

Tom Kelly
Chair

Gustavo J. Cruz, Jr.
Commissioner

Aneshka Dickson
Commissioner

Mark Edlen
Commissioner

William Myers
Commissioner

Charlie Hales
Mayor

Patrick Quinton
Executive Director

This document represents the official meeting record of the December 9, 2015, Portland Development Commission (PDC) Board of Commissioners (Board) retreat held at Billy Webb Elks Lodge, 6 N. Tillamook St., Portland, OR 97227.

1. Call to Order and Roll Call

Chair Tom Kelly called the meeting to order at approximately 8:06 a.m. Ms. Gina Wiedrick, PDC Board recording secretary, called the PDC Board roll:

Chair Tom Kelly	PRESENT
Commissioner Gustavo Cruz	PRESENT
Commissioner Aneshka Dickson	PRESENT
Commissioner Mark Edlen	PRESENT
Commissioner William Myers	PRESENT

2. Public Comment for Items Not on Agenda

No public testimony was presented.

Executive Director Patrick Quinton stated the purpose of the retreat: to address whatever topics are most current, including the health of the organization through financial presentations, the work of the Financial Sustainability Commission, and looking at the work plans for fiscal year (FY) 2016-17.

3. Review Fiscal Year (FY) 2014-15 Financial Statements and Five-Year Forecast

4. Review Updated Long-Term Forecast

Faye Brown, Chief Financial Officer, and Tony Barnes, Budget Officer, gave a high-level overview of the Financial Statements, Budget, and Long-Term Forecast Update.

Commissioner Edlen asked what are the property redevelopment and commercial redevelopment dollars variances. Mr. Barnes responded that property redevelopment dollars are from the money that had been set aside for the Multnomah County Health Department Headquarters; the commercial redevelopment dollars are for the work that will be completed in the Lents Town Center Urban Renewal Area (URA).

Commissioner Dickson asked how many loans does PDC have outstanding. Catherine Kaminski, Accounting Manager, responded about 180 loans.

Commissioner Edlen asked what the percentage of non-payment or delinquent loans is. Ms. Kaminski responded that about three percent of the total are non-performing or delinquent loans. Ms. Brown added that the numbers improved after housing functions were assigned to the Portland Housing Bureau. Commissioner Edlen asked what the delinquent percentage was when housing was with PDC. Ms. Brown responded that it was around 50 percent.

Commissioner Edlen asked how conservative are the dollars in the five-year forecast? Mr. Barnes responded that for tax increment it is about 95 percent, for property income it is more like 60 percent, and loan collections is higher than that.

At approximately 9:13 a.m. Chair Kelly called for a break. At approximately 9:25 a.m. Chair Kelly called the meeting to order.

5. Provide Update on Financial Sustainability Committee (FSC) & Business Plan

Executive Director Quinton gave an overview of the FSC and their goals.

Peter Englander, Opportunities Cooperative Manager, gave an overview of the FSC process, the work the FSC has done to date, and next steps. There was also a focus on sources identified for additional analysis (funding sources that other organizations throughout the United States have used) and the proposed recommendations.

Chair Kelly asked if Portland City Council were to approve new URAs, how long until PDC would have access to the money generated? Mr. Barnes responded that money would be coming in right away but it would be five years until PDC could start leveraging and borrowing against it. Executive Director Quinton added that there are only 2,000 acres available before reaching the 15 percent cap of acres available for URA districts. Chair Kelly asked about changing the cap. Mr. Englander responded that it is a State of Oregon statute.

Commissioner Dickson asked what the FSC thinks about creating new URAs. Mr. Englander responded that the FSC does not disagree with the use of URAs and tax increment financing, but noted that PDC has been too reliant on only URAs and needs to be looking at other alternatives; this is not a sustainable system.

Commissioner Dickson asked if the FSC work is on time or is PDC behind in the timing of this conversation and the need for a solution. Mr. Englander responded that leadership was thinking about this 15 years ago, but new URAs were created so the discussion ended, but now it is urgent, especially given the direction of the PDC Strategic Plan and the lack of resources to take on that work.

At approximately 11:10 a.m. Chair Kelly called for a break. At approximately 11:28 a.m. Chair Kelly called the meeting to order.

7. Review Draft FY 2016-17 Work Plan

Kimberly Branam, Deputy Director, began by reminding the PDC Board that this work plan is a draft and this is the time for the PDC Board to provide input. Ms. Branam went over the objectives of Goals 1 through 5.

Commissioner Edlen asked what the completion rate on the items under Goal 1 is. Mr. Branam responded that it is about 80 percent.

Commissioner Edlen asked what the biggest road blocks to Goal 3 are. Ms. Branam responded that some projects are dependent on other bureau partners.

At approximately 11:56 a.m., Mayor Charlie Hales arrived.

At approximately 12:25 p.m. Chair Kelly called for a break. At approximately 12:43 p.m. Chair Kelly called the meeting to order.

8. Discuss FY 2016-16 Priorities

Mayor Hales stated that planning and development is a priority, as well as nailing down certain deals, preparing for growth, and accelerating work on climate action. He called out specific projects that need to be worked on; some of these are for PDC, some are for City of Portland (City) bureaus, and some are for PDC in conjunction with other bureaus.

- United States Post Office (USPS): if the City does not get this done now, when would it, when would the City have such favorable conditions.
- Centennial Mills: is there a path to get this done?
- Veterans Memorial Coliseum (Coliseum) and Rose Quarter: is there a path to get something done? It has not happened in the past three years, and it most likely will not happen in another year.
- Lents Town Center: happy with the work being done there; it is a great start.
- Clinton Triangle: there is a path towards the Fire Bureau moving out of that space and making it available for development.
- Comprehensive Plan: there is still a lot of work left to be done. How do you convert suburbia into a walkable urbanism? The City needs to be more aggressive on the regulatory and planning side.
- If the City wants a streetcar along Sandy Boulevard or a MAX up Barbur Boulevard, then the City needs to start working on these projects now.
- Maybe the City needs to set a new code stating that all new commercial buildings have to be Leadership in Energy & Environmental Design certified.
- Since the 1990s, Portland has decreased its carbon footprint by 14 percent but the City's goal is that of 80 percent by 2050; the City needs to step it up.

Chair Kelly added one item to the list: the need for financial sustainability. Executive Director Quinton also added one item to the list: put PDC in charge of the Coliseum so that development can happen; this would require a conversation with the City Office of Management & Finance.

At approximately 1:48 p.m. Mayor Hales left the meeting and Chair Kelly called for a break. At approximately 2:05 p.m. Chair Kelly called the meeting to order.

9. Discuss Five-Year Priorities

Commissioner Dickson would like to see how successful, or not, each line item is; it would be very helpful to see this data in one place and learn from both. PDC Staff will respond with a list of accomplishments.

Commissioner Myers asked if the disparity study will be focused on contracting or workforce. John Jackley, Communications & Social Equity Director, responded that it will be focused only on contracting.

Executive Director Quinton stated that, in response to Commissioner Dickson's comment, PDC staff will update the high-level agency wide work plan with one column showing what has been completed and how.

Executive Director Quinton stated that he has asked the Leadership Team to think about how can PDC begin to shrink its portfolio so that it can prioritize the work and do the work with attrition of staff. The large departments are Urban Development, Real Estate & Lending, and Finance & Business Operations. There is also a need to discuss the projects carried over from year-to-year. There is work that PDC staff does for other City bureaus; while PDC receives some payment for this, it is not getting full value. Public Employees Retirement System, medical, leave, and all costs associated with having staff on PDC payroll. There is a bucket of work from the Central City and Neighborhood teams done for other City bureaus without compensation; this is a hard one to say that we will no longer do, but it is uncompensated and using a huge amount of staff time. PDC leadership needs to think more creatively about this, receive proper compensation, and make it a part of staff work plans.

Commissioner Dickson asked what happens if PDC does not provide some of these services. Ms. Brown responded that PDC does like to maintain some sort of control. Lisa Abuaf, Central City Manager, added that it is better to have one project manager to manage all of the phases because ultimately it would cost more because some bureaus would take two years to do something that would normally only take one year; this cost adds up. Executive Director Quinton added that another side to this is that when PDC pays for infrastructure projects, it pays for soft costs (other bureaus' employee time) yet PDC is not paid for its time on cross-bureau projects.

Executive Director Quinton stated that the other cost to PDC is a full time position for the City's film & video liaison. It is one person that works with all of the City bureaus to obtain the applicable permits needed; PDC pays for the position, yet each City bureau receives money from the various permits obtained.

Executive Director Quinton stated that PDC has added another cluster, healthcare, but PDC does not have a way to staff this; should it dilute the other clusters to make up for it?

Executive Director Quinton noted that all recruitments are going all to Greater Portland Inc going forward.

Commissioner Dickson asked if there still are properties in PDC's portfolio that are not strategic. Bruce Wood, Real Estate & Construction Manager, responded no, not really; PDC does have some properties that do not currently have any activity going on, but they are still strategic. He added that the PDC Board has recently disposed of properties that were not strategic to PDC.

Executive Director Quinton stated that every year PDC staff asks whether PDC's loan products are the right role for PDC. Should PDC try to no longer focus on underwriting, but rather help businesses manage their funds once they have obtained loans from other lenders? Where can PDC add more value?

Executive Director Quinton stated that PDC may need to look at using more outside consultants as project managers, rather than a PDC staff person.

Ms. Branam stated that PDC staff is looking at the grants and prioritizing the work, as staff cannot focus on all areas simultaneously. Kate Deane, Community Economic Development Manager, added that a way to do this is to make it known what PDC's priorities/goals are so people that do not "qualify" do not call to inquire and PDC staff does not have to be in a position to say no; updating the PDC website is key.

Executive Director Quinton stated PDC leadership needs to decide soon on the path that PDC is taking on staffing, open positions, and maybe offering an early retirement. PDC is entering its next bargaining of the Collective Bargaining Agreement for the next three years starting July 1, 2016, and PDC staff needs some clarity to know where to go with economics. Chair Kelly asked that the Leadership Team give the PDC Board a recommendation to consider. Commissioner Edlen stated the need for a clear reason for this need. Ms. Brown responded that it is because of the impact on long-term financial and also the housing set-aside increase.

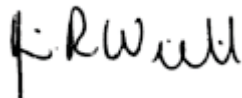
10. Next Steps

Executive Director Quinton stated that PDC staff will present to the PDC Board a proposal of what to do regarding staffing, and also provide a further update on the recommendations from the FSC after they hold their meeting next week.

11. Adjourn

There being no further business, Chair Kelly adjourned the PDC Board retreat at approximately 3:48 p.m.

Approved by the Portland Development Commission on February 10, 2016



Gina Wiedrick, Recording Secretary