



DATE: June 25, 2014
TO: Board of Commissioners
FROM: Patrick Quinton, Executive Director
SUBJECT: Report Number 14-27
Authorizing Execution of Fiscal Year 2014-15 Intergovernmental Service Level Agreement – General Fund Special Appropriations with the City of Portland to Provide Funding of \$5,425,564 for Implementing Economic Development Activities on a Citywide Basis

BOARD ACTION REQUESTED

Adopt Resolution No. 7060

ACTION DESCRIPTION

This action will authorize an intergovernmental agreement (IGA) with the City of Portland (City) through the City Budget Office to transfer \$5,425,564 to the Portland Development Commission (PDC) to fund certain economic development activities, including neighborhood economic development and traded sector job creation and retention on a citywide basis. These activities have been budgeted for in the fiscal year (FY) 2014-15 Adopted PDC Budget.

This IGA, which has been authorized each of the past six years, allows for the transfer of General Fund dollars to support the PDC's economic development activities listed above. Prior to FY 2008-09, such transfers occurred without an IGA.

BACKGROUND AND CONTEXT

PDC has implemented economic development activities on behalf of the City for a number of years. However, both urban renewal area and tax increment financing (TIF) restrictions limit PDC's ability to fund and deliver neighborhood economic development and traded sector job creation and retention on a citywide basis. PDC is unable to address neighborhood economic development and traded job sector creation and retention since these activities are not TIF-eligible and cannot be funded with TIF resources.

This IGA represents an increase in funding over the FY 2013-14 amount of \$4,777,437. The General Fund Special Appropriations are included in the Adopted Budget for both PDC and the City. The IGA is scheduled for City Council approval in July 2014.

COMMUNITY AND PUBLIC BENEFIT

The IGA allows PDC to use its established expertise in economic development on a citywide basis. Without the contribution of the City's General Fund, PDC's ability to undertake economic development activities outside of urban renewal areas would be very limited.

The scope of services provides for both neighborhood economic development and traded sector job creation and retention.

Neighborhood Economic Development includes:

- Neighborhood Commercial Corridors
- Venture Portland
- Small Business Support
- Workforce Economic Opportunity Initiative

Traded Sector Job Creation and Retention includes:

- Cluster Development
- Entrepreneurship Support

This action will support the following PDC goals:

- Sustainability and Social Equity
- Healthy Neighborhoods
- A Vibrant Central City
- Strong Economic Growth and Competitiveness

PUBLIC PARTICIPATION AND FEEDBACK

Public participation occurred as part of the FY 2014-15 budget process, primarily as part of the Neighborhood Economic Development Leadership Group Budget Sub-Committee and through testimony provided to City Council, acting as PDC's Budget Committee on May 14 and 15, 2014.

BUDGET AND FINANCIAL INFORMATION

This action will allow PDC to receive \$5,425,564 in City General Funds to implement the following economic development activities:

- Neighborhood Economic Development – \$3,386,303
- Traded Sector Job Creation and Retention – \$1,884,896
- Small Business Working Capital – \$154,065

The \$648,127 increase from the FY 2013-14 adopted budget of \$4,777,437 includes the following components:

- (1) Return of program funding that was deferred in FY 2013-14 (Small Business Capital/Traded Sector funding);
- (2) The annual adjustment to the City's General Fund Current Appropriation Level base;
- (3) The addition of new, one-time program funds (innovation fund carryover, Old Town/Chinatown Action Plan, Village Market, SE Works, neighborhood economic development grants for Lents Town Center, Old Town/Chinatown, and Martin Luther King, Jr. Blvd.); and
- (4) Carryover of \$120,000 in FY 2013-14 funds requested to move to FY 2014-15 by PDC staff based on timing of expenditures.

RISK ASSESSMENT

Should the PDC Board of Commissioners choose not to adopt the resolution, PDC would not be able to proceed with General Fund programs outlined in the FY 2014-15 Approved Budget. While PDC has contingency to cover these expenditures, any further program work would be halted as this work is not TIF-eligible and PDC does not have sufficient non-TIF resources available or budgeted.

ALTERNATIVE ACTIONS

PDC does not have any other current sources of funding that could be diverted to these economic development activities. These are not TIF-eligible activities.

ATTACHMENTS

None.