



Economic Development Task Force Topic Paper

Prepared for the City of Beaverton

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ECONorthwest
ECONOMICS • FINANCE • PLANNING

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Disclaimer

ECONorthwest completed this project under contract to the City of Beaverton. The City's purpose in commissioning this study was to inform the ongoing Civic Plan process regarding an approach to economic development in Beaverton, and to compile information from previous research and staff and consultant expertise.

Throughout the report we have identified our sources of information and assumptions used in the analysis. Within the limitations imposed by uncertainty and the project budget, ECO and (Client) have made every effort to check the reasonableness of the data and assumptions and to test the sensitivity of the results of our analysis to changes in key assumptions. ECO and (Client) acknowledge that any forecast of the future is uncertain. The fact that we evaluate assumptions as reasonable does not guarantee that those assumptions will prevail. We have also described our analytic techniques and their limitations. Beaverton staff has reviewed our analysis for reasonableness.

We gratefully acknowledge the assistance of the many individuals who provided us with information and insight, but emphasize that we, alone, are responsible for the report's contents. We have prepared this report based on our general knowledge of economic development principles, and information derived from government agencies, the reports of others, interviews of individuals, or other sources believed to be reliable. ECONorthwest has not verified the accuracy of such information, however, and makes no representation regarding its accuracy or completeness. Any statements nonfactual in nature constitute the authors' current opinions, which may change as more information becomes available.

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1 EXECUTIVE SUMMARY

The City of Beaverton has many people- and place-based advantages that work together to support jobs growth: a strong base of small businesses, lower unemployment, relatively low vacancy rates, an abundance of low-rent flex space, proximity to major employment centers, and excellent transit access. Nonetheless, the City has not seen the kind of robust jobs growth that it would hope, and wants to attract and retain new jobs while supporting the growth of existing employment. Because it lacks large greenfield sites, however, competing one-on-one with the other cities in the Metro region to recruit large new employers will be very difficult for Beaverton unless significant land assembly occurs over time.

As part of the on-going Civic Plan process, the City has convened a staff and consultant team Task Force to consider high-level approaches to economic development, the trade-offs associated with those approaches, and appropriate next steps. The Economic Development Task Force's recommendations are contained in this Topic Paper. This Paper is not intended to propose a comprehensive economic development strategy for the City; much more research and process would be required to update the City's current Strategy (adopted in 2000). Instead, it summarizes recent research that describes Beaverton's economic profile and relation to the regional economy, proposes an approach to economic development, and suggests additional research.

Economic Snap Shot:

How does Beaverton compare to the region?

Small businesses are a cornerstone: 88% of businesses in Beaverton have fewer than 20 employees

19% of the workforce is employed in manufacturing, higher than in other parts of the region

Educated workforce: 41% of workers 25 years + have a BA or higher

Strong retail sales; Beaverton draws shoppers from nearby cities and unincorporated areas

Low office rents relative to other parts of the region

Relatively little industrial land with high vacancy;

Strength in the flex space market may correlate to strong small businesses in Beaverton¹

The Economic Development Task Force recommends an update to the City's 2000 Economic Development Strategy to reflect the current economic and real estate realities, tie to the City's Comprehensive Plan and Goal 9 requirements, and address the issues and analysis in the recent research summarized in this Paper.² Of particular importance is the need to address findings in a

¹ June 2010, City of Beaverton Economic Opportunities Analysis, E.D. Hovee and Company. Note that the analysis was completed based on Beaverton addresses rather than Beaverton City limits.

² The Economic Development Strategy should also tie to the regional "Comprehensive Economic Development Strategy" to better connect to potential federal resources. The Federal Economic Development Administration (EDA) provides grants for infrastructure development, local capacity building, and business development to help communities alleviate conditions of substantial and persistent unemployment and under employment in economically distressed areas and regions. The Portland Metropolitan region (including Washington County) became eligible for funds in 2005. Mayor Denny Doyle sits on the Board of Directors for the area's federal Economic Development

recent Economic Opportunities Analysis³ that the City has insufficient employment land to meet job growth goals at current densities.

Land supply limitations mean that future additions to the employment base must be accommodated through increasing the capacity and efficiency of existing employment land, and through redevelopment of existing sites. Beaverton's employment land supply is currently characterized by relatively small parcels in fractured ownership, which are developed with a mix of flex space and more traditional industrial and suburban commercial buildings; these characteristics complicate redevelopment of existing parcels to higher densities. Because of these limitations, an updated Economic Development Strategy will only be achievable if it ties business growth goals to the land and building supply. The Strategy should:

- Identify the barriers to redevelopment of the land supply given the City's job growth goals, and make recommendations to invest in those lands so that increased density is possible by improving transportation and utility infrastructure capacity, land assembly, and assistance with redevelopment finance are likely public investment needs.
- Continue to identify the competitive advantages that differentiate Beaverton in a regional market for employment uses, while retaining and recruiting the types of businesses that are likely to be drawn to those advantages and to the available land supply. Those competitive advantages include: proximity to markets in Hillsboro and Portland; quality of life, quality of schools, and mix of residential stock; light rail and transit access; flex space availability; a strong base of small businesses; and lower rent than regional competition.
- Coordinate ongoing City activities toward an agreed-upon vision for economic development, and outline the specific steps that each department can take to help the City achieve that vision. Matching land supply with business retention and recruitment efforts will require interdepartmental effort.

Beaverton's land supply constraints are far from a death-knell for the growth of jobs in the City. The spatial needs of employment and commerce have changed over the decades, and the direction of that change favors

District. Beaverton's economic gardening program received a \$15,000 grant from the EDA to support start-up costs.

³ June 2010, E.D. Hovee and Company

employment lands in places like Beaverton. Many of the most sought-after employers and employees prefer active street life, safe dense neighborhoods, a mix of uses, walkability, and proximity to cafes and other informal meeting spaces.⁴ In the competition to attract such jobs, location has become a crucial factor for economic health, and Beaverton has an advantage. Together, the City's competitive advantages and land supply limitations suggest an updated Economic Development Strategy that focuses on a functional classification of businesses based on their space needs, and the intersection between those needs and the City's employment land supply. Businesses that match Beaverton's land supply might have these characteristics:

- Small- to medium-sized (20 – 200 employees)
- Recent start-ups, businesses more focused on research and development, or businesses that support larger-scale employment uses in nearby Hillsboro or Portland
- Want a mix of office and production space (flex space)
- Want access to retail amenity in Old Town and to public transit options
- Appreciate the proximity to a mix of residential options and quality schools

Businesses of this size and composition are part of many of the target industries and business clusters that are the focus of economic development efforts in Beaverton and across the region. Further, Beaverton already has many initiatives under way that form the basis of this Strategy (economic gardening initiatives, a MainStreet™ initiative and Downtown Business Association, ongoing efforts to recruit and retain businesses, land use planning efforts to plan for the long-term service of employment lands, etc.). These initiatives need to be coordinated toward an overarching vision for the future of businesses and jobs in Beaverton, and a series of targeted investments intended to bring the City closer to achieving that vision. Beaverton needs an Economic Development Strategy that capitalizes on these benefits by coordinating planning and economic development initiatives to attract and retain employment that fits, rather than competing for the remaining large-scale employers that need industrial-park-type development not present in the City's land supply base.

⁴ Summarized from *Walking to Work: Bringing Employment Centers Back to Neighborhoods*, Jay Hoekstra, 2010.

The Task Force desires the following outcomes from an updated Economic Development Strategy:

1. Beaverton's business base is thriving, diversifying, and growing
 2. Beaverton markets itself strategically as a business friendly city
 3. Beaverton actively and effectively coordinates with regional partners and existing economic development organizations to better support economic development initiatives and attract jobs
 4. Beaverton's regulations and incentives support desirable new and existing businesses
 5. Beaverton's supply of land matches its employment growth goals
Beaverton's amenities and infrastructure attract employers and employees
-

Given this situation, the Task Force recommends that the updated Economic Development Strategy take a two-pronged economic development approach: (1) continue to **work with regional and local partners** for target industries recruitment and retention; and (2) continue to focus the majority of efforts to **build the already strong local business base**. Both prongs of this approach need to connect jobs growth strategies to existing land supply, and target the types of businesses described above as the future face of business in Beaverton.

A **partnership strategy** reduces the need to compete with adjacent jurisdictions for business growth, and can reduce some of the large upfront costs that are sometimes associated with a target industry recruitment approach. Beaverton will continue to work with its partners to identify which segments of regionally-identified target industries would be appropriate for Beaverton's employment land supply, and assure that these segments locate in Beaverton. These industry segments would be more oriented toward research and development, require a smaller floorplate, and want to take advantage of the benefits of proximity to a regional center. Beaverton will continue to implement a direct City-based attraction management component.

City resources should be strategically used to **improve the small businesses** that are the foundation of Beaverton's economy today. Potentially, up to eighty percent of future job growth could come from existing firms. An updated economic development strategy could sharpen the City's existing tools and add others to assure that the City's resources and internal organization structure is aligned with local start-up and business growth needs.

To achieve these outcomes, this Topic Paper recommends that the research and process associated with an updated Economic Development Strategy for the City consider the following suggested strategies (the complete Topic Paper provides additional important detail for each of these strategies):

1. **Determine what differentiates Beaverton in a regional economic development market, and work with partners in the region for appropriate target industry attraction and retention**

- A. Continue to work closely with partners across the region to implement strategies that bring more traded sector jobs to the

region, and assure that Beaverton is positioned to capture job growth

- B. Coordinate buildable lands with target industries and other business needs, and market land availability regionally; Match target industry types to land supply and zoning alternatives
- C. Protect and increase capacity of existing supply of employment land; assure that it is appropriately served by infrastructure and utilities to support jobs growth
- D. Develop an active business attraction component to a larger economic development strategy

2. Support and strengthen the local business base

- A. Collaborate with internal partners to assist in delivering City services to businesses effectively and efficiently. A coordinated multi-departmental economic development team can provide a wider range of services to businesses and the community.
- B. Solidify and continue to actively market a package of tools (incentives, resources for entrepreneurs, marketing materials, funding for workforce readiness) to help businesses grow, improve relations, and provide better customer service. Develop a formalized and coordinated on-going business outreach and visitation program to facilitate marketing activities.
- C. Continue to support new business viability through our existing City-supported business incubator (OTBC) and connections to venture and angel capital to better support innovation and entrepreneurship for small and emerging businesses. Expand relationships with existing small business capital lenders.
- D. Continue to support initiatives that emphasize business retention and expansion for jobs growth, and target recruitment efforts to businesses that match the City's land capacity profile. For example, use the Economic Gardening Program to support retention and expansion.
- E. Collaborate closely with ongoing planning activities to assure that business needs for transportation alternatives, reduced congestion, and physical space requirements are met.

3. Later-term strategies, or strategies that require more research and consideration

Like all cities, Beaverton has limited economic development resources, necessitating prioritization of activities. The Task Force considered the following activities for inclusion in an updated Economic Development Strategy, but they fit less neatly into the approach described above and in the remainder of this Topic Paper.

- A. Create micro-financing models that seek to provide capital and operating assistance for selected targeted industry businesses.
The City should better understand initiation and on-going monitoring costs before pursuing, and should also determine how this fits into a larger approach for target industries.
- B. Leverage the Beaverton Central Plant to support Central District redevelopment.
While it may make sense for Central District development to make this investment, its return for jobs creation is less certain and requires an area master plan before significant economic development resources are committed. It is not clear that this is sufficiently connected to the core economic development strategies outlined in this Topic Paper to warrant inclusion.
- C. Increase connections between businesses and community colleges / medical institutions / universities to provide opportunities for workforce development
This is an important strategy, but the City should focus first on its connections with the business community, to assure that the community's workforce development needs are understood. This is a later-term strategy.
- D. Engage target sector businesses in the creation of customized workforce development programs.
The City should consider this strategy in conjunction with its partners, and have a more fully-developed jobs growth and workforce development strategy to market to target sectors.
- E. Actively pursue and support Beaverton's target industries.
This is captured above, but in a partnership approach. Partnering regionally for target industry attraction with a strong case for the role that Beaverton should play in a regional jobs growth strategy would allow the City to position its limited resources to the greatest effect. Targets must match land, zoning, and transportation capacity whether in a partnership approach or Beaverton-led.

- F. Develop an active business attraction component.
Similarly, this is captured above, but in a partnership approach.

2 INTRODUCTION

The City of Beaverton is developing a Civic Plan. The Plan will (1) synthesize recent economic and community development research that has been completed for the City and (2) articulate an action-oriented guide for implementation of the City's vision and goals. The Beaverton Civic Plan will be a roadmap for City investments in improvements to infrastructure, urban amenities, cultural assets, and a business-friendly environment.

As part of the Strategic Civic Plan, the City established six task forces to provide guidance and recommend actions on specific topics. The task forces are:

- Central District Development and Revitalization
- Economic Development
- Housing and Neighborhoods
- Land Use and Transportation
- Natural Systems
- Public Safety, Services, and Governance

The overview and recommendations of each task force are presented in topic papers that summarize the work of the Task Force, highlight potential investments, discuss the benefits and trade-offs associated with potential investments, and suggest a series of next steps the City could take with respect to the issues the Task Force has investigated.

This Economic Development Task Force Topic Paper recommends an approach to economic development for the City of Beaverton. It is not, however, intended to propose a comprehensive Economic Development Strategy. The most recent Economic Development Strategy for Beaverton was crafted in 2000. Since then, regional and national trends of shifting employment sectors, record unemployment, and fundamental instability in the financial markets warrant a new strategy. This Topic Paper provides a foundation for that strategy.

The Economic Development Task Force believes that a strong, viable economic development strategy should include research on and concrete proposals that address four fundamental questions:

- What can Beaverton do to support its existing business base?

- What are the key competitive advantages that distinguish Beaverton in the regional market that make it an attractive location for new development on vacant or under-used employment lands?
- How should Beaverton work with its local and regional partners to attract and retain jobs in target industries that result from regional job growth?
- How can the City's job growth strategy be carried out on the City's limited employment lands?

This Topic Paper consolidates information from a variety of sources to provide a basis for discussion of these questions, analyze the benefits and the trade-offs associated with various approaches, and inform conversations about economic development in the City. It also highlights actions that the City can take to strengthen its economy in the short and long term.

The paper does not include much new research, but draws together economic development-related research that has been conducted after the City's adoption of the 2000 Economic Development Strategy.

3 CONTEXT AND CURRENT CONDITIONS

Vision statement from Beaverton's 2000 Economic Development Strategy:

"Beaverton is a vibrant city that is a great place to run a business and raise a family. It is a community that will foster an array of economic opportunities for the workforce of today and tomorrow. Beaverton will provide the infrastructure and leadership needed to compete in our current knowledge-based economy."

The City of Beaverton has many people- and place-based advantages that work together to support job growth: a strong base of small businesses, lower unemployment, relatively low vacancy rates, proximity to other major employment centers, and excellent transit access. Nonetheless, the City has not seen the kind of robust job growth that it would hope especially in higher-wage sectors⁵, and wants to attract and retain new jobs while supporting the growth of its existing employment. The jobs growth situation is complicated by the fact that the United States is

experiencing the effects of a recession that has impacted all sectors of the national economy. The recession has forced public jurisdictions at all levels to reevaluate how they allocate budget to departments and programs. State

⁵ The June 2010 EOA notes that average wages in Beaverton are lower than the metro average, and that the highest paid sectors have not experienced substantial job growth. Income growth since 2000 has slowed substantially, from a 4.7% annual increase between 1960 and 2000, to 2.9% since 2000.

funding for economic development is likely to be modest in the post 2010 period, until a \$3 billion revenue deficit is corrected.

However, even before the recession began, Beaverton was already asking pertinent questions about investment priorities and mechanisms. What are our assets? How can we make this the best place to live and work? What tools does the City already have to bring about positive changes in the local economy and community and what tools still need to be built? Recent studies have considered employment land supply, potential target industries, and the redevelopment potential of the Central District. This section summarizes some of this research and highlights the economic trends that grounded the conversation of the Task Force and are important to the recommendations in this Topic Paper.

3.1 OVERVIEW: BEAVERTON'S ECONOMY IN A REGIONAL CONTEXT⁶

Economic Snap Shot:

How does Beaverton compare to the region?

Small businesses are a cornerstone: 88% of businesses in Beaverton have fewer than 20 employees

19% of the workforce is employed in manufacturing, higher than in other parts of the region

Educated workforce: 41% of workers 25 years + have a BA or higher

Strong retail sales; Beaverton draws shoppers from nearby cities and unincorporated areas

Low office rents relative to other parts of the region

Relatively little industrial land with high vacancy;

Strength in the flex space market may correlate to strong small businesses in Beaverton⁷

At approximately 90,000 residents⁸ in the City limits, Beaverton is the second largest city in Washington County and the sixth largest city in the State of Oregon.

Beaverton's economy is currently based on small businesses; 87.6% of business establishments in Beaverton have fewer than 20 employees and nearly 95% of businesses have less than 50 employees. This is a similar base of small businesses to the other metropolitan suburbs of Hillsboro and Gresham, as well as to similarly-sized Bend, Oregon.⁹ Most future net new job growth will originate from the growth of these firms.

Manufacturing is a significant cornerstone of the City's economy, employing significantly more workers in Beaverton than in comparable cities: 19% in Beaverton to Hillsboro's 12%, Gresham's 8.6%, and Bend's 6.6%. In Beaverton, the specific industries of rubber and plastics processing and machinery and equipment manufacturing alone employ 14.9% of the workforce.¹⁰

The City workforce is very well-educated: Over 40% of workers 25 years and older have a bachelor's degree or higher.

This is significantly higher than the state average (28%), and even somewhat better than neighboring Hillsboro (33.3%)¹¹. This is not only attractive to employers but is an asset for the City and its residents. Education is a primary factor in determining overall income.

⁶ This section (especially the summaries of real estate markets) draws heavily from a June 2010 Economic Opportunities Analysis, completed by E.D. Hovee. Unless a source is otherwise noted, the EOA is the source. The population totals will change when the results of the 2010 Census are reported.

⁷ June 2010, City of Beaverton Economic Opportunities Analysis, E.D. Hovee and Company. Note that the analysis was completed based on Beaverton addresses rather than Beaverton City limits.

⁸ US Census, July 2009 Population Estimate (93, 436); Portland State University Population Research Center March 2010 Population Estimate for July 1 2009 (86,860)

⁹ Oregon Prospector, 2010

¹⁰ Oregon Prospector, 2010

¹¹ Chamber Presentation *Beaverton Business and Economy Vision, 2010*. Also: U.S. Census Bureau, American Community Survey, 2006-2008 3-year estimates

With a reported 8.0% unemployment in November 2010, Beaverton is on faring somewhat better than Hillsboro (8.3%) and Washington County (8.2%).¹² Up to the point of the beginning of the recession, Beaverton experienced robust job growth rates that outpaced most other cities in the region. The rapid job growth is one sign that Beaverton is an attractive place for new businesses.

Retail market

Beaverton holds 6% of built retail space in the Portland Metro Area (Washington, Multnomah, Clackamas, and Clark Counties), which is slightly higher than their share of area-wide population (4%). The retail vacancy rate is just over 6%, which is similar to the Metro Area average and lower than the vacancy rate for all other types of employment land in Beaverton. The average retail rental rate was \$20 per square foot annually compared to the area-wide average of \$16.40. Retail is the most expensive type of employment land in Beaverton to rent, whereas in the Portland Metro Area as a whole, office space costs more.

Beaverton retail sales have traditionally outpaced the retail expenditures of Beaverton. In 2009, Beaverton retailers captured about \$1.7 billion in sales despite Beaverton residents spending just \$1.1 billion at these locations. Because Beaverton is already capturing more than its share of retail sales, retail growth is unlikely to occur without increases in population and disposable income in Beaverton and the surrounding area. A significant fraction of retail sales come from the concentration of auto dealerships in the City.¹³

Office market

Beaverton has 8% of built office space in the Portland Metro Area, twice that of Beaverton's share of area-wide population and higher than the Beaverton's share of local retail space. However, about 19% of that space is currently vacant compared to about 11% in the Metro Area. Office rents in Beaverton are about \$18 per square foot annually, about \$2 lower than the Metro Area average.¹⁴

¹² Bureau of Labor Statistics, Feb 2011. As of February of 2011, Nov 2010 is the most recent non-preliminary month for which data were available. For December 2010, preliminary BLS numbers show a further drop in unemployment in Beaverton, to 7.8%, while the County remains at 8.4% and Hillsboro at 8.3%.

¹³ City of Beaverton staff

¹⁴ This data varies by source, and changes on a regular basis. We suggest tracking the average of quarterly NBS and Grubb & Ellis data sets. The data cited here are from the City of Beaverton EOA,

The Beaverton office market does have prospects for future growth: it is priced competitively and has excellent transit and other advantages. The initial challenge will be filling the existing office vacancy and/ or converting some of it to other uses, but in the long term, Beaverton could emerge as a low-cost alternative to Portland for office space.

Industrial market

Beaverton has a small inventory of built industrial space and vacant industrial land, holding just 3% of built industrial space in the Portland Metro Area. It is unusual for a relatively large city and employment center to have a smaller share area-wide industrial space than area-wide population, but, anecdotally, many first tier suburbs developed with a focus on residential development and a comparatively small industrial base. Industrial vacancy rates in Beaverton are extremely high (over 16%) compared to less than half that in the Portland Metro Area. Industrial rents are comparable to those in the Metro Area at just over \$5 per square foot annually. Industrial land is primarily developed with a mix of flex space and more traditional industrial buildings on small parcels in disaggregated ownership. Opportunities for land assembly for larger-scale industrial redevelopment are limited.

The first sign of industrial growth in Beaverton will be absorption of existing built industrial space. Growth beyond existing built space would only occur if Beaverton invested in its existing industrial lands to overcome redevelopment barriers, including assembling smaller parcels for larger-scale industrial redevelopment. Even then, Beaverton will always be constrained in its ability to increase its share of industrial jobs by a relative lack of industrial land. Solving Beaverton's industrial real estate problems is only made more difficult by Beaverton's disadvantages in freight transportation, such as heavy traffic on nearby freeways and local roads and distance from a navigable river or commercial airport.

Additional research and strategy that identifies the best long-term use for Beaverton's industrial lands is needed to help to inform the City's economic development strategy and make the best use of this scarce resource.

Flex market

Beaverton has over one-third of built flex space in the Portland Metro Area carries a Beaverton address, about nine times its share of local

which includes all Beaverton addresses. Businesses may have a Beaverton address but be outside of the City limits, which may skew numbers.

population. Additionally, flex space vacancy rates and flex space rents in are both lower in Beaverton than in Metro Area.

Beaverton's strong market for flex space may be correlated with its relatively strong base of small businesses. Flex spaces can be excellent for business incubation, and could present an opportunity to support job growth initiatives with low-cost and flexible spaces.

3.2 DIRECTION FROM RECENT STUDIES AND STRATEGIES

The City of Beaverton has undertaken several studies recently that inform conversations about redevelopment of employment lands and economic development. This subsection highlights relevant conclusions and results, providing some thoughts about how the current Civic Plan process can incorporate the findings from these studies. Ultimately, additional research to support an updated Economic Development Strategy is warranted, but these documents provide the foundation.

3.2.1 2010 Target Industry Report

The *Target Industry Report* prepared for the City of Beaverton in May 2010 analyzed historic industry trends, conducted business climate interviews, and identified opportunities in specific industries for the City of Beaverton. The five industries ultimately recommended as targets are:

- Research and development
- Software and information services
- Scientific and medical instruments
- Electrical equipment
- Sporting goods and apparel

Other industries considered but eventually dropped include renewable energy and smart grid, coffee and tea manufacturing, investment advice, and claims adjusting.

Putting the Target Industry Report into a regional perspective will be a critical starting place for implementing any strategies related to recruitment or retention in these industries. Many of Beaverton's partners throughout the region are pursuing target industry or cluster-related strategies, and across the region, there is quite a lot of agreement about which industries are most likely to succeed in the Portland-Metropolitan Area. Appendix 1 provides a summary of the results of recent cluster / target industry studies

in the region, to highlight those similarities. In pursuing target industries, Beaverton has an excellent opportunity to use fewer resources to leverage greater outcomes through partnerships.

Further, in aligning these industries with Beaverton's available land and building supply, the City would probably have a better chance of success with firms in these sectors that are: (1) smaller in size, (2) less oriented to production and more to R&D, design, sales, marketing, etc., and (3) have some interest in beginning to go vertical (multi-story) in buildings that are close to the Central District. Beaverton is better suited for firms with a smaller land footprint desiring ready access to Portland's core area but still favoring a prestige business park or flex space setting than for industries requiring large greenfield sites with extensive campus development¹⁵. While many of the most well-known businesses that fall into these target industries are too large to fit into the City's existing land supply, smaller or newer businesses and support services associated with these target industries are attainable for the City.

3.2.2 2010 Economic Opportunities Analysis

In June 2010, E.D. Hovee & Company completed the *Beaverton Economic Opportunities Analysis* (EOA). The most important remaining results detail Beaverton's economic development potential and its industrial and commercial land need uses. Oregon's statewide planning Goal 9 requires that comprehensive plans for urban areas suitable sizes, types, locations, and service levels for a variety of industrial "provide for at least an adequate supply of sites of and commercial uses consistent with plan policies." The EOA is the first step in a comprehensive plan update that meets this requirement.

The EOA identifies several factors that are currently affecting the City's climate for economic development. These are:

- Beaverton's location as a first tier suburb and high ratio of employment to population
- Transportation accessibility including local highway corridors, and Tri-Met service
- Diverse base of businesses with relatively fast job growth
- Cooperation between the local government and private entities towards promoting economic development

¹⁵ E.D. Hovee and Company; Economic Opportunity Analysis; 2010

These current factors, when combined with future factors (urban renewal, major transportation projects, and implementation of the Civic Plan) resulted in employment growth scenarios for the 2010-2030 period. Depending on the scenario used, potential employment growth in Beaverton ranges between about 15,000 and 63,000 new jobs over the next 20 years. Midrange scenarios placed growth somewhere between 28,000 and 45,000 jobs. Beaverton's City Council has informally adopted a target of 30,000 new jobs over the next 20 years.¹⁶

Depending on which employment growth scenario is selected, employment land needs over the planning period will vary. The EOA projects industrial and commercial land needs to be between 800 and 1,500 acres over the period. Redeveloping land currently in use will not be sufficient to accommodate projected employment growth in five of the six growth scenarios. The EOA lists several potential solutions to addressing the 20-year land shortage, including:

- Increased density of employment
- Redeveloping existing lower-density employment uses to higher-density uses
- Conversion of residential or open space land to employment uses
- Identifying possible employment outlets in the urban reserve
- Public incentives to encourage redevelopment

3.2.3 2004 Downtown Regional Center Development Strategy

In 2004, the City commissioned the *Downtown Regional Center Development Strategy*. The Strategy not only inventoried many of the City's assets, such as cultural organizations and events and infrastructure, but surveyed community members through an online survey and two focus group sessions that revealed local perceptions about Beaverton's development potential. Redevelopment potential in Beaverton's Central District is a critical economic development consideration. The following table summarizes key assets and barriers to redevelopment in the Beaverton Regional Center as identified by respondents:

¹⁶ On November 2, 2010, Beaverton's City Council heard EOA results and identified that a year 2030 30,000 employment growth scenario is appropriate for planning purposes in the City.

Table 1. Assets and barriers in the Beaverton Regional Center, as shown in the Beaverton Downtown Regional Center Development Strategy

Assets	Barriers
Park/Library/Farmer's Market	Visual Appeal
The Round	Downtown Definition
Transit Availability	Pedestrian Environment
Stable Schools	Canyon/Farmington Congestion
Retail Diversity	Parking Availability
Mature Trees	Auto-Oriented Nature
Free Parking	Lack of Housing Density
Demographics	Property Configuration
Auto Dealerships	North/South Division
Underutilized Property	Street Pattern
Character of Older Buildings	Auto Dealerships
Central Location	

Source: Beaverton Downtown Regional Center Development Strategy, Johnson Gardner, Group Mackenzie, and ECONorthwest

The Strategy included a real estate market analysis using several prototypical development programs within the Beaverton study area, then tested for financial feasibility. Condominium units and ground floor commercial space proved to be the most financially feasible. Structured parking and market rate rental apartments showed poor results in the pro forma analysis. The predominantly unattractive returns were mostly driven by the high cost of providing structured parking. Without a strong solution to this problem, these types of development will probably not occur, particularly as speculative projects. These types of investments would be more likely to occur as joint ventures between the public and private sectors, or with the support of federal funding, and might represent later-term economic development investments.

While the market for development has changed since this study was completed in 2004, the barriers to redevelopment still need to be addressed to unlock the City's economic development potential. Structured parking continues to be expensive yet important to redevelopment potential. The Civic Plan's Central District development component, in combination with the urban renewal area plan, should address these issues.

4 RECOMMENDED OUTCOMES AND STRATEGIES

This section provides recommendations from the Economic Development Task Force regarding what Beaverton can do to build on its competitive advantages for job growth. It begins with a recommendation for an update to an Economic Development Strategy, outlines an approach to that strategy, and then suggests some of the specific actions that City might undertake as part of an updated Strategy.

4.1 ISSUES FOR AN UPDATED ECONOMIC DEVELOPMENT STRATEGY TO ADDRESS

The City of Beaverton's employment land supply is limited, meaning that future additions to the employment base must be accommodated through increasing the density of jobs on existing employment land. The City's EOA supports this assertion: "Due to challenges with providing infrastructure to potential reserve lands and distance from major transportation corridors, Beaverton's economic development focus increasingly will be on redevelopment of existing, underutilized land rather than greenfield development."

Beaverton's employment land supply is characterized by relatively small parcels in fractured ownership, developed with a mix of flex space and more traditionally suburban industrial and commercial buildings. Because of land supply limitations, an updated Economic Development Strategy will only be achievable if it ties business growth goals to the land and building supply, and coordinates investments to support increased density. The City's inventory of 500+ industrially-zoned acres and vacant parcels are in small parcels of less than one acre in size.¹⁷

These land supply constraints are far from a death-knell for the growth of jobs in the City. The spatial needs of employment and commerce have changed over the decades, and the direction of that change favors employment lands in places like Beaverton. Over the last fifty years, industrial enterprises were increasingly segregated into parks, even as the negative externalities that motivated the segregation diminished. Today, the characteristics that remain incompatible with commercial and residential uses are reduced to truck traffic and the inappropriate scale of some industrial buildings. Industrial parks generally are not easily accessed via public transit, do not provide many of the daily needs for employees and businesses, and lead to traffic congestion due to large block configuration. Many employers and employees prefer active street life, safe dense neighborhood, a mix of uses, walkability, and proximity to cafes and other informal meeting spaces.¹⁸

In the competition to attract such jobs, location has become a crucial factor for economic health, and Beaverton has an advantage that its economic strategy must seek to augment. Beaverton's employment lands

¹⁷ City of Beaverton staff estimate

¹⁸ Summarized from *Walking to Work: Bringing Employment Centers Back to Neighborhoods*, Jay Hoekstra, 2010.

are near public transit, retail amenity, and residential lands, creating opportunity for jobs that are more integrated into the urban fabric of the City.

In this context, a successfully updated Economic Development Strategy would:

- **Identify the barriers to redevelopment of the land supply** given the City's job growth goals, and identify investments that are needed in those lands so that increased density is possible. Increasing transportation and utility infrastructure capacity, land assembly, and assistance with redevelopment finance are likely public investment needs. The emphasis on redevelopment suggests an emphasis on development finance and public-private partnership for implementation, as well as coordination with urban renewal, comprehensive planning updates, and capital improvements plans. These are initiatives more commonly considered to fall into a city's planning department, rather than an economic development department. They require long-term thinking about strategic public investments. The City's Community Development Department has great depth and expertise in redevelopment finance and public-private partnership development, and could employ a wide range of tools to assist with creating the physical space in which job growth will occur.¹⁹ Success here is critical to Beaverton's future economic health.
- **Continue to identify the competitive advantages that differentiate Beaverton** in a regional market for employment, to recruit and retain the types of businesses that are likely to be drawn to those advantages and to the available land supply. Some of those competitive advantages include: proximity to jobs in Hillsboro and Portland; quality of life, quality of schools, and mix of residential stock; light rail and transit access; flex space availability; a strong base of small businesses; educated and experienced workforce; and lower rent than regional competition. These are efforts that more commonly fall into a city's economic development department, and are on-going, for both proactive and response-oriented efforts. Develop materials showing how these are of benefit to prospective employers, such as case studies or comparables.

¹⁹ Tools CDD staff have used include New Market Tax Credits, tax increment finance, bonds of many varieties, Low Income Housing Tax Credits, ground leases, and many others.

- **Coordinate ongoing City activities toward an agreed-upon vision** for economic development, and outline the specific steps that each department can take to help the City achieve that vision.

Together, the City’s competitive advantages and limited land supply suggest an Economic Development Strategy that focuses on a functional classification of businesses based on their space needs, and the intersection between those needs and the City’s employment land supply. Businesses that match this profile might have these characteristics:

- Small- to medium-sized (up to 200 employees)
- Recent start-ups, businesses more focused on research and development, or that businesses that support larger-scale employment uses in nearby Hillsboro or Portland
- Require a mix of office and production space (flex space)
- Want access to retail amenity in downtown and to public transit options
- Appreciate the proximity to a mix of residential options and quality schools

Businesses of this size and composition are part of many of the target industries and business clusters that are currently the focus of economic development efforts in Beaverton and across the region. Further, Beaverton already has many initiatives under way that form the basis of this Strategy (economic gardening initiatives, a MainStreet™ initiative and Downtown Business Association, ongoing efforts to recruit and retain businesses, land use planning efforts to plan for the long-term service of employment lands, etc.). These initiatives need to be coordinated toward an overarching vision for the future of businesses and jobs in Beaverton, and a series of targeted investments intended to bring the City closer to achieving that vision. Beaverton needs an Economic Development Strategy that capitalizes on these benefits by coordinating planning and economic development initiatives to attract and retain employment that fits, rather than competing for the remaining large-scale employers that need industrial-park-type development not present in the City’s land supply base.

4.2 OUTCOMES

The Task Force agrees that Beaverton’s competitive advantages make it an excellent location for job growth, and that scarce resources for economic development initiatives suggest the need to carefully target investment to assure the best outcomes. Given that, the Task Force recommends an update to the City’s Economic Development Strategy that reflects the

current economic and real estate realities, and addresses the issues and analysis included in the recent research outlined in this paper to align land capacity with jobs growth activities. The Task Force desires the following outcomes from this Economic Development Strategy:

- Beaverton's business base is thriving, diversifying and growing
- Beaverton continues to market itself strategically as a business friendly city
- Beaverton continues to actively and effectively coordinates with regional partners and existing economic development organizations to better support economic development initiatives and attract jobs
- Beaverton's regulations (particularly the permitting processes) and incentives support desirable new and existing businesses
- Beaverton's supply of land matches its employment growth goals
- Beaverton's amenities and infrastructure attract employers and employees

4.3 OVERVIEW OF APPROACH

Recent research suggests that competing one-to-one with the other cities in the Metro region to recruit large new employers will be very difficult for Beaverton in absence of additions to the employment land supply or a sustained land assembly program. However, the City does offer many advantages to prospective businesses, and robust job growth is possible. Beaverton could capture complimentary market segments of target industries in a way that would further its economic development and redevelopment goals. The City has strong competitive and comparative advantages for support services, residents, and spin-off industries associated with adjacent large employers, the target industries suggested in the recent Target Industries Report, and other clusters identified regionally. Further, the City has a very strong base of small businesses, and a supply of built space and vacant land that can accommodate those small businesses as they grow to medium-sized businesses.

The competitive advantages of Beaverton's economic profile suggest a two-pronged approach: (1) continue to work with partners for target industry attraction and retention; and (2) continue to focus majority of efforts on building local business base through retention and expansion.

A partnership strategy reduces the need to compete with adjacent jurisdictions for business growth, and can reduce some of the large upfront costs that are typically associated with a target industry approach. These costs could include land assembly and infrastructure provision to improve sites to support and attract specific large employers (especially high in Beaverton where such sites are scarce), marketing efforts, provision of competitive incentives, and staff and elected official time. This strategy can lead to a more balanced economic development approach that operates more like an investment portfolio.²⁰ Cities with a high dependence on major traded sector companies may experience greater vulnerability to an economic downturn. Partnering also assures that Beaverton will be positioned to capture the share of regional job growth that is most appropriate to the City's goals and land capacity, and provides an opportunity to strengthen connections with partners in the region.

The first step in this approach would be better understanding the role that Beaverton – with its package of amenities, built infrastructure, employment land, demographics, and economic development tools – can play within a regional jobs growth strategy.

The trade-off for reduced costs in attraction efforts is reduced control: over the connections to potential employers, and over the marketing and other strategies that are employed. This trade-off would have to be explored to assure that there is sufficient alignment in vision and approach to support strong regional partnerships.

Reduced costs associated with attracting and retaining traded sector or target industry jobs free up resources to focus on the small businesses that are the foundation of Beaverton's economy today. Beaverton already has a lot of the tools in place: an established economic gardening approach, connections to local businesses, and low-cost and available space for small businesses to incubate and grow. An updated economic development strategy could sharpen these existing tools and add others to assure that small businesses and entrepreneurs have sufficient support and resources to grow and thrive. This approach requires that the City's package of tools and internal organizational structure is continually aligned with start-up and business growth needs.

²⁰ A comparison of Beaverton to other First Tier suburbs conducted as part of the City's recent Economic Opportunity Analysis cited Carmel, Indiana as an example of this. While Carmel has established itself as a major employment center, substantial dependence on large traded sector employers has made the City more vulnerable to the effects of recession.

One trade-off for this approach is visibility; the approach proposed here does not lend itself to press releases or large short-term gains for the local government because it requires concentrated effort over time to see success. It requires a commitment from staff and from City Council as well as from civic leaders, but the long-term payoff, especially given the economic and real estate profile in the City of Beaverton, could be much higher than the alternative.

The remainder of this Topic Paper catalogues the strategies that Task Force members identified to further economic development efforts in the City. The Task Force, in collaboration with ECONorthwest, developed and prioritized these strategies in brainstorming sessions in several meetings conducted as part of the Civic Plan process. Collectively, they implement the outcomes described above. These strategies should be viewed as a starting point for future strategy development that can be fleshed out in more detail and with more research to provide a comprehensive economic development strategy.

4.4 REGIONAL PARTNERSHIPS FOR TARGET INDUSTRY STRATEGY

Strategy: Continue to work closely with partners across the region to implement strategies that bring more traded sector jobs to the region, and to assure that Beaverton is positioned to capture related job growth

Appendix 1 shows that many cities and counties in the Portland metropolitan region are focused on attracting and retaining similar target industries or clusters of industries. Several regional efforts are underway to market to employers that benefit the entire region, and that require the growth of support industries (marketing, supply chain, etc). While Beaverton's available land supply might not support large employers that require very large vacant parcels, it has many advantages for support industry location: lower rents for flex and industrial space, available smaller parcels of industrial land, housing for workers, and proximity and access to locations both east and west. The City should determine what differentiates Beaverton in this regional economic development market, and work with partners to attract target industry segments that are appropriate to the Beaverton's land supply and business climate.

An example of a specific means of collaboration is to work with Regional Partners and the private sector to encourage the Oregon legislature to create a formal State workforce training fund, which would be used to encourage expansion and recruitment of targeted businesses. A second example is in marketing materials: Building from regional materials and in conjunction with partners, determine appropriate messages that

reflect Beaverton's real estate capacity, programs, and goals. Communicate those messages to regional partners as well as to potential target businesses and industries as part of partnership-building activities. Specific activities that support this strategy would need to be fleshed out in a more complete Economic Development Strategy.

Partners include the Regional Partners, the Westside Economic Alliance, Greenlight Greater Portland, the Portland Development Commission, Oregon Entrepreneurs Network, Oregon Technology Business Center, major Westside employers, Oregon Business Development Department, Travel Oregon, Chambers of Commerce, the Port of Portland, economic development departments at utilities (PGE, NW Natural, etc.), and others. Include and cultivate potential industry-specific partners such as the Software Association of Oregon.

Strategy: Coordinate buildable lands with target industries and other business needs, and market land availability regionally; Match target industry types to land supply and zoning alternatives

This strategy would directly connect businesses and employers with the sites that meet their needs, to help to grow jobs, attract new businesses, and make better use of vacant or underdeveloped lands. It could be implemented in conjunction with the strategy described above, to provide opportunities for traded sector growth, support industries, and spin-off industries to locate in Beaverton. The first step in this process will be to understand the role that Beaverton's land supply and amenities play in a regional context, to market land availability appropriately. This will require a detailed study of un- or underdeveloped employment lands, to better understand the barriers to redevelopment and densification of employment lands, and the costs associated with overcoming those barriers.

Strategy: Protect and increase capacity of existing supply of employment land; assure that it is appropriately served by infrastructure and utilities to support jobs growth

The City of Beaverton's Economic Opportunities Analysis has identified a need for additional employment land supply to support more robust job growth; in the region in general, industrial land is in short supply. The City should better understand that role that its employment land plays in a regional market, and implement strategies that set the stage for redevelopment and business expansion needs. Infrastructure needs and zoning codes should be evaluated to assure that increased density can be supported on vacant and under-used employment lands. Adaptive re-use of existing buildings can be some of the first projects to get off the ground in a revitalizing area. If passed by voters, tax increment financing could support these projects, and the Beaverton Urban Redevelopment Agency

could play a critical role in land assembly and facilitation of off-site improvements to support economic development and redevelopment.

Reviewing the process required to achieve reuse will identify the challenges or obstacles faced by developers and property owners when they have an adaptive reuse project. Then, the City can modify codes and regulations as needed to streamline the redevelopment process. This will reduce administrative time and cost associated with adaptive reuse projects. Vertical buildings that house industrial uses can increase the density of jobs on a particular site, if code allows it. Evaluate parking and height requirements to assure that they do not create an impediment to this types of development. These issues and others would be explored in this strategy.

Strategy: Develop an active business attraction component

This strategy will target attraction of appropriate businesses with the potential to create a significant quality and quantity of employment opportunities in sectors identified by the Target Industry Analysis and by regional partners. The business attraction component will be built upon the work done by the Business Retention and Expansion Program (BRE), and assure that the operators of thriving businesses are part of business attraction efforts. It must be implemented in coordination with the strategies above, to coordinate attraction components with land capacity, and to assure that Beaverton's attraction efforts are not at cross-purposes with regional efforts and are appropriate to the City's long-term goals. Expand workforce training incentives in the next budget.

4.5 SUPPORT AND STRENGTHEN THE LOCAL BUSINESS BASE

Strategy: Collaborate with internal partners to assist in delivering City services to businesses effectively and efficiently.

A coordinated multi-departmental economic development team can provide a wider range of services to businesses and the community. The Economic Development Department is a business resource team with existing connections to local businesses that can assist in all aspects of business interaction with the City. The Community Development Department is an asset to assist with the physical development and long-range planning necessary to assure a match between growing businesses and the facilities that they inhabit. Strong internal partnerships are necessary to assure that service delivery is perceived as consistently excellent and effective. The first step in this process could be to evaluate the

effectiveness of current service delivery to businesses through a review of best practices.

Strategy: Solidify and actively market a package of tools (incentives, resources for entrepreneurs, marketing materials, funding for workforce readiness) to improve relations with businesses and provide better customer service. Develop a formalized and coordinated on-going business outreach program to facilitate marketing activities.

The City's Economic Development Department is considering a number of initiatives to assure that business remain connected to resources that are appropriate to their needs. This includes using limited funding from the current budget for workforce training, which will eventually leverage additional funds through regional workforce agency and potential Federal grants. It also includes methods to improve communication between the business community and the City. The City should work with representatives of the business community to better understand their needs and which channels are best from their perspective. Develop a portal for the business community to engage with the City services with "Team Beaverton." Continue to meet with members of the business community to build relationships and create pro-active opportunities to address their issues and challenges. Continued business visitations by staff, policymakers, and community leaders, in a coordinated and formalized process, is essential in conveying the message to existing business that they are important to the economic health of the community. It will also assist in identifying business growth opportunities as well as businesses that need assistance or are considering relocation to another community.

Strategy: Create new business viability through a business incubator and connections to venture and angel capital to better support innovation and entrepreneurship for small and emerging businesses. Expand relationships with existing small business capital lenders.

Encouragement and support of viable new business start-ups is important to the creation of a healthy business climate within the community. It is especially important in Beaverton, where an abundant supply of appropriate space for start-ups combines with an educated population, proximity to major private-sector innovators and jobs centers, and an already strong base of small businesses. As a business amenity, incubators provide new businesses with the safety to test the market and grow to be employers committed to the community, and include support services, technical and operational education, and small-scale leasable commercial / industrial space. Improving access to angel and venture capital is critical in supporting entrepreneurial ventures that provide the City with its next generation of businesses and jobs. The City could continue to partner with Beaverton's existing incubator, the Open

Technology Business Center, SCORE, PCC / SBDC, the Oregon Entrepreneurs Network, and Oregon Manufacturing Extension Program for implementation. The City should also continue to attend events where lenders, angels, and venture capital are in attendance; it should also continue to develop additional relationships with lenders that specialize in emerging businesses.

Strategy: Support initiatives that emphasize business retention and expansion for jobs growth. Continue to effectively use the Economic Gardening Program to support business development

The strategy above seeks to encourage innovation and new start-ups. This strategy focuses on businesses that are already in place but need assistance with expansion or business development. With local and regional partners, identify second stage businesses with the potential to expand and create employment opportunities by providing business and market intelligence to enable local businesses to operate more efficiently, become more competitive, and achieve greater revenue. Home-grown, small, and local businesses are the foundation of Beaverton's economy. The businesses are more likely to stay in the community even as they grow and participate in community development and business mentorship relationships. Small business development is a way of fostering economic benefits that stay within the community and encouraging entrepreneurship will create local, lasting jobs. Consider offering customized incentive packages to businesses that meet jobs growth goals. This strategy will target existing businesses that are traded sector, as well as businesses that provide the amenities that encourage new investment in a community.

Strategy: Collaborate closely with ongoing planning activities to assure that business needs for transportation alternatives and reduced congestion, and physical space requirements are met.

An efficient transportation system is necessary to bring workers to their jobs and goods to their markets. The City is continuing to consider alternatives to addressing traffic congestion and mode split. Economic development arguments that support solutions should be made: it will reduce costs for businesses and employees and is often considered an urban amenity that attracts new residents and employers.

4.6 OTHER STRATEGIES

Beaverton has limited economic development resources, necessitating prioritization of activities. The strategies that follow are ideas that are important for the City to consider further as it works toward an updated Economic Development Strategy, but that need further consideration or

research before the City can determine its effectiveness, or that should be implemented in the later-term.

Strategy: Create a micro-financing model that seeks to provide capital and operating assistance for selected targeted industry businesses

Expand an existing micro loan program (currently operated with Community Development Block Group funds in the Community Development Department) in conjunction with one or more financial organizations that have headquarters in Oregon, and branches located in or near Beaverton, to support start-ups with low-cost capital. While these programs have proven very effective for some jurisdictions, initiation and on-going monitoring costs for the City would be important to better understand before implementing this strategy.

Strategy: Leverage the Beaverton Central Plant to support Central District redevelopment

The City has a valuable asset in the Central Plant that can provide a sustainable source of heating and cooling to new buildings in its vicinity, writing down the cost of construction and catalyzing redevelopment. Such an investment could be coupled with an EcoDistrict label for the area that would increase the marketing potential for new businesses and create incentive for private investment. However, capital costs for increasing its capacity could be very high, and return on that investment is, at this time, uncertain. The ongoing urban renewal area planning process as well as the larger Civic Plan will continue to explore this alternative to better understand the costs and returns associated with its expansion. While it may make sense from a Central District development perspective to make this investment, its return for jobs creation is less certain and deserves more study before significant economic development resources are committed. This could be a very critical strategy, but more research is needed.

Strategy: Increase connections between businesses and community colleges / medical institutions / universities to provide opportunities for workforce development.

This would provide students with direct connections to future employers as well as give employers the opportunity to influence workforce development. It could also provide enhanced opportunities for product development, commercialization of research, and technical assistance. This could be accomplished in part with quarterly meetings if the community colleges, PSU, and medical institutions were invited as business leaders to the quarterly meetings. Assist educational institutions to develop specialized training programs for existing businesses and core target industries. This could fill the gaps in employer's workforce needs

and allow for a continuous new base for employment. Explore increasing interactions with PSU, perhaps to include branch campuses. Additional research and outreach is needed before implementing this action, making it a later-term consideration. The City should work to increase its own connections with the business community and educational and medical institutions, and better understand its jobs growth strategy, so that it may leverage these relationships in the most effective way possible.

Strategy: Engage target sector businesses in the creation of customized workforce development programs

Businesses within particular industries are best qualified to prioritize occupations necessary for continued growth of the industry and identify the unique training needed to prepare workers for those positions. Facilitation of conversations between business and training providers will ensure the skill sets developed meet business needs. More study and outreach are needed to support this strategy, so that the City can more effectively leverage relationships to meet its goals. The City is currently working toward this strategy in conjunction with its partners.

Strategy: Actively pursue and support Beaverton's target industries

The City of Beaverton has identified several target industries. The City can provide financial incentives directly to businesses within those target industries to help them grow or to attract new employers to locate within the City. Reducing or deferring fees, and providing a direct financial incentive could help to attract businesses within “target industries” to Beaverton. The City should carefully consider the trade-offs of providing large incentives to the target industries identified, and the likelihood of success in the context of Beaverton’s land supply. Continuing to partner regionally for target industry attraction with a strong case for the role that Beaverton should play in a regional jobs growth strategy would allow the City to position its limited resources to the greatest effect.

APPENDIX 1: PORTLAND AREA CLUSTER OR TARGET INDUSTRY STUDY

	Portland Area Cluster or Target Industry Studies	Portland Competiveness: An Analysis of Comparative and Absolute Advantage	CEDS and the Regional Business Plan for the Portland-Vancouver Metropolitan Region ²	Economic Development Target Industry Plan: Fiscal Year 2006/2007	Greater Portland MSA Industry Cluster and Workforce Analysis	City of Portland Economic Development Strategy	Clackamas County Cluster Analysis	Beaverton Target Industries Report
	Author	ECONorthwest	ECONorthwest with Impresa	PDC	Greenlight Greater Portland	City of Portland / PDC	ECONorthwest	Chabin Consulting
	Year	March 2004	June 2005	FY 2006/2007	March 2008	February 2009	February 2009	May 2010
Identified Clusters	• Activewear/Outdoor Gear		X	X	X	X		X
	• Metals and Transportation Equipment Manufacturing	X	X	X	X		XX ⁴	
	• Food Processing		X	X	X			
	• Advanced Manufacturing					X		X
	• Machinery Manufacturing		X ⁴		X ³		X	x
	• Wood Product Manufacturing						X	
	• High Tech		X	X				
	• Biosciences			X	X			
	• Computer Hardware and Electronics				X			X
	• Creative Services	X	X	X	X			
	• Professional/Business Services	X	X	X	X		X	
	• Computer Software and IT Services				X	X (software only)		X
	• Financial Services	X			X		X	X
	• Educational Services	X						
	• Health and Human Services	X						
	• Food Services and Accomodation		X					
	• Speciality Retailers	X						
• Sustainable/Alternative Energy Industries and Clean Tech			X	X	X	X		
• Forest Products			X					
• Nursery Products			X			X		
• Environmental Services and Recycling				X	X			
• Distribution and Logistics/Transportation			X	X	X		XX ⁵	
• Wholesale Trade							X	
• Tourism	X							
• Government	X							
Methodology	Geography	Multnomah County vs. Portland-Vancouver PMSA (Clark, Clackamas, Columbia, Washington, and Yamhill Counties)	Portland-Vancouver PMSA region vs. the nation	Portland Region (Mult., Clack., and Wash. Counties) vs. west coast states (Oregon, California, and Washington)	Greater Portland-Vancouver region vs. the nation	Portland area (including Beaverton and Tigard) vs. the nation	Clackamas County vs. the Portland area nine county CMSA and the nation	City of Beaverton
	Data Used	NAICS based employment	NAICS based QCEW	NAICS based employment	NAICS based employment, various	NAICS based employment, IMPLAN, PDX BOP employment	IMPLAN, NAICS based QCEW	NAICS based employment, interviews
	Variables Measured	LQs, industry shift-share (comparison of industry growth rates between the two geographies)	Venture capital, infrastructure, cost of doing business, demographic trends, and quality of life and environment	LQs, employment concentration and trends, shift-share (comparison of industry growth rates between the two geographies)	LQs, wage and employment growth, venture capital investment, workforce and human capital analysis	LQs, industry growth rates, data specific to sustainable and green industries	LQs (based on employment and value added), industry value added, and measures of exports	

Source: ECONorthwest

Notes: (1) Recent studies are defined as those completed or started in the past five years. (2) CEDS is the Comprehensive Economic Development Strategy. This strategy was later used to inform the Regional Business Plan, created by the Regional Partners. (3) Both the CEDS 2005 and the Greater Portland MSA Cluster Analysis combined Metals, Machinery, and Transportation Manufacturing under the same cluster. (4) ECO identified two