

DATE: September 9, 2015
TO: Board of Commissioners
FROM: Patrick Quinton, Executive Director
SUBJECT: Report Number 15-56
Authorizing a Grant to Lan Su Chinese Garden

BOARD ACTION REQUESTED

Adopt Resolution No. 7145

ACTION DESCRIPTION

This proposed action by the Portland Development Commission (PDC) Board of Commissioners (Board) will authorize a grant in an amount not to exceed \$638,000 to the Lan Su Chinese Garden (Chinese Garden). If approved, the grant funds will be used to repair and restore Lake Zither, a 9,000 square foot pond that is the centerpiece of the Chinese Garden, located at 239 NW Everett Street in the Downtown Waterfront Urban Renewal Area (DTWF URA); see Attachment A for a site map.

BACKGROUND AND CONTEXT

PDC was a key sponsor in helping to create the Chinese Garden. In 1989, PDC staff worked with the Mayor's Office and the Bureau of Parks and Recreation to determine the feasibility of building an authentic, Suzhou-style garden in the Old Town/Chinatown neighborhood and participated with Portland's sister city association to move the project forward. In 1994 and 1995, staff facilitated the real estate negotiations leading to the dedication of the current site by Northwest Natural Gas. Beginning in fiscal year (FY) 1998-99, PDC provided financial resources, through the DTWF URA, to match the private fundraising to construct the Chinese Garden.

In September 1997, Portland City Council approved the Old Town/Chinatown Vision Plan (an effort of the Old Town/Chinatown Visions Committee) which includes development of the Chinese Garden as a key immediate opportunity to help revitalize the community. The subsequent Old Town/Chinatown Development Plan, adopted by Portland City Council in December 1999, similarly highlights the construction of the Chinese Garden as a critical immediate public investment to foster private investment while maintaining the unique character of the Old Town/Chinatown neighborhood.

Since opening in 2000, the Chinese Garden has become recognized as Portland's focal point for Chinese culture. Occupying a full city block in Portland's Old Town/Chinatown, the Chinese Garden is a significant cultural and recreational attractor for visitors of all ages to learn about China and Portland's Chinese heritage. In the past 15 years, approximately 1,700,000 people have visited the Chinese Garden, averaging more than 120,000 visitors each year (43 percent from the Portland metro area). The property on which the Chinese Garden is located is controlled by the City of Portland (City) through a 99-year lease with Northwest Natural Gas; the physical structures within the Chinese Garden are also owned by the City, through the Portland Bureau of Parks and Recreation, and the City is responsible for

major maintenance; the Portland Classical Chinese Garden (PCCG) operates the Chinese Garden and is responsible for minor maintenance.

Within this partnership structure, PDC has continued to support the Chinese Garden since opening in 2000. In December 2000, the PDC Board approved additional financing of \$1,179,000 to retire an outstanding line of credit used to construct the Chinese Garden and to complete necessary right-of-way improvements adjacent to the project. Today, Lake Zither, the symbolic centerpiece of the garden's design, is in need of a new liner. The pond has been losing an average of 28,000 gallons of water per day (10,000,000 gallons per year). The Chinese Garden would like to install a new liner that has a 40- to 50-year lifespan that will reduce water usage and bills; allow for a raised water level with better water quality and appearance; and allow the garden to provide year-round habitat for plants and fish, which currently need to be removed every winter.

The project was originally budgeted in the General Fund under the Mayor's Proposed Budget. PDC identified this project, along with the Charles Jordan Community Center roof repair and river access in Central Eastside, as both benefiting their respective URAs and being eligible for tax increment financing funds. Subsequently, \$1,390,000 was added back to PDC's Adopted Budget from the General Fund, of which \$500,000 is allocated to the Inclusive Startup Fund and \$891,000 is allocated to the Community Development Fund.

COMMUNITY AND PUBLIC BENEFIT

Repairs to Lake Zither will provide numerous community benefits by reducing water loss and allowing the Chinese Garden to continue to operate as a treasured Portland institution. PDC's Equity Policy is applicable to the project through the Business Equity Program specifications. PDC's Green Building policy, the City's 2% for Art policy, and state prevailing wage rate are not triggered and will not apply.

PUBLIC PARTICIPATION AND FEEDBACK

There has been no formal public participation related to a grant of this scale. However, PCCG applied in 2014 to PDC for a Community Livability Grant and was selected by a joint PDC/community review committee for receipt of funds at a lesser amount. The PCCG request was accompanied by support letters from Old Town/Chinatown stakeholders, including NW Natural, Cal Skate Skateboards, Kalberer Company, and Oregon College of Oriental Medicine.

BUDGET AND FINANCIAL INFORMATION

There are sufficient resources in the FY 2015-16 DTWF URA Adopted Budget (see Attachment B). Budgeted resources were originally anticipated to be spent through an intergovernmental agreement with the Bureau of Parks and Recreation and therefore budgeted as an Infrastructure appropriation. Since the expenditure is now being proposed in the form of a direct grant to the Chinese Garden, PDC staff will recommend a budget revision to move the resources from Infrastructure to Property Redevelopment (Property Redevelopment Grants) as part of the first budget revision that will be brought to the PDC Board in November 2015.

RISK ASSESSMENT

There are minimal risks in approving this grant agreement. The primary risk is that the project costs could exceed the anticipated budget; this risk is mitigated by capping the amount of the grant at \$638,000.

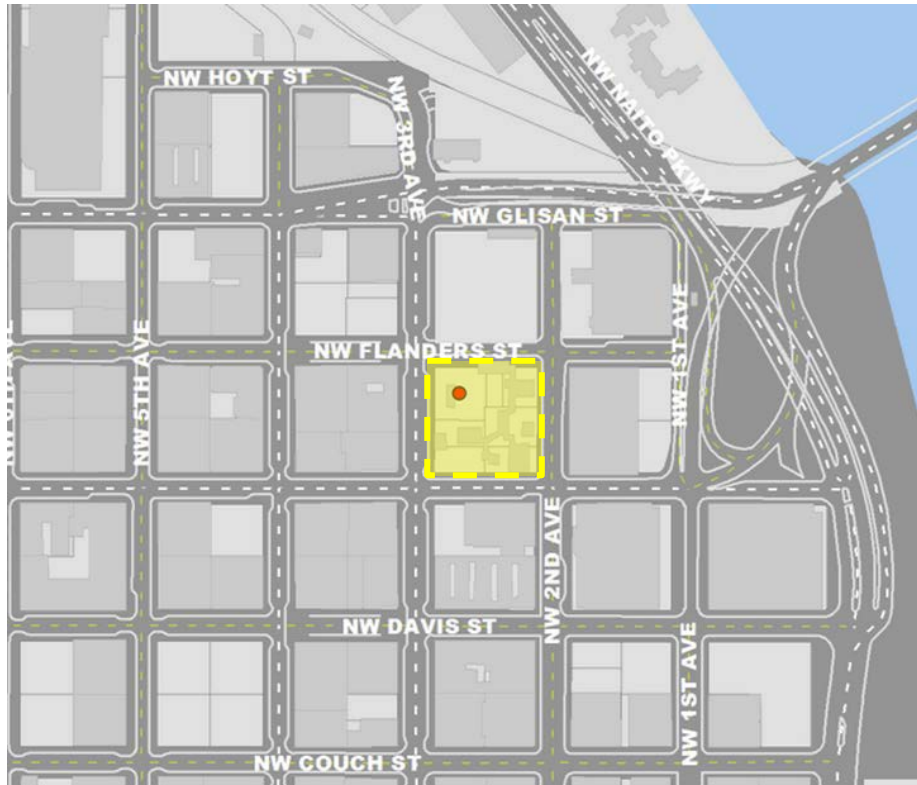
ALTERNATIVE ACTIONS

The PDC Board could elect to not approve the grant, which would force the Chinese Garden to find alternate funding sources and jeopardize the City General Fund resources to PDC for the Inclusive Startup Fund and Community Development Fund.

ATTACHMENTS

- A. Site Map
- B. URA Financial Summary

Site Map



239 NW Everett Street

URA Financial Summary

Five-Year Forecast Program Requirements Detail

	Revised- 3 FY 2014-15	Adopted FY 2015-16	Forecast FY 2016-17	Forecast FY 2017-18	Forecast FY 2018-19	Forecast FY 2019-20
<u>Downtown Waterfront URA</u>						
Resources						
Beginning Fund Balance	14,416,731	16,397,236	11,035,759	7,875,605	8,291,581	5,646,146
Fees and Charges	250	6,000	2,800	2,800	2,800	2,800
Interest on Investments	60,000	30,000	10,000	10,000	0	0
Loan Collections	2,294,229	321,487	2,275,437	3,296,476	289,382	29,226
Property Income	2,734,764	2,490,035	2,571,510	69,885	68,280	66,635
Reimbursements	15,200	15,200	15,200	15,200	15,200	15,200
Total Resources	19,521,174	19,259,958	15,910,706	11,269,966	8,667,223	5,760,007
Requirements						
Program Expenditures						
Administration						
Financial Administration						
A45101320 Debt Management-DTW	4,501	4,501	8,000	8,000	8,000	8,000
Total Administration	4,501	4,501	8,000	8,000	8,000	8,000
Business Development						
Business Lending						
L00210320 BL -General-DTW	100,000	100,100	100,100	100,100	100,100	100,100
Small Business & Community Dev						
B55005320 OT/CT Action Plan-DTW	75,000	65,000	65,000	0	0	0
Total Business Development	175,000	165,100	165,100	100,100	100,100	100,100
Housing						
PHB Housing						
H15430320 Affordable Rental Hsg-DTW	0	1,717,345	254,565	0	0	0
Total Housing	0	1,717,345	254,565	0	0	0
Infrastructure						
Parks						
N32010015 Chinese Garden-DTW	0	638,000	0	0	0	0
Transportation						
N32030015 Dtwm Retail Infra-DTW-Adm	0	500,000	1,500,000	0	0	0
Total Infrastructure	0	1,138,000	1,500,000	0	0	0
Property Redevelopment						
Commercial Property Redevelopm						
P32053635 Old Town Lofts-Prkng-DTW-Adm	29,948	10,045	10,045	10,045	10,045	10,045
P32053625 Old Town Lofts-Accel	337,707	31,800	31,800	31,800	31,800	31,800
P32056515 RiverPlace Marina-DTW-Adm	20,000	15,200	15,200	15,200	15,200	15,200
P32060115 Block 8 - L-DTW-Adm	1,014,688	0	0	0	0	0
P32060415 SW 3rd & Taylor Lot-DTW-Adm	19,100	0	0	0	0	0
P32060515 One Waterfront South-DTW-Adm	8,960	4,600	4,600	0	0	0
P32060615 SW 3rd & Oak-DTW-Adm	78,015	73,432	2,873,432	0	0	0
P32052215 CC 2035-DTW-Adm	9,186	0	0	0	0	0
Commercial Real Estate Lending						
R01100320 CPRL-General-DTW	100,000	3,951,000	2,001,000	2,001,000	2,001,000	1,000
Community Redevelopment Grants						
G01100320 CLG-General -DTW	111,000	100,000	100,000	100,000	100,000	100,000
G02100320 DOS-General-DTW	100,000	50,000	50,000	50,000	50,000	50,000
G03100320 SIP-General-DTW	373,000	200,000	200,000	200,000	200,000	200,000
Total Property Redevelopment	2,201,604	4,436,077	5,286,077	2,408,045	2,408,045	408,045
Total Program Expenditures	2,381,105	7,461,023	7,213,742	2,516,145	2,516,145	516,145