

Portland Development Commission

The following questions were asked during the bureau's budget work session. Responses are included in the attached packet.

1. If you had more resources for small business working capital, how would you scale the program?
2. Please provide detailed performance measurement data for General Fund programs and include performance of working capital loans.
3. Please provide a list of base budget realignments within and across major programs and why they were made.
4. What is the impact of not spending \$20 million in the Interstate Urban Renewal Area?
What is the current project list for this \$20 million?

PDC April 3 Work Session Follow-up

1) *If you had more resources for small business working capital, how would you scale the program?*

The Small Business Working Capital Loan Fund compliments that agency's tax-increment financing loan fund and is available city-wide to assist small businesses with product development, sales, marketing and equipment purchase opportunities. Since July 2009 PDC has provided more than \$2.4M in working capital and equipment purchase loans to local businesses, including \$460,000 from General Fund resources.

With the current amount requested, \$154,065, the goal of the program in FY2014-15 is to provide 6 loans of approximately \$25,000 each in working capital to businesses connected to our neighborhood or traded sector initiatives.

Additional resources of up to \$500,000 would help capitalize a more robust investment fund able to support additional small businesses in the following ways:

- For neighborhood-serving businesses PDC would make available additional working capital loans of approximately \$25,000 to micro and small business clients who are not served by traditional financial markets and are connected to the business technical assistance services PDC supports through City General Fund and CDBG resources.
 - For small traded sector businesses, funds would be used to support i) entrepreneurial firms founded by women and/or entrepreneurs of color. Improved access to early-stage investments for these entrepreneurs would help address a significant barrier to growth and the racial and gender disparities that continue to exist in terms of access to capital; and ii) suppliers of local craft manufacturers. These resources would help both the individual firms receiving working capital as well as companies who are seeking to expand but are constrained by the capacity of their suppliers to meet the new demand.
- 2) Please provide detailed performance measurement data for General Fund programs and include performance of working capital loans.

See attached FY 2012-13 metrics overview

- 3) Please provide a list of base budget realignments within and across major programs and why they were made.

The FY 2014-15 PDC General Fund Requested Budget was submitted with a \$27,900 shift in ongoing funding from Neighborhood to Traded Sector (approximately 0.5% of the total ongoing FY 2014-15 ongoing funding).

The shift represents an updated adjustment following the implementation of the FY 2013-14 Adopted Budget which included a reduction in overall PDC ongoing funding of \$250,000 in addition to more specific ongoing and one-time program funding reductions. For FY 2013-14, the decision was to make all of the \$250,000 reduction to the Traded Sector programs.

During development of the FY 2014-15 budget, PDC shifted \$27,900 of the \$83,231 difference between the CAL Target and FY2013-14 Adopted Budget from Neighborhood programs to Traded Sector. The changes impacted the budget in the following ways:

- Neighborhood: (-\$27,900 under CAL Target)
 - Keeps NPI & Main Street Network funding flat with FY 2013-14 and increases Small & Micro Business Assistance and Adult & Youth Workforce investment over FY 2013-14 but just under the CAL target based on adequacy of funding.
- Traded Sector: (+\$27,900 over CAL Target)
 - Increases Cluster Development by \$34,548 over CAL target and reduces Entrepreneurship support by -\$6,648 less than CAL target based on program needs, in order to continue funding Greater Portland Inc. at the \$100,000 level and to offset cuts established in FY 2013-14.

Program	FY 2013-14 Adopted (A)	FY 2014-15 CAL Target (B)	FY 2014-15 Requested (C)	Difference from FY13/14 (C - A)	Difference from CAL Target (C - B)
NPI & Main Street Network	\$ 748,000	\$ 768,271	\$ 748,000	\$ 0	\$ (20,271)
Venture Portland	\$ 295,000	\$ 302,994	\$ 302,994	\$ 7,994	\$ 0
Small & Micro Business Technical Assistance	\$ 870,327	\$ 893,913	\$ 888,831	\$ 18,504	\$ (5,082)
Adult and Youth Workforce EOI	\$ 1,157,945	\$1,189,325	\$ 1,186,778	\$ 28,833	\$ (2,547)
NED Grants (Add Package)			\$ 100,000	\$ 100,000	\$ 100,000
Neighborhood Subtotal*	\$ 3,071,272	\$3,154,503	\$ 3,226,603	\$ 155,331	\$ 72,100
Cluster Development	\$ 1,346,165	\$1,326,156	\$ 1,360,704	\$ 14,539	\$ 34,548
Entrepreneurship Support	\$ 360,000	\$ 410,840	\$ 404,192	\$ 44,192	\$ (6,648)
Traded Sector Subtotal	\$ 1,706,165	\$1,736,996	\$ 1,764,896	\$ 58,731	\$ 27,900
Small Business Working Capital	\$ 0	\$ 154,065	\$ 154,065	\$ 154,065	\$ 0
TOTAL/TARGET	\$ 4,777,437	\$5,045,564	\$ 5,145,564	\$ 368,127	\$ 100,000

*Includes \$100,000 Add Package Request for Neighborhood Economic Development Grants

4) *What is the impact of not spending \$20 million in the Interstate? What is the current project list for this \$20 million?*

Attached is the Draft Proposed Interstate Budget that includes an additional \$20 million in reallocated program funding to Housing activity between FY 2014-15 and FY 2018-19. Note that this budget also adds \$6.6 million in Housing, Economic Development and Infrastructure projects from FY 2013-14 into FY 2014-15 as planned carryover. The revised total for Housing expenditures is \$38 million and the revised total for all other expenditures is \$41.5 million when adding FY 2013-14 carryover.

This draft includes reductions in opportunity budget line items (i.e. grant funds, business loans and redevelopment loans) that were previously included in the Requested Budget provided on February 3, 2014. However, it is still out of balance by \$3.8 million, requiring additional reductions or resources. Staff is reviewing this draft with stakeholders in April and will be coming back to Council on May 14 with additional changes that balance the Five-Year Forecast.

5) *What's the total cost/liability for Union Station?*

A goal of the phase of work being initiated now at Union Station is to give PDC an updated scope of necessary repairs and associated cost estimate based on actual preliminary design work. PDC's prior estimate is based on a conceptual facility assessment without design – and baseline assumptions have changed. Knowing that there is much work to update costs based on design work, the rough estimate is \$30 million for the remaining repairs. This is for the Station only, and does not include any improvements to the tracks or passenger platforms. PDC does not have useful estimates for this work and some costs would be shared with Amtrak.

I. PDC – FY 2012/13 OVERVIEW

Program	# of BIZ	PDC Financial Assistance	Private or Outside Investment	Total Investment	Est. Construction Jobs	Leverage Ratio
Business Finance	5	\$656,000	\$2,277,311	\$2,933,311	20	1:3
Enterprise Zone	8	\$8,550,119	\$145,350,000	\$153,900,119	1032	1:17
Storefront	107	\$1,847,457	\$6,109,952	\$7,957,408	53	1:3
Green Features Grant Program	11	\$185,004	\$361,349	\$546,354	4	1:2
Redevelopment Loan Fund	4	\$2,670,500	\$17,982,795	\$20,653,295	139	1:7
Portland Seed Fund*	19		\$16,933,460			
Clean Energy Works	31	\$1,712,245	\$ 11,060,289	\$12,772,534	78	1:6
Totals	185	\$15,621,325	\$ 200,075,156	\$198,763,021	1326	1:13

* Investment of \$700,000 by PDC into fund in prior years

- Total of **591 jobs created** and retained from business development financial assistance activities (*432 new jobs, 103 from recruitment, 159 retained*)
- Total of 39 Portland businesses financially assisted through business loan, redevelopment loan, ezone or Portland Seed Fund (*29 small businesses*)

II. TRADED SECTOR – FY12/13 Performance

Business Assistance - PDC traded sector economic development staff completed **~250 business visits** focused on direct and referral assistance to support retention and expansion of local companies. Staff provided assistance as outlined in the table below:

Assistance Type	Analysis/ Research	Site Development	Supply Chain	Partnership Dev.	Exports/ International	Cluster Development	Product Deployment
Assists	25	66	26	140	72	104	51

Entrepreneurship Support - the Portland Seed Fund

Metric	Actual Performance (cumulative)
City contribution	\$700,000
Total fund size	\$3.12 million
Private capital leverage (Fund)	3:1
Private capital leveraged (companies)	~21:1
Jobs created	200+
Company exits	1

III. Neighborhood Economic Development – FY12/13 Performance

Main Street (MS) and Neighborhood Prosperity Initiative (NPI) Network

Year, Program	Volunteer Hours	Net Businesses	Net FTE	Net PTE	Total Jobs	Operations Leverage
FY 10-11, MS	10881	10	8	4	12	\$ 159,000
FY 11-12, MS	10252	24	81	50	131	\$ 197,137
FY 12-13, MS	9043	15	80	13	93	\$ 267,631
FY 12-13 NPIs*	8896	--	--	--	--	\$ 213,500

* Initial year of data collection; baseline information collection in process

Adult and Youth Workforce Development

- Total of 760 adult and youth participated in workforce development and training services; all customers have incomes of 60% median family income and below and most face significant barriers to employment.

Metric	Actual Performance
Adult WF Participants	273 enrollees (167 graduates in the cohort)
Adult WF Participants of color	42% of graduates and 46% of enrollees
Adult Avg % change in wage	61%
Youth Participants	487 (103: paid internship; 96: GED / diploma; 39: Training Certificate)
Youth Participants of color	66%

Small & Micro Business Technical Assistance

- Total of 476 small and micro businesses received services through local technical assistance providers; services focused on small and micro businesses owned by a person of color, a person with limited English proficiency; a person with low to modest income (<80%MFI; 120% MFI); or located in targeted areas of North, Northeast, and East Portland.

Metric	Micro	Small Biz
Businesses served	257	219
Technical assistance hours	8,500	3,800
Businesses of color served	66%	56%
English proficiency	37%	26%
Owner MFI range	<80% MFI	<120% MFI
Avg client satisfaction ranking	4.6 out of 5	4.15 out of 5
Avg value to client ranking	3.7 out of 5	3.28 out of 5

Draft Proposed Interstate URA FY 2014-15 / Five-Year Forecast

	Revised- 2 FY 2013-14	Draft Proposed FY 2014-15	Forecast FY 2015-16	Forecast FY 2016-17	Forecast FY 2017-18	Forecast FY 2018-19
Interstate Corridor URA						
Resources						
Beginning Fund Balance	12,852,946	12,162,032	-1,805,512	-321,629	-1,501,912	-2,005,796
Fees and Charges	211,451	1,536	2,008	1,408	3,216	2,280
Interest on Investments	40,000	30,000	30,000	30,000	30,000	30,000
Loan Collections	1,219,110	199,399	260,667	182,747	417,542	295,954
Long Term Debt	0	0	3,000,000	0	0	0
Property Income	197,040	787,292	197,040	197,040	197,040	197,040
Reimbursements	40,112	40,112	40,112	40,112	40,112	40,112
Short Term Debt	11,488,500	11,488,500	11,286,534	11,488,500	11,488,500	11,488,500
Total Resources	26,049,159	24,708,871	13,010,849	11,618,178	10,674,498	10,048,090
Requirements						
Program Expenditures						
Administration						
Financial Administration						
A45101370 Debt Management-ISC	27,000	22,532	22,532	22,532	22,532	22,532
Total Administration	27,000	22,532	22,532	22,532	22,532	22,532
Business Dev						
Business Lending						
L02100370 BIF-General-ISC	400,000	8,575,000	575,000	575,000	575,000	575,000
Small Business & Community Dev						
B55710370 Main Street-ISC	74,000	75,000	75,000	75,000	75,000	75,000
B55800370 Business Development-ISC	1,000	11,000	11,000	11,000	11,000	11,000
B55900370 Community Development-ISC	72,500	70,000	70,000	70,000	70,000	70,000
Traded Sector Business Dev						
B15100370 Cluster Development-ISC	1,500	0	0	0	0	0
T01069370 Lean Manufacturing-ISC	70,000	50,000	50,000	50,000	50,000	50,000
Total Business Dev	619,000	8,781,000	781,000	781,000	781,000	781,000
Infrastructure						
Parks						
N37017315 Bridgeton-ISC-Adm	0	1,500,000	0	0	0	0
N37017415 Dawson Park-ISC-Adm	1,700,000	300,000	0	0	0	0
N37017515 Small Scale Improv-ISC-Adm	50,000	0	0	0	0	0
N37081015 Albina Triangle Mgmt-ISC	4,880	1,000	1,000	1,000	1,000	1,000
Transportation						
N37032115 Interstate Trans-ISC-Adm	160,000	0	0	0	0	0
N37037615 Denver Streetscape-ISC-Adm	48,500	331,500	0	0	0	0
N37037715 Killingsworth Stscape-ISC-Adm	100,000	3,100,000	900,000	0	0	0
N37037815 Lombard Investment-ISC-Adm	70,000	1,600,000	1,000,000	1,000,000	0	0
Total Infrastructure	2,133,380	6,832,500	1,901,000	1,001,000	1,000	1,000
Housing						
Housing						
H15410370 Home Repair Projects-ISC	704,250	500,000	500,000	500,000	500,000	1,000,000
H15420370 Home Buyer Assistance-ISC	724,971	500,000	500,000	500,000	500,000	1,000,000
H15430370 Affordable Rental Hsg-ISC	1,340,991	400,000	400,000	650,000	2,600,000	1,500,000
H15440370 Beech St Apartments-ISC	874,350	135,650	0	0	0	0
H15900370 PHB Staff & Admin-ISC	865,334	818,505	793,527	925,055	1,045,092	1,500,000
H15901370 King-Parks-ISC	36,482	1,240,000	0	0	0	0
H15906370 Killingsworth Station-ISC	257,675	24,695	0	0	0	0

Draft Proposed Interstate URA FY 2014-15 / Five-Year Forecast

	Revised- 2 FY 2013-14	Draft Proposed FY 2014-15	Forecast FY 2015-16	Forecast FY 2016-17	Forecast FY 2017-18	Forecast FY 2018-19
NEW - Housing - TBD	0	2,500,000	4,000,000	5,500,000	4,000,000	4,000,000
Total Housing	4,804,053	6,118,850	6,193,527	8,075,055	8,645,092	9,000,000
Property Redevel						
Commercial Property Redevelopm						
P37050215 Vanport III-ISC-Adm	10,000	10,000	0	0	0	0
P37050315 MLK Gateway Improve-ISC-Adm	17,000	0	0	0	0	0
P37051015 Jefferson Frontage-ISC-Adm	36,405	0	0	0	0	0
P37054815 Kenton Redev Dtwm-ISC-Adm	20,000	150,000	0	0	0	0
P37060125 Nelson Bldg-Indust-ISC-Adm	606,770	233,983	83,983	83,983	83,983	83,983
P37060135 Nelson Bldg-Retail-ISC-Adm	170,630	150,789	789	789	789	789
P37060145 Spar-Tek Building-ISC-Adm	25,307	23,485	23,485	23,485	23,485	23,485
P37060155 Argyle Lot-ISC-Adm	5,930	5,930	5,930	5,930	5,930	5,930
P37060325 Former Living Color-ISC-Adm	140	140	140	140	140	140
P37060335 Frmr WalnutPark Thtr-ISC-Adm	500	500	500	500	500	500
P37060345 Frmr Wirfs Whse -ISC-Adm	1,300	1,300	1,300	1,300	1,300	1,300
P37060365 Frmr Wirfs Whse 1-ISC-Adm	2,500	2,500	2,500	2,500	2,500	2,500
P37060415 C&M Motors Lot-ISC-Adm	91,834	56,988	6,988	6,988	6,988	6,988
P37060515 Reiss House-ISC-Adm	10,045	10,195	10,195	10,195	10,195	10,195
P37090015 Project Development-ISC-Adm	50,000	20,000	20,000	20,000	20,000	20,000
P37091015 Public Outreach-ISC-Adm	5,000	5,000	5,000	5,000	5,000	5,000
Commercial Real Estate Lending						
R01100370 CPRL-General-ISC	300,000	1,275,000	1,275,000	1,275,000	1,275,000	1,275,000
Community Redevelopment Grants						
G02100370 DOS-General-ISC	150,000	120,000	150,000	150,000	150,000	150,000
G03100370 SIP-General-ISC	800,000	600,000	600,000	600,000	600,000	600,000
G04100370 GFGP-General-ISC	200,000	0	0	0	0	0
G01100370 CLG-General-ISC	300,000	300,000	300,000	300,000	300,000	300,000
Total Property Redevel	2,803,361	2,965,810	2,485,810	2,485,810	2,485,810	2,485,810
Total Program Expenditures	10,386,794	24,720,692	11,383,869	12,365,397	11,935,434	12,290,342
Personal Services	802,485	434,202	492,049	193,649	193,318	411,725
Transfers - Indirect	2,697,848	1,359,489	1,456,561	561,044	551,542	1,156,921
Total Fund Expenditures	13,887,127	26,514,383	13,332,479	13,120,090	12,680,293	13,858,988
Contingency	12,162,032	-1,805,512	-321,629	-1,501,912	-2,005,796	-3,810,898
Ending Fund Balance	0	0	0	0	0	0
Total Requirements	26,049,159	24,708,871	13,010,849	11,618,178	10,674,498	10,048,090

Notes:

- (1) Includes recommended FY 2013-14 Revised 2 Budget changes and carryover for FY 2014-15
- (2) Adds \$6.6 million to beginning fund balance in FY 2014-15 Draft Proposed Budget.
- (3) Includes initial requested amounts for Infrastructure and Housing from FY 2014-15 Requested Budget
- (4) Adds \$20 million as Housing(TBD).