

## Summary Meeting Notes

### Economic Development Policy Expert Group (EDPEG)

**Meeting Date:** December 19, 2012

**Time:** 11:30 a.m. to 1:30 p.m.

**Attendees:** Betsy Clapp, Tom Foley, Jon French, Peter Finley Fry, Douglas Hardy, Bob Hillier, Debbie Kitchin, Steve Kountz (PEG lead), Susie Lahsene, Michael Montgomery, Judith Mowry, Kirk Olsen, Ted Reid, Ryan Schera, Marty Stiven

**Other Presenters:** Tom Dechenne (NBS Realtors), Mark Clemons (Group Mackenzie), Andrew Frazier (Frazier Hunnicutt and Small Business Advisory Committee)

**Facilitator:** Joe Hertzberg, Solid Ground Consulting, assisted by Kazmiera Taylor

**Guests:** Carly Riter (PBA), Alando Simpson (City of Roses Disposal & Recycling)

### Update on status of Comprehensive Planning process

Steve Kountz summarized:

- The working draft, including draft goals and policies, will be released in mid-January.
- Working draft part 2 will come out in the summer.
- Workshops will be held in February and March to engage the general public in the policy discussion. Feedback will help shape the Plan.
- Proposed Plan scheduled for release next winter.

Note: The EDPEG will likely continue meeting through Fall 2013.

### How should Portland improve its regulatory business climate?

The general topic of the meeting was Portland's regulatory climate and its reputation as unfriendly to business. The three speakers were asked to suggest policy directions to improve the current situation. After they spoke, the group engaged in discussion.

Related materials:

- Comprehensive Plan Update: Draft Goals and Policies on Regulatory Climate and Site Readiness
- Portland Plan Business Survey Results Summary
- Governor's Regulatory Streamlining and Simplification Project summary

### Regional real estate markets, Tom Dechenne (NBS Realtors)

- Leasing activity is picking up incrementally; owners are still making some concessions to secure renters.
- Development has curtailed; land prices and development costs are still not in balance with rental rates.
- Portland's reputation as a difficult place to do development
  - ◆ Time.
  - ◆ Soft costs (permits, fees).
  - ◆ Lack of certainty (changing rules).
- Suggestions:
  - ◆ Reduce uncertainty.
  - ◆ Address land shortage.

### Development-ready land supply, Mark Clemons (Group Mackenzie)

- Regional study found 56 sites greater than 25 acres. Many of these are in multiple ownerships. We need to look at policy for aggregation.

- Only two sites in Portland are shovel-ready.
- Second phase of the study did a comprehensive analysis of 12 sites: (site plan, timelines, costs, jobs created, revenues). It concluded that 44% of costs related to offsite infrastructure, 2.5-12% to permitting time, 12-30% to risk.
- Time and risk are cultural issues that government has the power to affect.
- Suggestions:
  - ◆ Align jurisdictions.
  - ◆ Improvements to regulatory processes to reduce uncertainty.
  - ◆ Wetland mitigation prior to user.
  - ◆ Community Investment Initiative will soon issue RFP to local jurisdictions.

### **Regulatory impacts on small business, Andrew Frazier (Frazier Hunnicutt Financial and Small Business Advisory Committee)**

- "Small business" is defined differently by different people, leading to different assertions and conclusions.
- Portland has an above-average number of small businesses. These are the main engine for getting an economy back on its feet.
- Barriers and potential issues:
  - ◆ Taxes and fees (e.g., SDCs, unchanged level of deductible owner's compensation).
  - ◆ Uncertainty in the regulatory environment (e.g., design review, zoning process).
  - ◆ Policy mandates (e.g., proposal to require paid sick leave).
- Suggestions:
  - ◆ System should focus more on customer service.
  - ◆ True understanding of total costs of doing business.
  - ◆ Research whether policy measures are actually effective (e.g. parking charge changes were thought to help small business by turning over customers).
  - ◆ Fiscal impact statements should be done for private businesses as well as bureaus.
  - ◆ Policies, taxes, and fees should take into account the high risk of starting a small business.

### **Discussion**

- Perception is that differences between Portland and other local jurisdictions are extreme. 2004 and 2007 cost-of-doing-business studies show Portland costs in the middle.
- No one has compared Portland with comparable cities in other parts of the country on regulations and fees.
- Perception that Portland lacks a "can-do" attitude.
- How can the city become more competitive?
- Streamlining the permit process could be a competitive edge. Faster processes sometimes outweigh other costs.
- Why doesn't BDS get general funding for its work in the public interest?
- How can we educate the general public about development processes?
- How can we make the process more doable for small businesses and start-ups?
- Jurisdictions should have a good understanding of the market-readiness of land in their areas.
- Collaborative, participatory spirit of Portland can lead to inertia: "inability to move because of all of these public interest groups."
- Pilot projects.
- The Comprehensive Plan is a high-level policy document, and it won't address most of the kinds of suggestions that people are discussing, which are mostly micro-level.
- Once the Comprehensive Plan is done, how can we make changes to parts that aren't working?
- Portland has made some moves toward consolidation of permitting bureaus, but funding has been unavailable in recent years
- Importance and symbiotic nature of relationship between small and large businesses (primary employers like Nike, Intel, and others in traded-sector).
- Portland's entrepreneurial spirit is part of what attracts people here. It's part of our quality of life.
- There is a tension between certainty and flexibility, guidelines vs. prescriptive steps.

- How can we match public processes to the rate of innovation?

### **Public comments**

- Alando Simpson: My biggest concerns are time and money. The process I had to go through to develop about 200 yards was absurd; the cost would have tripled my project costs. No one looked into the plan when I submitted it. I had to go through three appeals and do a dog-and-pony presentation. Budget advisory meetings should be public so people have insights into where tax dollars go, what happens at these meetings, and how decisions are made.
- Carly Riter: Points to West Hayden Island and the process to annex that land into the city as an example of Portland's culture and process-heavy environment and where these issues intersect with land use. In a situation such as this (land shortfall + available land + market demand), if we cannot do what is necessary, it is a failure on the city's part. I think what the problem is here is there is a lack of prioritization. There should be some sort of accountability at the state land-use level, and I think that will help us prioritize what we want and what we value and get things done.

### **Final comments by presenters**

- Andrew Frazier: Economic development should be priority #1.
- Tom Dechenne: The value of Hayden Island is indisputable. We need to consider that the job density in industry is not as high as commercial businesses.
- Mark Clemons: If every policy is equal, we're at inertia. Prioritization requires leadership. Companies might be willing to support a fee increase that had concrete benefits, especially time.

**Next meeting: Wednesday January 16, 2013, 11:30 am - 1:30 pm**

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