



CRITERIA FOR ELECTRONIC COMMERCE DESIGNATIONS:

AS AVAILABLE – ANY EXISTING ENTERPRISE ZONE

INCLUDING FOR TERMINATING E-COMMERCE ENTERPRISE ZONES (>3 YEARS OLD)

1. Applicant exhibits readiness and capacity—in terms of marketing, business locations, telecommunications infrastructure and so forth—to productively utilize designation based on local submissions and agency determination (see attached addendum).
2. One or more committed business development projects—respective to either new or existing business operations—are standing by to use the electronic-commerce designation, for which at a minimum, an eligible business firm:
 - Has applied to local zone manager for authorization in the enterprise zone.
 - Appears through the local application to be eligible for enterprise zone property tax abatement, including but not limited to plans to ...
 - Invest in qualified property at a site for development/expansion inside the zone’s current boundary, and
 - Hire and maintaining at least enough new full-time, permanent employees in the zone to qualify in claiming exemption.
 - Addresses (confidential) letter on company letterhead from an executive officer to the Business Oregon director, stating the number of new, full-time hires that the investment/expansion is expected to entail, and that ...
 - Designation of the zone for electronic commerce zone would weigh crucially in the decision to undertake investment,
 - It is understood that neither the letter nor designation guarantees qualification for or receipt of any tax benefit,
 - Project work at site is expected to begin on specified date * (by which time the designation could take effect) within 90 days, and
 - Initial investment to be incurred after authorization will include capital assets for use in electronic commerce operations, on which tax credit might be claimed, that will cost at least \$500,000.
3. *E-commerce* designation is reserved for the enterprise zone, and:
 - Each sponsoring government adopts a resolution requesting designation, with copies submitted per ORS 285C.095(3).^a
 - Director issues order of *electronic commerce* designation under ORS 285C.095.^b

a. “The [CITY/PORT/COUNTY] does hereby request that the East Portland Enterprise Zone be designated for electronic commerce under ORS 285C.095.”

b. Business Oregon may revoke designation if start of project work is delayed more than 45 days. *



□

ADDENDUM FOR ELECTRONIC COMMERCE DESIGNATION (IF AVAILABLE)

1. Significance for electronic commerce of location and features of communities, business sites and so forth in the current or proposed zone, including future boundary changes noted in resolution(s)—

See attached Appendix A

ADDITIONAL INFORMATION—IN LETTERED APPENDIX OR TAB: **A**

2. Strategic or marketing plans, resources and readiness of the enterprise zone, local development organizations or public investments, as they relate to electronic commerce—

See attached Appendix B

ADDITIONAL INFORMATION—IN LETTERED APPENDIX OR TAB: **B**

3. Past success in using incentives for inducing business development in general—

See attached Appendix C

ADDITIONAL INFORMATION—IN LETTERED APPENDIX OR TAB: **C**

4. Interest and support among local businesses, community organizations and the general public for having an electronic commerce enterprise zone—third-party letters may be sent directly to the department by the party

See attached Appendix D

ADDITIONAL INFORMATION—IN LETTERED APPENDIX OR TAB: **D**

5. Other local assets that are supportive or complementary to electronic commerce business activity and investments—for example, training facilities, telecommunication infrastructure, environmental initiatives

See attached Appendix E

ADDITIONAL INFORMATION—IN LETTERED APPENDIX OR TAB: **E**

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Proposed East Portland E-Zone Map
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Appendix A

1. Significance for electronic commerce of location and features of communities, business sites and so forth in the current or proposed zone, including future boundary changes noted in resolution(s)

The proposed East Portland Electronic Commerce (E-Commerce) boundary, attached in this appendix, is identical to the proposed East Portland Enterprise Zone (Zone) boundary, which is entirely within the limits of the Urban Growth Boundary (UGB), Multnomah County, and the City of Portland.

All parcels within the Zone were selected based on their current zoning (industrial, employment or commercial), uses and geographic location. Many sites are vacant, underdeveloped or partially developed, and offer significant opportunities for new investment. Highlights of the land area include eight sites of 20 or more acres of suitable land; and 13 sites of 10 or more acres.

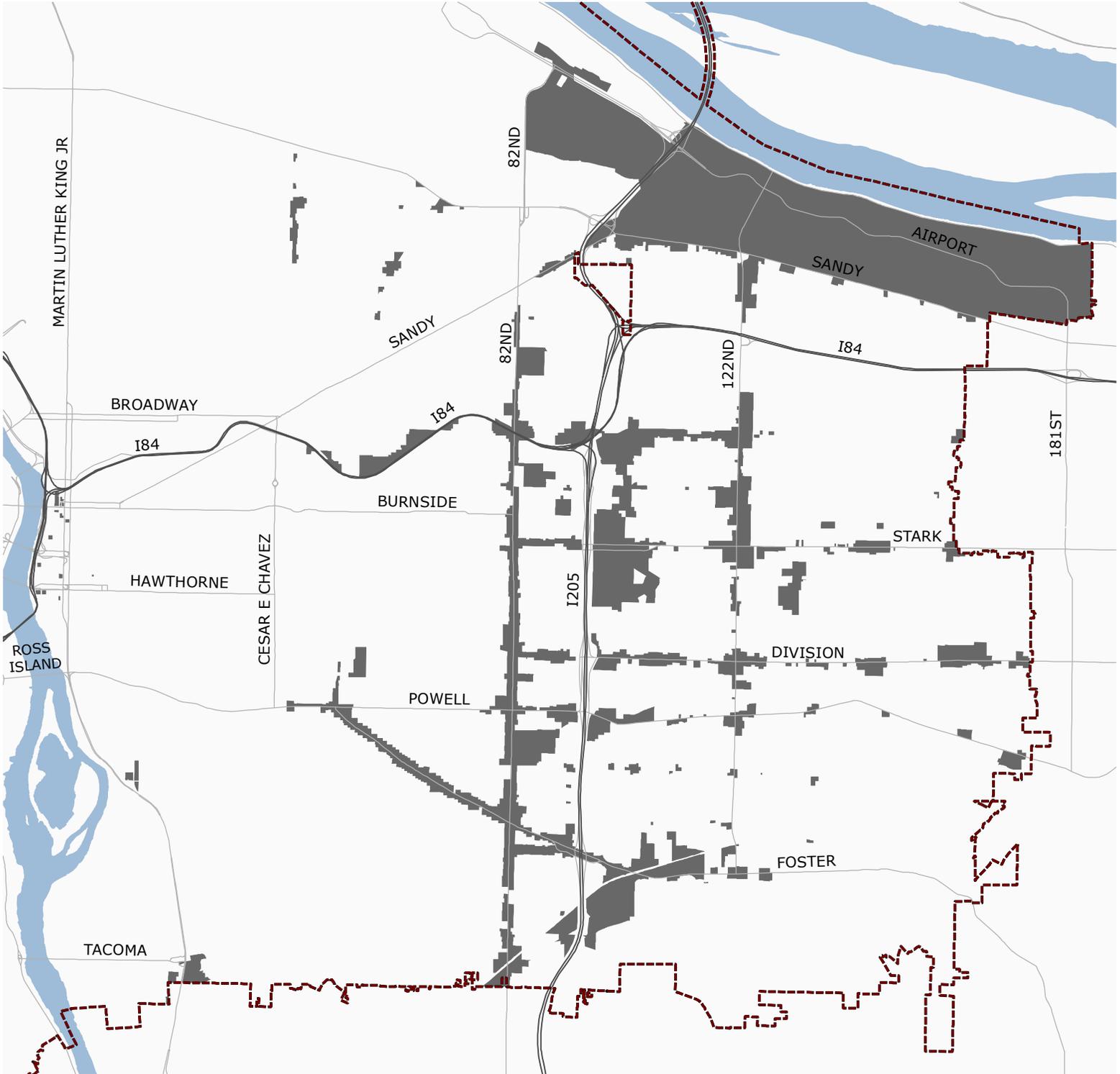
Many sites lie within the planning district known as the Columbia South Shore, located roughly between NE Sandy Blvd. and the Columbia River, and east of Portland International Airport to the Portland city limits. Much of this area is within the Airport Way Urban Renewal Area which has benefited from significant transportation infrastructure investments over the past 25 years. These investments and the prevalence of industrially-zoned properties position this area as an attractive location to take advantage of the Enterprise Zone and E-Commerce programs. The City of Portland is committed to fostering industrial development in these types of areas through land use and investments that promote and encourage industrial expansion and growth within the city limits.

East Portland's substantial population growth and influx of lower-income residents has outpaced job and economic growth. This has led to disparities between this area of the city and more centrally located communities. Seventy-seven percent (77%) of the proposed Zone/E-Commerce boundary lies within City-designated Priority Neighborhoods. These neighborhoods experience higher poverty rates than the citywide average (16%, 2010 Census) and/or lower than citywide median household income (\$48,500, 2010 Census).

East Portland is also becoming increasingly more diverse. Communities of color face disproportionately high levels of poverty. According to a recent report from the Coalition of Communities of Color, the poverty rate among children of color in Multnomah County is 33 percent, while that of white children is 13 percent. Similarly, black and Native American residents make only 47 - 48 percent of the citywide median household income. Without additional tools for investment, the persistent educational achievement gaps and employment disparities will continue to widen.

The proposed Zone is located within a designated Multnomah County Distressed Area, defined by the State of Oregon as a county with an unemployment rate that exceeds eight percent.

East Portland Enterprise Zone



June 1st, 2012

 East Portland Enterprise Zone

 City of Portland



Information Sources: Portland Development Commission Geographic Information System (GIS), CGIS

* The East Portland Enterprise Zone is comprised of areas created from industrial, employment, and commercial zoning in East Portland (pending state qualification).

Care was taken in the creation of this map, but it is provided "as is."
The Portland Development Commission cannot accept any responsibility for errors, omissions, or positional accuracy, and therefore, there are no warranties that accompany this product.

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Appendix B

2. Strategic or marketing plans, resources and readiness of the enterprise zone, local development organizations or public investments as they relate to electronic commerce

Target Industries

The City of Portland's Five Year Economic Development Strategy has positioned Portland to capitalize on both E-Zone and E-Commerce designations. The plan emphasizes Portland's industry cluster approach to economic development. An industry cluster is composed of companies that interact with each other in ways that establish competitive advantages through the creation of new knowledge, products and workforce. The four chosen clusters – software, athletic and outdoor, clean technology, and advanced manufacturing– can each benefit from these designations, particularly the software cluster.

Software economic activity is important to Portland and the surrounding region's economy. As the City's economic development agency, the Portland Development Commission (PDC) dedicates resources to fostering the growth of the software cluster's workforce, trade, and productivity. Most of Portland's software companies both operate and are headquartered in the region. For many, the majority of their business transactions occur electronically. The E-Commerce designation is a proven economic development tool that would allow these strategically targeted firms the opportunity to grow, create new jobs, and increase the economic value they bring to the region.

E-commerce and the software industry go hand in hand in Portland. As software and the need for electronic communication expand into other industry sectors, the importance of e-commerce in Portland will grow with it. The regional employment of just under 20,000 workers is expected to grow over this period at an even faster pace than the computer and electronics industry, long a stalwart of the Portland economy. Interactions between these two industry sectors create synergies that serve to strengthen each respectively. Both industries pay wages that on average are well in excess of the regional average wage. Additionally, the concentration in employment in both sectors is significantly greater than the U.S. average¹.

Entrepreneurial Support

A number of the sites identified in the proposed Zone boundary are significant for E-Commerce based on their location in the Central Eastside Entrepreneurial District. As part of the Action Plan for Entrepreneurial Support in Portland, developed in 2011, PDC is positioning this district to capitalize on the area's inherent entrepreneurial culture through a branding campaign, incentives and property redevelopment. Many of these early stage companies deal exclusively

¹ Employment concentration is measured using location quotients (LQ). An LQ of more than 1.25 is generally considered to be significant by academic researchers. The software industry (defined by NAICS Codes 5112, 5182 and 5415) in Portland's Metropolitan Statistical Area is 1.29, and for the NAICS defining software publishers it is 3.32.

or predominantly in e-commerce transactions. Early stage firms are the firms that are most at risk of failure, often operating on very thin margins or short time periods to turn a profit. The cost savings E-Commerce offers may help additional firms to exit this initial stage of volatility and become more stable job creators. PDC is working with partners to recruit cluster industry firms to this area, for which E-Commerce could serve as a critical component for investment and growth.

Citywide Strategies

In addition to the local strategies that guide investments and drive economic development in the region, the Zone will leverage additional resources through a variety of efforts including urban renewal areas, the East Portland Action Plan, and the Portland Plan. These plans share goals to promote key opportunity sites for economic development, promote and support small and independent Portland-based and -owned businesses, and increase and promote workforce training and employment opportunities for East Portland residents.

Appendix C

3. Past success in using incentives for inducing business development in general

Since 1996, more than 50 companies have participated in the City of Portland's E-Zone program and have leveraged more than \$1 billion in private investments and created and retained more than 5,000 full-time, quality jobs. In 2009 alone, E-Zone companies purchased \$60 million in materials, supplies and services from other companies in Portland. The positive impact on our local economy is considerable.

Five Portland firms have used the E-Commerce tool successfully since the 2008 designation in the existing Portland E-Zone (Northeast Portland). Rentrak Corporation, a large software company, retained its Portland headquarters in 2010 as a direct result of E-Zone and E-Commerce benefits. Through retention of Rentrak, Portland retained 230 family wage jobs with an additional ten jobs projected to accommodate E-Commerce-related growth.

Three years into Portland's Five-Year Economic Development Strategy, the City has retained approximately 1,471 existing jobs and created more than 2,764 new jobs through financial assistance to 369 local companies and the recruitment of 19 new companies. Furthermore, the City leveraged more than \$1 billion in investments, catalyzed thousands of construction jobs, and helped 545 businesses throughout Portland with \$74 million of local, state, and federal loans, grants and incentives.

The City of Portland has a variety of local incentives which include job training and business development. These incentives will be made available to qualifying E-Zone firms, which in turn benefit other businesses and residents in the Zone. In addition, PDC provides direct loans and grants for new construction, renovation and tenant improvements, working capital loans, and lean production consulting assistance through the Oregon Manufacturing Extension Partnership. PDC also offers site identification assistance. PDC has been successful in using these incentives to support large and small business growth, job creation, and physical development. Leveraging these incentives with E-Zone and E-Commerce should prove beneficial to the community. By providing another tool, the area will have more resources to encourage new development and job growth.

For additional information on successful business development incentives, please visit <http://pdxeconomicdevelopment.com>. More information on PDC financing programs is available at <http://pdc.us/for-businesses/business-tools-and-support/financial-support.aspx>. These tools could be used in tandem with an E-Commerce designation.

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Appendix D

- 4. Interest and support among local businesses, community organizations, and the general public for having an electronic commerce enterprise zone** – third party letters may be sent directly to the department by the party

Local government agencies, constituents, and prospective companies are supportive of the E-Commerce designation. Support letters, included in this appendix, are listed below:

- Multnomah County
- Software Association of Oregon
- Greater Portland, Inc.
- Columbia Corridor Association
- Beam Development
- Gateway Regional Center Program Advisory Committee
- Lents Town Center Urban Renewal Advisory Committee

PDC is in the process of collecting letters of support from retention and recruitment projects in the proposed E-Commerce area. Letters will be forwarded to Business Oregon as they arrive, including letters from two companies that have requested confidentiality.



Jeff Cogen, Multnomah County Chair

501 SE Hawthorne Blvd., Suite 600
Portland, Oregon 97214
Phone: (503) 988-3308
Email: mult.chair@co.multnomah.or.us

June 01, 2012

Tim McCabe, Director
Business Oregon
775 Summer Street NE, Suite 200
Salem, OR 97301-1280

Dear Director McCabe,

Multnomah County supports the Portland Development Commission's East Portland Enterprise Zone application to the State of Oregon.

Multnomah County views the property tax abatement of this proposed zone as a prudent investment for the purpose of encouraging business development that will enhance the overall economic health of the region. With an Enterprise Zone program that I expect to be up and running quickly, east Portland will benefit from the Portland Development Commission's valuable experience administering the existing program that has served businesses and residents in north and northeast Portland.

East Portland is a place where this type of assistance is much needed and can have a tremendous impact of promoting business growth. Successful economic growth creates valuable employment opportunities for local residents and helps drive significant improvements in the overall community. Further, I am pleased that the Portland Development Commission is seeking an "e-commerce" designation that will help promote the creation of the kinds of jobs in east Portland that will have long-term relevance in a 21st century economy and that can support economic development efforts throughout east County.

I very much appreciate that the Portland Development Commission engaged Multnomah County in the development of this Enterprise Zone Program and worked with Multnomah County in the decision to focus the program on under-served areas in east Portland. I look forward to Multnomah County's continued participation through the zone's technical advisory group and working with partners to maximize the impact of the zone's workforce training and business development funds to support the residents of east Portland and businesses of all size within the community.

Sincerely,



Jeff Cogen
Multnomah County Chair



June 1, 2012

Tim McCabe, Director
Business Oregon
State Lands Building Suite 200
775 Summer Street NE
Salem, Oregon 97301-1280

Subject: Enterprise Zone and Electronic Commerce Designations for East Portland

Dear Mr. McCabe:

On behalf of the Board of Directors and statewide membership of the Software Association of Oregon, I am writing to convey the SAO's strong support for the proposed East Portland Enterprise Zone (E-Zone) and Electronic Commerce (E-Commerce) overlay.

As Oregon and the Portland Metro region look for solutions to our current economic and employment issues, creation of this E-Zone in East Portland, with the combined E-Commerce overlay, will provide a strong and effective system of business development programs and opportunities that will result in long-term investment and job growth for this area of the city.

We applaud the broad economic development benefits and opportunities the E-Zone Programs will offer to the East Portland business community. Businesses will find that this zone offers development and investment benefits through a combination of tax credits and exemptions, while the local community will benefit from requirements to increase and maintain hiring within the E-Zone, creating a path to long-term, sustainable development for the community as a whole.

As the trade association for Oregon's high tech industry, we are particularly pleased to support the inclusion of an Electronic Commerce overlay. We know that our industry has a record of providing historically higher than average wages, consistent job creation, and business growth in Oregon, thereby substantially increasing economic and community development benefits to the entire area.

It is worth noting that many of these jobs and opportunities created by growth in software and technology are not limited to software and technology companies. To be sure, software and technology-related jobs are becoming ubiquitous in a variety of industries, ranging from manufacturing, to healthcare, to athletic and outdoor gear, and many of these non-technology companies will find opportunity in the newly created E-Zone.

The Software Association of Oregon fully recognizes the value of creating and promoting opportunities for business investment and job growth in our state. Our mission to foster and promote Oregon's technology industry is often best served by supporting economic development initiatives and proposals like this one which are designed to enhance business expansion, retention, and recruitment efforts across multiple industries.

Sincerely,

A handwritten signature in black ink, appearing to read "Skip Newberry". The signature is fluid and cursive, with the first name "Skip" being more prominent and the last name "Newberry" following in a similar style.

Skip Newberry
President
Software Association of Oregon
222 NW 5th Avenue – 3rd Floor
Portland Oregon 97204



GREATER PORTLAND INC
1211 SW 5TH AVE #540, PORTLAND, OR 97204
GREATERPORTLANDINC.COM
503-445-8065

June 1, 2012

Tim McCabe, Director
Business Oregon
State Lands Building Suite 200
775 Summer Street NE
Salem, Oregon 97301-1280

Subject: Enterprise Zone and Electronic Commerce Designations for East Portland

Dear Mr. McCabe:

Greater Portland Inc. is supportive of the City of Portland's East Portland Enterprise Zone and Electronic Commerce applications to the State of Oregon. The Enterprise Zone (E-Zone) Program is an effective mechanism that encourages business development opportunities in the region. Together with the Electronic Commerce (E-Commerce) designation, the City will have access to proven tools to promote business investment and job growth in our area.

As the region's public/private economic development partnership, Greater Portland Inc. is focused on collaboratively driving quality economic expansion and job creation. The E-Zone Program with an E-Commerce overlay will advance our coordinated regional economic development strategy to promote business retention, expansion and targeted recruitment. We believe the associated return on these tax abatements will lead to job growth with local investment to provide long term economic stability to the entire region.

Greater Portland Inc. views this proposal as a way to support business growth, create jobs and generate other community benefits in east Portland. We appreciate the opportunity to support these valuable incentives.

Sincerely,

A handwritten signature in black ink, appearing to read 'Sean Robbins', written over a white background.

Sean Robbins
President and CEO

5 June 2012

Tim McCabe, Director
Business Oregon
775 Summer Street NE, Suite 200
Salem, OR 97301-1280

Dear Tim,

The Columbia Corridor Association understands that PDC, the Port of Portland and the Portland City Council will be considering establishing a new East Portland Enterprise Zone (E-Zone), along with an Electronic-Commerce (E-Commerce) overlay. This new Zone would include all of the industrially-zoned property east of 39th Avenue (Cesar Chavez Blvd.), much of which is also in the Columbia Corridor.

We strongly support this proposal. The Airport Way district, in particular, has many properties that would benefit from having the E-Zone incentives in place. As we creep out of the recession, many companies are debating whether to sit tight or make new capital investments which would position them well during recovery. The E-Zone program offers them an excellent incentive to do the latter. Additionally, the E-Commerce overlay could also provide the difference in some companies staying and expanding their facilities in Portland, or leaving for greener pastures. This was the case a year or two ago when we were able to retain Rentrak, along with their 230 employees, here in Portland due, in large part, to the E-Zone/E-Commerce incentives.

Providing incentives to support our existing and prospective businesses keeps our region strong. It helps businesses feel more confident to expand during recovery.

Therefore, we support PDC, the Port and the City Council in the establishment of the Enterprise Zone and E-Commerce programs as proposed.

Sincerely,



Corky Collier
Executive Director

BEAM DEVELOPMENT

June 4, 2012

Tim McCabe, Director
Business Oregon
State Lands Building Suite 200
775 Summer Street NE
Salem, Oregon 97301-1280

Subject: Enterprise Zone and Electronic Commerce Designations for East Portland

Dear Mr. McCabe:

Beam Development is highly supportive of the City of Portland's East Portland Enterprise Zone and Electronic Commerce applications to the State of Oregon. The Enterprise Zone (E-Zone) Program is an effective mechanism that encourages business development opportunities in the region. Together with the Electronic Commerce (E-Commerce) designation, the City will have access to proven tools to promote business investment and job growth in our area.

As a developer of creative office space in the Central Eastside of Portland, Beam Development, is focused on working closely with high-growth early stage companies that are creating quality jobs and are driving economic growth. The E-Zone Program with an E-Commerce overlay will provide our growing tenants with an important resource that will allow them to realize their businesses' full potential with more productive workspace and more efficient infrastructure. These benefits are in direct alignment with the regional economic development strategy to promote business retention, expansion and targeted recruitment. We believe the associated return on these tax abatements will lead to immediate job growth with local investment to provide long term economic stability to the entire region.

Beam Development views this proposal as a way to support business growth, create jobs and generate other community benefits. We look forward to educating our tenants on the benefits of this program. We appreciate the opportunity to support these valuable incentives.

Sincerely,



Jonathan Malsin | Director of Operations

Beam Development

1001 SE Water Ave, Suite 120

Portland, OR 97214

direct: 503.542.8422 | main: 503.595.0140

www.beamdevelopment.com



**Program Advisory
Committee**

- Bob Earnest**
Co-Chair, Hazelwood at Large
- Jackie Putnam**
Co-Chair, Gateway Resident
- Shawn Klinkner**
Adventist Medical Center
- Susan Brady**
Mt. Hood Community College
- Tim Brunner**
East Portland Chamber of
Commerce
- Frieda Christopher**
Business Owner at Large
- Ted Gilbert**
Housing Developer
- Jeff MacDonald**
IRCO
- Arlene Kimura**
Hazelwood Nbhd. Assoc.
- Jerry Kolke**
Gateway Resident
- Lynn Powell**
Gateway Elks
- Sarah Zahn**
Non-Profit Housing
- Linda Robinson**
Hazelwood at Large
- Fred Sanchez**
Gateway Business
- Lee Powell**
Gateway Area Business Assn.
- Colleen Gifford**
Gateway Resident

June 4, 2012

Tim McCabe, Director
Business Oregon
775 Summer Street NE, Suite 200
Salem, Oregon 97301-1280

Subject: Enterprise Zone and Electronic Commerce Designations for East Portland

Dear Director McCabe:

As Co-Chairs of the Gateway Regional Center Program Advisory Committee (PAC), we strongly support the City of Portland's East Portland Enterprise Zone and Electronic Commerce applications to the State of Oregon. The Enterprise Zone (E-Zone) Program is an effective mechanism that encourages business development opportunities in the city. Together with the Electronic Commerce (E-Commerce) designation, the City will have access to proven tools to promote business investment and job growth throughout east Portland. We feel that the Gateway area is particularly well-poised to take advantage of these designations, as the district enjoys excellent freeway access, proximity to Portland International Airport, and flexible zoning that encourages commercial uses.

By providing incentives to encourage existing or new companies to undertake capital investments and increase employment within east Portland, we are directly impacting the outcomes of the City's Neighborhood Economic Development Strategy, the East Portland Action Plan and the recently adopted Portland Plan. Further, the Workforce Training and Business Development Funds from the program will support the ongoing needs of the Gateway Regional Center and surrounding areas.

The Gateway PAC appreciates being involved in the development of this new enterprise zone and urges the State to approve this application.

Sincerely,

Bob Earnest
Gateway PAC Co-Chair
1119 NE 107th Place
Portland, OR 97220

Jackie Putnam
Gateway PAC Co-Chair
10246 SE Mill Ct
Portland, OR 97216



Urban Renewal
Advisory Committee

- John Notis
Chair, Resident At-large #1
- Adam Simmons
Vice Chair, Business #1
- Tom Barnes
Powellhurst-Gilbert NA.
- Michael Cummings
Resident At-large #4
- Rachel Lent Cunningham
Taxing Jurisdiction – Multnomah
- Vacant
Foster-Powell NA
- David Hyde
Lents NA
- Roberta Krogman
Powellhurst-Gilbert NA
- Dan Jung
. Taxing Jurisdiction – PPS
- Annette Mattson
Resident At-large #3
- Steve Messinetti
Community Organization #2
- Cora Potter
Resident At-large #2
- Roger Rees
Community Organization #1
- Seth Richardson
Foster Area Business Assoc.
- Gary Sargent
82nd Ave. Business Association
- Sia Sellu
Lents NA
- Vacant
Business At-large #2
- Vacant
Mt. Scott-Arleta N.A.
- Vacant
Business At-large #3

Send Correspondence to:
LTC URAC
Portland Development Commission
Attention: Juanita Swartwood
222 NW 5th Avenue
Portland, OR 97209

503.823.3209
www.pdc.us

June 04, 2012

Tim McCabe, Director
Business Oregon
775 Summer Street NE, Suite 200
Salem, Oregon 97301-1280

Subject: Enterprise Zone and Electronic Commerce Designations for East Portland

Dear Director McCabe:

As chair of the Lents Town Center Urban Renewal Advisory Committee (URAC), I strongly support the City of Portland's East Portland Enterprise Zone and Electronic Commerce applications to the State of Oregon. The Enterprise Zone (E-Zone) Program is an effective mechanism that encourages business development opportunities in the city. Together with the Electronic Commerce (E-Commerce) designation, the City will have access to proven tools to promote business investment and job growth throughout east Portland, including the Foster Corridor, where we have many underutilized employment lands.

By providing incentives to encourage existing or new companies to undertake capital investments and increase employment within east Portland, we are directly impacting the outcomes of the City's Neighborhood Economic Development Strategy, the East Portland Action Plan and the recently adopted Portland Plan. Further, the Workforce Training and Business Development Funds from the program will support the ongoing needs of the Lents Town Center and surrounding neighborhoods. These new tools would work in synergy with our existing urban renewal programs to further our urban renewal goals.

We appreciate being involved in the development of this new enterprise zone and urge the State to approve this application.

Sincerely,

John Notis, Chair

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Appendix E

5. Other local assets that are supportive or complementary to electronic commerce business activity and investments – for example, training facilities, telecommunication infrastructure, environmental initiatives

Infrastructure Investments

Within the Zone boundaries, the City of Portland has an estimated \$151,000,000 of infrastructure investments currently under way or planned to start construction next fiscal year (2012/13). These investments will directly benefit residents in and around the Zone as well as existing and prospective businesses in the area.

Workforce Training

The proposed Zone, and with it the E-Commerce area, will adopt the same formal policy that regulates the active Portland Enterprise Zone. This policy includes job training, job placement and other obligations that intend to maximize the community benefits derived from qualified companies enrolled in the program.

WorkSystems, Inc. (WSI) designs and coordinates regional workforce development programs and services delivered through a network of local partners to help people get the skills, training and education they need to go to work or to advance in their careers. WSI has focused much of its training resources on software and Information Technology (IT). In providing skills training to employees changing careers or re-entering the workforce, WSI provides a broad recruitment base for the companies benefiting from the Zone's E-Commerce designation. Portland Community College, Portland State University, and other local educational institutions work closely with WSI to produce a skilled labor force that will advance local E-Commerce beneficiaries. In the last fiscal year, WSI provided job training to 9,000 residents of the Portland metro area. WSI recently worked with community partners to secure and implement a \$4 million Pathways Out of Poverty "Green Jobs" grant to help disadvantaged populations achieve economic self-sufficiency through careers in energy efficiency and renewable energy industries.

PDC will enter into an agreement with WSI and continue to work with Worksource Oregon to increase job training and placement opportunities per E-Zone Policy. WSI manages the current E-Zone's Workforce Training Grant Fund and holds a seat on the Technical Advisory Committee; it will continue this role in the new E-Zone.

Partnerships and Initiatives

PDC makes explicit investments in business growth, workforce training, catalytic projects and an environment that nurtures small businesses, entrepreneurs and innovators alike. Over the past two years, PDC has been particularly focused on strengthening the city's signature traded sector clusters: athletic and outdoor, clean technology, advanced manufacturing and software, with all sectors active in electronic commerce.

PDC's traded sector work drives job creation by raising the national and international profile and competitiveness of Portland's target cluster industries. By focusing the traditional economic development tools of business retention and expansion, recruitment, innovation, entrepreneurship and workforce development around four key industries, the City, PDC and our public and private partners have been able to catalyze measurable job growth and new business formation and attraction in a limited period of time. The proposed E-Commerce Zone further propels the goals of PDC's job creation initiatives.

PDC's focus on traded sector clusters connects local companies to international business opportunities that expand the regional economic pie. The Brookings Institution recently named Portland as one of four pilot cities in the Metro Export Initiative, and helped develop a regional plan to drive increased export activity from businesses throughout the metro area. PDC, working with Greater Portland, Inc., will begin implementation of that plan in FY 2012-13.

The region's cluster approach allowed it to receive one of 20 regional Jobs and Innovation Accelerator Challenge Grants awarded nationally last year. The grant directly supports two targeted industry clusters: clean tech and advanced manufacturing. This grant is focused on enhancing Portland's clean tech industry by helping advanced manufacturing firms transition into this industry sector and by expanding the opportunities to firms currently working in clean tech. Many of the companies receiving assistance under this grant rely heavily on e-commerce operations for promoting their products and businesses via website, receiving orders from customers, transferring of blueprints, coordination between engineers, shipping and receiving, etc. The objective of this grant can benefit from and be supported by a new E-Commerce designation.

PDC has increased investments in entrepreneurship, with a particular focus on building the foundation of an innovation economy, including enhanced research and commercialization capabilities at our local universities and access to risk capital. PDC will continue to support initiatives that reduce barriers to entrepreneurship, such as the Portland Seed Fund, which provides predictable capital for early-stage companies. Prioritizing locally-grown businesses is critical to diversifying Portland's employment base.

Appendix F
Copies of Resolutions

PORTLAND DEVELOPMENT COMMISSION

Portland, Oregon

RESOLUTION NO. 6950

**RECOMMENDING PORTLAND CITY COUNCIL AUTHORIZE THE
PORTLAND DEVELOPMENT COMMISSION TO SUBMIT AN APPLICATION
TO THE STATE OF OREGON FOR DESIGNATION OF THE EAST PORTLAND
ENTERPRISE ZONE AND ELECTRONIC COMMERCE ZONE**

WHEREAS, the Oregon Enterprise Zone Act, ORS 285C.045-250, authorizes the designation of Enterprise Zones in urban areas and provides that property tax abatements, job creation, and local municipal incentives are desirable to stimulate economic development in economically depressed areas;

WHEREAS, the Enterprise Zone (“E-Zone”) program allows for industrial and other qualifying firms making substantial new capital investments an exemption of 100 percent of real property taxes attributable to the new investment(s) for up to a five-year period;

WHEREAS, the Electronic Commerce (“E-Commerce”) designation expands E-Zone eligibility to include certain firms engaged in software and those conducting a majority of their business through online transactions and allows a business qualifying for the E-Zone property tax exemption a tax credit on its state income/excise tax return equaling the lesser of \$2 million or 25 percent of the total investment in E-Commerce operations in the zone;

WHEREAS, during the 2012 session the State legislature passed HB 4093-A which authorized the designation of five additional urban E-Zones and applications for those are due June 15, 2012;

WHEREAS, the proposed East Portland E-Zone, with an E-Commerce designation, encompasses industrial, commercial and employment zoned property predominantly east of Cesar Chavez Boulevard (39th Avenue) to the Portland city limits bordering Gresham, as shown in the map attached hereto as Exhibit A;

WHEREAS, the East Portland E-Zone will advance objectives of the 2009 City of Portland Economic Development Strategy, 2011 Neighborhood Economic Development Strategy and the PDC Strategic Plan, all of which emphasize making investments that create jobs and maximize competitiveness;

WHEREAS, the East Portland E-Zone will advance objectives of the recently-adopted Portland Plan which focuses on prosperity, education, health and equity;

WHEREAS, the City is the zone sponsor of all previously existing E-Zones in Portland and will be the zone sponsor of the proposed East Portland E-Zone;

WHEREAS, the City, as zone sponsor, has designated PDC as zone manager of all previously existing E-Zones in Portland, and is anticipated to designate the PDC as zone manager of the proposed East Portland E-Zone;

WHEREAS, a local policy must be adopted by the zone sponsor that establishes standards for any zone sponsor-required conditions, as contemplated by ORS 285C.150; and

WHEREAS, the proposed East Portland E-Zone Policy (the “Policy”) attached hereto in substantial form as Exhibit B, is based on the adopted policy for the existing Portland E-Zone, with minor modifications necessary to address scriveners’ errors and reflect the geography of the East Portland E-Zone.

NOW, THEREFORE, BE IT RESOLVED, that PDC recommend that the Portland City Council authorize PDC to submit an application to the State of Oregon for designation of an East Portland E-Zone and Electronic Commerce Zone, for the area as shown substantially in the form attached hereto as Exhibit A;

BE IT FURTHER RESOLVED, that PDC forward the Policy to the Portland City Council (“Council”) and recommend the Council adopt the Policy, substantially in the form attached hereto as Exhibit B;

BE IT FURTHER RESOLVED, that subject to authorization by Council, the Executive Director is authorized to submit an application on behalf of the City to the State of Oregon for designation of the East Portland E-Zone;

BE IT FURTHER RESOLVED, that subject to authorization by Council, the Executive Director is authorized to submit an application on behalf of the City to the State of Oregon for designation of the E-Commerce Zone;

BE IT FURTHER RESOLVED, that the Executive Director be authorized to accept the designation of Zone Manager for the East Portland E-Zone, and act in such capacity on behalf of the City of Portland; and

BE IT FURTHER RESOLVED, that this resolution shall become effective immediately upon its adoption.

**CONSENT TO ENTERPRISE ZONE AND ELECTRONIC COMMERCE DESIGNATION
APPLICATION BY THE CITY OF PORTLAND**

June 13, 2012

Presented by: Lise Glancy, Manager
Regional Government Relations**EXECUTIVE SUMMARY**

This agenda item requests consent to an Enterprise Zone and Electronic Commerce application by the City of Portland, located within Port of Portland (Port) boundaries, to provide additional incentives to encourage existing or new companies to undertake new capital investments and add employees within East Portland.

BACKGROUND

In the 2005 legislative session, the state statute for the Enterprise Zone program was changed to require the governing bodies of a port district to consent by resolution to Enterprise Zone applications by a city or county within the boundaries of the port. This change was requested to ensure coordination of economic development activities within port districts. Oregon ports play a key role in economic development in the community. Since the statute changed in 2005, the Port Commission routinely receives requests from jurisdictions as they move forward with Enterprise Zone applications and/or boundary changes.

Enterprise Zones are discrete areas of up to 12 or 15 square miles in size that are sponsored by one or more local governments. Various types are found throughout the world. Oregon's version has been in existence since the mid-1980s. Each zone designation lasts up to 11 years. State law permits up to 68 to exist now. They are intended to offer tax and other incentives to induce additional investment and employment by non-retail businesses in areas meeting certain measures of economic hardship. They have proven to be Oregon's key offering in the pursuit of business growth and expansion. Their effectiveness is due to a typically short-term but immediate benefit for the business project's cash flow.

Enterprise Zones provide up to 100 percent property tax abatement on a company's new investment in facilities, equipment and machinery over a three- to five-year period if a job threshold is met (110 percent or more of existing employment over the 12 months preceding the pre-project application). Land or existing machinery or equipment are not tax exempt; therefore, there is no loss of current property tax levies to the Port or other taxing jurisdictions. The primary beneficiaries of Enterprise Zone benefits are manufacturing and other industrially-oriented businesses. Electronic Commerce designations within Enterprise Zones provide a 25-percent Income Tax Credit on new investments in Electronic Commerce up to a maximum of \$2 million. The tax credit must be earned in a year in which the business receives an Enterprise Zone property tax exemption.

CONSENT TO ENTERPRISE ZONE AND ELECTRONIC COMMERCE DESIGNATION
APPLICATION BY THE CITY OF PORTLAND

June 13, 2012

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The City of Portland is seeking the Port's support and consent in favor of creating the East Portland Enterprise Zone, with an Electronic Commerce designation. The East Portland Enterprise Zone, comprised of industrial, commercial and employment areas, lies generally east of César E. Chávez Boulevard (39th Avenue) to the Portland city limits, an area of approximately nine square miles.

The proposed East Portland Enterprise Zone has a number of vacant sites and vacant or underutilized buildings that are prime for expansion and redevelopment. The City of Portland is requesting Enterprise Zone and Electronic Commerce designations from Business Oregon to help develop this area for industrial and other eligible uses. These designations will provide east Portland businesses with a strong economic development tool to incent new investment and create jobs.

Under the current tax levy, the Port will forgo approximately \$0.0689 per \$1,000 of assessed value until the exemption period ends. If the East Portland Enterprise Zone is authorized, we expect the impact on Port property tax revenue to be relatively small – less than \$200 a year over a five-year period for every \$5 million invested. Upon completion of the five-year exemption period, the property will be fully taxed. There is no impact to the Port based on the Electronic Commerce designation, as this is a tax credit from the state.

Portland currently has one authorized Enterprise Zone located in North/Northeast Portland. The Portland Development Commission is the designated Enterprise Zone manager on behalf of the City of Portland. This Enterprise Zone was re-authorized in 2008 and will expire in 2017. In 2009 alone, Enterprise Zone firms spent an estimated \$60 million in local procurement in Portland and workers averaged wages of \$21.80 per hour (and received additional benefits valued at \$7.35 per hour).

Since 1996, the City of Portland's Enterprise Zone program has leveraged over one billion dollars in private investment and has created and retained over 5,000 full-time, quality jobs. Additionally, newly enrolled Enterprise Zone firms are expected to invest another \$500 million in Enterprise Zone projects in the next three years.

A taxing jurisdiction consultation meeting regarding the proposed East Portland Enterprise Zone was held on June 6, 2012. The Portland Development Commission is scheduled to take action on the proposed Enterprise Zone/Electronic Commerce application on June 13, 2012, and the Portland City Council is scheduled to take action on June 14, 2012. In order to move the application forward to Business Oregon for approval by June 15, 2012, the City of Portland is required to have the consent of the Port Commission for this application. The City has requested that the Port Commission provide a resolution consenting to this Enterprise Zone and Electronic Commerce application.

CONSENT TO ENTERPRISE ZONE AND ELECTRONIC COMMERCE DESIGNATION
APPLICATION BY THE CITY OF PORTLAND

June 13, 2012

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EXECUTIVE DIRECTOR'S RECOMMENDATION

The Executive Director recommends that the following resolution be adopted:

BE IT RESOLVED, That the Port of Portland Commission consents to an application by the City of Portland for a new Enterprise Zone and Electronic Commerce designation located within Port of Portland district boundaries. The Port Commission's consent is contingent upon approval of the application for a new Enterprise Zone and Electronic Commerce designation by the Portland Development Commission and Portland City Council.

RESOLUTION No.

Authorize the Submittal of Enterprise Zone and Electronic Commerce Applications to the State of Oregon and Adopt the East Portland Enterprise Zone Policy (Resolution)

WHEREAS, the Oregon Enterprise Zone Act, ORS 285C.045-250, authorizes the designation of Enterprise Zones in urban areas and provides that property tax abatements, job creation, and local municipal incentives are desirable to stimulate economic development in economically depressed areas;

WHEREAS, the Enterprise Zone (“E-Zone”) program allows for industrial and other qualifying firms making substantial new capital investments an exemption of 100% of real property taxes attributable to the new investment(s) for a five-year period;

WHEREAS, the E-Zone program has been very successful and has become one of the City of Portland’s most effective economic development tools in that it incents businesses to make significant capital investments within the E-Zone boundaries through the abatement of property taxes on qualifying property for up to five years;

WHEREAS, the Electronic Commerce (“E-Commerce”) designation expands E-Zone eligibility to include certain firms engaged in software and those conducting a majority of their business through online transactions;

WHEREAS, the E-Commerce designation also allows a business qualifying for the E-Zone property tax exemption to be able to claim a tax credit on its state income/excise tax return equaling the lesser of \$2 million or 25 percent of the total investment in E-Commerce operations in the zone;

WHEREAS, during the 2012 session the State legislature passed HB 4093-A which authorized the designation of five additional urban E-Zones and applications for those are due June 15, 2012;

WHEREAS, the proposed East Portland E-Zone, with an E-Commerce designation, encompasses industrial, commercial and employment-zoned property predominantly east of Cesar Chavez Boulevard (39th Avenue) to the City of Portland limits bordering Gresham, as shown on the map attached hereto as Exhibit A;

WHEREAS, the proposed East Portland E-Zone is located in an area that meets the requirements as set forth by ORS 285C.090;

WHEREAS, the East Portland E-Zone will advance objectives of the 2009 City of Portland Economic Development Strategy, the 2011 Neighborhood Economic Development Strategy and the PDC Strategic Plan, all of which emphasize making investments that create jobs and maximize competitiveness;

WHEREAS, the East Portland E-Zone will advance objectives of the recently-adopted Portland

Plan which focuses on prosperity, education, health and equity;

WHEREAS, a local policy must be adopted by the zone sponsor that establishes standards for any zone sponsor-required conditions, as contemplated by ORS 285C.150(4); and

WHEREAS, the proposed East Portland E-Zone Policy (the "Policy") is substantially based upon the adopted policy for the existing Portland E-Zone, with minor modifications necessary to address scrivener's errors and reflect to the geography of the East Portland E-Zone.

NOW, THEREFORE, BE IT RESOLVED, that the Portland City Council ("Council") requests as a sponsor of the East Portland Enterprise Zone, within the area shown in the map attached hereto as Exhibit A, be designated by the Director of the Oregon Business Development Department as an Enterprise Zone pursuant to ORS 285C.065(3);

BE IT FURTHER RESOLVED, that the City of Portland requests as a sponsor of the East Portland Enterprise Zone that the Director of the Oregon Business Development Department also designate this as an E-Commerce zone pursuant to ORS 285.095;

BE IT FURTHER RESOLVED, that the Council authorizes the Portland Development Commission (the "PDC") to submit applications on behalf of the City to the State of Oregon for designation of the East Portland E-Zone and E-Commerce;

BE IT FURTHER RESOLVED, that the City, as E-Zone Sponsor, will give priority to the use in a designated zone of any economic development or job training funds received directly or indirectly from the federal government;

BE IT FURTHER RESOLVED, that the City will comply with ORS 285C.105 and will fulfill its duties as E-Zone Sponsor under ORS 285C.050 to 285C.250;

BE IT FURTHER RESOLVED, that the Council appoints the PDC as zone manager of the proposed East Portland E-Zone;

BE IT FURTHER RESOLVED, that the City has consulted, through the PDC on behalf of the City of Portland, with local taxing jurisdictions in compliance with ORS 285C.067;

BE IT FURTHER RESOLVED, that the Council approves the Policy in a form substantially in accordance with Exhibit B; and

BE IT FURTHER RESOLVED, that the Policy is adopted by this resolution as binding policy.

Adopted by the Council:

Mayor Adams

Prepared by: Morgan Masterman

Date Prepared: May 29, 2012

LaVonne Griffin-Valade

Auditor of the City of Portland

By *[signed Clerk's office]*

Deputy