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## A Message from Patrick Quinton Executive Director

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To the Members of the Portland Development Commission (PDC) and Portland City Council:

Portland has emerged from the worst economic recession in a generation to produce impressive gains in jobs and business growth

Serving at the nexus of the public and private sectors, PDC has been at the forefront of this success story. Working in partnership with for-profit, non-profit, government and community stakeholders, we have delivered on our mission: *to create one of the world's most desirable and equitable cities by investing in job creation, innovation and economic opportunity throughout Portland.* Executing on behalf of the Portland City Council and the PDC Board, PDC has met significant milestones in the implementation of the City's Economic Development Strategy and PDC's 2010-2014 Strategic Plan.

- We surpassed the goal of creating 10,000 new jobs by 2014, with nearly 25,000 net new jobs since July 2009
- We implemented a new, more ambitious and comprehensive Equity Policy
- We have grown our investments in East and outer Northeast Portland by bringing new resources to six historically underserved neighborhoods
- We have expanded and diversified our base of stakeholders and advisors
- We are aligning our staffing and overhead with our long term resources as mandated by our role as stewards of public dollars.
- We are pursuing stable, self-sustaining resources to allow PDC to remain a vital resource and partner in the City's efforts to achieve greater prosperity and equity for all Portlanders.

The enclosed FY 2013-14 Budget for PDC reflects the agency's aggressive efforts to promote strong traded sector job creation, thriving small businesses and neighborhood commercial corridors, in pursuit of the goal of prosperity shared by Portlanders of all colors, incomes and geographies.

### **BUDGET OVERVIEW AND PROCESS**

The total FY 2013-14 PDC Budget is \$223 million, with \$175 million in expenditures. This budget represents an increase from the past expenditure budget of \$125 million in FY 2012-13. The expenditure budget for FY 2011-12 was \$181 million. For FY 2013-14, our total employee count is 123, reflecting a reduction of 12 positions through vacancies and early retirement. The trend in reduced resources is due to the ongoing decline of TIF resources as URAs continue to spend down their remaining debt or reach final dates to issue indebtedness. We have undertaken significant planning to address the decline and will meet the PDC Board's mandate of 30 percent reduction (from FY 2012-13) in personnel and overhead expenditures by the beginning of FY 2014-15.

The process to create the FY 2013-14 Budget began in November 2012, with the drafting of agency work plans in accordance with PDC's Strategic Plan, stakeholder reviews of priorities and updated resource estimates. This work was reviewed by the PDC Board in January prior to submitting the Requested Budget to the City of Portland. Following production of the Proposed Budget, the budget was presented to Portland City Council for approval in May and adopted by the PDC Board in June.

## **BUDGET HIGHLIGHTS**

### **Neighborhood Business and Social Equity**

FY 2013-14 will be the first full year of operations for five of the six Neighborhood Prosperity Initiative (NPI) districts created by City Council in April 2012. Each of these micro urban renewal areas – all in East and outer Northeast Portland – will invest in small bricks-and-mortar projects, such as storefront and street lighting improvements, to enhance the environment for business success and local prosperity. In addition, in FY 2013-14, PDC anticipates that each NPI district will complete planning for the projects that will be funded with tax increment revenue (TIR) in subsequent years. The NPI program will track metrics such as volunteer hours, net businesses, net part time and full time jobs and private funding.

This budget also marks the implementation of PDC's Equity Policy, created in 2013, which expands the scope and reach of PDC's equity efforts from construction and contracting activities to all PDC investments and programs, as well as internal business practices including staff recruitment and retention.

### **Traded Sector and Entrepreneurship**

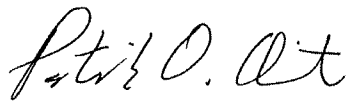
Consistent with the City's Economic Development Strategy, PDC prioritizes investments and focuses resources to help create family-wage jobs and grow target traded sector industries – Advanced Manufacturing, Athletic & Outdoor, Clean Tech and Software – to maximize the city's economic competitiveness. The Traded Sector program also includes cross-industry initiatives focused on export promotion, business attraction, enhancing Portland's entrepreneurial ecosystem, and small business lending. This budget maintains the momentum around PDC's core traded sector initiatives to catalyze measurable job growth and new business formation and attraction.

Over the past three years, the city has contributed \$840,000 to the Portland Seed Fund, which has been a game changer for the city's entrepreneurial ecosystem. Fund metrics emphasize job growth and company capitalization. This budget also includes investment in additional startup companies through the Startup PDX Challenge, and other initiatives that reduce barriers to entrepreneurship and build the foundation of an innovation economy.

PDC uses strategic investments from the City's general fund budget to work directly with businesses and residents, and leverages those funds with larger TIF investments. This more focused use of TIF – whether in the form of business or real estate loans, storefront grants or infrastructure investments - allows PDC to support business development activities that provide economic benefit for all Portland residents and continue our historic role of transforming the built environment.

We appreciate the confidence our Board and City Council have demonstrated in tasking PDC with pursuing the City's job creation and economic growth priorities and look forward to producing results that benefit the entire community in 2013-14.

Sincerely,

A handwritten signature in black ink, appearing to read "Patrick Quinton". The signature is written in a cursive style with a large initial "P" and "Q".

Patrick Quinton  
Executive Director

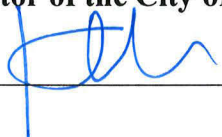
Council to convene as Portland Development Commission Budget Committee to receive the proposed annual budget (Mayor convenes Portland Development Commission Budget Committee)

MAY 15 2013

PLACED ON FILE

Filed MAY 10 2013

**LaVonne Griffin-Valade**  
Auditor of the City of Portland

By 

COMMISSIONERS VOTED AS FOLLOWS:		
	YEAS	NAYS
1. Fritz		
2. Fish		
3. Saltzman		
4. Novick		
Hales		