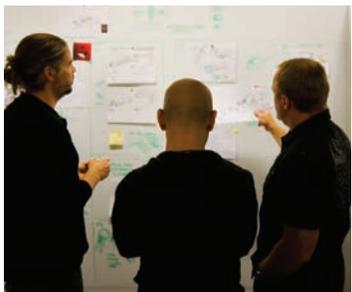




GREATER PORTLAND

Portland Vancouver Metropolitan Region Comprehensive Economic Development Strategy

December 2011



Comprehensive Economic Development Strategy (CEDS)

Importance of a Regional Strategy

A focused and unified action plan for job creation is the cornerstone of a successful regional economic development program. The Comprehensive Economic Development Strategy (CEDS) is our region's playbook for coordinated economic development. In collaboration with state and local partners, Greater Portland Inc culls through the actions and strategies occurring throughout the region to prioritize high-leverage activities that when executed together, are our region's most promising focus areas for job creation.

Summary of Key Data Findings

The Greater Portland region is positioned to be a national leader in economic growth by having a strong creative class of highly educated individuals, a leadership position in sustainability, a hub of international trade and export activity, a vibrant small business culture and four strong industry clusters:

- Clean Technology
- Traditional and Advanced Manufacturing
- Athletic and Outdoor Gear and Apparel
- Computer Electronics and Software

These attributes could be offset by the economic challenges that face the region—including the drop of per capita income to below the national average and the drop in wages paid by the traded sector—when compared to peer communities.

Primary Action Areas for 2012

In addition to being a key tool in our region's access to federal assistance from the U.S. Economic Development Administration, the CEDS provides a focused resource ensuring that the region's economic development partners invest limited resources in ways that create the most impact for moving our economy forward.

In 2011, the action plan includes 7 strategic focus areas, each with distinct actions and intended outcomes:

1. Align the Region's Economic Development Organizations and Initiatives
2. Coordinate Business Recruitment Efforts
3. Grow the Region's Distinctive Industry Clusters
4. Expand International Trade
5. Support Entrepreneurship and the Growth of New Ventures
6. Align Higher Education and Economic Development Priorities
7. Align Workforce and Economic Development Priorities

Role of Greater Portland Inc

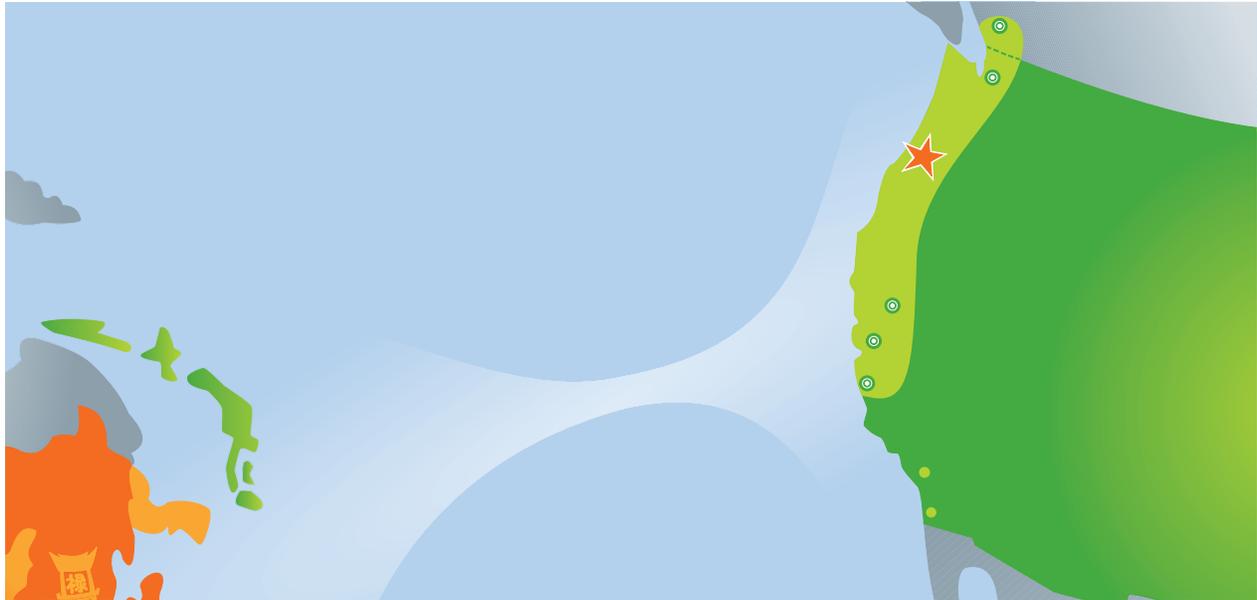
Encompassing Clackamas, Multnomah, and Washington counties in the state of Oregon and Clark County in the state of Washington, responsibility for facilitation and coordination of the CEDS process rests with Greater Portland Inc, who provides coordination and project management services to the region's "on-the-ground" implementation partners. As the region's public/private economic development partnership, Greater Portland Inc serves as the convener/facilitator role in order to provide:

- Better coordination among stakeholders, increasing effectiveness
- Operational efficiencies across agencies, reducing costs
- Dedicated resources driving implementation and execution

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I. Overview



The Greater Portland region, spanning two states and encompassing four counties (Clark, Clackamas, Multnomah, and Washington), has many strengths upon which to build a resilient, growing economy. The region boasts a highly educated population, an attractive lifestyle, and a strong entrepreneurial and small business climate, which has made it a magnet for young, creative talent. In addition, the region has a large manufacturing base and is strategically located on the West Coast and Pacific Rim. Its robust transportation, warehousing and logistics infrastructure gives the region access to fast growing world markets, such as China, and makes it one of the top exporting regions in the country.

There are a number of industries that are distinctive to the region that show a lot of promise for growth. In particular, Greater Portland has emerged as a national leader in urban sustainability and clean technology. The region has witnessed a veritable explosion of activity across companies, government, nonprofit organizations, and educational institutions, resulting in new green products, policies, programs and infrastructure. The region is also home to globally competitive companies in software, athletic and outdoor, and traditional and advanced manufacturing industries, some with a growing presence of headquarters in Greater Portland.

However, despite these strengths, the economic performance of the region has been falling behind in two important areas. Job growth has not kept pace with the growth of the labor force, which is expected to continue to grow by 11 percent over the next five years. That has led to an unemployment rate that has remained stubbornly high, above 10 percent in many parts of the region. Nor has the region kept pace with peer regions in leveraging its assets sufficiently to maintain its competitive advantage. Recent data show that the region's per capita income is not growing as fast as the nation and, when compared to its peer regions, Greater Portland is actually falling behind.

There is a growing consensus that the region will need to step up its efforts to create new wealth producing jobs, and be much more intentional, focused and strategic in how it goes about that. Continued investments in quality of life will need to be combined with more systematic investments in launching new businesses, expanding existing businesses, increasing exports and recruiting new businesses to the region.

Over the past five years, a number of business and economic development organizations—at the local, regional and state level—have developed plans to improve the region’s below-average employment growth and boost average wages and per-capita income. There are number of common themes that run through those plans. They include the need for more focus on traded sectors and international trade, the need for a more systematic and coordinated approach to growing distinctive industry clusters, a more systematic approach to supporting new ventures, stronger ties between higher education and economic development, and stronger ties between workforce education and economic development.

There is also a growing consensus on the need for a public-private entity at the regional level to develop an overall economic development strategy for the region and to oversee its implementation. That entity is now taking shape with the merger of Greenlight Greater Portland and the Regional Partners Council for Economic Development into Greater Portland Inc.

The timing couldn’t be better. Over the past five years, there has been growing acceptance of the need for a more coordinated and regional approach to revitalizing the economy. There is a growing awareness of the region’s strengths and challenges, and increasing consensus on where to focus.

Purpose of the CEDS

This Comprehensive Economic Development Strategy (CEDS) lays the groundwork for Greater Portland Inc’s (GPI) new regional economic development strategy. It provides an overview of the region’s economic health, identifies how the region is organizing and responding to current economic opportunities, and identifies the strategy areas and outlines an action plan to move forward as a region.

The CEDS is required by the Economic Development Administration (EDA) for designation of the region’s Economic Development District (EDD), which encompasses Clackamas, Multnomah, and Washington counties in the state of Oregon and Clark County in the state of Washington. It also fulfills one of the requirements for the EDD to receive continued federal assistance from EDA. It is a working document that will need to be adjusted as conditions and realities on the ground change over time.

CEDS process

The development of the CEDS was overseen by an advisory committee of regional leaders representing the public, private, and non-profit sectors. More than 51 percent of the advisory committee was made up of private sector leaders. The committee serves as a vehicle for public involvement and gives final approval to the CEDS. It also meets the EDA requirement to form a CEDS Strategy Committee. (See the Appendix for the list of committee members).

The host organization for the CEDS is Greater Portland Inc. GPI provided staffing and support to the advisory committee, technical expertise to the development of the report, and coordinated the process, production, and completion of the report. GPI also contracted with FutureWorks, an economic development research and public policy firm, to synthesize and analyze information contained in the report.

II. Economic Performance and Structure

A host of recent studies in Greater Portland identify a set of advantages and underlying challenges to the performance and structure of the regional economy. These studies—which include municipal-based economic development plans, industry cluster analyses, and reports on the regional economy—come to similar conclusions.

Promising performance

Greater Portland has a lot going for it. The region, which crosses two states and covers four counties, is a magnet for the “creative class.” It leads the nation, along with Austin, TX, in attracting and retaining 18- to 34-year-old talent, according to the Portland Metro Climate Prosperity Project’s “Greenprint” report. And new people keep coming into the region. According to the 2011 Greater Portland Prosperity Index, the region’s labor force is projected to grow by 11 percent in the five years between 2010 and 2015.

The region also boasts a highly educated population. Of those who are 25 years and older in Greater Portland, 500,000 have a bachelor’s degree or more. This is roughly one-third of the metro’s working age population, about 5 percentage points higher than the national average. A number of national publications, such as *The Daily Beast* and *CNN Money*, rank the region one of the smartest and highly concentrated with knowledge workers, leading to a highly productive workforce.

The region enjoys a stronger than average manufacturing base and one of the fastest growing international sectors in the country. It also has a vibrant small business sector, which accounts for roughly two-thirds of the region’s net job creation. Furthermore, the Greater Portland economy has a number of strong traded-sector industries with clear prospects for growth. A slew of regional analyses has identified four industries in particular—clean technology, software, advanced manufacturing, and athletic and outdoor—as a common core across the region as a whole. These industries have demonstrated a strong correlation with the creation of new jobs and represent a healthy balance between manufactured products and knowledge-based services. They each

have a strong presence throughout the region and are concentrated beyond national norms; have demonstrated growth equal to or 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. In addition, there are already efforts under way to grow these industries at both the local and regional levels.

Clean Technology

Greater 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. That starts with Oregon’s leadership; it is consistently ranked as one of the largest and fastest growing states for jobs in this sector. A 2010 report commissioned by The Pew Charitable Trust identified Oregon as first in total number of clean tech jobs and first in job growth in the industry over the last ten years. The state’s highest concentration of those jobs is in Greater Portland. The City of Portland’s economic development strategy identified 31,000 jobs in the region that are part of this industry, with almost 77 percent of the firms employing 20 or fewer employees. In the city alone, average pay for these jobs is nearly \$25,000 per year higher than the average for all jobs.

A particular strength is the thousands of high paying clean energy jobs in the region. According to the Greenprint report, Greater Portland has the largest concentration of solar manufacturing firms in the country. It includes a myriad of 40 firms and is anchored by SolarWorld in Hillsboro. The region also boasts notable concentrations of green building and wind/wave energy firms,

including the North American headquarters of Vestas and Iberdrola. There is also a growing presence of market leading firms in environmental consulting and energy efficiency.

A distinct advantage and important reason for the clustering of these firms is the region's supply of experienced workers able to serve the industry. According to a regional cluster study, the region possesses a concentration of talent for renewable energy jobs that is 84 percent greater than similar sized regions and a concentration of talent for environmental services and recycling jobs that is 43 percent greater.

The regions support for renewable energy firms, aggressive policies to support renewable energy projects, expertise in manufacturing and our established cluster of leading energy firms position the region to capture additional investment and jobs in manufacturing, high tech and services that supply this industry.

Traditional and Advanced Manufacturing

A significant part of Greater Portland's traditional and advanced manufacturing industry is driven by businesses involved with metals and transportation equipment. These firms utilize high technology tools, including engineering and computing, for the purpose of producing a product or part, or for enhancing manufacturing capabilities. The region's metals manufacturing expertise serves as the foundation for additional niche clusters that include recreation, aviation and military. Beyond these segments tied to metals and transportation, the region has concentrations of firms in electronics and advanced equipment manufacturing. And, advanced manufacturing firms are strong partners in the region's sustainability culture, recycling more materials than any other industry.

In 2009, over 30,900 workers were employed in advanced manufacturing in the three Oregon counties, according to data from the Oregon Employment Department and a cluster study on

the segment. Add Clark County's jobs and there are roughly 40,000 total jobs in advanced manufacturing throughout the bi-state region. The average annual salary for this segment of manufacturing in the three Oregon counties is \$55,288, approximately 30% above the regional average salary of \$43,300. Regional employment contributed \$4.9 billion in regional payroll in 2007 and, according to the National Association of Manufacturing, the multiplier effect for manufacturing means that for every \$1 of manufacturing product sold, \$1.37 is invested in the local economy – a relatively strong effect.

Total employment for all manufacturing across the region's four counties, when combining both traditional and advanced manufacturing segments, exceeds 100,000 jobs. In part driven by these large job numbers, the productivity of its workers, and the relatively high wage structure of the industry, manufacturing represents a disproportionate share of the region's gross output. The Prosperity Index shows that in 2010 manufacturing's contribution to the gross regional product (GRP) will exceed \$22 billion – nearly a quarter of the area's economy, a 4 percent increase from 2009. Moreover, the industry is predicted to top \$33 billion in GRP by 2015. National data from IMS Global Insight goes on to forecast the five-year growth rate for all manufacturing jobs in the region to be 11.2 percent, higher than all other metros in the West.

Athletic and Outdoor Gear and Apparel

The athletic and outdoor industry includes firms that design, develop, manufacture, market, distribute and sell apparel, footwear and gear for active outdoor recreation. The region has long identified the companies that make up the athletic and outdoor industry as a signature cluster. It started with large anchors such as Nike, adidas, and Columbia Sportswear, but now represents over 200 firms that are located in the region and are part of every step of the cluster's business lifecycle.

A recent study on the industry by Joe Cortright, an economist with Impresa Consulting, shows that Greater Portland has the highest location quotient for footwear distribution and footwear manufacturing of any large U.S. metropolitan area. In addition, Oregon receives more patents for footwear than any other state.

The region's cluster strategy identifies a regional payroll of \$950 million from firms in the industry and total employment approaching 10,000 jobs. Athletic and outdoor firms across Oregon pay an average wage of more than \$80,000 annually. In Portland that annual wage is \$52,295. In Washington County, home to Nike's North American headquarters, it is \$128,096. Despite the large anchor firms that boost the prominence of the industry across the country, 92 percent of the firms in the region have 20 or fewer employees. Despite minimal growth nationally, the region's employment in the athletic and outdoor industry continues to grow.

Firms in the city benefit from a concentration of occupational talent related to the industry that is 45 percent larger than national average. Athletic and outdoor wear firms in the region also benefit from access to Asian markets and the region's outdoor and active lifestyle. Cortright's study also notes that the region's key domestic rivals include Los Angeles and New York for apparel and Boston for footwear.

Computer Electronics and Software

The Portland region enjoys a long history with large high-technology companies beginning with Tektronix and Electro Scientific Industries (ESI) in the 1940's. These two companies along with Intel have spawned dozens of spin-offs and start-up companies in recent decades making the Portland region a hotbed for software and computer electronics. Intel's Hillsboro site is the company's largest and most complex site in the world. It is a global center of semiconductor research and manufacturing and the largest private sec-

tor employer in the state of Oregon with over 15,000 employees. Other large, high tech employers include Triquint Semiconductor and Radisys Corporation. High tech employment (including hardware and software) is estimated at 60,000 employees.

On the software side, the region has concentrations in embedded software, web-based applications and mobile applications, as well as firms that specialize in search engine marketing and optimization as well as email marketing.

There are 19,000 software technology jobs in the region in more than 1,400 firms. Most of these firms are small companies, with 90 percent of the industry made up of companies with 20 or fewer employees. The industry boasts an average annual wage of \$67,764 and total payroll for the industry reaches \$3.2 billion each year in the region.

The industry benefits from the region's designation as the unofficial home of the open source software movement and the presence of the Open Source Lab at Oregon State University, along with a strong statewide software association. The region's concentration of software talent is 20 percent larger than the nation, the cluster analysis shows, and its workers are attracted to the region's well-regarded quality of life.

International Trade and Export Activity

International trade and exports also play a significant role in the economy in the region. Trade and exports benefit from the region's West Coast location, major ports with multi-modal marine, rail and truck freight facilities, access to global markets, and a diverse range of goods and services specialized to serve international trade. As part of its analysis of the international connections in the region for the Clark County Economic Development Council, TIP Strategies identified the foreign operations of local firms in Greater Portland as spread across 59 countries. Mainland China is the most popular destination for local firms investing abroad, but local companies also

have significant footholds in Japan, Canada, and Germany. The highest contributing industry to international trade is computers and electronics, in particular semiconductors. Other contributing industries with high concentrations of the region's export market include: intellectual property, heavy manufacturing (metals and transportation equipment, machinery), professional & technical services, agricultural products and wood products, and travel and tourism.

The job benefits of international trade and exports are huge. The Brookings Institution's Export Nation report estimates that, with the inclusion of both products and services, nearly 126,000 jobs were tied to exports in the region in 2008. Varying sources rank the region 12th or 14th nationally in the amount of export trade value generated from the region. Roughly 20.6 percent of the Greater Portland's gross metro product (GMP) is export based. That share puts the region 2nd nationally in terms of exports as a proportion of gross metropolitan product, according to The Trade Partnership, a national firm that analyzes the impacts of trade policy. In a report on International Trade, the same firm asserts that Greater Portland experienced the second fastest growth in exports of all metropolitan areas from 2003 to 2008.

Exports boost wages as well. National studies show workers at exporting firms earn wages 9 to 18 percent above those wages for workers at non-exporting firms. Another report states that Oregon is the 9th most trade dependent state in the nation with exports totaling \$16.5 billion.

Vibrant Small Businesses

Greater Portland has a strong small business presence lodged in each of its important traded-sector industries, as well as international trade. A recent report on small business identifies close to 10,000 small, growth oriented companies in the region with 10 to 100 employees operating in the traded sector. But small business also cuts across other industries and economic activity in the region. Data collected by the U.S. Small Business Administration shows that, as measured by monthly new business formations, Greater Portland is one of the most active regions in the U.S. for entrepreneurial activity. More than half of Oregon's employees are in small business, a proportion of small business employment that was high enough to be in the top 10 across the country.

Other data support the importance of small business in the state and region. Data from the U.S. Census business dynamics database establishes that businesses that had fewer than 250 employees accounted for 66 percent of the net job creation in Oregon between 1977 and 2005. And further analysis of these data shows that business in the city of Portland is even more highly concentrated among small firms. Over 95 percent of Portland's businesses have fewer than 50 employees, and nearly three quarters of net new jobs in Portland are created by small business.

III. Economic Opportunities and Challenges

Greater Portland is a region with many of the attributes for economic success. The region enjoys a unique balance of traded-sector industries, international trade and exports, and small business. The region has pursued smart strategies of supporting public transit, walkable neighborhoods, industrial sanctuaries, and high-density, mixed use development. It pursued sustainability before sustainability was hip and has a sizzle envied by many. Quality of life attributes like these helped to make Greater Portland an attractive environment for educated workers and creative entrepreneurs to live and work in the region, and businesses to come and stay.



Need to do more and better

But these attributes are not sufficient to guarantee continued growth and competitiveness in the region. The region has begun to fall behind its peers in income and wage growth. Analysis by ECONorthwest shows that in the early 1970's Greater Portland's wages and incomes largely mirrored those of the Seattle, Minneapolis-St. Paul, and Denver metro regions. But fast forward to today and wages in the Portland metro region are 4 percent below the national average for all metropolitan areas and 10 percent below the Minneapolis metro, 13 percent below the Denver metro, and 17 percent below the Seattle region.

Moreover, the region lost ground relative to its peer metros in wages paid by traded sector firms, those firms that sell goods and services outside the region, bring wealth back to the metro, and tend to raise the standard of living for all resi-

dents. From 1997 to 2007, the average annual wages paid by the Greater Portland's traded-sector firms stayed flat, remaining at about \$52,000 in real 2007 dollars over the ten years. In contrast, real wages for traded-sector jobs in the Seattle metro jumped nearly \$7,000 during that same time and real wages for traded sector jobs in the Minneapolis and Denver metros also increased.

The region's per capita income has also fallen below the national average and is declining relative to its peers. Since 2007 Greater Portland's per capita income has been pushed lower than the national average and is 21 percent behind the Seattle metro, a \$10,000 per year difference, and 16 percent lower than both the Denver and Minneapolis metro areas.

Finally, the region's leadership position in sustainability has not fully materialized into enough jobs to support the region's social needs. And

other regions are vying to be the next leaders in sustainability to capture the economic benefits. As the “Greenprint” report notes, these competitor regions are committing capacity and resources to aggressive plans with the intent to pass Greater Portland by.

Taken in isolation, any one of these trends might not be cause for concern. But taken together, they have begun to move leaders to a growing consensus that the region needs to step up its efforts to grow wealth producing jobs, build a business environment in which traded-sector and export-oriented companies can thrive, and brand the region to raise its national and global profile to compete.

Infrastructure that supports growing jobs

Fortunately, Greater Portland has a long history of regional coordination and collaboration that has built regional infrastructure to support this new imperative to grow jobs. The region has one

of the nation’s most comprehensive transportation and land-use systems. It has comprehensive plans for housing and transit oriented development already in place. And it is in the process of creating an inventory of industrial lands that will include an assessment of site readiness for new industrial growth.

Public and private investments to boost the region’s infrastructure are vital to supporting job growth. These investments build the roads and port infrastructure that allow traded sector firms to export their goods outside of the region. They create the districts of high density, built environment that facilitate the efficient exchange of ideas and information, and growth of networks of people, that are critical to growing clusters of specialized industry. They help prepare previously unusable industrial sites for firms looking to expand or locate in the region. And they create the housing and transit options that boost access to jobs and worker productivity. In short, these investments play a critical role in the region’s efforts to create new wealth producing jobs. (See diagram).

JOB CREATION AND ECO DEVELOPMENT INFRASTRUCTURE



IV. Response of the Region

Since the last CEDS in 2005, a number of business and economic development organizations across the region have put together plans to promote job growth at the local, regional or state level. Those plans are remarkably consistent, with several common themes.

More focus on traded sectors

A consistent and central theme in economic development plans throughout the region has been the importance of focusing on traded sectors – the sectors that export their products and services to other U.S. states and to other countries around the globe. Currently, most companies in the region are in the local sector, where they sell their products and services exclusively or primarily to local customers and face little direct competition from out of state. By selling products and services to customers outside the region, the traded sector brings in fresh dollars that can then be used to expand the local economy.

To achieve sustainable economic growth, the region needs a healthy balance between growth in the local and traded sectors. The Oregon Business Plans going back to 2003, as well as the 2006 Regional Business Plan, have called for greater focus on the traded sectors to boost overall economic performance. That call has been picked up by others throughout the region.

Identification of distinctive industry clusters

A related theme is the importance of focusing limited resources on growing particular industries. Research and experience elsewhere shows that the best way to support growth of traded sectors is to focus on clusters of industry that are distinctive to the region and that show the most promise for growth. By targeting particular industry clusters, the region can better coordinate disparate efforts to make more efficient use of scarce resources, capture synergies in otherwise unrelated activities, and organize initiatives that go beyond traditional business assistance.

Numerous studies of Greater Portland region have found that the region has unique advantages and high concentrations in clean tech and sustainability, software, traditional and advanced manufacturing, and athletic and outdoor wear. However, it is not enough to simply identify which clusters have the most growth potential. The region has realized that it needs to take a more systematic approach to growing these industries for them to realize their full potential.

In 2009, the Portland Development Commission conducted a study of global best practices to support industry clusters, then developed a framework for a more systematic approach to supporting growth in the four distinctive clusters. The framework outlines a number of steps for identifying and engaging firms within each cluster, and through this process, developing a more in-depth understanding of the structure and dynamics of that particular industry. The framework then focuses on developing an initiative with cluster participants that supports the sustainable growth of the industry. This more systematic approach has led to deeper knowledge about each targeted industry, easier identification of business needs and gaps in services, better targeting and sequencing of public investments, and better coordination of effort across different programs and across the region.

The systematic approach to targeting and growing key industry clusters is especially critical for a market like Greater Portland; leaders recognize that limited resources require selective investments in the groups of firms that demonstrate the most promise of growth. That is why plans and leaders have consistently coalesced around regional targeting of the clean tech and sustainability, software, traditional and advanced manufacturing, and athletic and outdoor wear industry clusters distinctive to the region. The focus on building these four industry clusters doesn't

preclude attention on other industries, but selecting and focusing effort on a few high priority clusters holds a lot of promise for accelerating job growth if adopted on a larger scale throughout the region.

More coordinated approach to growing targeted industry clusters

A third common theme is the need to take a more coordinated approach to growing targeted industry clusters. Although there is considerable agreement within the region about which industries to focus on, efforts to promote the growth of particular industries remain fragmented. More concerted action is needed to create linkages among key players around shared market interests, regional business planning and signature projects. This will be particularly true for the region to respond quickly to federal and state funding opportunities focused on targeted industries.

The clean tech industry is a good example. Currently, there are a myriad of programs in place across the region to support the growth of clean tech and sustainable development. Those programs are only loosely connected to each other.

In response, the Portland Metro Climate Prosperity Project has brought together key players from across the region to develop a roadmap for growing the clean tech and sustainability industries. Their “Greenprint” synthesizes the disparate initiatives that are currently under way throughout the region and outlines a set of strategies based on a scan of best practices across the country, as well as consultation with more than 200 business, higher education and workforce leaders from across the region.

That effort holds promise for a more coordinated and strategic approach to supporting the growth of other targeted industries.

More focus on international trade

A fourth common theme is the role of exports in growing traded sectors and boosting wages. The slow pace of economic recovery in the U.S. requires that the region look beyond its borders for new markets for its goods and services. With its strategic location on the West Coast and Pacific Rim, the Greater Portland region has access to the fastest growing world markets such as China, which is now the largest export market for the region.

Prior to the recession, exports of Oregon goods were rising at an average annual rate of more than 16 percent, led by manufacturing. During the past year, due to stepped up efforts across the region, exports have resumed growth at an even higher rate.

The 2010 International Trade Study by the Portland Business Alliance has refocused attention on the role of exports in growing the region’s economy. The City of Portland is currently developing an international trade strategy focused on identifying target markets for goods and services produced by their targeted industry clusters. Local elected officials and economic developers from across the region have made international business development a priority, and have participated in regionally coordinated trade missions to countries such as Japan, Germany and Spain. The region is also engaged in several initiatives to identify and assist companies seeking to enter new markets or increase sales in existing markets through participation in trade shows and trade missions.

In addition, the region is partnering with the Brookings Institution to develop a metro export plan focused on four key strategies: 1) leverage primary exporters in computer and electronics through secondary export; 2) catalyzing under-exporters, particularly in advanced manufacturing through account management services; 3) improving the export pipeline for small business through the development of an export “roadmap” and streamlined export promotion services; and 4) branding & marketing Portland’s global edge through the roll-out of the “we build green cities” platform.

The selection of Greater Portland as one of four metros in the nation to partner with Brookings will give the region access to technical assistance in developing better data that will help identify high-impact export opportunities. And it will provide a common strategy for stakeholders such as Greater Portland Inc, the Portland Development Commission, the City of Beaverton, the Portland Business Alliance, the Port of Portland, Port of Vancouver USA, the Metro Council, the Oregon Business Development Department, the Portland U.S. Export Assistance Center, and the Export Council of Oregon to utilize in a time of scarce trade resources.

More systematic approach to supporting new ventures

A fifth common theme is the need to take a more systematic approach to supporting the launch and growth of new ventures. Nearly three-quarters of net new jobs in the region are created by small businesses, and 95 percent of the region's businesses have fewer than 50 employees.

There is increasing attention being paid to the role that start-up companies play in net job creation. The ability of new ventures to successfully launch relates to the entrepreneurial environment, the availability of capital, supportive community structures, and barriers to entry in the market. Paying attention to the inputs that can drive startup costs, such as taxes, fees, and regulatory issues, can help create an environment where new firms have a better chance of getting off the ground and producing new jobs.

Since small and start-up businesses often lack the resources or expertise they need to get to the next level, it is also critically important to have systems in place to support them. Current efforts in the software industry, where 90 percent of firms have fewer than 20 employees, provide a model for what this might look like. Over the past year, there has been a concerted effort to put systems in place to support the growth of new software firms. To get a better handle on

the size, structure and employment growth potential for the industry, the Portland Development Commission conducted an in-depth study on the State of Entrepreneurship in Greater Portland.

The report is intended to inform strategic investments to support entrepreneurs, identify strengths and weakness of Portland in supporting entrepreneurship, measure the impact of entrepreneurs on Portland's economy and identify Portland's competitive advantage for entrepreneurs. The report includes an action plan focused on three strategic goals: 1) supporting startups as they scale: measurable job and revenue growth; 2) creating an entrepreneurship-friendly investment community; 3) increasing the commercialization of university technologies. The effort also includes the publications of an entrepreneurship and innovation "scorecard" to be updated annually to measure Portland's entrepreneurial health.

Examples of the region's entrepreneurial efforts include: the development of specialized mentorship programs to encourage the scalability of regional startups; the Portland Seed Fund, an investment incubator for early-stage startups across multiple industries; and the region's Jobs & Innovation Accelerator Challenge (JIAC) grant focused on clean tech commercialization, research and development and supply-chain integration.

Stronger ties between higher education and economic development

A sixth common theme is the need for stronger ties between higher education institutions and economic development efforts within the region. Studies show that higher education institutions can contribute significantly to a region's growth by introducing new technologies, by helping solve technological challenges faced by cluster firms, and by developing the talent that firms need to expand.

Oregon's research universities are increasingly focusing on technology commercialization, with support from the Oregon Innovation Council. The Council is a partnership between the state's private sector leaders and its research universities that provides assistance to emerging businesses in key industries through three signature research centers, financial assistance, technical assistance,

and R&D testing labs. The Oregon Built Environment and Sustainable Technologies Center (BEST) connects the state's building industry to its shared network of university labs at Portland State University, the Oregon Institute of Technology, Oregon State University and the University of Oregon, helping transform green building and renewable energy research into on-the-ground products, services and jobs. The Oregon Translational Research and Drug Development Institute (OTRADI) facilities at Portland State University provide university researchers and small biotech companies with access to previously out-of-reach drug discovery equipment and expertise, speeding up research and allowing companies and their ideas to remain in Oregon. Similar programs focused on building new Oregon industries around wave energy and electric vehicles, and bringing sustainable practices to the state's food processing industry, are also being developed.

Changes under way in Washington State are increasing possibilities for collaboration across the region. The Seattle-based Washington Technology Center is merging with Spokane-based Sirti to form Innovation Washington, a state-wide economic development agency responsible for taking a sector-based approach to bolstering technology enterprises, starting with clean energy, and providing a range of support services to young innovative technology companies in other industries. That organization is required to develop a strategic plan that lays out how it intends to better serve Vancouver, which is expected to include partnerships with WSU Vancouver.

A bi-state effort, the Manufacturing 21 Coalition through resources provided by region's Jobs & Innovation Accelerator Challenge (JIAC) grant, has organized the Northwest Collaboratory for Sustainable Manufacturing – a virtual partnership of engineering colleges at Oregon State University, Washington State University-Vancouver, Portland State University, Oregon Institute of Technology, and University of Oregon's Lundquist College of Business. It was created to mobilize multi-campus resources across the region to meet the applied research and technical workforce needs of manufacturing companies in the

region. The JIAC grant provides resources for 4-5 company-university teams to conduct research & development and initiate product diversification efforts to enable traditional manufacturers the opportunity to enter new, faster-growing markets.

As both Oregon and Washington State focus greater attention on innovation and the commercialization of new technologies, and universities in the Greater Portland region expand their research and commercialization activities, there is a growing need to keep track of who is doing what and where there are gaps that still need to be filled. There is also a need to coordinate across state lines and to identify ways to better leverage what already exists.

Stronger ties between workforce education and economic development

A final common theme is the need for stronger ties between workforce education and economic development efforts. For all of the efforts above to bear fruit, the region will need a workforce with the talents and skills required by firms in the targeted industries. Currently, the system for preparing that workforce is a fragmented collection of programs operated by public schools, non-profit organizations, job training organizations, community colleges, and higher education institutions. That makes it difficult to focus resources where they can make the biggest difference in growing the economy.

The three workforce boards in the region, Worksystems, Inc, Workforce Investment Council of Clackamas County, and Southwest Washington Workforce Development Council, are actively exploring ways to combine their efforts to better support the growth of targeted industries. They are experimenting with ways to gather accurate and timely information about labor market trends and dynamics within particular industries. They are looking for ways to more closely connect with employers within targeted industries to identify their most pressing workforce needs, and to work

with them to address those needs. And they are seeking ways to coordinate the efforts of the multiple providers of workforce education and training so their efforts can have a bigger collective impact on economic growth.

One form that is taking is the Business Services Partnership between the Columbia River Economic Development Council and the Southwest Washington Workforce Development Council. This Partnership brings together more than 30 public and non-profit business resource organizations that serve Clark County's businesses to better connect those businesses with low-cost resources to accelerate business expansion and job creation, focusing on collaborative business outreach, community stakeholder education, and innovative solutions to business challenges.

The partnership effort in Clark County provides a model for similar efforts in other parts of the region, and across the region as a whole.

Putting the pieces together

In addition to those already mentioned, there are a myriad of other innovative economic development initiatives under way across the region that hold great promise. One of those is the Economic Gardening program, launched by Regional Partners in partnership with the Oregon Micro Enterprise network and area economic development agencies, which provides resources to increase the efficiency and sales of small businesses.

As these and other economic development efforts and organizations have proliferated over the past several years, there has been a growing need for someone to put the pieces together at the regional level. That need is becoming particularly acute as resources to support these efforts are in increasingly short supply.

Four years ago, business leaders seeking to bolster recruitment of traded sector firms to the region formed Greenlight Greater Portland, a private-sector-led economic development initiative. From the outset, they recognized the need to work collaboratively and to coordinate closely with public and private sector economic devel-

opment professionals and programs across the region.

That private-sector group recently merged with the Regional Partners Council for Economic Development, a group of public-sector economic development professionals spanning the bi-state region. The intent is to combine public and private-sector economic development resources and efforts, and to focus them where they can make the biggest difference for the region as a whole. The merger won unanimous support from the boards of both organizations, and was strongly supported by local elected officials from across the region, several of whom will serve along with CEOs from across the region on the board of the new organization, Greater Portland Inc.

With this merger, all of the key players in regional business recruitment, retention, and expansion efforts will be at the same table. That will make it easier to market the region as a whole. And it will make it easier to set priorities for the region and to align local, regional and state plans in support of those priorities.

It will also make it easier to align business recruitment, retention and expansion efforts with transportation, land-use and housing policies. Metro, the only directly elected metropolitan planning organization in the country, has been instrumental in building this regional infrastructure to support economic development. The formation of Greater Portland Inc, the representation of Metro on its board, and a close working relationship between the two organizations holds great promise for a more comprehensive and coordinated approach to economic development, transportation, land-use and housing in the region.

V. Action Plan

Goal

The goal of the regional strategy is to increase the retention, growth and recruitment of companies that provide family wage jobs and increase prosperity for Greater Portland. This ambitious goal can only be achieved through regional collaboration and partnership among private and public institutions including business leadership organizations, industry associations, regional and municipal economic and workforce development agencies and institutions of higher education. Greater Portland Inc, the region's first-ever, public-private economic development organization was created to provide this multi-sector, coordination function.

Areas of Strategic Focus

The economic development priorities for the region are clearly defined by the themes common across the many different plans already in place. This action plan is framed by those themes and designed to strengthen and expand successful efforts that are already under way. Moreover, with limited resources for implementation, the plan is driven by the need to concentrate new regional effort on a select set of actionable, high priority strategies to create and retain wealth-generating jobs.

Governance

The regional economic development strategy is housed and managed by Greater Portland Inc, the region's newly designated public-private economic development corporation. It is important to note that Greater Portland Inc is not the implementation point for each strategic focus area. Each focus area is driven by designated

institutional actors in the region with responsibility for the design and implementation of specific strategic goals. GPI will serve as the implementation point for some of the identified focus areas as will other regional players including Business Oregon, Portland Development Commission, Workforce Systems Inc., industry associations, and institutions of higher education including Portland State University and Oregon Health Science University.

GPI is charged with facilitating and coordinating delivery of the regional strategy as a whole. In addition, GPI is charged with measuring and communicating overall progress toward stated goals. On an annual basis, GPI will report progress in achieving overall regional economic development goals. In order to serve this regional coordination and communications function, GPI must work closely with municipal economic development entities, industry associations and institutions of higher education to ensure the real time exchange of information regarding progress and/or setbacks in each designated focus area.

Strategic Focus Areas

The regional economic development strategy is defined by seven strategic focus areas:

1. Align the Region's Economic Development Organizations and Initiatives
2. Coordinate Business Recruitment Efforts
3. Grow the Region's Distinctive Industry Clusters
4. Expand International Trade
5. Support Entrepreneurship and the Growth of New Ventures
6. Align Higher Education and Economic Development Priorities
7. Align Workforce and Economic Development Priorities



The following section summarizes each strategic focus area, highlights key actions and implementation steps, and identifies existing background strategies and documents specific to the focus area. It is important to note that many of the strategic focus areas overlap and are complimentary. For example, increasing exports and supporting entrepreneurship cut across all of the region's core industry clusters. Similarly, research and commercialization of new technologies are core themes for entrepreneurship and higher education.

1. Align the Region's Economic Development Organizations and Initiatives

The region's private/public economic development partnership's (Greater Portland Inc) strategic plan explicitly recognizes the importance of the CEDS as a unifying document around which the region's economic development stakeholders, organizations and initiatives can be aligned. This continued alignment will result in:

- Increased efficiencies and elimination of redundancy.
- More effective deployment of financial resources to maximize tangible outcomes.
- An increase in the ability to measure program effectiveness and assess impact.
- Enhanced coordination and collaboration during implementation.

Key Actions

1. Define and implement a go-forward annual CEDS assessment and update process that is regionally inclusive, transparent, and data-driven and results in an action-oriented and measurable plan that produces tangible results. The annual Great Portland Inc Economic Summit will provide an opportunity to report out on the performance against goals within the CEDS.
2. Create a regionally accepted "dashboard" of regional economic indicators for inclusion in each future CEDS update and against which the region will measure its long-term economic progress.
3. Implement an annual cluster performance report assessing current and emerging economic clusters to ensure that the region's CEDS and strategic initiatives are informed by timely, data-driven research.
4. Establish a working memorandum-of-understanding between the CEDS's implementation partners to ensure clear delineation of roles and responsibilities during implementation.
5. Identify and prioritize key regional infrastructure projects within the CEDS in order to more effectively compete for federal resources. Develop and implement a recurring process as part of the annual CEDS assessment and update that keeps this prioritized list current and focused on project with large regional impact.

Key Background Documents

Greater Portland Inc 2012 Annual Work Plan

Columbia River Economic Development Council Strategic Plan

Portland Pulse

2. Coordinate Business Retention and Recruitment Efforts

The creation of Greater Portland Inc positions the region to align its business recruitment efforts in order to proactively market Greater Portland to identified industry cluster firms at the national and global level. In partnership with local and State agencies as well as private sector executive leadership, Greater Portland Inc's annual work plan explicitly calls out business retention, expansion, and targeted recruitment as its core value proposition and has begun building the infrastructure required to professionally and objectively execute this important regional priority.

Key Actions

1. Transition the regional in-bound leads program currently housed at the Portland Development Commission to Greater Portland Inc.
2. Build a proactive and regionally coordinated business retention and expansion program in which Greater Portland Inc provide logistical infrastructure support to local partners working to retain and expand key businesses in their community.
3. Build a focused and regionally coordinated targeted recruitment program in which Greater Portland Inc unifies local and State efforts to identify high-potential prospects and actively recruit them to the region.
4. Support Greater Portland Inc's efforts to unify the region's marketing and branding efforts, effectively communicating the region's value proposition for businesses in target industry clusters.
5. Promote site readiness, particularly large parcels for catalytic investments of cluster firms. Identify specific actions from the large lot study to be implemented in 2012.

Key Background Documents

Greater Portland Inc 2012 Annual Work Plan

Regional Industrial Lands Inventory Findings

3. Grow the Region's Distinctive Industry Clusters

Over the past several years, strong consensus has emerged regarding the region's competitive industry clusters. The region has adopted a cluster organizing approach that starts with research and analysis on each cluster and results in an implementation action plan to support the growth and vitality of each cluster. Each cluster strategy is in a different stage of development.

Key Actions

1. Clean Technology: Accelerate the region's national and global reputation as a clean technology innovator, building on the 2011 Greenprint and the We Build Green Cities campaign. Strategic efforts include growing and diversifying the regional clean technology supply-chain and the rollout of the region's "We Build Green Cities" branding and export promotion campaign.
2. Athletic & Outdoor: Support implementation of the four key action areas identified in the region's 2010 A&O cluster report: Leadership/Innovation; Talent; entrepreneurship/community; and branding.
3. Software: Support implementation of the three key action areas identified in the region's PDX 11 software cluster report: finance; mentoring; and knowledge networks. Support strategic marketing and branding of the software industry and the region's unique competitive advantages.
4. Advanced Manufacturing: Support the implementation of the goals of the Jobs and Innovation Accelerator Challenge grant and the Brookings Study (Greater Portland Metropolitan Export Initiative). Support further definition of advanced manufacturing within the region including increased clarity regarding the direction and goals for the cluster.

Key Background Documents

The Portland-Vancouver Greenprint: A Clean Economy Roadmap for the Metro Region
http://www.pdxinstitute.org/images/posi_publications/greenprint_final_jan11.pdf

We Build Green Cities <http://webuildgreencities.com>

Athletic and Outdoor: A Signature Industry for the Portland Metro Region
<http://pdxeconomicdevelopment.com/docs/activewear/Athletic-Outdoor-A-Signature-Industry.pdf>

A&O Advisory Committee Action Plan
<http://pdxeconomicdevelopment.com/docs/activewear/AO-Objectives-Diagram.pdf>

PDX 11 Website <http://pdx11.org>

SAO Strategic Plan

4. Expand International Trade: Metro Export Initiative

Greater Portland is one of the largest and fastest growing export economies in the United States, with its growth being highly concentrated in manufactured goods (as opposed to services). In 2011, the Portland metro was selected through a competitive process to participate in the Metropolitan Export Initiative, a program of the Brookings Institution Metropolitan Policy Program to study and subsequently craft a tangible plan to bolster the region's exports. The assessment included a comprehensive survey of 258 firms, 30 one-on-one company interviews and 10 interviews with export service providers.

Key Actions

1. Complete the region's metropolitan export initiative (MEI) and determine a feasible implementation plan that identifies funding needs, key actions, key implementation partner roles and responsibilities, and timelines.
2. Secure funding support to launch and maintain initiative, then transition to Greater Portland Inc to serve as ongoing convener for the region's implementation partners.
3. Invest in critical regional transportation infrastructure, particularly those facilities that improve the movement of freight and products of the traded sector industries.

Key Background Documents

International paper commissioned by PBA

Brookings November 3 Power Point presentation

Brookings MEI "Road show" Strategy Presentation

Greater Portland Inc 2012 Annual Work Plan

5. Support Entrepreneurship and Growth of New Ventures

The Portland metro region is characterized by a growing focus and commitment to entrepreneurship and new ventures. The last two years have seen an increase in the number of entrepreneurial incubators taking root in the region as well as an uptick in venture capital. In 2011, the Portland Development Commission published a report entitled, “The State of Entrepreneurship” that compares Portland’s entrepreneurial environment to benchmark regions. This assessment has led to an action plan focused on four strategic goals.

Key Actions

1. Continue implementation of those actions identified in the State of Entrepreneurship study, conducted by PDC on behalf of the region in 2011:
 - a. Coordinated, cohesive system to support scalable startup businesses;
 - b. Attract outside investment and increase local access to capital;
 - c. Create more entrepreneurial culture and collaboration around research and commercialization with Oregon universities;
 - d. Gauge and report on indicators to demonstrate Portland’s progress in supporting and nurturing entrepreneurs.

Key Background Documents

Regional Entrepreneurship Scorecard: Portland, OR

<http://www.portland4biz.com/sites/default/files/documents/Entrepreneurship-Scorecard-web-version.pdf>

Entrepreneurship Action Plan: Portland, OR <http://www.portland4biz.com/sites/default/files/documents/Action%20Plan%20for%20Entrepreneurial%20Support%20in%20Portland.pdf>

6. Align Higher Education and Economic Development Priorities

Institutions of higher education have a significant role to play in the region's economic development through workforce development, technology transfer and commercialization, entrepreneurship, applied economic research and technical assistance to local industry. Recently, the region's institutions of higher education begun to articulate their role as engines of economic growth and are partnering with industry on many levels to support industry cluster development.

Key Actions

1. Form a higher education-economic development work group under Greater Portland Inc with the objective of identifying tangible and relevant initiatives (both short-term and long-term) for the region to pursue.
2. Work to align ongoing or identify needed economic development research initiatives across institutions that help connect with private sector job creation needs and long-term cluster assessment and tracking.
3. At Greater Portland Inc, develop a central repository for all regional economic studies.

Key Background Documents

PSU Economic Development Strategy

PSU/OSHU Strategic Alliance Power Point

Greater Portland Inc 2012 Annual Work Plan

7. Align Workforce and Economic Development Priorities

In full appreciation of the unique local jurisdictions that comprise the region, there are significant advantages to building a regional approach to workforce development and talent management. To this end, the Workforce Investment Boards representing the Portland-Vancouver Metropolitan Area have developed a unified approach to serve industry, support economic development and guide public workforce investments. They are committed to assuring alignment, coordination and accountability in all efforts and prioritizing a collective response when it is in the best interest of the workers and businesses of the region.

It is the role of the local jurisdictions and regional businesses to support this partnership and ensure alignment of the economic development priorities for the region. To that end, Greater Portland Inc will participate on the board of the workforce collaborative.

Key Actions

1. The super structure of the Columbia Willamette Workforce Collaborative to be in place by February of 2012.
2. Ensure that regional economic development will be represented in the leadership of the Columbia Willamette Workforce Collaborative.

Key Background Documents

Alignment agreement for workforce investment boards document

Metropolitan Portland-Vancouver Workforce collaborative document

Appendix A: Reports and Studies Reviewed and Referenced

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Appendix B: Economic Development District Board and Strategy Committee

Economic Development District Board of Directors

Tom Hughes, chair Metro council president
Erik Andersson, PacifiCorp
Bernie Bottomly, Portland Business Alliance
Jeff Cogen, Multnomah County commission chair
Erin Flynn, Portland State University
Jeff King, City of Forest Grove
Andrew McGough, WorkSystems, Inc.
John Mohlis, Portland Development Commission, Columbia Pacific Building Trades
Patrick Quinton, Portland Development Commission
Sean Robbins, Greater Portland Inc
Mike Weatherby, Mayor, City of Fairview

Strategy Committee

Erin Flynn, chair, Portland State University
Erik Andersson, PacifiCorp
Jeanie Ashe, Columbia River Economic Development Council
Bernie Bottomly, Portland Business Alliance
Kimberly Branam, Portland Development Commission
Chris Deffebach, Metro
Cindy Hagen, Clackamas County
Greg Ness, The Standard
Sean Robbins, Greater Portland Inc
Janet Young, City of Gresham

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