

LFO Revised Budget Form #107BF04c

**OFFICE OF THE GOVERNOR – ECONOMIC REVITALIZATION TEAM
Annual Performance Progress Report (APPR)
for Fiscal Year 2006-07**

Original Submission Date: September 28, 2007

2005-07 KPM#	2005-07 Key Performance Measures (KPMs)	Page #
1	CUSTOMER SERVICE: Percent of local participants who rank the ERT process as good to excellent.	4
2	OPPORTUNITY SITES CERTIFIED OR DEVELOPED: Percent of 25 “opportunity sites” identified by the Industrial Lands Advisory Committee and referenced in HB 2011 (2003) certified as project ready or developed.	6
3	CERTIFIED INDUSTRIAL LANDS: Number of new industrial sites/acres certified as “project ready.”	8

AGENCY NAME GOVERNOR’S OFFICE – ECONOMIC REVITALIZATION TEAM

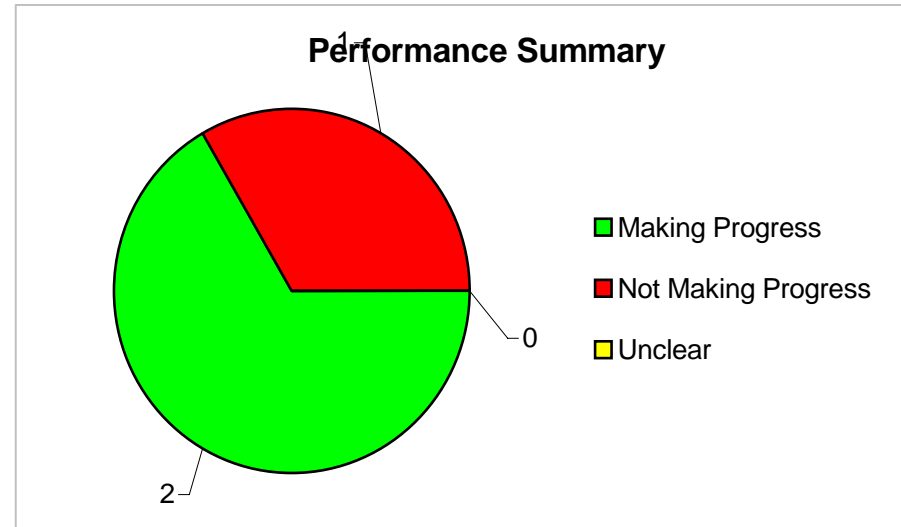
I. EXECUTIVE SUMMARY

Agency Mission: To help local government and businesses increase economic opportunity and help state agencies improve service delivery by focusing on customer service, partnerships and results.

Contact: ERT Special Projects Coordinator: Gabrielle Schiffer	Phone: 503-986-6522
Alternate: Governor’s Office Administrator: Jodi Sherwood	Phone: 503-378-3109

1. SCOPE OF REPORT

- **Economic Revitalization Team (ERT) services addressed by key performance measures:** The ERT has five regional coordinators deployed around the state. They serve as Governor’s Office Ombudsmen to local governments and businesses and facilitate state agency and state/local coordination on high priority local economic and community development projects and state initiatives.
- **ERT services not addressed by key performance measures:** The ERT’s special projects coordinator and the Governor’s Intergovernmental Relations Advisor, who serves as director of the ERT, work with ERT agency directors to ensure coordination of state service delivery on economic and community development. Progress on policy, program and process improvements are described in the ERT’s biennial report to the Oregon Legislature.



2. THE OREGON CONTEXT

The high level outcome the ERT addresses is to increase Oregon’s preparedness for economic development.

ERT performance measures contribute to the following Oregon Benchmarks (OBM): 1 – Employment in Rural Oregon, 2 – Trade Outside Oregon, 3 – New Employers, 4 – Net Job Growth, 10 – On-time Permits, 11 – Per Capita Income, 15 – Unemployment, and 35 – Public Management.

The ERT partners with local jurisdictions throughout the state to increase preparedness for economic development. The ERT facilitates coordination of the following state agencies on high priority local economic and community projects and state initiatives: Oregon Economic and Community Development Department (OECDD), Oregon Department of Transportation (ODOT), the Department of Land Conservation and Development (DLCD), the Department of Environmental Quality (DEQ), the Department of State Lands (DSL), Oregon Department of Agriculture (ODA), Oregon Housing and Community Services (OHCS), and the Department of Consumer and Business Services (DCBS). In addition the ERT partners with the Association of Oregon Counties (AOC), the League of Oregon Cities (LOC), the Oregon Public Ports Group, the Special Districts Association of Oregon and METRO to develop a joint state/local legislative agenda on economic and community development.

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3. PERFORMANCE SUMMARY

The ERT continued to make progress toward achieving the targets for two of its key performance measures (KPMs) - CUSTOMER SERVICE and OPPORTUNITY SITES CERTIFIED OR DEVELOPED. The target for the CERTIFIED INDUSTRIAL LAND KPM was only partially achieved. Targets for this KPM were set unrealistically high when the program was new and without a track record. An adjustment to the target from 20 to 12 sites a year was approved for OECDD, the agency that administers the industrial site certification program, by the Joint Legislative Audit Committee (JLAC) for FY 07. Even though only 6 sites attained “project ready” certification status in FY 07, as many as 15 sites are nearing certification status. In addition, the size (acreage) of industrial sites certified continues to trend downward. The average size of a certified industrial site in FY 04 was 88 acres; FY5 – 76 acres; FY6 – 59; FY 07 - 50 acres.

4. CHALLENGES

Limited local/state/federal funding and financing options for infrastructure improvements often presented the biggest challenge to readying sites for development or certification. While efforts to obtain funding to extend sewer/water infrastructure to a site can significantly delay the certification process, obtaining funding for transportation improvements is easily the most costly aspects of certification. Other factors that may have influenced the low number of industrial sites certified during FY 07 include: 1. an improving economy creates less of a compelling need to have all the issues resolved on a site for it to be competitive and attractive to development; 2. many of the 48 sites certified over the last 4 years may be considered the “low hanging fruit” and the remaining industrial zoned lands are more constrained and therefore more difficult to certify; 3. some communities need to increase the supply of industrial zoned lands before they can have lands available for certification. Increasing the supply of industrially zoned lands either through expanding a local jurisdiction’s urban growth boundary (UGB) and/or by cleaning up former industrial sites for redevelopment are expensive and time consuming processes.

5. RESOURCES USED AND EFFICIENCY

The ERT’s bottom line budget amount for FY 07 is \$1,155,176. All three of the ERT’s measures can be considered efficiency measures in that coordinated state agency service delivery creates opportunities to leverage state, local and federal resources for maximum benefit.

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KPMs # 1	CUSTOMER SERVICE Percent of local participants who rank the ERT process as good to excellent.	Measure since: 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 ERT Mission	
Data source	2006 ERT Customer Satisfaction Study was developed following the <i>Recommended Statewide Customer Service Performance Measure Guidelines</i> . ERT study was part of a joint customer service survey administered by the Oregon Progress Board. The survey is conducted on a biennial basis. New data will be available for 2008.	
Owner	ERT special projects coordinator: Gabrielle Schiffer, 503-986-6522	

1. OUR STRATEGY

The five ERT regional coordinators work at the local level with teams of field staff from the following state agencies: OECDD, ODOT, DLCD, DEQ, DSL, ODA, OHCS, and DCBS. Together they provide coordinated state assistance to local jurisdictions and businesses on high priority economic and community development projects, specifically on readying industrially zoned lands for “project ready” certification and/or development.

2. ABOUT THE TARGETS

Targets for customer service were set at 90% to serve as a motivator for improving state agency service delivery to local jurisdictions and businesses.

3. HOW WE ARE DOING

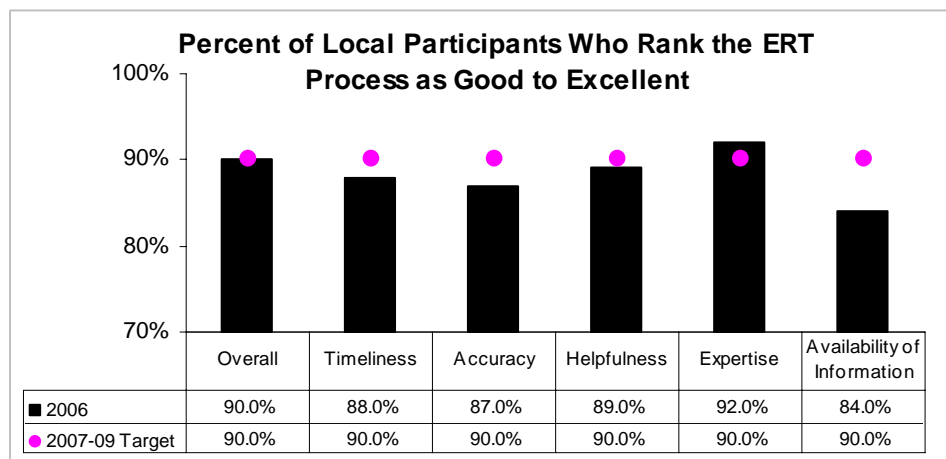
Overall, nine out of ten local participants in ERT projects perceive the service provided as “good” and “excellent.” The ERT received the highest rating in the area of knowledge and expertise which goes a long way toward building trust relationships. At 84%, availability of information received the lowest rating.

4. HOW WE COMPARE

Results from the 2006 survey are in line with customer satisfaction surveys the ERT conducted in 2002 and 2004 when overall ratings of good and excellent were at 84% and 87% respectively. These earlier customer satisfaction surveys preceded the *Recommended Statewide Customer Service Performance Measure Guideline* so survey questions were not the same as the questions asked in 2006.

5. FACTORS AFFECTING RESULTS

For the most part, the local projects the ERT is asked to become engaged in are complex and many have long standing issues that are beyond the scope of traditional and individual state agency processes to resolve. The high ranking of the ERT for customer service may be influenced by the fact that the ERT



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coordinators and the ERT process often play a key role in facilitating resolutions to tough issues and in some instances, bringing a project that's run into problems, to a successful conclusion.

6. WHAT NEEDS TO BE DONE

In the 2006 Customer Satisfaction Study, the ERT received the the lowest rating in availability of information. Since the ERT coordinators often rely on state agencies to provide information to local government partners, the ERT has communicated to the agency directors the need to improve access to information about state programs and processes. In addition, responses to the customer service questions were cross-tabbed for each of the five ERT regions and opportunities for improvement were discussed with each ERT regional coordinator.

7. ABOUT THE DATA

Since the cycle time for ERT projects ranges varies from a few months for siting a business, to a year or more for readying an industrial site for certification (longer if the site requires extensive and expensive infrastructure or transportation fixes), the reporting cycle for customer service is biennially using Oregon fiscal years. The strength of the survey data is a high response rate of 53%. The weakness of the data is a relatively small sample size of 196. A copy of the 2006 Oregon Economic Revitalization Team Customer Satisfaction Study is available by contacting Gabrielle Schiffer at 503-986-6522.

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KPM #2	OPPORTUNITY SITES CERTIFIED OR DEVELOPED Percent of the 25 “opportunity sites” identified by the Industrial Lands Advisory Committee and referenced in HB 2011 (2003) certified as project ready or developed	Measure since: 2004
Goal	ECONOMIC DEVELOPMENT: Increase the supply of marketable industrial sites statewide	
Oregon Context	OBM 1, 2, 3, 4, 10, 11, 15 and ERT Mission	
Data source	OECDD manages the industrial site certification program and tracks the number of sites certified and developed	
Owner	ERT Special Projects Coordinator: Gabrielle Schiffer 503.986.652	

1. OUR STRATEGY

These 25 industrially zoned sites were identified as a high priority to ready for certification and/or development by the Industrial Lands Advisory Committee (as referenced in HB 2011). Even though the industrial site certification program is administered by OECDD, readying a site for certification or development is a multi-agency, state/local collaboration. In addition to ERT agencies, in particular DLCD, DEQ, DSL, ODOT, and ODA, the Oregon Department of Fish and Wildlife (ODFW) the State Historic Preservation Office (SHPO) also participate in site certification because of their role in natural and cultural resource protection. The US Army Corps is a partner on sites with wetland constraints. Each site also has a local government proponent or sponsor. For those sites not publicly owned, private property owners, in addition to local government staff are part of the team working to certify a site.

2. ABOUT THE TARGETS

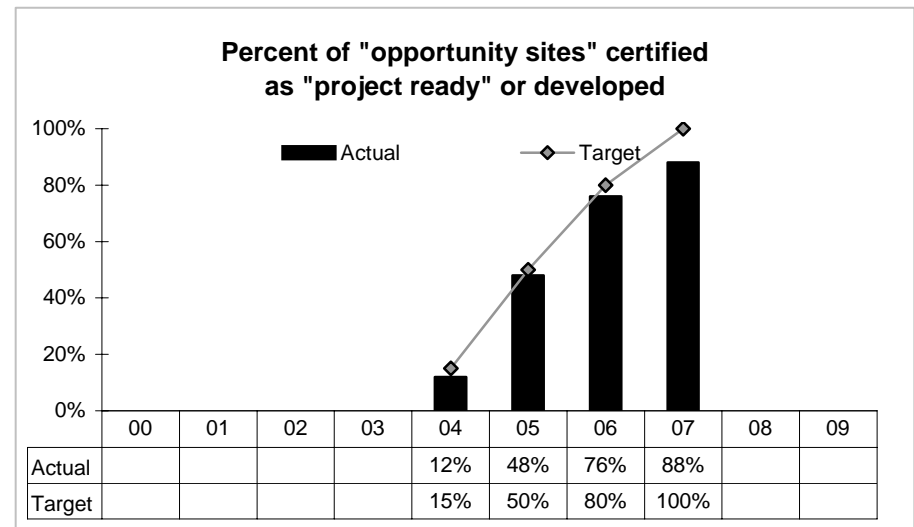
Targets were set in consultation with OECDD and the other ERT agencies.

3. HOW WE ARE DOING

Although our target of 100% was not attained, progress was maintained. As of the end of FY 06, 22 sites of the 25 sites have been certified or developed. Of the remaining three sites one is ready to be certified in FY 08 because sewer/water service extensions to the site have been completed; a second site’s UGB expansion has been approved and is now ready to move forward with other aspects of the certification process; a third has been withdrawn from certification by the property owner. With the targets for the measure largely realized, **JLAC approved deletion of this measure for FY 08.**

4. HOW WE COMPARE

Since only a few states have certification programs and no national standard for certification exists, comparison to other states is not possible. Given the collaborative nature of certification, it’s difficult to compare certification to individual state agency processes or programs.



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5. FACTORS AFFECTING RESULTS

Limited local/state/federal funding and financing options for infrastructure improvements often presented the biggest challenge to readying sites for development or certification. Efforts to obtain funding to extend sewer/water infrastructure created delays in certification for a number of sites, as did completion of environmental clean up, wetlands and local land use processes. At least one of the sites benefited from OTIA for funding transportation improvements.

6. WHAT NEEDS TO BE DONE

Increase funding and financing options for public infrastructure. Adequate state funding and assistance to help local jurisdictions with land use actions is also critical. From a regional perspective, in the Willamette Valley, where the demand for quality wetland mitigation credits outstrips the supply, the ERT, in partnership with OECDD, DSL, the US Army Corps as well as local jurisdictions and non-profit and private partners is working to pilot a wetlands credit resale program for industrial lands.

7. ABOUT THE DATA

The reporting cycle for the number of industrial sites certified as “project ready” is by Oregon fiscal year. A third party verifier determines when a site has met all the criteria to be certified. OECDD maintains a list of certified sites.

AGENCY NAME: GOVERNOR’S OFFICE – ECONOMIC REVITALIZATION TEAM

II. KEY MEASURE ANALYSIS

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KPM #3	CERTIFIED INDUSTRIAL LANDS Number of new industrial sites/acres certified as “project ready.”	Measure since: e.g. 2004
Goal	ECONOMIC DEVELOPMENT: Increase the supply of marketable industrial sites statewide.	
Oregon Context	OBM 1, 2, 3, 4, 10, 11, 15 and ERT Mission.	
Data source	OECD is the agency that manages the industrial site certification program and tracks the number of sites certified and developed.	
Owner	ERT Special Projects Coordinator: Gabrielle Schiffer 503.986.652	

1. OUR STRATEGY

Industrial site certification is a tool that increases the state’s preparedness for economic development. Even though the industrial site certification program is administered by OECD, readying industrial sites for “project ready” certification is a multi-agency, state/local collaboration. The ERT partners with OECD, DLCD, DEQ, DSL, ODOT, ODFW, SHPO and a host of 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 new and without a track record, an adjustment to the target from 20 to 12 sites a year was approved by the Joint Legislative Audit Committee (JLAC) for OECD for FY 07. OECD is the agency that administers the industrial site certification program.

3. HOW WE ARE DOING

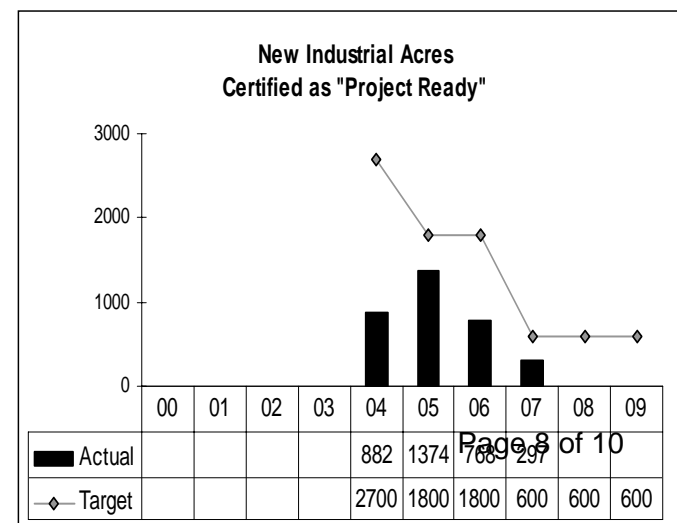
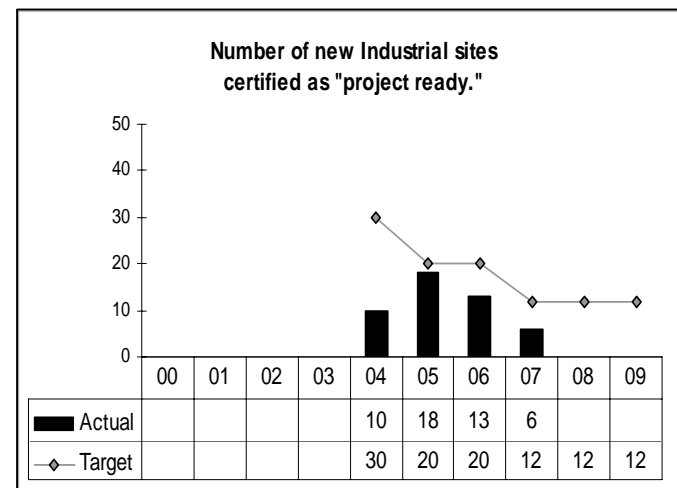
Even though only 6 sites attained “project ready” certification status in FY 07, as many as 15 sites are nearing certification status. In addition, the size (acreage) of industrial sites certified continues to trend downward. The average size of a certified industrial site for fiscal year follows: FY 04 - 88 acres; FY5 – 76 acres; FY6 – 59; FY 07 - 50 acres. Many of the certified sites 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>

4. HOW WE COMPARE

Since only a few states have certification programs and no national standard for certification exists, comparison to other states is not possible. Given the collaborative nature of certification, it’s difficult to compare certification to individual state agency processes or programs.

5. FACTORS AFFECTING RESULTS

Many of the 48 sites certified over the last 4 years can be considered the “low hanging fruit.” The remaining industrial zoned lands are more constrained and therefore more difficult to certify. Limited options for funding and financing public infrastructure improvements remains a challenge



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and can significantly delay the certification process. As the state's population and traffic have increased and as state and local highway and road systems approach capacity in many parts of the state, options for easy or relatively inexpensive fixes to the state's transportation system are becoming exhausted. 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 turn over remains an issue. Finally an improving economy creates less of a compelling need for certification because all the issues on a site do not need to be resolved for it to be competitive and attractive to development.

6. WHAT NEEDS TO BE DONE

Local/state/federal funding and financing options for public infrastructure needs to be increased. The ERT, in partnership with DLCD and OECDD, 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. ERT is working with DSL, OECDD 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

The reporting cycle for number of industrial sites certified as "project ready" is by Oregon fiscal year. OECDD maintains a list of certified sites. A third party verifier determines when a site has met all the criteria to be certified.

AGENCY NAME: GOVERNOR'S OFFICE – ECONOMIC REVITALIZATION TEAM**III. USING PERFORMANCE DATA**

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Contact: ERT Special Projects Coordinator: Gabrielle Schiffer	Phone: 503-986-6522
Alternate: Governor's Office Administrator: Jodi Sherwood	Phone: 503-378-3109

The following questions indicate how performance measures and data are used for management and accountability purposes.	
<p>1 INCLUSIVITY Describe the involvement of the following groups in the development of the agency's performance measures.</p>	<ul style="list-style-type: none"> • Staff: ERT coordinators, agency liaisons to the ERT and some state agency field staff participated in a logic mapping exercise of the ERT process to evaluate the ERT's existing measures and to determine where best to focus development of an ERT related measure for DEQ, DLCD and DSL as directed by agency budget notes. • Elected Officials: None • Stakeholders: None • Citizens: None
<p>2 MANAGING FOR RESULTS How are performance measures used for management of the agency? What changes have been made in the past year?</p>	<p>Responses to the 2006 Customer Satisfaction Study were cross-tabbed for each of the five ERT regions and opportunities for improvement were discussed with each ERT coordinator.</p> <p>To maintain a multi-agency focus on economic development, the ERT coordinators meet every other month with OECD and liaisons from the other ERT agencies to discuss issues and progress with industrial site certification. OECD also generates regular status reports on sites in the certification queue that are shared with staff in the ERT agencies. Information for these reports is generated by the ERT coordinators in consultation with OECD's Business Development Officers (BDOs) and the other members of the 10 multi-agency regional teams active statewide. The ERT agency directors also receive updates on site certification at their monthly meetings.</p>
<p>3 STAFF TRAINING What training has staff had in the past year on the practical value and use of performance measures?</p>	<p>Beyond regular updates on progress toward achieving performance measure targets, ERT coordinators have not received any "formal" training on performance measures.</p>
<p>4 COMMUNICATING RESULTS How does the agency communicate performance results to each of the following audiences and for what purpose?</p>	<ul style="list-style-type: none"> • Staff: Results of 2006 Customer Satisfaction Survey were shared with state agency directors at their June 2006 meeting. Updates on industrial site certification are ongoing. • Elected Officials: Annual Performance Measure Report is posted to ERT website at: www.ert.oregon.gov • Stakeholders: Annual Performance Measure Report is posted to ERT website at: www.ert.oregon.gov • Citizens: Annual Performance Measure Report is posted to ERT website at: www.ert.oregon.gov