

OFFICE OF THE GOVERNOR – ECONOMIC REVITALIZATION TEAM

Annual Performance Progress Report (APPR)

for Fiscal Year 2005-06

2007-09 Budget Form 107BF04c

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To obtain additional copies of this report, contact the Economic Revitalization Team (ERT) at 503-378-5690
State Capitol, 900 Court Street, SE, Room 160, Salem, OR 97301, or visit
http://www.oregon.gov/DAS/OPB/GOVresults.shtml#Annual_Performance_Reports.

Program Mission

To help local governments and businesses increase economic opportunity and help state agencies improve government accountability by focusing on customer service, partnership and results.

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ABOUT THIS REPORT

Purpose of Report

The purpose of this report is to summarize the agency's performance for the reporting period, how performance data are used and to analyze agency performance for each key performance measure legislatively approved for the 2005-07 biennium. The intended audience includes agency managers, legislators, fiscal and budget analysts and interested citizens.

1. PART I: EXECUTIVE SUMMARY defines the scope of work addressed by this report and summarizes agency progress, challenges and resources used.
2. PART II: USING PERFORMANCE DATA identifies who was included in the agency's performance measure development process and how the agency is managing for results, training staff and communicating performance data.
3. PART III: KEY MEASURE ANALYSIS analyzes agency progress in achieving each performance measure target and any corrective action that will be taken. This section, the bulk of the report, shows performance data in table and chart form.

KPM = Key Performance Measure

The acronym "KPM" is used throughout to indicate **Key Performance Measures. Key performance measures are those highest-level, most outcome-oriented performance measures that are used to report externally to the legislature and interested citizens. Key performance measures communicate in quantitative terms how well the agency is achieving its mission and goals. Agencies may have additional, more detailed measures for internal management.**

Consistency of Measures and Methods

Unless noted otherwise, performance measures and their method of measurement are consistent for all time periods reported.

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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.	5
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.	7
3	CERTIFIED INDUSTRIAL LANDS: Number of new industrial sites/acres certified as “project ready.”	9

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Alternate: Jodi Sherwood	Phone: 503-378-3109

1. SCOPE OF REPORT

- Economic Revitalization Team (ERT) services addressed by key performance measures: Serve as Governor’s Office Ombudsmen to local governments and businesses and coordinate state agency assistance and resources on high priority local economic and community development projects and state initiatives.
- ERT services not addressed by key performance measures: Identify and elevate policy rubs and process improvements to state agency directors for resolution. Progress on policy and process improvements will be described in the ERT’s biennial report to the Oregon Legislature.

2. THE OREGON CONTEXT

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

ERT performance measures are aligned with, and 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 governments throughout the state in its efforts to help jurisdictions ready industrial lands for development and certify industrial sites as “project ready.” 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.

3. PERFORMANCE SUMMARY

At the direction of Governor Kulongoski (EO 03-02) and the Oregon Legislature (HB 2011) the ERT’s primary focus since 2003 has been working with local jurisdiction and state agencies on readying industrially zoned lands for “project ready” certification¹ and/or development. While the ERT’s performance measure on CERTIFIED INDUSTRIAL LANDS keeps the ERT and state agencies focused on results (i.e. number of sites certified), the targets for this measure have only been partially achieved. Targets for this measure were set when the program was new and without a track record. In general, industrial sites had more complex and more costly issues to resolve than anticipated. Site acreage was also smaller than projected. Average size was 75 acres.

¹ When an industrial site is certified “project ready” it means that all the barriers that may be preventing a site from being developed have been removed and construction can begin within 180 days or less after being chosen for development.

I. EXECUTIVE SUMMARY

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KPM Progress Summary	Key Performance Measures (KPMs) with Page References	# of KPMs
KPMs MAKING PROGRESS at or trending toward target achievement	CUSTOMER SERVICE (page 5) OPPORTUNITY SITES CERTIFIED OR DEVELOPED (page 7)	2
KPMs NOT MAKING PROGRESS not at or trending toward target achievement	CERTIFIED INDUSTRIAL LANDS (page 9),	1
KPMs - PROGRESS UNCLEAR target not yet set		
Total Number of Key Performance Measures (KPMs)		3

4. CHALLENGES

Many of the industrial sites seeking certification have multiple and long standing issues to overcome before qualifying for certification status. A short list of issues can include: inadequate road access, lack of sewer and water or other services to the site, environmental contamination and/or wetlands present on the site and, in some cases, multiple ownerships. Limited local/state funding to address issues and build needed improvements is a limiting factor. In the smaller jurisdictions inadequate staffing is often the norm, the basic task of information gathering required for each site to complete the certification application was often challenging and contributed to a more protracted certification process.

5. RESOURCES USED AND EFFICIENCY

The ERT's bottom line budget amount for FY 06 is \$861,304. All three of the ERT's measures can be considered efficiency measures in that they pertain to coordinating state agency service delivery to local governments and businesses. Coordination facilitates efficiency because it creates opportunities to leverage state/local resources for maximum benefit.

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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 program’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 program? 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>OECD sends out regular status reports on industrial site certification that include progress on issue resolution for sites seeking certification as well as an updated tally of sites certified, developed and the number of jobs created. These status reports are widely shared so that the ERT coordinators and state agency staff are aware of how working across agency boundaries and in partnership with local government produces tangible and positive results for Oregon’s economy.</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>The ERT process focuses state agency staff on customer service, partnership and results. 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 lands certified are ongoing. The purpose is to focus on results and provide feedback to agency directors and their staff for continuous improvement. • 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

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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 joint customer service survey administered by the Oregon Progress Board.	
Owner	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 readying industrial lands for certification and/or development

2. **ABOUT THE TARGETS**

Targets for customer service were set by the Governor’s Office to serve as a motivator for improving state agency service delivery to local jurisdictions and businesses.

3. **HOW WE ARE DOING**

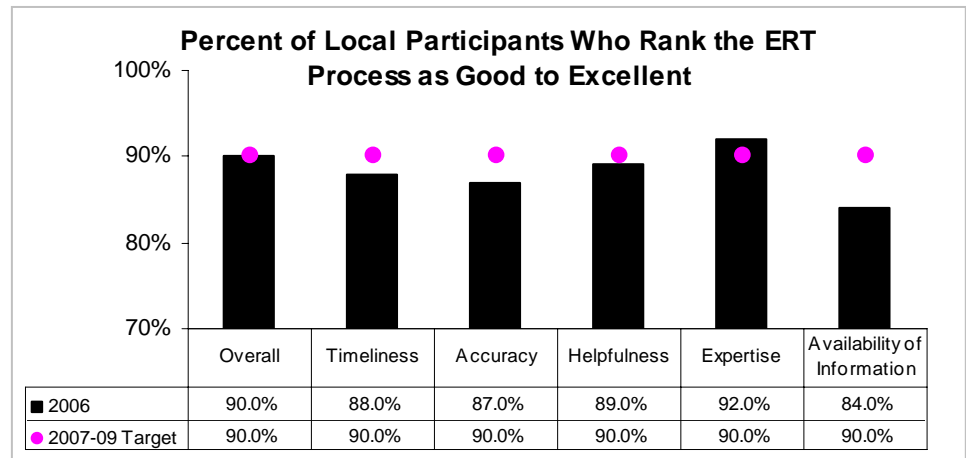
Survey results indicate that local governments and businesses are appreciative of the state agency coordination provided by the ERT process. Nine out of ten local participants in ERT projects perceive the service provided as “good” to “excellent.” The ERT received the highest rating in the area of knowledge and expertise which goes a long way toward building trust relationships. 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 to 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. In some cases, overall customer service rating for the ERT process is higher than customer service ratings for individual state agencies.

5. **FACTORS AFFECTING RESULTS**

For the most part, the local projects the ERT is asked to become engaged in have long standing and complicated issues 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 ERT coordinators and the



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ERT process often play a key role in facilitating resolution of issues, in ensuring coordinated state assistance on a project and in some instances, bringing a project that's been in trouble to a successful conclusion.

6. WHAT NEEDS TO BE DONE

In the 2006 Customer Satisfaction Study, the ERT received the highest rating in the area of knowledge and expertise and the lowest in availability of information. The ERT will work with state agencies 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 from a couple 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 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 records	
Owner	Gabrielle Schiffer, 503-986-6522	

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). Removing barriers to certification or development requires a multi-agency approach. The ERT partners with OECDD, DLCD, DEQ, DSL, ODOT, Oregon Department of Fish and Wildlife (ODFW), the State Historic Preservation Office (SHPO) and a host of local governments and property owners in its efforts to ready sites for “project ready” certification and/or development.

2. **ABOUT THE TARGETS**

Targets were set in consultation with OECDD and the ERT coordinators. Certification of the “opportunity sites” has been a high priority for both the ERT and OECDD. Although the sites had issues that were more complex and costly to resolve than anticipated, we are on track for this measure.

3. **HOW WE ARE DOING**

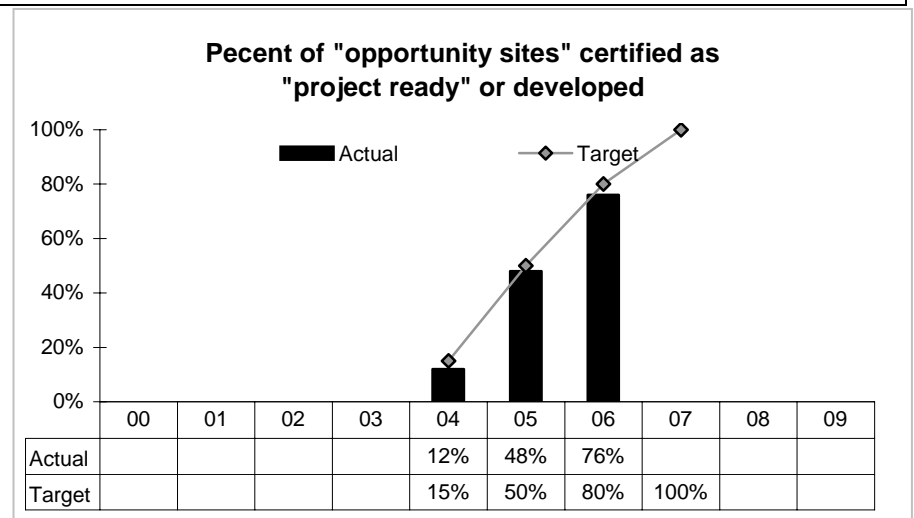
At the end of fiscal year 2005-06, 19 sites of the 25 sites have been certified or developed. Another site was certified in September 2006 and a second is schedule to be certified by the end of the year. Of the remaining four sites, two require big ticket infrastructure fixes and two have been withdrawn from the certification process by the property owner.

4. **HOW WE COMPARE**

It’s difficult to compare readying sites for certification and/or development to individual state agency processes because certification is not a single process but a multi-agency, state/local, and location specific collaboration.

5. **FACTORS AFFECTING RESULTS**

Sites often had multiple issues to overcome before qualifying for certification or being ready to develop. A short list of issues can include: inadequate road access, lack of sewer and water service to the site, environmental contamination and/or wetlands on the site and, in some cases, multiple ownerships. Limited local/state funding to address issues and build needed improvements was a limiting factor. In the smaller jurisdictions inadequate



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staffing is often the norm, the basic task of information gathering required for each site to complete the certification application was often challenging and contributed to a more protracted certification process for some sites.

6. **WHAT NEEDS TO BE DONE**

OECD, in consultation with the ERT coordinators and agency liaisons, has evaluated the certification application process for streamlining opportunities. A new multi-agency intake form and an improved application have been developed and should be ready for beta testing later this fall.

7. **ABOUT THE DATA**

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

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KPM #3	CERTIFID INDUSTRIAL LANDS Number of new industrial sites/acres certified as “project ready.”	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 records	
Owner	Gabrielle Schiffer, 503-986-6522	

1. OUR STRATEGY

Industrial site certification is a tool that increases the state’s readiness for economic development. Readyng industrial sites for certification or development is a multi-agency, state/local collaboration. The ERT partners with OECDD, DLCD, DEQ, DSL, ODOT, ODFW, SHPO and a host of local governments and property owners in its efforts to ready sites for “project ready” certification.

2. ABOUT THE TARGETS

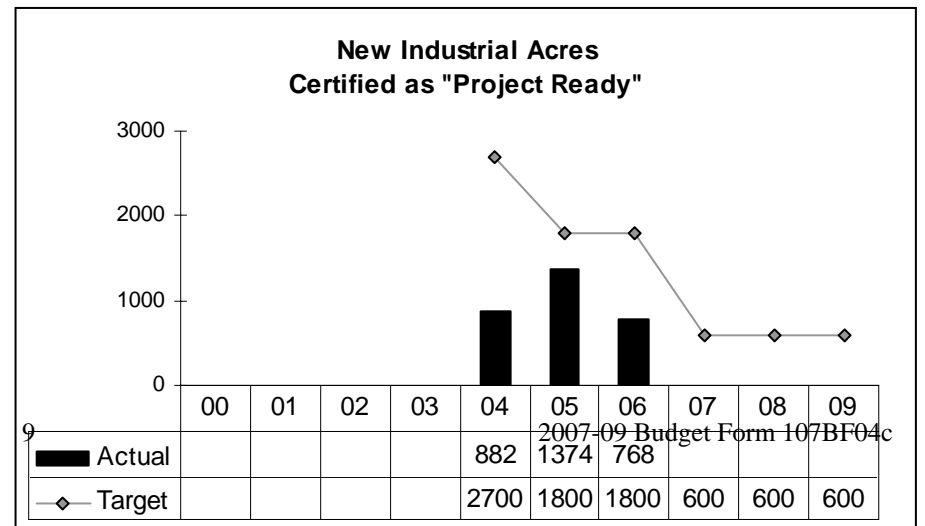
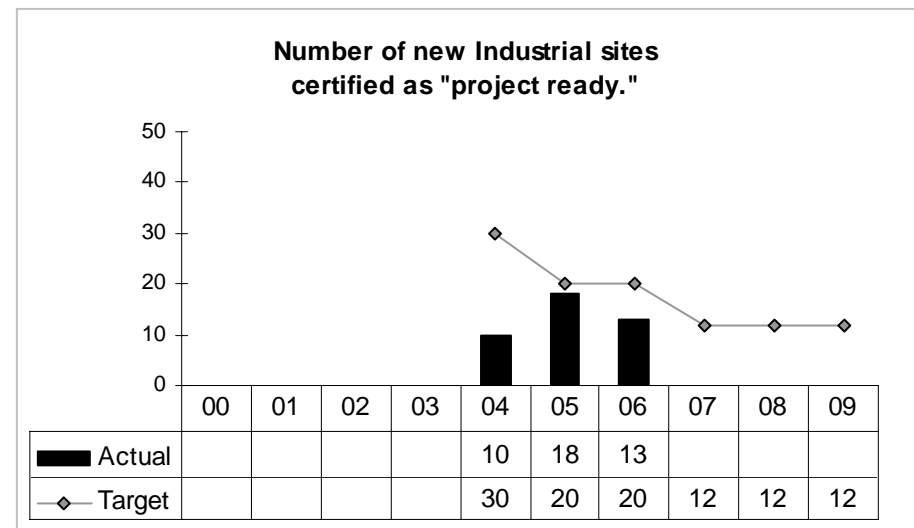
Targets for the number of certified sites and acreage were set in consultation with OECDD and the ERT coordinators at the onset of the program before a track record had been established. The targets were overly ambitious and have not been fully achieved. In general, sites had more complex and more costly issues to resolve than anticipated. Site acreage was also smaller than projected. Average size was 75 acres.

3. HOW WE ARE DOING

Oregon has a growing portfolio of “project ready” certified sites. Of the 40+ sites certified to date statewide, about a quarter of the 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

A meaningful comparison to other state certification programs is not possible as this time as only a few states have such programs and no standard for consistency has been established. In addition, it’s difficult to compare readyng sites for certification to individual state agency



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processes because certification is not a single process but a multi-agency, state/local, and site/location specific collaboration.

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Industrial sites seeking certification often had multiple, long standing issues to overcome before qualifying for certification. A short list of issues can include: inadequate road access, lack of sewer and water service to the site, environmental contamination and/or wetlands present on the site and, in some instances, multiple ownerships. Limited local/state funding to address issues and build needed improvements was a limiting factor. In the smaller jurisdictions inadequate staffing is often the norm, the basic task of information gathering required for each site to complete the certification application was often challenging and contributed to a more protracted certification process for some sites.

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