

ECONOMIC AND COMMUNITY DEVELOPMENT DEPARTMENT

Annual Performance Progress Report (APPR) for Fiscal Year (2007-2008)

Proposed KPM's for Biennium (2009-2011)

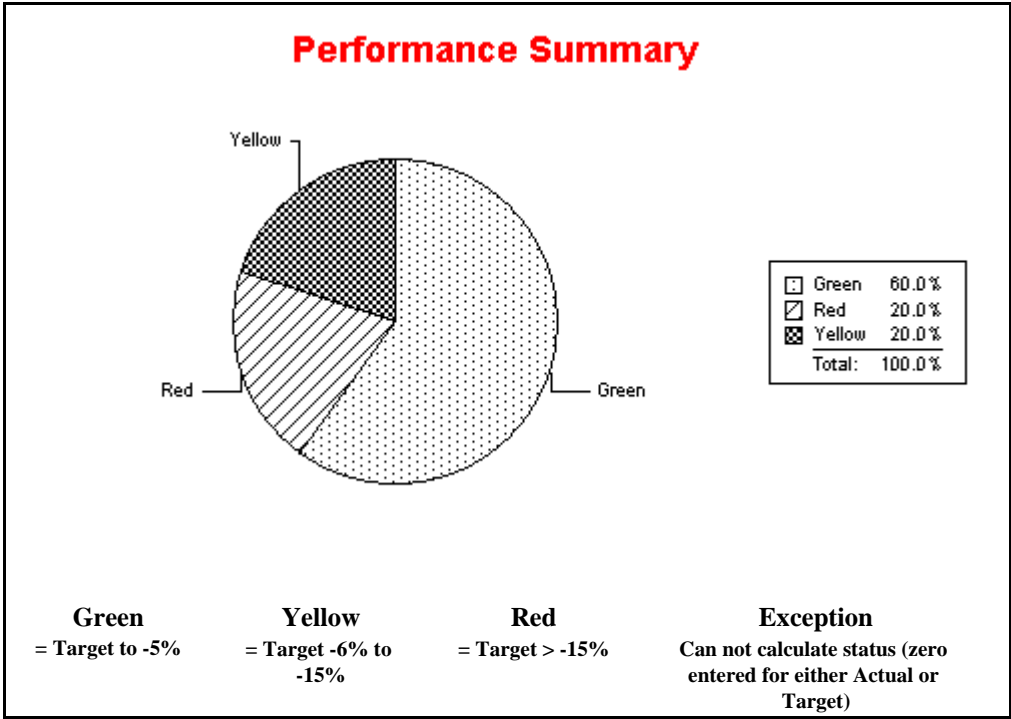
Original Submission Date: 2008

2007-2008 KPM #	2007-2008 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 funds 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.

New Delete	Proposed Key Performance Measures (KPM's) for Biennium 2009-2011
NEW	<p>Title: Number of community capital construction financing projects that address public health and safety issues.</p> <p>Rationale: The department is proposing deletion of number of community capital projects assisted for construction and breaking it out into two new key performance measures. The department would like to differentiate the types of community development activities. Identifying just construction projects without a specific purpose places an undue, and misplaced emphasis, on jobs.</p>
NEW	<p>Title: Number of community capital construction financing projects that assist with future economic and community development.</p> <p>Rationale: The department is proposing deletion of the number of community capital projects assisted for construction and breaking it out into two new key performance measures. The department would like to differentiate the types of community development activities. Identifying just construction projects without a specific purpose places an undue, and misplaced emphasis, on jobs.</p>
NEW	<p>Title: Number of jobs created</p> <p>Rationale: During the last legislative session, the department was asked to change our performance measure and report on actual instead of proposed jobs retained.</p>
NEW	<p>Title: Number of jobs retained</p> <p>Rationale: During the last legislative session, the department was asked to change our performance measure and report on actual instead of proposed jobs retained.</p>
DELETE	<p>Title: Number of community capital projects assisted for construction (infrastructure and community development).</p> <p>Rationale: The department is proposing deletion of this Key Performance Measure and adding two other ones regarding community capital projects assisted for construction. The department would like to differentiate the types of community development activities. Identifying just construction projects without a specific purpose places an undue, and misplaced emphasis, on jobs.</p>

New Delete	Proposed Key Performance Measures (KPM's) for Biennium 2009-2011
DELETE	<p>Title: Percentage of federal small business innovation and technology funding received by Oregon companies compared to total U.S. funding.</p> <p>Rationale: This Key Performance Measure is too broad and is not necessarily something that the department has control over. The department is going to do internal measures around the SBIR.</p>
DELETE	<p>Title: Number of jobs retained</p> <p>Rationale: During the last legislative session, the department was asked to change our performance measure and report on actual instead of proposed jobs retained.</p>
DELETE	<p>Title: Number of jobs created</p> <p>Rationale: During the last legislative session, the department was asked to change our key performance measure and report on actual job creation and retention instead of proposed jobs created and retained.</p>

ECONOMIC AND COMMUNITY DEVELOPMENT DEPARTMENT		I. EXECUTIVE SUMMARY	
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 addressed by the performance measures in this report relates 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 Economic and Community Development Commission are embedded within these goals, and in part, drive the work of the OECDD. The OECDD 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

OECD D 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 OECD D'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, 5, 6, and 7 indicate OECD D's goals are progressing well in the areas of export sales, small business survival rate, small business federal funding, and industrial site certification. Initial indications show that with respect to KPM 1, OECD D may reach its performance of last year, but may fall somewhat short of its target for new job creation projects, however. KPMs 2, 3, 8, 9, and 10 indicated some mixed results. KPM 2 and 3 will become clear once Employment Department data for the full fiscal year becomes available, likely in October. KPM 8 and 9 were close to target, and particularly KPM 8 showed an increase over the previous year.

4. CHALLENGES

The performance targets that were established for KPMs 1, 2, 8, and 9 were generally based off of last biennium's targets. While fairly ambitious, these targets were established to drive the department's performance over the two-year period.

Data management, collection, validation, and analysis must continue to be coordinated with partner agencies, communities, and businesses.

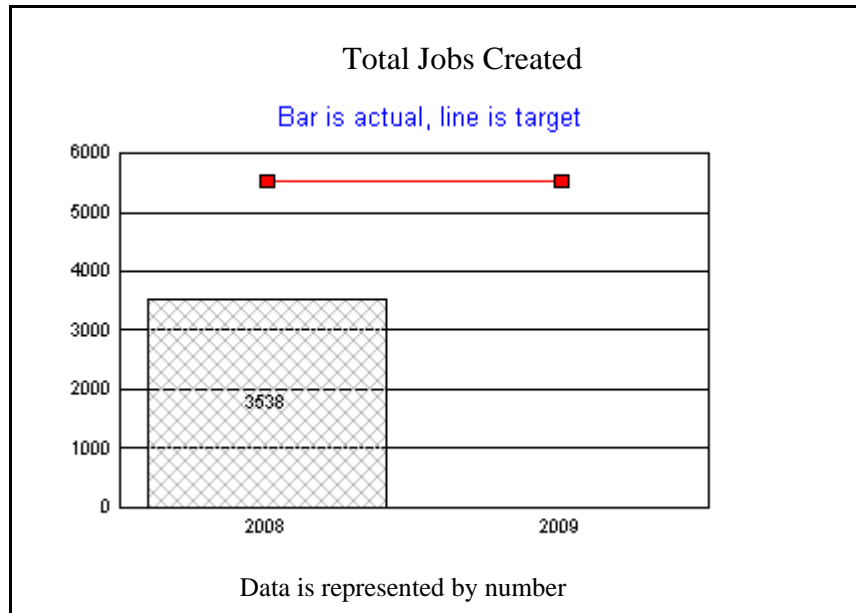
It's important for all economic development partners to be aware that many of OECD D's performance measures are not entirely within the department's control. For example, although state government can certainly influence the number of jobs created or retained across the state, ultimately it is Oregon businesses themselves who create and retain the jobs. OECD D seeks to employ the tools of government to improve

Oregon's business climate so companies may easily grow and hire within our state.

5. RESOURCES AND EFFICIENCY

OECD's Legislatively Adopted Budget for the 2007-09 biennium is \$414,630,113. KPM 7 directly ensures that state permits, funds, and services are delivered in a streamlined, coordinated and objective manner. KPMs 8 & 9 help measure efficiency in providing the needed infrastructure to address many land supply 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 or technical assistance and directly benefited in job creation efforts.	
Owner	Policy and Planning, Tawni Bean (503) 986-0149	



1. OUR STRATEGY

OECD works with businesses, communities, state agencies and other entities to conduct the following activities: Retain and expand existing companies and recruit new investment; Capitalize on the state's competitive advantages and strategically invest resources to offset disadvantages. Support the development of industrial and commercial lands. Support innovation and research. Assist industry clusters to succeed and Market Oregon's advantages.

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. Starting 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. The target will be evaluated as multiple years of data are gathered.

3. HOW WE ARE DOING

The department has verified job data through June 30, 2008. The department did not meet the target for this year. The target for this measure is for projected jobs created, we are reporting actual verified jobs created. In 2009-11 we will be dropping the historical data for this measure because it does not serve as a comparison. In many cases, OECD will internally track projected jobs and projected time frame as well as actual jobs to arrive at full cycle planning and evaluation.

4. HOW WE COMPARE

Retaining and attracting businesses continues to become more competitive with businesses utilizing the internet to obtain in-depth information prior to contacting locations and utilizing relationships with recruitment specialists and local experts. Seeking to duplicate Oregon's relatively strong employment performance despite economic uncertainties, other states are now modeling Oregon's business development tools and practices. The Oregon Prospector website was one of the first site search tools and continues to be enhanced to provide quality information to site selectors and businesses considering locating or expanding in Oregon. Certified industrial sites, as described below in KPM 7 are another important tool and model. Staff dedicated to specific industry clusters and geographic regions allow OECD to have a strong balance of knowing what is happening in

the community with existing businesses, industrial sites and opportunities and developing expertise in industrial clusters.

5. FACTORS AFFECTING RESULTS

The current performance measure data includes two data elements that were only included starting in 2006. The two elements are the Regional Investment Fund program data and the Small Business program data.

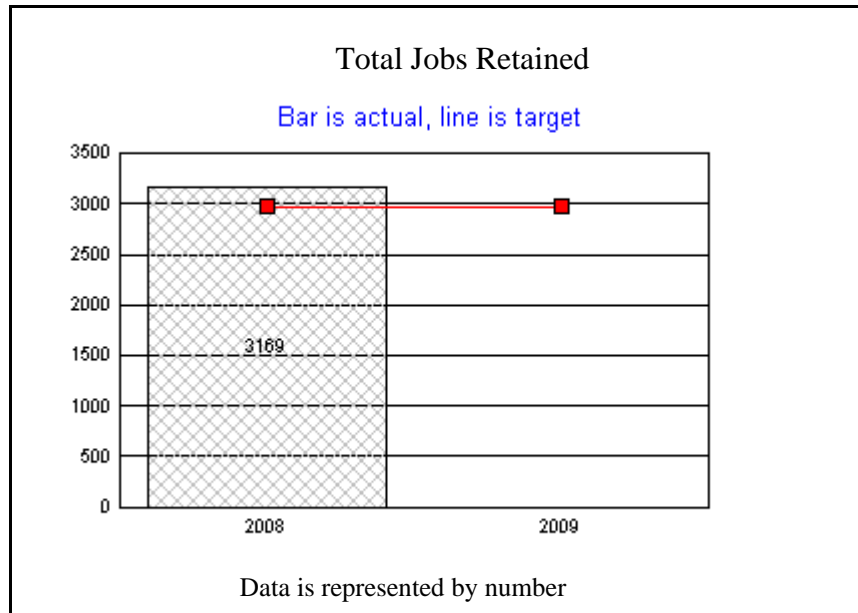
6. WHAT NEEDS TO BE DONE

Senior management will review overall performance on a regular basis to assess if strategic changes and revised targets are needed. The department has also begun gathering industry sector codes (NAICS) in order to further analyze sectors and clusters assisted.

7. ABOUT THE DATA

The data are the employment results of projects completed within the July 2007 – June 2008 Oregon fiscal year. 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). For Small Business Programs, initial data are collected from quarterly reports and verified data are obtained from the Employment Department and independent surveys. For the Regional Investment Fund, data are collected from the Regional Boards and verified by Employment Department data.

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

OECD works with businesses, communities, state agencies and other entities to conduct the following activities: Retain and expand existing

companies and recruit new investment; Capitalize on the state's competitive advantages and strategically invest resources to offset disadvantages; Support the development of industrial and commercial lands; Support innovation and research. Assist industry clusters to succeed; and Market Oregon's advantages.

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 retained (est.);" where the "estimation" refers to projected jobs. Starting this biennium, the target is 2,975 or more **actual, verified** jobs in place from projects completing in the fiscal year. In short, the previous measure was the number of jobs retained expected at the start of projects, and the new measure is the number of actual jobs at the end of projects. This target will be evaluated as multiple years of data are gathered.

3. HOW WE ARE DOING

The department has verified job data through June 30, 2008. The department did meet the target for this year, but the target for this measure is for projected jobs retained, we are reporting actual verified jobs retained. In the 2009-11 we will be dropping the historical data for this measure because it does not serve as a comparison. In many cases, OECDD will internally track projected jobs and projected time frame as well as actual jobs to arrive at full cycle planning and evaluation.

4. HOW WE COMPARE

Retaining and attracting businesses continues to become more competitive with businesses utilizing 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's relatively strong employment performance despite the recession, other states are now modeling Oregon's business development tools and practices. The Oregon Prospector website was one of the first site search tools and continues to be enhanced to provide quality information to site selectors and businesses considering locating or expanding in Oregon. Certified industrial sites, as described below in KPM 7 are another important tool and model. Staff dedicated to specific clusters and geographies allows OECDD to have a strong balance of knowing what is happening in the community with existing businesses, industrial sites and opportunities and developing expertise in industrial clusters.

5. FACTORS AFFECTING RESULTS

The current performance measure data includes two data elements that were only included starting in 2006. The two elements are the Regional

Investment Fund program data and the Small Business program data.

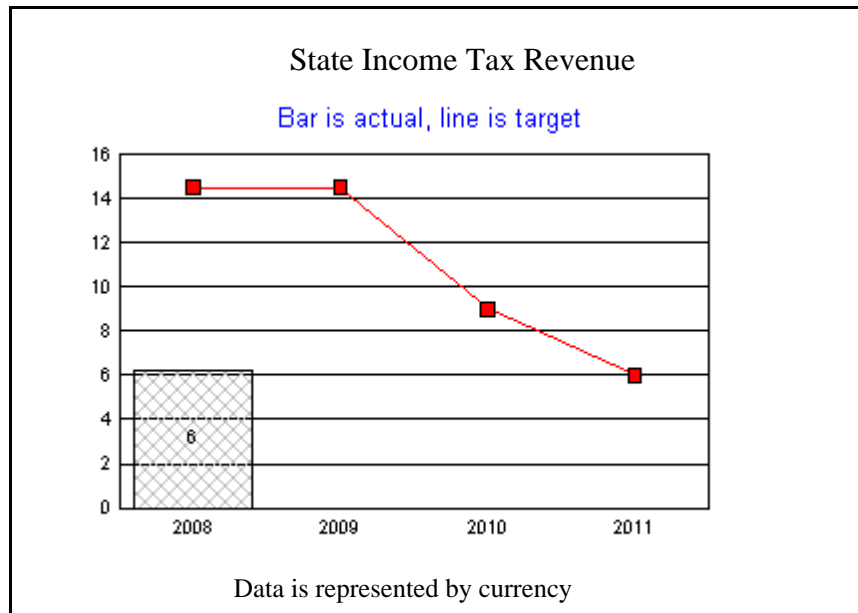
6. WHAT NEEDS TO BE DONE

Senior management will review overall performance on a regular basis to assess if strategic changes are needed. The department has also begun gathering industry sector codes (NAICS) in order to further analyze sectors and clusters assisted.

7. ABOUT THE DATA

The data are the employment results of projects completed within the July 2007 – June 2008 Oregon fiscal year. 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). Businesses agree on a job retention goal at the start of the project, the results of which are verified following project completion. For Small Business Programs, initial data are collected from quarterly reports and verified data are obtained from the Employment Department and independent surveys. For the Regional Investment Fund, data are collected from the Regional Boards and verified by Employment Department data.

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 jobs and raise real wages. Improve national and global competitiveness of Oregon companies.

2. ABOUT THE TARGETS

Last biennium agency 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.

3. HOW WE ARE DOING

These tax revenue estimates only apply to jobs with wage data. Since we only have wage data for 68% of OECDD's total created and retained jobs, our tax estimates are around 32% lower. As a result, it's reasonable to assume that total tax revenue generated by OECDD created and retained jobs is about 32% higher.

4. HOW WE COMPARE

This KPM is tied to the job measures above, KPM 1 and 2. Please see item 4 of either of those KPMs for some comparison considerations.

5. FACTORS AFFECTING RESULTS

The current performance measure data includes two data elements that were only included starting in 2006. The two elements are the Regional Investment Fund program data and the Small Business program data.

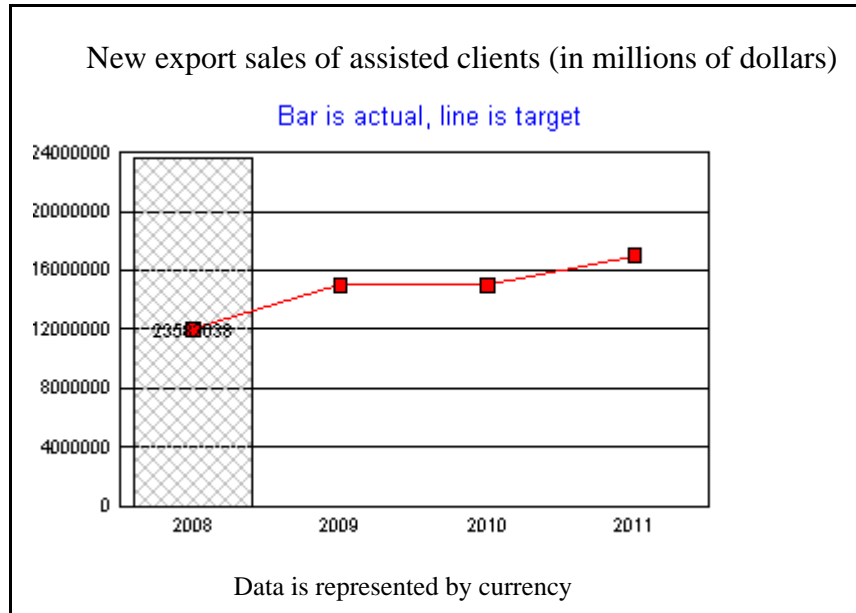
6. WHAT NEEDS TO BE DONE

Senior management will review overall performance on a regular basis and will assess if strategic changes and target changes are needed. The department has also begun gathering industry sector codes (NAICS) in order to further analyze sectors and clusters assisted.

7. ABOUT THE DATA

The data are the employment results of projects completed within the July 2007 – June 2008 Oregon fiscal year. Wage data is tied to job data in KPM 1 and 2 and the primary data source is the Oregon Employment Department. For Small Business Programs, initial data are collected from quarterly reports and verified data are obtained from the Employment Department and independent surveys. For the Regional Investment Fund, data are collected from the Regional Boards and verified by the 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	Business, Innovation and Trade, Derrick Olsen (503) 229-6060	



1. OUR STRATEGY

Working with private and public sector partners, our strategy is to promote international trade and attract foreign direct investment.

2. ABOUT THE TARGETS

“Assisted sales” refers to export sales reported by Oregon company clients of OECDD’s International Trade Services. The measure targets growth of revenues to the state via international trade.

3. HOW WE ARE DOING

For 2008, the department nearly doubled its target of \$12 million. In addition to \$8,582,638 in sales, there was an additional, single sale for \$15,000,000. It should be noted that OECDD overseas offices provided assistance for agricultural sales in cooperation with the Oregon Department of Agriculture. These sales figures, which accounted for \$1,992,730 of the total, may also be reported by the Oregon Department of Agriculture.

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 previous International Trade Manager was selected as the Business and Trade Development Division Manager, and a new International Trade Managers was hired during the fiscal year. An International Trade Officer was hired to fill a vacancy. The Japan Representative Office Director and Trade and Investment Manager positions were vacant for much of the fiscal year, resulting in less work with Oregon companies in Japan, a key export market.

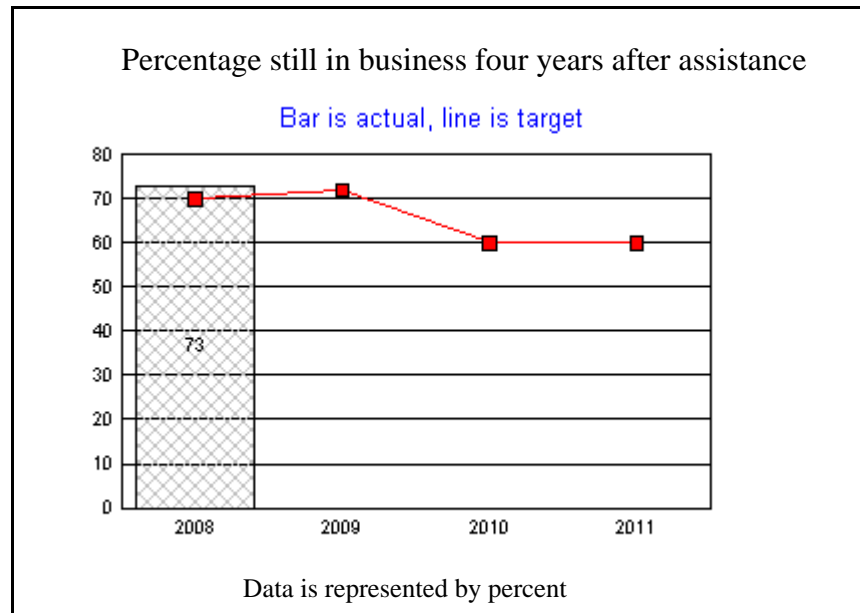
6. WHAT NEEDS TO BE DONE

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 predominated last year’s total.

7. ABOUT THE DATA

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

KPM #5	Percentage of small businesses that remain in business funds 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	Independent survey of assisted businesses.	
Owner	Business, Innovation and Trade, Karen Goddin (503) 229-6054	



1. OUR STRATEGY

Assist individuals with potential for starting a small business by introducing them to Targeted Service Providers and Small Business Development Centers 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.

2. ABOUT THE TARGETS

A higher number indicates a greater survival rate. Targets were set based on the first year of actual data in 2006.

3. HOW WE ARE DOING

Results are slightly above the target this year.

4. HOW WE COMPARE

Assisted business survival rate exceeds a study of national averages published as "Survival and Longevity in the Business Employment Dynamics Database" by Amy E. Knaup, Monthly Labor Review, Volume 128, Number 5 (May 2005), pp. 50-6. The study found that two-thirds of new employer establishments survive at least two years, and 44 percent survive at least four years. Those results were reasonably consistent across sectors. The median age of assisted businesses in our survey was seven years, so they were somewhat more established than this comparison study, but similar in size.

5. FACTORS AFFECTING RESULTS

The amount of technical assistance provided and the time frame of the assistance are important factors. An owner's 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.

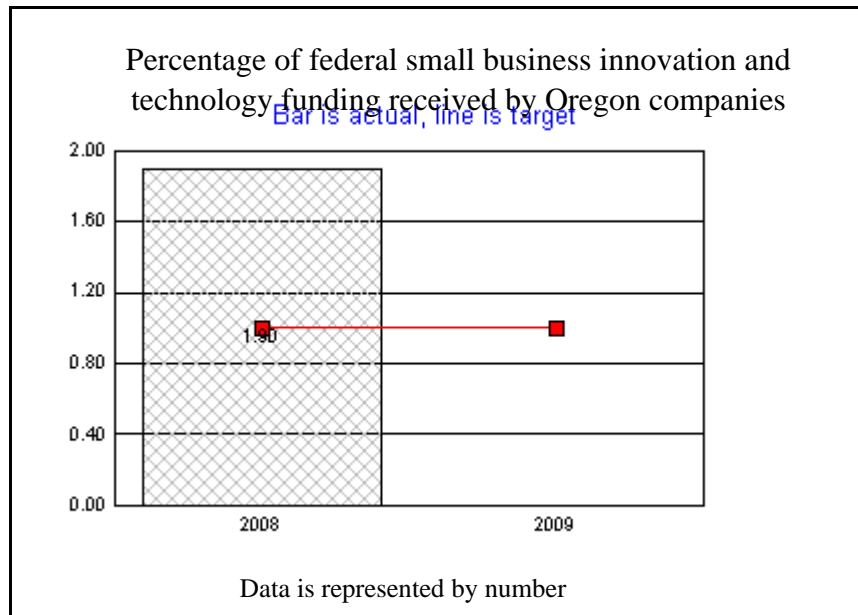
6. WHAT NEEDS TO BE DONE

Pursuing its mission, OECDDE will continue to focus on supporting small business strength by fostering an environment for vitality, growth, and creativity. Service Providers, Small Business Development Centers, 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 invigorate 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

Data is independently collected by phone survey. 398 assisted businesses were called – results are based on incidence data and completed interviews.

KPM #6	Percentage of federal small business innovation and technology funding received by Oregon companies compared to total U.S. funding.	2008
Goal	Improve national and global competitiveness of Oregon companies.	
Oregon Context	Oregon Benchmark: 7a - Research and Development (Industry)	
Data Source	Small Business Administration SBIR/STTR database and OECDD.	
Owner	Business, Innovation and Trade, Marian Hammond (503) 229-5226	



1. OUR STRATEGY

Improve national and global competitiveness of Oregon companies. 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.

2. ABOUT THE TARGETS

The target of 1.25% of total US funding was set by looking at several years of previous actual results to help determine desirable growth beyond previous results. The most recent data in the graph was not available when the target was set.

3. HOW WE ARE DOING

In 2006, Oregon small businesses received \$40 million in SBIR and STTR awards, a new record high for the state. This record total accounted for 1.9% of total awards, which is two times more than the state received in 2003. Oregon received 81 SBIR awards and 15 STTR awards in 2006. OECDDE started providing SBIR and STTR application assistance to companies last biennium, and will analyze the specific results of the assistance.

4. HOW WE COMPARE

Oregon ranked 10th among all states in SBIR and STTR awards per \$1 million of GSP. Since 2003, Oregon has become increasingly competitive in this measure and the state now places second among competitor states.

5. FACTORS AFFECTING RESULTS

Awards are competitive among states. The results of supporting an environment conducive to innovation are demonstrated in Oregon's overall placement among states in this measure. A comparison table is available.

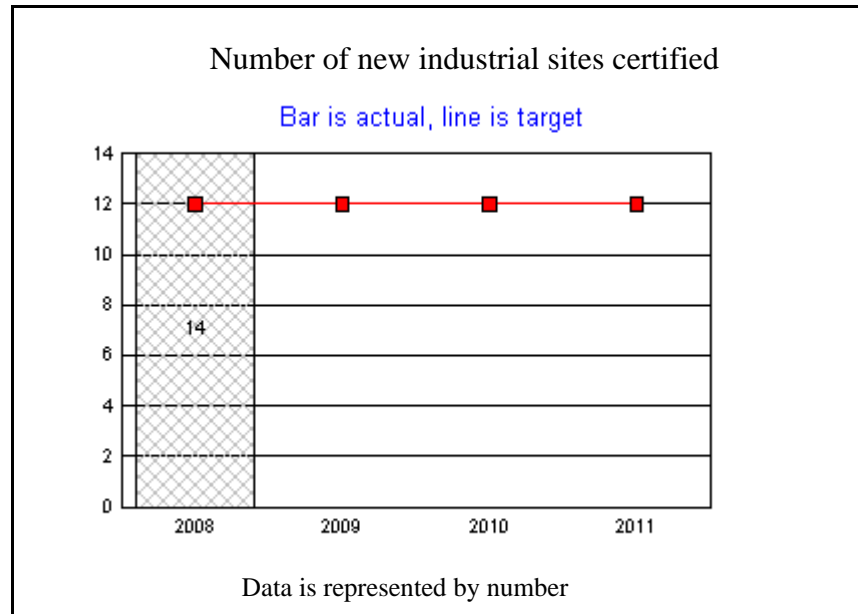
6. WHAT NEEDS TO BE DONE

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.

7. ABOUT THE DATA

Data reflects awards for 2006 based on available Small Business Administration reporting. This 2006 data is the most recent available as of this 2008 report – there is generally this two-year span for data availability. This affected setting the target outlined in number 2 above.

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	OECDD maintains data demonstrating that each certified site is ready for development within 180 days.	
Owner	Community Development Division, Darrin Fleener (503) 986-0070	



1. OUR STRATEGY

Industrial site certification is a tool that aims to: assist communities to build capacity to attract, retain, and expand businesses; prepare industrial lands for development; and to provide market-ready industrial sites. Even though the industrial site certification program is administered by OECDD, readying industrial sites for “project ready” certification is a multi-agency, state/local collaboration. OECDD partners with state agencies as well as

ERT, local governments, and property owners to facilitate efforts to remove barriers to certification.

2. ABOUT THE TARGETS

Because targets for this measure were set unrealistically high when the program was initiated and without a track record, 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 remains the target in the 2007-09 biennium.

3. HOW WE ARE DOING

In 2008, the department exceeded both targets for sites and acres – more than doubling its 2007 activity. There are several sites in the queue at this point for next year. The percentage of newly certified sites that are less than or equal to 50 acres continues to remain notably high and the percentage of sites equal to or larger than 100 acres notably low.

Many of the sites that have been certified over time have been developed or are slated for development. 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 shrinking and information technology is allowing many companies the option to locate virtually anywhere in the world. Certification gives Oregon communities the opportunity to compete for businesses they might not otherwise attract.

The program requires industrial sites to meet rigorous standards relative to regulatory requirements such as zoning, wetlands and environmental contamination, as well as document a variety of other criteria such as utilities, transportation infrastructure and availability. Holding to these market-driven high standards resulted in a longer ramp up time than anticipated as landowners, municipalities and state agencies became familiar with the process and performance is beginning to meet targets.

4. HOW WE COMPARE

The Oregon Industrial Site Certification program is the third such program nationwide. 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, we are certifying that sites are “Project Ready,” which means they can be developed within 180 days of lease or purchase. Many of the sites certified to date in Oregon

already meet the higher standard. The department will continue to target its investments on highly marketable sites certified as “Project Ready” to help them become “Shovel Ready.”

5. FACTORS AFFECTING RESULTS

See numbers 3, 4, and 6. Many of the 48 sites certified over the first 4 years of the certification program can be considered relatively uncomplicated to certify. The remaining industrial zoned lands are more constrained by physical, transportation, land use or other factors and therefore more difficult to certify. The fact that there are limited options for funding and financing public infrastructure improvements remains a challenge for many sites and can significantly delay the certification process. Maintaining an adequate supply of industrially zoned lands to keep pace with development and/or changing market demands is also 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. In the Willamette Valley, certification efforts have been hampered because most of the remaining industrially zoned land is significantly impacted by the presence of wetlands. In addition, the basic task of information gathering required to complete the certification application is often difficult for smaller jurisdictions where inadequate staffing and/or high staff turnover remains an issue.

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, we will work with other state agencies to refine needed information 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. These are some of the major issues restricting industrial growth.

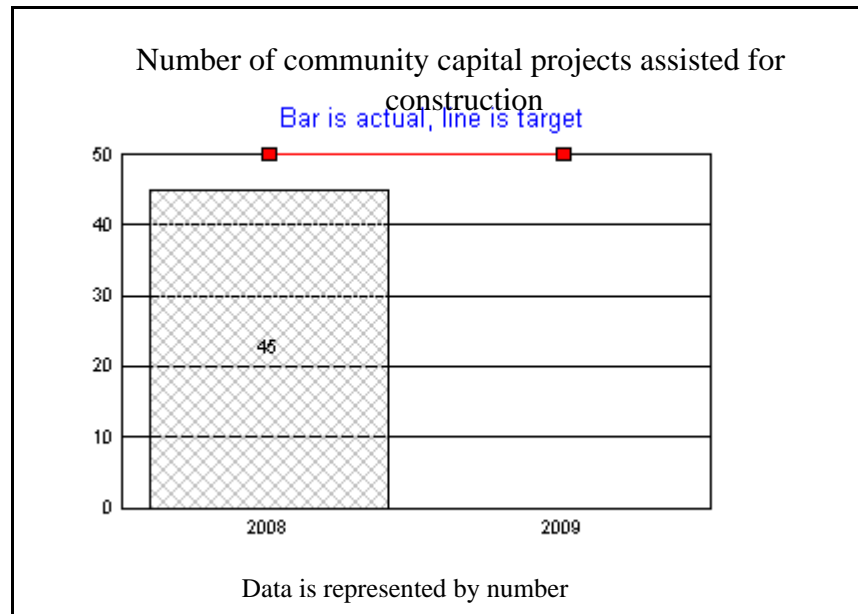
Local/state/federal funding and financing options for public infrastructure need to be increased. OECDD, in partnership with ERT and DLCD, is working with key communities to increase the supply of industrially zoned lands and bring more sites on line for certification. OECDD and DEQ need to develop more tools and incentives to motivate land owners to clean up and redevelop brownfields. OECDD is working with ERT, DSL, and the US Army Corps as well as a number of local jurisdictions and non-profit and private partners to pilot a wetlands credit resale program for industrial lands in the Willamette Valley, where the demand for quality wetland mitigation credits outstrips the supply.

7. ABOUT THE DATA

Results represent sites certified within the Oregon fiscal year. To be certified, each site needs to document that it is ready for development within

180 days of lease or purchase. OECDD 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. Also see number 3, above.

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 OECDD staff and tracked in our database (CTS).	
Owner	Community Development Division, Gloria Muzquiz (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; Promote essential infrastructure capacity building,

emphasizing rural and distressed areas.

Examples of partners in these infrastructure projects are: cities, counties, ports, Native American Tribal Councils and special districts.

2. ABOUT THE TARGETS

The targets address the agency's progress in providing public infrastructure (water, sewer, roads, telecommunication, etc.) to support economic growth. These are new projects begun in the fiscal year. The agency also has internal measures to support our strategies. As an example, this year we exceeded our target to award at least 60% of our grants to rural communities by an additional 10%.

3. HOW WE ARE DOING

OECD D improved its performance over last year and nearly achieved its target. Limited 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 conducting similar infrastructure-related activities to provide meaningful comparative analysis. OECD D 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

Demand for municipal infrastructure construction remains high. During the 2007-2008 fiscal year OECD D invested \$51 million in 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 \$1.1 million, and the median cost was \$800,000. Additional key factors are that the size/scope of projects is increasing, and the cost of materials for construction is increasing (Turner Construction Cost Index has been increasing over 10% each year for several years). Delaying work on dated infrastructure will also increase costs, thereby further limiting the number of projects that can be financed annually with limited resources.

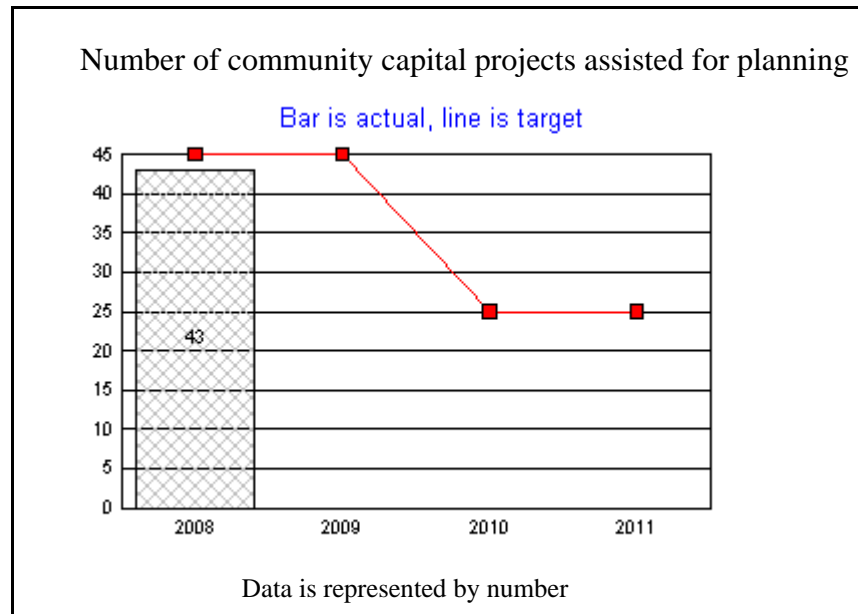
6. WHAT NEEDS TO BE DONE

In order to align award levels with long-term sustainable levels, the legislature recapitalized the SPWF and the Water/Wastewater Fund at \$21.4 million, which was substantially lower than the Governor's Recommended Budget request of \$100 million. The \$21.4 million in lottery bond proceeds is scheduled to be sold in spring 2009. With the spring sale, \$38 million is annually available from loan repayments based upon the current revolving loan pool of about \$355 million. The \$38 million is used as \$4 million in grants and \$34 million in loans. The annual resource goal for OECD's sustainable infrastructure funding program 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, OECD has developed priority criteria for awards and gained OECD Commission approval of these criteria. OECD will also integrate data with this measure to track varying sizes of projects and costs.

7. ABOUT THE DATA

Data is for the Oregon 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 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 OECD staff and tracked in our database (Customer Tracking System).	
Owner	Community Development Division, Gloria Muzquiz (503) 986-0135	



1. OUR STRATEGY

Assist communities with planning to prepare to build capacity to attract, retain and expand businesses; Provide public infrastructure on a timely basis. Examples of partners in these infrastructure projects are: cities, counties, ports, Tribal Councils of Indian Tribes, and special districts.

2. ABOUT THE TARGETS

This measure includes all Community Development Division-funded planning projects, except those associated with the Regional Investment Fund. Examples of planning projects included in the measure are: those associated with preparing industrial lands for development, renewable energy feasibility studies, and capital projects supporting community infrastructure such as wastewater treatment and safe drinking water. Highly marketable industrial sites receive additional planning assistance so they can be developed within 180 days and become certified as “project ready.” Renewable energy feasibility assistance has a target of \$150,000-300,000 awarded per fiscal year.

3. HOW WE ARE DOING

OECD D achieved 96% of its target for this year. Demand for funding remains high, as planning projects are important to ensure technically feasible and cost-efficient construction projects.

4. HOW WE COMPARE

As noted in the previous measure, there has been limited data by which the department can evaluate its performance against other states conducting similar infrastructure-related activities to provide meaningful comparative analysis. OECD D will continue to evaluate the activities of other state agencies with a similar mission to find those areas of commonality with those that administer similar programs with related outcomes.

5. FACTORS AFFECTING RESULTS

Key factors are that the size/scope of projects is increasing, and the cost of materials for construction is increasing (Turner Construction Cost Index has been increasing over 10% each year for several years). \$2.4 million was invested in planning projects this fiscal year.

6. WHAT NEEDS TO BE DONE

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

7. ABOUT THE DATA

Data is for the Oregon 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.

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	Improve Customer Service and Measure Results.	
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

Improve customer service and measure results.

2. ABOUT THE TARGETS

The department has been measuring customer satisfaction biennially since 1997. In 2005, with guidance from the Progress Board, OECD reduced

the number of survey questions, and has integrated the customer service questions required of state agencies by DAS. 2007-09 targets represent an increase over the positive results of the 2006 measure.

3. HOW WE ARE DOING

The data indicates we are close to target and consistent with past agency performance. Initial response to the customer service survey has been somewhat lower than usual, and the department will continue collecting more responses in early September.

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, OECD D received more ratings of “excellent” than of “good.”

6. WHAT NEEDS TO BE DONE

OECD D 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: Oregon Economic and Community Development 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 preliminary 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 to date than last survey (29) - for additional agency customers, a phone survey will be conducted in September with a random sampling procedure.

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.

<p>1. INCLUSIVITY</p>	<p>* Staff : We have worked collaboratively with the Economic and Community 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.</p> <p>* Elected Officials: Provide input to the agency on Key Performance Measures, methods, and targets, as well as the strategies to which measures are tied.</p> <p>* Stakeholders: Stakeholders have been involved through customer surveys and discussion forums as well as publicly available reports.</p> <p>* Citizens: Citizens are invited to review online performance measure reports, such as on our website, http://econ.oregon.gov/ECDD/pubs.shtml#Department_or_commission.</p>
<p>2 MANAGING FOR RESULTS</p>	<p>Performance measures and their contribution to management of the agency have become important to the management team, the Director, and staff. An agency reorganization is providing an opportunity to analyze goals and measures to make process improvements. The goal is to provide useful data to inform management decisions.</p>
<p>3 STAFF TRAINING</p>	<p>Staff has received training in the department’s 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.</p>
<p>4 COMMUNICATING RESULTS</p>	<p>* Staff : Managers and staff review performance data and make recommendations for changes in focus, process,</p>

or other actions as necessary. The Economic and Community Development Commission also reviews the department's performance results. These reviews provide commissioners with the opportunity to comment, access information, and provide direction.

Results are posted online and used for information sharing.

* **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.