



DATE: June 24, 2015
TO: Board of Commissioners
FROM: Patrick Quinton, Executive Director
SUBJECT: Report Number 15-39
Authorizing Execution of Fiscal Year 2015-16 Intergovernmental Service Level Agreement with City Of Portland for General Fund Special Appropriations of \$6,997,110 for Economic Development Activities

BOARD ACTION REQUESTED

Adopt Resolution No. 7125

ACTION DESCRIPTION

This action by the Portland Development Commission (PDC) Board of Commissioners (Board) will authorize an intergovernmental agreement (IGA) with the City of Portland (City) through the City Budget Office (CBO) to transfer \$6,997,110 to 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) 2015-16 Adopted PDC Budget.

This IGA, which has been authorized each of the past seven years, allows for the transfer of general fund dollars to support PDC's economic development activities.

BACKGROUND AND CONTEXT

PDC has implemented economic development activities on behalf of the City for a number of years. However, both urban renewal area (URA) and tax increment financing (TIF) 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 TIF-eligible and cannot be funded with TIF resources.

This IGA represents an increase in funding over the FY 2014-15 amount of \$1,571,546. The increase is largely related to the appropriation of \$1,391,000 in one-time funding for the Community Development Fund and Inclusive Startup Fund. The General Fund Special Appropriations are included in the Adopted Budget for both PDC and the City. The IGA is scheduled for Portland City Council (City Council) approval in July 2015.

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 resources, PDC's ability to undertake economic development activities outside of URAs would be very limited.

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

Neighborhood Economic Development includes:

- Neighborhood Commercial Corridors
- Venture Portland
- Small Business Support
- Workforce Economic Opportunity Initiative
- Small Business Working Capital Loan Fund

Traded Sector Job Creation and Retention includes:

- Cluster Development
- Entrepreneurship Support

Through the above programs, this action supports PDC 2015-2020 Strategic Plan objectives of increasing access to employment, creating healthy, complete neighborhoods, and equitable wealth creation.

PUBLIC PARTICIPATION AND FEEDBACK

Public participation occurred as part of the FY 2015-16 budget process, primarily during discussions with the Neighborhood Economic Development Leadership Group and through testimony provided to City Council, acting as PDC's Budget Committee on May 13, 2015.

BUDGET AND FINANCIAL INFORMATION

This action will allow PDC to receive \$6,997,110 in City general funds to implement the following economic development activities:

- Neighborhood Economic Development – \$4,388,501
- Traded Sector Job Creation and Retention – \$2,468,609
- Neighborhood Prosperity Initiative – \$140,000

The \$1,571,546 increase from the FY 2014-15 adopted budget of \$5,425,564 includes the following components:

- (1) The annual adjustment to the City's General Fund Current Appropriation Level base (2.65 percent increase).
- (2) The conversion of \$70,000 in one-time funding for SE Works and VOZ worker rights education to ongoing funding.
- (3) Carryover of \$217,000 in FY 2014-15 funds requested to move to FY 2015-16 by PDC staff based on timing of program expenditures.
- (4) Additional one-time funding of \$1,391,000 for the Community Development Fund and Inclusive Startup Fund.
- (5) Neighborhood Prosperity Initiative revenue sharing of \$140,000. This allocation is new to the IGA since revenue sharing for NPI districts did not occur in prior years. Revenue sharing, based on Oregon Revised Statutes Chapter 457, has been triggered for the FY 2015-16, and in accordance with existing NPI agreements with the City; the City will provide its share of NPI revenue sharing back to the NPI districts. These funds have been budgeted to each district according to the amount of estimated tax increment revenue sharing that will occur for each district in the FY 2015-16 Budget. A similar agreement exists with Multnomah County for its share of NPI revenue sharing that is separate from this IGA.

RISK ASSESSMENT

Should the PDC Board choose not to adopt the resolution, PDC would not be able to proceed with general fund programs outlined in the FY 2015-16 Approved Budget. 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

PDC does not have any other current sources of funding that could be diverted to these economic development activities.

ATTACHMENTS

None.