

## **North Macadam Urban Renewal Area**

### **FY2005-6 Report on Cost Estimates for Current and Planned Project Activities**

**DRAFT – 3/16/06**

#### **Introduction**

The purpose of this report is to describe estimated costs for existing committed projects and potential future anticipated projects in the North Macadam URA. For each project the following information is provided:

- Project description
- Project budget estimate
- Project budget estimate assumptions
- Funding status

*The information contained in this report will be used as the basis for updating the North Macadam URA Funding Strategy, last updated in November 2004. The URA Funding Strategy includes projected expenditures of URA funds as well as other funding sources: federal, state and local public funds as well as private resources.*

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*A. Transportation and Infrastructure*

**1. Portland Aerial Tram**

Project description

The scope of the Portland Aerial Tram project is identified in public construction contract documents. It will connect SW Gibbs Street to Marquam Hill. It is under construction pursuant to the Central District Development Agreement.

Project budget & estimated cost to complete

- The currently approved budget is \$40.0 Million.
- The currently estimated cost to complete the project is \$50 million plus a \$5 million contingency.

Project budget estimated cost to complete assumptions

- The basis for the estimated cost to complete is Pinnell Busch report dated Jan 31, 2006.
- The complete Pinnell Busch report is available on the PDC website at [www.pdc.us](http://www.pdc.us).
- The basis for the schedule is Pinnell Busch report dated January 31, 2006 which identifies “soft start” completion by December 1, 2006 and substantial completion by December 15, 2006.

Funding status

A funding solution proposal for the identified funding gap is under negotiation among parties to the Central District Development Agreement.

Projected TRAM cost-to-complete	\$50.0 M	
Contingency	\$5.0 M	
Total Required	\$55.0 M	
Current Funding	\$40.0 M	
Funding Gap/New funds needed		\$15 M

*A. Transportation and Infrastructure***2. Portland Streetcar: SW Gibbs to SW Lowell**Project description

The scope of the Portland Streetcar SW Gibbs to SW Lowell project will extend Portland Streetcar from the currently constructed terminus at SW Gibbs Street to SW Lowell Street via Moody & Bond Avenues.

Project budget estimate

- The project budget estimate is \$8.26 million.

Project budget estimate assumptions

- The basis for the estimated cost to complete is the Portland Office of Transportation.
- The project budget estimate is in 2006 dollars and assumes a September 1, 2006 construction start date, with a seven-month construction period, for completion by March 2007.

Funding status

Projected cost by PDOT to complete design and construction	\$8.26 M	
Current Funding Identified/Planned	\$6.16 M	
Funding Gap/New funds needed		\$2.1 M
<ul style="list-style-type: none"> <li>• The Portland Office of Transportation submitted a grant application to the State of Oregon's Connect Oregon program in February 2006 for a grant in the amount of \$2.1 million.</li> </ul>		

*A. Transportation and Infrastructure***3. Central District Street Improvements**Project description

The scope of the Central District Street Improvements project includes. . .

Project budget & estimated cost to complete

- The currently approved budget is \$6,901,715 million.
- The currently estimated cost to complete the project is \$\_\_ million.

Project budget estimate assumptions

- The basis for the estimated cost to complete is the Portland Office of Transportation.
- The cost to complete is based on the current project construction schedule identified in the construction contract which calls for completion by \_\_\_\_.
- The cost to complete assumes that the street paving will be done through the “base lift” stage, and that the “top lift”, or final paving, will be done through a separate construction contract when vertical development is sufficiently complete so that the street-opening moratorium will not jeopardize private development.

Funding status

Projected cost by PDOT in additional work for local street development projects in Central District	\$1.0 M	
Current unfunded commitment in DA†	\$0.0 M	
Current Funding	\$0.0 M	
Funding Gap/New funds needed		\$1.0 M

*A. Transportation and Infrastructure***4. Transportation Planning Studies**Project description

Two project efforts are being funding under this project heading:

- a. Planning work for the South Portal to the South Waterfront Plan District, which is the Bancroft-Macadam Intersection; and
  - b. Transportation planning study to identify system capacity constraints, including transit, in the South Waterfront Plan District, future improvements needed, and under what conditions or set of assumptions for development.
- Resolution of future street plan for South Portal is underway with property owners.
  - Draft scope of future district transportation planning study is yet to be developed by PDOT. The study will build on the South Waterfront District Transportation Improvements Evaluation completed by Kittleson & Associates in May 2004.

Project budget estimate

- TIF Funds have been budgeted for this work totaling \$250,000.
- Approximately \$60,000 has been expended to date for the South Portal work
- \$\_\_\_ estimated cost to complete for the South Portal work.
- The remaining funds, in the approximate amount of \$190,000 will be used for the district planning study.
- Additional funds up to \$100,000 may be needed depending on the scope determined.

Project budget estimate assumptions

- The basis for the project budget estimate is the Portland Office of Transportation.
- The project budget estimate assumes work beginning in FY2006-07.

Funding status

Current funding	\$0.25 M	
Total Funding available	\$0.25 M	
New scope/funds needed (estimate)		\$0.1 M
Funding Gap (estimate)		TBD

*A. Transportation and Infrastructure***5. Neighborhood Access Improvements**Project description

The scope of the Neighborhood Access Improvements is not defined and may include the following projects:

- Pedestrian Bridge at SW Gibbs Street
- E/A or EIS for South Portland Circulation Study Phase 1

Project budget & estimated cost to complete

- Preliminary project scopes are pending development by Portland Office of Transportation.
- Preliminary project budgets are pending development by Portland Office of Transportation.

Project budget estimate assumptions

- The basis for the estimated cost to complete will be defined in the preliminary scope descriptions.

Funding status

Scope of actual project(s) to be undertaken is to be determined. Funding needs will depend upon designated project scopes. The following summarizes status of funding currently available.

Federal funding earmarked	\$11.0 M	
Federal funding to be appropriated (@ 85.5472%)	\$9,409,345	
Local match requirement 10.27%	\$1,076,940	
Current funding committed (TIF + SDCs)	\$1.764 M	
Current Remaining Local Funding available (approx)	\$1.561 M	
<b>Current Total Funding available (Fed + match)*</b>	<b>\$10.5 M</b>	
Funding Gap/New funds needed		-

\* Federal funding may also be used for other URA projects.

*A. Transportation and Infrastructure***6. Transportation Construction Access Management**Project description

Provide for management of access to/from public rights-of-way during time of concurrent construction activity on multiple sites in the Central District (as was provided in Pearl District by PDOT).

Project budget & estimated cost to complete

- The preliminary estimated cost to fund one full-time staff person at Portland Office of Transportation is approximately \$100,000 annually.

Project budget estimated cost to complete assumptions

- The basis for the preliminary estimated cost to complete is the Portland Office of Transportation
- The need for transportation construction access management is assumed to span five years given development projects currently entering public review and permitting processes.

Funding status

A funding solution proposal for the identified funding gap is under negotiation among parties to the Central District Development Agreement.

Projected budget, annual	\$0.1 M	
Projected budget, five year	\$0.5 M	
Current Funding	\$0.0 M	
Funding Gap/New funds needed		\$0.5 M

*A. Transportation and Infrastructure*

**7. Transportation Management Association**

Project description

Establish a transportation management association for the South Waterfront Plan District.

Project budget estimate

- The project budget estimate to fund establishment of a transportation management association for the South Waterfront Plan District is \$3.0 million.

Project budget estimate assumptions

- The basis for the project budget estimate is the cost assumed in the November 2004 URA funding strategy.

Funding status

Projected budget	\$2.4 M	
Current Funding	\$0.0 M	
Funding Gap/New funds needed		\$2.4 M



*A. Transportation and Infrastructure***8. I-5 Macadam Ramps Project**Project description

Design and construction of improvements to I-5 exit/entry at Macadam Avenue.

Project budget estimate

- The project budget estimate is expected to be approximately \$40.0 million.

Project budget estimate assumptions

- The basis for the project budget estimate is the State of Oregon Department of Transportation in 2004.

Funding status

Projected budget	\$40.0 M	
Current Funding – OTIA (Oregon Transportation Improvements Act); requires 50% match	\$15.0 M	
Current Funding – Federal (partial OTIA match)	\$ 2.0 M	
Federal FY 2005-06 annual appropriation		
Total Current Funding	\$17.0 M	
Funding Gap/New funds needed		\$23.0 M

*A. Transportation and Infrastructure***9. Moody – North District**Project description

Design and construction of improvements to Moody Avenue, or Moody/Bond couplet, between Sheridan and Gibbs. Determination of revisions to South Waterfront Street Plan is possible pending redevelopment planning by adjacent property owners.

Note: \$800,000 is currently being expended for interim improvements to Moody/Gibbs intersections, cosmetic improvements, and infill gaps in sidewalks.

Project budget estimate

- A project budget estimate is not available until the scope of the project is determined.

Project budget estimate assumptions

- The basis for the project budget estimate will be determined when the scope is defined.
- The budget assumed to improve Moody as is to accommodate streetcar RiverPlace to Gibbs was \_\_\_\_\_. However, the streetcar was constructed on former Willamette Shore Trolley right-of-way instead of in Moody Avenue, so the improvements needed for streetcar are not needed at this time.

Funding status

Projected budget	\$ -- M	
Current Funding	\$0.0 M	
Funding Gap/New funds needed		\$-- M

*A. Transportation and Infrastructure***10. South Portal design & construction**Project description

Design and construction of improvements at the southern portal for transportation access to the South Waterfront Plan District, at the intersection of SW Bancroft Street and Macadam Avenue. Adjacent property owners are currently working together to develop design concepts. PDC expects to receive information on the concept(s) in early April.

Project budget estimate

- The project budget estimate is not yet available, pending resolution of the future design.

Project budget estimate assumptions

- The basis for the project budget estimate will be the design as agreed by adjacent property owners and the Portland Office of Transportation.

Funding status

Projected budget	\$-- M	
Current Funding	\$0.0 M	
Funding Gap/New funds needed		\$-- M

*A. Transportation and Infrastructure***11. South Portland Circulation**Project description

Long-term study and improvements to the regional transportation circulation system along state highway 26, connecting across Ross Island Bridge to I-405. Initial focus would be on Phase I as identified in the Portland Aerial Tram Report, to look at the west side Ross Island Bridgehead. For additional information see Neighborhood Improvements Project, item A.5.

Project budget estimate

- Improvements to this corridor will likely entail multiple projects and a high level of public investment.

Project budget estimate assumptions

- Improvements to this corridor will require non-local funding.

Funding status

Projected budget	unknown
Current Funding	\$0.0 M

## B. Affordable Housing

### 1. Gap Financing Estimates for First Central District Project

#### Project description

Cost to complete development of the first affordable housing project in the Central District. A two-phased affordable housing project is anticipated to be constructed above the OHSU parking garage per the Central District Development Agreement. The costs described below would include construction of the first phase (200 units) and acquisition of development capacity and structural enhancements for the second phase (200 units).

#### Project budget estimate assumptions

While there is not a specific project currently proposed for Block 33, staff were able to use the current construction cost for the recently completed Sitka Apartments as a baseline model adjusting for inflation over the next several years, the increased cost associated with higher density concrete construction, and the structural enhancements that will be necessary for building above the OHSU parking garage. The Sitka Apartments were chosen as a model because of the similar density and programming and the efficient nature of the project financing that maximized the leverage of non-PDC financing.

#### Project budget & estimated cost to complete

The estimated cost does not include construction of the Phase 2 tower.

Total Gap Funding Requirement	Phase 1 (2008)	2008 Total w/ TBD Estimates	
		low	high
Housing Construction (2004)	\$2,560,000	\$2,560,000	\$2,560,000
Concrete Premium (20%)	\$3,260,000	\$3,260,000	\$3,260,000
Inflation Impact on Gap (2008)	\$2,300,000	\$2,300,000	\$2,300,000
Parking (.5 ratio)	\$3,000,000	\$3,000,000	\$3,000,000
Air Rights (land acquisition)*	TBD	\$3,000,000	\$4,000,000
Structural Enhancements (foundation)*	TBD	\$3,000,000	\$4,000,000
<b>TOTAL</b>	<b>TBD</b>	<b>\$17,100,00</b>	<b>\$19,100,000</b>

\* The air rights and structural enhancements support both Phase 1 and 2 of the Block 33 development. The total cost of the air rights and structural enhancements for the superblock would be paid for up front, prior to Phase 1 construction.

#### Funding status

Estimated Phase 1 200-Unit Affordable Housing \$18.0 M  
Project Gap Financing based on available comps. Cost estimate includes structural enhancements and cost of air rights for Phases 1 & 2, but does not include other Phase 2 development funding.

Current Funding (includes \$850k in federal grants) \$7.0 M  
Funding Gap/New funds needed \$11.0 M

*B. Affordable Housing***2. Additional Property Acquisition**Project description

Cost for acquisition of enough site capacity to provide up to 600 additional units based on potential site acquisition opportunities:

Project budget estimate assumptions

Property in North Macadam is currently selling in the range of \$75-\$150 per square foot. The most cost effective construction type is mid-rise (5 over 1) building. Assuming this development density, a city block (approximately 40,000 square feet) would yield about 200 units. To provide capacity for the development of 600 units would require approximately 120,000 square feet of land.

Project budget & estimated cost to complete

Sites	Square footage	Cost per square foot	Total
ODOT/PDOT			\$4,000,000
Additional Site	40,000	\$100-\$150	\$4-\$6,000,000
<b>TOTAL</b>			<b>\$8-\$10,000,000</b>

Funding status

Additional site acquisition for sites to provide up to 600 additional units of affordable housing in the URA \$9.0 M

Current Funding\* \$0.0 M

Funding Gap/New funds needed \$9.0 M

*\* NOTE: There are \$10 million in funds in the forecasted FY2009/10 & FY 2010/11, but the funds are needed sooner in order to acquire land as soon as possible.*

*C. Parks and Open Space*

**1. Neighborhood Park Final Improvements – Design & Construction**

Project description

Phase I park improvements include demolition of the former Public Storage buildings, environmental cleanup, perimeter sidewalks, lawn and irrigation. Phase I improvements will be completed by July 1, 2006.

Phase II park improvements will be the permanent Neighborhood Park improvements. Phase II improvements are expected to include minimal grading of the site, limited hardscape and simple landscape improvements. Water features, retaining walls and structures (e.g. restrooms) are not envisioned as part of the Neighborhood Park improvements. All improvements will be designed for sustainability and cost effective maintenance.

Phase II park improvements will begin with preparation of a Request for Proposal (RFP) to solicit proposals from design teams for the project. Project milestones include: preparation of the RFP, public outreach planning, park programming, conceptual design, schematic design, design development, construction documentation, permitting and construction.

Project budget & estimated cost to complete

Phase I park improvements are budgeted in the FY 05-06 Revised Budget.

Phase II park improvements (permanent) are estimated at \$4.0M based on the estimate assumptions described below.

Project budget estimate assumptions

- Construction costs are estimated at \$27/s.f. for open space with limited earthwork and hardscape and simple landscape improvements; estimate does not include water features, retaining walls or structures (e.g. restrooms).
- Site size is estimated at 92,000 s.f. (2 blocks plus Pennoyer vacated right-of-way).
- Design process begins July 2006.
- Construction begins March 2008 and is completed in March 2009.
- Cost escalation is assumed in estimated construction cost according to the following schedule: index to April 2006 = 8%, index to April 2007 = 6%, index to April 2008 = 6%.
- 32% “soft costs” are assumed including Parks management, professional design fees and permits.
- Estimated costs do not include remediation of soil or groundwater contamination.

Funding status

Estimated cost to complete Phase II (permanent) Neighborhood Park Improvements	\$4.0 M
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*C. Parks and Open Space*

**2. South Waterfront Central District Greenway Development – Final Design & Construction**

Project description

Construction of the Central District Greenway will be based on the Greenway Development Plan vision accepted by City Council (December 2004). The Central District Greenway extends from Gibbs Street south to Lane Street, approximately 1300 lineal feet of waterfront. Key features of the planned Greenway include a dual trail system separating bicyclists from pedestrians, native riparian and meadow plantings and gathering and passive recreation spaces. Other improvements are discretionary based on the availability of funding resources.

The Central District Greenway design process will begin with preparation of a Request for Proposal to solicit proposals from design teams for the project. Project milestones include: preparation of a Request for Proposal, design development, construction documentation, permitting and construction.

Project budget & estimated cost to complete

The estimated cost to complete Central District Greenway improvements is \$6.0M based on the budget estimate assumptions described below.

Project budget estimate assumptions

- Site is estimated to be 1,300 feet long and over 100 feet in width (property line east to Ordinary Low Water).
- Design process begins July 2006 with preparation of a Request for Proposal for professional design services.
- Construction begins July 2007 and is completed in November 2010.
- Construction costs are based on a cost estimate prepared by Architectural Cost Consultants (January 2006).
- Cost escalation is assumed in estimated construction cost according to the following schedule: index to April 2006 = 8% and index to April 2007 = 6%.
- 32% “soft costs” assumed including Parks management, design fees and permits.
- Schematic design for the project is finished, which may allow construction to begin sooner as well as reduce the amount of soft costs.
- Estimated costs do not include remediation of soil or groundwater contamination.

Funding status

Estimated cost to complete Central District Greenway      \$6.0M

*D. Economic Development  
Job Creation Initiative*



Project description

Use PDC economic development programs to promote and develop private commercial bio-science investment related to OHSU research activities, consistent with URA Plan goals. Specific programs include:

1. Business Finance Tools – financial assistance through loans and grants (e.g. the Quality Jobs Program and Economic Opportunity Fund) to help firms grow and create jobs. Also generates program income and leverages PDC dollars with private or public funds.
2. Business Retention and Expansion – materials and services for efforts dealing with companies to assist in their expansion or for companies relocating to the urban renewal area. Major elements include retention/recruitment programs, including international recruitment and expansion.

Project budget estimate

Fund PDC economic development programs on annual basis

Project budget estimate assumptions

Assumes funding PDC economic development programs on annual basis; actual expenditures will be opportunity driven.

Funding status

Projected cost at \$.7M/year for 5 yrs to fund PDC economic development programs, including the promotion and development of private commercial bio-science investment related to OHSU research activities	\$3.5 M	
Current Funding	\$0.0 M	
Funding Gap/New funds needed		\$3.5 M

*E. New Project Starts***Strategic Property Acquisition for Disposition and Development purposes**Project description

Fund strategic property acquisition in the North Macadam URA for disposition and development purposes to further URA Plan goals.

Project budget estimate

Actual funding needs will depend on specific site acquisition opportunities.

Project budget estimate assumptionsFunding status

Projected cost to acquire site for future mixed-use development based on available data	\$2.0 M	
Current unfunded commitment in DA†	\$2.0 M	
Current Funding	\$0.0 M	
Funding Gap/New funds needed		\$2.0 M

## F. Non-project Funding Obligations

### Description

Obligation in Central District Development Agreement (“DA”) to pay OHSU \$0.50 per dollar of federal funding received over and above \$4.2M, subject to specific conditions described in the DA.

### Current budget liability & estimated cost to complete

- A total \$11.0M in federal funds was earmarked for FY2006, for a maximum \$3.4M repayment.
- The maximum possible repayment amount pursuant to the DA is \$9.0M.

### Project budget estimate assumptions

- The maximum total TIF liability under the DA is \$9.0M
- The maximum annual repayment amount is 1/3 of the amount owned per year.
- The timing of repayment is tied to Phase 2 OHSU projects as defined in the DA. No specific timing has been identified.

### Funding status

Obligation to pay OHSU \$0.50 per dollar of federal funding received over and above \$4.2M	\$3.4 M	
Current Funding	\$0.0 M	
Funding Gap/New funds needed*		\$3.4 M