

# PDC

## PORTLAND DEVELOPMENT COMMISSION

**DATE:** December 13, 2006  
**TO:** Board of Commissioners  
**FROM:** Bruce A. Warner, Executive Director  
**SUBJECT:** Report Number 06-133  
Centennial Mills Framework Plan

### EXECUTIVE SUMMARY

#### BOARD ACTION REQUESTED

Adopt Resolution Number 6

#### ACTION SUMMARY

By this action the Portland Development Commission (PDC) will formally adopt the Centennial Mills Framework Plan (Plan).

The Plan is the result of a six-month public process stemming from City Council Resolution No. 36320, adopted May 25, 2005, which directed PDC and the Bureau of Planning (BOP) to work with interested stakeholders to develop a comprehensive plan for the Centennial Mills site (Attachment A). The Plan clarifies and presents the public's interests in, and aspirations for, the redevelopment of the Centennial Mills site. The Plan does not propose a specific redevelopment scheme for the property. Rather, the Plan outlines the various opportunities and constraints on the site, lays out five Redevelopment Principles and associated objectives, and presents a series of images and text describing innovative treatments and ideas for the site.

The five Redevelopment Principles that will guide the site's redevelopment are:

- **Provide Open Space**
- **Capture History**
- **Define a Community Focal Point**
- **Strengthen Connections**
- **Embrace Sustainability**

On October 11, 2006 the City Council enthusiastically accepted the Centennial Mills Framework Plan by Resolution 36443.

#### RELATIONSHIP TO ADOPTED PLANS AND POLICIES

The Centennial Mills Framework Plan is consistent with the goals and objectives described in Portland's Comprehensive Plan, the Central City Plan and the Pearl District Development Plan. The Plan is fully consistent with the adopted River District Development Plan and River District Urban Renewal Plan.

## **PUBLIC BENEFIT**

The Centennial Mills Framework Plan represents an opportunity to transform a derelict collection of buildings into a community-defining site of a rejuvenated and burgeoning River District. The iconic Centennial Mills site represents a singular opportunity to connect the River District and the City to the Willamette River and to its history.

## **FINANCIAL IMPACT**

As the Plan does not propose a specific development scheme for the property, it is unknown at this time the extent of or whether there will be a continuing public investment in the site. The Request for Qualifications (RFQ) implementation plan is anticipated to require a total expenditure of \$190,000. Funds have been identified and set aside in the River District budget. The FY 2006-07 Approved Budget and Forecast for the River District URA is attached as a Financial Summary (Attachment B).

## **RISK ASSESSMENT**

There is no significant risk to adopting the Centennial Mills Framework Plan. Not adopting the Plan, in light of support from the City Council, Citizen Advisory Committees and stakeholders, would have a negative impact.

## **WORK LOAD IMPACT**

There are sufficient staff resources in the Development, Economic Development, Real Estate and Legal Departments to work on implementing the Plan.

## **ALTERNATIVE ACTIONS**

Failure to adopt the Plan as the direction for redevelopment of the site would be counter to City Council Resolution 36443 and would severely limit PDC's ability to implement the RFQ.

## **PUBLIC PARTICIPATION AND FEEDBACK**

A Centennial Mills Citizen Advisory Group (CAG) was formed in March 2006 and consisted of local residents, architects, members of the Portland Parks Board and the Pearl District Neighborhood Association, representatives from the historic preservation, development, business and arts communities. There were five CAG meetings and two public open houses. The CAG supported the Plan and assisted the project team by:

- Reviewing input from public meetings and stakeholder interviews;
- Providing advice and guidance to the project team on the range of potential uses for Centennial Mills;
- Evaluating the available research and making recommendations concerning site-specific assessments, issues and conditions;
- Offering input and feedback to the project staff on the conceptual designs and potential uses within the final Framework Plan.

## CONCURRENCE

The Bureau of Planning, Bureau of Parks and Recreation and the Bureau of Environmental Services support the Centennial Mills Framework Plan. On October 11, 2006, following extensive public comment and testimony, the City Council accepted the Centennial Mills Framework Plan by Resolution No. 36443.

## BACKGROUND

Centennial Mills was acquired by PDC from ADM Milling Company in 2000 for \$7,700,000, using urban renewal and City of Portland Bureau of Environmental Services funds. Including acquisition costs, more than \$12 million of PDC and City funding has been expended on the project (see below). The property was acquired to fulfill the River District Urban Renewal Plan's stated objective of enhancing the waterfront with public open spaces in the district and to facilitate connectivity between the River District, the Willamette River and the Willamette River Greenway, as described in the many plans, ordinances and resolutions adopted by City Council.

The Centennial Mills complex sits on approximately 4.75 acres on the west bank of the Willamette River. There are currently twelve distinct structures that comprise the Centennial Mills site, with approximately 150,000 square feet in the combined Centennial Mills buildings. The covered outdoor Mounted Patrol Unit paddock, funded by PDC in 2001, is 20,000 square feet in size and occupies the southern portion of the site.

### Acquisition and Holding Costs:

Acquisition and financing:	\$7,956,000
<i>The Portland Bureau of Environmental Services contributed \$950,000 to the acquisition cost for the design and construction of an innovative stormwater management project, educational demonstration project and for a fish habitat restoration project.</i>	
Mounted Patrol Unit construction:	\$3,175,000
Remediation, Operations and Management (Through December 2005):	<u>\$1,370,000</u>
TOTAL CITY/PDC INVESTMENT TO DATE:	\$12,501,000

Plans for acquiring Centennial Mills have been discussed as far back as 1992. The River District Development Plan, approved by City Council in 1992, called for the reclamation and enhancement of the waterfront space between the Steel Bridge and Terminal One, identifying Centennial Mills as a future "significant public space on the river." In 1994, the Portland City Council adopted the River District Strategic Investment Plan, in which Centennial Mills was identified as a location to bring the Willamette River into the heart of the River District in the form of Tanner Creek Park. In March 1995, the City Council adopted an amendment to the Central City Plan to incorporate the elements of the River District Plan. This amendment called for negotiations with the owners of Centennial Mills for acquisition and the development of the property. The River District Urban Renewal Plan was adopted by City Council in September 1998 and called for extending Tom McCall Waterfront Park to the River District.

There had been ten separate actions taken by either PDC or the Portland City Council addressing the Centennial Mills site. All resolutions by City Council, except Resolution 36230, had a stated goal and objective of local and regional public open space at the Centennial Mills site.

**City Council Resolution 36320, Adopted May 25, 2005:**

*“BE IT FURTHER RESOLVED, that the Portland Development Commission work with the Bureau of Planning, citizens and stakeholders to develop a comprehensive plan for the site taking into consideration future development plans for the surrounding area.”*

From April through August 2006, PDC and BOP led a joint public planning process that included the active participation of a Citizen Advisory Group, two project open houses, feedback from Portland Planning, Design and Historic Landmarks Commissions and review by a technical advisory group, made up by affected city agencies. The process resulted in the creation of the Centennial Mills Framework Plan.

The Plan is the outcome of the planning process mandated by City Council Resolution 36320. The purpose of the Plan is to clarify the public’s interests and aspirations for the Centennial Mills site. The Plan does not posit particular redevelopment schemes for the property. Rather, the Plan outlines the various opportunities the site contains, as well as describes some of the challenges that need to be overcome as it is redeveloped. The Plan also sets five redevelopment principles that redevelopment teams will need to meet in the remaking of the site.

The redevelopment principles embody the public’s aspirations for Centennial Mills and are meant to establish a direction for the site’s redevelopment. The principles provide guidance for redevelopment proposals based on the site’s riverfront location, its rich history and its relationship to the surrounding community. The redevelopment principles will form the basis for the great design and programming this site demands.

The five Redevelopment Principles that will guide the site’s redevelopment are:

- **Provide Open Space**  
*Develop a signature riverfront open space.*
- **Capture History**  
*Capture and represent the historic significance, character, and /or function of Centennial Mills.*
- **Define a Community Focal Point**  
*Create a dynamic, lasting and unique waterfront destination for people of all ages.*
- **Strengthen Connections**  
Connect Centennial Mills to the River District, Willamette River, surrounding city and region.
- **Embrace Sustainability**  
*Redevelop Centennial Mills in an ecologically, economically and culturally sustainable manner.*

Centennial Mills represents one of Portland’s greatest chances to create a community-defining riverfront open space while preserving a unique piece of Portland’s history. It is anticipated that the site will be redeveloped through a strong public-private partnership, such that the City and PDC can take advantage of high-quality private development to help meet the public’s goal and objectives for the Centennial Mills.

The next step will be for PDC to initiate a nationwide and international RFQ process (Attachment C) to solicit redevelopment proposals for the site from interested and qualified development teams. In addition to addressing the five principles identified in the Centennial

Mills Framework Plan, some of the selection criteria for the development teams will focus on comparable experience, qualifications of team members, the developer's financial capability, the financial feasibility of the proposal, and evidence the selected proposal achieves PDC's M/W/ESB and LEED goals.

**ATTACHMENTS:**

- A. Site map
- B. River District URA Fund Summary
- C. RFQ Schedule Chart

**CC:** C. Twete, Director of Development  
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M. Baines, General Counsel  
L. Sundstrom, Central Services Director



## Financial Summary

### Fund Summary - Includes Forecast Data

	<i>FY 2005-06 Revised Budget</i>	<i>FY 2006-07 Approved Budget</i>	<i>FY 2007-08 Forecast</i>	<i>FY 2008-09 Forecast</i>	<i>FY 2009-10 Forecast</i>	<i>FY 2010-11 Forecast</i>
<b>River District URA</b>						
<b>Resources</b>						
Tax Increment - S-T Debt	7,875,999	9,690,789	10,123,576	10,490,285	8,481,388	6,861,534
Tax Increment - L-T Debt	19,100,000	6,200,000	6,500,000	12,700,000	31,843,409	0
Loans - Principal Collection	683,834	187,013	119,314	119,314	119,314	119,314
Loans - Interest Earned	5,794	187,014	119,314	119,314	119,314	119,314
Reimbursement	200,000	200,000	200,000	200,000	200,000	200,000
Rent and Property Income	0	0	0	0	200,000	200,000
Interest - City Invest Pool	100,000	100,000	100,000	100,000	100,000	100,000
Real Property Sales	0	0	2,000,000	0	0	0
Beginning Fund Balance	3,286,073	1,750,000	0	0	0	0
<b>Total Fund Resources</b>	<b>31,251,700</b>	<b>18,314,816</b>	<b>19,162,204</b>	<b>23,728,913</b>	<b>41,063,425</b>	<b>7,600,162</b>
<b>Requirements</b>						
<b>Project Expenditures (does not include Personal Services or Indirect Cost)</b>						
<b>Development</b>						
10225 - DT RD Destination Retail	95,000	150,000	150,000	50,000	50,000	50,000
10226 - Meier&Frank Redevelopment	14,025,000	0	0	0	0	0
10227 - River Dist Historic Pres	50,000	75,000	0	0	0	0
10234 - RD Park Ave Redev	0	0	100,000	1,000,000	1,000,000	0
11032 - RD Transit Mall Redev/LRT	30,000	1,500,000	0	2,000,000	0	0
11263 - RD Public Site Imprv	840,000	250,000	250,000	250,000	250,000	250,000
11264 - RD Burns/Couch Trans&UD	575,000	575,000	1,925,000	2,400,000	0	0
13104 - Centennial Mill	200,000	500,000	500,000	1,000,000	1,000,000	0
13112 - North Pearl Planning	50,000	275,000	0	0	0	0
13113 - One Waterfront Parking	50,000	250,000	250,000	8,000,000	0	0
13115 - Station Place Redev	200,000	100,000	50,000	15,000	0	0
13116 - River Dist Predevelopment	50,000	150,000	0	0	0	0
13117 - Development Loan Program	0	750,000	750,000	500,000	500,000	500,000
13119 - RD New Park Dev	510,000	420,000	2,625,000	0	0	0
13142 - RD Project Management	5,000	5,000	5,000	5,000	5,000	5,000
13143 - RD Environmental	200,000	200,000	200,000	200,000	200,000	200,000
<b>Development Total</b>	<b>16,880,000</b>	<b>5,200,000</b>	<b>6,805,000</b>	<b>15,420,000</b>	<b>3,005,000</b>	<b>1,005,000</b>
<b>Economic Development</b>						
13088 - RD Storefront Grants	205,760	200,000	200,000	200,000	200,000	200,000
70003 - RD Business Finance Tools	1,921,973	3,475,000	2,000,000	2,000,000	2,000,000	2,000,000
70013 - RD Business Retention	143,000	225,000	100,000	100,000	100,000	100,000
70302 - RD Seismic Loans	0	0	1,000,000	1,000,000	1,000,000	1,000,000
70303 - RD Transit Mall Asst	0	0	75,000	75,000	0	0
<b>Economic Development Total</b>	<b>2,270,733</b>	<b>3,900,000</b>	<b>3,375,000</b>	<b>3,375,000</b>	<b>3,300,000</b>	<b>3,300,000</b>
<b>Housing</b>						
13145 - Station Place Housing	3,463,598	2,000,000	0	0	0	0
13146 - Block 14 Affordable Hsg	899,636	30,437	0	0	0	0
13147 - MFH - Esquire Hotel	1,211,000	0	0	0	0	0
32129 - RD Rental/Preservation	1,020,000	3,344,849	9,000,000	5,000,000	0	0
<b>Housing Total</b>	<b>6,594,234</b>	<b>5,375,286</b>	<b>9,000,000</b>	<b>5,000,000</b>	<b>0</b>	<b>0</b>
<b>Finance</b>						
57156 - RD Debt Mgmt & Finance	17,579	122,419	0	0	0	0
<b>Finance Total</b>	<b>17,579</b>	<b>122,419</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Project Expenditures</b>	<b>25,762,546</b>	<b>14,597,705</b>	<b>19,180,000</b>	<b>23,795,000</b>	<b>6,305,000</b>	<b>4,305,000</b>
Operating Transfers Out	23,297	0	0	0	0	0
Personal Services	517,150	639,124	0	0	0	0
Indirect Cost	2,865,805	1,989,665	0	0	0	0
Contingency/Reserves	2,082,902	1,088,322	0	0	0	0
<b>Total Fund Requirements</b>	<b>31,251,700</b>	<b>18,314,816</b>	<b>19,180,000</b>	<b>23,795,000</b>	<b>6,305,000</b>	<b>4,305,000</b>

