A Message from Business Oregon

Dear Colleagues,

I'm proud to report another successful year for Business Oregon, with continued investments in the lives of Oregonians, their businesses, and their communities. During fiscal year 2019, direct funding from Business Oregon created almost 1,000 jobs statewide—53 percent were in rural areas and 71 percent were in small and middle-sized firms. Indirect funding, including tax abatements and industrial land development, supported over 30,000 jobs throughout the state. Eighty-three percent of our agency's infrastructure and community investments went to rural Oregon. And, our newly refurbished on-line platform for real estate and business recruitment—www.oregonprospector.com—saw more than 13,000 searches.

Funding from Business Oregon had cascading effects as well. Businesses that received assistance from us generated $9.7 million in personal income tax. Our innovation programs leveraged almost four times as much funding from other public and private sources.

Oregon businesses also saw great success in reaching markets outside our state borders. Firms that received export assistance from us reported $196 million in new export sales; Thirteen percent of those firms were women-owned, veteran-owned, or socially / economically disadvantaged. The Government Contract Assistant Program helped businesses win 613 federal contracts valued at more than $62 million.

These achievements are not confined to the economic development arena, they also represent improvements to public safety, protection of public health, upgrades to educational facilities, long-term support for innovation, and much-needed assistance for global trade, entrepreneurs, and under-served communities.

Our staff members, executive team, commissioners, and partners are working hard to achieve prosperity for all Oregonians. The following success stories and metrics demonstrate the wide variety of programs and services that Business Oregon offers every day. We invite you to come join us at a governor's marketplace, a brownfields conference, a pop-up event, or the many trade shows and job fairs where Business Oregon can be found. We'll see you there.

Sincerely,

Chris Cummings
Interim Director
Business Oregon is increasingly focused on the quality and impact of jobs in underserved communities.

The agency places a premium on job creation in disadvantaged communities, where projects may typically not have large job numbers when compared to more affluent communities. In coordination with the Governor’s Office, Business Oregon adopted a new approach for the Strategic Reserve Fund (SRF), investing in longer-term economic outcomes over near-term job creation.

“\[The full time population of Detroit, Oregon is 210. Ten jobs in Detroit, Oregon, would be 4.8% of the total population. Portland’s population is 653,115, then the same percentage of 4.8% is equivalent to 31,000 jobs.\]

We do not always notice the size of the impact when a small town loses a single restaurant or store... We need to change our perspective on rural equity and compare impacts using ratios and percentages rather than just strict numbers of jobs and monetized economic impact.”

Danielle Gonzalez, Economic Development, Marion County Services Department

### Strategic Plan Metrics

In order for Oregon’s economy to remain competitive long-term it is critical to focus on achieving rural economic stability. Our strategic plan metrics that contribute to rural economic stability include growing small and middle market companies, and creating and retaining rural jobs. Through the creation and retention of quality and accessible jobs, we create opportunities and economic stability for all Oregonians.

**Rural Jobs Created and Retained**

Rural Jobs Created: 488 // 53% of Total Jobs  
Rural Jobs Retained: 1,206 // 38% of Total Jobs

**Quality and Accessible Jobs**

Of the 916 jobs created statewide, 68 percent meet our definition of “quality” jobs. A quality job is one that pays above the county or statewide annual average wage, whichever is lower. Of the same 916 jobs created, 75 percent are accessible. Accessible jobs are those requiring less than a Bachelor’s Degree. Of the 3,215 jobs retained, 53 percent are quality and 79 percent are accessible.
Key Performance Measures: Jobs Created, Jobs Retained, and State Income Tax Revenue

<table>
<thead>
<tr>
<th>Total Jobs Created Statewide</th>
<th>Total Jobs Retained Statewide</th>
</tr>
</thead>
<tbody>
<tr>
<td>Target: 1,900 jobs</td>
<td>Target: 5,600 jobs</td>
</tr>
<tr>
<td>Actual: 916 jobs</td>
<td>Actual: 3,215 jobs</td>
</tr>
</tbody>
</table>

Personal Income Tax Generated by Department’s Investment in Jobs

<table>
<thead>
<tr>
<th>Target</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>$23 million</td>
<td>$9.7 million</td>
</tr>
</tbody>
</table>

Success Stories

The Higher Taste

Location: Cornelius
Program: SRF
$ Amount: $150,000

The Higher Taste is a Portland-based vegetarian and vegan food manufacturing company expanding in the city of Cornelius with a new 15,400 square-foot facility. The Cornelius economy has been distressed, so the investment of $4 million with this expansion project that has created 60 new jobs is very exciting. A $150,000 investment from Business Oregon's Strategic Reserve Fund helped make it happen.

Imagination International

Location: Eugene
Program: Credit Enhancement Fund (CEF)
$ Amount: $650,000

Imagination International is a distribution, advertising and manufacturing company and a long standing, important employer in the Eugene area. The company ran into unexpected financial difficulties that were a great challenge to the business. We worked with a private lender to approve a significant CEF-backed loan to give the company the working capital needed to refocus its brand, execute a new product, and get sales growing again. This result is saving 30 to 50 jobs.

Moonshadow Mobile, Inc.

Location: Eugene
Program: Oregon Royalty Fund
$ Amount: $250,000

Moonshadow Mobile has developed a better way to obtain, manage and analyze time-series data, targeted primarily at the “internet of moving things” (mobile objects that are or can be connected to the internet - cars, buses, trams, signals, people, etc.). Direct loans from the Oregon Royalty Fund program will continue the development and marketing of this proprietary software. The project will retain 10 jobs and create 72 new jobs. The program allows small businesses that are almost bankable alternate financing.
Business Oregon supports the adoption and creation of new products, services, and business models. Our innovation programs expand Oregon’s research and development capacity and increase access to capital for high-growth startups.

## Strategic Plan Metrics

**Innovate Oregon’s Economy: Total Amount Leveraged and Invested in Oregon Startups**

Business Oregon invested $7 million in innovating Oregon’s economy in FY2019, with more than $26 million in leveraged funding from all sources.

<table>
<thead>
<tr>
<th>Program</th>
<th>$ Invested by Business Oregon</th>
<th>Leveraged Funding (All Sources)</th>
</tr>
</thead>
<tbody>
<tr>
<td>High Impact Opportunity Projects</td>
<td>$2,100,000</td>
<td>$11,782,100</td>
</tr>
<tr>
<td>Oregon Manufacturing Innovation Center</td>
<td>$3,390,000</td>
<td>$2,366,299</td>
</tr>
<tr>
<td>Small Business Innovation Research</td>
<td>$705,000</td>
<td>$11,392,690</td>
</tr>
<tr>
<td>Oregon Metals Initiative</td>
<td>$800,000</td>
<td>$800,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$6,995,000</strong></td>
<td><strong>$26,341,089</strong></td>
</tr>
</tbody>
</table>

**High Impact Opportunity Projects:**
Projects that support the **growth of target industry sectors** by **removing barriers** to research and development, product development, technology commercialization, and other aspects of industry innovation.

**Oregon Manufacturing Innovation Center:**
Collaborative environment bringing together **industry, higher education and government** in partnership to develop new tools, technique, and technologies to **address manufacturing challenges**.

**Small Business Innovation Research:**
A federal program designed to stimulate technological innovation and provide opportunities for **small businesses** to conduct research and development. Business Oregon’s matching grants assist businesses to build on projects and advance new technologies.

**Oregon Metals Initiative:**
Consortium of **metals industry companies and research institutions** that pursues research to improve the **long-term competitiveness** of the metals industry and research infrastructure in Oregon.
Success Story

Scaling Juniper Markets: Western Juniper Alliance and Sustainable Northwest

Program: High Impact Opportunity Project (HIOP)
$ Amount: $443,000

Western Juniper Alliance, a non-profit and collaborative effort to restore forests, rivers, and rangelands, was approved for funding to help address the challenges within Oregon's juniper markets. This allowed Western Juniper Alliance to focus on new product development, market expansion, and increased commercialization of juniper wood products.

GLOBAL STRATEGIES FOR OREGON’S ECONOMIC GROWTH

Over the last few years, demand for Business Oregon’s services, connections, trade promotion opportunities, and export grants continue to increase as small businesses grew into the global economy. Oregon exports continued to grow, and were on track to reach an all-time high in 2019, beating the previous high from 2018. While large companies in industries like semiconductor, machinery, and commodity products make up the majority of trade, it’s small- and medium-sized firms that provides a real opportunity for revenue growth, and ultimately job growth. We want to help small firms enter new markets to sell their goods, grow distribution, scale up production, and expand their businesses here in Oregon.

Strategic Plan Metrics

As Business Oregon works to provide economic opportunity for underrepresented people, global trade becomes increasingly more important. Of the 164 firms receiving assistance from the Oregon Trade Promotion Program (OTPP) and State Trade and Export Promotion (STEP), 21 of those firms self-reported as women-owned, veteran-owned, or socially/economically disadvantaged. We now have a baseline number to help evaluate efforts in future years to increase underrepresented firms using this program.
“While large companies in industries like semiconductor, machinery, and commodity products drive total state trade numbers, it’s small- and medium-sized firms where trade provides a terrific opportunity for business growth... That’s where we can really make a difference with our export assistance programs. The companies we worked with last year reported $196 million in new export sales.”

Amanda Welker, Business Oregon, Global Strategies Manager

Key Performance Measures:
New Export Sales of Assisted Clients

An important factor to consider is direct assistance to companies seeking to grow their exports might not always lead to immediate sales or sales opportunities. Export development takes time and a commitment to a multi-year export development plan. Often, attendance at an international trade event is only the first step that will eventually lead to export sales. That said, companies we worked with directly and that were supported by programs we fund reported $196 million in immediate and expected export sales.

New Export Sales:
Target: $47,800,000
Actual: $196,161,822

Success Story

Overwatch Imaging

Location: Hood River
Program: Export Promotion Program
$ Amount: $4,351

Overwatch Imaging received a grant through Business Oregon’s Export Promotion Program allowing them to attend Australia's aviation and defense tradeshow in spring of 2019. Through this tradeshow, Overwatch Imaging had meetings with the Australian Army and Navy and made several meaningful connections which eventually resulted in a signed contract for $1.4 million.
HELPING SMALL BUSINESSES GET FUNDED & PAST BARRIERS TO EARLY STAGE GROWTH

Business Oregon has over 25 years of experience in working with small businesses on early stage growth issues or training them on how to seek federal and state contract opportunities.

Strategic Plan Metrics

Jobs Created at Small and Middle-market Companies:
Of the 916 jobs created in Fiscal Year 2019, 71 percent were small and middle-market firms. Of the 3,215 jobs retained, 85 percent were small and middle-market.

Additional jobs created by non-KPM programs:
The Oregon Legislature requires us to report on jobs created directly by our Strategic Reserve Funds and other direct funding programs. Below, are additional jobs supported by Business Oregon programs such as tax abatement and industrial land development. These numbers come from reports submitted by counties, and publicly available information.

<table>
<thead>
<tr>
<th>Program</th>
<th>Description</th>
<th>Employment Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enterprise Zone (EZ)</td>
<td>Eligible businesses expanding in an Enterprise Zone are exempted from the property taxes normally assessed on new facilities and equipment.</td>
<td>15,268</td>
</tr>
<tr>
<td>Strategic Investment Program (SIP)</td>
<td>Offers a 15-year property tax exemption on a portion of large capital investments.</td>
<td>5,223</td>
</tr>
<tr>
<td>Regionally Significant Industrial Sites (RSIS)</td>
<td>State income tax reimbursements for approved industrial site readiness activities.</td>
<td>2,500 (estimated by public reports) Current RSIS activity is primarily focused at the Port of Portland's Amazon operations in Troutdale and Portland.</td>
</tr>
<tr>
<td>Small Business Development Centers (SBDCs)</td>
<td>Provides technical assistance and other counseling services to emerging and current small businesses.</td>
<td>7,200</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>30,191</strong></td>
</tr>
</tbody>
</table>
NW Bend Boats, LLC  
(Doing Business as: North River Boats)

**Location:** Roseburg  
**Program:** SRF  
**$ Amount:** $100,000

North River Boats was planning a factory expansion on their existing property. The expansion included a dedicated fabrication training bay to instruct newly hired hull fabricators. The facility will allow new hires to learn in a non-production environment, while still being exposed to the rigors of the production process nearby.

**Key Performance Measures:**

**Federal Contracts Awarded through Government Contract Assistance Program (GCAP)**

Business Oregon, through its partnership with the Organization for Economic Initiative's GCAP, assists new business start-ups and small firms seeking to grow their businesses through government contracting opportunities.

**Value of Federal Contracts:**

<table>
<thead>
<tr>
<th>Target</th>
<th>$76,000,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual</td>
<td>$62,305,737</td>
</tr>
</tbody>
</table>

**Number of Federal Contracts:**

<table>
<thead>
<tr>
<th>Target</th>
<th>200</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual</td>
<td>613</td>
</tr>
</tbody>
</table>

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**Advancing Economic Opportunity for Underrepresented People**

To ensure an inclusive and competitive economy, it is critical that economic development explicitly invests in communities and populations that encounter significant systemic barriers to economic prosperity. While Business Oregon is working to track the number of minority-owned firms utilizing agency financing across all programs, we currently have information from GCAP and COBID.

**Government Contract Assistance Program (GCAP):**

Of the 245 firms this program assisted in securing government contracts, 109 were women, non-white minorities, or veterans.

**Certification Office for Business Inclusion and Diversity (COBID):**

Of the 3,376 certified firms, 2,489 are underrepresented (women, non-white minorities, or veterans).

**Diversity, Equity, and Inclusion (DEI):**

Throughout the last fiscal year Business Oregon has invested in and supported culturally focused organizations, seeking to expand opportunities for underrepresented people, and invested in internal DEI trainings. This includes but is not limited to:

- Sponsorships in cultural specific summit (2019 Black Business Summit)
- Community festival outreach and sponsorship (Pan African Festival)
- Members of the Governor’s office Equity Leaders Council
- Public Benefit Agreements in SRFs
- Investments in XXcelerate, Micro Enterprise Services of Oregon, and Elevate Inclusive Fund
- Internal trainings on maintaining a respectful and inclusive workspace
- Current work to build a survey to collect more underrepresented data
Success Story

Chris Goodson

Program: Government Contract Assistance Program (GCAP)

With the help of GCAP, Chris Goodson completed his state of Oregon certification and is now Emerging Small Business certified. Together, Goodson and GCAP worked on his capability statement—what it is, and how to write and use it. With that capability statement, Goodson spoke to his local U.S. Army Corps of Engineers. Based on his presentation, he was hired to remove some dangerous trees. Since then he has bid on three other jobs, winning two contracts. Due to his success, he was able to hire two people full time for both contracts.

INFRASTRUCTURE INVESTMENTS TO PROMOTE BUSINESS GROWTH THROUGHOUT RURAL OREGON

The need for municipal infrastructure construction remains high, as is the demand for financing. Project costs continue to grow and state-supported low interest financing is vital to small and rural communities that generally do not have bond ratings. These community investments bolster livability of rural areas and enhance the ability to attract commercial and industrial investment.

Strategic Plan Metric

Cultivate Rural Economic Stability: In total, 83 percent of all infrastructure and community investment dollars from fiscal year 2019 went in to rural Oregon. The total percentage of business, community, and infrastructure investment dollars in rural Oregon was 77 percent.
Success Stories

Oregon Prospector

Program: Industrial Lands and business recruitment
$ Amount: $25,000 per year with a 5-year contract

In 2019, the state's real estate and business recruitment platform www.oregonprospector.com was relaunched. It was followed up by nine trainings across the state for diverse users including Oregon Main Street's Networking Meeting. It was pivotal technology at the Society of Industrial and Office Realtor's world conference in Portland. The site had over 13,000 searches over the last year.

Prairie City Water System Improvements

Location: Prairie City
Program(s): Water/Wastewater Fund
$ Amount: $1.5 million

Following the declaration of a water emergency in August 2018, Prairie City restricted water use and was forced to haul water from neighboring John Day to meet community demand and provide fire protection. With assistance from Business Oregon's Water/Wastewater program the city is making $1.5 million in improvements to their water system, including a new basalt aquifer well, to assure their ability to provide long-term, reliable, and affordable drinking water.

Seismic Updates to Emergency and School Facilities

Program: Seismic Rehabilitation Grant Program
$ Amount: $82,797,661

Business Oregon provided grants to 34 different schools and 6 different emergency service organizations to update their structures in preparation for seismic events. These grants help provide Oregonians with livable and prosperous communities.

Key Performance Measures:

Number of New Industrial Sites Certified
Limited options for funding site investigations and studies, and financing public infrastructure remains the challenge for many sites achieving or maintaining certification or recertification of sites. Certifying industrial sites as “shovel ready” has become increasingly difficult and expensive due to the level of need at sites.

Target: 1 new industrial site certified
Actual: 1 site certified

Number of Community Capital Projects Assisted for Planning
(Infrastructure, community, and organizational projects)
Fiscal year 2019 saw an increase of 17 projects over the previous year. Communities in many areas are working to update existing plans that remain outdated and do not reflect current growth and development. Cities recognize that updated facilities are necessary to serve local residents, as well as retain, grow and attract businesses.

Target: 37 projects
Actual: 58 projects

“Economic development starts with strong infrastructure and thriving community assets. This program helps with both, while ensuring Oregon communities have safe buildings as we prepare for a seismic disaster.”

Chris Harder, Business Oregon Director (2016-2019)
Number of Community Capital Projects that Address Public Health and Safety Issues

Many communities have vital health and safety improvement projects they are addressing with a strong economy. Within the last 1-2 years, communities are beginning to take on larger projects.

Target: 40 projects
Actual: 41 projects

Number of Community Capital Projects that Assist with Future Economic and Community Development

Business Oregon expects communities to shift attention to economic and community development efforts as public works projects are completed. This will likely not be viable for a few more KPM cycles as infrastructure projects take three to five years to complete. If the economy remains robust, we can expect municipalities to make this pivot.

Target: 25 projects
Actual: 6 projects

Customer Service Satisfaction

In 2019, the agency adopted a new methodology and approach for this key performance measure. The sample was more comprehensive, including customers who had engaged with staff on projects. Due to a broader customer engagement, we had a response increase of 72 percent.

Overall Satisfaction as Good or Excellent:
Target: 90%
Actual: 84%

Customer Service Ratings:

| Timeliness | 78% |
| Helpfulness | 85% |
| Expertise | 88% |
| Availability of Information | 83% |
| Information Accuracy | 88% |
| Overall Satisfaction | 84% |
TOTAL BUDGET
2017-19 Budget by Program

Total: $835.7 m
Infrastructure Programs: $613.9 m/73%
Business Programs: $102.0 m/12%
Debt Service: $88.9 m/11%
Arts and Culture: $20.4 m/2%
Operations: $9.3 m/1%
Film and Video: $1.2 m/0%

Business Oregon also includes the work of the Oregon Cultural Trust and Oregon Arts Commission. You can learn more about their work by visiting the Cultural Trust and Arts Commission websites.

https://culturaltrust.org/
https://www.oregonartscommission.org/

COMMISSION MEMBERS
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