DATE: June 14, 2017
TO: Board of Commissioners
FROM: Kimberly Branam, Executive Director
SUBJECT: Report Number 17-25
Update on Centennial Mills

BOARD ACTION REQUESTED
No action is requested; information only.

SUMMARY
At the June 14, 2017 Prosper Portland Board of Commissioners (Board) meeting, staff will provide an update on the status of the Centennial Mills redevelopment project (Project), a Prosper Portland-owned property located on NW Naito Parkway in the River District Urban Renewal Area (see Attachment A). Staff will provide the Prosper Portland Board with a summary of the outcome of the March 22, 2017 Portland City Council meeting and of follow-up research and outreach completed to date. Staff will also present next steps for identifying a qualified developer for the Project and a timeline for its disposition.

BACKGROUND AND CONTEXT
In order to obtain clarity regarding the return of the City of Portland (City) Police Bureau’s Mounted Patrol Unit (MPU) to the site, staff presented two redevelopment options to Portland City Council on March 22, 2017, along with a recommendation for full site redevelopment concept (see Attachment B). City Council subsequently adopted Resolution No. 37275, directing Prosper Portland to pursue full site redevelopment. In addition, City Council asked staff to work with the Portland Housing Bureau (PHB) to explore the possibility of maximizing affordable housing on the site.

Staff from both agencies investigated the feasibility of increasing the amount of 60 percent median family income (MFI) restricted units on the site from ten percent (the Inclusionary Housing code requirement) to 35 percent of total units. The associated financial model showed that a minimum public subsidy of $104,000 per unit would be required from PHB in order to enable development of additional affordable units. Currently, PHB has no available funds within the River District URA to commit to this concept and would require City Council approval to reallocate funds from other affordable housing projects in the district. Prosper Portland staff has relayed this information back to City Council, as directed by Resolution No. 37275. PHB staff does not anticipate requesting any reallocation of funds within the River District URA budget to the Project.

Jobs, Prosperity, Partnerships, and Neighborhoods
Programming within the full site redevelopment concept could include up to 20,000 square feet of creative office space, with 17,000 square feet of ground floor retail/commercial, all of which could
Support more than 100 family-wage and accessible jobs. Prosper Portland is committed to working with future business tenants in maximizing inclusive opportunities for diverse and underrepresented populations. In accordance with City inclusionary housing requirements, one in ten residential units will be set aside for households making less than 60 percent MFI for the Portland region.

The State Historic Preservation Office will require a future developer to design, construct, and locate no fewer than five interpretive displays on and around the site. These displays will provide the public with information about the history of the Centennial Mills site, artifacts salvaged from the mills, and the wider impact of river-dependent trade throughout the Willamette River valley. Design feedback will be coordinated with Restore Oregon and the Historic Landmarks Commission. Finally, extension of the Willamette River Greenway and provision of a public access easement through the site will further advance the waterfront as a major regional amenity, available and accessible to all Portlanders.

Disposition Process and Stakeholder Engagement

Staff intends to solicit a buyer/developer of the site in early summer, returning to the Prosper Portland Board in fall 2017 for approval of the terms of sale. In order to provide an avenue for stakeholder feedback regarding the selection of a development partner, staff will assemble a Selection Advisory Committee to provide its recommendation to Prosper Portland staff. Committee members will be recruited from community groups, technical experts, and public partners. The selected developer will be expected to address the 2006 Centennial Mills Framework Plan as part of their development proposal.

River District URA Budget

The total Project budget from fiscal year (FY) 2014-15 through FY 2016-17 is $20,000,000 (see Attachment C). Current hard and soft cost demolition actuals total $13,728,819. Staff anticipates future expenses of approximately $880,815 to complete site preparations for final disposition. Future expenses include ongoing maintenance and site security, Tanner Creek remediation, contaminated soils export, and other permit closeout expenses. Any final unspent project funds are anticipated to be reallocated to other RDURA priority projects.

ATTACHMENTS

A. Property Aerial
B. Full Site Redevelopment Concept
C. FY 2016-17 River District URA Adopted Budget
### River District URA Fiscal Year 2016/17 Budget

#### Financial Summary

**Five-Year Forecast**

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<tbody>
<tr>
<td><strong>Resources</strong></td>
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<td>Beginning Fund Balance</td>
<td>72,512,415</td>
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<td>Grants - Federal except HCD</td>
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<td>Interest on Investments</td>
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<td>Loan Collections</td>
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<td>976,576</td>
<td>760,286</td>
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<td>TIF - Short Term Debt</td>
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<td>24,975,000</td>
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<td>TIF - Long Term Debt</td>
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<td>3,500,000</td>
<td>8,000,000</td>
<td>3,832,218</td>
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<td>Other Debt</td>
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<td>8,000,000</td>
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<td><strong>Property Sales</strong></td>
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<td>4,500,000</td>
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<td><strong>Rent and Property Income</strong></td>
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<td>2,197,924</td>
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<td>Transfers In</td>
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<td><strong>Total Revenue</strong></td>
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<td><strong>Total Resources</strong></td>
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<td>49,392,719</td>
<td>53,651,238</td>
<td>87,093,432</td>
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#### Requirements

**Administration**

A0025-Debt Management-RVD: 437,096
A0025-Management Total: 437,096

**Economic Development**

**Traded Sector**

A00355-Cluster Development-RVD: 35,000

**Community Economic Development**

A00364-CTICT Action Plan-RVD: 85,000

**Business Lending**

A00245-GL-General-RVD: 15,000

**Economic Development Total**

115,000

**Housing**

A0210-Affordable Housing-RVD: 15,999,306

**Housing Total**

15,999,306

**Infrastructure**

**Public Facilities**

A00235-Union Station Grant-RVD: 1,600,000

**Infrastructure Total**

1,600,000

**Property Redevelopment**

**Real Estate**

A00278-4th and Rumrilda-RVD: 47,000
A00278-Union Station-RVD: 802,771

**Redevelopment Grants**

A00350-CLG-General-RVD: 311,219
A00354-DGS-General-RVD: 24,000

**Property Redevelopment Total**

35,174,776

**Total Program Expenditures**

57,326,830
### Financial Summary

#### Five-Year Forecast

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<td>Personnel Services</td>
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<td>Total Fund Requirements</td>
<td>145,181,588</td>
<td>49,392,719</td>
<td>53,691,238</td>
<td>87,095,432</td>
<td>27,121,806</td>
<td>17,251,540</td>
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