



FINANCIAL SUSTAINABILITY COMMITTEE

FUNDING SOURCES WORKSHOP

OCTOBER 14, 2015



PDC has traditionally focused on urban renewal and relies primarily on TIF to fund its activities.



A shift in mission will require new partnerships and a new approach to funding and delivering programs.

Mission

**Internal Capacity
& Partnerships**

Funding

Complete Neighborhoods

City Bureaus,
URA Stakeholders,
TA Providers, Industry,
Prop. Owners/Developers

TIF

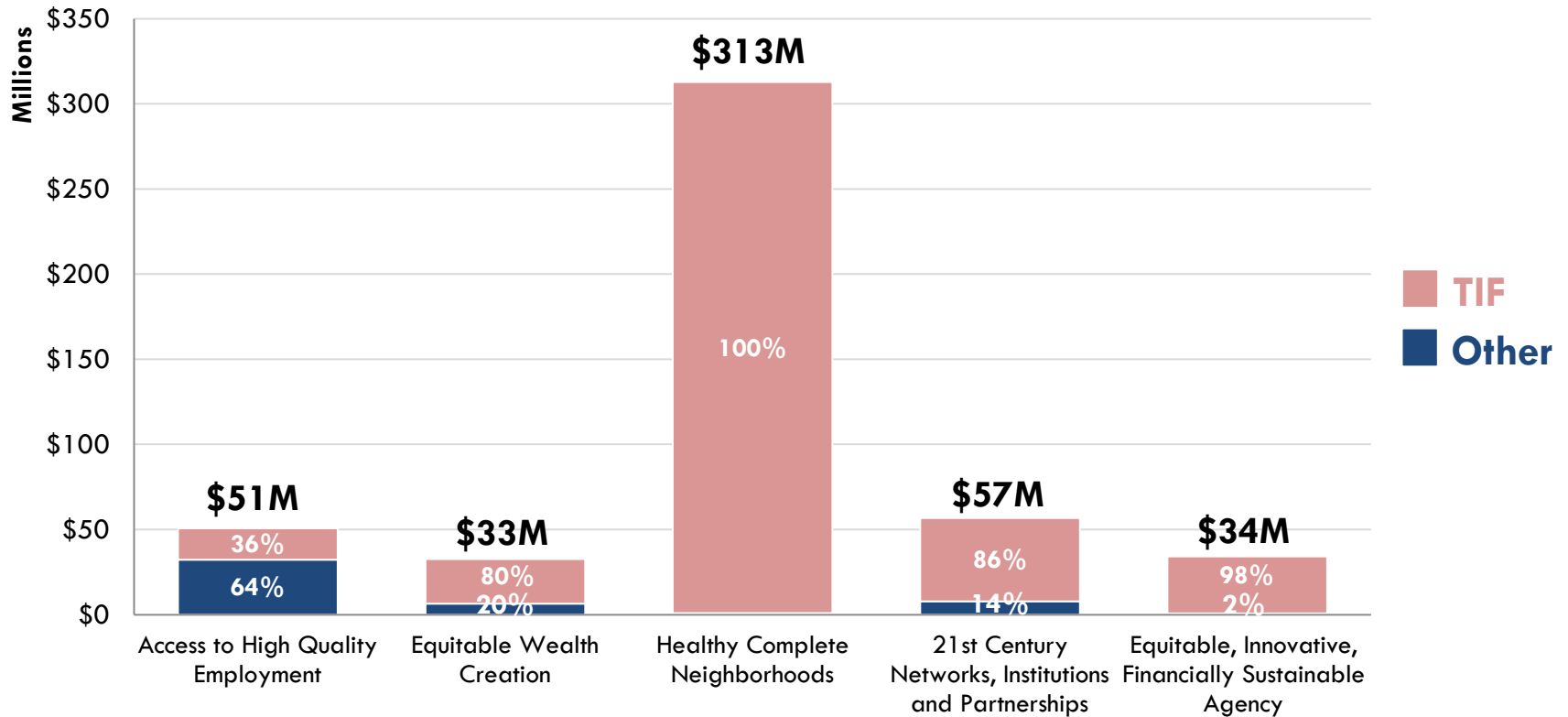
Equitable Access to Employment

21st Century Networks:
Public/Private/
Non-Profit/Education,
Community-Driven

?

Current funding sources are not aligned with Strategic Plan goals.

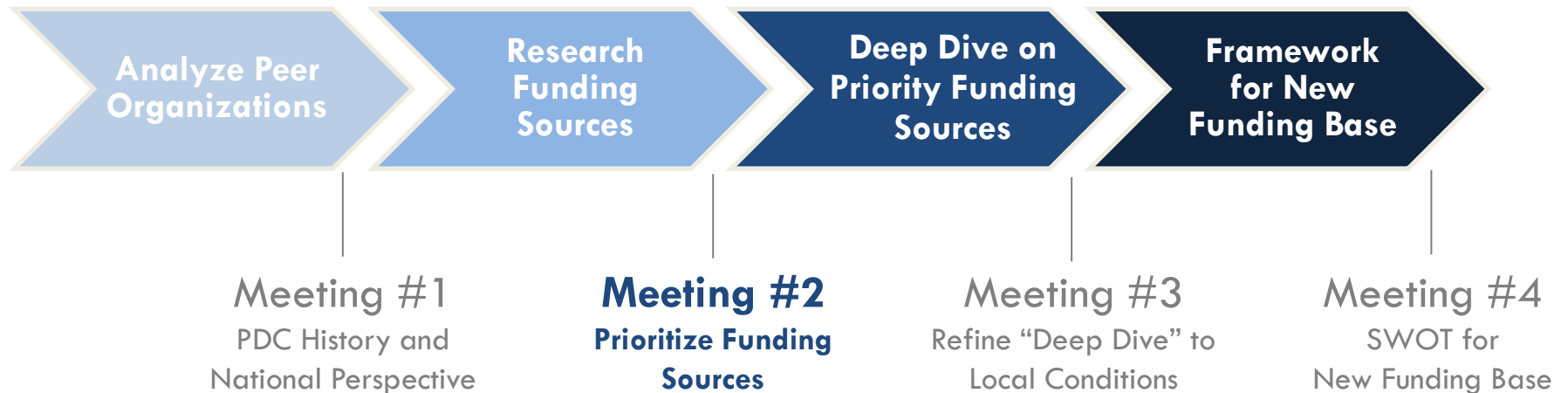
Estimated FY2015-2020 Spending by Strategic Plan Goal and Funding Source



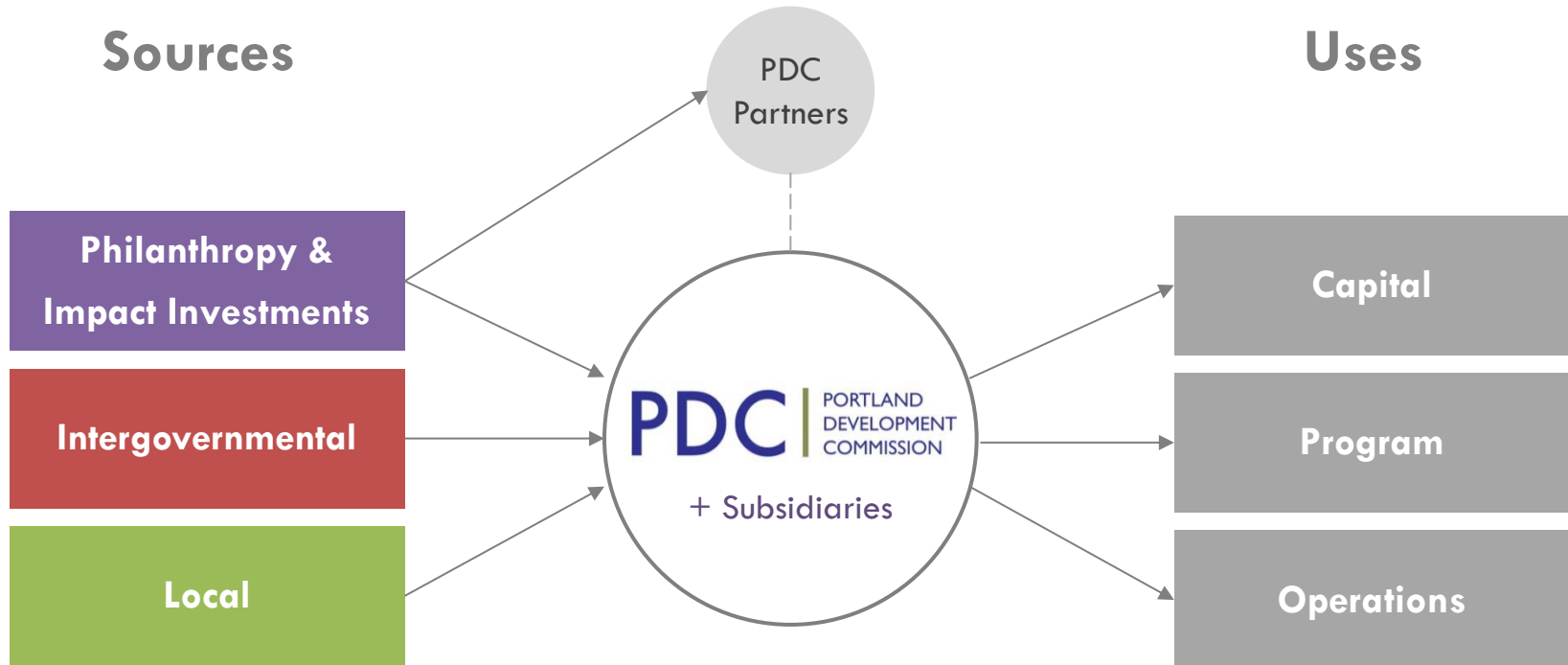
Source: PDC

Note: Estimates are based on current funding sources and do not account for new funding sources to be identified. In cases where PDC activities may support multiple goals, spending was allocated towards primary goal for the purpose of this chart.

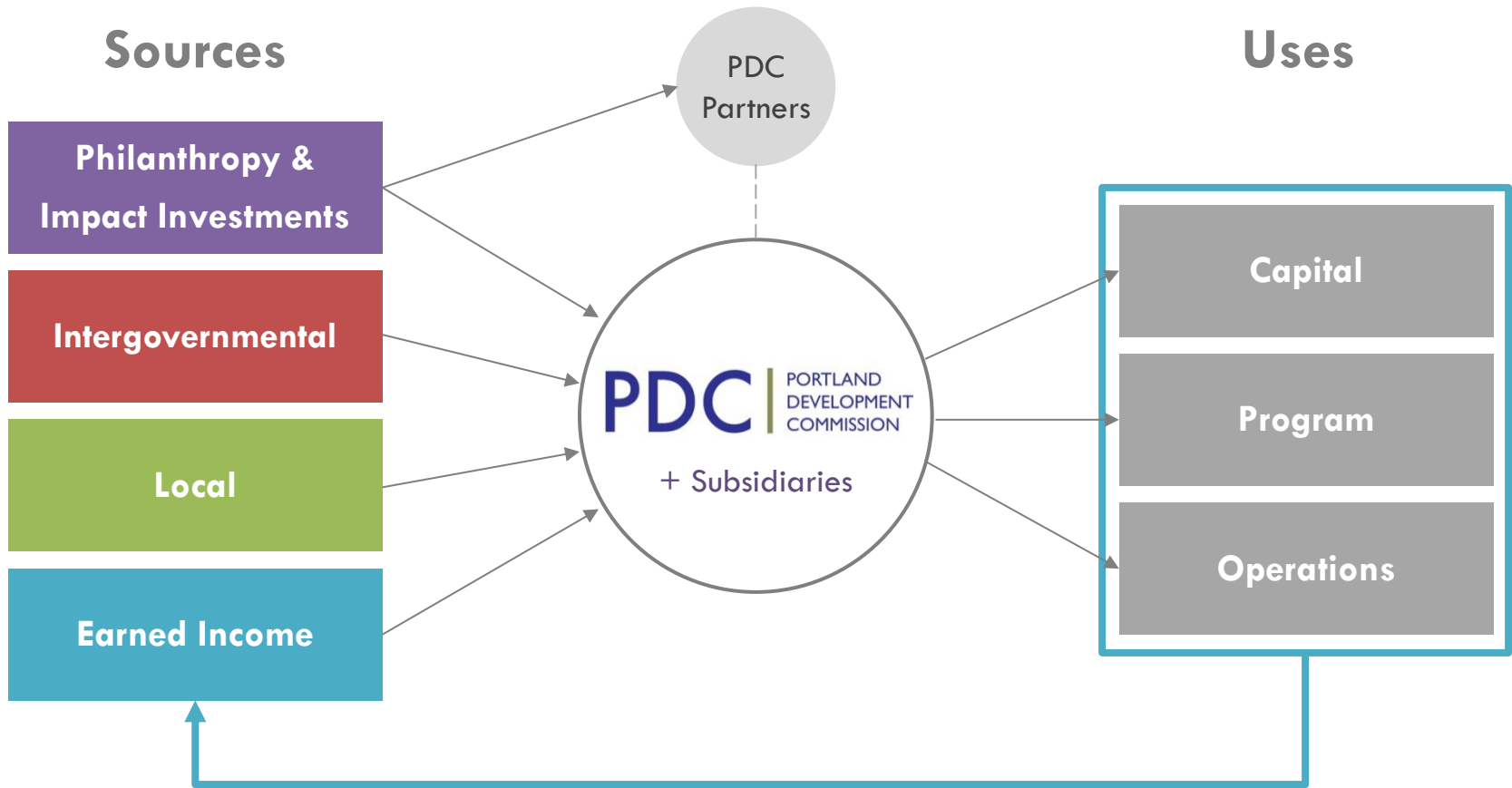
Meeting #2 Objective: Identify 5-7 priority funding sources for PDC



Peers are typically funded through local and intergovernmental funds. Many access philanthropy and impact inv. through subsidiaries or local partners.



Some economic development activities may generate earned income, which can be reinvested into PDC or its subsidiaries.



Based on peer organizations, HR&A identified a range of potential funding sources for operational, program, and capital costs.

Philanthropy & Impact Investments	Intergovernmental	Local	Earned Income
<p>Philanthropy</p> <ul style="list-style-type: none"> Local and nat'l foundations offer opportunities for capital; some also provide tech. assistance Dependent on interests and mission of philanthropic org. Requires staff for sustained philanthropic engagement <p>Impact Investments</p> <ul style="list-style-type: none"> Type of socially resp. inv, seeks social, environmental, and financial return Used by peers as suppl. source, often through a partner or subsidiary Some sources are untested and may require significant time and cost for startup 	<p>Federal & State</p> <ul style="list-style-type: none"> Generally restricted in use; dependent on current federal and state objectives and priorities Low predictability; PDC must compete with other cities for most federal funds 	<p>General Funds</p> <ul style="list-style-type: none"> Major source for many peers Subject to political cycles and changing priorities <p>TIF / URA Prog. Income</p> <ul style="list-style-type: none"> Subject to local TIF statute restrictions, political support <p>Special Assessments</p> <ul style="list-style-type: none"> Funds are use-specific and requires approval by district constituents <p>Dedicated Taxes/Fees</p> <ul style="list-style-type: none"> Reliable source of funds Requires one-time political support; not subject to annual appropriations 	<p>Real Estate / Parking</p> <ul style="list-style-type: none"> Major source for many peers Reliable and flexible Requires capitalization, generally by City <p>Lending</p> <ul style="list-style-type: none"> Predictable income through transaction fees and returns Requires capitalization by public, private, or philanthropic funds <p>Business Investment</p> <ul style="list-style-type: none"> Usually requires partner org. Impact depends on size of portfolio; generally limited Requires capitalization by public, private, or philanthropic funds <p>Fee for Service</p> <ul style="list-style-type: none"> Generally for cost recovery

Once 5-7 funding sources are prioritized, HR&A will conduct a “deep dive” to assess the impact and feasibility of specific tools.

Philanthropy & Impact Investments	Intergovernmental	Local	Earned Income
<p>Philanthropy</p> <ul style="list-style-type: none"> • Grants • Program Related Inv. • Mission Related Inv. • Venture Philanthropy <p>Impact Investments</p> <ul style="list-style-type: none"> • Public/Intergovernmental • Private (e.g. pension funds, banks, wealth mgr.) • Philanthropy (e.g. individuals, foundations) 	<p>Federal & State</p> <ul style="list-style-type: none"> • Federal Tax Credits (e.g. New Markets, Historic) • Treasury (e.g. CDFI Fund, SSBCI) • HUD (e.g. CDBG, 108) • SBA (e.g. 7A, 504) • EDA (e.g. RLF) • CIS (e.g. EB-5) • State Tax Credits • State Grants and Loans 	<p>General Funds</p> <p>TIF / URA Prog. Income</p> <p>Special Assessments</p> <ul style="list-style-type: none"> • Utility Districts • Business Improvmt. Dist. • Local Improvement Dist. • Property Assessed Clean Energy • Cap and Trade <p>Dedicated Taxes/Fees</p> <ul style="list-style-type: none"> • Business License Tax • Utility License Fees • Transient Lodging Tax • Car Rental Tax • Payroll Tax • Income Tax • System Dev. Charges 	<p>Real Estate / Parking</p> <ul style="list-style-type: none"> • Development • Leasing and Disposition • Asset Management <p>Lending</p> <ul style="list-style-type: none"> • Real Estate Lending • Business Lending <p>Business Investment</p> <ul style="list-style-type: none"> • Inv. Funds & Trusts <p>Fee for Service</p> <ul style="list-style-type: none"> • Program Admin. (e.g. PACE, EB-5, E-Zone) • Cost Recovery (e.g. GIS) • Business Dev. Fees • PPP Development Transaction Fees

In order to inform today's discussion, HR&A assessed the impact and feasibility of each major funding source.

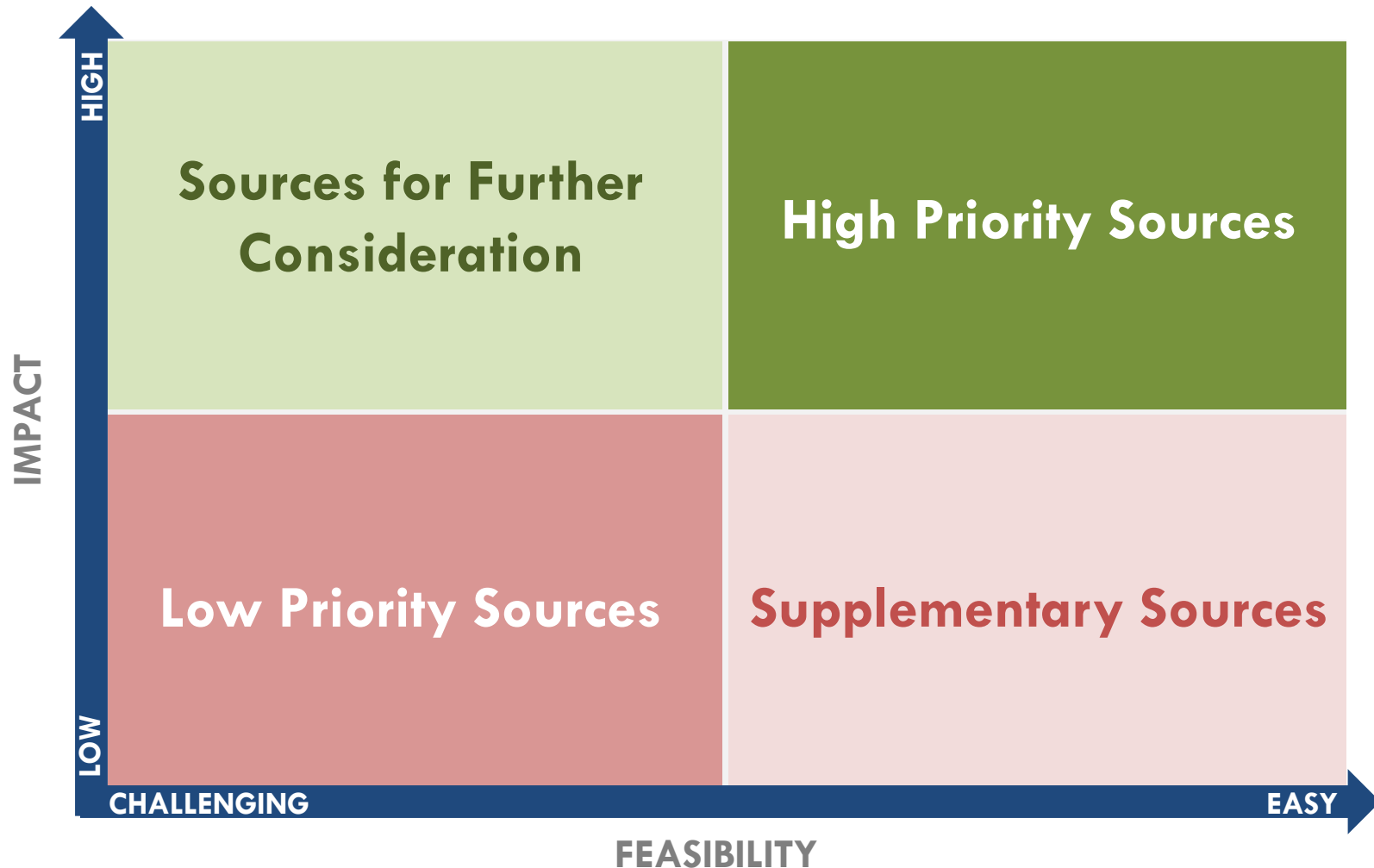
WHICH FUNDING SOURCES ARE MOST **IMPACTFUL?**

- Financial Impact:** Order-of-magnitude impact on PDC Strategic Plan
- Flexibility:** Ability to use/interchange funds for capital, program, or operational costs
- Predictability:** Stability or growth potential of funding source; level of PDC control

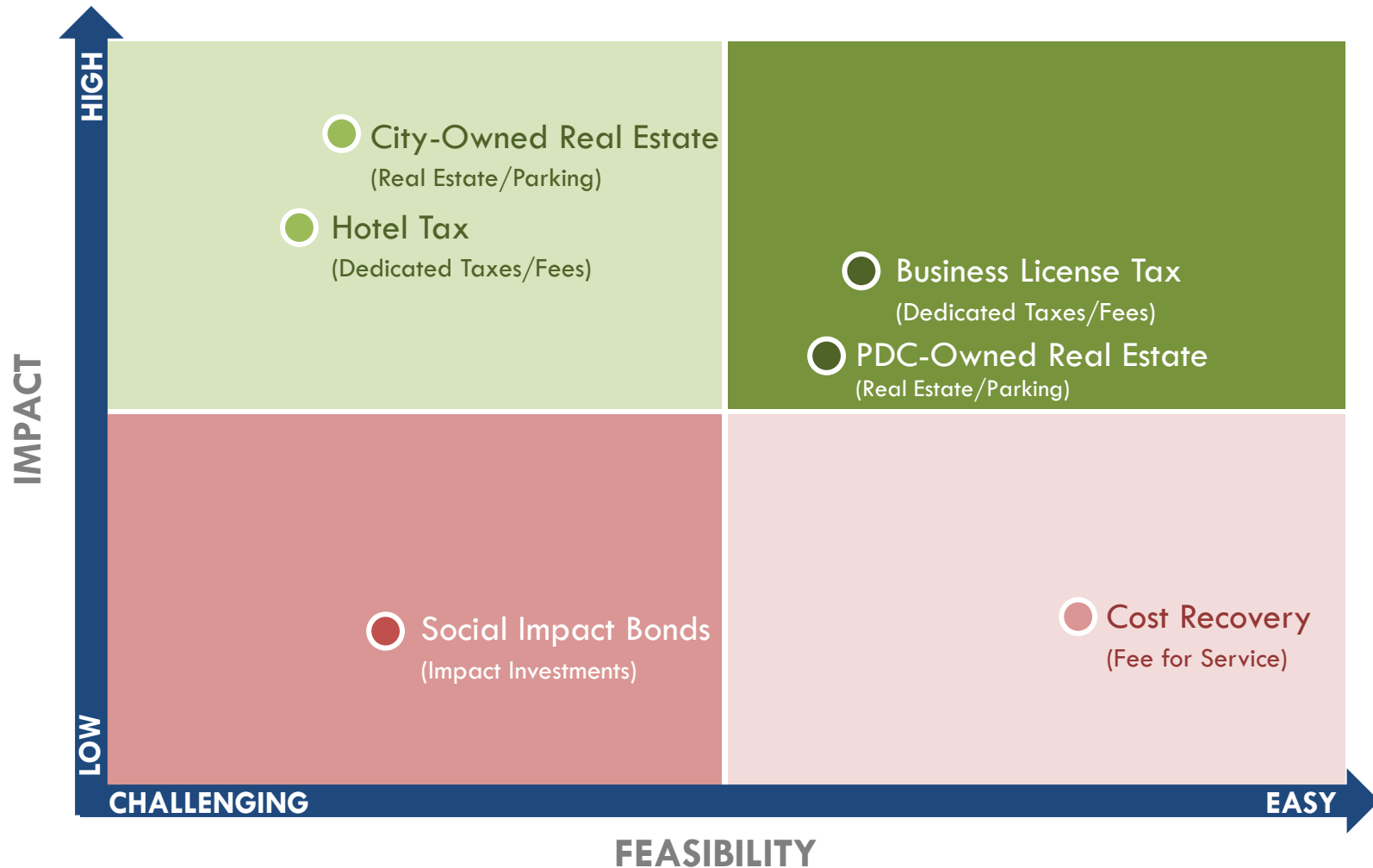
WHICH FUNDING SOURCES ARE MOST **FEASIBLE?**

- Political Viability:** Political support, approval process, competing constituents
- Cost to Obtain:** Startup costs for new or untested funding sources
- Time to Obtain:** Time required for approve or obtain new or untested funding sources

The FSC may choose to prioritize more impactful but challenging opportunities over easier but less impactful opportunities.



Evaluation Matrix Example



Breakout Session

8:45am **Break Out Session: Funding Sources and Tools Discussion**

Each committee member will be part of a four-person break out group
Each group will be staffed by PDC and HR&A

9:15am **Break Out Session Report Out**

A committee member from each group will summarize and report back on the group's discussion

9:35am **Direction to HR&A/PDC on Deep Dive Tools**

The committee will prioritize 5-7 funding tools for a subsequent deep dive by HR&A and PDC



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