



PROSPER
PORTLAND
Building an Equitable Economy

DATE: March 13, 2019
TO: Board of Commissioners
FROM: Kimberly Branam, Executive Director
SUBJECT: Report Number 19-08

Requesting City Council Reauthorize the Portland Enterprise Zone for Ten Years and Directing Staff to Submit a Reauthorization Application to the State of Oregon

BOARD ACTION REQUESTED AND BRIEF DESCRIPTION

Adopt Resolution No 7304

This action by the Prosper Portland Board of Commissioners (Board) will request that the Portland City Council (City) reauthorize the Portland Enterprise Zone (E-Zone) for ten years and direct staff to submit a reauthorization application to the State of Oregon, with amendments to the current Portland E-Zone boundary. If approved, this action will allow Prosper Portland to continue to administer an economic development program that since 1986 has encouraged commercial investment, created and retained quality jobs, and created a resource stream to Prosper Portland to invest in critical community economic development objectives across the city.

STRATEGIC PLAN ALIGNMENT AND OUTCOMES

This action strongly aligns with Prosper Portland's Strategic Plan in several ways. Extending the E-Zone program will allow Prosper Portland to continue to implement powerful and effective tools to build an equitable economy.

More specifically, this action delivers on Prosper Portland's goals to i.) create access to high quality jobs by supporting strong and growing Portland businesses that offer middle-wage employment opportunities; ii.) form 21st century civic networks, institutions, and partnerships between the public and private sector to address education, workforce development, and procurement opportunities through public benefit agreements; and iii.) operate an equitable, innovative, and financial sustainable agency by providing an on-going revenue stream to invest much needed resources in traded sector and community economic development activities.

Over the past ten years, Prosper Portland has managed 90 different E-Zone projects. Since the Great Recession earlier in this decade, the program has seen significant increases in enrollment; between 2015 and 2018, there have been 53 active E-Zone participants (36 percent of which were small businesses) that:

- Invested \$801,966,258 in the city of Portland;
- Created 2,834 new jobs;
- Paid \$30.86 per hour average wages and offered total compensation of \$41.95/hour (in 2017 dollars); and

- Provided \$2,750,900 for local non-profits, businesses, and workers through Prosper Portland programs such as the Inclusive Business Resource Network, Adult and Youth Workforce and others.

For a detailed list of E-Zone participants from 2015-2018, see Attachment A.

BACKGROUND AND CONTEXT

In 1985, the Oregon State Legislature established a statutory structure for the E-Zone program that permits cities to establish zones where businesses that invest in economic expansion and the creation and retention of jobs can claim property tax abatements for a limited period (up to five years). In 1986, Portland City Council established the Portland E-Zone and authorized Prosper Portland as the City's Zone Manager. Since then, in 1996 and in 2008, Prosper Portland has requested, and City Council has approved submitting successful reauthorizations to the State to continue administering the E-Zone in the city of Portland. The current authorization expires June 30, 2019.

In 2003, the Oregon State Legislature added provisions permitting local governments to establish local policies and written agreements imposing obligations on E-Zone companies to provide designated community benefits. Most recently, on September 13, 2017, the Prosper Portland Board through Resolution No. 7253 requested (and City Council ultimately adopted through Resolution No. 37321) amendments to the E-Zone policy that would increase requirements for wages/compensation, procurement plans, and institutionalizing additional public benefits through formal agreements between participating businesses and Prosper Portland. As such, the current E-Zone policy provides numerous community benefits through its innovative partnership and business practices, including:

- Institutionalization of public benefits agreements as more companies agree to invest in business culture change activities that create opportunities for a diverse, locally grown workforce;
- Job seekers from across the socioeconomic and demographic spectrum access quality employment opportunities;
- Direct funding for programs such as the Inclusive Business Resource Network and Mercatus and a direct connection between businesses using the E-Zone program and businesses and entrepreneurs of color; and
- Infrastructure for new initiatives such as Portland Means Progress, which is mirroring efforts in the E-Zone to create new partnerships and pipelines for businesses owned by people of color and business culture change with the end goal of creating more equitable and inclusive businesses in Portland.

As part of the re-authorization of the Portland E-Zone program, Prosper Portland, as Zone Manager, will be required to update the Portland Enterprise Zone map to confirm the new zone meets state income/poverty standards requirements as described in Oregon State Statutes 285C.090. Staff is also recommending adjustments to the current Portland E-Zone map to stay within statutory limits on total square miles and point-to-point distances, to be in or near low income areas. Finally, staff is recommending adding certain properties to align with current economic development priorities of the City of Portland, Prosper Portland, the Port of Portland, and Metro (see Attachment B), as requested by these partner jurisdictions.

EQUITY IMPACT

This action will maintain Prosper Portland's ability to support equitable, middle-wage job creation activities. Furthermore, revenue from the City of Portland's Enterprise Zone and Electronic Commerce

Policy (Workforce Training Business Development Fund) supports social equity priorities that otherwise would not have funding. For example, these funds support three community workforce navigators operating in Neighborhood Prosperity Network districts to connect job seekers with small manufacturers in the Central Eastside Industrial District. Funds also support Inclusive Business Resource Network service providers that assist businesses from communities of color with legal advice, credit repair, and other services.

The action also institutionalizes the agency's ability to influence business culture change in Portland companies given the equity requirements included in construction requirements (on the development of projects) and in mandatory equity trainings within E-Zone companies.

Participating E-Zone companies are also required to comply with Prosper Portland's Business and Workforce Equity programs, with occasional exceptions due to construction timing.

COMMUNITY PARTICIPATION AND FEEDBACK

As required by Oregon State Statute, Prosper Portland has conducted outreach to discuss the proposed reauthorization and boundary amendments. Outreach included the following taxing jurisdictions:

- City of Portland
- Metro Regional Government
- Multnomah County
- Multnomah County Tax Assessor's Office
- Multnomah Education Service District
- Port of Portland
- Portland Community College
- Portland Public Schools
- TriMet
- West Multnomah Soil and Water Conservation District
- East Multnomah Soil and Water Conservation District
- NW Regional Education Service District
- Scappoose School District

On February 19, 2019, Prosper Portland staff met with a number of these jurisdictions to discuss the impact of the program on local revenue for jurisdictions, as well as the impact of the program over the last ten years. Stakeholders responded positively toward the proposed re-authorization; many of the attendees found direct alignment between the mission of their organization and the goals of the E-Zone program.

BUDGET AND FINANCIAL INFORMATION

There are no direct budget impacts from this proposed action. However, should Prosper Portland be successful in the reauthorization request, administering the E-Zone program will allow Prosper Portland to generate significant resources to the agency. It is estimated that the Workforce Training Business Development Fund generates between \$750,000 and \$1,500,000 on an annual basis, allowing Prosper Portland to reinvest these funds into Strategic Plan traded sector and community economic development objectives.

RISK ASSESSMENT

There are no known risks associated with re-authorizing the E-Zone program.

ATTACHMENTS

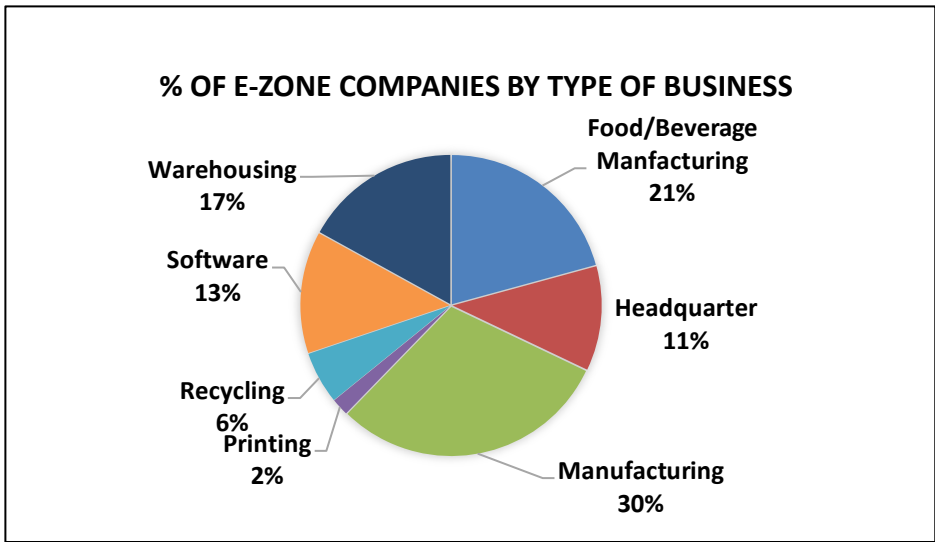
- A. E-Zone Participants, 2015-2018
- B. Proposed E-Zone Map Amendments

E-Zone Participants, 2015-2018

Ajinomoto Frozen Foods	Daimler Trucks NA	Mary's Fresh Harvest	Sun Edison
Ajinomoto Windsor	Dealer's Supply	McKenna's Metals	TEC – HQ
Archer Daniels Midland	FedEx Ground	New Seasons Market	TEC - Service Center
Ardon Health	FXI	Olympia Provisions	Treehouse Island
Bob's Metals	GXI	Portland Vital Signs	Triad Machinery
Bridge City Steel	House of Antique Hardware	Profile Laser Phase 1	United Stationers Supply
Bridgetown Natural Foods	Instrument Marketing	RB Recycling	UPS Distribution HUB
Calbag Metals	Jaguar Land Rover	Rentrak	UPS Driver Training
Canpotex	KeHe Distributors	Simple Finance	UPS Integrated
Cascade Energy	King Cycle Group	Streimer Sheet Metal	Viewpoint Phase 1
Cummins	LKQ Foster Auto Parts	Subaru	Vigor Industrial

Key Outcomes and Metrics:

- % of Active Projects are Small Business (<50 FTE): **36%**
- 2015-18 Total Capital and Procurement Investment: **\$802M**
- 2017 Average Total Compensation: **\$41.95**
- 2017 New Jobs from Baseline: **2,834**



Proposed E-Zone Map Amendment



Port of Portland

- 1. Terminal 5 Tenex Addition
- 2. L Lot Addition
- 3. Terminal 6 Suttle Road West Addition
- 4. Airtrans Way Addition

Metro

- 5. Portland Expo Center

Bureau of Planning and Sustainability

- 6. Portland Meadows and Adjacent General Industrial Zones
- 7. Siltronic/Atofina/ESCO and Heavy Industrial Zones
- 8. Adidas Campus - Rezoned to General Employment in Comp Plan Update

Prosper Portland

- 9. 100 Multnomah
- 10. Broadway Corridor