



PROSPER
PORTLAND
Building an Equitable Economy

DATE: August 28, 2024
TO: Board of Commissioners
FROM: Kimberly Branam, Executive Director
SUBJECT: Report Number 24-33
Authorizing an Amendment to the Five-Year Technical Services Agreement with the Oregon Manufacturing Extension Partnership

BOARD ACTION REQUESTED AND BRIEF DESCRIPTION

Adopt Resolution No. 7548

This action by the Prosper Portland Board of Commissioners (Board) will authorize the executive director to execute a \$750,000 amendment to the existing five-year technical services agreement (Agreement), between Prosper Portland and the Oregon Manufacturing Extension Partnership (OMEP), increasing the maximum contract amount, from \$595,000 to \$1,345,000, and extend the agreement by five years to January 31, 2030. The Agreement provides funding for OMEP to conduct lean/efficiency improvement consultations to Portland manufacturers.

Prosper Portland has been contracting with OMEP since 2003 and the current Agreement, including extensions, expires on January 31, 2025. The cumulative amount that Prosper Portland has paid to OMEP for consulting services since fiscal year (FY) 2015-16 is \$745,000; since the Agreement, together with prior agreements and this Amendment, will exceed \$500,000, this action is being presented to the Prosper Portland Board for approval.

STRATEGIC ALIGNMENT AND OUTCOMES

The OMEP Agreement delivers on several Prosper Portland strategic goals, including supporting the creation of middle-wage employment opportunities for underrepresented populations by engaging in activities that stimulate growth of the manufacturing cluster. The manufacturing industry offers one of the best opportunities for people of color, non-college graduates, and re-entry individuals to obtain employment that provides living wage salaries with career ladders.

BACKGROUND AND CONTEXT

The National Institute of Standards and Technology, which operates within the U.S. Department of Commerce, launched the manufacturing extension program (MEP) in 1998 to support small and mid-sized manufacturers. Since that time, a consortium of Oregon community colleges affiliated with MEP created what ultimately became OMEP, now a non-profit company with five offices across the state of Oregon. As noted on its website, through “on-site implementation, peer-to-peer learning events, and connections to partners, OMEP helps manufacturing leaders and their teams:

- Identify, develop, and implement new business strategies

- Use company financials to influence effective decision making
- Leverage the power of a lean continuous improvement business model to increase profitability, scale capacity, and support growth
- Reduce turnover and effectively hire, on-board, and train employees
- Gain a competitive advantage through the implementation of new technologies
- Improve team effectiveness and communication skills

Prosper Portland staff works in close cooperation with OMEP to market its services to large and small manufacturers across the city of Portland. The following process is conducted once a lead is identified:

1. An OMEP representative visits the manufacturing business to meet with the owner and tour the facility. At the conclusion of the visit, the OMEP representative prepares an intake form that includes a scope of work containing the proposed improvements, the process and length of time required to attain results, the total cost of improvements, and the racial breakdown of the owners and employees.
2. OMEP submits the intake form to Prosper Portland staff for review. If the scope of work, cost, and demographic information is reasonable and in strategic alignment, the intake form is approved.
3. Prosper Portland pays 50 percent of the OMEP consultation cost with the other half paid by the manufacturer.

The scope also allows for the implementation of strategic business retention opportunities in which OMEP can i) assist companies with facility layout, design services, and lean operations, and ii) provide financial support for company tenant improvements aimed at supporting the company's ability to remain located in the city of Portland.

All projects require approval by Prosper Portland staff prior to implementation.

OMEP estimates that lean/efficiency improvement consultations for Portland manufacturers from 2012 through 2024 have resulted in the creation and retention of 797 jobs, creation of 426 new jobs, and a total cumulative financial impact of \$195,750,000.

EQUITY IMPACT

The manufacturing cluster offers one of the best opportunities for people of color and those without a four-year college degree to enter a career with an accessible job ladder. It is estimated that 27 percent of employees within the manufacturing sector are people of color and that the average wage of manufacturing jobs is approximately \$74,000. In addition to its regular services, OMEP also conducts a series of Business Innovation Workshop cohorts that specifically target small businesses and people of color. The cohorts consist of four half-day sessions and two company visits by consultants per company.

COMMUNITY PARTICIPATION AND FEEDBACK

There has been no specific public participation related to this action. However, funding for OMEP was approved as part of the FY 2024-25 Prosper Portland budget development process, which provided numerous opportunities for public input. In addition, Prosper Portland staff discussed funding resources for OMEP with its Community Budget Committee.

BUDGET AND FINANCIAL INFORMATION

The FY 2024-25 Adopted Budget includes \$150,000 from the following sources:

- \$50,000 (City of Portland General Fund)
- \$50,000 (Central Eastside Tax Increment Finance District)
- \$10,000 (Lents Town Center Tax Increment Finance District)
- \$10,000 (Gateway Regional Center Tax Increment Finance District)
- \$30,000 (Enterprise Zone Workforce Development Fund)

Future funding for the OMEP Agreement will be subject to available General Fund, Enterprise Zone Workforce Development Fund, and future tax increment finance district resources.

RISK ASSESSMENT

There are minimal risks to approving this action, as OMEP is a proven partner with a solid track record of providing technical assistance to manufacturing firms. In addition, a detailed scope of work within the Agreement requires that OMEP provide final reports upon the completion of work with each client.

ATTACHMENTS

None.