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Bruce A. Warner  
Executive Director

**DATE:** July 1, 2009

**TO:** Mayor Sam Adams

**COPY:** Commissioner Nick Fish  
Commissioner Amanda Fritz  
Commissioner Randy Leonard  
Commissioner Dan Saltzman

**FROM:** Bruce A. Warner, Executive Director

**SUBJECT:** Adopt the City of Portland Economic Development Strategy – A  
Five Year Plan for Promoting Job Creation and Economic Growth

1. **Intended Thursday Filing Date:** July 1, 2009
2. **Requested Council Agenda Date:** July 8, 2009
3. **Contact Name & Number:**  
Patrick Quinton, Sr. Development Manager, PDC 823-3355
4. **Place on:** ☐ Consent ☒ Regular
5. **Budget Impact Statement Attached:** ☒ Y ☐ N ☐ N/A
6. **(3) original copies of contracts approved as to form by City Attorney attached:** ☐ Yes ☐ No ☒ N/A
7. **Background / Analysis:** On July 8, 2009 Portland City Council will be presented with the opportunity to adopt the first citywide economic development strategy since 1994. This action plan emphasizes growing 10,000 jobs in City over the next five years. This is a significant goal for a city that has seen lagging job growth since 1997. The growth of jobs will simultaneously help Portland become the most sustainable economy in the U.S. Portland is positioned as the frontrunner to be the capital of the global green economy. This unique competitive position is due to an existing concentration of firms in clean technology and sustainable industries; years of recognized leadership in all facets of sustainable living – green building, transit, land use, recycling, and bicycle use; and a supportive state and local policy environment. Portland's efforts at leadership in sustainable economic development are bolstered by our legacy economic assets: a diverse economy consisting primarily of small businesses and anchored by a strong manufacturing base, a strategic location on the Pacific Rim with access to key Asian markets, and a thriving port with unrivaled inland access.



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The Strategy was developed through a nine month process which began in October 2008 and will conclude in July 2009.

**Strategy Goals:** The following provides a general overview of the Strategy's goals. More detailed information and action plans can be found in the Strategy document, included as Exhibit A to the Resolution.

1. **Competitiveness:** Generate robust job growth by maximizing the competitive environment for existing, emerging and relocating businesses.
  - 1.1 Cluster Strategy
  - 1.2 International Strategy
  - 1.3 Higher Education
  - 1.4 Workforce Development
2. **Innovative Urban Setting:** Maintain a leadership position in sustainability by constantly striving to produce an innovative urban setting that fosters creativity and invention.
  - 2.1 Next Generation Built Environment
  - 2.2 Vibrant Central City
  - 2.3 Selling the Portland Brand
3. **Neighborhood Vitality:** Achieve broad-based prosperity by stimulating economic activity throughout the city.
  - 3.1 Economic Gardening
  - 3.2 Small Business Assistance Portal
  - 3.3 Green Main Streets

Next steps for the Strategy includes a detailed implementation plan, as well as a funding plan identifying the resources necessary for achieving the goals..

8. **Financial Impact:**

Without adequate resources, this ambitious strategy will not be successful. The Strategy requires funding for basic economic cluster and industry support strategies, as well as the investment capital critical to cultivate business innovation and human capital necessary to compete in a 21<sup>st</sup> century economy. The cost to implement the plan over five years is estimated to be \$381 million, including the capital costs of catalytic real estate projects.

The estimated financial requirements to implement the Strategy are summarized below. The projected expenditures are separated into three categories:

- 1) **Programs**, which include all cluster organizing, business assistance, workforce development, and collaborative work with other institutions such as Portland State University or Oregon BEST;
- 2) **Recruitment** includes the staff time and incentive amounts that are offered to firms expanding in or relocating to Portland; and

- 3) **Strategic Initiatives**, which include the catalytic redevelopment projects that are contained in the Strategy.

<i>In millions</i>	<b>Year 1</b>	<b>5 Year Total</b>	<b>Annual Avg.</b>
<b>Programs</b>	\$5	\$35	\$7
<b>Recruitment</b>	14	70	14
<b>Catalytic Initiatives</b>	8	276	55
<b>Total</b>	\$27	\$381	\$76

Implementation of the Strategy will require the following:

- Reliable multi-year operating support for the key initiatives;
- A range of innovative debt products to finance the growth of existing businesses and serve as incentives for attracting firms to the city;
- Investment capital for start-up and emerging businesses;
- Strategic investment funds to jump start new programs and facilitate collaboration among existing programs; and
- Financial incentives through regulations and policies.

To meet the funding needs of the Strategy, the City will work with public and private sector partners to explore new sources of economic development funding, including the following:

- Permanent revenue streams dedicated to economic development.
- City-sponsored or managed revolving loan and investment funds.
- Use of existing revenue collection mechanisms to fund specific elements of the Strategy, including traditional transportation and infrastructure funding mechanisms like business improvement districts, local improvement districts, system development charges, as well as utility bills.
- Targeted procurement expenditures and investment of City investment funds.

9. **Recommendation / Action Requested:** Adopt the City of Portland Economic Development Strategy – A Five Year Plan for Promoting Job Creation and Economic Growth.

TG:rad

Enclosure (3)