

GOVERNOR'S OFFICE

Annual Performance Progress Report (APPR) for Fiscal Year (2009-2010)

EXCERPT for the

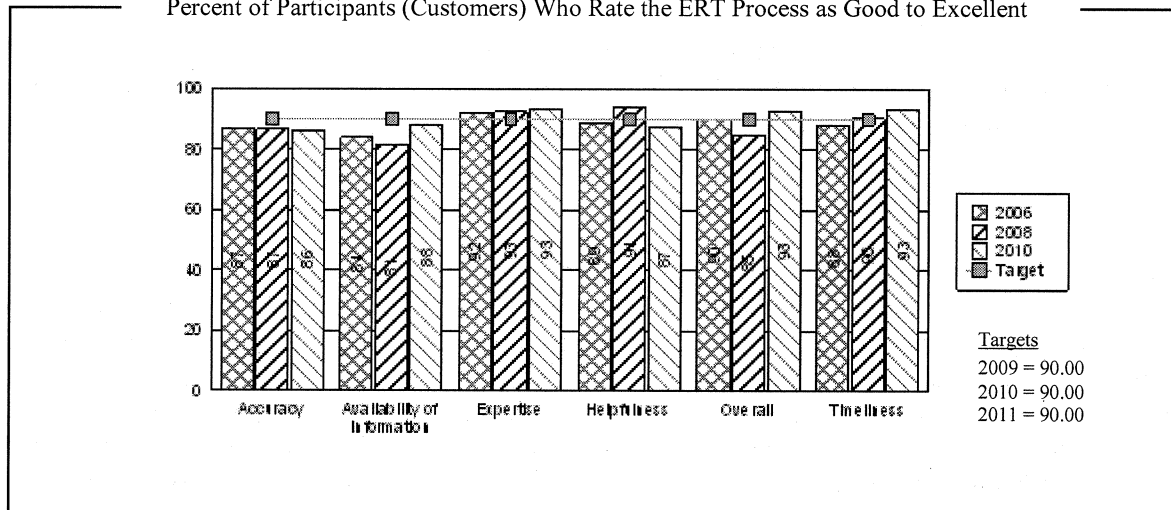
Economic Revitalization Team

September 2010

2009-2010 KPM #	2009-2010 Approved Key Performance Measures (KPMs) <i>{Those in BOLD are addressed in this report excerpt.}</i>
1	CUSTOMER SATISFACTION - Percent of participants (customers) who rate the ERT process very good to excellent.
2	CERTIFIED INDUSTRIAL SITES - Number of new industrial sites / acres certified as "project ready".
3	OREGON FUGITIVES RETURNED - Percent of Oregon fugitives returned to Oregon in the most cost-effective and timely manner, giving priority to the most serious offenders.
4	NUMBER OF STATE CONTRACT AWARDS TO CERTIFIED MINORITY, WOMEN AND EMERGING SMALL BUSINESSES (MWESB):
6	STATE HIRING - Number of protected classes being hired, promoted, and retained in state agencies.

KPM #1	CUSTOMER SATISFACTION - Percent of participants (customers) who rate the ERT process very good to excellent.	2002
Goal	CUSTOMER SERVICE: Improve the quality and efficiency of delivering state services to local governments and businesses.	
Oregon Context	OBM 35: Public Management and Economic Revitalization Team (ERT) Mission	
Data Source	The ERT Office conducts a customer satisfaction survey on a biennial basis; 2010 was a survey year. The 2010 ERT Customer Satisfaction Survey was developed following the DAS Recommended Statewide Customer Service Performance Measure Guidelines. The ERT Office used the eSurvey tool provided by the Oregon State Library. The ERT Office and the State Library maintain copies of the raw survey results. A final report detailing the survey methodology and findings was prepared by and is available from the ERT Office.	
Owner	ERT Office, Contact: Christine Valentine, Special Projects Coordinator, 503-986-6522, christine.valentine@state.or.us	

Percent of Participants (Customers) Who Rate the ERT Process as Good to Excellent



1. OUR STRATEGY

Five ERT regional coordinators work at the local/regional level with teams of field staff from the following state agencies: Agriculture (ODA), Business Development (OBDD), Consumer & Business Services (DCBS), Energy (ODOE), Environmental Quality (DEQ), Housing & Community Services (OHCS), Land Conservation & Development (DLCD), State Lands (DSL), Transportation (ODOT), and Water Resources (OWRD). The field teams are positioned to be responsive to the needs of local and regional partners. Together, these interagency teams provide coordinated state assistance to local jurisdictions and sometimes also to businesses on high priority economic and community development projects. This includes work on readying industrial lands for project ready certification or development. Agency leaders and the ERT Director also engage in regional outreach and work on crosscutting policy issues. An ERT Liaisons Team and ERT Special Projects Coordinator are centrally located and available to assist the field teams, ERT Director, and agency leaders.

2. ABOUT THE TARGETS

The ERT's targets for customer service remain set at 90% good or excellent responses to serve as a continual motivator for state agency service delivery to local jurisdictions, businesses, and other partners. The ERT Office has no intention of lowering the target. The 90% target reflects the importance and integral nature of customer service to the ERT mission and goals. The ERT approach could not be successful without customer service as a cornerstone.

3. HOW WE ARE DOING

Over 90% of survey respondents perceive the overall services delivered by the ERT as good or excellent. The ERT received the highest ratings in the areas of timeliness and expertise, with more than 90% good or excellent responses (i.e. exceeding the target). The ERT rated very well in the other measured parameters of customer service albeit slightly below the 90% target: Accuracy – 86.40%, Helpfulness – 87.41%, Availability of Information, 87.97%. These results track well with past surveys in that the ERT continues to be rated very highly for its customer service. The 2010 survey results confirm the efficacy of the ERT Office and ERT agencies efforts to continually stress the importance of customer service to all state participants in the ERT process.

4. HOW WE COMPARE

The ERT strives to meet a higher target of good or excellent responses compared to the targets that many individual state agencies have for similar customer satisfaction measures. This reflects the importance of customer service to the ERT approach. Results from the 2010 survey are in line with past customer satisfaction surveys conducted for the ERT. The rating for overall customer service has been at or close to target for all previous years of measurement and exceeded the target in 2010 (i.e., approximately 84%, 87%, 90%, 87%, & 93% for the 2002 – 2010 surveys, respectively). The 2002 and 2004 customer satisfaction surveys preceded the release of the Recommended Statewide Customer Service Performance Measure Guidelines by DAS so survey questions were not exactly the same as the questions asked in later years. The 2006, 2008, and 2010 survey questions were very similar, and thus we can easily compare the results.

5. FACTORS AFFECTING RESULTS

There are a number of factors that impact the ERT approach and work of ERT participants. For the most part, the ERT is asked to become engaged in local projects that are complex, and many of these projects have long standing issues that are beyond the scope of traditional, individual state agency processes to resolve. The high ratings of the ERT for customer service may be influenced by the fact that the ERT coordinators and other state participants in the ERT often play a key role in facilitating resolutions to tough issues and, in some instances, bringing a project that has run into problems to a successful conclusion. The high ratings may also reflect how the ERT often works with local partners on an extended, concerted basis to get a problem addressed for the community or region.

The ERT is constantly challenged by the need to facilitate communications across state agencies when the traditional, state organizational structure is designed with agencies operating in silos. The ERT also faces a potentially huge demand for its services compared to its limited resources. The ERT must constantly balance the need to work with particular communities on a concerted basis to move high priority projects forward while trying to be available for all communities that request assistance. In addition, the ERT must be flexible to respond to the widely varying capacity of partners to work on economic and community development, i.e. depending on jurisdiction size, resources, and related factors. The ERT Office budget remains limited, without grant dollars to award or funds available for much beyond providing field staff for the ERT effort. Due to state budget constraints, the ERT agencies are increasingly strapped in terms of the technical assistance and financial support available for partners.

6. WHAT NEEDS TO BE DONE

In the 2006 and 2008 Customer Satisfaction Surveys, the ERT received the lowest rating for the availability of information parameter. This was not the case in 2010. In fact, the 2010 results did not highlight any particular parameter as having a noticeably lower rating than the others. The ratings were slightly below target for accuracy, helpfulness, and availability of information, but all those were within a few percentage points of the 90% target. When looking at the 2010 survey results, the ERT Office finds that comments solicited from customers through open-ended questions are more helpful in terms of identifying key ERT strengths and improvement opportunities. As an example, the ERT was rated very highly for its ability to convene & coordinate state agencies and provide timely access to state information & key individuals within agencies. In terms of potential improvements, customers also highlighted a desire for the ERT to more proactively reach out to additional customers and to focus more on outreach about its mission, structure, and activities. Other customers mentioned that more clarity in terms of follow-up & type of assistance possible would be beneficial. In response to the survey results, the ERT Office has conducted one-on-one briefings with agency directors and is having the field teams discuss the results and look for ways they can maintain and enhance customer service. The ERT Office has also been engaging with LOC and AOC to discuss possible ways to further enhance service and outreach to local governments. The ERT Office will continue to look for process improvements that could benefit its customers and will continue to stress the importance of customer service, cooperation, and problem solving to all state agency participants.

7. ABOUT THE DATA

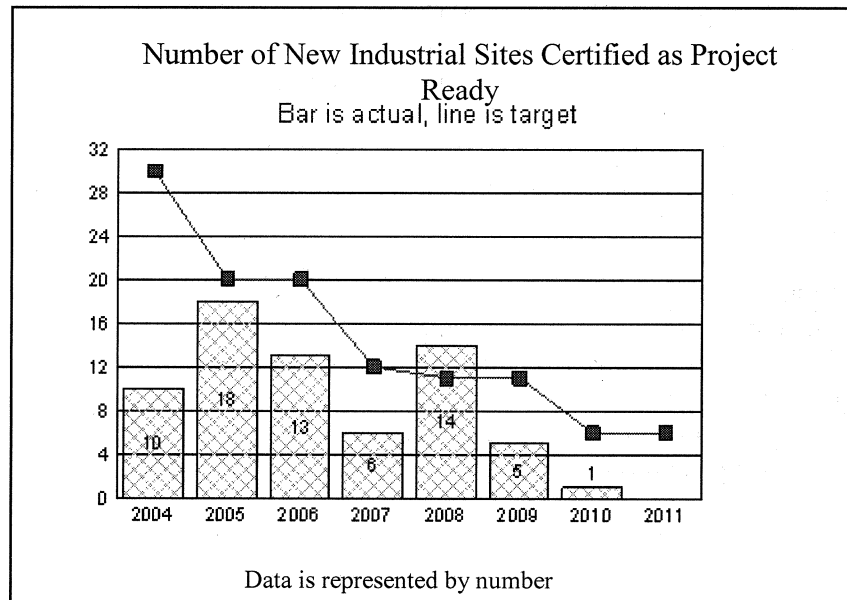
Since the cycle time for most projects the ERT engages in is a year or more, the reporting cycle for customer service is once per biennium instead of annually. For example, helping a community move a development project forward can take a concerted effort over time if planning work, budget development, and permitting are all required. Or readying an industrial site for certification can take a while if extensive and expensive infrastructure or transportation fixes are required for the site.

A strength of the 2010 survey data is that more customers responded this year than in any of the past surveys. This result correlates to an increased overall sample population. A potential weakness is that the ERT designed the survey to reach potential customers (i.e., as an outreach exercise) as well as the standard target of known, recent customers. The survey was designed to only gather customer service data from recent customers and thus the results reported herein are valid. But this approach makes establishing a response percentage (% of total population responding) for recent customers impossible since the target population included potential and recent customers.

The ERT Office effort to greatly expand the survey target population, made feasible by a switch from a telephone to an online survey, removes any potential bias from having the ERT Office selecting just a sample of the customer base. Also, the ERT Office had no control over which members of the target audience responded to the survey; the eSurvey was completely voluntarily on the behalf of all receiving the initial invitation to participate. The ERT Office had no way of tracking the identities of individuals that responded. The ERT Office was able to provide control over a customer taking the survey multiple times through access control provided in the eSurvey tool.

A copy of the ERT 2010 Customer Satisfaction Study and survey data are available by contacting the ERT Office, attention of Christine Valentine, 503-986-6522, christine.valentine@state.or.us.

KPM #2	CERTIFIED INDUSTRIAL SITES - Number of new industrial sites / acres certified as "project ready".	2004
Goal	Increase the supply of marketable industrial sites statewide while assisting Oregon communities to build capacity to retain, expand and attract businesses.	
Oregon Context	Oregon Benchmarks: 1, 2, 3, 4, 6, 10, 11, & 15; most applicable are 3 - New Employers; 4 Net Job Growth; 6 - Economic Diversification.	
Data Source	The Oregon Business Development Department (OBDD) manages the industrial site certification program and tracks the number of sites certified and developed. The OBDD maintains data demonstrating that each certified site is ready for development within 180 days. The Governor's Office receives data from this source. Point of contact at OBDD is: Michael J. Williams (503) 986-0141	
Owner	Economic Revitalization Team, Special Projects Coordinator, Christine Valentine, 503-986-6522, christine.valentine@state.or.us	



1. OUR STRATEGY

The industrial site certification program aims to prepare land for industrial development and related employment uses, thereby helping Oregon communities attract new employers and retain or expand existing Oregon businesses. Industrial site certification has benefited Oregon in two major areas: as a proven recruitment/retention tool for business development and as an effective program that assists communities with planning for future development. Certification can save businesses time and money and give Oregon communities a competitive advantage for attracting and retaining businesses. Site certification is attractive to companies that are looking to develop quickly on sites with minimal, or at least well documented, barriers to development. Site certification helps inform participants about the rigorous demands of land entitlement and development and serves as a planning tool, helping communities better understand the quantity and the quality of their current stock of industrial land.

The Oregon Business Development Department (OBDD) administers the certification program. The ERT Office continues to be available to the OBDD to collaborate on and work in partnership to support the site certification process. The process of readying industrial sites for "project ready" certification necessitates a collaborative, multi-agency, intergovernmental approach; i.e., there is logic in having the ERT involved based on the ERT mission and structure. The ERT can assist the OBDD with coordination and collaboration across agencies, participate in process improvement initiatives, help elevate policy issues that arise from specific certification efforts, and help communicate about roles and responsibilities for state agencies involved in the process. The OBDD can access, upon request, assistance from the ERT Office in Salem or from the ERT field offices and regional teams. In addition to the ERT, the OBDD's key state partners are DEQ, DLCDD, ODOT, and OPRD-SHPO. Private property owners, local tribes, and non-profit organizations are also partners in many certification efforts.

The ERT's nine regional teams, lead by Regional Coordinators from the Governor's Office, are often the logical point of engagement, available to assist OBDD upon its request with identifying candidate sites, coordinating with key partners, addressing information needs, and getting sites through certification. Each regional team consists of representatives of all ten ERT agencies. In addition to assisting OBDD, the ERT regional team members gain important perspective and experience by participating in the certification process as they become more informed of what businesses look for in industrial sites and how current policies impact the state's economic development efforts.

2. ABOUT THE TARGETS

Initially, the targets for this measure were set relatively high (20 sites per year) as a motivator for making site certification a high priority effort for state agencies. But those targets were set without a measurable track record to assess the program and ultimately had to be adjusted to 12 sites per year. The Joint Legislative Audit Committee (JLAC) approved that target change starting with FY 07. The target remained at 12 sites per year through the 2007-09 biennium. The KPM target was changed again to 6 sites per year for the 2009-2010 fiscal year, in recognition of having a significant number of sites already certified under the program and an increasing shortage of available, unencumbered sites to certify. This report is the first prepared under the 6 sites/year

3. HOW WE ARE DOING

For the purposes of the KPM reporting, only 1 site has been certified for FY 2010. The site, Coyote Business Park, is a 60-acre parcel owned in trust by the Confederated Tribes of the Umatilla Indian Reservation. It is the first Tribal Trust land certified by the program. However, another 12 sites have submitted intakes into the certification program and are currently considered active by the OBDD.

Anecdotal evidence suggests that the Great Recession has impacted property owners interests in and abilities to participate in the certification program. OBDD also has very limited staffing and financial resources, making aggressive marketing of the program challenged.

As a job creator, certification has experienced significant success since its inception. Overall, 49% of the certified sites have experienced some development and employment. The OBDD has formally documented a total of 3,400 jobs on certified sites. Further, some of the State's most prominent employment successes for FY 2010 have occurred on certified sites: (1) Facebook project in Prineville has two facilities under construction and should employ close to 75 people when completed; (2) Home Depot announced a facility in Salem that will employ as many as 175 workers when completed; (3) Ferrotec announced a new facility in Fairview that will employ 30; (4) Genentech will become fully operational in 2010 and employ 300 in Hillsboro; and (5) Solaicx is expanding in Portland and is expected to employ 60 workers.

4. HOW WE COMPARE

The Oregon Industrial Site Certification program is one of twenty certification programs nationwide that have some level of state involvement. Program requirements and the nature of state involvement varies widely in these certification program. Many of the somewhat comparable programs are formerly sponsored by electric utilities or are more focused on niche categories (i.e., mega sized sites). Oregon has the highest certification standards in the country, giving the program a greater amount of credibility in comparison to others but also making certification more challenging for the state and property owners. Yet industry standards for developable industrial land are very high, with many companies demanding "Shovel Ready" sites where they can break ground within 90 days or less. In Oregon, sites are certified as "Project Ready," meaning they can be developed within 180 days of lease or purchase.

5. FACTORS AFFECTING RESULTS

Many of the 41 sites certified over the first years of the program (i.e., ending in FY 2006) were relatively uncomplicated to certify. A total of 24 additional sites qualified for certification over the next three years (i.e., ending in FY 2009). These 24 sites also went through a relatively

straightforward certification process. Now the remaining lands that could be enrolled in this program are considerably more constrained by physical, transportation, land use and market factors making them more difficult to certify – and sometimes significantly more difficult to certify. Barriers to certification include: (1) inadequate or inappropriately zoned land supply, (2) lack of access to utilities such as power or other forms of energy, (3) highway and road systems at or near capacity in some regions and requiring expensive fixes, (4) legal challenges and costs associated with brownfields redevelopment, (5) sites constrained by the need to mitigate for wetland impacts, (6) willingness of property owners to pursue certification, (7) limited options for funding and financing public infrastructure improvements needed to develop sites, and (8) sometimes also a lack of technical expertise or champion for certification at the local level. These types of barriers present substantial challenges for many sites, resulting in certification delays.

In addition to the barriers mentioned above, the program's requirements have become more stringent over time and the criteria have become better defined. Holding to higher market-driven standards has resulted in a longer ramp up time than anticipated and thus fewer certifications. The impact of higher standards and more difficult sites is witnessed in the lower levels of certifications over time and a success rate (% of certified sites in the program for more than two years as a percent of all sites entered into the program) of 52%. But to lower the standards would also lower the marketability of the certified sites. The state would not have sufficient certainty that sites could truly be developed in 180 days or less.

With many sites now in the processing que at OBDD and OBDD program staff turnover resolved through hiring in April 2009, we anticipate increased performance for the measure in the next FY. Based on feedback from OBDD staff, we believe the target could be met for FY 2011.

6. WHAT NEEDS TO BE DONE

The ERT Office needs to continue its engagement in the OBDD's work to promote and evolve the site certification program. The ERT regional teams need to continue their work to assist the OBDD with individual site certifications and related issues. The ERT Director, State Agency Directors, and others working centrally need to remain updated on the program and any related policy or resource issues. But success will require more than work by the ERT Office staff, field teams, and others from the ERT agencies. Success will also depend on the availability of strong leadership and commitment from the OBDD to the site certification program. As the state's program administrator, the OBDD must market the site certification program, monitor program results, have the ability to dedicate sufficient technical and financial resources to the program, and integrate these efforts within other Department business lines.

OBDD is interested in streamlining the certification process, i.e., making it easier and less expensive without compromising the integrity of certification. We anticipate new OBDD guidelines relating to certification in FY2011, incorporating state-of-the-art practices and broadening the program to embrace a more comprehensive measurement of site preparedness called 'Industrial Readiness'. The new Industrial Readiness initiative would add a new level of certification, to serve as a stepping stone to the existing 'Project Ready' designation. The new Industrial Readiness level also could serve as a policy tool allowing for more systematic assessment of how to: deploy public assistance and investment, guide policy choices around

land use and transportation, and work to enhance the marketability of sites.

The ERT could assist the OBDD, as requested, with coordinating and collaborating with other state agencies to refine information needs and respond to market demand while addressing barriers to certification and industrial land development. The ERT also plans to continue participating in an industrial lands pilot project led by OBDD and also involving ODOT and DLCD as major partners. The ERT, through the Willamette Valley-Mid Coast regional team, will also continue to participate in an initiative along with the local council of governments, DSL, and DLCD to find a regional solution to wetland permitting barriers to industrial site certification in the Mid-Willamette Valley. If successful, this initiative will open up a large number of sites for certification and work as a model for wetland permitting in other parts of the state.

7. ABOUT THE DATA

The reporting cycle is by fiscal year. Results represent sites certified within FY 2010. The date of the certification corresponds to the date on the certification letter issued under the Director of OBDD's signature. To be certified, each site needs to document that it is ready for development within 180 days of lease or purchase. The OBDD 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.