

FINANCIAL IMPACT STATEMENT
For Council Action Items
(Use this form for Ordinances and Resolutions)
(Deliver original to Financial Planning Division. Retain copy.)

1. Name of Initiator Andy Reed, Enterprise Zone Program Manager	2. Telephone Number 503/823-7053	3. Bureau/Office/Dept. Portland Dev. Commission
4a. To be filed (date) December 8, 2010	4b. Calendar (Check One) Regular Consent 4/5ths [X] [] []	5. Date Submitted to FPD Budget Analyst: November 30, 2010

1) Legislation Title:

* Authorize the Portland Development Commission ("PDC") to pursue an expansion of the Portland Enterprise Zone ("E-Zone") to add property at 7700 NE Ambassador Place. (Resolution)

2) Purpose of the Proposed Legislation:

This resolution authorizes the Portland Development Commission, as the Portland E-Zone Manager, to complete and submit an application to the Oregon Business Development Department to amend the Portland E-Zone boundary, adding the property at 7700 NE Ambassador Place to the E-Zone.

3) Revenue:

Will this legislation generate or reduce current or future revenue coming to the City? If so, by how much? If new revenue is generated identify the source.

This legislation will not generate or reduce current or future revenue.

4) Expense:

What are the costs to the City as a result of this legislation? What is the source of funding for the expense? (Please include costs in the current fiscal year as well as costs in future years) (If the action is related to a grant or contract please include the local contribution or match required)

The projected costs to PDC for administering the proposed changes to the E-Zone boundary are confined to staff time, which is budgeted in PDC's 2010-11 Adopted Budget. When Rentrak applies for the E-Zone program, PDC will collect an administrative fee equal to 1/10 of one percent of the estimated capital investment, and, after completed, PDC will collect 15 percent of the total amount of the annual abatement which goes into the E-Zone Workforce Training and Business Development Fund.

If approved, Rentrak may apply for up to five years of property tax abatement on the value of the new, qualifying investment to the property. Once the applicant exits the program, the value of the improvements are placed back on the tax rolls and the full amount of the taxes is distributed to the taxing jurisdictions thereafter. We anticipate the value of the abated taxes to range from \$35,000-\$65,000 over five years.

For Rentrak, the most attractive aspect of being included in the E-Zone is to leverage income tax credits associated with the E-Commerce designation. The company will be eligible for a 25 percent tax credit on qualifying E-Commerce investments in a total amount not to exceed \$2 million in credits per year. Rentrak projects up to \$4 million per year (\$500,000 worth of tax credits) in eligible e-commerce capital expenditures.

Staffing Requirements:

5) Will any positions be created, eliminated or re-classified in the current year as a result of this legislation? *(If new positions are created please include whether they will be part-time, full-time, limited term or permanent positions. If the position is limited term please indicate the end of the term.)*

No position changes are anticipated.

6) Will positions be created or eliminated in future years as a result of this legislation?

No position changes are anticipated.

Complete the following section only if an amendment to the budget is proposed.

7) Change in Appropriations *(If the accompanying ordinance amends the budget please reflect the dollar amount to be appropriated by this legislation. Include the appropriate cost elements that are to be loaded by accounting. Indicate "new" in Center Code column if new center needs to be created. Use additional space if needed.)*

Fund	Fund Center	Commitment Item	Functional Area	Funded Program	Grant	Amount

Andy Reed, Portland Development Commission

APPROPRIATION UNIT HEAD (Typed name and signature)

*Jim J. Jachley for Bruce A. Weiner
12/8/10*

FOR MAYOR'S OFFICE USE ONLY

Reviewed by Bureau Liaison _____

TO: Mayor Sam Adams**FROM:** Bruce A. Warner, Executive Director**RE:** Authorize the Portland Development Commission to pursue an expansion of the Portland Enterprise Zone to add property at 7700 NE Ambassador Place. (Resolution)

1. **INTENDED THURSDAY FILING DATE:** December 8, 2010
2. **REQUESTED COUNCIL AGENDA DATE:** December 15, 2010
3. **CONTACT NAME & NUMBER:** Andy Reed 823-7053
4. **PLACE ON:** CONSENT REGULAR
5. **BUDGET IMPACT STATEMENT ATTACHED:** Y N N/A
6. **(3) ORIGINAL COPIES OF CONTRACTS APPROVED AS TO FORM BY CITY ATTORNEY ATTACHED:** Yes No N/A
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7. BACKGROUND/ANALYSIS

Introductions/History – This action authorizes the Portland Development Commission (“PDC”), as the Portland Enterprise Zone (“E-Zone”) Manager, to complete and submit an application to the Oregon Business Development Department to amend the Portland E-Zone boundary, adding the property at 7700 NE Ambassador Place to the E-Zone in order to allow the principal tenant, Rentrak Corporation (Rentrak), to apply for the E-Zone tax abatement and E-Commerce programs. Approval of Rentrak’s participation in these programs will allow it to make substantial new investments in the property, hire additional staff and maintain its headquarters in Portland.

The proposed boundary amendment will add a 3.66 acre piece of property at 7700 NE Ambassador Place to the E-Zone. This addition increases the total acreage of the Portland E-Zone from 7,552 acres to 7,556 acres. The property consists of a four-story, class-A office building, owned by J & R Airport LLC (through a long term lease from the Port of Portland) and is approximately 73,000 square feet. Its primary tenant is Rentrak who leases approximately 85 percent of the building. Rentrak currently has 230 employees. The company specializes in the audience measurement and analytical research of the full array of media sources including videos, television shows, movies and cable. A majority of their sales are generated from web-based technology, making Rentrak eligible for the E-Commerce program.

The amount of the benefits accruing to Rentrak is tied to the level of capital investment made to the building (e.g., tenant improvements) and in eligible E-Commerce investments such as server rooms, computer equipment, hardware and software. Tentatively, Rentrak and the building owner anticipate investing up to an estimated \$1 million in eligible capital improvements, and Rentrak will hire an estimated ten new employees per year over the next five years. Rentrak is currently considering a very competitive offer to move its headquarters to Washington State. PDC, the Port of Portland, and the State of Oregon are working collaboratively to find resources to keep this important company in Portland, and the E-Zone and E-Commerce programs are key elements of that strategy.

In addition to the private investment and job creation requirements, the public benefits derived from the E-Zone/E-Commerce program include: 1) increased business opportunities for companies within the E-Zone through the program’s local procurement requirement; and 2) payment of 15 percent of the value of the tax abatement into the Business Development and Workforce Training Fund to support local job training and financial assistance to small businesses in the area.

Legal Issues – None

Link to Current City Policies – Resolution No. 36785, adopted by City Council May 5, 2010, established the City of Portland Enterprise Zone Policy.

<http://efiles.ci.portland.or.us/webdrawer/rec/3782273/view/36785%20Portland%20Enterprise%20Zone%20Policy%20amendment%20and%20Community%20Contribution%20Funds%20exhibits.PDF>

Controversial Issues – None

Citizen Participation – All taxing jurisdictions were notified of the pending request on November 16th, 2010. The list of the taxing jurisdictions includes:

- Mt. Hood Community College
- Parkrose School District No. 3
- Multnomah County
- Multnomah Education Service District (MESD)
- Tri-County Metropolitan Transportation District (Trimet)
- Portland Community College
- Portland Public Schools
- Port of Portland
- Metro
- East Multnomah Soil and Water

Other Government Participation – The Port of Portland officially supported the Recommendation on December 8, 2010. The PDC Board also approved pursuing the expansion amendment at a public hearing on December 8, 2010. At the hearing Multnomah County Chair Jeff Cogen testified in favor of the action.

8. FINANCIAL IMPACT

No financial impact is anticipated for the City of Portland.

The projected costs to PDC for administering the proposed changes to the E-Zone boundary are confined to staff time, which is budgeted in PDC's 2010-11 Adopted Budget. When Rentrak applies for the E-Zone program, PDC will collect an administrative fee equal to 1/10 of one percent of the estimated capital investment, and, after completed, PDC will collect 15 percent of the total amount of the annual abatement which goes into the E-Zone Workforce Training and Business Development Fund.

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9. RECOMMENDATION/ACTION REQUESTED

Approve the resolution directing PDC to pursue an expansion of the E-Zone to add property at 7700 NE Ambassador Place.