

PDC

PORTLAND DEVELOPMENT COMMISSION

DATE: July 27, 2011

TO: Board of Commissioners

FROM: Patrick Quinton, Executive Director

SUBJECT: Report Number 11-58
Intergovernmental Agreement with City of Portland for General Fund
Special Appropriations of \$5,788,326 for Economic Development Activities

EXECUTIVE SUMMARY

BOARD ACTION REQUESTED

Adopt Resolution No. 6896

ACTION SUMMARY

This action will authorize an intergovernmental agreement (IGA) with the City of Portland (COP) to transfer \$5,788,326 to PDC to fund certain economic development activities including Neighborhood Economic Development and Traded Sector Job Creation and Retention on a citywide basis and beyond the context of urban renewal projects. These activities have been budgeted for in the FY 2011-12 Adopted PDC Budget.

This is the fourth year that PDC has had an IGA with COP. It allows for the transfer of General Fund dollars in support of the activities listed above. Prior to FY 2008-09 such transfers occurred without an IGA.

PUBLIC BENEFIT

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

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

Neighborhood Economic Development includes:

- Neighborhood Main Street Revitalization Program
- One-Stop Permitting and Business Services Website
- Small Business Technical Assistance
- Alliance of Portland Neighborhood Business Associations
- Economic Opportunity Initiative
- Partners for Economic Progress Initiative

Traded Sector Job Creation and Retention includes:

- Cluster Research and Industry Development
- Cluster Retention and Catalytic Industry Initiatives
- Targeted Business Recruitment
- Small Business Working Capital
- Seed Fund Initiative
- International Business Development
- Entrepreneurial Development

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 2011-12 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 \$5,788,326 in COP general funds to implement the following economic development activities:

- Neighborhood Economic Development - \$3,263,692
- Traded Sector Job Creation and Retention - \$2,524,634

RISK ASSESSMENT

Not adopting the Resolution would result in PDC not being reimbursed for expenditures already incurred year-to-date. PDC has contingency to cover these expenditures. However, 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 7 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. These are not TIF-eligible activities.

CONCURRENCE

The General Fund Special Appropriations was adopted as part of both PDC's and COP's budget. The IGA is scheduled for City Council approval in August 2011.

BACKGROUND

PDC has implemented economic development activities on behalf of COP for a number of years. PDC is unable to use TIF resources to perform activities such as neighborhood 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.

This IGA represents a substantial increase in funding over the previous years. In FY 2010-11, PDC received \$2,325,482, while in FY 2009-10 the amount was \$4,370,945.