

# ANNUAL REPORT

FISCAL YEAR 2010

business  
**oregon**<sup>®</sup>  
where business grows

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A message from Commission Chair Walter Van Valkenburg:

Over the course of the last year, Business Oregon has worked to overcome the challenges created by the current business environment. The strain on the global financial system, higher than average unemployment rates and the declining housing market continue to impact the state's economic health.

While the state faces the difficult road to recovery, there are signs of progress and opportunity through the work of Business Oregon. The Oregon Business Development Commission directs the work of Business Oregon, the state's economic development agency. This annual report presents key performance data for Business Oregon during the 2010 fiscal year. It also marks the first full year since reorganizing the department to better assist businesses and create family-wage jobs.

In 2010, the commission and Business Oregon continued their efforts to help existing Oregon businesses, mainly small businesses, retain and create jobs. As a state, we cannot underestimate the importance of these entrepreneurs to our economic well-being.

There were also many successful examples resulting from the critical role played by Business Oregon in bringing in new companies to grow Oregon's economy. Business Oregon helped recruit Facebook's first company-owned data center to the Prineville area. The department played an integral role in Newport's successful bid to become the new headquarters for N.O.A.A.'s Pacific research fleet. The agency also helped the City of Portland retain the North American headquarters for the global wind energy company, Vestas Wind Systems, Inc.

While these projects made headlines, it is the Business Oregon staff's work behind the scenes with existing Oregon businesses that makes the difference. From helping companies find new ways to make their manufacturing operations more efficient, to helping them improve their access to international markets worth millions of dollars in new sales, Business Oregon's programs and staff are critical to ensure the state fully recovers from this difficult period and emerges from this recession in a strong competitive standing.

Business Oregon produces results for Oregon's economy, and most importantly, thousands of new and retained jobs for Oregonians across the state. In 2010, these strategic investments helped create 2,005 jobs and helped Oregon companies retain 5,035 jobs.

Business Oregon produces these results with a relatively small investment of public funds which, this past fiscal year, returned \$13.8 million to the state's general fund in income tax revenue, supporting critical state services.

These are challenging times for Oregon. Yet, as a new decade dawns, the work of Business Oregon remains critically important to the state's future. We look forward to working with our partners and continuing our efforts to further Oregon's economic recovery.

Sincerely,



E. Walter Van Valkenburg, Chair  
Oregon Business Development Commission

### **Our Mission:**

Business Oregon works to create, retain, expand and attract businesses that provide sustainable, living-wage jobs for Oregonians through public-private partnerships, leveraged funding and support of economic opportunities for Oregon companies and entrepreneurs.

A message from Director Tim McCabe:

During the past year, the Business Oregon team focused on creating opportunities for Oregon companies. Opportunities to expand production, to enter new global markets and to become more competitive. These opportunities come with one goal in mind: to create jobs for Oregonians.

Business Oregon is part of Oregon's economic solution, and we don't take that role lightly. Our business development officers work closely with businesses and local officials in communities across the state. Ninety percent of their workload is helping existing Oregon companies.

These experts help business owners implement lean manufacturing principles. Our staff can help access direct financing and find loan guarantees so a business can retain workers and create new jobs. Our global trade specialists help Oregon businesses make critical connections at trade shows and find new markets for their Oregon-made products. Our clean technology team helps Oregon companies connect with wind energy and solar manufacturers, building a local, renewable energy industry supply chain of products and services.

It takes a skilled, experienced team to create these kinds of opportunities. Our people are doing just that, pairing expertise with business development tools to grow Oregon industries. In 2010, the Oregon Legislature also created a new finance program, managed by Business Oregon, which focuses on job retention and creation. The Building Opportunities for Oregon Small Business Today (BOOST) program provides working capital to help small businesses hire qualified Oregonians, creating jobs and reducing the state's unemployment.

This year the agency also launched the Northwest Connector, an internet-based tool to help make business to business connections among Oregon manufacturers. In addition, the Oregon Innovation Council (Oregon InC) continues to drive innovation at Oregon companies by providing shared research and development services and other tools to increase competitiveness. By doing so, Oregon InC's investments help Oregon companies peer over the horizon to set the stage for the next generation of job-creating industries.

At Business Oregon, we help Oregon companies create jobs for Oregonians. Those jobs in turn bring direct revenue back to the state. Oregon can't be everything to everyone, but our targeted strategies focused on growing key industries are part of the solution to the economic downturn. The stage we're setting will not only employ Oregonians today, but also for years to come.

Sincerely,



Tim McCabe, Director  
Oregon Business Development Department

## KEY PERFORMANCE MEASURES

When reporting to the Legislative Assembly, Business Oregon (OBDD) measures the performance and success of its programs by ten key performance measures (KPMs) that reflect legislative direction in this area. These ten KPMs cover the work of the Business, Innovation and Trade Division to create and retain jobs for Oregonians, as well as the work of the Infrastructure Finance Authority to create healthy communities where jobs can be located.

The most significant impact to OBDD’s performance has been the drastic economic situation. The department’s core tools to support its mission have suffered from recent budget cuts, impairing the department’s ability to deliver the results that could be expected if no cuts had occurred. The extended duration of the recessionary period has also impacted companies that were previously able to exist without state assistance.

In addition, the recession impacts the ability of local communities to afford financing for capital planning and construction projects. This trend seems to be mitigated by the failure of aging infrastructure requiring projects be undertaken, at least for public health and safety.

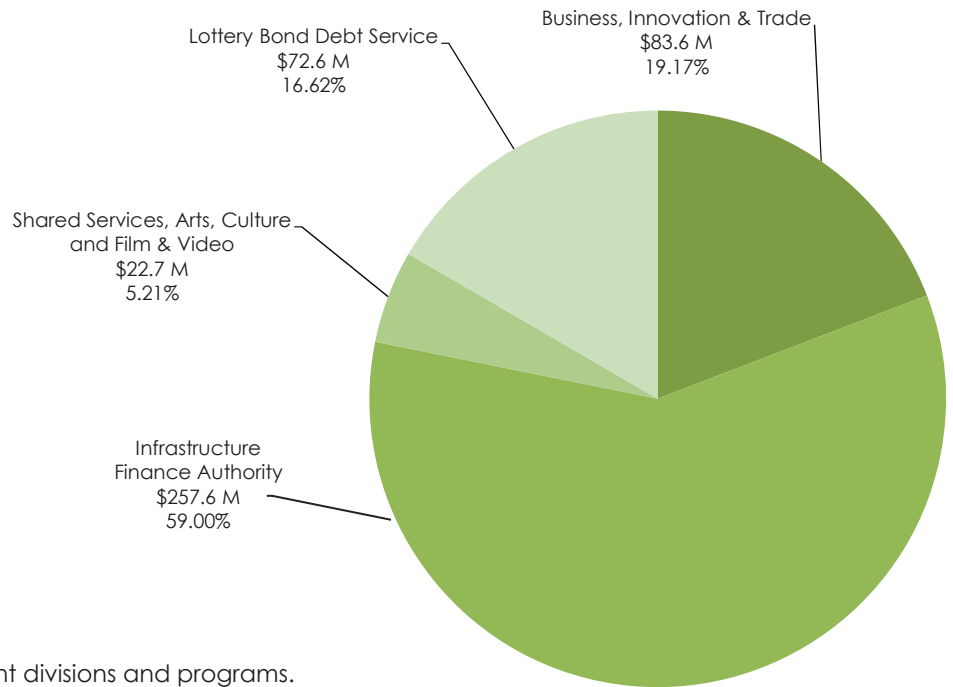
OBDD has undertaken many efforts which have increased the efficiency of the agency by providing more focus to the programmatic areas. Faced with budget reduction scenarios, there is little that can be done to ensure performance measures will be met next biennium.

However, the department remains committed to ensuring investments made by the Legislature will result in the highest rate of return possible. The department’s strategic investments in businesses and communities in Oregon are part of a comprehensive strategy to support economic development efforts throughout the state.

Key Performance Measures (KPMs)			
KPM #	Department Results for July 1, 2009–June 30, 2010	Targets	Results
1	<b>Jobs created</b> —increase in employment by firms participating in department programs (actual jobs for projects that were completed in the fiscal year)	1,400	2,005
2	<b>Jobs retained</b> —total jobs retained by firms participating in department programs (actual jobs for projects that were completed in the fiscal year)	5,600	5,035
3	<b>State income tax revenue</b> —amount of estimated state personal income tax generated by department's investment in jobs	\$9 M	\$13.8 M
4	<b>Export sales</b> —the growth in sales among Oregon firms assisted directly by department programs	\$15 M	\$19.9 M
5	<b>Small business survival rate</b> —small businesses that remain in business at least four years after receiving assistance from Small Business Development Center network	60%	46%
6	<b>Industrial site certification</b> —number of new industrial sites/acres certified “project ready”	6 sites 300 acres	1 site 60 acres
7	<b>Infrastructure planning</b> —number of community capital projects assisted for planning	25	41
8	<b>Infrastructure construction</b> —number of public health and safety projects assisted for construction	15	48
9	<b>Infrastructure construction</b> —number of community capital projects assisted for construction	15	14
10	<b>Customer satisfaction</b> —satisfaction rating with the agency service as “good” or “excellent”	90%	93%

Investing in Business Oregon means **jobs for Oregonians**.  
 Business Oregon provides consistent, significant results and  
 creates wealth in the state.

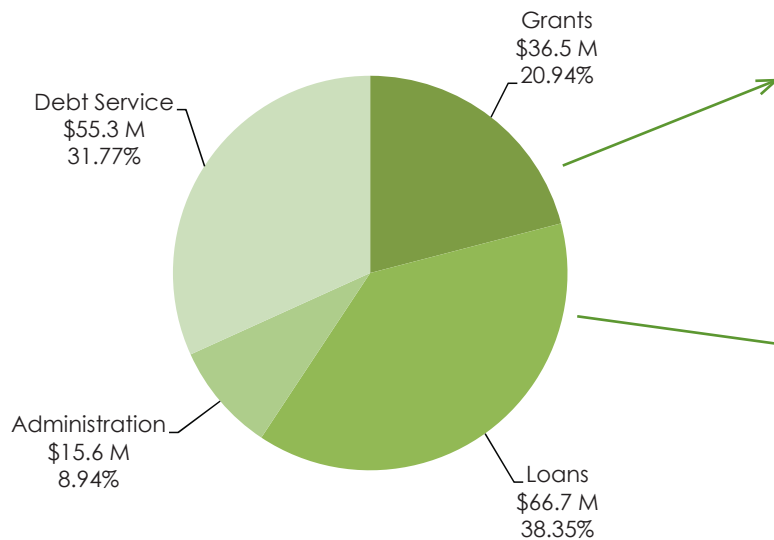
**July 1, 2009- June 30, 2011**  
**Biennial Budget**  
**\$436.5 Million**



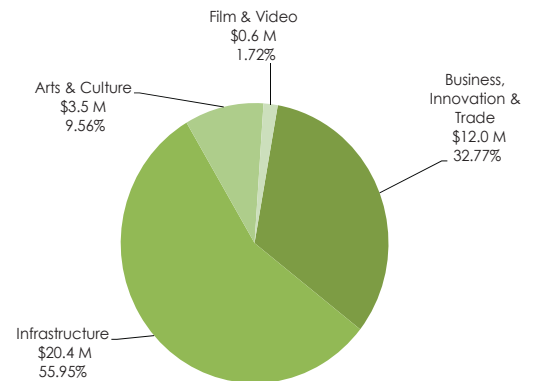
Distribution of funds across department divisions and programs.

**Fiscal year 2010 (July 1, 2009–June 30, 2010)**  
**Expenditures by Type**  
**\$174.1 Million**

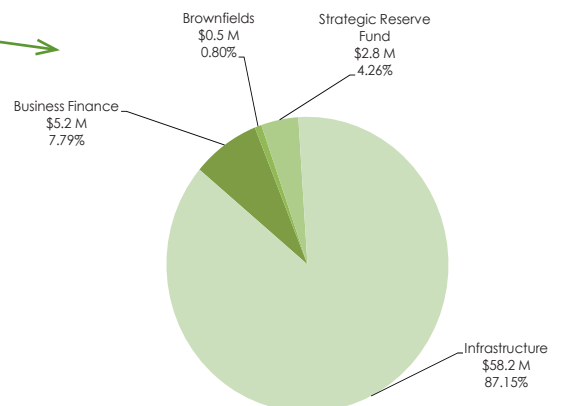
How budgeted funds were spent in fiscal year 2010.



**\$36.5 M grant distribution by program**



**\$66.7 M loan distribution by program**



Business Oregon is **part of the solution** to stabilize and grow Oregon's economy and address its economic challenges.

## Business, Innovation & Trade Division

### *Pioneer Hi-Bred*

A \$100,000 Business Oregon loan helped Pioneer Hi-Bred International, Inc. expand its current seed production operations in Hermiston and construct the company's new seed research facility.

Due to the growing demand for its products, the company will expand its seed corn production operations with an estimated \$11 million capital investment. The new research center will focus on trial seed production to advance corn product development and testing efforts for the commercialization of new corn hybrids. The facility will

In FY 2010 Business Oregon **created and retained 7,040 jobs.**

The Business, Innovation and Trade Division promotes business growth, retention and job creation by removing barriers to industry growth and addressing common industry needs.

The division services include helping Oregon businesses access global markets, administration of the Governor's Strategic Reserve Fund, Industry Competitiveness Fund, Business Retention Fund, Strategic Investment Program and business finance programs. Business development officers, global trade specialists, key industry strategists and loan officers work to achieve these goals in partnership with Oregon businesses.

## BUSINESS DEVELOPMENT SERVICES

In the past year, Business Oregon has worked with businesses across the state to create and retain 7,040 jobs. The foundation of Oregon's business development efforts are the nine regionally located business development officers (BDOs) working directly with businesses, regional economic development partners, industry groups and other agencies to retain and expand jobs in their respective regions. On average, officers actively work on over 300 business opportunities in Oregon, providing planning assistance, information and application assistance for state finance and technical assistance programs, and leveraging resources to create jobs for businesses, communities, and the State.

To further expand existing Oregon businesses and develop new market opportunities, BDOs also connect 1,300 Oregon firms with similar interests or needs, and promote supply

chain opportunities through the Northwest Connectory™ business to business directory. This is an important new tool for clean-tech industries, advanced manufacturing, wind energy supply chain, and military equipment that will increase sales for existing Oregon firms.

Two recruitment officers support statewide recruitment efforts, providing site-selection support for firms seeking to locate in Oregon. They provide administrative support and marketing for Oregon's nationally recognized Certified Industrial Site program. The program has been a critical factor in important recruitments in 2009 and 2010 including Facebook, Home Depot distribution center, Sanyo, Solaicx, Ferrotec and Genentech creating more than 900 new jobs. An incentives coordinator supports these business expansion and recruitment efforts through the administration and marketing of Oregon business incentives including enterprise zones, Oregon Investment Advantage and the Strategic Investment Program. In 2010 the agency compared Oregon's business incentives with other states and identified gaps in existing programs and industry needs. The comparison resulted in strategies for the next generation of business incentives.

The department continues to promote the state's key industries strategy to help ensure that the full complement of intelligence, resources and services from across public and private sectors are brought together to meet common needs. In the current fiscal year, the department implemented a customer relations management system to track all business development opportunities which will improve the

include approximately 76,000 square-feet of building space on 12.5 acres adjacent to the current Pioneer production plant.

Business Oregon provided a loan from the Governor's Strategic Reserve Fund (SRF) and the project is expected to eventually create 19 new, full-time jobs. This is the state's second investment in Pioneer's operations. In 2009, with assistance from the city of Hermiston and a \$50,000 SRF loan, Pioneer established the \$28 million facility in Hermiston to produce parent seed corn and pre-commercial hybrid seed corn. The original investment created 15 full-time jobs.



Business Oregon provides the **financial expertise needed** for Oregon's small and mid-sized businesses to access capital.

department's ability to respond to clients requests, collaborate on business opportunities and evaluate current and future business needs.

## BUSINESS SERVICES

### BUSINESSFINANCE

The Business Finance Services team provides a range of financing services to businesses and lending partners. These services include revolving loan funds for working capital and term loans; loan guarantees on bank loans; loans for startup businesses and tax-exempt, bond financing for manufacturers.

The Business Finance team employs the following tools to assist Oregon businesses:

- **Oregon Business Development Fund (OBDF)** provides direct loans that leverage private capital and provide an incentive for businesses to expand or locate in Oregon.
- **Oregon Credit Enhancement Fund (CEF)** provides loan guarantees to banks in order to increase capital availability to small businesses.
- **Oregon Capital Access Program (CAP)** provides a form of loan portfolio insurance so banks may make business loans that carry higher than conventional risks while complying with federal and state banking regulations.
- **Oregon Industrial Development Bonds (IDB)** are available to manufacturing projects, exempt facilities

and non-profit organizations to help in the creation of employment and access to capital primarily for value-added manufacturing.

- **Entrepreneurial Development Loan Fund (EDLF)** offers direct loans to help new businesses get started.

In 2010, the state Legislature added an important new tool to the array of business finance services available. In response to Oregon businesses' need to access necessary capital, Business Oregon and the Legislature designed a new finance option – the BOOST program - to help promote job growth.

**The Building Opportunities for Oregon Small Business Today (BOOST)** program, serves qualifying small businesses with 100 or fewer employees that propose to create or retain jobs.

There is \$1 million made available through the BOOST grant program and \$4 million for the BOOST loan program from the state Tax Enforcement Fund.

BOOST grant applicants may receive \$2,500 for each eligible, full-time employee hired for a minimum of six months, with a maximum award of \$50,000 per applicant per calendar year. The BOOST loan may provide up to \$150,000 in fixed-rate financing for up to four years.

The 2010 Legislature also increased the department's flexibility in providing assistance through the OBDF and EDLF programs. They provided additional capital and

## Miles Fiberglass



Miles Fiberglass & Composites, Inc., located in Happy Valley, recently expanded into products for renewable energy industries to broaden its product offerings and enter into new markets. Miles also needed to adapt to a sharp slowdown in the RV manufacturing sector. As a result of these efforts, and with the help of Business Oregon, Miles successfully transformed its operations.

Business Oregon partnered with the private sector and public partners to initiate the Northwest Wind Industry Alliance to help businesses evaluate, review and work

The expertise of Business Oregon's staff **adds value** beyond financial incentives, to help Oregon companies **increase competitiveness**.

program enhancements to the Oregon Business Development Fund, and streamlined the process to allow more small businesses to qualify for loans. Specifically, the bill gives the department more discretion, allowing it to approve loans of up to \$250,000, an increase from the current \$100,000 limit.

The first business to benefit from the new rules was Salem's Oregon Ballistic Labs (OBL). The company received a \$160,000 OBDF loan to finance a new testing facility and purchase equipment. The company, which does various types of ballistic and blast protection testing and certification for

various products with military, law enforcement and other applications, saw its employment jump from seven full-time workers to 20 employees. OBL is now able to meet the government's bid requirements and as a result it has been awarded several defense contracts.

## SMALL BUSINESS SERVICES

Small Business Services staff work directly with the statewide network of Small Business Development Centers to provide services such as information, referral, technical assistance

### Business, Innovation & Trade Division Investments for Fiscal Year 2010

Investment Fund/Program	Recipients	Investment Type	Investment Amount
Strategic Reserve Fund	30 projects	loans/grants	\$4,245,132
Industry Competitiveness Fund	18 projects	grants	\$1,037,032
Business Development Fund	16 projects	loans	\$4,063,000
Credit Enhancement Fund	32 new/renewed guarantees	loan guarantees	\$7,690,192
Entrepreneurial Loan Fund	7 projects	loans	\$164,300
Industrial Development Bonds	2 projects	bonds	\$4,500,000
Capital Access Program	40 projects	matching funds	\$95,673
Small Business Development Centers	19 centers	grant funds	\$525,000
Gov't Contracting Assistance Program	1 provider	grant	\$139,375
Business Retention Service Contracts	9 contracts	loans/grants	\$46,000
Brownfields Redevelopment	7 projects	loans/grants	\$998,178

together to expand into this new field. In July 2010, Business Oregon approved a \$50,000 BOOST grant to help Miles create 20 new jobs.

Only three years ago, an estimated 65% of the company's business was supplying composite component parts to the RV industry. Now the workforce of 75 employees includes 30 wind turbine technicians that work in the field repairing blades and it is projected to continue to grow.

The company is bidding on new, small wind projects; repairing damaged wind parts at the Port of Longview; building components for "green" air conditioners and manufacturing composite components for Supreme (Northwest) Trucks of Woodburn and Oregon Iron Works' streetcars. The company is also working to equip disaster relief shelters with "solar" blankets.

The Certified Industrial Site program has been a critical factor in recruitments, creating more than **900 new jobs for Oregonians.**

and training to current and aspiring small business owners. Business Oregon staff also assist the Oregon Small Business Advisory Council, a state-level advisory body that offers guidance on how to maintain a strong economic environment for the state's small businesses.

## MINORITY WOMEN & EMERGING SMALL BUSINESS

The Office of Minority, Women and Emerging Small Business (OMWESB) administers the Disadvantaged Business Enterprise (DBE), Minority Business Enterprise/ Women Business Enterprise (MBE/WBE) and Emerging Small Business (ESB) programs. OMWESB strives to ensure that minorities, women and emerging small businesses have equal access to contracting opportunities in both the public and private sector.

As the sole certification authority in Oregon for targeted government contracts for disadvantaged, minority and woman-owned businesses and emerging small businesses, OMWESB provides "one-stop" certification.

## BROWNFIELDS

The state-funded Brownfields Redevelopment Fund primarily offers low-interest loans with flexible terms to private persons and local governments seeking financing to complete the evaluation and cleanup of brownfields. The sale of state revenue bonds funds the program. A brownfield is a property where expansion or redevelopment is complicated by actual or perceived environmental contamination. Environmental actions funded through this program must be linked to site

redevelopment that facilitates economic development or community revitalization. The federally-funded Oregon Coalition Brownfields Cleanup Fund program also offers low-interest loan and grant financing options for projects on properties impacted by the existence of hazardous substances including petroleum.

## INDUSTRIAL LANDS

Certified sites were very active with new and expanding businesses in fiscal year 2010. Facebook began construction on its first company-owned data center near Prineville; Home Depot announced a state-of-the-art distribution facility in Salem; Sanyo Solar started manufacturing operations in Salem; Genentech's Hillsboro plant opened in 2010; Solaicx/ MEMC expanded its presence in Portland's Rivergate; solar supplier Ferrotec, Inc. announced plans to build a new facility in Fairview; and Pioneer Hi-Bred expanded its operations on a certified site in Hermiston.

In fiscal year 2010, Business Oregon certified the 60-acre Coyote Business Park industrial site, owned by the Confederated Tribes of the Umatilla Indian Reservation (CTUIR). The site is the first state-certified industrial site located on tribal trust land in the state of Oregon and is a successful example of cooperation between CTUIR and the state of Oregon. In addition, potential industrial land sites in Albany, Burns, Estacada, Independence, Ontario, Pendleton, Prineville, Redmond, The Dalles and Toledo are currently being processed by Business Oregon for certification.

## Facebook

In early 2010, social networking giant Facebook announced its intention to build its first company-owned data center on a certified industrial site outside of Prineville.



In August 2010, the company upped its investment, announcing it would immediately build more than double the space it initially announced. Facebook now plans to build a 160,000-square-foot expansion which will be connected to the first phase development of the data center.

Facebook officials praised the availability of 'shovel-ready,' certified industrial land as a critical factor in their decision to locate near Prineville. The site is also located in one of Oregon's long-term enterprise zones.

"Having a shovel-ready site is a really big deal, and I think this community has done a real good job to have that," Ken Patchett, Facebook's project director, told the Central Oregonian. "The economic development zone is just fantastic."

The company said it will employ between 150 to 200 workers during construction. The data center expects to have a full-time staff of 35 once it is operational.

Business Oregon awarded a total of **\$17,850 in OTPP grants** which helped generate a total of **\$2.4 million in sales.**

The department also engaged in a variety of land use issues around the state relating to industrial lands. Business Oregon contributed testimony and analysis regarding proposed Urban Growth Boundary amendments, land use rule making, the designation of Urban Reserves and Goal 9 planning in the Portland metro area, Eugene, Bend and Newberg. Industrial land staff engaged in a multi-agency process for acquiring a regional growth permit from the Army Corps of Engineers in order to substantially decrease wetland permitting timelines and increase the marketability of up to 20 sites in Linn and Benton counties.

In today's economy, project development timelines are shrinking and information technology allows many companies the option to locate virtually anywhere in the world. Industrial site certification gives Oregon communities the opportunity to compete for businesses they might not otherwise attract.

## GLOBAL STRATEGIES

Oregon businesses require a wide variety of tools and resources to remain profitable in the increasingly competitive and technologically complex global economy. In addition to the business development programs described previously, Business Oregon's Global Strategies Section provides a suite of services to help Oregon companies export their products to international markets, develop innovative new products with R&D assistance from Oregon's university system, identify emerging economic trends and opportunities and use broadband technology to expand their reach.

### *Lektro, Inc.*

Business Oregon's international trade specialists helped LEKTRO, Inc., a family-owned business in Warrenton, land more overseas customers. Business Oregon awarded the company a \$2,500 Oregon Trade Promotion Program grant to help defray some of the company's costs to appear at the Singapore Air Show in February 2010.

As a result of its work at the trade show, the company estimates it garnered \$240,000 in additional sales orders for its products. Now more than 80% of the company's sales are exports overseas. The company, which employs more than 50 workers, manufactures electric vehicles including "tugs," which are used

## GLOBAL TRADE ASSISTANCE

International trade is a cornerstone of Oregon's economy. Oregon had \$14.9 billion in exports of goods and services in 2009, with nearly 5,000 individual Oregon companies exporting abroad. Business Oregon's four global trade specialists, as well as overseas trade representatives in Japan, China, Korea and Europe, assist small- and medium-sized Oregon businesses increase their exports. Services include one-on-one business counseling, market research, market entry strategies and due diligence assistance to identify and evaluate international partners (i.e. agents, distributors and customers). Global Trade staff also serve as primary points of contact for trade missions to foreign markets and incoming delegations with an interest in Oregon's economic landscape. In addition, Business Oregon offers the Oregon Trade Promotion Program (OTPP), which helps companies seeking to expand sales abroad or enter new foreign markets by providing small grants (\$2,500 or less) to off-set the costs associated with participation in international trade shows.

Business Oregon sets targets each year for export sales made by Oregon companies as a direct result of the department's assistance. For FY 2010, the department exceeded the target of \$15 million in assisted export sales, with documented sales totaling \$19.9 million. This figure is a 23% increase over the \$16.2 million total for FY 2009, including sales of products as varied as machinery, advanced technology, transportation equipment, environmental service products, medical products, consumer goods, lumber products and more.

across the globe to tow commercial and military aircraft.

There are nearly 3,000 LEKTRO tugs in operation, working in almost every industrialized country in the world.



Business Oregon professionals give businesses the tools they need to **succeed** in today's **competitive global marketplace**.

Of the \$19.9 million total, \$2.4 million was a direct result of the OTPP grant program. Business Oregon awarded a total of \$17,850 in grants to 12 companies to support their participation in select trade shows. These companies generated a total of \$2.4 million in sales as a result of their participation in these shows.

Business Oregon partnered with several federal programs to help Oregon companies access financial assistance to facilitate exports. By promoting these programs to Oregon businesses and helping identify Oregon companies that would benefit, Business Oregon's staff provided the introductions and connections that make these resources available to many Oregon companies who would not otherwise have known about them. In essence the federal programs become another "tool in our toolbox" at little or no cost to the state.

Business Oregon's participation in the Softwood Export Council's Foreign Markets program helped generate \$6.6 million in sales for 12 softwood lumber and secondary wood products producers in FY 2010. In addition, Oregon companies introduced to the Export-Import Bank by Business Oregon staff in FY 2010 generated more than \$12.4 million in export sales transactions through financing provided by Export-Import Bank.

## OREGON INNOVATION COUNCIL

The Global Strategies team researches and implements forward-looking strategies that help advance Oregon's economy through innovation-based economic development. A key component of the team's work is its support of the Oregon Innovation Council (Oregon InC).

Oregon InC is the cross-sector leadership team formed in 2005 by the Governor and Legislature to drive the state's innovation strategy. Oregon InC's mission is to expand markets for Oregon companies, create jobs across the state

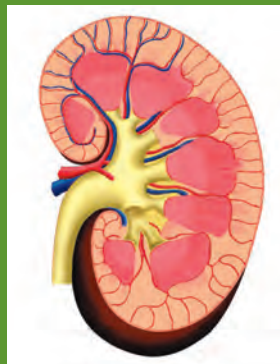
### Innovation Investments for the 2009–11 Biennium

Investment Category	Investment Amount
<b>Industry Initiatives:</b>	
• Ocean Wave Energy	\$3.01 M
• Food Processing	\$1.62 M
• Seafood	\$450,000
<b>Signature Research Centers:</b>	
• ONAMI (Oregon Nanoscience and Microtechnologies Institute)	\$5.65 M
• Oregon BEST (Built Environment and Sustainable Technologies Institute)	\$2.75 M
• OTRADI (Oregon Traditional Research and Drug Development Institute)	\$2.51 M
<b>Total investment:</b>	<b>\$15.99 M</b>

## Home Dialysis Plus (HD+)

Business Oregon helped HD Plus with a \$170,000 grant through the Oregon Nanoscience and Microtechnologies Institute. The grant allowed them to develop a prototype of its home dialysis machine.

HD Plus also partnered with Hewlett-Packard Co. to license its inkjet technology that allowed the company to mix the salt, electrolyte and water solution used in dialysis. They apply the microfluidic technology HP developed for printers to kidney dialysis. HD Plus also has a licensing agreement with Oregon State



University to incorporate technology developed at OSU for blood filtration and water treatment.

In February 2010, the company received up to \$50 million from Warburg Pincus, a private investment company, to bring its kidney treatment device to market. HD Plus has already put some of the money to work expanding its facilities and contracting with design firms to produce its technology.

HD Plus currently employs 36 people, divided between its offices and labs in Portland and Corvallis. The company hopes to add at least 14 more employees by early 2011.

Business Oregon supports **entrepreneurs and innovators** who are **cultivating** the next generation of **jobs** and creating a more diverse Oregon economy.

and leverage Oregon's strengths to compete in the global economy.

Oregon InC is an important part of Business Oregon's mission, creating a synergy between the innovative ideas of the state's research universities and the knowledge of entrepreneurs and business people who can help turn ideas into the next generation of Oregon businesses. Business Oregon has identified Oregon's top innovation-driven growth opportunities to maximize the state's competitive advantages and establish Oregon's niche in the global economy. In June 2009, the Legislature approved a \$15.99 million funding package for Oregon InC to invest in six projects that support innovation in both established and emerging industries:

- **Oregon Nanoscience and Microtechnologies Institute (ONAMI)**—The state's first Signature Research Center, ONAMI facilitates collaboration between private industry and the state's research universities in "green" nanotechnology and energy generation to create the next generation of companies and jobs in Oregon.
- **Oregon Built Environment and Sustainable Technologies Institute (BEST)**—Oregon leads the world in green building technology and Oregon biomass products and biofuels hold promise for economic development in rural communities.

- **Oregon Translational Research and Drug Development Institute (OTRADI)**—The institute is focusing on commercializing vaccines and diagnostics to combat infectious disease. OTRADI already has identified over 50 novel chemicals for possible use in fighting infectious diseases including Malaria and E. coli bacteria.
- **Oregon Wave Energy Trust (OWET)**—Oregon has been identified as the best site in the United States for this clean energy, which will create jobs along the coast, provide manufacturing opportunities to build equipment and generate renewable power for the state.
- **Food Processing Initiative**—The Northwest Food Processing Innovation Productivity Center (IPC) helps processors in this \$6 billion industry become more efficient, sustainable and competitive, retaining good-paying jobs.
- **Seafood Industry Initiative**—This initiative helps the industry retain jobs by increasing efficiency and helping launch research into new products.

## Oregon Iron Works

Oregon Iron Works, Inc. and Ocean Power Technologies, Inc., (OPT) are partners in the construction of the first commercial wave energy PowerBuoy® system in North America. The first buoy is scheduled to be installed off the Oregon coast near Reedsport in 2011. The project is part of the first commercial-scale facility of its type in North America, comprised of 10 wave energy buoys which will generate approximately 1.5 megawatts of electricity.

OPT received a \$200,000 matching grant from the Oregon Innovation Council's Oregon Wave Energy Trust (OWET) for permitting and development expenses. OPT also relied on environmental research

conducted by OWET, including research into the effect of the buoys on crabs and seabirds as well as sediment studies.

The project kicks off a whole new sector in Oregon's renewable energy industry and will mean dozens of full-time, family wage jobs at Oregon Iron Works and various other Oregon subcontractors such as Sause Bros., which is expected to play a key role in transporting and deploying the buoys by barge.



Assisting communities to build infrastructure capacity to address public health safety and compliance issues as well as **support** their ability to **attract, retain and expand businesses**.

# Infrastructure Finance Authority

## *Stimulus Funding: Safe Drinking Water*

The innovative efforts of Business Oregon's Infrastructure Financing Authority (IFA) resulted in a first-of-its-kind inclusion of three mobile home parks as part of the City of Woodburn's drinking water system.

The project provided safe drinking water to hundreds of residents of three manufactured home communities outside Woodburn's city limits that were previously served with water contaminated with unsafe levels of arsenic. Normally, the city wouldn't extend water service outside city limits; however, the IFA incited an exception. The project was funded mainly by a \$2.8 million federal stimulus grant from the IFA.

Safe Drinking Water Revolving Loan funds and federal ARRA funds helped **finance ARRA projects** in Oregon **communities** with a total value of **\$45.2 million**.

The department's infrastructure activities are supervised by an Infrastructure Finance Authority (IFA) within Business Oregon. The Oregon Business Development Commission and the Governor recommended this change last year to ensure the state would be more effective and accountable to all Oregonians in relation to the construction of infrastructure across the state. The Governor appointed an IFA Board of Directors in the fall of 2009 to direct infrastructure spending in Oregon.

The IFA Board exhibited strong leadership and helped provide critical direction to the IFA team. The board reviewed and helped re-energize the IFA's efforts to work with Oregon communities to develop infrastructure, public facilities and to address their economic needs by creating fiscally responsible funding solutions in a timely manner.

In the last year, the IFA team focused on managing and distributing federal recovery and reinvestment funds across the state of Oregon. Eighteen Oregon community water systems received a total of \$27.8 million in federal stimulus funds through Business Oregon to help construct and improve drinking water systems. The IFA combined \$27.8 million in federal funding with \$13.9 million in existing state Safe Drinking Water Revolving Loan funds and local funds to help finance projects with a total value of \$45.2 million.

In addition, the IFA played critical roles in fostering economic development success in communities such as Newport (relocating NOAA Pacific Research Fleet); John Day (construction of a wood pellet facility at an existing lumber mill); and on the southern coast (significant funding

and technical assistance to repair and revive a critical rail link between the coast and the Willamette Valley).

Through the efforts of the IFA team, Business Oregon met its strategic plan goal to "assist communities to build infrastructure capacity to address public health safety and compliance issues as well as support their ability to attract, retain and expand businesses."

The IFA is responsible for the program administration of the state Water/Wastewater, Special Public Works and Port Revolving Loan Funds. In addition, the IFA administers the federal Safe Drinking Water and Community Development Block Grant programs.

The IFA's funding programs include:

#### COMMUNITY **DEVELOPMENT** BLOCK GRANT PROGRAM (CDBG)

The CDBG program utilizes federal funds to support a variety of community facilities, public works projects, housing rehabilitation, services to microenterprises and other businesses where the proposed project will primarily benefit low- and moderate-income persons.

The primary objective of the program is the development of viable communities by expanding economic opportunities and providing adequate housing and a suitable living environment principally for persons of low and moderate income. Only non-metropolitan cities and counties in rural Oregon can apply for and receive grants.

Woodburn was one of 18 Oregon community water systems which received a total of \$27.8 million in federal recovery and reinvestment funds through Business Oregon to help construct and improve drinking water systems. At least 20% of the funds provided have to be used for green infrastructure, water and energy efficiency improvements and other environmentally innovative projects.



The IFA provides loan and grant funding that **supports economic and community development.**

#### WATER/**WASTEWATERFINANCINGPROGRAM**

The program provides technical assistance and construction financing for public water and wastewater systems that are needed to meet state and federal water quality standards.

Eligible activities include reasonable costs for construction improvement or expansion of drinking water, wastewater or storm water systems. Eligible systems are those with compliance issues regarding the Safe Drinking Water Act or the Clean Water Act. The fund provides both loans and grants, but it is primarily a loan program.

#### SPECIAL**PUBLICWORKSFUND**

The program, established by the Legislature in 1985, provides loan and grant funding for municipally-owned facilities that support economic and community development in Oregon. Loans and grants are available to municipalities for planning, designing, purchasing, improving and constructing municipally-owned facilities such as water, sewer, road extensions, buildings or other facilities.

#### SAFED**DRINKINGWATERREVOLVINGLOANFUND**

The Safe Drinking Water financing program utilizes federal funds to provide low-cost financing and grants for construction and/or improvements of public and private water systems. This is accomplished through two separate programs:

- Safe Drinking Water Revolving Loan Fund for collection, treatment, distribution and related infrastructure. The Safe Drinking Water Revolving Loan Fund lends up to \$6 million per project.
- Drinking Water Protection Fund for protection of sources of drinking water prior to system intake.

The program's financing is available to all sizes of water systems that are subject to federal regulations, although 15 percent of the funds are reserved for systems serving a population of fewer than 10,000 residents.

#### PORT**REVOLVINGFUND**

The fund is a port loan program for the planning and construction of facilities and infrastructure that promote the maritime shipping, aviation and commercial/industrial activities of ports. Funding may be used for port development projects or to assist port-related private business development projects.

The variety of eligible projects is very broad. These include, but are not limited to, water-oriented facilities, industrial parks, airports and commercial or industrial developments. Eligible project costs can include engineering, acquisition, improvement, rehabilitation, construction, operation, maintenance or pre-project planning. Projects must be located within port district boundaries.

### *National Oceanic & Atmospheric Administration*

Business Oregon's Infrastructure Finance Authority (IFA) awarded Port of Newport officials a \$25,000 grant from its Port Planning and Marketing Fund to help them prepare their successful bid to become the new home for the National Oceanic and Atmospheric Administration's (NOAA) relocated Pacific research fleet.

The \$38 million, five-acre project is scheduled to open in June 2011, with a staff of 175, including 110 officers. The Port of Newport was able to make the winning bid largely because of \$19.5 million in Oregon Lottery

**Generating revenue** for critical state services and infrastructure projects.

**PORT PLANNING & MARKETING FUND**

The fund provides grants to assist with planning and marketing activities to improve and expand a port's trade and commerce capacity.

The project must meet criteria such as: enhance the port's ability to conduct trade and commerce; lead to economic diversification through development or redevelopment of existing public facilities; and the funding cannot be used to subsidize regular port operating expenses.

**MARINE NAVIGATION IMPROVEMENT FUND**

A grant and loan program that provides funding for two categories of projects: 1) federally authorized projects where the federal government provides 75 percent of the funding; the state provides 25 percent match through appropriations made by the Legislature; and 2) non-federally authorized projects—these are smaller projects that cannot qualify for federal assistance.

**Infrastructure Finance Authority Investments for Fiscal Year 2010**

Investment Fund/Program	Recipients	Investment Type	Investment Amount
Special Public Works	11	loans/grants	\$5,266,457
Water/Wastewater	17	loans/grants	\$12,762,835
Safe Drinking Water Revolving Loan	35	loans/grants	\$72,991,180
Community Development Block Grant	32	grants	\$16,600,341
Ports	8	loans/grants	\$1,788,028
<b>Totals</b>	<b>103 Awards</b>		<b>\$109,408,841</b>

funds, appropriated by the state Legislature, which allowed it to offer a 20-year lease for only \$2.4 million per year.

In addition, the project will utilize \$2.1 million in urban renewal bonds and \$200,000 in additional funding from the Port of Newport, Hatfield Marine Science Center and the Oregon Department of Transportation (ODOT). Business Oregon officials also helped the Port of Newport secure a \$1 million Immediate Opportunity Fund (IOF) grant from ODOT to help fund the city's completion of its South Beach transportation plan.



Business Oregon's programs help **fill gaps** not met by other public and private entities.

## Arts Commission, Cultural Trust & Film & Video Office

### *Art on Alberta/Art Hop*

The heart of the Alberta Arts District in Portland filled with 20,000 visitors to the 10th annual Art Hop street festival this year, as a community celebrated its artists, musicians, neighbors and small business owners.

Along with providing a one-day marketplace for artists from around the Northwest, Art Hop 2010 highlighted Portland artist and dancer Thelma Johnson Streat (1911-1959) the first African-American woman to have her work exhibited by the Museum of Modern Art in New York City. Up to 50 of Streat's original works were exhibited in galleries along the route as visitors were invited to

The Arts Commission awarded a total of **230 grants** totaling **\$1,782,604** to Oregon artists and arts groups who **matched those dollars with \$130,883,664** in other funds.

## ARTS AND CULTURE

Business Oregon houses the Oregon Arts Commission and the Oregon Cultural Trust. The Arts Commission advocates for arts and culture as cornerstones of community and civic life and its work is focused on:

- Providing Oregonians wide access to the arts and their benefits;
- Assisting arts organizations to develop the skills and resources to offer high quality programs across the state;
- Providing better access to quality arts learning opportunities;
- Assisting Oregon's artists in developing their skills and careers.

Both the Cultural Trust and the Arts Commission work to ensure that art and culture touch the lives of all Oregonians. Almost five million Oregonians and visitors experienced the arts in 2010, and arts and cultural programs reached 513,000 Oregon youth. More than 21,000 individual artists were involved in programs supported by the Arts Commission.

In 2010, continuing the work initiated with the increased funds authorized by the Governor and Legislature through the CHAMP (Culture, History, Arts, Movies and Preservation) initiative, the Arts Commission awarded a total of 230 grants totaling \$1,782,604 to Oregon artists and arts

groups who matched those dollars with \$130,883,664 in other funds. The Arts Commission continued to offer arts and business training in partnership with local and regional arts both online and in person. The Commission continued the Career Opportunity Grant program to enable other artists to strengthen their work and the ability to market it.

The Commission continued to track Oregon's employment and participation in the arts by commissioning the fourth Creative Vitality Index Report in 2010. Oregon as a state continues to rank above the national average in the Creative Vitality Index. Two workforce development areas, Jackson/Josephine and Multnomah/Washington counties continue to exceed the national average.

Even in the challenging fundraising climate, in FY2010, the Cultural Trust, Oregon's innovative mechanism to increase and sustain support for the arts, heritage and the humanities, grew its permanent fund to over \$13.5 million. The Trust's FY2010 grants reached across Oregon and totaled \$1.45 million.

discover this acclaimed artist who counted Mexican muralist Diego Rivera as one of her collaborators and most ardent supporters.

Stages and venues along Alberta Street hosted singer-songwriters, dance and theater performances, as well as children of all ages engaged in interactive art events in this gathering that highlighted the best of what Art on Alberta supports -the past and the future.



The TV show "Leverage" employed 397 Oregonians and used 280 Oregon vendors for goods and services.

## FILM AND VIDEO

The mission of Oregon's Film and Video Office (OFVO) is to promote statewide development of the film, video and multimedia industry in Oregon and to enhance the industry's revenues, profile and reputation within Oregon and among the industry internationally. The OFVO is a semi-independent agency and its Oregon Production Investment Fund is appropriated by the Legislature to the Oregon Business Development Department for disbursement.

With a staff of five full-time employees and a 2009–2011 budget of \$1,251,703, the office supports an industry in Oregon that now has a total economic impact of \$1.39 billion\*.

The office supports the industry by:

- Marketing Oregon as a filming location, recruiting out-of-state productions and serving as a liaison to the productions to help navigate permits, access or other production-related concerns.
- Supporting a thriving indigenous film, video and multimedia industry.
- Supporting and advising the state's public and private higher educational institutions as they prepare their students for a future in the media industry.
- Working with other governmental entities to create and streamline filming regulations.

- Serving as a spokesperson for the industry, both within and outside of the state.

The office also is the administrating agency for the Oregon Production Investment Fund as well as the Greenlight Oregon Rebate program. These two programs, created in 2003 and 2005 respectively, have become the chief marketing tools for recruiting large out-of-state film productions. The film and video industry brings high wage jobs to the state. The average annual wage for the industry is \$53,118, which is 34 percent more than the statewide average.

Spending on feature film and television series in Oregon totaled more than \$62 million in 2009, the biggest year ever for Oregon's film and video industry. Recent projects filmed in Oregon include "Extraordinary Measures," starring Brendan Fraser and Harrison Ford, Gus Van Sant's "Restless" and seasons two and three of the TNT series "Leverage," starring Timothy Hutton.

When a project comes to Oregon, there is a large impact on the workforce. For example, during the second season of "Leverage," 397 Oregon residents were put on payroll which resulted in over 150,000 recorded hours of work. In addition, 280 Oregon vendors were invoiced for goods and services used on the production.

\*The economic impact figure is total direct and indirect economic output of Oregon's film, video and broadcast industry according to the 2007 ECONorthwest report.

## Leverage

After a successful season in Oregon in 2009, "Leverage" returned to Portland to produce



Picture courtesy of TNT & Leverage.

its third season. It already appears that this season will have an even larger economic impact and create more jobs than the show's second season. That season brought in over \$23 million in direct spending to the state and 397 residents of Oregon were put on the show's payroll. Those employees recorded over 150,000 hours of work during season two. In addition over 280 vendors from Oregon were invoiced for goods and services rendered on the show.

Recently, it was announced that "Leverage" will be returning in 2011 for a fourth season in Oregon. Assuming the fourth season is consistent with the previous two years, the total direct spend of this television series will exceed \$75 million. This figure translates to a total economic impact of \$147 million to the state of Oregon.

## A PARTIAL LIST OF COMPANIES ASSISTED BY BUSINESS DEVELOPMENT PROGRAMS IN FY 2010:

Altrec, Inc.  
Ashcroft Enterprises, LLC  
Ashland Brothers Landscaping, Inc  
AWEA Conference and Trade Show  
Backsen Enterprises, LLC  
Baker County Custom Meats, Inc.  
Banks Dough Boys, Inc.  
BBB Contracting Corporation  
Beaver Biodiesel, LLC  
Beevers Manufacturing and Supply  
Benson Trucking, Inc.  
Bonjour, Inc.  
Brady Environmental, Inc.  
Brammo, Inc.  
Braxton McKenzie, Inc.  
Bridgetown Natural Foods, LLC  
Burger Time Restaurant  
C and D Landscape Company  
Cabinet Door Service Company, Inc.  
Cascade Specialties, Inc.  
CentroSolar Oregon, LLC  
Chalet RV, Inc.  
City of Salem  
Classic Trolley, Inc.  
Clifford Johnson, Inc.  
Coastal Family Health Center  
Community Movement Center, LLC  
Coos County  
Copious Creative, Inc.  
Cornrocket, LLC  
Council of Dev. Finance Agencies  
Cousin Jacks Pasty Co  
Cragon, Inc.  
Crowds of 3, Inc.  
CRS Unlimited, LLC  
Emerging Acquisitions, LLC  
Encore Ceramics, Inc.  
Ethic Promotion, Inc.  
FC Business Intelligence Ltd  
Ferry-Morse Seed Company  
Finn Ware of Oregon  
First Call Resolution, LLC  
French Connection, LLC  
Frog Eyes Wasabi  
Gallagher & Carini, LLC  
Gaviotas Painting, LLC  
Gentry Ford Sales, Inc.  
Gheen Irrigation Works, Inc.  
GIS Planning, Inc.  
GL Suite, Inc.  
Gruma Corporation  
GS Farrell Enterprises, LLC  
Handful, Inc.  
Harney County  
Henry Group, LLC  
High Impact Technology, LLC  
Human Energy Concealment Systems, LLC  
Indigo River Properties, LLC  
Insurance Connection of Deschutes PC  
International Business Machines Corporation  
ISSPRO, Inc.  
John Powell Electrical Training & Consulting  
Jurhs Logging Co.  
Kinro, Inc.  
Krav Maga Self Defense & Fitness, LLC  
LaCrosse Footwear, Inc.  
Leigh Saint-Louis MD, LLC  
Lektro, Inc.  
Mackenzie Engineering, Inc.  
Medical Spa LaCost, LLC  
MEI, LLC  
Michel Enterprises, Inc.  
Microstein, LLC  
Miller Oil, Inc.  
Money Investment Company  
MorStarch, LLC  
Moss Hair Studio, LLC  
Murphy Company  
Native American Technology Corporation  
Ninkasi Brewing Company, LLC  
Northwest Environmental Business Council  
Northwest ULD, Inc.  
Novellus Systems, Inc.  
Ochoco Lumber Company  
On the Spot Welding  
Oregon Ballistic Laboratories, LLC  
Oregon Business Council  
Oregon Economic Development Association  
Oregon Entrepreneurs Forum  
Oregon Iron Works, Inc.  
Oregon Manufacturing Extension Partnership  
Oregon Soap Company  
Oregon Sports Authority  
Oregon University System  
Oregon's Only Organics Co.  
Organization for Economic Initiatives, Inc.  
Pacific Northwest Defense Coalition  
Pelzer Hay Service  
Perpetua Power Source Technologies, Inc.  
Pioneer Hi-Bred International, Inc.  
Planet Verde, LLC  
Port of Toledo  
Powder River Precision, Inc.  
Pratts Leaburg Country Store  
RAM Trucking, Inc.  
Randy Allen Castle DMD PC  
Red Lion Hotel on the River  
REDBUILT, LLC  
Restorative Health Clinic, LLC  
Rogue Creamery  
Rogue Truck Body, LLC  
Rogue Winery, LLC  
Ruby Jewel Scoops, LLC  
Ruff Wear, Inc.  
Salem Vascular PC  
Salon Boheme, LLC  
SC's Supply  
Silver Eagle Manufacturing Co.  
Small Bus. Innovation Research Program  
Snack Alliance, Inc.  
S. OR High Performance Enterprise  
Splash Northwest, Inc  
Stairway Corporation  
Streuli Janac, LLC  
Stumptown, Inc.  
Sunflower Creations  
Tasha's, Inc.  
Tasty Bake, Inc.  
USDA Forest Service, Pac. NW Region  
West Coast Contractors  
West Coast Reforestation, Inc.  
Western Digital, LLC  
Western Interlock, Inc.  
Willamette Vending & Food Service, Inc.  
William S. Trope CPA P.C.  
Winners Choice Custom Bowstrings, Inc.  
Woodcrafter Lumber Sales of Salem, Inc.

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