

Bridging

Central Eastside News

Fall/Winter 2008

Covering Important Issues, Trends and Developments in the Close in Eastside Commercial/Industrial Neighborhoods

Commercial Property Newsletter

Todd DeNeffe, Cascade Commercial llc.

Light Rail Chugging Towards Reality:

Firms to be Displaced



We have paperwork equal to weeks of production of all the paper mills along the Columbia River. We have an alignment. We have a voluminous Environmental Impact Study. We have an approximate cost. (Don't ever forget the Tram). We have had countless meetings and public outreach workshops. We have a funding plan, and let me stress PLAN. We have the endorsement of several important public agencies. Does this mean that we will see MAX trains pulling into downtown Milwaukie soon? We have been hearing all about this section of light rail since the mid 90's, so skepticism runs high. The flurry of activity over the last 12 months, however, has to at least have shaken most non-believers into feeling that this route is not a "paper tiger" and will soon be moving towards construction. Whether you believe in the merits of light rail or not, the velocity of it becoming a reality is increasing. However, questions remain as to whether we can secure the needed funding in light of massive deficits and growing criticism of large federally funded new transit projects. With 1 trillion of deferred maintenance on our roads and bridges, the questions and the "if's" are not small; but these types of uncertainties in similar precarious economic environments have been overcome before as three major additions to light rail have been built. This will all come to a climax in the next 12 months, as agencies work the process to obtain the \$750 million funding contribution from the Feds necessary for this branch to gain speed towards final design and construction currently projected for 2011. We can discuss and analyze the nuances to the myriad of issues involved in this project until we are out of breath, but I want to talk about the right of way aspects associated with this project. What I feel has been lost somewhere in the public relations and headlines touting approvals, is that this branch of light rail will have more

Continues on page 2

Cascade Commercial
REAL ESTATE, LLC.

Brought to you by:

| | |
|--------------------------------|-----|
| Light Rail Chugging to Reality | 1-2 |
| Bside6 | 3 |
| Safe Streets | 4-5 |
| Hanna Waterfront Development | 6-7 |
| Clear Channel | 8 |
| Urban Renewal | 9 |
| SK Development | 10 |
| Rail Tracks | 11 |

INSIDE:

"Todd DeNeffe is the principal of Cascade Commercial Real Estate that specializes in assisting both companies and individuals with their commercial / industrial real estate properties and requirements. Todd Has successfully worked in representing developers, tenants, landlords, buyers and sellers in the Portland market since 1987. Todd specializes and has accomplished many notable transactions in close in areas of Portland's vibrant eastside where his market knowledge and experience are unsurpassed. He knows the properties, the companies, trends, issues, values/rents and believes in keeping the Central Eastside a diverse, healthy, business friendly neighborhood that preserves and creates jobs and promotes investment." Contact Todd at 503-228-0734 or cascadecommercial@integraonline.com Todd is ready to assist you in any aspect of your Commercial/ Industrial real estate needs in the Central Eastside or anywhere in Portland

impact on businesses than any other section of light rail, with much of that happening in the Central Eastside. The impact on local businesses has become a bit lost in the flurry of Milwaukie light rail activity over the last few months. Under the current approved alignment, 62 tax lots will be fully acquired, 77 tax lots will be partially acquired, and 55 businesses will be displaced....55 Businesses! That seems like a lot, and many of these are located in the Central Eastside. This number does not take into account certain other businesses that may consider moving to avoid the almost certain construction "issues" that will undoubtedly make routine daily business operations for many firms more challenging. I have heard from several businesses that are not being acquired but are located nearby or across the street from the proposed line. Because of the perceived "construction hassles", relocation is not out of the question for many of these companies. As one business owner lamented, "No matter how careful they are to minimize disruptions, there will have to be significant access and other issues, and when it's your business you can't risk it." Steve Michaelis, principal and owner in Peco Manufacturing (one of the Central Eastside's largest employers, having been located in the area since 1938) adds, "Though light rail will impact a small portion of our headquarters and production facility on southeast 17th, the coming construction and general dislocation associated with it is making us rethink whether we want to endure this and stay in the neighborhood." Peco has approximately 210 employees at its southeast Portland headquarters facility. This ripple effect of firms beyond those that will be officially acquired could cost the close in Eastside hundreds of valuable and high paying jobs. Because of the lack of buildings for sale in the close in areas as well as some rather stiff pricing for buildings and land, it is safe to say that a high majority of firms looking to move because of

light rail will move out of the neighborhood, possibly out of the city or even the metro area.

When looking at properties to be fully or partially acquired, you see some long term Central Eastside business operations that will be affected: Keller Supply; Balzer Pacific; Northwest Natural Gas; Portland General Electric; Shelter Products; Oregon Roofing; Far West Fibers; Peco Manufacturing; Arjae Sheet Metal Company; Pendleton Woolen Mills. There is a significant amount of employment involved in these businesses, not to mention a large chunk of property that will be taken off the tax rolls. Some of these firms, like Northwest Natural Gas, will be able to adjust their operations and move things around, allowing them to continue operations in the area. "We have some excess land and facilities that are under-used, so with the light rail acquisition of part of our complex we can adjust to keep our service operations in the area," says Steve Welty at NWNG.

In discussions with Janni Baugh, a right-of-way specialist with Trimet, the process for right-of-way has already started. "We have been contacting property owners since about the beginning of 2008. Metro had sent letters to all acquisitions, whether full or partial, but we are trying to canvas first the full acquisitions, then the partial acquisitions so we can better communicate and anticipate some needs and hardships for property owners". With the possibility that money may be available to buy property as soon as the end of 2009, some firms are looking to move sooner rather than later. "We want to be proactive and give ourselves as much flexibility as possible regarding a move so we have been talking in-depth with Trimet about our options" says Ray Brossart, president of Arjae Sheet Metal whose site will be fully acquired. Others are less clear of the process and options. Mike Shimelinko of Oregon Roofing

states "We have met with Trimet and we don't yet if we will have room on our site after Trimet acquires what they need. We love the location and have been here since 1984 so moving is not an appealing option".

Baugh gives more insight into the process "Values for property will be determined by independent appraisers who are familiar with Federal regulations that surround the eminent domain acquisition process. The process starts with a letter notifying of the projects intent to acquire property and whether the owner/tenant of the subject property will be required to move. Next comes the 15 day notice of appraisal, where the property owner has the right and option to accompany the appraisers on their tour of the property. Once we get the appraisal back, we have even ANOTHER licensed appraiser review the document. Then we make an offer, at the appraised amount, to the owner. Then we talk."

Baugh goes on to explain that it is important for the process to not become adversarial "We can talk about the appraisal, we can settle negotiations, we can answer questions--but Trimet cannot take the property owner to court in that time period and we really don't want to take anyone to court, so the best way to work these eminent domain cases out is good, old-fashioned communication. It may not be fun to communicate about this subject but it is helpful to the process, for both Trimet and the property owner"

Acquired owners are eligible for "reestablishment" costs up to \$10,000 which, if moving a company with 100 employees, does not go far. Hopefully Trimet, with the help of Metro and PDC, can be proactive in minimizing the displacement of jobs due to Milwaukie light rail in the central eastside.

Bside6

A real sign that the Central Eastside is hitting a different phase of its evolution is the appearance of multi-story ground up creative office space construction. The previous phase of retrofitting older multi-story warehouses mainly pioneered by Beam Construction proved this product type is desirable and feasible. The latest and more dramatic example is the seven story **Bside6** building that has topped out on a small 5000 sf lot on East Burnside and 6th (hence the name). Lower Burnside has seen some eclectic development with Doug Fir, The Rocket Building, Jupiter Hotel and some other acclaimed bars and restaurants and **Bside6** builds and adds to that popular off-kilter feel.

Employing what will be a striking series of modernistic glass type bays designed by Works Architecture, **Bside6** towers above everything in the nearby neighborhood and

will offer some dramatic views especially back towards downtown. The building generally is getting high marks in the design community. The AIA chapter in Portland gave **Bside6** a recent award. 'Iconic', 'Really Cool', 'Thoughtful' and 'Ambitious' are all terms that have appeared in various press about the minimalist yet striking feel of the project. With the small site come floor plates of less than 4000 sf and really no parking, which in the eyes of the developers is not necessarily a bad thing.

"The reason we did this was to show what could be done creatively on a small site and to cater to those smaller to medium size tenants not too dependent on cars and can think out of the box" says Lance Marrs, one of three partner's who have done other in-fill development and daylighting as a residential real estate broker. The developers are negotiating to get up to 16 parking spaces nearby but the goal was to take advantage of the location and the myriad of transit options. Green and Sustainable materials and elements also play a big part in **Bside6**.

Many in the real estate community would think this unproven product is a risky bet in a wobbly economy, but initial response has been strong. "We have had some great initial interest and a handful of spaces are already leased and we hope to have the top floor committed soon". Marrs predicts. Completion is scheduled for early spring '09. Rents vary per floor with the higher floors getting higher rents but they range from \$19.00 - \$24.00 per square foot, with nets running in the \$6.00 range. Retail space fronting Burnside goes for \$22 per square foot. This corresponds with the Taylor Electric building on the south end of the district that is 60,000 sf and is slated for ground breaking in the next few months.

Bside6's success will prove even further that traditional office and creative uses actually may prefer the close in eastside because of its industrial feel and multitude of services, access, and now innovative and sustainable buildings.



Homeless and Transient Populations Rise in Central EastSide

Clean and Safe Streets Program

When you drive, walk or bike around the Central Eastside it is not difficult to spot groups of the homeless camped out in certain areas. While drifters and the homeless are not new to the Central Eastside (or any city in America), the tide and visibility of the population has been on the upswing of late. Since spring, collections of individuals (often near the Esplanade but also throughout the district) have been much more pronounced. Along

Many property and business owners had noticed first hand the increased homeless problem near and often in front of their businesses on a daily basis. As one business owner told me: "I have never seen it this bad. Usually the campers would be located in certain areas like near the overpasses and railroad tracks but now I see them camped in doorways, vacant buildings and even loading docks. It just seem like the problem has doubled overnight."

Bert Geiger, a former policeman, long time activist and property

Departments at the City. PPI officers are charged with order maintenance problems which center around dealing with panhandling, illegal camping, and general vagrancy issues. The PBA and others feel PPI has been mostly successful in its goal under the moniker of the Clean and Safe Streets Program. But obviously pressure on a committed homeless population just pushes the problem around to other areas like the Central Eastside but is necessary to keep it from being a landslide of a problem.



with that has been the inevitable increase in crime and the mess that comes with larger number of people living on the streets. There is also a certain degree of tension and discomfort to everyone who works and visits the district. Reasons for this upswing, while not easy to pinpoint, can be attributed to a strong effort by groups like the Portland Business Alliance to pressure these individuals from downtown who now have moved to a less policed area of the Central Eastside. Also, spring means many shelters close and better weather brings its share of seasonal drifters "traveling through".

owner in the district spearheaded the effort and approached the local Portland Police precinct about their help in combating the problem. With the police not moving fast enough, Mr. Geiger, supported by numerous business and property owners, talked with the Portland Business Alliance about their experiences downtown which led him to a private security company Portland Patrol Inc. (PPI). This company has been in business over a decade and employs almost all former police and has a contract with the Portland Business Alliance and on a more limited basis with the Parks

"We are not going to solve the problem of homelessness, but we just want to communicate the message that the Central Eastside is not a friendly magnet for vagrancy and all its problems," says Geiger. Cliff Madison of PPI at a recent CEIC meeting summarizes: "The idea is not to be heavy handed or confrontational with the population but to know they are being watched and monitored and to encourage them to move on".

With a dollar for dollar match from the Central Eastside Industrial Council, a 10 week contract for \$20,000 with PPI was signed this

summer to patrol much of the district. With only two officers working a full day the problems have lessened.

“It absolutely has been successful. Now we have to figure how to continue the program and pay for it and also to keep pressure on the police to help.” Several options exist potentially with the PDC or other entities at the city possibly in conjunction with the CEIC with financial support of businesses in the district to develop an on-going program to address homeless and vagrancy issues in the Central Eastside. Most feel that the police have to be part of the solution.

“I have met with the Police’s staff in the southeast and told them we need their support as PPI’s contract expires. We need them to enforce the ordinances dealing with trespassing and illegal activities and we cannot wait for political solution which the city has avoided but for them to enforce the laws that are in place” Geiger adds. If you are interested in this issue or want to maybe even contribute contact Terry Taylor at the Central Eastside Industrial Council.
terry@ceic.c



CLASSIC ANTIQUUE & Home

503.231.8689 1805 SE ML King, Jr. Blvd.

Open Monday-Saturday 10-6, Sunday 11-5

www.classicantique.com

Located in a former 40,000 sf factory, Classis Antique and Home is a shopping adventure dedicated to the passionate creation of Home

Large Site Comes Available

It is rare that a site totaling 2.5 acres comes available for sale in the central eastside. Land O’Lakes Corporation which has been running an animal feed operation on Southeast 8th near the Ross Island bridge has closed its facility and relocated their distribution operations to 75,000 sf in Rivergate. The antiquated warehouses, multistory feed production facility, and numerous steel silos most likely will have little or no use to a buyer, so it probably will be demolished. The asking price for the property is \$3,250,000 for the entire site and 40,000 sf warehouse. Concentrates, a long term local business, selling organic agriculture products leases the warehouse. “It is hard to see what will happen on this site. We have been in this neighborhood for over a decade so we would love to stay as this is a great location for our customers” says Concentrates owner, Bill Sparks.

Steve Smart, real estate manager with Land O’Lakes says “The plant was used for animal feed manufacturing. The plant was closed because of over capacity in feed manufacturing due to continued consolidation of the dairy business in the area”.

The site is surrounded on three sides by Darigold’s dairy foods process and distribution complex and in fact Darigold used to own the site. The site could accommodate up to 60,000 plus square feet of new industrial space which would leave room for dock and grade truck loading and staging as well as parking for over 45 cars. It will be interesting to see what businesses or investor/developers are attracted to this unique larger site in the one of the best locations in the core area.

Derek Hanna Ready to Launch Futuristic Waterfront Development!

Is he an ambitious new Green developer? Is he an idealistic dreamer? Or is he just plain crazy? These thoughts (and probably many more) have been voiced about Derek Hanna and his proposed futuristic boat-storage development along the waterfront in southeast Portland. Originally unveiled in early 2007 as one 400 feet tall, 22 story tower covered in 175,000 square feet of solar panels, that original plan has gone through a bit of a reality check. The current redesign has scaled back its size and complexity, but still represents a huge gamble and possibly an iconic architectural statement.

The latest version, designed by Mulvaney G2, now consists of two 85 foot tall towers connected by an elevated walkway that overlooks the docks and gives visitors a view of the river as well as downtown. The facade, which will give the whole development a Jetson space-age feel, will be made of a transparent polycarbonate with translucent fiberglass, allowing viewers to peek inside the structure to see up to 350 boats stored on several levels by a high-tech forklift system.

"There is something similar to this in Europe, but nothing really close in the States," says Hanna. "It will be a truly unique and one-of-a-kind facility."

Hanna is dialed-in to Portland's sustainable architecture movement with many innovative Green characteristics, hopefully resulting in a gold LEED rating and eventually making

the whole project a "zero energy" facility, even at times sending power back into the local grid. This will be accomplished through solar panels and a series of wind turbines on the roof. Hanna admits that the wind turbines may come later, however. Twenty-thousand gallons of storm water will be filtered by a state-of-the-art rainwater harvesting system. From the get-go, Hanna has also been a proponent of constructing his section of the Greenway Trail. The project seeks to close the gap in safe pathways pedestrians and bikers experience between the River Esplanade and the Springwater Corridor.

"We have been very proactive in our commitment to bridging that gap between the Esplanade and Springwater," explains Hanna. "We hope we are the catalyst to make this last segment happen."

This twenty-one million dollar facility will be able to lift up to 10 tons and handle motorized boats of up to forty-five feet. Hanna will also sponsor a water taxi service that will ferry people between the Portland City Storage facility and areas along the Willamette River, including the Pearl District and Waterfront Park.

"It will enliven Portland's waterfront immensely," Hanna predicts.

The project is not without controversy, however. Blogs and message boards that cover city development have

pointed out some potential hypocrisy. As one contributor wrote, "It is absurd that one would address the environment and build a so-called 'green' behemoth to store conspicuous-consumption, high-pollution machines". Another message stated: "I think no amount of windmills can change the fact that this is a dumb project that will scar the river front for decades, long after recreational motorboats are the rage. This project seems like building a three car garage for your SUVs at a time they make no sense for life on the planet."

Hanna disagrees. "Boats are not going away, and with new technology they are becoming far more efficient, less polluting, and use less fuel. This is a better facility than more gated marinas filled with boats rusting and seeping fluids into the river. Plus, it brings world-class architecture and sustainable design to a blighted industrial site, while also enlivening the river."

Update: At time of printing, Hanna, who hoped to break ground fall of 2008 has been thrown a curveball by the city. Requirements for fire, life and safety have changed dramatically postponing the ground-breaking due to redesign and cost. Plans to break ground hold until spring/ summer 2009.

↗ Above right: A rendition of the proposed boat storage ↖

NEGATIVE PERFECTION

DIGITAL PRINTING
PHOTOGRAPHY
PRINT DESIGN



tel 503.236.1350
fax 503.236.8555
930 SE Sandy Blvd
Portland, OR 97214
www.negativeperfection.com

For all of your print and graphic design needs
Call us Today! 503-236-1350

Eastside Business Owner Wins 3rd National Book Award.

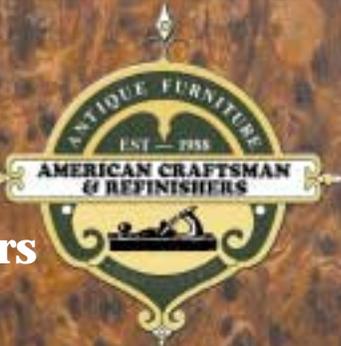
"Is there a greater tragedy than the death of a child? There is no explanation for the depth of loss yet this book explores the territory in rich photographs and unsentimental prose. Instead of recounting the rapid and inexplicable death of his 9 year old daughter, Jerre Petersen opts for the healing process. The result is a greater brilliant memorial and a testament of love and life."

For a signed copy please contact:
HeartWorks Publishing 503-236-8720

Awards include:
Writers Digest- Eric Hoffer - Benjamin Franklin



American Craftsman & Refinishers



The highest quality, most affordable
furniture restoration professionals
in the Portland Metro Area.

We pick up and deliver.
Insured up to 2 million Dollars.

Wood Turning, Veneering, Color Matching,
Painting, Bleaching and Carvings.

For a competitive professional
estimate call us today!

Lindsey Hare
Owner Operator

503-236-5196

Advertise your business in Bridging Newsletter

Interested in
affordable Ad Space?

email Todd DeNeffe at:
cascadecommercial@integraonline.com
and reserve your spot
for the next issue.

Bridging News reaches over
800 business owners.

Clear Channel Makes Big Commitment:

Clear Channel Communications which is a large publicly traded company that owns 1200 radio stations throughout the US has signed a long term lease for a new proposed creative services office building totaling 65,000 sf with underground parking on the site of the former Taylor Electric Warehouse on SE Market and 3rd Avenue that burned to the ground in 2006. Clear Channel which owns five radio stations in Portland has been a long term tenant at a building on Southwest Macadam. They conducted a search in Portland's core for new space. Gina Cowley a manager of Clear Channel explains "The building was the best fit for our needs in Portland. We will be taking the 3rd and 4th floors with great views, good parking and are excited to move into a beautiful new building in the central eastside". The 30,000 sf lease will push the developers, owners of Lorentz Bruun Construction, forward in breaking ground on the site hopefully in January of 2009. "We are putting together pre-construction documents for the city and we are excited to get this project moving forward" explains Kurt Bruun of Lorentz Bruun Construction.

This is a big deal and commitment and marks the start of what many think will be a new and continuing trend: The migration to the Central Eastside of what is a typical Westside office tenant to a new development on what was an old warehouse site. "This a very good credit national tenant taking a large chunk of creative office space in a non-traditional office market. It is kind of a steal for the Central Eastside and may pave the way for other tenants in the core or northwest to include the Central Eastside on their lists when looking at office moves" observes one broker about the deal. Other deals should follow as Kurt continues "This lease really allows us to seal our financing which has become tougher in the last year take a burnt out building and turn it into something the whole neighborhood will appreciate. Plus, I think it will help validate our project and attract further interest in the project and to the Central Eastside".



Former Taylor Electric Building

Check out our new website at
www.cascadecommercialnw.com

Urban Renewal Dollars Retains/Creates Jobs

The term “urban renewal” came into America’s lexicon after World War II, starting as a movement to revitalize urban cores of America’s cities which had become blighted, shattered wastelands due to the increasing flight into the suburbs of both families and companies. Portland embraced the urban renewal wave with the South Auditorium area revival in the late 50’s and now has 13 large urban renewal areas spread throughout the city. Fans of urban renewal point to many successes: Portland’s vibrant downtown, active core neighborhoods and a relatively healthy business sector which lands routinely on lists and magazines as a paragon of smart planning and development. Naysayers dwell on what they consider misguided dollars spent on “public projects” that have no real economic benefit, serve a small niche of citizens, or provide giveaways to well heeled developers where these dollars could be used for much needed areas such as schools and basic infrastructure.

In the Central Eastside these opinions and many more on both sides of the Urban Renewal argument exist and thrive. Probably more so than other areas, stakeholders in the Central Eastside often feel large public projects such as the Eastside Esplanade have soaked up an inordinate amount of urban renewal dollars that may be better spent on more grass roots needs that directly help to both retain and attract companies that provide family wage jobs which is the foundation of any healthy neighborhood and community. This discussion has become more pressing in certain circles with the recent extension for an additional 12 years in 2006 for the Central Eastside Urban Renewal area where up to an additional \$60 million of projected tax increment dollars may be available.

But along with this projected increased funding has also come a cavalcade of large public projects such as the streetcar; light rail; Burnside/Couch couplet; Burnside Bridgehead and Washington/Monroe community center holding up their hands for a chunk of these new urban renewal dollars. Couple this with the 30% set aside for affordable housing and it makes for many large projects grabbing for limited funds. This frustrates many business and property owners who question the economic benefits of these big public projects to the small and medium business owner that is foundation of employment in the district and the city in general. This becomes even more acute when reviewing the objectives of the Central Eastside Urban Renewals Area which is heavily accented with terms of job creation and retention while this fiscal year only 18% of Tax Increment financing dollars was spent on such direct programs.

Well, there is job creation and retention going on! In talking with Pam Neal the development coordinator for the Central Eastside Urban Renewal Area, there are lots of worthy economic development projects taking place. “We have a fiscal year budget of \$2.7 million with \$1.3 million committed and other deals in the pipeline”. With the initial commitment, PDC estimates that 87 jobs have been created

RARE 2.5 ACRE SITE FOR SALE

Close-in-Southeast Portland

2705- 2715 S.E. 8th Avenue



\$3,250,000.00

This site was a former animal feed facility owned by Land O'Lakes Purina Feed. The site is a short distance to the Ross Island Bridge that gives immediate access to Interstate 5 and Portland's downtown core. This is a great redevelopment opportunity with the ability to accommodate up to 60,000 sf of warehouse space on the site.

ZONED IG1

Rectangular with Flat Topography
40,000 sf Older Warehouse with
Dock and Grade Loading
17 metal feed storage silos
550' lineal feet along SE 8th



For More Information Contact:
Todd DeNeffe 503-228-0734



Cascade Commercial

cascadecommercial@integronline.com

The owner makes no guarantees or warranties regarding its complete accuracy.

or retained so monies are going to existing businesses as well as new firms coming into the Central Eastside. “The idea is for this money to be instrumental in leveraging conventional financing which we all know is a tough environment,” Neal adds. Since PDC takes a subordinated position and have some very favorable terms, this ‘gap’ financing can be very helpful in providing that widening gulf in conventional financing as banks demand more equity and more stringent terms. Much of the money comes in the form or small grants and low interest loans to help with improving buildings with tenant improvements for the firm’s occupancy.

Some of the firms assisted for the 07/08 year include Frank Creative which relocated from Los Angles to the Ford Building on Southeast Division bringing 10 jobs: Finavera Renewables, an Ocean Energy Research company taking space in Olympic Mills and the biggest investment of a \$940,000 loan to Alta Planning and Design for renovation and upgrades to an older building on Southeast Grand Avenue that results in 32 more new jobs for the area. The Storefront Improvement Program has proved very popular with all funds committed for this fiscal year and beyond for 7 projects that match owner monies one to one up to \$20,000 to improve the street appearance of buildings.

The pickings get slim moving forward for job creation and retention programs however. The budget for fiscal 08/09 lowers to just over \$1.5 million as the aforementioned projects garner a larger share of urban renewal dollars. Unfortunately this trend could continue for the next several years as light rail, couplet, trolley and Bridgehead have project timelines that stretch well into the next decade.

Finally, the controversy is close to over as the SK Northwest jet-ski company gets closer to expanding on the waterfront.

Listening to Shawn Karembelas (SK Northwest's owner) describe his quest to relocate his business to the 1.8 acre waterfront property nestled beside the Portland Spirit in the Central Eastside, you have to appreciate his patience and persistence. After almost two years of land-use struggles, public meetings, lots of attorneys' fees, and a healthy dose of negative publicity, a compromise resulting in the sale of the property and the construction of a 26,000 square foot facility catering to watercraft services and limited sales, including a dock in the Willamette River, may be at hand.

SK Northwest is a large dealer of power sports products such as watercraft, snowmobiles, and quad-vehicles. Their biggest presence is in the watercraft market, which led them to the valuable water access of the Southeast site. Karembelas feels he has been unduly scorned by the city during this drawn-out process.

"We always had the best intentions to meet every aspect of land-use regulations from the start," says Karembelas. "We felt that certain aspects of the city's requirements for the site were not fair, legal, or safe for our development. We made our case, but unfortunately it did not go out way. We are now interested in coming to an equitable solution with the city so as to start construction of our facility."

Without burdening one with the details, SK Northwest's contention is that as a marine-oriented

business, it is not required to build a dedicated bike and pedestrian facility through the property they intend to buy. The Eastside Esplanade, which now terminates just to the south of the Portland Opera Building at Caruthers, is one of Portland's revered downtown amenities. The goal of continuing the Esplanade as a waterfront pedestrian and bike trail, seamlessly connection with the Springwater Corridor, is a sensitive and important goal for many factions both within the city of Portland and among the bike and pedestrian community.

"There is probably an investment of over \$12 million in the Esplanade and Springwater facilities that has a glaring, and in many cases, dangerous gap," says a city spokesman. Presently bikes and pedestrians have to take a six-block detour that puts them in the path of heavy traffic. The city, along with the strong support of several advocacy groups such as the Bicycle Transportation Alliance, feels the closing of this gap is the responsibility of any new development where this gap exists, resulting in a denial for SK's land use request.

Aligning with SK are the property's previous owners, and with their support SK took the denial to the Land Use Board of Appeals (LUBA) and the Oregon Court of Appeals, but to no avail. Resigned to his fate, Mr. Karembelas has moved on to negotiating with the city as to the cost of the gap-bridging trail he must now build.

"Because of the grade changes, there are large expenses in making the trail align with the section that will be built to the South," says Karembelas. "We have made a

fair proposal to the city as to what we feel we can spend for our portion. We are awaiting their response. We want to bring this to an end and get started."

Kurt Krueger with PDOT, who is trying to resolve the issue, agrees that the process has gone on too long. "We are trying to figure out a deal that both sides can live with and we think we have it". Krueger was trying to forge a development agreement that would involve the Parks Department participating in the construction of this section of the trail to fill the financial gap from what SK will pay and the actual cost and move the project forward. Projections are that the actual cost to create the trail along the parcel Karembelas is buying is over \$150,000 with SK Jet Ski offering to pay a percentage. Much of that cost was because the adjacent glitzy boat storage facility being developed by Derek Hanna would have an elevated portion of the trail and the connection looked to be very expensive. Since that time Hanna has re-designed the site and the trail now will have similar grade levels thus lowering the cost significantly "We now think SK's contribution will cover the whole cost of the trail. The Hearings officer should shortly come back with approval which will allow SK to complete their plans and submit for a building permit. We will require them to post a bond for the amount of the cost of the trail prior to getting a permit" Krueger explains. Finally....after way too long it looks like most everyone gets something out of this deal and mainly another section of the waterfront trail is guaranteed with Ross Island's facility looking like the last gap in the system.



*Specializing
in the Sale & Leasing of
Industrial & Commercial Properties*
www.cascadecommercialnw.com

Rail Tracks to Finally Come Out!

Just Wondering.....

Rail Tracks to Finally Come Out
If you have walked or biked on SE 2nd Avenue in the Central Eastside, you probably have noticed them -- and if a biker -- been somewhat afraid of them. On one level they look kind of neat, harkening back to a past of old Portland, not unlike the small sections of cobblestone streets seen in northwest Portland. What are they? They are the unused but still visible steel railroad tracks that run along most blocks from Hawthorne Blvd. to as far north as Ankeny St.. Most of these tracks run close along the older warehouses that dominate SE 2nd Avenue to allow easy access to the dock and roll-up doors. You can envision rail cars rumbling down the street picking up freight from the rear of the many warehouses that dot the street. Many blocks have two corresponding set of rails: one on each side of the street. Long abandoned and unused, these tracks may soon be a thing of the past as Oregon Department of Transportation (with assistance of Portland's Office of Transportation) keeps the pressure on Union Pacific Railroad to remove these rails in the next year.

"A final order was given to UP at the first of this year" explains Alex Bejarano of the PDOT. The final order he refers to was actually given by the Oregon Department of Transportation (ODOT) Rail Division which has responsibility for the inspection and safety of all rail crossings throughout the state. ODOT issued this order early this year after an onsite inspection stating the obvious: these tracks are unused and need to come out. Under standard procedures the rail

line responsible, in this case Union Pacific, has a year to remove the rails which ends in December of this year.

"The year time-frame is somewhat flexible," as Bejarano explains. "UP says they will comply. We want to do this right and in a coordinated fashion, and as long as the railroad is actively moving forward we can be flexible on the timeframe". Other unknowns exist about the process, such as how long it will take and what disruption-- if any--will occur to the businesses and the area's heavy daily traffic. "That is what we are trying to address and pinpoint now with UP: What is their schedule? How do we minimize impact while also getting the work done in a timely manner?" Bejarano explains: "We have good rapport with them most of time, but often times it is difficult to get the railroads to move ahead on their responsibilities in a prompt manner."

Another issue is what Union Pacific does to make sure that it meshes or improves what is currently there. "We want to

make sure what is left after the rails are pulled out is appropriate, or better yet, an improvement to the surface of the road. If we can also coordinate other work to make SE 2nd even better would be great"



**Cascade Commercial Real Estate LLC.
2323 N Williams
Portland, Or 97227**

BRIDGING IS A BI- ANNUAL NEWSLETTER THAT HIGHLIGHTS SIGNIFICANT ISSUES, TOPICS AND DEVELOPMENTS THAT OCCUR AND EFFECT THE SOUTHEAST AND NORTH AREAS OF THE CLOSE - IN EASTSIDE. THIS DIVERSE AREA IS HOME TO OVER 1500 VIBRANT AND DIVERSE BUSINESSES THAT EMPLOY OVER 20,000 PEOPLE IN THE CITY OF PORTLAND.

TODD DENEFFE OF CASCADE COMMERCIAL REAL ESTATE HAS BEEN REPRESENTING INDIVIDUALS AND COMPANIES IN THE CENTRAL EASTSIDE IN SUCCESSFULLY ADDRESSING THEIR COMMERCIAL / INDUSTRIAL REAL ESTATE NEEDS FOR OVER TWENTY YEARS. WANT TO KNOW WHAT YOUR BUILDING IS WORTH OR NEED TO SELL A COMMERCIAL OR INDUSTRIAL PROPERTY? EXPANDING OR CONSOLIDATING YOUR BUSINESS AND NEED HELP MAKING THE BEST POSSIBLE LEASE DEAL? IS YOUR TENANT MOVING OUT AND YOU NEED EXPERT HELP LEASING VACANT SPACE AT THE BEST POSSIBLE RATE? WANT TO FIND A BUILDING TO PURCHASE FOR YOUR COMPANY OR AS A PERSONAL INVESTMENT? TODD AND CASCADE COMMERCIAL REAL ESTATE LLC CAN PROVIDE VALUABLE INFORMATION, ADVICE AND FOLLOW THROUGH TO ADDRESS ALL THESE REAL ESTATE QUESTIONS , REQUIREMENTS AND MORE.



*Specializing in the
Sale & Leasing
of Industrial & Commercial
Properties*

**Todd A. DeNeffe Portland, Oregon
503-228-0734**

Readers: Your Feedback is Requested
We would like your opinion and input on our next newsletter!
Please email us at: cascadecommercial@integraonline.com