DRAFT

COMMUNITY INVESTMENT
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2013 ANNUAL REPORT

Appendices

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Appendix A | Regional Infrastructure Enterprise

STRATEGY ONE | Invest in infrastructure to catalyze jobs and economic prosperity

REGIONAL INFRASTRCUTURE ENTERPRISE BUSINESS PLAN

Please keep in mind the following:

1. **This is only a 75 percent draft**. The goal of this draft is to present a more complete proposal on RIE that pulls together the various elements we have been discussing over the last several months. More refinements are needed before this document can be officially adopted by the CII in September.

2. **Layout and design for the document is scheduled for late summer 2013**. Table numbers and references will also be included as part of the design and final proof.

3. **This document includes the executive summary and the complete plan.** The executive summary is envisioned to be a standalone document. Some of the language from the summary is repeated in the complete version.

4. **The comments in the margins represents feedback already received from the RIE implementation group and have yet to be fully incorporated.**

5. **Vetting is important.** Though not complete, this draft could spark conversation with stakeholders and implementation partners that will lead to further improvements.

6. **The discussion of this document should avoid wordsmithing**. Because this is only a draft document, there will be additional opportunities to provide to more in-depth feedback before it is proposed for adoption in September 2013.

7. **The attachments section is not included in this draft**. Staff is still working to complete them. If you are interested in reading what has been developed thus far, please let staff know.

8. **The name of the Regional Infrastructure Enterprise is changing**. A new name will be selected over the summer for the Regional Infrastructure Enterprise. The next version of the business plan available in September will reflect this change.

If you have any questions related to this plan, contact the CII Co-Chair Tom Imeson at tom.imeson@portofportland.com or by calling 503-415-6015 or Maria Ellis at maria.ellis@oregonmetro.gov, 503-797-1732.

Attachment guide

Attachment A1 Regional Infrastructure Enterprise business plan

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REGIONAL INFRASTRUCTURE ENTERPRISE BUSINESS PLAN

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Comment [E1]: Overall, document needs better and more realistic articulation of the viability and steps necessary to implement phase 3 as envisioned.

Regional Infrastructure Enterprise Business Plan

EXECUTIVE SUMMARY

This Business Plan recommends the creation of the Regional Infrastructure Enterprise, or RIE. The Community Investment Initiative (CII), a coalition of private and community leaders whose mission is to support the region's economy by investing in the infrastructure needed to support the creation of living-wage jobs, developed this recommendation as a solution to systemic and troubling disinvestment in the Portland region's infrastructure. The Business Plan is a call to action for public and private partners to take a leading-edge approach to a problem that affects not just the Portland region, but the entire nation. Once implemented, RIE will set a new bar for innovation and best practice in the field of infrastructure project delivery, cementing our region's reputation for thoughtful, creative solutions.

What is RIE?

RIE is a public-private partnership whose mission is to facilitate infrastructure investments that catalyze living-wage job creation, economic development, and private investment.

RIE is meant to fill critical gaps in our region's infrastructure finance and project delivery system by working with the private sector and local governments to invest in a variety of infrastructure projects. RIE's fundamental role is to improve system coordination and provide more resources to finance the projects that are most critical to our region's economic development goals. RIE will supplement and coordinate, rather than replace components of the existing infrastructure delivery and finance system.

What will RIE do?

RIE will invest in a variety of projects that meet criteria for job creation and other outcomes; projects include traditional infrastructure (e.g., roads, water and sewer lines, energy infrastructure, etc.) and land readiness investments (e.g., remediation, mitigation, land aggregation, public plazas, parking structures). By making these investments in infrastructure and development, our region will be better poised to produce more business activity and an overall stronger economy. RIE will be a:

- Market-driven selector of the infrastructure projects that are most important to our region's economic future. Using a set of criteria described in this Business Plan, and in partnership with local jurisdictions, RIE will focus its attention on coordinating existing resources and attracting new funding to these projects.
- Consultant providing technical and financial structuring assistance. That assistance may include due diligence and pre-development support, assistance with packaging of financial resources, and assessment of market and project feasibility.
- Investor in regionally significant projects. Existing resources are increasingly constrained and are probably insufficient, even if used to their fullest potential and in the most coordinated way possible. New public and private resources are necessary. RIE will need

to identify and work with regional partners to secure these resources, and target them to implement the most important regional projects.

Why do we need RIE?

Infrastructure is the most basic element of a strong economy: it moves people and goods to and from market, and is a necessary precondition for private investments in development and jobs. And yet, though we understand the critical role of infrastructure, we have failed to continue to invest at the same levels that recent generations have. America's outdated highways, electrical grid, ports, and transit systems are giving other countries a leg up. U.S. infrastructure has fallen from first place in the World Economic Forum's 2005 economic competitiveness ranking to number 15 today. Countries like China, India, and Mexico are building huge new highways, port facilities, broadband networks, rail systems, and airports – because they know these investments will help them grow and make their countries' businesses more competitive. Our economy, our businesses, and our workers are all falling behind because of our failure to make critical investments in infrastructure.

In greater Portland, the situation is no better. The lack of adequate financing mechanisms has led to maintenance being postponed and neglected. Despite widespread recognition that sound infrastructure is critical to maintaining and enhancing regional economic growth, competitiveness, productivity, and quality of life, current approaches to the development and financing of community support systems are not working.

Without an injection of new investment in infrastructure, the strength of our region's economy is at risk. Traditional funding sources are expected to cover only about half the estimated $27 to $41 billion needed to accommodate growth by 2035. Smart investments now can position us for success in the future and improve our economic resilience. We must invest to remain competitive and to ensure our economic success and resiliency.

The solution to this daunting challenge must be bold and collaborative. It will require the collective will of private businesses and entrepreneurs, government leaders, non-profits and foundations, and citizens, as well as a clear-eyed understanding of the risks to inaction, the skills and hard work of stakeholders to overcome those risks, and the leadership of many to build and maintain momentum. The Regional Infrastructure Enterprise is that solution, and this Business Plan explains how it will succeed.

Who does RIE serve?

RIE will provide assistance and services to a variety of partners in the infrastructure development and management community, including:

- Municipalities, counties, agencies, and service districts
- Utilities and other service providers
- Private development companies
- Non-profit and community-based developers, financiers, and service providers

Ultimately, RIE serves the general public of the Portland metropolitan region inside the urban growth boundary (UGB). Although investing in infrastructure is expensive, the return on that investment directly improves the lives of the people who live and work here. That return can be in the form of quantitative measures such as higher tax revenues, improved housing, and more jobs, as well as more-qualitative measures of strong and livable communities. Public investment is necessary to make private investment possible and profitable, and private investment is what ultimately builds great communities and allows individual households to be prosperous.

How will RIE be implemented?

Creating a new entity that can undertake a challenge of this proportion will require significant effort and support from many parties. The CII recognizes that more analysis and conversations will be needed to ensure a successful transition to full operations. To address this reality, it is proposed that RIE be implemented in a phased approach that allows it to establish a track record of success and demonstrate its value in an early phase, before transitioning to an independently financed entity in later phases. This phased approach allows RIE to develop in a nimble manner that can respond to opportunities as they arise. By leveraging existing capacities and expertise, RIE is an efficient way to provide assistance to projects. Implementation will occur in three phases:

- In Phase 1, roughly September 2013 to December 2015, RIE's primary activities will center on implementing a few demonstration projects that can serve as the basis for a successful transition to Phase 2. In addition, RIE will develop a region-wide project package and associated funding strategy for implementation in Phase 2 that will yield the greatest economic development benefit to residents. Lastly, Phase 1 work will also include refinements to the Phase 2 business model and governance structure, and continuing conversations with stakeholders to ensure success.
- In Phase 2, which begins around December 2015, RIE will work with regional partners to select and access a secure, on-going public funding source (or sources) to implement an initial package of regionally significant infrastructure projects. After execution of this package, RIE will continue to invest in additional projects that meet its criteria for (1) economic development and job creation; and (2) equity, community development, and innovation outcomes. RIE will become a full-fledged player in the regional infrastructure delivery system, coordinating with other public and private investors to ensure smart investments in our region's economy.
- In Phase 3, a longer-term effort, RIE will evolve into an entity that can more directly access private funds to invest in public infrastructure and public-private development agreements. This phase is an important goal for RIE and could be characterized by the development of an investment arm of RIE that could tap into retirement or sovereign funds or programs like EB-5. The Business Plan describes the practical, legal, and financial questions that will need to be answered before this phase can be implemented, and describes the decision-making structure for answering those questions.

Who will govern RIE?

To align with its implementation phases, RIE's governance model will also be phased. In all phases, RIE's Board will be composed of public and private sector leaders, ensuring that both the public good and private investment perspectives are integrated into all aspects of decision-making.

- In Phase 1, RIE can be created by an intergovernmental agreement (as authorized in Oregon Revised Statutes [ORS] Chapter 190) between the Port of Portland and Metro. As two agencies with regional scopes, Metro and the Port are best positioned to provide RIE with the capabilities, expertise, and resources needed to successfully launch. RIE will have a skills-based, appointed Board of Directors that will evaluate and invest in merit-based projects that align with the RIE mission. The projects themselves will be selected and implemented using Metro and Port staffing and financial resources.
- In Phase 2, RIE's Board of Directors will have fiduciary responsibility for the resources allocated to it, and will be directly responsible for selecting and sequencing project implementation. The lessons learned from Phase 1 will be incorporated into the business model, which will likely result in amendments to the ORS 190 agreement.
- Governance in Phase 3 has yet to be determined. It may not change significantly from Phase 2, or, depending on the nature of the private capital RIE accesses, it may require leadership that includes an additional range of stakeholders. These questions will be addressed as decisions are made about how RIE evolves from Phase 2 to Phase 3.

NEXT STEPS

The CII recommends this Business Plan for Metro and Port consideration and action. Specifically, Metro and the Port should form an ORS 190 partnership, as described in more detail in the Business Plan, and begin implementation of Phase 1. Key among those next steps is developing a project package that supports the economic development goals of our region and generates momentum for securing funding for implementation and on-going investments. The Port and Metro have committed staff to help support the implementation of Phase 1.

Table X RIE at a glance

	Phase 1: Demonstrate	***Phase 2: Invest***	***Phase 3: Access private dollars***
When	September 2013 - December 2015 (estimated)	December 2015 until Phase 3 begins, date TBD	Unknown, but must be sequenced after Phase 2 successes have been achieved
Range of projects	Demonstration projects show the added value of RIE. Projects will be smaller in scale than those envisioned for Phase 2 while still achieving an economic development outcome and serving as a model for Phase 2.	Projects located in regionally designated centers, corridors, and industrial lands that have a clear nexus to job creation and/or economic development. A project package proposal will be created in Phase 1 for implementation in Phase 2. Package will include a set of larger complex infrastructure, development, or land readiness projects.	Same types of projects as in Phase 2 but with an additional focus on revenue-producing projects that can create financial return on investment for private investors.
Services	Technical assistance, including due diligence, feasibility and market analysis, regulatory and permitting assistance. Assistance with structuring PPPs, including coordinating partners, negotiating development agreements, and connecting private capital.	Same as in Phase 1 plus direct funding including patient capital, gap financing, and grants.	Same as in Phase 2, but with the addition of a direct investment arm that accesses private funds and invests in projects that can create a return.
Funding	Existing public funding sources and finance structuring to support the demonstration projects. The Port and Metro will provide staffing and incidental funding.	Stable, on-going public resources to support continue investments. Private investment in appropriate individual projects negotiated through development agreements.	Dedicated on-going public funding for appropriate projects, with the addition of private capital from a Phase 3 investment arm of RIE. Investment capital could include EB-5, retirement funds, a partnership with a CDFI, or other sources.
Governance	RIE Board of Directors: skills-based, six-person Board that includes a mix of Greater Portland Inc. (GPI), Port, and Metro nominees. The Board will also have non-voting liaisons to connect it to its sponsors and local governments.	Same as Phase 1 but with refinements based on lessons learned. There may be opportunities to add additional sponsors and adjust the nominating bodies accordingly.	Similar to Phase 2, but may include more private sector participation in the management and oversight related to RIE's private investment arm.
Staffing	To be provided by RIE's originating sponsors, the Port and Metro, which will provide project management and technical staffing, RIE executive management and administration, and consultants.	Expand staffing capacities to execute a larger, more complex set of projects to be included in the Phase 2 package, including highly skilled staff to structure and negotiate development deals and leverage private investment for specific projects.	With the expansion of RIE to include a direct private investment fund, add staff that can recruit and manage private capital.
Private sector role	Participate directly in governance of RIE via the Board of Directors; participate through PPPs, as appropriate, to help execute the demonstration projects.	Same as in Phase 2 but on more projects.	Phase 2 role plus direct investment in projects that produce a return.

Public sector role	Public agencies initiate and sponsor RIE (the Port and Metro); provide funding for Phase 1 components, including staff and incidentals.	Provide a public funding allocation to the RIE Board of Directors to execute Phase 2 project package while leveraging private investments in individual projects. Funding will be originated by a public agency.	Same as Phase 2.

RIE Business Plan (Implementation Plan) – Complete plan

OVERVIEW

The Regional Infrastructure Enterprise is meant to fill critical gaps in our region's infrastructure project delivery and finance system, working with the private sector to invest in a wide variety of infrastructure projects. Those projects include traditional infrastructure (e.g., roads, water and sewer lines, energy infrastructure, stormwater management) as well as land readiness investments (e.g., remediation, mitigation, aggregation, public plazas, parking structures).

Fundamentally, RIE's role is to improve our existing infrastructure project delivery system, making it more efficient by improving system coordination and providing more resources to finance projects that are critical to our region's economic development goals. More specifically, RIE will provide technical assistance, financial analysis and packaging, and, as appropriate, funding to projects that meet criteria for regional and state economic development significance. RIE will supplement and coordinate, rather than replace, components of the existing infrastructure finance system. It has been designed to support and improve that existing system without creating redundant efforts or new bureaucracies. RIE will be implemented in phases, beginning with a demonstration phase before a fully independent entity is formed.

1. THE NEED

Infrastructure is the most basic element of a strong economy: it moves people and goods to and from market, and is a necessary precondition for private investments in development and jobs. And yet, though we understand the critical role of infrastructure, we have failed to continue to invest at the same levels recent generations have. America's outdated highways, electrical grid, ports, and transit systems are giving other countries a leg up. U.S. infrastructure has fallen from first place in the World Economic Forum's 2005 economic competitiveness ranking to number 15 today. Countries like China, India, and Mexico are building huge new highways, port facilities, broadband networks, rail systems, and airports – because they know these investments will help them grow and make their countries' businesses more competitive. Our economy, our businesses, and our workers are all falling behind because of our failure to make critical investments in infrastructure.

In greater Portland, the situation is no better. The lack of adequate financing mechanisms has led to maintenance being postponed and neglected. Despite widespread recognition that sound infrastructure is critical to maintaining and enhancing regional economic growth, competitiveness, productivity, and quality of life, current approaches to the development and financing of community support systems are not working.

Without an injection of new investment in infrastructure, the strength of our region's economy is at risk. Traditional funding sources are expected to cover only about half the estimated $27 to $41 billion needed to accommodate growth by 2035. Smart investments now can position us for success in the future and improve our economic resilience. We must invest to remain competitive and to ensure our economic success and resiliency.

The solution to this daunting challenge must be bold and collaborative. It will require the collective will of private businesses and entrepreneurs, government leaders, non-profits and foundations, and citizens, as well as a clear-eyed understanding of the risks to action, the skills and hard work of stakeholders to overcome those risks, and the leadership of many to build and maintain momentum. The Regional Infrastructure Enterprise is that solution, and this Business Plan explains how it will succeed.

What is the nature of the infrastructure problem in our region?

The infrastructure delivery challenges in our region (and nationally) are systemic and begin with the many limitations associated with currently available funding sources. Most large-scale infrastructure projects combine funds from several sources. Depending on the type of infrastructure, a project may be financed with some combination of the following:

- Bonds secured by and/or paid from general fund revenues, urban renewal tax increment revenues, or other revenue streams
- Rates or fees
- Federal, state and local grants or loans
- Development-derived sources such as systems development charges
- Private contributions such as local improvement districts or other direct investments from property owners

Together, these tools provide a variety of ways to fund projects, especially for municipal governments with strong credit ratings and sufficient staff to pursue a complex mix of funding sources.

However, all major sources of revenue and financing are increasingly constrained, and many important projects remain unfunded. A fundamental reason for the funding shortage is that tax receipts are not growing fast enough to keep pace with the increasing cost of providing services to a growing population. In Oregon, statutory limitations on property tax growth, combined with limited political will or ability to increase rates and fees that are more flexible, limit the major revenue sources available to local governments. Public leaders are making difficult decisions about how to use limited revenues to fund priority services—including schools, public safety, and social services—in addition to maintaining existing and building new infrastructure. Because local resources are similarly limited across the United States, the competition for also-declining federal funds and grants is fierce.

An additional complication is that existing resources are not consistently available to all project types in all locations. Some projects, especially those involving water, sewer, or electrical infrastructure, have access to rate-based revenues or to their own property tax streams via a special district. Others, such as transportation improvements, do not. Large-scale transportation projects on interstate and state highways are more likely to be eligible for competitive funding from state and federal sources, while smaller scale transportation and multi-modal improvement projects typically must rely on local government resources. And some resources, such as urban

renewal dollars, are not available outside of certain geographic areas. These differences mean that some projects are more easily financed through the existing system than others.

Finally, some projects that have access to development-derived sources end up in a chicken/egg funding situation in which infrastructure is needed to support the development, but that development is what provides the revenue to cover the infrastructure's cost. In these types of projects, which include multi-modal access improvements, open space improvements, and other infrastructure projects that support redevelopment, the financing challenge is short-term. If upfront capital costs can be covered, the project will generate a stream of revenue that can be used to repay those upfront costs. Sometimes, this upfront money is referred to as "patient" capital, because it must come from an investor who is willing to wait for the development to produce revenues before a return is generated.

Comment [m2]: In the Sept. version, staff will do more to describe the types of projects that need help based on the Catalytic Infrastructure Survey results.

What will RIE do to address the problem?

Given the above challenges, the CII found several ways RIE can help. RIE will be a:

- Market-driven selector of the infrastructure projects most important to our region's economic future. Using a set of criteria described in this Business Plan, and in partnership with local jurisdictions, RIE will focus its attention on coordinating existing resources, providing technical assistance, and bringing new funding to these projects.
- Consultant providing technical and financial assistance. That assistance may include due diligence and pre-development support, assistance with packaging of financial resources, and assessment of market and project feasibility.
- Investor in regionally significant projects. Existing resources are increasingly constrained and are probably insufficient, even if used to their fullest potential and in the most coordinated way possible. New public and private resources are necessary. RIE will identify and secure these resources, and target them to implement the most important regional projects.

RIE's role in the region's economic development strategies

RIE will facilitate (and in some cases, implement) regional and state economic development priorities and actions by delivering infrastructure projects that support regional economic growth. It is designed to supplement and coordinate, rather than compete with, the host of regional economic development strategies, chambers of commerce, and industry groups focused on job creation and retention in the region. By Phase 2, RIE will deploy new public resources that will support our region's most important projects while leaving project ownership with partner organizations or jurisdictions. In all cases, RIE's governance structure ensures that local priorities are protected.

The Portland metropolitan region's economic development strategies all have similar goals: more living wage jobs, more jobs in traded sectors or specific economic clusters, and increased wealth and economic well-being. These goals clearly align with the goal of RIE. The strategies specify a range of actions to achieve these goals, such as: recruitment and retention of firms that provide living wage jobs, investment in higher education and workforce training programs,

support for entrepreneurship and small businesses, support of green development and other environmental projects, and coordination of economic development efforts across the region. Most of the strategies also recognize that infrastructure is critical to regional competitiveness and job creation; it is quite literally the foundation on which an economy exists.

Comment [XXX3]: Cite in final version

In this context, the Business Plan for RIE lays out a clear set of criteria for project selection. These criteria will help ensure that regionally significant projects that lead to an economic development or job creation outcome are prioritized and funded in a coordinated approach.

Who else is operating in this space?

RIE is meant to supplement an existing project delivery system. Table X below identifies the major players, the role they play, and how RIE supplements their activities. The list is not comprehensive (there are more players than can be listed in one readable table), but is rather meant to provide some sense of RIE's role and how it can operate without creating redundancies.

Table X Name

Organization	Role	Why RIE adds value
Infrastructure Finance Authority	Statewide entity that helps communities deliver infrastructure projects, with a special focus on drinking water, wastewater systems, and industrial lands certification	RIE will Focus on the Portland region, and on a broader range of infrastructure needs; for certain types of projects, IFA will be a partner
Oregon/Regional Solutions	Designates projects of regional or state significance, deploys technical assistance, and advocates for public funding for projects	RIE can partner on projects to bring additional resources but will have a broader scope of projects that it will participate in
Development consultants	Market and feasibility analysis; due diligence on property acquisition	For projects in which RIE is a partner, it will be less expensive for jurisdictional partners; more comprehensive and consistent approach
West Coast Infrastructure Exchange	Information clearinghouse and standardization of practices across Oregon, Washington, and California	RIE may draw from Exchange resources, but focuses on Portland Metro region and applies to specific projects
Redevelopment Agencies	Fund infrastructure and redevelopment projects in urban renewal areas	RIE can invests in areas outside of urban renewal boundaries; bring new resources to support declining TIF resources inside the urban renewal boundaries
The Port of Portland	Industrial land readiness studies and activities, in coordination with local jurisdictions; key property owner	RIE can brings additional revenues to land readiness projects

Metro	Gap financing for Transit Oriented Development projects and limited technical assistance to local jurisdictions; key property owner; coordinates and prioritizes federal funding for regional transportation projects via the Joint Policy Advisory Committee on Transportation (JPACT)	RIE can expanded service to a larger number of projects
Developers	Due diligence on private development projects; in some cases, funding infrastructure development	RIE brings a more comprehensive approach that goes beyond individual projects; brings additional resources that support public outcomes

2. OUR APPROACH

Purpose and outcomes

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

RIE mission deconstructed:

- "To facilitate" - RIE's activities will accelerate and improve project implementation by providing technical and funding resources to projects.
- "Infrastructure investments" - RIE is meant to make investments in a wide variety of projects, including traditional infrastructure (e.g., pipes and pavement needed to make a site more appealing for investment by partners), land readiness (e.g., remediation, mitigation, aggregation or other investments needed to create shovel-ready land for new and expanding business), and development (co-develop sites with private and public partners to help achieve desired economic development goals)
- "Catalyze" - some investments RIE makes will lead directly to job creation, while others will generate indirect economic development and/or job creation by other partners or on adjacent properties by improving the attractiveness for private investors. Both are needed to grow a strong economy.
- "Living-wage job" - though RIE's investments will contribute to the creation of many short-term jobs (especially in construction), RIE's main focus should be investments that lead to the creation of sustained living-wage jobs. Over the long-run, RIE should measure its success partially by using the jobs and per-capita indicators established by the CII.
- "Economic development" - RIE is meant to help build out the infrastructure and development-related aspects of existing economic development strategies and organizations, such as those in the Comprehensive Economic Development Strategy, adopted by Greater Portland Inc., and the Oregon Business Plan, in ways that also support local development goals. Regional economic development strategies include actions that support clusters / traded-sector job growth as well as small business and

Comment [XXX4]: Add hyperlink to PEM section

entrepreneurship, but all would benefit from the implementation of additional infrastructure in the region.

- "Private investment" - Fundamental to RIE's approach will be making investments that leverage private investment as part of the development deal (co-investing in the redevelopment of a specific site) or that lay the foundation for future investments by the private sector. RIE will negotiate and structure public-private partnerships (PPPs) to maximize investment resources on key projects.

Expenditures to improve public infrastructure are investments. As with other types of investments, the public should expect a return on its investments in public infrastructure. That return can take many different forms, including quantitative measures such as higher tax revenues, improved housing, or more jobs. Other "returns" could include more-qualitative benefits, such as strong and livable communities. Although investing in infrastructure is expensive, the return on that investment directly improves the lives of the people who live and work in the region. Public investment is also necessary to make private investment possible and profitable, and private investment is what ultimately builds great communities.

Because the infrastructure problem in our region is broad, and the investment needs will always outpace the capacity to invest, RIE must focus on addressing a targeted component of the challenge in order to be effective. RIE will focus on infrastructure investments in centers, corridors, and industrial areas that have a clear nexus to job creation and economic development. If established as envisioned, RIE will serve as a mechanism for the region to make targeted and ongoing investments in merit-based projects. A mechanism of this kind does not currently exist. Though similar work is being done on individual projects, it is generally uncoordinated and unconnected to a larger strategy. RIE is meant to provide centralized technical assistance expertise and some funding for important projects to augment existing efforts.

Table X RIE at a glance

Comment [E5]: This table should be formatted to fit on one page

	Phase 1: Demonstrate	*Phase 2: Invest*	*Phase 3: Access private dollars*
When	September 2013 - December 2015 (estimated)	December 2015 until Phase 3 begins, date TBD	Unknown, but must be sequenced after Phase 2 successes have been achieved
Range of projects	Demonstration projects show the added value of RIE. Projects will be smaller in scale than those envisioned for Phase 2 while still achieving an economic development outcome and serving as a model for Phase 2.	Projects located in regionally designated centers, corridors, and industrial lands that have a clear nexus to job creation and/or economic development. A project package proposal will be created in Phase 1 for implementation in Phase 2. Package will include a set of larger complex infrastructure, development, or land readiness projects.	Same types of projects as in Phase 2 but with an additional focus on revenue-producing projects that can create financial return on investment for private investors.
Services	Technical assistance, including due diligence, feasibility and market analysis, regulatory and permitting assistance. Assistance with structuring PPPs, including coordinating partners, negotiating development agreements, and connecting private capital.	Same as in Phase 1 plus direct funding including patient capital, gap financing, and grants.	Same as in Phase 2, but with the addition of a direct investment arm that accesses private funds and invests in projects that can create a return.
Funding	Existing public funding sources and finance structuring to support the demonstration projects. The Port and Metro will provide staffing and incidental funding.	Stable, on-going public resources to support continue investments. Private investment in appropriate individual projects negotiated through development agreements.	Dedicated on-going public funding for appropriate projects, with the addition of private capital from a Phase 3 investment arm of RIE. Investment capital could include EB-5, retirement funds, a partnership with a CDFI, or other sources.
Governance	RIE Board of Directors: skills-based, six-person Board that includes a mix of Greater Portland Inc. (GPI), Port, and Metro nominees. The Board will also have non-voting liaisons to connect it to its sponsors and local governments.	Same as Phase 1 but with refinements based on lessons learned. There may be opportunities to add additional sponsors and adjust the nominating bodies accordingly.	Similar to Phase 2, but may include more private sector participation in the management and oversight related to RIE's private investment arm.
Staffing	To be provided by RIE's originating sponsors, the Port and Metro, which will provide project management and technical staffing, RIE executive management and administration, and consultants.	Expand staffing capacities to execute a larger, more complex set of projects to be included in the Phase 2 package, including highly skilled staff to structure and negotiate development deals and leverage private investment for specific projects.	With the expansion of RIE to include a direct private investment fund, add staff that can recruit and manage private capital.

Private sector role	Participate directly in governance of RIE via the Board of Directors; participate through PPPs, as appropriate, to help execute the demonstration projects.	Same as in Phase 2 but on more projects.	Phase 2 role plus direct investment in projects that produce a return.
Public sector role	Public agencies initiate and sponsor RIE (the Port and Metro); provide funding for Phase 1 components, including staff and incidentals.	Provide a public funding allocation to the RIE Board of Directors to execute Phase 2 project package while leveraging private investments in individual projects. Funding will be originated by a public agency.	Same as Phase 2.

The kinds of projects RIE will invest in

RIE will make investments in both traditional public infrastructure projects and in public private partnership projects. Table X below reflects the distinction between the two.

Table X Name

	Public Infrastructure Projects	Public-Private Partnership Projects
Incubation Projects	Projects that have a long-term outlook but are still at a conceptual stage and need full pre-development technical assistance from RIE to carry out market feasibility studies and due diligence. Evaluation of these projects will be based on more-conceptual information since projects will not yet be fully developed. Information generated through the pre-development process will be needed to decide whether the project will eventually be an Implementation Project.	Projects that will eventually be public-private partnership projects. Projects will need public assistance with early project development.
Implementation Projects	Projects that need patient public investments in infrastructure to get land shovel-ready; for example, investing in infrastructure needed to support development on an industrial site.	Public-private projects that are already fully developed, nearly ready to begin construction, and are seeking the final gap financing needed to complete the project. In this case, the project is fully developed and can be evaluated using more-complete information and with greater certainty and rigor than Incubation Projects.

The role of public private partnerships

Comment [m6]: We recognize the role of PPPs is important to the work of RIE. Staff will further articulate this in the Sept. version of the document.

For RIE to deliver on its mission, it will need to foster public-private partnerships (PPPs) that add value and resources to the delivery of projects. Research by the Brookings Institute describes PPPs as "contractual agreements between governments at all levels and the private sector to design, build, operate, maintain and/or finance infrastructure. Whether repairing, upgrading, or augmenting an existing asset or building new, the intent is to leverage private sector financial

resources and expertise, improve project delivery and to better share responsibilities and costs between the public and private sector."

Comment [XXX7]: Cite at the end

The partners in a PPP, usually through a legally binding contract, agree to share responsibilities related to implementation and/or operation and management of an infrastructure project. This collaboration or partnership is built on the expertise of each partner and must clearly meet a defined public need through the appropriate allocation of resources, risks, and responsibilities.

Effective PPPs leverage the strengths of each partner in performing specific tasks. The public sector's contribution to a PPP may take the form of capital for investment (available through tax revenue), a transfer of equity assets, or other commitments or in-kind contributions, such as staffing to support the partnership. The public agency also provides social responsibility, local knowledge, and an ability to mobilize political support. The private sector's role in a PPP is to make use of its expertise in commerce, management, operations, and innovation to run the business efficiently. The private partner may also contribute investment capital, depending on the structure of the PPP.

Though their motivations for participating in PPPs are different, both the private and public sector have vested interests in ensuring an economically prosperous region. For the public sector, the goal is expansion of regional prosperity and improved access to living-wage jobs, increased social equity through the distribution of investments or the type of investment (i.e., affordable housing), and expanded capacity of citizens and businesses to pay taxes and fees needed to more broadly build needed infrastructure and deliver public services.

The private sector benefits from these same investments by gaining access to more infrastructure by which to develop, build, and move their products and services. Public investments that contribute to amenities and quality of life are appealing to businesses when they are looking to relocate. And as more public resources are generated and used to fund public education, the more talented the labor pool becomes for businesses.

Regardless of the circumstances, PPPs must acknowledge the need for each party to meet its own self interest. **The public investment must be at a level that is justified based on the public benefit being realized.** The benefit could be in the form of increased job opportunities for the population or increased taxes and fees paid by the business. The private investment must be based on making a sound business decision leading to a profitable venture and return.

It is important to emphasize here that PPPs are not a broad-stroke solution to the wider **infrastructure service problem facing our region. Rather, they are a viable project implementation mechanism for maximizing the resources and managing the risk associated with delivering projects.**

Who are the customers? *(sketch level text only)*

RIE will provide assistance and services to a variety of partners in the infrastructure development and management community:

- Municipalities, counties, agencies, and service districts

- Utilities and other service providers
- Private development companies
- Non-profit and community-based developers, financiers, and service providers

Comment [m8]: DG - [maybe the notion of the customer can be integrated with examples]

Approaches considered *(sketch level text only; needs completion)*

Many other options were evaluated in the process of developing the recommended model for RIE. Table X provides an overview. In this evaluation, CII kept firmly in focus the desire to avoid the creation of new layers of bureaucracy, to create an entity that can leverage both public and private resources, and to fit into an existing system of project delivery.

Table X Organizational options considered but not pursued

Type and description	Implications	Why not chosen for RIE
Investment bank for infrastructure model	• Performs on a financial ROI model • Relies on private investors to capitalize the fund • Requires private model of governance; little to no oversight by public bodies, including limited transparency requirements	• Not all projects need in our region will generate a financial ROI, thus are not suitable for this model • Requires strong track record of performance before successfully attracting investors – RIE does not yet have this • Limited to no role for the public sector in determining investments or oversight. • More suitable for instances where privatization of assets is an option
Statutorily-enabled model Functions as a public corporation enacted by the State, similar to Oregon Health Sciences University.	• Requires vote of State legislature • Board reports to the State • Mandate defined by State • Authority allows flexibility and independence: o Competitive compensation o Contracting flexibility o Project-based o Financing flexibility o Scalability • Could be tied directly to State funding	• Focus needs to be on regional needs and the connection to the State could deter from that • State funding could be inadequate or unavailable • Passage of legislative package would be complex. Requires substantial resources and time to implement • Changes in legislature and State budgets could affect the stability of a new entity • Potential for conflicts between locally-identified needs and financing strategies.
Procurement-based model Utilizes a modified version of the Design-Build-Maintain model of procurement, which is used in British Columbia by	• Requires a mandate or incentive for local jurisdictions to participate • Entity has more flexibility and authority to act as owner's representative on projects • Increased private sector participation in the infrastructure delivery process • Accounts for the life-cycle costs of projects from the onset	• More appropriate at State level for economies of scale; currently being considered at State level • Fee-for-service model • Requires participants to already have financial resources for project implementation; because life-cycle costs are accounted, up-front costs are greater

Partnerships B.C.	• Leverages private sector creativity and innovation to the design, build and maintenance of projects • Long-term cost savings to local projects sponsors • ROI for private partner determined by performance-based management	• Local project sponsors may not trust or resist the level of entity control over each projects
New taxing district Functions as a "regional special district" or "regional service district" with new legislation similar to ORS 198/ORS 451; purpose would be to fund infrastructure	• Requires vote of State legislature • If successful, creates funding mechanism at same time as creating district • Authority to impose assessments against properties and issue bonds • Stable funding source. • Authorities and functions as set in the legislation; could include some contracting flexibility	• Addresses the funding problem but not the need for regionally centralized technical expertise to support projects • Requires substantial resources and time to be implemented • Opposition from existing service districts based on concerns around compression
Independent non-governmental entity Functions as mutual benefit corporation platform organization (or non-profit); has the ability to create project or program-specific subsidiaries that fulfill its mission. A mutual benefit corporation is a non-shareholder, taxable entity.	• Formed as a "parent" organization with subsidiaries that take on specific projects or programs and operate a separate legal entities • Parent determines operating structure for Subsidiary • Careful work is needed to develop bylaws and charter • Board not controlled by municipalities or state; a private corporation • "Goodwill" funding model where partners fund programs and operations • Transparency at lower levels than public model • Contracting rules determined on a project by project basis	• Operations funded from contributions, contracts, fees, grants; funding not as stable as in other sources • Stakeholder reluctance about lack of public control and issues of transparency • Public perception private entities with a public "purpose" can look like a "give away" of tax dollars • Lack of statutory authority eliminates direct municipal funding and bonding authority

Overview of phased approach

Creating a new entity that can undertake a challenge of this proportion will require significant effort and support from many parties. The CII recognizes that more analysis and conversations will be needed to ensure a successful transition to full operations. To address this reality, RIE will be implemented in a phased approach that allows it to establish a track record of success and demonstrate its value in an early phase, before transitioning to an independently financed entity in later phases. Nobody wants a new large bureaucracy, and this phased approach allows RIE to develop in a nimble manner that can respond to opportunities as they arise. By leveraging existing capacities and expertise, RIE will be a more efficient way to provide assistance to projects. Implementation will occur in three phases:

- In Phase 1, roughly September 2013 to December 2015, RIE's primary activities will center on securing a successful transition to Phase 2. Those activities include selecting and successfully implementing a series of demonstration projects in industrial areas and in centers and corridors, developing a project package for Phase 2 and an associated funding strategy, solidifying the Phase 2 business model and governance structure, and continuing conversations with stakeholders to ensure success.
- In Phase 2, which begins around December 2015, RIE will need to work with regional partners to identify and access a secure, on-going public funding source (or sources) to implement an initial package of regionally significant infrastructure projects. After execution of this package, RIE will continue to invest in additional projects that meet its criteria for (1) economic development and job creation; and (2) equity, community development, and innovation outcomes. RIE will become a full-fledged player in the regional infrastructure delivery system, coordinating with other public and private investors to ensure smart investments in our region's economy.
- In Phase 3, a longer-term effort, RIE will evolve into an entity that can more directly access private funds to invest in public infrastructure. This phase is an important goal for RIE and could be characterized by the development of an investment arm of RIE that could tap into retirement or sovereign funds or programs like EB-5. The Business Plan describes the practical, legal, and financial questions that will need to be answered before this phase can be implemented, and describes the decision-making structure for answering those questions.

Table X Overview of the Phased Approach

Phase 1	Phase 2	Phase 3
Demonstrate ability to deliver projects • Establish governance • Deliver 1-3 demonstration projects with existing funds • Refine Phase2 business model • Develop Phase 2 project and funding proposal	**Work with regional partners to identify and secure on-going public funding for investments** • Implement a regional project package • Leverage public funds to access other public and private funds • Evaluate, recommend, and invest in projects beyond the initial package	**Complete public-private investment program** • Establish an investment banking arm to directly utilize private capital

Critical activity by phase

PHASE 1 Critical activity

1. **Establish governance for RIE**. Create the RIE Board of Directors (a framework for the selection and composition of the Board can be found starting on page xx)
2. **Facilitate successful completion of demonstration projects**. The RIE Board of Directors will facilitate the successful completion of the Phase 1 demonstration projects with existing funds. This will include using its collective expertise to bring resources to the demonstration projects:
    a. Connecting private investment to projects as appropriate (creating PPP)
    b. Pursuing existing public and non-profit funds to support the projects (MTIP, foundation grants, TOD, etc.)
3. **Facilitate development of a strategic economic development project package for implementation in Phase 2.** Development of such a package will require thoughtful collaboration with the business community, local jurisdictions, and community leaders.

    (Add something more about the project package here)
4. **Facilitate development of public funding strategy for Phase 2 implementation.** In Phase 2, private capital will come to projects through project-specific financing, not through RIE itself. As such, RIE will need to create a strategy, with regional partners, to access ongoing public resources with which to execute the Phase 2 project package and make continued investments. The funding strategy should:
    a. Be diverse and not rely too heavily on any one single source. RIE should pursue a variety of state, federal, and non-profit sources, as well as new public revenues.
    b. Have a clear understanding of the opportunities for structuring PPPs around individual project in the Phase 2 project package.
5. **Recommend refinements to the Phase 2 RIE business model.** Based on the lessons learned from the demonstration projects and development of the Phase 2 project package, the RIE Board of Directors will recommend business model refinements to the Port and Metro related to:
    c. Operations and program elements of RIE (i.e. - what changes in service delivery model are needed? What refinements are needed to the project evaluation framework?)
    d. Governance of RIE (i.e. – how will the responsibilities of the Board of Directors change in Phase 2? Are all the skills needed properly reflected on the Board?)
    e. Staffing of RIE (i.e. – are the existing staff and expertise levels sufficient to execute the Phase 2 project package? What changes would be needed?)

    These recommendations may result in Phase 2 changes to the IGA structuring RIE.

6. **Establish a third party periodic review system, to function throughout all phases, to ensure RIE is meeting its mission and fiscal responsibilities.**

PHASE 2 Critical activity

Phase 2 activity and deliverables will be informed by the outcomes of Phase 1. As part of the Phase 1 work, the Board of Directors will propose a more detailed set of responsibilities and work plan for Phase 2.

The following are the fundamental activities that are currently envisioned for Phase 2:

1. **Implement a regional project package**. Assuming that the public supports funding for Phase 2 projects, RIE will be responsible for successfully executing the Phase 2 project package in collaboration with the local government partners. This work will include structuring PPPs around specific projects from the package *as appropriate.*
2. **Select, recommend and sequence projects for investment**. Assuming ongoing dedicated funding is attained, the RIE Board of Directors will be responsible for evaluating, recommending and sequencing project projects beyond the Phase 2 package (a framework for this evaluation is on page XX and proposed criteria are in Attachment X).
3. **Fiduciary accountability within budgets allocated by the sponsoring public agencies**. As RIE is allocated resources to execute projects, it will be accountable for the responsible management of those public resources to effectively meet the RIE mission.
4. **Other responsibilities as recommended by the Phase 1 Board of Directors and outlined in the ORS 190 agreement that creates RIE**.

PHASE 3 Critical activity

A differentiating characteristic of Phase 3 is for RIE to gain direct access to private resources for investment. This will require developing an investment arm for RIE that can be directly used to make investments that can garner the rate of ROI expected from investors. Resources could include EB-5, pension funds, or other sovereign investment funds. These resources are not suitable for capitalizing RIE in Phase 2 due to the fiscal returns and guarantees associated with them.

Before Phase 3 can be implemented, the Board of Directors in Phase 2 will need to conduct a comprehensive due diligence analysis on the risks and opportunities associated with this shift and what additional changes to the business model are needed to be successful (operations, governance, services, etc.).

3. RIE SERVICES AND PROJECTS BY PHASE

General Services

RIE's fundamental role is to improve system coordination and provide more resources to finance the projects that are most critical to our region's economic development goals. RIE will supplement and coordinate, rather than replace, components of the existing infrastructure finance system. Table X summarizes the services RIE will need to provide throughout all of its phases in order to effectively support projects. Additional functions for RIE may be identified and added to RIE repertoire if they are deemed necessary to effectively support projects.

Table X General RIE functions and services

Predevelopment technical assistance	Public-private partnerships assistance	Funding
• Due diligence • Feasibility and market analysis • Regulatory and permitting assistance	• Coordinate among partners • Negotiate development agreements • Connect private capital	• Direct or patient capital • Grants

Projects by Phase

Phase 1: Demonstration projects

In Phase 1, roughly September of 2013 to December of 2015, RIE's primary objectives are to demonstrate an ability to deliver projects, refine the RIE business model for Phase 2, and build credibility with community, business, and elected leaders. To accomplish these objectives and create a track record of success, the CII recommends that RIE select and implement a series of demonstration projects in Phase 1. Those demonstration projects must balance two outcomes: (1) they must be visible to a range of regional leadership, align with RIE goals, and prove the value of RIE to regional project delivery; and (2) given that RIE brings no new financial resources to the table, they must be of a scale that can be delivered with existing resources.

Outcome 1: Visibility and alignment. The demonstration projects align with RIE goals for job creation and economic development and public-private partnership, are visible and have community support, are community or area catalysts for additional private investment, and build support for Phase 2.

Outcome 2: Practical and implementable. The recommended demonstration projects are (or are close to) market viability, can be implemented with existing resources and achieve success by Phase 2 initiation, and prove a model for success in Phase 2.

The following table describes the recommended demonstration project. A second tier of possible projects, together with more details on each of these projects and RIE's role, is also included in the longer recommendation contained in Attachment X.

Comment [m9]: We will include additional information about what resources it will take to complete the projects and what actions are needed to move them forward in the September draft, after more vetting.

Project area: Industrial	Why selected?	RIE role
North Hillsboro Industrial Area - phased financing/infrastructure plan for several key industrial land sites with various infrastructure and financing needs.	From a regional perspective, this 1,000+ acre area will be vital to the region's economic development objectives, given its close proximity to major high-tech employers.	Helping to develop a phased financing/infrastructure plan and to identify financial resources and partners at the regional and state levels.
Gresham Vista Business Park - Eco-Industrial Infrastructure improvements	Would create a model for sustainable, integrated industrial development. Partnerships in place, could catalyze additional investments.	Technical assistance and coordination of resources. Grant writing.
TRIP Phase 2 Mitigation/Fill	TRIP Phase 2 mitigation/fill is the top industrial land project for the Port. SB 246 funding for site reimbursement is likely to be reimbursement only (with a longer term goal of getting loan funding) so near-term funding assistance is needed.	Technical assistance; coordination of funding sources.

Project Area: Centers and Corridors	Why selected	RIE role
St. Johns: The Central Hotel, BES property at 8735 N Lombard, PBOT slip lane improvements and associated redevelopment	Several major opportunity sites are currently ripe for redevelopment. The area has seen some redevelopment and public sector support, but several critical projects are stuck.	Coordinate and package resources from BES, PBOT, private developers, and possibly PDC NMTC, EB-5, and historic tax credits might all be applicable, as well as public funds for infrastructure improvements at key intersections and a public plaza.
Milwaukie: Dark Horse Comics Relocation; pedestrian connectivity improvement	Significant site in Milwaukie's business district that leverages regional investment in light rail line. Connectivity and other public improvements are also needed.	Coordination, staff support. Package resources from a variety of public and private funding sources.
Tigard: Downtown Tigard mixed-use development projects	Opportunity to coordinate two development opportunities/public private partnerships. City owned 3 acre site, and 3.2 acre site to be acquired by developer.	Coordinate and package resources. Structure public - private partnership.

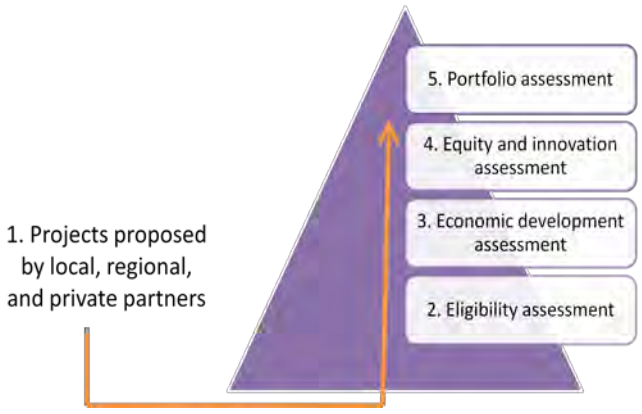
Oregon City: Infill sites in downtown core	Area contains one of the most significant redevelopment sites in the region: the Willamette Falls site, which is currently the target of a major planning effort and could be an excellent Phase 2 RIE candidate. Smaller opportunities in the downtown core could be nearer-term targets. Market fundamentals of the downtown appear strong.	Urban renewal staff support and technical assistance. Coordinate and package resources, including urban renewal. Structure public - private partnership.

Phase 2: Evaluation of ongoing investments *(sketch-level text only)*

In addition to the initial project package RIE will execute in Phase 2 (described on pg XX of this business plan), RIE needs a process to evaluate and select ongoing projects for investment. The goal of RIE's Phase 2 evaluation process should be to reward and incent projects that achieve multiple outcomes while not creating an overly arduous to process for participants. The following recommends an evaluation process and criteria (the criterion is listed in attachment X on pg XX) which the Board of Directors can build upon. The RIE Board of Directors, and it sponsors, will have the ultimate responsibility for formalizing the process of evaluation and criteria, including the development of a weighting or ranking system.

Phase 2: Evaluation of investments

The following evaluation process reflects how projects come to RIE and has four assessment steps: Eligibility, Economic Development, Equity and Innovation, and Portfolio. Infrastructure needs will always outpace RIE's capacity to deliver assistance. As such, this process would narrow the pool of options at each step to identify those projects with the most opportunity and fit within RIE's resource capacity.



1. **How projects come to RIE**. Consistent with the principle that RIE will not make prioritization decisions for local communities, it is envisioned that RIE will accept applications from both public and private applicants interested in delivering projects in partnership with RIE.
2. **Eligibility Assessment**. This assessment has two sections: minimum requirements and additional information.
    a. **Minimum requirements**. This section determines whether projects meet the minimum requirements, such as alignment with RIE mission, a distinct role for RIE, etc. Because these are minimum requirements, projects that don't meet this criterion will not move forward in the evaluation process.
    b. **Additional Information**. This section allows for qualitative responses that paint a fuller picture for the evaluators regarding the project's additional benefits before diving deeper into the analysis. Questions in this section include listing the potential positive and negative equity impacts or benefits of the project, whether the project is in the *incubation* or *implementation* phase. There is no right or wrong answer for these questions. The answers simply add additional context to the project proposal.

    The RIE should clearly communicate application expectations and parameters to minimize attrition at the Eligibility Assessment stage
3. **Economic Development Assessment**. The projects remaining after the Eligibility screening will be assessed for their ability to create jobs and economic activity for the region. Projects with the best ranking in this section will move onto the Equity and Innovation Assessment.
    a. **General screening**. This screening measures a project's ability to create sustained living-wage jobs, advance regional economic development strategies and achieve positive ROI.
    b. **Incubation project screening**. Because incubation projects have a longer-term outlook, the goal of this screening is to understand the status of a project's due diligence needs, including risks and mitigation strategies, and if such investment creates opportunities for job creation and economic development in the future.
    c. **Implementation project screening**. Implementation projects should be nearer to actual development than the incubation projects. As such, this assessment focuses more on the leveraging, sourcing and procurement aspects of the project.
4. **Equity and Innovation Assessment**. In this assessment the projects that advance from the Economic Development Assessment are measured for their equity and innovation potential. Applicants will need to detail such things as their project's impact on social, economic, political and geographic disparities, the use of innovation in the projects, and impacts on immediate surrounding communities. The result of this assessment will be a ranked list of projects prioritized by their ability to deliver equity and innovation outcomes.
5. **Portfolio Assessment for Final Project Selection**. In the final assessment, the RIE Board of Directors will use the results of the Economic Development and Equity and Innovation Assessments to select a final set of projects that best contribute to the CII's mission given the

RIE's available capacity. The outcome of the process is a portfolio of projects that, taken as a whole, will accomplish economic development goals while delivering equity and environmental benefits to the region.

a. Balance immediate quantifiable economic benefits with equity benefits

b. Balance investments in incubation projects against investment in implementation projects

Phase 3: Additional private investments

Comment [m10]: DG - Do you need this section? We don't know much.

The evaluation process for Phase 3 should be similar; projects funded using private investment funds will have to be evaluated based on the criteria provided to you by the investor. For project where public funds are used, an intentional approach to evaluating projects for equity, as laid out in the Phase 2 evaluation proposal, should be maintained.

4. GOVERNANCE BY PHASE

General approach and principles

The Regional Infrastructure Enterprise (RIE) needs strong leadership to execute Phase 1 and to successfully enter Phase 2. The governance needs for these phases are distinct and have different responsibilities. Phase 1 is focused on start-up and real-time design of RIE using existing resources. This includes testing the concept through demonstration projects, refining the RIE business model, conducting feasibility for phase 2, and developing a Phase 2 project package. Phase 2 will be centered on project execution but will need leadership focused on the long-term management and oversight of investments.

Guiding Principles

The CII has outlined general guiding principles to govern RIE. These principles should serve as the beacon to guide RIE sponsors in establishing the entity and its Board of Directors.

1. **Accountable for delivering on its mission**. The Board should seek an independent review of its accomplishments using the following framework:
    a. Level 1 – Successfully implementing its assigned work program.
    b. Level 2 – Each project should be evaluated upon completion to ensure it delivers upon its promises identified through the evaluation and selection process.
    c. Level 3 – Selected regional outcomes should be monitored to ensure that the portfolio of projects is having the desired regional impact as outlined by the CII Tier 3 indicators, which include living-wage jobs, per capita income, and poverty rates.
2. **Make decisions on technical merits**. Projects should be selected for implementation based upon their technical merits and ability to demonstrate the greatest regional benefit related to job creation and economic development. Decisions should be supported by a strong technical analysis by the staff guided by strong technical and financial expertise on the Board of Directors.

3. **Have the expertise necessary to make sound investments**. The Board of Directors should include the expertise needed to evaluate projects on their merits and structure public-private partnerships, including private development and financing, economic development, public development and infrastructure delivery, traded sector corporate sitting experience, policy making or governance, marketing and public relations, and legal expertise (development, finance, governmental, or organizational design).
4. **Mixed appointed governance is important**. A public-private model holds the greatest credibility with the public. The public sector is essential for voter accountability and the private sector is necessary for expertise. The appointed Board of Directors should be a mix of individuals from the private and the public private sectors.
5. **Acknowledge and account for different forms of return on investment**. Investments made through RIE must take into account and acknowledge the explicit return requirements of its partners. For private investment partners this return will be financial. For public partners, some returns may be financial but may also include a clearly defined public benefit that is not directly financial in nature.
6. **Responsibility for accountability and transparency**. Though RIE will be responsible for selecting and implementing projects, it will *not* have authority to levy taxes or impose fees. Any resources allocated to the Board of Directors for investment must be appropriated by a public body or bodies and are subject to public transparency and accountability requirements, including meeting rules and records standards.
7. **Implementing regional or local prioritization**. The RIE should draw upon priorities brought forward by local governments and the private sector that are consistent with regional and local policies that best meet the selection criteria established for RIE. The Board should not substitute its judgment for that of local and regional governing and economic development bodies.

Board of directors characteristics and attributes

The mission of the Board of Directors is to effectively guide RIE's investments and operations toward catalyzing living-wage job creation, economic development and private investment. As the Guiding Principles outline, it is critical that the Board of Directors have the skills and expertise necessary to not only support complex projects, but also manage and guide the entity toward successful entry into Phase 2. In addition to these formal skills, the Board must also reflect several important informal attributes to aid it in effectively engaging with community leaders and local governments. It is not intended that each Board member embody every skill and attribute, but rather that, on the whole, the Board reflects them.

Formal Skills (in no particular order):

- Private capital and equity financing
- Economic development
- Development and infrastructure delivery

- Traded sector corporate siting
- Policy making or governance
- Marketing and public relations
- Legal expertise (development, finance, governmental, or organizational design)
- Expertise in negotiating complex projects involving the public and private sectors

Informal Attributes (in no particular order):

- Diversity (ethnic, gender, and geo-political)
- Gravitas and a trustworthy reputation
- Civic leadership
- Constructive and collaborative work style
- Regional thinking, above parochialism
- Not representative of an interest
- Bold and entrepreneurial spirit

The Board as whole should represent this complete set of skills and attributes **throughout all phases of RIE.**

Governance and composition by phase

As two agencies with regional scopes, Metro and the Port are best positioned to provide RIE with the capabilities, expertise, and resources needed to successfully launch. As the legal sponsors of RIE via an IGA, both parties should play a role in establishing RIE's Board of Directors.

Greater Portland Inc. (GPI), with its responsibilities related to the federally designated Comprehensive Economic Development Strategy (CEDS), and as the region's public-private economic development partnership, should also play role. To be effective RIE must have a strong connection to key economic development strategies so as to coordinate and sequence investments in way that support those strategies. Creating a more formal role for GPI related to the Board would ensure this connection.

Phase 1: Governance composition and implications

The Phase 1 Board of Directors is proposed as **seven appointed voting members** that meet the required skills and attributes and **three non-voting appointed Liaisons**. All member nominations, voting and non-voting, are made by the Port, Metro, and GPI. Port and Metro nominations of voting members to the Board of Directors are not envisioned as members the Port Commission or of the Metro Council. Greater Portland Inc. may nominate any individual that meets the requirements, including someone from their Board.

The role of the Liaisons is to promote transparency and create connection to the sponsors. Metro and the Port should each appoint one individual from their agencies to serve as Liaisons. The Port, Metro, and GPI should also nominate one member of the Metro Policy Advisory Committee

(MPAC) to serve as a Liaison. The role of the MPAC Liaison is to provide better connection to the infrastructure related issues local governments are facing and to keep MPAC informed on the progress of RIE toward its mission.

All nominations are confirmed by a joint decision of the Port Commission and Metro Council. Terms of service for all voting and non-voting members still need to be assessed and should be articulated in the IGA adopted to create RIE.

Phase 2: Governance composition and implications

The governance model is not expected to change much between Phases 1 and 2, though more voting members could be added to the Board in Phase 2. Currently, it proposed that nomination of Board members and Liaisons should continue to be made by some combination of the Port, Metro, Greater Portland Inc. Refinements to the governing model may be needed in Phase 2 to adjust for lessons learned in Phase 1. This may include changes to the nominating bodies or adding other sponsors to the inter IGA that organizes RIE. If the IGA is amended to include another sponsor in addition to the Port and Metro, this partner could expect nomination and confirmation rights for the RIE Board Directors.

Phase 3: Governance composition and implications

The key distinction for RIE in Phase 3 is gaining direct access to private investment funds such as EB-5, retirement funds, or partnering with a CDFI. With this change, it is likely that the governance structure for RIE will need to be revisited to include more stringent private sector participation in the management and oversight of investments.

5. FINANCE AND RESOURCES BY PHASE

Phase 1: Finance and resources *(sketch-level text only; Attachment X will provide details)*

Having a viable staffing and funding plan is important to the successful execution of Phase 1. Phase 1 staff, together with the Board of Directors, will be largely responsible for the successful transition to Phase 2. The resources provided for Phase 1 include:

- Staff to develop the projects, including pursue funding and coordinate and manage technical assistance delivery in partnership with the developer and local jurisdictional partner. For this task, the following resources will be available:
    - One position in Metro's Development Center to manage projects in centers and corridors, in partnership with the developer and local jurisdictional partner
    - One position in Metro's Planning Department to support industrial lands work led by the Port
    - Port staff, to be assigned
- Board management and administrative support, including a staff person to coordinate resources, interface with the RIE Board of Directors and sponsors, and conduct public relations. In addition, the RIE governing body will need basic administrative support

(clerical and logistical) to complete its Phase 1 duties. Metro's budget currently holds two positions in the CII sponsorship that could, in part, be used to support these needs.

- Strategic policy support to help the Board of Directors develop the Phase 2 project and funding package. This work will entail considerable local government engagement to build enough consensus around a set of projects.

Beyond the costs associated with staffing, Phase 1 will require resources to build or develop the actual demonstration projects. Phase 1 brings no new funding resources. Public funding for these projects will be pursued through existing channels, including sources such as MSTIP, STIP, TOD, systems development charges, urban renewal and tax increment finance, capital funds available through partner jurisdictions, grant sources, and state funds (where applicable). Some private resources, such as local improvement districts or direct developer contributions, may also be considered for applicable projects. Additionally, where possible, private resources should be connected to the projects through the negotiation and structuring of public-private partnerships, which tie public sector investments in infrastructure directly to a parallel private investment in development.

Comment [m11]: The September version will include project profiles that will identify the existing resources that may be applicable to each project.

At this point, RIE is not anticipated to charge fees for its services in Phase 1.

Phase 2: Finance and resources *(sketch-level text only; Attachment X will provide details)*

In many (perhaps most) cases, the research about systemic regional project delivery gaps conducted to support this Business Plan illustrated that the largest need is additional funding. A key measure of success for transitioning to Phase 2 is access to a stable, ongoing source or sources of public funding to supplement the existing, project-specific funding sources that will be accessed for project delivery during Phase 1.

The need for project delivery is large ($13 - $20 billion in unmet gap through 2035). At the same time, most revenue options are already at, or close to, their limits or are unavailable or preempted for use. While RIE is not meant to fill this entire funding gap, at this time, all possible sources of public funding must remain on the table for consideration. In Phase 1, the RIE Board of Directors will undertake further analysis and conduct additional outreach to determine which of these sources is most appropriate for RIE's purpose in Phase 2.

In part, which source to use will depend on the package of projects that is selected, as will the amount of funding needed to address project needs. The questions of which projects to implement and which funding sources to use must be answered together as a key product of Phase 1. Specifically, the following questions should be considered when determining a funding strategy:

1. Equity considerations: Does the source have a fair nexus between who pays and who benefits?
2. Sufficiency of funding source:

   a. Given ongoing staffing costs, as determined in Phase 1, and the need for additional capital budget to increase capacity to deliver the project package as well as ongoing projects, how much revenue is needed?
   b. Can the source provide that capacity? Is a combination of sources needed?
3. Is the source available as a one-time allocation or as a revenue stream over time? How stable is the source?
4. What can be done to overcome the political challenges of accessing the source?

Comment [m12]: DG - Can you be more direct in the discussion of P2 financing? It seems based on a dedicated source to fund a set of worthy projects. It would be 10s of 100s of million dollars? I like the list of possible sources. Do you have an analogy that would help?

Identifying and selecting a new public financial resource will require the input of elected leadership, the business community, and the citizens of the region. Many potential funding sources would not be directly controlled by RIE, requiring partnerships with taxing jurisdictions or other entities in project delivery. Further, many potential public funding sources would require voter approval or statutory changes, requiring significant outreach and communication around the region. In short, no funding source is available to RIE without more conversations with stakeholders, legal review, and research into feasibility.

The Phase 1 Board of Directors will recommend refinements to the Phase 2 business model which may or may not include an assessment of a fee structure for Phase 2.

Phase 3: Finance and resources *(sketch-level text only; Attachment X will provide details)*

In Phase 3, RIE will find ways to more directly attract private resources to infrastructure projects. At this point in the business planning cycle, Phase 3 financial sources and functions remain largely unknown and have not been thoroughly explored; further work would be undertaken in Phases 1 and 2 to provide further direction and to evaluate the need for direct financial investment.

Fundamentally, private money seeks a return on its investment, and will be most appropriate for economic development and infrastructure projects that generate the revenues that create that return. This implies that, in Phase 3, RIE would be focused on funding different types of projects: power and electrical projects, toll roads, and water or wastewater projects are examples.

Preliminarily, a number of sources are possibilities:

- RIE could become an EB-5 Regional Center, investing more directly in businesses and development, as well as in the infrastructure that supports it
- RIE could access public or private pension funds, foreign investment, or other investment entity funds

Depending on the source and structure, RIE may charge for some services in Phase 3.

6. MEASURING SUCCESS *(sketch-level text only)*

The CII recommends incorporating the CII Performance Indicators into regular tracking and measuring of RIE's progress toward achievement of its mission. This framework includes a three-tiered approach:

- **Tier 1** Tracking progress toward implementation of RIE's assigned work program. At this level, the goal is to assess whether RIE is effectively executing the work program for which it is responsible, including meeting key milestones and deliverables.
- **Tier 2** Outcomes of individual investments. The tier 2 level, the goal is to assess whether individual investments made by RIE have produced the benefits pledged in the application process. The project evaluation criteria should serve a measure to assess this.
- **Tier 3** Progress toward regional outcomes. The tier 3 indicators, base on the Oregon Business Plan indicators, track regional economic health and equity that RIE will contribute to, but is not solely responsible for; many other factors will play a role. These indicators are: decreasing the poverty line below 10%, the creation of 12,500 new jobs, and a per capita income that is at 110% of the US metro average. Table X below reflects the metrics and the goals associated with them.

Embedded in this framework is the understanding that equity is an important indicator of regional economic health. RIE must demonstrate its value to earn the trust and support of the region's residents. All investments have impacts, good and bad. RIE should seek to make investments that advance economic goals, support equitable outcomes by improving how the benefits of investments are shared across the region, and mitigating and/or minimizing negative impacts on communities.

Table X Name

Tier 3 Indicator	Baseline	Goal
Living Wage Jobs	13,751 number of living wage jobs were created in 2010	12,500 new living wage jobs per year
Per Capita Income	Portland MSA was 96% of US Metro Average in 2010 (GPP)	Per capita income is 110% of US Metro average
Poverty Rate	13.4% percent of individuals in Portland MSA were in Poverty in 2010	Poverty Rate is below 10%

7. BARRIERS, RISKS AND MITIGATION STRATEGIES *(sketch-level text only)*

The two biggest risks to successful implementation of RIE, and steps to take to mitigate those risks, are:

1. Staff and financial capacity to deliver demonstration projects in Phase I, limiting RIE's ability to successfully transition to Phase 2 on a track record of success. To address this risk, it is critical that Phase 1 staff have the financial, project management, and political skills necessary to successfully deliver demonstration projects.
2. Failure to access a public funding source to deliver a project package in Phase 2. There are a number of approaches to reducing this risk, all of which should be goals: (1) successful implementation of Phase 1 demonstration projects, (2) strong outreach in determining an appropriate funding source(s) and in all Phase 1 activities, (3) selection of a package of projects that reflect regional priorities and generate enthusiasm for implementation.

8. STEPS FOR IMPLEMENTATION *(sketch-level text only)*

Decisions or actions needed for implementation

The CII has been considering the best approach to implement RIE for the last year. Though this Business Plan lays out a proposal, it will be up to other partners to take the actions necessary to fully realize this concept. The table below lists the actions necessary for RIE to successfully enter and complete its Phase 1 work.

Table X Decisions and actions needed for implementation of Phase 1

Decision or action	Acting parties
Release draft RIE Business Plan for vetting.	CII Leadership Council
Vet the draft RIE Business Plan with critical implementation partners and key stakeholders. The goal of the vetting process is to identify potential amendments and refinements to the Plan and to build support. Vetting should include presentations and discussions with business association, local governments, community groups and Metro and the Port and the proposed sponsors. Determine whether the RIE sponsors should approve the Phase 1 demonstration projects in the Sep./Oct. 2013 timeframe or to delegate this to the RIE Board Directors after it is established in spring 2014.	CII Leadership Council, RIE Implementation Group members
Adoption of the RIE Business Plan, with amendments.	CII Leadership Council
Consideration of an IGA forming RIE – The Port and Metro consider whether to act upon the CII's recommendation and create RIE via an ORS 190 agreement.	Metro, Port, Greater Portland Inc.
Nomination of RIE Board members – If the Port and Metro choose to establish RIE, they should begin the process of selecting Board members.	Metro, Port, Greater Portland Inc., MPAC
Due diligence and development of pilot projects. Regardless of when the demonstration is selected (in Sep. 2013 or spring 2014), the Port and Metro should begin the technical analysis of demonstration projects (either those approved or the candidates recommended in Business Plan).	Local government project sponsors, RIE Board of Directors, Port, Metro
Form RIE by Joint Resolution of the Port and Metro. This resolution would approve the ORS 190 agreement, including: • appoint of Board members • establish of Board officers • operating practices • work plan	Port, Metro, Greater Portland Inc.
RIE Board of Directors review and select Phase 1 demonstration projects (if not already selected in Sep. 2013)	RIE Board of Directors
Ratification, by the Port and Metro, of the RIE Board of Directors selection of demonstration projects (if not already selected in Sep. 2013)	The Port, Metro, RIE Board of Directors
Development of the Phase 2 project package and funding proposal	RIE Board of Directors
Public outreach and consideration of the Phase 2 project and funding package	Metro, Port, Greater Portland Inc., local jurisdictions
Assess needed refinements to the Phase 2 RIE business model and amendments to the ORS 190	RIE Board of Directors
Consideration of needed refinements and amendments for the Phase 2 RIE business model	Port, Metro, Greater Portland Inc., other potential sponsors to RIE

The Community Investment Initiative's role in RIE

With no formal authority to act, the CII understands that strategies and concepts developed by our Initiative must be transferred to formal bodies for implementation and long-term management. RIE is no exception. After the RIE is established, formal decisions regarding RIE will be made by the RIE Board of Directors, the Port and Metro. However, as originators of the Regional Infrastructure Enterprise concept and authors of this Business Plan, we still add value to ongoing RIE development by:

- Serving in an advisory capacity to the RIE Board of Directors, Port, and Metro on work elements of Phase 1. Specifically, the CII brings private sector perspective to the development of demonstration projects and the Phase 2 project and funding package.
- Supporting the use of the CII's Performance Indicators to track and document progress toward achievement of the RIE mission.
- Advocating in the region for the creation of RIE and implementation of the actions listed in this Business Plan.

9. Attachments

Comment [E13]: The full set of attachments will be available for the September version of the Plan.

Attachment and exhibit guide

Attachment A1 **Industry and needs research and background**
This attachment provides summaries of focus groups with mayors, the results of the catalytic infrastructure survey, and other research regarding the need for RIE in our region.

Attachment A2 **Background, Phase 1 demonstration projects**
This attachment describes the process of evaluating and selecting the demonstration projects, and provide details on the selected projects.

Attachment A3 **Background, ongoing project selection**
This attachment describes the project evaluation process as well as criteria.

Attachment A4 **Supporting materials, options for funding**
This attachment provides additional research and context regarding discussion the CII has had regarding funding, as well as background research regarding the possible funding sources that might be accessed in each of the Phases.

Attachment A5 **What are public-private partnerships**
This attachment defines public private partnerships as a cornerstone of RIE's purpose, and describe theory and practice regarding application of these partnerships.

Attachment A6 **Risk and mitigation strategies**
This attachment describes the risks to RIE's success and the strategies that should be undertaken to overcome those risks.

Appendix B | Development-ready Communities

STRATEGY TWO | Foster conditions that support development-ready communities

INTRODUCTION

In its 2012 strategic plan, the Community Investment Initiative Leadership Council identified "development-readiness" as a core strategy. The Leadership Council noted a pervasive perception among developers that jurisdictions in the region did not provide a consistent and predictable development climate. As a result, development professionals were regularly opting not to pursue potentially viable projects due to the costs associated with the perceived uncertainty. The CII strategic plan proposed a development-readiness pilot program to assess the potential of a program that, if successful, would assist jurisdictions in delivering a consistent and predictable development climate and change developers' perceptions. In practice, development-readiness means that a community has generated consensus around a set of development goals and has aligned its development services around those goals. The result is that developers are provided with certainty and the jurisdiction lives up to its responsibility to serve the public interest.

This report describes the important role that a development-readiness program can play in achieving the CII's vision and summarizes the work the CII Development-Ready Communities work group (DRC) undertook to develop the pilot program. Attachment B1 is a report from the consulting team (ECONorthwest and Group Mackenzie) that assisted the CII with the implementation of the pilot program. It includes the development-readiness assessment tool and the recommendations and considerations for developing a more permanent development-readiness program in the region.

BACKGROUND

The Community Investment Initiative is working to identify innovative methods for meeting the region's infrastructure and economic development needs. While the CII recognizes that providing new infrastructure must be part of the region's future, the ability to make better use of existing infrastructure would be a cost effective, politically popular, and efficient way to deliver more and better services to the region. The Development-Ready Communities pilot program is intended to test a method that, if successful, will facilitate development in the region's jurisdictions and maximize the potential of existing infrastructure and contribute to generating the economic growth necessary for investing in new infrastructure in the future.

CII research and priority setting

The members of the CII leadership Council were quick to recognize that targeting development in the region's existing centers, corridors, and employment areas would be one of the most effective methods for stimulating a strong economy and generating the resources necessary for future infrastructure investments. According to the Metro Urban Growth Report, there are over 18,000 acres of vacant, buildable land within the region's urban growth boundary. Harnessing the economic development potential of this land is essential for the future of the region. Developing existing urban land to its full potential maximizes past infrastructure investments and reduces the pressure to develop the region's limited supply of farmland and open space.

Despite the availability of land within the urban growth boundary, developers are often wary of pursuing any project that may be subject to design review, zoning changes, or code variances because the outcomes are unpredictable and add considerable risk and cost to their projects. The CII Leadership Council believes that this perception among developers can be changed through good government practices that deliver a more transparent and predictable development process without undermining the spirit of existing regulation.

Institutional Collaboration and Regulatory Efficiency Task Force – Spring 2011

The CII's concern with development-readiness first took shape in an Institutional Collaboration and Regulatory Efficiency Task Force (Attachment B2) charged with identifying innovative responses to regulatory and administrative barriers to economic development and infrastructure delivery. This task force worked through the spring of 2011 and delivered several proposals for consideration by the Leadership Council. These proposals included the consolidation of overlapping or redundant jurisdictions, a regional development ombudsmen office, a program for more effective sharing of facilities between administrative jurisdictions, and a market-ready land strategy. From these proposals, the leadership council opted to pursue the market-ready land strategy (facilities-sharing was incorporated into the human capital and education work). The Leadership Council therefore included regulatory streamlining as a core principle in the CII's "Recommendations for a Prosperous Economy" in July of 2011.

Land Readiness Work Group – Fall 2011 to Spring 2012

Over the following year, the CII created a work group (Attachment B2) to further explore this issue. This task force explored, among other things, two national models for overcoming barriers to development. One of these models, the Quality Growth Alliance ("the Alliance"), is a program bought to life through the Urban Land Institute. This program is based on a set of criteria for quality growth that are developed though partnerships and discussions between the public sector, development professionals, and conservation and neighborhood groups. These partners participate in the Alliance and review proposals from anonymous project sponsors. If a project meets the criteria, the Alliance will publicly support the project in the hopes of smoothing its path to completion.

The other model explored in depth by the Land-Readiness task force is the Redevelopment-Ready Communities (RRC) program developed by the Michigan Suburbs Alliance. The RRC focused its attention on jurisdictions rather than projects and developed a score card that could be used to determine how "ready" a jurisdiction was for redevelopment. The program used this scorecard to identify opportunities for improvement in a jurisdiction and then worked with the jurisdiction to implement change. Once changes were implemented, and the jurisdiction improved its score, it would be certified "development ready" and the RRC program would help the jurisdiction market its services to the development community.

After reviewing the two programs, the Leadership Council selected the RRC program as a model well suited to the issues it was trying to solve. More specifically, the region was not struggling to choose "high quality" projects from among many. Rather, it was trying to create a more attractive climate to development in the first place. Moreover, the RRC program seemed to strike a good

balance between developers' need for certainty and efficiency with the local jurisdictions' responsibility to enforce regulation and serve the greatest public good. Finally, the RRC program was particularly attractive in that it worked not just with projects or with staff, but required the support of a local jurisdiction's political leadership. The CII Leadership Council believed this to be a key component of "readiness." Drawing on the RRC model, the Leadership Council incorporated development-readiness into its 2012 strategic plan and made it a key priority.

CII Development-Readiness Implementation Group – July 2012 to June 2013

With the adoption of the CII Strategic Plan in July 2012, a Development-Ready Communities (DRC) implementation group was created to execute the ideas generated by the Administrative Efficiency and Land-readiness groups. Unlike the previous groups, this group was made up primarily of development professionals that were not current members of the CII. It membership included:

- Deanna Palm, Hillsboro Chamber of Commerce (Leadership Council Member, Group Chair)
- Dominic Colletta, Lane Powell
- Lise Glancy, Port of Portland
- Gene Grant, Davis Wright Tremaine
- Bob LeFeber, Commercial Realty Advisors
- Nolan Lienhart, ZGF
- Robin McArthur, Metro
- John Southgate, Southgate Consulting
- Joel Schoening, CII Project Manager

This group, working with Metro staff, developed a draft framework for organizing the broad universe of development challenges and opportunities into an easily digestible matrix format. This framework was designed to be all encompassing and therefore included every aspect of development from parking to mechanical codes and fluctuations in the real estate market. This draft Framework of Opportunities and Challenges was then used to begin discussions about a development-readiness program with working professionals in the field.

Stakeholder engagement

During the fall of 2012 the group began conducting outreach to the staff in jurisdictions around the region to gauge interest in a potential program from the public sector. Specifically, the group chair and project manager held multiple meetings with staff from Gresham, Hillsboro, Milwaukie, Oregon City, Tigard and Tualatin, to discuss the potential of a development-readiness program. These meetings resulted in significant contributions to the shape of the pilot program.

While there was an interest in the potential of a readiness program, staff from the jurisdictions noted many potential pitfalls such as:

- The wide diversity in needs and issues from one jurisdiction to the next

- The wide diversity of issues that might apply to any specific development project
- Jurisdictions' lack of capacity to commit time and resources to a program
- The difficulty in getting elected leadership to commit to a program
- Especially considering the risk that the program could expose "dirty laundry"

In addition to meeting with public sector staff, the DRC group met with development professionals from the non-profit and housing development industry for their input. These developers noted how particular aspects of the development process, such as being able to align building and funding time lines, can have a larger impact on their work than on traditional development projects. Finally, the DRC group used their professional networks in the private sector development community to seek feedback on the draft Framework of Opportunities and Challenges.

Based on the wide range of feedback, the DRC group worked with Metro Staff to significantly alter the shape of the Framework of Opportunities and Challenges as well as to hone the vision for the program. The refined program scope was then presented to the Metro Council, the Metro Policy Advisory Committee (MPAC) and the Metro Technical Advisory Committee (MTAC). The compiled feedback from the engagement process resulted in the final Framework of Opportunities and Challenges (a copy of which is included in the consultant report, (Exhibit B1.2) and a set of guiding principles for the implementation of the pilot program.

Guiding principles

- Voluntary
- Require a commitment from local elected leadership (documented by a vote or in writing)
- Work in partnership to deliver useful results to the pilot jurisdiction and to the CII
- Be conducted over three core steps
- Relationship building and commitment
- Assessment
- Findings and reporting

Program implementation

In January of 2013, the DRC group selected the consulting team of ECONorthwest and Group Mackenzie to turn the Framework of Opportunities and Challenges and the lessons from DRC group's engagement efforts into a development readiness assessment tool and to work with a jurisdiction to implement the pilot program. Based on the outcome of the pilot program, the consulting team would also deliver:

- A set of recommendations for improving readiness in the pilot jurisdiction
- A set of recommendations and consideration for scaling the program up to the regional level
- A tested "assessment tool" that would be the basis for a future program

The DRC group then sought the interest of jurisdictions that might be willing to commit staff time to the effort. The group contacted the previously participating jurisdictions seeking a city that would be willing to take the risk of the pilot program in trade for the recognition that might come with concluding the pilot and the recommendations for improvement provided by a consultant on behalf of the CII. Of the several jurisdictions that volunteered, Oregon City was selected as the pilot jurisdiction. The DRC group felt it was the most representative of the range of planning and development issues that occur around the region because it has a designated regional center, employment areas, a mixed history of success and struggle in the areas of development, and a great deal of potential in its rapidly revitalizing downtown and riverfront areas.

The DRC group, along with the consulting team, worked with Oregon City over the late winter and early spring to implement and complete the pilot program. This included:

- Meetings with Oregon City staff to familiarize them with the pilot program
- CII presentation to Oregon City Commission to seek Commission support
- Letter from the Mayor to the CII expressing Commission support
- Meeting with Oregon City staff to introduce the diagnostic tool
- Meeting with Oregon City staff to complete the diagnostic tool
- Follow up meetings with Oregon city staff and elected leaders to review results of the diagnostic tool and discuss potential next steps
- Final presentation to Oregon City Commission to report results and recommended next steps.
- In May and June of 2013 the DRC group and the Consulting team conducted a final round of engagement regarding the outcomes of the pilot program. This included returning to MPAC, MTAC, and the Metro Council for presentation of pilot program outcomes and conclusions.

Consultant's report

The consultant's final report, Findings and Recommendations: Development Readiness Assessment, Attachment B1, includes the additional details about the implementation of the pilot program, results of a survey of development professional regarding the DRC pilot program, and the final deliverables of the DRC group. These deliverables include the following:

- Development-Readiness Diagnostic Tool (as revised from pilot program experience)
- Considerations for developing a permanent program
- Considerations and recommendations for implementing a development-ready communities in the region
- Recommended focus areas and next steps for Oregon City

RECOMMENDATIONS

The report from the consulting team includes a detailed set of recommendations for the ultimate program administrator, such as the ULI, regarding the implementation of a regional program. However, it does not call out a specific role for the Leadership Council to play in the ongoing implementation of the Development Readiness strategy. The DRC recommends that the Leadership Council

- Continue working with the ULI to complete a Memorandum of Understanding that describes the roles and responsibilities of the CII and the ULI in delivering a Development-Readiness Program for the region
- The MOU should clearly stipulate the ULI's plans for implementing the program and the performance measurement methods that will be used to ensure that the program contributes to CII's desired regional outcomes
- The MOU should articulate a process to ensure that the RIE and the Development-Readiness program are coordinated to create the maximum benefit for the region
- The MOU should identify a role for the CII in the ongoing development-readiness program such as
- Participation on a board
- Participation in the ongoing work in jurisdictions
- Continue working with the ULI to support its emerging Thriving Cities Alliance to further support high quality development outcomes in the region

CONCLUSION

The DRC pilot program has yielded a tool and the basic outline of a program that has great potential for the region. These results are due, in large part, to the CII's ability to work across the public and private sectors to find innovative solutions to old problems. These solutions have been quite practical in nature and are innovative by the fact that they are feasible yet create value for the private sector and protect the public interest. If the region is to harness the full value of these results, the DRC program must find a permanent program administrator with the ability and expertise to balance the often competing interests of the public and private sectors.

Over the last six months, the DRC group has been working with the Urban Land Institute (ULI), and believes that the ULI is just the right organization to implement the DRC program across the region. The ULI has international experience in real estate and development best practices and an established reputation of non-partisan, objective market and policy analysis. The ULI also has experience creating, facilitating, and administering regional best practices programs in the Northwest. Finally, the ULI has expressed an interest in expanding its role in Portland region and has hired new staff with that purpose in mind.

The DRC group believes that, under the leadership of the ULI, the DRC program can make a significant contribution to achieving the CII vision. Through more effective harnessing of buildable lands and efficient delivery of development services, the region's jurisdictions can meet their responsibilities of providing an effective, efficient development environment and providing a high quality of life to their residents.

Attachment and exhibit guide

Attachment B1 Findings and Recommendations: Development readiness assessment

- **Exhibit B1.1** Draft diagnostic tool
- **Exhibit B1.2** Challenges and opportunities framework
- **Exhibit B1.3** Developer survey results

Attachment B2 Task force members

ECONorthwest
ECONOMICS • FINANCE • PLANNING

Findings and Recommendations

Development Readiness Pilot Project

ECONorthwest, together with Group Mackenzie, assisted the Development Ready Communities group (the DRC) of the Community Investment Initiative (CII) with the creation of a diagnostic assessment tool that can serve as part of a larger program to improve development readiness in Portland metro area municipalities. This memorandum is the final work product of the ECONorthwest (ECO) team's efforts on this project. It provides a final draft diagnostic tool, findings regarding the tool's application in a pilot community (Oregon City), and recommendations regarding the possibility of initiating a program to support regional development readiness. This memorandum has the following Exhibits:

- Exhibit B1.1: The Draft Diagnostic Tool
- Exhibit B1.2: Challenges and Opportunities Framework
- Exhibit B1.3: Developer survey results

Background and purpose

> Economic development, especially that which produces living-wage jobs in the region's centers, corridors and employment areas, is an essential component of a resilient economy and is a core focus of the Community Investment Initiative. Yet, there is a widely held perception that the region's municipal jurisdictions could more efficiently and effectively achieve their desired community and economic development aspirations without sacrificing the spirit of their regulatory and policy structures.
>
> - From the DRC's *Challenges and Opportunities Framework*

The DRC identified the need to improve the overall efficiency and consistency of local government support of development project delivery in the Portland region. The public sector plays a critical role in development implementation, including undertaking planning functions, infrastructure provision, direct and indirect incentives, and implementation of permitting and regulatory processes designed to mitigate any potentially negative impacts of new development on the surrounding community. However, many in the private sector development community have found that these public-led processes can be time intensive and overly costly, carry more risk than reward, and do not always lead to the intended outcomes. The uncertainty of these processes, from the perspective of a developer, constitutes a significant risk and impedes development that a community might otherwise desire. The DRC asked the ECO team to work with them to explore the feasibility of a program that will, in collaboration with jurisdictions and the private sector, increase the effectiveness, predictability, and certainty associated with the public-sector components of development projects.

The team had two major areas of focus:

(1) **Create a draft[1] development readiness diagnostic tool**. The purpose of the diagnostic tool is to evaluate the broad range of local government programs that support the development process, serve as a means for identifying program strengths and weaknesses, and lead to specific actions that a jurisdiction could take to improve the development review process.
(2) **Make recommendations about regional program development and implementation.** Evaluate the opportunities to use the diagnostic tool as part of an ongoing regional program focused on improving jurisdictional development readiness.

Overview: the diagnostic tool

Development "readiness" is an intentionally broad term. At the initiation of this project, the DRC conducted research regarding the elements that collectively contribute to the ability of jurisdictions to respond efficiently and effectively to development implementation. That research, summarized in the *Challenges and Opportunities Framework* in Exhibit B1.2, was an important input to the ECO team's process. The *Framework* recognized the complexity of the public sector's role in the development process, which includes everything from planning for appropriate land availability in the context of Oregon's land use regulations to structuring system development charges that account for systems' impacts without unduly burdening the development pro forma.

The ECO team's work built from the DRC's Framework, defining development readiness as an ideal state that achieves the mandate of protecting and enhancing public good in new development without adding unnecessary time, risk, or uncertainty to the development process. This balance point is not a goal that can be achieved once and then forgotten; it must be a continual focus of local government programs that affect development outcomes. It must be integrated into jurisdictional culture, codified in zoning and development code, actualized in permitting processes, and internalized by everyone from elected and appointed officials to counter staff. In short, achieving development readiness is no small feat, and requires constant practice even in the most successful of jurisdictions.

It might be an impossible task to create a diagnostic tool that can effectively and objectively quantify jurisdictional development culture consistently across the diverse range of 25 municipalities in the Portland region, and across the many municipal programs and interactions that affect development outcomes. As a result, the draft diagnostic tool (contained in Exhibit B1.1) operationalizes development readiness in a more pragmatic and qualitative way: it is

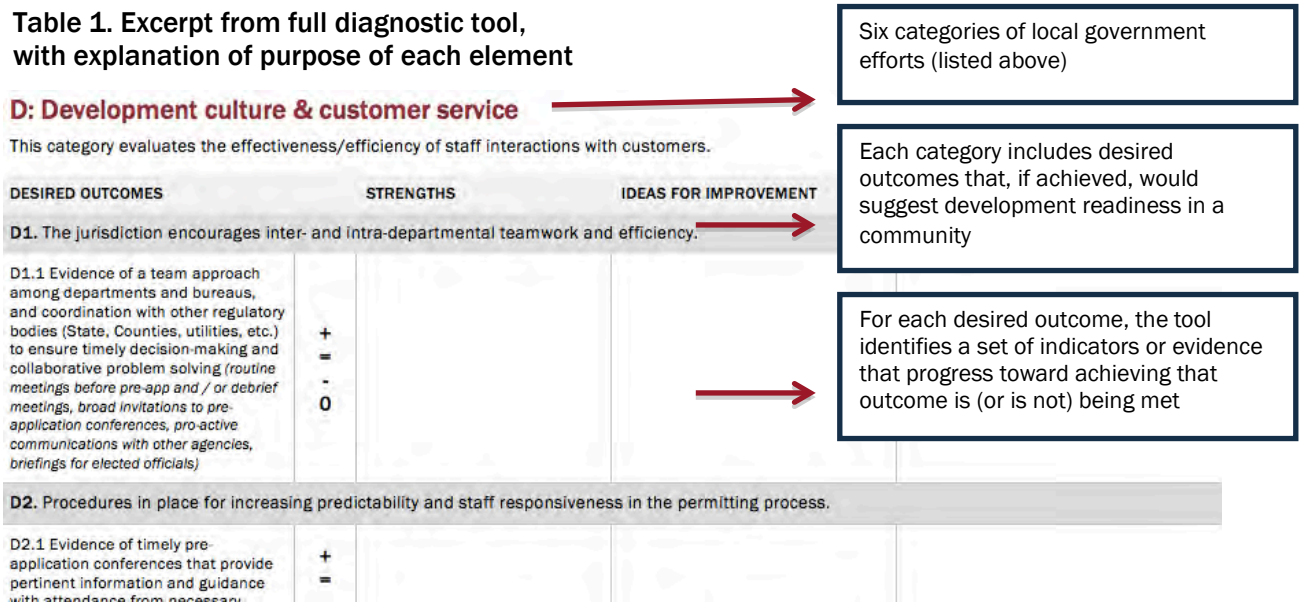
[1] The diagnostic tool remains in draft form because it has been tested in only one community, and because it is likely to eventually be owned and implemented by a third party administrator (as described later in this memorandum). That administrator is likely to want to make changes to the tool to make it more useful to that organization and to the program as it evolves. The tool in Exhibit B1.1 is a final draft, but is likely to be tweaked for implementation in a full-fledged development readiness program.

intended to support a collaborative and comprehensive discussion about jurisdictional strengths and weaknesses, and identify the specific actions that can be taken to further the aim of development readiness in the community. It supports honest introspection within a community regarding strengths and weaknesses across the following broad range of public sector interactions with the private development process:

A. Alignment on development outcomes (development vision)
B. Land availability and site readiness
C. Outreach and engagement
D. Development culture and customer service
E. Regulatory environment
F. Development fees and incentives

Table 1 provides an excerpt from the tool, along with explanatory text regarding the purpose of each of its major components.

Table 1. Excerpt from full diagnostic tool, with explanation of purpose of each element



Note: See full tool in Exhibit B1.1.

In addition to these components, the tool provides a space to capture any additional efforts that the jurisdiction is undertaking to improve its readiness. This aspect of the tool was included as a "catchall" for evidence that might be missed by other categories in the tool but was also included specifically to encourage communities to consider innovative approaches that might be adopted in the areas of equity and environmental sustainability. The tool also includes a space to describe development statistics (such as the average time in working days that it takes for a jurisdiction to achieve completeness of application, the ratio of FTE to permit applications, the number of times an application is sent back with redlines, etc.), and to document goals or benchmarks for improving performance in the future.

The diagnostic tool is *not* intended to provide a basis for comparing one community against another on any development readiness category. For example, the tool intentionally does not ask for information about specific fee or systems development charge rates, which could potentially result in comparisons across jurisdictions. It is also *not* intended to define the "right" answer to the development readiness for a community. The tool recognizes that the right response must be context sensitive and reflect local realities. It does not push a policy agenda (for example, evaluate the availability of incentives to support specific affordable housing, sustainability, or density objectives).

Overall, the tool is not meant to provide a "score" or an "answer," but rather to lead toward a decision about action: what can be done to move the jurisdiction closer to the ideal of development readiness?

Process

The diagnostic tool and the recommendations contained in the memorandum were developed in a three-step process:

(1) Based on the Framework and the definition of development readiness described above and input from stakeholders, develop a draft diagnostic tool.
(2) Test in a pilot jurisdiction (Oregon City).
(3) Refine the diagnostic tool, and, based on the experience of applying the tool in the pilot jurisdiction and other input, make recommendations about the potential for a larger, permanent program that uses the tool.

Many organizations and individuals were involved in shaping the draft diagnostic tool and the recommendations contained in this memorandum, as summarized in Table 2.

Table 2. Development readiness stakeholders and roles in the Development Readiness Assessment Project

Organization	Role	Who?
The DRC (with support from CII staff)	Project initiation (including framing of issue and process), direction and oversight on process and all products	Private sector and non-profit leaders in economic development and development, some of whom are also on the CII Leadership Council
Oregon City staff and City Commission	Selected by the DRC as the pilot community to test the draft diagnostic tool. Commissioners agreed to participate in a public meeting; staff provided significant time and effort in completing the diagnostic tool and providing feedback into the process. Commissioners provided direct comment on findings regarding possible steps for the City to take to improve development readiness	Led by staff from the Economic Development Department; also included staff from the Planning Department and City Commissioners
Other jurisdictional partners	Provide high-level feedback regarding the content and utility of the tool, and the program, from the public perspective	Senior Staff from the cities of Gresham, Tualatin, Hillsboro, Milwaukie, Oregon City, and Forest Grove. MTAC and MPAC, advisory bodies to Metro Council that involve many jurisdictional staff and elected leadership, also provided comment.
Portland area developers	Provide high-level feedback regarding the content and utility of the tool, and the program, from the private development perspective	A broad range of developers (including non-profit and affordable housing developers) commented on Framework document, and the tool (results summarized in Exhibit B1.2).
Metro Council	Funder to the CII and the DRC; provided feedback and comment at key points in the process	Elected officials of the Portland area regional government.
Performance and Equity Measurement group of the CII	Provide comment and review focused on both the tool (does it account for things like difference in developers?) and the process (will all communities have access to the process and be treated fairly in it?).	A task force of the CII, focused on integrating equity into each of the CII's strategies.
Metro staff	Provided feedback and comment at key points in the process	Department Directors and senior Planning and Development Center staff
Urban Land Institute	Provide feedback on tool and program development	Represented on the DRC, and a likely candidate for the eventual administrator of the program

Findings

Regarding the diagnostic tool

The application of the tool in Oregon City, together with conversations with other stakeholders, led to the following findings, all of which are reflected in the draft diagnostic tool contained in Exhibit B1.1:

1. **Overall, stakeholders agreed that the diagnostic tool was a valuable mechanism for evaluating development readiness, and that it captured the right range of information.** The tool was useful in creating findings and recommendations specific to Oregon City, and led to insights that might not otherwise have been discussed. Some stakeholders felt that the tool could benefit from more "check boxes" or "yes or no" answers to indicator questions, leading to a more straightforward or quantitative indication about the community's level of development readiness. Ultimately, however, the weight of opinions pushed the ECO team toward the more qualitative and conversational approach described here. Most felt that this less prescriptive and more nuanced approach would be capable of supporting a robust conversation even given the wide range of communities in which it might eventually be employed.
2. **Some variables were impolitic or impractical to evaluate, and were left out.**
    - The draft tool avoids any indicators or outcomes that reflect on individual employee performance or human resources issues. Developer stakeholders commented that, in their experiences, individual jurisdictional staff can have significant influence on development outcomes, based on willingness to identify and collaboratively solve problems with development applications. The team developed multiple indicators that attempted to capture this development variable, including evidence of policies that tied employee review and performance to customer service feedback. These were seen as raising legal, human resources, union, and other contractual issues that were out-of-bounds for an evaluation of this type. All references were eliminated.
    - The tool does not include detailed building or zoning code review. Undertaking this kind of review would be extremely time-consuming for a review team, and would pull resources away from evaluating the many other important components of development readiness. The diagnostic tool is intended to clarify the desired outcomes of zoning and code reviews if and when they need to be done.
    - The tool does not address issues outside of the jurisdiction's control, such as larger market dynamics or geographic constraints to development; these variables were noted in the Framework, but not included for evaluation in the tool. However, the tool does ask for evidence that jurisdictions are making efforts to work with other jurisdictions where possible and appropriate.
3. **All of the categories that the tool evaluated were found to be useful by the stakeholders involved, but some were more useful than others:**

- ***Engagement and outreach.*** An initial draft of the tool placed the engagement and outreach category last, but the experience of using the tool proved that this category was quite critical to overall development readiness. Ensuring that key stakeholders, including community members and advocacy groups, agreed upon a vision for where what types of development should be located is clearly a critical part of a smooth development process.
- ***Development culture and customer service.*** The results of the survey of developers suggested that development culture and customer service was by far the most important variable in development readiness from their perspective. The tool therefore strongly emphasizes these aspects of readiness.

4. **Good results will require time and focused attention.** Oregon City staff estimated about 35 collective hours in completing the diagnostic, and the consultant and CII staff team spent an additional 35–40 collective hours. Even given that amount of time, the team's estimation is that more time would have led to a better outcome: the more effort invested in the process, the more thorough and refined the results will be. The process of administering the tool could have been improved by completing the assessment in a workshop format that involved a wider range of staff, by spending more time preparing Oregon City staff to complete the assessment before delivering a diagnostic tool, and by working more closely with staff as they completed the assessment. These findings are incorporated into the sections below regarding program implementation and conclusions.
5. **The tool facilitated a meaningful conversation about the pilot community's strengths and weaknesses.** The process of discussing the desired outcomes and indicators contained in the tool was useful, perhaps even more so than the completed tool itself**.** The conversation between the consultant team and Oregon City staff covered details about the City's development culture and readiness that went beyond what could be captured in the pages of a static tool, leading to far more robust findings.
6. **Quantitative development statistics were useful but not likely to be available.** Oregon City staff indicated that the City collects and tracks some of the measures that were identified, but not all; further, they suggested that few smaller jurisdictions were likely to track the information. In general, Oregon City staff felt that if they had the data that the tool identified available, they would be useful for benchmarking and planning purposes, as well as for identifying staffing needs.

Development readiness in Oregon City

The purpose of the pilot jurisdiction assessment was to test and refine the diagnostic tool itself. Results of that process have been incorporated into the tool and its indicators. This section presents some findings regarding Oregon City's development readiness, and some next steps that the community might take to improve its development readiness that were discovered along the way to creation of the diagnostic tool. Given that context, the findings and ideas for improvement are best described as preliminary. Further, recognizing the constraints of staff

time and municipal budgets, it is not reasonable to expect that the City would undertake all of the ideas for improvement that are described here. Nonetheless, the findings and ideas should serve as a useful starting place for community conversations about Oregon City's priorities for improving its development readiness. Especially if a full regional program eventually exists and provides technical assistance to supplement staff activities, the findings here could be an important step toward developing a detailed work program for improving readiness.

Strengths

Despite a small staff, Oregon City has clearly focused on process improvements that create efficiencies for customers. A few examples:

- The City provides the ability to complete concurrent permit applications, and the ability to use a consultant for faster reviews.
- Fee schedule and System Development Charges (SDC) are available on the City's website, and SDCs can be paid over time after permit issuance.
- The City is currently working to implement a time management system to track staff time related to projects, which can be used to increase efficiency and ensure staff availability.

Outreach efforts have been challenging in the Oregon City context; nonetheless, staff have focused on improvements in this area and serious and noteworthy efforts are in progress:

- The "Land of Opportunity" campaign may be the most prominent example. The campaign includes radio advertisements, websites, and other media to make site-specific development opportunities and jurisdiction-wide economic development efforts more accessible to a broad range of target audiences.
- Overall, staff reported working to focus efforts on going to the citizens where they are already gathering, to get a broader range of involvement than a typical open house or citizen involvement committee process might support: schools, churches, service organizations, etc. The City does also use citizen involvement committees for specific projects, such as Comprehensive Plan updates or code updates, and includes developers on those committees.
- The City works directly with Greater Portland Inc. to more proactively recruit developers and business to the City, and with Clackamas County on target industry attraction and retention in accordance with the County economic development strategy.
- The City explicitly includes Native American tribes in pre-application noticing processes.

Areas for improvement and ideas to consider

City staff highlighted the following challenges for development readiness:

1. **Alignment of vision and implementation goals.** It is not clear that there is a consistent vision for development and growth among staff, developers, elected and appointed

officials, and citizens. While it is rare in any community that these parties all agree on where, how, and what type of new development should occur, in Oregon City, the disparate opinions among these groups create challenges for supporting new development, and for the reputation of the City. Targeted outreach is an important part of the solution, but some additional work to define a development vision and strategy will be helpful to provide content for the outreach.

Possible next steps to address this concern:

- Independent, third-party survey of customers, to clarify sticking points in the development process, gather feedback on customer service, and provide data to support policy or other changes. "Customers" in this case refers to developers and property owners who access the City's development services, but also citizens and advocacy groups that are affected by and want to influence the outcomes. This step is related to the customer service steps described below, but is also helpful for developing and clarifying a development vision.
- Facilitated workshops with staff and elected and appointed officials, to explore opportunities and barriers to development in the area from each of their perspectives, and provide opportunities for education and discussion about the development process, including pro forma and market analysis. One portion of this workshop could involve developers directly in sharing the challenges of moving a development project through to completion.
- Strategic planning that ties the Comprehensive Plan and the economic development strategy to an articulation of desired development outcomes.

2. **Policies and goals to support improvements.** While staff have achieved a number of development readiness successes (noted above), they have been on a fairly small scale and have occurred within the context of processes that staff can easily control and influence. Policy support or targets for improvements from leadership (including elected officials) would give staff the framework that they need to make further improvements.

   Possible next steps to address this concern:

   - Begin tracking development statistics data (similar to those identified in the diagnostic tool), and use this information to set benchmarks for permitting timelines and other process improvements.
   - Set a regular schedule for code "housekeeping" updates, and include developers and community members in this process.
   - Set goals for coordination among the team and across jurisdictions regarding development issues. For example, meeting in advance of a pre-application, and coordination and discussion of responses as a debrief, so that the team can share lessons learned and identify and discuss opportunities to improve the process.

- Set clear priorities for desired development areas or types, and tie incentives and outreach processes to these areas. Long-term, this could lead to the creation of expedited approval processes and other incentives that can implement these priorities.

3. **Training.** While staff have obtained and maintain all required professional certifications, some targeted training involving staff and others could be very helpful.

   Possible next steps:

   - Consider customer service training for counter staff and others that interact with the public, focused on mechanisms to improve collaboration with developers and property owners to find solutions to development problems.
   - Related to ideas described above, providing specific training or workshops for staff, elected and appointed officials, and possibly even community members regarding the realities of the development process and the community vision for redevelopment could be helpful.
   - Undertake cross-training among relevant departments to enhance staff familiarity with the City's scope of services and create additional efficiencies.

Recommendations: Scaling to region

The DRC and CII are actively working to secure a partnership with an organization that can serve as the future administrator of a development readiness program; that program is envisioned to use the diagnostic tool as a critical part of its process of interacting with jurisdictions. At this time, the most likely program administrator is the Urban Land Institute (ULI), which has expressed interest in further developing the tool and scaling the initial Oregon City pilot to a regional program. ULI has a strong reputation among both public and private sector partners, has relevant depth and skill in its membership base, and has successfully spearheaded similar efforts in other parts of the country.

A series of recommendations and questions that the eventual program administrator (whether it is ULI or some other entity) should consider as it moves beyond this initial pilot phase follows.

Possible program framework

The pilot findings suggest that a successful program will go beyond administering the diagnostic and include technical assistance and support as the jurisdiction implements a plan of action to improve its readiness. As implemented in any individual community, the framework might look like:

Step 0: Get leadership buy-in. The success of the program in any given jurisdiction will be in direct proportion to the time and attention given to it by participating staff. The involvement of leadership (including elected officials), will make it easier for staff to dedicate the necessary time and attention. Further, any effective evaluation will turn up

program deficiencies; leadership should be aware of this reality and express willingness to allocate staff and other resources to overcome those deficiencies. Without political will and commitment, the value of the program is limited. In the Oregon City pilot, the City Commission officially requested participation in the program, and were involved in conversations about next steps to overcome challenges.

Step 1: Diagnose. Using the tool in a closely facilitated self-evaluation, the program administrator works with staff, possibly in workshop format, to document strengths and areas that require attention. The program administrator's development and other experiences, combined with the local knowledge and experiences of staff, will be critical to a successful diagnostic outcome.

Step 2: Plan. The program administrator and staff leadership together create a work plan tailored to the needs and realities of the jurisdiction.

Step 3: Implement. Depending on the issues being addressed, the work plan may take months or years to implement, but the program administrator would continue to provide support and advice throughout that time. For example, participating communities could identify a need to set up data tracking and benchmarking on their permitting process, and begin to measure progress against those benchmarks. Without ongoing support from a program administrator during implementation, the program is less likely to achieve a successful outcome. Many jurisdictions may be unwilling to participate at all without technical support during implementation, as they would be left in the tenuous situation of having identified a set of known problems but without resources to help them overcome those problems.

Step 4: Reassess and recognize. The program administrator would repeat the diagnostic process, and work with the jurisdiction to determine how to institutionalize the process of evaluating and improving development readiness going forward. The jurisdiction would be officially recognized for having completed the process. This recognition should create a positive story for the community that will raise its stature with the regional development community.

This program format implies a deep partnership between the program administrator and the jurisdiction, creating opportunities for both formal and informal feedback mechanisms. It also implies that each participating community would take a different and tailored path toward program implementation.

Additional considerations and recommendations

The eventual program administrator will best determine many of the specific aspects of program implementation. Following are some considerations as the details of the program are further fleshed out.

- **Build on the momentum of the pilot process.** Many stakeholders were involved in developing this diagnostic tool, creating a time-limited opportunity to capitalize on the regional conversation and launch the next steps of the process.
- **Consider a second pilot, or a soft launch of the program.** This research tested the diagnostic tool in only one community, and may therefore have missed some critical aspects of development readiness or process that should be considered in the diagnostic tool or in the program's structure. Conducting this pilot in a community that is generally considered to be successful in its readiness efforts (such as the City of Hillsboro or Washington County) might best ensure a comprehensive tool. In particular, additional exploration regarding the best process for administering the diagnostic should be considered. The program administrator should expect to work through the diagnostic with a group of staff in some detail, probably in multiple work sessions, to make sure that they understand the intent of the questions being asked. The pilot process in Oregon City did not result in a clear recommendation regarding the perfect way to administer the diagnostic; given the variety of organizational structures among regional jurisdictions, the diagnostic process will probably need to be tailored to each community's unique needs.
- **Consider an "implementation pilot" in Oregon City, to determine the best approach to translating the diagnostic results to action.** In this follow-up to the initial pilot, the program administrator would work with senior City staff to create a full, implementable work program that prioritizes and phases actions to account for staff and fiscal realities. In this phase, the program administrator, in collaboration with staff, might undertake the following kinds of steps:
  - Seek the input of elected and staff leadership in prioritizing actions for implementation
  - Develop a scope of work for staff that estimates the number of hours and total time frame needed to implement the work program
  - Develop and administer a survey of "customers" to further refine the results of this diagnostic
  - Provide technical assistance and other support throughout the implementation process
  - This follow-up pilot would be beneficial both for the program (which will need to develop implementation processes to use in communities throughout the region) and for Oregon City.
- **Avoid "development readiness certification"; focus instead on recognition of success.** Certification is a centerpiece of some development readiness programs in other parts of the U.S., where communities use their successful completion of a program of improvement as an opportunity to advertise to the development community that they are "open for business." In the Portland area, however, jurisdictional representatives expressed general reticence about the concept. They commented that development

readiness requires constant attention and effort, and is not something that can ever be checked off as complete.

- **Add direct customer input to the process.** The diagnostic tool is an effective mechanism for facilitating self-evaluation, but it should be supplemented with confidential, objective, third-party review from the customers who access the jurisdiction's programs and services. One or (ideally) both of the following approaches could be incorporated into the program:
  - *A customer intercept survey administered in participating communities*. In small communities with few staff and few development projects, customers may be reticent to provide honest feedback. However, it would ensure that the community received relevant feedback from people that had recently accessed services, and could be critical input to the diagnostic itself.
  - *A standard, annual, region-wide survey of developers*, possibly as an ongoing role for Metro to support regional development readiness. The survey could cross-tabulate to specific jurisdictions, providing longitudinal data that can be compared to regional averages. If feasible, the survey audience could go beyond developers to capture neighborhood and community stakeholder group experiences with the development process. Even in absence of the diagnostic and program described in this memorandum, a survey of this type could provide helpful information about regional development readiness and changing perceptions of specific jurisdictions, and create a justification for investments in development readiness. For some smaller jurisdictions, there may be very few relevant responses. This approach would also miss the experiences of smaller-scale developers and property owners.
- **Evaluate the services provided and the payment structure for the program.** As emphasized elsewhere in this memorandum, without technical support and ongoing assistance from a deeply engaged and savvy program administrator, the development readiness program may not achieve its full potential. This is especially true given the commitment needed from staff and leadership to successfully undertake this effort. Some incentive to participate (service provision) will be helpful. Supportive services could include market studies, by development type, that identify feasibility gaps, opportunity sites, and options for implementing a community vision given market realities; detailed code reviews and updates; or customer service or development training. Such robust offerings might make the program more attractive. It also creates the possibility of payment for services, even if on a sliding scale tied to the complexity of the work program or the size of the jurisdiction. Even a nominal payment would ensure leadership buy-in and accountability for the process. The team tested the idea with stakeholders around the region, but no strong conclusion was reached. Further consideration of this issue is warranted.
- **Determine start-up and on-going program funding sources**. While the program administrator would ultimately be responsible for the fiscal soundness of the program, additional early-stage funding may be necessary to support successful scaling of the pilot to the region in the initial stages of due diligence and research. To date, Metro has

funded the CII and consultant efforts on this process. Some additional, time-limited funding from Metro or another partner could help to ensure a smooth transition to longer-term operations.

- **In program administration, keep sight of the important role the public sector must always play in protecting the public good**. Some concerns were expressed that a single-minded focus on development readiness could override the desire for high-quality development that meets the community's vision and longer-term needs, reducing the role of the public sector in encouraging innovation in sustainable development and the equitable access to community amenities. As the program and the program administrator gain traction in the region, they may have an opportunity to influence the quality of development outcomes while increasing the efficiency of public sector processes. In particular, the role of the program administrator in encouraging jurisdictions to consider the implications of their decisions for important public goals like the provision of affordable housing, reduction of environmental impacts, and creation of active open spaces could become increasingly central to the conversations about development readiness. In this way, program administration can draw connections between required comprehensive plan technical analysis that identifies land supply issues (economic opportunities analyses and housing needs analyses) and implementation measures that ensure that the land is ready for development and that comprehensive plan policies are aligned with community vision.

Conclusions

At the highest level, the question asked of the ECO team was whether a development readiness program that is centered on a diagnostic tool would be valuable, and could help to move jurisdictions closer to development readiness. The feedback received in the process of creating the tool, testing it in Oregon City, and discussing it with stakeholders leads to a conclusion that many (if not all) of the region's jurisdictions could benefit from the use of a diagnostic such as this one in the context of a larger program that supports action toward development readiness.

However, the success of such a program will be driven by the quality of program administration. The administrator must be technically savvy, politically sensitive, and intelligent about process design, to get the right people within each community to engage at the right level in completing the diagnostic and developing a plan of action.

The challenge of program initiation is to demonstrate to jurisdictions that participation in this process will make focusing on development readiness easy and ultimately save them time and money by creating efficiencies as well as generating revenue through increased development. In addition to solidifying a program administrator, refining the tool through additional testing and further consideration of the recommendations contained here is a critical next step.

Diagnostic Tool

Development Readiness Pilot Project

FINAL DRAFT

A. Alignment on development outcomes

Inconsistent commitment to a shared vision for development outcomes can lead to unexpected challenges in the development process. This category evaluates presence of and consensus on community development vision.

DESIRED OUTCOMES		STRENGTHS	IDEAS FOR IMPROVEMENT	COMMENTS
A1. The jurisdiction is actively working toward achieving consensus and alignment among staff, elected and appointed officials, community members, and the development community regarding desired development outcomes.				
A1.1 The jurisdiction has articulated community development vision that prioritizes desired development outcomes.	+ = - 0			
A1.2 Evidence that elected and appointed leaders are well informed and committed to the jurisdiction's desired community development outcomes.	+ = - 0			
A1.3 Evidence that staff is well informed of and committed to the jurisdiction's community development outcomes.	+ = - 0			
A1.4 Evidence that desired development outcomes were developed through quality engagement with all stakeholders (preservation or conservation groups, neighborhood associations, developers, chamber of commerce, etc.)	+ = - 0			

B. Land availability & site readiness

This category evaluates the jurisdiction's planning and implementation activities that are necessary to ensure an adequate supply of residential and employment lands. It also evaluates site readiness efforts, defined here as efforts to identify, invest in, and market key available opportunity sites.

DESIRED OUTCOMES		STRENGTHS	IDEAS FOR IMPROVEMENT	COMMENTS
B1. The jurisdiction has plans and procedures in place to ensure sufficient availability of residential and employment lands.				
B1.1 Evidence of efforts to ensure that amount and location of zoned land reflects realistic market potential in the short- and long-term (*market assessments, job lands analysis, updates to comprehensive plans)*	+ = - 0			
B1.2 Connection of an economic development strategy to land supply needs *(Clearly articulated job creation actions that tie to needed changes in or supply of employment lands)*	+ = - 0			
B1.3 Evidence of work with overlapping taxing jurisdictions to coordinate investments in infrastructure and facilities to support land availability *(MOUs or IGAs, coordinated CIP processes)*	+ = - 0			
B2. Staff has identified specific development opportunity sites and is proactively working to encourage development on them.				
B2.1 Identified **employment** opportunity sites that are critical to economic development goals *(Progress on State's industrial site certification/Decision Ready or an equivalent program)*	+ = - 0			

B2.2 Identified **residential or mixed use** sites that are critical to growth management and community development outcomes described in the Comprehensive Plan and other plan documents *(downtown or centers plans that identify target sites; connection of incentives and identification of appropriate locations for workforce or affordable housing provision to meet expected demand)*	**+** **=** **-** **0**			
B2.3 Evidence of efforts to identify and overcome redevelopment barriers and prioritize infrastructure funding to support site readiness *(through CIP or other processes)*	**+** **=** **-** **0**			

Overall score measurements: + exceeds | = meets | - needs improvement | 0 doesn't exist

C: Outreach & engagement

This category evaluates outreach and engagement efforts to the general public as well as to the development community, and the alignment between these efforts and the visions outlined in plan documents.

DESIRED OUTCOMES		STRENGTHS	IDEAS FOR IMPROVEMENT	COMMENTS
C1. The jurisdiction actively informs the public about the development process, providing multiple avenues for feedback and working toward alignment of redevelopment vision among leadership, citizens, developers, and staff.				
C1.1 Processes in place for gathering and sorting feedback from various development stakeholders and customers *(web-based forms, exit interviews with customers, surveys of customers)*	+ = - 0			
C1.2 Frequency of communications and information provided to neighborhood groups, conservation, and / or preservation groups *(staff attendance at neighborhood meetings, regular newsletters, staff briefings with neighborhood leaders about major developments and the contribution of these benefits to the jurisdictions community development vision)*	+ = - 0			
C1.3 Evidence of alignment in expectations for development outcomes among neighborhood and advocacy groups, elected leadership, and land use plans and zoning codes.	+ = - 0			
C1.4 Availability of bi- or multi-lingual staff and/or outreach materials during communication and education efforts, or ability to communicate with those with limited English proficiency	+ = - 0			

C2. The jurisdiction actively informs the developers about the vision for development, opportunity sites and incentives, and development processes.				
C2.1 Evidence of efforts to engage the development community in creating visions and implementation strategies *(developer roundtables for small area plans or urban renewal plans, developer participation in citizen advisory committees)*	**+** **=** **-** **0**			
C2.2 Evidence of efforts to market opportunity sites and apply incentives *(targeted websites; including discussion of incentives in pre-apps; regular outreach and communication to property owners and developers; take up rates for incentive programs)*	**+** **=** **-** **0**			

Note: + exceeds | = meets | - needs improvement | 0 not available

D: Development culture & customer service

This category evaluates the effectiveness/efficiency of staff interactions with customers.

DESIRED OUTCOMES		STRENGTHS	IDEAS FOR IMPROVEMENT	COMMENTS
D1. The jurisdiction encourages inter- and intra-departmental teamwork and efficiency.				
D1.1 Evidence of a team approach among departments and bureaus, and coordination with other regulatory bodies (State, Counties, utilities, etc.) to ensure timely decision-making and collaborative problem solving *(routine meetings before pre-app and / or debrief meetings, broad invitations to pre-application conferences, pro-active communications with other agencies, briefings for elected officials)*	**+ = - 0**			
D2. Procedures in place for increasing predictability and staff responsiveness in the permitting process.				
D2.1 Evidence of timely pre-application conferences that provide pertinent information and guidance with attendance from necessary departments / bureaus and other agencies	**+ = - 0**			
D2.2 Documented efforts to increase responsiveness and expedite permitting processes *(e.g. concurrent review processes, single staff point of contact, policies requiring quick response to applicants)*	**+ = - 0**			

D3. The jurisdiction makes ongoing efforts to improve development permitting processes.				
D3.1 Completion of continuing technical education for staff and elected and appointed officials regarding development processes to keep up with current trends and construction methods *(training in LEED / sustainability, new structural codes, pro-forma evaluation, current development market, etc.)*	**+ = - 0**			
D3.2 Customer feedback tools in place *(including confidential third-party exit interviews with applicants and customer service surveys, seeking input from customers when hiring processes for key positions)*	**+ = - 0**			
D3.3 Evidence of improvements to customer convenience *(option for third-party plan review, ability to submit information for permits electronically)*	**+ = - 0**			

Note: + exceeds | = meets | - needs improvement | 0 doesn't exist

E: Regulatory environment

This category evaluates the predictability and flexibility in land use and permitting processes.

DESIRED OUTCOMES		STRENGTHS	IDEAS FOR IMPROVEMENT	COMMENTS
E1. Regulations and permitting processes reflect the community's identified short-term development and long-term growth priorities.				
E1.1 Frequency and adequacy of development code updates and streamlining *(code update processes coordinated across multiple departments, regular schedule for updates, customer feedback regarding development codes)*	+ = - 0			
E1.2 Demonstration of stakeholder involvement in examining and improving code, design review, and approval processes *(Committees for code updates that include affected neighborhood representatives, developers, property owners)*	+ = - 0			
E1.3 Evidence of customer feedback being applied to development/zoning code updates or improvements to the development process	+ = - 0			
E2. The jurisdiction achieves balance between the predictability and flexibility of the land use and permitting processes.				
E2.1 Evidence of appropriate flexibility in the use of the development code to address specific project situations *(use of form based or outcome based code, design review, appeals or variances allowed in certain situations)*	+ = - 0			

E2.2 Differentiation of permitting tracks based on project complexity *(i.e. tenant improvements are less complex than a master planner community, and therefore have shorter timelines; availability of over-the-counter permits for certain site improvements)*	**+ = - 0**			
E2.3 Design standards are clear and objective, and applied consistently by development type	**+ = - 0**			

Note: + exceeds | = meets | - needs improvement | 0 doesn't exist

F: Development fees & incentives

This category evaluates the predictability and transparency of tax, fee, and incentive structure in the recruiting and permitting process.

DESIRED OUTCOMES		STRENGTHS	IDEAS FOR IMPROVEMENT	COMMENTS
F1. Information about applicable taxes, development fees, and incentives is readily available and accurate.				
F1.1 Current fee schedule and any available waivers available on jurisdiction's website.	+ = - 0			
F1.2 Online building permit and SDC fee estimator program available.	+ = - 0			
F1.3 Availability of information at pre-application conference that provides accurate overview of all fees and incentives applicable to project.	+ = - 0			
F1.4 Staff is aware of and shares information about applicable fees, incentives, and opportunities for fee reductions *(availability of brochures about fees / programs that staff and applicants can reference; employee performance reviews, customer feedback)*	+ = - 0			

F2. The jurisdiction has adopted development incentive programs and/or processes, and informs/educates potential customers during the development process regarding various options.				
F2.1 Public assistance availability for certain types of development *(Urban Renewal Areas, fee/tax abatements, pre-development assistance, fast-track permitting for some development types)*	+ = - 0			
F2.2 Flexibility with payment of System Development Charges (SDCs) payments *(upfront at permit issuance or SDC payment or finance plan/loan program)*	+ = - 0			

Note: + exceeds | = meets | - needs improvement | -0 doesn't exist

Additional evidence of excellence

Please document additional procedures, processes, or plans that your jurisdiction has in place that you feel improve the overall quality of development, your overall development readiness, or help move forward your community's vision for redevelopment. Some examples are included at the end of this Diagnostic Tool, but may include such items as incentives for green building or LEED, use of cost benefit or other evaluations to prioritize implementation of infrastructure investments to improve land availability, or use of the State's vertical housing development zone incentives.

Development Statistics

This table shows a number of potential numerical indicators to illustrate how the City's development environment is changing over time.

	2011	2012	2013	2014	
Development Review Process					
Land use approval timeline (in working days) by project type:					
SF residential					
MF residential					
Industrial					
Commercial					
Average time (in working days) to completeness of application					
Ratio of FTE to permit applications					
Building permit timeline:					
Number of times application is sent back with redlines					
Number of appeals to land use decisions					
Average time (in working days) for building permit issuance and land use approval, by project type: (tenant improvement vs other)					
SF residential					
MF residential					
Industrial					
Commercial					

GOALS for next review period

TBD after completion of diagnostic

Example Development Programs, Tools, and Incentives

provided as reference for completing the "additional evidence of excellence" section of the tool

Financial incentives & Technical Assistance

Technical assistance for market analysis and project feasibility

Vertical housing incentives including vertical housing development zone and tax credits

Enterprise zone

Local Transit Oriented Tax Exemption

Storefront improvement programs

EPA brownfields program

Tax Increment Financing

LIDS, BIDS, EIDs

Impact-based SDCs *(reimbursement for use of existing infrastructure distinct from improvement fees which pay additional infrastructure)*

- (e.g. trading design changes, such as increasing pervious surfaces, for lower fees, such as lower stormwater SDCs)

Code & Design

Form-based code

Menu-based code

Objective design standards

Cottage housing development code

Flexibility in density distribution, allowing density transfers

Parking

- Minimums/maximums
- Structured
- Supply/inventory
- Unbundling of parking costs/pricing from development costs/pricing
- Parking benefit districts

Effective use of FAR regulations (e.g. bonuses, minimums, alignment with zoning)

Non-conforming use provisions

Permit-ready designs for specific housing types (e.g. for ADUs, cluster development, etc.)

Sustainable Development

Baseline assessments (GHG inventories, resource mapping, etc.)

LEED certification

Use of district scale resources or "ecodistricts"

Integrated planning

Co-location of interdependent uses, materials exchange for innovative building techniques

Adaptive reuse

Grants and technical assistance for sustainable development

Design guidelines

Triple bottom line or sustainable business metrics

Brownfield redevelopment

Innovative infrastructure

- Energy production
- Shared heating cooling
- Water and heat recovery
- Waste-to-biomass

Engagement & Involvement

Incentives for quality community engagement *(expedited permitting for evidence of community support, such as good neighbor agreements or CBAs)*

Public involvement related to visual urban design plan

Use of good neighbor agreements (with incentives to do so)

Neighborhood grants/funds to involve community members in planning, visioning, and development

Community education and workshops about growth, development, and planning

Quick Response Team to resolve neighborhood concerns

Single point of contact for development review

Equitable Development

Provisions encouraging or mandating mixed income housing

Efforts to protect against displacement associated with new development

Efforts to ensure existing residents see benefits from new development and that such benefits are well publicized to those residents

Inclusion of community in development visioning and in earliest stages of project development

Equity mapping: inventory of "access" to steer development to communities with documented needs

Ensuring co-location of workforce housing and high-capacity transit

Engaging diverse populations in development visioning

Public-private partnerships to achieve community goals

Systems-based codes that integrate:

- Transportation demand management
- Energy efficiency
- Landscape, open space
- Environmental Management plan
- Technical assistance or incentives to support any of the above

Framework of Development Challenges and Opportunities

Development Readiness Pilot Project

Economic development, especially that which produces living-wage jobs in the region's centers, corridors and employment areas, is an essential component of a resilient economy and is a core focus of the Community Investment Initiative. Yet, there is a widely held perception that the region's municipal jurisdictions could more efficiently and effectively achieve their desired community and economic development aspirations without sacrificing the spirit of their regulatory and policy structures.

In an effort to identify and document the development challenges and opportunities faced by jurisdictions and developers, the Community Investment Initiative (CII) has consulted with Metro to compile and review a significant body of research on this topic. A survey of this research resulted in the creation of the Framework of Development Challenges and Opportunities below.

The Framework is intended to provide a simple, yet universal, categorization of the challenges and opportunities that jurisdictions may respond to in their community and economic development efforts. The framework is also intended to provide a baseline for a "development readiness" pilot program that would aid participating municipalities in assessing the challenges and opportunities specific to their development goals.

The framework should be read from the perspective a jurisdiction seeking economic development. The categories in the framework below are intentionally broad and are meant to cover a range of opportunities and challenges with the understanding that in actual practice, these challenges and opportunities require context specific responses at the local level. On the following page, find examples further illustrating each of the categories in the framework.

Framework of Development Challenges and Opportunities		
Physical Challenges/Opportunities	**Institutional Challenges/Opportunities**	**Financial Challenges/Opportunities**
Environment: Topography	Leadership	Market: Macro
Environment: Regulation	Staff Knowledge	Market: Micro
Infrastructure: Transportation	Development Savvy	Tax and Fee Structure
Infrastructure: Utilities	Vision &Planning	Incentive Structure
Historical use	Regulation &Code	Reliability of process: Time
Land Availability	Public Education &Engagement	Amenities
	Multiple and/or Conflicting Agencies	Parking

Framework of Development Challenges and Opportunities: Examples	
Challenge/Opportunity	**Example**
Physical Barriers	
Environment: Topography	Scenery, slope, soil properties, vegetation, bodies of water, or drainage, wildlife
Environment: Regulation	Waterfront setbacks, mitigation requirements
Infrastructure: Transportation	Freight access, passenger vehicle access, active transportation access, high capacity transit access and frequency, street connectivity
Infrastructure: Utilities	Water, sewer, gas, electric, broadband
Historical Use	Brownfield, contamination, derelict structures, historic preservation,
Land Availability	(Up)Zoning, parcelization, or inclusion in UGB
Institutional Barriers	
Leadership	Elected leaders and senior staff attitudes concerning development and commitment to development goals
Staff Knowledge	Level of staff knowledge of challenges faced by developers, staff attitudes about development/developers, and staff commitment to public service
Development Savvy	Level of staff and leadership experience in economic and community development
Vision &planning	Existence of an economic and community development plan that is realistic and has the support of the community
Regulation & Code	Complexity of code, flexibility of code, predictability of permitting
Public Education & Engagement	Existence of public engagement process, depth of engagement required by developers, time required to complete engagement, certainty of engagement process and outcomes, public awareness of benefits and burdens of development
Multiple and/or Conflicting Agencies	Necessity of multiple permits, engagement processes, alignment of regulations, government agencies with overlapping jurisdiction
Financial Barriers	
Market: Macro	National or global economic conditions and market trends
Market: Micro	Site location, local economic conditions, labor market, economic clusters, demographics
Taxes and fee structure	Alignment of taxes and fees with desired outcomes
Incentive Structure	Alignment of incentives with desired outcomes
Reliability of Process: time	Degree of certainty/flexibility in permitting process, predictability of permitting process
Public amenities	Provision of public plazas, sidewalks, and trees
Parking	Parking requirements, metering, street design

Developer Survey Results

Development Readiness Pilot Project

This appendix was created by staff at Group Mackenzie, under subcontract to ECONorthwest in a project to identify the major variables that affect jurisdictional "development readiness". Group Mackenzie and ECONorthwest developed the on-line survey collaboratively; Group Mackenzie distributed the survey to a group of developers and evaluated and summarized the results. This appendix provides Group Mackenzie's detailed survey results.

Survey Open February 12 2013, to March 6, 2013

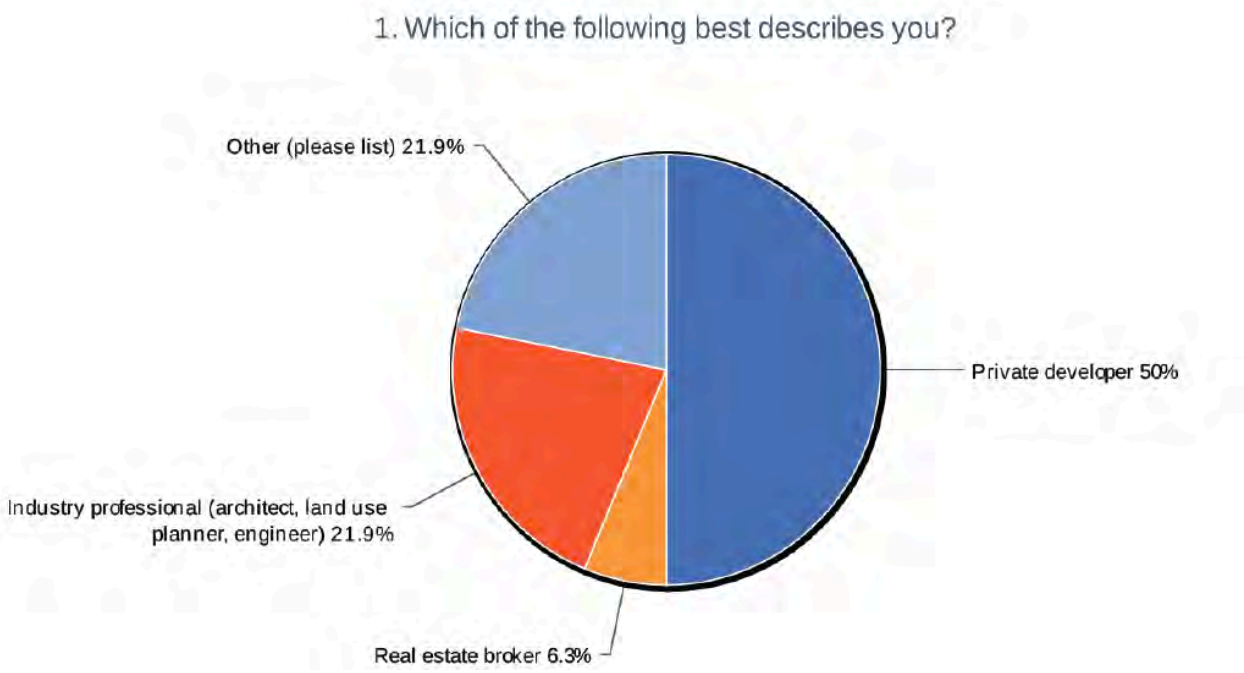
Survey Summary

There were 32 people that participated in this survey, half of which were private developers. Additionally, approximately 85% of participants had more than 10 years of experience working in the Portland area.

Patterns in responses:

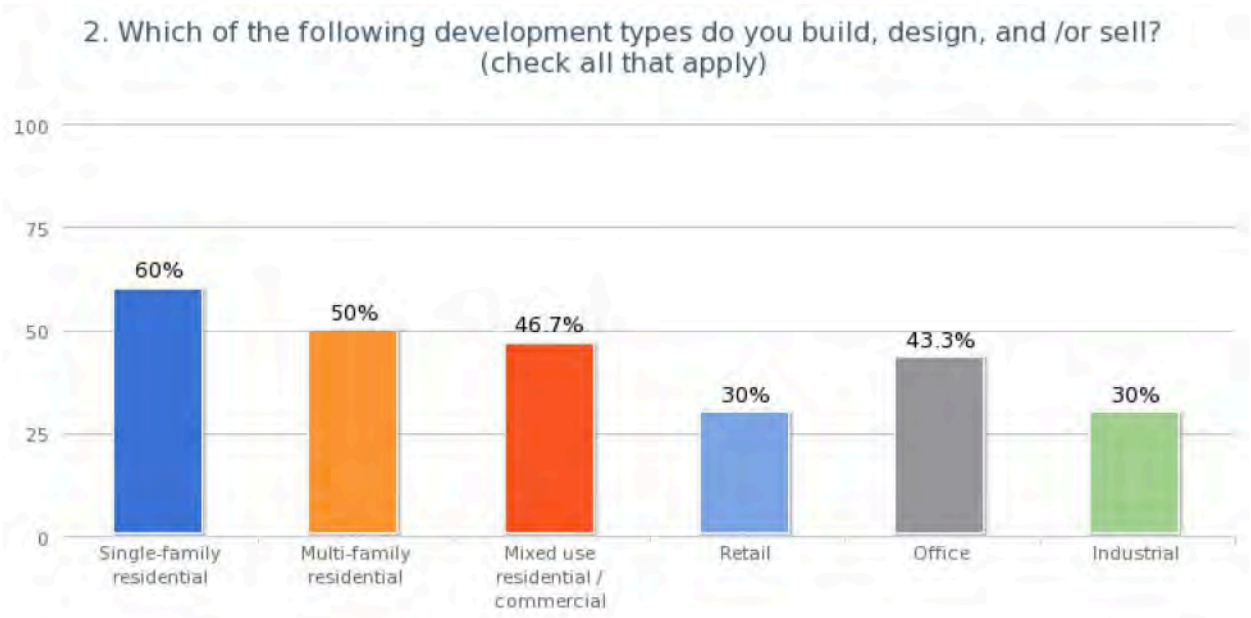
- The #1 ranked indicator for **Land Availability and Site Readiness** was 'Clear processes in place to use CIP and other implementation tools to target investments in infrastructure to available but undeveloped lands.' People seemed to have liked this category. We got a few 'forgotten indicator' comments and overall good comments, such as 'all of these indicators are equally important.'
- The #1 ranked indicator for **Development Culture and Customer Care** was 'Evidence of attempts to make permitting processes faster and more efficient (for example, concurrent review processes, policies requiring returned phone calls within 1 business day, single point of contact for a project).'
- The #1 ranked indicator for **Regulatory Environment** was 'Average time for building permit issuance and land use approval.' Again, people thought all of the indicators were equally as important and felt it was difficult to rank. People think there is too much regulation.
- The #1 ranked indicator for **Development Fees & Incentives** was 'Pre application conference provides realistic understanding of all fees as well as incentives that are applicable to development.'
- The #1 ranked indicator for **Outreach & Engagement** was 'Number of appeals of land use decisions.' Participants thought the survey focused too much on this category.
- To sum up: the **regulatory environment** and **development culture & customer care** were the most important categories to development readiness at 64% and 50%, respectively. Development fees and incentives was a close third at 43% Land availability and site readiness was 4th with 36% and outreach and engagement was least important at 7%.

Additional comments:



Value	Count	Percent
Private developer	16	50.0%
Real estate broker	2	6.3%
Industry professional (architect, land use planner, engineer)	7	21.9%
Other (please list)	7	21.9%

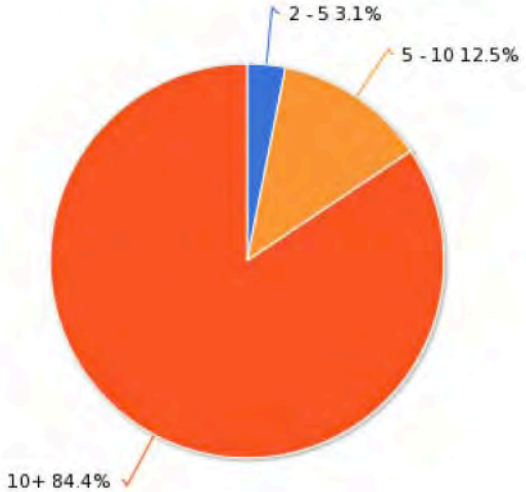
Statistics	
Total Responses	32



Value	Count	Percent
Single-family residential	18	60.0%
Multi-family residential	15	50.0%
Mixed use residential / commercial	14	46.7%
Retail	9	30.0%
Office	13	43.3%
Industrial	9	30.0%

Statistics	
Total Responses	30

3. How many years of experience do you have working in the Portland metro area?



Value	Count	Percent
0 - 2	0	0.0%
2 - 5	1	3.1%
5 - 10	4	12.5%
10+	27	84.4%

Statistics	
Total Responses	32
Sum	292
Average Years of Experience	9.1

4. The following are examples of potential indicators to measure jurisdictional strengths and weaknesses in the **Land Availability & Site Readiness** category. Please rank them in order of importance, with 1 being the most important indicator. Please use 1 – 5 to rank the following.

Item	Total Score[1]	Overall Rank
Clear processes in place to use CIP and other implementation tools to target investments in infrastructure to available but undeveloped lands	65	1
Evidence of efforts to ensure that zoning reflects realistic market potential in the short- and long-term	60	2
Programs that evaluate barriers to site development/redevelopment and connect funding and implementation strategies, for example, site aggregation	59	3
Staff availability of technical assistance to property owners and/or developers on key opportunity sites	57	4
Number of State's Decision Ready and/or Site Certified sites, or an equivalent program for non-industrial properties	47	5
Total Respondents:		

[1] Score is a weighted calculation. Items ranked first are valued higher than the following ranks; the score is the sum of all weighted rank counts.

5. If we forgot an indicator in the list above that you think would be important to include as a measure in this category, please include your suggestion below.

Count	Response
1	Jurisdictional attitude toward new development
1	certainty in terms of outcome when applying for permits or land use approvals
1	solution oriented approach by staff instead of obstacle approach

6. Please provide your comments on the Land Availability & Site Readiness category.

Count	Response
1	If I could have, I would have ranked all 5 indicators within the top one or two in level of importance.
1	The land-use process in Oregon is in total dis-repair, and I think it is as a result of over 30 years of pandering to no-growth and anti-growth zealots and their over-reaching agenda. There are now more barriers and obstacles to development of any residential or commercial real estate in most municipalities, even though the economic benefits of said development would be huge.
1	the UGB in effect for some 30 plus years now has severely impacted available land, and the recent expansions to the UGB have not been particularly helpful as far too many of the acres involved in the expansions have been in areas either poorly served by existing infrastructure or not served at all. In addition, arbitrarily imposed conditions and rules, to say nothing of impact fees, have negatively impacted the affordability and feasibility of much that has been able to be developed.

7. The following are examples of potential indicators to measure the **Development Culture & Customer Care** category. Please rank them in order of importance, with 1 being the most important indicator. Please use 1 – 9 to rank the following.

Item	Total Score[1]	Overall Rank
Evidence of attempts to make permitting processes faster and more efficient (for example, concurrent review processes, policies requiring returned phone calls within 1 business day, single point of contact for a project)	117	1
Effective/efficient pre application conferences (with attendance from all departments/bureaus and other agencies, ODOT, where applicable)	103	2
Single staff point of contact for a project	102	3
Evidence of coordination among departments and bureaus, and coordination with other regulatory bodies (State, Counties, DEQ, etc) to improve decision-making efficiency	83	4
Economic Development and Planning staff who have experience working as (or for) private developers	80	5
Economic Development and Planning staff who are active in development and community issues and business organizations	67	6
Provision of continuing education for staff, building inspectors, and elected officials regarding customer service and development processes	55	7
Customer service training opportunities	46	8
Customer feedback mechanisms (for example, exit interviews with applicants and customer service surveys)	43	9
Total Respondents:		

[1] Score is a weighted calculation. Items ranked first are valued higher than the following ranks, the score is the sum of all weighted rank counts.

8. If we forgot an indicator in the list above that you think would be important to include as a measure in this category, please include your suggestion below.

9. Please provide your comments on the Development Culture & Customer Care category.

Count	Response
1	Many Cities, and most particularly Portland, have way too many people and systems involved in the review process, and far too little accountability. I have often said that until Portland gets its entire review process in one place and with one person in charge and accountable, then it will remain a morass. While improvements have been made in recent years, it still has a way to go. Other cities while smaller a bit more nimble, have similar problems. Perhaps it has been more about job preservation for public employees than it has been about trying to be more efficient?

10. The following are examples of potential indicators to measure the **Regulatory Environment** category. Please rank them in order of importance, with 1 being the most important indicator. Please use 1 – 9 to rank the following.

Item	Total Score[1]	Overall Rank
Average time for building permit issuance and land use approval	112	1
Average time to achieve completeness of applications	85	2
Expedited permits from third party plans examiner/reviewer	82	3
Availability of over the counter permit reviews and issuance	81	4
Evidence of flexibility in the development code (use of form based/outcome based code)	79	5
Permitting timelines and opportunities for concurrently reviews (by development type)	75	6
Differentiation of regulatory processes by development type (tenant improvements, residential, industrial, retail, etc)	63	7
Percent of appeals (value of code, effectiveness of staff, and/or vision) for total of land use applications	56	8
Frequency and thoroughness of development code review and update and avenues for private sector participation, contributions to this process	51	9
Total Respondents:		

[1] Score is a weighted calculation. Items ranked first are valued higher than the following ranks, the score is the sum of all weighted rank counts.

11. If we forgot an indicator in the list above that you think would be important to include as a measure in this category, please include your suggestion below.

Count	Response
1	My complaint here is that all of these are just about equally important. Was hard to rank them 1-9

12. Please provide your comments on the Regulatory Environment category**.**

Count	Response
1	Way too much regulation and it never gets any better. There is always talk about trying to streamline it, and to be fair, attempts have been made, but they have often failed as a result of trying to be too many things to too many people. We have way too much citizen involvement in the land use approval process in the Portland Area. I am fine with citizen involvement when we are talking about a comprehensive plan update. Not use much when I am trying to get permit for a permitted use with few of no exceptions or variances.
1	Something wrong. I could only choose one answer for all the items in NO. 10 The program deleted the previous selection.

13. The following are examples of potential indicators that might be used to measure the **Development Fees & Incentives** category. Please rank them in order of importance, with 1 being the most important indicator. Please use 1- 6 to rank the following.

Item	Total Score[1]	Overall Rank
Pre application conference provides realistic understanding of all fees as well as incentives that are applicable to development	70	1
Flexibility with System Development Charges (SDCs) payments either 1) upfront at permit issuance or 2) SDC payment plan/loan program	61	2
Fee schedule available on jurisdiction website or online building permit and SDC fee estimator program	60	3
Availability of fast track permitting by paying overtime for plan review	59	4
Staff awareness of and communication about applicable fees, incentives, and fee holidays	50	5
Public assistance availability for development that the jurisdiction wants to incent, for example, Urban Renewal Areas, fee/tax abatements, pre-development assistance, etc.	35	6
Total Respondents:		

[1] Score is a weighted calculation. Items ranked first are valued higher than the following ranks; the score is the sum of all weighted rank counts.

14. If we forgot an indicator in the list above that you think would be important to include as a measure in this category, please include your suggestion below.

Count	Response
1	I would slightly modify one of the above to include an option for fee payment at time of occupancy with an overly burdensome agreement and a bunch of fees for the privilege of doing so

15. Please provide your comments on the Development Fees & Incentives category.

Count	Response
1	Same problem. I can only answer one item and the rest of my answers are deleted.
1	Fees have been way too high for years, and even in this time of economic hardship, have continued to increase. They are now long past the point of having an adverse affect on affordability and availability of housing, and will in the near future be contributing to a likely housing shortage. At the moment it is just no possible to construct housing after paying for all the regulation and fees and still make a decent profit

16. The following are examples of potential indicators that might be used to measure the **Outreach & Engagement** category. Please rank them in order of importance, with 1 being the most important indicator. Please use 1 – 5 to rank the following.

Item	Total Score[1]	Overall Rank
Number of appeals of land use decisions	55	1
Community support of City's development/growth vision	51	2
Community's vision align with City/Council goals and development/growth plans	48	3
Process for gathering feedback from various project stakeholders, and evidence of that feedback tying into development/zoning code or the development process	42	4
Quality and frequency of communications and education to neighborhood groups, including staff attendance at meetings	41	5
Total Respondents:		

[1] Score is a weighted calculation. Items ranked first are valued higher than the following ranks; the score is the sum of all weighted rank counts.

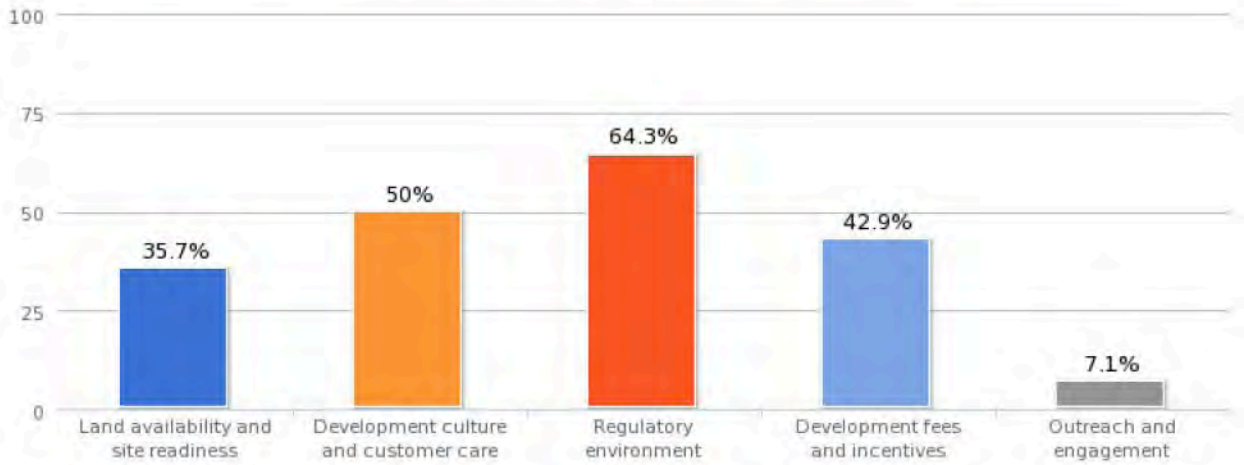
17. If we forgot an indicator in the list above that you think would be important to include as a measure in this category, please include your suggestion below.

Count	Response
1	none

18. Please provide your comments on the Outreach & Engagement category.

Count	Response
1	none
1	There is way too much focus on this issue. As I noted previously, the time for this is when comp plans are being updated. There is no need for all the citizen involvement provided for at every stage of the permit and land use process as is the case in most places now, and in fact if you want efficient and timely development to occur, it must be curtailed

19. Here, again, are the categories that you have just evaluated. Are any missing? Please identify the two categories that you think are most important to overall jurisdictional development readiness:



Value	Count	Percent
Land availability and site readiness	5	35.7%
Development culture and customer care	7	50.0%
Regulatory environment	9	64.3%
Development fees and incentives	6	42.9%
Outreach and engagement	1	7.1%
Write in your own category:	0	0.0%

Statistics	
Total Responses	14

20. We may be interested in contacting some survey respondents for additional information. If you would be interested in being contacted, please provide your name and an email address.

Count	Response
1	WITHHELD
1	WITHHELD

Institutional Collaboration and Regulatory Efficiency Task Force

Carl Talton, Portland Family of Funds (Chair)

Ken Allen, AFSCME Council 75

Fred Bruning, CenterCal Properties

Scott Langley, Ashforth Pacific Inc.

Nolan Lienhart, ZGF

Andrew Miller, Stimson Lumber Company

Jerralyn Ness, Community Action

Maria Ellis, (staff)

Allison Handler, Solid Ground, (facilitation consultant)

Land Readiness Task Force members

Alice Norris, Former mayor of Oregon City (chair)

Beverly Bookin, The Bookin Group

Fred Bruning, CenterCal Properties

Dom Colletta, Lane Powell

Tom Imeson, Port of Portland

Bob LeFeber, Commercial Realty Advisors

Brian Lessler, Persimmon Development Group

Nolan Lienhart, ZGF

John Mohlis, Oregon State Building & Construction Trades Council

Marcus Mundy, Mundy Consulting

Deanna Palm, Hillsboro Chamber of Commerce

Peter Watts, Jordan Ramis PC

Burton Weast, Clackamas County Business Alliance

Maria Ellis (Project manager)

Joel Schoening (Research)

Appendix C | Transportation funding

STRATEGY THREE | Ensure the reliable and efficient movement of goods and people across the region

The Community Investment 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.

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.

Community Investment Initiative | Leadership Council recommendation

Increased Investment in Transportation

Strategy Two of the Community Investment Initiative Strategic Plan is to increase funding levels for multi-modal transportation investments throughout the region to support the needs of commuters and to move freight more efficiently. While job catalyzing investments (under the Regional Infrastructure Enterprise proposal) would include transportation projects, they would be of a character to support that site specific development. In addition to those very localized access improvements, there is a broader need for the transportation system to function more effectively throughout the region.

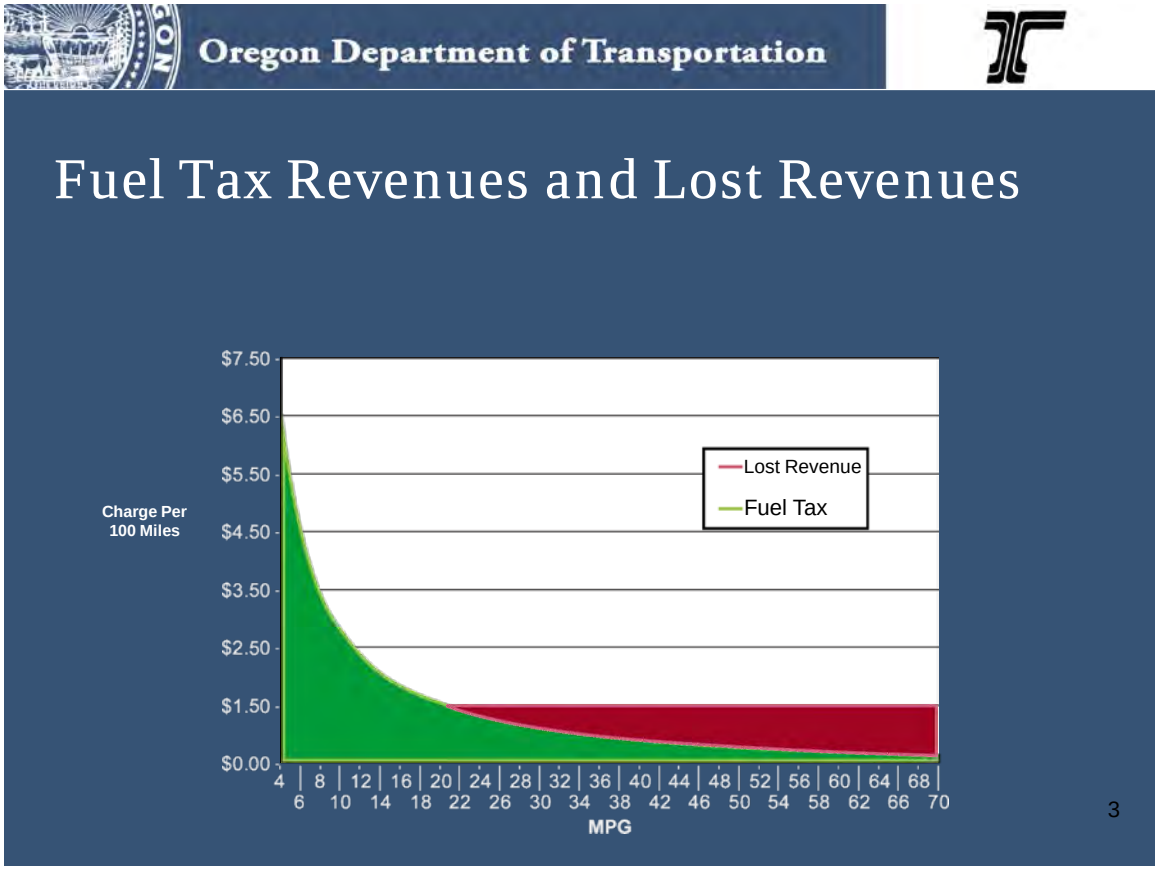
Initially, increased transportation revenues should rely on traditional vehicle related fees (gas taxes, vehicle registration fees and truck weight-mile taxes). However, in the long run, the gas tax is not a financially viable source since it loses purchasing power to inflation and dramatically improving fuel efficiency. While it is beneficial to the environment to reduce fuel consumption and in consideration of the volatility of imported oil, the loss of revenue from the gas tax results in a declining revenue source in the face of growing travel demands. As such, efforts should be aimed at reforming the transportation funding system more closely tied to vehicle use and the demands placed on the transportation system through a VMT fee and peak-period road pricing.

In the short-term, the CII Leadership Council is interested in working with state, regional and local leaders to increase conventional transportation revenues for targeted priority transportation improvements. This should integrate a funding strategy to be pursued through the 2015 Legislature with a complimentary regional and local funding strategy.

While expansion of the region's transportation system is typically emphasized, it is important to adequately address maintenance and rehabilitation of the existing system, actions to optimize the efficiency of the existing system, and transit operating support in addition to capital improvements. Access and circulation improvements should be emphasized that have the greatest relationship to relieving freight bottlenecks, reducing congestion for commuters, and providing convenient alternative modes of travel to avoid commuter congestion.

In the long term, these conventional funding sources need to be replaced. The primary source, the gas tax, collects revenue from the users based upon how much gasoline they use, not how much burden they place on the road system. In addition to losing revenues as vehicles get more fuel efficient and shift to electric power, the gas tax results in dramatically different amounts of gas tax being collected from each user. As shown in the graph below, a typical vehicle in Oregon, at 20 mpg and 30-cents of gas tax, pays 1.5 cents per mile. All vehicle owners with a fuel efficiency better than 20 mpg pay less for the same useage of the road system and the revenue base to take care of the system suffers accordingly. In fact, at the new federally mandated level of 55 mpg, a user would be paying a mere .54 cents per mile (one third that of a typical vehicle) and electric cars would be

paying nothing. Just as significant, a user with less than 20 mpg pays more per mile for the same useage, for example at 12 mpg the cost is $2.50 per mile, a 67 percent higher tax rate than the typical vehicle.



Recommendation

To develop a viable replacement for the gas tax, the CII Leadership Council recommends developing a fee based upon vehicle miles traveled, or a VMT fee. To date, the Oregon Department of Transportation has carried out two pilot projects to evaluate the feasibility of such an approach. They have found that it is technically feasible, can be implemented in a manner that garners support of the users and can be collected through a variety of public or private collection methods of the user's choice.

To further advance the proposal, the Leadership Council supports an evaluation pilot to test and propose the structure recommended for implementation. Through such an effort, there would be a test of various fee rate structures to establish the nexus between the burden placed on the road system and the corresponding fee that would be appropriate. The model for this process is required by the Oregon Constitution and is carried out every few years to ensure the proper "cost responsibility" between heavy trucks and cars. Since the bridges and pavement need to be built to a

much higher standard to carry the weight of the big trucks, their fee per mile is substantially higher than that of a car. In a similar manner, if driving during the rush hour in congested corridors requires the construction of more lanes at much higher cost than during non-rush hours, that cost per mile should be higher in a similar manner. This pilot would serve to establish the economic basis for the fee, test it on volunteer users, and develop a proposal for consideration by a future Legislature.

But what about the desire to establish incentives to encourage users to convert to more fuel efficient cars? It is better for the environment, and consumption of less fuel means less need to import foreign oil. The pilot will determine the extent to which a variation in the VMT fee to recognize the contribution of the more fuel efficient vehicles is appropriate to maintain the incentive while making sure all users pay their fair share.

Local and regional funding sources are important to consider as well. In particular, funding for maintenance of the road system should be more aggressively pursued at the local level through locally collected funding mechanisms. Similarly, operating funds for transit service are largely funded at the regional level and there is a need to increase funding to enable expanded transit service.

Appendix D | School facilities and properties

STRATEGY FOUR | Protect and enhance our communities' investments in school facilities and properties, now and in the future

INTRODUCTION

The Community Investment Initiative is a group of volunteer business and community leaders committed to building the region's economy by investing in infrastructure to support the creation of living wage jobs. Key to achieving this end is a prepared workforce and school facilities that support 21st century training and education in science, technology, engineering and mathematics.

The quality of education and workforce preparedness in the future depends on having 21st century school facilities deliver 21st century programming to students in the region. However, too many schools require significant maintenance repairs and upgrading for current and future technology needs. Without attention to facility needs, our educators are hindered in their ability to prepare and develop the future workforce.

There is no agreed upon regional strategy for future investments in 21st century school facilities. Differing levels of resources and abilities of jurisdictions to invest lead to ineffective approaches to the planning, development and financing of school facility improvements despite recognition that a student's learning environment is strongly linked to education achievement. Without this attention to strategic investments in school facilities, our educators are hindered in their ability to prepare and develop the future workforce. This current situation is the result of more than two decades of deferred maintenance and lack of funding.

This report describes the important role that quality data can play in prioritizing investments in our schools. It summarizes the work the CII Leadership Council undertook to develop three new tools:

- State of the Schools Atlas (Attachment D1)
- State of the Schools Atlas cost estimate proposal (Attachment D2)
- Regional school enrollment forecast proposal (Attachment D3)
- School Facility Guidelines: Technology and the next generation learning environment (Attachment D4)

BACKGROUND

The Community Investment Initiative was asked to identify innovative methods for meeting the region's infrastructure and economic development needs. The CII recognizes that while investing in new infrastructure is key to building the region's economy, making the most of existing infrastructure is a cost effective, politically popular, and efficient way to deliver improved services to the region. In their 2012 strategic plan, the Community Investment Initiative Leadership Council adopted a strategy to protect and enhance investments in school facilities and properties.

CII research and priority setting

The CII Leadership Council recognizes that a vibrant regional economy depends on human capital: skilled workers, effective managers, bold entrepreneurs, dedicated community leaders, and engaged public. We are presently squandering our human capital and experiencing high dropout rates, an alarming achievement gap, inadequate workforce preparedness, and disinvestment in higher education. These challenges prevent our youth from meaningfully contributing to our economy.

Education is the foundation of the knowledge economy of the future. Yet, our current system is fragmented in every dimension. School districts and higher educational institutions have their hands full trying to deliver quality education. They do not have the resources or expertise to offer the full range of support services students need to succeed, nor to fully prepare the workforce of the future, or plan, develop and professionally manage vast and complex facilities.

The State of Oregon is in the bottom 25 percent nationally when judged on support for school facilities, both for funding and technical assistance. Across Oregon, students are learning in aging, substandard facilities. They are attending schools that lack the technology and science equipment required for the education they need to be competitive in the 21st century. Economists agree that the percentage of high paying jobs requiring calculus and lab science experience will increase significantly in the next several decades. Unfortunately, as school budgets are slashed, state of the art science labs and high level math courses are cut. In order for Oregon students to be ready for the next generation of jobs, resources must be allocated to create classroom environments that support learning for the 21st century.

Schools have been forced to rely on passage of local bonds to pay for facility repairs, renovation, and construction. In districts where the base in taxable property is small, or the community tends to resist voting in favor of bonds, school districts often have to wait for a facility emergency to receive funds. Because of this funding mechanism, facility work is frequently deferred in favor of keeping money and resources in the classroom. Across the region, school districts are faced with the choice of hiring teachers or hiring maintenance staff to maintain and repair school facilities. In the short run, putting the money directly into educating children makes sense, but deferred maintenance leads to long-term problems. Basic maintenance measures deferred for too long create more expensive problems down the road. When school districts are unable to perform necessary maintenance on the operating systems, or hire people with the expertise to do it, these systems break down prematurely.

After considering the factors that hinder the ability of educators to prepare and develop our future workforce, the CII Leadership Council decided to focus on the physical infrastructure for education, with the first step being an inventory and evaluation of existing facilities and assessment of future needs. The Leadership Council's strategic plan proposes to protect and enhance our communities' investments in school facilities and properties, now and in the future.

DELIVERABLES

1. State of the Schools Atlas

The CII has invested in the creation of the State of the Schools Atlas, a web-based school facilities analysis tool to help school districts assess where to prioritize investments in facilities and properties based on demographic, equity, facility, performance and enrollment information.

Seven school districts partnered in the development of this tool: Hillsboro, Beaverton, Oregon City, Colton, David Douglas, Gresham-Barlow, and Portland Public Schools. The State of the Schools Atlas graphically depicts all schools within the pilot district boundaries. Using data collected from over two hundred schools, the application scores and weights a series of indicators to depict which schools are in the greatest need of facility investments.

School districts identified two sets of indicators to use for the analysis: those that are facility-based and meant to assess the overall condition and efficiency of the school buildings, and those that are demographic/performance based. At the suggestion of the Leadership Council Equity work group, the latter set of indicators was included to allow analysts to weigh equity considerations when deciding where to invest in school facilities.

The table below shows all of the indicators used in the State of the Schools Atlas (refer to Attachment D1 for a detailed definition for each of the indicators). The tool produces a ranking score for all of the schools from best to worst need based upon the selected indicators and their assigned weights. Further, the selected schools can be limited to a school district or selected for prioritized needs across multiple school districts, e.g. by Education Service Districts (ESD) or the whole region.

The data included in this application is derived from various sources and includes diverse time periods. When possible, data from the 2010-2011 school year was used. Importantly, quality data on facility conditions is not readily available or necessarily uniform across district boundaries. Thus, for the purposes of developing a prototype tool, we worked with existing sources, which contained data limitations (see Attachment D1).

The pilot school districts group, led by CII committee chair Joe Rodriguez, has been working to identify resources needed to support the future use of the State of the Schools Atlas with regional school districts and Education Service Districts as well as the Oregon Department of Education. Metro's Data Resource Center has developed a cost estimate proposal to host the tool as a fee for service for those interested in using the planning tool.

State of the Schools Atlas Indicators **Facility Indicators**	**Demographic Indicators**
Year school built	% Free and reduced lunch
Seismic collapse potential	% English as a second language (ESL)
Operating expenditures per square foot	Chronic absenteeism
Operating expenditures per student	Graduation rate
Energy use intensity	Reading/math testing
Capacity utilization factor	Student mobility
Facility condition index	Disadvantaged students

Table 1. State of the Schools Atlas Indicators

2. Regional school enrollment forecast

The CII Human Capital Work Group collaborated with Portland State University's Population Research Center to develop a scope of work and cost-estimate for a school enrollment forecasting tool that would provide information to school districts about where population demands are growing in the region. In this work, the CII would help foster efficient use of school's land assets and ensure the region's supply of educational facilities aligns with future population demands. With an integrated regional population and school enrollment forecast, the school districts have access to higher quality information at a lower cost.

There is a growing awareness among school districts and other local governments of the need to coordinate long-range facility plans with city, county, and regional plans. Many districts contract with Portland State University to provide data on an annual or periodic basis, however some hire local and national firms for these analyses. Consequently, we do not have projection data for the entire tri-county region. These one-off contracts for enrollment projection analyses help make the case that the Leadership Council could play a convening roll with school districts and ESDs in order to pool resources and contract for a region-wide analysis of enrollment projections with a common and comparable methodology. See Attachment D3 for the Regional school enrollment forecast proposal.

3. School Facility Guidelines: Technology and the next generation learning environment

Science, technology, engineering, and mathematic (STEM) job opportunities are expected to represent approximately 14 percent of the Oregon economy by 2018, and this does not include jobs like those in the healthcare industry where a strong background in STEM education is critical. Yet, in 2011 only 1,000 students from Oregon high schools had graduated from college with STEM degrees. Economists project over 40,000 STEM jobs will be needed to be filled in 2020.

In response to this challenge, the Leadership Council collaborated with the Center for Innovative School Facilities, Portland STEM Center, Beaverton School District and Portland Public School District in hosting an event focused on upgrading our learning environment so students are prepared to participate in our region's workforce.

On May 14, 2013, more than 80 leaders from school districts, business and community organizations in the Portland metropolitan region participated in a workshop to develop an action plan around school facilities, classroom technology and teacher training. A panel of specialists provided an overview of the issues. Participants identified strategies that school districts and partners can adopt to create environments that help students develop the skills to thrive in the workforce or in continuing their formal education.

This work resulted in a set of standards that school districts, architects, designers, and contractors can refer to as they seek to adapt the region's school facilities to reflect today's learning needs and opportunities (see Attachment D4 for the School Facility Guidelines: Technology and the next generation learning environment).

NEXT STEPS

The Community Investment Initiative Leadership Council will support partner organizations and school districts in utilizing the tools developed.

The Leadership Council continues to look for a partner to coordinate the application of the State of the Schools Atlas with regional school districts. The LC will work with the Oregon Department of Education and local Education Service Districts to consider methods of implementing the new tools. The Metro Data Resource Center will provide support services to users of the State of the Schools Atlas on a fee for service basis.

PSU will take the lead on marketing the regional enrollment forecast cost-sharing proposal as the service provider.

The Center for Innovative School Facilities will take the lead on distribution and assistance in application of the School Facility Guidelines for technology.

Attachment guide

Attachment D1 State of the Schools Atlas

Attachment D2 State of the Schools Atlas cost estimate proposal

Attachment D3 Regional school enrollment forecast proposal

Attachment D4 School Facility Guidelines: Technology and the next generation learning environment

State of the Schools Atlas

INDICATOR DEFINITIONS

1. Free and reduced lunch

Table 1 Percentage of students who receive free and reduced-priced lunch

Free and reduced lunch category values			
category		low value	high value
1	least need	1%	18%
2		19%	37%
3		38%	55%
4		56%	74%
5	greatest need	75%	94%

Source Oregon Department of Education for the 2010-2011 school year

2. English as a second language

Table 2 Percentage of students who speak English as a second language

English as a second language category values			
category		low value	high value
1	least need	1%	13%
2		14%	27%
3		28%	41%
4		42%	54%
5	greatest need	55%	69%

Source Oregon Department of Education for the 2010-2011 school year

3. Chronic absenteeism

Chronic absenteeism is defined as missing 10 percent or more of school during an academic year for any reason, excused or unexcused absences, as well as time lost to suspensions.

Table 3 Percentage of students who are chronically absent from school

Chronic absenteeism category values			
category		low value	high value
1	least need	1%	14%
2		15%	27%
3		28%	41%
4		42%	54%
5	greatest need	55%	69%

Source ECONorthWest analysis of Oregon Department of Education data for the school year 2009-2010. Buehler, Melanie H., Tapogna, John, and Chang, Hedy N., Why Being In School Matters: Chronic Absenteeism in Oregon Public Schools, Attendance Works, June 2012

4. Graduation rate

Graduation rate only applies to high schools, and is not available for elementary or middle schools.

Table 4 Cohort graduation rate that provides the percentage of students who graduated with a regular diploma within four years of first entering high school

Graduation rate category values			
category		low value	high value
1	least need	82%	97%
2		67%	81%
3		53%	66%
4		39%	52%
5	greatest need	25%	38%

Source Oregon Department of Education for the 2010-2011 school year

5. Meet or exceed reading standards

Table 5 Percentage of students who meet or exceed the state achievement standard for reading at grades 3, 8, and high school

Reading category values			
category		low value	high value
1	least need	85%	95%
2		75%	84%
3		66%	74%
4		56%	65%
5	greatest need	47%	55%

Source Oregon Department of Education, state assessment results for the 2010-2011 school year

6. Meet or exceed math standards

Table 6 Percentage of students who meet or exceed the state achievement standard for math at grades 3, 8, and high school

Math category values			
category		low value	high value
1	least need	79%	95%
2		63%	78%
3		47%	62%
4		31%	46%
5	greatest need	16%	30%

Source Oregon Department of Education, state assessment results for the 2010-11 school year

7. Student mobility

It is the percentage of students that were not enrolled in the same school as the prior year, and can also be considered the percentage of students who are new to a school.

Table 7 Percentage of students who have switched schools

Mobility category values			
category		low value	high value
1	least need	5%	13%
2		14%	21%
3		22%	30%
4		31%	39%
5	greatest need	40%	50%

Source Oregon Department of Education for the 2010-2011 school year

8. Disadvantaged students

The disadvantaged subgroup consists of students who were members of any one of the following subgroups: economically disadvantaged, limited English proficient (LEP), students with disabilities, American Indian/Alaska Native, Black, or Hispanic.

Table 8 Percentage of students who are part of the disadvantaged subgroup

Percent disadvantaged category values			
category		low value	high value
1	least need	26%	39%
2		40%	54%
3		55%	68%
4		69%	83%
5	greatest need	84%	99%

Source Oregon Department of Education for the 2011-2012 school year

9. Year built

Table 9 year the main school building was first built

Year Built category values			
category		low value	high value
1	least need	1981	2009
2		1963	1980
3		1943	1962
4		1929	1942
5	greatest need	1908	1928

Source Property and Casualty Coverage for Education (PACE) insurance information obtained from Ruth Scott at the Center for Innovative School Facilities, September 2012

10. Seismic collapse potential

The ranking gives an estimate of the probability (low to very high) that the building will collapse or fail if ground motions occur that are equal to or exceed the maximum considered earthquake at that location.

Table 10 Approximate potential of the collapse of a school building in the event of maximum considered earthquake

Collapse Potential category values		
category		value
1	least need	Good
2		
3		Fair
4		
5	greatest need	Poor

Source Oregon Department of Geology and Mineral Industries (DOGAMI), Statewide Seismic Needs Assessment Using Rapid Visual Screening, 2007. DOGAMI data was updated in the Portland Public School District with more recent and accurate data from "Seismic Study of Existing School Facilities", December 2009

11. Operating expenditures per square foot

Due to a great variability in how operating expenditures are reported by individual districts, this indicator is most useful in comparing schools within a single district.

Table 11 Total operating expenditures of a school divided by the square footage of the main school building

Operating expenditures per square foot category values*			
category		low value	high value
1	least need	$143	$175
2		$110	$142
3		$78	$109
4		$45	$77
5	greatest need	$12	$44

Source Oregon Department of Education for the 2010-2011 school year. The square footage estimates come from the Property and Casualty Coverage for Education (PACE) insurance information obtained from Ruth Scott at the Center for Innovative School Facilities, September 2012

12. Operating expenditures per student

Because there is great variability in how operating expenditures are reported by individual districts, this indicator is most useful in comparing schools within a single district.

Table 12 Total operating expenditures of a school divided by the number of students enrolled

Operating expenditures per student category values*			
category		low value	high value
1	least need	$14,652	$16,430
2		$12,874	$14,652
3		$11,096	$12,873
4		$9,317	$11,095
5	greatest need	$7,538	$9,316

Source Oregon Department of Education for the 2010-2011 school year

13. Energy use index

Energy use intensity compares the actual amount of energy a school uses to the Oregon Department of Energy energy use index target ranges (value=actual/standard). This is the actual amount of energy a school uses in BTUs, per square foot, per year divided by the highest target range value by grade level: 1. Elementary at 43,200 BTU/sq/yr, 2. Middle at 45,600 BTU/sq/yr, and 3. High at 51,200 BTU/sq/yr. Energy is measured as the total BTUs a school uses in a year, with a typical operating hour estimate based on the Oregon Department of Energy target ranges for schools by grade level: 1. Elementary at 2,400 hours, 2. Middle at 2,600 hours, and 3. High at 3,200 hours. Square footage estimates are for the main school building. An energy use intensity value above one means the school uses more energy than is recommended; an energy use intensity value below one means the school uses less energy than is recommended.

Table 13 Actual amount of energy a school uses in BTUs per square foot per year divided by the highest target range value by grade level

EUI category values			
category		low value	high value
1	least need	0.45	0.94
2		0.95	1.44
3		1.45	1.94
4		1.95	2.44
5	greatest need	2.45	2.95

Source Oregon Department of Energy 2010 data (for actual BTUs/sq/yr) and Property and Casualty Coverage for Education (PACE) insurance information (for square footage estimates) obtained from Ruth Scott at the Center for Innovative School Facilities, September 2012

14. Density factor

The Oregon state density standard is based on the "Facilities Information Management: A guide for state and local education agencies" and different for the 3 grade levels: 1. Elementary at 140 SF/student, 2. Middle at 165 SF/student, and 3. High at 200 SF/student. A factor above 1 would mean the school is overcrowded (fewer SF for each student); a factor below 1 would mean a school is underutilized (more SF for each student).

Table 14 Comparison of the Oregon state standard to the actual number of square feet per student at a school (factor=standard/actual)

Density factor category values			
category		low value	high value
1	least need	0.50	0.77
2		0.78	1.05
3		1.06	1.33
4		1.34	1.61
5	greatest need	1.62	3.06

Source The density standard is based on the "Facilities Information Management: A guide for state and local education agencies", 21st Century School Fund. The square footage estimates come from the Property and Casualty Coverage for Education (PACE) insurance information obtained from Ruth Scott at the Center for Innovative School Facilities, September 2012

15. Facility condition index

The facility condition index exists only for the Portland Public, Hillsboro, and Beaverton School Districts. In Portland, this index attempts to quantify the condition of a school to determine whether it is more economical to fully modernize an existing school or replace it. It is the ratio of the cost to remedy deficiencies, to the replacement value of the building. Portland values range from 0.1 to 1.0, with a higher value indicating more money needs to be spent updating the building. In Hillsboro, the index used a point system related to a percentage of replacement cost to bring the existing facility to a 50-year standard. Values ranged from 0 to 100, with a value of 100 indicating no updates are needed. In Beaverton, the index related the cost to correct current deficiencies of the main building to the replacement cost of the building at $250/square foot. In order to compare the indices, the Hillsboro values were subtracted from 100 and then divided by 100.

Table 15 Quantification of the condition of a school to determine whether it is more economical to modernize existing school or replace i**t**

FCI category values			
category		low value	high value
1	least need	0.01	0.18
2		0.19	0.36
3		0.37	0.53
4		0.54	0.71
5	greatest need	0.72	0.88

Source Portland Public Schools, Facility Assessments, updated 2012. Facility Assessment Report, Hillsboro School District, 2012. Beaverton School District, Facility Condition Index, 2013

DATA LIMITATIONS

- **Year school built** This indicator lists the date in which the main school building was first built. It does not take into account retrofits or additions.
- **Seismic collapse potential** This indicator uses data from a Department of Geology and Mineral Industries study which characterizes how well Oregon's schools could endure an earthquake event. The study was fairly cursory and did not account for retrofits that were not evident from a rudimentary survey of the school site.
- **Operating expenditures** Both indicators using operating expenditure data were meant to characterize whether a school facility was operating efficiently. The pilot districts hoped to isolate operating expenditures related to utility fees, depreciable equipment, repairs, and other facility costs by each school building. However, many districts aggregate their budget codes up to the district level and do not track these on a school-by-school basis.
- **Capacity Utilization Index** This indicator is meant to illustrate whether the facility is drastically over-or-under-capacity. The data used is uniform across all districts, however, conversations with the pilot districts revealed that each district has a unique methodology for calculating capacity.
- **Facility Condition Index Data** This indicator is included only for Hillsboro, Beaverton, and Portland Public Schools as this data was generated directly from these districts.
- **Square footage indicators** Indicators using square footage figures sourced data from the Property and Casualty Coverage for Education (PACE) insurance information, which did not always align with data from district facility planners.

Scoring

Each indicator was given a score from 1 to 5 using category breaks based on an equal interval classification where the range of raw values is divided into five equal sized subranges. These scores are used to derive a composite score for each of the schools in the seven pilot districts. The composite score is a combined score of the raw input indicator values stretched between a scale of 1 to 100, where the highest possible raw score becomes 100 and the lowest possible raw score becomes 1. For example, if there were five indicators, each with a possible raw score

of 1 to 5, the highest raw score would be 25 (5x5) and the lowest would be 5 (5x1). In this example, a raw score of 15 would equal a composite score of 50, and a raw score of 25 would equal a composite score of 100.

The formula scales depend on the number of indicators and weighting (if used). For example, seven indicators would have a raw score range of 7 to 35, but would still be standardized for display as 1 to 100. The composite score is based on the schools shown on the map at any given time. Therefore, if you view only one district, the tool computes a composite score based on the highest and lowest values for that district only. If you view all of the schools in an ESD, the composite score is based upon all the schools. In the indicator toolbar, the weighting of indicators can be adjusted, altering the calculation of the composite score for the selected indicator by the factor chosen on the sliding scale.

Displays

The application allows users to quickly analyze data and graphically display information. In the map view, the composite score for each of the schools is depicted using a coloring scheme within circles representing school locations. Typically, darker colors represent schools with the greatest need while lighter colors represent schools with the least need, depending on the color scheme selected. Again, the composite score is derived from the indicators and the geographic areas selected. When hovering the mouse over a particular school point, general data on that school is highlighted.

Data from each of the indicators selected can be viewed by opening a data table using the bar on the top of the screen. Using this feature, the user is able to sort data and customize what is depicted on screen. With this table window open, the user can select school points on the map, which will then highlight the data on the open table.

The data can also be depicted using several chart formats available in the application. These charts display the scores for each of the selected indictors and a comparison to a mean value for the indicator derived from all the data gathered for this application. Maps and charts are exportable as images for use in presentations or print materials. The tables export as Microsoft Excel files for data analysis as needed by the user.

State of the Schools Atlas Cost Estimate Proposal

1. **Application initiation and update**

   Application initiation fees cover the cost of compiling and loading district and state data into the tool for the first time for each participating district.

   Update fees cover the cost of each update of district and state data. Updates may be performed annually to reflect annual state data updates, or they may be performed less or more frequently as determined by district objectives. An update fee is incurred for each update, regardless of the update schedule or frequency.

	Small District (fewer than 10 schools)	Medium District (10-20 schools)	Large District (more than 20 schools)
Initiation / Launch (average cost per district)	$1250	$1750	$2250
Update (average cost per district)	$600	$900	$1200

   Cost savings may be achieved if multiple districts or ESDs participate in a shared Atlas and initiate or update at the same time. To participate in a shared Atlas, districts must agree upon all data indicators and tool functionality. The resulting cost savings depends upon the size and number of participating districts but is estimated to range between 20 and 50 percent of the total initiation or update fee.

2. **Application hosting**

   Application hosting fees cover the costs associated with maintaining server software and hardware. Metro will charge a flat rate of $300 per month or $3,600 per year to host each Schools Atlas on its web servers, consistent with the current fee structure for hosting other web-based applications.

   The standard hosting fee is applied to one Schools Atlas, but a single Atlas may contain data for multiple districts or ESDs for data sharing and cost savings. The larger the number of participating districts in one Atlas, the greater their cost savings as the share of the hosting fee incurred by each district declines.

3. **Support and training**

The Schools Atlas will include a basic user guide. Beyond the user guide, customized support and training will be available upon agreement.

4. Additional considerations

- Indicator formula revisions (e.g., for Operating Expenditures calculation): $1000-2000 total for all participating districts
- Indicator additions: $1250-2500 total for all participating districts, assuming data are provided by schools according to spec

5. Estimate assumptions

The estimates above are based on the following assumptions:

- Metro will provide a standardized data template and specification for districts to follow. Incoming data will meet specification. Cleanup will be performed by districts to meet standards.
- Metro will receive timely data from both:
- Oregon Department of Education (demographic indicators) and,
- Individual districts (facility indicators, also some demographic indicators).
- Missing ODE data values will be supplied by the districts. Schools with no data across all indicators will be omitted from the tool. Schools with partially missing data will be listed, and 0 values will indicate missing data.
- Metro will maintain the tri-county schools point data and district polygon data via RLIS in the near term so that these costs are not factored into the estimates. This may be revisited and is not a long-term guarantee of data maintenance.
- The exact price agreement will be determined based upon the number of schools and size of participating districts.
- Proposed classification of Metro-area school districts into size categories

District	# of Schools	Completed with pilot project	Size category
RIVERDALE	2		small
GASTON	3		small
BANKS	4		small
COLTON	4	X	small
CORBETT	5		small
GLADSTONE	7		small
SHERWOOD	9		small
MOLALLA RIVER	10		medium
CANBY	11		medium

ESTACADA	11		medium

PARKROSE	11		medium
OREGON TRAIL	12		medium
CENTENNIAL	13		medium
FOREST GROVE	13		medium
LAKE OSWEGO	17		medium
TIGARD-TUALATIN	19		medium
WEST LINN-WILSONVILLE	19		medium
DAVID DOUGLAS	21	X	large
OREGON CITY	28	X	large
GRESHAM-BARLOW	30	X	large
REYNOLDS	32		large
NORTH CLACKAMAS	41		large
HILLSBORO	47	X	large
BEAVERTON	64	X	large
PORTLAND	133	X	large
TOTAL	**566**		

- Proposal for tool covering all schools within the Multnomah Educational Service District

District	# of Schools	Completed with pilot project	Size category	Initiation Fee	Update Fee
RIVERDALE	2		small	$1250	$600
CORBETT	5		small	$1250	$600
PARKROSE	11		medium	$1750	$900
CENTENNIAL	13		medium	$1750	$900
DAVID DOUGLAS	21	X	large	$0	$1200
GRESHAM-BARLOW	30	X	large	$0	$1200
REYNOLDS	32		large	$2250	$1200
PORTLAND	133	X	large	$0	$1200
Subtotal	**246**			**$8250**	**$7800**
Less 20% ESD Discount				-$1650	-$1560
Annual Hosting Fee (fee reduced depending on other school or ESD participation)				$3,600	$3,600
TOTAL MESD COST	**246**			**$10200**	**$9840**

- Proposal for tool covering all schools within the Clackamas Educational Service District

District	# of Schools	Completed with pilot project	Size category	Initiation Fee	Update Fee
COLTON	4	X	small	$0	$600
GLADSTONE	7		small	$1250	$600
MOLALLA RIVER	10		medium	$1750	$900
CANBY	11		medium	$1750	$900
ESTACADA	11		medium	$1750	$900
OREGON TRAIL	12		medium	$1750	$900
LAKE OSWEGO	17		medium	$1750	$900
WEST LINN-WILSONVILLE	19		medium	$1750	$900
OREGON CITY	28	X	large	$0	$1200
NORTH CLACKAMAS	41		large	$2250	$1200
Subtotal	**160**			**$14000**	**$9000**
Less 20% ESD Discount				-$2800	-$1800
Annual Hosting Fee (fee reduced depending on other school or ESD participation)				$3,600	$3,600
TOTAL CESD COST	**160**			**$14800**	**$10800**

- Proposal for tool covering all school districts partially within the Washington County portion of Northwest Educational Service District

District	# of Schools	Completed with pilot project	Size category	Initiation Fee	Update Fee
GASTON	3		small	$1250	$600
BANKS	4		small	$1250	$600
SHERWOOD	9		small	$1750	$900
FOREST GROVE	13		medium	$1750	$900
TIGARD-TUALATIN	19		medium	$1750	$900
HILLSBORO	47	X	large	$0	$1200
BEAVERTON	64	X	large	$0	$1200
Subtotal	**159**			**$7750**	**$6300**
Less 20% ESD Discount				-$1550	-$1260
Annual Hosting Fee (fee reduced depending on other school or ESD participation)				$3,600	$3,600
TOTAL NWESD COST	**159**			**$9800**	**$8640**

Long-range Enrollment Forecasts for Clackamas, Multnomah, and Washington County School Districts

***

Regional School Enrollment Forecast Proposal

Background

There are 25 school districts entirely or primarily within Clackamas, Multnomah, or Washington counties—each with their own process for forecasting enrollment. In general, these enrollment forecasts are used to allocate instructional resources and capital expenditures, and support the districts' short range budgets and long range facilities plans.

There is a growing awareness among school districts and other local governments of the need to coordinate long range facility plans with city, county, and regional plans. Oregon Revised Statutes (ORS) 195.020 and 195.025 specify that Metro is responsible for coordinating planning activities among special districts that involve land uses within its district. ORS 195.110 specifies that large school districts (those enrolling 2,500 students or more – 19 of the 25 districts) must have a facility plan covering a period of at least 10 years that includes population projections by school age group.

In the past several years the Portland State University Population Research Center (PRC) has prepared enrollment forecast studies for 18 of these 25 districts — either annually or periodically. The Community Investment Initiative Leadership Council (CII) has requested a proposal from PRC to provide district-wide enrollment forecasts for all 25 districts that are consistent with regional population and household forecasts, at a lower cost per district than individual projects, and with a system in place to provide annual updates. This proposal briefly outlines the scope of the project and includes the costs of the initial round of forecasts to be prepared in 2013 and the first update to be prepared in 2014.

Data Sources

Metro is to provide:

- GIS shapefiles containing school district boundaries;
- household forecasts by transportation analysis zone (TAZ);
- residential capacity by parcel based on buildable land inventory;

Districts are to provide:

- Tables showing district-wide student enrollment by grade level annually from October 1999 to October 2012 (electronic versions) and when available, October 2013 and 2014;
- information about changes to programs, charter schools, grade configurations, boundaries, and transfer policies that have impacted enrollment since the 2008-09 school year, or changes approved by their boards that may impact future enrollments.

PRC will also use:

- Oregon Department of Education, historic enrollment data;
- U.S. Census Bureau, data from the 2000 and 2010 censuses and 2007-2012 American Community Surveys;
- Oregon Health Authority, Center for Health Statistics, birth data from 1999 to 2012;
- cities and counties, building permit information and information about proposed and future development;
- a geographic information system (GIS) that integrates information about area births, population, and housing development;
- information about private school and home school enrollment and recent trends, as available.

Methodology

Enrollment forecasts will be linked to a population forecast for each district that relies on the cohort-component method, which requires estimates of mortality, fertility, and migration. Forecasts of migration by age group for each district are based on 1) historic trends, 2) in the short-run, information about current and planned housing development, and 3) in the long-run, Metro's 2025 household forecasts for Transportation Analysis Zones (TAZs). Kindergarten and first grade forecasts are based on the appropriate population forecast by single year of age and "capture rates" that estimate the share of district residents enrolling in district schools. Forecasts for grades two through twelve are based on grade progression rates adjusted for the expected migration level and are consistent with the population forecast for each district.

Timeline

The project could begin as early as January, 2013, if the CII agrees to a final PRC research proposal. Under this scenario, the schedule of tasks would include:

- January – June, 2013: Build forecast models and compile census, birth, TAZ forecast, residential capacity, historic enrollment, and housing development data by district
- July – September, 2013: Prepare initial (internal) forecasts using 2012 enrollment base
- October – November, 2013: Compile 2013 enrollment, evaluate 2012 based forecasts
- November – December, 2013: Prepare final forecasts using 2013 enrollment base
- December, 2013: Prepare brief report with highlights and methodology
- July – September, 2014: Update birth and housing development data by district
- October – November, 2014: Compile 2014 enrollment, evaluate 2013 based forecasts
- November – December, 2014: Prepare final forecasts using 2014 enrollment base
- December, 2014: Prepare brief report with highlights and methodology

Deliverables

December 2013 and December 2014: One report each year in PDF format containing a brief discussion of enrollment highlights and a description of methodology. Data for all 25 districts listed in Attachment A will be included in the report, with summaries in the body and detail in the appendices. The appendix tables will include the annual forecast for each district by grade

level and additional tables and charts similar to those shown in Attachment B. No forecasts for individual schools or attendance areas will be included. In addition to enrollment forecasts, tables or charts will report, at a minimum, forecasts of total population, births, and net migration by district. All enrollment and demographic data will also be provided in Excel spreadsheets.

Optional Demographic Services for Individual Districts

This proposal includes the district-wide long-range forecast that is the foundation of nearly every study that PRC conducts for school districts. However, PRC demographic studies typically include additional elements that are important for individual districts. PRC would continue to contract with individual districts that request elements such as:

- alternative district-wide forecasts depicting high, middle, and low growth scenarios;
- enrollment forecasts for individual schools;
- tables and charts showing specific demographic and housing trends;
- a presentation at a school board, staff, or facilities committee meeting;
- analysis of potential boundary change scenarios;
- analysis of specific trends including unexpected enrollment gains or losses;
- district or attendance area maps.

The baseline district-wide forecasts will have been prepared under the agreement with outlined in this scope of work, so the cost of studies for individual districts will be lower than under the current arrangement whereby district-wide forecasts are prepared separately for each district.

Costs

Model development, data compilation and 2014-15 to 2025-26 enrollment forecasts based on Fall 2013 Enrollment: **$80,500**

Data compilation and 2015-16 to 2025-26 enrollment forecasts based on Fall 2014 Enrollment: **$51,000**

Additional costs may be incurred if federal grants are used to pay for the project costs, if the CII wants to delay the initial round of forecasts beyond the 2013 calendar year, or if PRC incurs costs for acquiring data needed for the project. These costs, if any, will be determined prior to initiating the work and finalizing agreements.

Table A

School Districts Entirely or Primarily Within Clackamas, Multnomah, or Washington Counties*

Clackamas

- Canby
- Colton
- Estacada
- Gladstone
- Lake Oswego
- Molalla River
- North Clackamas
- Oregon City
- Oregon Trail
- West Linn-Wilsonville

Multnomah

- Centennial
- Corbett
- David Douglas
- Gresham-Barlow
- Parkrose
- Portland
- Reynolds
- Riverdale

Washington

- Banks
- Beaverton
- Forest Grove
- Gaston
- Hillsboro
- Sherwood
- Tigard-Tualatin

**Note: Districts are shown by their primary county. Some districts are in more than one county.*

Table B — Example of District-wide Forecast

Beaverton School District
Enrollment Forecasts, 2012-13 to 2025-26

	Historic	Forecast													
Grade	**2011-12**	**2012-13**	**2013-14**	**2014-15**	**2015-16**	**2016-17**	**2017-18**	**2018-19**	**2019-20**	**2020-21**	**2021-22**	**2022-23**	**2023-24**	**2024-25**	**2025-26**
K	2,858	2,905	2,903	2,875	2,935	2,898	2,957	3,018	3,092	3,163	3,220	3,251	3,287	3,322	3,358
1	3,056	3,056	3,123	3,100	3,067	3,095	3,050	3,113	3,182	3,260	3,339	3,389	3,425	3,462	3,497
2	3,001	3,080	3,082	3,150	3,124	3,093	3,116	3,071	3,140	3,209	3,290	3,362	3,415	3,452	3,486
3	3,125	3,021	3,103	3,105	3,171	3,147	3,111	3,135	3,093	3,163	3,235	3,310	3,384	3,438	3,473
4	2,936	3,142	3,039	3,122	3,122	3,190	3,162	3,126	3,154	3,112	3,184	3,251	3,328	3,402	3,455
5	2,941	2,945	3,152	3,049	3,131	3,132	3,199	3,170	3,137	3,164	3,123	3,193	3,261	3,338	3,411
6	2,993	2,975	2,979	3,189	3,084	3,167	3,167	3,235	3,207	3,173	3,201	3,158	3,230	3,298	3,376
7	2,894	2,996	2,978	2,982	3,192	3,088	3,170	3,170	3,239	3,211	3,177	3,204	3,161	3,233	3,301
8	2,847	2,900	3,003	2,985	2,988	3,199	3,093	3,176	3,177	3,246	3,219	3,183	3,210	3,167	3,239
9	2,967	2,937	2,992	3,098	3,079	3,083	3,299	3,190	3,277	3,278	3,350	3,320	3,283	3,311	3,266
10	2,802	2,939	2,909	2,964	3,069	3,050	3,053	3,267	3,160	3,246	3,248	3,318	3,289	3,252	3,279
11	2,588	2,691	2,823	2,794	2,847	2,948	2,929	2,932	3,138	3,035	3,118	3,119	3,187	3,159	3,123
12	2,673	2,537	2,639	2,768	2,739	2,791	2,890	2,871	2,875	3,077	2,976	3,057	3,058	3,125	3,097
Total*	**37,681**	**38,124**	**38,725**	**39,181**	**39,548**	**39,881**	**40,196**	**40,474**	**40,871**	**41,337**	**41,680**	**42,115**	**42,518**	**42,959**	**43,361**
Annual		*443*	*601*	*456*	*367*	*333*	*315*	*278*	*397*	*466*	*343*	*435*	*403*	*441*	*402*
change[2]		*1.2%*	*1.6%*	*1.2%*	*0.9%*	*0.8%*	*0.8%*	*0.7%*	*1.0%*	*1.1%*	*0.8%*	*1.0%*	*1.0%*	*1.0%*	*0.9%*
K-5	17,917	18,149	18,402	18,401	18,550	18,555	18,595	18,633	18,798	19,071	19,391	19,756	20,100	20,414	20,680
6-8	8,734	8,871	8,960	9,156	9,264	9,454	9,430	9,581	9,623	9,630	9,597	9,545	9,601	9,698	9,916
9-12	11,030	11,104	11,363	11,624	11,734	11,872	12,171	12,260	12,450	12,636	12,692	12,814	12,817	12,847	12,765

**Note: Historic and Forecast enrollments do not include students in Pre-Kindergarten, Self Contained Special Education, Alternative, and Early College programs.*

Population Research Center, Portland State University, March 2012.

Table B (cont.) — Example of Tables and Charts included in Report Appendices

Beaverton School District, Enrollment History, 2001-02 to 2011-12

Grade	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
K	2,500	2,490	2,503	2,567	2,641	2,644	2,607	2,775	2,754	2,913	2,858
1	2,707	2,710	2,681	2,824	2,839	2,991	2,936	2,886	3,105	2,977	3,056
2	2,756	2,698	2,690	2,760	2,832	2,867	2,957	2,873	2,916	3,115	3,001
3	2,694	2,746	2,643	2,735	2,697	2,895	2,867	2,935	2,903	2,943	3,125
4	2,677	2,747	2,678	2,680	2,755	2,743	2,856	2,849	2,910	2,924	2,936
5	2,745	2,637	2,721	2,704	2,706	2,769	2,733	2,833	2,857	2,946	2,941
6	2,756	2,788	2,647	2,768	2,797	2,785	2,748	2,785	2,837	2,894	2,993
7	2,692	2,733	2,803	2,683	2,752	2,858	2,757	2,749	2,822	2,840	2,894
8	2,520	2,741	2,722	2,818	2,701	2,782	2,820	2,714	2,746	2,833	2,847
9	2,534	2,649	2,802	2,807	2,968	2,825	2,817	2,836	2,814	2,925	2,967
10	2,527	2,583	2,627	2,819	2,868	2,970	2,750	2,760	2,828	2,807	2,802
11	2,522	2,532	2,556	2,571	2,775	2,818	2,865	2,618	2,740	2,738	2,588
12	2,150	2,373	2,421	2,499	2,464	2,672	2,674	2,587	2,437	2,573	2,673
Total*	**33,780**	**34,427**	**34,494**	**35,235**	**35,795**	**36,619**	**36,387**	**36,200**	**36,669**	**37,428**	**37,681**
Annual change		*647*	*67*	*741*	*560*	*824*	*-232*	*-187*	*469*	*759*	*253*
		1.9%	*0.2%*	*2.1%*	*1.6%*	*2.3%*	*-0.6%*	*-0.5%*	*1.3%*	*2.1%*	*0.7%*
K-5	16,079	16,028	15,916	16,270	16,470	16,909	16,956	17,151	17,445	17,818	17,917
6-8	7,968	8,262	8,172	8,269	8,250	8,425	8,325	8,248	8,405	8,567	8,734
9-12	9,733	10,137	10,406	10,696	11,075	11,285	11,106	10,801	10,819	11,043	11,030

	5 Year Change: 2001-02 to 2006-07		5 Year Change: 2006-07 to 2011-12		10 Year Change: 2001-02 to 2011-12	
	Change	**Pct.**	**Change**	**Pct.**	**Change**	**Pct.**
K-5	830	*5%*	1,008	*6%*	1,838	*11%*
6-8	457	*6%*	309	*4%*	766	*10%*
9-12	1,552	*16%*	-255	*-2%*	1,297	*13%*
Total	**2,839**	***8%***	**1,062**	***3%***	**3,901**	***12%***

**Note: Enrollments do not include students in Pre-Kindergarten, Self Contained Special Education, Alternative, and Early College programs.*

Source: Beaverton School District

Table B (cont.) — Example of Tables and Charts included in Report Appendices

Historic and Forecast Enrollment
Beaverton School District

School Year	K - 12		K - 5		6 - 8		9 - 12	
	Enrollment[1]	5 year growth	Enrollment[1]	5 year growth	Enrollment[1]	5 year growth	Enrollment[1]	5 year growth
2000-01	32,830	-	15,801	-	7,580	-	9,449	-
2005-06	35,795	2,965	16,470	669	8,250	670	11,075	1,626
2010-11	37,428	1,633	17,818	1,348	8,567	317	11,043	-32
2011-12	37,681	-	17,917	-	8,734	-	11,030	-
2012-13 (fcst.)	38,124	-	18,149	-	8,871	-	11,104	-
2015-16 (fcst.)	39,548	1,424	18,550	401	9,264	393	11,734	630
2020-21 (fcst.)	41,337	1,789	19,071	521	9,630	366	12,636	902
2025-26 (fcst.)	43,361	2,024	20,680	1,609	9,916	286	12,765	129
AAEG[2], 2011-12 to 2025-26	*1.01%*		*1.03%*		*0.91%*		*1.05%*	

1. Historic and Forecast enrollments do not include students in Pre-Kindergarten, Self Contained Special Education, Alternative, and Early College programs.

2. Average Annual Enrollment Growth.

Source: Historic enrollment, Beaverton School District; Enrollment forecasts, Population Research Center, PSU. March 2012.

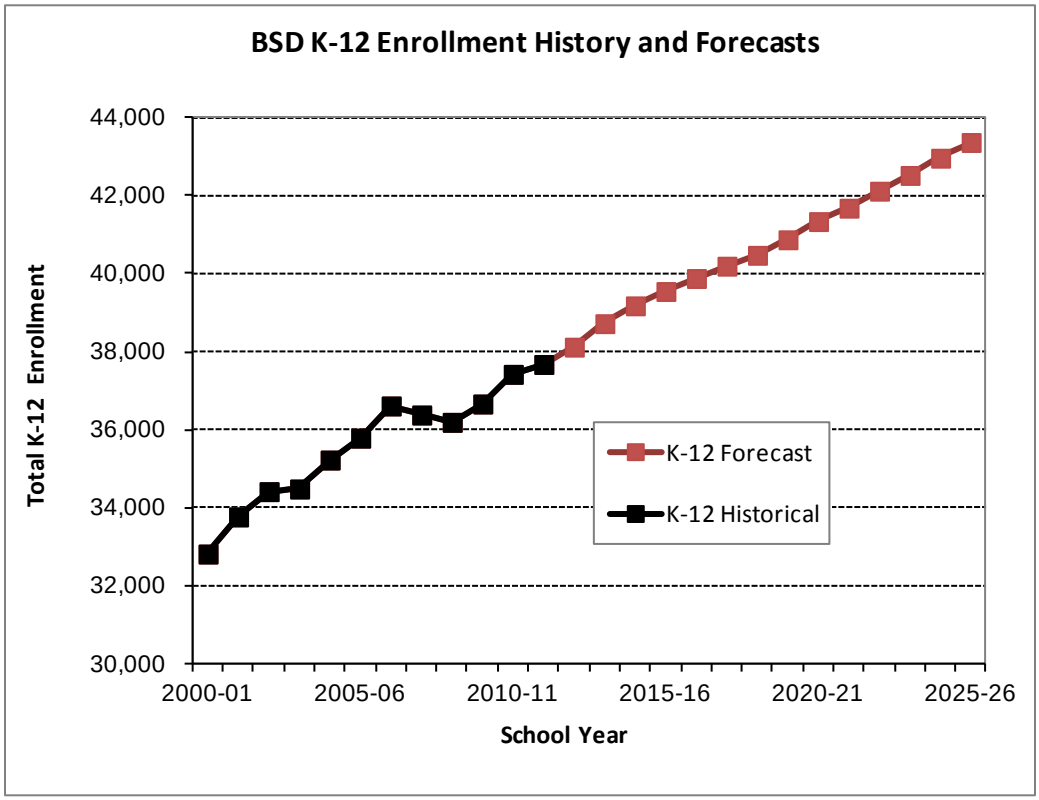


Table B (cont.) — Example of Tables and Charts included in Report Appendices

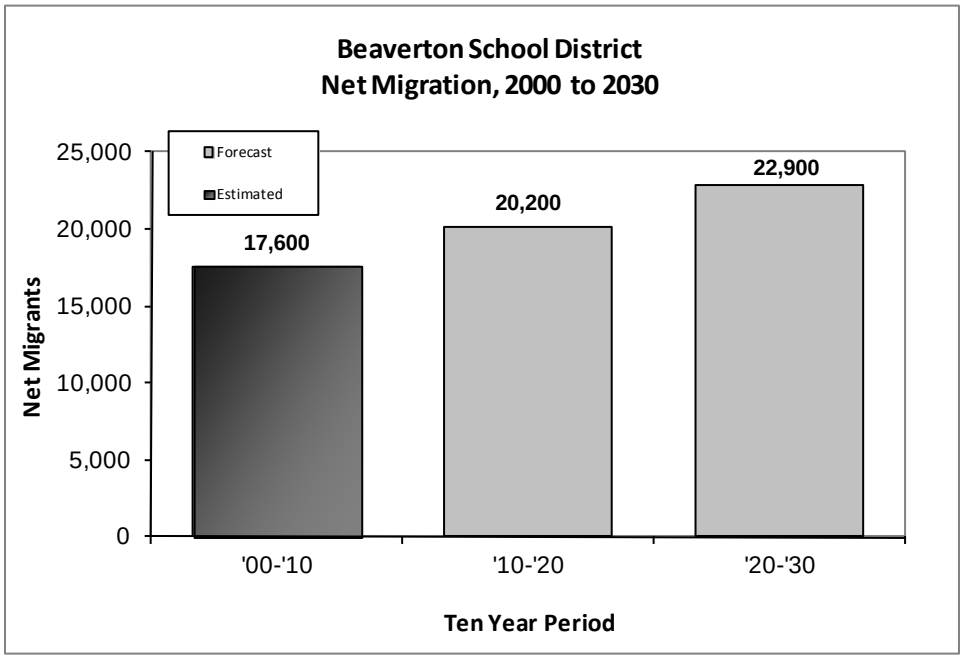
Population by Age Group
Beaverton School District, 2000 to 2030

	2000 Census	2010 Census	2020 Forecast	2030 Forecast	2010 to 2030 Change Number	2010 to 2030 Change Percent
Under Age 5	16,362	18,090	20,061	22,476	4,386	*24%*
Age 5 to 9	16,091	17,848	18,949	21,919	4,071	*23%*
Age 10 to 14	14,820	16,892	19,081	21,132	4,240	*25%*
Age 15 to 17	8,581	10,170	11,251	11,956	1,786	*18%*
Age 18 to 19	4,971	5,390	6,083	6,477	1,087	*20%*
Age 20 to 24	15,119	15,434	17,516	19,792	4,358	*28%*
Age 25 to 29	19,043	21,027	23,458	26,049	5,022	*24%*
Age 30 to 34	18,842	20,415	20,283	23,019	2,604	*13%*
Age 35 to 39	18,647	20,176	22,578	25,304	5,128	*25%*
Age 40 to 44	18,376	18,916	20,671	20,545	1,629	*9%*
Age 45 to 49	16,690	18,466	19,959	22,343	3,877	*21%*
Age 50 to 54	13,684	17,274	17,832	19,494	2,220	*13%*
Age 55 to 59	9,082	15,558	17,624	19,046	3,488	*22%*
Age 60 to 64	6,151	12,313	15,835	16,337	4,024	*33%*
Age 65 to 69	4,872	8,078	13,912	15,754	7,676	*95%*
Age 70 to 74	4,302	5,394	10,499	13,480	8,086	*150%*
Age 75 to 79	3,995	4,122	6,597	11,145	7,023	*170%*
Age 80 to 84	2,643	3,523	4,174	7,606	4,083	*116%*
Age 85 and over	2,321	4,112	4,848	6,409	2,297	*56%*
Total Population	**214,592**	**253,198**	**291,211**	**330,283**	**77,085**	***30%***
Total age 5 to 17	39,492	44,910	49,281	55,007	10,097	*22%*
share age 5 to 17	*18.4%*	*17.7%*	*16.9%*	*16.7%*		

	2000-2010	2010-2020	2020-2030
Population Change	**38,606**	**38,013**	**39,072**
Percent	*18.0%*	*15.0%*	*13.4%*
Average Annual	*1.7%*	*1.4%*	*1.3%*

Source: U.S. Census Bureau, 2000 and 2010 Censuses; data aggregated to BSD boundary by Portland State University Population Research Center. PSU-PRC Forecasts, 2020 and 2030.

Table B (cont.) — Example of Tables and Charts included in Report Appendices

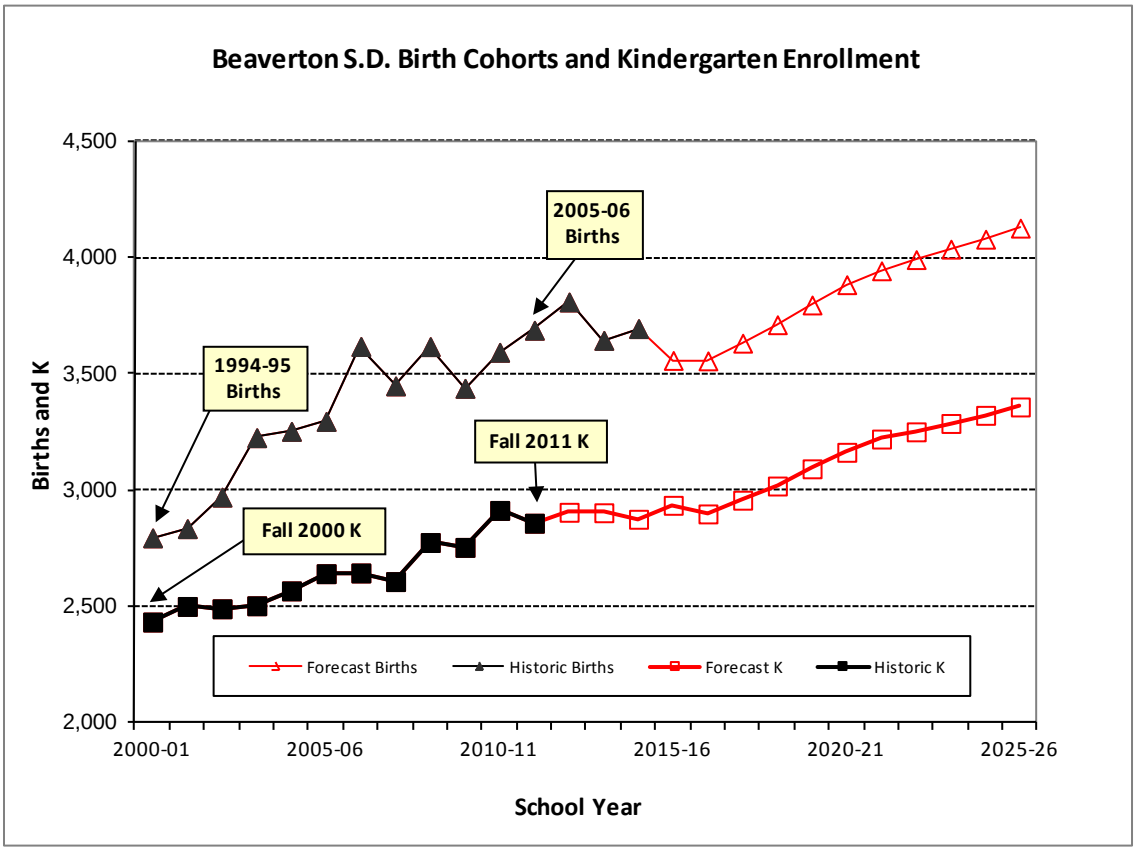


BSD Estimated and Forecast Births

Year	Births
2000	3,486
2001	3,520
2002	3,535
2003	3,608
2004	3,458
2005	3,621
2006	3,716
2007	3,816
2008	3,616
2009	3,700
2010 (preliminary)	3,503
2011 (forecast)	3,583
2012 (forecast)	3,657
2013 (forecast)	3,739
2014 (forecast)	3,826
2015 (forecast)	3,913
2016 (forecast)	3,959
2017 (forecast)	4,008
2018 (forecast)	4,051
2019 (forecast)	4,094
2020 (forecast)	4,144

Source: 2000-2010 birth data from Oregon Center for Health Statistics allocated to BSD boundary by PSU-PRC. 2011-2020 forecasts, PSU-PRC.

Table B (cont.) — Example of Tables and Charts included in Report Appendices



School Facility Guidelines: Technology and the Next Generation Learning Environment

Introduction

At a spring forum hosted by the Center for Innovative School facilities on Tuesday, May 14, school, business and community leaders from the Portland metropolitan region met to discuss how to improve student learning environments. The two-part event opened with presentations on school facilities, technology and human capital, all of which are essential to developing next-generation classrooms for teaching and learning. The event closed with a workshop where participants broke into small groups to explore what is needed to support the use of technology in classrooms and the challenges that school districts face in creating the next-generation learning environment. Participants then identified strategies that school districts and partners can adopt to create learning environments that foster learning and help students develop 21st century skills.

Technology

Integrating technology into classrooms is one way to increase student engagement in the learning process as well as provide them with common everyday usable skills in a medium that for the most part they are already familiar with. Technology also helps educators and school administrators change how they deliver education.

What is needed?

- Strong leadership
- Public support and outreach to community about benefits of technology
- Partnerships between industry and education community
- Focus on relevant technology
- Capacity and resources
- Distribution of resources district-wide

What are the challenges?

- Scalability
- Funding
- Resources for teachers and availability of training
- Lack of a shared understanding
- Money vs. life-cycle cost of technology
- Failing infrastructure

Action Steps

- Conduct a technology gap analysis and need assessment
- Identify and access private and public funding
- Build relationships with willing industry partners

School Facilities

Most classroom designs are a barrier to learning and do not support the individual needs of students and instructors. Yet, they can be a place that allows students to be creative and engage with the classroom and other students. The ideal classroom design can help students and instructors remain engaged and improve the learning process, and build 21st century skills in higher order thinking like analysis, synthesis and evaluation.

What is needed?

- Research on effective school design
- Long-range facility plans incorporated in school construction bonds
- Re-use of existing classrooms
- Industry partners to help design classrooms

What are the challenges?

- Aging condition of existing facilities
- Funding
- Unwillingness to change
- Technology changes quickly
- Lack of understanding that facilities impact achievement

Action Steps

- Build partnerships and identify stakeholders
- Look at school-wide change, not piecemeal change
- Develop assessments of teachers
- Identify change agents at administrative, teacher and district leadership levels
- Create classroom teaching labs to train new and old teachers
- Support state and regional initiatives targeting school facilities
- Develop long-range facilities plans

Human Resources

The human capital side to using technology in the classroom is often overlooked. Incorporating human capital efforts into the development of technology-based curriculum is about aligning

student achievement and technology with effective ways to train educators to know how to use technology in their classrooms.
What is needed?

- Shared awareness and need of investments in human capital
- Collaboration with educational training and workforce development programs
- Leverage knowledge of digital natives
- Continuing education classes

What are the challenges?

- Unwillingness and discomfort with change – culture of doing the same
- Lack of collaborative environment for educators
- Funding
- Time for teachers to participate in trainings
- Lack of new positions for teachers
- Disruptive staff reductions resulting in crisis management modes
- Technology changes quickly

Action Steps

- Develop public awareness campaign on evidence-based claims for tech training
- Establish statewide standards for training and tech needs
- Partner with higher education programs in the region
- Partner with industry partners to understand what training is needed for teachers
- Research best practices and share models and bring to scale per district

Conclusion
Creating the ideal classroom is not without its challenges. There are a host of risks associated with moving from a passive-oriented classroom to an active classroom. Investing in applicable technologies, school facilities and human capital is necessary to build an education system that helps students develop the skills that will position them to thrive in the workforce or in continuing formal education.

Appendix E | Performance and equity measurement

PERFORMANCE AND EQUITY MEASUREMENT FRAMEWORK | Prioritize investments that generate jobs, promote opportunity and reduce disparities

PREFACE

In its 2012 Strategic Plan, the Community Investment Initiative's Leadership Council identified a vision and mission, and laid out a four-pronged strategy for delivering increased economic prosperity to the region. The strategic plan also called for the systematic measurement of CII's work and the impact of that work in the region. Establishing this system of performance measures ensures that the CII's efforts reduced social, economic, political and geographic barriers in the region and communicates the benefits of the CII's work to its stakeholders.

The task of developing and implementing a measurement system was delegated to a Performance and Equity Measurement (PEM) group. The objective of this report is to:

- introduce the purpose of performance measurement
- summarize the history of the equity and performance measurement in the CII
- summarize the work of the PEM group
- provide a synopsis of the data compiled to measure the region's economic prosperity and illustrate existing disparities in the region
- provide recommendations for the use of the PEM framework and the future performance and equity measurement for the CII.

INTRODUCTION

The Community Investment Initiative's mission is to build the region's economy by investing in infrastructure to support the creation of living wage jobs. This mission is supported by a data profile of the region's economy indicating the average per capita income in the region has been falling for a decade when compared with the average for U.S. metro areas.[1] In addition, 55 percent of the region's population growth in the last ten years was among ethnic minorities, a population that experiences disproportionately high barriers to educational achievement and below average incomes.[2]

If these economic and demographic trends continue, the region risks entering a downward spiral characterized by a growing population, growing demand on social services and infrastructure, and a decreasing source of revenue to pay for those services. Because of the investment decisions made in the past, the region has built an economic foundation that has allowed us to weather recent economic trends but, by itself, will not be enough to secure a prosperous and resilient future. A globally competitive economy requires renewed investments to generate the economic growth, jobs, and income, necessary to provide opportunities for the region's residents. The most prosperous regions in the country are those that reduce barriers to economic participation and

[1] Greater Portland Pulse
[2] Manuel Pastor, Presentation to the Community Investment Initiative on May 16, 2012

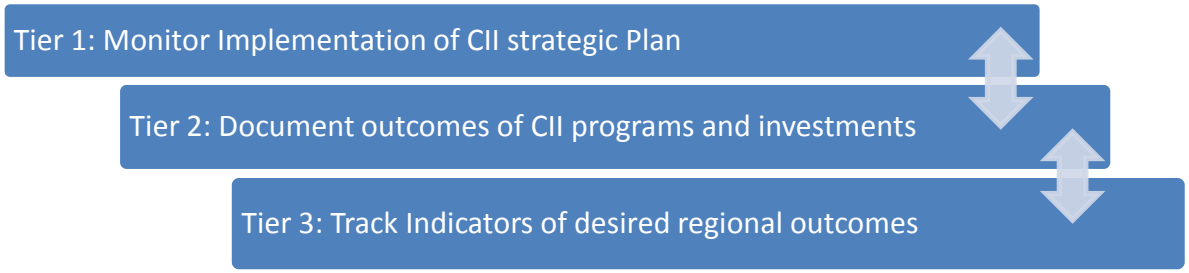
harness the full potential of their workforce. When every member of a regional economy is able to pursue economic opportunity and fulfill their potential, each individual experiences the intrinsic rewards of a productive working life and contributes to the health of the region. The result is an upward cycle of prosperity characterized by a strong economy, an expanding tax base, a high level of public services, and a high quality of life.

Figure 1 Circle of prosperity

Purpose

The 2012 CII strategic plan called for the implementation of a performance and equity measurement process to track the CII's contributions to the regional economy and to ensure that strategies developed and implemented are designed to reverse the regional trends of falling per capita income and increasing disparities. This process requires documenting the progress of the CII strategies on a regular basis, measuring the outcomes of investments and programs, and tracking the economic health of the region. To achieve these outcomes, the Leadership Council adopted a three-tier Performance and Equity Measurement method (Figure 2) that aligns strategic planning and implementation with project level outputs and the regional outcomes described in the CII's mission and vision statements.

Figure 2 Performance and Equity Measurement method



Each tier of the performance measurement plan serves a specific purpose in the overall performance measurement method. Tier 1 tracks the day-to-day work of the CII implementation groups as they progress toward the objectives set out in the strategic plan. Tier 2 tracks the immediate impacts that result from the implementation of the strategic plan such as programs developed or projects built and the associated economic impacts of those projects and programs. Tier 3 tracks indicators of regional economic health and equity that correlate with Tier 2 indicators and should be impacted by implementation of the strategies

In sum, the performance and equity measurement process is a systematic method for collecting information to be used by the CII to:

- provide transparency across implementation groups
- provide reliable data to report the impacts of CII work to interested stakeholders
- make a clear connection between the outputs of CII projects and desired regional outcomes
- provide information to the Leadership Council and implementation groups for use in strategic planning and decision-making.

Background: Equity and the CII

The CII's desire to consider equity and measure its performance first took formal organizational shape in the creation of an Equity Committee in September of 2011. This committee was co-chaired by Marcus Mundy and Carl Talton, included Leadership Council members and other community leaders, and was facilitated by consultant Tony DeFalco. The committee reviewed best practices from around the country, such as programs in King County and Seattle, Wash., Alameda County, Calif., and the Western States Center's Green Equity Toolkit. The committee also consulted with renowned equity scholar John A. Powell.

The result of the committee's work was a definition of equity and a framework (Attachment E1) for considering the equity impacts of a policy, plan, investment or decision. Specifically, the framework defined four types of structural disparities in the region:

- Economic (in)equity: differential access to jobs and opportunities for wealth creation
- Social (in)equity: differential opportunities to obtain a quality education, health care, and a healthy living environment
- Political (in)equity: differential access to participation in political decisions within and between communities in the region
- Geographic (in)equity: differential distribution of investments around the region and the resulting differences in physical proximity to the institutions that provide social, economic, and political opportunities

After a presentation from the Equity Committee, the Leadership Council adopted this framework for use in the development and execution of the CII's future work. In practice, this resulted in the Equity Committee meeting with the chairs of each of the other committees to employ the

framework in the development of each of the core areas of the strategic plan. These meetings produced a set of "equity recommendations" for each strategy that were included in the 2012 CII Strategic Plan.

Based on the recommendation of the equity committee, the Leadership Council also brought in Dr. Manuel Pastor, one of the nation's premier scholars in the area of equity, demographic change, and regional economics. Dr. Pastor's presentation highlighted the changing demographics in the Portland metropolitan region and presented recent research findings demonstrating the significant role that equity plays in regional economic prosperity. In particular, Dr. Pastor's presentation helped the Leadership Council recognize the following:

- By 2040, the Metro Region is likely to be a "majority minority" region in which more than 50 percent of the region's residents will be non-white.
- Minority populations experience significantly more barriers to economic prosperity.
- Racial inclusion, income equality, and the absence of concentrated poverty are highly correlated with economically prosperous regions.

The Leadership Council recognized, with the help of Dr. Pastor, that an economic development strategy that does not account for the region's significant disparities would not be successful. Moreover, a truly resilient foundation for economic prosperity requires intentional and targeted investments that increase equity by reducing the social, economic, political, and geographic barriers to prosperity and a high quality of life.

Performance and Equity Measurement group deliverables

The 2012 CII strategic plan incorporated the work of the equity committee, the equity recommendations, and the lessons of Dr. Manuel Pastor into the three-tier plan (discussed above) for measuring and communicating the CII's impact in the region. In the summer of 2012, the Leadership Council created the Performance and Equity Measurement (PEM) group and tasked it with implementing the three-tier plan. The PEM group included:

Tier 1: Monitoring implementation of the strategic plan

The first project of the PEM group was the development of a Tier 1 progress reporting protocol for the CII. Each month, the project manager and implementation group chair for each CII strategy would be expected to complete a progress report (Attachment E2). The reports included the following components:

- Objectives met (or unmet) and comments regarding progress and expected completion timelines
- Description of recent activities and accomplishments
- Description of whether and how the equity framework had been applied
- Issues or concerns of interest to the Leadership Council

This form was compiled by staff at the end of each month and reviewed by the PEM group, the CII Steering Committee, the Metro Council and the Leadership Council. This process provided an opportunity for communication among the CII strategies, and for the PEM group to collaborate with other projects on issues with significant performance measurement and/or equity implications.

The ensuing collaboration between members of the PEM group and other groups took multiple forms. Members from the PEM group and the Regional Infrastructure Enterprise group met independently to develop a project evaluation process that balances equity, sustainability, and project feasibility with RIE goals. The resulting project evaluation process and criteria are now incorporated into the RIE business plan. The members of the PEM group also reviewed written documents from the other implementation groups and delivered recommendations to improve the equity impacts of the different strategies. The Development-Ready Communities group altered its readiness diagnostic tool (see the Development Ready Communities Final Report 2013) based on the feedback from the PEM group and the school facilities group incorporated data in the in the State of the Schools Atlas to prioritize investment to schools with the most need.

Tier 3: Track indicators of desired regional outcomes

Tier 3 indicators were identified to accurately track the economic health of the region. According to the logic of the three-tier measurement plan, Tier 3 indicators would constitute a structure for the development of Tier 2 (project output) indicators. As part of its review of existing economic development indicator projects, the PEM group reviewed the work of the Oregon Business Plan (OBP). In its 2012 and 2013 annual policy playbook, the OBP identified three indicators of statewide economic health: new jobs created each year, per capita income, and the poverty rate.

The PEM group believed these indicators to be valid measures of regional prosperity with a solid nexus to the CII mission. The combined indicators account for both the health of the economy and for the economic health of the region's residents. Furthermore, the use of these indicators saved the PEM group the work of developing new indicators, leveraged the significant efforts of OBP, and created opportunities to build partnerships. The PEM group proposed the OBP indicators to the CII Leadership Council with one alteration: to better align with the CII mission, the CII suggested an indicator for living wage jobs (rather than all jobs). The CII Leadership Council adopted these Tier 3 indicators as the core of the PEM framework and as CII's guiding indicators of regional economic prosperity.

The PEM group then sought a better understanding of how the Tier 3 indicators (living wage jobs, income, and poverty) are distributed around the region and to identify indicators that would be likely to illustrate social, economic, political, and geographic disparities. The PEM group began with a broad evaluation of existing data sources and a rigorous review process. The PEM group looked particularly close at data collected by other regional indicator projects (and Metro partners) such as the Greater Portland Pulse and the Coalition for a Livable Future's Equity Atlas (version 1.0).The PEM group then

began working with Metro's Data Resource Center to identify similar indicators that had a strong nexus to economic development and which were highly sensitive to social, economic, geographic, or political disparities in the region.

This work resulted in the identification of nine additional equity indicators that are known to have strong correlations and/or causal affects on the Tier 3 indicators. Additionally, these equity indicators could be used to illustrate social, economic, political, or geographic disparities that exist in the region. The combination of the Tier 3 indicators and the equity indicators provides a clear picture of both regional economic health and the variations that occur within the region. The PEM group organized all 13 indictors into a PEM framework along with baselines and targets for the Tier 3 indicators (see Table 1 below).

Tier 3 Indicator	Baseline	Goal	Equity indicators
Living wage jobs	13,751 living wage jobs were created in 2010	12,500 new living wage jobs per year	• Job creation trends by wages and geography • Travel to work by distance and direction • Small business loans by race and ethnicity
Per capita income	Portland MSA was 96% of US Metro Average in 2011	Per capita income is 110% of US Metro average	• Household income by geography, race and ethnicity • Tax base per capita by jurisdiction • Adult educational achievement relative to state goals (40/40/20)
Poverty rate	13.4% of individuals in Portland MSA were in Poverty in 2010	Poverty Rate is below 10%	• Households in poverty by geography, race and ethnicity • Transportation and Housing expenditures as percentage of household income • Body Mass Index by geography • Poverty by race, ethnicity, and geography

Table 1 Performance and Equity Measurement Framework

The baseline measures are the most recent data available for the Metro region and represent a starting point for the CII's measurement work. This data can be used as a historical reference point marking the beginning of the CII's performance and equity measurement work for comparison and to generate trend lines. The goals for each of the three tier 3 indicators were set though an examination of local, regional, state, and federal policy goals. An emphasis was also placed on developing goals that, if achieved, would be indicative of a high performing economy and mark the Portland region as outstanding when compared to similar metropolitan areas.

Per capita income

The PEM group identified a goal for the Portland Metro region to achieve 110 percent of the U.S. metro average for per capita income. In 2011, per capita income in the Portland Metro region was just 96 percent of the U.S. metro average. While 96 percent might seem reasonable at first, the PEM group noted that the U.S. metro average includes many areas of smaller size and with much lower cost of living than the Portland Metro area. Additionally, the Portland Metro area is the primary economic engine of the state of Oregon and the OBP has set a goal for the state of matching the national average for per capita income. Thus, the PEM group goals for the Portland metro area was set at 110 percent of the U.S. metropolitan area average. If achieved, this would put the Portland metropolitan region in a competitive position with its peer regions, help lift the state toward its goal, and demonstrate meaningful progress.

Living wage jobs

The PEM group set a goal of 12,500 new living wage jobs annually as a indicator of regional economic health. For living wage jobs, the PEM framework notes that, from 2009 to 2010 13,751 new jobs were created that paid a living wage.3 The living wage threshold for the CII was set at $40,000 a year. This standard was selected after consideration of the wide variety of definitions for living wage or family wages and is based on the core assumption that $40,000 a year is the minimum that a person would need to earn to support her/him self and a child. The $40,000 a year threshold also marks a cut point in several of the data sources for the PEM framework and therefore was a logical choice to increase the comparisons that could be made across data sources. The job creation goal is set at 12,500 jobs per year. This goal was based on the knowledge that the Portland region is a core economic engine for the state and should therefore be producing more jobs per capita than the rest of the state.

Poverty

The third Tier 3 Indicator, poverty, the PEM group drew from the U.S. Census Bureau American Community Survey which lists the poverty in the Metro Area at 13.4 percent and the poverty rate in the state of Oregon is considerably higher at 14 percent. The PEM group set a goal of a 10 percent poverty rate.

Equity indicators

In addition to the baselines and goals set forth for the Tier 3 indicators, the PEM group worked with the Metro Data Resource Center to compile data for the nine other equity indicators. These indicators illustrate the economic development challenges the region faces as a whole, and put into stark relief the disparities that exist across the region. The full set of indicators is available in Attachment E3 but a few of the most illustrative facts that emerge from the equity indicators are as follows:

- The region has been losing low wage (under $15,000/year) and medium wage ($15,000-$40,000/year) jobs for over a decade.
- The region has been adding living wage jobs (over $40,000/year) but not at a rate strong enough to keep pace with the loss of low and medium wage jobs.
    - The result is increasing numbers of both high income earners and the unemployed.
- High wage job growth has not been evenly distributed throughout the region and has been particularly limited in areas that experience high barriers to other opportunities, such as education.
- There are dramatic differences in property values between jurisdictions resulting in wide variations in jurisdictions' capacity to invest in their economic futures.

[3] LEHD Data, http://lehd.ces.census.gov/data/

  - About one quarter of the jurisdictions in the region have a tax base that is substantially lower than the rest, resulting a significant challenges in providing basic services.
- People of color experience higher barriers to economic success.
  - Educational achievement is lower for people of color.
  - Poverty is higher for people of color.
- Combined transportation and housing costs typically exceed 45 percent of income only in the regions high income census tracts.
  - This suggests that regional policies are not pricing low income residents out and that, density and short trips to daily needs keep balance increased housing costs.
  - This finding is bolstered by the Body Mass Index (BMI) findings which suggest that, though income is a large factor in healthy diet and exercise, there are many mid and low income areas in the region that also have low average BMI.
    - However, income and BMI do not correlate in all areas of the region which suggest that significant investments can still be made to provide more opportunities for healthy living.

Future of PEM and the CII

The 2012 Strategic Plan called for the ongoing implementation of performance and equity measurement for the CII and each of its strategies. The strategic plan, however, did not identify resources to support this work nor did it fully anticipate many of the changes that are likely to occur in the CII in the coming year. In order to be fully successful, the CII must adapt its performance and equity measurement efforts to the following conditions:

- Metro support for the PEM work in the next fiscal year is substantially less than in the current year. Support for future years is uncertain.
- Future support from Metro will likely depend to some degree on the Leadership Council's ability to generate other partners willing to make meaningful resource contributions.
- The tools developed by the school facilities implementation group and the development-readiness group will likely will be delivered to partner organizations.
- The RIE business plan will be delivered this summer and a decision regarding action on the business plan will be made in the fall.
  - The RIE business plan calls for a partnership between the Port of Portland and Metro and therefore, the CII's involvement will change significantly, affecting the CII's ability to directly measure performance and equity outcomes.
  - The RIE business plan will likely execute a phased approach, each phase posing unique Tier 2 equity and measurement challenges.

- The CII's organizational future and role is not clearly defined and thus, the future of performance and equity measurement will be contingent on the future of the CII more generally.
    - This poses challenges for continuing to track Tier 3 regional outcomes and for continuing to offer assistance in the integration of equity into CII projects.
- The RIE, and partners, will need to implement a public campaign in support of the RIE work, whatever direction it takes or phase it is in

Recommendations

Based on this understanding of the CII's future, the PEM group developed a set of recommendations for Leadership Council to consider for the ongoing implementation of performance and equity measurement.

Partnerships and the role of the Leadership Council

- The Leadership Council adopts the Tier 3 baseline measures, goals, and equity indicators identified in the PEM Framework.
- The Leadership Council makes performance and equity measurement a priority as it considers new partnerships, funding sources, and organizational futures.
    - The PEM group believes that the Equity and PEM frameworks provide an excellent foundation and that the Leadership Council should continue to use when assessing decisions, communicating impacts, and building support for future endeavors.
    - The CII Leadership Council should consider performance measurement as it develops partnerships to ensure that each strategy continues to contribute to the CII vision as measured by the PEM Framework.
        - Partnership agreements and Memoranda of Understanding specify how CII partners track and report performance and equity measurement and contribute to the CII objectives.
        - Performance measurement should be as rigorous as possible without placing undue burdens on partners or creating unnecessary barriers to project implementation.
    - The CII Leadership Council continues to partner with Metro as a potential long term partner in performance and equity measurement.
    - This partnership could be used to develop a regional gentrification/displacement mapping modeled after the City of Portland's gentrification study (Armstrong) and the Portland Development Commission's Neighborhood Prosperity mapping work (Branam). Such tools provide excellent information regarding social, geographic, and economic equity for selecting project locations and accurately gauging the impact of development projects.

  - The Leadership Council should consider how to develop additional performance and equity measurement capacity in its strategic planning processes.

- The CII Leadership Council should conduct a broad outreach and engagement campaign to gather feedback on the performance and equity measurement framework and its relationship to the RIE and other CII strategies.
  - The goals identified in the PEM framework are used to communicate the desired outcomes of the CII and the RIE to the public sector, private sector, and non-profit and community groups.
  - The Leadership Council should consider performance measurement in its ongoing strategic planning to ensure that it has continued capacity to track the outcomes of its strategies, communicate results, and build community support.

Work plan

- The PEM group should focus efforts in the coming year on the following:
  - Development of additional measures:
    - Specifically, it should consider a fourth Tier 3 measure, such as air toxins, that have a strong nexus to infrastructure investments, environmental health, and human health. The Coalition for a Livable Future provides an excellent model in its recently released Equity Atlas 2.0.
    - It should also consider indicators such as noise pollution, which has a strong nexus to development and is not equitably distributed in the region.
  - Work with the Metro Data Resource center to hone the PEM framework, maintain data, and deliver updated data in the summer of 2014.
  - Maintain an ongoing presence in the CII with responsibility for annual updates and review of the PEM framework and consulting, on an ad hoc basis, with CII task forces or partners on issues of equity and performance measurement.
  - On an ad hoc basis, act as a performance and equity measurement consultant to the Leadership Council and its partners in the ongoing development and implementation of CII strategies.

Attachment guide

Attachment E1 Community Investment Initiative Equity Framework

Attachment E2 Progress report

Attachment E3 Task force participants

Community Investment Initiative Equity Framework

The Equity Workgroup was charged with creating an Equity Framework to prompt discussion of equity in the formation of strategies and to guide integration and operationalization of equity in the implementation of those strategies. The framework below is intended to provide a structure for assessing CII strategies with the understanding that, though not every CII strategy or project will directly address all aspects of equity, the cumulative product of CII strategies will be a reduction of disparities in the region.

CII Definition of Equity

Equity exists when individuals, communities and jurisdictions have equal political, social, and economic opportunity, and when there is fairness in the geographic distribution of the benefits and burdens of building a healthy region. Investing in equity is a means to achieve healthy communities, and an end that further contributes to the region's prosperity. The recommendations of the CII and its work groups will address **economic, social, political, and geographic equity by addressing structural disparities and by providing equitable access to opportunities in healthy communities**.

Structural disparities include:

- Social – differential access to education, health services, food, and a safe and healthy environment
- Economic – differential access to jobs and wealth creation
- Political – differential access to political participation within and between communities across the region
- Geographic – differential distribution of investments and opportunities around the region

Healthy communities provide the following outcomes:

- Social equity – access to quality education, quality health care, healthy food, and a safe and healthy environment
- Economic equity – access to living wage jobs, small business opportunities, new economy job skills, and opportunities for wealth creation
- Political equity – access to political participation, and a proportional voice in local and regional decision-making processes
- Geographic – proximity to institutions and infrastructure that provide social, economic, and political opportunities

Communities with low levels of political, economic, social and geographic inequality are successful because they capitalize on the full human potential of all of their members and avoid the costs associated with poverty and reliance on social services. Despite this information, and the fact that the Portland metropolitan region is considered to be a leader in urban policy, there is evidence that our region is more unequal than the nation's average and that it is becoming more unequal over

time. Places of concentrated poverty are no longer limited to Portland's city center but instead are spread throughout the region.i Furthermore, data show starkly disparate patterns of poverty, home ownership, educational achievement, air quality, childhood obesity, and access to parks between White communities and communities of color. For example:

- "In 2009, African American and Hispanic/Latino children were over 60 percent more likely to live in poverty than the general population."[ii]
- In Multnomah County, "communities of color earn half the incomes of whites, earning $16,636 per year, while white people earn $33,095.[iii]
- "Educational attainment stratifies strongly by race and ethnicity. In every county in the region, White and Asian residents report higher average attainment levels than Black, American Indians, and Hispanic residents…."[iv]
- "32 percent of the Black graduating class of 2006 have enrolled in an Oregon public university or college (through Spring 2008); compared with 47 percent of White students…."[v]
- "In 2000 in Multnomah County, the home-ownership rate for Whites was 60 percent, that for Latinos was 28 percent, for African Americans was 37 percent, and for Native Americans was 36 percent."[vi]

Worksheet

Proposed Action (Name of project, program, or effort):
Brief description of the proposed strategy, project, policy, or program:

Question	Resources	Answer
1. Which aspects of the CII Vision will the proposed action contribute to achieving?	CII Vision	Check all that apply: A ☐ ving-wage job and meaningful opportunities for advancement are available for every member of our labor force. O ☐ regional economy is stable, robust and resilient. O ☐ natural and built environments are cared for and accessible to all. A ☐ community members have opportunities for meaningful civic engagement. O ☐ innovative approach to investing in infrastructure, transportation systems, twenty-first century school facilities and development ready communities positions our region as a global competitor.
2. What impact is the proposed action likely to have on ***social disparities***, if any?	CII definition of Equity Resources A	
3. What impact is the proposed action likely to have on ***economic disparities***, if any?	CII definition of Equity ResourcesA	

4. What impact is the proposed action likely to have on ***political disparities***, if any?	CII definition of Equity ResourcesA ResourcesB	
5. What impact is the proposed action likely to have on ***geographic disparities***, if any?	CII definition of Equity ResourcesA ResourcesB	
6.Are there other indirect community benefits or potential unintended consequences of the proposed action? What could be done to maximize benefits or to mitigate unintended consequences?		
7. How will the proposed action move the region closer to the CII vision?	CII Vision	
8. How will the distribution of the benefits and burdens of the proposed action be measured? Who will measure them?		

CII Vision

The Community Investment Initiative envisions a future where:

- a living wage job and meaningful opportunities for advancement are available for every member of our labor force
- our regional economy is stable, robust and resilient
- our natural and built environments are cared for and accessible to all
- all community members have opportunities for meaningful civic engagement
- our innovative approach to investing in infrastructure, transportation systems, twenty-first century school facilities and development ready communities positions our region as a global competitor.

Resources A

Social and economic disparities

1. Urban League, State of Black Oregon: http://www.ulpdx.org/StateofBlackOregon.html
   - Documents the disparities experienced by black Oregonians.

2. Coalition of Communities of Color, An Unsettling Profile: http://www.coalitioncommunitiescolor.org/docs/AN%20UNSETTLING%20PROFILE.pdf
   - Documents the disparities faced by racial minorities in Multnomah County.

3. Greater Portland Pulse: http://www.portlandpulse.org/:
   - Offers data tracking the social, economic, and environmental well-being of the greater Portland region.

4. Coalition for a Livable Future, Regional Equity Atlas: http://www.equityatlas.org/
   - Offers maps showing the spatial distribution of disparities in health, transportation, schools, housing, and parks in our region.

Resources B

Geographic and political disparities

Geographic and political Equity: regional inequity can be understood via the disproportionate spatial distribution of disparities but it also can be understood via jurisdictional-specific benefits and burdens. In the latter case, the following can help integrate equity in your strategies:

1. Do decision-making bodies proportionately represent the geographic and racial composition of the region's neighborhoods and jurisdictions?

2. Are jurisdictions provided meaningful opportunities to participate and exercise leadership in a context of including communities of color, building trust and collaboration?

3. Are there significant fiscal disparities between jurisdictions? How might these disparities be mitigated?
- Fiscal health can be measured by the provision of basic public services relative to tax burden or the gap between cities' expenditure need and revenue-raising capacity. (e.g. Tax-Base Sharing in the Twin Cities metropolitan region - http://www.newrules.org/retail/rules/taxbase-sharing/taxbase-sharing-metropolitan-revenue-distribution-mn).

4. Are jurisdictions carrying their fair share of burdens and receiving their fair share of the benefits of investments?
- This is usually based on population or an analysis of past investments or a history of disinvestment. (e.g. Fair Share Housing Strategies such as in New Jersey - http://fairsharehousing.org/).

5. Are there significant disparities between neighborhoods or populations within jurisdictions?
- Coalition for a Livable Future, Regional Equity Atlas: http://www.equityatlas.org/ offers maps showing the spatial distribution of disparities in health, transportation, schools, housing, and parks in our region.

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[i] Regional Equity Atlas.www.equityatlas.org
[ii] The Path to Economic Prosperity: Equity and the Education Imperative. *Greater Portland Pulse*. P. 13.
[iii] Curry-Stevens, A., Cross-Hemmer, A., & Coalition of Communities of Color (2010). *Communities of Color in Multnomah County: An Unsettling Profile*. Portland, OR: Portland State University.
[iv] The Path to Economic Prosperity: Equity and the Education Imperative. *Greater Portland Pulse*. www.portlandpulse.org
[v] The State of Black Oregon, *Urban League of* Portland, p 29.
[vi] Regional Equity Atlas, www.equityatlas.org

Progress Report

Implementation Group:		**Report Period:**	
Project Manager:			
Chair/Co-Chair:			
Strategy:			
Group Status:		**On Track** – Moving along nicely, no significant concerns at this time.	
		Caution – Issues to be addressed or may escalate to crisis mode.	
		Off Track – One or more serious issues causing significant impact to the group's work.	

- List each major objective listed in the stretegic plan for this strategy, identify its status, and comment on progress

  ☐ Not started ☐ In progress ☐ Complete

  Status:

  Comments:

Major activities, accomplishments and challenges

Using qualitative and quantitative measures, discuss the progress made on your group's work plan and objectives including major activities, work products started or delivered, accomplishments and challenges, and decisions made.

Volunteer hours contributed this reporting period by Leadership Council and Steering Committee members:

Discuss your group's use of the equity framework and its progress and challenges in addressing the equity considerations outlined in the Strategic Plan. Please include any additional equity considerations that have been brought to your attention.

Note any major changes or events that may need the attention of the steering committee such as changes to the objectives as written in the strategic plan, major outreach events, and significant achievements or setbacks not mentioned in other areas of this report.

Briefly describe work your group plans to complete in the next month (by the next report).

Equity Committee and Performance and Equity Measurement Participants

- Thomas Aschenbrenner, Impact Philosophy for Progressive Thinkers
- Tony DeFalco, Tony DeFalco Consulting
- Rey España, NAYA
- Stephen Gomez
- Stephen Green, Portland Development Commission
- Cobi Jackson, Wells Fargo
- Nolan Lienhart, ZGF Architectx
- Marcus Mundy, Mundy Consulting
- Linda Nettekoven, Hosford-Abernethy Neighborhood Association
- Jerralyn Ness, Community Action
- Joseph Santos-Lyons, Asian Pacific American Network of Oregon
- Serilda Summers-McGee,
- Irene Schwoeffermann, Funders Committee for Civic Participation
- Carl Talton, Portland Family of Funds
- Justin Yuen, FMYI
- Joel Schoening, CII Staff, Project Manager
- Andy Cotugno, Metro Policy Advisor
- Kathryn Sofich, Metro Council Policy Coordinator
- Rebecca Bodonyi, CII Staff

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