



PROSPER
PORTLAND
Building an Equitable Economy

DATE: May 13, 2020
TO: Board of Commissioners
FROM: Kimberly Branam, Executive Director
SUBJECT: Report Number 20-19
Authorizing a Five-Year Technical Services Agreement with the Oregon Manufacturing Extension Partnership

BOARD ACTION REQUESTED AND BRIEF DESCRIPTION

Adopt Resolution No. 7369

This action by the Prosper Portland Board of Commissioners (Board) will authorize the Executive Director to execute a new five-year technical services agreement (Agreement) for \$495,000 between Prosper Portland and the Oregon Manufacturing Extension Partnership (OMEP) to provide lean/efficiency improvement consultations to Portland manufacturers. Prosper Portland has been contracting with OMEP since 2003 and the current agreement, including extensions, expires on May 31, 2020. The cumulative amount that Prosper Portland has paid to OMEP for consulting services is \$1,096,921; since the new Agreement, together with prior agreements, will exceed \$500,000, this action is being presented to the Prosper Portland Board for approval.

STRATEGIC PLAN ALIGNMENT AND OUTCOMES

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

BACKGROUND AND CONTEXT

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

- Identify, develop, and implement new business strategies
- Use company financials to influence effective decision making
- Leverage the power of a lean continuous improvement business model to increase profitability, scale capacity, and support growth
- Reduce turnover and effectively hire, on-board, and train employees

- Gain a competitive advantage through the implementation of new technologies
- Improve team effectiveness and communication skills”

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

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

OMEP estimates that lean/efficiency improvement consultations for Portland manufacturers from 2003 through 2019 have resulted in the creation and retention of 421 jobs; new sales of \$32,800,000; retained sales of \$26,200,000; new company investments of \$36,800,000; and a total accumulative impact of \$103,100,000.

EQUITY IMPACT

The manufacturing cluster offers one of the best opportunities for people of color and those without a four-year college degree to enter a career with an accessible job ladder. It is estimated that 18.3 percent of employees within the manufacturing sector are people of color and that the average wage of manufacturing jobs is approximately \$71,000. In addition to its regular services, OMEP also conducts a series of Business Innovation Workshop cohorts that specifically target small businesses and people of color. The cohorts consist of four half-day sessions and two company visits by consultants per company.

COMMUNITY PARTICIPATION AND FEEDBACK

There has been no specific public participation related to this action. However, funding for OMEP was approved as part of the fiscal year 2019-20 Prosper Portland budget process, which provided numerous opportunities for public input. In addition, Prosper Portland staff discussed funding resources for OMEP with its Community Budget Committee.

BUDGET AND FINANCIAL INFORMATION

While there are sufficient resources in the FY 2019-20 Adopted Prosper Portland Budget and Forecast to fund the OMEP Agreement, staff will seek Prosper Portland Board approval through a separate resolution on the May 13, 2020 agenda that will reallocate \$10,000 from contingency in Interstate Corridor to the Lean Manufacturing line item. The broader budget for the Agreement is allocated through a combination of City of Portland General Fund; Enterprise Zone community contributions; and the Airport Way, Central Eastside Industrial, Gateway Regional Center, Interstate Corridor, and Lents Town Center tax increment finance districts, should OMEP manufacturing clients fall within those district boundaries. The following table lists funding sources for the Agreement:

Funding Source	Years 1-3	Years 4-5
General Fund	\$20,000	\$20,000
Enterprise Zone	\$25,000	\$25,000
Interstate Corridor	\$20,000	-
Central Eastside	\$20,000	-
Gateway Regional Center	\$10,000	\$10,000
Lents Town Center	\$10,000	\$10,000
Airport Way	\$10,000	\$10,000

RISK ASSESSMENT

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

ATTACHMENTS

None.