

# **Bureau Summary**

## **BUREAU MISSION**

The mission of the Portland Development Commission (PDC) is to create one of the world's most desirable and equitable cities by investing in job creation, innovation, and economic opportunity throughout Portland. Its economic and urban development activities are guided by two City Council-adopted strategies: the five-year Economic Development Strategy and Neighborhood Economic Development Strategy.

## **BUREAU OVERVIEW**

The Portland Development Commission is the City's economic development agency and is responsible for achieving the City's job creation and economic development objectives.

In July 2009, the Portland City Council adopted the City of Portland's Economic Development Strategy – A Five Year Plan for Promoting Economic Growth and Job Creation. In doing so, the City Council adopted Portland's first economic development strategy in more than 15 years. The primary goal of the strategy is to create 10,000 new jobs by 2014 and to build the most sustainable, equitable and competitive economy in the world. The Neighborhood Economic Development Strategy, which was adopted by City Council in 2011, builds on this agenda and calls out social equity and the importance of community partnerships as an integral part of how the agency delivers its services. Implicit within this goal is determining how to enable community involvement, governance, and mutual accountability as a core value in how the agency works with the community.

The Portland Development Commission manages 12 traditional and six micro Urban Renewal Areas (URAs) and engages in public-private partnerships to redevelop and revitalize key commercial corridors and centers across the city. Alongside private partners, the commission continues to pursue strategic and/or catalytic redevelopment projects both downtown and in neighborhoods, with a focus on projects that match current market needs and to generate the maximum social and financial return for the City.

Resources from the City General Fund allow the commission to fulfill job growth and economic growth that are not eligible for funding through Tax Increment Financing (TIF). General Fund support extends the commission's work beyond URA boundaries and real estate investments to provide critical non-physical assistance that supports business growth through staff expertise, working capital, and technical assistance. Together, TIF and General Fund support allow for a web of activities that connect people and resources to promote job and wealth creation, economic opportunity, and neighborhood revitalization. Projects and programs vary in size and scope but share the consistent goals of facilitating business activity that fuels the retention and creation of living-wage jobs that support families, generates community wealth, and creates healthy and vibrant neighborhoods throughout the city.

## **STRATEGIC DIRECTION**

The commission's economic and urban development activities are guided by two strategies adopted by City Council: the five-year Economic Development Strategy and Neighborhood Economic Development Strategy.

These two strategies serve as the cornerstone for the commission's 2011 Strategic Plan, which articulates five goals that focus and define the daily work of agency:

- Strong economic growth and competitiveness;
- Social equity;
- Healthy neighborhoods and neighborhood business vitality;
- Urban innovation and a vibrant central city; and
- Effective stewardship.

**RECONCILIATION OF PRIOR YEAR REVISED BUDGET**

<b>Program</b>	<b>Revised Budget</b>	<b>Actuals</b>	<b>Variance</b>
<b>Neighborhood</b>			
Main Street	290,000	314,191	108%
Small Business Technical Assistance	600,000	428,675	71%
Neighborhood Prosperity Initiative	665,000	630,416	95%
Venture Portland	288,350	288,313	100%
Economic Opportunities Initiative	1,605,018	1,662,858	104%
Neighborhood Subtotal	3,448,368	3,324,453	96%
<b>Traded Sector</b>			
Cluster Development	1,041,080	1,019,402	98%
Targeted Business Recruitment	365,143	110,025	30%
Small Business Working Capital	200,000	66,711	33%
Portland Seed Fund	300,000	484,934	162%
International Business Development	205,000	369,969	180%
Entrepreneurial Development	90,000	152,000	169%
Portland4Biz website	17,010	15,192	89%
Traded Sector Subtotal	2,218,233	2,218,233	100%
<b>TOTAL</b>	<b>5,666,601</b>	<b>5,542,686</b>	<b>98%</b>

There is encumbered unspent balance in the Neighborhood Program of \$123,915. PDC requests the \$123,915 as carryover in Neighborhood for the following purposes:

- Training and technical assistance for the NPI and Main Street Districts – \$65,000. PDC has existing contracts with the National Trust Main Street Center and the Nonprofit Association of Oregon to provide technical assistance to districts. Funding will be used to complete these contracts and to provide tailored technical assistance to each district around business development, organizational development fundraising and equity issues.
- Micro and Small Business Development – \$58,915 will allow service to an additional 35 small businesses. The focus of business technical assistance will be to those located in the NPI and Main Street areas with a focus on technical assistance in languages not currently offered such as Chinese.

## **STATUS OF BUDGET NOTE**

### **Economic Development Sustainable Funding**

Council directs the Office of Management and Finance (OMF) to add sustainable funding for PDC's Economic Development program to the FY 2013-14 5-year forecast. OMF should increase PDC's FY 2013-14 current appropriation level target by \$3,187,065.

The FY 2013-14 Adopted Budget of \$4,777,437 in City General Fund represents a \$1,028,826 (17%) decrease from the FY 2012-13 Adopted Budget of \$5,806,263. The commission started with a FY 2013-14 base budget of \$5,344,437 which was 90% of the CAL adjusted FY 2012-13 Adopted Budget. The 90% budget reduced commission funding across both Neighborhood and Traded Sector programs.

Additionally, in the FY 2013-14 Adopted budget there were ongoing reductions: a service reduction of \$250,000; reduction of Alberta Main Street of \$29,000; and a reduction in Hillsdale Main Street of \$153,500. There was one ongoing addition: Economic Opportunities Initiative was increased by \$75,000. Finally there were one-time reductions: deferring Materials & Services by \$25,000; deferring Working Capital by \$150,000; and deferring Start Up Investment by \$100,000.

## **DECISION PACKAGES**

### **Neighborhood Program**

#### **Main Street - \$290,000**

Portland Main Street Program funds are used to continue operations and support of the three Main Street districts. In FY 2012-13 operations grants leveraged private funding by a factor of 2.2 for every dollar of operations funding granted by PDC. In addition, the three districts collectively saw a net increase of 15 businesses, 80 full-time and 13 part-time jobs. Volunteers contributed more than 9,000 hours towards district promotions, economic development, district improvement projects and administration. Tax increment financing contributed to program operations this year, as two of the three Main Streets have been incorporated into Urban Renewal Areas.

#### Main Street Performance:

- Volunteer Hours: FY 2011-12, 10,252; FY 2012-13, 9,043
- Net FTE: FY 2011-12, 81; FY 2012-13, 80
- Net PTE: FY 2011-12, 50; FY 2012-13, 13
- Total Jobs: FY 2011-12, 131; FY 2012-13, 93
- Private Funding for Operations: FY 2011-12: \$197,137; FY 2012-13, \$267,631

#### **Neighborhood Prosperity Initiative - \$665,000**

City Council created six micro-URAs in April 2012. Each district is a separate Urban Renewal Area with about \$1 million in tax increment revenue to invest in small bricks-and-mortar projects - such as storefront and street lighting improvements - over the next nine years. The districts are NE 42nd Avenue, NE Cully Blvd., Parkrose, Rosewood, Division-Midway and SE 82nd Avenue and Division. General Funds are used to provide grants for district administration and promotions; General Funds also support training and technical assistance to the new non-profits that are carrying out the work of the NPI around such issues as business development, district marketing, and board and organizational development.

In FY 2012-13 all six NPI districts hired District Managers and began operations. Districts raised at least \$15,000 to match administrative grants, planned and began implementation of their initial capital and promotions projects, and continued to receive training and technical assistance to support start-up activities. Districts logged approximately 8,900 volunteer hours. Approximately 400 hours of technical assistance and training were provided to community members and districts to build their capacity and strengthen each organization.

### **Small Business Technical Assistance - \$450,000**

This program provides for citywide small business technical assistance. Businesses eligible for services have 50 or fewer employees and are:

- 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 2012-13, the program's two non-profit business development organizations provided approximately 3,800 hours of business technical assistance to 219 businesses. Fifty-six percent of business owners served were people of color and 26 percent had limited English proficiency. Client satisfaction survey results indicate high satisfaction with an average score in overall satisfaction of 4.15 out of 5. Businesses reported creating 56 new jobs created during the fiscal year and a median increase in gross sales from the time of enrollment of \$47,500.

### **Economic Opportunity Initiative - \$158,000**

The Economic Opportunity Initiative has three components: microenterprise development, adult workforce development and youth workforce development. Microenterprise clients served have a median family income of 80% and below. Workforce participants have incomes of 30 percent median family income and below. Sixty-one percent of individuals served were people of color. Accomplishments by program area include:

#### Microenterprise Development:

- Six non-profit organizations provided business development services to 257 business owners, half of whom had incomes of 30 percent median family income and below. Sixty-two percent (159) of participants were new enrollees to the business development program.
- Providers delivered 8,500 hours of technical assistance service to business owners, primarily as one-on-one coaching.
- Gross sales were reported for 108 microenterprise participants. The median increase in gross sales as of June 30, 2013 was \$22,712 which represents a 47 percent increase in income compared to income at the time of enrollment.
- The annual customer satisfaction survey was completed by 108 participants. Eighty-two percent (82%) of respondents agree or strongly agree that they are completely satisfied with the services received. Seventy-one percent (71%) of respondents found the business development services to be a good or exceptional value and well worth the time spent.
- Important business development services for participants were implemented, including: access to legal services through the Small Business Legal Clinic, access to microenterprise market research through the MarketLink program of the Oregon Microenterprise Network, and credit coaching and repair services through the Metropolitan Family Services.

#### Adult Workforce Development:

- Twelve non-profit organizations provided workforce development activities.
- There were 167 graduates of the EOI adult workforce development program. Graduates completed a three year program with at least a 25 percent increase in income. The average wage at graduation was \$14.13/hr.
- The program also provided access to important services including: credit coaching and repair services through the Metropolitan Family Services and removal of minor civil/criminal records and driver's license reinstatement through Clean Slate.

#### Youth Workforce Development:

- Six (6) non-profit organizations or alternative schools provided workforce development services to 487 youth who were supported in whole or part by City of Portland/CDBG funds. Most of participants were new enrollees to the program.
- Of the 487 City of Portland youth served:
  - 103 youth participated in a paid internship in the community
  - 96 youth obtained their GED or high school diploma this program year
  - 39 youth obtained an Occupational Training Certificate or Professional Organization Certificate (such as: fork lift certification, OLCC card, etc.)
  - 107 youth transitioned from the Intensive Services Program to the Retention and Advancement Program
  - 86 out of 107 youth who transitioned were placed in paid employment or post-secondary education/training
  - 55 out of 67 youth who transitioned to an employment placement retained that placement for a one year

## **Traded Sector Program**

### **Cluster Development & Business Recruitment - \$179,065**

These initiatives help to create jobs by raising the competitiveness and profile of Portland's four target industry clusters: Clean Tech, Advanced Manufacturing, Athletic & Outdoor, and Software.

Business development remains a priority for the agency. The FY 12/13 budget allocated resources for PDC economic development staff to proactively meet one-on-one with traded sector companies to address individual company needs, tackle issues inhibiting growth and identify the best resources to support business competitiveness. Technical assistance -- i.e. market research, regulatory guidance, financial assistance, business planning, real estate advice, marketing, export promotion or workforce development -- may be provided directly by PDC and/or through a local partner with specific expertise. In FY 12/13 PDC completed approximately 250 business visits focused on direct and referral assistance to support retention and expansion of traded sector companies.

Industry branding and marketing, trade shows, site selection services and strategic recruitment trips remain the foundation for PDC's business recruitment efforts. Since July 2009, PDC has helped recruit more than 20 businesses to Portland

### **International Business Development - \$130,000**

With a heightened, intentional focus on international trade, Portland is working to secure and strengthen its long-term position as a globally integrated economic region. The implementation of the Greater Portland Export Plan will: 1) create and retain export related jobs; 2) diversify export industries and increase the number of companies exporting; and 3) establish a global reputation for Portland as a competitive trading region. PDC's export-related business development efforts focus on case management assistance to local firms seeking export resources. PDC also collaborates with regional partners to market/brand innovative local industries in foreign markets, create an export resources roadmap for small businesses, and develop supply chain opportunities in exporting industries for local firms.

Since the Export Plans launch in February 2012, PDC has worked with 50 traded sector firms on export promotion, including providing direct market research, trade show assistance and referrals to key export service providers. PDC also launched We Build Green Cities (WBGCC), a program that capitalizes on the city's global brand for sustainability and clean tech to help local firms increase exports.



**Portland Seed Fund - \$300,000**

Since May 2011, the PSF has invested close to \$1.3 million in 36 companies across industries. The 36 PSF startups have raised more than \$23 million in additional capital. Approximately two hundred (200) jobs have been created by PSF companies in less than two years, and several companies are on the path to significant local employment growth. The Portland Seed Fund achieved its first exit in the fall of 2012, when Geoloqi was acquired by ESRI, a global billion dollar GIS company. Geoloqi becomes ESRI's new Portland R&D center.

**Small Business Working Capital - \$5,000**

These funds were reallocated to Portland Seed Fund.

**Entrepreneurial Development - \$115,000**

Fostering entrepreneurship is a core component of PDCs efforts to create high-paying jobs, support high-growth firms, commercialize local technologies and encourage broad economic opportunity. FY 12-13 successes include:

- The launch of the first Startup PDX Challenge, a national competition soliciting startups to relocate to Portland's Produce Row by offering free rent for a year, in-kind professional services, and a working capital grant;
- The development of a Commercialization Grant with OHSU & PSU;
- Establishment of an Inclusive Entrepreneurship Action Plan to connect underrepresented populations to Portland's existing startup ecosystem ; and
- Analysis and recommendations to expand co-working space within the central city to accommodate high-growth, traded-sector firms.

**Business Services Website - \$55,000 reduced to \$17,010 as part of the Winter BMP**

This was comprised of some personnel services and materials & services related to the Portland 4 Biz Website. We have since discontinued funding for the pdx4biz site.