

PDC

PORTLAND DEVELOPMENT COMMISSION

DATE: January 9, 2008
TO: Board of Commissioners
FROM: Bruce A. Warner, Executive Director
SUBJECT: Report Number 08-01
Executive Director Report

BOARD ACTION REQUESTED

None – Information only

Administration Update/Management Issues

The City Auditor released the annual Service Efforts and Accomplishments report in December. This is the 17th annual report on city government performance and the second year PDC performance statistics have been represented in the report. More than 30 measures of PDC's work are included in the report.

This past fiscal year, significant trends include:

- The value of property in urban renewal areas has grown far faster than property outside of URAs. Overall, property values inside URAs grew 24 percent, compared to 3 percent for Portland property outside URAs.
- In the past six years, PDC has assisted 230 businesses. It is estimated that PDC's funding helped create or retain 12,000 jobs. Eighty four percent of the businesses assisted employed less than 50 people.
- PDC estimates that 81 percent of businesses assisted five years ago are still in business today.
- Although Census data show that housing affordability is increasingly a problem in Portland, PDC has made steady progress in assisting low-income rental and owner housing. Over the past ten years, PDC has provided loans and grants that assisted about 6,500 rental units and 1,800 owner occupied units. (These numbers include new construction, rehabilitation and home buying assistance. These numbers do not include other PDC housing incentives such as tax abatements and Systems Development Charge waivers.)
- Over the past six years, PDC and City programs have assisted more than 11,600 housing units. This number represents 58 percent of the City's 2011 goal of 20,000 units.

Some challenges for PDC were noted by the Auditor and these are things we will be working on:

- First time home buyer assistance lags behind our 2011 goal.
- Direct PDC financial assistance to existing home owners for home repair has decreased over the past years.
- Last year, there was a dip in the number of jobs assisted by PDC business programs. This dip results from a pronounced focus on smaller business in Fiscal Year 2006-07.

Although this is an Auditor-published report, PDC staff greatly contribute throughout the process. I would like to express my thanks to staff members Tony Barnes, Todd Kelley, Kate Staples, Becki Marsh, Faye Brown, Janice MacWilliams, Robert Smith and Sharon Meross for all their hard work.

Staff have responded enthusiastically to the Mayor's call for support for Jefferson High School. As you may know, Mayor Potter will be conducting all his City Hall business from the high school on January 16 & 17. He has asked city staff members to consider volunteering at the school, providing alumni support, or has asked staff to talk with students about their city jobs. More than 100 City of Portland staff have signed up to speak with students at Jefferson – from the Parks Bureau to the City Archivist to the Director of the Bureau of Government Relations. Twenty-five staff members from PDC offered to volunteer, work on alumni activities or discuss their jobs with students. Staff volunteers range from a Director at PDC to project management staff, finance, public affairs and include representatives from Development, Housing, and Economic Development. Two staff members, Joanne Daunt (Development) and John Cardenas (Public Affairs), have already been to the school to speak with students about what PDC does, what they do in their day to day jobs and about neighborhood gentrification. The Mayor's office reports that teachers at Jefferson are thrilled with the interest in speaking to their students. This is a wonderful activity for staff to be involved in and helps demonstrate our commitment to strong neighborhood schools. (Please note the related story on Students to Leaders in the Development section of this report.)

PDC conducted LEED for Accredited Professionals training in December with strong results. Cindy Bethell, our Sustainability Coordinator, reports that 63 folks attended: 23 were from M/W/ESB or sheltered market firms, nine were non-profit affordable housing developers, 16 were PDC staff; and 15 were City staff. The training was a great success and was well received.

PDC invited the Trillium Artisans in for a special holiday sale to staff. Trillium is a micro-enterprise located in the Lents URA. The business rents space from PDC for a nominal fee in the Lents Town Center and helps activate the LTC district. The artists create all their wares with at least 50 percent recycled or reclaimed materials. Trillium brought in a wide variety of items which staff purchased for themselves and others on their holiday lists. This was a great way to support this business in the Lents community.

Staff completed some great projects to help others in our community and I wanted to let you know about these efforts. Staff organized a bake sale and a food drive to benefit the Oregon Food Bank. All the food was delivered before Christmas and PDC collected 1,278 lbs. of food for needy people in our community. The bake sale and other donations also totaled approximately \$500 cash for the Food Bank. In addition to this, the Neighborhood Housing staff identified needy families and seniors that we work with. Staff sponsored the families and raised \$900 to help with clothing, toys, gift baskets and gift cards. I am proud of all these efforts by staff to help brighten the holidays for others.

Notable projects and meetings I was involved in recently are:

- Attended Portland Business Alliance Board meeting
- Attended Portland Housing Center “after hours” event
- Spoke at the 11th annual Oregon Land Use Law Conference
- Attended celebration of the Emperor’s birthday at the Japanese Consulate
- Attended Housing Authority of Portland board meeting
- Attended Freeway Lands Development Strategy meeting

December meetings were held with Gil Kelley, Liesl Wendt (E. Portland Action Plan), Steve Iwata (Willamette River Partnership), Tom Brenneke (Guardian Management), Sue Disciple (consultant), plus my regular meetings with City Council members and each PDC Board member.

Attachment A to this report is the regular monthly update of combined journey and apprentice workforce diversity hours worked for PDC and City of Portland South Waterfront projects. The information presented is fiscal year-to-date.

Economic Development Update

Oregon Business Plan Leadership Summit—On December 3, business and political leaders from around the state kicked off the next five years of the Oregon Business Plan at the sixth Oregon Leadership Summit. Industry cluster roundtables were a key element of the agenda, and PDC Economic Development staff played a key role in advising and/or speaking at the roundtables on bioscience, biofuels, creative services, energy efficiency, environmental technology and services, food processing, green development, wind energy and the solar industry.

Economic Development and Development Joint Meeting—In response to the PDC Board of Commissioners' request to improve coordination and communication between departments, the Economic Development and Development departments held their first joint staff meeting on December 6. Nearly 60 staffers gathered in the Commission room to get to know each other, and each others' work. Development Director Cheryl Twete and Economic Development Director Erin Flynn shared their respective visions for their departments, and Operations Managers Betsy Chase (Ec. Dev.) and Lois Cortell (Development) organized an agenda that encouraged conversation, highlighted examples of successful collaborations between the two departments, and paved the way for future gatherings. A long list of ideas for enhanced collaboration was developed, including, for example, goals to increase understanding of Development projects (space, tenant needs, etc.) so that Economic Development can assist in filling vacancies in Development projects; to enhance customer relationship management to include project stakeholders and interdepartmental communications; to work together on commercial district and corridor revitalization; and to coordinate Economic Development's new community development group work with Development's neighborhood URA team.

Economic Development completes reorganization planning—Economic Development Director Erin Flynn has announced the completion of initial reorganization planning for the department and the group will start 2008 with a new structure in place. Two key changes define the reorganization: First, business retention and recruitment functions (previously separate) are combined, and will be organized under target industry umbrellas. Moving forward, staff will work in *Target Industry Teams* that serve specific segments of our economy along the entire spectrum of activity from R&D and start-up phases to retention, expansion and recruitment. This will enable staff to develop deeper expertise in industry dynamics and deeper relationships with industry stakeholders. The four target industry teams moving forward are: Sustainable Industries, Manufacturing, Design and Creative Services, and High Tech (bio and software).

Second is the creation of a *Community Economic Development (CED)* Group. The focus of this new group is neighborhood revitalization and economic opportunity. This work will begin with a focus on the neighborhood urban renewal areas including Interstate, Lents, Gateway and OCC. CED will focus largely on local and regional services, small business development and commercial corridor development. Our Storefront Program will be housed in CED moving forward and we will also be creating a new Small Business Coordinator position within CED. We will be building out the CED work over the next six months in partnership with Development and Housing. We'll start a search for a CED Manager at the first of the year. You will start to see changes in January and we will continue to more fully implement the new approach over the next few months.

Presentation to PBA—On December 5, Economic Development Director Erin Flynn presented an overview of economic development strategy, economic development in the central city and a new department focus to the Portland Business Alliance. Erin highlighted the department's shift in focus toward a more proactive and strategy-driven approach, and its plan to deepen and narrow the target industry program to be more insightful and impactful. She also shared information on the recommendations to the Future of Urban Renewal Advisory Group regarding downtown projects, central Portland issues, and priorities for River District relative to economic development.

Development Update

Citizens Working Group Advances Code & Design Guidelines Project (Downtown Waterfront URA)—In December, the Skidmore Old Town Historic District Code and Design Guideline Project moved forward with the first meeting of its Citizens Working Group (CWG). The project is one of the significant follow-up steps to the *Ankeny-Burnside Development Framework* adopted by the PDC Board in December 2006. PDC and the Bureau of Planning are working with the CWG to develop new design guidelines for the National Register Historic Landmarks District. The group will also develop recommendations to change the zoning code to create development incentives in the historic district.

The CWG had its first meeting to meet the consultants, Karen Karlsson and Rick Michaelson, to discuss the project's goals and process leading up to City Council action planned for August 2008. The district has seen no new construction in the past 30 years--until the proposed Mercy Corps project. Small lots and a 75-foot height limit have created economic challenges to development that this study hopes to find solutions for that are also appropriate to the historic character of the district. Recommendations for an appropriate re-use of the PDC-owned Ladd cast iron storefront collection in the neighborhood are also being developed. It is hoped that these code changes will further stimulate appropriate private investment in this important area of the City.

New Loan Continues Retail Strategy Work (Downtown Waterfront URA)—In December, a new \$300,000 tenant improvement loan was approved to Mercantile, the venerable women's clothing store located at SW 7th and Park Avenue downtown. The Mercantile is being displaced by TMT Development Company's new project, Park Avenue West—a 33-story mixed-use high rise. The loan facilitates Mercantile's relocation into the Park Building at the corner of SW Park and Alder. It also accomplishes *Retail Strategy Update (2007)* goals for "continued aggressive retention...efforts" as well as to further implement the *Park Avenue Vision (2006)*. This is a real win-win for downtown and for this local independent retailer that has been located downtown for 30 years. The total project cost is currently projected at \$1.6 million.

In addition to the Park Avenue West tower (being developed at a rough cost of \$150 million), other related investment includes the proposed redevelopment of the 10th & Yamhill garage and the complete renovation of the largely-vacant, historic Cornelius Hotel. PDC anticipates a seismic loan application for the conversion of the Cornelius into a boutique hotel with one of Portland's highly sought after local restaurants occupying the ground floor. These projects all demonstrate a significant private leverage for the public investment.

Gateway and Heritage Markers Project (Oregon Convention Center URA)—On January 23, 2008, staff will hold the first public Open House for the NE Martin Luther King, Jr. Boulevard Gateway and Heritage Markers Project. This will be the first opportunity to introduce the project and receive public comments. Two additional open houses are planned for spring and summer 2008.

Staff in the Oregon Convention Center URA began work last summer to develop a Concept Master Plan for the redevelopment of a gateway site into Portland's inner northeast neighborhoods and for a series of heritage markers along NE Martin Luther King, Jr. Blvd. PDC engaged a multi-disciplinary consultant team led by 2.ink Studio to create a Concept Master Plan for the project. PDC and the consultant team have met three times with a 10-member community based Stakeholder Advisory Group (SAG) to gather input and direction.

The objective is that heritage markers be placed at strategic locations along NE Martin Luther King, Jr. Blvd. These markers may honor individuals, cultural or historical events, or topics of significance to the inner northeast neighborhoods of Portland. This series of markers will link the corridor together and help enhance its identity. *The Albina Community Plan* (1993), *Eliot Neighborhood Plan* (1993), *Martin Luther King, Jr. Blvd. Transportation Project* (1998), and *Martin Luther King, Jr. Blvd. Action Plan* (2006) call for a gateway at the intersection of NE Martin Luther King, Jr. Blvd. and NE Grand that celebrates and pays tribute to Dr. King.

RiverEast Center Gets Environmental Spotlight (Central Eastside URA)—The RiverEast Center (located at the terminus of Clay Street near the Hawthorne Bridge, and formerly known as the Holman building) in the Central Eastside Urban Renewal Area has again received significant media coverage. *Environmental Design + Construction* magazine is the latest to praise the RiverEast Center developers for their sustainable redevelopment of the 1950's warehouse. Opened in April 2007, the building is now home to seven businesses with 250 creative professionals and two non-profit organizations. In October 2007, the building was awarded LEED Gold certification from the U.S. Green Building Council.

PDC executed a Disposition and Development Agreement with RiverEast Center on June 21, 2005, for the sale and redevelopment of the building and provided approximately \$2.9 million in loans for tenant, seismic and public plaza improvements. To view the article visit: <http://www.edcmag.com/>.

Development Specialist Roundtable Event (Central Eastside URA)—PDC and Opus Northwest sponsored a Development Specialist Roundtable Event for the Burnside Bridgehead Redevelopment on December 5, 2007. The purpose was to brainstorm ideas that could be used to update the development program and secure key project tenant(s). Participants represented commercial brokers active throughout the Pacific Northwest as well as developers actively engaged in projects in multiple West Coast markets. A total of seven development professionals participated and volunteered their time for the four-hour event, including Doug Obletz, of Shiels Obletz Johnson, who served as the event facilitator. Nine additional professionals attended to observe and/or provide expertise to help guide the discussion.

A key outcome of the event was the recommendation to proceed with pre-development activities (such as demolition of existing buildings in 2008), focus efforts to implement the Eastside Burnside-Couch Couplet and the Portland Streetcar, and continue marketing the property to prospective retail anchors or corporate headquarters users - but be prepared to be patient as market conditions evolve. PDC staff will brief the Board on the status of the project on January 23, 2008.

Project Coordinator Initiates Jefferson Academy Series called “Students to Leaders Luncheon”—In an effort to become more involved with youth in the community, Joanne Daunt, a Project Coordinator working in the Oregon Convention Center URA, and Kelvin Hall, a local small business owner and non-profit founder, initiated a learning series with 50 young men from the Jefferson High School Academy. This monthly series debuted on November 27, 2007 and will continue through the end of the school year. Each month, community leaders in Portland volunteer their lunch hour to share their success stories during a "Students to Leaders Luncheon." The speakers' diverse experiences underscore a consistent message to the young men: education is the key to becoming a leader in your community.

Joanne and Kelvin have received commitments to speak from Oregon Governor Kulongoski, former Governor Barbara Roberts, Ernie Spada (President, United Salad), Fred Hansen (TriMet), and PDC's own Bruce Warner for 2008. Recent guests have included John Cardenas (PDC), Paul Scarlett (Bureau of Development Services), D'Norgia Price (author and Director of Adult and Senior Services at the Urban League), Gregory Gudger (attorney), and Gloria McMurtry (Reflections Café). Joanne and Kelvin hope to expand the Students to Leaders Luncheon program to include a job shadow program in the future.

Housing Update

Shaver Green—The Shaver Green project (located on the corner of MLK Blvd. and Shaver St.) closed on December 5, 2007. This property is a mid-rise apartment building, all new construction, and contains 85 units. The units will contribute toward the Interstate Corridor URA TIF Set Aside goals for affordable rental housing. Ten of the units are Permanent Supportive Housing and received Section 8 vouchers. PDC funded \$3.1 million of the construction costs with \$2.1 million coming from Interstate Corridor URA funds and \$1 million coming from HOME funding. The total project cost is approximately \$16 million. Construction is scheduled to be completed in December 2008. This property was designed to obtain LEED Gold certification.

NHP Blog—The Neighborhood Housing Program has been working on developing a blog to facilitate an open dialogue about home ownership. The blog, "**Home Ownership News You Can Use**" is also a place where first-time home buyers and current home owners can ask questions, comment, learn and share their insights about home ownership in Portland. The blog will also contain information about affordable homes for sale, partners, programs, special events, workshops and much more. The blog can be found at: <http://homeownershipnews.blogspot.com/>.

NHP Focus Groups—As part of Operation H.O.M.E., the Neighborhood Housing Program (NHP) has contracted with local non-profits to conduct community focus groups with the Latino, Native American, Asian and African American communities to provide final feedback and input into the Operation H.O.M.E. strategic plan.

In December, the Native American Youth and Family Center and Hacienda Community Development held three focus groups with a total of 22 people attending. On January 9, 2007, the Asian Pacific Islander Community Action committee, the African American Alliance for Homeownership, and Portland Community Reinvestment Inc. will hold focus groups for the Asian and African American communities. The purpose of the focus groups is to ensure that the Operation H.O.M.E. strategic plan addresses the needs of each of the respective cultural groups as the initiative moves towards implementation.

Community Relations and Business Equity (CRBE)

Diversity Council—The Diversity Council logo was chosen from many staff submittals and the winners of the logo contest will be recognized at the January PDC All-Staff meeting. Additionally, approximately 50 employees attended the “Understanding and Managing the Dynamics of Diversity” sessions presented by Steve Hanamura and Gar DeBardelaben. The sessions were very well received by staff and additional training classes will be scheduled soon. Finally, the Diversity Council will be welcoming new members during January and elections for new officers will now be held in February 2008.

Business and Workforce Equity Initiative—The Initiatives are now scheduled to be presented to the PDC Board for adoption on February 27. The date was moved to accommodate development of program guidelines to accompany the Business and Workforce Equity Policy. Implementation and training for the new Initiatives is targeted for March 2008. The Annual Diversity in Contracting and Workforce Training Report covering fiscal year 2006-07 is also scheduled to be presented to the PDC Board on February 27.

Meetings and Gatherings –

- Workforce Diversity Strategy Committee on December 13 – A final review of the Charter took place at the second meeting of the Committee. The Committee also went through an exercise to look at the elements of the Workforce Diversity Strategy Agreement outlined in the PDC Construction Wage Policy. The purpose of the exercise was to determine what the different training agencies are currently doing to diversify the workforce, identify any concerns or gaps and identify actions needed on PDC Projects. It is anticipated that the Committee will review a draft agreement prior to the next meeting scheduled for January 17.
- CRBE Follow-Up Retreat on December 14 – The CRBE staff developed the 2008-09 Business Plan and worked through goals for the next 18 months. The team also discussed changing the name of the department that fits more with the current responsibilities and chose three options to be reviewed by the Director.

Community Relations/PDC Sponsored Events—Community Relations and Business Equity (CRBE) staff attended the following Community gatherings:

- December 3 Connecting Businesses and Asian Communities at OAME
- December 6 Hispanic Chamber Scholarship Fundraiser
- December 7 Breakfast of Champions
- December 7 Oregon State Apprenticeship and Training Council
- December 11 NAMCO Meeting

- December 11 African American Chamber Meeting
- December 11 Portland Housing Center Reception
- December 13 Workforce Diversity Strategy Committee
- December 13 OAME Advisory Board Meeting
- December 13 OAME Business After Hours
- December 14 OAME Contractors Meeting
- December 19 Philippine Chamber Meeting
- December 19 Oregon Tradeswomen Board Meeting
- December 20 AAA Unity Breakfast
- December 20 Oregon Tradeswomen Graduation
- December 26 Native American Chamber Meeting
- December 27 Coffee and Issues at OAME

Purchasing and Contracting—The implementation of the Lawson Requisition Module is underway and is progressing smoothly. Full implementation and training is expected to take place in mid-January. Design of the format for printing the Flexible Services Contract Work Orders and Purchase Orders is underway. These documents have previously been hand-written on pre-printed forms. In addition, staff held two Report Manager Navigation training sessions attended by approximately 25 PDC employees. Since the training was held in the PDC Training Room, space was limited and a waiting list of potential attendees was created. Future training sessions will be scheduled for the first of the year.

Public Affairs and Public Participation

Future of Urban Renewal—The Public Participation Team and Public Affairs staff planned and participated in a briefing for local media representatives to provide them with background on the Future of Urban Renewal Initiative. The team also created a report of all public participation efforts related to the future of Urban Renewal Initiative.

Budget Process—Public Participation staff planned and participated in budget discussions involving representatives from South Park Blocks, Downtown Waterfront and River District Urban Renewal Areas.

Projects:

- Conducted presentation on PDC to Oregon Action’s Diversity and Civic Leadership Academy. This is a group of activists who are receiving training to participate in different public committees, commissions and other groups.
- Completed the winter edition of the Interstate Corridor Urban Renewal Area newsletter.
- Prepared a summary of PDC activities for the “Old Town/Chinatown Crier”, the neighborhood association newsletter.
- Created a directory of all URA email lists and E-Blast lists with the following information:
 - Date created
 - Staff person responsible for the list
 - Last date updated
- Reviewed the Martin Luther King Jr. Blvd. Business Ambassador Network to develop new approach to the project.

- Convened internal meeting on December 17 to discuss the production of an insert on PDC to be distributed to east Portland residents through the East Portland Neighborhood Office (EPNO) newsletter. The team decided to go ahead with the production of the insert. The newsletter with the insert will be distributed on May 2008.
- Participated in December 5 briefing on Gateway Regional Center URA for new sponsor, Lolita Burnette.
- Facilitated part of the Lents Town Center URAC special meeting on December 5, and conducted presentation to URAC members on roles and responsibilities.

Videos Update—In September, PDC began using YouTube.com as a new communication tool to tell our stories to stakeholders, the public and the media. YouTube is the most popular video sharing website on the Internet today. In the four months since this project started, there have been more than 3,200 viewings of the 10 videos produced and posted thus far. As many of you know, the videos have covered a range of topics, including: the Burnside Bridgehead project, the Latino Home Buying Fair (in both English and Spanish) and the relocation of the Lents Little League. Currently we have 11 new videos in various stages of production. Among the upcoming videos are: Park Block 5, Leander Court, Kenton Streetscape Improvements, Dawson Park Gazebo, The Streets of Gateway and PDC's Neighborhood Housing Program.

Web Position Posted—Public Affairs has posted the Web Content Coordinator position for recruitment. The position is currently being filled by a temporary employee. The successful candidate will help plan, coordinate, review and update content on both the PDC main website and PDC's intranet. Emphasis is placed on maintaining effective and easy-to-navigate sites that enhance PDC's interactions with internal and external audiences. The position will remain open until filled. The complete job description is available at www.pdc.us/jobs.

PDC 50th Anniversary RFP—Public Affairs, with assistance from our procurement services group, will post a request for proposals for an event/public relations/marketing firm to help with coordination of PDC's 50th Anniversary – taking place in 2008. The RFP will be posted this week and will seek assistance from a firm or individual in helping plan a series of events and/or tactics to commemorate PDC's 50th anniversary.

ULI Fall Meeting—Public Affairs led a debrief/next steps discussion with representatives from the Development Department about our participation in the fall Urban Lands Institute (ULI) conference. ULI offers an opportunity to present PDC and the City of Portland to developers from across the U.S. and the world. The fall conference will take place at the end of October in Miami, Florida and will have an international focus to its seminars and trade show.

Burnside Bridgehead Branding—Public Affairs met with the Burnside Bridgehead team on project status and potential branding efforts for the project. (This was related to the Development Specialists Roundtable event listed under the Development section of this report.)

ATTACHMENTS:

A. South Waterfront Workforce Diversity Report

CC: B. Warner, Executive Director
J. Rawls, Public Affairs Coordinator
M. Baines, General Counsel
J. Cody, Interim Director, Central Services
J. Jackley, Operations Division Manager