This document constitutes the official meeting record of the December 5, 2011, Portland Development Commission (PDC) Board of Commissioners and PDC Leadership Team Retreat. The meeting took place at the Curious Comedy Theater located at 5225 NE MLK Jr. Blvd, Portland, Oregon 97211.

The PDC Chair, Scott Andrews, called the meeting to order at approximately 8:03 a.m.

Ms. Tracey Gemma, acting as recording secretary for the Board, called the Commission roll:

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

Chair Andrews called for public testimony and none was presented.

I. EXECUTIVE DIRECTOR AND CHAIR WELCOME AND OVERVIEW

Mr. Patrick Quinton, PDC Executive Director, welcomed everyone to the retreat and requested each participant introduce themselves. Items discussed:

- Reviewed retreat agenda and stated objectives.
- Dynamic playing out is city budgets and all bureaus are being financially impacted (example – Portland Bureau of Transportation cutting 30 percent of budget, etc.).
- Tough environment as bureaus look to PDC for funding assistance and we have to tell partners/bureaus there are no resources to assist, as PDC is facing declining revenues.
- PDC pushing back on requests that do not fit PDC’s agenda or tie directly to the Strategic plan.

Chair Andrews discussed the following:

- Stated fourth retreat he has attended and a lot has changed since the first one
- Discussed PDC’s budget and how it ties together with the Strategic plan.
- Discussed local economics and how PDC’s Strategic Plan and Neighborhood Economic Development Strategy (EDS) work to affect positive change

II. RETREAT DISCUSSIONS AND PRESENTATIONS

Commissioner Wilhoite said PDC has historically reserved dollars and questioned, with declining revenues and people coming to PDC for assistance, how the Commission is to respond. Patrick responded saying the five-year budget forecast is aligned with the EDS, showing exactly where dollars will be spent and makes it easier to defend our position. Chair Andrews stated it is also a district-by-district issue and Mr. Tony Barnes will be discussing in further detail.
Commissioner Straus requested the agenda and the Board’s role be explained, with a suggestion to have a five-minute discussion on what the role of the Executive Director, the Chair, and Commissioners should be and discuss what is to be accomplished during this forum. He questioned City Council oversight and how much independence PDC has and if PDC input is considered and requested a discussion on new Urban Renewal Areas (URAs).

Mr. Quinton said the issues Commissioner Straus expressed will be covered under item 6 on the agenda (Budget and Resource Development Overview).

Chair Andrews responded saying PDC is legally independent from City Council but because the Board is appointed by the Mayor and city, there is a connection. When voters made City Council PDC’s Budget Committee, they did get control. However, the Budget Committee has yet to ever make a change to PDC’s recommended budget.

Chair Andrews said Ms. Lois Cortell has a list of items the Board is responsible for completing and requested Ms. Cortell provide this list to Board (refer to Attachment A). He also said he would follow-up by providing the Board with the Charter and Bi-Laws that govern their role.

Commissioner Straus said he would like time to discuss some of the “meaty” issues and together form the strategic vision (i.e., what is the Board’s position, are we growing PDC or is it winding down, more URAs). He stated in the future he would like to hold a Board meeting to focus on the strategy instead of listening to a lot of presentations with no dialogue.

Chair Andrews said some of the items Commissioner Straus mentioned will be discussed.

Ms. Anne Price stated issues being discussed will be captured and upon the retreat’s conclusion, issues will be prioritized and relayed to the Board (refer to Attachment B).

Commissioner Wilhoite said he was pleased the Strategic Plan and EDS provide the tool for the Board to “pick their battles,” as it provides a great overall picture and is well laid out. He said, however, it still feels huge and believes it would be helpful to identify the top five initiatives PDC plans to accomplish and the plan should be prioritized accordingly.

Mr. Quinton referred participants to agenda (Item 5) and discussed how PDC’s mission, strategic plan, department work plans, individual work plans, and the budget are all connected. He stated the importance of agency planning and activities being consistent with URA plans and relevant to state, federal, and local laws and regulations.

Mr. Tony Barnes explained the budget process, saying PDC has the same timeline to have the budget adopted by July 2012 and shared how PDC’s new approach towards stakeholder input will play out with budget development. He said the budget will be brought before the Board during the January 2012 timeframe and a work session will allow the Board to have more in-depth conversations about the budget and priorities. He presented the budget and forecast, first showing current year budget, then five-year budget, and concluded with the 12-year forecast.

Chair Andrews asked if the $18 million for administrative costs was correct and Mr. Barnes stated yes, saying PDC has significantly reduced administration costs because of the reduction and also because staff are now able to charge directly to projects. Mr. Barnes said in the past, there was no ability for staff outside of the Urban Development Department to direct charge their time to their respective projects.
Commissioner Straus asked if the $18 million included staff time and Mr. Barnes said yes. He said it also includes items such as rent, raw wages, benefits, one-time severance costs, PERS, healthcare, etc. He said the $500,000 being reflected is for a past PERS liability and said $1 million in capital outlay are one-time costs for financial system upgrades.

Commissioner Straus asked how much of the $14 million in materials and services went towards consultants. Mr. Barnes responded, saying an amount in the hundreds of thousands of dollars and will follow-up by providing the Board with the exact dollar amount.

Mr. Quinton spoke about the five-year budget forecast and how the EDS plays a significant role linking PDC’s work to the budget. He said PDC is evaluating the numbers as it pertains to expiring districts, trying to get a clear picture of the true resources that are needed and to better understand what problems the team is trying to solve for. He went on to describe the 12-year forecast, saying this is what PDC budget would look like if the current course is continued. He spoke about the need for coming up with resources beyond Tax Increment Financing (TIF), saying Mr. Keith Witcosky is leading that effort. He said the forecast includes the Portland State University (PSU) URA assumptions and again, if staying on current course, by 2021, the budget would be $50 million. He said part of this effort is to determine what business PDC should be in and to identify the appropriate business lines. He said he does not envision giving up on TIF but believes PDC must also create more diverse funding sources and act on them quickly. He said the budget outlook is something the Commission needs to talk about publicly so that when asked to fund things outside of the Strategic plan, the situation is understood and also need to make a case for PDC’s ongoing role in the city.

Chair Andrews said he and Mr. Quinton have worked with Council getting them up-to-speed with the budget, expiring districts, etc. and believes the Mayor and Council understand the situation. He said it will be important when a new Mayor and Council members are elected, they understand the district funding situation and hear PDC’s ideas for other funding sources.

Commissioner Straus asked why PDC does not go after new URAs. The Chair said yes, new districts could get passed, it is not beyond doing but it is extremely difficult and said even the PSU expansion is not a for-sure thing and that is why it is so critical to identify other stable funding sources.

Commissioner Wilhoite asked about Washington D. C. and if they saw any other funding sources PDC has not considered and the Chair responded no. Mr. Quinton added PDC is the most TIF-dependent economic development agency in the country and because of this, need to take funding resources to another level.

Commissioner Straus asked when new URAs would need to be in place to offset the big funding decline. Ms. Julie Cody responded, saying URA development would need to start five years ahead of when the funding is needed.

II. REVISED 2010-2014 STRATEGIC PLAN AND LEADERSHIP TEAM PRESENTATIONS

Mr. Quinton discussed the revised 2010-2014 Strategic Plan and described how each department work plan ties into the strategy. Leadership Team members presented their respective work plans (Refer to Attachment C) as follows:

- Ms. Jennifer Nolfi (Lead), Mr. Lew Bowers, and Mr. John Jackley – Strong Economic Growth and Competitiveness
- Mr. Lew Bowers (Lead), Ms. Jennifer Nolfi, and Mr. John Jackley – Vibrant Central City
- Mr. John Jackley – Healthy Neighborhoods and Social Equity
- Ms. Julie Cody – Effective Stewardship
III. OPEN DISCUSSION AND NEXT STEPS

Commissioner Wilhoite said when the Social Equity policy is discussed in the northwest neighborhoods, citizens feel good about what has been put in place but when looking at the Disparity Study, there is still a lot of room for improvement. He said he believes PDC needs to have firm language that is explicit about not providing assistance to projects unless MWESB expectations are clearly outlined and executed. He said he believes PDC may not be hard-lined enough when it comes to this.

Commissioner Dickson said it is sometimes difficult to defend PDC and believes PDC needs to spend more time discussing and sharing the work that has taken place relative to social equity, as it is a tough sale at times.

Commissioner Straus said PDC should work with city and state relative to diversity to find ways to improve overall efforts.

Commissioner Dickson said in order to get where PDC needs to be, capacity in minority-owned projects has to be built.

Commissioner Wilhoite said when Mayor Adams delivered the last State-of-the-City address, he announced a fifth cluster (research) was being established and asked if there is actually a fifth cluster that is being called out in the Economic Development Strategy. Mr. Quinton responded saying no, there is not a fifth cluster being added, as the research component cuts across all industries versus being a specific targeted cluster group.

Commissioner Straus said it appears the work plans tied to the FY 2011-12 budget are already solidified but asked with respect to the FY 2012-2013 work plans, if the goal is have a budget tied to each action, along with the job numbers and metrics. Barnes said yes, the goal is to have staff time and metrics attached to each FY 2012-13 action identified.

Commissioner Dickson asked if PDC had any idea how much each action will cost and then asked what happens if an action is added that is not already reflected in the FY 2012-13 actions/budget and asked if PDC really has enough people to pull off completing all actions.

Commissioner Wilhoite asked what kind of metric do we have in place that demonstrates what work was planned and not spent, as PDC's budget typically shows it only spending 60-65 percent of its budget. Mr. Quinton said he has been working with the Finance team to develop year-to-date reporting which provides this information so PDC can be in a position to say what is going well and according to task/budget and what is not.

Commissioner Wilhoite said he understood the challenge but PDC needs to be able to show metrics. Mr. Quinton said a conservative budget could be created but the risk is leaving dollars out that are not reflected in the forecast. He said he does not want to spend money just to spend but need to continually manage expectations and dollars going out the door.

Commissioner Straus asked what the strategy is for Centennial Mills. Mr. Bowers responded by saying PDC is working with developers that responded to the initial inquiry and are now doing due diligence. Commissioner Straus asked if it made sense to find out if tenants will be willing to move in before trying to develop the site. Mr. Bowers said it will be a phased approach, with first finding a seed tenant and assured the Commissioner it is part of an overall tenanting strategy.
Commissioner Dickson asked about the Oregon Sustainability Center (OSC) and what happens if it does not go forward. Mr. Bowers responded, saying PDC will continue working with OSC partners and evaluate why it did not happen and evaluate the strategy, as well as continue exploring other options for living buildings. Chair Andrews said the project is not challenged due to lack of interest, the strategy, or anything else but the politics pose challenges.

Chair Andrews spoke to the healthy neighborhood goals Mr. Jackley presented. He said this initiative brought people together and was probably one of the most significant actions that took place, bringing everyone together and working to bridge gaps. He said the Neighborhood Economic Development Strategy (NEDS) was announced jointly with the Mayor and Commissioner Cogen and said it felt nice seeing the Mayor and Commissioner Cogen being aligned on something. He said the county has also announced it will be launching a similar initiative.

Commissioner Straus asked what percentage of the FY 2012-2013 budget will be dedicated towards the NEDS. Mr. Jackley said he did not have the exact dollar amount but would follow-up with an answer. Mr. Jackley said it is a citywide effort and so it includes general fund dollars, as well.

Mr. Quinton stated PDC would be presenting the Board with an updated URAC plan later in the year and said the URAC policy will take effect in the new fiscal year, with memberships being updated.

Mr. Jackley said citizens in the south and southeast are excited about the NEDS, while some agencies and coalitions feel PDC is abandoning the north and northeast. He said this creates a lot of conversation and there is a lot of opportunity to improve conditions.

Chair Andrews said there is dialogue about the PDC union endorsing a certain Mayoral candidate and said he stays neutral and encourages the Board to not publicly endorse any candidate.

Commissioner Straus asked if further reductions would be experienced in 2012 and Ms. Cody said no, she did not believe so.

Commissioner Dickson asked if staff had input relative to updating their respective job descriptions and Ms. Cody responded yes.

Commissioner Straus asked how many were currently staffing the Information Technology (IT) department and Ms. Cody said 18 (note: actual number is 17). Mr. Quinton said an IT Assessment was conducted and now PDC must determine what they want the IT function to look like. Commissioner Straus said he still believes that is way too many staff for an agency the size of PDC but trusted leadership will respond appropriately to the assessment. Mr. Quinton indicated it might be beneficial for IT to make a presentation to the Board regarding the many different things they do (e.g., GIS) which are not typical IT functions (note: this is being scheduled for early 2012).

Mr. Quinton commented on these noteworthy items:

- Financial systems completed on time and on budget
- HR issues were behind and system upgraded and backlog caught up
- SBA done and handled significant reduction in force but significant amount of work and projects completed

Commissioner Wilhoite said the Strategic Plan is exceptional and appreciates how it ties to the work. With declining resources and the public looking to PDC to deliver a lot, he asked if there is a high-level Strategic Plan that communicates what PDC is doing and what will be delivered and further, does it touch the work from a social equity perspective. He said PDC should give the public this perspective because there are specific projects that have been talked about for a long time and the public should
receive an update, as he does not believe it is wise to go two years without communicating a status on some of the long-term projects.

Commissioner Mohlis said he appreciated there being more candid conversation about the work that is being done and believes continuous self improvement is good. He shared Commissioner Wilhoite’s concerns about the future and need to update the public. He shared his thoughts and concerns relative to diversity and equity and said he does not believe there is a point where PDC will be good enough, as it is an effort that continually needs improvement and also said PDC needs to communicate more on the efforts that are taking place.

Commissioner Dickson said this was her second retreat and agreed with all comments being made by fellow Commissioners. She said it felt like today PDC was winding down, with limited resources, etc. and likes the new direction PDC is headed. She said she is concerned for some of the URAs and areas that have been historically neglected and would like to see a way to leverage some of the URAs and direct resources to neglected areas.

Commissioner Straus said PDC should not ever “wind down,” as it is an Agency that does so much for the city and plays a vital role. He believes PDC should launch a recruitment campaign and get public on board. He said he would like to see a detailed recruitment plan developed that is communicated broadly and to a large audience. He said he believes it is a good time to launch a new URA, getting two or three in the works immediately. He said he appreciates the budget effort and how budgets are tied to the work. Finally, he suggested having one hour of a future meeting be dedicated to Commissioner roles and brainstorm how they can best assist PDC and help to make decisions that are best for the city not just the political arena.

Chair Andrews said two big projects (Veterans Memorial Coliseum and OSC) are being worked but neither are a “slam dunk.” He said he would like to see a high level communication plan created, as PDC often does not get treated well by the media and all Commissioners should be going out and taking opportunities to speak to the public, being PDC ambassadors. He said he disagreed with Commissioner Straus about it being time to create new URAs because of the timing of having a new Mayor and City Commissioners. He said a full report relative to the budget and URAs is being finalized and will go before the Board.

Mr. Quinton said he appreciated everyone’s time and for having an engaged conversation, saying he could not imagine having a better Board. He said he appreciates the Board’s leadership role and them taking every opportunity to increase that role within the communities.

Chair Andrews mentioned Commissioners Mohlis and Wilhoite’s terms will be ending soon and hoped they would consider serving another term.

IV. ADJOURN

There being no further business, the meeting adjourned at approximately 1:04 p.m.

Adopted by the Portland Development Commission January 24, 2012.