

Tom Kelly
Chair

Gustavo J. Cruz, Jr.
Commissioner

Aneshka Dickson
Commissioner

Mark Edlen
Commissioner

William Myers
Commissioner

Charlie Hales
Mayor

Patrick Quinton
Executive Director

This document represents the official meeting record of the January 27, 2016, Portland Development Commission (PDC) Board of Commissioners (Board) Budget Work Session held at 222 NW Fifth Ave., Portland, OR 97209. A copy of the PowerPoint presentation is included in these minutes as Attachment 1.

1. Call to Order and Roll Call

Chair Tom Kelly called the meeting to order at approximately 1:04 p.m. Gina Wiedrick, PDC Board recording secretary, called the PDC Board roll:

Chair Tom Kelly	PRESENT
Commissioner Gustavo Cruz	PRESENT
Commissioner Aneshka Dickson	PRESENT
Commissioner Mark Edlen	PRESENT
Commissioner William Myers	PRESENT

CONVENE EXECUTIVE SESSION

12. The Executive Session is Held in Accordance with Oregon Revised Statutes 192.660(2)(e) to Conduct Deliberations Concerning the Negotiation of Real Property Transactions

At approximately 1:04 p.m. Chair Kelly adjourned the PDC Board Budget Work Session and read the following statement: "The PDC will now meet in executive session for the purpose of deliberating with persons designated by PDC to negotiate a real property transaction. The executive session is held pursuant to ORS 192.660(2)(e). 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 the executive session."

ADJOURN EXECUTIVE SESSION

At approximately 2:11 p.m. Chair Kelly adjourned the Executive Session and reconvened the PDC Board Budget Work Session.

2. Review Agenda

Tony Barnes, Budget Officer, gave a brief overview and reminded the PDC Board that this is a public meeting, but also a work session and questions and comments are welcomed at any time.

Introduced Josh Harwood, City Economist with the City of Portland (City) Budget Office.

3. Budget Calendar and Overview

Mr. Barnes gave an overview of where PDC is in the Fiscal Year (FY) 2016-17 budget process and upcoming dates of interest, making note of the presentations to Portland City Council (City Council) in April and May 2016.

Commissioner Edlen asked who issues the line of credit. Mr. Barnes responded that the City does.

10. Stakeholder Testimony

Chair Kelly called forward guests to testify.

Sarah Stevenson, Executive Director at [Innovative Housing, Inc.](#), and a member of the Central City Budget Advisory Committee (Central City BAC). Ms. Stevenson gave an overview of the requests made in the letter dated January 27, 2016, from the Central City BAC.

4. Financial and Staffing Summaries

5. Administrative Overhead

Mr. Barnes gave an overview of budget trends.

Executive Director Quinton stated that the Early Retirement Incentive Program letters were sent out to the staff that qualifies. Jeff Fish, Human Resources Director, added that the deadline to respond is March 18, 2016. Executive Director Quinton added that the cumulative reduction assumes two full time positions per year for the next 10 years.

6. Goal 1: Create Healthy, Complete Neighborhoods Throughout Portland

Lisa Abuaf, Central City Manager, and Charri Schairer, Neighborhood Manager gave an overview of the \$145,000,000 budget.

7. Goal 2: Access to High Quality Employment for Portland Residents

Chris Harder, Economic Development Manager, gave an overview of the \$8,300,000 budget and its focus on job creation. Kate Deane, Community Economic Development Manager, focused her comments on the issue of workforce development.

10. Stakeholder Testimony

Chair Kelly called forward guests to testify.

Brian Alfano, Vice President of Member Services at [Unitus Community Credit Union](#), and a member of the Neighborhood Economic Development Leadership Group Budget Sub-Committee (NED Sub-Committee). Mr. Alfano gave an overview of the requests made in the later dated January 27, 2016, from the NED Sub-Committee.

Andrew Wirth, Development Director at [VOZ Workers' Rights Education Project](#) (VOZ). Mr. Wirth gave an overview of the work VOZ does and the significant impact that the loss of funding would have on the

work center and on VOZ overall. Loss of PDC funding would hamper VOZ's overall fundraising efforts, weaken VOZ's case for matching funds, as support from local government and community is a sign of organizational credibility.

Yolanda Sandoval. Ms. Sandoval read a letter from day laborer Eugene Wickersham in which he spoke in support of VOZ and its work; how VOZ helps day laborers obtain jobs, provides training, and a day center that provides a friendly and safe environment; and urged the PDC Board to continue to provide funding for VOZ.

Romeo Sosa, Executive Director of VOZ, also urged the PDC Board to continue to provide funding for VOZ in the FY 2016-17 budget.

Executive Director Quinton stated that the cuts being made to VOZ and also to SE Works is under the direction of City Council who asked for a five percent cut, but it is in no way an indication of the value and work that these organizations provide. The PDC Board knows what the priorities of PDC are and there are ongoing commitments; PDC staff needed to look at what cuts could be made without a big impact on the projects that PDC is committed to moving forward. PDC staff will have a conversation with Mayor Charlie Hales and City Council; this is just the beginning of the conversation. Mr. Harwood added that the City Budget Office is supportive of more strategic cuts as opposed to across the board.

8. Goal 3: Foster Wealth Creation within Communities of Color and Low-Income Neighborhoods

Ms. Deane gave an overview of the \$6,400,000 budget focusing on business lending, business development, and small and micro business technical assistance in the neighborhoods. Mr. Harder gave an overview of the work in inclusive innovation and entrepreneurial ecosystem.

9. Goal 4: Form 21st Century Civic Networks, Institutions and Partnerships

Ms. Deane gave an overview of the \$4,300,000 budget focusing on affordability and neighborhood solutions, and neighborhood capacity building.

11. Goal 5: Operate an Equitable, Innovative and Financially Sustainable Agency

Faye Brown, Chief Financial Officer, gave an overview of the \$16,600,000 budget.

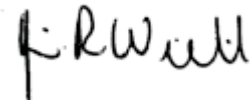
13. Open Discussion / Direction

Jillian Detweiler asked if there are programs that PDC staff can remove funding from and make those dollars available to fund organizations like VOZ. Executive Director Quinton responded that if a conversation starts on dropping a cluster industry, for example, then those dollars and PDC staff can go to the new healthcare cluster. PDC staff is always looking for creative ways to move funding around. This is merely the beginning of the conversation and it is not the final decision on cutting, but PDC staff does need to be more strategic about where the cuts are going to be made to meet the five percent cut City Council is mandating. There will be multiple opportunities for the PDC Board to provide input from now until April when PDC staff will be submitting the proposed budget to City Council.

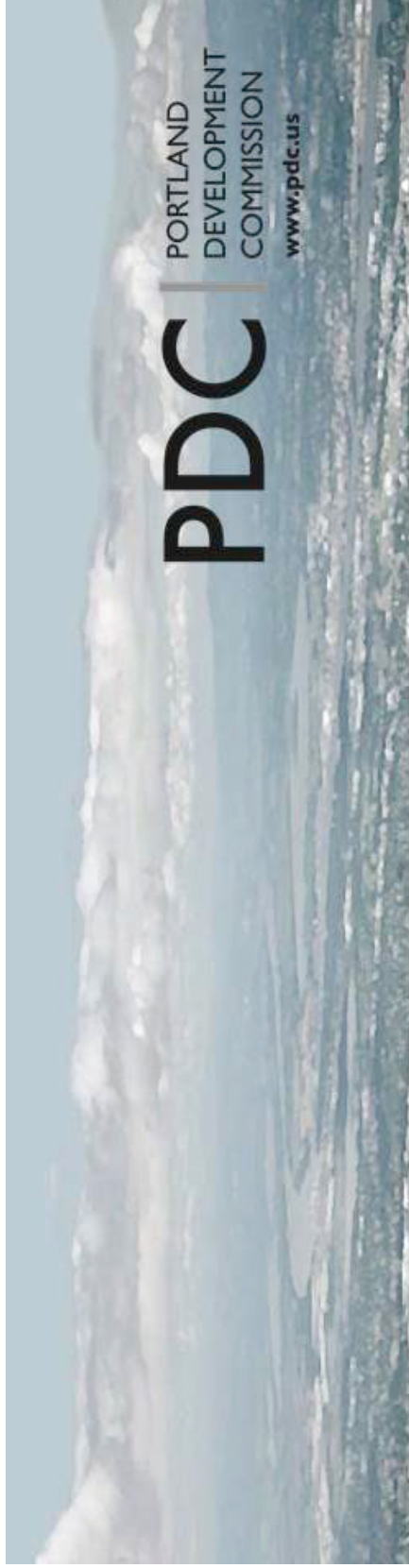
14. Adjourn

There being no further business, Chair Kelly adjourned the PDC Board Budget Work Session at approximately 4:57 p.m.

Approved by the Portland Development Commission on June 8, 2016



Gina Wiedrick, Recording Secretary



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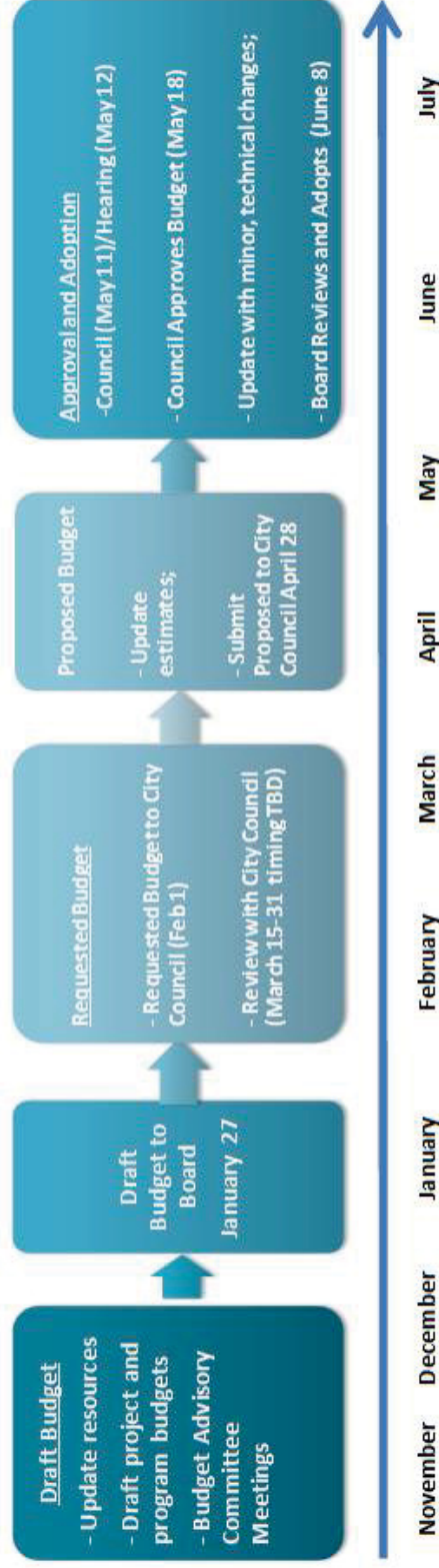
FY 2016-17 Draft Budget

January 27, 2016



Process

FY 2016-17 Budget Development Summary

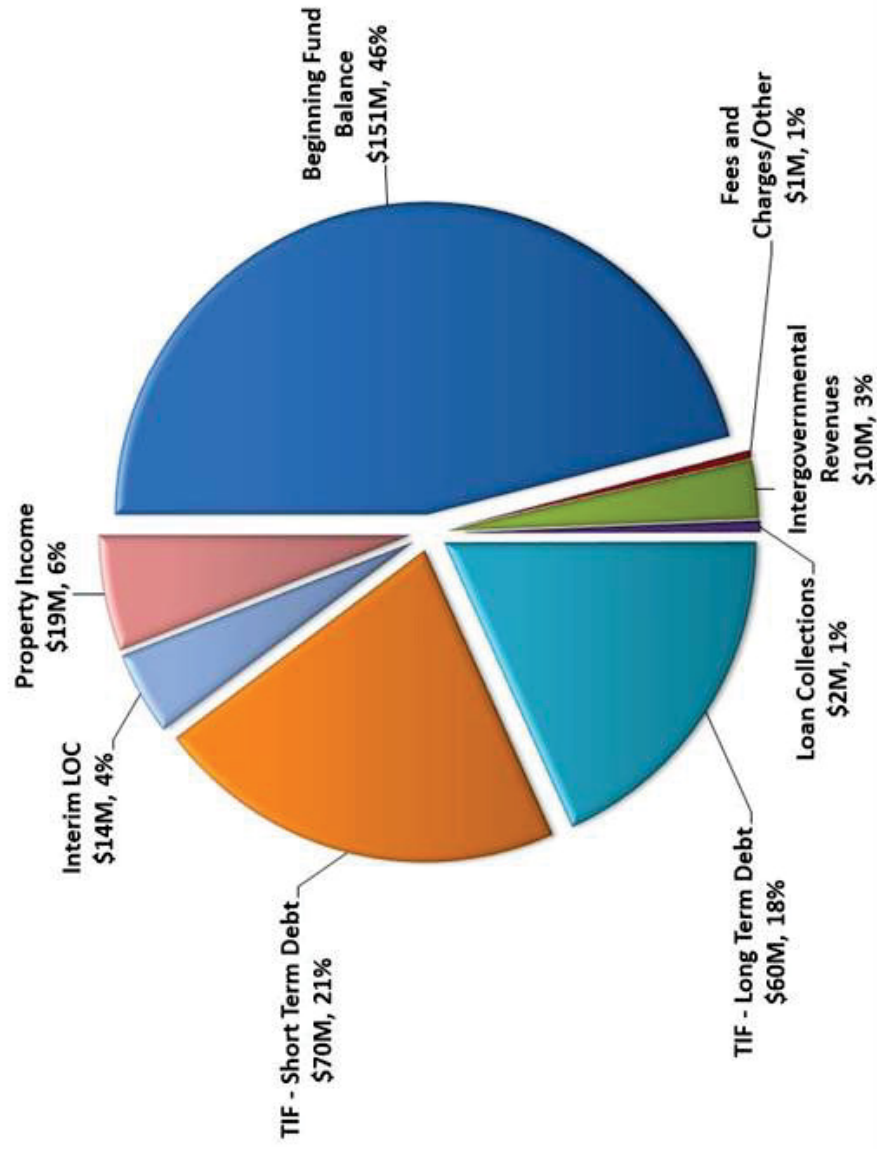


Budget Trends

- PDC's Budget and Five-Year Forecast is a mix of project and program budgets that are based on well defined requirements or more general reservations for strategic priorities.
- In both cases, amounts budgeted may not spend during the fiscal year based on changes in timing due to project partners or opportunities not moving forward.
- Budget assumptions include updated amount and timing for Housing Set Aside requirements in certain URAs.
- Resources include updated estimates for loan repayments, property sales, tax increment assessed value growth and borrowing assumptions.
- General Fund request includes a 5% cut in ongoing resources per Mayor's budget direction, but includes one-time add requests for new Traded Sector and Community Economic Development initiatives.

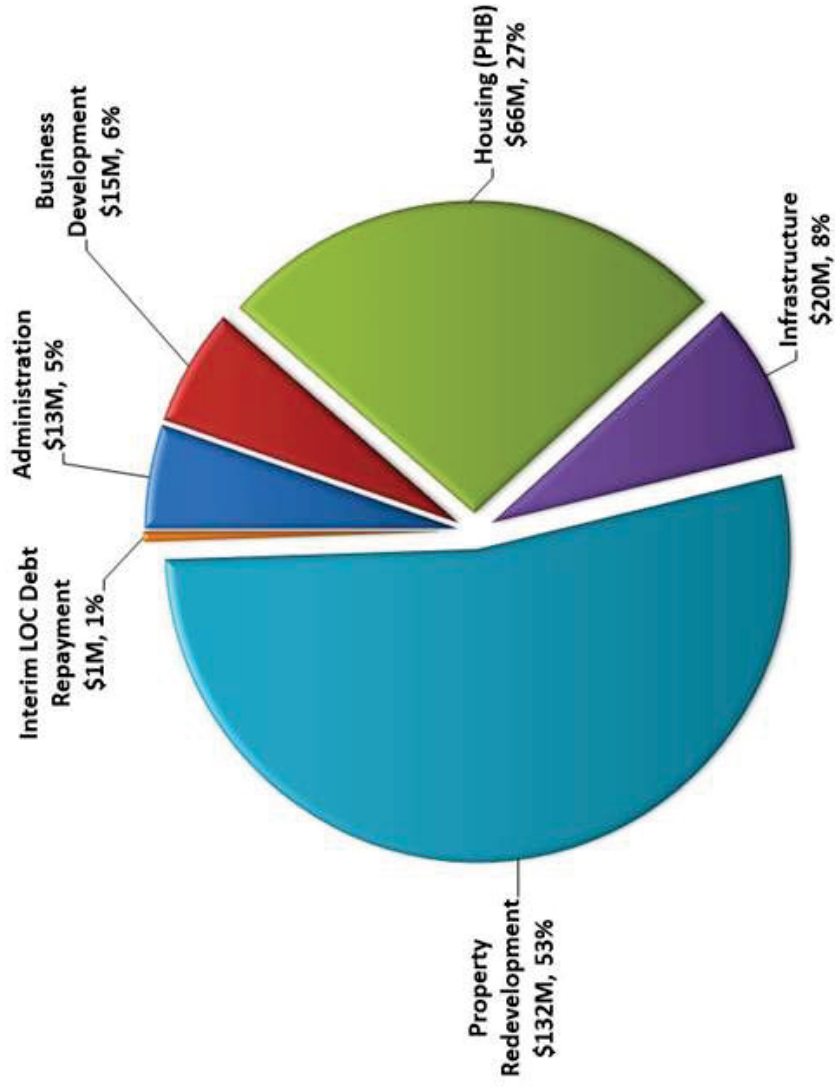
2016-17 Draft Budget – Resources

FY 2016-17 Resources - \$327.6 Million
(net of interfund transfers, amounts rounded)



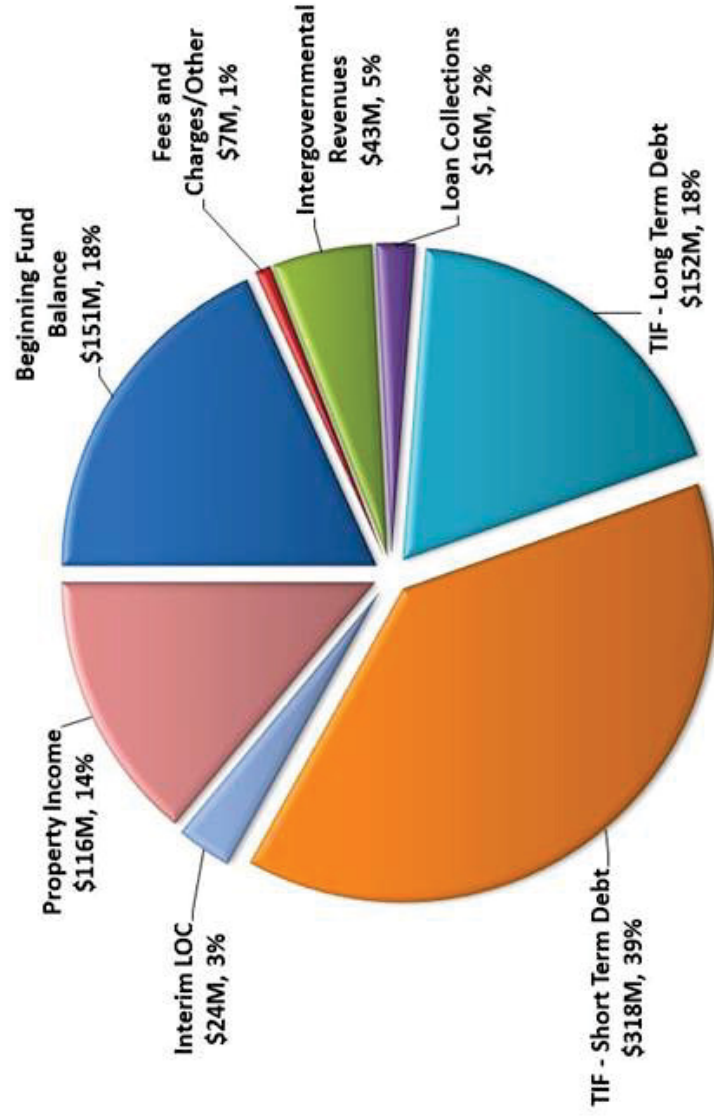
2016-17 Draft Budget - Expenditures

FY 2016-17 Expenditures - \$247.6 Million
(net of interfund transfers, amounts rounded)



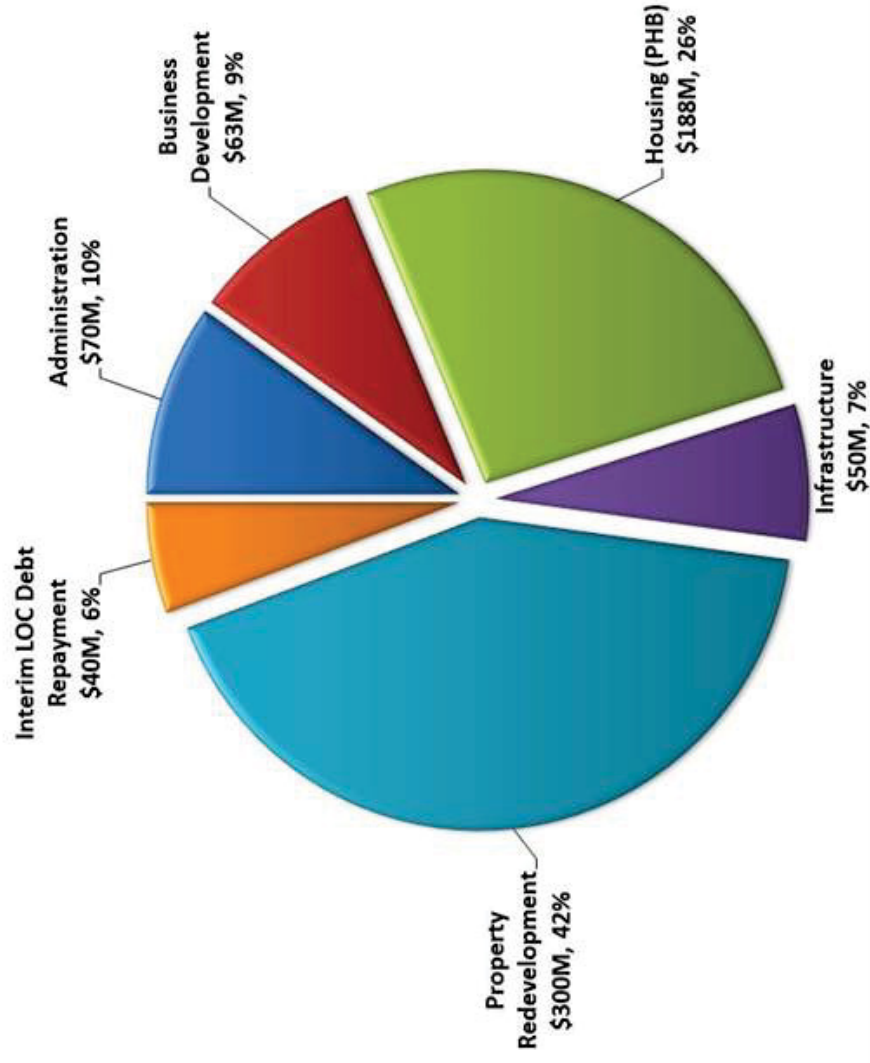
Five-Year Forecast – Resources

Five-Year Resources - \$825.7M Million
(net of interfund transfers, amounts rounded)



Five-Year Forecast - Expenditures

Five-Year Expenditures - \$711.8 Million
(net of interfund transfers, amounts rounded)



Staffing by Department

Personnel Services Budget by Department					
Department	FTE	Budgeted Salaries	Budgeted Benefits	Total	
Communications and Social Equity	6	\$619,550	\$253,172	\$872,722	
Executive	2	247,709	94,648	342,357	
Finance & Business Operations	22	1,994,389	859,251	2,853,639	
Legal and Human Resources	6	646,272	259,826	906,098	
Opportunities Cooperative	3	318,462	128,749	447,211	
Real Estate and Lending	14	1,294,101	553,007	1,847,108	
Urban Development	38	3,429,049	1,480,222	4,909,271	
Total Personnel Services	91	\$8,549,532	\$3,628,874	\$12,178,407	

Staff/Overhead Forecast

Staff/Overhead Assumptions	FY 2015-16 Revised 1	FY 2016-17 Draft	FY 2017-18 Forecast	FY 2018-19 Forecast	FY 2019-20 Forecast	FY 2020-21 Forecast
<i>Salaries and Benefits</i>						
Salaries	8,445,510	8,549,532	8,693,522	8,871,309	9,047,837	9,222,645
Benefits						
Health/Taxes	3,526,705	3,628,874	3,917,867	4,017,820	4,306,539	4,412,178
ERIP (Health)						
Student Workers	132,012					
Total Salaries/Benefits	12,104,227	12,178,406	12,611,389	12,889,129	13,354,376	13,634,823
Cumulative Reduction from FY 2012-13 Budget	-26%	-25%	-23%	-21%	-18%	-5%
PERS Pension Obligation Bond Payments	735,570	787,521	876,739	924,265	968,001	968,001
102 Administrative Materials and Services	5,082,817	4,209,250	3,892,116	3,842,385	3,842,385	3,842,385
Total	17,922,614	17,175,177	17,380,244	17,655,779	18,164,762	18,445,209
Cumulative Reduction from FY 2012-13 budget	-22%	-25%	-24%	-23%	-21%	-13%

Housing Set Aside

URA	FY 2015-16 through FY 2024-25 (Programmed)	
		Percent
Downtown Waterfront	1,971,910	NA
South Park Blocks	5,860,500	NA
Oregon Convention Center	5,000,000	NA
Central Eastside	9,840,270	32%
Lents	43,137,259	43%
Interstate	104,112,390	71%
Gateway	13,930,936	29%
North Macadam	65,000,000	46%
River District	48,417,977	32%
Cumulative Housing Expenditures (Active)	284,438,832	46%
Cumulative Set Aside Base (Active URAs)	618,702,431	

2016-17 Budget by Activity

Business Line/Key Activity	Personnel Services	Materials and Services	Capital Outlay	Financial Assistance	Debt Service	Total
Business Development						
Business Lending	187,636	52,160	0	3,876,220	0	4,116,016
Small Business & Community Dev	1,040,406	776,700	0	5,792,549	0	7,609,655
Traded Sector Business Dev	919,388	1,733,950	0	662,628	0	3,315,966
Business Development Total	2,147,430	2,562,810	0	10,331,397	0	15,041,637
Infrastructure						
Parks	26,799	0	4,515,000	0	0	4,541,799
Public Facilities	46,326	0	2,345,917	0	0	2,392,243
Transportation	34,206	0	12,876,268	0	0	12,910,474
Infrastructure Total	107,331	0	19,737,185	0	0	19,844,516
Property Redevelopment						
Commercial Property Redevelo	1,461,744	6,215,820	83,511,700	814,375	0	92,003,639
Commercial Real Estate Lending	195,505	23,127	0	34,476,295	0	34,694,927
Community Redevelopment Grants	368,714	0	0	4,875,000	0	5,243,714
Property Redevelopment Total	2,025,963	6,238,947	83,511,700	40,165,670	0	131,942,280
Administration	8,673,991	4,409,481	152,500	1,297,528	1,297,528	14,533,500
Total PDC Expenditures	12,954,715	13,211,238	103,401,385	50,497,067	1,297,528	181,361,933
PHB Housing Set Aside	11,198	66,203,204				66,214,402
Total Expenditures	\$ 12,965,913	\$ 79,414,442	\$ 103,401,385	\$ 50,497,067	\$ 1,297,528	\$ 247,576,335

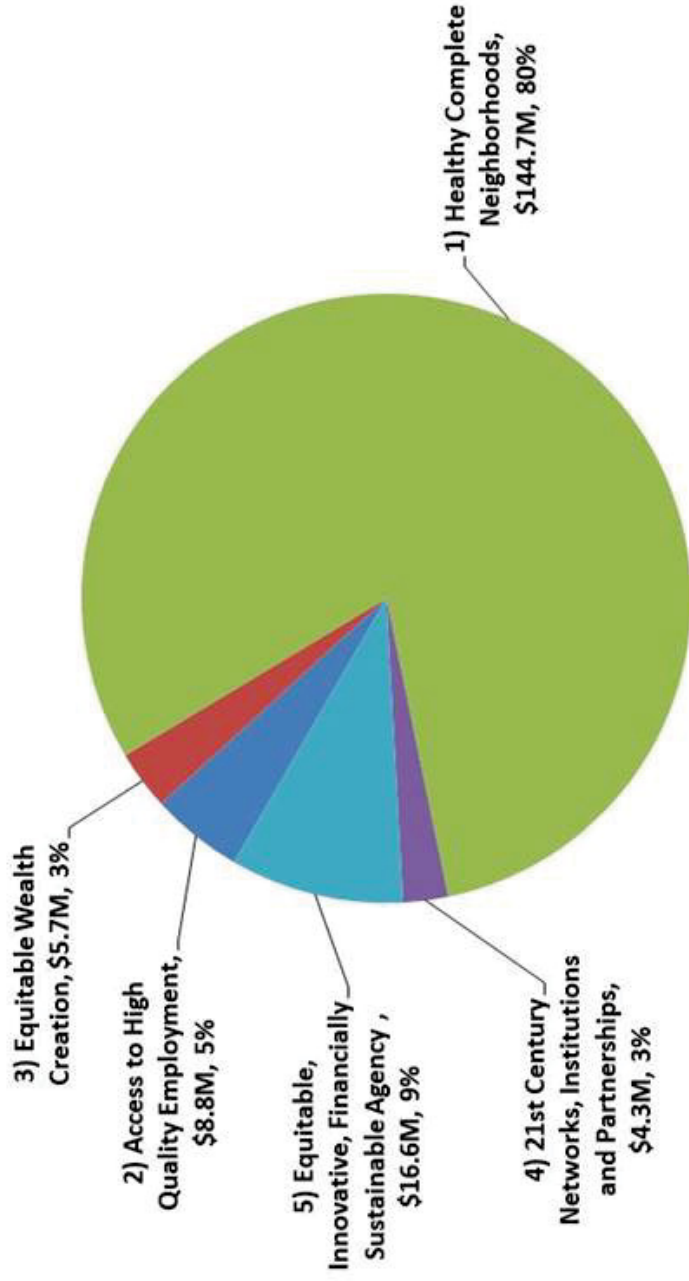
City General Fund Request

FY 2016-17 General Fund Requested Budget

Program	Base Requested Budget (Ongoing)					FY 2016-17 Requested with Add-Packages
	FY 2016-17 CAL (Ongoing)	5% Cut Package and Program Realignment	FY 2016-17 Requested (Ongoing)	FY 2015-16 Add Package Request		
NPI and Main Street Network	\$ 786,148	\$ -	\$ 786,148		\$ 786,148	
Venture Portland	\$ 318,447	\$ -	\$ 318,447		\$ 318,447	
Small & Micro Business Technical Assistance	\$ 934,162	\$ (45,133)	\$ 889,029		\$ 889,029	
VOZ and SE Works	\$ 71,673	\$ (71,673)	\$ -		\$ -	
Adult and Youth Workforce EOI	\$ 1,247,304	\$ 10,000	\$ 1,257,304		\$ 1,257,304	
Small Business Working Capital	\$ 161,922	\$ (111,922)	\$ 50,000		\$ 50,000	
Powell/Division BRT Local Action Plan				\$ 400,000	\$ 400,000	
Small Business Increase Project				\$ 200,000	\$ 200,000	
Old Town/Chinatown Economic Development Grants				\$ 30,000	\$ 30,000	
Neighborhood Subtotal	\$ 3,519,657	\$ (218,728)	\$ 3,300,929	\$ 630,000	\$ 3,930,929	
Cluster Development	\$ 1,430,101	\$ (177,260)	\$ 1,252,841		\$ 1,252,841	
Entrepreneurship Support	\$ 424,806	\$ 127,260	\$ 552,066		\$ 552,066	
Portland Benefit Corp (B-Corp) Program				\$ 350,000	\$ 350,000	
Healthcare and Biotechnology Cluster				\$ 150,000	\$ 150,000	
Traded Sector Subtotal	\$ 1,854,907	\$ (50,000)	\$ 1,804,907	\$ 500,000	\$ 2,304,907	
TOTAL/TARGET	\$ 5,374,564	\$ (268,728)	\$ 5,105,836	\$ 1,130,000	\$ 6,235,836	

Budget by Strategic Goal

FY 2016-17 Draft Budget by Strategic Objective
(\$180 million, excludes Housing & Debt Service)



Housing (not included) is \$66M for FY 2016-17

Healthy, Complete Neighborhoods

Staffing: 20 FTE

Strategic Goal Budget: \$145 Million

Regional Assets	Non-TIF	TIF	Total
Convention Center Hotel Garage		20,006,284	20,006,284
Centennial Mills (River District URA)		10,952,805	10,952,805
Union Station Grant (River District URA)		1,400,889	1,400,889
Leach Botanical Gardens (Lents)		2,016,827	2,016,827
Other (Closeout activities - PNCA, Lot 5, CC Hotel)		62,685	62,685
Subtotal Regional Assets	0	34,439,490	34,439,490
Vibrant Communities and Corridors			
Infrastructure Investments			
Bridgeton Trail (Interstate URA)		1,500,000	1,500,000
Lombard Investment (Interstate URA)		775,005	775,005
Foster-52nd to 89th (Lents URA)		1,202,662	1,202,662
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Note: \$4M is budgeted in current fiscal year for CC Hotel contribution.

Healthy, Complete Neighborhoods

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Healthy, Complete Neighborhoods

Staffing: 20 FTE

Strategic Goal Budget: \$145 Million

Vibrant Communities and Corridors	Non-TIF	TIF	Total
Communities			0
Old Town/Chinatown-Downtown Retail (River District/DTWF)			0
Commercial Property Lending		12,524,719	12,524,719
Storefront/DOS		757,099	757,099
Green Features Grant Program		101,256	101,256
OT/CT Action Plan		320,110	320,110
Old Town Lofts Accelerator		61,352	61,352
District Parking		5,000,000	5,000,000
10th & Yamhill Garage Redevelopment		3,262,568	3,262,568
Broadway Corridor		702,222	702,222
Post Office Acquisition and Redevelopment		44,126,498	44,126,498
Central Eastside Community Center		985,000	985,000
Lents			0
Commerical Lending		15,614,707	15,614,707
LTC Town Ctr Redev		112,536	112,536
Interstate			0
Interstate Commerical Lending		1,892,742	1,892,742
MLK Alberta		1,039,922	1,039,922
Project Development/Admin/Other		2,117,679	2,117,679
Subtotal Vibrant Communities and Corridors	0	92,096,077	92,096,077
Total Healthy, Complete Neighborhoods	0	144,696,527	144,696,527

Access to High Quality Employment

Staffing: 11

Strategic Goal Budget: \$8.3 Million

	Non-TIF	TIF	Total
Access to High Quality Employment			
Quality Job Growth and Business Vitality			
Cluster Development (General Fund/URA)	1,037,878	210,284	1,248,162
Greater Portland (General Fund)	50,000	0	50,000
Business Lending Activities (Revolving Loan Funds; Central City URAs)	1,177,157	999,238	2,176,395
Enterprise Zone Program Management	98,276	0	98,276
Global Trade and Investment (General Fund)	232,780	0	232,780
Subtotal Quality Job Growth and Business Vitality	2,596,091	1,209,522	3,805,613
Access to Career-Path Employment			
B-Corp (General Fund Add Package)	350,000	0	350,000
Strategic Job Access & Diversity Initiatives (Ezone)	650,000	0	650,000
Youth and Adult Workforce Development (GF, CDBG, Ezone, Multco)	2,848,926	0	2,848,926
Subtotal Access to Career-Path Employment	3,848,926	0	3,848,926
Administration	0	664,103	664,103
Total Access to High Quality Employment	6,445,017	1,873,625	8,318,642

Equitable Wealth Creation

Staffing: 6

Strategic Goal Budget: \$6.4 Million

	Non-TIF	TIF	Total
Equitable Wealth Creation			
Business Growth			
Business Lending (Neighborhood URAs)	0	1,683,487	1,683,487
Business Development (Neighborhood URAs)	0	491,292	491,292
Small Business Technical Assistance (General Fund, CDBG)	1,414,683	0	1,414,683
Subtotal Business Growth	1,414,683	2,174,779	3,589,462
Inclusive Innovation & Entrepreneurship Ecosystem			
Entrepreneurial Development (General Fund, Ezone)	666,748	0	666,748
The Increase Project (General Fund Add Package)	200,000	0	200,000
Small Business Working Capital (General Fund)	50,000		50,000
Subtotal Inclusive Innovation & Entrepreneurship Ecosystem	916,748	0	916,748
Property Owner Development (Neighborhood URA Storefront and DOS)	0	1,682,602	1,682,602
Total Equitable Wealth Creation	2,331,431	3,857,381	6,188,812

21st Century Civic Networks, Institutions and Partnerships

Staffing: 6
Strategic Goal Budget: \$4.3 Million

	Non-TIF	TIF	Total
21st Century Networks, Institutions and Partnerships			
Workforce and Regional Competitiveness		See Goal 1	
Affordability & Neighborhood Solutions	0	93,767	93,767
Innovation & Infrastructure		See Goal 1	
Neighborhood Capacity Building			
Community Livability Grants (Neighborhood URAs/River District/DTWF)	0	1,413,947	1,413,947
Community Development (Lents-Gateway-Interstate)		192,811	192,811
Neighborhood Prosperity Initiative & Main Street Network	826,714	700,000	1,526,714
Powell-Division Community Dev Action Plan	400,000	0	400,000
Venture Portland	318,447	0	318,447
Program Administration/Admin	0	344,584	344,584
Total	1,545,161	2,651,342	4,196,503
Total 21st Century Networks, Institutions and Partnerships	1,545,161	2,745,109	4,290,270

Equitable, Innovative and Financially Sustainable Operations

Staffing: 48
Strategic Goal Budget: \$16.6Million

	Non-TIF	TIF	Total
Equitable, Innovative, Financially Sustainable Agency			
Communications, Engagement and Community Partnership	0	1,404,404	1,404,404
Effective Management and Governance	0	829,279	829,279
Employee Development, Engagement & Effectiveness	0	3,834,889	3,834,889
Financial Sustainability and Stewardship	257,582	10,243,225	10,500,807
Total Equitable, Innovative, Financially Sustainable Agency	257,582	16,311,797	16,569,379