

This document constitutes the official meeting record of the March 23, 2011, Portland Development Commission Board of Commissioner's Meeting held at 222 NW fifth Ave., Portland, OR 97209.

J. Scott Andrews
Commission Chair

I. CALL TO ORDER AND ROLL CALL

Chair Scott Andrews called the meeting to order at approximately 8:01 a.m.

Aneshka Dickson
Commissioner

Ms. Renee Castilla, acting as recording secretary for the Board, called the Commission roll:

John C. Mohlis
Commissioner

Chair Scott Andrews	PRESENT
Commissioner Aneshka Dickson	PRESENT
Commissioner John Mohlis	PRESENT
Commissioner Steven Straus	ABSENT
Commissioner Charles Wilhoite	PRESENT

Steven Straus
Commissioner

II. MEETING MINUTES

Charles A. Wilhoite
Commissioner

Chair Andrews called for a motion to adopt the meeting minutes of January 26, 2011.

Sam Adams
Mayor

Commissioner Wilhoite moved and Commissioner Mohlis seconded the motion to adopt the meeting minutes of January 26, 2011.

Patrick Quinton
Executive Director

AYES: Andrews, Dickson, Mohlis, Wilhoite
NAYS: None

III. EXECUTIVE DIRECTOR REPORT

222 Northwest
Fifth Avenue
Portland, OR
97209-3859

Chair Andrews acknowledged it has been a difficult and stressful time at PDC over the last three months. Chair Andrews said Bruce's retirement, the ongoing labor contract discussions and the need to downsize and reduce positions produce almost the perfect storm. Chair Andrews stated unfortunately, a number of decisions made over the last several years have resulted in a long-term decrease in Tax Increment Finance (TIF) revenues. The current fiscal year's budget was for over \$270 million, next year is just over \$180 million and the project for the next five years is about \$140 million. Chair Andrews said those numbers include the pass through to the Portland Housing Bureau. In the last three years, PDC staff has been reduced from over 240 positions to less than 140. Chair Andrews stated Patrick Quinton's main goal is to find new sources of revenue for the agency.

tel: 503.823.3200

fax: 503.823.3368

TTY: 503.823.3366

Chair Andrews said, in addition, PDC has shifted from a housing and development agency to an economic development and jobs focus agency. PDC went through a major reorganization a couple of years ago and now PDC has a team in place to make PDC the organization it needs to be at this critical time. Chair Andrews assured the Board and agency did not take the layoffs lightly, the cuts were deep and PDC lost some of the best and most dedicated staff. Chair Andrews said the Board would do everything they can to help staff find new positions in Portland. Chair Andrews expressed his thanks to everyone for the professional manner in which it has been handled, especially the labor representatives and executive team who have been working hard to complete the contract.



Mr. Patrick Quinton referred to the hard copy Executive Director's Report in their packets for additional information. He said last week, PDC announced a reduction in force (RIF) that eliminated a total of 22 FTE reducing the workforce to 138. He said there were 17 individuals impacted by the action. He said when they undertook the RIF, they analyzed functions of various staff to determine if they could be eliminated or done in a different way. Mr. Quinton reiterated the decisions were not based upon individual performance and in fact, the list of impacted employees is impressive and spans across all functions of the organization including Cluster work, economic development, core redevelopment, operations, communication functions, loan and credit administration, real estate and asset management, procurement, planning of future urban renewal, and board support. He stated PDC staff remains committed to the agency and he remains impressed with their selflessness and work ethic. Mr. Quinton reminded an actual list of represented staff impacted would be established once all bumping is completed.

Mr. Patrick stated PDC is in the middle of the public comment period for the Neighborhood Economic Development Strategy. He said they hope to finalize it soon and bring back to the Board for endorsement. He also said there has been a decision made to move forward on the amendments to N/NE Urban Renewal Area.

Commissioner Wilhoite stated he was anxious to see the amendments come forward for approval. He said opportunities for business expansion would soon follow which is important to the community. He stated a committee of 25 individuals decided upon location of the amendments along Martin Luther King Jr. Blvd., Alberta, Killingsworth, and St. Johns. The Rose Quarter was discussed however it was decided not to bring it in at the time. He acknowledged the hard work of PDC staff.

Chair Andrews stated he was supportive of moving forward with expansions in the Interstate Urban Renewal Area.

IV. PUBLIC COMMENT FOR ITEMS NOT ON THE AGENDA

As there were no public comments for items not on the agenda, Chair Andrews moved to the consent agenda.

V. CONSENT AGENDA

Chair Andrews called for a motion to adopt the consent agenda:

Resolution No. 6854, "Appoint Ms. Dawn Rasmussen to the Gateway Regional Center Urban Renewal Advisory Committee as the At-Large Business Representative."

Resolution No. 6855, "Appoint Ms. Heather Bayles to the North Macadam Urban Renewal Advisory Committee."

Resolution No. 6856, "OCC Block 26 Right of Way Dedication to Portland Office of Transportation."

Commissioner Wilhoite moved and Commissioner Dickson seconded the motion to adopt Resolution Nos. 6854, 6855, and 6856.

AYES: Andrews, Dickson, Mohlis, Wilhoite

NAYS: None

VI. ANNUAL DIVERSITY IN CONTRACTING AND WORKFORCE TRAINING REPORT

Mr. Patrick Quinton stated John Jackley will be presenting PDC's Annual Diversity in Contracting and Workforce Training Report. He said this is a boy of work in which PDC is extremely proud. He commended John Jackley and his team on the work as well as the Board's unwavering support of staff's efforts. He said Mr. Jackley will highlight despite very difficult economic times, and despite the amount of work on PDC projects decreasing, staff has been unable to keep the Minority, Women and Emerging Small Business (M/W/ESB) numbers strong. In addition, staff has continued to see strong numbers in minority and women apprenticeship hours as well.

Ms. Nichole Maher representing Portland's Native American Community said she services as the Vice President of the Native American Chamber as well as Executive Director of the Native American Youth Family Center. She said the City of Portland is the ninth largest Native American community in the United States which is quite large considering Portland is only the 25th largest city. She said they are a unique city in that they are incredibly diverse within their community. She said last year they served over 380 tribes each with unique cultures, languages, histories and relationships with the federal government. She said in addition to being multi-tribal, she said many of their members are multi-ethnic as well. She said some of the things that make their community unique is the diversity, but also has the status of having the largest percentage of Native Americans living in poverty of any large Native American community living in the United States. She said for example, 1 of out every 14 children white children live in poverty, every two Native American children live in poverty.

Ms. Maher said there organization has about 100 employees and they are very involved in economic development and supporting their community in starting small businesses. She said their employment department served 780 individuals last year and one of their key partners on that effort is PDC. She said those individuals assisted saw their income increase by over 25%. She said they also own two businesses which utilize employees from their employment department, a catering business and a construction firm.

Mr. Jackley stated for Fiscal Year 2009-2010, PDC established the following goals:

- Minority, Women and Emerging Small Business – Construction 20.0%;
- Minority, Women and Emerging Small Business – Personal Services 25.0%;
- Minority, Women and Emerging Small Business – Flexible Services 30.0%;
- Workforce Training and Hiring Program – (apprentice hours) 20.0%;
- Workforce Hours – Minority 26.0%; and
- Workforce Hours – Women 07.0%.

Mr. Jackley stated the Construction Minority, women and emerging small business (M/W/ESB) utilization for Fiscal Year 2009/2010 exceeded the 20 percent goal. This year's M/W/ESB utilization total was \$24,023,598 equaling 22.58 percent. The Personal Services M/W/ESB utilization was \$1,925,670 equaling 28.72 percent surpassing the 25 percent goal. He said there were 177 active Flexible Services contract for the fiscal year. Of these contracts, 65 were with M/W/ESB firms equaling 37.62 percent which exceeded the goal of 30 percent.

The Workforce Equity Program results were 86,566 (19 percent) of total hours were worked by Minorities and 13,739 (3 percent) hours were worked by Female Caucasians. These results were below the established goals.

Mr. Jackley further stated the Workforce Training and Hiring Program (WTHP) goal of 20 percent apprentice hours on PDC funded projects was surpassed again this year. A total of approximately 445,000 hours were worked on PDC supported projects by contractors subject to the Workforce Training and Hiring Program requirements this Fiscal Year with approximately 86,500 of those hours worked by state registered apprentices, equaling 23 percent of the total project hours.

Mr. Jackley said this Fiscal Years' report also covers the M/W/ESB, WTHP and Workforce Diversity efforts underway in the South Waterfront Central District within the North Macadam Urban Renewal Area. The M/W/ESB subcontractor utilization target of 20 percent of the construction costs was not reached. However there was a total of \$14,501,841 (8.49 percent) committed to M/W/ESB firms for South Waterfront projects. A total of 777,499 hours were worked on South Waterfront projects. A total of 184,051 hours were worked by state registered apprentices, equaling more than 24 percent of the total project hours. The South Waterfront project workforce program goal for 2009/2010 was 18 percent minority hours and 12 percent female hours of all hours worked. Minority hours were 28 percent of the hours worked, exceeding the 18 percent goal. However, female hours were below the goal with nearly 7 percent, an increase from last year's 6 percent. Mr. Jackley stated overall, the 2009/2010 report is positive in light of the severe economic downturn during the past couple of years. Even though the dollars and hours have decreased significantly, the percentages have remained fairly even.

Mr. Mark Mathews President of National Association of Minority Contractors – Oregon (NAMCO) expressed thanks to the PDC board and staff. He stated he was looking forward to working with PDC to improve relationships.

Commissioner Mohlis expressed thanks to PDC staff for their hard work.

Commissioner Dickson expressed thanks to PDC staff and to the outgoing NAMCO President Maurice Rahming. She also asked staff why the South Waterfront numbers were not included with the presentation.

Mr. Jackley replied there are separate goals and standards for each group, therefore the numbers are reported separately to truly identify realistic progress.

Commissioner Dickson noticed the ESB numbers were higher than the minority and women.

Mr. Jackley stated the Disparity study will tackle the issue inequality head on and will result in recommendations and ideas of how to address programs and goals to achieve the results everyone can agree upon.

Commissioner Wilhoite expressed thanks to staff for their hard work in improving the numbers of M/W/ESB numbers over the last several years. He also stated even with the down economy, M/W firms should be affected disproportionately compared to other companies which is the goal of PDC.

Mr. Mathews stated he is not sure if the disparity study will help the minority community or not.

Chair Andrews stated it is the goal of the agency to continue to push towards better overall numbers.

Commissioner Mohlis reminded the community continued diversification in the workforce over the next five or ten years will eventually change the face of the contracting community.

VII. PORTLAND HOUSING BUREAU INTERGOVERNMENTAL AGREEMENT AMENDMENT FOR HOUSING FINANCE AND DEVELOPMENT

Mr. Tony Barnes stated the action would authorize the Executive Director to execute an amendment to the FY 2010-11 Housing Rehabilitation, Finance and Development Agreement with the Portland Housing Bureau (the "IGA"), to modify the budget. In total, the Budget is decreasing from \$67 million to \$53.8 million due in large part to the removal of the Killingsworth Station project from the agreement and changes in project timing. The Killingsworth Station project is being implemented directly by PDC and the changes in project timing result primarily from prior year carryover for specific projects that remain underway in the South Park Blocks URA, that were originally included in PDC's prior year budget.

Chair Andrews called for a motion to adopt Resolution No. 6858

Commissioner Wilhoite moved and Commissioner Mohlis seconded the motion to adopt Resolution No. 6858.

AYES: Andrews, Dickson, Mohlis, Wilhoite

NAYS: None

VIII. AUTHORIZE REDUCTION IN FORCE AND FY 2011-12 BUDGET DEVELOPMENT UPDATE

Mr. Tony Barnes stated the resolution, in accordance with the PDC Personnel Policy, would approve the recommended Reduction in Force to align PDC's costs with anticipated resources, and would also ratify previous actions taken to begin implementation of the Reduction in Force and authorize completion of the implementation of the Reduction in Force, including elimination of additional positions as the Executive Director determines necessary or prudent to address operational needs and in the context of budgetary constraints .

Mr. Barnes said the resolution would also express appreciation for the dedicated service of impacted employees. He said in January, 2011, the Board was advised of an anticipated decline in urban renewal resources in future fiscal years and of the need to align the FY 2011-2012 Budget with the diminished resources. During the associated Budget Development Work Session, staff presented a Requested Budget to the Board, which was subsequently submitted to the City of Portland Office of Management and Finance and the City Council, that included \$2.8 million in targeted savings with a goal of achieving \$4 million in total cost savings.

Mr. Barnes stated in order to achieve \$4 million in total cost savings, and after consultation with the Department Directors and based on an analysis of PDC's needs, I am recommending to the Board for approval, pursuant to Article VIII, Section I(3)(a)(ii) of the PDC Personnel Policy, a reduction in authorized positions from 160.5 in the FY 2010-11 Adopted Budget to 138.3 in the FY 2011-12 Budget (the "Reduction in Force"). The Reduction in Force is required solely

because of resource limitations and the positions recommended for elimination were selected based on an analysis of PDC's operational needs in FY 2011-12 and future years and not on the performance of the impacted employees, each of whom has provided dedicated service to PDC and the City of Portland.

Chair Andrews confirmed the PDC personnel policy approved by the Board requires the Board to acknowledge and approve the staff positions eliminated.

Mr. Keith Witcosky stated the budget review for FY 2011-12 will focus on key initiatives and metrics. It will also have more focus on general fund investments for traded clusters. He said the Board will be reviewing the budget as the budget continues through the approval process. He said the PDC general fund budget is reviewed by City Council on April 6, 2011 and the Tax Increment Financing (TIF) funded projects will be before on May 18, 2011 when City Council acts as the PDC Budget Committee.

Mr. Barnes stated as part of the budget process, staff will be looking at projects and creating a costs identification process and where staff will report. He said the budget process may impact some of the URAs depending on where staff has had their time allocated.

Mr. Eric Jacobson read a letter into the record.

Commissioner Mohlis excused himself from the meeting at 9:38 a.m.

Mr. Jacobson concluded reading the letter into record. Mr. Jacobson recommended not approving the resolution until deficiencies have been taken care of and until the board has been briefing fully on the recommended layoffs.

Chair Andrews adjourned the meeting at 9:47 a.m.

Chair Andrews reconvened the meeting and Commissioner Mohlis joined the meeting by teleconference at 9:56 a.m.

Chair Andrews stated he was disappointed and surprised to hear the process and method of choosing Patrick Quinton as Executive Director was not supported by the union. Secondly, he said Mr. Quinton given the Board correct information regarding the scale of the layoffs; represented staff versus non-represented staff. Chair Andrews also stated the Board does not manage the organization and there are many decisions where the Union would like the Board's influence, but it is simply not in their purview. Chair Andrews acknowledged there will be work that will no longer be performed but it cannot be helped given the PDC budget will be \$100 million less next fiscal year than the current fiscal year.

Mr. Quinton acknowledged he is dealing with a legacy of unaddressed issues; however he does take issue with the notion that the Collective Bargaining Agreement has not been followed. Further, he said they will be undertaking a project with Anne Price to identify eliminated functions and how the agency will address them. Mr. Quinton said he is committed to looking at all project work to determine what can and can't be accomplished. He also stated the span of control should continue to increase and will happen over time. Mr. Quinton stated it was important to identify progress that has already taken place. Mr. Quinton concluded his comments and said the authorization on the reduction in force needs to be authorized by the board in order for the agency to move forward and maintain the current effective date.

Chair Andrews asked if there were any budget implications to be aware of if the schedule were to be delayed.

Mr. Barnes stated there would be no impact to next year's budget, but there is a potential for impact for the current fiscal year's budget.

Mr. Jacobson stated he did not mean to imply the collective bargaining agreement was not intentionally adhered to; however he said PDC needs to be honest about what the facts are. He said he is not saying Mr. Quinton deliberately misled the Board or staff, but the facts do tell a different story. He said the Board did not authorize the reduction in force last fiscal year so these discussions were not able to be held. Further, he said the employees have not run to the Board when there have been problems in the past. They have tried to work through proper channels. However, over the last year, significant problems and failures have led the Union to need a clear path of communication direct with the Board. He said the Board needs to be aware about problems developing and the Union would like the opportunity to provide its knowledge. He said the Union will not back down from communicating to the Board.

Commissioner Wilhoite stated no layoff process is perfect. He said by nature it is and will be a negative event. He said the Board does want to be informed of how the agency is moving through the process, but with an eye on the end result. He said PDC is changing its focus to economic development which means change. He said it is important for the Board to support what management does as long as it is being done correctly.

Commissioner Wilhoite further acknowledged there is not an ideal span of control. He said as PDC is restructures itself, it is important it be done the right way in order to achieve its stated mission. He said moving forward, he wants to make sure the agency has the human resource knowledge to be responsive to the collective bargaining agreement, resolving any employee complaints and the overall treatment of all of its employees.

Commissioner Mohlis expressed his thanks to Mr. Jacobson for his service and diligence in the collective bargaining agreement process. He said he is happy to see progress has improved. He also said he agreed with the points Commissioner Wilhoite made. In addition, he said the Audit subcommittee is looking at processes very seriously to determine how best to move forward.

Chair Andrews called for a motion to adopt Resolution No. 6859, "Authorize Reduction in Force".

Commissioner Wilhoite moved and Commissioner Dickson seconded the motion to adopt Resolution No. 6859.

AYES: Andrews, Dickson, Mohlis, Wilhoite
NAYS: None

Chair Andrews stated he wants updates on the items listed by Mr. Jacobson.

Commissioner Wilhoite stated he wants to be assured the agency is managing the process so agency can benefit as much as possible from the action taken.

IX. EXECUTIVE SESSION

Chair Andrews stated the Portland Development Commission would meet in executive session for the purpose of deliberating with persons designated by the Commission to negotiate real property transactions regarding the United States Post Office site. The executive session is held pursuant to ORS 192.660(2)(e).

Chair Andrews said only representatives of the news media and designated staff will be allowed to attend the executive session. All other members of the audience are asked to leave the room. Representatives of the news media are specifically directed not to report on any of the deliberations during the executive session, except to state the general subject of the session as previously announced. No decision may be made in executive session. At the end of the executive session, the Board would return to open session and welcome the audience back into the room.

Chair Andrews closed the executive session and welcome the audience back into the room.

X. ADJOURN

There being no further business, Chair Andrews adjourned the meeting at 10:58 a.m.

Respectfully submitted,

Approved by the Portland Development Commission May 11, 2011.



Nancy A. Hanna
Recording Secretary