

DRAFT



2013

Annual Report

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Urban League of Portland

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As of June 2013

** CII Leadership Council co-chair*

THANK YOU PARTNERS

Regional Infrastructure Enterprise

Elected officials, RIE focus group
Bernie Bottomly, Portland Business Alliance
John Carroll, Carroll Community Investments
Carlotta Collette, Metro Councilor
Jillian Detweiler, TriMet
Mark Gardiner, Western Financial Group
Lise Glancy, Port of Portland
Tom Hughes, Metro Council President
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Mary Olson, Norris, Olson & Associates
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Development-Ready Communities

Stephen Butler, City of Milwaukie
Dominic Colletta, Lane Powell
Colin Cooper, City of Hillsboro
Lise Glancy, Port of Portland
Gene Grant, Davis Wright Tremaine, Urban Land Institute
Bob LeFeber, Commercial Realty Advisors
John Miller, Oregon Opportunity Network
Mayor Doug Neeley, City of Oregon City
Alice Rouyer, City of Tualatin
John Southgate, John Southgate Consulting
Eric Underwood, City of Oregon City
Craig Ward, City of Troutdale
Ramsay Weit, Community Housing Fund
Janet Young, City of Gresham

Performance and Equity Measurement

Demetria Espinoza, Coalition of Communities of Color
Stephen Gomez
Mara Gross, Coalition for a Livable Future
Julia Meier, Coalition of Communities of Color
Elizabeth Morehead, Greater Portland Pulse
Linda Nettekoven, Hosford-Abernathy Neighborhood Association
Jeremy Rogers, Oregon Business Plan
Joseph Santos-Lyons, Asian Pacific American Network of Oregon
Irene Schwoeffermann, Funders Committee for Civic Participation

Transportation Funding

Olivia Clark, TriMet
Andy Cotugno, Metro
Neil McFarlane, TriMet
Jim Whitty, Office of Innovative Partnerships and Alternative Funding Manager, ODOT

School Facilities and Properties

Bob Alexander, Portland Public Schools
Bill Becker, Portland Metro STEM Partnerships
Larry Didway, Oregon City School District
Jennifer Garland, Beaverton School District
Linda Johson, Colton School District
Jerry Jones, Gresham-Barlow School District
Jason Jurjevich, Portland State University
Patt Komar, David Douglas School District
Dick Steinbrugge, Beaverton School District
Charles Rynerson, Portland State University
Ruth Scott, Center for Innovative School Facilities
Adam Stewart, Hillsboro School District
CJ Sylvester, Portland Public Schools

The challenge

We are fortunate to live in great place. The Portland metropolitan region is a popular place to live and work, partly due to its extraordinary landscape and natural heritage, but also because of our dedication to planning for the future. We have been intentional about how and where we invest for tomorrow.

These investments are the foundation upon which our economy and quality of life are built. Traded sector industries utilize our marine and airport facilities to reach distant markets, workers take our extensive transit network to access jobs, and high-tech companies make use of our abundant water and energy resources to grow. We have preserved farm and forestland and kept nature close to our communities.

But over the last two decades, the quality of life that attracts people and business to the Portland metropolitan region has been slowly declining due to lack of investment. Funds needed just to repair and rebuild the infrastructure that supports our region's growth are dwindling.

As we welcome an anticipated 625,000 new residents within the Urban Growth Boundary over the next 20 years, the cost of building the needed public and private facilities is estimated to be \$27 to 41 billion. Traditional funding sources are expected to cover only half that amount. We need to make the most of the funding we have by leveraging these traditional public resources with private investment.

The region faces additional hurdles related to investment in our economy. While some efforts to fuse public and private resources have been successful, no entity exists to continually integrate these assets on a regional scale. Local permitting and regulatory practices can be unpredictable and perceived to add unnecessary costs, creating barriers to attracting new investment. Our region's school facilities are overcrowded and lack the technology needed to prepare students for higher education and tomorrow's job market. Finally, the region lacks a clear way of measuring the impact of its investments in infrastructure.

As the functional life of our existing roads, bridges, pipes and other public structures built decades ago begins to expire, it is clear that the region's critical infrastructure is living on borrowed time. New tools are required to bring financial, technical and development resources to bear on our shared infrastructure needs, better coordinate and measure our investments, and define a clear path for business expansion. We need to act now to strengthen our economy.

We need to reinvest in our region's infrastructure to rebuild the economy by putting people back to work and laying the foundation for future economic growth.

The response

We all want a region that provides good jobs, safe and reliable transportation, livable neighborhoods, and access to the opportunities that create the quality of life for which our region is known. We need to reinvest in our region's infrastructure to rebuild the economy by putting people back to work and laying the foundation for future economic growth.

Living wage jobs can be created by rebuilding our outdated infrastructure as well as investing in new public structures that are crucial to development. In the years to come, modernized and efficient infrastructure will make our businesses more competitive and help attract and grow innovative companies to invest in job creation in the Portland metropolitan region. Maintaining and improving roads, bridges and transit could save commuters time as well as millions of dollars in fuel costs. Investment in modern transportation infrastructure will save our region's economy nearly \$850 million annually by 2025.

Basic investments in retrofitting aging buildings, including our schools and educational facilities, could reduce energy use by up to 50 percent and put more resources in the classroom. Connecting vacant land with the pipes and pavement needed for development will allow more businesses to grow and thrive.

The region's existing economic development strategies recognize the need for more living wage jobs, growth in traded sectors or specific economic clusters, and greater financial stability for the people who live and raise families here. While many of these strategies specify a range of actions to achieve these goals, they also emphasize that infrastructure is critical to regional competitiveness and job creation. Smart, targeted investments in infrastructure made in alignment with our regional strategies can help stimulate development and grow the economy.

We have the opportunity to invest now in the economy and quality of life we envision for our region.

Places around the country that have tackled significant infrastructure challenges have one thing in common: strong, bold leadership from the private sector in partnership with the public sector.

The Community Investment Initiative

The Portland metropolitan region is not alone in facing these significant challenges. Looking around the country at places that have worked to tackle these problems, those that were successful had one thing in common: strong and bold leadership from the private sector in partnership with the public sector. To meet this need for our region, the Community Investment Initiative (CII) brought together a diverse coalition of more than two dozen leaders from the Portland metropolitan area's business, community and public sectors to create a Leadership Council committed to building the region's economy by making investments in infrastructure that create and sustain living wage jobs.

The Initiative convened the Leadership Council to identify the innovative tools that use existing resources more efficiently, encourage public-private partnerships, and facilitate strategic infrastructure investments, particularly those of regional significance. By leveraging the power of the Leadership Council's extensive network of professional relationships, we can develop a regional approach that integrates previously separate efforts on investments, jobs, development, transportation and equity for a coordinated strategy that allows us to focus and prioritize our resources.

The strategic plan

In June of 2012, the Leadership Council released a strategic plan that focuses on the challenges to our region's economy and assesses the investments most likely to deliver the greatest benefits region-wide. The resulting four strategies offer an integrated and transformative investment approach that makes the most of existing and future public resources while achieving the greatest economic, environmental and social return for the region. These four strategies are being implemented to move the Leadership Council, stakeholders and the region forward toward creating a resilient economy:

- Invest in infrastructure to catalyze jobs and economic prosperity
- Foster conditions that support development-ready communities
- Ensure the reliable and efficient movement of goods and people across the region
- Protect and enhance our communities' investments in school facilities and properties, now and in the future

In implementing each strategy, the Leadership Council is evaluating where and how to invest in the region's economic future by factoring the impact these investments have on communities through a performance measurement strategy to help ensure the benefits and costs of future growth and change are equitably distributed.

The Leadership Council and its partners have been working throughout the last year to implement the elements of the strategic plan, and much progress has been made.

The Leadership Council offers its recommendations for a prosperous economy to the community, business and elected leaders of the region.

The members of the Leadership Council are committed to working with regional leaders to help make targeted investments in the structures that support our region's economy and help create living wage jobs.

CII Leadership Council Recommendations



REGIONAL INFRASTRUCTURE ENTERPRISE

Invest in infrastructure to catalyze jobs and economic prosperity



Infrastructure serves as the foundation for the region's economy and the centerpiece issue addressed by the Community Investment Initiative. The roads, bridges, pipes and other public structures that support daily life enable our businesses to connect with markets, get workers to and from job sites, and provide the resources needed to make products and provide services. Without these structures, our economy suffers, and it is increasingly clear that a purely public investment model no longer meets our needs.

To support investment in basic infrastructure, the CII Strategic Plan calls for the creation of a Regional Infrastructure Enterprise (RIE) to leverage private investment through a public-private partnership model to deliver infrastructure investments. The mission of the RIE is to facilitate infrastructure investment that catalyzes living wage job creation, private investment and economic development. Its goal is to focus on the projects in population centers and employment areas that have the most potential to deliver jobs and economic development to the region.

With a three-phased approach, the initial phase of the RIE is envisioned to support development projects by providing technical assistance such as market analysis and permitting assistance, and funding through patient capital or grants. This first phase, which focuses on demonstration projects, will be needed to prove and refine the approach before expanding into later phases of supporting larger projects. It is not intended to supplant local and regional responsibility for priority setting, but instead augment and help deliver existing projects that most of us agree are crucial for the region's economic health.

The RIE will work to:

- facilitate development of key projects that support the economy
- create shovel-ready land for new and expanding businesses
- deploy public-private partnerships to maximize investment resources on key projects
- establish a mechanism for making ongoing strategic investments in merit based projects of regional significance
- advance regional and local goals for development and job creation.

With agreement from key partners, the RIE can be realized. While the concept has buy-in from partners and stakeholders from across the Portland metropolitan region and a way forward through a completed and phased business plan, key steps remain to be taken.

RECOMMENDATIONS

While the RIE cannot solve the region's problems single-handedly, it will provide an important tool to shore up our most critical economic foundation and grow the jobs that support the services we all rely on.

The Leadership Council recommends:

- the immediate implementation of the Regional Infrastructure Enterprise business plan to help deliver the infrastructure needed to create living wage jobs in the Portland metropolitan region
- the formation of a new partnership between Metro and the Port of Portland, governed by an appointed board of directors, to develop and implement a regional project package that supports our shared economic development goals and generates momentum for securing funding for ongoing investments.

The mission of the Regional Infrastructure Enterprise is to facilitate infrastructure investment that catalyzes living wage job creation, private investment and economic development.



DEVELOPMENT-READY COMMUNITIES

Foster conditions that support development-ready communities



With its unique land use laws, Oregon has additional complexities related to development and growth. We have worked together as a region to grow responsibly by encouraging development in existing communities and protecting farm and forestland on the edges. But this has also meant a more limited land supply and a need for greater thoughtfulness in planning. While these conditions reflect the values shared by the majority of Oregonians, any added hurdles – real or perceived – to development can create conditions that make private investment and expansion less attractive.

In the strategic plan, the Leadership Council recommended the creation of a development readiness strategy to identify these hurdles and explore solutions. This strategy would pursue good government practices to deliver a more transparent and predictable development process without undermining the spirit of existing regulation.

The CII worked collaboratively with the City of Oregon City in a pilot program to test a development readiness tool and gauge its effectiveness. Those involved agreed that the tool provided valuable insight into a community's development readiness and measured the right variables. More importantly, the use of the tool prompted an in-depth conversation with policy makers and developers about what local jurisdictions could do to spur development in their communities. Using these tools and strategies, local jurisdictions throughout the region can identify their own program's strengths and weaknesses, and recommend specific actions to improve the development review process and streamline permitting while preserving communities' environmental values. These processes are vital for growing businesses and living wage jobs right here in our neighborhoods.

While the program is not intended to meet every need for either the jurisdiction using it or the developer hoping to navigate the permitting process, it provides an effective approach for investigating how a jurisdiction interacts with the businesses and enterprises driving growth in their community.

RECOMMENDATION

The development-ready communities program illustrates best practices, helps clarify the path through local permitting processes, and supports developers and jurisdictions by providing certainty to those looking to invest in the region. The Urban Land Institute has stepped forward as a partner that may be willing to take this concept and broaden its applicability to the entire region.

The Leadership Council recommends:

- the Urban Land Institute implement the program as part of its emerging Thriving Cities Alliance and broaden its scale to support high quality development outcomes in the region.

Development-ready means communities can attract private investment without adding unnecessary time, risk or uncertainty to the development process.



TRANSPORTATION FUNDING

Ensure the reliable and efficient movement of goods and people across the region



The Portland metropolitan region's economy is dependent upon transportation. The region sits at the confluence of international marine terminals and inland waterways, the crossroads of two interstate highways and transcontinental rail lines, and hosts the largest airport in the state. Our economy is powered by advanced manufacturing, high-tech industries and specialty trades, all of which rely upon these connections to reach markets both at home and abroad. The efficient and effective movement of people and goods within and through the region is essential to our economic success.

While our need for a safe, reliable and effective transportation system has never been greater, the traditional funding sources that support our roads, bridges and other vital infrastructure are dwindling. Major bottlenecks and congestion cost businesses money and bind our region's ability to grow. While we have done the work to plan for improvements, there are insufficient resources to meet regional needs. In order to ensure our transportation system can accommodate the growing region, a series of investments are needed that improve freight mobility, safety for all modes of travel, and connectivity to jobs.

The Community Investment Initiative is in a unique position to advocate for transportation funding. While the group was organized to exercise its network of professional and civic leaders, the decision-making authority for major transportation projects rests with other bodies, including local jurisdictions and the state Legislature.

The Initiative explored the potential for a broad strategic investment fund for transportation by engaging stakeholders to assess interest and political will. Based on this fact-finding, the Leadership Council agreed in the short term to pursue increases in conventional transportation revenues for targeted priority transportation improvements in the 2015 legislative session, accompanied by a regional and local funding strategy.

In the long term, however, these conventional funding sources need to be replaced. The gas tax, an innovative solution when first implemented in 1919, continues to lose purchasing power due to inflation and the adoption of fuel efficient vehicles. As a viable replacement, the Leadership Council recommended the development of a vehicle miles traveled (VMT) fee assessed on how much one drives and linked to delivering the multi-modal transportation system needed to serve this region. In a prior study, researchers found that a VMT fee is technically feasible and can be implemented fairly simply, providing choices for drivers on how it is collected. Oregon pioneered the gas tax as a model for the 20th century, but we need a model for the 21st century that invests in transportation across all modes of travel.

RECOMMENDATION

Transportation infrastructure plays a vital role in ensuring the economic competitiveness of the region and needs sustained investment, both in the near- and long-term.

The Leadership Council recommends:

- local partners work together to strengthen our regional transportation system by identifying recommendations and goals for the 2015 legislative session and developing next generation transportation funding tools that capture the impact of traffic on roadways.

In order to ensure our transportation system can accommodate the growing region, a series of investments are needed that improve freight mobility, safety for all modes of travel, and connectivity to jobs.



SCHOOL FACILITIES AND PROPERTIES

Protect and enhance our communities' investments in school facilities and properties



A high-quality education is essential in preparing today's young people for the jobs of tomorrow. As knowledge of science, technology and mathematics becomes increasingly relevant to workers in our economy, our students are being short-changed in their earliest years. Thousands of children across the Portland metropolitan region are learning with outdated equipment in aging buildings that are not equipped to handle growing class sizes. They do not have access to the new technologies required to be successful in the 21st century work place, limiting our educators' ability to prepare and develop the future workforce. We are failing to adequately invest in the public structures that serve the next generation of entrepreneurs, doctors and trades people.

In 2012, the Community Investment Initiative recommended the development of a strategy to make the most of existing facilities and plan for new infrastructure investments. In partnership with the Center for Innovative School Facilities, seven local school districts and Metro's Data Resource Center, the Initiative created a State of the Schools Atlas to help school districts prioritize investments based on demographic, facility, student performance and enrollment information. This tool, comprising demographic data and facilities benchmarks, can be used by school districts for analysis to inform decision-making for facility planning and investment based on broad criteria. Additionally, working with experts in school building innovation, the Initiative drafted guidelines for new school construction or renovation to help teachers make better use of technology and their physical classroom space.

RECOMMENDATIONS

We must do a better job of providing our young people with the tools they need to be successful, beginning in our classrooms and working together to use limited resources in the most effective way possible.

The Leadership Council recommends:

- regional leaders support partner organizations and school districts in using the State of the Schools Atlas to help school districts assess where to prioritize investments in facilities and properties
- continued collaboration with the Oregon Department of Education and local Education Service Districts to consider methods of maintaining and applying the State of the Schools Atlas
- the Metro Data Resource Center provide support services to users of the State of the Schools Atlas on a fee-for-service basis
- Portland State University take the lead on marketing the regional enrollment forecast cost-sharing proposal to local school districts and Education Service Districts
- the Center for Innovative School Facilities take the lead on distribution and assistance in application of the School Facility Guidelines for Technology.

The quality of education and workforce preparedness in the future depends on having 21st century school facilities deliver 21st century programs to every student in the region.



PERFORMANCE AND EQUITY MEASUREMENT

Prioritize investments that generate jobs, promote opportunity and reduce disparities



The Community Investment Initiative came together under the principle that the Portland metropolitan region is a place where diverse interests collaborate to solve problems.

More than just formulating strategies, the Community Investment Initiative is committed to achieving measurable results across the region, both geographically and demographically. Sustainable, resilient and prosperous economies are those that have low levels of poverty, high per capita income, and generate living wage jobs for their residents. In short, a prosperous region is an equitable region. The success of the Initiative is dependent upon its ability to ensure the benefits and costs of its investments are equitably distributed among the region's communities and the outcomes are effectively communicated to residents, elected leaders and the business community. In response, the Initiative has developed a Performance and Equity Measurement framework (PEM) to shape these critical connections and illustrate how the CII is helping to create living wage jobs.

RECOMMENDATIONS

In line with our continued goal of using resources more efficiently, performance measurements will make use of existing tools housed within organizations such as the Greater Portland Pulse, Greater Portland Inc., Metro, and Coalition for a Livable Future.

The Leadership Council recommends:

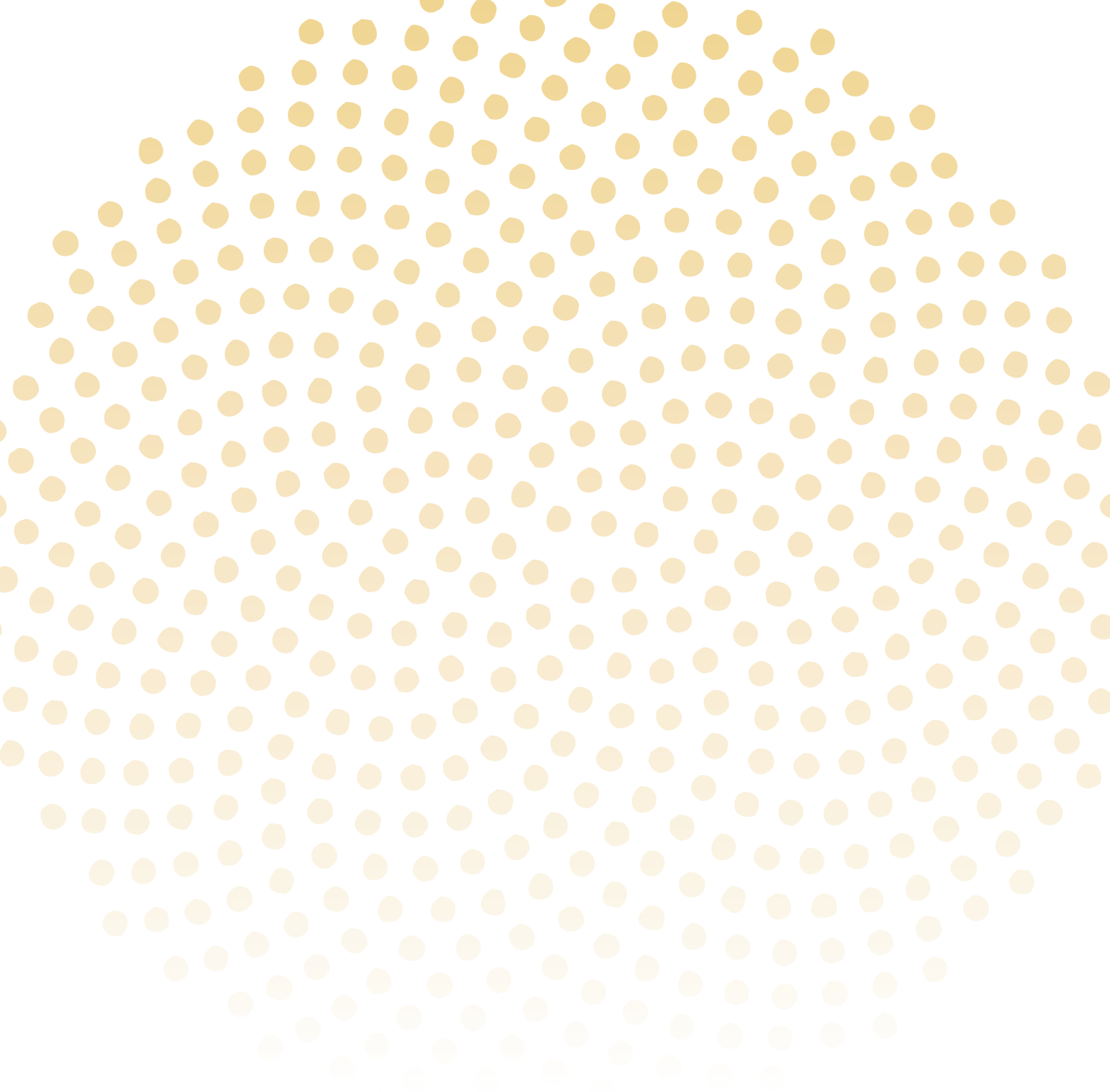
- partner organizations continue to measure the region's living wage jobs, per capita income and poverty rate to help assess the effectiveness of the CII strategies and the impacts of the investments made
- key stakeholders and partners provide feedback on the performance and equity measurement framework and its relationship to the other CII strategies
- partners track and share outcomes of their efforts as they contribute to meeting the CII goals.

Sustainable, resilient and prosperous economies are those that have low levels of poverty, high per capita income, and generate living wage jobs for their residents.

Next steps

In summary, the Community Investment Initiative Leadership Council recommends:

- the immediate implementation of the Regional Infrastructure Enterprise business plan to help deliver the infrastructure needed to create living wage jobs in the Portland metropolitan region
- a new partnership between Metro and the Port of Portland to develop and implement a regional project package that supports our shared economic development goals and generates momentum for securing funding for on-going investments in our region
- the Urban Land Institute implement the development-ready communities program as part of its emerging Thriving Cities Alliance and broaden its scale to support high quality development outcomes in the region
- local partners work together to strengthen our regional transportation system by identifying recommendations and goals for the 2015 legislative session and developing next generation transportation funding tools that capture the impact of traffic on roadways
- regional leaders support partner organizations and school districts in using the State of the Schools Atlas to help school districts assess where to prioritize investments in facilities and properties
- partner organizations continue to measure the region's living-wage jobs, per capita income and poverty rate to help assess the effectiveness of the CII strategies and the impacts of the investments made.



www.communityinvestmentinitiative.org