

BURNSIDE BRIDGEHEAD CITIZENS ADVISORY COMMITTEE
Committee Meeting
January 15, 2008
Session Notes

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**BBHCAC Members in Attendance:** Jim Andrews, Norm Chusid, Lynne Coward, Frank DuFay, Joni Hartman, Tim Holmes, Bruce Murray, Kia Selley, Chuck Willis, Bob Wentworth, Michael Whitmore.

**Ex Officio CAC Members in Attendance:** Brian Bennett, Bruce Wood (Opus Northwest); Kia Selley (PDC Project Manager).

**Other PDC Staff in Attendance:** Trang Lam, Bruce Allen.

**Others in Attendance:** Christina Baldwin, Peter Burchin, Lois Cohen, Lee Perlman, Mike Delman.

**Facilitator:** Sue Dicile.  
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Note:

"Q" = CAC member question

"A" = an answer contributed by the previously noted presenter, unless otherwise noted

"C" = CAC member comment unless otherwise noted. (Public comments are noted in separate sections)

The meeting convened at 3:00 pm.

PUBLIC COMMENT

There was no opening public comment.

ADMINISTRATION

Review of December 11, 2007 Meeting Notes

- The notes were adopted without revision.

PROJECT UPDATE

Kia Selley provided the update. She noted that the PDC board presentation date may be rescheduled. She stressed that this is a briefing to the Board on the completion of the seven key action items. No board action on the Burnside Bridgehead project is scheduled.

Selley overviewed the staff report. She noted that PDC staff, in its report to the Board, recommends the following:

- Proceed with predevelopment activities to make the site shovel-ready, including demolition of buildings on the site.
- Focus efforts to implement the eastside Burnside/Couch couplet and Portland Streetcar.
- Continue to market the project to prospective tenants, which could include office/corporate headquarters or retail anchor to lead the development, but be patient as real estate market conditions evolve to maximize the site's opportunity and preserve the project vision.

Selley recapped the status of the seven key action items, which was presented at the 12/11/07 CAC meeting. *(For details, please see the notes from the 12/11/07 CAC meeting and the draft Staff Report to the PDC Board distributed at this meeting.)*

The complete Burnside Bridgehead Market Assessment was distributed. (A summary was made available at the 12/11/07 CAC meeting.) Updates since the 12/11/07 meeting included:

- The Fiscal Year 2008/09 budget does not include affordable housing funding for the BBH project.
- Opus is working with a new retail broker at CBRE, Marc Strabic.
- There is no anchor tenant yet. An anchor tenant will help drive project design, including the prospects for housing.
- Selley emphasized that PDC is not considering revisiting the "big box" prohibition at this time, and that she wishes to dispel any mistaken notions from the discussion at the 12/11/07 CAC meeting and other public meetings where the Bridgehead project has been discussed.

- She noted that PDC's approach is that if a large format or destination retailer that may be complimentary to the Central Eastside community is interested in the site, PDC will discuss it with the community before having any discussions about removing the big box prohibition.
- Bennett reiterated that Opus is not actively seeking a big box tenant, although they have spoken with large format retailers. He stressed that Opus will clear any serious discussions with PDC in advance. He noted that the big box retail idea emerged as a discussion item at the Developers Roundtable, as one among many ideas presented. Selley requested that CAC members direct any questions about this to PDC because it is a very sensitive topic. Wood stated that a report on this issue in the Southeast Examiner was not accurate.
- Bennett overviewed a letter to Selley dated 12/20/07 detailing Opus's tenant search efforts. (*For details, see the letter distributed at the meeting*)
 - Initiated discussion with potential tenants including:
 - A hotel (non-competitive with the convention hotel);
 - A cultural use (Selley clarified that this is a type of museum.);
 - 100,000 sq ft retailers;
 - 100,000 corporate headquarters.

Q: How big does the anchor tenant need to be, and how many stories would result?

A: 150,000 sq ft, or 100,000 sq ft with a 50,000 sq ft additional tenant or two 25,000 sq ft additional tenants would provide critical mass. Given the footprint being contemplated, about 5 or 6 stories.

Questions on Commission board report

Q: On page 3, third dot up, "Since the site is isolated, the development will need to have a mix of development uses that will change the perception of the area.": What is meant by a "changed perception of the area"?

A: That is from Jerry Johnson's market assessment. The site has barriers on either side, including the traffic on MLK, the I-84 ramps to the north, and the river to the west. These are psychological barriers to shopping on the east side. Also the Burnside Bridge is a barrier – people are not inclined to walk underneath bridges. So, the project needs a mixed-use development that serves all the uses because in the near term people won't cross these perceived barriers for services, although this will change as people's perception of the area changes.

Q: Then can we change the way it is framed, to "the perception of the site" and not "the area"?

A: Yes, that would be more specific and perhaps more accurate.

Q: Is Jerry Johnson from Portland?

A: Yes – he is a principal of Johnson Gardner as well as an adjunct professor at Portland State University. He is very well respected within the real estate development community.

Q: In attachment D, page 2, it states, "access to regional transportation (via most freeways and Light Rail Transit) is inconvenient", but that isn't really the case. Access to I-84 is very convenient.

A: The freeway reference is to I-5.

C: The language in the report should be modified to be more positive. Traffic can be a barrier, but it is also an attractive feature to retailers.

A: (Bennett) The purpose of the market report was to be "unbiased".

C: But it is not unbiased. Residents of this area and eastsiders don't agree.

C: Perceptions need to be corrected. The things that are represented in the report as negatives can be viewed from a different perspective, which would turn the perspective around.

A: In our presentations, we do focus on the positive aspects of the site, such as the potential of using the site's isolation to create identity.

C: We want to avoid inwardly focused development, for example Lloyd Center.

A: That is why the Burnside-Couch couplet is so important, to provide an urban-style streetscape that extends the fabric of the Central Eastside into the redevelopment.

C: It gets back to perception. The Convention Center had similar constraints. The architects for the project used the twin lighted towers, that read all over the City, to act as beacons. It doesn't feel isolated.

CAC ROUND ROBIN

The facilitator asked CAC members to weigh in round-robin as to whether they support the staff recommendation, and if “yes” why they support it, and if “no” why they do not support it and what other option they would suggest and why.

CAC member	Support for Proposal	Remarks
Jim Andrews	“Yes” to shovel-ready and patience. “No” to certain retail and office use	I am frustrated. The Central Eastside has worked hard to maintain its character. Cleaning the site and getting it shovel-ready is good, but I am afraid we won’t be patient and will end up with uses that are anathema to what the Central Eastside is trying to do. There is great creative energy emerging in the Central Eastside and there should be flex/creative spaces in this project for this type of use.
<p>Bennett noted that a major tenant is needed first, and then the project can be designed for flex space and small retail that provides flavor. Flex space in new developments may require subsidy. They are usually in old buildings because the space is less costly.</p> <p>Selley noted that PDC also sees the Central Eastside as a magnet for green industry and is looking to create incubation-type space. An anchor is first needed to better understand costs, then the subsidy discussion could be revisited.</p> <p>Q: Was a statement made at the Buckman meeting that flex space had been eliminated from this project? A: (Selley) The discussion on that issue occurred here at the CAC, that the difficulty for flex space is the economics of new construction. A: (Bennett) This is why the CAC is so important to this project. The point about retaining creative energy is good. We should expand on the Johnson report, which did not include flex space.</p>		
Joni Hartmann	Cannot support the full loss of housing	There have been some good first steps on this project. But I can’t support the full loss of housing. I would like affordable housing to remain on the table.
Frank Dufay	Does not support this direction.	Although we are being asked to have patience, I am impatient. It seems like we are back to the beginning. We should consider discussing the project with other developers. There’s a lack of the original mix. I can’t support losing housing and flex space.
<p>The facilitator noted that members seem to be reacting to the 3 bullet-points in the staff recommendation (pages 1 & 2), which only address shovel-ready, focus on couplet and streetcar, and marketing to office, large format retail and corporate headquarters, but do not include any of the “local flavor” components like small retail, creative space and housing. Several CAC members expressed agreement. Selley agreed to modify the Board report to note that the project approach of securing an anchor office or retail tenant, instead of starting the development with residential condominiums, has changed due to the real estate market but that the development program has not changed at this point.</p>		
Bob Wentworth	Supports the recommendations in general	I am glad that we are not throttling back on the significance of the development. We need to give the developer leeway to respond to the market, within guidelines, and for them to get somebody who will write a check.
Bruce Murray	Supports the proposal	I agree on the need to respond to the market. We need an anchor and today the condo project can’t be financed. We are talking about dense space with parking, in which low-income housing and flex space will only be viable if subsidized. I agree with PDC and Opus to keep the project active, visible and ready. The couplet, when complete, will enlarge perception of the site.

CAC member	Support for Proposal	Remarks
Chuck Willis	<p>Supports shovel-ready, focus on couplet and streetcar, and the need for patience.</p> <p>Concerned about the mix of tenants.</p>	<p>It feels as though the project is being rushed. It is worth taking the time to insure we find an anchor tenant that is consistent with the Central Eastside.</p>
Norm Chusid	<p>Supports shovel-ready.</p> <p>Would like to see aggressive marketing</p>	<p>I don't think enough due diligence was completed prior to the proposal submittal. I feel that we should not be discovering these issues for the first time, and that more should have been accomplished. I am concerned about the way the project is evolving. It isn't what the area deserves and needs. I am concerned that nothing will happen for two years, and that an incompatible development will move forward. There needs to be willingness to take more risk. Opus needs to seek tenants in a different way, have strategic tenant pursuits.</p>
<p>Bennett noted that to finance the project it is necessary to have a commitment from a tenant for a significant amount of square footage. He agreed with the point about project marketing, and noted that Opus is working with CBRE to create a marketing package.</p>		
Mike Whitmore	<p>Does not agree with the recommendation. Believes the project should be rethought, including going back to the community with "new market realities."</p>	<p>We need to think outside the box. If an anchor tenant is the only way to succeed, then perhaps we can find an exciting anchor (e.g. Pike Street Market), or a collection of smaller tenants more compatible with the eastside vision. I am concerned the project is evolving away from the vision and we are settling for a project focused on a big office or retail anchor. Maybe we need to rethink the project scale, (The lighted towers on the Convention Center were offered as an example of a way to represent presence and scale) and approach it in a different way. We may be trying to impose something on this site that it isn't suited to.</p>
<p>There was general discussion about whether a farmer's market might be a component, although it was noted that it would not bring the financial viability the project needs.</p>		
Lynn Coward	<p>Supports patience for the right project.</p>	<p>The spirit of the site and district needs to be present even in the anchor tenant.</p>
Tim Holmes	<p>Supports patience for the right project.</p>	<p>I agree we should preserve the spirit of the site, but fear that it may be lost. I believe the "warts" of the site are highlighted in the board report over the unique spirit and assets of the site. I want to see in the opening of the report that PDC and Opus are working to maintain the character of this site. The challenges are:</p> <ul style="list-style-type: none"> - Project guidance. - Project direction. - Communication and marketing. <p>The market assessment is written with a westside perspective, but eastside people don't want a westside project. The project should be a transition between west and east. What we see in the recommendation is shopping and suits. Also, give consideration to other approaches, for instance, can we consider use of URA workforce moneys to subsidize housing?</p>
<p>Bennett noted that a lot of the discussion has surrounded the reports, but that it should not be extrapolated that the site is "bad". There are a lot of very positive things going for the site, which the report also points out. He agreed that we need to be patient and find the "right" anchor tenant for the site, which is one that is well-suited for the Central Eastside.</p>		

PUBLIC COMMENT

Lee Perlman: If you wish to offer a clarification on the last Bridgehead article, you can do so at examiner@inseportland.com. If you wish to offer clarification please be specific.

Christina Baldwin: As a real estate agent with the firm Market Contractors I see positives about the site's spirit. The public might be a good source of feedback about how to capture the spirit, for example hold a contest about what people are looking for there.

Mike Delman: What's the target for affordable housing? Wasn't the 85 units in flux if the Columbia Sportswear option was valid?

(Selley): The current number of units in the development program is 85 units affordable at 55% MFI. The district has money for affordable housing, which can be spent anywhere in the district, but must follow the "affordable set-aside policy". We want to integrate affordable with market rate housing, but if we are unable to do this at the Bridgehead, there will be opportunities elsewhere in the district such as at the former Washington Monroe High School campus.

Peter Burchin: Interesting concept that there is a difference between the east and west sides. I am here because I'm scouting for a hotel developer. We could change the nature of the building, for example the types of construction, to suit the neighborhood.

UPCOMING DATES

Selley stated that the Board report will be updated for the February meeting, and will be available to the CAC after it is distributed to the Board. *(Please visit the following link for the February 27th Board agenda and documents: http://www.pdc.us/about_pdc/agenda/2008/0227.asp)* She noted that a CAC meeting will be held in March if there is new information to discuss, otherwise a project update on the Board briefing and other project activities will be issued. Selley thanked the CAC for their participation and input.

In response to a question, Selley noted that the original proposal and the workshop products are posted online at the Central Eastside home page in the archive section.

PRIMARY OUTCOMES AT THIS MEETING

No actions were taken by the CAC. Please see above for individual CAC member perspectives on the staff recommendations presented at this meeting.

The meeting adjourned at 5:00 pm.

Handouts distributed at this meeting:

- Market Assessment, Burnside Bridgehead Project: A Mixed Use Development Site in Portland, Oregon (December 2007),
- Draft Report to the PDC Board of Commissioners
RE: Burnside Bridgehead – Completion of Key Actions (Includes staff recommendation).
- Letter from Brian Bennett, Opus Northwest to Kia Selley, PDC - dated 12/20/07.

Respectfully submitted by facilitator.

If you have comments about the notes from this meeting please direct them to the facilitator at 503-287-9345 or sdiciple@aol.com