

CLACKAMAS COUNTY BOARD OF COUNTY COMMISSIONERS

Study Session Worksheet

Presentation Date: 8/5/14 **Approx. Start Time:** 1:30pm **Approx. Length:** 1 hr.

Presentation Title: Willamette Falls Legacy Project

Department: Business & Community Services, Gary Barth, Director

Presenters: Gary Barth, Director Business and Community Services as staff to Commissioners Schrader and Smith who are the County representatives on the Willamette Falls Legacy Project Partners Group.

Other Invitees:

Chris Storey, County Counsel

Gary Schmidt, Director, Public and Government Affairs

Catherine Comer, Manager, Business and Economic Development

WHAT ACTION ARE YOU REQUESTING FROM THE BOARD?

Approval of a multi-agency Memorandum of Understanding (MOU) between the State of Oregon (through the Metro Regional Solutions Office), the City of Oregon City, Metro and the County which defines roles in moving forward with development on the Willamette Falls Legacy site, more specifically the public access project known as The Riverwalk.

EXECUTIVE SUMMARY:

The Clackamas County Board of Commissioners has invested \$100,000 towards the Master Plan of the Willamette Falls Legacy Project, a project to develop a "framework" plan. This investment was memorialized in an Intergovernmental Agreement (IGA) between The City of Oregon City and the County.

Efforts of this project are driven by the Four Key Values: Public Access, Economic Redevelopment, Healthy Habitat, and Historic and Cultural Interpretation. The goal of the project was to have the City and the Trustee of the Estate of Blue Heron Paper Company adopt a Master Plan for the former Blue Heron site and use that document to complete a land use application with the city and rezone the property to the appropriate use classification to implement the Master Plan. That project is largely complete. One significant change is that a private developer has acquired the site from the Bankruptcy Trustee and assumed the Trustees position in developing and adopting the Master Plan and submitting a land use application.

The proposed next phase of public engagement on the site is to secure public easements and design and develop the public space that will allow public access to the Willamette River and Willamette Falls. The State of Oregon has pledged \$5 million towards this effort contingent upon securing a "significant match" of the \$5 million in state funding through the proposed sale of lottery-backed bonds.

At a July 8, 2014 Study Session the BCC directed staff to:

1. Work with the new owner of the site and the City of Oregon City towards economic development goals for development of the site.

2. Fund lobbying efforts in partnership with Oregon City, Metro and the State to secure federal funds for The Riverwalk public access project subject to Metro and/or Oregon City obtaining easements from the property owner and PGE and subject to the terms and conditions from the state requiring a finance plan.
3. Monitor the funding efforts towards the design and engineering of The Riverwalk subject to Metro and/or Oregon City obtaining easements from the property owner and PGE and subject to the terms and conditions from the state requiring a finance plan.

This MOU would incorporate the current Board direction defining the county's role among the public partners in the next phase of the Willamette Falls Legacy Project development.

FINANCIAL IMPLICATIONS (current year and ongoing):

To-date, the County has contributed \$100,000 towards this project in the IGA with Oregon City. The funds were contributed from two-thirds Economic Development Fund and one-third Tourism Fund.

The Business and Economic Development Department has currently reserved \$500,000 in economic development funds to be used for this purpose subject to Board direction and approval of use.

This MOU memorializes the County's commitment to contribute \$100,000 in FY 2014/2015 to fund lobbying efforts using the county's contract lobbyist. The county will pursue federal funding support for the Riverwalk project and other public investments on the site to optimize private sector capital investment and create high wage traded sector jobs. None of the remaining \$400,000 has been committed to a specific project.

LEGAL/POLICY REQUIREMENTS: N/A

PUBLIC/GOVERNMENTAL PARTICIPATION:

The Master Plan effort has had significant public engagement.

OPTIONS:

1. Approve MOU
2. Reject MOU
3. Propose modifications to the MOU for Partner consideration
4. Do not take action at this time

RECOMMENDATION:

Approve MOU so Metro can aggressively pursue public easements in an effort to meet the Governor's "financial approval" deadline and so that the county can show unified public agency support for federal funding lobbying efforts

ATTACHMENTS:

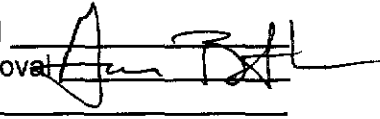
MOU between Oregon City, Clackamas County, Metro and State of Oregon
MOU Red-line version
Cost Estimate Process Documentation

SUBMITTED BY:

Division Director/Head Approval

Department Director/Head Approval

County Administrator Approval

A handwritten signature in black ink, appearing to be 'A. T. H.', is written over three horizontal lines. The lines correspond to the approval categories listed to the left: Division Director/Head Approval, Department Director/Head Approval, and County Administrator Approval.

For information on this issue or copies of attachments, please contact
Clackamas County Economic Development 503-742-4329

Willamette Falls Riverwalk
MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding (“MOU”), entered into _____, 2014, is by and among The State of Oregon, through its Portland Metro Regional Solutions Office and its Parks and Recreation Department (together, the “State”), The City of Oregon City (“Oregon City”), Clackamas County (the “County”), and Metro (“Metro”) (each, a “Party” and collectively, the “Parties”).

~INTRODUCTION~

The Parties recognize that in order to spur redevelopment of the complex former Blue Heron paper mill site, the critical first investment is in a Riverwalk that provides public access to Willamette Falls. According to studies conducted by the Parties as part of the larger master plan and rezoning for the site, the Riverwalk will create new catalytic value on the property, attract visitors and visibility to downtown Oregon City, and create the necessary conditions for redevelopment. This will create regional economic impact that will catalyze traded sector activity and a place for new jobs and opportunity. This MOU documents the shared commitment of the Parties to the design and construction of the Riverwalk to provide public access to the natural wonder and historic qualities of Willamette Falls.

In 2013, the State of Oregon enacted Senate Bill 5506 (SB 5506), committing \$5 million in lottery-backed bonds to provide public access to Willamette Falls, pending a credible “finance and development plan” by local partners for completion of the project (to be referred to as the Riverwalk), a design for “a public access project along the Willamette River and the Falls, and acquisition of “a property along the “riverfront portion” of the property, such as an easement for the Riverwalk (SB 5506 §11). SB 5506 requires these conditions to be met no later than March 31, 2015, as described in the Memorandum of Understanding among the Parties dated May 16, 2013.

This MOU establishes the shared understanding among the public partners of the history of the project, the goals and fundamental expectations of the Parties, and the roles and responsibilities regarding the Riverwalk project, so that the Parties can meet the timeline set by SB 5506.

~SHARED HISTORY~

The current Riverwalk project phase follows a successful partnership which began in the summer of 2011, and resulted in significant due diligence, a land use master plan and a separate vision report for the entire Blue Heron site. The Parties recognize that while the site presents enormous opportunity, it also presents enormous challenges, which will require the strong partnership they have built and the public collaboration to continue. The vision for the site is based on four core values, which remain the guiding principles for the site and the Riverwalk project: public access, historic and cultural interpretation, economic redevelopment, and healthy habitat. This section describes the contributions of each Party to date, and any specific aims or

objectives of that Party with regard to the Riverwalk or the site, in addition to the four core values.

1. Oregon City

- Partner of this project because of need to address the vacant industrial property in its community to reduce barriers to acquisition and facilitate redevelopment opportunities
- Committed significant staff time to due diligence process, and led on the land use master plan process, which will result in rezoning of the site and creation of opportunity through updated zoning upon adoption of the land use master plan (specifically known as Master Plan CP 14-02, Zone Change and Text Amendment ZC 14-03, Comprehensive Plan Amendment PZ 14-01)
- Managed contractual agreement with bankruptcy trustee regarding the land use master plan process
- Commission has approved \$100,000 to the project annually for 10 years
- Identified one-time capital investment that could be used for Riverwalk project

2. Clackamas County

- Partner in this project because the County has a historical and heritage interest in this site and is focused on economic development and the opportunities for tourism development
- Oregon City is the County Seat and Clackamas County takes great pride in where it lives and works
- Supports job creation and economic vitality for Oregon City and in this ongoing partnership is anticipating job "re-creation" of traded sector industries on the site
- Primary goals: economic development and tourism development expanding the Mt. Hood Territory
- Funded \$100,000 to master plan efforts and federal lobbying efforts, 2/3 from economic development funds and 1/3 from tourism funds

3. Willamette

- Partner of this project because of the 2006 Natural Areas Bond objectives in the Willamette River Greenway target area, which includes rare and unique habitat and public access goals, as well as the designation of Oregon City as a Regional Center
- Public access to Willamette Falls is a once in a generation opportunity
- Led and contributed over \$450,000 to due diligence on the site before the initial bankruptcy bid deadlines, including environmental assessments, boundary survey, appraisal, title research and analysis, and structural and historical investigations
- Funded \$300,000 Community Planning and Development Grant and \$100,000 of Natural Areas program funds from Metro, as well as significant staff time, to the land use master plan process

4. State of Oregon

- Willamette Falls has natural significance and is part of the larger historic and cultural area
- Aims to preserve access to natural features, create community access to recreation and economic opportunities on site
- Public access to the Willamette Falls and Willamette river enhances the objectives of the Willamette River Greenway program
- Provided technical assistance on the land use master plan
- Arranged and funded photo documentation of the site shortly after the bankruptcy
- Provided valuable historic coordination and consultation through the State Historic Preservation Office
- Regional Solutions Center designated this a "Regional Priority" project, assigning support from DEQ, Business Oregon, and other state offices
- Instrumental in identifying \$5 million capital investment
- \$65,000 Brownfield grant through Business Oregon to support the environmental assessment of the property

~RIVERWALK PROJECT

Throughout the Riverwalk project, the Parties are committed to working together to achieve the following goals or outcomes for the project:

1. Public Ownership of the Riverwalk easement
 - Metro and Oswego City are willing to serve as owners of the Riverwalk
2. Location of the Riverwalk
 - The Riverwalk shall generally adhere to the edge of the Willamette River with unobstructed views of the river approximately as depicted in the land use master plan with some flexibility as specific design challenges or opportunities arise

Habitat

The Riverwalk must include riverbank restoration/stabilization to be eligible for natural areas bond funds through Metro and other funding sources.

4. Compliance with Federal Requirements
 - It will be important to maintain eligibility for federal funds and to adhere to important federal requirements, such as disability access
5. Private Contribution
 - Through the creation of the Riverwalk, the public sector will be introducing value to the overall site. This benefits private ownership of the site and thus:

- Private owners should not benefit unduly from public investment in the Riverwalk without making a comparable investment in the development of the overall site
- Given the creation of value through public investment, the Riverwalk Easement should be acquired from the owner as a willing conveyer at least cost to the public

6. Public Finance Plan

- Provision of the \$5 million in lottery bonds from the State is contingent upon Metro, the County, and the City demonstrating their ability to support the Riverwalk project by raising the funds necessary for the project from any number of sources, which may include city, county and regional governments, federal agencies, grants, donations and private investment
- The public finance plan will separate planning costs from capital management costs
- The parties are committed to controlling costs to get the best value for public funds
- The investment of public funds in the Riverwalk will be used for public benefit and not to subsidize private development, though recognizing that the private sector will benefit from the Riverwalk project

7. Maintenance

- The Parties recognize that a funding strategy must include a plan for ongoing maintenance of the Riverwalk for the future, including upkeep and security
- No public finance fee will be required for access to the Riverwalk. The Parties believe that the following are among the appropriate sources of revenue to pursue for ongoing operations:
 - Commissions from private businesses adjacent to the Riverwalk that benefit from its value
 - Cost recovery from special events
 - Secondary proceeds from the patrons/visitors who will use Riverwalk (such as parking, concessions, etc.)
 - Government contribution
- The owners of the site should have a stake in maintenance and operations of the Riverwalk project

8. Amenities & Programming

- The Riverwalk development should be an exceptional destination that reflects the site's unique character and draws visitors and investment opportunities from around the world
- Maximize hours of public access
- Programmed to catalyze economic development

9. Design Elements

- Design components start with concept in the vision document and land use master plan
- Include significant historic and cultural interpretation
- Provide opportunities and facilities for recreation
 - Connection to fishing, boating, kayaking, etc.
 - Walking and biking
 - Connections to regional trails and open spaces
 - Parking and restrooms
- Integration with and catalytic to private development
- Connection to historic downtown

~ROLES~

To help meet the spring funding deadline for the state's \$5 million in lottery-backed bonds, the Parties commit to the following roles, each with the support of or in collaboration with the other Parties. Some roles are not included, though they may be necessary, such as which Party will take the lead on the design and engineering for the Riverwalk. This is because the terms of this MOU will facilitate the acquisition of a Riverwalk easement and confirm other resources which will allow further definition of these roles. The Parties commit to revisiting the question of which Party will lead the design and engineering for the Riverwalk, and other essential issues, as they arise.

Each of the parties will make contributions of staff support. All parties share the responsibility for raising funds in accordance with the Public Finance Plan described in Paragraph 6 of *Riverwalk Project* section, above). Those in the lead in any area will report back to the Partners on the status of their work and seek support on key decisions.

1. Oregon City

- Develop future operations, regulatory and maintenance plan for the Riverwalk

Metro

- Negotiate to obtain an easement for the Riverwalk from the owner (the "Riverwalk Easement")
- Develop an overall fundraising strategy for the remaining estimated costs of the project
- Pursue an additional easement agreement from Portland General Electric to provide additional public access to the Falls (the "PGE Easement")
- Lay the groundwork to help launch a "friends" group to provide non-profit support for the Riverwalk project

3. County

- Bring its lobbying capacity to the table, both locally and federally using existing contract with lobbyist to pursue federal support of the Riverwalk, in accordance with the overall fundraising strategy
- Help to obtain the PGE Easement

4. State of Oregon

- As requested by the Parties, in accordance with SB 5506, State Parks will take the lead on designing a process for tribal involvement in the Riverwalk project and its interpretation

IN WITNESS WHEREOF, and by the authority granted in ORS 190.910, whereby units of local government may enter into agreements with units of local government agencies of this state for the performance of any or all functions and activities that the parties to the agreement, its officers, or agents have the authority to perform, the parties have executed this MOU as of the date first written above.

CITY OF OREGON CITY

METRO

David M. Frasher, City Manager
Officer

Martha J. Bennett, Chief Operating

CLACKAMAS COUNTY

STATE OF OREGON, through its Portland
Metro Regional Solutions Office

Don Krupar, County Administrator

Bobby Lee, Director

STATE OF OREGON, through its
Parks and Recreation Department

Name:

Title:

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3. Habitat

- The Riverwalk must include riverbank restoration/stabilization to be eligible for natural areas bond funds through Metro, ~~among~~ and other ~~things~~ funding sources.

4. Conform with Federal Requirements

- It will be important to maintain eligibility for federal funds and to adhere to important federal requirements, such as disability access

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 - ~~government~~Government contribution
- The owners of the site should have a stake in maintenance and operations of the Riverwalk project

8. Amenities & Programming

- The Riverwalk ~~should offer “World Class” public access to create a character-defining place~~development should be an exceptional destination that reflects the site’s unique character and draws visitors and investment opportunities from around the world
- Maximize hours of public access
- Programmed to catalyze economic development

9. Design Elements

- Design components start with concept in the vision document and land use master plan
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2. Metro

- Negotiate to obtain an easement for the Riverwalk from the owner (the "Riverwalk Easement")
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[Remainder of page left blank—Signatures follow on next page.]

DRAFT

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CITY OF OREGON CITY

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David M. Frasher, City Manager
Officer

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CLACKAMAS COUNTY

STATE OF OREGON, through its Portland
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Don Krupp, County Administrator

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STATE OF OREGON, through its
Parks and Recreation Department

Name:

Title:

July 30, 2014

Christina Robertson-Gardiner AICP
Planner
City of Oregon City
Community Development Division
221 Molalla Avenue
Oregon City, Oregon 97045

Re: Willamette Falls Legacy Project Cost Estimate

Dear Christina:

Between January and March of 2014, Walker Macy, consultant team leader for the Willamette Falls Legacy Project, worked with our team mates Turner Construction, GBD Architects and KPFF Consulting Engineers, to develop a preliminary cost estimate that tests and validates the site improvements proposed in the Willamette Falls Vision Plan document. This effort included several detailed work sessions and careful analysis of typical costs used by Turner, to ensure that they reflect current realities in the regional construction market. The new owner of the site was not involved in this process but has been provided with a copy of the estimate.

The costing exercise evaluated Walker Macy's three demonstration plans and, while primarily focused on "Demonstration Plan A", can actually be seen as a careful assessment of the costs to construct a hybrid of the three plans, depending on the results of more detailed designs at subsequent stages of this project. The resulting estimate takes into consideration a variety of non-overlapping site features represented across the unique demonstration plans and primarily includes public space and infrastructural improvements.

Taking a conservative approach, the final figure assumes the maximum amount of demolition, earthwork and circulation infrastructure represented in the demonstration plans. Further, the cost reflects a phased approach to development that includes interim safety, access and parking requirements required for implementation. Costs not reflected include bonding, engineering and design fees, permitting, utility labor, system development charges and testing/inspection. The estimate also does not include the costs of constructing private buildings and other development on the site.

The numbers produced as part of this costing exercise have been incorporated into Page 69 of the Vision Plan Report. These numbers will be further refined as the Riverwalk and subsequent development proposals move forward into the design phase.

Please let me know if you need further clarification about our process for this exercise.

Thank you,

Ken Pirie
Senior Associate
Project Manager

cost projections

Redevelopment activity at the site, as noted earlier in this document, will require public-private partnerships to help deliver key site development improvements. As part of evaluating the viability of potential public investment at the site, order of magnitude costs have been calculated for the following development-supportive public infrastructure projects:

Cost Projections (2014) for Selected Public Project Categories

RIVERWALK

Riverwalk Trail (incl habitat restoration)	\$17-\$20 million
Canemah Trail	\$6-\$7 million
Dam Walkway	\$2.5-\$3 million
Clarifier Removal	\$1-\$2 million

TOTAL **\$26 - \$32 million**

PUBLIC SPACE (Blocks 3&4)

TOTAL **\$15-\$18 million**

MILL E IMPROVEMENTS*

Alternative 1	\$9-\$12 million
Alternative 2	\$7-\$8 million
Alternative 3	\$4-\$5 million

* Note: Mill E projections include some private redevelopment costs.

STREETS (Including Utilities)

Water Ave and Hwy 99 Intersection	\$1.1 - \$1.5 million
4th Street	\$700k - \$1 million
Main Street between 5th & 4th (incl intersection)	\$1.8 - \$2.2 million
3rd Street	\$800k - \$1 million
Main Street between 4th & Hawley Building	\$4.8 - \$5.2 million
Main Street Turnaround/Plaza	\$2 - \$2.5 million

TOTAL **\$11 - \$13 million**

OFF-SITE TRAFFIC IMPROVEMENTS

TOTAL **\$4.5 - \$6 million**

GRAND TOTAL **\$65 - \$80 million**



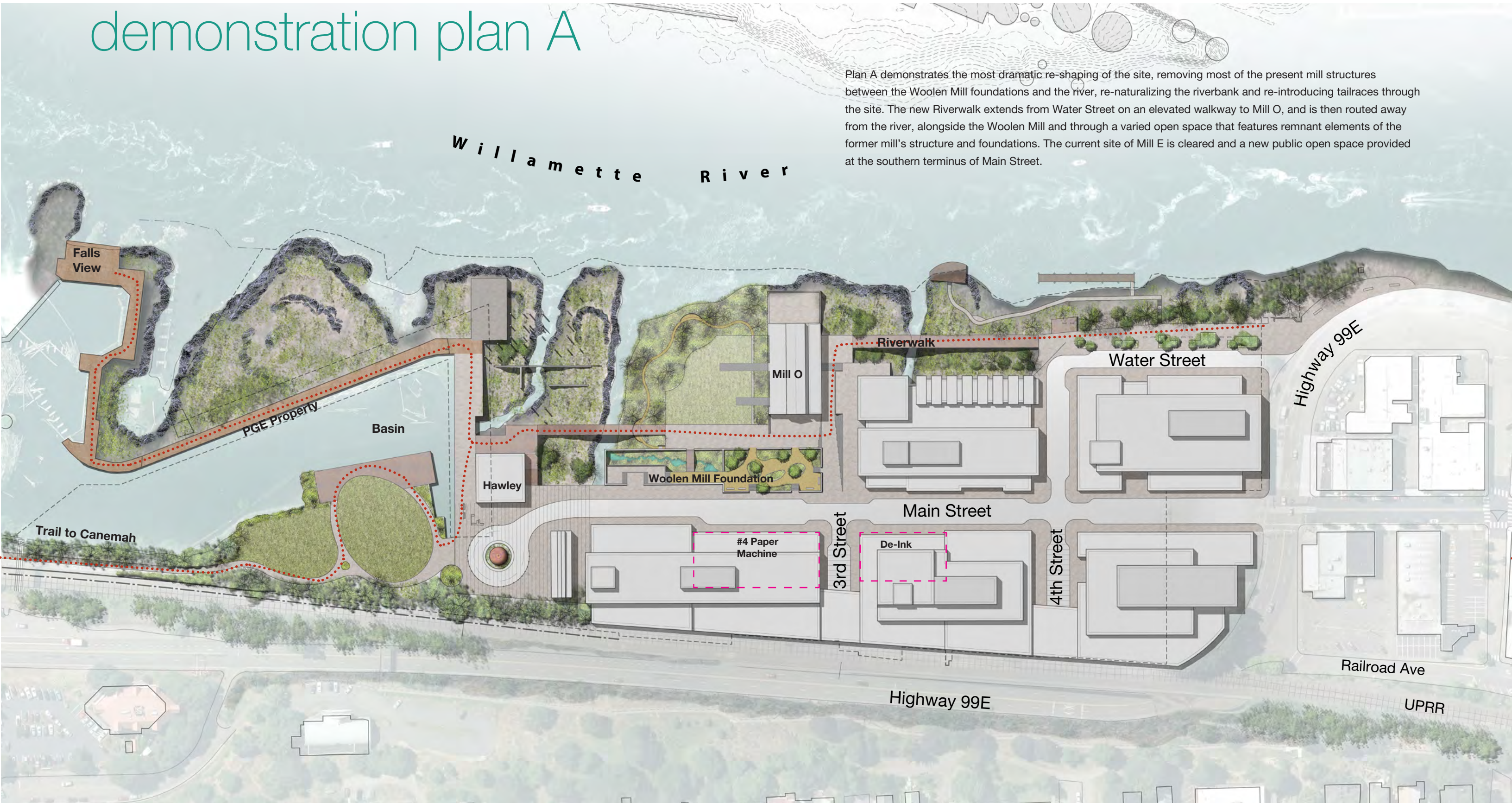
The City of Corvallis once turned its back on the Willamette riverfront, but the formerly neglected 1st Street is now thriving with a farmer's market and year-round festivals. New businesses have adapted buildings to face the new riverfront park and trail and a new hotel is under construction.



Percival Landing is a waterfront park in Olympia, built in phases over the last 30 years. The most recent phase, above, replaced a tank farm with open lawn, a waterfront walk and pavilions. With year-round activities, the park has attracted over \$20 million in new investment in nearby blocks.

demonstration plan A

Plan A demonstrates the most dramatic re-shaping of the site, removing most of the present mill structures between the Woolen Mill foundations and the river, re-naturalizing the riverbank and re-introducing tailraces through the site. The new Riverwalk extends from Water Street on an elevated walkway to Mill O, and is then routed away from the river, alongside the Woolen Mill and through a varied open space that features remnant elements of the former mill's structure and foundations. The current site of Mill E is cleared and a new public open space provided at the southern terminus of Main Street.



ASSUMPTIONS

General

- 1 Estimate is based primarily on Walker Macy's "Demonstration Plan A", site utility information provided by KPFF on 01/24/14 and Willamette Falls Legacy Project Site Stabilization and Building Assessment Report by Shiels, Oblatz and Johnsen et. al. (Jan. 2013).
- 2 General Liability and Builder's risk insurance is included.
- 3 We have included Subguard (Subcontractor Default Insurance)
- 4 We have included a 20% design/estimating contingency.
- 5 We have included a 10% construction contingency.
- 6 We have included 7.5% for escalation (approximately 1.5% per year for five years.)
- 7 Costs NOT included:
 - a. Payment and Performance Bond
 - b. Engineering & Design fees
 - c. Building permits, fees, utility connection costs or railroad fees.
 - d. Costs associated with work performed by utility companies such as electrical, water and gas
 - e. System Development Charges (SDCs)
 - f. Testing and Inspection

Sitework

- 1 We assume the primary street ROW to be 68 feet wide and includes 12 feet of sidewalk on each side of the roadway. Secondary street ROW assumed at 60 feet wide with 12 feet of sidewalk on
- 2 We have included landscaping and trees along the streets.
We have included primary retaining walls from the Woolen Mill foundations to the Hawley Building,
- 3 from the north end of the Woolen Mill foundations to the water front and approximately 200 lineal feet along the Union Pacific Railroad tracks at the Warehouse Buildings.
- 4 We have included removal of the railroad track spur from the PGE dam south up the river to the end of the property.

Building Demolition

- 1 We have included demolition and salvage of all of the onsite structures including their foundations.
- 2 We did not include preservation of any of the structures that have been identified as potentially having historical significance.
- 3 We included removal of the clarifier structure.

Site Remediation and Boiler Removal

- 1 We included the estimate for the demolition of the boilers (\$1,000,000) as noted in the 2013 Willamette Falls Legacy Project Site Stabilization and Building Assessment Report
- 2 We included the estimate for hazardous soil removal (\$200,000) as noted in the 2013 Willamette Falls Legacy Project Site Stabilization and Building Assessment Report

Waterfront Development

- 1 We included 80% of the waterfront areas to be landscaped with the balance of the area as pathways and boardwalks.
- 2 We included boardwalks, pedestrian "bridges", the esplanade and boat dock along the river front.

- 3 We included the continuation of the trail system through the site including the Trail to Canemah.
- 4 We have included shoreline restorations.
- 5 We have included the restoration of the three tailraces.
- 6 We have included monies for modifying the dam to increase circulation of the lagoon water.
- 7 We have included enhancement of the grotto.

Offsite Improvements

- 1 We have included two traffic signals. One located at the intersection of Hwy 99 and Main St. and the other located at Hwy 99 and 6th St.
- 2 We included removal and replacing the roadway on Hwy 99 from the tunnel to 7th St.
- 3 We included landscaping and street trees along the south side of Hwy 99E roadway.

Additional Considerations

There are several areas on the site that need specific additional investigation. We have not accounted for these conditions in the estimate. These areas include:

- a. The extent of the symbiotic relationship between the Warehouse Buildings and the trestle support for the Union Pacific Railroad lines.
- b. A determination needs to be made as to which of the existing spur lines adjacent to the main line will remain (if any).
- c. The extent of the integration between onsite structures and the PGE dam.
- d. A final determination of which structures need to be preserved or renovated due to historical significance.

Soft Costs NOT Included

Payment & Performance Bond
Design & Engineering Fees
FF&E Equipment
Building permits & fees