



**Build Back Better with Mass Timber BBBRC Phase 2 Grant Request
T2 Mass Timber Innovation Hub
Modifications to Port of Portland Component Applications
May 11, 2022**

The Port of Portland, in consultation with its Oregon Mass Timber Coalition (OMTC) partners, is modifying its three component applications as follows:

1. Reduce the Mass Timber Factory component application from \$60.8 million to \$20 million
2. Withdraw the Workforce Training Center construction component application
3. Reduce the Workforce Training Cluster component application from \$5.75 million to \$3 million

With these three changes – and keeping the remaining seven component projects the same – the total OMTC proposal is sized to fit within the new EDA target award range of \$50 million.

Change in Factory Scope:

Focusing on infrastructure and site readiness will pave the way for build-out of the 53-acre Mass Timber Innovation Campus (“T-2”), including the Acoustics Research Lab sponsored by University of Oregon (component project 8). For this reason, instead of seeking EDA BBB funding for factory construction and all associated improvements, requested funds will be used to construct critical site infrastructure at T-2. (See the preliminary engineering report and modified budget narrative for additional detail.) Any new construction on the former marine terminal requires deep soil mixing and buttressing to mitigate the risk of liquefaction from an earthquake. Pivoting to focus on the critical infrastructure allows the site to be development ready and moves the site closer to fulfilling the overall vision. The Port is fully committed to funding the project, which is estimated to cost \$29,441,500 with the Port covering \$9,441,500 of the cost, which is thirty-two percent (32%) of the eligible project costs.

As essential elements of the mass timber industry cluster, the Port still intends to build both a factory and a worker training facility at T2. As noted, however, the Port is not seeking EDA funding for these buildings through the BBBRC.

Benefits to Factory Scope Change:

Phasing the development work at T2 benefits the overall project in the following ways:

- The Port has more time to refine the factory operations business and financing plan, to solicit private and socially minded investors, and to do so in a time frame driven by conventional capital market sequencing.
- Completion of site work with EDA and Port funds removes an important contingency and renders the venture more attractive to the private sector – another important benefit of separating site work from building construction.

- Allocating additional time to prototyping will inform design of the factory; this was compressed under the original submission.
- Focusing on site infrastructure first will allow the Port to also focus on value engineering and innovative delivery methods for constructing the building, which were not possible given the grant timelines.

Changes in Workforce Training Center Scope:

To better focus on the necessary infrastructure and the development of the factory, the Port is withdrawing its funding request for the Workforce Training Center. This aspect of the T2 campus will benefit from additional time to build out space requirements with training partners, and to seek reductions in projected construction costs below those that were available in the original submission.

Why Terminal 2?

Terminal 2 is ideally located and has infrastructure connections (roads, rail, river access) that set the site up for success in operations of a Mass Timber Innovation Campus. Further, the Port is uniquely positioned to marshal public and private resources and capabilities to execute on a complex property development venture that delivers social, economic, and environmental benefits.

(See attached Terminal 2 BBBRC Ph 2 Preferred Alternative Memo for additional details about the attributes of this property.)

Change in Workforce Training Cluster Scope:

The change in workforce training scope is simply a reflection of the compressed budget, and a desire to keep the OMTC's other seven projects whole given their readiness to proceed. This change is further described in the budget narrative accompanying form SF 424A for component project #3.

Overall Vision Remains Unchanged:

The twin crises facing Oregon – climate change and equity – call for bold action and the Port and its OMTC partners remain committed to this call for action. The vision of creating rural and urban jobs with sustainable mass timber products, grown, and manufactured in Oregon, including development of a factory that allows the delivery of high quality, energy efficient, and affordable homes will be transformative for the region and state. The promise of doing so while practicing smart forestry, revitalizing our rural communities, and helping marginalized communities build wealth remains compelling. The Coalition is confident in its ability to attract financing that will enable full build-out of the T2 campus given the advancement of the other component projects, and the opportunity through this revised proposal to ready the site.