

Metropolitan Economic Policy Task Force (MEPTF)

Meeting Summary

January 14, 2003

Portland State University

Smith Memorial Student Union, Cascade Room 234/6

Chair Rob Drake convened the meeting at 6.30 pm.

The following MEPTF members attended: Bill Barron, David Bragdon, Jesus "Jess" Carreon, John Castles, Steve Clark, Rob Drake, Erik Hovee, Ron Johnson, Michael Jordan, Vera Katz, Kathy Long Holland, Maria Rojo de Steffey, Carl Talton, Jose Tornero, Diane Vines, Rick Willams, William Wyatt.

Not attending: Kim Kimbrough, Don Mazziotti, Judie Stanton, Bob Terry.

Introductions

Chairman Drake welcomed task force members and the audience to the third meeting of the Metropolitan Economic Policy Task Force. Following short introductions, Ethan Seltzer, Director of the Institute of Portland Metropolitan Studies, mentioned that Bill Barron, Clark County Administrator, replaces Judy Stanton, Clark County Commissioner, who has scheduling conflicts with MEPTF meetings. Seltzer briefly reviewed the last meeting. He then introduced the three presenters. Pat Egan from the Governor's Office could not attend and will present at the next meeting.

Presentations

Duncan Wyse, President, Oregon Business Council

During the last 12 months Wyse was leading the efforts to develop the Oregon Business Plan (www.oregonbusinessplan.org), which is a statewide initiative of Oregon business leaders to shape a vision for what the economy could look like in the next 10 years. Wyse talked about the process to develop the plan. OBC conducted focus groups and regional meetings to gain an understanding of the State's regional economies and the challenges they face. The Plan adopted the vision of the Oregon Progress Board, which focuses on quality jobs for all Oregonians. The research and data collection focused on traded sector industries and key competitive issues. Wyse reported that one of the key themes is that Oregon businesses are affected by the globalization economy and that fierce competition with China and other low cost places puts pressure on companies to compete based on differentiation rather than low costs. Wyse was surprised to see many competitive companies in all kinds of sectors such as wood products, high tech, apparel, and agriculture. He stated that the important question now is how to sustain and build upon these competitive advantages. The region needs to focus on a strategic framework that includes the following four areas: Pioneering innovation, Productivity, People, and Place. These four areas need to be addressed in a holistic and visionary way. He stated that the Portland metropolitan region would do well to adopt this framework.

Taskforce members then had the opportunity to ask questions. Eric Hovee asked for clarification about the renewed focus on economic development efforts on the Portland region. Duncan explained that in the past, state legislators re-focused the State's economic development efforts on rural areas and distressed communities. By doing that, he argued, they neglected the Portland metropolitan region. The Oregon Business Council recommends that economic development efforts should focus their mission on Portland and on industry clusters for the whole State.

Ethan Seltzer asked Wyse to outline OBC's next steps. Wyse reported that his efforts resulted in 12 initiatives that are going to be pursued immediately. Team leaders of these initiatives will talk to Governor Kulongoski. Progress will be reviewed in May.

Chairman Drake asked whether rural areas would be at a disadvantage once economic development efforts are redirected towards the metro region and whether a trickle down effect will be enough to help rural Oregon.

Wyse commented that rural health depends on the economic health of the metropolitan region. He also said that all areas in Oregon need broad-based economic development strategies.

Dave Chen, Partner, OVP Venture Partners

Dave Chen presented the New Economy Coalition's (NEC) Emerging Cluster report. The report was developed by NEC to document emerging high technology industry clusters. Chen introduced Taskforce members to the concept of industry clusters. An industry cluster represents a group of interrelated firms that benefit from a common pool of labor, support services, suppliers, and other business services. Such clusters are ecosystems of businesses and are driven by export-oriented firms. Another key element of clusters is their self-organization. Chen argued that Oregon's high technology industry is with a few exceptions a concentration of firms but not a cluster that self-organizes. One exception is Oregon RAINS, an interest group of about 60 companies in the cybersecurity field. This cluster gained momentum through the visit of federal officials and has since then formed alliances for cooperation. Chen used the example of San Diego's telecommunications and biotechnology industry. In San Diego, private sector leaders came together during an economic crisis. For NEC's Emerging Cluster report, the group focused on in-depth data gathering and a review of best practices. Their preliminary analysis showed that the Portland region has unique strengths in all aspects of semiconductor manufacturing and in particular the research and development efforts that are associated with this sector. The area is also strong in display and imaging technology, nanotechnology, and printers among others. NEC's recommendations are to strategically focus on cluster recruitment strategies. He suggested using the cluster information to recruit firms and labor. He also suggested that the public sector should work closely with the private sector on these issues. Chen mentioned the need to gather data on the region's industry clusters and suggested that the Institute of Portland Metropolitan Studies should spearhead such research efforts. He further said that universities could leverage industry clusters by focusing their efforts on the region's technological strengths. Chen mentioned that the community ought to recognize that the region has particular industrial strengths and that the leaders should lobby for investments in these.

David Bragdon asked about the life cycle of industry clusters and their regeneration. Chen stated that the State could build on existing industry strengths in urban and rural areas. He gave the example of Australian grain growers who found their niche by applying science and technology. This could be an example for rural resource-based industries. Bill Wyatt commented that Oregon's agricultural industry has been most successful in areas with least government involvement and with the most contact to markets (i.e. wine, peas, lentils, specialty wheat, and nursery products).

Eric Hovee asked how vulnerable Portland's semiconductor industry is to the drive towards lower cost locations and how the industry could be kept competitive. Chen said that the industry is becoming less labor-intensive and more driven by intellectual property which makes it less likely to leave the United States.

Bill Wyatt asked what economic developers could do to induce knowledge-based industries? Chen said that recruitment efforts should communicate cluster information to interested businesses and employees.

John Castles asked about NEC's leadership development efforts. Chen told the Taskforce that NEC is not trying to create another formalized organization or program but that they are thinking about efforts to attract and retain senior management talent.

Diane Vines, Vice Chancellor of Corporate & Public Affairs, Oregon University System

Diane Vines reported on the Oregon Council for Knowledge and Economic Development (OCKED). The Council was created in the last legislative session and consists of public and private sector representatives. The Council focuses on three areas: Research and technology transfer, capital and business formation, and knowledge-based workforce development. Vines presented information on the efforts in each area. She also summarized the group's recommendations which include the establishment of Signature Research Centers, an extension of the Council to 2008, amendments of the missions and functions of OHSU and OECD, exempting OUS from legal review, funding the Higher Education Technology Transfer Fund and other transfer efforts in

rural Oregon and traditional industries, working with the Governor to eliminate the capital gains tax, creating incentive packages for venture capitalists and researchers, and developing a workforce and R&D database.

Ethan Seltzer asked about the relevance of the OCKED findings for the metropolitan region. Vines stated that one requirement for the Signature Research Centers is line of sight to industry. Existing industry clusters in the region such as medical devices could benefit from these Centers.

Eric Hovee asked whether there can be anything done about retaining commercialization of OHSU research in Oregon. Vines reported that OHSU is now able to own equity in commercialization efforts and that the states venture capital fund, ORTDA, could help fund new businesses. John Castles added that ORTDA and the Oregon Growth Account have been reconfigured to provide funds for such commercialization efforts.

Chairman Drake asked about the long-term benefits of OCKED's strategies. Vines said that the efforts began four years ago and that new incentives for knowledge-based economic development have already been created. John Castles added that such efforts are long-term and that the state needs to have a long-term perspective. Duncan Wyse agreed and argued for the need to focus on long-term pro-active strategies that focus on high-end industries. Wyse also mentioned that it is important to develop an image of the economy and to spend time with business leaders.

Ethan Seltzer asked Vines about the implications for the region. Vines stated that the R&D and the workforce database are critical. She also said that the Portland region needs to be more imaginative about the bioscience industry.

Jess Carreon stated that the region needs a good and well funded workforce development system. Duncan Wyse mentioned that the existing system is very responsive to industry needs and that this should be maintained. Vera Katz mentioned the lack of resources to train incumbent workers.

Steve Clark stated that economic development efforts need to remain nimble and responsive to changes. He also said that communication with the public is very important. Ron Johnson told the Taskforce that PGE works closely with the high technology industry to understand the needs and be responsive.

Next Steps

At the next meeting the Task Force will hear about statewide efforts in Oregon and Washington.

Next Meeting

All MEPTF meetings will take place on the second Tuesday of each month. The next meeting is scheduled for Tuesday, February 11, 6.30 pm to 9 pm, in Portland State University's Smith Memorial Student Union, Room 229.

Public Comment

Chairman Drake gave the audience the opportunity to make public comment. No public comment was received.

Chairman Drake closed the meeting at 9 pm.