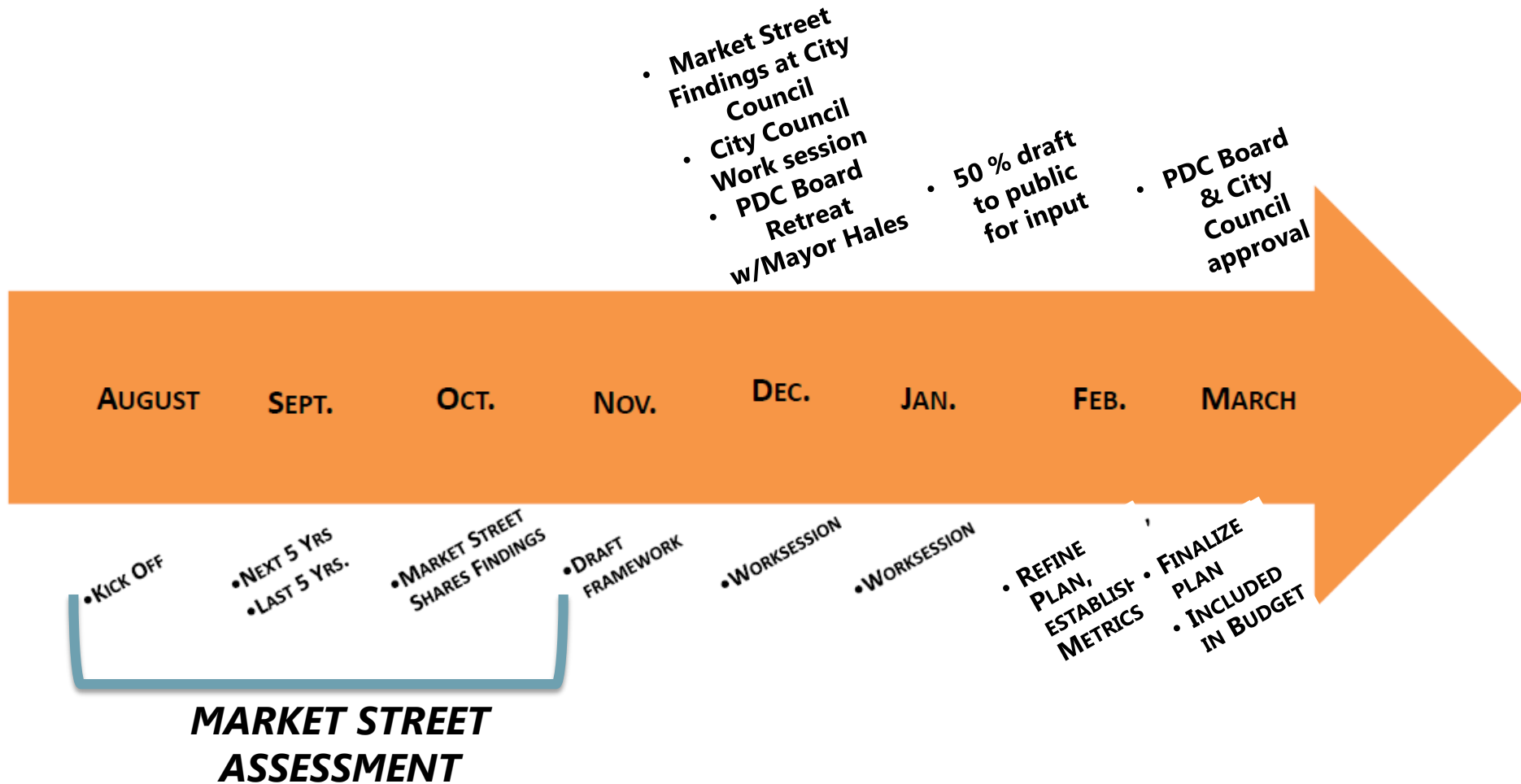


Draft Implementation Assessment: Portland Economic Development Strategy and Neighborhood Economic Development Strategy

December 10, 2014

PDC 2015-2020 Strategic Plan Timeline



Portland Development Commission Economic Development Strategy **Implementation Assessment**

PORTLAND CITY COUNCIL
December 10, 2014

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Agenda for City Council

1. Implementation Assessment key takeaways
2. Greater Portland 2020 update
3. City Council questions and discussion

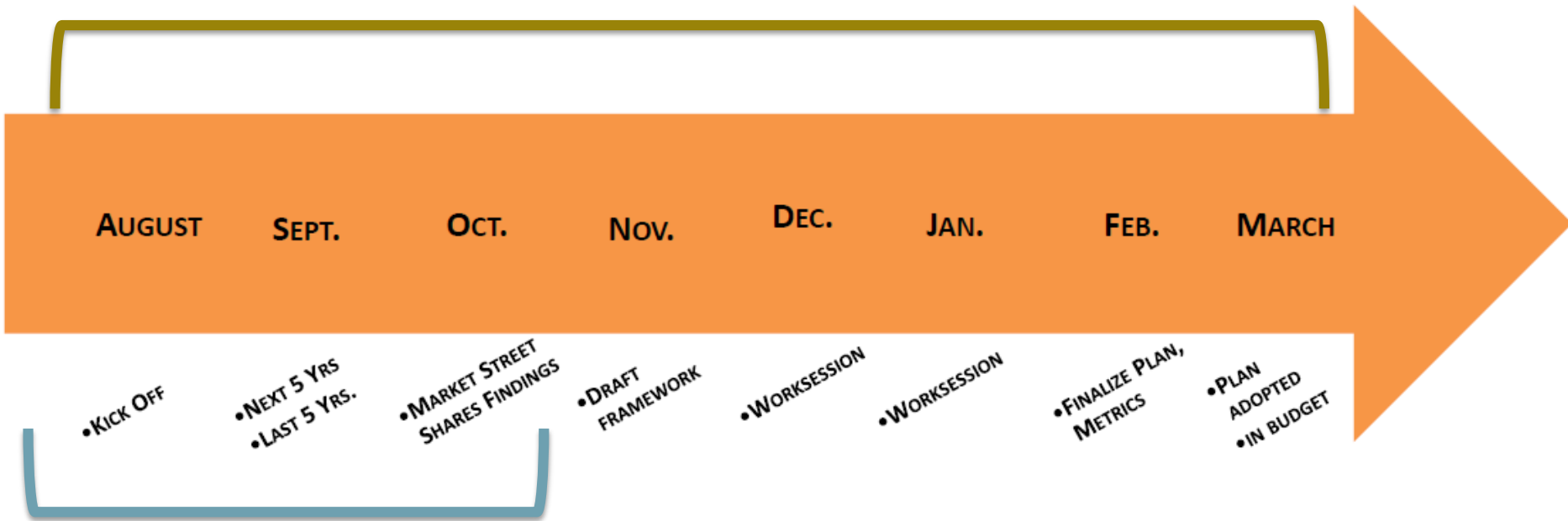
Background on Market Street Services

- Founded in 1997 to support communities interested in holistic community, economic, and workforce development.
- Located in Atlanta, Georgia, Market Street maintains a staff of professionals who excel in quantitative analysis, facilitation, and helping communities create actionable strategies for positive change.
- Our commitment is to a definition of economic development and community improvement that, at its core, is about ***personal wealth creation for all citizens*** and ***building better communities***.
- Current client regions include Nashville, TN; South Shore, MA; Indianapolis, IN; and Sioux Falls, SD.

1. Implementation Assessment Key Takeaways

Implementation Assessment Context

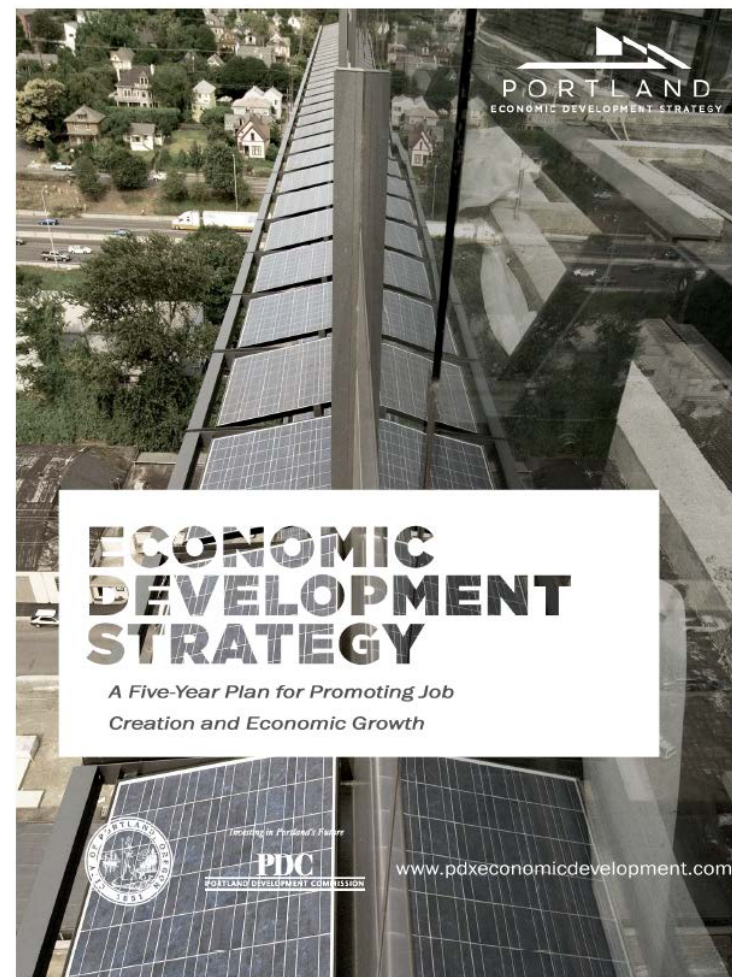
Steering Committee leadership



Market Street scope

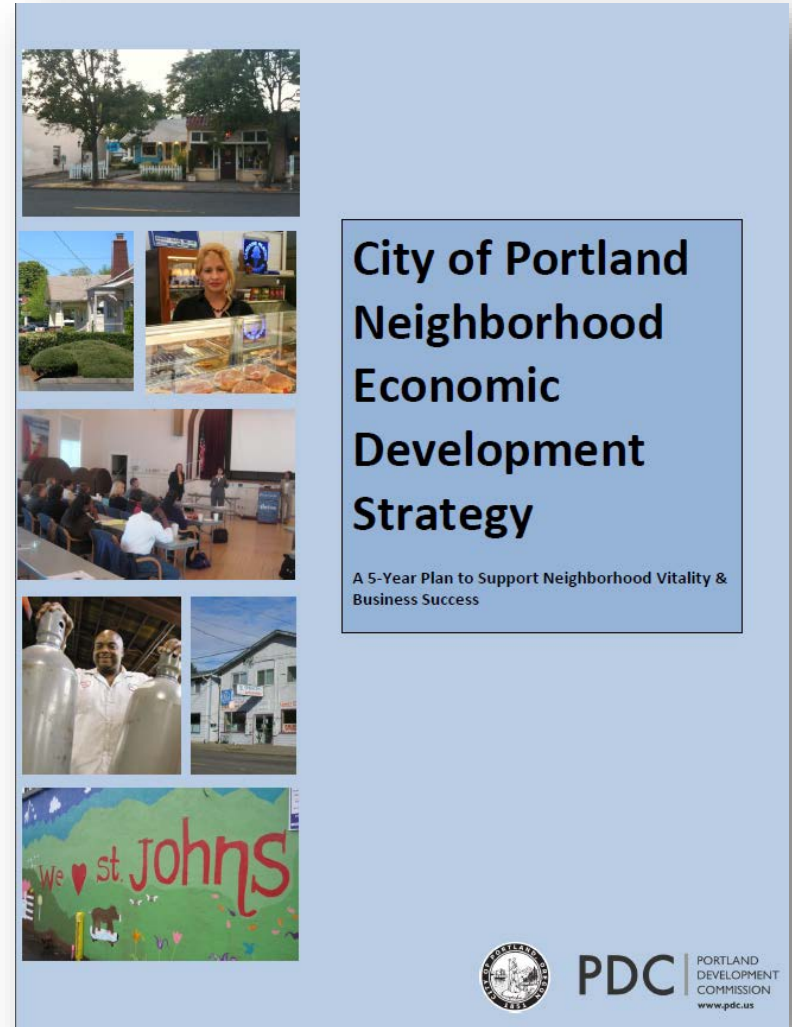
What We Reviewed: 2009 Portland Economic Development Strategy

- Market Street reviewed the Strategy as well as follow-on strategies and action plans, including:
 - Greater Portland Export Plan
 - Action Plan for Entrepreneurial Support in Portland
 - Cluster action plans
 - Status reports and benchmarking/tracking information
 - Organizational structure to implement
- Interviews and focus groups with PDC staff and stakeholders:
 - Entrepreneurship, international/export, and target clusters



What We Reviewed: 2011 Neighborhood Economic Development Strategy

- Market Street reviewed the Neighborhood Economic Development (NED) Strategy
 - Assessment of implementation tracking
 - Identification of successful programs/initiatives implemented since 2010
- Input from NED Leadership Group, technical assistance providers, Neighborhood Prosperity Initiative (NPI)/Main Street Network district managers, and PDC staff



Implementation Assessment

- Rather than focus on what's in the Economic Development Strategy and NED Strategy documents, this Implementation Assessment attempts to capture the activities, challenges, and successes of meeting the goals and vision of these two strategies.
- PDC developed thoughtful, flexible strategies.
 - Each strategy is a living document and has clearly taken on a meaning and impact far beyond what the authors could capture when laying out the initial guidelines.

Strategic takeaways

- **PDC's unique role in Portland**

- PDC should continue pursue those goals and program areas that no other agency can do as the daily bridge between the city and businesses.
- The value of the connections PDC builds through a range of networking events and one-on-one efforts cannot be understated.
- Portland has many complex ecosystems of businesses, people, and organizations, and PDC is the convener of these groups around a shared vision of economic development for the city.

Strategic takeaways

- **PDC is learning—and stakeholders are still learning about PDC**
 - Startup programs like the Export Plan and NPI/Main Streets have been shared learning processes for PDC and their partners—and progress is evident.

Strategic takeaways

- **Trailblazing accomplishments in exports and entrepreneurship**
 - The Greater Portland Export Plan has been one of the most widely-recognized accomplishments since the 2009 Strategy.
 - Creation of the Portland Seed Fund and the Startup PDX Challenge event have also been game changers.

Strategic takeaways

- **The need for an updated cluster portfolio**
 - PDC has a range of expertise and business lines to apply to the clusters that merit the limited resources available for economic development.
 - As PDC further scales its economic development initiatives to the neighborhood level, career ladders and points of entry for lower-skilled workers must be a consideration in cluster decisions.
 - This may not mean adding new clusters but ensuring that the current stable of sectors clearly defines how they can be inclusive to a range of workers and jobs.

Strategic takeaways

- **Neighborhood economic development is complicated work, and requires a culture shift**
 - The biggest change for PDC in all this new economic work was aligning as an organization with the NED Strategy.
 - PDC has improved its flexibility, reporting, expectations, and quality in this work—and very quickly, in a matter of a couple of years.
 - There needed to be a “big culture shift” but “the ship has turned” finally.

Strategic takeaways

- **Building sustainable economic development in priority communities**
 - Sustainability is not only increasing the types of funding that NED can leverage, but how deeply the city embraces NED as a core function to build community wealth.
 - Stakeholders were adamant about the public sector's role in always funding this type of work.

Strategic takeaways

- **Opportunities to leverage more players**
 - NED: City Action Team, property owners, and real estate developers
 - Evolution of the NED Leadership Group
 - Economic Development: Higher education, regional partners

Strategic takeaways

- **Economic development is a marathon, not a sprint.**
 - The true measure of PDC's successes in economic development at the neighborhood and citywide levels: sustaining and advancing recent years' momentum and innovation into the next strategic cycle.
 - Without the capacity and resources to better align, communicate, and share resources among partners, the work will be in vain.
 - An updated strategy will ensure that the Economic Development Strategy and NED Strategy priorities and vision continue to expand and influence the Portland economy, leading the city in opportunity equity, wealth building, and quality jobs.

2. Greater Portland 2020 Update

Greater Portland 2020



- Five-year economic development strategy
 - Multi-county, two-state Greater Portland region
 - Led by private nonprofit Greater Portland Inc. with balanced public and private representation on Steering Committee
-
- Also fulfills EDA requirements for the region's Comprehensive Economic Development Strategy (CEDS) update
 - Planning kicked off in September 2014 and concludes May 2015
 - Implementation cycle: 2016–2020

PDC Strategic Plan and Greater Portland 2020

- Market Street Services involvement in both processes.
- PDC strategic framework will be finalized as GPI's draft Greater Portland 2020 strategy is being developed.
- Some overlap with PDC Steering Committee and Greater Portland 2020 Steering Committee membership.
- Strategic alignment and support of individual communities' economic development efforts across the region.
- Opportunities to develop collaborative implementation guidelines, roles, and metrics that complement and support each strategy.

Greater Portland 2020: 6 Phases

Kickoff Research and Input

✓
Regional
Familiarization
Tour

✓
Phase 1.
Competitive
Baseline
Analysis

✓
Stakeholder
Input

Strategic Research

✓
Phase 2. Regional
Talent Review

Phase 3. Target
Business Analysis

Phase 4.
Marketing Review

Greater Portland 2020

Phase 5. Greater Portland 2020
Action Agenda

Phase 6. Greater Portland 2020
Implementation Plan

Phase 1: Competitive Baseline Assessment

The performance of the Greater Portland metro is compared to 9 metros and the United States

- Comparison regions:
 - Austin, TX
 - Denver, CO
 - Minneapolis, MN
 - Phoenix, AZ
 - Raleigh, NC
 - Salt Lake City, UT
 - San Diego, CA
 - San Jose, CA
 - Seattle, WA
- Greater Portland's ranking on a 1-10 scale across a wide range of issues: Economic Performance, Workforce Competitiveness, Innovation and Entrepreneurship, Business Environment, and Quality of Life.

Economic Performance

Indicator	Greater Portland Rank (1-10)
Employment Performance	
1 Yr Employment Change	5
5 Yr Employment Change	7
Unemployment Rate	10
10 Yr Firm Opening Employment Change	1
10 Yr Firm Expansion Employment Change	4
10 Yr Firm Relocation Employment Change	10
5 Yr Establishments Change	3
Productivity Measures	
Exports Per Worker (\$)	2
Exports % of Supply	7
Gross Metro Product (GMP) Per Worker	3
GMP 5 Yr Change	2
Financial Health	
Business Bankruptcy Rate Per 1K Est	1
Average Annual Wage	7
5 Yr Annual Average Wage Change	3
Per Capita Income (PCI)	6
5 Yr PCI Change	4

Workforce Competitiveness

Indicator	Greater Portland Rank (1-10)
Demographics	
5 Yr. Population Change	8
Dependency Ratio (Age 25-44 / Age 45-64)	9
Workers Age 55+	10
Educational Attainment	
Adults w/ Associate's Degree	5
Adults w/ Bachelor's Degree+	7
Bachelor's Degree+ Change	6
Age 25-44 w/ Bachelor's Degree+	7
Migration	
Net Migration as % of Total Population	4
In-Migrants w/ Bachelor's Degree+	9

Innovation and Entrepreneurship

Indicator	Greater Portland Rank (1-10)
Venture Capital	
% of VC Originating from In-State Funds	8
% of National VC Under Management	10
R&D Capacity	
State Business R&D Expenditures Per Capita	4
University R&D Expenditures	8
Entrepreneurship	
Self-Employed Workers	1
Avg Annual Income of Sole Proprietors	10
Income Change for Sole Proprietors	7
High-Tech Startup Density	7
% Employment in Firms <10 Years Old	9
% Employment in Firms <50 Employees	3

Business Environment

Indicator	Greater Portland Rank (1-10)	Indicator	Greater Portland Rank (1-10)
Infrastructure		Business Costs	
1 Yr Passenger Enplanements Per Capita Change	1	Commercial Electricity Costs	5
1 Yr Passenger Departures Per Capita Change	1	Industrial Electricity Costs	3
Average Domestic Airfare	4	Class A Office Cost	5
Air Freight Cargo	4	Industrial Cost	4
Cargo by Major Port	2	Retail Cost	5
Cargo Value by Major Port	2	Water Availability	1
# of Class I Railroads	2	Business Climate	
# of Intermodal Terminals	1	Total Tax Index	3
Aggregate Congestion Costs	5	Overall Biz Friendliness	7
		Licensing Grade	8
		Tax Code Grade	8
		Business Rankings	2

Quality of Life

Indicator	Greater Portland Rank (1-10)	Indicator	Greater Portland Rank (1-10)
Quality of Place		Health and Recreation	
Share of MSA Jobs within 10 mi of CBD	2	Physicians per 100K Residents	2
Change in Share of MSA Jobs in 10 mi of CBD	4	% Uninsured by Healthcare Coverage	4
Job/Population Growth Ratio	9	% Adults Reporting Fair or Poor Health	7
Walk Score (Core Downtown Area)	3	Park Acres per Resident (in Core City)	5
Regional Transit Score	3	Recreation and Fitness Facilities per 100K	8
Bike Score	2	Social Capital	
Costs of Living		% Volunteer Rate	4
Annual Congestion Cost Per Auto Commuter	8	Charitable Revenue per Capita	3
Renters Spending 30%+ of Income on Rent	9	Violent Crime Rate per 100K Residents	5
Housing Affordability Index	6	Property Crime Rate per 100K Residents	7
Cost of Living Index	8		
Poverty			
Total Poverty Rate	6		
Child Poverty Rate	7		

Next Steps for Greater Portland 2020

December 2014

- Target Business Analysis
 - Updating and aligning the region's portfolio of traded-sector target sectors and clusters.
- Marketing Review
 - A look at GPI's efforts and plans to market the Greater Portland region.

January – May 2015

- Greater Portland 2020 Strategy
- Implementation Plan

Questions and Discussion

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PORTLAND DEVELOPMENT COMMISSION

DRAFT IMPLEMENTATION ASSESSMENT: PORTLAND ECONOMIC DEVELOPMENT STRATEGY AND NEIGHBORHOOD ECONOMIC DEVELOPMENT STRATEGY

Submitted by Market Street Services Inc.
www.marketstreetservices.com

December 2014

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OVERVIEW

To inform the update of the Portland Development Commission's (PDC) five-year Strategic Plan for 2016 through 2020, this Implementation Assessment is intended to provide an "outsider," high-level evaluation of the agency's economic and community economic development efforts since the creation of the 2009 Economic Development Strategy. It also heavily leverages qualitative "insider" input from stakeholders involved in implementation. Stakeholder input is differentiated throughout the report in blue text.

Five years ago, PDC embarked on an ambitious, innovative plan for citywide economic development that repositioned PDC and challenged some of the assumptions Portland held about its potential for economic growth. Numerous initiatives that were outlined in abstract form in the 2009 document have come to life and been very successful for Portland businesses, entrepreneurs, and workers. Some unforeseen challenges or unfulfilled expectations along the way have also provided valuable learning experiences for PDC and its partners to apply to the next strategic cycle. This Implementation Assessment focuses on those accomplishments and missed opportunities. The assessment has two parts:

1. 2009 Portland Economic Development Strategy

The first part considers the context of launch of the 2009 Portland Economic Development Strategy and focuses on evaluating the degree to which the high-level goals of the 2009 Strategy has been implemented.

Within the context of the Strategy's three overarching objectives (Competitiveness; Urban Innovation; and Neighborhood Business Vitality), this section primarily focuses on the Competitiveness goal and the follow-on strategies and action plans that support that.

Stakeholder input: Input referenced throughout the report was gathered from focus groups and one-on-one interviews with businesses in the target sectors, entrepreneur support entities, businesses participating in the Greater Portland Export Initiative and international investment program, and top PDC economic development staff.

2. 2011 City of Portland Neighborhood Economic Development Strategy

The second part is the Neighborhood Economic Development (NED) Strategy built out the "Neighborhood Business Vitality" section of the 2009 Economic Development Strategy. This section assesses the work to date of the NED Strategy and its direct initiatives.

Stakeholder input: Focus groups and interviews held with NED Leadership Group, Neighborhood Prosperity Initiative (NPI) and Main Street Network district managers, technical assistance contractors in small business development and workforce development, and PDC staff directly engaged in the implementation of the NED Strategy informs the qualitative assessment of the NED work.

The assessment includes a look at the organizational capacity to implement these programs of work and fulfill their specific goals. The assessment also evaluates economic development performance metrics to

understand the impact of the strategies and consider what other indicators of success could be used going forward. This report does not capture every single activity to come out of the strategies since 2009, but attempts to emphasize the most current initiatives, major accomplishments, and lessons learned to build on in the next strategic cycle, based on analysis of reports and extensive stakeholder input.

In Market Street's experience, the PDC approach to economic development at the city and neighborhood levels is far more comprehensive and in-depth than any public sector entity we have worked with in the past. PDC's long and rich history of accomplishments and its central role in building Portland's renowned quality of place is the backdrop for its dynamic role into innovative business- and human-focused economic development, starting with the 2009 plan.

PDC'S UNIQUE ROLE IN PORTLAND

There are a range of economic development players in Portland and the larger region that the Economic Development Strategy and NED Strategy acknowledge and leverage. As holistic as PDC's view of economic development is—place, people, and businesses—there are still many parts of the regional economy for which it is not “in charge” or does not have dedicated funding to impact. Still, PDC does have a very specific position as a city agency that interfaces with businesses, workforce development providers, and neighborhoods. It is the guide for individuals, businesses, and groups navigating the networks, timelines, and protocols of other public agencies. “I use PDC as the consistent thread as the voice of the city,” said one entrepreneur. “PDC advises on how to interact with government. Entrepreneurs don't get bureaucracy, so PDC reins us in and also tells us when to push.” NED stakeholders, cluster businesses, and international-focused firms echoed that sentiment.

There are certain activities—like the regional export initiative and neighborhood economic development work—that only an entity like PDC can do. But there are a number of functions, programs, and initiatives housed within PDC or enabled by PDC that could feasibly be spun off to another entity if such an opportunity emerges—but currently no such group exists, or the existing group may not have the capacity, resources, or expertise to execute the initiative at the level that PDC can. PDC should closely assess which programs and ongoing work should incorporate a long-term sustainability plan to spin off beyond PDC at some point so that PDC can leverage its excellent core services. When assessing the local economic development landscape, the questions PDC must ask itself constantly are: *Where is PDC's intervention necessary to drive job and wealth creation in Portland? Is it resourced with the funding and expertise to lead? And where is there already traction where PDC can delegate another organization to lead?*

PDC is also taking on riskier goals and equity investments which the private sector may not pioneer, like its I3PDX initiative to increase the number of underrepresented minority startup founders and workers in Portland's tech sector. PDC leads Portland in its use of the equity lens for economic development and the long-term view of a local economy that fully engages its workers and businesses—where no one is disconnected or left behind—and where real paths to personal prosperity exist.

JOB CREATION AND WEALTH CREATION

The 2009 Economic Development Strategy lays out goals and actions that are primarily focused on net new quality job creation in Portland. To that end, the primary focus on of most of its activities are businesses with the potential to grow and increase employment. The Neighborhood Economic Development Strategy adopts a more holistic view through its collective impact model and seeks to build prosperity for all Portland residents. This wealth building happens through neighborhood business vitality and residents' connections to job opportunities. It is important to understand the distinction between these two goals as this Implementation Assessment reviews each strategy as an individual effort and as complementary and overlapping economic development initiatives within PDC.

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1. ECONOMIC DEVELOPMENT STRATEGY

THE CONTEXT

In 2008, PDC restructured organizationally to better reflect Portland's development needs for the coming years. Its historic "sticks and bricks" and redevelopment emphasis transitioned to an approach of balancing placemaking and job creation—with more of a macro view of the region that at the same time honed in on neighborhood vibrancy. This organizational change also moved the Housing Bureau to a separate city agency and added more emphasis on workforce development for PDC. To really articulate what this major shift meant for PDC's program of work and for the city, the agency needed a plan that would chart out the first five years in this new territory. The following year, PDC and Mayor's Office staff—with input from regional partners, city bureaus, and other stakeholders—created the *Economic Development Strategy: A Five-Year Plan for Promoting Job Creation and Economic Growth*.



2009 STRATEGY

The Economic Development Strategy highlighted some competitive disadvantages for the city, specifically its lagging economic growth and relative lack of resilience in the face of economic downturns, and its low investments in economic development. The region has a history of investing well in quality of life and expecting business growth and opportunity to follow, but the lack of strategic tools and capacity to drive job creation, workforce development, and business innovation resulted in a more vulnerable economy. The Economic Development Strategy notes that the city's primary economic development tool is tax increment financing (TIF) which provides little flexibility and sustainability for the types of investment needed to



support the three legs of the stool of economic development—business attraction, existing business expansion, and entrepreneurship. The Economic Development Strategy asks how Portland can use its strengths in quality of life, green policies, economic diversity, and location advantages to deal with its distinct disadvantages. The three goal areas in the strategy attempt to answer this question:

1. **Maximize Competitiveness**
2. **Drive Urban Innovation**
3. **Stimulate Neighborhood Business Vitality**

These three goals have a strong emphasis on small business growth and on leveraging the access to infrastructure and global markets that Portland affords businesses and talent. For this Implementation Assessment, the focus will be on the first goal (Maximize Competitiveness) and the NED Strategy that evolved out of the third goal. Goal 1 is comprised of four objectives:

- 1.1 Grow traded sector jobs through the implementation of a cluster strategy targeting four industries.
- 1.2 Implement a multi-faceted international strategy to expand export of local products and expertise and attract foreign investment.
- 1.3 Create an inventory of statewide higher education resources to support the sustainable economy.
- 1.4 Align workforce development efforts to match the skill needs of targeted industries.

The rest of this section assessing the implementation of the Economic Development Strategy highlights the programs to develop in fulfillment of those objectives.

Objective 1.1: Cluster Strategy

“Grow traded sector jobs through the implementation of a cluster strategy targeting four industries.”

The first objective of the Economic Development Strategy encompassed specific strategies for four industry concentrations:

- **Clean Tech**
- **Software**
- **Activewear** (later rebranded as Athletic and Outdoor)
- **Advanced Manufacturing**

With limited resources, the strategy of targeting specific clusters—and the asset base that supports them—focuses efforts on the sectors with the greatest potential to create quality jobs and expand business investment in Portland. In 2008, PDC conducted in-depth research to identify these business specializations in anticipation of their inclusion in the 2009 Economic Development Strategy. The clusters were selected based on historic and projected employment growth, concentration of employment and firms, wage levels, and perceived competitive advantages. These sectors were further supported by a 2012 cluster refresh study that indicated that the four sectors of focus remain the strongest job creators in Multnomah County and the metro region.

Many of the cluster strategies recommend some sort of inventory, assessment, action plans, and other follow-on work to further define the cluster activity in the area and build out a program of work around it. This work was started or completed in the years that followed. PDC understood the employment concentrations, average earnings, specific companies, and regional context of each cluster based on objective analysis, but the actions in the Economic Development Strategy spoke to the need to work with individual industry leaders and emerging businesses to meet their needs for growth and sustainability. Most of the implementation work in the clusters is directly informed by ongoing communication with these businesses. This represents a high-capacity and flexible business retention and expansion approach that constantly identifies what firms need to maintain competitiveness and adjusts or develops programming, assistance, and partners to support that. The priorities of small businesses (fewer than 50 employees) and existing companies are at the forefront of each cluster strategy—evident in both the framing of the actions within Objective 1.1 and the implementation activities of PDC in the years that followed the launch of the Economic Development Strategy.

Across all clusters, PDC prioritizes existing business retention and expansion and business development relationships. The PDC team sets—and meets—annual goals of 350 traded-sector business visits and 500 direct or referral business development activities. **The emphasis on developing Portland’s existing business base is critical to the success of the cluster strategy and grounds it in the assets and opportunities for which Portland is most competitive.**

CLEAN TECH

The clean tech cluster strategy was completed in 2013 and highlights the region's policy leadership and early adopter role as competitive strengths for Clean Tech innovation and firms. PDC's most notable role in the Clean Tech space has been bridging private and public sectors to promote and adopt new technology developed by Portland firms. This is happening in the City of Portland through the Early Adopter Pilot Program (which also includes the software cluster) and internationally through We Build Green Cities, the agency's international and export program.

PDC's position as a liaison between clean tech companies and early adopter public sector customers—like TriMet, public schools, Metro, and city bureaus—that can benefit from new technology developed locally is key. In addition, PDC as a developer of the city is leveraging these technologies and green building standards as development opportunities emerge in Portland. **The application of PDC's international, entrepreneurship, public sector, and business retention and expansion areas of expertise to this sector have been critical to advancing the potential of local firms.** This cluster also complements PDC's expertise in placemaking and development.

This cluster appears to be highly competitive in Portland but still requires support from the public sector to accelerate its opportunities on both local and global scales. PDC's connections and knowledge are vital to the growth of this sector. "There's something special about the way Portland plans" through public-private partnerships, said one clean tech business executive. "People come from around the world to see how we plan. PDC can be the institution that cultivates these public-private partnerships."

ATHLETIC AND OUTDOOR

PDC commissioned a cluster analysis for Athletic and Outdoor (A&O) which was completed in October 2010 (and fulfilled action 1.1.4). The analysis identified Athletic and Outdoor as an "alpha cluster" for the region—meaning "it is characterized by continuous innovation, high wages, strong geographic concentration and strong connections to the culture and quality of life in the community." One of the big takeaways was the high wages earned in this sector—the high value of skilled talent. However, the 2009 Strategy explicitly states that the biggest challenge in this sector is growing city wages relative to the region. At the time, Portland's A&O employers were smaller (with 20 or fewer workers) and paid lower average wages relative to the rest of the region—particularly Washington County. **Some stakeholders have since then raised questions over the athletic and outdoor cluster and if it still needs the level of effort and support required of other emerging clusters or those that have more potential to create middle-wage jobs for the city's workforce.**

However, because the presence of mature global brands make such an impact on the competitiveness of Portland for A&O firms, PDC can focus on entrepreneurial development in this sector. Following input gathered from A&O firms citing a lack of collaboration among the sector, PDC created and serves as the industry group for the A&O cluster. Through the Peer-2-Peer program, PDC steps in to facilitate mentoring, business planning, networking, and collaboration among small- and mid-sized firms that do not compete as ferociously as the anchor A&O companies in the region.

PDC economic development staff also manage a range of marketing activities, including maintaining the “We Think Outside” website (<http://aoportland.com/>), updating community events in the calendar, commissioning a “family tree” of A&O firms, and coordinating an annual industry event. Specific program lines in addition to Peer-2-Peer include AOYP, the young professionals group for the sector, and international business development trips. The next year’s action items for this sector involve expanding many of these initiatives.

However, the action items for existing business visits (goal of 50) and trade mission participation are the most critical for PDC to fulfill in terms of what could lead to job and wealth creation for Portland. **In the coming strategic cycle, PDC may look to seed a new industry group to take the lead on many of the networking and marketing A&O activities that are not tied explicitly to PDC’s job creation, placemaking, and neighborhood vibrancy goals.**

The efforts of the A&O networking and branding programs could be spun off to a nonprofit industry organization (a 501c3 or 501c6) and leave PDC staff to focus on Athletic and Outdoor firms through the lens of their entrepreneurship, international, business retention, and design/manufacturing initiatives that can each capture a more diverse and flexible range of activity.

SOFTWARE/DIGITAL MEDIA

PDC’s PDX11 effort in 2011 to identify initial priorities to develop the software cluster created a roadmap that accelerated this sector significantly. PDX11 laid the ground work for later programs like the Early Adopter Pilot Program, Tech Town Portland, and others. The software cluster has since then evolved to encompass digital media and other technology businesses that have found a home in Portland. This sector has major overlap with the entrepreneurship programs of PDC, which are discussed later in this section.

Companies in this sector have fewer needs for the financial tools that PDC has to offer. Some have utilized the Storefront Improvement Program. **One software leader expressed frustration over seeing large companies get sizable tax credits and incentives for which smaller firms or emerging sectors are not eligible.**

However, software and digital media firms leverage PDC’s business development services extensively. Software and tech companies have reached out to PDC for talent recruitment and marketing Portland to prospective employees in other markets. PDC has partnered on some branding and marketing—including management of the Tech Town Portland video created to showcase the range of firms and employment opportunities in Portland’s tech scene. PDC is working on an upcoming video to showcase Portland’s diversity within the tech community, which supports the agency’s values of equity and inclusion. PDC’s intervention to thoughtfully expand diversity in the tech community has been commended by stakeholders that see serious disadvantages to the internal and external perceptions of the region’s lack of racial and ethnic diversity.

Like in the A&O sector, as PDC takes on new tasks in response to existing businesses’ needs to grow their companies, the agency should evaluate how to eventually spin off initiatives that it gets off the ground and empower partners to take leadership. However, it is clear that PDC is one of Portland’s “go-

to” organizations and thought leaders, feeding entrepreneurs—a standing that should be maintained and cultivated.

ADVANCED MANUFACTURING

PDC is in the midst of completing an Advanced Manufacturing Strategy and Action Plan, which will likely address the opportunities and challenges in this sector. “Advanced Manufacturing” is a broad term and in a metro with a relatively strong concentration of manufacturing activities, it can be difficult for PDC to identify and meet the needs of all these diverse employers. However, manufacturers spoke highly of PDC’s dedication to reach out to them and show up at Central Eastside Industrial Council meetings to update employers on the tax credits, business intelligence, and workforce development programs offered by PDC and its partners.

This is also the sector where site development is an acute need. PDC has been most effective in its use of Enterprise Zone (E-Zone) property tax exemption and Electronic Commerce (E-Commerce) overlay tax credits. The majority of East Portland is now classified as E-Zone which helps steer companies to strategic sites that align with NED priority areas of Lents and Gateway as well as Portland’s core industrial areas along Airport Way and the Columbia Corridor.

PDC has been responsive to the manufacturers it works with by hosting networking events and supply chain summits and bringing companies to trade shows to partner buyers and customers. PDC partners with Oregon Manufacturing Extension Partnership (OMEP) to consult on lean manufacturing—also a response to a request from manufacturing firms.

Some smaller and mid-sized manufacturers felt a bit left out of the industry group formed by PDC, which is more focused on large businesses. **Within the tiers for manufacturing—large employers to mid/small operations to makers/startups—PDC will need to continue to articulate its approach, services, and value.** There is significant crossover from the smaller and mid-sized manufactures to PDC programs like We Build Green Cities, international, and entrepreneurship and innovation (specifically the maker community).

This is also the sector that could have the greatest impact on the NED Strategy work if the Advanced Manufacturing Strategy and Action Plan will incorporate specific NPIs and workforce outcomes into its tactics. PDC is in a sweet spot in the middle of businesses, workforce development providers, neighborhoods housing, a ready workforce, and public entities like TriMet. Manufacturing is the sector that seems to be the most natural fit to leverage all these partnerships.

WHAT ELSE IS OUT THERE?

PDC’s current “horizontals” across all industry sectors do well to meet the needs of the cluster “verticals.” Horizontal program areas include business retention and expansion, business development, entrepreneurship and innovation, international trade, connections to tools like E-Zones and the Storefront Improvement Program, and PDC’s neighborhood economic development investments. An updated analysis

will be necessary to figure out what concentrated sectors of existing businesses and skill sets are being left out—if any—in the current portfolio.

When the clusters were developed five years ago, two other sectors considered but ultimately not included on the final list—food processing and biotech. At the time, the concern was that food processing would not have as much impact on raising incomes in Portland even though the community has robust employment in that sector. On the flip side of that, biotech had a minimal employment presence in the local economy but significant support from state-level organizations.

PDC has also gotten more into the film and video space since the 2009 Strategy. Film and video is not a formal cluster for the purposes of PDC's job creation priorities, but the agency is very active in the sector, housing the Portland Film Office to recruit film productions to the city and serve as a one stop shop for related permitting.

For the 2016 strategy, "PDC should be encouraged to re-evaluate the clusters," said one business leader. Some stakeholders held the perception that "you have to fit into one of the clusters" to get PDC support. "It's hard to find the right entry point and services otherwise." "If you want to be innovative, why put yourself in a box?" said a tech leader. "Focusing on a cluster is too tight of a fit."

Business technical assistance providers fulfilling the NED Strategy commented that they serve small businesses "almost in spite of those industries"—meaning they see no connection between the businesses they support and PDC's identified industry priorities.

As PDC scales its economic development initiatives to the neighborhood level, career ladders and points of entry for lower-skilled workers must be a consideration, in addition to assessing the city's critical mass of innovation and high-wage workers that meet job creation goals, as well as wealth-building opportunities. This may not mean adding new clusters, but instead ensuring that the current stable of sectors clearly defines how they can be inclusive to a range of workers. For example, software and tech companies expanding in the region may have a heavy customer service component that opens up that cluster to workers that are not necessarily highly-skilled developers or programmers. Clean Tech includes skilled trades with formal apprenticeship programs for training and advancement. Manufacturing could define some niches like food processing.

For example, a new **"design and manufacturing" cluster or niche could capture smaller manufacturers and makers (crossing over from A&O, Clean Tech, and other sectors) that capitalize on Portland's brand and strength and also have export potential.** PDC's active role in the growth of these companies may have significant added value and job creation return on investment.

ENTREPRENEURSHIP

While not articulated in a standalone objective of the Economic Development Strategy, entrepreneurship is woven throughout the action items, particularly in Objective 1.1. However, PDC's programs for entrepreneurship have been agnostic to clusters, supporting any new venture that has the potential to create jobs and fulfill other city economic development objectives like promoting equity in opportunities.

The *Three-Year Action Plan for Entrepreneurial Support in Portland* ends in fall 2014 and is being evaluated to determine if another mid-term action plan will result. The Action Plan emerged from PDC's 2011 report, *The State of Entrepreneurship in PDX*, and had specific place-based and cluster-based actions to support PDC's economic development focuses.

The biggest successes from PDC's entrepreneurship and innovation work have been the creation of the Portland Seed Fund and the Startup PDX Challenge event. Both have gained traction quickly as they approach their second rounds and achieve regional and national recognition. The Portland Seed Fund has been one of PDC's highest-profile projects. **Stakeholders involved in that project noted that PDC "exceeded expectations in every way."** PDC's investment of \$1.5 million in the Seed Fund leveraged an additional \$8.5 million in follow-on investment. The capital efficiency of the region has further multiplied the impact of the Portland Seed Fund relative to how that funding could be leveraged in other higher-cost markets. The Seed Fund graduated 46 companies which created over 350 new jobs. These firms attracted an additional \$53 million in outside capital, and four companies exited through acquisitions.

The Startup PDX Challenge and Include. Innovate. Invest. PORTLAND (I3PDX) have been "a framework for inclusive entrepreneurship" and have brought to life ongoing civic conversations about equity in the startup world. PDC is a leader in actually implementing programs to build in a culture of equity, and stakeholders have responded very positively.

The entrepreneurial focus of PDC has "done really well," observed a startup founder. "It changed the culture of PDC from filling square footage to fostering people."

Entrepreneurs stressed that as the innovation and startup scene becomes more diverse, after-hours public safety in Old Town/Chinatown and the Central Eastside becomes an increasing concern for women entrepreneurs. **PDC has a role to play here as it accelerates projects through the Old Town/Chinatown Five-Year Action Plan.**

PDC launched an annual Entrepreneurship Scorecard but it was not updated after its inaugural year in 2011. **Considering all the moving parts of Portland's entrepreneur community and how quickly initiatives and firms scale from the jumping off point to growth and engagement, it may be valuable to restart an annual tool to track the human capital, funding and investment, business growth, spinoffs, and expanding footprint of this sector of the economy.**

Objective 1.2: International Strategy

“Implement a multi-faceted international strategy to expand export of local products and expertise and attract foreign investment.”

PDC’s work with the Brookings Institution on the Greater Portland Export Plan has been one of the most widely-recognized accomplishments since the 2009 Strategy. While the export initiative is a regional effort with Greater Portland Inc (GPI) as the convener, implementation occurs at the local level and PDC is the agency leading for the rest of Greater Portland in putting the Export Plan to action for its businesses.

The Greater Portland Export Plan found that a majority of the region’s export activity comes from the computer and electronic product manufacturing sector, while PDC and the region’s clusters were not captured as strongly in exports. The Export Plan saw an opportunity to better align the region’s cluster work with international efforts. However, Portland’s “sustainable economy” is called out in the 2009 strategy as one of the biggest opportunities to promote in foreign markets, and as a result PDC has leveraged the We Build Green Cities brand and network extensively as one of the four strategy areas of the Export Plan. Another strategy area of the Export Plan seeks to better engage “under exporters,” which is where PDC’s work across other cluster and non-cluster firms comes in.

Since the launch of the Export Plan in 2012, PDC has worked to solve problems in deal planning, transactions, trade show identification, and market research for Portland companies expanding into global markets. This work is very time intensive but has been augmented to some degree by on-the-ground consultants in some of the countries in which PDC is working. The dedication to the tenets of the Export Plan and opening up Portland companies to foreign markets is clear. This is another area where PDC has quickly activated an ambitious plan and businesses have acknowledged huge benefits to their growth from the aggressiveness of PDC.

PDC’s role in introducing businesses to decision makers in other countries is essential, and the public-private model that PDC uses is fundamental. Top public sector officials—especially elected officials like mayors and governors—are highly regarded by businesses and dealmakers in many of these global markets. In addition, PDC’s international market research and relationship building among like-minded companies in Portland moving into similar markets has been very valuable. **PDC is using its position to bridge Portland’s public leadership and private businesses around international trade that brings wealth back to the region and creates Portland jobs.**

As the Export Plan got underway, PDC conducted additional analysis of nine countries to assess each potential export market’s viability along four criteria: existing project and sales opportunities; ease of doing business; market size and potential; and existing connections and on-the-ground resources. This evaluation is especially important as PDC recognized that businesses did not want to pursue export opportunities for fear of real or perceived regulatory hurdles, costs, and cultural barriers. Japan, China, Columbia, and Mexico emerged as the most viable initial countries based on the four factors and because they align well with We Build Green Cities through their smart/green city values or rapid urbanization. Like in the cluster strategy, PDC thoughtfully weighed those foreign markets with the greatest potential to drive job growth and

investment in Portland with the limited resources available for the export program. As a result, PDC has been awarded an International Trade Administration Market Development Cooperator Program grant to scale this export work in four countries through closer ties with state and federal resources.

The favorable response to PDC's export work has come from national entities like the Brookings Institution and the U.S. Department of Commerce, but the most valuable and telling validation has come from the Portland firms that have taken advantage of this line of assistance offered by PDC.

Businesses emphasized that they could not have broken into specific markets without the collective mass of other firms partnering together for trade shows and missions. The exposure and organization PDC offers is key in such potentially uncertain markets. Many businesses that participated in business development trips led by PDC—and even those that were just invited—spoke of the experience as a decisive turning point for their growth. **"We wouldn't be approaching international markets if not for PDC...It's an opportunity to grow at a rate we wouldn't have access to,"** said one business leader.

Businesses involved in international efforts also noted that PDC is still learning about how to apply the **Greater Portland Export Plan across a range of global markets**. Japan and Korea have been easy to work with, but other countries have not been as forthcoming. Stakeholders acknowledged that international markets are tough, and when Greater Portland and PDC focus on where they have representatives and people who speak the language, the transactions have gone very smoothly.

As the pioneering community with the most momentum in the regional export initiative, Portland is quickly learning a lot of lessons that can be shared with other cities and counties in the region that are still in the very early stages of reaching out to international markets.

The next stage for PDC is finalizing the Foreign Direct Investment Initiative, another partnership with Brookings and GPI. **The international work of PDC has already been very time intensive and will likely require more staff capacity and expertise to implement as PDC masters more global markets beyond the core four, as it develops more under-leveraged clusters, and as it grows the deal pipeline.**

Objective 1.3: Higher Education

“Support the efforts of higher education institutions to serve as the innovation engine of our sustainable economy.”

The Economic Development Strategy begins with an acknowledgement of the collaborative effort necessary for successful economic development, and academia is specifically identified as an important partner. The actions of objective 1.3 are aimed at commercialization and sustainability leadership in state and local universities.

In practice, these actions have gotten off the ground but do not have the same impact as other objectives due to PDC’s clear supporting (rather than leadership) role in higher education development due to its funding. PDC has worked closely with workforce development resources in higher education, like Mount Hood Community College, to administer technical assistance to priority populations and communities through the NED Strategy. In addition, Portland State University (PSU) and Oregon Health and Sciences University (OHSU) are identified as key partners in 2011 *The Action Plan for Entrepreneurial Support*, as are other university commercialization offices in the state. PSU also plays a role in many annual cluster-specific activities.

Since 2009, the higher education landscape of the region has changed. PSU’s continued growth in research and entrepreneurship positions situate it well to take a leading or supporting role in PDC’s evolving economic development programs. OHSU’s Knight Cancer Institute is on the verge of a game-changing investment through the Knight Cancer Challenge which stands to transform the research capacity and influence of Portland. **In the next five-year strategy, PDC must outline more defined tactics to engage these institutions in accelerating economic development in the community.**

PDC is also working to build more collaboration between industry and university research and development, but this has been a challenge since it requires such a regional scope, dedicated professional staff, and better buy-in from university partners. PDC partnered with the Manufacturing 21 Coalition to study the feasibility of forming the Northwest Collaboratory for Sustainable Manufacturing, with the primary goal of expanding university and industry linkages in the areas of applied engineering, technology and operations specific to the metals manufacturing sector. As this study moves from concept to reality, it is likely an area where PDC could be a valuable implementation partner through its industry contacts, while coordination and accountability happen at the regional level. **PDC’s in-house innovation, R&D leadership, and expertise is best leveraged for smaller manufacturers that identify more with entrepreneurs than academic institutions. However, PDC’s role in maintaining connections to university research will be key to linking Portland’s small- and mid-sized manufacturers to commercialization opportunities in that realm.** These are great opportunities to explore further in the next strategy.

Objective 1.4: Workforce Development

“Align workforce development efforts to match the skill needs of targeted industries.”

As with higher education, PDC does not control funding or lead services for workforce development so its role is to assist with alignment and industry connections for Worksystems, Inc. (WSI) the primary workforce body in Portland. This objective is realistic in the actions with which PDC can really partner with WSI to maximize both cluster job growth and the workforce skills that make Portland the most competitive location for those jobs.

PDC staff emphasized that alignment between WSI and PDC has improved dramatically since the purposeful collaboration outlined in the 2009 strategy.

Since the 2009 strategy, WSI has refocused its work around core sectors, including advanced manufacturing and information technology that have overlap with PDC’s cluster strategies. The Economic Development Strategy notes that target industries offer “career ladders for more opportunities,” and those opportunities and the entry point on the career ladder continue to be identified by workforce partners like WSI. For adults with very low skill sets, some of the four target industries may not offer realistic career paths, but WSI has done serious analysis and programming around advanced manufacturing, information technology, and construction. **The next strategy should have some more robust tactics for workforce development to build on this alignment—and connect that priority across all economic development activities. The emphasis on job creation through the clusters must also take into account the starting point for many workers to actually build wealth.** PDC is not resourced to lead workforce development so this effort will lean heavily on WSI and other workforce partners.

Workforce was one of the biggest issues for individual neighborhoods, more so than clustered industries. **This is an area where there seems to be a mismatch between the Economic Development Strategy and the NED Strategy’s stakeholders,** to be discussed further in the NED Strategy portion of this assessment. Cluster programs do have PDC-led talent components (such as the Tech Town Portland videos) but are more responsive to specific business requests. It should be noted that business leaders involved in initiatives from the Economic Development Strategy interviewed for this Implementation Assessment did not emphasize workforce needs as being a major part of their involvement with PDC. *“Workforce is the link between job creation and wealth creation,”* said one PDC team member. *“It has to be the system that links neighborhoods to job opportunities.”*

2. NEIGHBORHOOD ECONOMIC DEVELOPMENT STRATEGY

THE CONTEXT

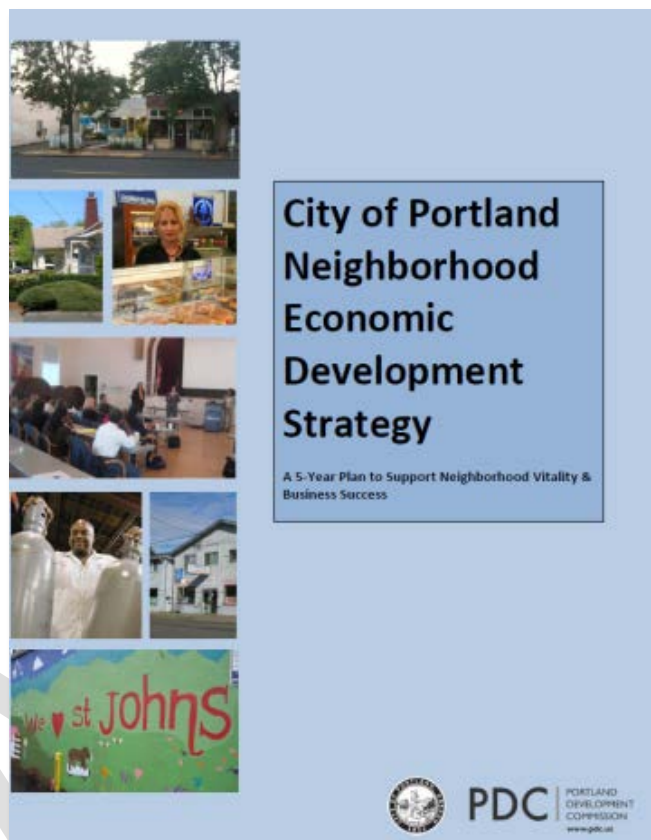
The City of Portland Neighborhood Economic Development Strategy was born from the 2009 Economic Development Strategy's third goal area: Neighborhood Business Vitality. The three objectives in that area were replaced eventually with the full Neighborhood Economic Development Strategy which pivoted away from some of the initial recommendations—like economic gardening—and developed a more holistic set of tactics to implement at the community level in East Portland.

Prior to the development of the Neighborhood Economic Development Strategy, PDC's relationships with individual neighborhoods had not been strong due to its urban renewal history and perceptions of gentrification that many community members hold. Like with the 2009 Strategy, PDC was again moving into brand-new territory for the agency as it went from downtown and central business district redevelopment to building a bridge to individual communities in the eastside of the city.

2011 STRATEGY

The Neighborhood Economic Development Strategy, when written in 2011, was a groundbreaking document for the City of Portland. Many of the ambitious objectives outlined in this community-driven approach had never been implemented in Portland. Others transformed or merged existing programs around strategic outcomes in line with the NED Strategy's objectives. To that end, the first cycle of the NED Strategy has been a learning process for PDC, neighborhoods, and partners.

The Strategy acknowledges it is a new model for PDC and the city that involves more community involvement and engagement than ever before. The NED Strategy had three objectives:



I. Build Local Capacity to Achieve Economic Development Outcomes**II. Drive Neighborhood Business Growth****III. Align and Coordinate Resources to Support Neighborhood Economic Development**

The strategy's two constituency groups of focus were **communities of color citywide and residents and businesses within "priority neighborhoods."** Every action of the NED Strategy and PDC's community economic development work is performed through the lens of these identified priority neighborhoods and communities of color.

Priority neighborhoods are places "experiencing lagging commercial investment and increased prosperity; experiencing gentrification pressures; facing substantial changes due to major public infrastructure improvements; or whose businesses risk losing ground to suburban or big box competitors." The "Neighborhood Opportunity Districts" identified in the strategy became re-branded as "Neighborhood Prosperity Initiative" districts when PDC established six new micro-Urban Renewal Areas. All of the NPIs are in priority neighborhoods, but not all priority neighborhoods are NPIs.

The citywide communities of color stakeholder group has been harder to directly impact and measure due to the geographic scale and diverse issues these communities face—from historic communities entrenched in Portland neighborhoods for a century to refugees recently resettled in the United States. In addition, PDC does not have many tools at its disposal to strategically assist communities that are not in a designated Urban Renewal Area (URA). The neighborhood commercial corridor strategy that also emerged from the NED Strategy defined the "priority populations" in its focus as minority business and property owners, long-time business owners, long-time property owners, and low-income business and property owners within URAs.

The NED Strategy has evolved to house several programs to be highlighted in this Implementation Assessment, including the Neighborhood Prosperity Initiative and Main Street Network, the microenterprise and small business development program, Economic Opportunity Initiative, and PDC loan and grant programs (such as the Storefront Improvement Program, Community Livability Grant, Development Opportunity Services grant, business finance loans, and commercial property redevelopment loans) within the neighborhood urban renewal areas all focused on those priority populations and areas.

PDC staff emphasized that implementation of the NED Strategy has been true to the "legs of the stool" in the plan—the three core objectives—but not every single action item. This section of the Implementation Assessment will highlight some program-specific successes and challenges, but will also attempt to summarize some themes that came up frequently in input that are related more to getting this new initiative up and running. To that end, this section relies on quite a bit of stakeholder input from NED Leadership Group members, NPI and Main Street Network district managers and board members, TA providers, and PDC community economic development staff.

THE NED LEARNING CURVE

The activity of developing and implementing a neighborhood economic development strategy has been a learning process for PDC that involved new partners, programs, and areas of the city. The agency had to build its own capacity and expertise while helping the neighborhoods and partners do the same. The NED Strategy was starting with some solid ongoing programs to build from but overall was a much larger, bolder effort that went far beyond the capacity of existing programs.

The first year of implementation was “not as effective as it could be” and the following years were spent “just putting things in place” to build capacity, according to PDC staff. **The biggest change was aligning PDC as an organization with the NED Strategy. Stakeholder input echoed that this continues to be a challenge. There needed to be a “big culture shift” but “the ship has turned” finally.**

“This has a human side,” said a Main Street board member. “This is real economic development.” That is a far different approach than PDC’s long-time role as a redevelopment agency focusing on downtown revitalization and large projects in URAs.

PDC’s big step into the space of neighborhood economic development triggered significant momentum that will sustain the effort beyond its early years of learning and building a foundation. **“It’s been a flag or rally—that’s been the most effective thing about [the NED Strategy].”**

The culture shift also seems to be taking place among the various constituencies and stakeholders that interface with PDC. PDC’s history of urban renewal and the perception that the agency has accelerated gentrification in Portland caused deep distrust and concern among many community members over time. In the past, **“PDC’s relationship with the neighborhoods has not been good,”** said an NED Leadership Group member. **“This is the closest they have come to building a bridge between themselves and the neighborhoods. The focus on being neighborhood and community driven is exciting.”** Still, **it will probably take a while for PDC to master its method for engaging neighborhoods, and even longer for the neighborhoods to respond to that positively. The issues of neighborhood capacity and historic distrust of PDC by eastside neighborhoods were raised by just about everyone involved in NED.**

Among the current stakeholders who were involved with PDC long before the NED Strategy, there was an understanding of the politically-sensitive environment in which the agency operates. At any given time, PDC may be at odds with the mayor, city council, business community, or individual neighborhoods—and as a result unable to meet the expectations of every single group. This leads to cyclical leadership and vision changes that could halt innovative new programs that are just getting off the ground. **That has also fed the undercurrent of distrust around PDC’s neighborhood efforts—the concern that all the work they are doing now could end abruptly with a budget cut or leadership change.**

However, it should be noted that the NED Strategy was approved by City Council on May 2011, so PDC is only a few years into a very innovative shift. The identified growing pains are not surprising, and stakeholders give PDC credit for pushing itself and the NED Strategy this far so quickly. **Technical assistance (TA) providers engaged in components of the NED Strategy noticed the “huge progress”**

from PDC as it improves its flexibility, reporting, expectations, and quality in this work. “This has all happened very quickly—in two years.”

NED LEADERSHIP GROUP

The NED Strategy outlined the establishment of a NED Leadership Group of diverse partners to guide the implementation of the strategy, make decisions, and maintain accountability. According to PDC, “The role of the NED Leadership Group is to inform and demonstrate community-driven neighborhood economic development. The broad charge of the NED Leadership Group is to guide the implementation of the NED Strategy and to develop resources for the Strategy’s actions.” It is comprised of around 30 members representing the priority communities identified in the Strategy. The Leadership Group aligns resources and partners from the public, private, and non-profit sectors and is a key part of ensuring alignment and coordination within the NED Strategy. It is necessary that the NED effort is led by such a body—rather than solely PDC staff—that can leverage its diverse expertise, networks, and insights to accomplish the collective actions of the strategy. The Leadership Group is also divided into subcommittees to work on specific components of NED.

As a “wide and disparate group,” the members come to the table with different understandings of economic development and how that applies to neighborhoods, according to stakeholder input. Group members had mixed feelings about what the group was supposed to do and how it could be leveraged better. The lack of a chair or vice chair position was concerning to one member. However, other group members pointed out that it is fundamentally hard to get any kind of group together, especially around something as expansive for both PDC and the volunteers as neighborhood economic development. In that sense, the concerns of the group are not a surprise. “[PDC] is legitimately trying to engage.” This type of engagement is not how PDC historically worked in its urban renewal heyday. “PDC is used to dealing with the big boys downtown,” said a group member. “This new arena is relationship-building, not deal making.”

Some of the lack of understanding around what the NED Leadership Group is supposed to do could be because some group members do not all understand how the objectives of the Strategy translate to the boots-on-the-ground work of the URAs, NPIs and Main Street network, technical assistance providers, and PDC. “The NED document was hard for me,” shared one Leadership Group member. “It was an agglomeration of buzzwords. The next redo should use what people are actually doing.”

However, group members still saw great value in the potential of NED. “I’m willing to stay at the table because it’s the model that PDC can work with in their reduced budget.” There was also a sense that it is exciting work that people want to be a part of. “It’s certainly not stale. It’s still growing up.”

PDC’s survey of NED Leadership Group members at the close of FY 2013-14 demonstrates that all of the group members responding to the survey want to continue on with the group. Group members emphasized that they want more time in the meeting to discuss and make decisions on the agenda items. The most positive feedback was regarding the subcommittees and the robust discussion in those meetings. The Community Capacity subcommittee was not active over the past year but will be relaunched in the upcoming year with a particular focus on equity and social justice, based on leadership group priorities.

PDC's survey tool for group members and adjustments to the NED Leadership Group agendas, meeting topics, timelines, and subcommittee activity demonstrate a willingness to quickly close any knowledge or feedback gaps among members and use the time and expertise of the members as effectively as possible.

RESOURCES AND SUSTAINABILITY

One of the first points made in the NED Strategy was the fact that implementation would require funding beyond what tax increment financing (TIF) supports. URA and capital-related projects could be resourced but the programming work in areas beyond the URAs would require additional funding through a range of streams. Stakeholders maintain that there simply are still not enough resources dedicated to implementing the policies of the NED Strategy.

NPI and Main Street Network district managers emphasized how far they leverage each dollar for the program: "It's astounding how little we spend on these programs and how much we get out of it." During last year's budget cuts, the possibility of cutting funding to the NPI and Main Street Network emerged, but district managers worked closely with PDC staff to sustain the program. "If you put us on the chopping block, it erodes our credibility in the neighborhoods" and gives the impression that "NPI isn't a priority and may go away." For district managers, it is imperative that their positions and programs are seen as a long-term presence in the community so that they continue to be the go-to resource for neighborhood economic development.

NED Leadership Group members expressed concern that implementation efforts outside of the URAs are not sustainable without PDC's ongoing and direct involvement and resources. They referenced Hillsdale, which folded its organization when PDC handed off support in July. "Either it wasn't sustainable or the neighborhood didn't see the value in continuing the investment. They could have just funded it themselves if they cared—they had the resources."

There is the opportunity to apply for more foundation grants as the work gets off the ground and has some demonstrable wins. **Sustainability is a priority for district managers who said they are constantly look into diversifying revenue. Still, stakeholders were adamant about the city's role in always funding this type of work.**

INEVITABLE GENTRIFICATION IMPACTS

Many stakeholders repeated the challenges of not having inclusionary zoning in Oregon and the limited ability to develop affordable housing in the face of rising property values. Gentrification came up frequently in input, but clearly has different definitions to different people. Many stakeholders agreed that affordable housing would not fix the market forces—the key is really raising incomes (a complex, long-term strategy). Now that PDC no longer has a housing function, its wealth creation functions—workforce and business development—are potentially the most effective tool to mitigating the impacts of gentrification on existing residents. **As the real estate market accelerates in Portland, PDC has a role to play in bridging the benefits of a growing economy with the existing residents and businesses that would otherwise be left out.**

A Main Street board member explained the “old model” of economic development: “We make it nice, it gets expensive, and poor people move out.” But the “new model” represents the income shift: “We make it nice, it gets expensive, **but at the same time poor people are making more money and can stay.**”

PDC should also be communicating and working with neighboring communities to share best practices and TA providers that can be utilized beyond the city limits. Rising real estate costs inevitably push workers and businesses to places like Gresham and Troutdale, but these cities do not have the depth and range of economic development resources of Portland. **Regional partnerships to maintain wealth-creating support to the metro labor shed and shifting businesses will be essential.**

DRAFT

Objective I: Build Local Capacity

The NED Strategy points out that Portland lacks the capacity and investment at the neighborhood level to address the growing disparities and disconnections between the west and east portions of the city. Housing had a lot of support and capacity but neighborhood business development investment was minimal, and not sustainable beyond public funding available.

The PDC team “spent a lot of time developing the capacity to do the heavy lifting” and “made enormous strides in collective capacity.”

NEIGHBORHOOD PROSPERITY INITIATIVE AND MAIN STREET NETWORK

The biggest accomplishment of the NED Strategy that stakeholders immediately cited was the hiring of district managers for the Neighborhood Prosperity Initiative (NPI) and Main Street Network, built off of the existing Main Street program. PDC merged the Main Street districts and the NPI districts to create a united network around shared neighborhood business district goals. This reflects the positive outcomes of NED Strategy’s intent to develop capacity in human capital and capacity in the types of tools that build wealth. The NPI and Main Street Network is not the only effort of the NED Strategy but it is the signature initiative. Eight different districts spread across East Portland make up the network:

- Alberta Main Street
- Cully Boulevard Alliance
- Division Midway Alliance for Community Improvement
- Our 42nd Avenue
- Jade District
- Historic Parkrose
- The Rosewood Initiative
- St. Johns Main Street

Due to the constraints of the Urban Renewal Areas (URA) and other funding tools at PDC’s disposal, as well as a realistic sense of scale for a brand-new program, the network encompasses only these eight areas. While their district organizations are still getting off the ground, it is important not to dilute the resources and hands-on assistance to make the pioneer NPIs truly sustainable. The current scale—with eight districts—is already an extensive amount of work and learning for PDC and partners.

District managers spoke highly of the intimate professional learning community of practitioners that is convened through the network. And **“PDC was one of those partners in learning—they were learning how to do neighborhood economic development through us,”** said an NPI district manager. The network has been instrumental in empowering district managers to adopt collective action, take on big policy issues around gentrification, and build capacity in underrepresented populations. The face-to-face on-the-ground interaction of the district managers is invaluable to being really strategic in these actions. The network gives legitimacy to the work of the district managers and is the foundation to build trust and recognize opportunity, regardless of the district.

The Neighborhood Commercial Corridor Strategy establishes a broader approach with 25 corridors classified in three strategies for development: close equity gaps, take advantage of increasing market strength, and encourage and prepare for economic growth. **While PDC learns from the intensive NPI/Main Street work, it can apply some of the best practices developed to the larger commercial corridor work and impact a more significant share of the priority populations.**

Capacity Building

PDC realized as it moved further into the development of the NPI and Main Street Network that it had gotten into the business of running startup organizations. It could not just train the NPI and Main Street managers and then “walk away” without building a complex system of technical assistance, partnerships, and a professional learning community of neighborhood economic development professionals. PDC had to get involved in the hiring of the district managers, development of the boards of directors, accounting, and reporting, especially in the new nonprofits in districts not managed by a larger community development corporation (CDC). To some extent, PDC was also engaged in fundraising support for the districts. **PDC staff and district managers expressed that fundraising has not been as robust as they would like but there appear to be good opportunities to grow that in the future.**

In addition, stakeholders and PDC staff agreed that every community’s immediate and long-term economic development needs and vision vary. Some are in a place to focus seriously on small business development or workforce development, while other just need to build community around safety and infrastructure in order to have a foundation for jobs and skills. Each neighborhood is starting with a different level of capacity on which to build.

In addition, some district managers need more “hand holding” and professional development assistance in setting and meeting goals. “They care deeply, but are they are getting distracted by less long-term, impactful things that are more immediately visible?” asked a Leadership Group member. **Creating a good business community should be the goal of each district, but stakeholders did note some inconsistencies from district to district in how that is addressed and measured.**

Prioritizing the Vision

Most NPIs and Main Streets have been focused internally in their early years as they develop their relationships, resources, professional development, and the organizational capacity (include board and by-laws) to carry out the long-term NED work. Now that many organizations are finally at a pivot moment to get out into their communities more, using their partnership with business and neighborhood associations and PDC, **it is time to ask the business communities and workers in each of these areas what the neighborhood economic development priorities should be and incorporate those specific goals into the NED Strategy.**

“There’s a danger in asking a neighborhood their vision,” warned a district manager. “But asking is still meaningful. We do have to ask how to prioritize—we’re creating a place to house that vision” through the NED Strategy and the NPI/Main Street network.

PROPERTY OWNERS

Property owners are a critical piece of the capacity to fulfill the NED objectives. They do not fit into a network of providers the way contracted TA services do, but they occupy a large part of what neighborhood business associations, URAs, and NPI and Main Street district managers deal with to advance economic opportunities in their areas.

“The relationships with property owners is hugely important,” said a district manager. PDC provides the connections to power for property owners, which in turn helps district managers fulfill their visions. PDC “gives us legitimacy too when we talk to property owners.” Cully is one district that was frequently mentioned for its successful efforts to engage property owners to invest in and improve their commercial buildings.

Financing and improvement tools like the Development Opportunity Services (DOS) in the URAs “can really facilitate relationships with property owners. There’s a big value add in speaking in property owners’ language so they see that the community vision isn’t in conflict.” This tool has been successful and maxes out its budget each year, but some long-time property owners get overwhelmed by the complexities, even with the TA that PDC provides. The Storefront Improvement Program has been the most successful tool for neighborhood economic development, according to stakeholders. It has done “extremely remarkable work in commercial districts.” **Persistent engagement and strategic communication with property owners—especially those most likely to walk away from challenging options—must be an ongoing part of the tactics of NED.**

Despite the range of development tools, **one group that has not been as involved in NED as it could be is the real estate community.** “The real estate industry doesn’t know what to make of the NED Strategy,” noted one NED Leadership Group member. There has been “no noticeable impact” from this community.

Objective II: Neighborhood Business Growth

With a foundation of neighborhood capacity, funding tools, and engaged property owners identified in the first objective, business growth is the next step toward developing local wealth. The NED Strategy acknowledges that neighborhood commercial districts house companies that are largely focused on meeting local demand rather than exporting goods and services beyond Portland. This objective seeks to link trade-sector strategies and neighborhood work.

TRADED SECTOR ECONOMIC DEVELOPMENT STRATEGY ALIGNMENT

As previously noted, the goals of job creation through economic development programs and wealth creation through neighborhood economic development are complementary and define the different approaches to the work. But while the NED Strategy was conceived to nest within the larger work of the Economic Development Strategy, there are some disconnects between the two implementation efforts.

Neighborhood economic development stakeholders—from NED Leadership Group members, to technical assistance providers, to NPI district managers—did express a feeling of **disconnection from PDC’s “hard” economic development work and the regional economy.** **“The traded sector stuff doesn’t really resonate at the neighborhood level.”** There was the sense that all of the effort PDC has put into traded-sector clusters, exports, and technology startups has little to do with the neighborhood work on the eastside of the city. The major employers in that end of the city are not reflected in the current roster of clusters that PDC pursues.

“Neighborhood districts should not be isolated from the broader economic development strategy.” Stakeholders raised questions about how neighborhood businesses can fill in niches in import substitution and close supply chain leakages that exist. One NPI district manager felt “isolated from the larger regional economy. PDC should help us make that connection.”

PDC continues to develop opportunities to overlap Economic Development Strategy and NED Strategy goals leveraging its funding tools. The E-Zone program is incentivizing traded-sector firms to support the NED goals of wealth creation and workforce engagement in the neighborhoods. The newly-formed East Portland E-Zone extends the tax abatement tool to most of the commercially-zoned areas in Portland’s neighborhoods. Each company in the E-Zone signs a community benefits agreement that includes a requirement to post jobs to the Worksource system, pay new hires at least 150 percent of the minimum wage, and provide training to incumbent or new hires. Among the 22 active E-Zone companies (including East Portland), nine are manufacturing and one is a software firm.

Objective III: Align and Coordinate Resources

PDC contracts with technical assistance providers and partners in the city to support the work of NPIs and Main Streets in launching and growing microenterprises and small businesses and connecting working-age residents to employment opportunities. One of the most fruitful outcomes of the NED approach has been to get all the technical assistance providers together to “speed network” and share. Portland has a very complex and ever-changing array of organizations that provide services to the priority communities of NED’s focus. To formally inventory or structure these groups would be inefficient. **PDC’s technique of speed networking and other informal ways to get these groups together and connected has been valuable to making sense of the complicated local ecosystem of community-based organizations and service providers.** Then the TA providers each build their own referral network to navigate. PDC has been instrumental in convening together different organizations and being supportive of the ideas that these providers bring.

District managers said they often have to explain “how this is all supposed to work” when TA providers are contracted by PDC to provide services to the NPI and Main Street districts. Maintaining relationships and spending time with these providers—while articulating the context for the work—has been a time-consuming endeavor. **While the relationships have been really valuable, all the players in NED are still fine-tuning what the most strategic application of limited resources to priority communities should be.**

The Economic Opportunity Initiative (EOI) has been one of the best programs for TA providers to participate in, and the timeframe recognizes the barriers that these residents face to enter the workforce. EOP is a co-investment of WSI and PDC. PDC funds EOP through its general fund and Community Development Block Grants while WSI leverages Workforce Investment Act monies. EOI’s goal is to advance low-income residents out of poverty through youth and adult workforce development and microenterprise development.

MICROENTERPRISE AND SMALL BUSINESS DEVELOPMENT

The microenterprise and small business development program leverages assistance and training through contracted non-profit organizations to around 500 businesses a year that meet certain criteria. In addition to being below certain employee size and household income thresholds, the program prioritizes microbusinesses (five or fewer employees), business owners from communities of color, and businesses in the NPIs.

Business technical assistance providers have benefited from PDC’s extensive contacts and pointed out that they would not be funneling services into the NED priority communities and populations without PDC direction. **And as mentioned in the first section of the report, business TA providers do not have much connection to the identified clusters of the Economic Development Strategy.** However, they did point out that they serve small businesses that serve those clusters—like caterers, janitorial services, and printers.

TA providers that focus on microenterprise felt some frustration with being unable to help the businesses most likely to succeed because their income thresholds or other criteria make them ineligible to receive help. “It would be better if the requirement was based on growth or potential” so that that the providers could work with companies most likely to hire employees. **“If the ultimate goal is a livable wage and quality jobs, microenterprise is a really hard area. For growth, the view needs to be more expansive.”** However, PDC has been clear in its focus on wealth creation rather than job creation. Microenterprise may be sustaining one person who may not otherwise have a job or be engaged in the economy, even if the potential for growth minimal. Still, PDC should include strategies and services for supporting high-growth potential businesses with future capacity to be important employers in the districts as it fine-tunes how the NED Strategy and Economic Development Strategy can better complement one another.

WORKFORCE DEVELOPMENT

Workforce development is the primary pathway to traded-sector engagement highlighted in the NED Strategy. The previous section on the Economic Development Strategy covers some of the major alignments to take place between Worksystems and PDC’s cluster work. This alignment has been one of the biggest areas of success to translate from the Economic Development Strategy to the NED Strategy.

The Economic Opportunity Program (EOP), created in 2013 as an evolution of EOI, provides coaching, skill development, and training, as needed, to adults facing serious barriers to the workforce—for up to three years. The flexibility that EOP allows for individualized support and case management is vital to the success of the adults participating in such a program. Those workers who have been disengaged from the workforce for a long time or who face major hurdles—like recent immigration to the U.S.—need EOP’s realistic schedule of around three years to develop the skills for job advancement and personal wealth.

Portland and the region have strong workforce development leaders actively developing innovative programs with employers and workers, but they struggle with insufficient resources to meet the needs of all the businesses and new and incumbent workers that could benefit. “Business technical assistance is great, but we’re just scratching the surface of work around employment,” acknowledged a PDC staff member. Workforce development TA providers felt PDC has been instrumental in bringing together different organizations and adjusting to customer needs accordingly.

Workforce development professionals noted the “chicken and egg” problem to understanding employers’ needs to tailor programs accordingly, and getting more employers to buy in. Workforce development providers noted the entry points for first jobs are more likely to be found in sectors like hospitality and retail, rather than PDC’s identified clusters. **There is a need among workforce providers to collectively uncover more pathways in some key sectors and work with employers to create well-defined career ladders for advancement.**

Alignment was identified as a major opportunity for PDC in the coming years. “NPI, EOI, workforce—how does that all fit together?” asked one workforce professional. Better alignment with TriMet to help populations cut off from the workforce to get to their jobs on tickets with longer travel times is also critical.

One of the biggest disconnects identified was in the transportation system to get people to jobs, with schools (K–12 and community colleges) also misaligned from neighborhood efforts.

COMMUNITY BENEFIT AGREEMENTS

Community Benefits Agreements (CBAs) are briefly mentioned in the NED Strategy and pose a great opportunity for PDC to pair its capital with neighborhood goals. As mentioned earlier, the CBA expectations of the E-Zone companies to fulfill workforce development activities are currently being fulfilled by 22 companies, nearly half of which are in PDC's clusters.

Past criminal history has also been a major barrier for a lot of workers, and workforce TA providers articulated an opportunity for PDC to negotiate with contractors around that to encourage the hiring of workers with a legal history. Workforce partners saw some missed opportunities with PDC where the agency could have used its position as project owner on some major developments to push contractors to hire people trained by workforce providers. Workforce development TA providers saw a bigger opportunity to leverage CBAs with the Portland Water Bureau, utilities, infrastructure, Parks and Recreation, and other city divisions to direct contractors to use the local workforce more.

CITY ACTION TEAM

The NED Strategy proposed a City Action Team to be comprised of City of Portland and PDC staff to align the various bureaus of the City, coordinate investments, and identify further opportunities to be addressed through the NED model. However, this group never got off the ground.

The district managers spend a considerable amount of time in some areas just lining up basic city services in order to have the fundamental infrastructure on which to build businesses and workers. NPI and Main Street district managers said they need more support to deal with Oregon Department of Transportation, TriMet, Metro, Multnomah County Health Department, and myriad other agencies. They also saw an opportunity to engage the Office of Neighborhood Involvement for a larger conversation about neighborhood economic development and equity beyond the small NPI network.

PDC has a role to bridge those city and metro services to the neighborhoods, and the NED City Action Team could be that bridge. The City Action Team could serve as the ombudsman for neighborhoods, and would create a structure for better delegation and accountability of the priorities of NED that require public sector assistance beyond PDC.

STRUCTURE AND TRACKING

Since form follows function, the PDC organizational structure and performance metrics have been developed as a response to the programs of work laid out in the Economic Development Strategy and NED Strategy. Both the organizational capacity and metrics have changed since the launch of the strategies, due to budget cuts and what was actually put into action as the work got underway.

Organizational Capacity

Currently, PDC's Urban Development Department houses the Economic Development and Community Economic Development divisions of PDC that implement the two strategies. Following PDC's reductions in force in 2013, which largely eliminated a layer of management from the organization, the two divisions are operating with staff teams that are smaller than what they started with when the strategies were written and initiated while building up programs and addressing new priorities. This is another reason why it is critical for PDC to identify and have a transition plan for startup initiatives that could be spun off and become independent from PDC—so that they will be sustainable beyond the inevitable next round of public agency budget cuts.

The shift from project management and deal making to the current more program-oriented model of PDC's economic development initiative puts a huge amount of value on the relationships of PDC staff, the networks they develop, and their standing within the sectors, constituencies, or partners they serve as a go-to resource and the face of PDC to that particular group. Each cluster has an industry lead, a PDC staff member who is intended to be perceived as part of that industry. **Many stakeholders felt that the PDC staff have continued to be present, available, and proactive despite cutbacks.** Business leaders never mentioned getting shuffled from staff person to staff person or hitting dead ends with the PDC structure. The community economic development division has also adjusted accordingly, organizing and specializing the neighborhood team around the program areas of the NED Strategy. The organizational forms of the two divisions do echo the functions of the strategies they implement.

It is difficult to project what organizational structure or capacity would be ideal for implementation of the 2016 strategy before it is developed. **However, as PDC grows its international programs, updates its cluster approach, strategizes its role in workforce development, and matures the NED program, the organizational chart must respond to that.** It is also clear that there must be better alignment among economic development and community economic development staff and programs.

Performance Measures

The Economic Development Strategy and the NED Strategy's goals do not prioritize marquee accomplishments or "big wins," although there have been some high-profile success stories over the past few years. Portland does not seem like the kind of place that expects or demands those types of events to indicate performance. Both strategies clearly acknowledge that Portland is undergoing an economic shift and as the development arm of the city, PDC has a leading role to play in that long-term change. This means that there are slow, incremental improvements and transformations that over time will shape the city and the region's prosperity.

Stakeholders did say that PDC does a good job of evaluating qualitative outcomes and "sharing the stories" that speak to the success of these strategies. **"Portland as a community is doing things that can't be measured by typical metrics,"** commented an entrepreneur. **"It's hard to measure."** Additionally, many of the programs PDC is implementing are relatively new and their impacts are difficult to quantify. One major indicator of performance, however, is the satisfaction of business owners benefiting from PDC's business services who felt that the export assistance, trade mission participation, seed capital, or technical assistance they received were turning points for their companies.

ECONOMIC DEVELOPMENT METRICS

PDC reports specific effectiveness and workload activity measures to the City Budget Office annually:

Effectiveness

- Number of traded sector business retention/expansion visits
- Number of traded sector business relocations (within Portland)

Workload

- Number of traded sector business clients
- Number of traded sector direct assistance, referral activities
- Number of Portland traded sector firms receiving export assistance
- Number of traded sector international contracts (Portland only)

Additionally, PDC tracks a number of performance measures annually to evaluate the effectiveness of its programs and the general economic climate of the city, Multnomah County, and Greater Portland metro. These are reported formally in the Economic Development Strategy Three Year Status Report published in July 2012, PDC's annual report, and tracked monthly by PDC staff:

PDC Impact

- Jobs created and retained from business development assistance activities (existing/startup and recruitment)
- Number of businesses assisted (total businesses, as well as clusters and small businesses)
- Leverage ratio of business assistance
- Neighborhood business revenue growth and commercial district job growth

City/Metro Trends

- Cluster employment
- Investment capital for early- and second-stage companies
- International trade (export value, growth, and job impact)
- High-level local economic trends like employment and unemployment, business licenses, productivity, and income change for communities of color

The leverage ratio that PDC calculates for its loan funds is one of the most compelling metrics for the success of the assistance programs that support the Economic Development Strategy's goals. PDC determines how far its dollar of financial assistance goes through the additional private or outside investment and jobs created.

PDC's achieved goals for number of businesses visited in each cluster are not reported in PDC's annual report. **The metrics that speak to PDC's direct programs are also important to include in annual reporting so that community members, stakeholders, and city leadership understand how many businesses are touched by PDC, how all these programs are being measured, and why they are important to job creation and wealth building in Portland.**

It is hard to tell from the city- or region-wide metrics where PDC had a hand in growth or where a decline can be attributed to a missed opportunity or failure on the part of PDC. Certainly, these high-level trends are vital to monitor the city and metro's economic and socioeconomic health, but should be reported as the big picture context for PDC's metrics regarding business assistance, and job created from assistance, neighborhood business revenue growth in NPI/Main Street districts.

PDC is meeting its activity goals and making an impact in metrics that demonstrate its direct touch, however, different indicators are used in different reports to different stakeholders. **A streamlined, easy to find tracking tool would add clarity to the picture of PDC's economic development impact on businesses and Portland overall.**

NED METRICS

Neighborhood Economic Development reports a number of activity and performance measures to the budget office under three areas: effectiveness, workload, and efficiency:

Effectiveness

- Number of volunteer hours provided by NPI and Main Streets Districts

- Net number of businesses (NPI and Main Street Districts)
- Net number of full-time hires (NPI and Main Street Districts)
- Net number of part-time hires (NPI and Main Street Districts)
- Operating funds raised by NPI and Main Streets
- Number of volunteer hours provided by Venture Portland board members and other volunteers
- Number of technical assistance hours provided by the Small and Micro Business Development Program
- Percent of businesses of color served by the Small and Micro Business Development Program
- Percentage of business owners with limited English proficiency served by the Small and Micro Business Development Program
- Percent of businesses with a median family income (80 percent or less) at enrollment served by the Small and Micro Business Development Program
- Rating of overall client satisfaction with business technical assistance (range 1-5)
- Rating of overall client satisfaction with business technical assistance (range 1-4)
- Percentage of youth participants people of color in workforce development
- Percentage of adult participants people of color in workforce development

Efficiency

- Amount of private funds raised by Business District Associations to match Venture Portland grants

Workload

- Amount of technical assistance hours to Business District Associations by Venture Portland
- Number of training hours provided to Business District Associations by Venture Portland
- Amount of grant to Venture Portland
- Number of projects funded by Venture Portland
- Number of Business District Associations receiving grants from Venture Portland
- Number of businesses served by the Small and Micro Business Development Program
- Number of youth participants in workforce development
- Number of adult participants in workforce development

In addition, NED uses certain metrics to understand the current dynamics and trends within the priority neighborhoods. The commercial corridor analysis evaluates job growth, business growth, lease rates, poverty rates, unemployment rates, educational attainment, and share of population who are people of color.

The PDC annual report digs into some additional metrics that speak to NED's wealth creation goal:

- Adult EOI graduates
- Income increase (as a percentage) for three-year adult EOI graduates
- Average wage per hour at EOI graduation

Some involved in NED Strategy implementation expressed concern about the challenges in measuring performance in community economic development as the effort matures. One Leadership Group member suggested in addition to job growth in NPI businesses: reduction of vacant storefronts (not counting teardowns) and reduction in property crime. **Another was concerned about finding data that is readily available at such specific geographies and micromarkets and the differences in data needed for emerging and mature districts to show improvement.** The human scale of PDC's NED work will be a challenge to "reduce to a series of numbers," observed a group member. However, the current benchmarks focused on people served in priority populations and the income growth of participants in NED programs are right on the mark. Since the NED Strategy's goal is to build prosperity, those indicators that demonstrate how and where wealth is growing among the targeted areas of NED implementation are the most valuable. Secondary metrics like crime and storefront vacancies may follow on later when the NED effort has established its wealth creation success.

CONCLUSION

The Economic Development Strategy and the NED Strategy that followed two years later both represent real turning points for PDC and Portland's approach to economic development. Rather than focus on the documents themselves, this Implementation Assessment attempts to capture the activities, challenges, and successes of meeting the vision of these two strategies. PDC developed thoughtful, flexible strategies—and each strategy is a living document and has clearly taken on a meaning and impact far beyond what the authors could capture when laying out the initial guidelines.

Several key findings capture the range of issues raised in this Implementation Assessment and have implications for the next strategic cycle.

- ✓ **PDC's unique role in Portland:** PDC should pursue those goals and program areas that no other agency can do as the daily bridge between the city and businesses. The value of the connections PDC builds through a range of networking events and one-on-one efforts cannot be understated. Portland has many complex ecosystems of businesses, people, and organizations, and PDC is the convener of these groups around a shared vision of economic development for the city.
- ✓ **PDC is learning—and stakeholders are still learning about PDC:** Startup programs like the Export Plan and the NPI/Main Streets Network have been shared learning processes for PDC and their partners—and progress is evident.
- ✓ **Trailblazing accomplishments in exports and entrepreneurship:** PDC's work with the Brookings Institution on the Greater Portland Export Plan has been one of the most widely-recognized accomplishments since the 2009 Strategy. The biggest successes from PDC's entrepreneurship and innovation work were the creation of the Portland Seed Fund and the Startup PDX Challenge event.
- ✓ **The need for an updated cluster portfolio:** The application of PDC's international, entrepreneurship, public sector, and business retention and expansion areas of expertise to this sector have been critical to advancing the potential of local firms. As PDC scales its economic development initiatives to the neighborhood level, career ladders and points of entry for lower-skilled workers must be a consideration, in addition to assessing the city's critical mass of innovation, high-wage workers, and wealth-building opportunities. This may not mean adding new clusters but ensuring that the current stable of sectors clearly defines how they can be inclusive to a range of workers and businesses.
- ✓ **Workforce development alignment continues:** The shift to PDC's human capital focus is evident in both the economic development and NED strategies. The next strategy must build on the robust WSI alignment that has come from the current strategies.
- ✓ **Neighborhood economic development is complicated work, and requires a culture shift:** The biggest change for PDC in all this new economic work was aligning as an organization with the NED Strategy. There needed to be a "big culture shift" but "the ship has turned" finally. PDC has improved

its flexibility, reporting, expectations, and quality in this work—and very quickly, in a matter of a couple of years.

- ✓ **Building sustainable economic development in priority communities:** Sustainability is a priority for district managers who said they are constantly look into diversifying revenue. Still, stakeholders were adamant about the public sector's role in always funding this type of work. Sustainability is not only increasing the types of funding that NPIs and Main Street districts receive and determining how to diversify beyond the URA funding model, but how deeply the city embraces NED as a core function.
- ✓ **Opportunities to leverage more players:** PDC's next steps with the NED Leadership Group need to be helping them establish their identity, organizational structure, and understand their role in moving the needle on the Strategy. In addition, the City Action Team defined in the NED Strategy—or a similar model—should be launched to bring more public agencies to the table. Property owners and real estate developers are also essential to the success of NED. Higher education institutions will be important partners as the region's research and commercialization capacity grows in the coming years.

These takeaways were the biggest themes to emerge from the extensive stakeholder input and review of PDC documents that informed the Implementation Assessment. It should be noted that strategic implementation is a marathon, not a sprint. The way the momentum and innovation of the first several years of these two plans translates into the next strategic cycle will be the true measure of PDC's successes in economic development at the neighborhood and citywide levels. And without the capacity to better align, communicate, and share resources among partners, the work will be in vain. An updated strategy will ensure that the Economic Development Strategy and NED Strategy priorities and vision continue to expand and influence the Portland economy, leading the city in opportunity equity, wealth building, and quality jobs.

NEXT STEPS

The Steering Committee and PDC staff will provide feedback on the draft Implementation Assessment at the October 28 meeting and in the weeks that follow. The Market Street team will incorporate these changes and additions to the report. The final report will be presented to City Council on December 10. PDC staff will develop a new strategic plan framework and finalize the plan, in partnership with the Steering Committee, by mid-February 2015.