

# PDC

## PORTLAND DEVELOPMENT COMMISSION

**DATE:** May 11, 2011

**TO:** Board of Commissioners

**FROM:** Patrick Quinton, Executive Director

**SUBJECT:** Report Number 11-31  
Amendment No. 1 to Intergovernmental Agreement with the City of Portland to Provide Additional Funding of \$350,000 to PDC for Implementing Economic Development Activities on a Citywide Basis.

### EXECUTIVE SUMMARY

#### BOARD ACTION REQUESTED

Adopt Resolution No. 6866

#### ACTION SUMMARY

This action will authorize an amendment to the intergovernmental agreement (IGA) with the City of Portland (COP) to transfer an additional \$350,000 to PDC to fund certain economic development activities including Small Business Working Capital and Target Industry Cluster Restoration on a citywide basis. These activities have been budgeted for in the FY 2010-11 Revised PDC Budget.

This is the third year that PDC has had an IGA with COP to allow for the transfer of General Fund dollars support of the activities listed above. Prior to FY 2008-09, such transfers occurred without an IGA.

#### 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 not be possible.

The scope of services provides for additional funds in Traded Sector Job Creation and Retention.

**Traded Sector Job Creation and Retention** includes:

- Small Business Working Capital
- Target Industry Cluster Restoration

**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 2010-11 Revised Budget process both for COP and PDC.

**COMPLIANCE WITH ADOPTED PLANS AND POLICIES**

IGA is compliant with PDC cost recovery policy.

Implementing these economic development activities supports PDC's mission and strategic goals related to strong economic growth and competitive region. It is also critical to the funding of the Portland Economic Development Strategy.

**FINANCIAL IMPACT**

This action will allow PDC to receive \$350,000 in additional COP general funds to implement the following economic development activities:

- Small Business Working Capital - \$150,000
- Target Industry Cluster Restoration - \$200,000

**RISK ASSESSMENT**

Not adopting the Resolution would result in PDC not receiving the transfer of \$350,000 from the City of Portland.

**WORK LOAD IMPACT**

There is limited additional work load impact.

**ALTERNATIVE ACTIONS**

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

## **CONCURRENCE**

This amendment to the General Fund Special Appropriations will be adopted as part of both PDC's and COP's revised budgets. Portland City Council is scheduled to approve this IGA on May 11, 2012.

## **BACKGROUND**

PDC has implemented economic development activities on behalf of COP for a number of years. PDC is unable to perform activities such as community economic development and traded job sector creation and retention on a citywide basis due to geographic limits of its urban renewal areas. Additionally some of these activities are not TIF-eligible and cannot be funded with TIF resources in existing urban renewal areas.

This action will allow the transfer of an additional of \$350,000 to increase Target Industry Cluster Restoration and reestablish the Small Business Working Capital program.