



DATE: June 13, 2011
TO: Board of Commissioners
FROM: Patrick Quinton, Executive Director
SUBJECT: Report Number 12-12
Authorizing First Amendment to FY 2011-12 Intergovernmental Service Level Agreement (General Fund Special Appropriations) between the Portland Development Commission and the City Of Portland to add two new Traded Sector Job Creation and Retention activities and reallocate \$300,000 in funding from the Portland Seed Fund to the new activities

BOARD ACTION REQUESTED

Adopt Resolution No. 6949

ACTION DESCRIPTION

This action will authorize an amendment (the IGA Amendment) to the FY 2011-12 Intergovernmental Service Level Agreement (General Fund Special Appropriations) dated July 27, 2011 between the Portland Development Commission (PDC) and the City of Portland (the City) (the IGA) to reduce the funding for the Portland Seed Fund Initiative (\$300,000) and reallocate those funds to two new Traded Sector Job Creation and Retention activities related to the Portland Seed Fund Initiative, Strategic Mentoring and Investor Outreach Activities (\$100,000) and Technology Commercialization (\$200,000).

BACKGROUND AND CONTEXT

The IGA provides up to \$5,788,326 in general fund financing from the City to PDC to fund certain economic development activities including Neighborhood Economic Development and Traded Sector Job Creation and Retention on a citywide basis. These activities have been budgeted in the FY 2011-12 Adopted PDC Budget. PDC has implemented economic development activities on behalf of COP for a number of years. PDC is unable to fund and perform activities such as neighborhood 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 IGA represent a substantial increase in funding over the previous years. In FY 2010-11, the amount was \$2,325,482 while in FY 2009-10 the amount was \$4,370,945. The General Fund Special Appropriations was adopted as part of both PDC's and the City's budget. This is the fourth year that PDC has had an IGA with the City providing City General Fund support for PDC's economic development activities. Prior to FY 2008-09, the transfer of City General Fund to PDC occurred without an IGA.

COMMUNITY AND PUBLIC BENEFIT

The IGA allows PDC to use its established expertise in economic development on a citywide basis. Without the contribution of the City'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 both Neighborhood Economic Development and Traded Sector Job Creation and Retention.

Neighborhood Economic Development includes:

- Neighborhood Main Street Revitalization Program
- One-Stop Permitting and Business Services Website
- Small Business Technical Assistance
- Venture Portland
- Economic Opportunity Initiative
- Partners for Economic Progress Initiative

Traded Sector Job Creation and Retention includes:

- Cluster Research and Industry Development
- Cluster Retention and Catalytic Industry Initiatives
- Targeted Business Recruitment
- Small Business Working Capital
- Seed Fund Initiative
- International Business Development
- Entrepreneurial Development
- Strategic Mentoring and Investor Outreach Activities (added by the IGA Amendment)
- Technology Commercialization (added by the IGA Amendment)

This action will support the following PDC goals:

- Social Equity
- Healthy Neighborhoods
- A Vibrant Central City
- Strong Economic Growth and Competitiveness

PUBLIC PARTICIPATION AND FEEDBACK

Public participation occurred as part of the FY 2011-12 Budget process both for the City and PDC.

BUDGET AND FINANCIAL INFORMATION

This action will reallocate funding among certain Traded Sector Job Creation and Retention Activities but will not change total funding of \$5,788,326.

RISK ASSESSMENT

Unless the IGA is amended, PDC will not be reimbursed for expenditures already incurred for Strategic Mentoring and Investor Outreach or Technology Commercialization activities. PDC has contingency to cover these expenditures. However, any further program work in those areas would be halted as this work is not TIF-eligible and PDC does not have sufficient non-TIF resources.

ALTERNATIVE ACTIONS

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

ATTACHMENTS

None