

Portland Economic Development Strategy

CLUSTERS

Overview

Portland's job growth efforts will focus on enhancing the competitiveness of businesses in four traded sector industry concentrations:

CLEAN TECH

ATHLETIC & OUTDOOR INDUSTRY

SOFTWARE

ADVANCED MANUFACTURING

RESEARCH &
COMMERCIALIZATION

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..

Implementation

PDC has researched best practices of supporting successful clusters, and has adopted the following framework as a guide to implementing the cluster plans of the Economic Development Strategy.

CLUSTER ORGANIZING FRAMEWORK

1. Investigate

- Establish criteria for selection
- Analyze local and national trend data
- Perform initial outreach to

2. Inventory

- Define cluster
- Inventory firms, organizations and institutions
- Identify leaders,

3. Convene

- Identify incentive for convening.
- Review & confirm cluster focus/scope, definition and participants
- Identify cluster needs, opportunities and obstacles
- Identify areas of strongest

- verify data conclusions
- Select clusters that have the most potential for growth

- innovators and trendsetters
- Identify key policies and practices impacting cluster
 - Create informal map of cluster ecosystem

mutual interest

Goal of these steps: identify and engage the cluster. Through engagement, confirm cluster focus/scope.

4. Diagnose

- Synthesize findings into a market analysis
- Select initial strategic interventions (e.g., workforce, trade, marketing, R&D)
- Develop action plan with stakeholders

5. Act

- Establish clear expectations and accountability for partners, including shared resources and staffing.
- Allow for cluster leadership to emerge
- Implement identified interventions

6. Evaluate

- Does the intervention support its intended goals?
- Does the intervention support job growth?
- Is the cluster self supporting?
- Are higher level interventions possible?

Goals of these steps: develop an initiative with cluster participants that they can take the lead in implementing, create growth in the cluster and create the conditions to assist the cluster to find a way to sustain itself.

IMPLEMENTATION

The success of this ambitious strategy requires a commitment to the implementation of the actions recommended by the strategy. The three elements to effective implementation are:

- An [implementation plan](#) developed in collaboration with partners throughout the region;
- A [funding plan](#) that meets the needs of the strategy and expands the sources of funding available for economic development;
- [Metrics](#) established upon adoption of the strategy and updated regularly to measure performance against the goals of the strategy.

Implementation Plan

The city will collaborate with public and private sector partners throughout the region to align goals and priorities between organizations and across jurisdictions, and establish an implementation plan to carry out the actions recommended by the strategy. Oversight of the implementation of the strategy will be managed by the Mayor's office in consultation with the Mayor's Economic Cabinet, as described below.



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 work plans, 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.

Portland Development Commission

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 Business Vitality sections of the strategy and will collaborate with the Bureau of Planning and Sustainability (BPS) regarding the implementation of the Urban Innovation action steps.

Funding

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 21st 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. According to [this study of economic development funding](#) [.pdf] in other cities similar in size and objectives, including Boston, Denver, Austin, Minneapolis and Seattle, 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:

1. 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;
2. a range of innovative debt products to finance the growth of existing businesses and serve as incentives for attracting firms to the city;
3. investment capital for start-up and emerging businesses in target industries and those identified through economic gardening;
4. strategic investment funds to jump-start new programs and facilitate collaboration among existing programs, particularly for workforce development and research and development initiatives;
5. financial incentives through regulations and policies designed to promote growth within target industries and firms adopting sustainable business practices.

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 the following sources:

1. More effective utilization of existing public expenditures in the region
2. Increased general fund appropriations for economic development
3. Permanent revenue streams dedicated to economic development, including
 - o 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.
4. City-sponsored or managed revolving loan and investment funds
 5. Use of existing revenue collection mechanisms to fund specific elements of the strategy, including Business Improvement Districts (BIDs), Local Improvement Districts (LIDs), System Development Charges (SDCs) and utility bills
 6. Targeted procurement expenditures and investment of city investment funds

Metrics

Goal/Objective	Measure
1. Competitiveness: Generate robust job growth through business success	Change in Portland employment
1.1 Grow traded sector jobs and firms in target industries	<ul style="list-style-type: none"> • Change in percentage of city jobs in target industries • Change in the number of firms and jobs in target industries
1.2 Expand demand for and investment in local companies through exports and FDI	Growth in foreign direct investment and regional exports
1.3 Support higher education institutions to increase innovation	<ul style="list-style-type: none"> • Approved patents in Portland • Engineering graduates from OUS system
1.4 Increase workforce training around targeted industries	<ul style="list-style-type: none"> • Enrollment and graduation rates from training programs • % of jobs in Portland that are filled by Portland residents
2. Urban Innovation: Foster urban innovation that leads to creativity and invention.	Commercial energy use per job, Portland
2.1 Create the next generation of built environment	Green buildings per 1,000,000 residents in Portland
2.2 Enhance the vitality of Central City	Change in population in Central City
2.3 Market Portland globally as leader in sustainability	Rankings of Portland among sustainable cities
3. Neighborhood Business Vitality: Achieve prosperity by stimulating economic activity	<ul style="list-style-type: none"> • Business start-ups in Portland • Increase in Median Household Income
3.1 Build local entrepreneurial capacity to innovate and compete globally	Employment growth among firms with fewer than 20 employees
3.2 Streamline support for small businesses with Small Business Portal	Ratings of Portland as a "good or very good place to do business"
3.3 Revitalize commercial neighborhood corridors	Growth in business receipts within defined districts