

# PDC

## PORTLAND DEVELOPMENT COMMISSION

**DATE:** January 13, 2010  
**TO:** Board of Commissioners  
**FROM:** Bruce A. Warner, Executive Director  
**SUBJECT:** Report Number 10-08  
Adopt Portland's Main Street Program Guidelines

### EXECUTIVE SUMMARY

#### BOARD ACTION REQUESTED

Adopt Resolution No. 6763

#### ACTION SUMMARY

This action will adopt guidelines for the Portland Main Street Program (the Program) in order for the Portland Development Commission (PDC) to establish and begin to administer the Program as directed in the 2009 Economic Development Strategy (the Strategy) adopted by City Council on July 8, 2009.

The Program is an overarching organizational tool based on the Main Street model developed by the National Trust Main Street Center (the Main Street Center), a division of the National Trust for Historic Preservation. The Main Street model incorporates a comprehensive Four-Point Approach encompassing organization, promotion, design, and economic restructuring. In addition to the Four-Point Approach, the Program will highlight sustainability as a core value underpinning support for local businesses, neighborhood values, and environmental stewardship. The Program teaches a practical neighborhood business district management strategy, in order to revitalize older, traditional business districts.

Under the Program, PDC, in coordination with the Main Street Center, will provide Participating Districts with certain technical and financial assistance in order to achieve commercial revitalization. The assistance will be substantially greater over the initial years of the Program when training is heaviest. Participating Districts will be chosen by PDC through a competitive selection process. To be eligible, Districts must meet eligibility requirements, and an established set of criteria as listed in the Main Street Manual which accompanies the Main Street Application.

Establishing the Program is a high priority of Mayor Adams. For FY 2009-2010, City Council has approved \$500,000 in General Funds to establish the Program. Up to four participants for the Program will be selected through a competitive process, and the approved districts will be announced in June 2010. For 2009-2010, business districts must be located outside urban renewal areas in order to apply. Subject to additional Program financing, it is expected that additional opportunities to apply will become available on an annual basis after the initial year.

## **PUBLIC BENEFIT**

Implementation of the Program will leverage investment of public funds. Participants in the Program must raise matching funds for certain grants that are designated for the Program.

With more than 25 years of tracking the economic benefit to the communities adopting the Main Street model, national data collected by the Main Street Center shows an average return on investment of 25:1.

For at least the initial year of the Program, the Mayor has directed that funds be dedicated to areas outside urban renewal areas in order to benefit neighborhoods that currently lack necessary resources to improve their business districts.

Key benefits of the national Main Street Program are:

- 1) Results of implementing the program are measurable;
- 2) The focus is on public/private partnerships building long-term positive relationships;
- 3) This is a “self-help” program – districts raise matching funds and make a major commitment of volunteer hours causing them to be less dependent on public funds;
- 4) The program builds organizational capacity and empowers residents to develop a plan that improves their quality of life;
- 5) The program requires broad-based community support;
- 6) The program is not a “quick fix,” but works incrementally so residents stay engaged; and
- 7) The focus is limited to revitalization of the central business district, increasing opportunities for small businesses and residents who benefit from an enhanced marketplace that meets their needs.

### **This action will support the following PDC goals:**

- Sustainability and Social Equity
- Healthy Neighborhoods
- A Vibrant Central City
- Strong Economic Growth and Competitive Region
- Effective Stewardship over our Resources and Operations, and Employee Investment

## **PUBLIC PARTICIPATION AND FEEDBACK**

As called for in the Economic Development Strategy Goal 3, a Main Street Advisory Committee, assembled by PDC, is governing development of the Program. Committee members include representatives of the Mayor’s Office, the Alliance for Portland’s Neighborhood Business Associations, the Office of Neighborhood Involvement, Commissioner Fritz’s office, the Bureau of Planning and Sustainability, the PDC Storefront Program, and the PDC Neighborhood Team. A separate Selection Committee, appointed by PDC to review applications and recommend the Districts, will include both private sector and public sector representatives, including representatives from the Advisory Committee. PDC’s Executive Director will make the final selection of participants.

Staff from PDC and the Mayor’s office has conducted a major outreach effort, making more than 15 presentations (averaging two presentations a week) from October through January

to business associations, neighborhood associations, and other interested parties. A Main Street Kick-Off Informational Meeting is scheduled for January 14, 2010.

## **COMPLIANCE WITH ADOPTED PLANS AND POLICIES**

Implementation of the Program is consistent with the following plans and policies:

- 1) On December 9, 2009, with Resolution No. 6751, the PDC Board of Commissioners (Board) authorized PDC's Executive Director to enter into an agreement with the City to establish the terms and conditions by which the City will provide funding to PDC to implement economic development activities (including a Green Main Street Program) on a citywide basis; the City and PDC desire that PDC implement certain of PDC's economic development activities, primarily Community Economic Development and Traded Sector Job Creation and Retention, on a citywide basis, and the City is willing to provide funding to PDC to do so.
- 2) City Council Resolution No. 36714, dated July 8, 2009, adopts the 2009 Economic Development Strategy which includes, as Goal 3: Building the Sustainable Economy: Neighborhood Business Vitality, and Objective 3.3: Achieve Commercial District Revitalization through the implementation of a green "Main Street" program for Portland's neighborhoods.
- 3) Goal 2: Strategies, of PDC's Strategic Plan, places an emphasis on revitalizing commercial districts.
- 4) PDC will be reimbursed for administrative costs per the Board's Cost Recovery Policy.

## **FINANCIAL IMPACT**

For FY 2009-10, \$500,000 in one-time General Funds was appropriated by City Council to establish the Program in neighborhood business districts throughout the city. PDC will administer the Program, which will in the first year designate up to four participating districts. To reach a projected level of participation of 10 districts by 2014 will require on-going annual funding by the City of approximately \$1,300,000. Mayor Adams has indicated his commitment to generate City Council support for on-going funding of the Program. A longer-term goal is to create greater self-sufficiency on the part of districts and lessen reliance on scarce City funding resources. PDC's Main Street Coordinator is exploring the potential for corporate sponsorships.

Each district will receive both financial and technical assistance, including intensive training in the Main Street Approach from both the Program staff and the Main Street Center staff. In turn, each neighborhood forms a Main Street organization (501c3) that hires a full-time program manager, raises matching funds, and implements its programs according to an annual work plan based on the unique characteristics of each district. Staff and volunteers then draw upon the skills and experience of local stakeholders to revitalize their district. Based on available funding, Program financial assistance will be available for five basic categories:

- 1) District Program Manager salary, benefits, and training;

- 2) District promotional activities;
- 3) District physical improvements (public and private);
- 4) Sustainability projects within the districts; and
- 5) Design assistance in the form of design hours from a local architect trained in the Main Street Approach.

In addition, workshops, trainings, and assessments will be provided by the Program staff and the National Trust Center staff on a regular on-going basis.

## **RISK ASSESSMENT**

While the Program is an exciting opportunity to advance Goal 3 of the Economic Development Strategy, there are four primary risks to be aware of:

Risk 1. The success of this program is in part dependent upon a multi-year allocation of City General Fund dollars. These resources are considered and approved annually. Therefore, like many General Fund programs, consistent funding is a risk. It will be important to document progress and results in order to establish the program as a good investment of General Fund resources. This is essential because program participation will require a significant commitment of time and financial resources by the participating districts, and failure to secure continued Program funding would likely result in significant stakeholder frustration.

Risk 2. There is also risk that there could be a small applicant pool and/or those who apply may not meet the requirements needed in order to be a successful program. The program needs to show success as soon as possible in order to gain long-term support.

Risk 3. There is a potential risk that business associations may view the Program as competition for their funding and volunteers' time. This could cause fewer associations to apply to participate in the Program.

Risk 4. Applicants for the 2009-2010 Program must be located outside urban renewal areas. Infrastructure improvements play a key role in revitalization. City funds dedicated to substantial public improvements are limited; therefore, the risk to the City is that the participating districts may have false expectations that funds for public improvements would be available because they are in the Program.

## **WORK LOAD IMPACT**

This is a new program for PDC. Taking on the responsibility of managing a new program adds a heavy workload to the Community Economic Development (CED) Team. One full-time staff person, the Main Street Coordinator, and a six-month temporary Project Coordinator will administer the Program in the first year, and the CED Interim Manager devotes thirty percent of her time to overseeing the Program implementation. The staff person responsible for the Program came to the CED team as the result of the Urban Development Department reorganization; therefore other projects are not being impacted by the reassignment.

A successful program depends on adequate staffing and budget. A full-time Main Street Coordinator will continue to be required to administer the program over its lifetime. Starting in FY 2010-2011, a half-time administrative assistant will be needed for the program. It is anticipated that the administrative assistant position will need to increase to full-time by FY 2011-2012, when there are estimated to be eight approved Main Street Districts receiving technical assistance and grant support. This level of staffing is consistent with recommendations from the National Main Street Center, which recommends one Coordinator and one full-time Program Assistant when the Program includes six Districts and the experience of other urban Main Street Programs across the nation.

## ALTERNATIVE ACTIONS

The Board could choose not to adopt guidelines as proposed and direct changes.

## CONCURRENCE

- 1) The Planning Bureau and PDC staff in 2005 first began exploring the National Trust's Main Street Program, which operates in more than 1,800 communities in over 45 states, as an option for supporting neighborhood revitalization.
- 2) The 2009 Economic Development Strategy calling for a Green Main Street Program was adopted by City Council.
- 3) The City Council's 2009-2010 budget set aside \$500,000 in General Funds to fund the Program.

## BACKGROUND

In 2008, National Main Street Center staff, the Oregon Main Street Program Executive Director, Planning Bureau staff, and PDC staff toured Portland neighborhoods. The National Main Street staff then wrote a report of their observations and recommendations for Portland becoming a Coordinating Partner of the Main Street Center (Center). This analysis became the basis on which the contract for services with the Center is being developed. Part of the contract is an implementation schedule recommended by the Center. Portland will become the first citywide Main Street Coordinating Partner with the Main Street Center west of the Mississippi River.

The Main Street Center teaches a methodology called the "Main Street Approach," which revolves around a Four-Point strategy:

1. **Organization** – build a framework that is represented by businesses and property owners, residents, public officials, and other local business service providers.
2. **Promotion** – create excitement in the commercial district.
3. **Design** – enhance the attractiveness of the business district, and enhance its perception as a clean, safe place.
4. **Economic Restructuring** – analyze current market forces to develop long-term solutions.

The Program works because it encourages communities to use a comprehensive and intentionally incremental approach to revitalizing the target area (business district), requires long-term attention, community support and involvement, and a full public/private partnership

that is expected to last indefinitely. Participants in the Program are selected through a competitive process. Those interested in applying will be trained the week of February 1, 2010, on how to complete the application, and PDC staff support will be available during the three-month period when applications are being prepared. Applications will be due May 7, 2010. A Selection Committee will review applications and recommend up to four applicants. PDC's Executive Director will make the final selection of Districts by June 3, 2010, and Districts will be announced the week of June 7, 2010.

The Program will provide each District more than \$50,000 worth of high-quality technical assistance and training, including National Main Street Center staff consultations in the local Programs' initial start-up years, organizational development, fund raising, marketing, business recruitment, adaptive reuse of older buildings, and other specialized training. PDC's Program Coordinator will provide on-going technical support. Design assistance will be provided by a consulting architect trained in the Main Street design approach.

Additionally, Main Street Program funds have been budgeted so each District will receive a 1:1 matching grant for operating expenses, including the salary of a full-time Program Manager, a 1:1 matching grant for promotions, and a District Improvement grant. Participants will also have an opportunity to apply for a Green Grant from the Portland Main Street Program. All grant funds will be administered by PDC and awarded by recommendations of the Main Street Advisory Committee. Depending on the availability of citywide Storefront funds, PDC's Storefront Program will target funds for Designated Districts to apply for Storefront Grants.

**ATTACHMENT:**

- A. Project Summary

## PROJECT SUMMARY

<b>Project Name:</b>	Portland Main Street Program: Establishment Project
<b>Description:</b>	The Program will use the Main Street Four Point Approach, a methodology developed by the National Trust for Historic Preservation's Main Street Center, as an implementation strategy for building a sustainable economy through neighborhood business vitality. The Program is an initiative of the City of Portland and a program of PDC whose purpose is to revitalize commercial districts, support small businesses, and foster economic development in Portland's neighborhoods. Participation in the Program is through a competitive selection process. Participants are "Main Street Districts."
<b>Location:</b>	Citywide
<b>URA:</b>	Not applicable
<b>Current Phase:</b>	Start-up, initial year of implementation
<b>Next Milestone:</b>	July 2010 Districts become operational
<b>Completion Target:</b>	On-going Program
<b>Outcome:</b>	Revitalized neighborhood business districts
<b>Site/Project Map:</b>	Citywide