

# 80% DRAFT

May 13, 2009

## City of Portland Economic Development Strategy



A Five Year Plan for  
Promoting Economic  
Growth and Job Creation

City of Portland  
Mayor Sam Adams

## The Opportunity

The City of Portland stands at the threshold of a new economic era. The city competes in a global marketplace simultaneously wrenched by the worst economic downturn in 60 years and the evolution away from a century long dependence on carbon-based technologies. While many cities will struggle during this period of extraordinary change and upheaval, Portland is poised to thrive. Our advantages are numerous:

- An unrivaled position as the greenest city in the U.S. due to farsighted investments in transit, land use planning and energy efficiency that anticipated this next phase in our way of life;<sup>1</sup>
- A burgeoning concentration of firms in the clean technology and green building sectors that stand to benefit from the shift away from carbon technologies;
- A diversified base of regional employers that serve both as stable sources of employment and leaders of key industrial sectors, including apparel and creative services, electronics and health care;
- A universally lauded quality of life that will continue to attract creative class and entrepreneurial talent to maintain a dynamic local economy in the face of recessionary pressures.<sup>2</sup>

## The Challenge

### *Lagging Growth*

While Portland is part of a regional economy that grew employment by 12% between 1997 and 2007, the structure of Portland's economy causes it to be more vulnerable to declines in consumer spending, business investment and international trade than the nation as whole<sup>3</sup>, and lag, by a wide margin, peer cities such as Seattle and San Francisco in median family income.<sup>4</sup> Employment in the regional economy peaked in May 2008, and over the past 12 months, the regional economy has lost 44,000 jobs—a decline of 4.3%. Portland's unemployment rate exceeded 12% in March 2009, far above the national average of 8.5%, and the number of unemployed persons has more than doubled, from 60,000 to 140,000 over the past year.

Even during periods of strong regional employment growth, the city consistently lags in job creation. The job growth that did occur in the region happened well outside the Central City. Between 1998 and 2006, the percentage of regional jobs located more than 10 miles from downtown increased from 23.8% to 29.4%. Over the same period, the percentage of regional jobs within 3 miles of downtown decreased

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<sup>1</sup>e.g., America's greenest city (Popular Science, Feb. 2008); No. 1 forward thinker in environmental awareness and resource conservation (SustainLane, 2006); First in LEED certified buildings per capita (Popular Science, Feb. 2008).

<sup>2</sup>e.g., No. 3 best place to live in America (Sperling, May 2007); fourth hottest spot for knowledge workers (CNN Money 2007); No. 6 best U.S. city to live and launch (Money, 2008); No. 2 city in America to "eat smart, be fit and live well" (Cooking Light, 2006).

<sup>3</sup>The percentage of Oregon employment related to durable goods manufacturing is more than 40% higher than the national average (U.S. Bureau of Labor Statistics and Oregon Employment Department).

<sup>4</sup>According to 2007 U.S. Census data, median family income for Multnomah County was \$60,066, compared to \$82,879 for King County, WA (Seattle) and \$81,136 for San Francisco County, CA.

from 27.4% to 23.4%.<sup>5</sup> With the region’s workforce expected to grow at 2.4% annually—about six times faster than in the nation as a whole, even in the face of job declines – the need for job growth will become even more pressing. Given the role that location of employment plays in where people live and how much they drive, weak job growth in the city will drive demand for additional infrastructure spending, increase transportation costs for Portland residents and undermine regional efforts in land use and climate action.

### *Inadequate Investment*

The city and the region have long assumed that investments in quality of life would result in job growth in the city. These investments have succeeded in generating an unprecedented influx of creative talent to the city,<sup>6</sup> but that alone has not created new jobs. The city must now make a comparable investment to transform its economy into a generator of high wage employment. Continued emphasis on investments in transit, infrastructure, housing and social service at the expense of economic development will not grow the local economy. Job growth requires explicit investments in retaining and growing firms, training workers, funding innovation and developing catalytic projects. As this strategy makes clear, the investments in Portland’s lifestyle will pay economic dividends, but the emphasis needs to shift to economic development to realize those benefits.

Making such an investment requires a fundamental rethinking of how Portland funds economic development. The city’s primary economic development activities are dependent on a thin and fluctuating stream of year-to-year funding from the city’s general fund resources, and its primary tool for economic development – tax increment financing – is inflexible and generally off target in this mission. In short, the city’s economic development resources and tools do not measure up to those of competitor cities. The implementation of this strategy is an opportunity to reinvent how this city funds economic development.

### **The Goal**

Portland’s economic future lies in its greatest strength, the sustainable<sup>7</sup> way of life that has been meticulously cultivated over the past 40 years. This strategy builds on that tradition by offering the following goal:

<b>To build the most sustainable economy in the world.</b>
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As the 30th largest city in the U.S.<sup>8</sup> and the country’s 25th largest regional economy,<sup>9</sup> Portland does not possess the resources to compete unsystematically in the global economy. A city of Portland’s size and

<sup>5</sup> “Job Sprawl Revisited: The Changing Geography of Metropolitan Employment,” The Brookings Institution, April, 2009.

<sup>6</sup> “The Young and the Restless, How Portland Competes for Talent”, Joe Cortright, 2004

<sup>7</sup> This strategy uses the definition of sustainability adopted by the Portland City Council, which agreed to “promote a sustainable future that meets today’s needs without compromising the ability of future generations to meet their needs, and accepts its responsibility to: 1) support a stable, diverse and equitable economy, 2) protect the quality of the air, water, land and other natural resources, 3) conserve native vegetation, fish, wildlife habitat and other ecosystems, and 4) minimize human impacts on local and worldwide ecosystems.”

attributes must be selective in how it competes for new business growth; limited economic development resources must be deployed in a manner that builds on the city's undeniable strengths. Until recently, a distinguishing competitive advantage for the city was elusive. Oregon and Portland's disruptive transition away from an economy defined by natural resources (timber and agriculture) was accompanied by the departure of many of the city's largest employers and economic anchors. While high technology and heavy manufacturing emerged as sources of strength, the City of Portland was left without a distinct competitive advantage outside the region. Fortuitously, while Portland's position within the traditional economy was weakening, the foundation was being laid for its preeminent role in the emerging global green economy.

### *International Leadership in Sustainability*

Portland is now positioned as the frontrunner to be the capital of the global green economy. This unique competitive position is due to the following interrelated factors:

1. Existing concentration of firms in clean technology and sustainable industries.

Portland is home to one of the most significant concentrations in the U.S. of firms in the renewable energy, environmental services, recycling, and green building sectors.<sup>10</sup> In particular, the city boasts notable concentrations of green building and wind energy firms, including the North American headquarters of Vestas and Iberdrola. The metro region is benefitting from an influx of solar energy firms, which now number nearly 40. Equally important is a growing supply of experienced employees for clean tech firms: the region possesses talent clusters 84% greater than similar sized regions for renewable energy and 43% greater for environmental services and recycling.<sup>11</sup> In short, when clean tech and other green firms are seeking a location to form or expand their businesses, Portland is on the list and usually near the top.

2. Years of recognized leadership in all facets of sustainable living – green building, transit,<sup>12</sup> land use, recycling, and bicycle use.<sup>13</sup>

Portland has become the ultimate laboratory for innovations in alternative energy, green building and green living. An unwavering commitment over nearly 40 years to producing and enhancing a cleaner, more sustainable lifestyle has produced a city and region at the forefront of alternative transportation use, green and energy efficient building, and promotion and usage of non-carbon-based energy sources. In the race to be proclaimed the greenest city in America, Portland has the distinct advantage of actually doing more than just talking about

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<sup>8</sup> U.S. Census 2008

<sup>9</sup> Bureau of Economic Analysis 2007

<sup>10</sup> Current sources of data on employment and number of firms in these sectors lack the proper definitions and consistency to compare industry concentrations across cities and regions.

<sup>11</sup> "Greater Portland Prosperity, A Regional Outlook," Greenlight Greater Portland, 2008.

<sup>12</sup> 11% of the region's workforce walks, bicycles or rides mass transit to work; TriMet provided 8.1 million rides during December, 2008.

<sup>13</sup> Portland is the first large U.S. metro area to be awarded a platinum rating as a Bicycle Friendly Community by the League of American Cyclists.

sustainability - and businesses, entrepreneurs, and aspiring green sector talent know this. Investment and talent seeking a place in the emerging green economy now gravitate to Portland.

3. Supportive state and local policy environment.

Much of what has been accomplished in the field of sustainability has been abetted by progressive state, regional and city policies designed to promote a more sustainable lifestyle, and attract and grow businesses in green sectors. Investments in transit and bicycle infrastructure, tax credits to encourage alternative energy consumption and production and hybrid vehicle usage, and land use and building codes designed to produce dense, green development serve as a policy framework to guide Portland and the region toward a more sustainable lifestyle. That policy framework, along with the public ethos behind it, provides certainty for firms seeking to thrive in the sustainable economy.

*Solid Economic Foundation*

Portland's efforts at leadership in sustainable economic development are bolstered by our legacy economic assets.

- A diffuse economy consisting primarily of small businesses and anchored by a strong manufacturing base.

Over 95 percent of Portland's businesses have fewer than 50 employees,<sup>14</sup> and nearly three-quarters of net new jobs in Portland are created by small business.<sup>15</sup> In addition, the metropolitan area is one of the most active regions in the U.S. for entrepreneurial activity<sup>16</sup> as measured by monthly new business formations.

- A strategic location on the Pacific Rim with access to key Asian markets

Portland resides on the Pacific Rim, the most dynamic regional economy in the world. The Pacific Rim is home to more than 2.7 billion people and represents approximately 54 percent of world GDP and 44 percent of world trade. Since 1989, Pacific Rim economies have experienced average annual GDP growth of 7%, versus 5% growth in for the rest of world. Growth within Pacific Rim economies is projected to outpace global economic growth for the foreseeable future.<sup>17</sup> In 2006, Pacific Rim Region exports accounted for 43% of world exports as compared to 34% of Atlantic-based exports.<sup>18</sup>

- Thriving port with unrivaled inland access

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<sup>14</sup> Small Business Administration data shows that the Portland MSA had 52,563 firms in 2006 of which 44,767 had fewer than 20 employees, representing 85 percent of all firms.

<sup>15</sup> City of Portland, *Small Business Bill of Rights*, 2007.

<sup>16</sup> The U.S. Small Business Administration ranked the Portland MSA 6<sup>th</sup> in the nation among large MSAs for entrepreneurial activity (*Entrepreneurship in Silicon Valley During the Boom and Bust*, Small Business Research Summary, SBA Office of Advocacy, March 2007).

<sup>17</sup> APEC at a Glance, 2009, Asia Pacific Economic Cooperation

<sup>18</sup> Pacific Rim Institute, LLC

Portland operates the third largest U.S. marine port on the West Coast and is the smallest population center on the West Coast with deep-draft container ship service. Located in the middle of an \$18 billion annual flow of goods on the Columbia/Snake river system and as well as on the Pacific Rim, the city offers regional businesses direct, low-cost freight transportation to the vast U.S. interior and destinations throughout Asia.<sup>19</sup>

These two anchors for growth – leadership in sustainability and a dispersed, trade-focused economy – combine to create staggering opportunities for Portland businesses and the city’s economy as a whole. Few cities, if any, are as well positioned not only to lead the development of the sustainable global economy but to supply the necessary products, services and expertise to run a sustainable economy.

#### *What is a Sustainable Economy?*

A sustainable economy seeks to achieve the complementary objectives of robust job growth, leadership and innovation in sustainable living, and broadly shared prosperity. In a sustainable economy, these objectives are viewed as mutually reinforcing; tradeoffs between growth, sustainability and equity are not necessary. In fact, it is the interplay of the three that creates a resilient economy: business activity reinforces our commitment to sustainability; all Portland residents share in the growth of the economy; and our leadership in sustainability<sup>20</sup> contributes to a thriving local economy.

Achieving the goal of building the most sustainable economy in the world will be a measurable endeavor. Benchmarks for each of the three strategic objectives are outlined in Appendix A.

#### **The Strategy**

What follows is a strategy for guiding Portland’s economic growth over the next five years and directing the investment necessary to achieve the objectives of the sustainable economy. Portland embarks on this period of renewed focus on job growth and new business formation guided by three mutually-reinforcing principles:

- The economic benefits produced by our collective efforts must accrue to all Portland residents in the form of access to family wage jobs and opportunities at wealth creation through small business ownership;
- Portland’s competitive position depends on vigilant maintenance of a vibrant downtown and thriving neighborhoods, as well as the sustainable way of life that now defines Portland both locally and throughout the world;
- Successful economic development is a collaborative effort encompassing not just business and the public sector, but organized labor, academia and the not-for-profit community.

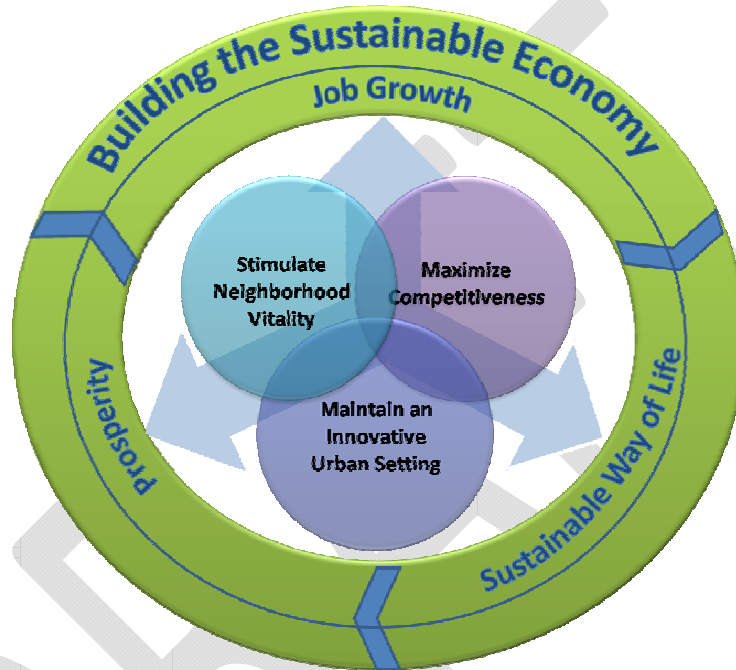
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<sup>19</sup> Port of Portland

<sup>20</sup> Maintaining Portland’s leadership in sustainability requires meeting the dual objectives of this strategy and the City of Portland and Multnomah County Climate Action Plan 2009, a strategy to reduce local carbon emissions 80 percent by 2050. The Climate Action Plan, by driving demand for the products, services and innovation generated by the target industries, will support this strategy in growing the Portland economy.

Achieving the objectives of the sustainable economy requires an equal focus on job growth, innovation in sustainability and prosperity. As the diagram below highlights, the strategy will:

- generate robust job growth by maximizing the competitive environment for existing, emerging and relocating businesses;
- maintain a leadership position in sustainability by constantly striving to produce an innovative urban setting that fosters creativity and invention; and
- achieve broad-based prosperity by stimulating economic activity in neighborhoods throughout the city.



The three components to the strategy, however, are not intended to be silos operating in isolation from each other. As with the objectives of the sustainable economy, these components overlap in many ways: effective workforce development increases employment opportunities for neighborhood residents; innovation from local projects morphs into expertise that can be sold abroad by Portland businesses; successful neighborhood-based businesses can access national and international markets and drive traded sector job growth.

### **1. Building the Sustainable Economy –Competitiveness**

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Achieving sustained job growth in the city over the next five years depends on the city maximizing the competitive environment for local businesses. This strategy embraces the belief that Portland’s unique competitive position as a leader in sustainability will translate into growth in revenues and profits for the city’s existing business base, and firms in its target industries in particular. Portland will focus its resources on enhancing the competitiveness of businesses in four industry concentrations - Clean Tech and Sustainable Industries (CTSI), Activewear and Design, Software and Advanced Manufacturing. Each

of these industries is thriving due to differing but equally unique economic attributes of the Portland region.

While the four target industries include firms across the spectrum of sectors in the local economy, firms in each of these clusters are part of and can prosper in a sustainable economy, and are capable of furthering Portland's leadership in position in the green economy. High profile firms in clean tech sectors such as wind and solar power will help establish Portland's brand, but the bulk of the growth in green jobs and widespread adoption of sustainable business practices will occur among sectors that are not typically viewed as part of the green economy.

**Objective 1.1:** Grow traded sector jobs through the implementation of a cluster strategy targeting four industries.

A focus on traded sectors offer the most direct path to family wage job creation for local residents and increased business for the professional service firms, including those in the legal, financial, insurance and creative service sectors, that concentrate in Portland's Central City.<sup>21</sup> A cluster strategy is the logical organizing principle for growing traded sector industries because disparate efforts at retention, expansion, innovation, international trade, land assembly and workforce development can be coordinated in a manner that makes more efficient use of resources and captures synergies in otherwise unrelated activities (e.g.; coordinated training and research at local universities). In addition, in-depth knowledge of particular sectors fuels catalytic initiatives that move business development efforts beyond traditional assistance. A cluster strategy is especially critical for a market like Portland, where limited resources require selective investments in the groups of firms that demonstrate the most promise of growth.

Portland's four clusters are concentrated beyond national norms and adhere to widely accepted theories regarding the emergence and evolution of local clusters.<sup>22</sup> In particular, the clusters have demonstrated growth beyond industry averages and have assembled the elements of tangible competitive advantage, including concentrations of talent, deepening supply chains and a proximity to customers or product feedback loops (e.g., local outdoor recreational culture informs product development in activewear).<sup>23</sup>

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<sup>21</sup> This dynamic is referred to as the multiplier effect, which is the stimulative effect of economic activity in one sector on activity and jobs in other sectors through wages paid to workers and demand for services and inputs from other local companies.

<sup>22</sup> An analysis of employment data for the City of Portland shows concentrations of employment in various industrial sectors, including truck manufacturing, asphalt manufacturing, professional services, transportation and wholesale and distribution. A summary of that analysis, including a discussion of factors that led to the selection of the four target industries over other sectors with similar or greater concentrations, can be found in Appendix C.

<sup>23</sup> Michael Porter's competitive advantage diamond is the most widely accepted explanation of cluster formation. The four elements to Porter's diamond are rivalry and cooperation, inputs, suppliers and customers. Additional criteria for identifying clusters include relative concentration (i.e., location quotient), relative growth, and relative wages.

Equally significant, each of the clusters demonstrates a strong correlation with job creation within the City of Portland. Clean Tech and Sustainable Industries and Software share a particular propensity for Central City job creation. This distinction is important for the strategy: the city can be confident that investments that produce new jobs in these clusters will reside in the city. By prioritizing these particularly promising sectors, the city intends to create 10,000 new jobs over the next five years.

**Clean Tech and Sustainable Industries (CTSI)**  
 CTSI, which comprises firms in the renewable energy, green building, environmental services and recycling industries, locate here due to educated labor force (talent cluster at least 50% larger than average for similar regions), access to inexpensive energy and water, tax incentives for renewable energy products, quality of life and reputation as a leader in sustainability.

The city’s CTSI cluster is notable for growing concentrations of market leading firms in wind and solar energy, green building and environmental consulting and energy efficiency. These firms include Skanska USA Building Inc, CH2M Hill, Vestas-American Wind Technology Inc., David Evans & Associates, Inc., Rejuvenation Inc., Ankrom Moisan Associated Architects, Boora Architects PC, Neil Kelly Co Inc., Parametrix, Inc., Glumac International, SolarWorld, Solaicx, Gerding/Edlen, and Siltronic Corporation.

The CTSI cluster is particularly concentrated in the City of Portland. In 2007, 64% of the clusters 31,000 regional jobs were located in the city. With average pay nearly \$25,000 per year higher than the average for the city, growth in CTSI jobs should translate into more family wage opportunities in the city.

1.1 Cluster Strategy - Clean Tech and Sustainable Industries (CTSI)	Responsible Parties
<b>Action 1.1.1:</b> Facilitate employment growth of CTSI sectors through extensive cluster organizing and implementation of industry-driven action plans.	PDC, OECD, GGP

Over the next five years, the city will help organize clusters across a range of niches within the CTSI category to help retain and grow these local companies. Currently identified niches include renewable energy, green building, energy efficiency, electric vehicles, and waste reduction and recycling. The priorities established for each of these clusters will guide the city’s efforts in growing the CTSI target industry. The priorities are likely to differ for each niche: the city’s efforts with respect to the renewable energy have focused on recruitment, while early work with electric vehicle manufacturers and suppliers is concerned with mapping the regional supply chain and identifying gaps to growing electric vehicle industry. The workplans for each sector will include specific actions, including entrepreneurial training, talent development and access to capital, to increase the level of start-up activity and internal job creation.

The city will continue to make recruitment of companies that grow the supply chain or otherwise complement existing cluster firms a priority for the CTSI industry. The coordinated recruitment efforts of the city, state and region have paid dividends by establishing anchor firms such as Vestas, Iberdrola and Solar World, for both the wind and solar energy industries. The presence of international leaders in these sectors, along with the city’s existing base of noteworthy green building firms, provides momentum for the city’s efforts to grow these clusters and attract additional CTSI firms to the region. To compete effectively for manufacturing operations in various CTSI sectors, the city, as part of the

Harbor Redi initiative described later in this strategy, will complete an inventory of industrial lands and identify up to three sites for acquisition and remediation. The banking of these sites will provide the city with available land for possible recruitment and test the efficacy of investments in remediation.

1.1 Cluster Strategy - Clean Tech and Sustainable Industries (CTSI)	Responsible Parties
<b>Action 1.1.2:</b> Establish the Oregon Sustainable Economy Network.	PDC, P+OSI, OECD, BPS

OSEN will be umbrella organization to serve as the organizing entity for cluster activity in the clean tech and sustainable industries sectors. In particular, OSEN will serve as a conduit between industry clusters and the regions research and development infrastructure by tracking the supply chain and product development gaps within each of the clusters, working with Oregon BEST to track new technologies emerging from the state’s universities, and matching firms and entrepreneurs with commercial opportunities emanated from the state’s research in clean tech and sustainability. OSEN will also host PDX Lounge, the physical manifestation of Portland’s efforts to showcase the product innovation and technology emerging from the region’s economy.

OSEN will play a critical role in driving the business programming of the Oregon Sustainability Center, a planned “living building” intended to drive innovation in green building and serve as the hub for the region’s public and private sector efforts at leadership in sustainability. To achieve its mission, OSC should have an explicit tie to the business community to ensure that product and process discovery that occurs in the design and development of the OSC is quickly converted into commercial opportunities for local businesses.

1.1 Cluster Strategy - Clean Tech and Sustainable Industries (CTSI)	Responsible Parties
<b>Action 1.1.3:</b> Establish the Clean Energy Investment Fund.	BPS, PDC, P+OSI

The Clean Energy Investment Fund is an initiative to provide the funding to catalyze mass-scale energy efficiency upgrades in existing homes and buildings on a district by district basis. Investments made by the fund, which will be repaid through a fee added to the utility bill, will serve two purposes: generate significant jobs for subcontractors and building specialists trained in energy modeling and energy efficiency capital upgrades, and achieve reductions in energy usage through increases in energy efficiency across a large subsection of Portland homes.

The Fund is scheduled to begin a test program in 2009 targeting 500 homes. An initial investment of Federal energy block grant funds will capitalize the fund, with an expectation that the fund will attract additional capital to expand the program beyond the test phase.

**Activewear and Design**

The Portland region has long been home to performance footwear and apparel companies, and, with over 200 firms, is now the recognized home for activewear and outdoor gear firms throughout the business lifecycle. This cluster is anchored by Nike, adidas, and Columbia Sportswear, and now boasts a group of emerging firms with national standing, including Keen, Lacrosse Footwear, Yakima Icebreaker, and Lucy. The cluster produced a regional payroll of \$950 million in 2007.

With 37% of the region’s nearly 10,000 activewear jobs, Portland is helping fuel growth in the regional cluster. Despite minimal growth nationally, the city’s activewear cluster experienced 50% growth in value added between 2001 and 2007. Firms in the city benefit from the concentration of talent (45% larger than national average), access to Asian markets, and outdoor and active lifestyle culture.

The challenge for the city is to grow wages in this cluster relative to the rest of the region. Activewear firms in Portland pay an average annual wage of \$52,295 compare to an average annual wage in Washington County of \$128,096.

<b>1.1 Cluster Strategy – Activewear and Design</b>	<b>Responsible Parties</b>
<b>Action 1.1.4:</b> Complete a cluster inventory and analysis and implement key recommendations for growing the cluster.	PDC, OECD, GGP, Oregon Business Plan

Despite Portland’s long history as a center for activewear, the region has not performed an in-depth analysis of the industry. The inventory will answer key questions, including industry definition and populations, the genealogy of the local industry with key insights into the history and trends for innovation and entrepreneurial activity, and the primary challenges to and opportunities for growth.

The recommendations produced by the analysis will emphasize steps to increase Portland’s competitive advantage in this industry, and will guide work with the cluster, including roles and responsibilities for the public, private, education and non-profit sectors.

<b>1.1 Cluster Strategy – Activewear and Design</b>	<b>Responsible Parties</b>
<b>Action 1.1.5:</b> Grow employment and revenues in through an emphasis on retention and expansion of promising firms and improving the environment for business start-ups.	PDC, GGP

The city will implement a combination of marketing, product innovation and entrepreneurial development initiatives to help grow firms in this sector. The city can greatly assist small firms with marketing by creating an “Oregon Lounge” experience at large trade shows and industry professional events, including the Outdoor Retailer Summer Show. Portland’s success with PDX Lounge at national sustainability shows proved to be an effective model for assisting start-up and emerging firms in creating a virtual storefront that would otherwise find such an effort cost prohibitive. Such an effort simultaneously raises the visibility of the region’s activewear cluster, including local companies and talent.

In addition to assistance in marketing, the city will help establish a product development program to facilitate innovation, particularly for entrepreneurs and start-ups that may not have access to the

technology necessary to transfer a concept into a 3-D product. Entrepreneurs in the activewear industry will also be nurtured through training, access to capital, and collaborative network and intelligence sharing.

1.1 Cluster Strategy – Activewear and Design	Responsible Parties
<b>Action 1.1.6:</b> Establish Creative Exchange, a materials library and design center, to solidify Portland’s standing as a leader in sustainable design.	OUS, OECCD, PDC

The Creative Exchange will be a center of excellence for Portland’s design and creative services industries and communities. Such a center will foster innovation and the development of new materials, support the exchange of ideas within the business community, foster collaboration between businesses and higher education on curriculum development and access for students to valuable practical information and resources. The exchange will house the first materials library on the West Coast and the only library with a specialty in sustainable materials for green buildings and soft goods. The library, which will be a partnership between the Oregon University System, OECCD and PDC, would house a wide selection of sample materials in addition to providing consulting services and R&D focused on the development of new materials through the Oregon Nano and Microtechnology Institute (ONAMI) and other higher education institutions.

The development of the Creative Exchange is the core of a broader initiative to position Portland as a international design and creative services center and source of creative talent. The work of the Exchange will be augmented with educational offerings, lecture series and partnerships with higher education institutions, including the University of Oregon and Pacific Northwest College of Art and internationally renowned leaders in the design industry.

Long term, the Exchange will lead the effort to develop a world class design program by enhancing existing educational programs through strategic partnerships with Oregon’s well-respected architecture and product design programs. The design program will provide a spectrum of educational and career opportunities, linking higher education and industry to ensure industry needs are met and provide internship programs for students and/or graduates of those programs.

<b>Software</b>
<p>Portland possesses a promising but nascent software cluster with firms across a range of sub-clusters, including embedded software and web-based applications. Included in the cluster are firms that specialize in search engine marketing and optimization as well as email marketing. Firms in these sectors are attracted to city’s diverse, technology-oriented labor force, with a regional concentration of software talent that is 20% larger than national average. The city’s software cluster includes Saber, Coaxis, Fios, Tripwire, Cd Baby, Jive, eROI, Meridian Technology Group, DB Professionals, Imagebuilder Software, Extensis.</p>
<p>Portland’s software cluster also benefits from the region being the unofficial home of the open source software movement and the presence of the Open Source Lab at Oregon State University.</p>
<p>The city of Portland is home to over half of region’s 15,700 software jobs employment was located in Portland in 2007. Software contributed \$3.2 billion in aggregate wages to the regional economy in 2007, with average annual wage of \$67,764.</p>

1.1 Cluster Strategy - Software	Responsible Parties
<b>Action 1.1.7:</b> Conduct an in-depth study of the industry to identify significant trends and opportunities for expansion.	PDC, OECD, SAO

The emerging nature of Portland’s software cluster necessitates that the city undertake a quantitative assessment of the firms that are located in the city and the markets in which these firms operate. Such a study would highlight the competitive advantages for various segments of the software industry, and help the city gain a better understanding of the revenue and employment growth potential for these segments. One such segment is the open source software that coalesced in the Portland area with the establishment of the Open Source Development Labs (since merged into the Linux Foundation) and the arrival of Linus Torvalds, founder of Linux. Because pure open source companies are typically loosely affiliated networks of independent contractors or freelancers, understanding how to help such firms or activities and what the likely benefits to the Portland economy are from this type of business model is critical to developing a relevant action plan.

Once the city has completed its analysis of the industry, the resulting inventory of firms and intelligence about the industry will assist the city in facilitating collaboration between firms, as well as with other organizations and institutions, including universities and community colleges.

1.1 Cluster Strategy - Software	Responsible Parties
<b>Action 1.1.8:</b> Support entrepreneurial districts within Portland, with a focus on areas with existing technology incubators.	PDC, SAO, PSU, private incubators

Portland’s software cluster is heavily concentrated in the Central City due to the appeal of particular districts in the Central City. These districts include the Central Eastside and the Old Town/Chinatown Neighborhoods. Software firms find many benefits to these locations: availability of less expensive space, proximity to other firms of similar size or growth stage, and the attractiveness of such districts to employees. This last attribute cannot be underestimated. Young, creative talent continues to migrate to Portland and this talent wants to live and work in the Central City.

The city will work to support the growth of such “venture” districts by working with property owners and businesses to make targeted investment of urban renewal fund to increase the supply of inexpensive commercial space within a concentrated geographic area and maintain the look and feel of such districts. Existing incubators, including the PSU Business Accelerator, CubeSpace and Ned Space could serve as anchors to these districts and help fill the continuum of space needs for startups and emerging firms.

1.1 Cluster Strategy - Software	Responsible Parties
<b>Action 1.1.9:</b> Grow employment and revenues in the software cluster by improving the environment for business start-ups and emerging firms.	PDC, SAO, OEN

Stimulating growth in the software is requires a dramatic improvement in the environment for entrepreneurs and start-up. Entrepreneurs looking to start or grow firms in Portland face disadvantages relative to competing locations in terms of access to capital and management-level talent. While the city has little control over the supply of experienced software executives, by increasing the size and success rate of the local software industry, the city can, over time, increase the depth of high level talent

in the area. Furthermore, as successful firms proliferate, opportunities for software managers will increase, attracting additional talented managers to the city.

The city will work with existing associations and assistance providers, including the Software Association of Oregon and the Oregon Entrepreneurs Network, to enhance the competitive environment for emerging firms. A priority task is to increase the supply of investment capital for firms by expanding the scope and size of city funding vehicles and encouraging the investment of the alternative investment allocation from city and state managed retirement funds in locally-managed venture firms with a commitment to invest in Portland firms.

**Advanced Manufacturing**

Advanced manufacturing is the largest of the four targeted industries, with over 21,000 employees and 700 firms in Portland in 2007. Advanced manufacturing firms are strong partners in region’s sustainability culture, recycling more materials than any other industry, advanced manufacturers.

This sector includes firms from the region’s historically strong value added metals cluster, including PCC Structurals, Inc., ESCO Corporation, Evraz Oregon Steel Mills Inc., Schnitzer Steel Industries, Inc., Precision Castparts Corp., Blount Inc., Gunderson Rail Services, Columbia Steel Casting Co., and Leatherman Tool Group Inc. The cluster also includes the region’s well-known concentration of electronics and advanced equipment manufacturers, including Intel, Tektronix, Inc., Welch Allyn Inc., Merix Corporation, Lattice Semiconductor Corp., Triquint Semiconductor, Siltronic Corporation, and Xerox Corporation.

The city’s metals manufacturing expertise serves as the foundation for additional niche clusters that fit with the sustainable practices of the city, including bicycle frame manufacturers.

Regional employment in advanced manufacturing contributed \$4.9 billion in regional payroll in 2007, with an average annual wage in Portland of \$56,817. The multiplier effect for manufacturing is particularly compelling: for every \$1 of manufacturing product sold, \$1.37 is invested in the local economy.

1.1 Cluster Strategy - Advanced Manufacturing	Responsible Parties
<b>Action 1.1.10:</b> Implement Harbor-Redi Initiative to increase the supply of industrial land.	PDC, DEQ, EPA, BES, HSR, Working Waterfront Coalition and property owners

The limited supply of developable industrial land threatens the city’s ability to recruit new businesses to Portland and meet the expansion needs of existing companies. The city currently has 400 non-contiguous acres of unoccupied or unimproved brownfield sites, and each acre holds the potential of creating an average of 55 manufacturing jobs. Implementation of Harbor-Redi will release pent-up demand for the redevelopment of industrial sites by providing a path for investors concerned about the cost and liability of contaminated sites, with particular actions for separating upland contamination from in water liability, while continuing to hold responsible parties liable. If not addressed, the limited supply of industrial land furthers the need to expand the urban growth boundary to accommodate industrial expansion, requiring heavy investment in new infrastructure and jobs and tax revenues outside the city.

1.1 Cluster Strategy - Advanced Manufacturing	Responsible Parties
<b>Action 1.1.11:</b> Pursue opportunities for local manufacturers to fill supply chain gaps and replace imported components for the clean tech industry.	OECD, PDC, BPS,

The city will build on existing work<sup>24</sup> in identifying opportunities to manufacture locally components clean technology and green building industries. This work will involve both outreach to existing manufacturing firms as well as new business formation and expansion , and will be jump started by three initiatives at import replacement:

- 1) Identifying local suppliers for some of the 8,000 component parts of wind turbines - The largest wind turbine companies are building U.S. supply chains and the development of extensive wind farms in the western U.S. makes the Portland region an ideal location for suppliers. According to the Renewable Energy Policy Project, Oregon can retain 8,329 jobs and create 1,202 jobs by getting existing fabricated metal product manufacturers involved in manufacturing rotors, generators, towers and other components needed for wind turbines.
- 2) Identifying local suppliers for “red-listed” building components as part of the development of the Oregon Sustainability Center (OSC), the city’s first living building - An initial inventory of these components and their substitutes has been prepared and a task force has been established to pursue replacement opportunities.
- 3) Expanding the scope of the Oregon Iron Works streetcar project to supply streetcar projects throughout the U.S. and abroad.

The city will aided in this effort by the work of the Pacific Northwest Defense Coalition (PNDC) in cataloging the capabilities of existing manufacturing firms through a partnership with the Connector, a Defense Logistics Agency funded program that tracks domestic manufacturing capabilities. The reach of the Connector program will be expanded to all primary industry segments in the Northwest and will allow for local manufacturers to market their capabilities to one another, and allow officials in the region to quickly identify supply chain possibilities for Northwest manufacturers.

1.1 Cluster Strategy - Advanced Manufacturing	Responsible Parties
<b>Action 1.1.12:</b> Improve the industrial efficiency of the manufacturing sector through the provision of lean manufacturing services, zero waste and other form of process improvement.	PDC, OMEP, ZWA, Mfg 21, private firms

The city will expand its relationships with the Oregon Manufacturing Extension Partnership and Zero Waste Alliance to cover 50% of the cost for consulting services to help promulgate lean manufacturing techniques to reach 50 firms per year for each service. In addition, PDC will continue to collaborate and provide financial support to the Manufacturing 21 Coalition, a center of excellence and networking organization for the advanced manufacturing industry. Manufacturing 21 is a vehicle promoting a range of process improvements, including lean manufacturing, sustainable business practices, and state-of-the-art technologies derived from local research.

<sup>24</sup> In 2005, PDC performed a study of emerging sustainable sectors to gather data on companies with capabilities to serve or compete in these sectors..

In addition to the above services, the city will explore providing other forms of industrial efficiency consulting, including energy management services to improve the cost effectiveness of existing industrial facilities.

**Objective 1.2: Implement a multi-faceted international strategy to expand export of local products and expertise and attract foreign investment.**

International trade is a significant contributor to the Portland regional economy. Trade-related employment accounts for a third of total employment in the region, and over 44,000 jobs are attributable to foreign direct investment (FDI) in Oregon.<sup>25</sup> Traded sector industries, which account for 43% of all gross exports in the region, have a heightened impact on the regional economy; jobs in these industries average approximately \$50,000 per year, compared to the average wages in the region of \$44,000.<sup>26</sup>

As the 14th largest exporting region in the US, trade plays a critical role in the growth of Portland’s economy. Nationally, trade is projected to grow faster than the economy as a whole. The combined value of US imports and exports increased from 28% of real GDP in 2001 to 33% of in 2008. Trade’s share of real GDP is projected to grow to 58% in 2030. Oregon is following this trend, with export shipments increasing from \$10.3 billion in 2003 to \$16.5 billion in 2007.<sup>27</sup> Most of those exports must travel through the Portland region for access to market on one of four modal systems: road, rail, air and water.

The city will implement an international trade and investment strategy that incorporates an intensive schedule of international visits with coordinated promotion of both the region and firms located here. A primary focus of the city’s international strategy will be leveraging the region’s legacy trade assets to expand export and foreign direct investment opportunities for local businesses with expertise in sustainability as well as those seeking opportunities to supply the growing demand for clean technology products, components and services.

1.2 International Strategy	Responsible Parties
<b>Action 1.2.1:</b> Coordinate promotion of Portland’s sustainable economy through an expansion of the city’s aggressive international trade show plan, targeted marketing campaigns, and strategic business development trips.	PDC, Team Oregon, GGP, OECDD, Port of Portland, ODA, U.S. Dept of Commerce

Targeted trade shows are a major source of investment leads both domestically and globally. By partnering with other municipalities in Oregon, as well as OECDD and Greenlight Greater Portland, the city can leverage limited trade show dollars and maximize its participation trade shows in the targeted industries each year.

<sup>25</sup> Organization for International Investment, <http://www.ofii.org/or.htm>

<sup>26</sup> U.S. Dept of Commerce, Bureau of Economic Analysis, <http://www.bea.gov/>

<sup>27</sup> U.S. Dept of Commerce, Bureau of Economic Analysis, <http://www.bea.gov/>

Strategic business development trips will focus on Oregon’s significant base of foreign investors, which accounts for 44,000 jobs, or 3% of Oregon’s private-sector workforce. These jobs are heavily concentrated in manufacturing; over 25%, or 11,600, are in manufacturing industries.<sup>28</sup> Existing foreign investors, which include companies such as SolarWorld, AREVA, Inc., and Saint Gobain, are a primary target for expansion opportunities in the Portland region. Business development trips would target markets with a history of investing in Oregon, including Canada, Germany, United Kingdom, Spain, France, Japan, China and Korea.

1.2 International Strategy	Responsible Parties
<b>Action 1.2.2:</b> Create an annual International Road Show of Oregon foreign representatives.	PDC, OECD, GGP, Port of Portland, ODA, U.S. Dept of Commerce

This event will match Portland’s export-ready small businesses with the foreign representatives capable of helping them find partners in these major international markets to assist in increasing export sales. The initial program will target representatives in Japan, Korea, Canada, Mexico, & Saudi Arabia, and will add representatives from China and Europe by the end of 2009. The success of this event will be measured by actual export sales and actual jobs created.

1.2 International Strategy	Responsible Parties
<b>Action 1.2.3:</b> Initiate the Mayor’s Export and International Investment awards program.	PDC, OECD, GGP, Port of Portland, ODA, U.S. Dept of Commerce

This program will recognize existing exporters who will share their success stories globally during public events during the International Road Show. New potential exporters will be recognized and will be given fast track access to the Oregon foreign trade representative services. International investors will also be recognized for leadership in community development and job creation.

1.2 International Strategy	Responsible Parties
<b>Action 1.2.4:</b> Develop and implement a site selection consultant strategy.	PDC, GGP, OECD, Port of Portland, ODA, U.S. Dept of Commerce

The Mayor, in cooperation with Greenlight Greater Portland, will host events in major U.S. cities for consultants who manage the bulk of investment projects in the U.S. and abroad. San Francisco, New York, Chicago, & Atlanta are key target cities.

**Objective 1.3: Support the efforts of higher education institutions to serve as the innovation engine of our sustainable economy.**

Portland’s status as a center of innovation in sustainability depends on the frequent introduction of new technologies and a continued infusion of entrepreneurial, management and engineering talent into the

<sup>28</sup> Organization for International Investment, <http://www.ofii.org/or.htm>

workforce. Entrepreneurial regional economies, such as Silicon Valley and the Research Triangle, depend on local universities to drive innovation. The region’s higher education institutions, including state universities, private colleges and community colleges, will play the lead role in fueling innovation in the target industries. To do so, the research and development work of these institutions must be enhanced by creating an entrepreneurial culture within higher education that rewards professors and researchers for work with commercial applications. More explicit connections between higher education and firms in the target industries are needed, whereby the universities help solve technological challenges faced by cluster firms, and firms help commercialize the innovation that occurs within school walls. This type of symbiotic relationship benefits both sides financially and through the notoriety that accrues to regions known for innovation.

1.3 Higher Education	Responsible Parties
<b>Action 1.3.1:</b> Create an inventory of statewide higher education resources to support the sustainable economy.	PDC, OUS Schools, OHSU, private colleges, community colleges

The city is hampered by the lack of an inventory of the assets of its higher education institutions. With the help of higher education, the city will map the capabilities and ongoing initiatives of each institution with an emphasis on 1) research and development capacity that can keep Portland’s sustainability economy on the cutting edge of innovation; 2) programs and curricula that supply the engineering and creative talent to meet the needs of the strategy’s target industries. Each of the target industries has a discrete universe of higher active education institutions, ranging from the design work of PNCA and the University of Oregon’s architecture program, to the range of sustainability curricula offered by Oregon Institute of Technology, Concordia University, University of Portland and Lewis & Clark, to training and apprenticeship programs for manufacturing careers offered by the community colleges.

Like the inventory work proposed for the activewear and software industries, an inventory of higher education resources will begin the process of more closely integrating disparate activities – in this case, regional economic development and higher education objectives - and identify the opportunities to leverage heretofore isolated activities.

1.3 Higher Education	Responsible Parties
<b>Action 1.3.2:</b> Expand the efforts of Oregon Inc and OUS schools to fund and commercialize research and development at state universities .	PDC, OECD, OUS, BEST, PSU, ONAMI

The State of Oregon, in partnership with Oregon University System (OUS), has established the Oregon Innovation Council (Oregon Inc) to oversee collaborative research and innovation throughout OUS schools. Oregon Inc funds eight target industry initiatives, including four with significant application to this strategy: green building and renewable energy, manufacturing competitiveness, nano and microtechnology and forestry. Oregon Inc has already established two research centers – Oregon BEST and ONAMI – that will serve as collaborators with the city in the implementation of the strategy. The city will work with Oregon BEST, which targets green building and sustainable technologies, to target promising research in the fields of renewable energy, biofuels and sustainable forestry products for the building industry. ONAMI provides the city with a research and materials development capacity for industries, such as activewear, seeking to improve the character and quality of their products. Oregon

Inc is also funding a Metals Initiative matching grant program and increased research and development capacity in the form of enhanced training opportunities and new laboratory equipment within the Oregon University System.

The city will seek to add value to these initiatives by 1) building connections to the local business community; 2) including the funding needs of the research centers in its plans for meeting the resource needs of the strategy; and 3) cultivating the entrepreneurial and management talent necessary to move new technologies from academia to the business world.

1.3 Higher Education	Responsible Parties
<b>Action 1.3.3:</b> Assist PSU in its efforts to become a center of excellence in sustainability research, innovation and talent development.	PSU, OUS, PDC

For the city to achieve its objective of creating the most sustainable economy in the world, Portland State University must embrace the vision of becoming one the leading academic institutions in world in the field of sustainability. Spurred by a \$25 million grant to promote sustainability, PSU is examining the extent to which sustainability will become the defining mission for the university. The city is participating in the development of PSU’s economic development strategy and will advocate that the university establish as its economic development priorities: 1) the development of curricula specifically targeted to careers in the clusters that comprise the CTSI industry, focus on the engineering expertise required of the clean tech industry; 2) a radical change in the culture around research, resulting in an increase in the funding and other support for practical research that supports sustainable industries; and 3) a commitment to continue to partner with the city in using the university’s campus development as a showcase for innovation in sustainable design, construction and living.

**Objective 1.4: Align workforce development efforts to match the skill needs of targeted industries.**

The availability of skilled labor at all job levels may be the most critical component to a competitive business environment and is essential to fueling growth in market share and revenue for local firms. Delivering a consistent supply of job-ready applicants depends on an integrated workforce development system that includes the public schools,<sup>29</sup> community colleges, job training organizations, and higher education institutions. The funding of this system must also be coordinated to leverage investments made throughout the workforce development process and match economic development priorities.

In addition to meeting the needs of an expanding economy and increasing the city’s competitiveness, job growth creates employment opportunities for local residents. Salaries for the target industries are higher than Portland’s average and offer career ladders for more opportunities. An analysis performed by the Oregon Workforce Investment Board indicates that renewable energy and clean tech industries will generate growth in primarily traditional occupations and that many of these occupations are technical in nature. Occupations like electricians, plumbers, machinists, and assemblers are predicted to

<sup>29</sup> This strategy recognizes the strong relationship between successful economic development and a fully functioning public education system. A separate, parallel strategy to address the needs of the public education system is under development which will complement the recommendations in this strategy.

comprise a significant part of the green economy. In addition, traditional office occupations, including clerks, accountants, customer service representatives and engineers, will experience growth under a sustainable economy. The similarities with “old” economy occupations hold promise for establishing a reliable pipeline for Portland residents to sustainable economy jobs.

The city will work with the Regional Workforce Investment Board and WorkSystems, Inc. to align resources to support the city’s sustainable economy, and ensure the quality and efficiency of the system.

1.4 Workforce Development	Responsible Parties
<b>Action 1.4.1:</b> Align the Workforce Investment Board’s 2010-2012 Strategic Plan with the Portland’s Economic Development Strategy.	WSI, WIB, PDC

The challenge in meeting the workforce needs of the sustainable economy is achieving coordination across the range of service providers and within the funds invested in system. A 2007 study of the workforce development expenditures for the Portland metropolitan region indicated that \$150 million is being spent annually across the spectrum of education and training providers.<sup>30</sup> The study identified 80 separate providers of some form of workforce development services, including state and local government agencies, not-for-profits, community colleges, public schools and private companies.

The first step in aligning regional workforce development efforts is for the Regional Workforce Investment Board to match the WIB’s strategic plan with the objectives of this strategy. By aligning the strategic plan and the city’s economic development strategy, the WIB will signal the need to target the region’s \$150M in workforce investments with the economic development efforts of the city, state and other regional partners.

1.4 Workforce Development	Responsible Parties
<b>Action 1.4.2:</b> Convene industry skill panels to design and evaluate curricula to ensure that the training meets targeted industry needs.	WSI, Private sector, training providers

Industry Skill Panels are the essential component to ensure that the training needs of target industries are met. WSI will convene additional skill panels comprising a cross section of companies in particular industries to prioritize occupations necessary for continued growth of the industry and identify the unique training needed to prepare workers for those positions. These panels will select the training providers to ensure the classes meet their specific needs. The skill panel model is also ideal for adding skill needs in targeted recruitments and expansions. WSI already has established panels to address skill needs for occupations in three of the four target industries. In particular industries, trade unions will participate in identifying needs and opportunities and advocating for increased training in emerging sustainable trends.

Once targeted training programs are producing job-ready graduates, WorkSource Metro Portland can serve as the conduit from this system to the job market for skilled workers and employers with openings. This system can also serve graduates of other educational institutions and training agencies.

<sup>30</sup> *Workforce Development System Resource Mapping*, ECONorthwest, April 2007.

1.4 Workforce Development	Responsible Parties
<b>Action 1.4.3:</b> Enhance and align services to prepare local residents for occupational training in the target industries.	WSI, PBA, Hillsboro Chamber, WorkSource Portland Metro, Youth Providers, PDC, Industry Association

Portland’s workforce development system should provide a continuum of training services to prepare local residents for occupational training and post secondary education, including pre-apprenticeships. The range of youth apprenticeship and summer jobs programs that exists through alternative schools, community colleges, apprenticeship coordinating council, and BizConnect, will be coordinated to ensure that as aspiring target industry employees move through the workforce system, they will receive the proper preparation for stage in the education process. Exposure to jobs through summer jobs and apprenticeships are critical to fostering commitment to the multi-year training process.

The preparation process will also depend on the widespread use of the Prosperity Planner as a career planning tool. Prosperity Planner assists individuals in making informed career and training choices, and provides useful data and feedback to help target regional training investments.

## 2. Building the Sustainable Economy – Innovative Urban Setting

Portland is widely recognized as a leader in sustainability in the U.S. and abroad. Portland’s status as arguably the greenest or most sustainable city in the U.S. is the result of a range of investments in and policies promoting the basic elements of a sustainable way of life. These elements – which include transit, land use, bicycling use, high density development, a thriving Central City, green building and recycling – combine to form a culture and knowledge base that perpetuates Portland’s sustainable lifestyle.

The city’s sustainable way of life has become its primary economic asset and competitive advantage. Portland enjoys the unique position of being the most fully functional urban laboratory for innovation in sustainability in the U.S., while simultaneously possessing the livability that results from an unrelenting commitment to sustainability. This combination is a powerful draw for green entrepreneurs and an educated, creative workforce.

Maintaining this cutting edge position in sustainability is a vital to growing the local economy. To do so, Portland must embark on the next generation of innovation and investment in green building and sustainable living, and complement those investments with equal attention to quality of the experience downtown for arts, culture and retail.

### Objective 2.1: Create the Next Generation Built Environment

Portland cannot rest on its laurels as the international leader in green building. The rest of the world has embraced LEED construction standards and LEED certification will soon be the norm. Cities and countries around the globe are racing to uncover the next achievement in sustainable building practices and while widespread adoption of these practices is an encouraging development, Portland must work to retain its leadership position. The city’s green building industry has a global presence built on the

combination of its unrivaled expertise and Portland’s reputation for innovation in green building. A commitment to remain at the forefront of sustainable building practices will produce the dual benefit of enhancing the city’s image and providing local firms with a continuous flow of new ideas and services to export outside of the region.

2.1 Next Generation Built Environment	Responsible Parties
<b>Action 2.1.1:</b> Establish the Oregon Sustainability Center to foster the next wave of innovation in sustainable building and living.	PDC, P+OSI, PSU, OUS, BPS

The Center will be established through a collaborative effort by the city, state, PSU and the Oregon University System as part of a broader sustainability district on the PSU campus. Key cluster initiatives, including the Oregon Sustainable Economy Network, will originate from the center.

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2.1 Next Generation Built Environment	Responsible Parties
<b>Action 2.1.2:</b> Establish eco-districts in three catalytic locations	PDC, BPS, P+OSI

Eco-districts offer the opportunity to put in to practice the latest innovations in green building, infrastructure and collaboration. Each site will be different in character and composition but will test new techniques in district-wide power generation, waste and water treatment, and shared infrastructure. The districts will also include experimentation with living buildings, the logical evolution from the LEED standard that has defined Portland leadership in green building in the past.

The catalytic impact of an eco-district is significant: over the next five years, the city is likely to focus its investments in large redevelopment projects to eco-district sites, with an emphasis on the Central City. A likely first site for an eco-district would have the Jasmine block near the PSU campus as its core. An eco-district on this site will integrate PSU’s existing redevelopment plans for the area with the plans for a proposed Oregon Sustainability Center on the Jasmine block site, and will transform a large swath of downtown Portland and catalyze investments in neighboring areas. The city possesses additional sites with similar synergistic and catalytic potential, including the Lloyd District, Oregon Convention Center/Rose Quarter District, the Schnitzer Campus in South Waterfront, and the Con-way and Freeway Land sites.

The full build-out of an eco-district will not be accomplished during the five year term of this strategy. However, actions undertaken as part of this strategy will advance the planning and design for multiple districts, land acquisition and site assembly, and, most importantly, the innovative thinking necessary to move the eco-district from an exciting concept to an operational reality.

**Objective 2.2: Enhance the vitality and distinctiveness of the Central City to showcase our sustainable way of life and attract creative class talent.**

Portland’s Central City is a destination of choice by members of the creative class due to its edgy, unpredictable character and compact, connected urban experience. While the character of the Central City may be attributed to the unique history of the region and its people, investments in signature projects, a tradition of smart urban planning, an attractive retail environment<sup>31</sup> and support for arts and culture all contribute to this character and represent ongoing roles for the city to play in maintaining the unique attributes of the Central City. The city is facing a critical moment in the evolution of its Central City and has the opportunity to ensure that the Central City remains a unique place for residents and visitors alike for at least another generation. Moreover, maintaining the character and appeal of the Central City is critical to achieving the objectives of this strategy. There is strong evidence that talented workers are increasingly concentrating in places that have a high quality of life and possess that hard-to-define “cool” factor.<sup>32</sup> Because innovation depends on the ready availability of talent, companies as well as local economies can only prosper if they have access to ample supply of talented workers.

2.2 Vibrant Central City	Responsible Parties
<b>Action 2.2.1:</b> Establish a new Central City URA to invest in catalytic downtown redevelopment.	PDC, BPS, Mult. Co., PPS

In order to achieve the large scale investment in catalytic Central City projects envisioned by this strategy, a new Central City Urban Renewal Area should be formed to not only finance new investment in the Central City but to provide the long term vision for Central City redevelopment. A new URA could potentially include areas such as Con-Way, Goose Hollow, the downtown retail core and Cultural District, PSU, and areas currently included in the South Park Blocks and Downtown Waterfront URAs.

The establishment of a new URA will follow a methodical process that includes analysis of the projects that might require public-sector support in the URA and the amount of tax increment that might be generated in the proposed area to finance such projects, as well as outreach to land and business owners, taxing districts, neighborhood organizations and other stakeholders. An Advisory Group will be established to develop recommendations to the City Council on the formation of a new URA and, if recommended, the boundaries and maximum indebtedness of such an area.

<sup>31</sup> A study of Portland’s downtown retail core recommended a strategy for establishing, revitalizing and protecting this core which included creating a signature retail armature on primary downtown corridors, gateways into four key signature streets, catalyst sites for signature retail, and continuity on streets within the core that have weak or spotty retail components. The city will assist the Downtown Task Force in implementing the recommendations of the study.

<sup>32</sup> See *Who’s Your City?: How the Creative Economy Is Making Where to Live the Most Important Decision of Your Life*, Richard Florida, Basic Books, 2008.

2.2 Vibrant Central City	Responsible Parties
<b>Action 2.2.2:</b> Support the planned expansions of the PSU and OHSU campuses.	PSU, OHSU, OUS, PDC, BPS

By virtue of the size and location of their campuses, PSU and OHSU influence the character and feel of the Central City. Both universities are in the midst of dramatic expansions to their campuses. If done properly, each of these campus expansions will enhance the Central City’s reputation as a vibrant location to live, work and study. PSU is engaged in a campus planning effort that will result in recommendations for expanding the capacity of its land-constrained South Park Block campus. Expanding within close to its current footprint would result in a significant increase in the density of that neighborhood and would allow for the leverage of existing university and public infrastructure. Alternatively, PSU could look to South Waterfront to expand and create an integrated campus with OHSU.

OHSU’s planned campus on 20 acres of undeveloped land in North District of South Waterfront provides another opportunity to showcase Portland’s expertise in smart urban design and sustainability. The Schnitzer Campus is ideal site for an eco-district site because it does not require the redevelopment or replacement of existing buildings and infrastructure. In addition to the campus for OHSU, current plans for the area include potential homes for the OUS Collaborative Life Sciences Center and a new light rail line and station. The city has already convened the property owners and other parties contemplating development in this district and will develop a plan for the phasing and funding of development in this district.

2.2 Vibrant Central City	Responsible Parties
<b>Action 2.2.3:</b> Invest in catalytic Eastside sites, including Headquarters Hotel, Rose Quarter redevelopment and Burnside Bridgehead.	PDC, MERC, BPS, Metro, Mult. Co., property owners

The city is currently exploring major catalytic investments on the Eastside, including a potential Headquarters Hotel for the Oregon Convention Center, the redevelopment of the Rose Quarter as an entertainment district, and the development of Burnside Bridgehead as an iconic anchor and gateway to the thriving Central Eastside business district. Combined, these projects will have a transforming effect on the Central City’s east side and strike an even healthier balance of economic activity on both side of the Willamette River.

The physical, economic and cultural health of the Eastside is critical to the maturation of Portland’s Central City and its economic development efforts. The Eastside is a strategic location for the city’s manufacturing base and home to the city’s burgeoning design-related industries. The Eastside fills a critical need for non-Class A commercial and industrial space options for these firms and, equally important, offers a culture distinct from downtown that includes communities of entrepreneurs and firms to support the growth of local businesses.

**Objective 2.3: Actively market Portland as the leader in sustainability throughout the world.**

Without any active effort or strategy, Portland has become a brand. That brand is associated with a passion for sustainability and a commitment to quality of life. Through newspaper articles, television stories, and word of mouth, people throughout the country and in some parts of the world have come to know about Portland through this organically grown brand. Without active management of this brand, Portland will remain dependent on others to communicate and interpret the city’s image and, over time, the brand and the city will its luster. This brand has value and the city must take ownership of it, and cultivate and leverage its value to realize maximum benefit for our city and regional economy.

2.3 Selling the Portland Brand	Responsible Parties
<b>Action 2.3.1:</b> Convene public – private working group to develop objectives for branding strategy.	Mayor’s office, PDC, GGP, Port, Metro, PBA

The Mayor’s office will convene a group of public and private stakeholder to discuss the objectives for a branding strategy and decide what values the strategy should communicate to distinguish Portland from competitors. The city will model its process after the successful branding campaign for Amsterdam known as I Amsterdam. Prior to the development of a brand and marketing strategy, Amsterdam’s political and business leaders met to answer the key questions about what message the city wanted to convey about itself. The branding effort in Amsterdam had an underlying economic mission, so the campaign attempted to express an attitude that was welcoming to both businesses and employees. These early conversations serve as the foundation for the campaign and, because agreement has been reached the message, later decisions about the brand and campaign are less contentious.

2.3 Selling the Portland Brand	Responsible Parties
<b>Action 2.3.2:</b> Implement a unified branding strategy for the city and region.	Mayor’s office, PDC, GGP, Port, Metro, PBA, Travel Portland

The brand and marketing strategy that emerges from this effort should be a coordinated message from the range of city, regional and state agencies. In addition, the message should be embraced by Portland’s diverse business community, which will use this campaign as a foundation for their own national and international marketing campaigns. The campaign will be most relevant for Portland area businesses that depend on international trade or make use of Portland’s reputation as part of their sales efforts.

Portland is home to a host of internationally-known design and advertising firms and will seek their expertise in developing a branding and marketing strategy. Despite an undeniable reputation as a leader in sustainability, Portland lags other cities in the focus and sophistication of its message. Leveraging the design talent in the city should help to level the playing field.

### 3. Building the Sustainable Economy: Neighborhood Vitality<sup>33</sup>

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Many of Portland's successful businesses and industries have started in neighborhoods serving local markets, often expanding to national and even international distribution. Examples of home grown enterprises that have been nurtured to national prominence in Portland neighborhoods and entrepreneurs include brewers and distillers, coffee roasters, chocolatiers, and tea importers.

Equally important are the local serving businesses that support our neighborhood commercial districts, serving residents, attracting investment, supplying jobs and creating local wealth. Portland's commercial districts provide entertainment, shopping and services, contribute to the city's vibrancy and praised quality of life, and are entry points to wealth creation for a growing number of people. Continued and expanded support for neighborhood serving businesses is required for Portland to achieve its vision of 20 minute neighborhoods, where residents have easy access to goods and services within a minimum radius through walking, biking or public transit.

Portland will assist small businesses in becoming more competitive by:

- offering customized service targeted at businesses with particular promise to create jobs and expand into new markets;
- improving access to information relevant to small business including technical assistance, financial services, permitting and other resources; and
- giving neighborhood business districts the capacity building knowledge to start, maintain and grow the vibrancy of local serving retailers and services.

**Objective 3.1:** Build the capacity of local entrepreneurs to innovate and compete in the global economy through the establishment of an economic gardening program

Economic gardening is premised on the belief that local entrepreneurial firms, rather than firms recruited from outside the region, are the engine for the creation of wealth and new jobs, and the role of the city is to provide a nurturing environment within which these small firms can flourish.<sup>34</sup> An economic gardening program focuses on "gazelles," small firms with fast growth potential, with a particular emphasis on firms capable of selling products and services outside the region and

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<sup>33</sup> In July 2009, PDC will assume oversight over the City of Portland's Economic Opportunities Initiative (EOI), which assists low-income, multi-barriered individuals in increasing their incomes through workforce and microenterprise development programs. In cooperation with key stakeholders and the community, PDC will, over the course of FY 2009-10, integrate the objectives of EOI with the economic development priorities defined in this strategy.

<sup>34</sup> According to the U.S. Department of Commerce, Economic Development Administration, *Economic Development America*, spring 2007, the concept of economic gardening originated in Littleton, CO, in 1989 in response to the limitations of strategies focused exclusively on recruitment. Since that time, Littleton has not spent any money on incentives, while the number of jobs has doubled (from 15,000 to 30,000), sales tax revenues have tripled (from \$6 million to \$20 million), and the city's population grew 23 percent.

internationally. Assistance is typically delivered as tailored information to assist firms in entering new markets, exporting products and expanding customer bases.

A Portland Economic Gardening<sup>35</sup> program will identify growth-oriented businesses by utilizing database and data mining and by monitoring trends and entrepreneurial related movements in the local and greater economy. Once high growth firms are identified, the program will:

- Assist individual businesses to explore expansion and growth potential through existing and customized services including competitive intelligence on markets, customers, and competitors and targeted delivery of applied research and sales-support materials;
- Coordinate with Portland technical assistance providers for rapid response to business inquiries;
- Work closely with entrepreneurial development entities (e.g. Oregon Entrepreneurs Network (OEN), Oregon Microenterprise Network (OMEN), Oregon Angel Fund (OAF), SEED Oregon, etc.) to assist with access to growth capital and other entrepreneurial assistance.

The city will ramp up the scope of its economic gardening program, providing assistance to 20 small firms in the first year, and 40 firms in the second.

3.1 Economic Gardening	Responsible Parties
<b>Action 3.1.1:</b> Perform outreach and educational efforts .	PDC, OEN, OMEN, Private Partners

The city will meet with appropriate technical assistance providers and entrepreneurship organizations to educate them about economic gardening approach and potential for collaboration. This outreach will provide feedback on what gaps might exist for business development and what information can be supplied by partners for research.

3.1 Economic Gardening	Responsible Parties
<b>Action 3.1.2:</b> Establish suite of service providers and consultants to provide assistance to targeted firms.	PDC, OEN, OMEN, Private Partners

The city, working with identified partners, will identify staffing resources and ongoing operating budget. Appropriate resources for technical work will be inventoried. Goals and targets will be set related to outreach and business assistance along with establishment of appropriate metrics to track program performance.

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<sup>35</sup> In 2008, Portland participated in the development of the Regional Partners for Economic Development’s “Strategic Plan for a Regional Economic Gardening Program”, helping to set the stage for a Portland specific program.

3.1 Economic Gardening	Responsible Parties
<b>Action 3.1.3:</b> Grow the program through expanded funding and regional or national organizational partnerships.	PDC

Entrepreneurship and small business development have been increasing nationally in their prominence related to economic development policy. Through a Portland economic gardening program, there is the potential to tap emerging resources that are focused on fostering entrepreneurship. The Kauffman Foundation, The Edward Lowe Foundation and Economic Development Administration have all assisted in economic gardening related efforts in recent years, and partnerships might be available to assist Portland.

**Objective 3.2:** Create a single point of entry, the Portland Small Business Assistance Portal for delivery of information and services relevant to Portland’s small businesses.

The creation of the Small Business Assistance Portal addresses the ongoing call for coordinating assistance to Portland’s small business community. Though the city’s small business community is robust, it also broad, cutting across all industries. To address this, the Portland Small Business Prosperity Strategy recommended establishing a convening mechanism to create better organization of small business assistance providers and organizations.<sup>36</sup> The Small Business Assistance Portal addresses this in the following ways:

- A comprehensive, dynamic website for small business and entrepreneurs providing information for small business technical assistance and serving as a clearinghouse for small business related events, initiatives and campaigns;
- Linkage for organizational resources throughout Portland related to small business assistance;
- An efficient, easy to understand access point that can be advertised on brochures, websites and other promotional materials published by the city, PDC and resource organizations.

Backing the Small Business Assistance Portal would be the range of technical assistance providers, financial institutions, local government and the various small business organizations. Staff will be available to coordinate referrals to government and non-profit business assistance providers and address small business inquiries that the web site cannot. Staff will work concurrently with a committee made up of small business resource organizations to inform Portal development and ongoing content programming, as well as strategic programming for small business events, marketing and further program development.

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<sup>36</sup> *Portland Small Business Prosperity Strategy*, September 2003.

3.2 Small Business Assistance Portal	Responsible Parties
<b>Action 3.2.1:</b> Establish a working group comprising representatives from Portland’s small business community.	Offices of the Mayor and City Commissioners , APNBA, SBAC, and PBA’s Small Business Council

Utilizing existing small business organizations and assistance providers, a small working group would be formed to perform oversight of portal development and coordinating activities. The working group will represent small business assistance providers and small business organizations and would have the responsibility to report and solicit feedback from their represented constituents.

3.2 Small Business Assistance Portal	Responsible Parties
<b>Action 3.2.2:</b> Create Portland Small Business Web Portal initially through a consolidation and expansion of existing city websites.	Offices of the Mayor and City Commissioners , APNBA, SBAC, and PBA’s Small Business Council

Immediate action would be undertaken to resurrect the Business In Portland website. The now defunct website was developed and hosted by PDC in 2001. While the current site is rudimentary, it allows for an immediate online presence and could serve as the foundation for the new Portal.

An expanded Business In Portland website would debut in 2010 as the main conduit for small business information for the City of Portland, PDC, small business organizations and associations. The web portal would be created independent of either PDC or the city’s website using outside consultants for maximum independence and freedom of design.

After establishment of the web Portal, staff will work with small businesses to identify and work on activities related to small business. These activities will include marketing efforts, coordinating bureau small business liaisons, small business fairs, program/product development and creating a system for small business referrals. Ultimately, a coordinated system would be in place that responds to small business needs and acts as an outlet for small business issues.

**Objective 3.3:** Achieve Commercial District Revitalization through the implementation of a green “Main Street” program for Portland’s neighborhoods.

Portland will work with the Bureau of Planning and Sustainability (BPS), the Alliance of Portland Neighborhood Business Associations (APNBA) and other partners to create the country’s first urban, “green” Main Street program. The program will be a competitive process by which neighborhood business districts apply and participate for technical assistance in strengthening the district and establishing a framework for creating healthy neighborhood businesses. Over time, commercial corridor revitalization programs, such as Main Street achieve significant investment in their commercial districts, including exponential growth in the number of businesses and jobs. In 2007, average reinvestment in a community as a result of a Main Street program amounted to over \$11 million.<sup>37</sup>

<sup>37</sup> National Trust for Historic Preservation Main Street Center; The average reinvestment per community reflects investment in communities that have recently begun commercial district revitalization programs as well as those

A Main Street program is an overarching organizational tool that is used to implement the Main Street approach. Developed by the National Trust for Historic Preservation in the 1970s, the Main Street model uses a four-point approach to commercial revitalization that integrates design improvement, image enhancement, economic development and organization. The approach advocates a return to community self-reliance, local empowerment and the rebuilding of traditional districts based on their unique assets: distinctive architecture, a pedestrian-friendly environment, personal service, local ownership and a sense of community. Portland’s program will highlight sustainability as a core value underpinning support for local businesses, neighborhood values and environmental stewardship.

Even though a state Main Street program exists, it is ill equipped and not funded to support Portland’s commercial districts. The most successful urban Main Street programs, in Boston, Baltimore and Washington DC, are those that are autonomous from state programs.

3.3 Green Main Streets	Responsible Parties
<b>Action 3.3.1:</b> Establish Portland Main Street Advisory Committee	PDC, APNBA, ONI, BPS, PBOT Oregon Main Street

Portland has a robust neighborhood business network in the Alliance of Portland Neighborhood Business Associations. Representatives from APNBA would join public participants and neighborhood associations to form an Advisory Committee to oversee the creation of the program guidelines, including the type of support that the program will offer, criteria for districts to participate, the sustainability element of the program, application process, selection of applicants and oversight. These guidelines will cumulate in the creation of a Portland Main Street manual that can be used to implement and manage the program.

3.3 Green Main Streets	Responsible Parties
<b>Action 3.3.2:</b> Identify seed funding and on-going program financial support.	PDC, APNBA, ONI, BPS, PBOT, Oregon Main Street

Concurrent with the work of the Advisory Committee, staff will develop a financing plan and budget for the Main Street program. One-time seed funding will be explored to kick-start the program and sources for on-going city financial support will be identified. Staff will report to the Advisory Committee the estimated match that will be required for business districts to participate. Staff will also begin to lay the groundwork for corporate sponsorship of districts and the framework for establishing Economic Improvement Districts.

3.3 Green Main Streets	Responsible Parties
<b>Action 3.3.3:</b> Contract with the National Trust for Historic Preservation’s Main Street Center and coordinate with the Oregon Main Street program for guidance and training.	PDC, APNBA, ONI, BPS, PBOT, Oregon Main Street

When initial funding has been identified, staff will work with Oregon Main Street and the National Trust to outline a scope of services for assisting Portland with creating the program. Though the final scope

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that have been actively involved in Main Street for more than a decade. In addition, it includes investment of communities of a wide variety of sizes and in all parts of the country.

will be determined after negotiations, the contract should include initial implementation steps and technical services for the first districts that participate.

Portland's North Northeast Business Association (NNEBA) is already participating in the Oregon Main Street program, and other districts are either expected to apply or are interested. Coordinating with the Oregon Main Street program will allow Portland to participate in the budding Main Street initiatives that are being undertaken by NNEBA and other districts. Another benefit of the coordination with the state program will be to leverage training opportunities for staff, Advisory Committee members, and APNBA members to begin developing the capacity to implement the program.

## **Implementation**

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### **Roles and Responsibilities**

#### *Economic Cabinet*

The Mayor has established an Economic Cabinet comprising leaders from all facets of the local economy. The cabinet has representatives from the city's target clusters, plus other key sectors and economic drivers, including tourism, entertainment, and professional services. The cabinet also includes representatives from organized labor, academia, government, and a range of business and labor associations.

The Mayor's Economic Cabinet will advise on the formation and implementation of the strategy and provide feedback on the city's progress in meeting the objectives of the strategy. In addition, the cabinet will establish two committees to provide more focused oversight on the implementation of the strategy:

Strategic Oversight Committee – This committee will advise on key decisions during the implementation of the strategy and will provide accountability for meeting the objectives of the strategy.

Investment Committee – This committee will champion the resource development plan for the strategy on behalf of the cabinet and work with the city to identify promising funding opportunities.

The cabinet will also contribute members to target industry subcommittees that will form as part of the cluster organizing process for each of the target industries. These subcommittees will serve a variety of functions, including establishing priorities for target industry workplans, serving on industry skill panels for workforce development and assisting in retention and recruiting efforts.

#### *Mayor's Office*

The Mayor's Office is responsible for establishing and updating the strategy and providing oversight to the implementation of the strategy. While the Mayor's Office is not an implementation entity, the Mayor is accountable for the results of the strategy, and as such must ensure that coordination occurs among the range of entities with roles in the strategy.

PDC is responsible for the day-to-day staffing of the strategy development and for the development and coordination of the implementation plan. Upon completion of the plan, PDC will direct the negotiation and drafting of the necessary intergovernmental agreements and memoranda of understanding between the entities responsible for particular elements of the strategy. PDC will retain lead responsibility for the implementation of the action steps related to the Competitiveness and Neighborhood Vitality sections of the strategy and will collaborate with the Bureau of Planning and Sustainability (BPS) regarding the implementation of the Innovative Urban Setting action steps.

### **Funding Plan**

Without adequate resources, this ambitious strategy will not be successful. This strategy requires funding for basic economic cluster and industry support strategies, as well as the investment capital critical to cultivate business innovation and human capital necessary to compete in a 21<sup>st</sup> century economy. By identifying the resources to fund this strategy, Portland can establish “first mover” status and take a new position of leadership in extracting economic advantage from innovative new policies that promote local sustainability.

An examination of development resources in Portland relative to peer cities indicates that Portland’s peer cities have more generous, long-haul revenue streams and more flexible tools to support economic development.<sup>38</sup> Portland’s peer cities employ a variety of available financing tools and strategies to develop and support the entrepreneurial culture and industry innovation that encourages business attraction, development, and retention. An effective funding strategy should provide:

- a. reliable multi-year operating support for the key initiatives in the strategy, including work supporting job growth in target industries and thriving small businesses, promoting international trade; assisting small neighborhood businesses,
- b. a range of innovative debt products to finance the growth of existing businesses and serve as incentives for attracting firms to the city; and
- c. investment capital for start-up and emerging businesses in target industries and those identified through economic gardening
- d. strategic investment funds to jump start new programs and facilitate collaboration among existing programs, particularly for workforce development and research and development initiatives;
- e. financial incentives through regulations and policies designed to promote growth within target industries and firms adopting sustainable business practices.

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<sup>38</sup> The Portland Development Commission hired FutureWorks and Impresa Consulting to analyze economic development funding in other cities similar in size and objectives. The study focused primarily on the cities of Boston, Denver, Austin, Minneapolis and Seattle, and the findings are summarized in the report, *Comparative Research on Funding Tools and Financing Mechanisms for Economic Development*, March 15, 2009.

### Estimated Financial Requirements

The estimated financial requirements to implement the strategy are summarized below. The projected expenditures are separated into three categories: 1) programs, which include all cluster organizing, business assistance, workforce development and collaborative work with other institutions such as PSU or Oregon BEST; 2) Recruitment includes the staff time and incentive amounts that are offered to firms expanding in or relocating to Portland; and 3) Strategic Initiatives, which includes the catalytic redevelopment projects that are contained in the strategy.

<i>in millions</i>	Year 1	5 yr Total	Annual Avg
Programs	5	35	7
Recruitment	14	70	14
Catalytic Initiatives	8	276	55
Total	27	381	76

### Resource Development Plan

To meet the funding needs of the strategy, the city will work with public and private sector partners to pursue increased economic development funding from following sources:

1. Increased general fund appropriations for economic development – Despite the pressures on the city’s general fund due to a precipitous drop in the city’s revenue base, the city must be committed to provide annual appropriations for economic development into line with peer cities. Cities that depend on general fund appropriations to finance economic development, such as Seattle and Denver, Minneapolis and Austin, receive between \$4 and 7 million annually, which exceeds the proposed \$3.5 million in the city’s 2009-10 budget for economic development.
2. Permanent revenue streams dedicated to economic development – Appropriations from the city’s general fund, even at increased levels, will be insufficient to finance the implementation of this strategy. Cities with robust economic development programs enjoy predictable funding due to established revenue streams dedicated to economic development. These revenue streams are the result of a long term perspective to asset management to that seeks to convert city-owned assets into annuity-like income generating properties. The city assets with the greatest potential to generate regular funding for economic development are:
  - City and PDC-owned real estate, which could be leased instead of sold to developers and property managers and generate predictable lease payments;
  - Public parking facilities and spaces throughout the city, which hold untapped revenue potential with the expansion of parking meters and the use of demand-based pricing for existing spaces; and

- The city's incremental gains in emissions reductions, which should have a dollar value under an emissions cap that can be realized through a sale under a cap and trade system or converted into a credit from the federal government.
3. City-sponsored or managed revolving loan and investment funds – The city should partner with professional loan and investment fund managers to establish targeted funds to provide growth capital to promising firms, including start-up and early stage companies. These funds could be capitalized with a combination of public and private dollars and managed in a manner that leverages public and private investment with debt and investment returns to grow the funds. Well-managed funds create additional resources for investment through repayments and realized returns on investment. The city will explore programs established by NYC Seed and Kentucky Highlands as models for investment funds with public missions, as well as the possibility of establishing a New Markets Venture Capital Company to access New Markets Tax Credits for investors in these funds
  4. Use of existing revenue collection mechanisms to fund specific elements of the strategy – The city and other local governments make use of established collection mechanisms to fund public priorities, including transit, housing, infrastructure, and open spaces. Traditional transportation and infrastructure funding mechanisms like Business Improvement Districts (BIDs), Local Improvement Districts (LIDs), System Development Charges (SDCs) can be adapted to finance district wide energy efficiency and sustainability projects.

Utility bills offer another mechanism to finance projects designed to produce returns or savings to property owners. Incremental charges on utility bills, which possess a reliable payment pattern, provide assurance to the city or other public purpose lender about the long term repayment of debt incurred to fund project costs.

5. Targeted procurement expenditures and investment of city investment funds - Cities with proactive economic development strategies make full use of city resources to grow their local economies. Procurement expenditures often represent largest single source of municipal dollars flowing to the private sector, and, if properly targeted, can help achieve economic development objectives. The city will review its procurement practices to identify opportunities to purchase products and services from targeted industry firms. The city will also explore opportunities to direct the investment of pension funds and other long term managed investments in a safe and prudent manner that facilitates growth in the local economy.