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Date: October 9, 2012

To: Tess Jordan
Financial Analyst
Office Of Management and Finance

From: George Cornett
Principal Budget Analyst

Re: PDC Fall BMP Submittal

Please find attached the Portland Development Commission's submission to the City of Portland's Fall Budget Monitoring Process. We are submitting two budget requests as part of this Process - \$300,000 for Traded Sector Job Creation and Retention activities and \$117,030 for the Neighborhood Economic Development activities.

Budget Requests

Seed Fund

This is a request for \$300,000 that was originally allocated to the Portland Seed Fund as part of the FY 2011-12 Intergovernmental Agreement (IGA). Subsequently an Amendment to this IGA allowed for the transfer of these funds to related activities in Traded Sector Job Creation and Retention. These funds were not disbursed in FY 2011-12 but are currently under disbursement in FY 2012-13.

Program Encumbrance Carryover

This is a request for \$117,030 that was allocated to Neighborhood Economic Development activities. These funds were encumbered for professional services contracts for EOI in FY 2011-12 but not expended. These are under disbursement in FY 2012-13.

Service Improvement Plan Update

Public Involvement

PDC is proceeding in its shift from a focus on redevelopment to economic development. Public involvement is segmented primarily to the following:

PDC's Neighborhood Division is involved in public participation through the implementation of our Neighborhood Economic Development Strategy. This Strategy is overseen by a 30+ person Neighborhood Leadership Group.

PDC Business and Industry Division oversees our Cluster Advisory Groups. The groups are comprised of individuals from specific industries. They advise PDC on certain City General Fund investments and other strategic components in the City Economic Development Strategy.

Workforce Development

The 2011 PDC Strategic Plan also includes creating a work environment which values diversity and fosters productivity, learning and growth, and PDC recognizes its employees as the foundation of success. Work continues on these efforts and is being formalized as part of PDC's FY 2013-14 Work Plan.

Decision Package Updates

Decision Packages

The Requested Budget continues and builds upon the current work supported by General Fund resources in FY 2011-12. Programs funded with one-time General Fund resources in the Requested Budget include:

Cluster Industry Research, Development, and Initiatives

These funds allow PDC to provide opportunity funds to leverage investments in target industry-led initiatives for advanced manufacturing, athletic & outdoor, clean technology and software.

Provided below are some industry highlights for the second half of FY 2011-12:

Advanced Manufacturing:

Partnered with Manufacturing 21 and a University of Oregon team to conduct a feasibility study for the NW Collaboratory for Sustainable Manufacturing to support innovation, research and development and higher education collaboration. The study will be completed in January 2013.

PDC launched the Portland Harbor Initiative in collaboration with the Mayor's office. Designed to encourage private investment in the Willamette River Harbor, the effort resulted in the identification of 6 promising opportunities. PDC, BPS, and BES are working with these businesses to assist them with their respective projects.

The Ezone program, PDC's most effective business recruitment/retention tool, has gained increased interest. During FY 11-12, PDC received 4 new Ezone applications representing over 500 jobs and nearly \$390M in new investment.

Athletic & Outdoor

One of the objectives of the A&O industry-defined action plan released in October 2010 was to help small and medium-sized A&O firms access the resources they need to expand and grow. Toward that effort, PDC has been facilitating a bi-monthly roundtable. Sessions are focused on industry defined topics featuring experts who volunteer to share their time and expertise. The discussions are facilitated by former Yakima CEO Jim Clark and are intended to provide an information exchange on retention and recruitment opportunities, industry-wide concerns and catalytic initiatives. The general fund allocation was less than \$5,000.

During FY 11-12, PDC embarked on a competitive process to develop a website focused on the regional athletic & outdoor industry. A local firm was selected and is working with a task force of athletic & outdoor firms with the goal of launching the website in February 2013.

Clean Tech: Clean Energy

PDC published Oregon's Clean Energy Economy report in collaboration with the State of Oregon. Oregon was ranked second in a national ranking.

PDC was awarded a federal \$2.1M Jobs and Innovation Accelerator Challenge grant to further alignment with our clean tech and advanced manufacturing strategies with an emphasis on research, commercialization and supply chain development.

Clean Tech: Green Development

Organizing industry leaders to define business opportunities and innovative research related to the Oregon Sustainability Center was the highest priority for the green development team during FY 11-12. The project continues to be a high priority and is being further refined with private sector leadership and involvement.

Software:

PDC partnered with the Technology Association of Oregon (formerly known as the Software Association of Oregon) and other industry leaders to develop and launch Techlandia, a website providing mentoring, industry connections and other resources to assist the growth of successful software firms.

PDC launched PDX100, designed to scale promising start-ups by helping them secure capital, find executive talent and auditing services. The first class of firms was announced during FY 11-12 with the goal of expanding include more companies in future years.

PDC continues to support expansion of Portland's entrepreneurial network through programs such as PDX100, the Portland Seed Fund, Startup PDX, and the launch of the OHSU/PSU Commercialization Grant.

International Business Development

These funds focused on implementing the the international business development strategy developed by PDC and the Mayor's Office with the goal of increasing exports for Portland companies and foreign direct investment activity in Portland.

During FY 11-12, The City of Portland was selected with three other Cities by the Brookings Metro Export Initiative to develop an export strategy. Significant staff time during FY 11-12 was dedicated to working with the Brookings Institution and the cohort cities to develop the strategy and plan. The plan was unveiled in March with Greater Portland Inc. identified as the lead in facilitating implementation of the regional strategy. PDC will be a key participant with an emphasis on cluster export opportunities. A total of \$13,500 has been spent during FY 11-12 for PDC and City representatives to participate on trade missions to Canada and Asia. In addition, PDC staff has travelled to DC to participate in discussions with the cohort cities participating with Portland on the Brookings Metro Export Initiative.

We Build Green Cities, referenced in the clean tech strategy was a key initiative identified within the export strategy to promote Portland' expertise and leadership in clean technology. General fund dollars were used to design and develop the website with input from clean technology industry leaders.

Business Services

The Portland4biz website, which is designed to help build businesses, connect businesses to one another and find local resources, is maintained and updated by PDC staff. There is a strong effort to keep the website new and fresh and that requires regular updates. Features of the website include a regular updated business calendar, blog, articles and reports regarding Portland region economy and industries.

Entrepreneurial Development

A critical component of the entrepreneurial strategy is to leverage the programs and work of higher education institutions. As such, PDC continues to expand work with Oregon Health & Science University (OHSU), Portland State University (PSU) and other Oregon University System (OUS) schools. PDC is in the process of finalizing a commercialization grant in partnership with OHSU and PSU. The grant will build upon an existing OHSU program and will provide grants to support start-up activities efforts within the universities..

During FY 2011-12 General Fund resources largely supported staff time to interview universities, their faculty and industry as well as to research best practices.

Portland Seed Fund Initiative

The balance of the Portland Seed Fund (\$300,000) is being reallocated to Strategic Mentoring and Investor Outreach Activities (\$100,000) and Technology Commercialization (\$200,000). Note that this is included in the Budget Requests.

Small Business Working Capital

During these challenging economic times and during a time when lending institutions are become more risk adverse, the demand is greatest for working capital resources. Businesses are seeking funding to retain and hire new people, purchase inventory, marketing and other business expenses that are not TIF eligible. \$150,000 was disbursed to two businesses to support our target industry cluster and neighborhood economic development strategies.

Neighborhood Economic Development

The goal of the Neighborhood Economic Development (NED) program, and the City's Neighborhood Economic Development Strategy, is to foster economic opportunity and neighborhood vitality throughout Portland. Initiatives under this program allow the City, in collaboration with neighborhood residents, local businesses, and community development organizations, to grow vibrant commercial areas, support small business growth, and increase access to jobs by successfully positioning neighborhoods, local businesses, and their residents to connect to and compete in the regional economy.

There are five citywide NED initiatives supported in this program:

Portland Main Street Program

Portland Main Street is a community-led revitalization program designed to stimulate neighborhood businesses.

MAIN STREET FY 2011-12 DATA REPORTING

MS PROGRAMS	Volunteer Hours	Net Businesses	Net FTE	Net PTE
	FY 2011-12	FY 2011-12	FY 2011-12	FY 2011-12
Alberta	2470	10	36	16
Hillsdale	4624	3	23	26
St. Johns*	2833	9	11	3
Total	9927	22	70	45

Major accomplishments of the three Main Street Districts include:

- Completion of first year property improvement and sustainability projects in all three districts; projects including new garbage/recycling receptacles in two districts, two small façade improvements, and a de-paving and native landscaping project.
- Completion of second year property improvement projects. Projects include a parking lot redesign that improved pedestrian safety and efficiency while increasing parking spaces and business connectivity, art installation at district transit stops, and a major district clean up event including replacing street trees within the district.
- Completion of District Design Plans identifying short and long term capital improvement.
- Continued private leverage of approximately \$25,000 per district for district administration and operations.
- Successful summer and holiday events in all three districts raising visibility of the districts.

Neighborhood Prosperity Initiative

This program will focus on six economically challenged business areas outside of existing urban renewal areas that are either not yet ready for a full scale Main Street approach or that are not a good fit for this model.

Major accomplishments of the NPI include:

- Rollout of the NPI in October 2011 by Mayor Adams with over 150 neighborhood residents, businesses and business districts attending.
- Training and orientation of six proposed NPI district stakeholders.
- Approval of \$10,000 grants to the six proposed NPI areas allowing them to conduct comprehensive community outreach, hire translators, and conduct community meetings to discern their interest in participating in the program.
- Letters of interest by all six NPI areas indicating their interest in becoming a creating an urban renewal area and participating in the NPI.

Small and Neighborhood Business Technical Assistance

This program provides for citywide small business technical assistance. In FY 2011-12, a competitive request for proposals process was used to select five non-profit entities to deliver small business development. Businesses eligible for services will have 50 or less employees and will be:

- Owned by a person of color;
- Owned by a person with limited English proficiency;
- Owned by a person with modest income (120% of the median family income); or
- Located in targeted areas of North, Northeast, and East Portland.

In FY 2011-12, this program delivered technical assistance and training to approximately 155 businesses; eighty (80) businesses will also receive business legal services. The major accomplishments of this initiative to date are:

- Solicitation of proposals and selection of providers for the program
- Establishment of a reporting and data collection mechanism for providers and
- Initiation of services for small businesses.

Economic Opportunity Initiative (EOI)

EOI currently serves approximately 1,950 multi-barriered individuals and businesses with workforce or microenterprise training and appropriate support services. Approximately 1,650 individuals will receive workforce development services and 300 businesses will receive microenterprise support. PDC anticipates that approximately 50 percent of enrollees in the program will graduate after three years with a minimum of 25% increase in income or revenues. Approximately 52% of participants enrolled in EOI are minorities and another 15% are non-native speakers.

PDC issued new request for proposals for the microenterprise development component of the program in February 2012 with new contracts with providers of business development services effective July 1, 2012. In addition, PDC undertook joint RFP with Worksystems, Inc for youth workforce development component of the program in February 2012. Similarly, new contracts for youth workforce development providers began July 1, 2012. A new RFP for the adult workforce component of the EOI program is anticipated for February 2013.

<u>Cohort</u>	<u>Graduation Yr.</u>	<u>Enrollment Goal for Cohort</u>	<u>Provider Goal for Success</u>	<u>Actual # of Enrolled who Achieved Success</u>	<u>% of Provider Goal Achieved Success</u>	<u>% of Actual # of Enrolled who Achieved Success</u>
2004/2005	2007/2008	306	202	162	80.20%	52.94%
2005/2006	2008/2009	546	337	296	87.83%	54.21%
2006/2007	2009/2010	544	375	321	85.60%	59.01%
2007/2008	2010/2011	600	422	395	93.60%	65.83%
2008/2009	2011/2012	695	462	397	85.93%	57.12%
Totals for graduated cohorts		2691	1798	1571	87.37%	58.38%