



DATE: December 11, 2014
TO: Board of Commissioners
FROM: Patrick Quinton, Executive Director
SUBJECT: Report Number 14-48

Authorizing the Executive Director to Increase Expenditures to No More Than \$850,000 for N/NE Enterprise Zone Fund Allocation to WorkSystems, Inc.

BOARD ACTION REQUESTED

Adopt Resolution No. 7080

ACTION DESCRIPTION

On November 3, 2008, Portland Development Commission (PDC) entered into a contract (Contract) with WorkSystems, Inc. (WSI), whereby PDC agreed to allocate a specified percentage of workforce training funds collected from companies in Portland taking advantage of the State of Oregon Enterprise Zone tax abatement program (E-Zone Program), in exchange for WSI's agreement to provide specified workforce training services. Over the past six years, pursuant to the Contract, PDC has collected funds from participating companies and provided WSI with approximately \$490,000 in collected funds.

This action by the PDC Board of Commissioners (Board) would authorize PDC to increase expenditures under the Contract to no more than \$850,000. This action is necessary since PDC Board approval is required when the cumulative total of contract expenditures exceeds the PDC Executive Director's signature authority of \$500,000.

BACKGROUND AND CONTEXT

The E-Zone Program is a statutory economic development program that allows for property tax exemptions to companies designed to encourage existing and new businesses to invest in major capital outlays and to create or retain quality jobs in certain designated areas. In exchange for receiving the property tax exemptions, local cities may adopt E-Zone policies that require the companies receiving tax benefits to contribute a portion of their tax savings to the cities to fund programs of public benefit.

On March 5, 2008, the City of Portland (City) through Resolution 36583 adopted the Portland E-Zone Policy (the E-Zone Policy) and designated PDC as the E-Zone Manager. Pursuant to the E-Zone Policy, PDC collects contributions for various programs of public benefit, including a Workforce Training Fund (the Fund). The City's E-Zone Policy directed PDC to enter into a contract with WSI to supply specified workforce training to be paid for from the Fund. The Contract implements these E-Zone Policy requirements.

Pursuant to the Contract, WSI has provided targeted workforce and basic skill training, particularly to low-income Portland residents in priority neighborhoods, to move them into career track jobs that are primarily being created as a direct result of the E-Zone program. Since 2008, the Fund has been used to support 284 new hires and incumbent workers to increase employment skills through 13 training contracts with E-Zone companies.

Since 2008, PDC has collected and distributed to WSI approximately \$490,000 to pay for workforce training provided by WSI. Pursuant to PDC's expenditure policy, PDC Board approval is required to increase total Contract expenditures over \$500,000. PDC staff is requesting to increase expenditures to no more than \$850,000, which will fulfill current and future workforce training obligations.

COMMUNITY AND PUBLIC BENEFIT

The E-Zone Program is one of the City's most powerful tools to incentivize major new capital investments and create employment opportunities for local residents in well-paying traded sector jobs. The Fund has been instrumental in helping to train the local workforce for these high quality jobs.

PUBLIC PARTICIPATION AND FEEDBACK

There has been no public participation related to this proposed action.

BUDGET AND FINANCIAL INFORMATION

The line item for these expenditures can be found in the fiscal year 2014-15 Adopted PDC Budget (see Attachment A). Since there are enough funds designated in the adopted budget, this action does not require an immediate budget amendment.

RISK ASSESSMENT

There are no identified risks associated with approving this action.

ALTERNATIVE ACTIONS

The PDC Board could elect to not authorize the Executive Director to increase expenditures from the N/NE E-Zone Fund to \$850,000 in one-time funds.

ATTACHMENTS

- A. Financial Summary

Financial Summary

Fund Summary

Enterprise Zone Fund

	Actuals FY 2011-12	Actuals FY 2012-13	Revised FY 2013-14	Proposed FY 2014-15	Approved FY 2014-15	Adopted FY 2014-15
Resources						
Beginning Fund Balance	1,375,095	1,838,456	2,771,448	2,186,448	2,186,448	2,186,448
Revenue						
Fees and Charges	109,700	296,914	150,000	0	0	0
Interest on Investments	10,992	9,513	8,000	8,000	8,000	8,000
Miscellaneous	702,981	832,941	280,000	324,487	324,487	324,487
Total Revenue	823,673	1,139,369	438,000	332,487	332,487	332,487
Total Resources	2,198,769	2,977,824	3,209,448	2,518,935	2,518,935	2,518,935
Requirements						
Expenditures						
Administration	51,120	47	0	0	0	0
Business Development	308,333	200,983	523,000	840,000	840,000	844,150
Total Expenditures	359,453	201,030	523,000	840,000	840,000	844,150
Contingency	0	0	2,186,448	1,612,511	1,612,511	1,608,361
Transfers	860	5,346	500,000	66,424	66,424	66,424
Ending Fund Balance	1,838,456	2,771,448	0	0	0	0
Total Requirements	2,198,769	2,977,824	3,209,448	2,518,935	2,518,935	2,518,935