



PROSPER
PORTLAND
Building an Equitable Economy

DATE: June 7, 2022
TO: Board of Commissioners
FROM: Kimberly Branam, Executive Director
SUBJECT: Report Number 22-21

Authorizing a Guaranteed Maximum Price Agreement with Northwest Infrastructure LLC for Soil Remediation and Site Work at the United States Postal Service Property at 715 NW Hoyt Street

BOARD ACTIONS REQUESTED

Adopt Resolution No. 7454

This action by the Prosper Portland Board of Commissioners (Board) will authorize a guaranteed maximum price (GMP) contract with Northwest Infrastructure LLC (NWI) in an amount not to exceed \$666,420 to complete necessary site work including soils remediation, reconfiguration of parking and loading accessways, and demolition of an electrical utility vault (Project) on the Prosper Portland-owned property at 715 NW Hoyt Street in the River District tax increment finance (TIF) district (see a Project Site Map in Attachment A). The action further provides for an owner's-controlled contingency of \$100,000 (15%) to be utilized in the event of unforeseen conditions or other appropriate circumstances. The timely completion of these site preparation activities is necessary for the initial phases of the Broadway Corridor redevelopment.

STRATEGIC PLAN ALIGNMENT AND OUTCOMES

This action will enable Prosper Portland to advance site preparation activities that are critical to 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 unique opportunity for Prosper Portland and the City to meet growth requirements – including private development, 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. 7413, adopted May 12, 2021, the Prosper Portland Board, acting as the agency's Local Contract Review Board, authorized an exemption of the Project thereby allowing for a solicitation of a Construction Manager/General Contractor (CM/GC) to participate in the Project in lieu of a low-bid selection process. NWI has participated in the pre-construction phase and negotiated a GMP contract with Prosper Portland for completion of the Project.

The Project scope of work for the pre-construction and construction phases 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. This service is no longer necessary, and the removal of the equipment is being coordinated with Portland General Electric.

The site work is anticipated to commence in late June 2022 and be completed by mid-October 2022. The Project is also subject to certain labor-related requirements further described below.

EQUITY IMPACT

Prosper Portland is committed to ensuring 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 Project's hard construction costs.

Additionally, through Resolution No. 7390, on August 12, 2020, the Prosper Portland Board authorized the terms of a Community Benefits Agreement with the Healthy Communities Coalition (Healthy Communities Coalition CBA). While the Healthy Communities Coalition CBA was not finalized or signed due to the departure of Continuum Partners as the developer of the Property, Prosper Portland has

maintained a commitment to the spirit of the negotiations for those terms relating to Prosper Portland-constructed or City of Portland-constructed infrastructure and site work. As such, the Project will provide a wide variety of community benefits, including without limitation: (i) contribution of amount equal to 1.0 percent of the hard cost of the Project (and capped at \$200,000 in the aggregate with the contribution associated with the demolition of the adjacent Processing & Distribution Center), 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.

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 Oregon Revised Statutes 279C.335(5) and the LCRB Rules, Part 4(II)(B)(2), Prosper Portland also 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 and the FY 2022-2023 River District Proposed Budget for GMP contract and owner's-controlled contingency (see Attachment B). A portion of project costs, up to \$101,000 and specific to the soil remediation work, will be reimbursed by a U.S. Environmental Protection Agency Brownfields Grant. The eligible work must be completed by September 30, 2022, and a requirement to meet this milestone has been included in the GMP contract.

RISK ASSESSMENT

Staff has worked closely with NWI and the design and environmental consultant team through the pre-construction phase to refine the scope of work and assumptions included in the GMP contract; and with the USPS retail operations adjacent to the project to ensure noise, dust, and operational impacts are minimized. While the environmental conditions of the site have been well characterized, the primary risks posed by the Project include an increased need for excavation and hauling of contaminated soils and/or deeper excavation necessary for the removal of the ETB foundation. As-built drawings for the ETB are limited and have conflicting details. As such, staff is recommending the authorization of an owner's-controlled contingency of \$100,000 to address unforeseen conditions.

The GMP contract additionally includes an \$11,000 NWI-controlled contingency; and a cost savings sharing clause that splits any cost savings 30/70 between NWI and Prosper Portland.

Alternatively, the Prosper Board may elect to not authorize the GMP contract, which will result in a delay of the completion of the site work, a potential missed opportunity for reimbursement of a portion of the costs by grant funds, and potential increased costs to complete the work in the future.

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 2021-22	Proposed FY 2022-23	Forecast FY 2023-24	Forecast FY 2024-25	Forecast FY 2025-26	Forecast FY 2026-27
Resources						
Beginning Fund Balance	65,985,295	50,306,057	6,712,313	10,693,506	5,516,093	4,028,802
Revenue						
Fees and Charges	3,616	2,110	-	-	-	-
Interest on Investments	649,605	95,475	43,248	64,989	39,101	31,666
Loan Collections	7,464,199	677,745	664,431	104,194	2,290,927	18,504
Property Sales	0	-	14,000,000	-	-	-
Rent and Property Income	1,823,101	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
Total Revenue	9,954,208	3,221,663	17,287,761	2,883,868	5,212,047	2,699,208
Total Resources	75,939,503	53,527,720	24,000,074	13,577,374	10,728,140	6,728,010
Requirements						
Administration						
A00225-Debt Management-RVD	1,020,379	33,098	33,098	33,098	-	-
Administration Total	1,020,379	33,098	33,098	33,098	-	-
Housing						
A00166-Affordable Housing-RVD	5,406,969	6,380,290	1,084,747	-	-	-
A00186-Fairfield Apartments-RVD	25,000	700,000	-	-	-	-
Housing Total	5,431,969	7,080,290	1,084,747	-	-	-
Infrastructure						
Public Facilities						
A00483-Union Station Grant-RVD	100,000	100,000	-	-	-	-
Infrastructure Total	100,000	100,000	-	-	-	-
Property Redevelopment						
Commercial Property Lending						
A00361-CPRL-General-RVD	50,000	-	-	-	-	-
Real Estate Management						
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	477,264	538,932	556,932	-	-	-
A00290-Station Place Prkng-RVD	647,661	849,082	691,074	700,313	714,552	728,791
A00291-Block R-RVD	0	39,000	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	80,685	-	-	-	-
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	-	-	-
Real Estate Predevelopment						
A00276-Post Office-RVD	5,186,800	19,053,900	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	-	-	-	-	-
Real Estate Disposition						
A00288-Centennial Mills-RVD	388,000	400,000	1,500,000	-	-	-
A00293-Old Fire Station Mgmt-RVD	513,000	5,000	5,000	-	-	-
Redevelopment Strategy						
A00038-Superfund-RVD	382,320	46,080	79,200	79,200	-	-
A00279-Broadway Corridor-RVD	20,000	-	-	-	-	-
A00517-OT/CT Investment & Parking-RVD	1,473,824	10,000,000	-	-	-	-
A00687-OTCT-PI-DTWF	62,500	75,000	-	-	-	-
Redevelopment Grants						
A00390-CLG-General-RVD	435,966	325,000	100,000	-	-	-
A00497-Prosperity Investment Program (PIP) Grant-RVD	375,911	150,000	150,000	-	-	-
A00671-Repair Grant-RVD	11,500	-	-	-	-	-
Property Redevelopment Total	13,799,422	34,426,747	7,761,713	3,291,927	3,291,640	8,090,261
Total Program Expenditures	20,351,770	41,640,135	8,879,558	3,325,025	3,291,640	8,090,261
Personnel Services	833,302	1,003,153	856,396	894,976	606,409	394,161
Total Fund Expenditures	21,185,072	42,643,288	9,735,954	4,220,001	3,898,049	8,484,422
Interfund Transfers - Indirect Charges	4,448,374	4,172,119	3,570,614	3,841,280	2,801,289	1,960,868
Contingency	50,306,057	6,712,313	10,693,506	5,516,093	4,028,802	-3,717,280
Total Fund Requirements	75,939,503	53,527,720	24,000,074	13,577,374	10,728,140	6,728,010