
A Message from Patrick Quinton Executive Director

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

Portland's economic picture looked much brighter this year with visible and promising signs of growth across the city. Our economic recovery is due in large part to the success of many local companies along with a surge in new development activity.

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 are delivering on our mission to create economic growth and opportunity for Portland.

Yet challenges remain. More than 90,000 people are unemployed, growth in middle-income jobs has not occurred quickly enough, communities of color remain disproportionately impacted by these realities, and not all neighborhoods have benefited from investment.

The FY 2014-15 PDC Budget that will be available on Tuesday, May 13th supports 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 2014-15 PDC Budget is \$233 million, with \$177 million in expenditures. This budget represents an increase from the past expenditure budget of \$125 million in FY 2013-14 primarily due to several projects that have carried over from prior year budgets. The expenditure budget for FY 2012-13 was \$124 million. For FY 2014-15, our total employee count is 95, in our first full year at the targeted 30% reduction in operational costs from the 2012-13 Adopted Budget. We will maintain an ongoing emphasis on streamlining operations to reduce administrative materials and services as much as possible.

The process to create the FY 2014-15 Budget began in November 2013, with the drafting of agency work plans in accordance with PDC's Strategic Plan, stakeholder reviews of priorities and updated resource estimates. This year the PDC budget process included working with our new Central City and Neighborhood budget advisory committees, which provided new perspective and input on PDC's work plans and draft budgets. The PDC Board reviewed the Requested Budget in January prior to submitting it to the City of Portland in February. 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 2014-15 marks the first year of a five-year shift to provide an additional \$20 million in resources for affordable housing in the Interstate Corridor Urban Renewal Area, resulting in the reduction of some business, redevelopment and infrastructure activities, although we have preserved investment in Lombard and Killingsworth Streetscape projects. In addition we are doubling down on our commitment

to Lents and will implement the Lents Action Plan using lending and grant programs and PDC-owned properties.

We will continue our focus on the Neighborhood Prosperity Initiative (NPI) and Main Street Network, building capacity building in NPI districts and providing small business technical assistance. Citywide resources also support our workforce development efforts for both youth and adult populations.

Traded Sector and Entrepreneurship

Portland's growing reputation as a city where the entrepreneurial spirit thrives – and drives job creation – owes a measure of thanks to PDC's ongoing investments in the Portland Seed Fund and the Startup PDX Challenge, small business lending, and a budget that maintains the momentum around our core traded sector initiatives and builds the foundation for an inclusive innovation economy.

Resources remain focused on targeted cluster development – 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 international business development and recruitment, particularly export and foreign direct investment promotion to catalyze measurable job growth and new business formation and attraction.

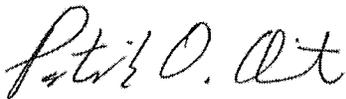
Daimler Trucks North America will break ground on its \$150 million investment in FY 2014-15, supported by the disbursement of PDC's \$8 million loan.

The Central City

The FY 2014-15 Budget shifts resources from Downtown Waterfront to River District to support the Old Town/Chinatown Action Plan. Central Eastside funds will support strategic site redevelopment with a focus tied to the Milwaukie Light Rail alignment; this budget also reflects continued programming for the Convention Center Hotel, Veterans Memorial Coliseum, and the Lloyd Ecodistrict.

While the implementation of proposed URA modifications will begin in budget year 2014-15, this budget will not experience immediate impact. Rather, we'll begin reprogramming resources over a five-year forecast, with River District expected to see reduction in available resources, and both Central Eastside and North Macadam forecasting additional resources. No new tax increment will be collected in the Willamette Industrial URA, and FY 2014-15 will be the second and final year of the Education URA to support existing commitments before retiring that district.

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 2014-15.



Patrick Quinton
Executive Director

