

OREGON BUSINESS DEVELOPMENT DEPARTMENT

Annual Performance Progress Report (APPR) for Fiscal Year (2008-2009)

Proposed KPM's for Biennium (2009-2011)

Original Submission Date: 2009

Finalize Date: 10/30/2009

2008-2009 KPM #	2008-2009 Approved Key Performance Measures (KPMs)
1	Number of jobs created
2	Number of jobs retained
3	Personal income tax generated by the Department's investment in jobs
4	New export sales of assisted clients
5	Percentage of small businesses that remain in business at least four years after receiving assistance from the Department.
6	Percentage of federal small business innovation and technology funding received by Oregon companies compared to total U.S. funding.
7	Number of new industrial sites/acres certified "project ready."
8	Number of community capital projects assisted for construction (infrastructure and community development).
9	Number of community capital projects assisted for planning (infrastructure, community and organizational).
10	Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall, timeliness, accuracy, helpfulness, expertise, availability of information.

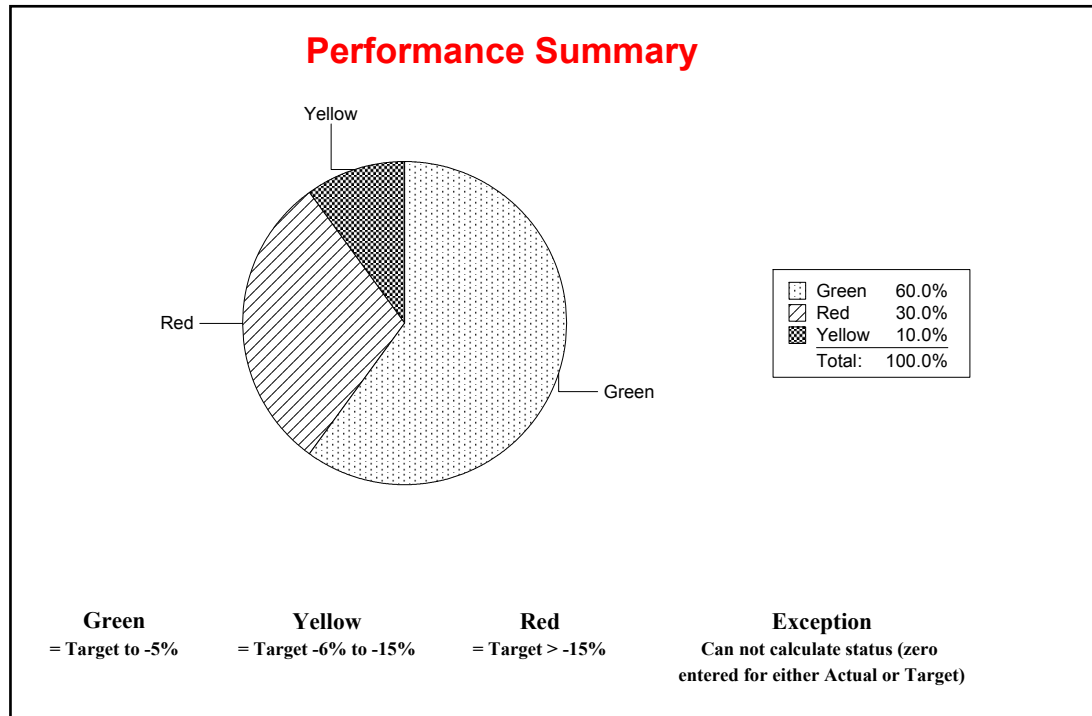
Agency Mission: To Advance Oregon's Economy

Contact: Tawni Bean

Contact Phone: 503-986-0149

Alternate: Sarah Miller

Alternate Phone: 503-986-0037



1. SCOPE OF REPORT

The agency work for the past fiscal year addressed by the performance measures in this report related to three high-level goals: Promote a favorable investment climate to strengthen businesses, create jobs and raise real wages; Assist Oregon communities to build capacity to retain, expand and attract businesses; Improve national and global competitiveness of Oregon companies. The priorities and initiatives of the Director and the policy priorities of the Commission are embedded within these goals, and in part, drive the work of the department. The performance measures reflect these priorities and the agency work pertaining to Oregon's economic advancement and the operation and efficiency of the agency.

2. THE OREGON CONTEXT

The department plays a vital role in achieving the Oregon Shines Vision of 1) Quality jobs for all Oregonians; 2) Engaged, caring and safe communities; and 3) Healthy, sustainable surroundings. All KPMs relate directly to the 2007 Oregon Benchmarks (OBM). Societal or High-Level Needs and Outcomes Primarily Aligned with the agency's Key Performance Measures: KPM 1: OBM 1, 3, 4, 6, 7a, 8, 12, 15, 29; KPM 2: OBM 1, 15; KPM 3: OBM 4, 12, 15; KPM 4: OBM 2, 6, 16; KPM 5: OBM 1, 15; KPM 6: OBM 7a; KPM 7: OBM 3, 4, 6; KPM 8: OBM 1, 3, 69; KPM 9: 10b, 32, 69; KPM 10: OBM 35. Additional Related Oregon Benchmarks or High-Level Outcomes (HLO): OBM 7: Research and Development; OBM 8: Venture Capital; OBM 9: Cost of Doing Business; OBM 10: On-time Permits; OBM 11: Per Capita Income; OBM 12: Pay Per Worker; OBM 13: Income Disparity; OBM 14: Workers at 150% or More of Poverty. Agency Partners in Related Work: Employment Department, Community Colleges and Workforce Development, as well as the departments of State Lands, Land Conservation and Development, Transportation, Environmental Quality, Human Services, Agriculture, and Energy.

3. PERFORMANCE SUMMARY

KPMs 4, 8 and 9 indicate the department's goals are progressing well in the areas of export sales, capital infrastructure projects constructed and infrastructure planning projects. In addition, the department exceeded its target with respect to KPM 2, jobs retained. It should be noted that this figure was achieved using a new methodology, as discussed later. The total jobs retained for this measure is at, or above, the target figure established for the next biennium. KPM 6, percentage of federal small business innovation and technology funding was slightly below the department's target in the previous year's totals. KPM 5, related to small business survival rate, is below the department's target goal and its performance for the previous fiscal year. However, a sample survey of small businesses receiving assistance is on par with the national average in this area. Initial indications show that with respect to KPM 1, the department will not reach its performance target (see Challenges below).

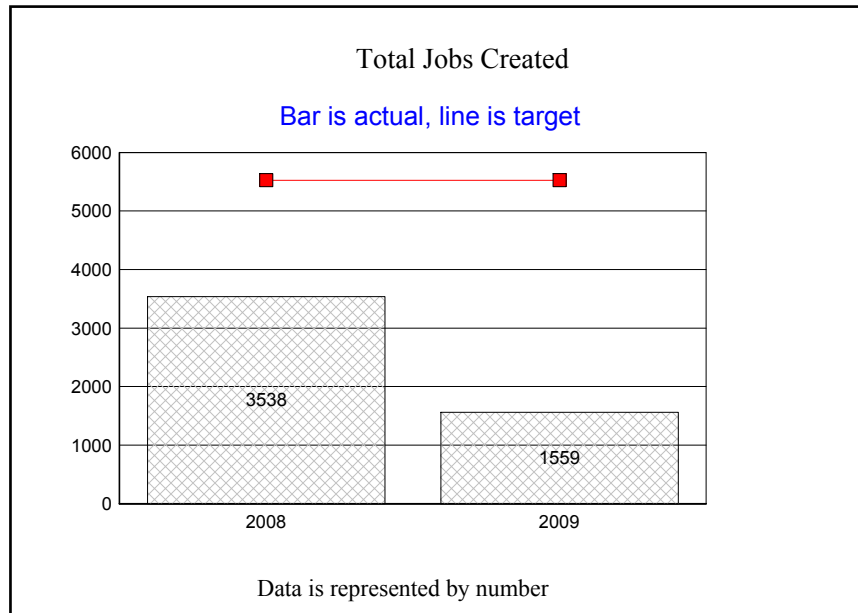
4. CHALLENGES

The performance targets that were established for KPMs 1, 2 and 3 were generally based off of previous bienna targets. While fairly ambitious, these targets were established to drive the department's performance using a previous methodology without taking into account the current economic conditions facing the state. During the past year, the department instituted a new policy regarding the collection and reporting of data relating to job totals. Previously, the department reported projected job figures for the fiscal year. This biennia marks the first time the department has included actual job totals as verified by the Oregon Employment Department. As such, the targets associated with KPMs 1 and 2 do not reflect the new methodology. That said, data management, collection, validation, and analysis must continue to be coordinated with partner agencies, communities, and businesses. It is important for economic development partners to be aware that many of the agency's performance measures are not entirely within the department's control. For example, although state government can influence the number of jobs created or retained, it goes without saying that the current economic recession has had a dramatic impact on these activities in Oregon and the country as a whole. Recognizing the challenges that the state and nation face during this difficult period, the department seeks to employ the tools of government to improve Oregon's business climate so companies may grow and hire within the state.

5. RESOURCES AND EFFICIENCY

The departments Legislatively Adopted Budget for the 2007-09 biennium is \$414,630,113. It should be noted that nearly 75% of the department's budget is dedicated to infrastructure financing and debt service. To that end, KPM 7 directly ensures that state permits, funds, and services are delivered in a streamlined, coordinated and objective manner to address land use and industrial site certification. In addition, KPMs 8 & 9 help measure efficiency in providing the needed infrastructure to address health, safety and other infrastructure-related issues.

KPM #1	Number of jobs created	2004
Goal	Promote a favorable investment climate to strengthen businesses, create jobs and raise real wages. Improve national and global competitiveness of Oregon companies.	
Oregon Context	Oregon Benchmarks: 1 - Employment in Rural Oregon; 3 - New Employers; 4 - Net Job Growth; 6 - Economic Diversification; 7a - Research and Development; 8 - Venture Capital Investments; 12 - Pay Per Worker; 15 - Unemployment; 29 - Labor Force Skills Training.	
Data Source	The primary data source is the Oregon Employment Department. Job levels are collected for each business that received financial assistance and directly benefited in job creation efforts.	
Owner	Policy and Planning, Tawni Bean (503) 986-0149	



1. OUR STRATEGY

The department works with businesses, communities, state agencies and other economic development partners to conduct the following activities:
Retain and create jobs, recruit new investment to the state and support innovation and research.

2. ABOUT THE TARGETS

Previous biennia targeted the number of projected jobs for new projects in the fiscal year. The last biennium's legislatively adopted wording for the measure was "Total jobs created (est.)" where the estimation refers to projected jobs. This biennium, the target is 5,525 or more actual, verified jobs in place from projects completing in the fiscal year. In short, the previous measure was the number of jobs expected at the start of projects, and the new measure is the number of actual jobs at the end of projects funded from previous bienna. The target will be evaluated as multiple years of data are gathered. As noted, the department has instituted a new methodology for tracking and reporting jobs through the Oregon Employment Department. This method will result in revised targets for the next fiscal year/biennium.

3. HOW WE ARE DOING

The department has verified job data through June 30, 2009. The department did not meet the target of 5,525 jobs created for the fiscal year. The target for this measure is for projected jobs created. In this report, the department is reporting actual verified jobs created. For FY 2009, the department's investments helped result in the creation of 1,559 jobs. While below, the target the FY 2009 figure for this measure, using the new methodology, is above the new target established for 2010.

4. HOW WE COMPARE

Working with businesses to create jobs has become increasingly difficult due to the economic conditions facing the state and the nation. Despite the recession, competition continues and is as fierce as ever with other states and countries vying for the same economic opportunities. The department is working to evaluate its programs against its main competitors, both geographically and by industry, to ensure the state is best positioned to realize those opportunities when they present themselves. For example, businesses use the internet to obtain in-depth information prior to contacting locations personally and utilizing relationships with recruitment specialists and local experts. Seeking to duplicate Oregon, other states are now modeling Oregon's business development tools and practices. This is true of the Oregon Prospector website, one of the first site selection search tools. As other states have emulated Oregon on this front, Oregon Prospector continues to be enhanced to provide quality information to site selectors and businesses considering locating or expanding in Oregon.

5. FACTORS AFFECTING RESULTS

The economic recession, starting in 2008, significantly impacted the department's efforts in helping businesses create jobs throughout Oregon. In addition, as previously mentioned, the new methodology employed by the department impacted the overall results for this measure.

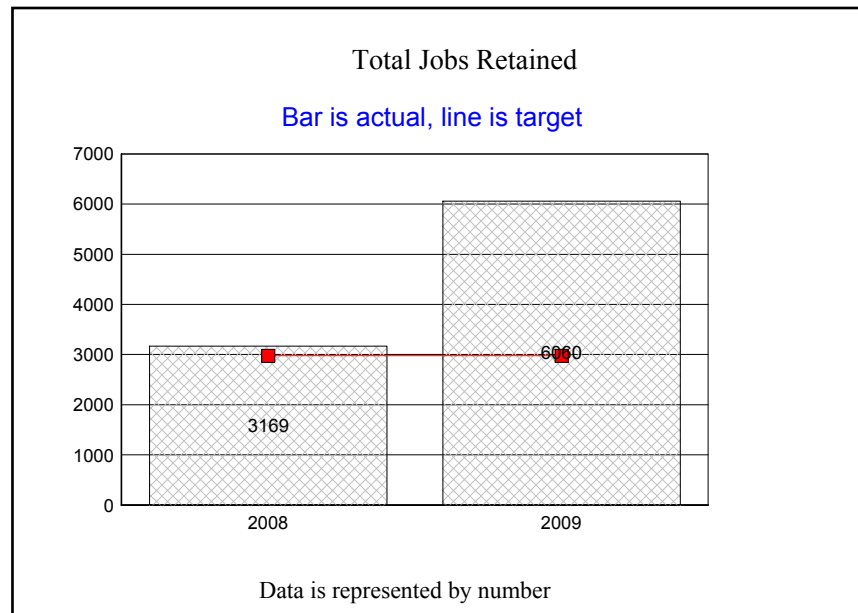
6. WHAT NEEDS TO BE DONE

Using our new data warehouse, senior management will review overall performance on a regular basis to assess if strategic changes and revised targets are needed. As discussed, a new jobs methodology has been introduced to provide a more accurate target for this measure. Moreover, the department will continue to work with existing Oregon businesses and new companies looking to locate in Oregon to create new jobs throughout the state.

7. ABOUT THE DATA

The data are the employment results of jobs created within FY 2009. All jobs are defined in terms of full-time equivalent jobs. One full-time equivalent job is equal to 1820 hours worked per year. This definition was developed to be consistent with the data collected by the Oregon Employment Department for the Oregon Quarterly Reports and Form 132 (for Unemployment Insurance Tax).

KPM #2	Number of jobs retained	2004
Goal	Promote a favorable investment climate to strengthen businesses, create jobs and raise real wages. Improve national and global competitiveness of Oregon companies.	
Oregon Context	Oregon Benchmarks: 1 - Employment in Rural Oregon; 15 - Unemployment.	
Data Source	The primary data source is the Oregon Employment Department. Job levels are collected for each business that received financial or technical assistance and directly benefited in job retention efforts.	
Owner	Policy and Planning, Tawni Bean (503) 986-0149	



1. OUR STRATEGY

The department works with businesses, communities, state agencies and other economic development partners to conduct the following activities:

Retain and create jobs, recruit new investment to the state and support innovation and research.

2. ABOUT THE TARGETS

Previous biennia targeted the number of projected jobs retained for new projects in the fiscal year. The last biennium's legislatively adopted wording for the measure was "Total jobs created (est.)" where the estimation refers to projected jobs. This biennium, the target is 2,975 or more actual, verified retained jobs in place from projects completing in the fiscal year. In short, the previous measure was the number of jobs expected at the start of projects, and the new measure is the number of actual jobs at the end of projects funded from previous bienna. The target will be evaluated as multiple years of data are gathered. As noted, the department's new methodology for tracking and reporting jobs through the Oregon Employment Department will result in revised targets for the next fiscal year/biennium.

3. HOW WE ARE DOING

The department has verified job data through June 30, 2009. In FY 2009, the department greatly exceeded its target for this fiscal year, helping to retain 6060 jobs. While exceeding the target by a significant amount, its important to note that this figure reflects the new methodology previously discussed in KPM 1. As such, the reported jobs retained for fiscal year 2009 is on par with the new job retention target for the next biennium.

4. HOW WE COMPARE

Working with businesses to retain jobs has become increasingly difficult due to the economic conditions facing the state and continues to become more competitive with other states and countries. The department is working to evaluate its programs against its main competitors, both geographically and by industry, to ensure the state is best positioned to realize those opportunities when they present themselves. For example, businesses use the internet to obtain in-depth information prior to contacting locations personally and utilizing relationships with recruitment specialists and local experts. Seeking to duplicate Oregon, other states are now modeling Oregon's business development tools and practices. This is true of the Oregon Prospector website, one of the first site selection search tools. As other states have emulated Oregon on this front, Oregon Prospector continues to be enhanced to provide quality information to site selectors and businesses considering locating or expanding in Oregon

5. FACTORS AFFECTING RESULTS

The economic recession, starting in 2008, significantly impacted the department's efforts in helping businesses create jobs throughout Oregon. In addition, as previously mentioned, the new methodology employed by the department impacted the overall results for this measure.

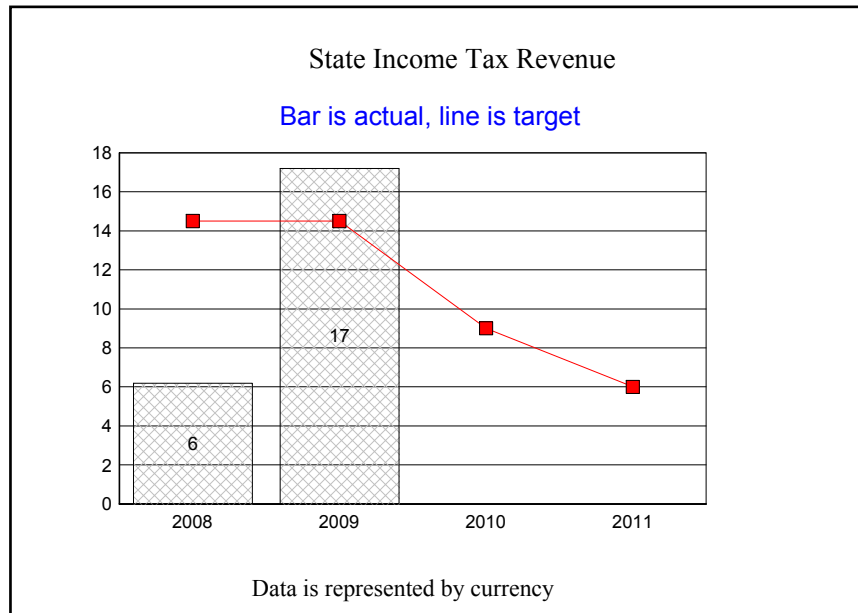
6. WHAT NEEDS TO BE DONE

Using our new data warehouse, senior management will review overall performance on a regular basis to assess if strategic changes and revised targets are needed. As discussed, a new jobs methodology has been introduced to provide a more accurate target for this measure. Moreover, the department will continue to work with existing Oregon businesses and new companies looking to locate in Oregon to create new jobs throughout the state.

7. ABOUT THE DATA

The data are the employment results of jobs retained within FY 2009. All jobs are defined in terms of full-time equivalent jobs. One full-time equivalent job is equal to 1820 hours worked per year. This definition was developed to be consistent with the data collected by the Oregon Employment Department for the Oregon Quarterly Reports and Form 132 (for Unemployment Insurance Tax).

KPM #3	Personal income tax generated by the Department’s investment in jobs	2008
Goal	Promote a favorable investment climate to strengthen businesses, create jobs and raise real wages. Improve national and global competitiveness of Oregon companies.	
Oregon Context	Oregon Benchmarks: 4 Net Job Growth; 12 - Pay Per Worker; 15 Unemployment.	
Data Source	The primary data source is the Oregon Employment Department alongside the effective tax rate published by the Department of Revenue. Wage levels are collected for each business that received financial or technical assistance and directly benefited in job creation or retention efforts.	
Owner	Policy and Planning, Tawni Bean (503) 986-0149	



1. OUR STRATEGY

Promote a favorable investment climate to strengthen businesses, create and retain jobs, and raise real wages.

2. ABOUT THE TARGETS

Last biennium, the department's tracking of wages focused largely on projected wages. The current measure focuses on actual, verified wages associated with projects completing in the fiscal year. Total wages are multiplied by the current effective tax rate from the Department of Revenue. This yields the state personal income tax generated. This target will be evaluated as multiple years of data are gathered. The target for this measure is \$14.5 million for FY 2009.

3. HOW WE ARE DOING

These tax revenue estimates only apply to jobs with wage data as verified through the Oregon Employment Department. In FY 2009, the department exceeded its target with respect to this measure, helping generate \$17.2 million in state income tax.

4. HOW WE COMPARE

This KPM is tied to the job measures above, KPM 1 and 2.

5. FACTORS AFFECTING RESULTS

The results associated with this measure are influenced by the department's new methodology of reporting actual jobs created and retained for the past fiscal year. In the past, the department did not have data as verified through the employment department and was therefore unable to accurately account for income tax revenues generated by those business firms that have received assistance.

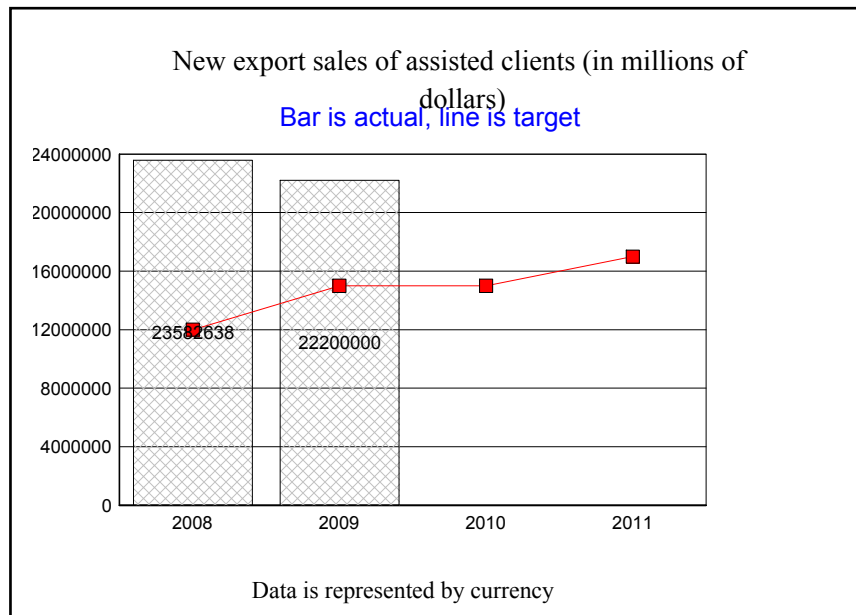
6. WHAT NEEDS TO BE DONE

Senior management will review overall performance on a regular basis and will assess if strategic changes and target changes are needed. The department will continue to work with Oregon businesses to retain and create jobs throughout the state, thus generating a significant return back to the general fund in tax revenues.

7. ABOUT THE DATA

The data are the employment results of projects completed within FY 2009. Wage data is tied to the job data in KPM 1 and KPM 2. The data source is the Oregon Employment Department.

KPM #4	New export sales of assisted clients	2004
Goal	Improve national and global competitiveness of Oregon companies.	
Oregon Context	Oregon Benchmarks: 2 - Trade Outside of Oregon; 6 - Economic Diversification; 16 - Exports.	
Data Source	Companies report sales data to international trade manager.	
Owner	Global Strategies Section Manager, Marian Hammond (503) 229-5226	



1. OUR STRATEGY

Working with private and public sector partners, the department's strategy is to promote international trade and attract foreign direct investment.

2. ABOUT THE TARGETS

Assisted sales refers to export sales reported by Oregon business clients of the department's Global Strategies Section. The measure targets growth of revenues to the state via international trade.

3. HOW WE ARE DOING

For 2009, the department exceeded the target, with sales totaling \$22.2 million. This figure was due in part to a large wood products sale to the Middle East that is ongoing. Total export sales without this ongoing transaction (\$6 million) would have been \$16.2 million. This total would still be \$1.4 million over the set target, and \$8.2 million above fiscal 2008 sales, once a large helicopter sale was subtracted from the 2008 total. It should be noted that the department overseas offices provided assistance for agricultural sales in cooperation with the Oregon Department of Agriculture. These sales figures, which accounted for \$1,808,000 of the total, may also be reported by the Oregon Department of Agriculture. Large sales have been a factor the last several years with a \$36 million helicopter sale in 2007, a \$15 million food processing equipment sale in 2008, and an ongoing \$6 million wood products sale in 2009.

4. HOW WE COMPARE

The metrics in this area are not standardized. A summary review of other public trade agencies in the region shows that a range of measures are used, including: the number of client companies assisted, number of domestic assists (e.g. one-on-one counseling, domestic seminars), overseas representatives, or joint ventures signed.

5. FACTORS AFFECTING RESULTS

The Japan Representative Office Trade Officer position was filled January 1, 2009. The Oregon Trade and Information Center in Taipei, Taiwan was closed effective June 30, 2009 due to budget cuts.

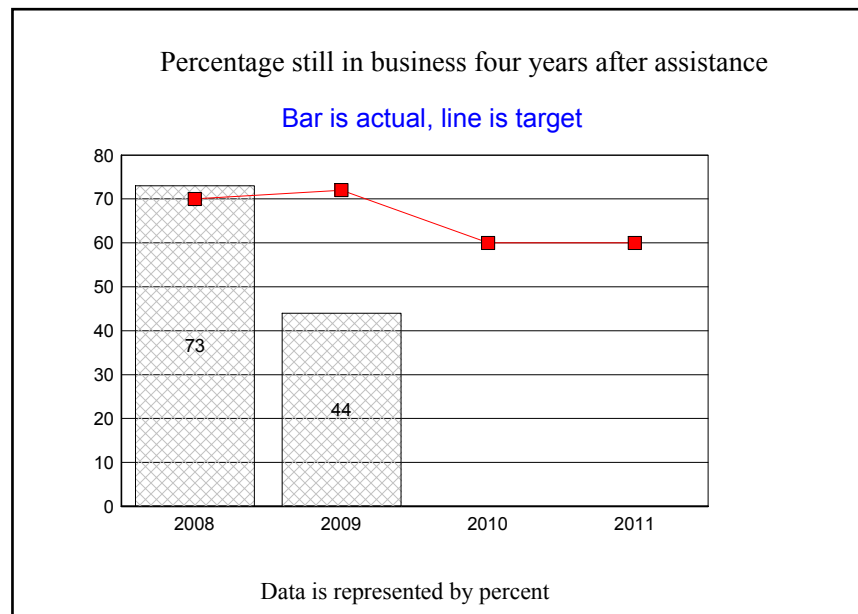
6. WHAT NEEDS TO BE DONE

We will continue to evaluate the measure to ensure that it adequately captures the performance of International Trade Services, its activities and investment. For instance, while targets are ramping back up, a small business export sales are usually much smaller than a single, major sale that can substantially impact a yearly total.

7. ABOUT THE DATA

The data is based on the reported sales of businesses receiving assistance from our programs during the fiscal year.

KPM #5	Percentage of small businesses that remain in business at least four years after receiving assistance from the Department.	2008
Goal	Promote a favorable investment climate to strengthen businesses, create jobs, and raise real wages.	
Oregon Context	Oregon Benchmarks: 1 - Employment in Rural Oregon; 15 - Unemployment Rate.	
Data Source	Department survey of assisted businesses.	
Owner	Business, Innovation and Trade Department, John Saris (503) 986-0163.	



1. OUR STRATEGY

Assist individuals with potential for starting a small business by introducing them to Targeted Service Providers (TSP's) and Small Business Development Centers (SBDC's) experienced in business development and survival. Assist small businesses to survive the start-up phase and

subsequent stages; create and retain small business jobs across the state in partnership with SBDC's and TSP's.

2. ABOUT THE TARGETS

Targets were set based on the first year of actual data in 2006. The target does not take into account the severe economic recession that has impacted the state and national as a whole. A higher number indicates a higher survival rate for small businesses receiving some form of assistance.

3. HOW WE ARE DOING

Results are below the target established for this year and below previously reported outcomes on this measure.

4. HOW WE COMPARE

For the purposes of this measure, Oregon's assisted business survival rate exceeds the national averages published in "Survival and Longevity in the Business Employment Dynamic Datab" by Amy E. Knaup, Monthly Labor Review, Volume 128, Number 5 (May 2005), pp. 50-56. The study found that 66 percent of new employer establishments survive at least two years, and 44 percent survive at least four years. Those results were reasonably consistent across industry sectors. The Department's data reports that 28 percent of the recent business closure occurred within the last year when businesses began feeling the impacts of the recession. Even with the recessionary impacts, the percent of business closures (9 percent Oregon average vs. 10 percent national average) in year 4 was lower than the national average. To that end, according to the Department, businesses assisted by the Small Business Development Center Network (SBDCN) performed at the national average.

5. FACTORS AFFECTING RESULTS

The amount of technical assistance provided and the time frame of the assistance are important factors that impact the KPM's results. An owners reason for being in business, the owner's education level, and whether or not the firm is large enough to have employees also play a role. More broadly, availability of loan products that are flexible in addressing the needs of small business, and state tax structures are additional factors for small businesses especially during the early survival stages. Moreover, the global recession which began late in 2007 and that has persisted through 2009 has added additional economic stresses to the small business community due to factors such as limited access to capital, abnormal unemployment rates, uncertain economic forecasts and reduced consumer spending.

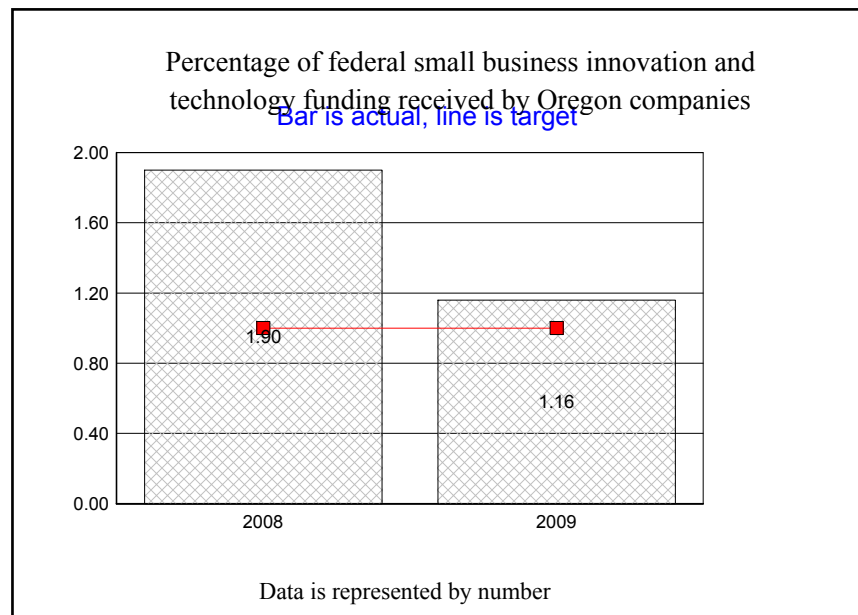
6. WHAT NEEDS TO BE DONE

Moving forward, the Department will continue to focus on supporting small business strength by fostering an environment for vitality, growth, and creativity. TSP's, SBDC's, and business consultants are important partners that will help accomplish those goals. State and Federal funds allocated to fund service providers and business development will help small business in Oregon. Careful evaluation of current and proposed legislation will streamline and improve business start-up and ongoing business development, and analysis of program and service delivery will reflect the growth of business, job growth, and business impacts.

7. ABOUT THE DATA

The Department randomly selected 346 businesses that had received service from an SBDC in fiscal year 2009. Using the Business Registry Database maintained by the Secretary of State, Corporation Division, the Department reviewed each business to determine if they could be found in the database and the current status of the business filing. This data indicates that 42.5 percent of businesses receiving service from the SBDCN were able to be verified as current and, for purpose of this report, are assumed to be in business at the time of this study. This conservative finding does not factor in the possible number of Sole Proprietors that may have been served by the SBDCN and could not be located within the Corporation Division database nor does it allow for businesses that have failed to renew their registration but are still operating to be included in the results.

KPM #6	Percentage of federal small business innovation and technology funding received by Oregon companies compared to total U.S. funding.	2008
Goal	Increase access to federal funding to improve the national and global competitiveness of Oregon companies.	
Oregon Context	Oregon Benchmark: 7a - Research and Development (Industry)	
Data Source	Small Business Administration SBIR/STTR database, Bureau of Economic Analysis, and Oregon Business Development Department.	
Owner	Global Strategies Section Manager, Marian Hammond (503) 229-5226	



1. OUR STRATEGY

The Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) federal R&D grant programs help drive

innovation in Oregon's small businesses. Increasing access to these federal funding sources improves the national and global competitiveness of Oregon companies.

2. ABOUT THE TARGETS

The target of 1.25% of total US funding was established by looking at several years of previous, actual results to help determine desirable growth beyond previous results achieved by the state.

3. HOW WE ARE DOING

In 2008, Oregon small businesses received \$23 million in SBIR and STTR awards, a slight decrease from 2007 funding - \$25 million. Awards in 2008 accounted for 1.16% of total awards, just below the department's target figure. Oregon received 58 SBIR awards and 7 STTR awards in 2008. OBDD started providing SBIR and STTR application assistance to companies in the 2003-05 biennium.

4. HOW WE COMPARE

Overall, Oregon ranked 17th among all states in SBIR and STTR awards per \$1 million of Gross State Product (GSP). Oregon ranked fifth among its eight competitor states in SBIR and STTR funding for 2008.

5. FACTORS AFFECTING RESULTS

The financial crisis (starting in 2007) and the economic recession (starting in 2008) presented unique funding challenges. The economic turmoil weakened Oregon's ability to secure awards, awards that are competitive among states. Increased economic and financial uncertainty caused a "flight to safety" as larger states, with well established innovation hubs, increased their share of awards at the expense of smaller states (including Oregon). It should be noted that this measure reflects a nominal amount of staff time and overall department resources. Furthermore, there are difficulties with the available tools to adequately track the amount of funding received by Oregon's small businesses and the state's ranking. As such, this item will not be carried forward as a key performance measure for the next biennium.

6. WHAT NEEDS TO BE DONE

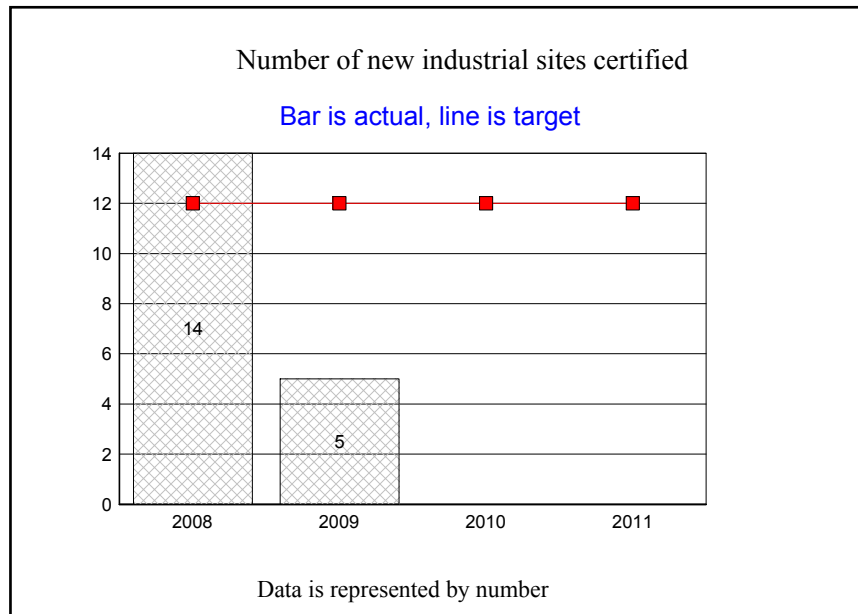
Oregon should continue to focus on increasing its share of these federal grants by enhancing the tools available to small business owners to successfully learn about and apply for SBIR/STTR funding. Business Oregon will continue to track these results internally and work with Oregon's

small businesses to increase access to federal innovation and technology funds to improve their national and global competitiveness.

7. ABOUT THE DATA

Data reflects awards for 2008 based on available U.S. Small Business Administration reporting. This 2008 data is the most recent available for this report.

KPM #7	Number of new industrial sites/acres certified "project ready."	2004
Goal	Assist Oregon communities to build capacity to retain, expand and attract businesses.	
Oregon Context	Oregon Benchmarks: 3 - New Employers; 4 Net Job Growth; 6 - Economic Diversification.	
Data Source	Oregon Business Development Department maintains data demonstrating that each certified site is ready for development within 180 days.	
Owner	Oregon Business Development Department, Michael J. Williams (503) 986-0141	



1. OUR STRATEGY

Industrial site certification prepares land for development into industrial and other employment uses, helping communities attract new employers and retain or expand existing Oregon businesses. Industrial site certification has benefited in Oregon in two major areas: as a proven recruitment tool for

business development and as an effective program that assists communities to plan for future development. Site certification designation is attractive to companies that are looking to develop quickly on sites with minimal, or at least well documented, barriers to development. Site certification helps inform participants about the rigorous demands of land entitlement and development and serves as a planning tool, helping communities better understand the quantity and the quality of their current stock of industrial/employment land. Even though the industrial site certification program is administered by the Oregon Business Development Department (OBDD), readying industrial sites for "project ready" certification is a collaborative multi-agency process with state and local contributions. The Department's state partners include ODOT, SHPO, DLCD, DEQ and ERT (DLCD and ERT share this key performance measure.) These partner agencies gain important policy guidance by participating in the certification process as they become more informed of how current policies impact the state's economic development efforts. Private property owners, local governments, tribes, and non-profit organizations are also key partners in the Department's certification efforts. These contributions are often in the form local market and regulatory expertise as well as sites being offered-up for certification.

2. ABOUT THE TARGETS

As a result of initial targets for this measure being set relatively high without a measurable track record to assess the program, an adjustment to the target from 20 to 12 sites per year was approved by the Joint Legislative Audit Committee (JLAC) for FY 07. Twelve sites per year remained the target in the 2007-09 biennium. Also, it should be noted that this KPMs target will be changed to 6 sites per year for the 2009-2011 biennium recognizing that a significant number of sites that have already been certified under the program and increasing shortage of available, usable sites.

3. HOW WE ARE DOING

After exceeding its target each of the past fiscal year, the department fell short of its goal in FY 2009 certifying five sites that totaled 237 acres. These sites were located in Hillsboro, Tillamook, Salem, Sutherlin, and Molalla. The sites ranged from 25 to 80 acres in size. Many of the sites that have been certified over time have been developed or are slated for development. Over the past 6 years, 67 sites and 4471 acres have been certified. Currently, there are 23 sites that have expressed interest in becoming certified. Information on Oregon's certified industrial sites are available to the public and company site selectors at <http://www.oregonprospector.com>. Certifying industrial lands as project ready (i.e., providing assurance that a site can be developed in 180 days or less) for specific industry profiles saves prospective companies significant cost, time and risk. In today's economy, project development timelines are immediate and information technology is allowing many companies the option to locate virtually anywhere in the world. Certification gives Oregon communities advantage for attracting these business opportunities. The program requires industrial sites to meet rigorous standards relative to regulatory requirements such as zoning, wetlands and environmental contamination, as well as documenting a variety of other criteria such as utilities, transportation infrastructure and availability. These standards, that reflect market driven development decisions, have become a powerful planning tool to help frame the debate surrounding health and safety regulations, infrastructure investment, and land use in Oregon.

4. HOW WE COMPARE

The Oregon Industrial Site Certification program is one of three programs nationwide. Oregon has some of the highest certification standards in the country, giving the program a greater amount of credibility in comparison to others. Industry standards for developable industrial land are very high, with many companies demanding "Shovel Ready" sites where they can break ground within 90 days or less. In Oregon, sites are certified as "Project Ready," meaning they can be developed within 180 days of lease or purchase. Many of Oregon's certified sites already meet the higher "Shovel Ready" standard. The department will continue to target its investments on highly marketable certified sites to help them become "Shovel Ready."

5. FACTORS AFFECTING RESULTS

Many of the 41 sites certified over the first years of the program (ending in fiscal year 2006) were relatively uncomplicated to certify. A total of 26 sites were certified over the next three years ending in fiscal year 2009. These sites also went through a relatively straightforward certification process. The remaining lands that could be enrolled in this program are considerably more constrained by physical, transportation, land use and market factors making them more difficult to certify. Limited options for funding and financing public infrastructure improvements remains a challenge for many sites and can delay the certification process. The program's requirements have become more stringent over time and the criteria have become better defined. Holding to higher market-driven standards has resulted in a longer ramp up time than anticipated and fewer certifications. There is no reason to believe that these standards need to be lessened in order to achieve more certifications. The department will continue to evaluate the challenges of site certification and implement policy improvements that encourage certification and land development without sacrificing conservation, safety, and public investment. Maintaining an adequate supply of industrially zoned lands to keep pace with development and/or changing market demands is very challenging for some local jurisdictions. Increasing the supply of industrially zoned lands either by expanding the urban growth boundaries (UGBs) and/or by cleaning up former industrial sites for redevelopment is expensive and time consuming. Within the Willamette Valley, certification efforts have been hampered because most of the remaining undeveloped industrial zoned land have jurisdictional wetlands. In addition, the basic task of information gathering required to complete the certification process is often more difficult for smaller jurisdictions due to staffing and turnover.

6. WHAT NEEDS TO BE DONE

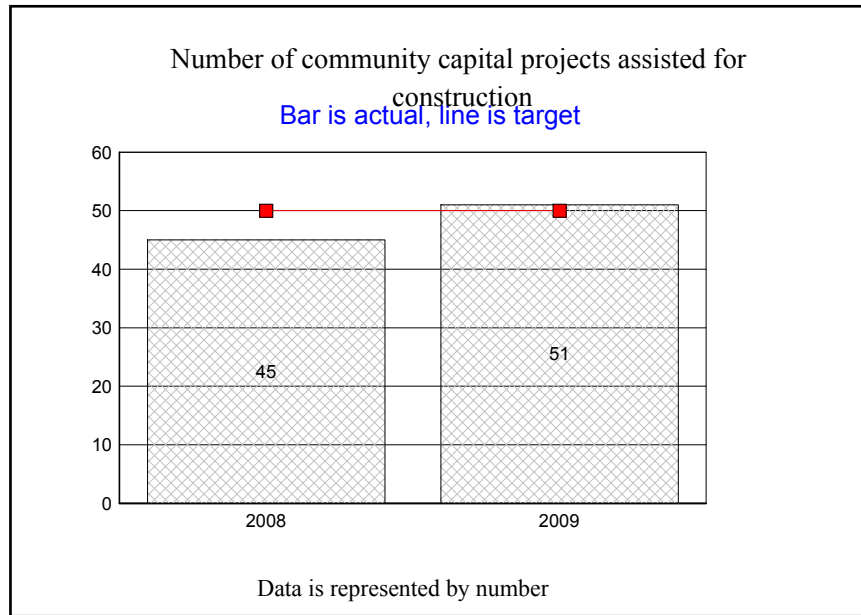
The department will continue to streamline the process to make it easier and less expensive, without compromising the integrity of the certification process. In addition, the department will coordinate and collaborate with other state agencies to refine information needs and respond to market demand while addressing barriers to certification and industrial land development. These barriers include adequate and appropriately zoned land supply, necessary access to utilities such as power or other forms of energy, brownfields redevelopment, or the need for wetland mitigation, or the lack of technical expertise and the local level. These are the major issues limiting industrial certification at both the local and state level. Increased local, state, and federal funding/financing options for public infrastructure is needed to support the certification process. The Department, in

partnership with ODOT, ERT and DLCD, is working with key communities on an industrial lands pilot project to bring more sites on line for certification and to address policy options for bringing down the many barriers to certification.

7. ABOUT THE DATA

Results represent sites certified within the fiscal year. The date of the certification corresponds to the date on the certification letter under the director's signature. To be certified, each site needs to document that it is ready for development within 180 days of lease or purchase. The Department maintains notebooks, as well as compact discs, with all the documentation, and also works toward periodic recertification of the sites. Documentation and the site itself is reviewed by an independent consultant who recommends certification.

KPM #8	Number of community capital projects assisted for construction (infrastructure and community development).	2004
Goal	Assist Oregon communities to build capacity to retain, expand and attract businesses.	
Oregon Context	Oregon Benchmarks: 1 - Employment in Rural Oregon; 3 - New Employers; 69 - Drinking Water.	
Data Source	Each infrastructure project at the start is categorized by investment/activity type, including funding sources, by Oregon Business Development Department/Infrastructure Finance Authority staff and tracked in our database (CTS).	
Owner	Infrastructure Finance Authority, Jim Ruef (503) 986-0135	



1. OUR STRATEGY

Assist communities to build capacity to attract, retain and expand businesses; Provide utilities and/or infrastructure improvements to industrial and commercial lands; Advance ports' efforts to support economic development activities; Improve community quality and attractiveness for business by

providing community facilities; Address public safety and compliance related issues; Promote essential infrastructure capacity building. Examples of partners in these infrastructure projects are: cities, counties, ports, tribes and special districts.

2. ABOUT THE TARGETS

The targets address the department's progress in providing public infrastructure (water, sewer, roads, telecommunication, etc.) to address public safety and compliance issues and support economic growth and community facilities. These are new projects begun in the fiscal year. The department also keeps internal measures to support its efforts in this measure. As an example, for this period, the department exceeded its target to award at least 60 percent of grants to rural communities by an additional 10 percent.

3. HOW WE ARE DOING

The department improved its performance over last year and nearly achieved its target. The original perception that federal stimulus (ARRA) funding would be in the form of grants stymied community interest in the agency's funding sources. Realization that grant opportunities would be limited has renewed interest in department-specific funding. Limited biennial recapitalization of the Special Public Works Fund (SPWF) and the Water/Wastewater Fund slowed the rate of incoming applications due to the community perception that funding was not available.

4. HOW WE COMPARE

Generally, the department would compare its activities in this field with data from other states. However, there has been limited data by which the department can evaluate its performance against other states. The agency utilizes its resources in ways different from other state's thereby making comparison difficult for meaningful analysis. The department will continue to evaluate the activities of other states to find those areas of commonality with those that administer similar programs with related missions and outcomes.

5. FACTORS AFFECTING RESULTS

The need for municipal infrastructure construction remains high and the demand for financing is returning after the flurry of ARRA related activity. During the 2008-2009 fiscal year, the department invested nearly \$80 million in 51 construction projects, which mostly will fund the construction/improvement of municipal water systems, sewer systems, and infrastructure, as well as for certified industrial sites and community facilities. The cost of each project varies considerably. The average cost was \$1.6 million, and the median cost was \$800,000. Additional key factors are that the size/scope of projects is ever increasing inspite of a brief respite from this trend due to economic conditions. The cost of materials for construction is increasing, again inspite of a brief respite from the economic downturn. Delayed work on dated infrastructure will also result in

increased project costs, thereby further limiting the number of projects that can be financed annually with limited resources.

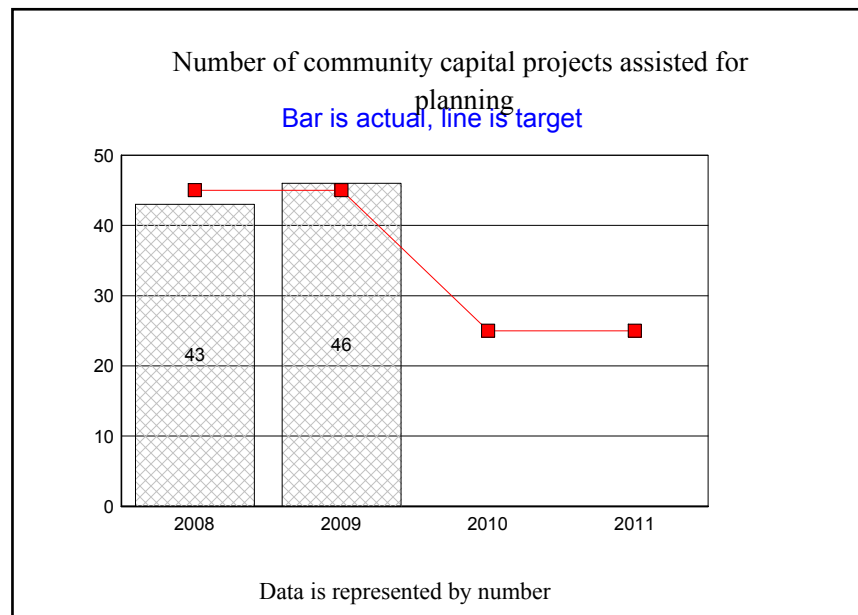
6. WHAT NEEDS TO BE DONE

Lottery backed bonds were sold in spring 2009. With the bond sale, \$39 million is annually available from loan repayments based upon the current revolving loan pool of about \$445 million. The \$39 million is used as \$4 million in grants and \$35 million in loans for the SPWF and W/WW financing programs combined. The annual resource goal for the department's sustainable infrastructure funding program (SPWF and W/WW) is to have available \$65 million each year for project financing. The department estimates it would require \$150 million of capitalization to eventually reach the \$64 million annual target. Beyond the dollar figures associated with creating sustainable infrastructure funding, the department has developed priority criteria for awards and gained Commission approval of these criteria. The department will also integrate data with this measure to track varying sizes of projects and costs.

7. ABOUT THE DATA

Data is for the fiscal year. Projects are entered into the database upon funding commitment. Coordinators conduct final monitoring when projects are complete and record results in the database. Projects with job creation or retention are verified through independent Oregon Employment Department reports.

KPM #9	Number of community capital projects assisted for planning (infrastructure, community and organizational).	2004
Goal	Assist Oregon communities to build capacity to retain, expand and attract businesses.	
Oregon Context	Oregon Benchmarks: 10b - On Time Permits-Wastewater Discharge; 32 - Feeling of Community; 69 - Drinking Water.	
Data Source	Each infrastructure project at the start is categorized by investment/activity type, including funding sources, by Oregon Business Development Department/Infrastructure Finance Authority staff and tracked in our database (Customer Tracking System).	
Owner	Infrastructure Finance Authority, Jim Ruef (503) 986-0135	



1. OUR STRATEGY

Assist communities with planning to prepare to build capacity to attract, retain and expand businesses; Address public safety and compliance issues; Provide public infrastructure on a timely basis for our community partners. Examples of partners in these infrastructure projects are: cities, counties,

ports, Tribes, and special districts.

2. ABOUT THE TARGETS

This measure includes all department-funded planning projects. Examples of planning projects included in the measure are: plans for industrial lands for development, renewable energy feasibility studies, and capital projects supporting community infrastructure and facilities such as wastewater treatment, safe drinking water, and community centers. Highly marketable industrial sites receive additional planning assistance so they can be developed within 180 days and become certified as "project ready."

3. HOW WE ARE DOING

The Department achieved 96 percent of its target for this past year. Demand for funding remains high and is a popular program activity as communities seek to enhance their appeal and ability to attract new business and jobs and address public safety concerns. Planning projects are important to ensure technically feasible and cost-efficient construction projects.

4. HOW WE COMPARE

There is limited data by which the department can evaluate its performance against other states conducting similar infrastructure-related activities. The department has a unique set of resources and priorities, thereby making it difficult to prepare meaningful comparative analysis.

5. FACTORS AFFECTING RESULTS

Key factors affecting results are that the size/scope of project requests and the limited amount of resources available to disburse as grants for this purpose. In addition, as noted in KPM 8, due to the recapitalization of infrastructure funds, there was a perception by communities that may have slowed the rate of applications, as well as an initial reliance by communities on ARRA funding. \$3.1 million was invested in planning projects this fiscal year.

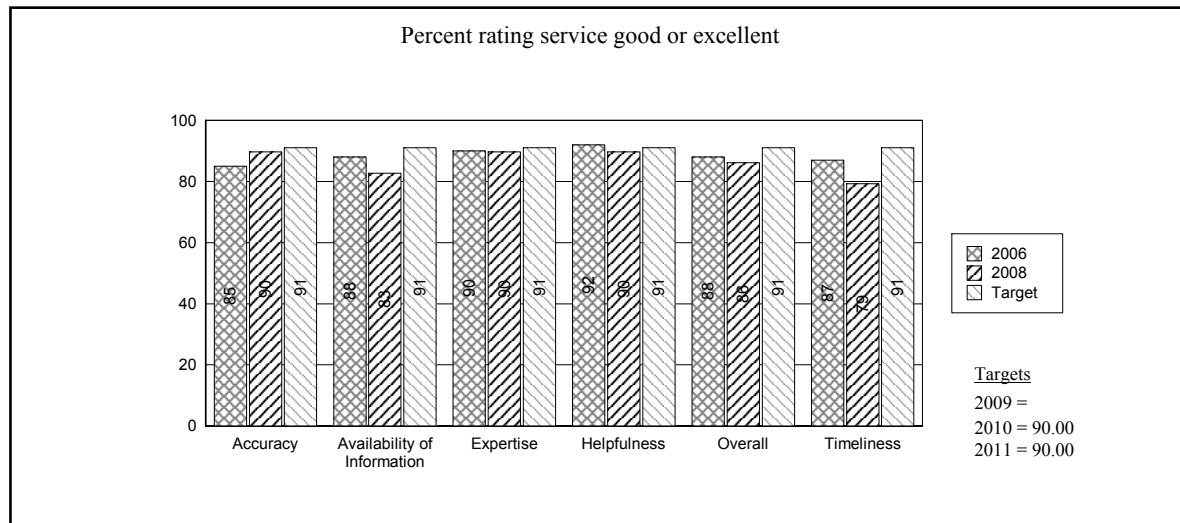
6. WHAT NEEDS TO BE DONE

Integration of data for budget and scope of projects as these variables affect how many projects can be done each year.

7. ABOUT THE DATA

Data is for the fiscal year. Projects are entered into the database upon funding commitment. Staff Regional Coordinators conduct final monitoring when projects are complete and record results in the database.

KPM #10	Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall, timeliness, accuracy, helpfulness, expertise, availability of information.	2006
Goal	To improve the delivery of services to the department's customers	
Oregon Context	Oregon Benchmarks: 35 - Public Management Quality.	
Data Source	Result of an independent survey done every 2 years.	
Owner	Policy and Planning, Tawni Bean (503) 986-0149	



1. OUR STRATEGY

To improve the delivery of services to the department's customers.

2. ABOUT THE TARGETS

The department has been measuring customer satisfaction biennially since 1997. In 2005, with guidance from the Progress Board, the department reduced the number of survey questions and integrated the customer service questions required of state agencies by DAS. The 2007-09 targets represent an increase over the positive results in previous years. In keeping with past practices with respect to this measure, the department will provide its customers with a questionnaire for their response in the next biennium. The remainder of the information in this KPM is a duplicate of FY 2008 submission.

3. HOW WE ARE DOING

Previous data indicated the department was close to its target and consistent with past performance.

4. HOW WE COMPARE

These DAS-required questions may facilitate comparisons among state agencies. Other non-regulatory agencies reported similar results.

5. FACTORS AFFECTING RESULTS

In general, also distinguishing the responses of good vs. excellent will likely be informative for agencies. Overall, the department received more ratings of excellent than of good.

6. WHAT NEEDS TO BE DONE

The department circulates results internally and externally and will continue striving to provide great service.

7. ABOUT THE DATA

The following provides additional summary information: a) Name of primary survey: Department Customer Survey; b) Conducted by the Department of Administrative Services; c) Completed in September 2008, the study addresses customers from July 2006 to June 2008; d) Municipal partners and end users of the agency's programs and services were surveyed; e) an online survey was used and sample was based on available email addresses. At a 95% confidence level, the data indicates the following scores on a 1-5 scale (where 5 is excellent): timeliness (2.93 to 3.63); accuracy (3.20 to 3.77); helpfulness (3.41 to 3.87); expertise (3.23 to 3.80); availability of information (2.88 to 3.47); overall (3.02 to 3.60). Responses were significantly lower than the last survey for additional agency customers.

Agency Mission: To Advance Oregon's Economy

Contact: Tawni Bean

Contact Phone: 503-986-0149

Alternate: Sarah Miller

Alternate Phone: 503-986-0037

The following questions indicate how performance measures and data are used for management and accountability purposes.

1. INCLUSIVITY

* **Staff:** We have worked collaboratively with the Oregon Business Development Commission, division managers and staff as appropriate, plus other key partners and stakeholders to help revise our performance measures. Staff participate in gathering and recording data, and make use of the data in a variety of contexts.

* **Elected Officials:** Provide input to the agency on Key Performance Measures, methods, and targets, as well as the strategies to which measures are tied.

* **Stakeholders:** Stakeholders have been involved through customer surveys and discussion forums as well as publicly available reports.

* **Citizens:** Citizens are invited to review online performance measure reports on our website at www.oregon4biz.com.

2 MANAGING FOR RESULTS

Performance measures and their contribution to management of the agency have become important to the management team, the Director, and staff. A recent agency reorganization has provided an opportunity to analyze goals and measures to make process improvements. The goal is to provide useful data to inform management decisions.

3 STAFF TRAINING

Staff has received training in the departments performance measurement system, and worked with performance measures in a wide variety of contexts, such as in evaluating performance of pass-through program funds. Training and discussions are taking place on data definitions, use, and quality.

4 COMMUNICATING RESULTS

* **Staff:** Managers and staff review performance data and make recommendations for changes in focus, process, or other actions as necessary. The Oregon Business Development Commission also reviews the departments performance results. These reviews provide commissioners with the opportunity to comment, access information, and provide direction. As our data warehouse implementation becomes more robust, staff will have increased access to KPM data in a management format, rather than aggregated across many source systems.

* **Elected Officials:** Results are posted online and included in the agency request document for purposes of accountability and informing the budget development process.

* **Stakeholders:** Results are posted online and used for information sharing.

* **Citizens:** Results are posted online and used for information sharing.