

# A Regional Economic Development Model

## Proposal

*December 9, 2010*





## The case

Those of us involved in economic development in greater Portland-Vancouver know that against the backdrop of an exemplary quality of life, the region also boasts economic assets that outshine those of our peers. These include concentrations in highly competitive industry clusters, a skilled and productive workforce, and affordability. The region makes a good home for business but the current economic environment is a reminder that our ability to capitalize on the region's strengths is largely dependent on creating a sustained and focused economic development effort for the long term.

The business case for Portland-Vancouver is little known outside of the region. What we typically learn from visiting site selectors and business leaders is that they come with some awareness of the region's quality of place but with no answer for the key question: Why bring business here?

In order to grow jobs in our region we need to get the word out that Portland-Vancouver is a great place to do business. The hard truth is that we are being outspent and outsmarted by economic development organizations that are better established, better coordinated and better funded than ours. And, no surprise, many are delivering success that we can only envy.

Business leaders in the Portland-Vancouver region recognized this some years back, and came to the table with Greenlight Greater Portland, a private-sector funded organization designed to market the Portland-Vancouver region for economic development. Bringing private sector resources to the table was a huge step forward, but the region continues to be challenged by insufficient resources to effectively drive a regional economic development program and a continuing need to better coordinate public and private economic development efforts.

We must do better. The future of our region demands it.

## The approach

Over the last year in greater Portland-Vancouver, many business leaders, elected officials and directors of regional economic development organizations have come together around the need for a unified, public-private, regional economic development effort.

To realize this vision, a new structure, building on the vision and activities of public and private leaders in the region and utilizing the brand created under Greenlight Greater Portland, is being proposed for an economic development corporation (EDC) that will serve as a regional "nerve center," responsible for setting strategy and executing on an agenda to



deliver jobs and wealth to the region. Guided by a regional leadership council of private-sector executives, university presidents and elected officials such as mayors and county commissioners, the EDC will drive a strategy focused on traded-sector industry growth and high-skill, high-wage job creation and retention.

The regional EDC will not replace municipal functions nor duplicate research or marketing efforts already in place. Rather, it will leverage regional financial and human resources and work in partnership with regionally focused institutions and municipal governments to deliver on a coordinated and ambitious economic development agenda.

The new public/private partnership will focus on economic development, marketing and research activities. Clearly, these efforts will shine the light on public policy issues that impact the ability to retain and attract jobs, such as land availability, transportation infrastructure, tax policy, and education and workforce training issues. The new entity will not act as a lobby organization, but instead will partner with established public policy advocacy groups and public agencies to address issues in the appropriate forums. Business advocacy partners will include the Portland Business Alliance, the Westside Economic Alliance, the Clackamas Business Alliance, the East Multnomah County Business Alliance, Identity Clark County, Associated Oregon Industries, Oregon Business Council and many others. It is important that the new entity management maintains a close working relationship with the policy advocacy groups and appropriate public agencies so that the fundamental link between policy decisions and job creation is recognized and addressed where appropriate.

A leadership council consisting of public and private executive level leaders throughout the region will govern the EDC. Consistent with most successful EDCs benchmarked around the country such as Austin and Minneapolis, the goal of this new Board structure is to create a forum for public and private leaders to coalesce around a compelling economic development strategy that provides a relevant and affirmative response to the very challenging current economic conditions. These efforts will be anchored by specific performance measures (for example, job retention and creation, increase of per capita income, increase of traded sector and private sector jobs etc.) to be established in the first six months of 2011. These results will be actively monitored and communicated.

Current dues and services levels will stay intact during the transition period with a future proposal that Board members will commit to a minimal dues level of \$25,000 from their respective organizations and the organization will undertake active efforts to create broad regional representation. It is anticipated provisions will be made for inclusion of smaller organizations such as pooling resources to meet the minimum level of investment. Consistent with most other regional EDCs it is also recommended that the board retain a private sector



majority, as it is widely understood that private sector executives provide a highly credible and effective voice to other company executives considering making an investment in the region. Below is a more detailed description of a recommended private/public governance structure.

The business plan outlined here builds out the functional areas of the EDC, providing a baseline model budget including specifics on operational, staffing and budgetary needs. (These areas of functionality were earlier outlined in a straw proposal circulated in the winter and spring of 2010 and agreed to by the respective boards at Greenlight Greater Portland and Regional Partners.)

The EDC will focus on these key areas:

- Economic research and strategy
- Business development (recruitment, retention and expansion)
- Marketing and branding
- Networking and best practices

It is anticipated that once the respective boards come to an agreement to proceed, a Launch Team comprised of members of the Greenlight Greater Portland and Regional Partners boards will be formed to rapidly develop a transition plan, build initial key performance measures and recruit a CEO for the new organization.

### **Areas of focus**

**Research and strategy:** The EDC will establish a regional economic development strategy that is well informed by economic, demographic and benchmarking research and incorporates as well as informs sub-regional strategies developed by local jurisdictions. The strategy will provide a blueprint for job creation and economic growth and will drive the business plan, budget and fundraising for the organization. In drawing on partner organizations' capabilities, the EDC will provide a one-stop shop for generating data and conducting research on business environment, industry clusters, entrepreneurship and related topics. Research will be converted into deliverables such as marketing collateral that targets strategic needs and aims.



***Business development (recruitment, leads management and retention/expansion):***

The EDC will establish a coordinated and transparent approach to regional business development, encompassing strategies and partnerships to deliver on recruitment, leads management, retention and expansion goals. Leads management currently managed at Portland Development Commission will be transitioned to the new entity. Central to this mission are clear lines of communication and coordinated rapid-response capability between the EDC, municipalities, Business Oregon and private sector leaders. The regional EDC will represent the interest of the entire region and will not exhibit bias towards any one municipality.

***Marketing and branding:*** The EDC will establish a compelling regional brand strategy. The region's branding will be central to promoting Portland-Vancouver as a great place to start, locate or expand a business. The brand, messaging and collateral materials will be accessible to all public and private organizations to enhance economic development efforts.

***Networking and Best Practices:*** To keep Portland-Vancouver leaders abreast of cutting-edge economic development practices, the EDC will provide learning opportunities including trips, forums and other events. This ongoing education will help ensure a shared understanding of economic development goals and activities among private and public sector leaders and enhance the region's marketing efforts.

### **Guiding principles**

- Provide a common economic agenda that rallies regional public and private leadership
- Serve as the "nerve center" for regional economic development assets and resources
- Increase region wide awareness and understanding of economic issues
- Promote disciplined and transparent collaboration to achieve goals
- Decrease duplicative efforts and enhance success by leveraging, coordinating and aligning regional assets





- The EDC will be responsible for identifying research activities required to deliver on the regional strategy. The EDC will draw on the capabilities of strategic partners such as the Port of Portland, Portland Business Alliance, Business Oregon and municipal agencies including the Portland Development Commission, and each year set priorities and develop an action plan. The EDC will be responsible for publishing research and developing distribution plans that include public and private channels.
- The EDC will maintain a regional asset catalogue including key contacts and a comprehensive, up-to-date website of regional and municipal facts and figures that provides a one-stop shop that highlights the metro's cities and unincorporated employment areas and their distinguishing features. The asset catalogue will include detailed information on key clusters, land supply, demographics, workforce, government structure and contacts, transportation, community amenities, costs, schools systems and other relevant topics.
- The EDC will deliver authoritative, data-driven products including industry cluster reports, a quarterly "state of the region" report and an annual Prosperity Index. The EDC will be responsible for tracking progress toward agreed upon goals articulated in the regional economic development agenda.
- The EDC will look to existing research capacity such as the PSU Center for Applied Economic Research and other sources to assist in delivering a reliable stream of cutting-edge economic research products to better influence, inform, and enhance our regional and local economic development strategies. Increasing the region's capacity to conduct hard-hitting industry and economic research will be a key goal of the EDC.

## 2. Business development

### *(Recruitment, Retention and Expansion)*

**Vision:** The EDC will establish a coordinated and transparent approach to regional business development, encompassing strategies and partnerships to deliver on recruitment, leads management, retention and expansion goals. Central to this mission are clear lines of communication and coordinated rapid-response capability between the EDC, municipalities, Business Oregon and private sector leaders.

**Need:** A significant disconnect exists between the public economic development infrastructure for business recruitment and the aspirations of the business community for an aggressive, targeted recruitment focus that engages private-sector talent and networks. Too often, private sector leaders lack understanding about how the public sector ED infrastructure operates and/or what it has accomplished while, on the other hand, many public sector players aren't fully aware of what business leaders have to offer a recruitment effort. There is a need for education, role clarity and better collaboration all around.



## How the EDC addresses the need

- The regional EDC will serve as point for new business development activities including targeted recruitment and leads management. The EDC will play a high-level coordinating function, leveraging public-sector infrastructure and pairing it strategically with private sector leadership to conduct both recruitment and local business outreach.

**Targeted recruitment strategy:** The EDC will serve as point in devising and delivering a regional targeted recruitment strategy that includes these components:

- Fly-outs led by private-sector board members to conduct face-to-face meetings with targeted companies.
- Trade show participation, including coordination of the Regional Recruitment Committee, Team Oregon, municipal organizations and private sector leaders.<sup>2</sup>
- “Familiarization” tours that bring invited CEOs and site selectors to tour Portland metro’s cities and municipalities and meet regional business leaders.

**Leads management:** The regional EDC will house the regional leads management function. Business Oregon will send leads to the EDC, which will coordinate a response strategy that includes soliciting proposals from individual communities and packaging the response on behalf of the region.

- The EDC will staff and coordinate targeted industry cluster development and retention programs and convene relevant public and private partners to focus on sectors affirmed by the research. These areas potentially include clean tech, active wear, advanced manufacturing and high technology.
- The EDC will serve as the hub for regional business development programs including Jobs Grow Here, economic gardening and entrepreneurship.

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<sup>2</sup> The Regional Recruitment Team is currently composed of public and private economic development professionals from Beaverton, Gresham, Hillsboro, Tualatin, Clackamas County, Portland Development Commission, Business Oregon, Port of Portland, Greenlight, PGE and PacifiCorp. This group meets monthly to plan and coordinate business recruitment activities on behalf of the region. The group works closely with PDC and OBD on Team Oregon efforts. To date, there has been emphasis on the clean technology cluster.





### 3. Branding and marketing the Portland-Vancouver metropolitan region

**Vision:** The EDC will establish a compelling regional brand strategy. The region's branding will be central to promoting Portland-Vancouver as a great place to start, locate or expand a business. The brand, messaging and collateral materials will be accessible to all public and private organizations to enhance economic development efforts.

**Need:** Multiple marketing and branding efforts are occurring simultaneously across the region, contributing to confusion, brand dilution and inefficient use of resources. There is no definitive website for regional economic information, data, research or regional asset catalogue.

#### How the EDC addresses the need

- The EDC will tap into branding and marketing capacity from organizations across the region to create a single regional brand designed for use by all public and private partners to attract business to the region and work collaboratively with local efforts.
- It will be the EDC's responsibility to develop messaging and collateral for recruitment and leads management and earned media campaign. The EDC will also create the look and feel for research products that promote the region.
- The EDC will develop a unified, distinctive, highly branded website for the region that showcases business successes, serves as one-stop shop for regional economic and industry data and provides links to all municipalities and other relevant organizations.
- The EDC will manage an ongoing media strategy, including an earned media campaign to place articles in regional and national publications highlighting business success and positioning Portland-Vancouver as great place to run a company.



## 4. Networking and best practices

**Vision:** To keep Portland-Vancouver leaders abreast of cutting-edge economic development practices, the EDC will provide learning opportunities including trips, forums and other events. This continuing education will help ensure a shared understanding of economic development goals and activities among private and public sector leaders.

**Need:** To drive an ambitious regional economic development agenda, private and public leaders need a shared understanding of economic development basics, regular exposure to new ideas and innovation, and a firsthand look at how other regions are tackling challenges and creating economic dynamism. The EDC will enhance a primary marketing tool by increasing the cadre of regional leaders who can passionately articulate Portland-Vancouver's strengths as a place to do business.

### How the EDC addresses the need

- The EDC will organize and host "best practices" trips to other regions and, upon return, maximize the learning by conducting review sessions with participants to identify ideas to implement in the Portland-Vancouver region.
- The EDC will deliver seminars and workshops related to the region's industry and economy, coordinating and combining resources with other regional organizations as appropriate to bring national speakers to Portland-Vancouver.
- To build relationships across the region between public and private leaders, the EDC will host at regular intervals social events such as golf tournaments, Timbers game gatherings and an annual holiday party.
- Continuing the successful format developed by Greenlight Greater Portland, the EDC will organize, convene and host an annual economic summit. The event will highlight a high-caliber keynote speaker and the release of an annual regional economic development report.
- The EDC will convene monthly meetings of public sector economic development professionals, providing an ongoing forum to share information and stay up-to-date on regional developments.



## Governance

### Board membership

The regional EDC board will be structured as a c (6) non-profit board, integrating the Regional Partners board structure with that of Greenlight Greater Portland. Both boards will be asked in December to approve a resolution affirming the new structure and will appoint members to a Launch Team that will be responsible for procuring legal work required for a combined organization, including bylaws.

The board will consist of public and private executive-level and elected members who will serve on behalf of the region to create and implement a comprehensive strategy that responds to the region's economic challenges. Consistent with successful EDCs across the country, the board is designed as a forum for public and private leaders to coalesce around a regional strategy and vision, one in which they are personally and financially invested. Capitalizing on the makeup and momentum of Greenlight Greater Portland, the governance structure will retain a private sector majority of approximately two-thirds, including the board chair, while ensuring strong alignment, involvement and investment from the region's public sector leadership. The private-sector majority is designed to provide credibility and appeal among other private sector leaders considering investing in the organization.

A subcommittee of the board with a public majority will be created to retain Economic Development District status and the ability to access federal funds through the Economic Development Administration. The regional EDC will also retain programs for public and private members who contribute at levels below board investment. These will include the significant networking opportunities and outreach with smaller communities in the metro region that Regional Partners currently provides.

EDC board members will exhibit the following characteristics:

- Influence and stature in the community
- Executive leadership
- Time investment in EDC
- Financial investment in EDC — minimum of \$25,000 annually (anticipate that some provision will be made for smaller communities)
- Vision for the region and its best interests
- Ability to address complex issues creatively and strategically
- Track record of collaborative efforts



### **Private sector board members**

Private sector board members will include current members of Greenlight Greater Portland.

### **Public sector board members**

These will include mayors or chairs of elected bodies from the region's counties and larger cities and a pooled position from smaller communities that are actively engaging in marketing efforts and have established infrastructure for economic development fulfillment. Like private-sector board members, these leaders will be investors in the organization. While most of the region's public entities currently invest in regional economic development efforts by way of Regional Partners, the Regional Recruitment Team and Team Oregon, the new organization will consolidate those investments in a strategic, focused partnership with private sector investors.

### **Organizational Leadership**

Having the right leader is critical to the success of the regional EDC. The ideal CEO will be:

- Knowledgeable about regional economic development
- Collaborative with ability to engage partners across the region involved in economic development
- Focused on the region
- A superior communicator
- A superior relationship builder
- Confident and competent
- Entrepreneurial
- Dynamic — someone people want to work with
- Experienced in an executive leadership role
- Commanding in his or her own right
- Able to successfully staff high-level people
- A good staff director/manager
- A good budget manager
- Politically savvy
- Experienced with public-private partnerships
- Able to show humility — not ego-driven



These subcommittees of the board are proposed:

- 1) An executive committee
- 2) A CEO Roundtable will provide an opportunity for private sector members of the board to determine how best to engage the region's private sector leadership with the EDC's agenda and how private sector resources can best be raised to support the EDC.
- 3) A Public Roundtable will consist of elected officials and key economic development practitioners to coordinate how municipal plans and strategies deliver on regional goals and strategy.
- 4) An Economic Development District Subcommittee will enable the EDC to be eligible for federal EDA funding. The EDA requires that the EDD be composed of 51% public participants. This group will meet during the year (frequency to be determined) to endorse the Comprehensive Economic Development Strategy (CEDS) and to prioritize submissions to EDA for funding.

## **Transition strategy**

Develop a Launch Team. This Team will comprise private and public sector participants to achieve the following:

- Finalize by-laws and overall agreements.
- Conduct an in-depth review of existing organizations, and develop a transition plan including any organizational changes required for the new effort including staffing and leadership as well as financial and legal considerations.
- Develop clear operating agreements between Greenlight Greater Portland and Regional Partners during the transition.
- Create a clear communications plan to keep brand and effort as strong as possible with anticipated changes.

## PROJECTED ANNUAL BUDGET

GREENLIGHT GREATER PORTLAND/PUBLIC-PRIVATE VENTURE

**Footnotes denote budget detail on following pages**

*This is intended to be an illustrative budget. In an expanded public-private Greenlight, the CEO would work with the board leadership to develop a budget that supported the business plan. Both revenues and expenditures may need to be adjusted.*

## Annual Revenue

## Investment/Private sector

Greenlight investors, unrestricted <sup>1</sup>	\$600,000
Greenlight investors, restricted <sup>2</sup>	\$ 75,000
Projected new revenue	\$200,000
<b>In-Kind<sup>3</sup></b>	\$131,500
<b><u>Total private sector revenue</u></b>	<b><u>\$1,006,500</u></b>

## Investment/Public Sector

Current Regional Partners Investors <sup>4</sup>	\$138,000
Regional Recruitment	\$ 65,000
Prospective New Regional Partners Investment <sup>5</sup>	\$288,500
<b><u>Total public sector revenue</u></b>	<b><u>\$491,500</u></b>
EDA Grant <sup>6</sup>	\$ 75,000

## Event Revenue

Events <sup>7</sup>	\$100,000
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**Total Projected Annual Revenue      \$1,673,000**





## Budget Detail/Assumptions

### Revenue

#### Private Sector Investments

1. Private investment revenue based on Greenlight 2011 budget projection, minus "restricted" 501(c)(3) (Tyee) funds. Greenlight projects \$200,000 in new investment revenue in FY2011.
2. Grants from U.S. Bank and Bank of America, invested in Tyee, listed as "restricted" funds. These funds cannot be used for marketing.

#### In-kind (offset by expenses)

3. Includes:
  - Rent, \$56,000 (Need to determine: will this continue and is space sufficient for larger staff?)
  - Legal services, \$15,000
  - Parking, \$4,350
  - Web design and hosting, \$5,000
  - ZipCar, \$1,000
  - Air travel (e.g., donated Alaska Airline tickets) \$11,500
  - Advertising, \$31,000

**Total In-Kind:                      \$123,850**

#### Public Sector Investments

4. Regional Partner and regional recruitment investments based on current membership commitments, including the regional recruitment assessment paid by larger jurisdictions.
5. Targeted new public investment, to be discussed with public investors. It includes significant new money approximately \$250,000 from entities such as City of Portland, the Port of Portland and Metro. For larger jurisdictions, this would consolidate funding already contributed under regional economic development programs, with some additional asks, putting most jurisdictions at a level of \$25,000 or more.





6. EDA grant for regional job creation. This money will fund staff time and research related to creating and implementing the regional recruitment strategy, as well as programs created under its umbrella. Must be overseen by a board that is 51 percent public/49 percent private; may need an affiliate to oversee this grant. Total: \$75,000

## Events

7. Total reflects \$80,000 from annual Greenlight luncheon and \$20,000 for best practices trips. Total: \$100,000.

## Expenses

8. Staffing Assumptions. This is meant to be illustrative of what a start-up staff might be. The CEO will design a staffing plan to meet the business plan objectives. Activities such as investment/revenue management, retention activities, etc., will be assigned as appropriate.

### Position

CEO

Office Manager

Research Manager

Recruiters/Business Development (2)

Marketing/Branding Manager

Events/Best Practices/Regional Partners Mgr.

Administrative support (1)

Total Cash Comp	\$800,000
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Total Comp	\$1,040,000
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*(Assuming benefits, taxes, payroll administration, etc., to be 30 percent of payroll)*



## 9. Operating Expenses

Rent	\$ 56,000
Equipment (copiers, fax, etc)	\$ 10,000
Telephones, IT Services	\$ 14,000
Website Management	\$ 3,000
Postage, Office Supplies	\$ 5,000
Insurance	\$ 2,000
Bank Fees	\$ 2,400
Computers, Software	\$ 8,000
Board Expenses	\$ 3,000
<b>Total Operating Costs</b>	<b>\$ 103,400</b>

## 10. Travel

Assumes 25 trips per year, at \$1,900 per trip. Total: \$47,500

## 11. Contracts (primarily research). assumes \$100,000

## 12. Events assumed expenses

Annual Luncheon	
Best Practices Trips	
Recruitment Team Events	
Member Professional Development	
Team Oregon	
<b>Total Event Costs</b>	<b>\$125,000</b>





### **Ambassadors:**

- John Willis, CH2M Hill
- Greg Goodman, City Center Parking
- Tom Hochstettler, Lewis & Clark College
- Robert Stutte, Norris & Stevens
- Marvin Revoal, Pacific Benefits Planners
- Art DeMuro, Venerable Properties
- Brian Gard, Gard Communications
- David DeLap, Delap LLP
- Mark Stevenson, Capital Pacific Bank
- Adam Davis, Davis Hibbits & Midghall
- Bill Scott, Zipcar
- Tim Tank, AXA Advisors
- Terry Aarnio, Oregon Iron Works
- Bradley Malsin, Beam Development
- Mark Haldeman, Evergreen Engineering
- J. Isaacs, Portland Trailblazers
- Jim Baumgartner, Black Helterline
- David Van't Hof, Lane Powell
- John Porter, AAA
- Paul Ehrlich, Adidas





### Current Regional Partners member organizations

*\* Below are the members of RP--the Regional Recruitment Team members are starred*

- Business Oregon\*
- City of Beaverton\*
- City of Fairview
- City of Forest Grove
- City of Gresham\*
- City of Happy Valley
- City of Hillsboro\*
- City of Lake Oswego
- City of Milwaukie
- City of Newberg
- City of Sherwood
- City of Tigard
- City of Troutdale
- City of Tualatin\*
- City of Vancouver
- City of West Linn
- City of Wilsonville
- City of Wood Village
- Clackamas County\*
- Clackamas County Business Alliance
- Clark County
- Columbia River Development Council
- Greenlight Greater Portland\*
- METRO
- Multnomah County
- Pacific Power\*
- Port of Portland\*
- Portland Business Alliance
- Portland Development Commission\*
- Portland General Electric\*
- Portland State University
- Washington County
- Westside Economic Alliance
- Worksystems, Inc.