

# **\$10 million Funding Request for Willamette Falls Riverwalk**

**Source:** Lottery-backed bonds, general funds, or other appropriations

**Purpose:** Later-phase construction of Riverwalk and critical infrastructure

## **Accomplishments to Date**

In 2013, the Oregon Legislature authorized the issuance of \$5 million in lottery bonds (Senate Bill 5533-A) to help fund the public Riverwalk portion of the Willamette Falls Legacy Project (see attached for details). The funding will provide assistance for land acquisition, site improvements, and rehabilitation and enhancement of the area around and including Willamette Falls. The issuance of bonds was conditioned on achieving certain requirements set forth in the bill.

To achieve these requirements, project partners (State of Oregon, Metro, Clackamas County, Oregon City) signed a memorandum of understanding outlining roles for the design, engineering, construction, operation and maintenance of the Riverwalk. The Oregon City Commission approved a master plan for the site in November 2014, converting the property from industrial to the Willamette Falls Downtown District. The master plan and vision were fully embraced by the property owner, Falls Legacy, LLC.

The Partners have met the requirements set forth in Senate Bill 5533-A, including easement agreements with Falls Legacy and Portland General Electric, and securing a significant local match. On December 29, 2014, the Governor's Office approved the project's financial plan, and the State's \$5 million commitment has been used to leverage a \$6.75 investment million from local sources.

With this funding secured, the partners issued a request for proposals for the first phase of the Riverwalk project. Fourteen proposals were submitted and in March the selection committee narrowed the field to three with final interviews set for May. The winning team will deliver schematic design and a construction plan for the Riverwalk as part of an integrated plan for the entire site and move forward with construction for the first phase of the Riverwalk upon completion of the design phase.

## **Willamette Falls Legacy Project - Economic Impact**

Although the Riverwalk will be tremendously valuable as a stand-alone public amenity, it's also the key driver of the larger Willamette Falls Legacy Plan. ECONorthwest conducted an analysis of projected benefits of public access to the falls via the Riverwalk and its impact on private development at the site. Along with 640,000 – 835,000 gross square feet of new development comprised of residential, office, flex office, craft industrial, retail and hotel, the following benefits are projected:

- 600 – 1,270 Permanent jobs (full-time equivalent)
- 920 – 1,140 Residential and Commercial Construction jobs (full-time equivalent)
- \$115M - \$220M in estimated ending market value
- \$2.3M in estimated taxes annually for the City, County and School District
- \$14M in estimated annual visitor spending

## **Multi-Phase Investment Strategy**

The Partners recognize that although the Riverwalk is needed to catalyze development onsite, the project's complexity requires a comprehensive development strategy that can leverage public/private efforts, especially relating to infrastructure implementation and site readiness. A successful development plan will require significant funding for public access, infrastructure, and redevelopment of

the entire site. The Partners are currently pursuing a Joint Development Agreement with Falls Legacy, LLC to manage, integrate and leverage work onsite.

As outlined in the plan submitted to the State in December 2014, the Riverwalk project is envisioned in five phases that include planning, design, engineering, and construction. The project is currently in Phase 2 (design and engineering), with the \$5 million and local match expected to carry us through Phase 3 (first phase construction).

The State Legislature can advance the Willamette Falls Legacy Project with the help of a *second-phase investment of \$10 million* which will be instrumental in leveraging additional funding from foundations, federal agencies, and other sources to fund the remaining portions of the Riverwalk in Phases 4 (later phase construction) and 5 (complete site development).

Design and engineering work is projected to be completed in 2017. Phase 3 would continue through 2019 with phases 4 and 5 to follow. Securing the second-phase investment of \$10 million by 2017 would allow the necessary lead time for public involvement, detailed construction and design work, coordination with the property owner and – provided the partners meet the conditions of the funding described below – would provide certainty for this complex, multi-year project.

Given the diverse needs of the site, funding could be used for a variety of purposes and could utilize both capital and bonds. In addition to Riverwalk construction, these uses could include demolition, environmental clean-up, site infrastructure improvements (roads, sewers, streets) and storm-water and water quality improvements.

### **Proposed Funding Conditions**

Provision of \$10 million by the State would be contingent upon the local/regional entity completing a financing plan that demonstrates the ability to secure a significant match. The Partners propose to complete the Joint Development Agreement with the property owner that identifies phases for investment and construction of the Riverwalk as well as the private property adjacent to the Riverwalk as a condition of the additional State funding.

The Joint Development Agreement, proposed use of the \$10 million, and financing plan shall be completed in cooperation and coordination with the Regional Solutions Office and shall be reviewed and approved by the Governor's representative from the Regional Solutions office by March 31, 2017 to ensure the sale of bonds or appropriation of funds by May 2017.

The state, local and regional partners shall enter into a written agreement by December 2016 to memorialize the terms of the partnership, purposes and allowable uses of the funds, accounting procedures, and administration of the agreement. Signatories for the state shall include the Governor's Office (Regional Solutions), Department of Administrative Services, and the State Parks and Recreation Department. State Parks will be responsible for administering the agreement.