



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

**DATE:** May 11, 2022  
**TO:** Board of Commissioners  
**FROM:** Kimberly Branam, Executive Director  
**SUBJECT:** Report Number 22-15

Authorizing the Execution of a Contract with McDonald Excavating, Inc. to Provide Tanner Creek Sewer Mitigation Services on the Prosper Portland-Owned Property Located at 1632 NW Naito Parkway in the River District Tax Increment Finance District

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

Adopt Resolution No. 7448

This action by the Prosper Portland Board of Commissioners (Board) will authorize execution of a contract with McDonald Excavating, Inc. (McDonald) to provide Tanner Creek Sewer (TCS) mitigation services at the Prosper Portland-owned property located at 1632 NW Naito Parkway (Property) in the River District Tax Increment Finance (TIF) district (see a TCS Outfall Photo and Aerial in Attachment A). If approved, McDonald will install cutoff collars consisting of grout and steel adjacent to the TCS to mitigate groundwater contamination migrating through the surrounding backfill into the Willamette River. Staff are seeking Prosper Portland Board approval as the estimated contract value of \$610,000 (which includes a 10 percent owner contingency) exceeds the executive director's signature authority.

#### **STRATEGIC PLAN ALIGNMENT AND OUTCOMES**

This action will fulfill Prosper Portland's strategic objectives of creating healthy complete neighborhoods, leveraging regional assets, and advancing the agency's financial sustainability goals. Preparing the Property for disposition will also help provide resources critical to fulfilling other important agency initiatives in the River District.

#### **BACKGROUND AND CONTEXT**

Following direction from the Portland City Council (City Council), on February 17, 2000, the Prosper Portland Board through Resolution No. 5397 authorized the purchase of the Property for the purposes of creating open space and access to the Willamette River. In 2004, Prosper Portland proposed demolishing all the buildings on the site to facilitate development of a park; however, based on public response, the City Council through Resolution No. 36320 instructed Prosper Portland to redevelop the Property rather than demolish the buildings for a park purpose. It also directed Prosper Portland to develop a plan for future redevelopment; the resulting Centennial Mills Framework Plan (Framework Plan), was adopted by the Prosper Portland Board through Resolution No. 6422 on December 13, 2006. Negotiations are currently underway for redevelopment of the Property.

The TCS is a stormwater conveyance utility constructed in 1917 to service downtown Portland and the outfall for the feature extends out of the riverbank on the Property. The TCS on site consists of a cast-

in-place, reinforced concrete structure measuring approximately 6.5 feet wide and 10 feet high with an arched top. The top of the sewer is approximately 17 feet deep at NW Naito Parkway and six feet deep at top of bank adjacent to the Willamette River. Historical environmental investigations have identified petroleum contamination in the backfill surrounding the TCS and releases of product from this source into the Willamette River have occurred. The groundwater contamination present in the TCS backfill is likely to have resulted from leaking fuel storage underground storage tanks formerly located on the Property as well as potential upgradient off-site sources. The purpose of the contract with McDonald is to mitigate groundwater contamination migrating through the TCS backfill into the Willamette River prior to future redevelopment of the Property.

On March 10, 2022, Prosper Portland released a public bid solicitation for the TCS project; two bids were received and staff subsequently selected McDonald as the low bidder. If the Prosper Portland Board approves this action, staff anticipates that McDonald will be able to complete the TCS mitigation project in summer 2022.

### **EQUITY IMPACT**

Prosper Portland's Construction Business and Workforce Equity Policy will apply to the project. McDonald is a Minority Business Enterprise/Disadvantaged Business Enterprise 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; however extensive community engagement has occurred regarding the potential future reuse of the Property.

### **BUDGET AND FINANCIAL INFORMATION**

The Adopted River District fiscal year (FY) 2021-22 budget and forecast (see Attachment B) includes funding to complete outstanding environmental mitigation work related to Tanner Creek and general property management and maintenance through FY 2022-23.

### **RISK ASSESSMENT**

The risk in not moving forward with the TCS mitigation is that ongoing contaminant releases into the Willamette River from this source would not only harm the environment but could also create an environmental liability.

### **ATTACHMENTS**

- A. Tanner Creek Sewer Outfall Photo and Aerial
- B. River District Financial Summary

**Tanner Creek Sewer Outfall Photo and Aerial**



**River District Financial Summary**

**Financial Summary  
 Five-Year Forecast**

<u>River District TIF Fund</u>	<u>Revised 1 FY 2021-22</u>	<u>Requested FY 2022-23</u>	<u>Forecast FY 2023-24</u>	<u>Forecast FY 2024-25</u>	<u>Forecast FY 2025-26</u>	<u>Forecast FY 2026-27</u>
<b>Resources</b>						
Beginning Fund Balance	65,985,295	31,466,548	14,415,925	12,954,617	14,184,935	12,658,543
<b>Revenue</b>						
Fees and Charges	3,616	2,110	-	-	-	-
Interest on Investments	649,605	95,475	-	-	-	-
Loan Collections	7,464,199	677,745	664,431	6,576,914	2,290,927	18,504
Property Sales	0	8,000,000	6,000,000	-	-	-
Rent and Property Income	1,919,101	2,432,235	2,565,561	2,699,729	2,866,614	2,633,184
Reimbursements	13,687	14,098	14,521	14,956	15,405	15,854
<b>Total Revenue</b>	<b>10,050,208</b>	<b>11,221,663</b>	<b>9,244,513</b>	<b>9,291,599</b>	<b>5,172,946</b>	<b>2,667,542</b>
<b>Total Resources</b>	<b>76,035,503</b>	<b>42,688,211</b>	<b>23,660,438</b>	<b>22,246,216</b>	<b>19,357,881</b>	<b>15,326,085</b>
<b>Requirements</b>						
<b>Administration</b>						
A00025-Debt Management-RVD	1,020,379	33,098	33,098	33,098	-	-
<b>Administration Total</b>	<b>1,020,379</b>	<b>33,098</b>	<b>33,098</b>	<b>33,098</b>	-	-
<b>Housing</b>						
A00166-Affordable Housing-RVD	6,466,715	5,978,908	-	-	-	-
A00186-Fairfield Apartments-RVD	25,000	-	-	-	-	-
<b>Housing Total</b>	<b>6,491,715</b>	<b>5,978,908</b>	-	-	-	-
<b>Infrastructure</b>						
<b>Public Facilities</b>						
A00483-Union Station Grant-RVD	100,000	100,000	-	-	-	-
<b>Infrastructure Total</b>	<b>100,000</b>	<b>100,000</b>	-	-	-	-
<b>Property Redevelopment</b>						
<b>Real Estate Management</b>						
A00276-Post Office-RVD	919,523	915,923	544,923	459,923	459,923	-
A00278-4th and Burnside-RVD	34,558	34,558	34,558	-	-	-
A00285-Block Y-RVD	114,893	116,667	118,528	120,178	121,896	83,614
A00286-Union Station-RVD	1,684,650	1,739,184	1,798,287	1,858,081	1,919,944	1,981,808
A00288-Centennial Mills-RVD	472,264	522,932	540,932	-	-	-
A00290-Station Place Prkng-RVD	647,661	849,082	691,074	700,313	714,552	728,791
A00291-Block R-RVD	0	-	35,371	36,008	36,645	37,282
A00292-One Waterfront North-RVD	0	-	-	19,652	19,652	19,652
A00293-Old Fire Station Mgmt-RVD	280,685	280,685	-	-	-	-
A00558-RD Small Lots - 9th & Naito-RVD	17,269	17,682	18,116	18,572	19,028	19,484
A00587-Block 25-RVD	35,054	35,054	35,054	-	-	-
<b>Real Estate Predevelopment</b>						
A00276-Post Office-RVD	13,186,800	11,053,900	2,089,670	-	-	5,219,630
A00278-4th and Burnside-RVD	493,448	5,000	5,000	-	-	-
A00587-Block 25-RVD	75,000	-	-	-	-	-
A00620-Post Office Grant-RVD	119,596	-	-	-	-	-
<b>Real Estate Disposition</b>						
A00288-Centennial Mills-RVD	888,000	1,000,000	-	-	-	-
A00293-Old Fire Station Mgmt-RVD	505,000	5,000	5,000	-	-	-
<b>Redevelopment Strategy</b>						
A00038-Superfund-RVD	382,320	46,080	79,200	79,200	-	-
A00279-Broadway Corridor-RVD	20,000	-	-	-	-	-
A00517-OT/CT Investment & Parking-RVD	11,536,324	-	-	-	-	-
A00687-OTCT-PI-DTWF	62,500	75,000	-	-	-	-
<b>Redevelopment Grants</b>						
A00390-CLG-General-RVD	635,966	100,000	100,000	-	-	-
A00497-Prosperity Investment Program (PIP) Grant-RVD	387,411	150,000	150,000	-	-	-
<b>Property Redevelopment Total</b>	<b>32,498,922</b>	<b>16,946,747</b>	<b>6,245,713</b>	<b>3,291,927</b>	<b>3,291,640</b>	<b>8,090,261</b>
<b>Total Program Expenditures</b>	<b>40,111,016</b>	<b>23,058,753</b>	<b>6,278,811</b>	<b>3,325,025</b>	<b>3,291,640</b>	<b>8,090,261</b>
Personnel Services	1,268,302	988,619	856,396	894,976	606,409	394,161
<b>Total Fund Expenditures</b>	<b>41,379,318</b>	<b>24,047,372</b>	<b>7,135,207</b>	<b>4,220,001</b>	<b>3,898,049</b>	<b>8,484,422</b>
Interfund Transfers - Indirect Charges	3,264,637	4,224,914	3,570,614	3,841,280	2,801,289	1,960,868
Contingency	31,391,548	14,415,925	12,954,617	14,184,935	12,658,543	4,880,795
<b>Total Fund Requirements</b>	<b>76,035,503</b>	<b>42,688,211</b>	<b>23,660,438</b>	<b>22,246,216</b>	<b>19,357,881</b>	<b>15,326,085</b>