

**DATE:** April 12, 2017  
**TO:** Board of Commissioners  
**FROM:** Kimberly Branam, Executive Director  
**SUBJECT:** Report Number 17-12  
Update on Development of the Fiscal Year 2017-18 PDC Proposed Budget

**BOARD ACTION REQUESTED**

No action requested, informational only.

**SUMMARY**

At the April 12, 2017 Portland Development Commission (PDC) Board of Commissioners (Board) meeting, staff will provide an update on the fiscal year (FY) 2017-18 PDC Proposed Budget (Proposed Budget). Subsequent to PDC Board input and direction, staff will finalize the Proposed Budget in April and present to the Portland City Council (City Council), acting as the PDC Budget Committee, on May 10, 2017. City Council is expected to approve the Proposed Budget on May 17, 2017. Staff will seek the PDC Board's adoption of the City Council approved Proposed Budget at its June 14, 2017 meeting.

**BACKGROUND AND CONTEXT**

The PDC FY 2017-18 budget development process began in November 2016 with the creation of draft work plans for FY 2017-18. From November 2016 through January 2017, staff created draft expenditure budgets and revenue forecasts that were reviewed by the PDC Board during the FY 2017-18 Budget Work Session on January 18, 2017.

In order to solicit feedback on the draft budget, PDC staff convened an approximately 20-member Budget Advisory Committee (Committee) with stakeholders representing a broad cross-section of the community. The Committee has met three times since December 2016 to discuss the FY 2017-18 draft work plans and review the draft General Fund and Urban Renewal Area budgets; their feedback was included in a letter to the PDC Board and City Council in the FY 2017-18 Requested Budget that was submitted in early February (see Attachment A). PDC staff has also conducted broader stakeholder review of the FY 2017-18 Requested Urban Renewal Area budgets meeting with business associations, neighborhood groups, and other community organizations; see a summary of this feedback in Attachment B.

Since its release in early February, the Requested Budget has been reviewed by the City Budget Office (CBO) and PDC participated in a City Budget Work Session on March 21, 2017, which focused on PDC's recommended decision packages for General Fund cuts and additions. The CBO review of the PDC Requested Budget, including decision package recommendations, can be found in Attachment C.

Staff has also been refining PDC's draft Long-Term Business Plan (Business Plan), with anticipation of completion in summer 2017. One element of the refinement has been to align PDC's FY 2017-18 Requested Budget and Forecast with specific investment categories being identified in the Business Plan and supporting model.

Staff will update the Proposed Budget into the FY 2017-18 Requested Budget by making the following changes:

- 1) Update resources and expenditure appropriations being removed from the FY 2016-17 Revised Budget; and
- 2) Update PDC's General Fund resources and expenditures to reflect the Mayor's Proposed Budget decisions. Decisions will not be released by the Mayor's Office until April 28, 2017 and are therefore unknown at this time.

Following City Council approval of the FY 2017-18 Requested Budget on May 17, 2017, the budget will be submitted to the Tax Supervising and Conservation Commission (TSCC) to review and determine compliance with local budget law. Final changes approved by City Council will be presented along with final recommended changes for the PDC Board to adopt following the TSCC hearing with the PDC Board on June 14, 2017.

#### **ATTACHMENTS**

- A. Budget Advisory Committee Letter
- B. Summary of Stakeholder Input on Draft URA Budgets
- C. City Budget Office Review of PDC Budget

**Brian Alfano**  
Unitus Community Credit Union  
**Matt Anderson**  
Beneficial State Bank  
**Gwenn Baldwin**  
Baldwin Consulting LLC  
**Jonath Colon**  
Hispanic Metropolitan Chamber of  
Commerce  
**Peter Finley Fry**  
Central Eastside Industrial Council  
**Damien Hall**  
Ball Janik  
**Nidal Kahl**  
Gateway Area Business  
Association  
**Jeff MacDonald**  
Immigrant & Refugee Community  
Organization  
**Steve Messinetti**  
Habitat for Humanity Portland/  
Metro East  
**Len Michon**  
South Portland Neighborhood  
Association  
**Chris Oxley**  
Portland Trailblazers  
**James Paulson**  
WorkSystems Inc.  
**Cora Potter**  
Ride Connection  
**Steve Rupert**  
GBD Architects  
**Sarah Stevenson**  
Innovative Housing  
**Karis Stoudamire-Phillips**  
Moda Health  
**Dan Zalkow**  
Portland State University

January 27, 2017

Mayor Ted Wheeler  
Portland City Council  
Portland Development Commissioners

We, the members of the Portland Development Commission (PDC) Budget Advisory Committee (Committee), are pleased to submit this letter to accompany PDC submission of the Requested Budget for fiscal year (FY) 2017/18. The Committee met three times to review draft PDC work plans and reviewed the Requested Budgets for the City of Portland's urban renewal areas (URAs) and General Fund related activities. Our specific comments on these focus areas are found below.

**General Fund for Community Economic Development and Traded Sector Economic Development**

The Committee supports PDC's General Fund request which focuses on the continuation of legacy community economic development and traded sector programs to increase economic opportunities for communities of color, those with low incomes, and neighborhoods lacking in commercial investment.

The Committee engaged in significant discussion on how to meet City Council's request for a five percent cut to PDC's General Fund budget. Following are our recommendations on how to meet City Council's directive while having the smallest impact on PDC's ability to deliver on the PDC 2015-2020 Strategic Plan (Strategic Plan) and priority populations:

- **Realign the Film and Video budget to Health Care Cluster/Anchor Institution Strategy.** The Committee recognizes the importance of the Film and Video work but recommends that the staffing function that focuses on permitting is moved to the Bureau of Development Services or another agency that readily aligns with and receives revenue from this type of permitting coordination work. By realigning these funds, PDC will be able to focus on its fifth cluster industry as prioritized in its Strategic Plan.
- **Ongoing Five Percent Reduction – Cut Packages:** The Committee supports a plan of strategic cuts to the General Fund budget to meet the required five percent budget reduction requested by the City Budget Office. Recommended cuts, listed below in order of priority will minimize impacts and include:
  1. **Reduce Cluster/International Budgets** – the Committee feels that this cut across cluster industry budgets is appropriate
  2. **Reduce Workforce Development Program** – the Committee

discussed this topic more than any other and recommends reducing workforce funding rather than small business working capital administered through Microenterprise Services of Oregon (MESO). The Committee felt that given the size of the workforce development budget, a cut to that work could be more easily absorbed than through MESO programs, which have experienced ongoing cuts in prior years.

3. **Reduce Entrepreneurship-** the Committee feels that this cut to the StartUp PDX Challenge resources, although difficult, is still appropriate.
4. **Cut Health Care/Anchor Institution Strategy-** this is the lowest priority cut, as the Committee is recommending a reallocation of resources to fund this work.

**Add Packages:** The Committee discussed General Fund add packages and had the following feedback, listed by priority:

1. Provide funding for **Division Bus Rapid Transit Local Action Plan Implementation** for Economic and Community Development
2. Augment **Small Business Growth** through the Microenterprise and Small Business Program
3. Provide funding for **North/Northeast Community Development Initiative Action Plan Implementation of Business and Workforce Development**
4. Provide final year funding for **Old Town/Chinatown Action Plan Grant**
5. Provide one-time resources to implement the **Greater Portland 2020 Plan**

### **Urban Renewal Area Budgets**

The Committee reviewed eight URA budgets. Before diving into each URA, the Committee has several global comments it would like to make:

**PDC Lending Programs:** The Committee noted that a significant portion of PDC's URA resources are in the Commercial Property Redevelopment and Business Finance lending programs. Should funds in these lending programs go unexpended, the Committee encourages PDC to broaden its lending activities to address community priorities, such as seismic improvements.

**Potential Policy Financial Impacts:** The Committee noted that recent policy changes, notable adoption of inclusionary zoning, may impact development costs and related PDC public investments as well as generation of property tax revenue. Should PDC's tax increment financing budget-funded priorities – particularly for infrastructure related investments – not be covered by tax increment financing due to that impact, the City should maintain their commitments through other City means, including System Development Charges.

Below are our recommendations by URA:

### **Central Eastside URA**

The Committee supports the investment priorities in the Central Eastside budget request. In FY 2017/18 key investments will be made in the following areas:

- ODOT blocks redevelopment
- Clinton Triangle station area redevelopment
- Industrial and entrepreneurship support

### **Downtown Waterfront URA**

The Committee supports the investment priorities in the Downtown Waterfront budget request which focuses on implementation of the **Old Town/Chinatown Action Plan**. In FY 2017/18 key investments will be made in the following areas:

- Old Town Chinatown Action Plan
  - District parking to assist with tenanting & historic rehab
  - Private property redevelopment
  - Entrepreneurship & business support

### **River District URA**

The Committee supports the investment priorities in the River District budget request which (in tandem with Downtown Waterfront) focuses on implementation of three major community priorities:

- The **Old Town/Chinatown Action Plan**. In FY 2017/18 key investments will be made in the following areas:
  - PDC properties - Grove Hotel, Block A&N
  - District Parking
  - Entrepreneurship & business support
- **Centennial Mills** complete selective demolition
- **Broadway Corridor Master Plan**, including Union Station

### **Gateway Regional Center URA**

The subcommittee supports the investment priorities in the Gateway budget request which focuses on implementation of the **Gateway 5-Year Action Plan**. In FY 2017/18 key investments will be made in the following areas:

- Halsey/Weidler commercial corridor investment strategy
- Mixed use development at NE 106th & Halsey

### **Interstate Corridor URA**

The Committee supports the investment priorities in the Interstate budget request which focuses on implementation of the **North/Northeast Community Development Initiative 5-Year Action Plan**. In FY 2017/18 key investments will be made in the following areas:

- Property ownership & redevelopment

- Business ownership & growth, including at MLK/Alberta
- New and existing homeownership opportunities
- Community livability projects
- Cultural-business hub

### **Lents Town Center URA**

The Committee supports the investment priorities in the Lents budget request which focuses on implementation of the **Lents 5-Year Action Plan**. In FY 2017/18 key investments will be made in the following areas:

- Lents Town Center projects - Oliver Station, 9101, Asian Health Services Center, Woody Guthrie
- Business development and growth, particularly at Town Center and along SE Foster Road

The Committee also encourages PDC to advance predevelopment activities on the PDC-owned property at SE 92<sup>nd</sup> Avenue and Harold Street (92H). The Committee would like PDC to execute a Memorandum of Understanding with Palindrome Communities to move forward on 92H based on Palindrome's selection through PDC's original solicitation for disposition of various Lents Town Center properties. The Committee understands that there are limited dollars in LTC to invest, but would like PDC to support in a limited nature Palindrome's due diligence work to identify what they would propose for 92H. The Committee also understands that in the long term the PDC resources available to invest in the project would primarily be the value of the land.

The Committee also supports investments in businesses along SE Foster Road during road improvements. In addition to supporting businesses that provide an active use to the community, we support PDC working with businesses with inactive uses to identify better locations for them within the URA should they choose/end up relocating off of Foster Road due to the road improvements

### **North Macadam URA**

The Committee supports the investment priorities in the North Macadam budget request. In FY 2017/18 key investments will be made in the following areas:

- Support ZRZ and OHSU redevelopment
  - SW Bond Avenue
  - Greenway
  - South Portal
- Portland State University development agreement

As noted above, the Committee feels that the PDC Board and City Council should address the impact of new regulation, specifically inclusionary

housing and the property tax exemption that is part of the incentive package, which could impact the URA's ability to generate resources and fund priority community infrastructure projects, including Bond Avenue, the Greenway and South Portal.

The Committee feels that PDC should consider opportunities for district parking in South Waterfront similar to what is being discussed for Old Town/Chinatown and the Central Eastside as North Macadam grows. Finally, the Committee notes that South Portal continues to be a priority for the district and the region.

**Oregon Convention Center URA**

The Committee supports the investment priorities in the Oregon Convention Center budget request. In FY 2017/18 key investments will be made in the following areas:

- Convention Center Hotel Garage construction & air rights solicitation

The Committee encourages PDC to ensure there are opportunities for small business in the procurement for management and operations of the garage. The Committee also recommends that PDC hold further discussions with the Lloyd EcoDistrict to identify their current project-related activities and where there is alignment between their activities and PDC resources within the Project Development line item targeted at particular geographies (Rose Quarter, NE Broadway, MLK/Grand).

We thank you for the opportunity to comment,

PDC Budget Advisory Committee

## **FY 2017/18 Urban Renewal Area Budget Outreach – Summary of Feedback**

As part of PDC's outreach on the fiscal year 2017/18 draft Urban Renewal Area (URA) budgets, staff met with these neighborhood associations, business associations, and other community partners:

- Central Eastside Industrial Council
- Gateway Area Business Association
- Foster Area Business Association
- Lents Neighborhood Association
- Pearl District Neighborhood Association
- Lloyd EcoDistrict
- Buckman Neighborhood Association
- Hazelwood Neighborhood Association
- Old Town/Chinatown Community Association
- Halsey/Weidler Group
- Lents Grown
- East Portland Action Plan
- Go Lloyd
- Hosford Abernathy Neighborhood Association
- South Portland Neighborhood Association

Following is a summary of feedback organized by URA or neighborhood:

### **Central Eastside URA**

- Requested that PDC add a line item of \$425,000 (tied to the PDC Crescent Property sale proceeds from Oregon Museum of Science and Industry in 2012) in the FY 2017/18 budget for park/open space/Willamette River access improvements.
- Advocated maintaining \$985,000 in the five-year forecast in the Community Center Line item for ultimate investment in the Parks Bureau-led efforts at the Washington/Monroe school site.

### **Gateway Regional Center URA**

- Advocated for restoring the Lean Manufacturing line item to the budget, as there are small manufacturers in Gateway that could be eligible for funding.
- Encouraged PDC to use East Portland contractors (e.g., architects, graphic designers, engineers) for projects using PDC funding.
- Given current and anticipated growth in the district (including the sites at NE 106<sup>th</sup> & Halsey), there was discussion about the need for a parking garage on the corridor.
- Generally supported the draft budget and requested additional opportunities to provide feedback and a voice in decisions about projects in their community.

### **Interstate Corridor URA**

- Staff has conducted significant outreach on the budget and forecast as part of the North/Northeast Community Development Initiative; that document reflects broad feedback on the Interstate Corridor URA budget.

### **Lents Town Center URA**

- Encouraged PDC to advance predevelopment activities on the PDC-owned property at SE 92nd & Harold (92H) with Palindrome Communities based on Palindrome's selection through PDC's 2015 solicitation for disposition of various Lents Town Center properties. Attendees understood that in the long term the PDC resources available to invest in the project would primarily be the value of the land.
- Discussion around the grant budgets revealed a healthy tension between an interest in adding resources to the Community Livability Grant line item (in acknowledgement that demand has recently exceeded grant resources) and a reluctance to remove funds from the Prosperity Initiative Program grant line item (given that there are new businesses and retail coming online).



## **FY 2017/18 Urban Renewal Area Budget Outreach – Summary of Feedback**

- Stressed the need for loans for tenant improvements, which could be especially useful for businesses that are using Small Business Administration loans to acquire property, as borrowers need to secure permits in advance of the SBA loan being funded.
- Encouraged updating the website to provide clarity on what PDC loan funds can be used for.
- General interest in learning more about resources available to assist local businesses.
- Interest in extending the last date to issue debt for the Lents Town Center URA in order to access resources to invest in job creation opportunities associated with the Lents Floodplain and Stabilization Project.
- Discussed “participatory budgeting,” a democratic process in which community members directly decide how to spend part of a public budget. This topic has also been mentioned at East Portland Action Plan Technical Advisory Committee meetings.

### **North Macadam URA**

- General support for the ZRZ master plan and associated public improvements.
- Interested in understanding the timing of PDC’s investments in the greenway (the majority of the District Partner Greenway line item resources are in FY 2020-21 and 2011-22); staff explained both the physical difficulty building the greenway in advance of development and that development is needed to provide the resources.

### **Oregon Convention Center URA**

- Supported the investment in the Convention Center Hotel garage.
- Interested in PDC staff engaging in more active, earlier outreach on the budget.
- Advocated exploring a grant line item in the URA budget (there is currently only budget for loans).
- Interested in engaging in the redevelopment strategy for PDC-owned properties in the district (namely the Bee Car Rental and Action Sports sites).
- Intrigued by how PDC funding for property redevelopment might be leveraged to support mission-driven projects. One example might be PropertyFit (Commercial Property Assessed Clean Energy Property) where buildings identified in their Energy Action Plan could undertake planned projects with the additional financing available.

### **Old Town/Chinatown (River District and Downtown Waterfront URAs)**

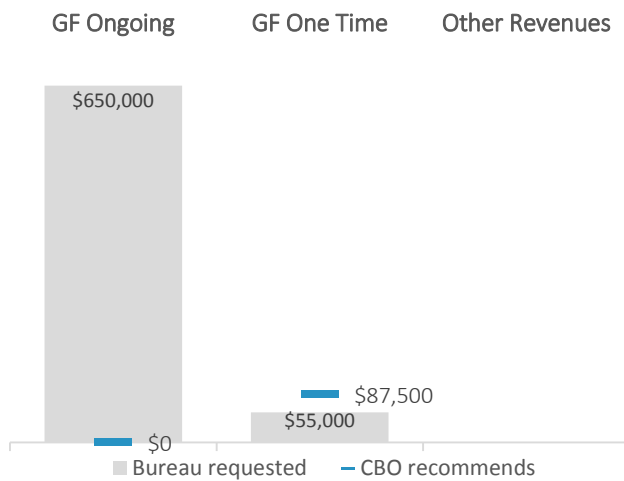
- Supported PDC’s efforts to address district parking shortages by investing in parking garages or parking within new development sites in either URA.
- Encouraged broader use of PDC tools to fund seismic upgrades to buildings in Old Town/Chinatown

Analysis by: Josh Harwood & Jessica Eden

# Portland Development Commission

The Portland Development Commission's (PDC) requested base budget includes approximately \$5.5 million in General Fund supporting citywide economic and workforce development activities. PDC proposes cutting funding for a new healthcare industry cluster and modestly cutting workforce and entrepreneurial support. PDC is also requesting additions totaling \$705,000 that would support Tri-Met's proposed Division Bus Rapid Transit project, small business growth, the North/Northeast Community Development Initiative, Old Town/Chinatown Action Plan, and Greater Portland, Inc.

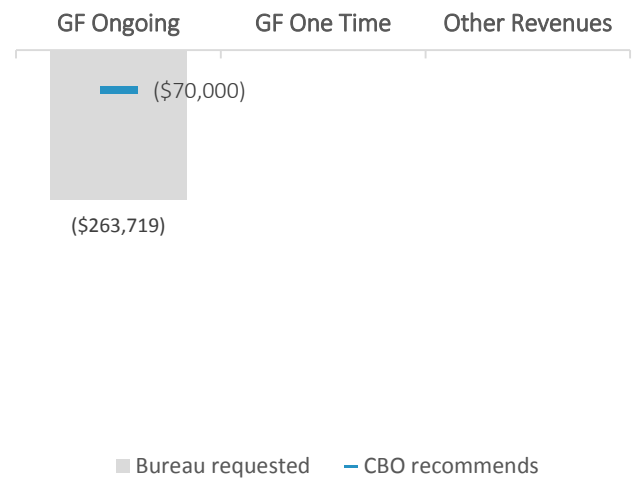
## Adds



3.00 FTE Requested

0.00 FTE Recommended

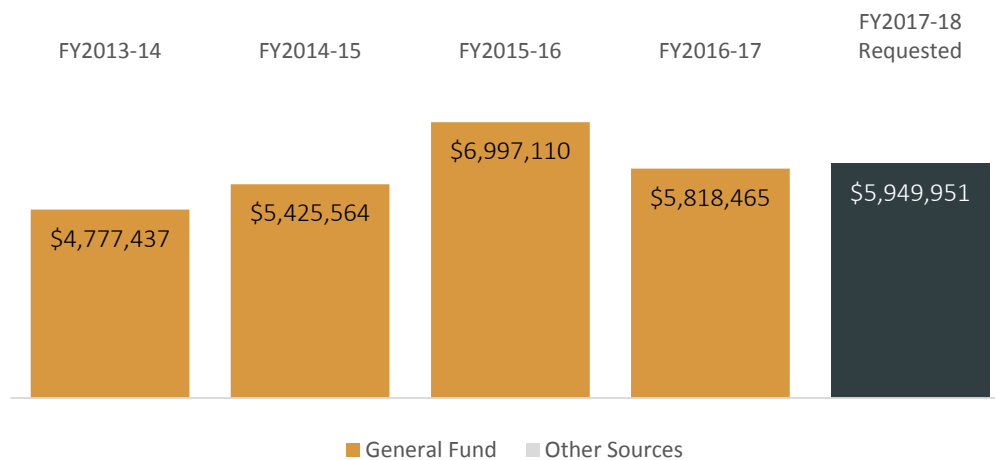
## Reductions



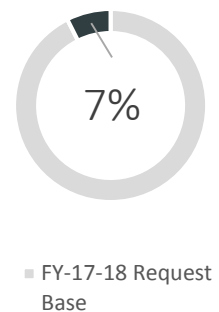
(0.00) FTE Requested

(0.00) FTE Recommended

## Adopted Budget Revenues - 5-Year look back



## Decision Packages & Requested Budget



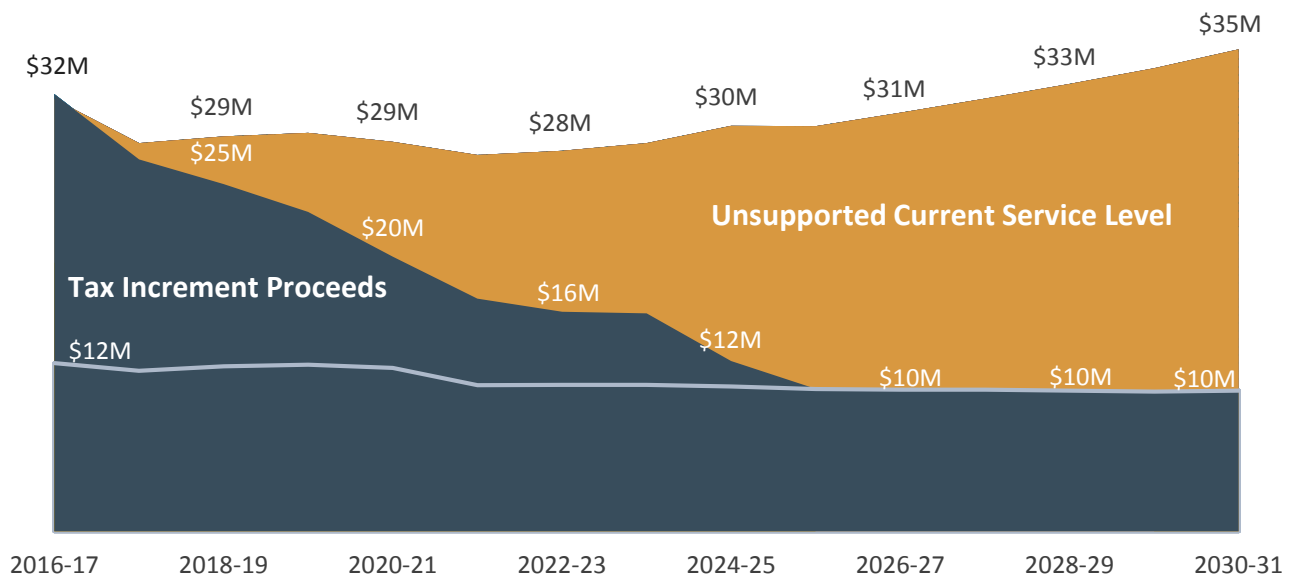
## Key Issue

### PDC Financial Sustainability Plan

PDC is close to completing a two-year effort to develop a long-term fiscal sustainability plan. The need stems from the long-expected decline in tax increment financing revenues over the next decade as urban renewal areas are retired. As a result, the organization has been getting smaller for much of the last decade, with roughly 25% fewer employees now relative to 2014. The assumptions in the current plan contemplate additional reductions, even if all revenue streams are fully realized. Figure 1 below shows PDC’s structural budget problem.

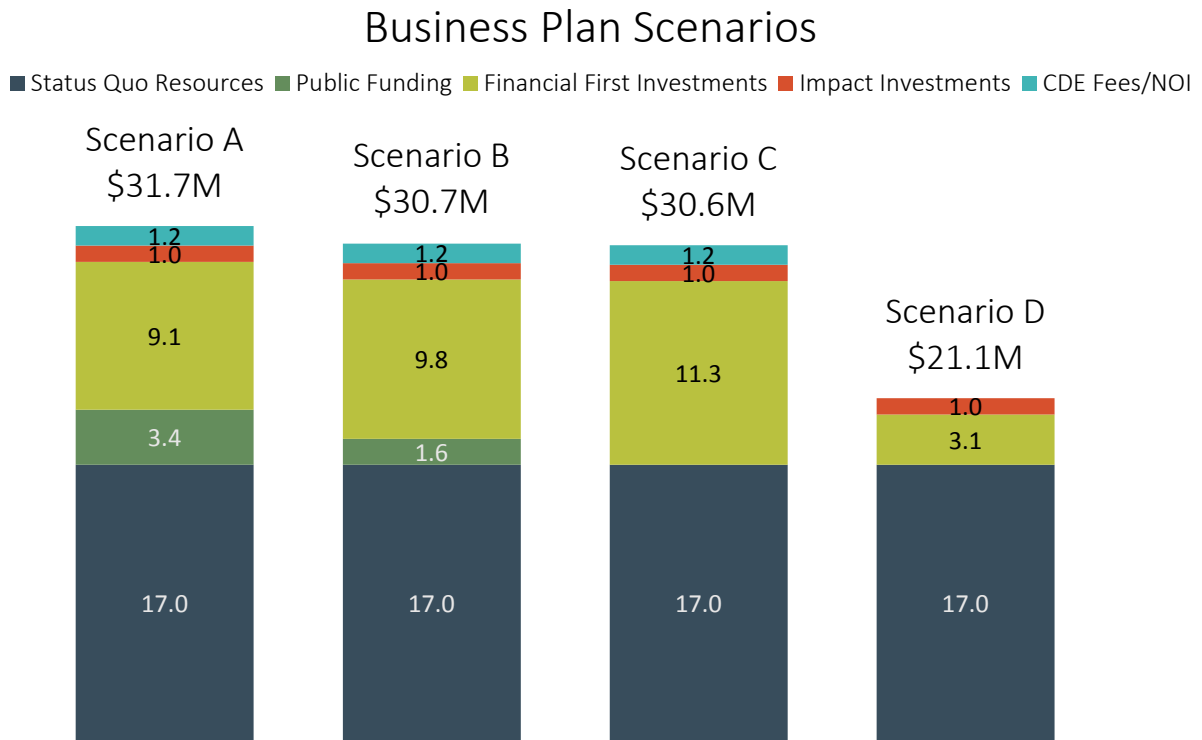
**FIGURE 1. PDC Structural Operating Budget Deficit (Current Service Level)**

*Declining Tax Increment Funds leave PDC with a structural budget deficit*



PDC’s analysis at this point contains a variety of revenue scenarios, mostly resulting in different ways to maintain operations close to current levels. Information from PDC in February was used to create the graph below. It should be noted that each scenario provides roughly the same amount of revenue with the exception of Scenario D. However, what functions would be reduced or eliminated should scenario D – or any other revenue level be realized – have not been identified.

FIGURE 2. PDC Business Plan Scenarios



CBO’s concern with the analysis thus far is the focus on backfilling revenues to maintain current organizational capacity; the current plan has a lack of prioritization of PDC’s various programs and what the appropriate size should be within the broader citywide priorities. Ideally, PDC would show its Commission and City Council what programs each level of revenue would fund and what would not be funded if one or more of the revenue sources fail to materialize. Presumably, there are tipping points within many of PDC programs. Though business loan funding may be scalable, other programs may only be worthy of funding if the City can do so adequately. Additionally, as PDC further develops robust performance measures, CBO suggests that performance inform the prioritization process. This approach would allow policy makers to more transparently evaluate the tradeoffs associated with different levels of funding. Given the funding uncertainty surrounding PDC’s future, a more comprehensive analysis describing which programs would be funded at different revenue levels would give policy makers more discrete choices relative to other City priorities.

## Decision Package Analysis & Recommendations

### Realignment, ZD 01, \$0

PDC will realign funding from the Portland Film Office to the Healthcare Cluster. The position in the Portland Film Office is currently vacant and focusing on a Healthcare Cluster is part of PDC's strategic plan. CBO recommends this alignment.

#### **CBO Recommendation: \$0**

### Cluster/International, ZD 02, (\$20,000)

PDC has elected to reduce the materials and services budget for Traded Sectors<sup>1</sup> and the International budget<sup>2</sup> order to comply with the 5% budget reduction guidance. PDC does not anticipate this reduction will have any impact to level of service. As this does not impact level of service, CBO recommends this reduction.

#### **CBO Recommendation: (\$20,000)**

### Adult & Youth Workforce Development, ZD 03, (\$51,299)

The PDC has elected to reduce the Adult & Youth Workforce Development program by \$51,299 in order to comply with the 5% budget reduction guidance. PDC currently invests approximately \$2.8 million in workforce development programming. All workforce development programs are administered by Worksystems, Inc., which contracts with adult and youth development programs. Development providers include the following:

- Oregon Tradeswomen/Constructing Hope
- Immigrant and Refugee Community Organization (IRCO)
- SE Works, Central City Concern
- Human Solutions Inc.
- Native American Youth and Family Center
- New Avenues for Youth
- Portland Opportunities Industrialization Center (POIC)
- Portland Youth Builders

If funding is reduced, PDC will eliminate one workforce development provider.

The Workforce Development program targets very low income individuals that face significant barriers to employment; many of them are homeless or housing-vulnerable. The workforce development program has had proven results: 79% of adult and 69% of youth participants exit

---

<sup>1</sup> Traded Sector is a term that PDC uses for economic sectors. PDC also uses "cluster" and "Target Industry Cluster." Examples include: Athletic & Outdoor, Metals & Machinery, Green Cities, Technology & Media, and Healthcare

<sup>2</sup> There are four clusters with a materials and services budget of \$50-\$80k as well as an International program that crosses each of the four traded sectors.

the program with employment. CBO does not recommend this reduction as the programs have measurable outcomes that directly impact homelessness.

### **CBO Recommendation: \$0**

#### Entrepreneurship Support, ZD 04, (\$50,000)

PDC has elected to reduce entrepreneurship support by \$50,000 in order to comply with the 5% budget reduction guidance. This reduction will directly impact funding for programming pertaining to the small business growth initiative. PDC identified that current programming for startups leaves a service gap for Traded Sector startups<sup>3</sup> and intends to reprogram these funds to target this population more effectively. PDC is issuing an RFP for an external organization to provide direct assistance to these start-ups. Reducing the funding for this program will decrease the money available for the RFP. If the reduction is taken, the remaining budget will be \$516,420. CBO recommends this reduction, given the relatively low impact to a program that is in flux. If PDC feels that this reduction to the amount available for the RFP is crucial, CBO suggests realigning other resources within one of the other three small business programs.

### **CBO Recommendation: (\$50,000)**

#### Healthcare Cluster, ZD 05, (\$142,420)

PDC has elected to reduce funding for the realigned Healthcare Cluster in order to comply with the 5% reduction budget guidance. Healthcare is one of the largest employment sectors in the Portland economy and provides quality jobs. Furthermore, EMSI<sup>4</sup> data suggests that healthcare employment in Portland is growing faster than the national average.

PDC outlines their approach to traded sector development as “Investigate, Inventory, Convene and Diagnose.” This takes, on average, six to twelve months. During the first year of this program, PDC anticipates developing a strategic plan to support anchor institutions and individual businesses, address industry workforce needs and opportunities, develop supply chain events to facilitate connections, and leverage research and development associated with anchor institutions to spur successful spin offs. PDC will continue to use EMSI data, internal research, and research of their partners to monitor the industry.

CBO does not recommend taking this reduction. There is substantial evidence demonstrating that this is a growing industry in Portland, and that public support has the potential to increase the number of quality jobs. PDC has also offered plans for specific actions they will accomplish during the first year, and a method to monitor impacts once a strategic plan is underway.

---

<sup>3</sup> PDC differentiates between Traded Sector Start-Ups and other Start-Ups. Traded Sector startups address the need of fast growing, scalable start-up firms that specifically fall under the umbrella of one of the traded sectors.

<sup>4</sup> EMSI is company specializing in labor market data. <http://www.economicmodeling.com/company/>

## **CBO Recommendation: \$0**

### Division BRT Local Action Plan Implementation, ZD 06, \$275,000, 3.00 FTE

PDC is requesting ongoing funding for a community outreach worker, a workforce navigator, and a business technical assistance advisor, to help businesses navigate disruptions around TriMet's Division Bus Rapid Transit project. PDC requested \$400,000 in one-time General Fund last year for this project, slated to start at the end of 2018. Based on scope of the project and a review of academic literature evaluating impacts of bus rapid transit projects, it does not appear that the level of disruption and potential economic impacts of going from a traditional bus line to a bus rapid transit line will require the level of outreach services that PDC is proposing. The economic and demographic challenges of this area are similar to changes going on in other places in the City – Cully, North Williams, and St. Johns show similar signs of disruption, albeit potentially at different stages of development. Furthermore, the project has been proposed for several years without moving forward to actual construction.

CBO does not recommend funding in FY 2017-18. PDC should continue to monitor progress. Should the project materially change – and to the extent PDC can clearly define a critical need for services that it can fulfill – PDC should request funding at that time. Any future request for funding should define the anticipated impact of the BRT project on community businesses (e.g., a negative impact on businesses that PDC hopes to mitigate, or a positive impact that creates an opportunity for timely business assistance).

## **CBO Recommendation: \$0, 0.00 FTE**

### Small Business Growth, ZD 07, \$175,000

PDC is requesting \$175,000 in ongoing resources to support two new cohorts of business owners enrolling in PDC's Increase Project. This project was funded on a one-time basis in FY 2015-16, and the ten participants have shown measurable results in terms of revenue and employment growth. The structure of the program allows for robust data gathering and has easily measurable outcomes. Though the participants are very small businesses, the first cohort has already demonstrated increased sales, employment, and expansion into new markets. Given the performance targets and data collection from the first cohort of participants in this program, CBO recommends funding with one-time resources. Should PDC meet its programmatic goals and demonstrate robust demand for the program, the City should consider providing ongoing resources.

## **CBO Recommendation: \$87,500 one-time**

### N/NE Workforce & Business Development, ZD 08, \$200,000

PDC is requesting \$200,000 in ongoing resources to augment their efforts as part of the N/NE Community Development Action Plan, including a workforce navigator and providing business technical assistance. The plan calls for the use of \$32 million in tax increment financing (TIF)

funds for economic development in the Interstate Corridor Urban Renewal Area. TIF funds cannot be used to pay for programs or initiatives such as workforce development or business technical assistance. However, PDC has existing programs that provide these services citywide. Though the funding of these programs may be insufficient to meet citywide demand for workforce navigation and business technical assistance, given limited General Fund resources, CBO recommends that PDC consider directing more existing resources to achieve the goals laid out in the Action Plan. CBO does not recommend funding this package with new General Fund resources.

**CBO Recommendation: \$0**

Old Town/Chinatown Economic Development Grant, ZD 09, \$30,000 one-time

This request is for the third year of a three-year grant based on the Old Town/Chinatown Action Plan. The first year was funded through a one-time request in the FY 2014-15 budget, while the second year is funded one-time in the current year. It requires the local community association to match the grant in order for it to be executed. The first year of funding was used to begin the process of developing metrics and defining deliverables. Currently, the district is in the process of hiring a director. Council has stated through their endorsement of the action plan that this part of the City is important and Old Town/Chinatown is the epicenter for non-profit homeless services, a stated priority for the FY 2017-18 budget. This represents the last of the City's three-year General Fund commitment as part of the plan. Due to the lack of available General Fund resources, CBO does not recommend funding at this time.

**CBO Recommendation: \$0**

Greater Portland 2020, ZD 10, \$25,000

City support for Greater Portland, Inc. (GPI) was reduced from \$100,000 to \$50,000 as part of the FY 2016-17 budget. The \$25,000 in one-time resources was requested to help fund GPI's GP2020 program, which aims to bring together many regional partners together to promote trade and increased diversity in leadership. Based on the request, it is not entirely clear what the expected results of this investment are. Furthermore, the City already provides \$50,000 to GPI annually. This is PDC's lowest priority request and, given limited resources, CBO does not recommend funding.

**CBO Recommendation: \$0**



## Bureau Budget Summary – Request and Recommendations

Below is a summary of PDC’s operating budget.

	<b>Adopted FY 2016-17</b>	<b>Request Base (A)</b>	<b>Bureau Decision Packages (B)</b>	<b>CBO Recommended Adjustments (C)</b>	<b>Total Recommended Revised (A+B+C)</b>
<b>Resources</b>					
General Fund Discretionary	5,818,465	5,508,670	441,281	(423,781)	5,526,170
<b>Total Resources</b>	<b>\$5,818,465</b>	<b>\$5,508,670</b>	<b>\$441,281</b>	<b>(423,781)</b>	<b>\$5,526,170</b>
<b>Requirements</b>					
External Materials and Services	5,818,465	5,508,670	441,281	(423,781)	5,526,170
<b>Total Requirements</b>	<b>\$5,818,465</b>	<b>\$5,508,670</b>	<b>\$441,281</b>	<b>(423,781)</b>	<b>\$5,526,170</b>

**City of Portland**  
 Decision Package Recommendations  
 (Includes Contingency and Ending Balance)

	Bureau Priority	Bureau Requested					CBO Analyst Recommendations				
		FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses	FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses
<b>Portland Development Commission</b>											
<u>Adds</u>											
ZD_06 - Division BRT Local Action Plan Implementatio	06	0.00	275,000	0	0	275,000	0.00	0	0	0	0
ZD_07 - Small Business Growth	07	0.00	175,000	0	0	175,000	0.00	0	87,500	0	87,500
ZD_08 - N/NE Workforce & Business Development	08	0.00	200,000	0	0	200,000	0.00	0	0	0	0
ZD_09 - Old Town/China Town Economic Developmen	09	0.00	0	30,000	0	30,000	0.00	0	0	0	0
ZD_10 - Greater Portland 2020	10	0.00	0	25,000	0	25,000	0.00	0	0	0	0
<i>Total Adds</i>		<i>0.00</i>	<i>650,000</i>	<i>55,000</i>	<i>0</i>	<i>705,000</i>	<i>0.00</i>	<i>0</i>	<i>87,500</i>	<i>0</i>	<i>87,500</i>
<u>Reductions</u>											
ZD_02 - Cluster/International	02	0.00	(20,000)	0	0	(20,000)	0.00	(20,000)	0	0	(20,000)
ZD_03 - Adult & Youth Workforce Development	03	0.00	(51,299)	0	0	(51,299)	0.00	0	0	0	0
ZD_04 - Entrepreneurship Support	04	0.00	(50,000)	0	0	(50,000)	0.00	(50,000)	0	0	(50,000)
ZD_05 - Healthcare Cluster	05	0.00	(142,420)	0	0	(142,420)	0.00	0	0	0	0
<i>Total Reductions</i>		<i>0.00</i>	<i>(263,719)</i>	<i>0</i>	<i>0</i>	<i>(263,719)</i>	<i>0.00</i>	<i>(70,000)</i>	<i>0</i>	<i>0</i>	<i>(70,000)</i>
<u>Realignments</u>											
ZD_01 - Realignment- Film & Video to Healthcare	01	0.00	0	0	0	0	0.00	0	0	0	0
<i>Total Realignments</i>		<i>0.00</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0.00</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
<b>Total Portland Development Commission</b>		<b>0.00</b>	<b>386,281</b>	<b>55,000</b>	<b>0</b>	<b>441,281</b>	<b>0.00</b>	<b>(70,000)</b>	<b>87,500</b>	<b>0</b>	<b>17,500</b>