

Tom Kelly
Chair

Aneshka Dickson
Commissioner

Mark Edlen
Commissioner

John C. Mohlis
Commissioner

Charles A. Wilhoite
Commissioner

Charlie Hales
Mayor

Patrick Quinton
Executive Director

This document represents the official meeting record of the January 28, 2015, Portland Development Commission (PDC) Board of Commissioners (Board) Budget Work Session held at 222 NW Fifth Ave., Portland, OR 97209. A copy of the PowerPoint presentation is included in these minutes as Attachment 1.

1. Call to Order and Roll Call

Chair Tom Kelly called the meeting to order at approximately 1:09 p.m. Ms. Gina Wiedrick, PDC Board recording secretary, called the PDC Board roll:

Chair Tom Kelly	PRESENT
Commissioner Aneshka Dickson	PRESENT
Commissioner Mark Edlen	PRESENT
Commissioner John Mohlis	ABSENT
Commissioner Charles Wilhoite	ABSENT

2. Review Agenda

Executive Director Patrick Quinton gave a brief overview and reminded the PDC Board that this is a public meeting, but also a work session and questions and comments are welcomed at any time.

Fiscal Year (FY) 2014-15 and Draft FY 2015-16 work plans were handed out and are included in these minutes as Attachment 2.

3. Budget Calendar and Overview

Tony Barnes, Budget Officer, gave an overview of where PDC is in the FY 2015-16 budget process and upcoming dates of interest, making note of the presentations to Portland City Council (City Council) in April and May.

Commissioner Edlen asked if between now and June there will be opportunities for the public to provide input. Mr. Barnes responded yes, at the April 8 PDC Board meeting, at City Council in May, the June 10 PDC Board meeting, and the June 26 PDC Board meeting wherein the Tax Supervising & Conservation Commission will review and certify the final budget before the PDC Board takes action.

Commissioner Dickson asked if the public knows about opportunities to weigh in at the Neighborhood Economic Development (NED) Leadership Group meetings. Justin Douglas, Policy Manager, responded that all of the NED Leadership Group meetings are posted in *The Oregonian* and electronic news blasts are also sent out.

4. Financial and Staffing Summaries

At approximately 1:25 p.m. Commissioner Wilhoite joined the meeting.

Mr. Barnes gave an overview of the budget trends.

Commissioner Edlen asked what the historical accuracy of predicting resources is. Mr. Barnes responded that the numbers for tax increment financing (TIF) are very close; PDC staff is very conservative with these numbers.

Commissioner Wilhoite asked the following questions:

- How does PDC reconcile over time that if it says that it has over 30 percent for housing set-aside planned yet the communities say that there is a shortage of affordable housing. Executive Director Quinton responded that the City of Portland (City) as a whole needs to own it; TIF is just one tool that is effective in one part of the market.
- What if more than 30 percent is needed? Executive Director Quinton responded that it will be an active conversation, but there are a lot of competing priorities. While there is a desire to address affordable housing, there is an interest to complete other projects as well.
- So PDC does need to build a case for the prioritization of projects. Executive Director Quinton responded that this work session is the place for that discussion; PDC staff will work with whatever direction the PDC Board provides.

James Carter, Sr. Financial Analyst, City Budget Office, stated that there will also be revenue from the Neighborhood Prosperity Initiative that will show up. Mr. Barnes added that PDC staff is working with the City's Office of Management and Finance (OMF) on what that number will look like.

Goal 3: Healthy, Complete Neighborhoods

Lisa Abuaf, Central City Manager, gave an overview of the \$83,600,000 budget and Bruce Wood, Real Estate & Construction Manager, gave an update on the projects, noting that some dollars will be spent from the FY 2014-15 budget and project balances will roll over to the FY 2015-16 budget.

Commissioner Wilhoite asked the following questions:

- What will happen with the Veterans Memorial Coliseum (Coliseum)? Ms. Abuaf responded that PDC has invested \$1,500,000 so far. Executive Director Quinton added that PDC paid for the work on the ice floor. Ms. Abuaf continued that there is not an active agreement on the Coliseum.
- Commissioner Wilhoite commented that the City does own it and therefore must maintain it. Executive Director Quinton responded that the Coliseum does need on-going investment and OMF wants to take the time to figure what the best options are.
- Does the ownership of the Coliseum lose money in operating costs? Executive Director Quinton responded that it is sometimes in the black, sometimes in the red, but not too much on one or the other.
- What do the Portland Winterhawks think of the Coliseum versus the Moda Center? Executive Director Quinton responded that the Winterhawks do like the Coliseum and the flexibility it gives them of making their own schedule.

Executive Director Quinton stated that the allocation for affordable housing has already been determined, but PHB is struggling to spend those dollars in the Oregon Convention Center URA. He added that because of the \$20,000,000 allocation to the Coliseum and the Convention Center Hotel, there is very little money left over for any other projects.

Commissioner Dickson asked how PDC would determine where to allocate dollars should it be decided to release the hold on some of the large projects. Executive Director Quinton responded that it is a question that is often asked. Should PDC release the money held, it would open up the floodgates with requests for other projects. The PDC Board could provide direction on how they would like PDC staff to reallocate these dollars.

Goal 1: Access to High Quality Employment

Chris Harder, Economic Development Manager, gave an overview of the \$10,100,000 budget and its focus on job creation. Kate Deane, Community Economic Development Manager, focused her comments on the work of preparing people for employment.

At approximately 3:05 p.m. Commissioner Dickson excused herself from the PDC Board meeting.

Commissioner Edlen asked about the metrics for the workforce development programs. Ms. Deane responded that there has not been much data on the back-end, but PDC staff and its partners just redesigned the system but are not far enough along to look at the metrics. Tracking is being done by individual, but there is not good data on how long they have been employed.

Goal 2: Equitable Wealth Creation

Mr. Harder gave an overview of the \$5,600,000 budget. Executive Director Quinton stated that the \$750,000 Inclusive Entrepreneurship Fund is a one-time ask, separate from PDC's regular budget request.

Chair Kelly asked if PDC was asked to submit a request, or if it initiated this on its own. Executive Director Quinton responded that Mayor Hales asked PDC to submit the request.

Chair Kelly asked if there are any metrics for the Portland Seed Fund. Mr. Harder responded that with the Portland Seed Fund, PDC staff is looking at what new jobs are being created, and Portland Economic Investment Corporation tracks the return on investment.

Ms. Deane also gave an overview of the business lending, business development, and small and micro business technical assistance in the neighborhoods.

Goal 4: 21st Century Civic Networks, Institutions, and Partnerships

Ms. Deane gave an overview of the \$4,600,000 budget, which includes the Neighborhood Prosperity Initiative program.

8. Stakeholder Testimony

Chair Kelly called forward guests to testify.

Sarah Stevenson, Executive Director at [Innovative Housing, Inc.](#), and a member of the Central City Budget Advisory Committee (Central City BAC). Ms. Stevenson gave an overview of the requests made in the letter dated January 23, 2015, from the Central City BAC.

Damien Hall, Associate at [Ball Janik LLP](#), and a member of the Central City BAC. Mr. Hall gave additional overview of the requests of the letter from the Central BAC, focusing on the legacy projects and recommendations on how these funds could be better spent.

Gwen Baldwin, representing the [Lloyd EcoDistrict](#). Ms. Baldwin gave an overview of the letter included in these minutes as Attachment 3.

At approximately 3:43 p.m. Chair Kelly called for a break. At approximately 3:57 p.m. Chair Kelly called the meeting to order.

Chair Kelly called forward a guest to testify.

Brian Alfano, Vice President of Member Services at [Unitus Community Credit Union](#), and chair of the NED Leadership Group Budget Sub-Committee (Sub-Committee). Mr. Alfano gave an overview of the requests made in the later dated January 23, 2015 from the Sub-Committee.

Executive Director Quinton asked if there is anything in the Sub-Committee letter that the current budget is not addressing. Ms. Deane responded that there are not any new projects, but there are two projects whose budgets need scrutiny: (1) the Lombard Investment Strategy, there is a concern that the budget may not be robust enough, but she does not recommend making changes to the budget at this time because the proposal will not be completed in the FY 2015-16; and (2) for the Halsey/Weidler Streetscape PDC staff may need to adjust allocations in a future budget revision.

Goal 5: Equitable, Innovative, and Financially Sustainable Operations

A general overview of the \$16,000,000 budget can be seen on the last slide; most of the discussion took place in the next section.

9. Administrative Overhead

Asset & TIF Revenue Based Allocation (weighted) document was handed out and are included in these minutes as Attachment 4.

Commissioner Edlen requested a chart showing the percentages spent year-to-date, and asked the following questions:

- How frequently are the detailed reports run? Faye Brown, Chief Financial Officer, responded that reports are run on a quarterly basis. Executive Director Quinton responded that the Leadership Team reviews these extensively and they are shared with the PDC Board on an annual basis, but PDC staff could provide more regular briefings to the PDC Board.
- Does the PDC Board have fiduciary responsibility over the entire budget? Executive Director Quinton responded that the PDC Board's role is to make sure that the funds are being used legally. Eric Iverson, Legal General Counsel, added that the PDC Board's responsibility is in good faith; the real legal requirement is that if any member of the PDC Board knows there is a legal prohibition and still chooses to proceed, then that is a problem.
- Expressed specific concern over the ramifications from a budget perspective. Mr. Iverson responded that the PDC Board is relying on the information that it is given by PDC staff, and can ask for additional information at any time.

Commissioner Wilhoite asked what the term of PDC's lease is for its current headquarters. Executive Director Quinton responded that PDC has the right to opt out in 2017; PDC staff is actively looking to put PDC in a position to where it can change locations more easily if there was a want or need to do so.

Executive Director Quinton stated that PDC has made painful strides to reach its current staffing level, but the forecast shows that overhead continues to grow year after year; PDC staff needs to figure out what to do for the future. Ninety-five is the target employee count, and there is no intention to go over that number, but it has been lower than that for the past one to two years due to vacancies.

Commissioner Edlen requested that PDC staff continue to provide updates to the PDC Board with regards to the Centennial Mills project.

Executive Director Quinton stated that PDC does lose credibility if it does not put money aside to cover what it thinks its obligations might be, noting that it also does not have the obligation to spend the money merely because it was budgeted; the five-year forecast gives the public a sense of security, showing what could be available, but PDC staff can move money around from year-to-year as it develops the annual budget.

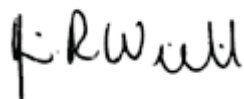
Commissioner Wilhoite asked if PDC feels good about the advisory committees and its work. Executive Director Quinton responded that there are still a few people in the public who still yearn for the days of the URA Advisory Committees, but PDC does not have the capacity to turn back to that model. The advisory committees have been providing substantive feedback and it works. Kimberly Branam, Deputy Director, added that the community members and PDC staff find the meetings and interactions to be very productive.

Commissioner Wilhoite asked how many sessions will the PDC Board have regarding the budget. Mr. Barnes responded that PDC staff will come back to the PDC Board in April, after the City Council work session takes place, and back to the PDC Board in June after City Council has its meetings in May. Executive Director Quinton added that PDC staff can provide updates in all upcoming PDC Board meetings; from now through April is when the PDC Board has the most flexibility in providing feedback, guidance, and input, but starting in May, PDC staff has to follow what has been submitted in final form to City Council.

11. Adjourn

There being no further business, Chair Kelly adjourned the meeting at approximately 4:45 p.m.

Approved by the Portland Development Commission on April 8, 2015



Gina Wiedrick, Recording Secretary



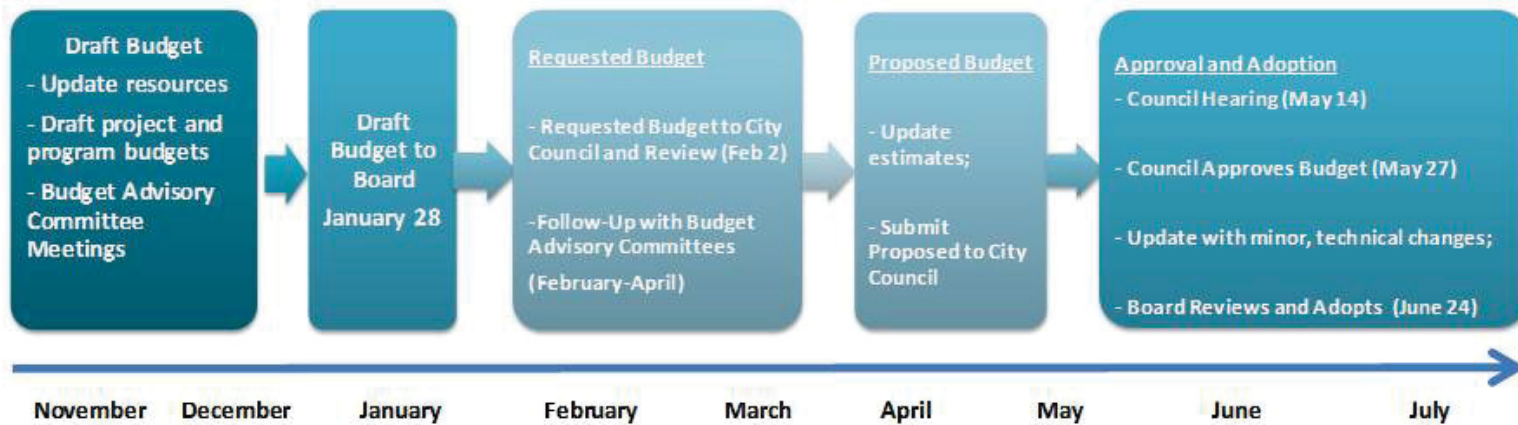
FY 2015-16 Draft Budget

January 28, 2015



Process

FY 2015-16 Budget Development Summary

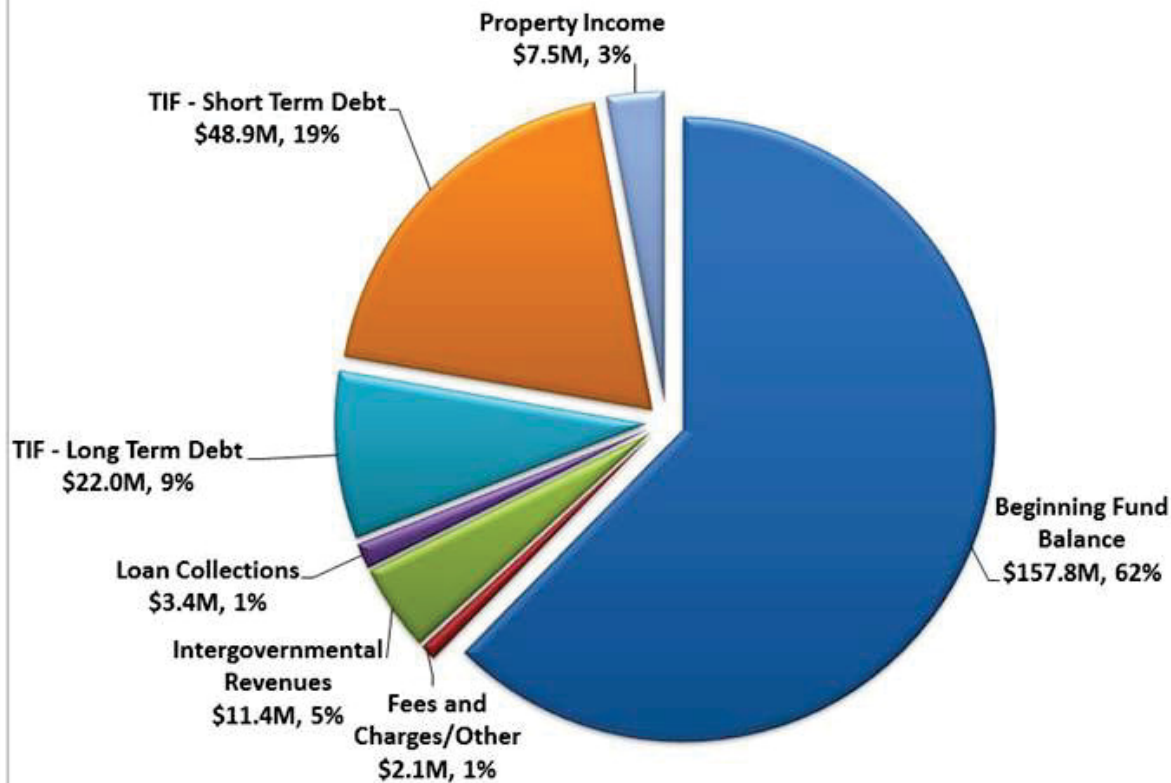


Budget Trends

- PDC's Budget and Five-Year Forecast is a mix of project and program budgets that are based on well defined requirements or more general reservations for strategic priorities.
- In both cases, amounts budgeted may not spend during the fiscal year based on changes in timing due to project partners or opportunities not moving forward.
- Budget assumptions assume URA amendment package moves foreword (RD, NMAC, CES, EDU, WIURA).
- Resources include updated estimates for loan repayments, property sales, tax increment assessed value growth and borrowing assumptions, as well as ongoing funding for General Fund economic development programs and federal resources.
- General Fund request includes a \$1.75 million request for additional resources for inclusive capital and community economic development needs.

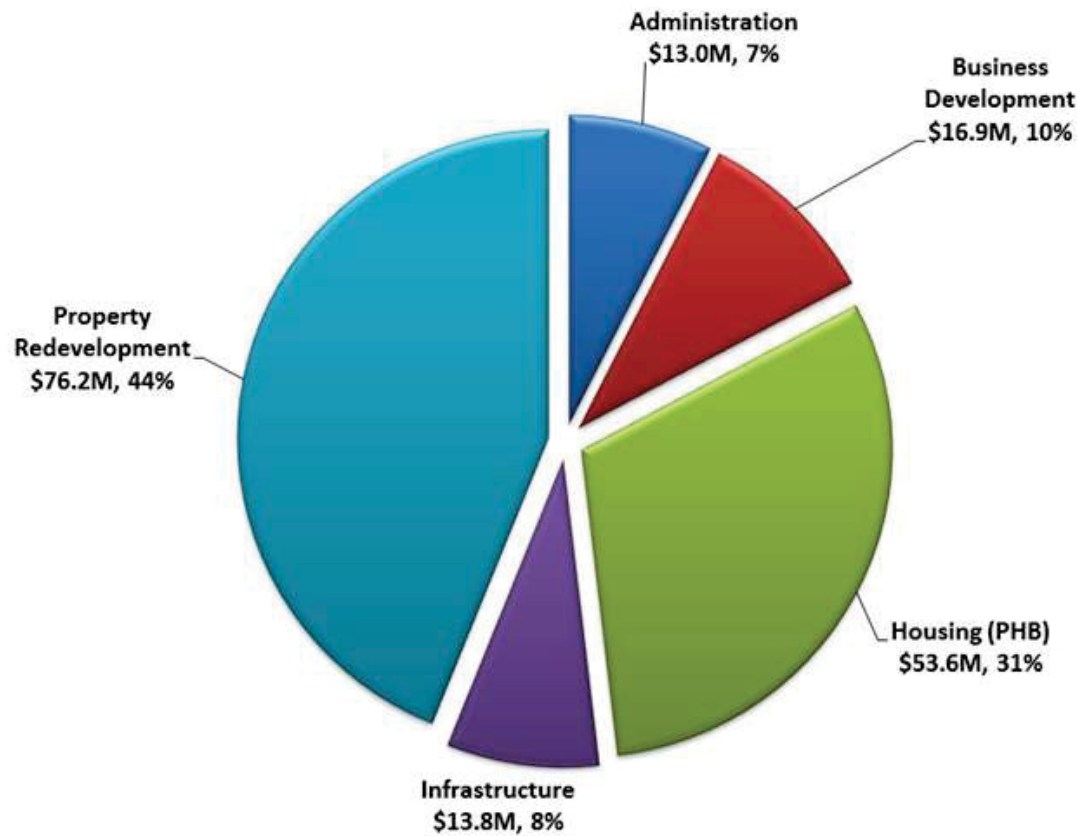
2015-16 Draft Budget – Resources

**FY 2015-16 Resources - \$253.1 Million
(net of interfund transfers)**

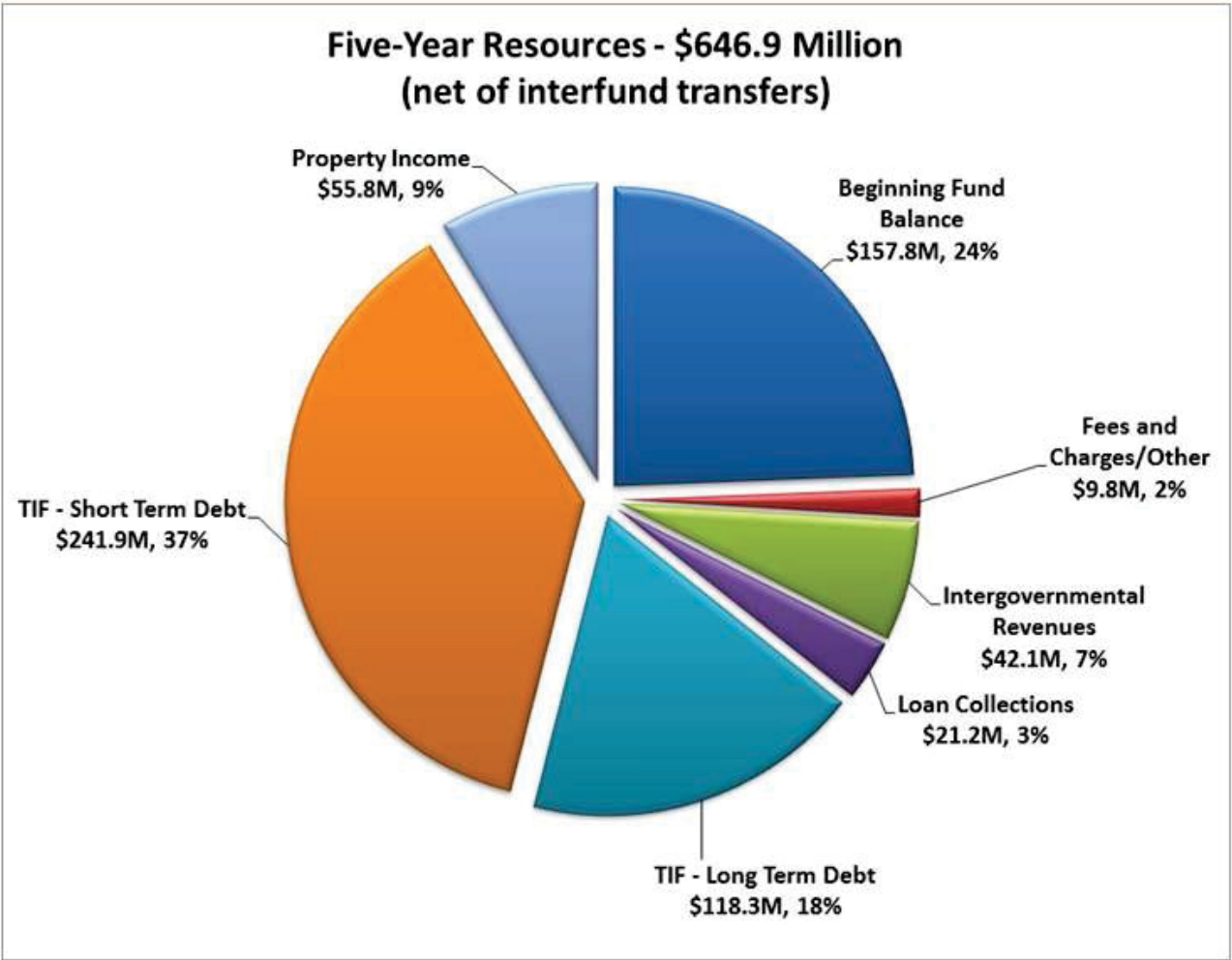


2015-16 Draft Budget - Expenditures

FY 2015-16 Expenditures - \$173.5 Million

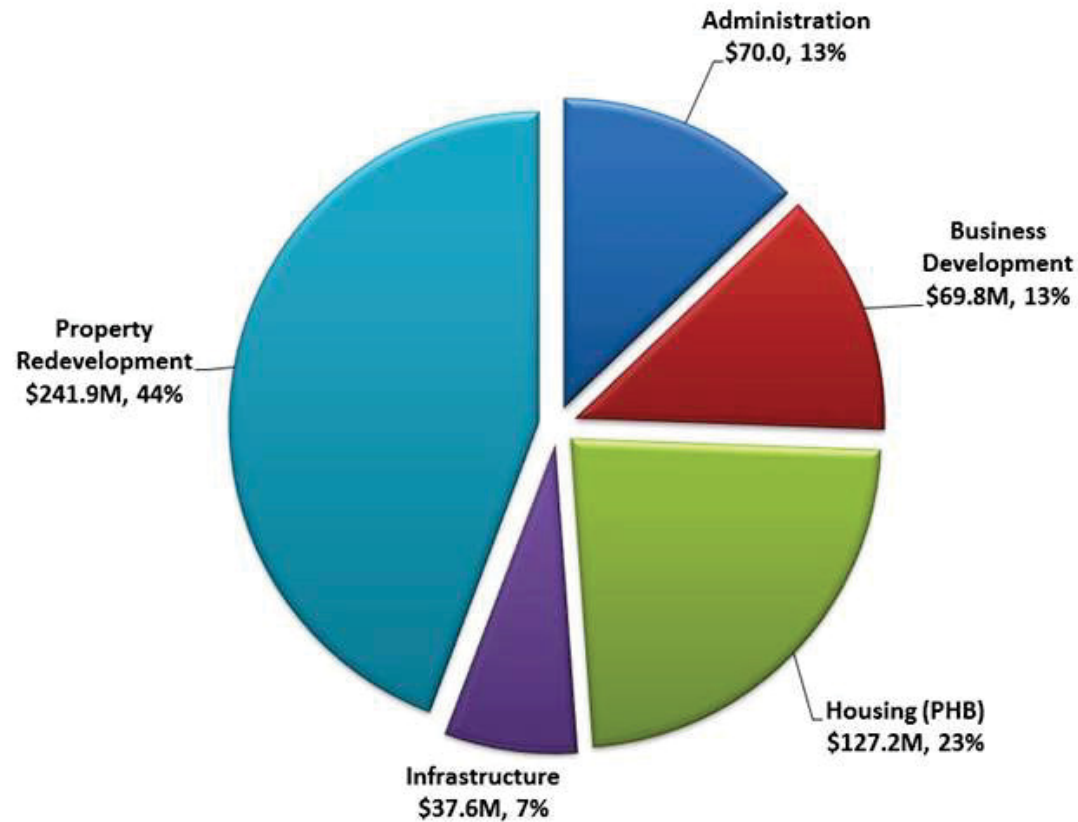


Five-Year Forecast – Resources



Five-Year Forecast - Expenditures

Five-Year Expenditures - \$546.5 Million



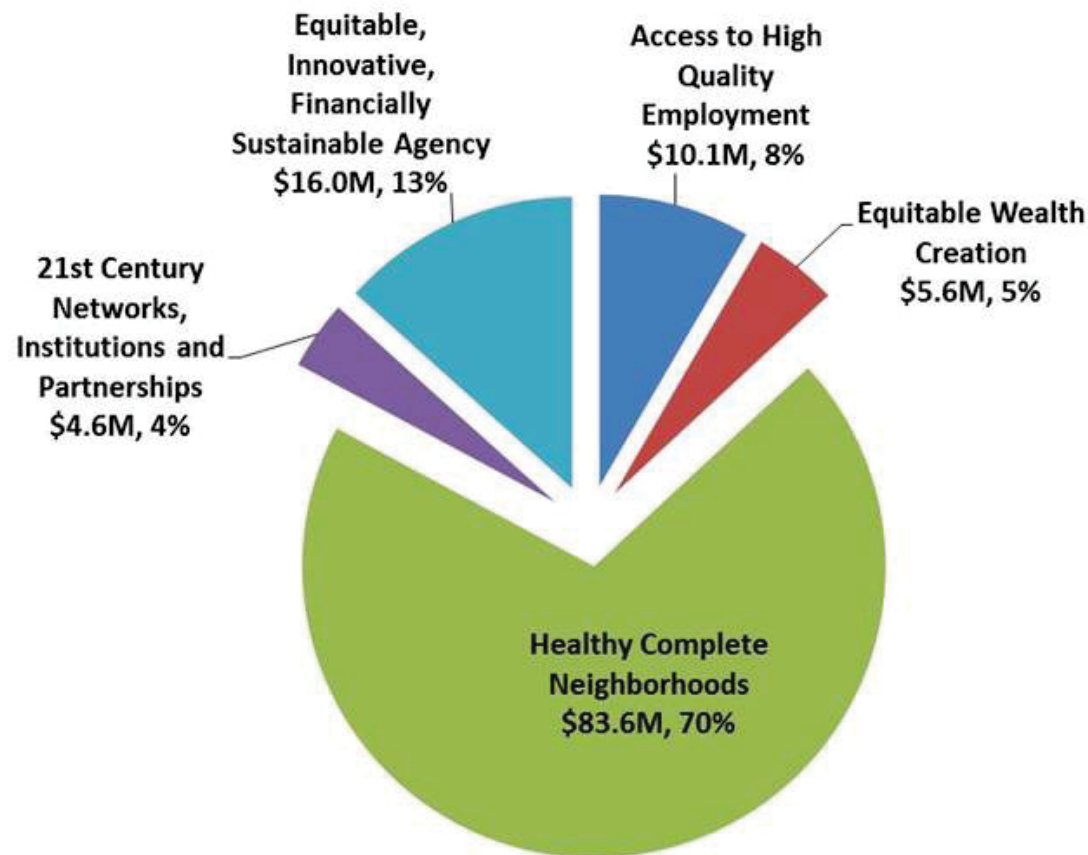
Housing Set Aside

Housing Set Aside Summary	FY 2013-14 Actual	FY 2014-15 Revised	FY 2015-16 Draft	FY 2016-17 Forecast	FY 2017-18 Forecast	FY 2018-19 Forecast	FY 2019-20 Forecast
Downtown Waterfront	17,314,207	17,314,207	19,031,552	19,286,117	19,286,117	19,286,117	19,286,117
21% Target	91,402,338	91,402,338	91,402,338	91,402,338	91,402,338	91,402,338	91,402,338
	19%	19%	21%	21%	21%	21%	21%
South Park Blocks	31,347,713	31,347,713	37,208,199	37,208,199	37,208,199	37,208,199	37,208,199
52% Target	61,090,678	61,090,678	61,090,678	61,090,678	61,090,678	61,090,678	61,090,678
	51%	51%	61%	61%	61%	61%	61%
Oregon Convention Center	7,935,111	9,249,293	20,749,293	20,749,293	20,749,293	20,749,293	20,749,293
26% Target	78,564,626	78,564,626	78,564,626	78,564,626	78,564,626	78,564,626	78,564,626
	10%	12%	26%	26%	26%	26%	26%
Central Eastside	5,353,382	5,468,811	9,018,482	9,779,447	9,901,346	12,240,566	13,782,536
15% (30% after \$35M reached)	34,790,068	37,667,188	40,544,308	43,421,428	50,134,708	54,842,773	55,073,193
18% Average	15%	15%	22%	23%	20%	22%	25%
Lents	22,506,428	24,233,676	26,000,365	28,229,767	30,375,022	32,870,935	37,870,935
30% Target	64,786,703	74,141,997	83,732,397	94,281,837	104,831,277	108,224,151	149,627,288
	35%	33%	31%	30%	29%	30%	25%
Interstate	30,984,760	33,183,786	42,612,542	50,687,597	59,352,248	69,301,773	72,610,461
30% Target	87,265,623	98,294,583	110,283,543	122,752,503	134,837,463	149,418,423	160,447,383
	36%	34%	39%	41%	44%	46%	45%
Gateway	6,392,802	9,681,807	10,809,132	11,359,598	11,720,296	11,926,950	12,926,950
30% Target	19,533,611	22,890,251	26,246,891	29,603,531	32,960,171	36,316,811	41,113,451
	33%	42%	41%	38%	36%	33%	31%
North Macadam	28,680,065	28,682,717	30,682,717	32,682,717	32,682,717	33,024,444	35,781,427
39% (30% after \$58M CD comp)	69,707,294	72,196,574	74,301,854	81,015,134	88,461,627	95,952,059	104,070,832
36% Average	41%	40%	41%	40%	37%	34%	34%
River District	60,566,558	72,577,071	87,394,561	95,464,317	98,717,850	101,146,318	101,146,318
30% Target	165,246,186	184,899,469	222,687,595	267,280,711	286,361,892	302,350,251	318,293,339
	37%	39%	39%	36%	34%	33%	32%
Education	82,875	500,703	500,703	500,703	500,703	500,703	500,703
30% Target	978,808	2,210,878	2,210,878	2,210,878	2,210,878	2,210,878	2,210,878
	8%	23%	23%	23%	23%	23%	23%
Total	211,163,902	232,239,785	284,007,547	305,947,756	320,493,792	338,255,300	351,862,940
Base*	673,365,935	723,358,581	791,065,107	871,623,663	930,855,658	980,372,989	1,061,894,006
Combined Percentage	31%	32%	36%	35%	34%	35%	33%

2015-16 Budget by Activity

Business Line/Key Activity	Personnel Services	Materials and Services	Capital Outlay	Financial Assistance	Grand Total
Business Development					
Business Lending	264,630	115,000	0	4,468,148	4,847,778
Small Business & Community Dev	880,103	261,700	0	6,992,644	8,134,447
Traded Sector Business Dev	1,076,594	1,324,847	0	1,470,000	3,871,441
Business Development Total	2,221,327	1,701,547	0	12,930,792	16,853,666
Infrastructure					
Parks	56,499	0	2,570,000	0	2,626,499
Public Facilities	44,165	53,000	2,408,889	0	2,506,054
Transportation	52,601	0	8,650,000	0	8,702,601
Infrastructure Total	153,265	53,000	13,628,889	0	13,835,154
Property Redevelopment					
Commercial Property Redevelopm	1,517,314	4,124,686	28,274,416	4,030,000	37,946,416
Commercial Real Estate Lending	173,002	0	0	33,870,000	34,043,002
Community Redevelopment Grants	387,954	0	0	3,800,000	4,187,954
Property Redevelopment Total	2,078,270	4,124,686	28,274,416	41,700,000	76,177,372
Administration	8,348,826	4,481,318	155,500	0	12,985,644
Total PDC Expenditures	12,801,688	10,360,551	42,058,805	54,630,792	119,851,836
PHB Housing	0	53,658,384	5,000	0	53,663,384
Total Expenditures	\$ 12,801,688	\$ 64,018,935	\$ 42,063,805	\$ 54,630,792	\$ 173,515,220

Budget by Strategic Goal



Healthy, Complete Neighborhoods

Staffing: 16 FTE
Strategic Goal Budget: \$83.6 Million

Healthy Complete Neighborhoods	Non-TIF	TIF	Total
Connected Innovation and Jobs Centers			
Central Eastside			
Commercial Lending	0	601,103	601,103
District Parking	0	1,500,000	1,500,000
Strategic Sites/Project Development/Grants	0	496,221	496,221
South Waterfront/South Downtown			
Bond Avenue	0	700,000	700,000
District Infrastructure (Greenway, Project Development)	0	221,205	221,205
Gateway			
Commercial Lending	0	1,500,000	1,500,000
Project Development	0	225,886	225,886
Project Development/South Park Blocks/Other Admin	0	249,557	249,557
Total	0	5,493,972	5,493,972

Healthy, Complete Neighborhoods

Staffing: 16 FTE
Strategic Goal Budget: \$83.6 Million

Healthy Complete Neighborhoods	Non-TIF	TIF	Total
Regional Assets			
Convention Center Hotel	0	4,005,761	4,005,761
Project Development OCC (Rose Quarter, Block 49, VMC, Ecodistrict)	0	23,342,795	23,342,795
Centennial Mills	0	1,141,842	1,141,842
Union Station Grant	0	2,506,054	2,506,054
Post Office	0	506,296	506,296
Leach Botanical Gardens (Lents)	0	1,774,831	1,774,831
Total	0	33,277,579	33,277,579

Healthy, Complete Neighborhoods

Staffing: 16 FTE
Strategic Goal Budget: \$83.6 Million

Healthy Complete Neighborhoods	Non-TIF	TIF	Total
Vibrant Communities and Corridors			
Infrastructure Investments			
Lombard Investment-Strategy (Interstate)	0	2,218,642	2,218,642
Foster-52nd to 82nd-Streetscape Improvements (Lents)	0	502,864	502,864
Gateway Park Project-GTW	0	813,995	813,995
Halsey-Weidler Street Improvement (Gateway)	0	763,121	763,121
Killingsworth Streetscape Improvements (Interstate)	0	2,502,048	2,502,048
<i>Continued on next page</i>			

Healthy, Complete Neighborhoods

Staffing: 16 FTE

Strategic Goal Budget: \$83.6 Million

Healthy Complete Neighborhoods	Non-TIF	TIF	Total
Communities			
Old Town/Chinatown-Downtown Retail (River District/DTWF)			
Commercial Lending	0	24,479,718	24,479,718
Storefront/DOS	0	812,172	812,172
10th and Yamhill	0	3,254,497	3,254,497
District Parking	0	530,000	530,000
Planning/Project Development (OT/CT Action Planning)	0	510,725	510,725
Lents Action Plan			
Commercial Lending	0	4,921,993	4,921,993
Planning/Project Development	0	382,468	382,468
Interstate			
Commercial Lending	0	2,498,460	2,498,460
Planning/Project Development	0	283,865	283,865
Project Development/Other	0	331,820	331,820
Total	0	44,806,388	44,806,388
Total Healthy, Complete Neighborhoods	0	83,577,939	83,577,939

Access to High Quality Employment

Staffing: 14
Strategic Goal Budget: \$10.1 Million

Access to High Quality Employment	Non-TIF	TIF	Total
Quality Job Growth and Business Vitality			
Cluster Development	1,031,892	391,917	1,423,809
Greater Portland	100,000	0	100,000
Lean Manufacturing	0	110,000	110,000
Business Lending Activities (Central City URAs)	1,422,748	1,548,878	2,971,626
Strategic Business Development (Ezone)	364,945	0	364,945
International Business Development	599,082	0	599,082
Total	3,518,667	2,050,795	5,569,462
Access to Career-Path Employment			
Site Recruitment and Development (URA, Bakery Blocks WIURA)	0	761,879	761,879
Youth and Adult Workforce Development (GF, CDBG, Ezone)	3,740,188	0	3,740,188
Total	3,740,188	761,879	4,502,067
Total Access to High Quality Employment	7,258,855	2,812,674	10,071,529

Equitable Wealth Creation

Staffing: 9
Strategic Goal Budget: \$5.6M Million

Equitable Wealth Creation	Non-TIF	TIF	Total
Inclusive Innovation & Entrepreneurship Ecosystem			
Entrepreneurial Development	449,717	68,881	518,598
Inclusive Capital Fund	750,000	0	750,000
Total	1,199,717	68,881	1,268,598
Business Growth			
Business Lending (Neighborhood URAs)	0	1,710,563	1,710,563
Business Development (Neighborhood URA)	0	187,650	187,650
Small and Micro Business Technical Assistance (incl. GFGP/Storefront)	854,729	1,409,032	2,263,761
Total	854,729	3,307,245	4,161,974
Property Owner Development (DOS)	0	194,324	194,324
Total Equitable Wealth Creation	2,054,446	3,570,450	5,624,896

21st Century Civic Networks, Institutions and Partnerships

Staffing: 7
Strategic Goal Budget: \$4.6 Million

21st Century Networks, Institutions and Partnerships	Non-TIF	TIF	Total
Workforce and Regional Competitiveness		See Goal 1	
Affordability & Neighborhood Solutions	0	58,461	58,461
Innovation & Infrastructure		See Goal 1	
Neighborhood Capacity Building			
Community Livability Grant (Interstate, Gateway, Lents, OT/CT)	0	1,222,643	1,222,643
Community Development (Lents-Gateway-Interstate)	0	260,963	260,963
Neighborhood Prosperity Initiative & Main Street Network	1,175,725	554,793	1,730,518
Venture Portland	311,023	0	311,023
Community Development Fund	1,000,000	0	1,000,000
Total	2,486,748	2,038,399	4,525,147
Total 21st Century Networks, Institutions and Partnerships	2,486,748	2,096,860	4,583,608

Equitable, Innovative and Financially Sustainable Operations

Staffing: 49

Strategic Goal Budget: \$16.0 million

Equitable, Innovative, Financially Sustainable Agency	Non-TIF	TIF	Total
Communications, Engagment and Community Partnership	75,466	1,205,025	1,280,491
Effective Management and Governance	0	792,965	792,965
Employee Development, Engagement & Effectiveness	0	1,964,629	1,964,629
Financial Sustainability and Stewardship	269,304	11,683,736	11,953,040
Total	344,770	15,646,355	15,991,125

**FY 2014-15 Work Plan
& Draft FY 2015-16 Work Plan**

GOAL 1: ACCESS TO HIGH QUALITY EMPLOYMENT	
FY 2014-15 ACTIONS	FY 2015-16 ACTIONS (DRAFT)
CLUSTER STRATEGY	
<ul style="list-style-type: none"> • Conduct 350 proactive business development visits with focus on direct and referral assistance to support the retention, expansion, and recruitment of traded sector firms. • Market and utilize PDC direct assistance services, financial programs, E-Zone, and partner resources to support job growth in target industry clusters. • Execute target cluster action plans including new manufacturing strategy, A&O Young Professionals career development initiative, Early Adopter Pilot Program, and TechTownPDX talent attraction. 	<ul style="list-style-type: none"> • Implement updated cluster portfolio with focus on industry strength and employment opportunities. • Conduct 350 proactive business development visits with focus on direct and referral assistance to support the retention and expansion of traded sector firms. • Market and utilize PDC direct assistance services, financial programs, E-Zone, and partner resources to support job growth in target industry clusters; use products to help create quality jobs and establish enhanced community benefit agreements for all new E-Zone contracts with businesses. • Execute target cluster action plans including lean manufacturing and AS/ISO certification programs, AOYP career development program targeting priority populations, clean tech supply-chain matching program, and talent diversity and “soft landing” programs for expanding or relocating tech firms, mentor programs for early-stage manufacturing, consumer product and A&O firms, Corporate VC program in Clean Tech.
GLOBAL TRADE & INVESTMENT STRATEGY	
<ul style="list-style-type: none"> • Assist 60 cluster companies of diverse sizes access export services. • Lead 2-3 international business trips to Japan, China, Columbia, or Mexico with focus on export deals for local firms. • Co-lead regional foreign direct investment strategy to increase investment in Portland real-estate projects and relocation of firms to the city. 	<ul style="list-style-type: none"> • Launch regional Global Trade & Investment Strategy; assist 50 traded sector firms with export promotion in priority markets; lead 2-3 international business trips to Japan, China, Columbia, or Mexico. • Utilize federal MDCP resources, Trade City Partnerships (TCPs) and strategic joint-ventures to source export/FDI deals for small- and medium-sized WBGC, A&O and Manufacturing firms. • Implement targeted international program to identify export and investment opportunities with Portland’s immigrant populations, minority and traditional family owned businesses.
STRATEGIC SITE DEVELOPMENT & RECRUITMENT	
<ul style="list-style-type: none"> • Promote growth of traded sector industries in Portland’s Innovation Quadrant (PSU, South Waterfront, Central Eastside). 	<ul style="list-style-type: none"> • Target traded sector industry growth in Portland’s Innovation Quadrant with specific focus on consumer product and craft manufacturers in the Central

**FY 2014-15 Work Plan
& Draft FY 2015-16 Work Plan**

GOAL 1: ACCESS TO HIGH QUALITY EMPLOYMENT	
FY 2014-15 ACTIONS	FY 2015-16 ACTIONS (DRAFT)
	<p>Eastside and STEM-intensive sectors (HealthIT, Tech, Data Analytics) near PSU or tied to Knight Cancer Challenge near OHSU.</p> <ul style="list-style-type: none"> • Pursue traded sector business retention and expansion in neighborhood employment districts with a particular focus on East Portland.

**FY 2014-15 Work Plan
& Draft FY 2015-16 Work Plan**

GOAL 2: EQUITABLE WEALTH CREATION	
FY 2014-15 ACTIONS	FY 2015-16 ACTIONS (DRAFT)
INCLUSIVE INNOVATION & ENTREPRENEURSHIP STRATEGY	
<ul style="list-style-type: none"> • Create robust I3PDX strategy to improve access to capital and mentor resources for entrepreneurs from underserved populations through PDC’s partnership with the Pratt Institute and Policy Link. • Design and implement targeted commercialization program to support OHSU’s use of Knight Challenge cancer research funding and strengthen PSU’s commercialization of related research. 	<ul style="list-style-type: none"> • Expand I3PDX initiative, including: Digital Undivided’s Focus Fellows program for black/Latino female tech entrepreneurs, an Inclusive Investment Fund for startups founded by women or communities of color, pre-accelerator program with HispanicPros for aspiring Latino entrepreneurs, and the next Startup PDX Challenge to support diverse founders or startups with social benefit products/services
BUSINESS & PROPERTY OWNER DEVELOPMENT	
<ul style="list-style-type: none"> • Conduct 150 proactive business development visits with transactional goals to support neighborhood businesses along priority commercial corridors. • Deliver technical assistance to 450 small businesses—monitor performance, evaluate outcomes and convene providers for quarterly training. Ensure coverage of NPIs by providers. • Continue Craft3 loan partnership and make referrals to other lending partners to help secure resources for small business working capital. • Continue assistance with existing long-term property owners to further their predevelopment work, including financial assistance. • Begin direct bidding of all PDC-owned construction contracts under \$150k. 	<ul style="list-style-type: none"> • Conduct 150 proactive business development visits with transactional goals to support wealth creation opportunities for business owners of color and within low income areas; make referrals to lending partners to help secure private resources as needed. • Deliver technical assistance to 450 small businesses—monitor performance, evaluate outcomes and convene providers for quarterly training; provide on-site business technical assistance and peer-to-peer business networking within NPIs; identify local sector businesses with the potential to scale and connect them to traded-sector entrepreneurial ecosystem. • Establish connections between anchor institutions with substantial purchasing power and local businesses • Partner with individual long-term property owners (LTPO) to move forward financial package and development work; support new LTPO clients through DOS intake and technical assistance. • Assign Disadvantaged Business Enterprise (DBE) contracting goals to IGAs, and PDC owned and sponsored projects instead of MWESB goals. • Scale subcontracts for DBEs in underutilized divisions of construction including plumbing, mechanical, electric, and vertical concrete on PDC projects. • Use alternative contracting on all significant PDC-owned projects where possible

**FY 2014-15 Work Plan
& Draft FY 2015-16 Work Plan**

GOAL 3: HEALTHY COMPLETE NEIGHBORHOODS	
FY 2014-15 ACTIONS	FY 2015-16 ACTIONS
VIBRANT COMMUNITIES	
<ul style="list-style-type: none"> • Old Town/China Town Action Plan: finalize agreements on PDC properties (Grove Hotel, 8L, A&N), complete Burnside/Couch improvements, introduce new entrepreneurship space, launch Pop-Up Shop Program and help community association secure new district manager. • Adopt and begin implementation of Gateway 5-Year Action Plan; select development partner for PDC property adjacent to Gateway Park. • Issue solicitation and secure partners for PDC- and privately-owned sites on 92nd Avenue; secure MOU for mixed use development anchored by grocer. 	<ul style="list-style-type: none"> • Old Town/Chinatown Action Plan: finalize agreements on additional/remaining PDC properties (A&N, 4th and Burnside); complete Burnside/Couch improvements; promote new residential development through SDC waiver pilot; pursue code changes and financing for at least one district parking project. • Establish Gateway Action Plan in partnership with community stakeholders and City bureau partners; update Development and Design Standard, and Master Street Plan. • Execute DDAs for all development partners from Lents RFI solicitation; investigate Commercial Land Trust Model to ensure that existing residences and businesses can maintain presence in Lents.
COMMERCIAL CORRIDOR VITALITY	
<ul style="list-style-type: none"> • Update data and analysis for commercial corridors; amend prioritization or approach as dictated by data and corridor performance to date. • Monitor construction of Mercado; participate in grand opening. • Transfer MLK South property to developer. Monitor construction and Community Benefits Agreement. • Complete and initiate implementation of Argyle Properties Development Plan with TriMet, ODOT, PHB, and Metro. 	<ul style="list-style-type: none"> • Award Storefronts, Development Opportunity Services, Community Livability, Commercial Property Redevelopment and Business Finance products in alignment with commercial corridor approaches. • MLK Alberta project grand opening – includes local business as retail tenants. • Issue RFX for TriMet and SparTek properties along Argyle as part Argyle Properties Development Plan with TriMet, ODOT, PHB, and Metro. • Partner with ODOT and PBOT to design, engineer and construct Lombard street improvements. • Complete design and permitting process for 106th & Halsey site with development partner.
CONNECTED INNOVATION QUADRANT	
<ul style="list-style-type: none"> • Complete Burnside Bridgehead redevelopment. • Central Eastside Strategic Sites: Solicit proposals for Clinton Triangle redevelopment, support OMSI establish development plan and identify partners for redevelopment of ODOT blocks. • Negotiate and enter into Development Agreement with ZRZ and City of Portland to initiate near-term development, and inform URA amendment. 	<ul style="list-style-type: none"> • Complete Burnside Bridgehead redevelopment. • Pursue Clinton Station redevelopment via site rezoning to mixed-use, employment oriented development, selecting development program and partner, and refining design and cost of required infrastructure improvements. • Advance ODOT Blocks design with development partner(s), including via site rezoning and

**FY 2014-15 Work Plan
& Draft FY 2015-16 Work Plan**

GOAL 3: HEALTHY COMPLETE NEIGHBORHOODS	
FY 2014-15 ACTIONS	FY 2015-16 ACTIONS
<ul style="list-style-type: none"> • Amend Central Eastside and North Macadam URAs to support above activities and priorities. • Update PDC Green Building Policy in way that helps implement Clean Tech Strategy. 	<p>identification of district parking potential to support CES employment and OMSI/PCC future growth.</p> <ul style="list-style-type: none"> • Support ZRZ Phase I development of a second residential project and first commercial project of at least 100,000 SF, including to design interim stormwater management and parks/greenway approach with City bureaus; enter into IGA with PBOT for SW Bond design and construction documents in coordination with ZRZ and OHSU's Knight Cancer Challenge-related development schedules. • Foster development that complements PSU's growth, including supporting PSU in redevelopment of the University Place site into dense, mixed-use area.
REGIONAL ASSETS	
<ul style="list-style-type: none"> • Finalize DDA with Harsch and complete PDC controlled site preparation per agreement. • Convention Center Hotel: close loan and approve development of related parking garage designed to accommodate future development. • Convention Center Hotel project meets or exceeds PDC equity plan goals. • Facilitate determination regarding USPS relocation and identify development partner for existing site redevelopment. • Assist City determine next steps on VMC renovation; secure redevelopable sites and partners. • Support AAT for Phase 2 development in Lloyd, including City coordination on master plan/conceptual design. • Provide pilots to develop/test PACE Commercial Energy Efficiency retrofit program in partnership with Multnomah County; coordinate with seismic program development. 	<ul style="list-style-type: none"> • Complete design and permitting for Centennial Mills site preparation and public realm improvements; implementation of in water work early summer, with completion slated for October 2016. • Support Metro's development of a Convention Center Hotel via monitoring of PDC loan, executing agreements and financing commitment for related parking garage, and facilitating public realm improvements to improve connectivity from NE Grand to I-5 along NE Holladay and Multnomah. • Pursue redevelopment of Broadway Corridor: Close on site acquisition of the US Post Office site; identify redevelopment approach and partner, including required street plan and entitlements, and coordinate with repositioning and leveraging of Union Station renovation design. • Implement immediate redevelopment opportunities within the Rose Quarter and along NE Broadway as identified via master plan and in coordination with Council resolution on the Veterans Memorial Coliseum.

**FY 2014-15 Work Plan
& Updated FY 2015-16 Work Plan**

GOAL 4: 21 ST CENTURY NETWORKS, INSTITUTIONS AND PARTNERSHIPS	
FY 2014-15 ACTIONS	FY 2015-16 ACTIONS
WORKFORCE & REGIONAL COMPETITIVENESS	
<ul style="list-style-type: none"> • In partnership with WSI implement targeted program to better connect the unemployed and underemployed to traded sector job opportunities. • Continue to support state and regional proactive recruitment efforts through participation in strategic fly-outs, trade shows, visits with brokerage firms, and site consultants. 	<ul style="list-style-type: none"> • In partnership with WSI implement targeted program to better connect the unemployed and underemployed to traded sector job opportunities. • Create new initiatives to advance efforts to connect specific populations and neighborhoods with high-quality job opportunities such as: youth manufacturing internships, software talent recruitment and diversity, and neighborhood-based workforce navigators; collaborate with WSI, community colleges and other workforce partners to implement. • Support GPI on targeted cluster and traded sector recruitments to include strategic fly-outs, trade shows, visits with brokerage firms, and site consultants. • Establish focused efforts to address workforce and regional competitiveness agenda aligned with Greater Portland 2020 plan and partners.
AFFORDABILITY & NEIGHBORHOOD SOLUTIONS	
<ul style="list-style-type: none"> • NED Leadership Group meets regularly to drive coordinated implementation of the NED Strategy. 	<ul style="list-style-type: none"> • NED Leadership Group sets agenda and drives coordinated implementation of the NED Strategy. • Partner with PHB, County and other public, private and non-profit organizations to develop and implement a long term plan to address housing affordability in Portland. • Convene regular meetings of City bureau teams on high priority issues including neighborhood affordability, anti-displacement in Cully, transportation projects in East Portland, and Lents and Gateway 5-Year Action Plans. • Partner with private investors to capitalize a fund to support acquisition and development of community driven-public benefit projects with a focus on NPI districts.
NEIGHBORHOOD CAPACITY BUILDING	
<ul style="list-style-type: none"> • NPI and Main Street Network: Provide tailored capacity building, technical assistance, and financial assistance to 8 districts. Districts to finalize and begin 	<ul style="list-style-type: none"> • NPI and Main Street Network: provide tailored capacity building, technical assistance and financial assistance to 8 established districts. Districts

**FY 2014-15 Work Plan
& Updated FY 2015-16 Work Plan**

GOAL 4: 21 ST CENTURY NETWORKS, INSTITUTIONS AND PARTNERSHIPS	
FY 2014-15 ACTIONS	FY 2015-16 ACTIONS
<p>implementation of social equity and capital investment plans; increase funds raised by 20%.</p>	<p>implement social equity and capital investment plans; increase funds raised by 10%.</p> <ul style="list-style-type: none"> • Support Old Town/Chinatown, Lents Grown and MLK Blvd districts to deliver on community-defined, community-led economic development priorities. • Support Venture Portland in delivering high quality training for districts –including on equity – and building capacity of business districts outside MS/NPI network.
INNOVATION & INFRASTRUCTURE	
	<ul style="list-style-type: none"> • Assume a leadership role within the City to better link public and private sectors to guide actions and policies related digital infrastructure, the shared economy, open data, smart city and social benefit technology applications, and other civic innovation opportunities; near-term focus on formal partnership with Innovation Fund and permanent funding source for Early Adopter Program. • Strengthen partnership with higher education, including startup support and technology transfer program with PSU and OHSU with focus on HealthIT/data analytics to align with Knight Cancer Challenge. • Promote implementation of resilient infrastructure and development to ensure all Portlanders can adapt in the face of physical and ecological uncertainties. • Continue partnerships with national orgs - Brookings, Pratt, Policy Link, ULI, etc. - to establish new innovative policies and initiatives

**FY 2014-15 Work Plan
& Draft FY 2015-16 Work Plan**

GOAL 5: EQUITABLE, INNOVATIVE, FINANCIALLY SUSTAINABLE AGENCY/STEWARDSHIP	
FY 2014-15 ACTIONS	FY 2015-16 ACTIONS (DRAFT)
HUMAN RESOURCES-EMPLOYEE DEVELOPMENT, ENGAGEMENT & EFFECTIVENESS	
<ul style="list-style-type: none"> • Complete revised Personnel Policy. • Develop succession plans for all critical positions and begin to develop, cross-train, and mentor appropriate staff. • Continue recruitment and retention of diverse employees and maximize diversity in applications, interview selections, and hiring, emphasizing customized outreach for all positions. • Establish mentorship program for employee development including equitable opportunities for employees of color. 	<ul style="list-style-type: none"> • Negotiate new Collective Bargaining Agreement beginning December 2015 • Maximize staff diversity through continuous recruitment efforts and retention plan to make PDC a workplace of choice for people of color • Reassess training needs of staff to align with agency retention and succession plans
EQUITY STRATEGY	
<ul style="list-style-type: none"> • Complete update to PDC Equity Policy administrative procedures and continue implementation of PDC Equity Policy. • Complete Equity Council workplan to allow Council to lead implementation of Equity Policy. • Complete Crossroads Antiracism Training by Equity Council and all PDC staff. • Establish and implement equity plans for all non-financial PDC programs and initiatives. • Negotiate community benefit agreements on all projects receiving sizable financial assistance. • Complete personal equity plans for all staff in their annual workplans and an equity competency in their performance appraisal. 	<ul style="list-style-type: none"> • Begin implementation of strategic plan for transition to Crossroads Antiracist Multicultural Organization • Expand use of equity lens to ensure priority populations access to all PDC programs and resources. • Incorporate equity objectives into the design of all PDC programs and initiatives. • Institute use of community benefit agreements and language on all PDC projects and transactions.
COMMUNICATIONS & ENGAGEMENT	
<ul style="list-style-type: none"> • Add web-based and project-specific public participation opportunities through Peak Democracy and other tools as needed to augment two standing advisory committees. • Update and continue implementation of PDC communications strategy. • Continue to prioritize use of social media tools in support of communications strategy. 	<ul style="list-style-type: none"> • Redesign www.pdc.us to communicate and engage with citizens, stakeholders, partners. • Augment use of Peak Democracy as a public engagement tool. • Expand and refine social media tools to raise the profile of and increase support for PDC's work. • Add Russian as third priority language.

**FY 2014-15 Work Plan
& Draft FY 2015-16 Work Plan**

GOAL 5: EQUITABLE, INNOVATIVE, FINANCIALLY SUSTAINABLE AGENCY/STEWARDSHIP	
FY 2014-15 ACTIONS	FY 2015-16 ACTIONS (DRAFT)
INFORMATION SYSTEM UPGRADES, INTEGRATION AND FUTURE DEVELOPMENT	
<ul style="list-style-type: none"> • Continue implementation and prepare to cutover to new ERP system and retire Lawson. • Continue developing SharePoint as an internal communication and project management tool • Finalize remaining business processes and applications to Office 365. • Perform analysis of Portfol and determine continuity or replacement plan. • Perform analysis of TRIM and determine continuity or replacement plan. • Develop new enterprise architecture plan. 	<ul style="list-style-type: none"> • Cutover to Dynamics AX and retire Lawson ERP System • Implement and test disaster recovery and business continuity plan • Implement recommendations of Portfol (Loan and CRM System) Assessment Team • Implement recommendations of TRIM (ECM) Assessment Team • Implement new Enterprise Architecture Plan
INTEGRATED STRATEGIC PLANNING AND BUDGET CYCLE	
<ul style="list-style-type: none"> • Complete new PDC’s 2015-2020 Strategic Plan. 	<ul style="list-style-type: none"> • Deliver on 2015-2020 Strategic Plan through implementation of full strategic planning cycle: agency work plan, individual work plans, annual budget process, metrics, and reporting.
INTERNAL CONTROLS AND FINANCIAL REPORTING	
<ul style="list-style-type: none"> • Monitor implementation of Audit Corrective Actions to ensure on-going effectiveness. • Develop and implement TRIM record structure for Finance audit and reporting records. 	<ul style="list-style-type: none"> • Implement Audit Corrective Actions to ensure on-going effectiveness
POLICY & ROLE CLARITY	
<ul style="list-style-type: none"> • OSC to confirm agency’s inventory of policies and procedures. • OSC to create a training plan for all policies that require periodic training of staff. 	<ul style="list-style-type: none"> • OSC to update policies and procedures as needed to reflect audit recommendations and/or changes in business processes • OSC to monitor implementation of policy training plan.
FINANCIAL SUSTAINABILITY	
<ul style="list-style-type: none"> • Create formal avenues for all PDC staff to contribute to innovation and new business agenda. • Grow use of EB-5 financing on priority projects. • Develop alternative financing vehicle for commercial energy retrofits and seismic upgrades using CPACE. 	<ul style="list-style-type: none"> • Update long term business plan • Continue pursuit of alternative financing sources: EB5, CPACE and new tools for seismic city-wide • Implement new global fee-for-service products

**FY 2014-15 Work Plan
& Draft FY 2015-16 Work Plan**

GOAL 5: EQUITABLE, INNOVATIVE, FINANCIALLY SUSTAINABLE AGENCY/STEWARDSHIP	
FY 2014-15 ACTIONS	FY 2015-16 ACTIONS (DRAFT)
REAL ESTATE & LOAN PORTFOLIO EVALUATION	
<ul style="list-style-type: none"> • Continue implementation of real estate portfolio strategy based on cost savings, resource opportunities, and strategic goals. • Submit 20 new loans to FIC (5 clusters; 5 high growth; 10 NED) and close and fund 18; refer 20 businesses to technical assistance providers. • Refine Financial Assistance Products. Review pilot programs and current market to rate overall effectiveness. Adjust programs to meet current market needs. 	<ul style="list-style-type: none"> • Continue implementation of real estate portfolio strategy including the disposition of all non-strategic properties, and the acquisition and disposition of strategic properties. • Underwrite at least 24 new loans (6 clusters; 6 high growth; 12 NED) for FIC approval; refer 20 businesses to providers. • Refine pilot programs and determine if additional products or partnerships needed. Continue to adjust programs to meet current market needs.
PORTLAND HARBOR	
<ul style="list-style-type: none"> • Continue to work with outside counsel and City to meet required deadlines and maximize legal opportunities to minimize PDC risk. 	<ul style="list-style-type: none"> • Continue to work with outside counsel and City to meet required deadlines and maximize legal opportunities to minimize PDC risk.



January 28, 2015

PDC Board of Commissioners

Testimony provided for the 2015 Budget Work Session

The Eco District is grateful to be included in the budget going forward, and given the extent of development in the district we are certain this is a great time for PDC and the district to partner on some innovative, neighborhood scale initiatives.

As appoint of clarification: the \$70,000 is for feasibility and planning of projects outlined in the original declaration of cooperation between the stakeholders and PDC, and the project fund totals 3.32 Million.

The EcoDistrict stakeholders have been hard pressed to successfully advocate for projects to fund out of the budget due to PDC's previous five year focus on economic development and not on place making. Also the requirement that funds by allocated in the form of loans was not what the market or deal structure needed to fill gaps in the projects which were suitable to the economic development focus.

We look forward to a return of focus on place making projects that look beyond just an Energy Efficiency focus as a proxy for "sustainability" or "eco", but look at a more holistic view of sustainability which should include projects dealing with materials management, water management, and transportation. We support projects in the areas of the Rose Quarter, Broadway Bridge Gateway, Holladay Green Street, Convention Center Hotel, and in district wide energy efficiency efforts. We would ask that the commission consider ways to partner with property owners and project developers in ways in addition to loans.

Sincerely,



Sarah Heinicke
Executive Director, Lloyd EcoDistrict