

PDC

PORTLAND DEVELOPMENT COMMISSION

DATE: June 10, 2009

TO: Board of Commissioners

FROM: Bruce A. Warner, Executive Director

SUBJECT: Report Number 09-71
Intergovernmental Agreement (IGA), with City of Portland for General Fund Special Appropriations of \$3,515,284

EXECUTIVE SUMMARY

BOARD ACTION REQUESTED

Adopt Resolution No. 6713

ACTION SUMMARY

The purpose of this resolution is to allow for the transfer of \$3,515,284 from the City of Portland (COP), to PDC to fund certain economic development activities including target industry development, small business loans, and storefront improvements on a citywide basis. These activities have been budgeted for in the FY 2008-09 Revised Budget. COP has funded such activities for a number of years without an intergovernmental agreement (IGA). COP's conversion to a new financial system necessitates an IGA to release these budgeted resources.

PUBLIC BENEFIT

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

This action will support the following PDC goals:

- Sustainability and Social Equity
- Healthy Neighborhoods
- A Vibrant Central City
- Strong Economic Growth and Competitive Region
- Effective Stewardship over our Resources and Operations, and Employee Investment

PUBLIC PARTICIPATION AND FEEDBACK

Public participation occurred as part of the FY 2008-09 Budget process both for COP and PDC. The process started with the PDC/Mayor Budget Work Group which formulated a requested budget and forwarded it to City Council, the City finance office, and the community. Next it was included in the proposed budget which was presented to City Council sitting as the PDC Budget Committee which conducted public hearings. Next it was included in the Approved Budget which is reviewed by the Tax Supervising Conservation Commission at a public hearing. Finally it was formally adopted by the Commission at a public hearing.

COMPLIANCE WITH ADOPTED PLANS AND POLICIES

Revenue and expenditure authority has already been established in the FY 2008-09 Adopted Budget. The intent of IGA is to allow PDC to implement PDC's economic development activities on a citywide basis. PDC's primary resource, tax increment financing (TIF), restricts such activities to the urban renewal area in which the TIF is derived.

IGA is compliant with PDC cost recovery policy. The general fund allocation is subject to being charged by PDC's indirect allocation.

FINANCIAL IMPACT

Resolution will allow PDC to receive \$3,515,284 in COP General Fund Special Allocation. COP will provide funding to implement the following economic development activities:

- Citywide Storefront - \$500,000
- Small Business Opportunity - \$754,488
- Small Business Loan Fund - \$400,000
- Target Industry Development - \$1,027,000
- Film & Video - \$23,796
- Alliance for Portland Neighborhood Business Associations - \$310,000
- Minority Chambers - \$500,000

RISK ASSESSMENT

No significant risks identified.

WORK LOAD IMPACT

Staff was budgeted accordingly in the amount of \$863,814 which is equivalent to 8 FTE.

ALTERNATIVE ACTIONS

Not approving Resolution would result in PDC not being reimbursed for expenditures already incurred year-to-date.

CONCURRENCE

The General Fund Special Appropriations was adopted as part of both PDC's and COP's budget. Portland City Council approved this IGA on May 27, 2009.

BACKGROUND

PDC has implemented economic development activities on behalf of COP for a number of years. PDC has performed such activities conforming to City priorities/resources on a quarterly reimbursement basis. In FY 2008-09 COP changed its financial reporting system. This change requires COP to have an IGA with PDC in order to release city general fund revenue. This IGA will allow for the release of these funds.