

PDC

PORTLAND DEVELOPMENT COMMISSION

DATE: November 24, 2009

TO: Board of Commissioners

FROM: Bruce A. Warner, Executive Director

SUBJECT: Report Number 09-131
Intergovernmental Agreement, with City of Portland for General Fund
Special Appropriations of \$4,384,995 for economic development activities

EXECUTIVE SUMMARY

BOARD ACTION REQUESTED

Adopt Resolution No. 6751

ACTION SUMMARY

This action will authorize an intergovernmental agreement (IGA) with the City of Portland (COP) to transfer \$4,384,995 to PDC to fund certain economic development activities including Community Economic Development and Traded Sector Job Creation and Retention on a citywide basis. These activities have been budgeted for in the FY 2009-10 Adopted PDC Budget.

This is the second year that PDC has had an IGA with COP to facilitate the transfer of General Fund dollars received city general fund support of these activities. Prior to FY 2009-10 such transfers occurred without an IGA.

PUBLIC BENEFIT

The IGA allows PDC to use its established expertise in economic development on a citywide basis. Without the contribution of the COP's General Fund, PDC's ability to undertake economic development activities outside of urban renewal areas would not be possible.

The scope of services provides for both Community Economic Development and Traded Sector Job Creation and Retention.

Community Economic Development includes:

- Neighborhood Main Street Revitalization Program
- Storefront Program
- Small Business Marketing

Traded Sector Job Creation and Retention includes:

- Cluster Research and Industry Development
- Cluster Retention and Catalytic Industry Initiatives
- Business Recruitment

This action will support the following PDC goals:

- Sustainability and Social Equity
- Healthy Neighborhoods
- A Vibrant Central City
- Strong Economic Growth and Competitive Region
- Effective Stewardship over our Resources and Operations, and Employee Investment

PUBLIC PARTICIPATION AND FEEDBACK

Public participation occurred as part of the FY 2009-10 Budget process both for COP and PDC.

COMPLIANCE WITH ADOPTED PLANS AND POLICIES

IGA is compliant with PDC cost recovery policy.

Implementing these economic development activities supports PDC's mission and strategic goals related to strong economic growth and competitive region. It is also critical to the funding of the Portland Economic Development Strategy.

FINANCIAL IMPACT

This action will allow PDC to receive \$4,384,995 in COP general funds to implement the following economic development activities:

- Community Economic Development - \$2,010,000
- Traded Sector Job Creation and Retention - \$1,395,000
- Transfers - \$979,955

RISK ASSESSMENT

Not adopting the Resolution would result in PDC not being reimbursed for expenditures already incurred year-to-date. Additionally, any further program work would be halted as this work is not TIF-eligible and PDC does not have sufficient non-TIF resources.

WORK LOAD IMPACT

The equivalent of 12 existing full-time employees are included in the PDC budget, and funded from this agreement, to carry out the work.

ALTERNATIVE ACTIONS

PDC does not have any other current sources of funding that could be diverted to these economic development activities. PDC is pursuing other sources of funding to forward the Portland Economic Development Strategy but this general fund special appropriation is the primary resource.

CONCURRENCE

The General Fund Special Appropriations was adopted as part of both PDC's and COP's budget. Portland City Council approved this IGA in November 2009.

BACKGROUND

PDC has implemented economic development activities on behalf of COP for a number of years. PDC is unable to perform activities such as community economic development and traded job sector creation and retention on a citywide basis due to geographic limits of its urban renewal areas. Additionally some of these activities are not TIF-eligible and cannot be funded with TIF resources in existing urban renewal areas.

Activities for FY 2009-10 include both Community Economic Development and Traded Sector Job Creation and Retention. Community Economic Development includes the following activities: Neighborhood Main Street Revitalization Program, Storefront Program, and Small Business Marketing. Traded Sector Job Creation and Retention includes the following activities: Cluster Research and Industry Development, Cluster Retention and Catalytic Industry Initiatives, and Business Recruitment.