

ECONOMIC DEVELOPMENT STRATEGY



THREE YEAR STATUS REPORT



PDC | PORTLAND
DEVELOPMENT
COMMISSION
www.pdc.us

JULY 2012



Dear Portlanders,

When City Council adopted Portland’s Five-Year Economic Development Strategy in June of 2009 the nation was in the midst of the worst economic recession in a generation. Three years later, Multnomah County has added more than 15,000 jobs—surpassing the goal of creating 10,000 new jobs by 2014—and the unemployment rate has dropped to 7.5 percent, below state and national averages. This report shows the significant achievements that have been made to retain and create living-wage jobs and competitively position Portland in the new global economy.

From the strategy’s inception, we have worked proactively and collaboratively to nurture local business success, build on our competitive advantages and focus attention on those areas that need it most. Through deliberate investments we have:

- Retained approximately 1,500 jobs and created more than 2,750 jobs through financial assistance to 176 local companies and the recruitment of 19 new companies.
- Leveraged more than \$740 million of investment, spurred an estimated 4,700 construction jobs and helped 526 businesses with \$75 million in incentives.

New initiatives and partnerships introduced this past year build on the framework of the adopted strategy and increase the impact of our collective economic development activities. These include:

- The *Neighborhood Economic Development Strategy* which implements neighborhood-specific plans in East and North/ Northeast Portland to enhance business success and promote local prosperity;
- Our *Entrepreneurship Action Plan* which increases investments in high-growth firms and entrepreneurs, while building synergies with local research universities and increasing access to risk capital and mentor opportunities;
- The creation of the *Education Urban Renewal Area* which sets forth long-term partnerships between Portland State University, Portland Public Schools, Multnomah County and the City to deliver educational excellence, attract private investment, develop the region’s workforce and enhance research and commercialization capabilities; and
- Our *Metro Export Plan*, developed in partnership with Greater Portland, Inc. and the Brookings Institution, to connect local companies to international opportunities and drive export activity.

The success of the Economic Development Strategy is due in large part to our partners who have contributed to its implementation, including those mentioned above as well as the Portland Business Alliance, Venture Portland, Worksystems, Inc., the Mayor’s Economic Development Cabinet and Small Business Advisory Committee, the Port of Portland, and the Oregon Business Development Department. Most importantly we would like to acknowledge the resourcefulness and competitiveness of our businesses, the backbone of the local economy and the region’s true job creators.

While the success of our strategy has helped reposition the local economy, much work remains. We look forward to continuing to work together to create of the world’s most desirable and equitable cities by investing in job creation, innovation and economic opportunity throughout Portland.

Sam Adams, Mayor
City of Portland

Patrick Quinton, Executive Director
Portland Development Commission



Introduction: Portland Economic Development Strategy

In July 2009, the Portland City Council adopted the Portland Economic Development Strategy: A Five-Year Plan for Promoting Job Creation and Economic Growth. Since the strategy's adoption, Multnomah County has added 16,300 new jobs, surpassing the goal of 10,000 new jobs by 2014. Deliberate investments by PDC have helped to create more than 2,750 jobs and to retain nearly 1,500 jobs. Despite this progress, the unemployment rate remains a stubbornly high 7.5 percent with more than 30,000 Portland residents out of work¹. While the economy exhibits signs of growth, job creation and business expansion remain critically important for Portland businesses and families.

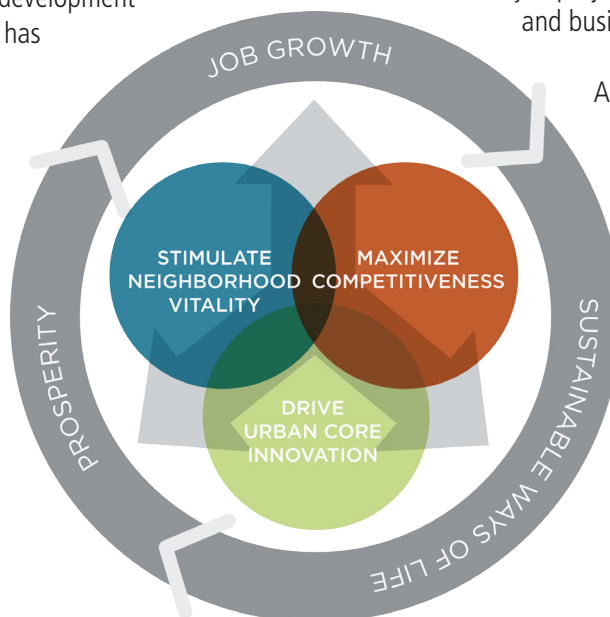
The accomplishments highlighted in this report show upward momentum in the Portland economy. Portland remains a center of the global clean energy economy with an increasing concentration of clean technology firms, experienced manufacturers engaged in supply chains across a variety of sectors, and international recognition for innovation in urban development. A robust entrepreneurial environment is fostering the growth of startups in target industries such as software and athletic and outdoor. And new community partnerships are driving local job creation, improving neighborhood commercial districts and supporting economic opportunity for all residents.

To promote economic growth and the development of a sustainable economy, the strategy has focused proactively on:

- **Competitiveness:** generating robust job growth by maximizing the opportunities for existing, emerging and relocating businesses to produce and sell products and services around the globe.

- **Urban Innovation:** maintaining a leadership position in sustainability by investing in the next generation built environment and creating an innovative urban setting that fosters creativity and invention.
- **Neighborhood Business Vitality:** achieving equality of opportunity by stimulating economic activity in neighborhoods throughout the city.

The work to create a thriving regional economy and widespread economic prosperity is not complete. This goal requires continued investments in the fundamentals of economic development: business expansion and retention, research and development, workforce training, international trade, targeted recruitment, catalytic projects, and a spectrum of entrepreneurial and business support services.



As the next iteration of the global economy emerges from the great recession, the City of Portland and its partners are working together from a common playbook with mutual goals of local private sector job creation, widely-shared prosperity and regional economic resiliency.

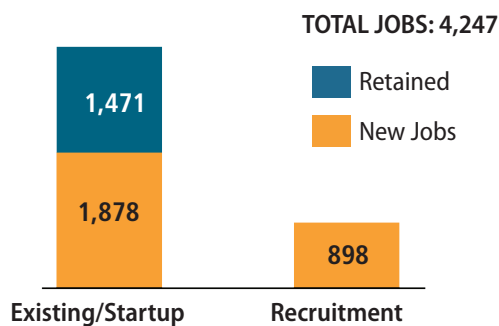
¹Worksource Oregon reported 30,634 unemployed in Multnomah County in May 2012 <http://www.qualityinfo.org/pubs/rolf/12/rolf-0612.pdf>

Economic Development Strategy Impact: July 2009 - June 2012

With the adoption of the strategy, Portland cultivated new partnerships and proactive approaches to promote business and employment growth. The Office of Mayor Sam Adams, the Portland Development Commission, the private sector, higher education partners and non-profit organizations joined together to create jobs, attract private investment and produce tangible economic benefits for the residents of Portland.

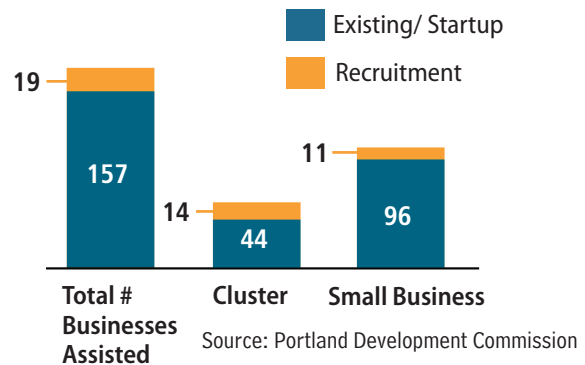
Financial assistance and recruitment activity are responsible for helping to create or retain more than 4,200 jobs since July 2009. Most of this activity supports local and small businesses; 87% of business assistance was directed to local or startup firms, and 61% of business assistance went to businesses with fewer than 50 employees.

JOBS CREATED AND RETAINED FROM BUSINESS DEVELOPMENT ASSISTANCE ACTIVITIES, JULY 2009 - JULY 2012



Source: Portland Development Commission

PORTLAND BUSINESSES ASSISTED, JULY 2009 TO JULY 2012



Source: Portland Development Commission

Through industry-focused initiatives, entrepreneurial development activities and community partnerships, PDC and City staff support business success by increasing access to critical resources including technical assistance, loans and growth capital, workforce development training, mentoring programs and/or regulatory advisors. Since the adoption of the strategy, more than 600 businesses have received assistance from the City's economic development staff.

The economic impact of this work extends beyond direct job creation and business growth. Strategic activities attract new private investment, broker supply-chain and business-to-business opportunities and create construction jobs. Approximately \$74.8 million of direct financial assistance to support business and job growth in Portland – largely in the form of multi-year loans and tax abatements – has leveraged \$745 million in private and federal government investments and produced an estimated 4,748 construction jobs.²

ESTIMATED JOBS, FINANCIAL ASSISTANCE AND PRIVATE INVESTMENT FROM ECONOMIC DEVELOPMENT-RELATED PROGRAMS FROM JULY 2009 - JULY 2012 ³

PROGRAM	# BUSINESSES ASSISTED PER PROGRAM	FINANCIAL ASSISTANCE	PRIVATE OR OUTSIDE INVESTMENT	TOTAL INVESTMENT	ESTIMATED CONSTRUCTION JOBS	LEVERAGE RATIO
Business Loans	56	\$6,945,500	\$38,317,771	\$45,263,271	164	1:6
Enterprise Zone	11	\$27,297,487	\$479,967,245	\$479,967,245	2,434	1:18
Storefront	369	\$6,030,147	\$7,631,300	\$13,661,447	111	1:1
Green Features Grant	21	\$582,520	\$597,440	\$1,179,960	10	1:1
Redevelopment Loan Fund	18	\$28,421,817	\$179,088,706	\$207,510,523	1,164	1:6
Portland Seed Fund	17	\$700,000	\$14,000,000	\$14,700,000	0	1:20
Clean Energy Works	34	\$4,900,000	\$28,000,000	\$32,900,000	415	1:6
TOTAL	526	\$74,877,471	\$747,602,462	\$795,182,445	4,748	1:10

Source: Portland Development Commission

² Construction jobs are estimated using economic modeling based on direct investments.

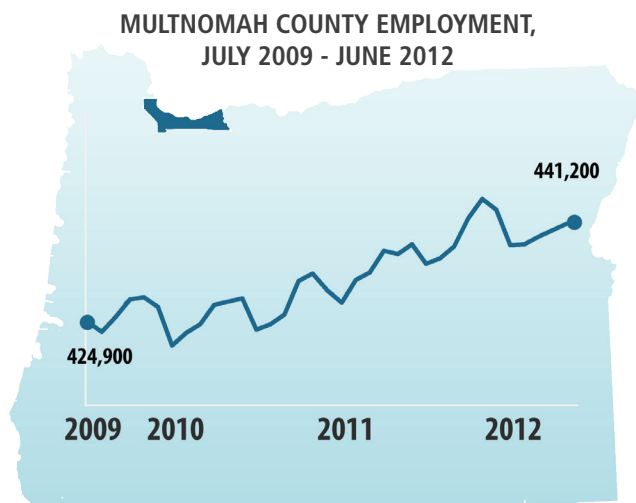
³ Job numbers are for direct employment as a result of PDC financial assistance. PDC collects job numbers for individual programs at the time of application, or through follow-up conversations with the client. Job numbers are good faith estimates based on current employment and anticipated hiring. With the exception of the Enterprise Zone, job numbers are not audited. Numbers have been checked and revised since 2011. Some businesses may have received more than one type of assistance. Financial assistance includes loans, grants and Enterprise Zone tax abatements. For more information on PDC programs see:

<http://pdc.us/for-businesses/business-programs.aspx>

The Portland Economy

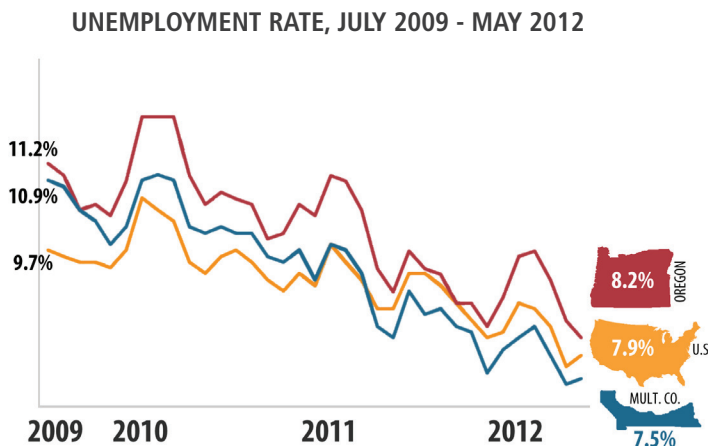
Portland is on the road to economic recovery. Job growth is positive. The regional unemployment rate has fallen to its lowest point since late 2008 and has remained below the national average for more than a year. However, even with growth, employment has yet to return to pre-recession levels.

Multnomah County has seen a 3.8 percent increase in jobs within the three-year period since the Economic Development Strategy was adopted. From July 2009 to June 2012, non-farm employment in Multnomah County increased by 16,300 jobs.



Source: Oregon Employment Department

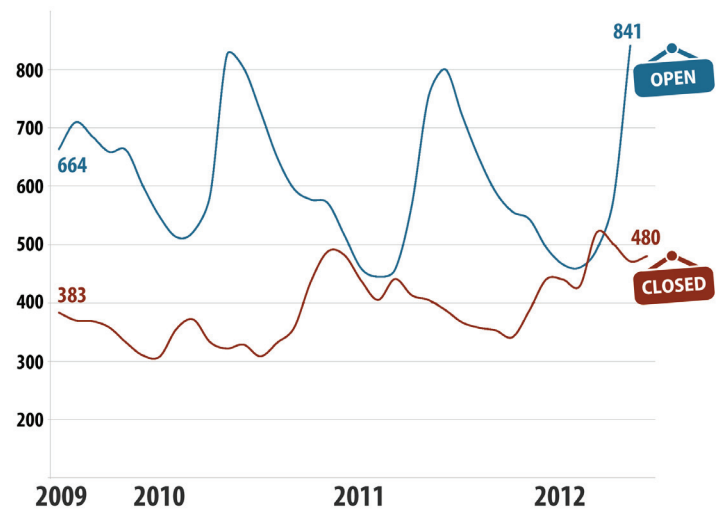
Reflecting positive job growth, Multnomah County's unemployment rate has remained below the state and national averages for the last six quarters. As of May 2012, Multnomah County's unemployment rate was 7.5 percent, compared to 8.2 percent for Oregon and 7.9 percent for the U.S.



Source: Oregon Employment Department

In the past three years, people have ventured out on their own to start new businesses. Based on business license activity, more than 22,000 new businesses have been opened, with a net gain of almost 8,000 new businesses in three years.

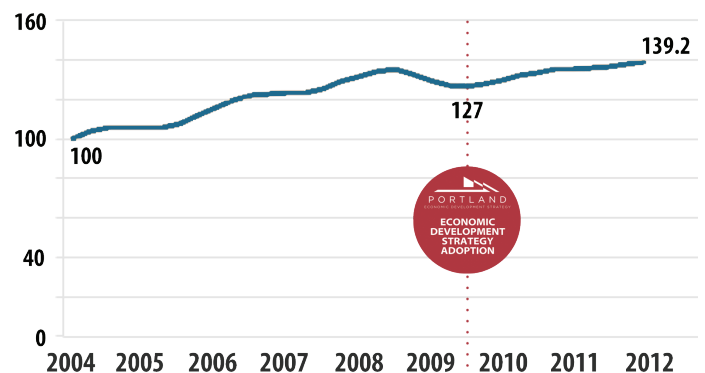
PORTLAND BUSINESS LICENSE ACTIVITY: JULY 2009 - MAY 2012 ⁴



Source: City of Portland Revenue Bureau

As of June 2012, Brookings ranks Portland 17th out of the 100 largest metros for economic recovery from the recession. This composite index includes Portland's rank in employment growth since the recession at 26th and unemployment at 13th. Home prices in Portland are ranked at 28th for economic recovery. Portland's Gross Metropolitan Output is 14th putting it on the top 20 of recovering metro areas.

PORTLAND METRO GROSS DOMESTIC PRODUCT: 2004 - 2012

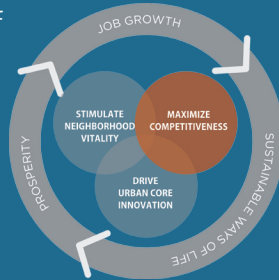


Source: MetroMonitor, Brookings

⁴ An estimated 24,000 new business tax licenses were given from July 2009 to June 2012 and an estimated 16,000 accounts were closed during the same period. The chart has been smoothed to represent average monthly activity.

Maximize Competitiveness

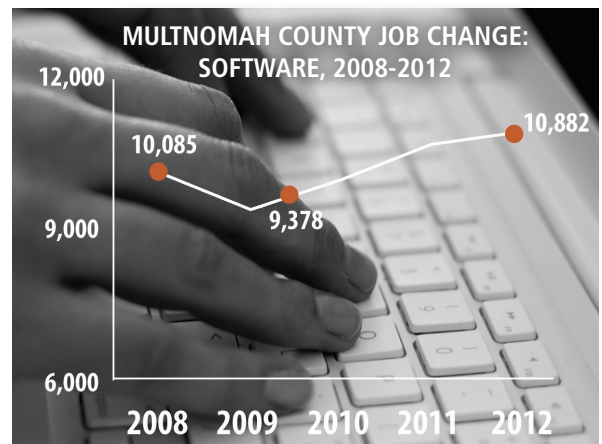
Robust job growth in Portland depends on maximizing the competitive environment for local businesses. The Economic Development Strategy acknowledges Portland's traded sector industries as fundamental drivers of regional economic health, high-wage jobs, and market opportunities for supply-chain and service-related firms.



The strategy focuses resources on enhancing the business environment for four target clusters in which Portland has a competitive advantage: Software, Advanced Manufacturing, Clean Technology and Athletic & Outdoor. Employment trends within the target clusters over the past three years reflect the positive impact of customized industry initiatives combined with efforts to promote entrepreneurship, align workforce development training with industry needs, and identify and pursue new international markets.

SOFTWARE

Metro Portland's burgeoning software and technology industry represents more than 2,000 firms with an average salary of \$89,000 and projected growth of 25 percent in the next decade. Long known as an open source hub, Portland is fast becoming known for mobile, cloud-based and software-as-a-service applications. With the presence of firms like Elemental Technologies, ISITE Design and the trade group SEMPDX, Portland is also gaining recognition as a digital media hub. Most of Portland's software and technology firms are homegrown, reflecting Portland's well-recognized startup and entrepreneurial culture. The Atlantic Cities recently ranked Portland 4th on its Technology Index for America's Leading High-Tech Metros.



Source: Economic Modeling Specialists, Inc.

Major Accomplishments:



Completed a major industry survey with more than 860 respondents which informed investments and established three strategic areas of focus: mentorship, technical user groups, and access to capital. Collectively this effort became known as PDX11.

Partnered with the Technology Association of Oregon and several private sector firms to launch Techlandia (www.techlandia.org), a brand and website designed to catalogue and connect local firms, align economic development resources and messaging, and improve access to startup and entrepreneurship-focused programs.



Served as an early-adopter of promising local technology with a contract to use local compliance software provider Zapproved; the firm has since landed \$1.45 million in private investment.

Launched Portland 100 to address Portland's scalability issues. The program provides select companies with resources designed to improve access to capital, executive talent and mentoring opportunities with the goal of establishing a robust pool of local companies with successful liquidity events or significant revenues.

Drupal Association

Recruited the Drupal Association from New York City to Portland; helped finance the relocation of ISITE Design into new space to accommodate its growth; financially assisted with signage improvements for Elemental Technologies' new downtown headquarters, required to accommodate its growth.



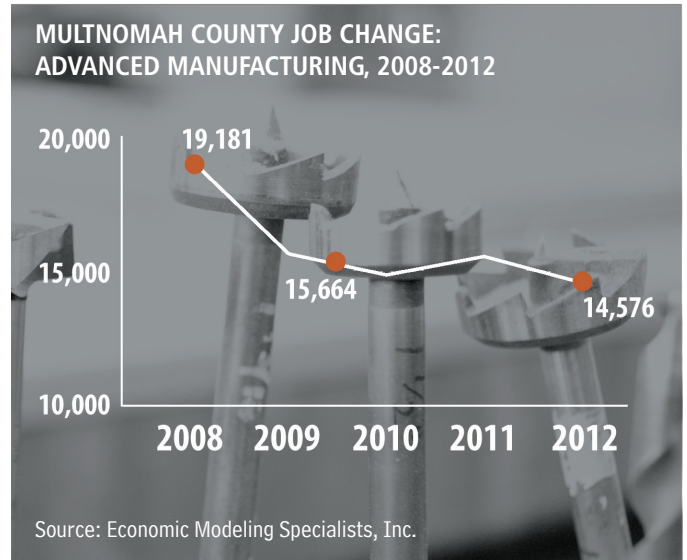
Provided support to software- and entrepreneurship-focused organizations, including the O'Reilly Open Source Convention (OSCON), Innotech, Open Source Bridge and Technology Association of Oregon.

Worksystems Inc. secured more than \$9.4 million in competitive federal grant resources to help regional companies retrain more than 3500 local workers while providing new training and employment services to almost 700 new workers in software, advanced manufacturing, and IT occupations.

ADVANCED MANUFACTURING

Advanced manufacturing is the largest of the targeted clusters and has a significant multiplier effect: each \$1 worth of manufactured goods creates another \$1.43 in other sectors. Manufacturing accounts for 26.2 percent of the Portland Gross Metropolitan Product, making it the third highest in the country.

Portland manufacturers export products ranging from scrap metal to silicon wafers throughout the world and are strong partners for Portland's sustainability ethos, recycling more than any other industry. While general manufacturing employment trends indicate net job losses, several local industries have experienced growth since 2009 including semiconductor, computer electronics and transportation equipment manufacturing. In addition, looming retirements industry-wide create significant opportunities for local residents to join local companies.



Major Accomplishments:

Supported the creation of United Streetcar, a subsidiary of Oregon Iron Works, by ordering six new streetcars for Portland's new Eastside Loop. The purchase generated approximately 90 local jobs.



Connected regional employers to Worksystems Inc. program that trained more than 500 employees at local manufacturers in 2011 to enhance workers' skills sets, improve company performance and decrease likelihood of future layoffs.

Assisted eight advanced manufacturing businesses to expand in Portland's Enterprise Zone, including Archer Daniels Midland and Rentrak, resulting in \$437 million in new investment and 564 new jobs; retained PECO Manufacturing, saving 280 jobs and resulting in more than \$4 million in new investment.



Helped 25 manufacturing businesses save between \$35,000 to \$1 million through lean processes improvement and waste reduction and leveraged \$650,000 in private investment with the Oregon Manufacturing Extension Partnership matching grant fund.



Launched the Portland Harbor Initiative, an effort to increase investment in industrial properties that abut the river. Initial outreach generated 22 responses from businesses and property owners located in the Willamette River Harbor area and interested in undertaking environmental remediation, purchasing new equipment, renovating current facilities and constructing new buildings in the area.

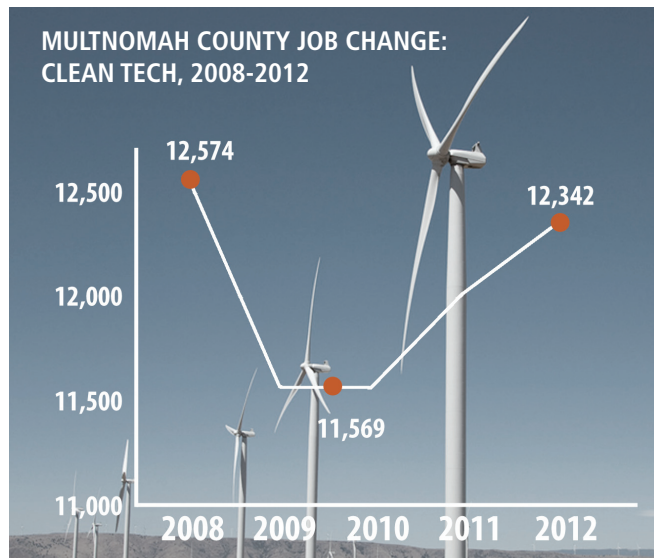


Coordinated a Manufacturing Career Summit with Worksystems and Pacific NW Defense Coalition to connect employers and job seekers; 80 individuals were hired as a direct result of the summit.

CLEAN TECHNOLOGY

Portland continues to be a beacon for clean technology companies. Major headquarters for wind and solar manufacturers, in addition to market leaders in green building and development and startups in energy storage, demonstrate Portland's competitive advantages of a deep talent pool, receptive local market for new technologies and services, and a legacy manufacturing base that can make the next generation of green products. Portland's efforts with clean technology are concentrated in three areas:

- **Energy Management:** Energy storage through new technologies is advancing new consumer adoption of electric vehicles, smart meters and other alternative energy control systems. Portland's utilities and consumers are driving demand for the next generation of energy saving systems.
- **Clean Energy:** Portland's strength in wind and solar energy is centered on a professional workforce with extensive energy sector experience, a strong manufacturing base, and resident adoption and engagement of utility providers.
- **Green Development & Infrastructure:** Portland's leadership in green building comes from early adoption of high performance and sustainable building practices, strong industry leadership, and technical expertise.

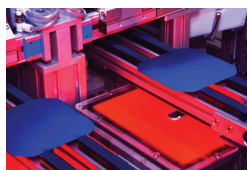


Source: Economic Modeling Specialists, Inc.

Major Accomplishments:



Secured the North American headquarters of wind power company Vestas; recruited SoloPower, a manufacturer of innovative flexible solar panels, and ReVolt Technology, a leader in energy storage; retained the North American headquarters of Iberdrola Renewables, a major European wind power company, saving 375 jobs.



Won \$2.1 million federal grant through the Jobs and Innovation Accelerator Challenge to foster clean technology innovation and production in the Portland region by aligning the region's manufacturing and clean technology industries through research, commercialization, and supply chain development.



Launched We Build Green Cities brand to promote Portland's global leadership in clean technology, green development and clean energy, and to generate new business opportunities domestically and internationally.



Generated \$2 million in increased sales for local manufacturers in the wind energy supply chain by providing technical and marketing assistance to more than 50 firms through Marketlink and the Oregon Manufacturing Extension Partnership.



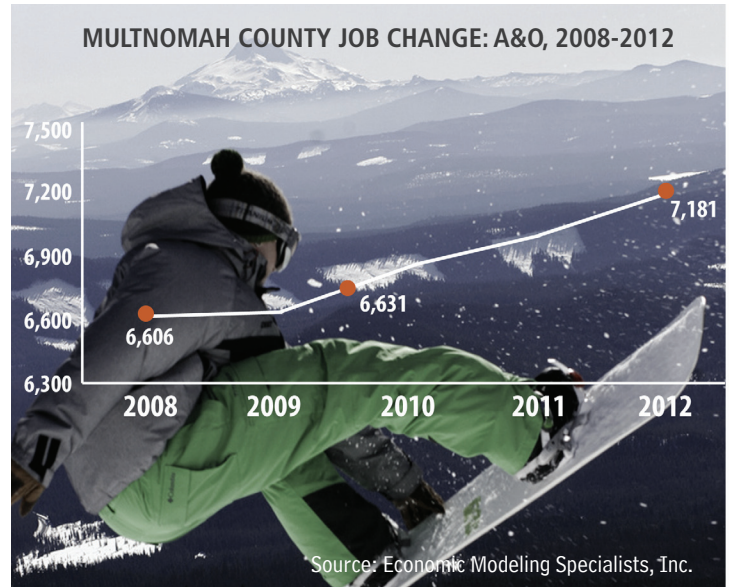
Launched Drive Oregon to support the electric vehicle industry and position Oregon as an early adopter of electric vehicle technology; adopted the Charge Portland electric vehicle strategy.



Supported the publication of Oregon's Clean Energy Economy, a new report confirming Portland's and Oregon's investments in clean technology. The report ranks Oregon second behind California in clean energy leadership.

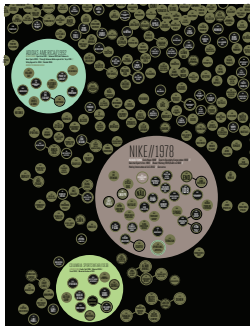
ATHLETIC AND OUTDOOR

Portland is the recognized global hub for the athletic and outdoor industry. Anchored by Nike, Columbia Sportswear and Adidas, Portland is also home to numerous small and innovative firms including Keen Footwear, Icebreaker and Nutcase Helmets. With the greatest number of footwear patents in the country, the athletic and outdoor industry in Portland continues to innovate, attract global talent, and spin off new companies.



Major Accomplishments:

Assisted athletic and outdoor firms to expand and locate in Portland including Showers Pass, Sugar Wheel Works, Danner-LaCrosse, Portland Design Works, Snow Peak and Queen Bee; recruited Hi-Tec Sports and Garmont. ▶



◀ Published the first comprehensive report on the region's athletic and outdoor industry, including a genealogy map showing the history and connections of the local industry's ecosystem; launched the first online directory of statewide athletic and outdoor firms listing more than 500 businesses; and developed a comprehensive action plan with athletic and outdoor leaders focused on industry leadership, talent, entrepreneurship and innovation.



◀ Launched Design Forum/PDX, a new organization to support innovation, design and product development through a materials resource library.



◀ Sponsored the Outdoor Industry Association's Eco Index, an industry-led effort to track the environmental impact of the production and distribution of athletic and outdoor goods, and funded a matching grant training program for five Portland firms.



Hosted the annual Outdoor Industry Association Rendezvous in Portland attracting more than 400 industry leaders and showcasing Portland as the premier location for athletic and outdoor firms by unveiling the film Inspired by Portland. ▶

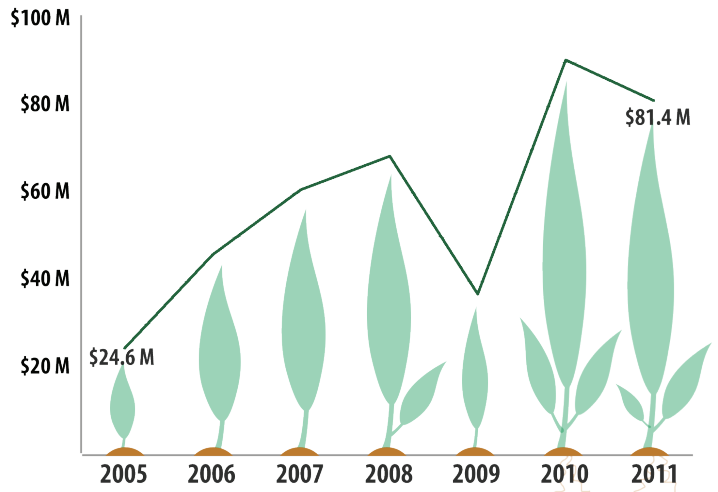


Hosted six peer-to-peer mentoring sessions for small to medium-sized firms to assist in the development of growth strategies. Participants learned from experts in social media, accounting, finance, and human resources, and shared their experiences and challenges in growing a small business.

ENTREPRENEURSHIP & INNOVATION

Sustained job growth and prosperity depend on developing small, scalable, entrepreneurial firms. Portland's Economic Development Strategy calls for building the capacity of local entrepreneurs to innovate and compete in the global economy. In the last three years Portland has ramped up its support for entrepreneurs through a comprehensive action plan and a renewed emphasis on research and commercialization of promising technologies.

INVESTMENT CAPITAL TREND IN PORTLAND, 2005 TO 2011



Source: VentureDeal

Major Accomplishments:

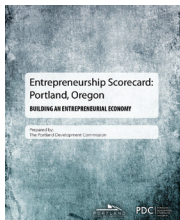


Created the Portland Seed Fund to stimulate entrepreneurial growth and fill the gap of early startup capital. Hired an independent fund manager, contributed \$700,000 in capital and leveraged more than \$2.3 million in additional capital. To date, the Portland Seed Fund has assisted 17 businesses which have attracted an additional \$14 million in private investment and created 75 jobs.

Established "Produce Row" in the Central Eastside Industrial District. The Produce Row brand is intended to serve as a promotional toolkit for businesses and property owners seeking to market the district as a home for early stage firms, particularly in design and creative sectors.



Introduced the State of Entrepreneurship in Portland, a comprehensive study which found that 1) the majority of job growth in Portland comes from growing small firms; 2) immigrants and minorities help drive entrepreneurial activity; 3) Portland lags other cities in access to venture capital; and 4) Portland struggles to scale promising startups.



Unveiled the first annual Entrepreneurship Scorecard to track Portland's progress in improving its environment for startups and measure Portland against other major metros for entrepreneurial health.

Hosted the Oregon Startup Summit, bringing together startup partners from around the state to support Oregon's promising startup businesses, followed by Startup:PDX networking event attracting more than 150 people from Portland's entrepreneurial community.



Unveiled a partnership between Oregon Health and Sciences University (OHSU), Portland State University (PSU) and PDC to launch a commercialization grant program to assist university-based startups through access to enhanced business development resources.



Provided targeted support to the ecosystem of organizations and events focused on assisting entrepreneurs, including Portland Ten, the Portland Incubator Experiment, Oregon Entrepreneurs Network, Angel Oregon and Venture NW. Firms such as ShopIgniter, Orchestra, the Clymb, and Open Sesame have used support from these organizations to attract additional funding and achieve impressive growth.



INTERNATIONAL TRADE

With its location on the West Coast and Pacific Rim, an active port, and historical connections to Asian and European markets, Portland has long been a trade-focused economy. Traded sector firms, those that export goods and services nationally and internationally, account for a third of all employment in the Portland region. More than 142,270 jobs in the Portland region are attributed to export activity and nearly one-fifth of Portland's economic activity is generated by exports.

PORTLAND MSA EXPORT STATISTICS

National Rank		Value
#12	Exports in 2010	\$21.3 B
#8	Export Growth, 2003 to 2010	\$11.1 B
#14	Estimated jobs as result of export activity	142,384
#8	Change in Jobs as result of export activity, 2003 to 2010	45,868

Source: Brookings Metro Export Initiative

Major Accomplishments:

Selected by the Brookings Institution as one of four pilot cities in its Metro Export Initiative (MEI). The MEI brought together regional civic and business leaders, in addition to local, state and federal partners, to craft a regional plan to foster economic growth through export activities.

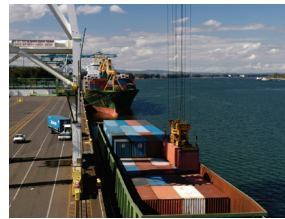
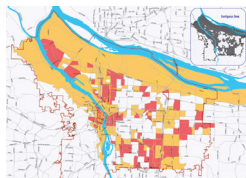


Developed the Greater Portland Export Plan, in partnership with Greater Portland Inc and regional economic development partners, to double exports in five years, with a focus on 1) supporting and leveraging primary exporters in computers and electronics; 2) catalyzing under-exporters in manufacturing; 3) building a healthy export pipeline of small and medium-size businesses; and 4) branding and marketing Greater Portland's most promising industries through initiatives such as We Build Green Cities.

Launched We Build Green Cities, in partnership with the Portland Sustainability Institute, Business Oregon, and the City of Portland. The goal of We Build Green Cities is to create a unified brand to promote and market the capabilities of Portland's internationally recognized clean energy and green development firms.



Established program for EB-5 foreign investment with two regional centers approved for Portland; successfully expanded targeted employment areas to attract EB-5 investment to a larger geographic area of the city.



Participated in International Trade Week, facilitating the International Road Show, an opportunity for Portland's small and medium-sized enterprises exporting goods and services to learn about assistance from state, local and federal government agencies to help them tap into foreign markets.

Hosted three annual Mayor's International Business Awards and Scholarship Dinners with the Oregon Consular Corps, to recognize excellence in exporting and foreign direct investment, with more than 400 people in attendance each year.

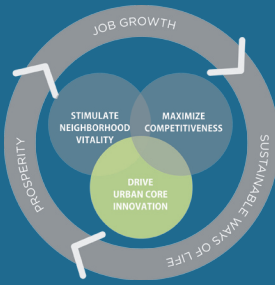


Partnered with regional and state organizations on strategic trade missions to Japan, Brazil, Canada, the United Kingdom, Germany, Sweden and Spain; at Eco Expo Asia 2011, helped seven Oregon businesses exhibit under the We Build Green Cities brand; signed memoranda of understanding with numerous international partners, including:

- Sustainable Hub, a Brazilian consulting firm, to promote export opportunities for Portland-area companies in the Brazilian/Latin American market
- Fagerdala Hem, a Swedish company pioneering a new foam-based homebuilding system
- Hong Kong Environmental Protection Department to promote sustainable communities
- Japan-based SANYO Homes Corp. to develop a Green Innovation Park showcasing net-zero homes

Urban Innovation

Portland's status as an urban innovator is the result of far-sighted investments in the building blocks of a vibrant, 21st century city: transit, land use policy, high-density development, open spaces, green buildings and infrastructure. The unique character of Portland's urban core is critical to attracting the workforce, entrepreneurs and employers who will drive the growth of the regional economy in the next decades. Investments in transformative projects to elevate downtown's relevance and appeal as a regional asset will remain a priority for the City.

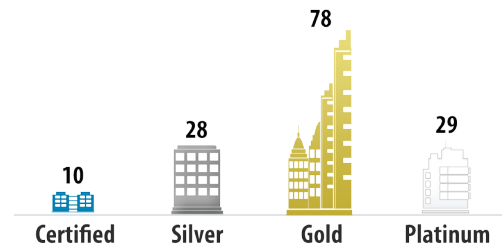


The Economic Development Strategy calls for maintaining Portland's distinctiveness and capitalizing on our reputation for sustainability to help grow the local economy. To accomplish this objective Portland continues to invest in and build public-private partnerships that promote new technologies, practices and development models.

NEXT GENERATION BUILT ENVIRONMENT

Portland is stretching to maintain its leadership in green development and sustainability. With 145 LEED-certified buildings – most of which hold the higher gold or platinum ratings - Portland's new development is pushing the envelope in environmental performance. Building retrofits have contributed to improved energy efficiency; new construction has achieved more aggressive certification through cutting-edge design and technology; and planning is under way at the district scale. Portland's commitment to the next generation built environment offers itself as a living laboratory, creating new opportunities for firms developing the next wave of sustainable products and services.

OF LEED CERTIFIED BUILDINGS BY TYPE IN PORTLAND



Major Accomplishments:

Launched Clean Energy Works Oregon by leveraging \$20 million in federal funds to encourage residential energy retrofits through private/public partnership. The innovative on-utility-bill financing program provides low-cost improvements to homeowners to become more energy efficient. The program has completed more than 1,100 retrofits, created almost 30 permanent jobs and supported more than 500 construction jobs.



LucidEnergy™

Signed a memorandum of understanding with Lucid Energy to develop a pilot in-pipe hydropower system in Portland.

Completed schematic design of the Oregon Sustainability Center (OSC), planned to be the nation's largest building to pursue the Living Building Challenge and net zero energy, water, and wastewater performance.



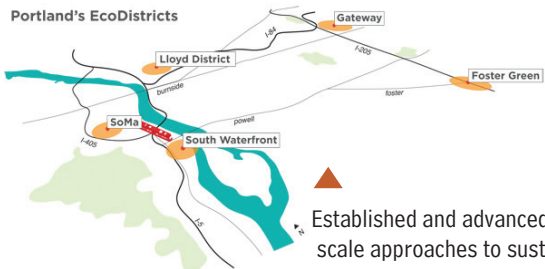
Opened the June Key Delta Community Center, a neighborhood-led renovation of a 1960s-style building into a demonstration of green development. The construction was performed by a local minority-owned general contractor; local trade unions and nonprofits that provide pre-apprenticeship training also made significant construction labor contributions.



Supported PSU's launch of Electric Avenue, a collaborative effort between the university, City of Portland and industry partners showcasing electric vehicle charging station use and performance.



Joined with U.K.-based Building Research Establishment Ltd. to identify local and national U.S. market demand for a Portland-based green innovation park to showcase cutting edge residential green building products, similar to those being pursued in the U.K., China, Canada and Brazil.



Established and advanced district scale approaches to sustainability through five pilot EcoDistrict areas:

Lloyd District, University District, South Waterfront, Gateway and Lents, which have respectively created an independent management association, identified key projects to pursue, issued an RFP towards green infrastructure, and completed district-wide assessments.

CENTRAL CITY VITALITY

The central city is the heart of the metropolitan area, a regional asset that fosters creativity and invention, in turn driving cultural and economic growth. Preserving the appeal of the central city is essential to attracting talented workers who drive innovation and maintain the central city as the region's major employment center. The execution of a downtown retail strategy, investment in tenant-driven physical development and infrastructure, and the cultivation of Portland's national and international profile further bolster downtown's 21st century role as an economic development driver.

CHANGE IN # OF BUSINESSES IN CENTRAL CITY, 2005-2011

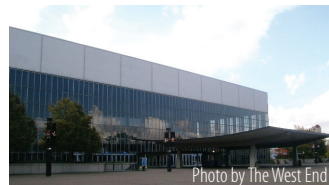


Source: Portland Development Commission from Covered Employment and Wages

Major Accomplishments:



Secured \$8.5 million in federal funding for the rehabilitation of Union Station.



Led a private/public partnership that included the Portland Winterhawks and the Portland Trailblazers for a \$31 million upgrade of the Veterans Memorial Coliseum.

Began the first phase of the Burnside Bridgehead project, with the renovation of the 80,000-square-foot former Convention Plaza Building into a digital hub, anchored by Cascade Energy and the Technology Association of Oregon.



Continued implementation of the Downtown Retail Strategy, resulting in the arrival of major retailers H&M and Sephora and the expansion of Nike in high-visibility spaces downtown; recruitment of Target, which will open one of its first urban stores in Portland; as well as the reprise of the successful PDX Pop-Up Shops during the holiday season.



Completed the redevelopment of the Globe Hotel in Old Town/Chinatown for the Oregon College of Oriental Medicine, retaining 60 jobs in Portland and topping off 1,000 new jobs and \$100 million in investment in the Old Town/Chinatown neighborhood stimulated by PDC over the last five years.

Coordinated a development agreement between American Asset Trust, Langley Investments and City bureaus for a \$250 million investment in a super-block in Lloyd District that will result in 760 highly sustainable new housing units and redevelopment of an office building, which is the largest single private development in the central city in the last five years.



Debuted Director Park, a major new urban space to enhance downtown retail and office development; began construction on Fields Park in the Pearl District to support multi-family residential buildings, offices, and a broad range of retail shops and services.

Invested in the Central City 2035, the city's once-a-generation land use plan that aligns public investment to improve job creation, sustainability, and social equity, and advance urban innovation.



Constructed the Eastside Streetcar Loop, scheduled to open in fall 2012, creating 103 construction jobs and attracting \$148 million in new investment.

SUSTAINABILITY LEADERSHIP AND THE PORTLAND BRAND

Portland is committed to its leadership in sustainability. Portland is one of the few major cities in the world that has grown its economy while lowering carbon levels. Portland has linked land use, transportation, green spaces and people to create neighborhoods instead of sprawl. Over the past 40 years, Portland has shown that a city can indeed grow its economy, clean the environment and support vibrant places to work and live.

- No. 1** America's Top 50 Bike-Friendly Cities (*Bicycling* magazine)
- No. 1** Greenest Cities (*Corporate Knights* magazine)
- No. 1** ranking for Portland General Electric's Green Power Program (U.S. Department of Energy)
- No. 1** PSU ranks number one in the world for among small business schools for preparing MBAs for social and environmental stewardship (Beyond Grey Pinstripes)



- No. 2** Best Car Free City (*24/7 Wall Street*)
- No. 2** Greenest Metro (*Site Selection* magazine)
- No. 4** on the Future Metropolis Index (Zipcar)
- No. 8** for cities with green development opportunities (Cushman & Wakefield)

Portland featured as **one of five** places for Energy Quest, a PBS series that debuted on Earth Day looking at inspiring stories of groups taking matters of energy security and climate change concern and translating it into action

FILM & VIDEO

Film and video productions have become a significant contributor to Portland's economy. Film and video productions spent more than \$130 million in Oregon in 2011, most of it concentrated in Portland. In 2011, Portland issued 667 permits for film, TV and commercial filming projects, including three major television productions: *Leverage*, *Portlandia* and *Grimm*.

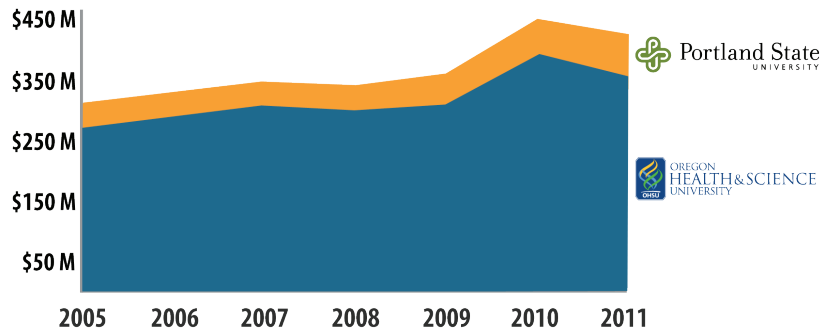
The jump in locally-filmed productions has nurtured Portland's emerging status as an animation and post-production services hub. As technology plays an increasingly larger role in the creation of film and television production, the city is seeing significant growth in the related supply chain. Portland's growing intersection of film and software - animation, interactive media, web and mobile applications - points toward further development of homegrown supply chain services and continued attraction for production companies.



HIGHER EDUCATION

Portland's culture of innovation and creativity depends on the frequent introduction of new technologies and a continued infusion of entrepreneurial, management and engineering talent into the workforce. The city is working in tandem with PSU and OHSU to foster economic activity, technology transfer and new company formation. In the past five years, PSU has almost doubled sponsored research funding to \$65 million and has positioned itself to be a national leader in urban sustainability. OHSU is Oregon's premier research institution and has been expanding in the South Waterfront district, supporting sustainability efforts and job creation.

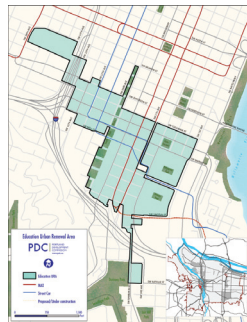
SPONSORED RESEARCH FUNDING AT PORTLAND'S RESEARCH UNIVERSITIES FROM 2005 TO 2011



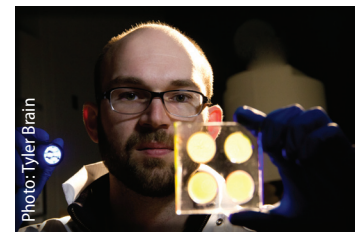
Source: Portland State University and Oregon Health & Science University

Major Accomplishments:

Established the new Education Urban Renewal Area to help PSU accelerate its growth by partnering with the city and business community to attract new investment and educate the region's workforce. The new district will invest up to \$134 million in technology commercialization, entrepreneurship and research facilities with the long-term goal of accelerating innovation and job creation.



Invested \$1.5 million for the construction of a wet lab at the PSU Business Accelerator to support Oregon's startup biotech firms and companies involved in developing new drugs, medical devices, and other biological and chemical innovations. The wet lab is currently fully occupied with demand for more space.



Supported OHSU's breaking ground on the Collaborative Life Sciences Building in South Waterfront, a joint project of PSU, the Oregon University System and OHSU that will increase partnerships between the universities, expand their teaching facilities, class sizes, and research activities and create new employment opportunities. The building includes highly specialized laboratory space and facilities that will allow OHSU to grow its research programs.

Won federal TIGER grant funding to complete construction of SW Moody Avenue from RiverPlace to SW Gibbs, which increases district traffic capacity and accessibility necessary for future PSU and OHSU connectivity and growth.



Partnered with PSU to develop an economic development strategy that aligns with the city's economic development strategy, calling for increased workforce development to support Portland's cluster industries, strengthening research commercialization partnerships and building on Portland's global reputation for sustainability.

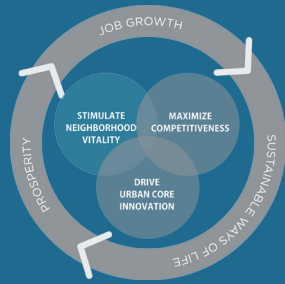


Worked with Oregon BEST (Oregon Built Environment & Sustainable Technologies Center) to create a university and industry partnership through the Sustainable Built Environment Research Consortium to commercialize cutting-edge innovations in the built environment.



Neighborhood Economic Development Strategy

Portland's neighborhoods are distinct and represent a wide range of character, development and amenities. Prosperous commercial districts are often a sign of neighborhood health because they help businesses and residents connect – both with each other, and with the larger regional economy. Many of Portland's close-in neighborhoods have experienced reinvestment and enjoy thriving commercial corridors, ample transportation options and good job opportunities. Still, other Portland neighborhoods, especially in East Portland, lag in investment and job growth.



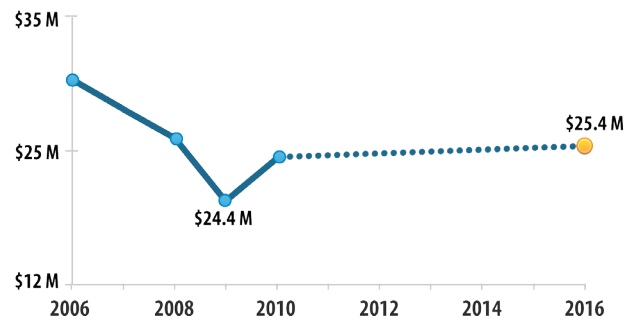
In May 2011, Portland City Council adopted the Neighborhood Economic Development (NED) Strategy. The Strategy issues an urgent call for renewed investment in low-income communities and those of color, which have suffered disproportionately during the recession. With work that is more inclusive, more structured, and more dependent on side-by-side partnership with community organizations, the city has added significant depth to its efforts to achieve business growth, social equity and job creation.

NEIGHBORHOOD BUSINESS GROWTH

Nearly 64 percent of Portland's 25,000 businesses are located in neighborhoods. Of these businesses half primarily serve neighborhood and culturally-specific markets. Supporting the growth of existing businesses in Portland's neighborhoods and attracting new businesses that meet neighborhood needs is a top priority of the NED Strategy.

Prior to the adoption of the Economic Development and NED strategies, many of the city's tools, programs, and organizations that support neighborhood businesses were in place. However, the city lacked a coordinated, strategic approach to make these resources easily accessible. The city and partners have since taken significant steps to align, coordinate and expand the resources that drive neighborhood business growth.

FIVE-YEAR GOAL: BUSINESS REVENUE GROWTH



Note: Business Income Tax paid by Portland-based businesses outside Central City
Source: City of Portland Business License Tax data

Major Accomplishments:

\$600 K
136 BUSINESSES
3,265 HRS
TECH ASSISTANCE

Provided \$600,000 for citywide small business technical assistance for fiscal year 2011-2012. Five community-serving organizations delivered assistance to 136 businesses with 50 or fewer employees located in North/Northeast or East Portland and/or within targeted socioeconomic categories.



Launched Business Portland (portland4biz.com), a one-stop website geared toward small business and entrepreneurs seeking to start or grow their business. Since launching in July 2010, the site has had close to 54,000 visitors and generated 200,000 page views averaging more than 3,000 visitors a month.

503-865-4BIZ

Collaborated with Craft3, a nonprofit community bank, to create a \$1.5 million loan fund that makes resources available for small businesses in the NPI districts, East Portland and outer Northeast Portland.



Streamlined the city's permitting process by co-locating the permitting functions of eight previously disparate bureaus and established a business hotline (503.865.4BIZ) to help small businesses navigate city services.

Helped approximately **376 microenterprises** (five or fewer employees) with technical assistance, including credit repair, legal services and market research, through the Economic Opportunity Initiative (EOI) Microenterprise Program.

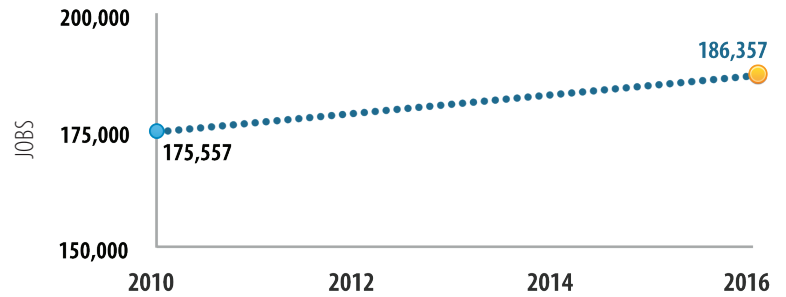


Started the Green Features for Business grant program to assist small neighborhood business to become more sustainable and reduce operating costs, helping 21 small businesses and leveraging close to \$600,000 in private investment.

NEIGHBORHOOD COMMERCIAL DISTRICTS

Neighborhood commercial areas serve as regional employment centers and contain about 45 percent of the city's jobs. Strategic initiatives and public-private partnerships can leverage larger market forces, help stimulate neighborhood business growth, and create jobs by supporting employers that can hire local workers. Portland has acted on this principle by initiating commercial corridor business development programs, facilitating commercial site readiness and pursuing catalytic infrastructure investments.

FIVE-YEAR GOAL: JOB GROWTH



Source: PDC analysis of Oregon Employment Department QCEW

Major Accomplishments:

Established the Portland Main Street Program in 2010 with three participating commercial districts: NE Alberta Street, Hillsdale and St. Johns. Over the last two years, the City has leveraged approximately \$288,000 in private funds to match the City's administration, marketing and promotion grants and awarded \$150,000 in district improvement grants.



Celebrated the completion of Killingsworth Station, a mixed-use project with 57 mixed-income condominiums and three ground floor businesses. PDC assisted with construction financing and commercial tenant improvement loans.



Leveraged private and public investments in the Lents Town Center Urban Renewal Area, including assisting 51 businesses with storefront improvement grants and business finance loans, and completing an art installation at the Ramona Street light rail station.



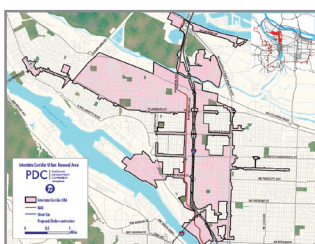
Established the Neighborhood Prosperity Initiative (NPI) and adopted six new NPI Urban Renewal Areas in East Portland: Our 42nd Ave, Cully Blvd, SE Division-Midway, Jade District, Parkrose & Rosewood. The URAs will make \$1.25 million available to strengthen each of these business districts' economic competitiveness through capacity building, district promotion and physical improvements.



Partnered with Hacienda CDC to establish a *mercado*, or Latino market, in Lents Town Center, as part of the City's Grocery Store Initiative. In addition to expanding access to culturally specific food, the *mercado* will provide opportunities for business incubation, expansion and wealth creation for local entrepreneurs.



Completed targeted revitalization efforts in North Portland's Kenton neighborhood. The Denver Avenue Streetscape project installed new sidewalks, trees, lighting, street furniture and public art, attracting new businesses and customers to the historic commercial district.



Amended the Interstate Corridor Urban Renewal Area to bring business development assistance to additional commercial corridors including St. Johns, the Dekum Triangle and NE Martin Luther King Jr. Blvd.

STRONG COMMUNITY CAPACITY

With the adoption of the NED Strategy PDC and the City of Portland began intentional investments in building local capacity to support community-driven economic growth. With the right tools and know-how, community intermediaries – from community-based organizations to culturally-specific organizations to business district associations – can most effectively drive neighborhood economic development. Portland has moved forward with several programs and initiatives that put communities in the driver seat for economic growth.



The rollout of the NPI in October 2011 was announced by Mayor Adams and Multnomah County Chair Cogen with more than 150 neighborhood residents, businesses and business districts participating. To learn more: www.pdc.us/NPI

Major Accomplishments:

Convened a Neighborhood Economic Development Leadership Group with diverse membership and citywide representation. The broad charge of the group is to guide the implementation of the NED Strategy and to develop resources for the Strategy's actions. The group includes individuals with expertise in business management, commercial district organizing, finance, culturally-competent service provision, redevelopment, and other related fields.



619 technical assistance hours
1,486 training hours
2,306 volunteer hours
45 grants leveraged **\$406 K**

Offered technical assistance trainings to all Portland business districts through a contract with Venture Portland.



Supported 32 established community-based organizations - such as Portland YouthBuilders, Peninsula Children's Center and the African American Health Coalition – through Community Livability Grants (CLG) for capital improvements.

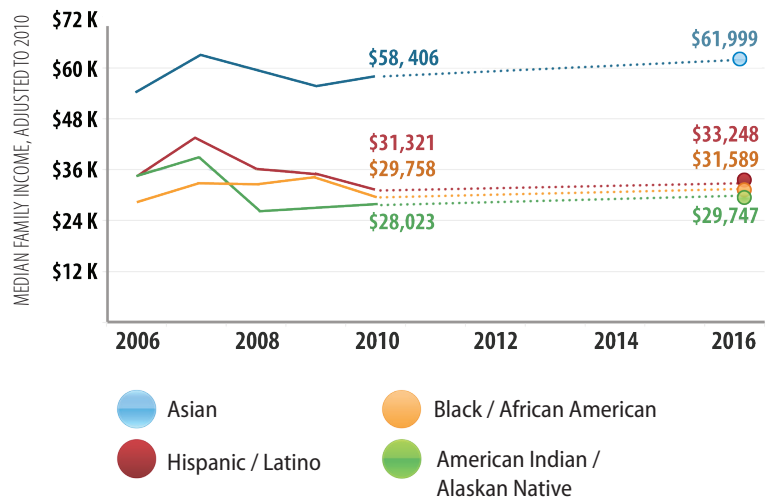
Provided the Main Street and Neighborhood Prosperity Initiative districts a mix of financial and technical assistance to create nine new community organizations across Portland's neighborhoods from the ground up.

ECONOMIC OPPORTUNITY

The equity gaps identified in the *State of Black Oregon report, Communities of Color in Multnomah County: An Unsettling Profile*, and other data show that people of color consistently earn less, have higher unemployment, live further from employment opportunities, and face greater barriers in education, training, and access to health care than other populations. At the same time, east Portland and the region's eastern suburbs have seen substantial population growth – especially of lower-income residents.

Economic development is not just about companies and buildings – it is about real people having access to employment opportunities and creating wealth for themselves and their families. The City and PDC have responded to this need through people-based programs that help individuals throughout Portland secure living-wage jobs and through policy initiatives that ensure PDC is equitable in its contracting activities.

FIVE-YEAR GOAL: REAL INCOME GROWTH FOR COMMUNITIES OF COLOR



Source: American Community Survey

Major Accomplishments:

Provided an intensive regimen of career planning, job and life skills training, post-secondary education supports, internships, job placement and career advancement to 2,026 adults and young people enrolled in the Economic Opportunity Initiative (EOI) program over the last three fiscal years. In May 2012, PDC established an agreement with WorkSystems, Inc to co-invest youth workforce development resources to more efficiently and effectively serve low-income and disadvantaged youth aged 16-21.



Worksystems Inc. supported the creation and execution of workforce training and development plans for seven Enterprise Zone companies as they provided skill development and certificate training to more than 170 new and incumbent workers.



Attracted record participation of Minority-owned, Women-owned or Emerging Small Businesses (MWESB) in PDC contracting in Fiscal Year 2011-12: of all PDC-supported projects, MWESB contracting was 39%, including 17% minority-owned, 7% women-owned, and 14% emerging small businesses. The three year average is 33% MWESB firms, which employ many workers living in Portland's neighborhoods.

Negotiated Community Benefit Agreements (CBAs) for the Veterans Memorial Coliseum, SoloPower and the Oregon Sustainability Center that went beyond workforce diversity, contracting and apprenticeship on the construction sites. These benefits included local sourcing and hiring for the permanent jobs created, job retention, opportunities for local businesses, and innovative ways to increase women and minority participation in architecture and engineering.



www.PDXECONOMICDEVELOPMENT.com



PDC | PORTLAND
DEVELOPMENT
COMMISSION
www.pdc.us