



DATE: August 20, 2013
TO: Board of Commissioners
FROM: Patrick Quinton, Executive Director
SUBJECT: Report Number 13-30
Authorizing Execution of Fiscal Year 2013-14 Intergovernmental Service Level Agreement General Fund Special Appropriations with the City of Portland to Provide Funding of \$4,777,437 to the Portland Development Commission for Implementing Economic Development Activities on a Citywide Basis

BOARD ACTION REQUESTED

Adopt Resolution No. 7016

ACTION DESCRIPTION

This action will authorize an intergovernmental agreement (IGA) with the City of Portland (City) through the City Budget Office to transfer \$4,777,437 to the Portland Development Commission (PDC) to fund certain economic development activities including neighborhood economic development and traded sector job creation and retention on a citywide basis. These activities have been budgeted for in the fiscal year (FY) 2013-14 Adopted PDC Budget. The General Fund Special Appropriations were adopted as part of both PDC's and the City's budgets. The IGA is scheduled for City Council approval in August 2013.

This IGA, which has been authorized each of the past six years, allows for the transfer of General Fund dollars to support PDC's economic development activities listed above. Prior to FY 2008-09, such transfers occurred without an IGA.

BACKGROUND AND CONTEXT

The PDC has implemented economic development activities on behalf of the City for a number of years. However, both urban renewal area and tax increment financing restrictions limit PDC's ability to fund and deliver neighborhood economic development and traded sector job creation and retention on a citywide basis. PDC is unable to address neighborhood economic development and traded job sector creation and retention since these activities are not tax increment financing (TIF) eligible and cannot be funded with TIF resources.

This IGA represents a decrease in funding from the \$5,844,591 received in FY 2012-13.

COMMUNITY AND PUBLIC BENEFIT

The IGA allows PDC to use its established expertise in economic development on a citywide basis. Without the contribution of the City's General Fund, PDC's ability to undertake economic development activities outside of urban renewal areas would be very limited.

The scope of services provides for both neighborhood economic development and traded sector job creation and retention.

Neighborhood Economic Development includes:

- Neighborhood Commercial Corridors
- Venture Portland
- Small Business Support
- Workforce Economic Opportunity Initiative

Traded Sector Job Creation and Retention includes:

- Cluster Development
- Entrepreneurship Support

This action will support the following PDC goals:

- Sustainability and Social Equity
- Healthy Neighborhoods
- A Vibrant Central City
- Strong Economic Growth and Competitive Region

PUBLIC PARTICIPATION AND FEEDBACK

Public participation occurred as part of the FY 2013-14 budget process both for the City and PDC. This action implements these approved budgets.

BUDGET AND FINANCIAL INFORMATION

This action will allow PDC to receive \$4,777,437 in City General Funds to implement the following economic development activities:

- Neighborhood Economic Development – \$3,071,272
- Traded Sector Job Creation and Retention – \$1,706,165

RISK ASSESSMENT

Should the PDC Board of Commissioners choose not to adopt the resolution, PDC would not be reimbursed for expenditures already incurred in FY 2013-14. While PDC has contingency to cover these expenditures, any further program work would be halted as this work is not TIF-eligible and PDC does not have sufficient non-TIF resources available or budgeted.

ALTERNATIVE ACTIONS

The PDC does not have any other current sources of funding that could be diverted to these economic development activities. These are not TIF-eligible activities.

ATTACHMENTS

None