

*Investing in
Portland's Future*



This document constitutes the official meeting record of the November 10, 2009, Portland Development Commission Board of Commissioner's meeting held at 222 NW Fifth Ave., Portland, OR 97209.

I. CALL TO ORDER AND ROLL CALL

Chair Scott Andrews called the meeting to order at approximately 3:02 p.m.

J. Scott Andrews
Commission Chair

Ms. Renee Castilla, acting as recording secretary for the Board, called the Commission roll:

Bertha Ferrán
Commissioner

Chair Scott Andrews	PRESENT
Commissioner Bertha Ferran	PRESENT
Commissioner John Mohlis	PRESENT
Commissioner Steven Straus	ABSENT
Commissioner Charles Wilhoite	PRESENT

John C. Mohlis
Commissioner

Steven Straus
Commissioner

Chair Andrews noted Executive Director Bruce Warner would not be attending the commission meeting due to a conflict; General Counsel Eric Iverson will be sitting in for Mr. Warner.

Charles A. Wilhoite
Commissioner

Chair Andrews acknowledged Veterans Day and thanked all of the servicemen, women and veterans for their service to the United States.

Sam Adams
Mayor

II. MEETING MINUTES

Chair Andrews called for a motion to approve the meeting minutes of October 14, 2009.

Bruce A. Warner
Executive Director

Commissioner Ferran moved and Commissioner Mohlis seconded the motion to approve the meeting minutes of October 14, 2009.

AYES: Andrews, Ferran, Mohlis, Wilhoite
NAYS: None

III. EXECUTIVE DIRECTORS REPORT

Mr. Eric Iverson presented Report No. 09-125, titled, "Executive Director Report." He highlighted the following:

- Mr. Iverson thanked Commissioner Wilhoite who spoke on behalf of PDC at the opening of Portland's newest park – Director's Park located downtown at SW Park and Yamhill. PDC contributed \$4.5 million toward the park's construction through the South Park Blocks URA. Hundreds of people gathered on October 27 for the opening of the park which people are calling Portland's new piazza. More information about the event is under the "central city team" portion of this report.
- Mr. Warner participated in a special public/private partnerships breakfast on October 8 sponsored by the Portland Business Journal. He was part of a panel discussion that also featured developers Art Demuro and Tiffany Sweitzer, John Petersen of CRBE Capital Markets, and attorney Karen Williams. We spoke to an audience of 200 about the unique nature of public/private partnerships, their advantages and disadvantages and how they have been responsible for many of



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the signature projects in the city. The breakfast offered a good opportunity to share handouts with all attendees on the public/private partnerships that resulted in milestone projects such as Mercy Corps, Meier & Frank, and the Portland Streetcar.

- Mr. Iverson commended staff at PDC who, in a very short timeframe, worked with Commissioner Fish's office to identify an adult winter warming center for this winter. PDC has issued a Temporary Use Permit to Transition Projects to operate a warming center at the PDCowned Convention Plaza Building (located within the Burnside Bridgehead site) at 123 NE 3rd Ave. The shelter will be open November 2nd through March 30th and can accommodate up to 90 adult men and women. The adults can enter the shelter at 7:30 p.m. and must leave at 7:00 a.m. the following morning. While inside the shelter they will receive light snacks, light breakfast and hot beverages. They will be provided blankets and floor mats to sleep on. PDC staff had Transition Projects and Portland Housing Bureau staff attend meetings of both the Central Eastside URAC and the Central Eastside Industrial Council for community outreach. Many staff members worked hard to meet the November 2nd opening but especially Steve Blank in our Real Estate section.
- PDC projects have received a number of awards lately and I would like to offer a quick summary below:
 - National Trust for Historic Preservation Honor Award to PDC for renovation of the Meier & Frank Building;
 - Daily Journal of Commerce 2nd place for Top Projects in 2008; and Best of Show for 2009 to the Meier & Frank Building (just behind the Transit Mall Project);
 - National Development Council semi-finalist award for innovative community development for the Meier & Frank project;
 - AIA 2009 Design Award for Built Environment to the Meier & Frank Building;
 - 2009 Canadian Urban Institute "Special Recognition" brownfields award to PDC for the comprehensive revitalization of the Pearl District;
 - The Economic Opportunity Initiative (which came to PDC from BHCD) has received the 2009 Human Capital Award from the International Economic Development Council (more information under the "Neighborhood" section of this report);
 - Economic Development Leader of the Year award to PDCer Lynne Boussi from the Oregon Economic Development Association at their annual conference;
 - Public Agency of the Year Award from the Minority Enterprise Development Week luncheon and trade show.

He noted it was wonderful for our staff members to receive accolades for their hard work. PDC has received several new handsome plaques and awards which are on display throughout the building.

- EOI Wins Award—PDC's Economic Opportunity Initiative has captured the 2009 International Economic Development Council (IEDC) Human Capital Award for their innovative program of 30 coordinated outcomes-based poverty reduction projects. "The EOI made a significant impression on us with its scale-up of national best practices in poverty reduction and its focus on tangible results for low-income people and their communities," said IEDC Director Ian Bromley in a press release announcing the award. Even in the recession, the EOI graduated 324 people this year that grew their very low incomes significantly by the end of the three-year program. People who were homeless, formerly incarcerated, drug addicted, gang-involved, immigrants, disabled and with other

major barriers to work have succeeded in this program of individualized supports and either workforce or microenterprise development. Peer support and long-term life-skills and career coaching are key elements of the program, and employers are key partners in program development and training.

- Marysville School Community Playground Dedicated—Calling it a “dream come true,” Lents residents, guests, and students gathered on October 19 for the official opening of the Marysville School Community Park. Located at SE 77th and Raymond, Marysville Elementary School is one of the oldest elementary schools in Portland and was woefully lacking in outdoor facilities for its 325 students. The vision was to transform a rundown playground into a park for the students and entire neighborhood to enjoy. The result is a 3.35-acre park with a new soccer field, new lighting, irrigation and storm water management, play equipment, covered pavilions and more. The \$1.4 million cost was shared by PDC (using \$600,000 in Lents urban renewal funds), the city of Portland, Spirit Mountain Community Fund, Kaiser Permanente, Portland Parks, PPM Energy, and individual donors. An agreement between PDC and Portland Public Schools will keep the park accessible to the Lents community. The park was constructed by R&H Construction with ROSE Community Development providing project management. ROSE is best known for its housing projects in outer southeast Portland, but agreed to take on the playground since it is an asset to the school and community.

It should be noted the day of the meeting; there was devastating fire at Marysville School. The children have been temporarily routed to another elementary school until it can be determined what will happen at Marysville School.

IV. PUBLIC COMMENT FOR ITEMS NOT ON THE AGENDA

As there were no public comment for items not on the agenda, Chair Andrews moved to the next agenda item.

V. INTERGOVERNMENTAL AGREEMENT WITH PORTLAND BUREAU OF TRANSPORTATION FOR \$22,147,000 TO ASSIST WITH THE LOCAL MATCH FOR CONSTRUCTION OF STREETCAR LOOP PROJECT

Ms. Erin Flynn introduced Report No. 09-126, titled, “Intergovernmental Agreement with Portland Bureau of Transportation for \$22,147,000 to Assist with the Local Match for Construction of Streetcar Loop Project.” Ms. Flynn provided a brief history:

- 2003 City Council adopts Eastside Streetcar Alignment study;
- 2005 Federal “Small Starts” program adopted to fund streetcar type projects;
- 2007 City Council adopts \$147 million funding package including \$27.2 in tax Increment funds;
- 2008 PDC approves \$5.3 million IGA with PBOT to fund design and engineering;
- 2009 April 30, U.S. Transportation Secretary Ray LaHood announces \$75 in Small Start funds for Streetcar Loop; and
- 2009 Action before Board today: approve \$22,147,000 IGA with PBOT for Streetcar Construction.

Ms. Flynn stated the project benefits include:

- Enhances public transit connections for Central City;
- Activates neighborhoods with new investment; and
- The current line from Good Samaritan to the South Waterfront generated:
 - \$3.5 billion in investment within two blocks;

- 10,212 new housing units; and
- 5.4 million square feet of office, institutional, retail, and hotel development.

Ms. Flynn further stated the job creation and economic development impact is substantial: 1,400 construction jobs over the next 2 ½ years; Six new Streetcars built locally (Oregon Iron Works) will create another 90 jobs and Federal funding requires the use of TriMet's Disadvantaged Business Enterprises Program. She also noted without the significant contribution from the Portland Development Commission, it is fair to say the project would not move forward.

Mr. Ross Planbeck stated the Project is being developed in three (3) of Portland's Urban Renewal Areas (URAs): River District URA, Oregon Convention Center URA, and Central Eastside URA. She said they are looking at 2009 to begin construction; completion in early 2012 with full operation Spring 2012.

Mr. Planbeck stated the total cost estimate for the Portland Streetcar Loop Project, including all soft and hard costs, is **\$146,917,000**. The estimated sources of funds are identified below:

Federal Transit Administration (Small Starts Program)	\$ 75,000,000
Tax Increment Financing (TIF)	\$ 27,184,000 (18.5%)
Oregon State Lottery Funds (for vehicles)	\$ 20,000,000
Local Improvement District (LID)	\$ 15,000,000
Transportation System Development Charge (SDC) Funds	\$ 6,000,000
Metropolitan Transportation Improvement Program (MTIP)	<u>\$ 3,733,000</u>

TOTAL \$ 146,917,000

Mr. Plambeck concluded and described some of the challenges they will have to work through including;

- Linking employment centers – South Waterfront, Burnside Bridgehead, OMSI, CBD, Pearl;
- Ground floor activation of retail along alignment;
- Major step in transportation linkages creating new development stimulus; and
- New mixed-use and job creation opportunities.

Mr. Michael Bolliger representing Portland Streetcar Inc. expressed his thanks to the Board.

Ms. Vicki Diede representing the Portland Bureau of Transportation expressed her thanks to the PDC and the Board for their support of the project.

Chair Andrews called for a motion to adopt Resolution No. 6749, titled, "Authorizing an Intergovernmental Agreement between the Portland Development Commission and the Portland Bureau of Transportation in an Amount Not to exceed \$22,147,000 for the Portland Streetcar Loop Project."

Commissioner Wilhoite moved and Commissioner Mohlis seconded the motion to adopt Resolution No. 6749.

AYES: Andrews, Ferran, Mohlis, Wilhoite
NAYS: None

VI. CONTRACT FOR PROFESSIONAL AND TECHNICAL SERVICES, UNDER THE ENTERPRISE RESOURCE PLANNING (ERP) PHASE II PROJECT

Ms. Julie Cody and Ms. Jane Kingston presented Report No. 09-127, titled, "Contract for Professional and Technical Services, Under the Enterprise Resource Planning (ERP) Phase II Project."

Ms. Cody stated the project helps the Portland Development Commission (PDC) meet its responsibilities to provide consolidated functionality within its Lawson ERP system as well as enabling the agency to provide the public with more timely, consistent, and reliable information. By completing this project PDC will have a detailed strategy to move forward and implement an integrated Business Intelligence system which will provide the organization with accurate, timely and integrated financial and non financial information reporting. She said also, upon successful completion of this project, PDC will have an improved and integrated time management reporting system that will be easier to maintain and involve less risk than the current in-house Microsoft Access system. The Time Management module will connect directly with the Lawson ERP system and the PDC chart of accounts.

Ms. Kingston stated the action would authorize the Executive Director to enter into a contract with CIBER, Inc. in support of the Enterprise Resource Planning (ERP) Implementation Phase II project for an amount not to exceed \$800,000 for the development of a Business Intelligence Strategy and implementation of the Lawson Time Management module (RFP #09-09). The contract is expected to finish on April 30, 2010. She said the contract is necessary to complete these two components of the scoped efforts under the ERP Implementation Phase II project, as well as to continue forward with the agency's Enterprise Architecture (EA) Strategy and ERP Strategy. The selection of CIBER, Inc. for the contract is a result of corresponding public solicitation processes. The agency has budgeted \$2,032,232 for FY09-10 for the effort.

Chair Andrews called for a motion to adopt Resolution No. 6750, titled, "Authorizing the Executive Director to Execute a Contract with Ciber, Inc. for Professional and Technical Services for the Enterprise Resource Planning Implementation Phase II Project; In An Amount Not To Exceed \$800,000."

Commissioner Wilhoite moved and Commissioner Ferran seconded the motion to adopt Resolution No. 6750.

AYES: Andrews, Ferran, Mohlis, Wilhoite
NAYS: None

VII. DESIGN/ACTIVEWEAR CLUSTER

Mr. Patrick Quinton and Ms. Jennifer Nolfi presented Report No. 09-128, titled, "Design / Activewear Cluster."

The Portland Economic Development Strategy is predicated on the implementation of a cluster approach to create jobs. By enhancing the competitive environment for firms in four target clusters – clean technology and sustainable industries, activewear, software, and advanced manufacturing – the city can foster growth in these promising sectors. In order to effectively pursue a cluster strategy, PDC will tailor its business retention, expansion, and recruitment efforts to meet the needs of cluster firms. The Business & Industry Division (Division) has embarked on an effort to organize the majority of its work to meet the needs of the clusters as defined by the clusters themselves. In addition to having three separate teams focused exclusively on cluster work, the Division's business finance team and international business development efforts will have cluster growth as a primary objective.

Ms. Jennifer Nolfi expressed her thanks to PDC staff person, John Cardenas for producing the film that introduced this session. She explained the briefing is the second in a series of presentation by B&I division on the cluster strategy. She said Patrick Quinton presented last month on why a cluster strategy and they will again touch on that briefly but their focus will be the activewear cluster. She said they will be talking about where PDC is in bringing activewear industry leaders together to better understand the industry. Further, they will provide an update on the Creative Exchange, one of the catalytic initiatives identified in the strategy; give a brief overview of our participation in development of the Eco Index, and industry-wide collaboration to explore sustainability issues as related to the outdoor industry; and conclude with a discussion with industry leaders. She introduced Sohrab Vossoughi, Founder & President, Ziba and Les Szabo, President, Dunderdon. She also introduced the activewear team – Sara Bedinghaus, Lynne Boussi, Paul Wachana, Megan McCarthy. And to also note that given PDC's new focus on integration of the departments and as a result of the reorganization that all monthly team meetings include representatives from the Central City and Neighborhood Teams in an effort to further integration.

Ms. Nolfi explained activewear is one of 4 clusters identified in the City's five year Economic Development Strategy. However, they have been working with activewear as a target industry for the past approximately 4 years but it has been officially recognized with the adoption of the city's strategy. The approach is intended to be more strategic than the past. She said her team's role is to facilitate the dialogue among the industry leaders.

Ms. Nolfi stated they are learning more every day as they talk to leaders about what defines activewear. She said currently it includes, footwear and apparel, but it also includes:

- Fashion (Dunderdon, Agave Jeans, May Tee);
- Custom bicycle frame builders (Vanilla, DiNucci, Ahearne);
- Companies involved in manufacturing metal equipment and gear such as Leatherman, Gerber, Columbia Knife and Tool, Sapa Anodizing (aluminum extrusion for bike frames, exercise equipment, etc.);
- Accessories, handbags, belts, etc. (Ellington);
- Equipment (Yakima);
- Optics (Leupold & Stevens); and
- Firms that do work with these firms – branding/design firms like Ziba, marketing firms, PR firms, HR firms, graphic artists, distribution & logistics firms, etc.

Ms. Nolfi said Portland is in a unique position to further the activewear industry. She said Portland has:

- **Competitive Position**
 - First-rate quality of life with access to outdoors, music, and art;
 - Light rail from airport to city center;
 - Affordable commercial and residential real estate; and
 - Connected by port, and direct cargo and passenger flights to Asia and Europe.
- **Business Advantages**
 - Established cluster of firms;
 - No sales tax;
 - No gross receipts tax;
 - No inventory tax; and
 - No worldwide unitary tax.

- **Industry Advantages**

- Skilled labor force;
- Knowledge spillover;
- High-quality supply chains;
- Coordinated advocacy efforts; and
- Increased innovation.
-

Ms. Nolfi said the activewear cluster provides a diverse range of quality jobs for Portlanders. A variety of skill sets and skill levels with opportunities to graduating students, mid-level people and executives. As of 2007, 9,833 activewear jobs were located in the region, 3,620 of which were in the city. As of 2007, nearly 4,000 people were employed in the cluster, making an average of \$52,295.

- **Talented Workforce**

- 32% of Portlanders have a bachelor's degree or higher. The national average is 27%;
- Portland is a top importer of 25-34-year-olds. In the '90s this group grew five times faster than the nation;
- Opportunity to link K-12, higher education and industry to help our youth become more aware of the diverse opportunity and the range of opportunity to work at Portland and Oregon activewear firms;

Ms. Nolfi stated they are currently in the convening stage which means they are engaging industry leaders in dialogue to better understand the industry definition, how they can best engage them in a discussion, strengths, opportunities and challenges as a region. Further, she said this is a collaborative effort includes, Business Oregon (OBDD), Greenlight Greater Portland, the Oregon Business Council, PSU, Joe Cortright and PDC. PDC's role is a facilitator. She said PDC is providing direct assistance to firms in the activewear cluster such as site location assistance, technical assistance and financing.

Mr. Sohrab Vossoughi, Founder & President of Ziba and Mr. Les Szabo, President of Dunderdon engaged in a conversation with the Commissioners.

VIII. SOUTH WATERFRONT WORKFORCE DIVERSITY SUCCESS CELEBRATION

Mr. John Jackley presented Report No. 09-129, titled, "South Waterfront Workforce Diversity Success Celebration."

Mr. Jackley stated PDC executed the South Waterfront Central District Project Development Agreement in August 2003 as Board Resolution 6041 with Oregon Health and Science University (OHSU) and private development partners: North Macadam Investors, LLC, River Campus Investors, LLC, and Block 39, LLC. The development agreement specified the responsibilities of all parties to redevelop a 31-acre "Central District" within the City of Portland's South Waterfront Plan area and North Macadam Urban Renewal Area. He said in an unprecedented development agreement provision for PDC, all parties agreed to a collaborative effort to reach a 20 percent aspirational contracting goal for Minority-owned, Women-owned and Emerging Small Business (M/W/ESB) participation on all development agreement projects – both public and private – and to follow the City of Portland's Workforce Training & Hiring Program. In June of 2004, the parties amended the agreement with another innovative provision establishing a new South Waterfront Workforce Diversity Strategy. The strategy was designed to increase employment of minorities and women workers in the construction trades, with a goal of 20 percent for minorities and 15 percent women.

Mr. Jackley explained in 2005, these partners came together again with local trade union leaders to sign the groundbreaking Project Apprenticeship Agreement, designed to achieve the objectives of the Workforce Diversity Strategy by outlining a model to permanently increase the participation of minorities and women in the construction trades. The partnership between PDC, developers, OHSU, and unions was designed to ensure that graduates have marketable skills that will benefit their families and the community. The agreement has worked; On the South Waterfront, over 20 percent of the apprentices that graduated to the journey level were minorities.

Mr. Jackley stated the Oregon Employment Department predicts an increase of approximately 15% in the number of construction jobs in Oregon between now and 2016, with over half of those coming in the form of replacement workers for those retiring. The South Waterfront policies implemented by PDC have actively and successfully encouraged workforce diversity, producing unprecedented numbers for large-scale construction projects in Portland. Furthermore, the successes on the South Waterfront have served as model for all PDC projects. Six years have passed since the signing of the South Waterfront Central District Project Development Agreement, and it is important to note that many projects in the district were built or are being built entirely with private funds. Developers and contractors have produced the following results:

- Since fiscal year 2005, when PDC started tracking apprenticeship training programs, 534,588 apprentice hours have gone into South Waterfront projects that have been subject to the Workforce Training and Hiring Program or the Project Apprenticeship Agreement, which equals millions of dollars in family-wages;
- As of October of 2009, there were 127 apprentices working on the South Waterfront;
- Of the 164 apprentices who have graduated with their journey card after having worked on a South Waterfront project, 51 (31.10%) were minorities or women;
- For the 2008-2009 fiscal year, 165,837 of the hours worked on the South Waterfront were worked by apprentices, which equates to 24.02% of the total workforce hours. Of those, 26.96% of the hours were minority apprentice hours, while 17.55% were female apprentice hours;
- Minority participation has grown from 13.83% of the South Waterfront construction workforce hours in fiscal year 2005-2006 to 23.20% this past fiscal year; and
- Together, apprentice hours for minorities and women on the South Waterfront in fiscal year 2008-2009 totaled 67,286 hours, or 40.57% of the total apprentice hours for the fiscal year.

Mr. Jackley stated PDC's community-based model to increase diversity in contracting and workforce was a true partnership on a number of levels, and there are many people who have helped with this process over the past six years. The following is just a short list of the many individuals and organizations PDC has to thank:

- The original signatories of the South Waterfront Central District Project Development Agreement: OHSU, North Macadam Investors, LLC, River Campus Investors, LLC, and Block 39, LLC;
- The general contractors on the South Waterfront projects: Hoffman Construction, Walsh Construction, and R&H Construction;

- Local pre-apprenticeship programs, including Oregon Tradeswomen, Inc., the Evening Trades Apprenticeship Preparation Program, WorkSystems, Inc., Irvington Covenant, Portland Youthbuilders, and CAWS (Construction Apprenticeship and Workforce Solutions);
- Local organized labor involved with the Project Apprenticeship Agreement, including International Union of Operating Engineers Local 701, Pacific Northwest Regional Council of Carpenters (RNCC), Ironworkers Local 29, Electricians Local 48, International Brotherhood of Electrical Workers, Laborers' International Union of North America, Sheet Metal Workers' International Association Local #16, Plasterers Local #82, Bricklayers & Allied Craftworkers Local #1;
- The National Association of Minority Contractors-Oregon, the Minority Chambers of Commerce and the Metropolitan Contracting Improvement Partnership, which focuses on building contractor capacity;
- The South Waterfront Workforce Diversity Committee; and
- City of Portland and Portland Development Commission staff, past and present.

Mr. Jackley concluded PDC anticipates total construction spending in the South Waterfront and in the city as a whole to decrease due to the economic climate for the current and coming fiscal years. However, PDC policies and partnering will ensure that there is diverse and inclusive participation on all South Waterfront Central District Project Development Agreement Contingent projects. The key to changing the face of the workforce is through apprenticeship training. A diverse pool of apprentices will lead to a diverse workforce for many years to come. This strategy is an approach that has worked on the South Waterfront, is being emulated on all PDC sponsored projects that receive at least \$300,000 in PDC resources and have hard construction costs of at least \$1,000,000, and has contributed to building a legacy for the future.

Mr. Jim Francesconi representing the Pacific Northwest Regional Council of Carpenters and the International Union of Operating Engineers Local 701 expressed his thanks to the Board and the Partners involved for their success.

Ms. Sherry Harris expressed her thanks to the board and for the vision. She also expressed her thanks to the partners involved for their willingness to serve as a model.

Ms. Kat Lakey, Oregon Tradeswomen, Inc. apprentice, Ironworkers Local 29, expressed her appreciation of the diversity in the workplace due in a large part to PDC's ongoing efforts.

Ms. Cheryl Twete expressed her thanks for the Boards support of the efforts and congratulated the partners involved with the success.

Ms. Connie Ashbook representing Oregon Tradeswomen, Inc. expressed her appreciation for PDC's work on diversity and encouraged continued strong investment.

Mr. Andrew Beyer representing Walsh Construction expressed his support and thanks to all of the partners involved.

Mr. Joe Esmond representing IBW Local 48 expressed his thanks to the Board and to all of the partners involved.

The Board Members expressed their thanks to those involved and for their willingness to make the project a success.

IX. ADJOURN

There being no further business, Chair Andrews adjourned the meeting at 5:47 p.m.

Respectfully submitted,

Approved by the Portland Development Commission on December 9, 2009.



Renee A. Castilla
Renee A. Castilla, Recording Secretary