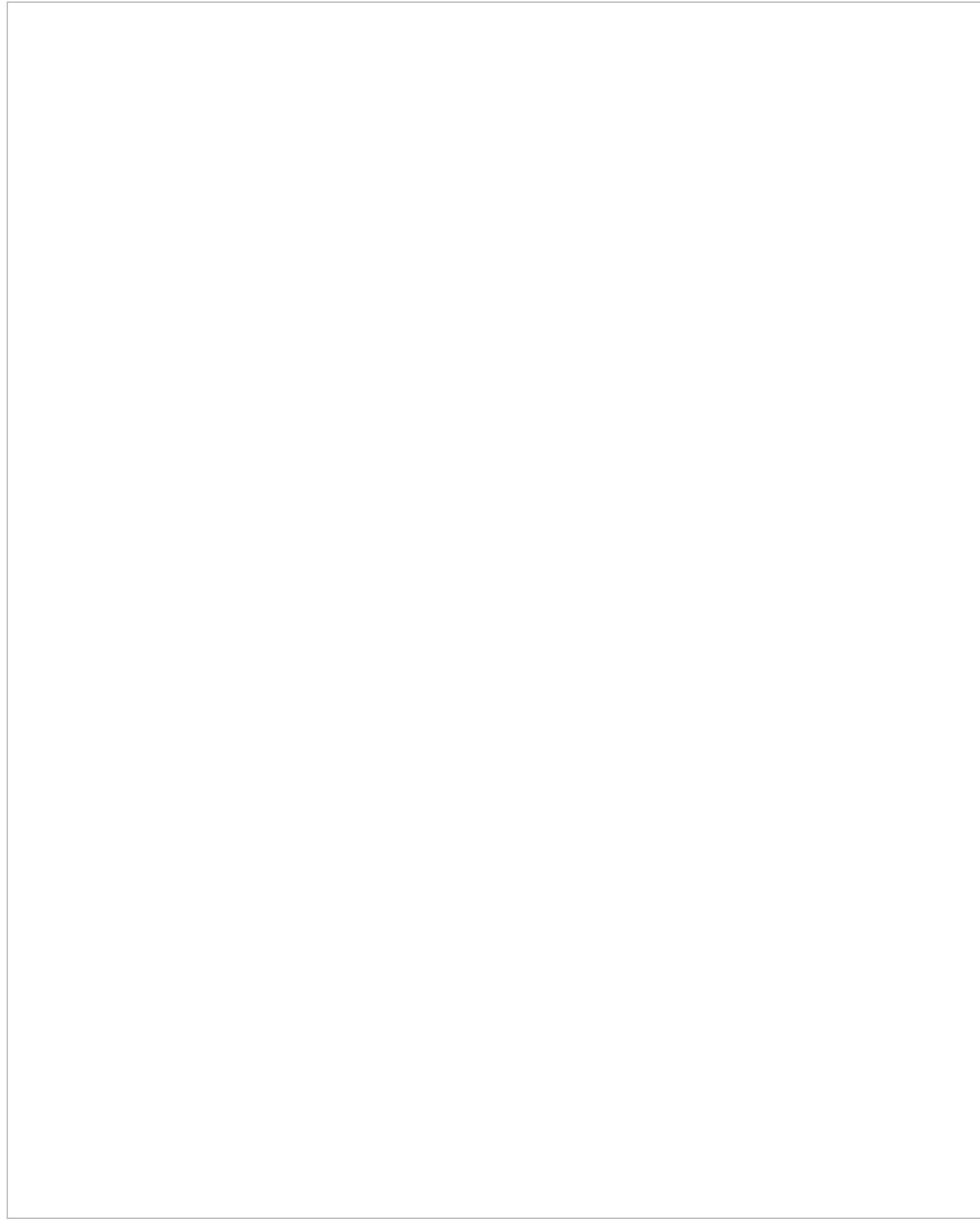


**City of Portland
Small Business Advisory Council**



**Annual Report to City Council
2007-2008**



Mission Statement

The Small Business Advisory Council (SBAC) provides an organized voice communicating directly with the Portland City Council on policies that impact small business. The SBAC reflects the diversity of small business in Portland and demonstrates the vital role small business plays in the economic health of the City and the region.

The goal of the SBAC is to advocate that the City provide a customer-centered business climate as well as review and bring forward regulations, policies and issues that support small business formation, growth and prosperity in the following ways:

- Better access to City services and contracting opportunities
- Access to technical assistance
- Access to capital and financial resources
- Development and communication of programs that support business formation, growth and profitability
- Input on city regulatory, land use and permitting issues to assist businesses with growth and expansion
- Input on financial, revenue and tax issues
- Support for business district associations

Contents

I.	Executive Summary	1
II.	2008 Priority Action Items for Small Businesses	2
III.	Support of Continuing Initiatives	6
IV.		
V.	Appendices	
	a. Small Business Bill of Rights	
	b. Economic Development Position Statement	
	c. SBAC Members	

I. Executive Summary

In the five years since the Small Business Advisory Council's formation in 2003, the number of small businesses in the Portland region has increased from 39,000 to 49,000. It is clear that small business, both nationally and locally, is increasingly becoming the driver of our economy as more and more residents make their living as an entrepreneur, small business owner, or employee in a small business. Thus, the Small Business Advisory Council takes its role very seriously and will continue to ensure small business opinions, ideas, and perspectives are at the table so that small business is not disparately impacted by city policies, regulations, and proposals.

This year the Small Business Advisory Council has taken great strides to ensure that the voice of Portland's small business community is heard. As the policy advisory body for Portland City Council, the SBAC takes its mission very seriously to understand, study, and advise on policies, issues, and regulations that will impact the small business community and the SBAC recognizes the valuable perspective that we have to offer in the policy and solutions development process.

On November 29, 2007 the Small Business Bill of Rights was unanimously adopted by City Council, becoming the first city in Oregon to formalize a relationship with its small business community. The document was the result of months of hard work with City Commissioners, technical advisors, and small business owners throughout the City. The Small Business Bill of Rights was supported by over 200 businesses and local business organizations including the Portland Business Alliance, Alliance of Portland Neighborhood Business Associations, Hispanic Metropolitan Chamber, Central Eastside Industrial Council, East Portland Chamber, and North Portland Business Association. The SBAC is extremely proud to have led this initiative and will continue to promote and educate the public and city bureaus and advocate for city officials to use the Bill of Rights as a decision making framework.

In addition to the Small Business Bill of Rights, we had a busy year serving on taskforces and providing input, feedback, and alternatives for several policy issues. The issues included:
Safe, Sound, and Green Streets proposal ♦ Graffiti Materials Ordinance ♦ Containers in the Right of Way Report and Ordinance ♦ Portland Recycles Commercial Plan ♦ VisionPDX Project ♦ The Portland Plan ♦ Contractor Worker Health Care Expansion Initiative ♦ Parks & Recreation System Development Charges Update ♦ The High Performance Green Building Policy Proposal

This year the Small Business Advocate position will be placed in City Hall under the Mayor's Office. The move will allow the SBAC to be better informed, have better access to the activity at City Hall, and better serve in our role as a policy advisory body. The SBAC looks forward to the transition and continuing to build a strong working relationship with City Commissioners and staff. An important piece to formalizing the relationship with City Hall will be the amendments to the SBAC's ordinance and guidelines. Initially proposed as a partnership agreement between the SBAC and City Hall, the amendments will greater formalize the relationship between the Small Business Advisory Council and City Hall.

As with our previous five years of service, this year will be full of activity with several important items that will shape the SBAC for years to come. In March, the SBAC will elect a new Chair and Vice Chair; the Subject Matter Expert Program continues to grow and provide the City will new and stronger small business voices at the table of policy development; the move of the Advocate and the Partnership Agreement will strength our relationship with City Hall, and small business continues to grow in Portland and provide the backbone for our economy. The SBAC looks forward to taking on these opportunities and challenges and continue working with the City Council in creating a prosperous small business community in Portland.

Appendix C: Small Business Advisory Council Members

SBAC Members

- Jackie Babicky, Babicky Performance Partners*
- Cindy Banzer, Sports Car Market Magazine
- John Bradshaw, Portland Transmission Warehouse
- Cathy Chinn, Excelinet Communications
- Judy Craine, Holman's Restaurant & Lounge, Inc.
- Jill Critchfield, Pacific HR, LLC
- Ethan Dunham, Pulse Business Systems
- Chris Fowler, Christopher Fowler P.C.
- Andrew Frazier, Frazier Hunnicutt Financial
- Jan Frutiger, A-Ball Plumbing Supply, INC.
- Mark Hope, Tire Disposal and Recycling, INC.
- Dwayne Johnson, Globe Three Ventures
- Shelah Johnson, Techchex, Inc.
- Chuck Jones, Chuck Jones & Associates
- Martin Medeiros, Swider Medeiros Haver LLP**
- Steve Rawlinson, Three Star Fix, LLC
- Eva Schweber, CubeSpace
- Jim Smith, SCORE (Service Corps of Retired Executives)
- Ken Turner, Eastport Plaza
- Josiah Whitman, Whitman Partners

*SBAC Chair - **SBAC Vice Chair - Executive Committee Members

Technical Advisory Committee

- Ron Alexander, Bureau of Police
- Jeff Baer, Bureau of Purchases
- Johnell Bell, Multnomah County
- Laila Cully, Oregon Economic & Community Development Department (OECD)
- Harry DeWolf, U.S. Small Business Administration (SBA)
- Earl Diment, Portland Fire & Rescue
- Brendan Finn, Office of Commissioner Saltzman
- Alma Flores, Bureau of Planning
- Christopher Hartye, Office of Neighborhood Involvement (ONI)
- Aaron Johnson, Office of Commissioner Leonard
- Lynn Knox, Bureau of Housing and Community Development (BHCD)
- Mary Leverette, Office of Sustainable Development (OSD)
- Todd Lofgren, Portland Parks & Recreation
- Jeff Sandberg, Portland Water Bureau
- Kimberly Schneider, Office of Commissioner Adams
- Jared Spencer, Office of Mayor Potter
- Jon Turino, Alliance of Portland Neighborhood Business Associations (APNBA)
- Suzanne Vara, Bureau of Development Services (BDS)
- Dan Vizzini, Bureau of Environmental Services (BES)
- Jordan Wheeler, Portland Development Commission (PDC)
- Terri Williams, Revenue Bureau
- Brian Willms, Portland Business Alliance (PBA)
- Chon Wong, Portland Office of Transportation (PDOT)

Appendix B: Economic Development Position Statement

I. The essential elements for quality of life are a job and economic stability.

A former President once said "the best social program is a job." Finding and keeping a well paying job is, for most citizens, essential to enjoying a high quality of life. Neighborhood residents, business owners and property owners must recognize that their concerns are interdependent rather than adversarial. Economic development must be a priority at both the policy and bureau levels. Business associations, neighborhood associations, City Council, City Bureaus, planners and regulators must work in concert to achieve a balance of economic vitality and livability.

II. When City bureaus and other public agencies concerned with development issues are pursuing redevelopment, changes to commercial corridors, or areas of commercial concentration, job retention and creation must be the primary factor. *The anticipated impact on jobs through redevelopment must consider not only the number of jobs, but the wage and benefit quality of the jobs. Gentrification and densification of commercial corridors must not eliminate the availability of affordable commercial space which is vital to a wide spectrum of essential service industries. Existing industrial zones must be protected.*

III. In order to be profitable and to create jobs, business requires a cost climate of certainty and constancy. *Expanding regulations, high system development charges, the Business Income Tax/Business License Fee, retroactive tax increases and ever increasing water and sewer rates are all factors which will lead to a business decision to either leave, not expand, or not locate in the City of Portland or Multnomah County.*

IV. A sound transportation infrastructure is vital for a healthy business environment. *Portland's position as a global import/export facility is dependent upon the ability of goods and services to flow freely into and within the region. The City must be proactive in its endeavors and cooperate with both Multnomah County and Metro to prevent further degradation of our highway, rail and water transportation routes and facilities. The time and difficulty involved in offloading and transporting goods will be the primary factor in consideration of this region as a distribution center.*

V. Small businesses and large businesses are mutually reliant. *Small businesses, in most cases, rely on large businesses to purchase their goods and services. Consumer oriented businesses rely on the quality employment provided by larger businesses for the discretionary dollars which allow people to shop. Large businesses rely on the diverse range of products and services provided by the small employers. The City must recognize this mutual reliance and not adopt policies which appear to be small business friendly to the detriment of large business.*

VI. Availability of capital financing is essential to a healthy business environment. *City policy makers and regulators must recognize that barriers to business not only impact the ability of a business to be profitable, but also affect its ability to obtain financing. Since most business failures are associated with debt burden, the city must recognize that high permit fees and system development charges increase the capital required for a business start. The city must fight to retain economic development dollars in the budget and distribute those dollars in such a way as to provide the broadest assistance possible.*

II. 2008 Priority Action Items for Small Business

The Small Business Advisory Council identified the following proposals, projects, and issues as priority items for the small business community in 2007-2008. These action items are what the SBAC is currently working on this year.

CITY – SBAC PARTNERSHIP AGREEMENT

The Small Business Advisory Council is continuing to work with the Mayor's and Commissioners' offices to enter into a formal partnership between the SBAC and the City to further our mutual interests of community economic vitality through small business growth and development.

The SBAC has been working with City in developing the form of the agreement and have proposed that the agreement will take the form of amendments to the SBAC's ordinance and guidelines. The proposed amendments will further develop the SBAC's recognition as the small business policy advisor to the City with specific provisions that will strengthen the voice of small business and allow for more direct involvement in the development of public policy.

PROCESS EVALUATION

Over the last several years the SBAC has come to understand that we often find ourselves disagreeing with proposals not just because of the content of the proposal but because of the process used to develop the proposal: not enough lead time; not enough input from affected parties and stakeholders when developing the ideas and solutions; not enough due diligence about what is already in place; no inclusion of a cost impact and economic impact; and no sunset provisions with evaluations and outcome measures.

Through an ad hoc working group, the SBAC has developed a process evaluation with specific criteria and principles that constitute an effective and complete policy development process. The SBAC will use the process evaluation for measuring the process used for when a proposal is developed and brought forward. The SBAC hopes that this work will result in better proposals and programs guided by improved policy development processes.

SMALL BUSINESS BILL OF RIGHTS

The Small Business Bill of Rights was unanimously adopted by the City Council on November 29, 2007. The adoption signals a positive change in how the small business community and the Portland City government work together to ensure small businesses have a voice in the decision making process.

To continue the success of the Bill of Rights, the SBAC will:

- Take steps to ensure that large numbers of small businesses know about the Bill of Rights and begin to use it as a framework for requests and comments;
- Use the Bill of Rights as a recruiting tool for the SBAC and to mobilize small business advocates;
- Make sure the Bill of Rights is understood and accepted within Portland City bureaus;
- Reinforce the importance of bureau liaisons in small business advocacy efforts;
- Develop measures and accountabilities;
- Research specific ordinances.

BUSINESS WEB PORTAL ENHANCEMENTS

In 2007 SBAC developed a proposal in its platform for the enhancement of the City's business web portal on www.portlandonline.com. During 2008 the SBAC plans to continue advocating for the adoption of all the phases in the proposal. The SBAC requested that \$660,000 be approved for web portal enhancements over the next three years for the hiring of new personnel to carry out and manage the design and content and to market the improvements to the business community. The SBAC plans to participate on the advisory body that performs research and recommends content for the business web page.

The SBAC appreciates the efforts of the Office of Management Finance in including components of the web portal enhancements proposal in the bureau's budget request packages. The SBAC, specifically through our Communications Committee, will be supplying recommendations for improving the content, form, and design of the business webpage for portlandonline.com

SUBJECT MATTER EXPERT PROGRAM

The SBAC has been successful in raising awareness of the importance of small business to community economic vitality. Because of that success, the SBAC now has many bureaus and city offices asking for a small business representative on their advisory boards, task forces and committees. Additionally, we are identifying numerous opportunities to offer testimony when a proposal goes before City Council. The small business community's voice is being heard!

Thus, the SBAC's Membership Committee has taken the lead in developing and managing a Subject Matter Expert program to recruit, select, and inform up to 50 small business members who want to take a more active role in building a city that vibrates with small business opportunities and success.

A subject matter expert is someone who knows and represents a particular geographic segment or industry ("NE Portland", "Transportation") and will volunteer to add their voice to the solutions development and policy making conversation. The experts will be called upon to offer their expertise in the form of testifying, writing a letter, sitting on a task force, or offering their expertise through meeting participation.

The City of Portland, Oregon Small Business Bill of Rights Adopted by City Council November 29, 2007

Portland small businesses have the right to expect City Council and the City bureaus to:

1. Work with the business community to develop, promote and maintain education, training and informational programs and resources that assist the start-up, operation and/or expansion of business.
2. Establish and maintain easy access to the information and resources necessary to support businesses in their relationships with City government.
3. Support and promote programs that provide access to capital, financing, and city incentives for small business start up, survival and/or expansion.
4. Be held responsible and accountable for prioritizing City spending on Fire, Public Safety, Parks and Infrastructure.
5. Establish and maintain an adequate and efficient system of streets and roadways that supports the efficient movement of freight, the timely delivery of commercial goods and services, and adequate mobility of employees and customers.
6. Encourage budget and expenditure processes that are comprehensible and transparent to lay citizens.
7. Establish and maintain a fair system of taxation and fees that encourages small businesses to start, survive, grow and remain in Portland.
8. Ensure a simple, predictable regulatory environment/permitting process that is both efficient and cost effective. Make available a clear and stable system of documentation for these processes.
9. Actively seek and expand opportunities for small business to provide products and services to the City.
10. Support and promote the SBAC and other organizations that are representative of city small business. Confer with SBAC or the most appropriate small business advisory group and/or business owners prior to making decisions which may affect small business job creation, job retention, or job expansion.

Appendix A: Small Business Bill of Rights

The City of Portland, Oregon Small Business Bill of Rights Preamble

The Small Business Advisory Council was created by the Portland City Council, under city ordinance, and is the city's official advisory group on small business. We, the members of SBAC, strongly believe that a healthy, viable community must offer opportunities for local business to prosper and to attain economic sustainability. We also believe that the City must promote the attitudes, actions and conditions that encourage local business owners to take risk, invest resources, hire employees and undertake enterprises that will create financial return.

Growing, prosperous businesses create jobs for employees that result in increased tax revenues which, in turn, benefit the entire community. Nearly three-quarters of the net new jobs in Portland are created by small business. Our local economy is populated by thousands of small business enterprises, many of which struggle for viability and survival while providing hundreds of thousands of jobs with billions of dollars in payroll.

Principles:

- Economic development is made up of the attitudes, policies, regulatory interpretations and programs that promote business prosperity and that result in job creation, retention and expansion. Economic development is more than real estate development.
- Business and entrepreneurial ventures are resilient and adaptable, but there is a limit to the stresses that they can sustain. Just as the community considers the environmental impact before changing the physical environment, we must consider the potential impact of policy on business viability and job creation.
- Portland's economic environment must encourage business enterprises to start up here, to relocate here, to stay here, to grow and to thrive.
- We must create an economic development environment where government and business can mutually benefit.

Based on these principles, the Small Business Advisory Council has developed the following bill of rights for small business. We hereby request that these rights be the framework by which policies, government actions, regulatory interpretations and the allocation of resources are considered from here forward.

III. Continuing Support of Ongoing Initiatives

BUSINESS DISRUPTION MITIGATION

Last year the SBAC advocated for the development of Disruption Mitigation program that would help assist businesses that are impacted by public projects. Initial work and study has begun on the program and the SBAC plans to serve on the teams and task forces that will develop the criteria and types of business disruption mitigation assistance for public works projects.

Currently the SBAC is looking at what programs are already in place so that we can move forward with a proposal that takes into account all of the best practices that are already under way. We want to recognize what is already being done and what is already working well. We plan to develop a formal program for impact mitigation; one that is always integrated into project costs; even small and medium projects which impact business owners.

SUSTAINABILITY

Because sustainability is so important to future city and state economic prosperity, the SBAC will be working to formalize a relationship between itself and the Sustainable Development Commission so that we can articulate the business perspective on their proposals and they can guide us on the sustainability impact of our programs.

The SBAC will also continue to stay involved in the development of programs and projects, such as the BEST Business Center, which assist businesses in become sustainable or adopt "green" practices.

PDC FUNDING REQUESTS FOR FINANCE PROGRAMS

In the 2007 Action Platform the SBAC supported a gap funding program for the Portland Development Commission. A Near Equity Loan Program was approved for one time funding that supports small businesses city-wide. This year, the SBAC will continue to follow up on the results of that funding and propose that the funding be expanded as a concrete way to help fund growth of small business units with working capital funding outside of Urban Renewal Area programs.

CONTINUED SUPPORT OF SPECIFIC ISSUES/PROGRAMS

Business Income Tax and Business License Fee reforms and budget and regulatory simplification will continually be on the SBAC agenda as they are root causes of the attitude that business holds about the city and the environment for doing business in Portland.

- ✓ Reduction of BIT/BLF – Increase of the Owner's Compensation Deduction to \$250,000.
- ✓ Budget simplification and reform
- ✓ Regulatory Reform
- ✓ Alliance of Portland Neighborhood Business Association funding
- ✓ Continue providing input and policy advice on issues that are brought forward

III. 2007-08 Summary of Activities by Committee

The Small Business Advisory Council again operated this year with 2 standing committees and 2 workgroups in 2007-2008. The committees and workgroups continue to be an integral component of the SBAC's work and policy advisory responsibilities. Many of the proposals, presentations, issues, and initiatives for small business are brought to the committees and workgroups prior to a full Council hearing and the committees and workgroups provide the work session opportunities for the SBAC to develop positions on important issues to be considered by the SBAC

EXECUTIVE COMMITTEE

The SBAC's Executive Committee is comprised of the SBAC Chair, Vice Chair, and the Committee and Workgroup chairs. The Executive Committee meetings were recently moved to the first Wednesdays of the month, a week prior to the full meeting, to better arrange the agenda and consider and forward emerging issues to the full SBAC.

This year the Executive Committee led the development of the 2008 action platform, worked with City Commissioners on the Small Business Bill of Rights and presented the document to Council for adoption, held quarterly meetings with the small business bureau liaisons and city council liaisons, and met bi-annually with City Commissioners.

The Executive Committee also assisted in the development of a succession plan for the organization's leadership and will continue to provide direction and guidance as the SBAC considers and elects a new Chair and Vice Chair this upcoming year.

COMMUNICATIONS COMMITTEE

The Communications Committee focuses on the internal processes of the SBAC and develops and maintains the communication links with other business organizations in the city, region, and state.

Last year the Communications Committee created a Proposal for enhancing the City of Portland's business web portal. The Committee researched and reviewed websites to identify and recommend best practice designs and functions for the website. Working with the Office of Management and Finance, the Committee's proposal was integrated into a budget package request by OMF. The Communications Committee will continue to work with the office to help inform and advise on possible enhancements, serve on the advisory committee, and supply best practices research.

This year the Communications Committee will be developing a new SBAC communications strategy. The SBAC continually strives to find new and improved methods for reaching out to the thousands of small businesses in Portland in order to strengthen the voice of small business for policies, regulations, and issues that will impact the small business environment. A critical piece to the outreach efforts will be the enhancement of the City's business web portal so that small businesses can stay informed and easily obtain information that will help their business succeed.

MEMBERSHIP COMMITTEE

The Membership Committee develops and communicates recruitment strategies and goals, reviews and interviews SBAC applicants, and manages the new Subject Matter Expert program. A continuing goal of the Committee is to recruit and sustain a diverse SBAC membership body that is representative of the

variety of small business in Portland. Additionally, the Membership Committee now works to provide the SBAC with small business owners either through membership or subject matter expert program that can inform and educate the SBAC on important and relevant issues.

The Membership Committee's primary initiative this year was the development and implementation of the Subject Matter Expert program. The Membership Committee now manages the program, recruiting potential experts, reviewing applications, and coordinating training and usage strategies.

Another important project for the Membership Committee this year was the creation of a succession plan for the SBAC's leadership. The Succession Plan, adopted by the SBAC, amended the SBAC's guidelines to prepare for the upcoming change in leadership and prepare for a smooth transition for electing a new Chair and Vice Chair.

REDUCING COST OF DOING BUSINESS WORKGROUP

The Cost of Doing Business Workgroup focuses on raising the awareness of the impact of proposed policies and regulations on the cost of doing business in Portland. The Workgroup provides input and feedback and helps develop the SBAC's position on a variety of proposals and projects that will impact the cost environment for small business in Portland. The workgroup's ongoing activities include advocating for continued reforms to the business license fee, regulatory environment, and permitting process. This year the Workgroup studied several proposals including the Safe, Sound, and Green street project, Containers in the Right-of-Way, Graffiti Materials Ordinance, Parks SDC, and the Portland Recycles! Commercial plan update.

The Committee also continues to promote and develop strategies for the Small Business Bill of Rights, including making presentations, advocating for its use throughout the City Bureaus, and considering possible future projects or city ordinances based upon the Bill's principles.

SMALL BUSINESS DEVELOPMENT WORKGROUP

For the past year the Small Business Development Workgroup's primary focus has been sustainability and green building practices for small business. The workgroup works to identify and promote the programs that raise awareness of the importance of green business practices for small business in Portland.

Members of the Small Business Development Workgroup participated in the development of several proposals this year that centered on sustainability including the Portland Recycles Plan, creation of the Office of Sustainable Development's Best Business Center, and the High Performing Green Building proposal. The workgroup goal is to continue to provide valuable small business input on such proposals and continue to educate and involve the community on new green building regulations that can significantly impact business.