

# PDC

## PORTLAND DEVELOPMENT COMMISSION

**DATE:** December 13, 2006  
**TO:** Board of Commissioners  
**FROM:** Bruce A. Warner, Executive Director  
**SUBJECT:** Report Number 06-128  
Annual Certifications for EDA Grants

### EXECUTIVE SUMMARY

#### BOARD ACTION REQUESTED

Adopt Resolution Numbers 1 and 2

#### ACTION SUMMARY

The Economic Development Administration of the U.S. Department of Commerce requires annual certifications by the governing body of grantees that grants have been administered in accordance with planned objectives. PDC is a successor grantee to the City of Portland.

Passage of the accompanying resolutions by the Board will comply with federal requirements for the fiscal year ending September 30, 2006. There is a separate resolution for grant 07-39-02093 and one for grant 07-39-02259.

#### RELATIONSHIP TO ADOPTED PLANS AND POLICIES

City of Portland Ordinance 148698, and PDC Resolution No. 2790, adopted on November 3, 1979, along with a related interagency agreement, transferred responsibility for operating the EDA Revolving Loan Fund ("RLF") from the City to PDC.

The RLF programs are operated under terms of the federal grants. They are based upon City of Portland goals set in 1979, when the program began, as adjusted to the area's current economic adjustment strategy.

#### PUBLIC BENEFIT

Certifying the reported plan results will allow PDC the continued use of federal funds to make small business loans, whose ultimate purpose is to preserve and increase jobs. Loan balances at September 30, 2006, and the number of jobs created or preserved by currently active loans, are as follows:

<u>Grant Number</u>	<u>Loan Balance</u>	<u>Total Jobs</u>
07-39-02093	\$ 840,842	Data not required by grant
07-39-02259	\$1,029,701	73

## FINANCIAL IMPACT

The EDA RLF program is self-supporting. All administrative and other costs are reimbursed from program income. Combined program income, compared to combined program costs, are as follows for the fiscal year ended June 30, 2006.

	<u>Program Income</u>	<u>Program Costs</u>
FYE 6-30-2006	\$ 150,448	\$ 50,637

The surplus of income over costs, after deducting \$56,419 of bad debt losses, was added to the RLF capital base.

## RISK ASSESSMENT

Because PDC is acting under a prior Board Resolution, a City Ordinance and an interagency agreement with the City of Portland, there should be no legal risk from complying with the federally required grant certification procedure.

Because the revolving loan funds are self-supporting, there should be no financial risk from adopting the resolutions.

PDC has successfully operated this program for the City for almost 30 years. There do not appear to be significant operational problems which have not been previously addressed.

The RLF program is administered in accordance with City and PDC small business lending policies. There does not appear to be any issue of public trust.

## WORK LOAD IMPACT

The workload of operating the Revolving Loan Funds has been anticipated and entered into the allocation of resources in the FY 06-07 budget. No additional staffing is anticipated to be necessary for completion of this work.

## ALTERNATIVE ACTIONS

No alternative actions are permissible. These certifications are required by 13 CFR Part 308.9 and EDA regulations. Failure to adopt these resolutions would be deemed by EDA to be filing incomplete reports for the federal fiscal year ending September 30, 2006.

A deliberate failure to file complete reports would cause EDA to sequester funds which have not been lent. A persistent failure to certify the reports could lead to cancellation of the grants and a seizure by EDA of all RLF assets.

## PUBLIC PARTICIPATION AND FEEDBACK

The certifications requested by this report are purely an administrative function with no new policy implications. PDC established its policy in relation to the Revolving Loan Funds when it passed Resolution 2790 on November 13, 1979. PDC subsequently entered into an interagency agreement with the City of Portland to administer these grants.

Public participation would appear to be required only if the Commissioners contemplate canceling the interagency agreement with the City of Portland. PDC would then return responsibility for administering the EDA Revolving Loan Funds to the City. Because the grants are administered on behalf of the City, PDC may not make a decision to terminate this program without the consent of the City.

## **CONCURRENCE**

The requested certifications are a purely administrative act by PDC which does not require the concurrence of any outside agency.

The recommended action is in conformance with EDA rules and the Code of Federal Regulations at 13 CFR Part 308.9.

## **BACKGROUND**

PDC has administered EDA grants 07-39-02093 and 07-39-02259 since 1979.

Resolution No. 2790, adopted by the Board on November 13, 1979, authorized PDC to execute an interagency agreement with the City of Portland, on behalf of the City.

The certifications requested by this report are required under 13 CFR Part 308.9 and EDA regulations. A failure to provide the required certifications will violate both federal regulations and the interagency agreement between PDC and the City of Portland.

**CC:** J. Cody, Administration Division Manager  
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