

GRESHAM

REDEVELOPMENT COMMISSION

AGENDA ITEM TYPE: DECISION

Rockwood Rising Market Hall Redesign Approval

Meeting Date: June 16, 2020

Agenda Item Number: C-2

REQUESTED COMMISSION ACTION

Move to approve the proposed redesign of the Rockwood Rising Market Hall / Building C.

PUBLIC PURPOSE AND COMMUNITY OUTCOME

The purpose of the redesign of the Market Hall is to bring the cost of the Market Hall / Building C component of the Rockwood Rising project back in line with the project budget. The regional construction industry has experienced significant cost escalations over the past year. In order to keep the project moving forward on budget, modifications to the building design are needed to reduce cost and maximize efficiency. The Catalyst Site development program is identified in the Rockwood Catalyst Site Development Strategy Process and Desired Outcomes staff report, which as presented to the Gresham Redevelopment Commission (GRDC) on March 17, 2015.

Redevelopment of the Catalyst Site is included in the GRDC 2020 Work Plan, and furthers the following Rockwood-West Gresham Renewal Plan Goals: Goal 1 (Public Involvement), Goal 2 (Improve Rockwood Town Center), Goal 3 (Increase Availability of Quality Housing), Goal 4 (Help Create and Retain Family Wage Jobs by Improving Industrial and Commercial Areas), Goal 6 (Parks and Recreation Facilities), Goal 7 (Improve Transportation), and Goal 8 (Promote Quality Development).

BACKGROUND

On June 19, 2018, the GRDC approved two Land Development Agreements (LDAs) with Rkm Development, Inc. for development of the Catalyst Site. The development program includes three new buildings and a public square, and a renovated Rockwood Community Office building, with a total project cost of approximately \$70 million. The LDAs also included complete design specifications for all four buildings of the project.

Since that time, Rkm Development has completed renovation of the former Rockwood Community Office Building (Building D) and is expected to complete construction of Building A in July 2020.

The third building is the Market Hall / Building C. This building will include a variety of food-focused tenants that will help further the community and economic development goals of the GRDC, such as providing healthy and affordable food options to residents via access to local grocers, a small business incubator, and micro-restaurants.

The Market Hall is the most unique of the four buildings in the Rockwood Rising project. When the building design was completed in 2018, building costs estimates at that time indicated that the budget was adequate to complete construction. However, over the past two years, the Portland area has experienced historic increases due to a growing demand in commercial and residential development projects. This regional pressure creates an increase in material and transportation costs and more competition for securing construction workers and trades people. Coupled with new federal tariffs on construction materials that were unknown in 2018, these factors have now put the construction cost for the Market Hall higher than previously anticipated.

At the same time, leasing efforts in the office building component of the project (Building A) were more successful than anticipated, with the entire building fully leased prior to the completion of construction. Additional demand for office space has been identified, but the project does not have space available to accommodate that demand.

Given these variables, the project team and Urban Renewal staff considered a variety of options to complete the Market Hall. The most advantageous option is to simplify the Market Hall building design to create greater floor area efficiencies, maximize the leasable area of the building, and add an office component that can help the financial feasibility of the building.

The resulting redesign yields a project that is:

- Approximately 30% less construction cost on a per square foot basis,
- Adds 3,000 square feet of restaurant / grocery / retail space
- Adds 10,000 square feet of office space
- Adds four additional micro-restaurants
- Maintains the “big ideas” from community input regarding design

The redesign provides more opportunities for entrepreneurs in the community to start their business in the Rockwood Rising project and provides more diversity of the types of spaces offered. It also provides more financial stability for the project, without requiring additional public subsidy.

On May 19, 2020, staff brought the Market Hall redesign to the GRDC for their feedback. The redesign was well received and there were no comments suggesting that revisions to the redesign were needed.

The redesign was approved by the Design Commission on May 20, 2020. The appeal period concluded on June 2, 2020. The revised building permits were submitted on May 13, 2020 for concurrent review and working towards a projected permit issuance on or about June 30, 2020.

RECOMMENDATION AND ALTERNATIVES

Recommendation: Move to approve the redesign of the Rockwood Rising Market Hall / Building C.

Alternatives: The GRDC could direct the Interim Executive Director to revise the Market Hall redesign.

BUDGET / FINANCIAL IMPACT

None at this time.

PUBLIC INVOLVEMENT

The project team and Urban Renewal staff undertook significant public outreach in 2016-2017 to solicit input from community stakeholders regarding design of the Market Hall and other project

components. That input was incorporated into the redesign of the Market Hall in order to maintain the spirit and character of the building and the experience for both vendors and customers in the space. Additional outreach was conducted recently via social media and direct communication with the public and project stakeholders. The GRDC Advisory Committee reviewed the proposed redesign for the Market Hall at their meeting on May 13, 2020 and recommended approval. The redesign was vetted through the Design Commission and approved by the Design Commission on May 20, 2020.

NEXT STEPS

The project team will work with Urban Design & Planning staff to obtain the building permits between now and the end of June 2020. In the meantime, Urban Renewal staff are working with RKM Development to make modifications to the ground lease in preparation for closing of financing in July 2020. The revised ground lease will be presented to the GRDC for approval in July 2020. Construction of the Market Hall is anticipated to begin in Summer 2020.

ATTACHMENTS

A. Proposed Schematic Design for Market Hall

Due to the large number of pages of the attachment, hard copies were provided to the Gresham Redevelopment Commission only. The attachment can be viewed on the City of Gresham website from this link: GreshamOregon.gov/Gresham-Redevelopment-Commission/. Once there, scroll down the page to the "Meeting agendas and minutes" section, select the June 16, 2020 meeting, then select "Attachment A to agenda item C-2" (parts 1 through 8).

Persons who are unable to access the agenda materials online and want to view the attachment are encouraged to notify Cecille Turley, Program Technician, by calling 503-618-2545 and providing the name and address where a copy can be mailed.

FROM

Emily Bower, Interim GRDC Executive Director

REVIEWED THROUGH

Kevin McConnell, City of Gresham City Attorney
Steve Fancher, City of Gresham Department of Environmental Services Director
David Berniker, City of Gresham Urban Design & Planning & Director
Eric Schmidt, City of Gresham Community Development & City Services Director
Sharron Monohon, City of Gresham Budget & Finance Director
City of Gresham Office of Governance & Management

FOR MORE INFORMATION

Staff Contact: Emily Bower
Telephone: 503-618-2416
Staff E-Mail: Emily.Bower@GreshamOregon.gov
Website: www.GreshamOregon.gov/UrbanRenewal

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