

# PDC

## PORTLAND DEVELOPMENT COMMISSION

**DATE:** December 10, 2008  
**TO:** Board of Commissioners  
**FROM:** Bruce A. Warner, Executive Director  
**SUBJECT:** Report Number 08-137  
Downtown Marketing Initiative Grant

### EXECUTIVE SUMMARY

#### BOARD ACTION REQUESTED

Adopt Resolution No. 6658

#### ACTION SUMMARY

Approve the Downtown Marketing Initiative Grant Agreement (Exhibit A to the Resolution) between the Portland Development Commission (PDC) and the Portland Business Alliance (PBA) under which PDC administers and funds a \$944,841 grant to PBA to provide downtown marketing services; and authorize the Executive Director to disburse the remaining \$453,466 in grant funds to PBA (under Executive Director signature and pursuant to existing delegated authority, \$491,515 has already been disbursed to PBA). The grant is funded by the City of Portland through a FY 2008-2009 Interagency Service Level Agreement for Downtown Marketing Services dated September 19, 2008, between PDC and the City (Attachment A), under which PDC received \$959,230 in City funds. PDC will not use any TIF funds in this transaction and will retain \$14,389 (1.5%), from the funds received from the City, for administering the grant to PBA.

#### PUBLIC BENEFIT

For FY 2008-2009, City Council approved the use of General Funds and Parking Revenue to fund \$959,230 for marketing downtown Portland during and after the Transit Mall Redevelopment and other city improvement projects; and to create a "new vision" of downtown that will be realized at the end of construction. The project is called the Downtown Marketing Initiative (Initiative).

#### **This action will support the following PDC goals:**

- Develop healthy neighborhoods
- Provide access to quality housing
- Help businesses to create and sustain quality jobs
- Support a vibrant Central City (urban core)
- Contribute to a strong regional economy

## **PUBLIC PARTICIPATION AND FEEDBACK**

The Initiative was one part of the Downtown Stewardship Proposal that was presented in public meetings, to City Commissioners, and at City Council meetings. More than 65 public presentations were made in support of the Downtown Stewardship Proposal which also included a request for funding the Downtown Retail Advocate contract and for management and maintenance of the Transit Mall. Alternative sources for funding other than General Fund have been explored with the City.

## **COMPLIANCE WITH ADOPTED PLANS AND POLICIES**

The PDC Board of Commissioners (Board) adopted a Retail Strategy Update on March 14, 2007, as a series of goals and objectives, and support for the Downtown Marketing Initiative was one of the goals of that Strategy Update.

## **FINANCIAL IMPACT**

No PDC funds will be used for this grant. The City has requested that PDC administer and enter into a grant agreement with PBA to provide Downtown Marketing services. PDC will retain 1.5% of the total amount received from the City as an administrative fee in accordance with PDC's Cost Recovery Policy, Resolution 6560, dated February 27, 2008.

## **RISK ASSESSMENT**

There is no known risk to the action. PDC has received the entire \$959,230 from the City.

## **WORK LOAD IMPACT**

The administrative fee of 1.5% will cover staff time to administer the Grant Agreement. It is understood that it will be the responsibility of the City's Office of Management and Finance to oversee PBA's implementation of the Initiative.

## **ALTERNATIVE ACTIONS**

The Board could decline to approve the Downtown Marketing Initiative Grant Agreement, in which case the Downtown Marketing Initiative would be terminated, the work under that agreement would end, and the remaining \$453,466 in undisbursed funds would be returned to the City.

## **CONCURRENCE**

Concurs with goals of the 2007 Retail Strategy Update adopted by the Board on March 14, 2007, Resolution No. 6450.

## **BACKGROUND**

An Interagency Service Level Agreement was signed by the City of Portland and PDC on August 30, 2006, creating a Downtown Marketing Initiative which was funded by the City of Portland using parking funds and general funds, and administered by PDC to promote downtown retail activity and other businesses during the peak seasons, and to lessen the impact on downtown businesses during the period when the downtown mall revitalization and other major City construction projects were being completed. PDC managed the Initiative program for FY 2006-07 and FY 2007-08.

For FY 2008-09, the City and PDC agreed that the Portland Business Alliance would be a better fit for managing the Downtown Marketing Initiative and therefore the City asked PBA to assume management for the Initiative program. The City asked that PDC then administer the funding. For the future, the City will explore creating an independent not-for-profit to manage the Downtown Marketing Initiative.

Under the Executive Director's existing delegated grant authority, two grant payments totaling \$491,515 have already been disbursed to PBA under the Downtown Marketing Initiative Grant Agreement.

### **ATTACHMENT:**

- A. Interagency Service Level Agreement for Downtown Marketing Services

**FY 2008-09 Interagency Service Level Agreement  
Downtown Marketing Services**

This Interagency Service Level Agreement ("Agreement"), dated this 19<sup>th</sup> day of September, 2008 is made and entered into by and between the **City of Portland** ("the City") and the **Portland Development Commission** ("PDC")(collectively "the Parties").

**RECITALS**

- A. The Downtown Marketing Initiative ("DMI") is an innovative public-private partnership. The purpose of the DMI is to support downtown businesses and to pull shoppers and visitors to downtown during and after the Transit Mall Redevelopment and other city improvement projects; and to create a "new vision" of downtown that will be realized at the end of construction.
- B. The main focus of the DMI for fiscal year 2008-09 will be the promotion of leveraged marketing of the downtown area during and after construction of the Portland Mall Light Rail and other major City projects. The funds for the DMI are housed in a special appropriation managed by the City and in the City's Parking Fund.
- C. It is understood by the Parties that it will be the responsibility of the City's Office of Management and Finance to manage the funds for the DMI and oversee the Portland Business Alliance's implementation of the Initiative.
- D. This Agreement enumerates the services and deliverables to be provided by the Portland Business Alliance through its agreement with PDC, and the method and frequency of payment to PDC by the City.

**AGREEMENT**

**1. Parties & Term**

**Parties:**

Portland Development Commission

Main Contact: Claudia Plaza

City of Portland, Office of Management and Finance

Main Contact: Andrew Scott

**Term:** This Agreement covers Fiscal Year 2008-09, which runs from July 1, 2008 through June 30, 2009. This Agreement may be extended for additional fiscal years.

**2. Roles & Responsibilities**

The City's Office of Management and Finance will manage the funds for the DMI. PDC will administer the funds and enter into an agreement with the Portland Business Alliance to provide Downtown Marketing Services as outlined in the Scope of Services section of this Agreement.

The City will send funds to PDC for the DMI pursuant to the terms of section 4 of this Agreement. Additionally, the City's Office of Management and Finance will communicate any issues, concerns,

or complaints directly to the Portland Business Alliance and will work with the Portland Business Alliance to resolve problems. The City will keep PDC updated on current related issues or concerns.

### **3. Scope of Services**

The PDC will enter into an agreement (the "DMI Grant Agreement") with the Portland Business Alliance, under which the Portland Business Alliance will provide the following downtown marketing services:

- A. Employ a qualified DMI Director
- B. Contract with a creative services firm to be managed by the DMI Director
- C. The DMI Director will work with the City of Portland's Office of Management and Finance and Mayor's Office to develop a plan for the most efficient long-term funding, operation and management of the marketing of Downtown.
- D. Publicize the City's SmartPark system with an emphasis on the parking validation program.
- E. Oversee the following work performed by the DMI Director:
  - o Manage a creative services contract;
  - o Selecting an Advisory Board for the Downtown Marketing Initiative in consultation with the Mayor's office;
  - o Leverage current marketing funds and in-kind contributions;
  - o Leverage corresponding community/public resources by integrating the downtown campaign with the creative and strategic work of Travel Portland and other state branding initiatives;
  - o Manage development of a media plan and evaluate and approve all broad-based advertising;
  - o Prepare a budget for approval by the Advisory Board and Mayor's Office;
  - o Provide timely and meaningful reviews and reports on activities and performance to PBA, Office of Management and Finance, Mayor's Office and PDC including:
    - o Provide quarterly program status reports;
    - o Provide quarterly budget reviews; and
    - o Provide two measurable outcomes from the use of resources in addition to pedestrian counts and garage parking counts
  - o Create a "holiday shopping" ad campaign in coordination with the Downtown Retail Council members;
  - o Manage and coordinate the linking of web sites from appropriate agencies, bureaus and organizations;
  - o Use the media as the tool to change and influence our target audience's perception and behavior about downtown; and
  - o Maximize the budget and reaching audiences outside the core Portland-metro area by generating publicity.

### **4. Deliverables & Payment Schedule**

**Deliverables from PDC will be as follows:**

- a. Enter into the DMI Grant Agreement with the Portland Business Alliance that includes the services outlined above.
- b. Communicate with the City's main contact on the status of the DMI Grant Agreement;
- c. Subject to approval by the PDC Board of Commissioners, as necessary, and to the terms of the DMI Grant Agreement, provide payment to the Portland Business Alliance for its downtown

marketing services. If the DMI Grant Agreement is not approved by the PDC Board of Commissioners, then PDC shall have no obligation to provide payment to the Portland Business Alliance in excess of \$491,515. In the event the DMI Grant Agreement is not approved by the PDC Board of Commissioners and PDC is not authorized to disburse funds to the Portland Business Alliance, PDC will return to the City any funds received from the City in excess of \$491,515 minus any administrative fee that PDC has a right to retain under the terms of this Agreement.

**Payment Schedule and Administrative Fee:**

- a. The City will provide up to \$959,230 to fund the implementation of the DMI. The City transferred \$100,000 to PDC in July 2008. The remaining \$859,230 will be transferred on an as-needed basis pursuant to a request from PDC, with the total amount to be transferred no later than December 1, 2008.
- b. PDC will be entitled to retain an administrative fee in an amount equal to 1.5% of the total amount received from the City.

**5. Administration & Dispute Resolution**

**Administration:**

The Parties will determine the frequency and scope of any necessary City/PDC meetings. The Parties anticipate that this Agreement may be extended for future fiscal years. The Parties may amend any provision of this Agreement in a writing signed by both parties hereto.

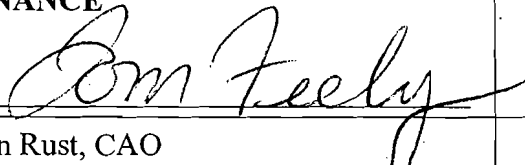
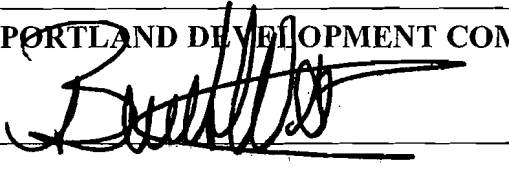
**Dispute Resolution:**


If a dispute arises regarding the terms and conditions of this Agreement, all parties agree to exercise good faith in expeditiously resolving said conflict in the following manner:

- a. All conflicts should first be discussed and resolved, if at all possible, at the staff level.
- b. If the conflict cannot be resolved at the staff level, then the conflict should be elevated to the Main Contacts specified in Section 1 for discussion and resolution.
- c. Any conflicts not resolved by the Main Contacts shall be elevated to the signatories of this Agreement for discussion and resolution.

**6. Approvals**

IN WITNESS WHEREOF, the City of Portland, through the Office of Management and Finance and the Portland Development Commission have executed this Agreement as of the date on page 1.

<b>OFFICE OF MANAGEMENT AND FINANCE</b> 	<b>PORTLAND DEVELOPMENT COMMISSION</b> 
Ken Rust, CAO	Bruce A. Warner, Executive Director

Date		Date
		APPROVED AS TO FORM:
		
		PDC Legal Counsel