property that would still need a roof retrofit in order to re-tenant the building.

ATTACHMENTS

- A. Property Photo and Aerial
- B. Interstate Corridor TIF District Financial Summary

Property Photo and Aerial



Interstate Corridor TIF District Financial Summary

**Financial Summary
Five-Year Forecast**

<u>Interstate Corridor TIF Fund</u>	<u>Revised 4 FY 2020-21</u>	<u>Adopted FY 2021-22</u>	<u>Forecast FY 2022-23</u>	<u>Forecast FY 2023-24</u>	<u>Forecast FY 2024-25</u>	<u>Forecast FY 2025-26</u>
Resources						
Beginning Fund Balance	40,598,479	41,173,263	41,565,481	45,377,834	40,463,295	24,411,764
Revenue						
Fees and Charges	534	236	-	-	-	-
Interest on Investments	503,161	443,908	386,711	198,064	50,285	-
Loan Collections	33,033	59,494	77,251	34,054	34,054	34,054
TIF - Short Term Debt	26,973,000	26,973,000	26,973,000	28,856,031	-	-
Rent and Property Income	171,813	329,791	428,938	431,338	438,322	440,722
Reimbursements	121,532	124,143	125,240	126,157	127,249	128,341
Total Revenue	27,803,073	27,930,572	27,991,140	29,645,644	649,910	603,117
Total Resources	68,401,552	69,103,835	69,556,621	75,023,478	41,113,205	25,014,881
Requirements						
Administration						
A00030-Debt Management-ISC	53,975	32,610	32,610	32,610	32,610	-
A00646-URA Administration-ISC	80,000	-	-	-	-	-
Administration Total	133,975	32,610	32,610	32,610	32,610	-
Economic Development						
Traded Sector						
A00381-Lean Manufacturing-ISC	20,000	20,000	20,000	-	-	-
Community Economic Development						
A00122-Community Development-ISC	150,000	200,000	-	-	-	-
A00106-NPI & Main St Network-ISC	50,000	25,000	-	-	-	-
Economic Development Total	220,000	245,000	20,000	-	-	-
Housing						
A00171-Affordable Housing-ISC	13,398,323	18,480,455	18,105,772	28,056,835	3,707,409	-
A00516-N/NE Middle Inc Hsg-ISC	1,129,929	600,000	-	-	-	-
Housing Total	14,528,252	19,080,455	18,105,772	28,056,835	3,707,409	-
Infrastructure						
Transportation						
A00250-Lombard Investment-ISC	1,000,000	-	-	-	-	-
Infrastructure Total	1,000,000	-	-	-	-	-
Property Redevelopment						
Commercial Property Lending						
A00366-CPRL-General-ISC	4,266,667	2,850,000	2,500,000	-	-	-
A00527-CPRL-PIP Match-ISC	583,333	-	-	-	-	-
Real Estate Management						
A00333-MLK Alberta-ISC	249,032	260,828	263,247	274,138	276,705	285,672
A00335-Nelson Bldg-Indust-ISC	103,872	121,187	122,657	125,199	127,565	129,931
A00336-Spar-Tek Building-ISC	35,593	236,884	37,961	39,038	40,115	41,192
A00338-3620 NE MLK Prkng-ISC	35,302	29,215	29,241	-	-	-
A00515-MLK Heritage Markers-ISC	3,000	3,000	3,000	-	-	-
A00552-Albina Triangle Garage-GTW	12,750	21,750	-	-	-	-
Real Estate Disposition						
Redevelopment Strategy						
A00341-Project Development-ISC	0	-	-	3,200,000	10,000,000	10,000,000
A00515-MLK Heritage Markers-ISC	225,000	-	-	-	-	-
A00532-Legacy project-ISC	42,000	24,000	-	-	-	-
Redevelopment Grants						
A00131-CLG-General-ISC	891,900	591,900	91,900	91,900	-	-
A00502-Prosperity Investment Program (PIP) Grant-ISC	1,242,800	842,800	342,800	303,556	-	-
A00640-Lombard PIP-ISC	500,000	-	-	-	-	-
Property Redevelopment Total	8,191,249	4,981,564	3,390,806	4,033,831	10,444,385	10,456,795
Total Program Expenditures	24,073,476	24,339,629	21,549,188	32,123,276	14,184,404	10,456,795
Personnel Services	396,273	808,786	458,752	410,323	428,663	134,017
Total Fund Expenditures	24,469,749	25,148,415	22,007,940	32,533,599	14,613,067	10,590,812
Interfund Transfers - Indirect Charges	2,758,540	2,389,939	2,170,848	2,026,584	2,088,374	1,185,449
Contingency	41,173,263	41,565,481	45,377,834	40,463,295	24,411,764	13,238,621
Total Fund Requirements	68,401,552	69,103,835	69,556,621	75,023,478	41,113,205	25,014,881