

EXHIBIT A**FY 2016-17 Intergovernmental Service Level Agreement
General Fund Appropriation**

This Intergovernmental Service Level Agreement ("Agreement"), dated this ____ day of ____, 2016 ("Effective Date"), is made and entered into by and between the **City of Portland** (the "City") and the **Portland Development Commission** ("PDC") (collectively the "Parties").

RECITALS

- A.** PDC, as the duly-designated Urban Renewal agency of the City of Portland, is granted broad powers under ORS 457.170 for the planning and implementation of urban renewal projects.
- B.** A cooperative relationship between PDC and the City will be beneficial to the implementation of specific economic development activities including target industry development, entrepreneurial development and community economic development on a citywide basis.
- C.** Funding has been appropriated in the City's FY 2016-17 Adopted Budget to fund the abovementioned economic development activities.
- D.** Both parties desire to enter into an agreement that will establish terms and conditions by which one party will engage and compensate the other party for performing specific services.
- E.** The City Budget Office ("CBO"), as the City's budget liaison to PDC has been identified as the bureau responsible for managing this agreement.

AGREEMENT**1. Parties**

Portland Development Commission
Main Contact: Tony Barnes
City of Portland, City Budget Office
Main Contact: Josh Harwood

2. Term and Termination

This Fiscal Year 2016-2017 Agreement runs from July 1, 2016 to June 30, 2017.

- a. The full amount of funds for 2016-2017 is authorized in the City's FY 2016-17 Adopted Budget.
- b. If funding is authorized for an additional program or transfer, City may add that program or transfer by written amendment to this Agreement, subject to PDC approval.
- c. Either party may terminate the entire Agreement with 30 days prior written notice to the other.

EXHIBIT A p2

- d. If this Agreement is terminated, the City shall reimburse PDC for expenses incurred and funds contractually committed, prior to the date of termination, in the course of performing the activities described in the Scope of Services.

3. Roles & Responsibilities

The City will send funds to PDC pursuant to the terms of Section 4 of this agreement.

4. Scope of Services

The City will provide to PDC a total of \$5,818,465 in funding in the following amounts for the following economic development activities during FY2016-17. PDC shall successfully implement the economic development activities described below and meet the programmatic performance measure targets as defined below:

Programs:

- 1) Neighborhood Economic Development - \$4,013,814 consisting of:

Neighborhood Commercial Corridors (\$1,177,148)

This program consists of:

Main Street Network is a community-led revitalization program designed to stimulate neighborhood businesses. In June 2010, Portland designated Alberta, Hillsdale, and St. Johns as its first three Main Street districts. The districts receive grants for district administration, property and sustainability improvements, and promotional events. PDC also provides technical assistance to the districts in implementation of the Main Street approach, district design support, and organizational capacity building.

Neighborhood Prosperity Initiative focuses on six economically challenged business areas in East and outer Northeast Portland to build the capacity of community-based organizations to become active partners in neighborhood economic development. In addition to ongoing technical assistance and training provided by PDC, the districts will be eligible for a district administration and operations grant, marketing, promotions and branding grant, and a property improvement grant.

Neighborhood Commercial Corridors includes one-time funding for:

- Living Cully Grant (\$211,000). This grant will enable Living Cully Partners (LCP) to reduce its outstanding loan on property at 6921 NE Killingsworth. This property was previously used as a strip club and was purchased by LCP in order to find community-benefiting uses for the property.
- Old Town/Chinatown Economic Development Grant (\$30,000). The Old Town Chinatown Action Plan calls for the dedication of City resources over a three year period (\$30,000/year) to support district management,

EXHIBIT A p3

promotion and programming. The first year of this programming is underway with City General Fund resources. The objective of this work is to coordinate key communications, programming efforts and branded improvements within the neighborhood to increase positive media coverage, bring people living and working in the neighborhood together, and drive interest in the area as a place to do business, spend time and money.

Neighborhood Commercial Corridors also includes an initial appropriation of \$150,000 for transfer of NPI tax increment shared revenue forecast to be received by the City General Fund that will be transferred to PDC in accordance with the Neighborhood Prosperity Initiative for Granted Revenues IGA approved in 2012. The amount will be reconciled in the Spring Budget Monitoring Process based on actual taxes received during FY 2016-17.

Funding for the above programming is intended to produce the following outcomes:

Main Street and NPI Districts Performance Measures	Target FY 2016-17
Number of volunteer hours provided by NPI and Main Streets Districts	35,000
Net number of businesses (NPI and Main Street Districts)	25
Net number of full-time hires (NPI and Main Street Districts)	55
Net number of part-time hires (NPI and Main Street Districts)	30
Operating funds raised by NPI & Main Streets	\$400,000

Venture Portland (\$484,483)

Funds provided to Venture Portland to support training, technical assistance, and small grants to Portland's neighborhood business district associations. The total includes one-time funding of \$166,036 for providing additional support for strengthening North and East Portland Business Associations.

Funding for the above programming is intended to produce the following outcomes:

Venture Portland Performance Measures	Target FY 2016-17
Amount of private funds raised by Business District Associations to match Venture Portland grants	\$300,000
Amount of technical assistance hours to Business District Associations by Venture Portland	1,000

EXHIBIT A p4

Number of training hours provided to Business District Associations by Venture Portland	700
Amount of grants to Venture Portland to support business districts	\$68,000
Number of projects funded by Venture Portland	30
Number of Business District Associations receiving grants from Venture Portland	30
Number of volunteer hours provided by Venture Portland Board Members and other volunteers	1,700

Small Business Support (\$1,014,162)

This is technical assistance for citywide small businesses. This will allow the City to support delivery of these services by qualified non-profit providers. Funding will be directed to fill gaps in business technical assistance services with a focus on stabilizing and growing small businesses with modest incomes, businesses located in economically challenged areas, and businesses whose owners may need services provided in languages other than English.

Included in Small Business Support is the Small and Microenterprise Business Development Program which is intended to spark wealth and job creation for startup entrepreneurs and businesses that have five or less employees and have income at or below 80 percent of Portland's median family income. The program is targeted towards business owners and entrepreneurs in underserved communities.

Small Business Support also includes one-time carryover funding for Innovation Funds of \$90,000 (Bridging the Digital Divide).

Funding for the above programming is intended to produce the following outcomes:

Small and Micro Business Development Program Performance Measures	Target FY 2016-17
Number of technical assistance hours provided by the Small and Micro Business Development Program	15,800
Percent of business owners of color served by the Small and Micro Business Development Program	70%
Percentage of business owners with limited English proficiency served by the Small and Micro Business Development Program	30%
Percent of low-income business owners (Median Family Income at or below 80% at enrollment) served by the Small and Micro Business Development Program	90%
Rating of overall client satisfaction with business technical assistance (range 1-5)	4.5

EXHIBIT A p5

Number of businesses served by the Small and Micro Business Development Program	310
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Workforce EOI (\$1,257,304)

The goal of this program is to raise the incomes of low income Portland residents through workforce development. All participants have incomes of 50 percent or less of the Portland area median family income and often face barriers to employment such as limited English proficiency, criminal histories, homelessness, drug and alcohol addictions, and lack of educational credentials and basic skills.

Funding for the above programming is intended to produce the following outcomes:

Workforce Development Program Performance Measures	Target FY 2016-17
Percentage of youth participants people of color in workforce development	70%
Percentage of adult participants people of color in workforce development	50%
Number of youth participants in workforce development	500
Number of adult participants in workforce development	550

Small Business Working Capital (\$50,000)

The Small Business Working Capital Program is utilized to increase access to capital for small businesses. The aim of the program is promote wealth creation for small-scale, low-income, immigrant, and/or minority-owned firms (target businesses) who aim to grow their businesses. As such, resources are prioritized for businesses that have historically faced barriers accessing financing from traditional lenders.

Funding for the above programming is intended to produce the following outcomes:

Small Business Working Capital Performance Measures	Target FY 2016-17
Number of transactions	10*
Leverage per transaction	Minimum 3:1
Default rate	5%

*Assumes an average loan size of \$15,000

EXHIBIT A p6

Voz (\$30,717)

Annual operating support of the Voz Worker Center that partially funds two positions. One of these positions is the Worker Center Director, who oversees the operations of the Center. This includes marketing the center to potential employers, overseeing the activities of our Wage Theft Legal Team, supervising trainings and classes at the center, and strengthening the infrastructure of the center. This funding and responsibility for contract oversight will be transferred to the City's Special Appropriations office beginning in FY 2017-18.

2) Traded Sector Job Creation & Retention - \$1,804,651 consisting of:

Cluster Development (\$1,252,585)

The City's Economic Development Strategy seeks to raise the national and international competitive profile of four target industry clusters (clean technology; athletic & outdoor; metals and machinery; and software and digital media) through the retention and expansion of local companies and the strategic recruitment of firms to the city. Cluster efforts support creation of middle wage jobs and broadening the talent pipeline to generate inclusive growth in these targeted industries.

The Cluster Initiatives and Business Development Program include:

- Direct and referral business and technical assistance;
- High impact industry initiatives designed to advance the long-term competitiveness of target industry clusters strategic business recruitment; and
- International business development and export promotion.

Entrepreneurship Support (\$552,066)

Fostering entrepreneurship is a core component of the City's efforts to create high-paying jobs, support high-growth firms, commercialize local technologies and encourage broad economic opportunity. This program allocates investment funds to organizations focused on providing access to early-stage capital, mentoring and product development assistance to local entrepreneurs and startups. This program also supports initiatives designed to align resources for women and minority entrepreneurs, attract startups to the city and encourage technology commercialization at local universities.

Funding for the above programming is intended to produce the following outcomes:

Traded Sector Economic Development Performance Measures	Target FY 2016-17
Number of Traded Sector business retention/expansion visits	600+
Number of Traded Sector business relocations (within Portland)	6

EXHIBIT A p7

Number of Traded Sector Startups directly assisted through PDC entrepreneurship or investment programs	90
Number of Traded Sector Business Clients	300+
Number of Traded Sector direct assistance, referral activities	500+
Number of Portland Traded Sector firms receiving export assistance	75
Number of Traded Sector international contracts (Portland only)	10
Number of employees at companies participating in a public benefit agreement or a public pledge that aligns with PDC's and the City of Portland's interest	1,900

5. Deliverables & Payment Schedule**Deliverables from PDC will be as follows**

- a. PDC will provide periodic activity billings. The current year appropriations will be broken out into the following categories: Personnel Services, Materials & Supplies, Financial Assistance, and Overhead and include actuals and balances. Any major contracts (more than \$5,000) included in billings in either Neighborhood Economic Development or Traded Sector programming will be listed with a brief explanation of service provided.
- b. PDC will provide CBO with finalized FY 2015-16 program performance data (i.e. outcomes) and key performance measure data during the first quarter of FY 2016-17, consistent with City bureau reporting expectations. PDC will also provide CBO with updated FY 2016-17 program performance data, key performance measure data, and project-specific metrics upon request throughout the fiscal year.

Payment Schedule

PDC will bill CBO on a periodic basis based on expenditures incurred, unless and to the extent the Parties agree in writing to alternate disbursement or payment arrangements. The total General Fund Special Appropriations is \$5,818,465.

6. Changes to Funding Allocations

The PDC Contract Signatory and the CBO Contract Signatory are authorized to adjust funding levels by program or adjust funding between sub-program categories, through a duly executed amendment to this Agreement, so long as sufficient funds have been appropriated in the City budget to cover the maximum amounts payable for economic development activities by the City under this Agreement, and sufficient funds have been appropriated for these economic development activities in PDC's Budget.

- a. The current year appropriations include up to \$150,000 in General Fund revenue sharing related to the Neighborhood Prosperity Initiative (NPI). Billings for NPI are contingent upon actual taxes collected.

7. Administration & Dispute Resolution**Administration**

EXHIBIT A p8

The Parties will determine the frequency and scope of any necessary City/PDC meetings. The Parties may amend any provision of this Agreement in a writing signed by both parties hereto.

Dispute Resolution

If a dispute arises regarding the terms and conditions of this Agreement, all parties agree to exercise good faith in expeditiously resolving said conflict in the following manner:

- a. All conflicts should first be discussed and resolved, if at all possible, at the staff level.
- b. If the conflict cannot be resolved at the staff level, then the conflict should be elevated to the Main Contacts specified in Section 1 for discussion and resolution.
- c. Any conflicts not resolved by the Main Contracts shall be elevated to the signatories of this Agreement for discussion and resolution.

Approvals

The City of Portland, through the City Budget Office, and the Portland Development Commission have executed this Agreement as of the date on Page 1.

CITY OF PORTLAND**PORTLAND DEVELOPMENT COMMISSION**

Andrew Scott, Budget Director

Kimberly Branam, Executive Director

APPROVED AS TO FORM:

APPROVED AS TO FORM:

City Attorney

Legal Counsel