

Tom Kelly
Chair

DATE: March 27, 2017

Gustavo J. Cruz, Jr.
Commissioner

TO: Mayor Ted Wheeler

Mark Edlen
Commissioner

FROM: Kimberly Branam, PDC Executive Director

Alisha Moreland-
Capuia
Commissioner

SUBJECT: FY 2016-17 Spring Budget Monitoring Report

William Myers
Commissioner

Ted Wheeler
Mayor

Kimberly Branam
Executive Director

The Portland Development Commission (PDC) is pleased to submit its spring budget monitoring report. Included in this report is the request to carryover \$100,000 in current year funding to FY 2017-18 for priorities that are underway, but are not expected to fully be expended as of June 30, 2017. Also included are updates on the status of current year General Fund decision packages.

Requested Carryover from FY 2016-17 to 2017-18:

**Mayor's Innovation Fund: Bridging the Digital Divide for Disadvantaged Businesses:
\$70,000**

PDC requests \$70,000 of the original \$90,000 budget to be included in the FY 2017-18 budget. PDC was the recipient of \$90,000 from the Mayor's Innovation Fund in FY 2015-16. Our original timeline for this project was to prepare an RFP with the hopes of opening a web clinic in 2016 to support entrepreneurs of color develop and enhance a web presence. Work on the RFP stalled due to staff capacity.

During FY 2016-17, staff determined the best use of funds to achieve the original goals would be to support the second phase of Mercatus by growing the online platform (founded by PDC) which highlights entrepreneurs of color through storytelling and a comprehensive business inventory.

PDC seeks to support the growth of the directory in the following ways:

- Outreach – help identify businesses that could benefit from joining the platform, specifically entrepreneurs of color.
- Assist businesses in establishing their business profile which would include contact info, “about” text and images.
- Hold several events annually, geared toward showcasing Mercatus businesses and increasing access to new markets (e.g. Travel Portland partnership around tourism industry).

Project outcomes will be tracked by the increase in number of businesses on the site. Specific metrics include:

- At least 200 new businesses added to the directory
- 100 businesses have a complete business profile, which includes contact information, narrative of business/service, photos, etc
- 10 businesses enter a new market (based on growth in accounts) resulting from participation in the Mercatus
- Positive sales and business growth case studies
- Expansion of the storytelling aspect of the site, featuring new businesses added through Phase 2

PDC estimates that \$20,000 will be spent by June 30, 2017 supporting initial outreach efforts. PDC requests the balance of the program funding (\$70,000) move to FY 2017-18. Key deliverables and estimated costs are detailed below:

Current Fiscal Year: April/May 2017 - June 30, 2017

Deliverable	Funding
Begin initial outreach to Latino, Asian and Native American businesses	\$20,000

FY 2017-18

Deliverable	Funding	Timing
Business Outreach and Profile Development for Latino, Asian and Native American businesses	\$45,000	Q1-Q2
Develop & Execute Mercatus Marketing and Communications	\$6,000	Q1-Q2
Website and Membership Management	\$12,000	Q1-Q2
Website Fees: Squarespace (\$216), MembershipWorks (\$588), misc	\$1,000	Q2
Pop up events and speaker series (2-4)	\$6,000	Q2-Q4
TOTAL	\$70,000	

Entrepreneurship: \$30,000

PDC is providing a \$55,250 loan to Portland Economic Investment Corporation (PEIC) for ongoing operations to cover operations from 2017 through 2019. The PEIC is the entity

that serves as Limited Partner (LP) for two publicly backed funds – Portland Seed Fund II (PSF II) managed by Bridge City Management, and the Inclusive Fund managed by Elevate Capital. PEIC received \$750,000 from PDC for investment in Portland Seed Fund II and received \$500,000 from PDC for investment in the Inclusive Startup Fund (ISF). The monitoring of these two funds are the only programmatic activities PEIC has engaged in to date.

PEIC has no revenue source to pay for basic operating costs such as tax preparation, business license fees, insurance, bank trust account fees and legal services. To cover those costs, PDC granted PEIC \$55,000 along with the investment in PSF II and another \$50,000 along with the investment in ISF.

PDC will disburse \$25,250 in April, 2017 to support current operations, but plans to hold disbursement of the remaining \$30,000 until April, 2018.

Current Year Decision Package Status

Add Packages:

Living Cully: \$211,000 – In progress

One-time General Fund support for neighborhood economic development projects in the Cully neighborhood. PDC anticipates that the funds will be fully disbursed and drawn by June 30, 2017.

Venture Portland: Business Association Pilot: \$166,036 - Complete

One-time General Fund support Venture Portland's pilot program to bolster business associations outside of the Central City. In 2015, Venture Portland launched the East Portland Pilot Project, a 12 month effort supporting six established East Portland neighborhood business districts. This funding is for a one-year catalytic project designed to respond to the disparity among Portland's business associations. Funds have been fully disbursed to Venture Portland.

Old Town/Chinatown Action Plan District Management: \$30,000 – Complete

This package represents the second year of one-time General Fund support to implement a three year funding plan. City funds paired with community-raised funds are being used to procure services necessary to develop and implement a strategic outreach and communications plan (“Strategic Plan”), including a unified vision for the neighborhood, and definition of deliverables and metrics for implementation. Current year funds have been fully disbursed. The remaining two years of the program are

focused on implementation of the Strategic Plan and making refinements as necessary based on performance metrics and funding levels. The third and final year of funding was included in PDC's FY 2017-18 Requested Budget as a one-time add-package.

Portland Mercado: \$20,000 - Complete

This package was added by Council during the Fall BMP budget. PDC was to assess the damage to the food cart pod Portland Mercado, and provide financial assistance for repairs to affected businesses. The intent of the \$20,000 allocation was to backstop other funding for repairs, inclusive of donations and insurance funds, which needed to be fully expended prior to disbursement of funds from PDC. PDC does not anticipate the funds being drawn.

Realignment Packages:

Cluster/Entrepreneurship Support Realignment: \$24,877 – In progress

PDC reallocated \$24,877 of Cluster Development ongoing funds (business recruitment) to Entrepreneurship within the Traded Sector program, as most business recruitment work has been transferred to Greater Portland Inc. and PDC will be more focused on entrepreneurship ecosystem capacity building. Staff is currently engaged in a selection process for the Small Business Technical Assistance Partnership. First contracts are anticipated to be in place by the end of the fiscal year. PDC plans to disburse these funds to selected providers before end of fiscal year via a grant agreement.

Adult/Youth Workforce Realignment: \$20,239 – In progress

PDC reallocated \$20,239 Small and Microenterprise Business Development Program to Workforce Development Program based on prior year forecasts of program management/staffing activity between the programs. Realignment is complete and charges are ongoing as the programs are implemented.

Cut Packages:

Greater Portland: (\$50,000) – Complete

For the prior four years, the City of Portland invested \$100,000 annually in GPI to lead regional economic development. The City's General Fund investment focused primarily

on marketing and branding the region to business stakeholders, coordinating local business retention/expansion projects where multiple greater Portland jurisdictions are under consideration, and managing regional business relocation projects, including responding to recruitment related Request for Information (RFI) and Request for Proposals (RFP). With the reduction package, PDC is providing a \$50,000 investment going forward, reducing the city's contribution to the organization by 50%. PDC requested additional funding of \$25,000 to support GPI's implementation of the Greater Portland 2020 program in the FY 2017-18 Requested Budget. Current year funds are expected to be fully disbursed by June 30, 2017.

Small Business Working Capital: (\$111,923) – Complete

This package reduced the Small Business Working Capital program from \$161,923 to \$50,000. The purpose of the Small Business Working Capital Program is to increase access to capital for small businesses with an emphasis on businesses that have historically faced barriers accessing financing from traditional lenders. The program is currently administered through Micro Enterprise Services Organization (MESO). With implementation of this reduction, \$50,000 remains in current year funding to continue the program in FY 2016-17. The grant will be funded prior to June 30, providing additional support to approximately 25 businesses.

SE Works Youth Transition Program: (\$40,956) - Complete

This package removed funding for the SE Works Youth Transition Program. The Youth Transition Project is a youth workforce development program that is focused on serving at-risk low-income 16-21 year olds. The Program seeks to break the cycle of poverty through attainment of a General Education Diploma (GED) and successful transition to college. This reduction package eliminated the City's participation in this program.