

PDC

PORTLAND DEVELOPMENT COMMISSION

DATE: February 23, 2011
TO: Board of Commissioners
FROM: Bruce A. Warner, Executive Director
SUBJECT: Report Number 11-14
Gateway Business Development Strategy

EXECUTIVE SUMMARY

BOARD ACTION REQUESTED

None – information only.

SUMMARY

This report will update the Portland Development Commission (PDC) Board of Commissioners (Board) on the results of the Gateway Business Development Strategy (BDS). The Board will hear three recommendations regarding how to best encourage job growth in the Gateway Regional Center Urban Renewal Area (URA), including:

1. Create a Gateway promotional campaign;
2. Design and implement a business recruitment campaign, targeting specific industries and opportunity sites; and
3. Create a stronger sense of community by clustering neighborhood retail and services along the Halsey/Weidler couplet corridor.

BACKGROUND

In 1995, the Gateway district was designated as a Regional Center in Metro's 2040 Growth Concept, which envisioned the area as a hub of employment and housing served by high capacity transit. In 2001, the Gateway Regional Center Urban Renewal Area (URA) was established, drawing a boundary around 660 acres to form a tax increment district capable of financing up to \$164 million for public improvements through 2022.

Since the Regional Center designation and the creation of the URA, there have been some success stories in employment growth, but there is still considerable work to be done. The Gateway Business Development Strategy is one of the first pilot programs testing and implementing the Draft City of Portland Neighborhood Economic Development Action Plan that will come before the City Council and PDC Board of Commissioners this winter/spring.

In 2010, PDC, in coordination with Metro and the Portland Bureau of Planning and Sustainability, conducted a Gateway Business Development Strategy to:

- Assess Gateway's progress in transforming into a high job-density Regional Center;
- Determine how to grow existing businesses, attract new business, and create jobs;
- Determine the most effective tools and resources to grow businesses in the area; and

- Develop an implementation plan for the public and private sector to follow to achieve this.

A consulting team led by Applied Development Economics (ADE) focused their work on the following key questions:

- What are baseline economic conditions in Gateway?
- What are the types of businesses for which Gateway would be a good location and why?
- What are the barriers to the growth of these businesses and jobs in Gateway?
- What are the best strategies to support business and job growth in Gateway and its transformation into a high job-density regional center?

Following are the three strategies staff recommends PDC and the City of Portland pursue to affect job growth in Gateway:

1. Create a Gateway promotional campaign.

In interviews with Gateway business owners and real estate brokers, the ADE team found that Gateway suffers from a lack of “brand,” or “there-there.” Just as most people in the Portland region do not inherently know where Gateway is located, brokers may not be familiar with the business and real estate development opportunities. PDC and the City must find a better way to communicate business opportunities to employers and brokers that otherwise dismiss Gateway. This could be a low-cost, high-profile campaign that proactively engages the brokerage community, uses press releases to communicate project activity, and encourages internal PDC Business and Industry staff to pitch Gateway locations in their outreach work.

2. Design and implement a business recruitment campaign, targeting specific industries and opportunity sites.

The ADE team inventoried all businesses in Gateway to better understand the industry mix. Gateway has a significant concentration of medical-related businesses, from Adventist Medical Center (Gateway’s largest employer), to the Oregon Clinic, to numerous smaller providers of medical services scattered throughout the URA. These businesses benefit from Gateway’s freeway and MAX access and aging local population. ADE also found that Gateway could be an attractive location for professional services, call centers, and clean tech employers, several of which are already located in the URA. With its regional accessibility, flexible zoning, and proximity to the airport, Gateway is poised to capitalize on this competitive advantage. However, PDC and the City must target growth and recruitment efforts in these industries.

Finally, the potential Gateway Education Center, a shared facility offering space for classrooms and programs to local educational institutions, could offer unique partnerships with workforce providers, employers, and non-profit organizations serving East Portlanders. PDC will continue to perform financial feasibility and organizational commitment analysis.

3. Create a stronger sense of community by clustering neighborhood retail and services along the Halsey/Weidler couplet corridor.

The Halsey/Weidler corridor effectively serves as Gateway’s “Main Street”. Not only is Halsey/Weidler the most walkable corridor in the URA, with dozens of local businesses and storefronts, the Gateway Area Business Association (GABA) plays an active role

networking, conducting business outreach, and hosting regular member meetings. In addition to this built-in social infrastructure, PDC and the City of Portland control a significant redevelopment opportunity at NE 106th Avenue & Halsey Street. Investing in the Gateway Redevelopment, Urban Plaza, and Neighborhood Park will dramatically transform the appearance of the Halsey/Weidler corridor, bring much-needed open space to the district, and provide a mixed-use, commercial redevelopment opportunity fronting Halsey.

PDC conducted the BDS in partnership with the community to ensure that PDC actions and investments enhance livability and economic opportunity within the URA. The BDS was co-sponsored by leaders from PDC (Erin Flynn), the Bureau of Planning and Sustainability (Susan Anderson), and Metro (Robin MacArthur).

The Citizens Advisory Committee attended three meetings and provided valuable input into the proposed strategies. The BDS was also supported by a multi-bureau Technical Advisory Committee that met three times to help refine the analysis and recommendations. Following are the committee member rosters:

Citizens Advisory Committee

Deanna Bitar, Bitar Property Management	Tim Brunner, Axis Design
Teri Bunker, Bridge City Family Medical Clinic	Kristin Erickson, Oregon Clinic
Ted Gilbert, Gateway PAC & Property Owner	Ken Grimes, PacTrust
Nadine Jones, Outer Rim Bicycles	Shawn Klinkner, Adventist Medical Center
Larry Kotan (Troy Wilkerson – Alternate), East Portland Action Plan	Tom Mahoney, The Colour Authority & Gateway Area Business Association
Denise Pratt, McTavish Shortbread	Fred Sanchez, Realty Brokers
John Sygielski (Deborah Higa – Alternate), Mt. Hood Community College	

Technical Advisory Committee

Steve Kountz, Bureau of Planning & Sustainability	Christina Scarzello, Bureau of Planning & Sustainability
Ric Vrana, TriMet	Chris Yake, Metro

PDC staff has already begun working on an action plan that will prioritize several of the strategies, assigning staff, budget, and partners. Subsequently, staff will unveil the action plan to local and regional business leaders in spring and summer 2011 in a coordinated outreach campaign. It is anticipated that these prioritized strategies will guide resources and investments in the five year budget process.

ATTACHMENT:

- A. Gateway URA Budget

Five-Year Forecast Project Requirements

	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16
Gateway Regional Center URA						
Resources						
Beginning Fund Balance	2,294,762	1,018,532	1,012,156	323,063	148,539	1,908,592
Federal and Other Grants	208,500	208,500	0	150,000	150,000	150,000
Interest on Investments	1,000	7,000	8,000	9,000	2,000	2,000
Loan Collections	18,402	18,402	14,478	10,555	10,555	10,555
Reimbursements	80,000	0	0	0	0	0
TIF Proceeds	2,781,691	3,977,922	9,979,530	3,303,022	2,617,498	133,860
Total Fund Resources	5,384,355	5,230,356	11,014,164	3,795,640	2,928,592	2,205,007
Requirements						
Program Expenditures						
Administration						
Finance						
H98001 Debt Management	10,000	10,000	10,000	10,000	10,000	10,000
Administration Total	10,000	10,000	10,000	10,000	10,000	10,000
Business Development						
High Growth						
H79020 Business Finance	37,500	37,500	37,500	37,500	37,500	37,500
Industry Cluster						
H28069 Lean Manufacturing	0	25,000	25,000	25,000	25,000	0
H72026 Cluster Development	0	200,000	100,000	100,000	100,000	100,000
H79020 Business Finance	37,500	37,500	37,500	37,500	37,500	37,500
H79100 Site Recruitment	0	14,250	14,250	14,250	0	0
Neighborhood Economic Development						
H79020 Business Finance	75,000	75,000	75,000	75,000	75,000	75,000
H79060 Business Development	150,000	150,000	150,000	150,000	100,000	100,000
Business Development Total	300,000	539,250	439,250	439,250	375,000	350,000
Housing						
Multi-Family - For Sale						
H20017 Ventura Park	0	75,000	300,000	0	0	0
H89034 Gateway/Glisan	0	500,000	5,500,000	0	0	0
H89035 Homeownership Development	400,000	0	100,000	100,000	0	0
Multi-Family - Rental Housing						
H20017 Ventura Park	21,619	0	0	0	0	0
H89034 Gateway/Glisan	25,000	14,000	0	0	0	0
Housing Total	446,619	589,000	5,900,000	100,000	0	0
Infrastructure						
Facilities						
H14392 Receiving Center Property	83,000	2,000	2,000	2,000	2,000	2,000
Parks						
H14387 Neighborhood Park	85,000	0	0	0	0	0
Transportation						
H14389 Central Gateway Redevelopment Strategy	525,000	883,000	120,000	0	0	0
H14394 Gateway Transit Center	5,000	0	0	0	0	0
Infrastructure Total	698,000	885,000	122,000	2,000	2,000	2,000
Property Redevelopment						
Plans and Strategies - Revitalization						
H14403 Gateway Community Outreach	3,000	3,000	3,000	3,000	3,000	3,000
Redevelopment						
H14390 Mixed Use Development/Acquisition	2,010,000	615,000	1,685,000	1,985,000	10,000	540,000
H27001 Storefront Grants	100,000	100,000	100,000	100,000	100,000	50,000
H27050 DOS Grants	100,000	50,000	50,000	50,000	25,000	50,000
H28030 Redevelopment Loan Projects	250,000	250,000	500,000	250,000	250,000	0
H79025 Green Business Grants	0	75,000	100,000	100,000	75,000	50,000
Property Redevelopment Total	2,463,000	1,093,000	2,438,000	2,488,000	463,000	693,000
Total Program Expenditures	3,917,619	3,116,250	8,909,250	3,039,250	850,000	1,055,000
Personal Services	288,379	341,837	320,733	109,413	30,600	37,980
Transfers - Indirect	934,511	671,447	1,229,477	419,417	117,300	145,590
PHB Staff/Admin	111,826	88,666	231,641	79,021	22,100	27,430
Total Fund Expenditures	5,252,335	4,218,200	10,691,101	3,647,101	1,020,000	1,266,000
Contingency	132,020	1,012,156	323,063	148,539	1,908,592	939,007
Ending Fund Balance	0	0	0	0	0	0
Total Requirements	5,384,355	5,230,356	11,014,164	3,795,640	2,928,592	2,205,007