

PDC

PORTLAND DEVELOPMENT COMMISSION

DATE: February 22, 2012
TO: Board of Commissioners
FROM: Patrick Quinton, Executive Director
SUBJECT: Report Number 11-87

Authorize an Intergovernmental Agreement with the City of Portland for Joint Management of a \$1,000,000 Grant from the U.S. Economic Development Administration to fund the Portland Regional Clean Tech Advance Project

EXECUTIVE SUMMARY

BOARD ACTION REQUESTED

Adopt Resolution No. Resolution 6920

ACTION SUMMARY

In September 2011, the Economic Development Administration (EDA) awarded the City of Portland (City) a \$1,000,000 grant (Grant) under The Jobs and Innovation Accelerator Challenge competition to fund the Portland Regional Clean Tech Advance Project (Project). See Attachment A for the Clean Tech Grant Fund Summary. Although the grant application identified the Portland Development Commission (PDC) as the primary agency responsible for coordinating and overseeing the implementation of the Project, the grant award listed the City as the prime recipient and PDC as the subrecipient of the grant award. Upon awarding the Grant to the City, the EDA required that PDC be identified as a Co-recipient instead of a subrecipient.

This action will approve an Intergovernmental Agreement (IGA) between the City and PDC that identifies PDC as a co-recipient and provides for joint management of the grant award by the City and PDC. The EDA will not disburse any funds to the City until this action is approved.

The Project supports the growth of the clean tech and sustainable industry cluster and aligns with PDC's Strategic Plan and Economic Development Strategy. The Project will focus on two priorities in the five-county Portland-Vancouver region:

- 1) The commercialization of technologies into new products in the region's high-growth, clean technology cluster; and
- 2) The integration of the region's traditional manufacturing industries into fast growing clean technology sectors.

The Project is anticipated to be completed by the end of 2013.

PUBLIC BENEFIT

Four interrelated yet distinct activities, undertaken as part of the Project and funded by the Grant, will enhance the competitiveness of the clean tech and sustainable industry cluster in the region, foster the public benefits of economic growth and job creation:

- 1) Technology Commercialization;
- 2) Supply Chain Development;
- 3) Product Diversification and Process Re-Engineering; and
- 4) Best Practices Analysis and Cluster Opportunities Report.

In addition, the grant award leverages an additional \$1,074,500 in funding from partner organizations throughout the five-county Portland-Vancouver region, including PDC.

This action will support the following PDC goals:

- Strong Economic Growth and Competitiveness
- Sustainability and Social Equity
- Healthy Neighborhoods
- A Vibrant Central City
- Effective Stewardship over our Resources and Operations, and Employee Investment

PUBLIC PARTICIPATION AND FEEDBACK

No direct public participation has taken place in the development of this IGA.

COMPLIANCE WITH ADOPTED PLANS AND POLICIES

The Project advances the City's Economic Development Strategy and PDC's Strategic Plan. PDC's IGA Cost Recovery Policy does not apply to this IGA.

FINANCIAL IMPACT

The total Project budget is \$2,074,500. The Federal share is \$1,000,000 (Attachment A). PDC and partner organizations throughout the region are contributing the remaining \$1,074,500. Of the non-Federal share, PDC's contribution is \$350,000. Of this total PDC contribution, \$270,000 is in-kind personnel services for grant administration and \$80,000 is for non-personnel costs. PDC's contribution will come from the budget for Activity B15100101—Cluster Development-GEN over both FY 2011-12 and FY 2012-13.

RISK ASSESSMENT

No significant risks identified.

WORK LOAD IMPACT

The IGA between the City and PDC will have minimal impact to existing work plans in terms of additional workload. The grant structure is such that the grant award aligns with work already underway in the clean technology and advanced manufacturing clusters. This will allow additional resources to be devoted to these sectors, but is not anticipated to require substantially more staff time to complete. Furthermore, other grant activities align with City's Economic Development Strategy and PDC's Strategic Plan, so rather than requiring resources to be diverted the grant will enhance the strategic direction. Additional staff time beyond time allocated in the work plans is not anticipated.

ALTERNATIVE ACTIONS

The alternative actions would be to not support approval of the IGA or to recommend changes to it. This would result in the Project being delayed or in the Project not moving forward, which would require the remittance of grant funds to the EDA.

CONCURRENCE

On November 9, 2011, the Board of Commissioners (Board) adopted Resolution No. 6911 to amend the FY 2011-12 Adopted Budget to accept EDA grant funds to implement the Project. The Portland City Council is expected to approve the IGA subsequent to Board consideration and approval.

BACKGROUND

The regional team applied for the Jobs Innovation Accelerator Challenge (JIAC) Grant in the summer of 2011 and received notice in the fall that the application was successful. The grant is structured so three federal agencies each grant funds to a primary local, state or nonprofit entity. The grant was in the amount of \$2,150,000. Of this total, \$1,000,000 is provided by the Employment and Training Administration for training workers for the clean technology industry. These funds are being administered by Worksystems, Inc. The Small Business Administration is providing another \$150,000 for working with small and disadvantaged businesses. These funds will be administered by Oregon Microenterprise Network. Finally, \$1,000,000 is for economic development efforts and is being provided by the Economic Development Administration. These funds will be jointly administered by the City and PDC under the terms of the IGA. PDC is an active participant in the economic development component of the grant; staff has met with sub-recipient agencies of the grant to coordinate efforts and ensure grant efforts align with the region's strengths. Large portions of the Project will be implemented by the sub-recipient agencies and a majority of the grant funds received for the economic development efforts will be provided to the sub-recipient agencies pursuant to sub-recipient agreements with PDC.

The Portland-Vancouver metropolitan region is a national leader in both clean technology and traditional, heavy manufacturing. Through a focus on technology commercialization, supply chain development, and product diversification and re-engineering, the Clean Tech Advance (CTA) initiative seeks to further integrate two of the metropolitan region's prominent industry

clusters to accelerate clean technology innovation and production to meet growing global demand. Economic development, workforce and small business partners in Oregon and southwest Washington have established the core elements of the JIAC for the clean technology cluster over the last decade. The CTA initiative will amplify these efforts by connecting, leveraging, and multiplying local, regional and national resources to connect clean technology innovations with manufacturing to increase the region's competitive advantage in the global marketplace.

The opportunity presented by the JIAC grant for this integration represents a cultural shift in three distinct ways: 1) it will emphasize the importance of small businesses; 2) align manufacturing cluster to clean tech cluster; 3) shift from state-centric model to a regional economy model of economic development. This regional, bi-state dialogue will be coordinated under the convening umbrella of Greater Portland Inc., which will work closely with all CTA and Federal Resource Team partners to ensure a productive relationship for the benefit of the region. This economic development approach is mutually beneficial for Portland and its surrounding counties and municipalities.

The JIAC grant project will catalyze the Portland-Vancouver regional clean tech cluster and bring these unique opportunities to fruition by focusing on three core economic development strategies: technology commercialization, supply chain development, and product diversification and re-engineering. Related workforce strategies will focus on infusing local advanced manufacturing with middle-to-high skilled workers and training business owners and managers to enter the clean tech sector with a deliberate emphasis on integrating Small Business Administration defined 7(j) businesses and bringing them to the forefront of clean tech and advanced manufacturing clusters. The CTA initiative will connect academic research and innovation to private sector entrepreneurship with proven workforce development strategies to prepare workers for the economic transformation needed to retain our nation's global competitiveness. Related small and minority-owned business strategies will focus on market research and engaging micro and small businesses as well as 7(j) defined minority, woman owned, and emerging small business in the clean tech and manufacturing clusters. The JIAC grant will allow the bi-state region to build, support and diversify the clean tech manufacturing cluster and its workforce in a truly equitable, collaborative, and coordinated way. A fourth element of the grant will be to create an opportunity report to identify best practices and opportunities for improvement. This will be beneficial to the region to address the objective of further regional cooperation. Thus, this grant creates a unified effort to help workers and businesses, including those that are small, minority-owned and traditionally disadvantaged.

ATTACHMENTS:

- A. Clean Tech Grant Fund Summary

Clean Tech Grant Fund Summary

Resources	FY 2011-12	FY 2012-13	Total
Intergovernmental Revenues	539,050	460,950	1,000,000
Total Fund Resources	539,050	460,950	1,000,000

Requirements	FY 2011-12	FY 2012-13	Total
Program Expenditures			
Business Development			
B215001260 Cluster Industry Dev (CID)	539,050	420,997	960,047
Business Dev Total	539,050	420,997	960,047
Total Program Expenditures	539,050	420,997	960,047
Personal Services	0	39,953	39,953
Total Fund Expenditures	539,050	460,950	1,000,000
Ending Fund Balance	0	0	0
Total Requirements	539,050	460,950	1,000,000