

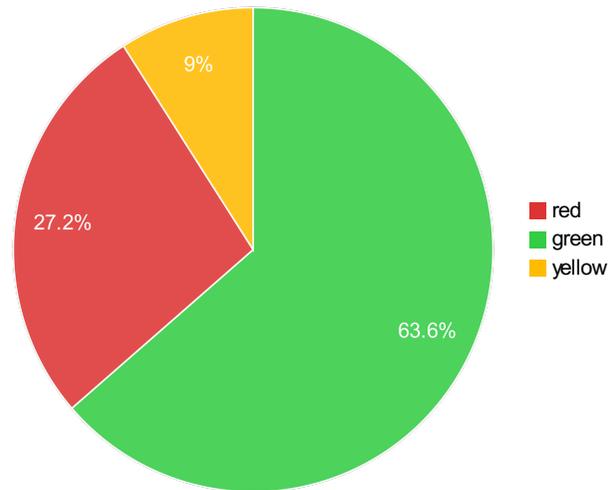
Business Oregon

Annual Performance Progress Report

Reporting Year 2016

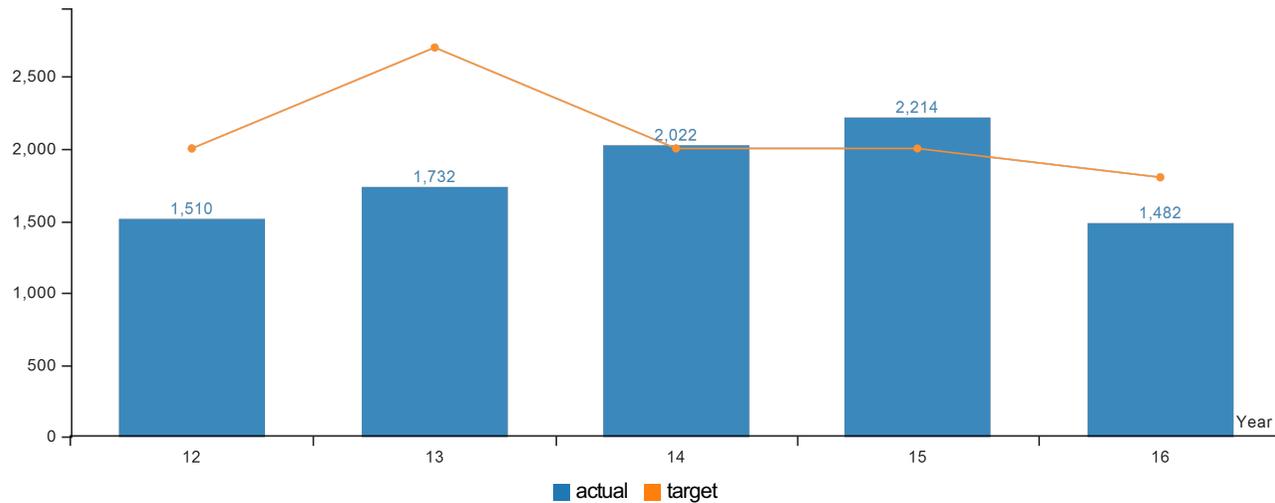
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KPM #	Approved Key Performance Measures (KPMs)
1	Number of jobs created -
2	Number of jobs retained -
3	Personal income tax generated by the Department's investment in jobs -
4	New export sales of assisted clients -
5	a. Total dollar amount of federal contracts awarded to Oregon Businesses receiving Government Contract Assistance Program assistance. -
5	b. Number of federal contracts awarded to Oregon businesses receiving Government Contract Assistance Program assistance. -
6	Number of new industrial sites/acres certified "project ready." -
7	Number of community capital projects assisted for planning (infrastructure, community and organizational). -
8	Number of community capital construction financing projects that address public health and safety issues. -
9	Number of community capital construction financing projects that assist with future economic and community development. -
10	Customer Service - Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall, timeliness, accuracy, helpfulness, expertise, availability of information.



	Green	Yellow	Red
	= Target to -5%	= Target -6% to -15%	= Target > -15%
Summary Stats:	63.64%	9.09%	27.27%

KPM #1	Number of jobs created -
	Data Collection Period: Jul 01 - Jun 30



Report Year	2012	2013	2014	2015	2016
Total jobs created					
Actual	1,510	1,732	2,022	2,214	1,482
Target	2,000	2,700	2,000	2,000	1,800

How Are We Doing

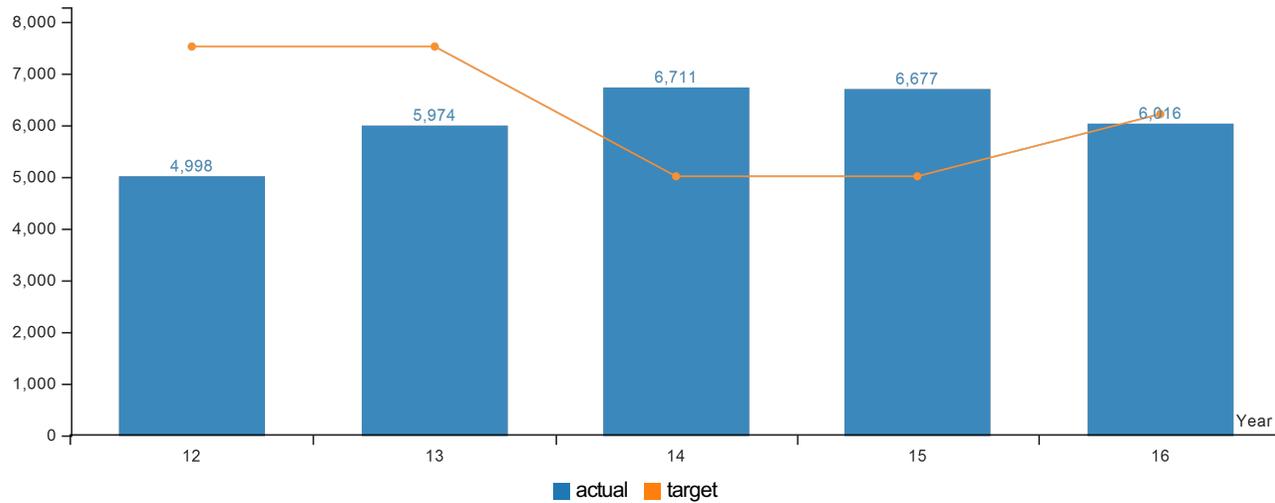
Business Oregon funds helped create 1,482 jobs in Oregon in FY 2016, falling short of the target of 1,800 jobs created. The 1,482 jobs created reflect investments from the Strategic Reserve Fund, Business Expansion Program, Business Finance programs, and Oregon Innovation Council. In FY 2016, the number of jobs created decreased by 732 jobs from FY 2015, a decrease of 33 percent.

Factors Affecting Results

Job creation from businesses funded by Business Oregon continued to increase in FY 2016, just as it did in FY 2015, although at a slower pace. Oregon's economy and employment also grew at a slower rate in FY 2016 than it did in FY 2015. Manufacturing, in particular, slowed significantly between FY 2015 and FY 2016. Decreased expenditures on job creation projects from Business Finance and the Strategic Reserve Fund over the past two fiscal years, and lower job creation targets for projects, contributed to lower job creation results. In addition, two strategic changes have been implemented at Business Oregon to reflect economic priorities. First, the agency is increasingly focused on rural prosperity and regional economic development outside of existing urban centers. This focus places a premium job creation disadvantaged communities. Second, in 2015 Business Oregon adopted a new strategy as it relates to Strategic Reserve Fund resources. Instead of a sole focus on direct job creation, the Strategic Reserve Fund also invests in capacity growth and industry research projects. Both of these strategic changes prioritize the creation of long-term economic assets over short-term job creation.

While the target for jobs creation fell short, income tax generation was aided by larger than normal wage increases in FY 2016, which corresponded to equally strong wage growth throughout Oregon's economy.

KPM #2	Number of jobs retained -
	Data Collection Period: Jul 01 - Jun 30



Report Year	2012	2013	2014	2015	2016
Total Jobs Retained					
Actual	4,998	5,974	6,711	6,677	6,016
Target	7,500	7,500	5,000	5,000	6,200

How Are We Doing

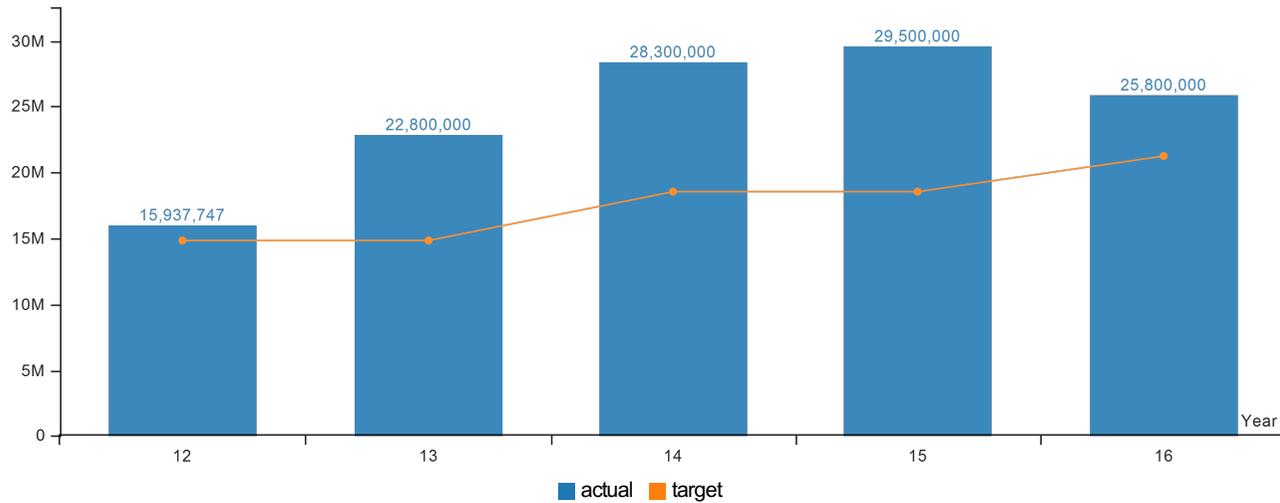
Business Oregon funds helped retain 6,016 jobs in Oregon in FY 2016, falling short of the target of 6,200 jobs retained. The 6,016 jobs retained reflect investments from the Strategic Reserve Fund, Business Expansion Program, Business Finance programs, and Oregon Innovation Council. In FY 2016, the number of jobs retained decreased by 661 jobs from FY 2015, a decrease of 10 percent.

Factors Affecting Results

Job retention from businesses funded by Business Oregon was 88 percent of expected retention (100 percent). This was lower than the retention rate in FY 2015 of 94 percent. Oregon's economy and employment grew at a slower rate in FY 2016 than it did in FY 2015. Manufacturing, in particular, slowed significantly between FY 2015 and FY 2016. Lower than normal job retention targets for projects in FY 2013 and FY 2016 contributed to lower job retention overall for the department.

While the target for jobs retained fell short, income tax generation was aided by larger than normal wage increases in FY 2016, which corresponded to equally strong wage growth throughout Oregon's economy.

KPM #3	Personal income tax generated by the Department's investment in jobs -
	Data Collection Period: Jul 01 - Jun 30



Report Year	2012	2013	2014	2015	2016
State Income Tax Revenue					
Actual	\$15,937,747.00	\$22,800,000.00	\$28,300,000.00	\$29,500,000.00	\$25,800,000.00
Target	\$14,800,000.00	\$14,800,000.00	\$18,500,000.00	\$18,500,000.00	\$21,200,000.00

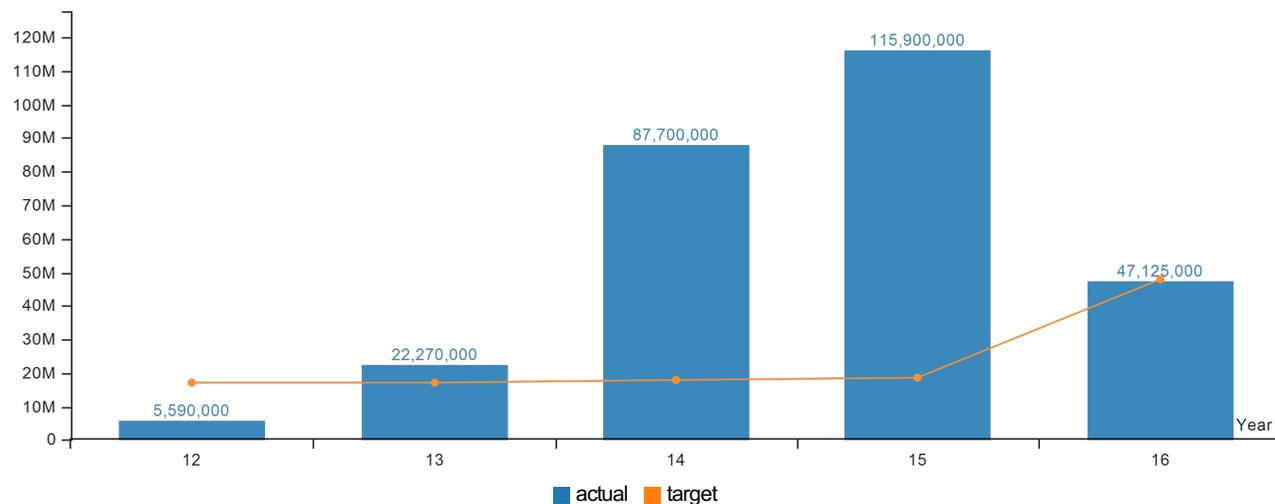
How Are We Doing

In FY 2016, jobs created and retained by businesses funded by Business Oregon generated an estimated \$25.8 million in state personal income tax revenue, exceeding the target of \$21.2 million. The \$25.8 million in state personal income tax revenue reflect investments from the Strategic Reserve Fund, Business Expansion Program, Business Finance programs, and Oregon Innovation Council. In FY 2016, estimated state personal income tax revenue from job creation and retention was \$3.7 million lower than FY 2015, a decrease of 13 percent.

Factors Affecting Results

The combined jobs created and retained in FY 2016 were lower than in FY 2015, which led to lower estimated income taxes generated in FY 2016. Overall income tax generation was aided by larger than normal wage increases in FY 2016, which corresponded to equally strong wage growth throughout Oregon's economy.

KPM #4	New export sales of assisted clients -
	Data Collection Period: Jul 01 - Jun 30



Report Year	2012	2013	2014	2015	2016
New export sales of assisted clients (in millions of dollars)					
Actual	\$5,590,000.00	\$22,270,000.00	\$87,700,000.00	\$115,900,000.00	\$47,125,000.00
Target	\$17,000,000.00	\$17,000,000.00	\$17,800,000.00	\$18,475,000.00	\$47,800,000.00

How Are We Doing

Documented export sales hit \$47,125,000 million in FY 2016, just short of the target \$47.8 million. This number includes immediate and expected export sales reported by companies receiving export assistance (both technical assistance and grants) from Business Oregon, sales reports from Business Oregon's foreign offices and representation in Japan, Korea, China and EU. Sales were also reported from Oregon companies active with the Softwood Export Council which is supported by Business Oregon.

Business Oregon helps small to medium sized enterprises (up to 500 employees) grow revenue through export sales, which also diversifies their customer base and helps Oregon small businesses be more globally competitive. In FY 2016, Business Oregon continued to track and report sales in detail by the type of assistance provided. This comprehensive reporting process helps track the number and type of companies assisted, as well as immediate and future sales growth. Reports from the assisted companies back to Business Oregon also track the number of sales leads, potential agents, distributors and licensees met as a result of participating in a Business Oregon supported trade event. New reporting requirements from Business Oregon's federal partners took effect in 2016, and Business Oregon began tracking export businesses that are socially or economically disadvantaged, women owned, veteran owned, and located in rural communities.

In FY 2016, Business Oregon continued to utilize both a state-funded export grant program, the Oregon Trade Promotion Program (OTPP), and a federally-funded export grant program, the State Trade Export Promotion program (STEP) to help companies attend international trade events. In FY 2016, OTPP and STEP grantees reported \$39.1 million in immediate and expected export sales as a result of their OTPP/STEP funded activities. Technical assistance and additional in-market support provided by Business Oregon overseas representatives led to an additional \$6.45 million in actual export sales from Oregon companies.

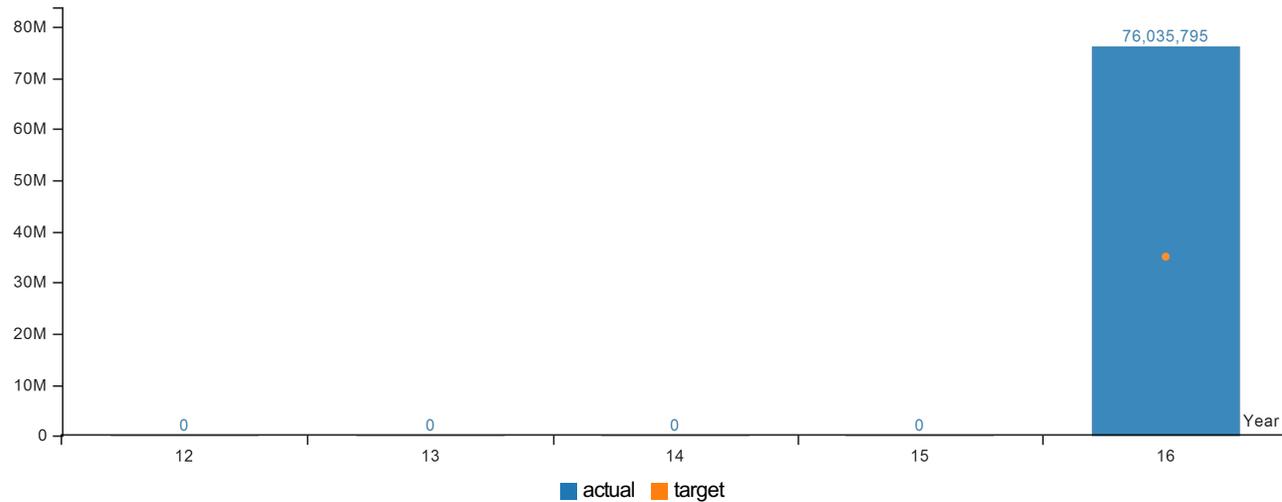
In FY 2016, Business Oregon continued to work with the Softwood Export Council (SEC). Through our membership to the SEC, Oregon forest and wood products companies can attend SEC led international trade shows and trade missions and receive financial assistance from the SEC. The Oregon forest and wood products companies that attended Business Oregon/SEC supported shows and missions in FY 2016 reported total actual and expected sales of \$1.575 million.

Factors Affecting Results

Over the last few years, demand for the department's services, connections, trade promotion opportunities, and export grants continue to increase. The entire scope of the department's activities serves to demonstrate the important economic value of these services and relationships to Oregon businesses. It should be noted that direct assistance to those companies seeking to grow their exports may not always lead to immediate sales or sales opportunities. Export development takes time and a commitment to a multi-year export development plan for companies. Often, attendance at an international trade event is only the first step that will eventually lead to export sales.

Business Oregon Global Trade Team still maintains a partnership with the Export Import Bank (ExIm). However, ExIm lost its funding temporarily from July through December of 2015. This was a severe setback for export sales transactions. Fortunately funding has been reinstated to ExIm Bank for the next few years. Business Oregon is just now rebuilding halted export finance relationships. Since January 2016, ExIm Bank and our global trade specialists have reached out to hundreds of Oregon businesses and look forward to building back these export sales. Export sales figures are expected to increase in our next KPM report.

KPM #5	a. Total dollar amount of federal contracts awarded to Oregon Businesses receiving Government Contract Assistance Program assistance. -
	Data Collection Period: Jul 01 - Jun 30



Report Year	2012	2013	2014	2015	2016
Total amounts of federal contracts awarded					
Actual	No Data	No Data	No Data	No Data	\$76,035,795.00
Target	TBD	TBD	TBD	TBD	\$35,000,000.00

How Are We Doing

Business Oregon through its partnership with the Organization for Economic Initiative's Government Contract Assistance Program (GCAP) assists new business start-ups and small firms seeking to grow their businesses through government contracting opportunities. The organization has over 25 years of experience in working with small businesses on early stage growth issues or training them on how to seek federal and state procurement contract opportunities. This measure looks at the total dollar amount of federal contracts awarded for the current fiscal year.

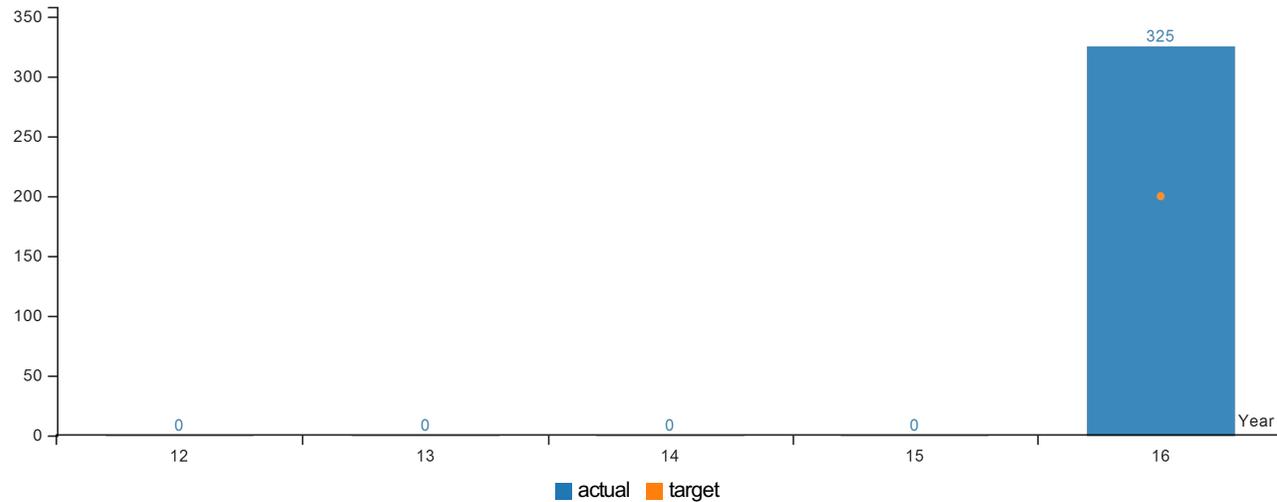
GCAP met and exceeded the target of 35 million dollars of federal contracts awarded to small businesses receiving assistance from GCAP. The total dollar amount was \$76,035,795.

Factors Affecting Results

A recent updated article by the federal Small Business Administration states the increased contracting efforts directed to small business by the federal government in the last few years has undoubtedly played an important role in the increase of contracting awards and contracting dollars. <https://www.sba.gov/blogs/small-businesses-receive-more-90-billion-federal-contracts-fy11>

Business Oregon will continue to support small business strength by fostering an environment for vitality, growth, and creativity. GCAP is an important partner that will help accomplish these goals. State and Federal funds allocated to fund GCAP and business development will help small business in Oregon. Careful evaluation of current and proposed legislation will help to streamline and improve business start-up climate and ongoing business development opportunities.

KPM #5	b. Number of federal contracts awarded to Oregon businesses receiving Government Contract Assistance Program assistance. -
	Data Collection Period: Jul 01 - Jun 30



Report Year	2012	2013	2014	2015	2016
Total Number of Federal Contracts Awarded through services provided by GCAP					
Actual	No Data	No Data	No Data	No Data	325
Target	TBD	TBD	TBD	TBD	200

How Are We Doing

The Government Contract Assistance Program (GCAP) met and exceeded the target of 200 federal contracts awarded to Oregon businesses receiving GCAP assistance. The actual number of contracts awarded was 325.

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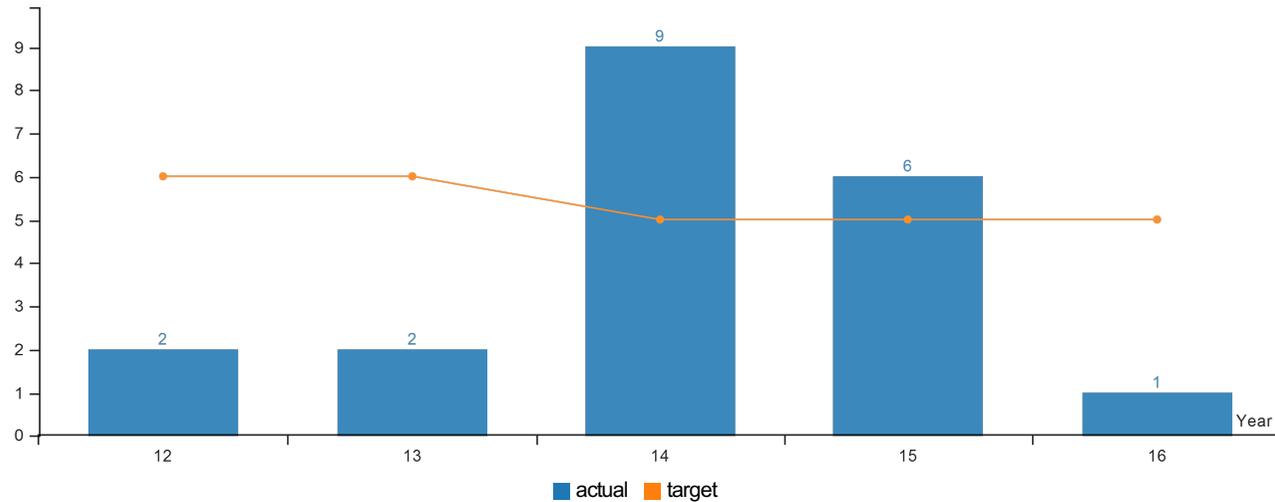
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KPM #6	Number of new industrial sites/acres certified "project ready." -
	Data Collection Period: Jul 01 - Jun 30



Report Year	2012	2013	2014	2015	2016
Number of new industrial sites certified					
Actual	2	2	9	6	1
Target	6	6	5	5	5

How Are We Doing

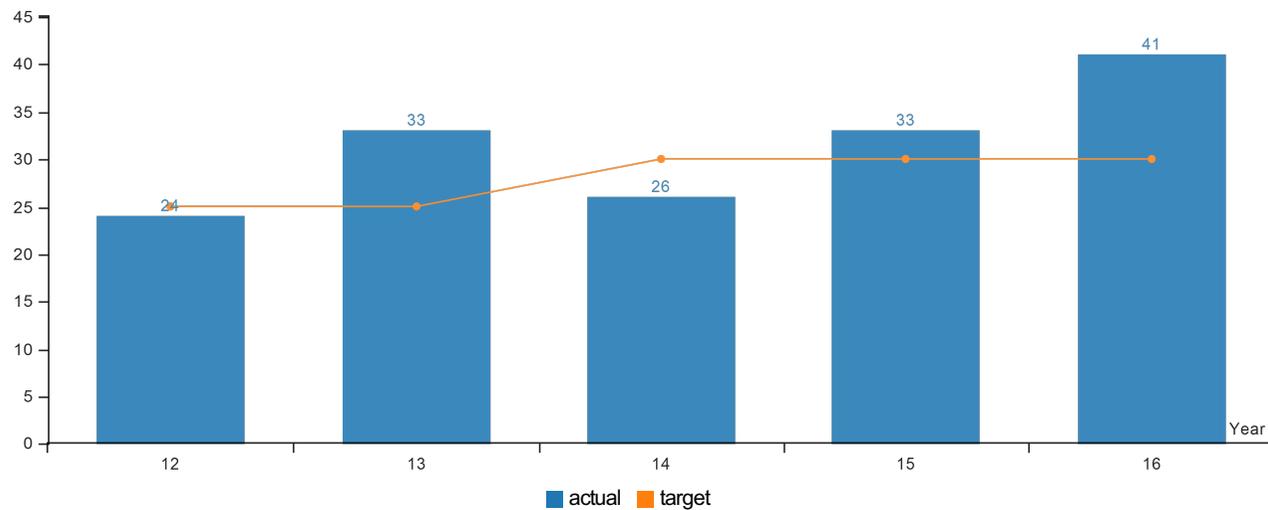
This fiscal year the department certified one new "shovel ready" industrial site for 60 acres. However, this did not meet the target of 5. The program accomplished the following this fiscal year:

- Streamlined program – launched July 1, 2015;
- 1 Certification in La Grande – 60 acres;
- 1 Pre-Certification in Forest Grove – 25 acres;
- 29 Sites Re-Certified - 1,890 acres;
- 3 Intakes in process from the Metro Regional Solutions Team – Certification Reports due October 2016; and
- Third party program review underway – due September 2016.

Factors Affecting Results

The current sites in the certification process are more constrained by physical, transportation, land use and market factors making them more difficult to meet certification requirements. Limited options for funding and financing public infrastructure improvements remains a challenge for many of these sites and has delayed certification. Over sixty sites remain in the intake phase of the program for this reason.

KPM #7	Number of community capital projects assisted for planning (infrastructure, community and organizational). -
	Data Collection Period: Jul 01 - Jun 30



Report Year	2012	2013	2014	2015	2016
Number of community capital projects assisted for planning					
Actual	24	33	26	33	41
Target	25	25	30	30	30

How Are We Doing

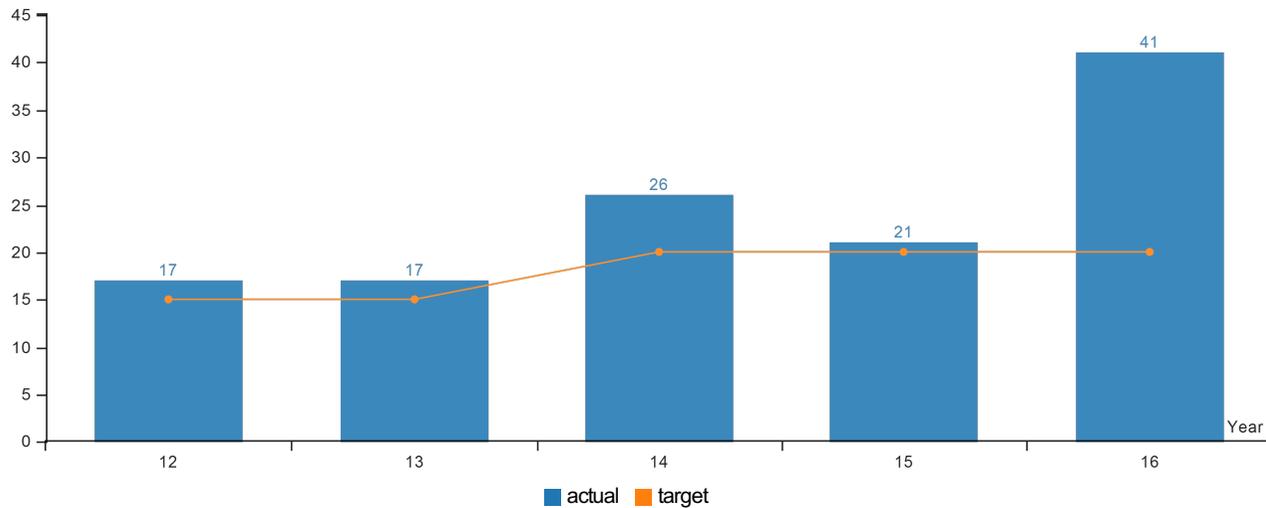
The department awarded 41 projects exceeding its target of 30. This measure includes all Infrastructure Finance Authority (IFA) funded planning projects. Examples of planning projects are plans for industrial lands development and capital project plans that support community infrastructure and facilities such as wastewater treatment, safe drinking water and community facilities. Publicly-owned industrial sites receive additional planning assistance for development to become certified as "project-ready" and suitable for development within 180 days.

Factors Affecting Results

The increase in planning projects could be interpreted as communities positively looking to the future to enhance community facilities as the economy continues to improve. Communities have acknowledged that their existing utility master plans are outdated and do not reflect the growth and development which has occurred over the past 10 years. Additionally, expected population growth in many areas is encouraging communities to review current facilities with an eye toward future facility needs. IFA funds are assisting communities to update necessary water and wastewater plans. Planning activity remains steady for many communities that still must address community infrastructure needs. These cities recognize that in today's competitive market for job creation, they need updated facilities with adequate capacity to respond to future population growth and economic development opportunities.

As the planning funding demand has been high, a new program was developed during the biennium to assist communities. The Sustainable Infrastructure Planning Projects (SIPP) program funded through the Safe Drinking Water Revolving Loan Fund (SDWRLF) provides forgivable loans of up to \$20,000 for communities to conduct project feasibility studies, asset management plans, system partnership/consolidation studies, water rate analysis, leak detection studies, and resiliency planning.

KPM #8	Number of community capital construction financing projects that address public health and safety issues. -
	Data Collection Period: Jul 01 - Jun 30



Report Year	2012	2013	2014	2015	2016
Number of community capital projects that address water quality and environmental health issues					
Actual	17	17	26	21	41
Target	15	15	20	20	20

How Are We Doing

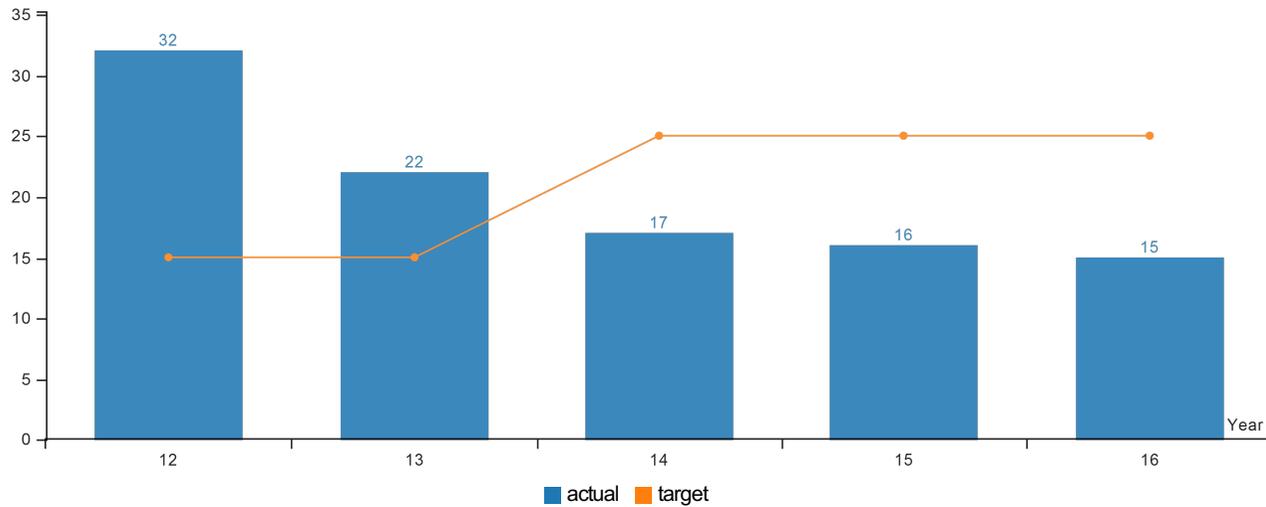
The department met and exceeded its target having funded 41 projects, over double the set target amount. Project levels have been trending upward and are now at 2010 levels. The demand for project financing has been steadily improving and looks to remain strong. Many communities have vital health and safety improvement projects they are beginning to address because they have recognized that the economy has improved, recent planning projects have been completed, infrastructure is dated, and future growth is expected in many areas. The increase in this KPM could be interpreted as resulting from planning projects coming to fruition over the course of the last few years.

Factors Affecting Results

The need for municipal infrastructure construction and the demand for financing both remain high. During 2015, the department invested over \$94 million in construction projects related to public health, safety, or environmental compliance – nearly double 2014 totals. The cost of each project varied considerably but is trending higher as communities begin making major upgrades. Many projects have received construction bids well over engineer estimates leading the department to believe that project costs will continue to grow at a steady pace.

One additional factor affecting results is the advent of the Special Public Works Fund (SPWF) Levee Assistance Program. This program resulted in an additional 5 projects for 2015.

KPM #9	Number of community capital construction financing projects that assist with future economic and community development. -
	Data Collection Period: Jul 01 - Jun 30



Report Year	2012	2013	2014	2015	2016
Number of community capital projects that assist with future economic and community development					
Actual	32	22	17	16	15
Target	15	15	25	25	25

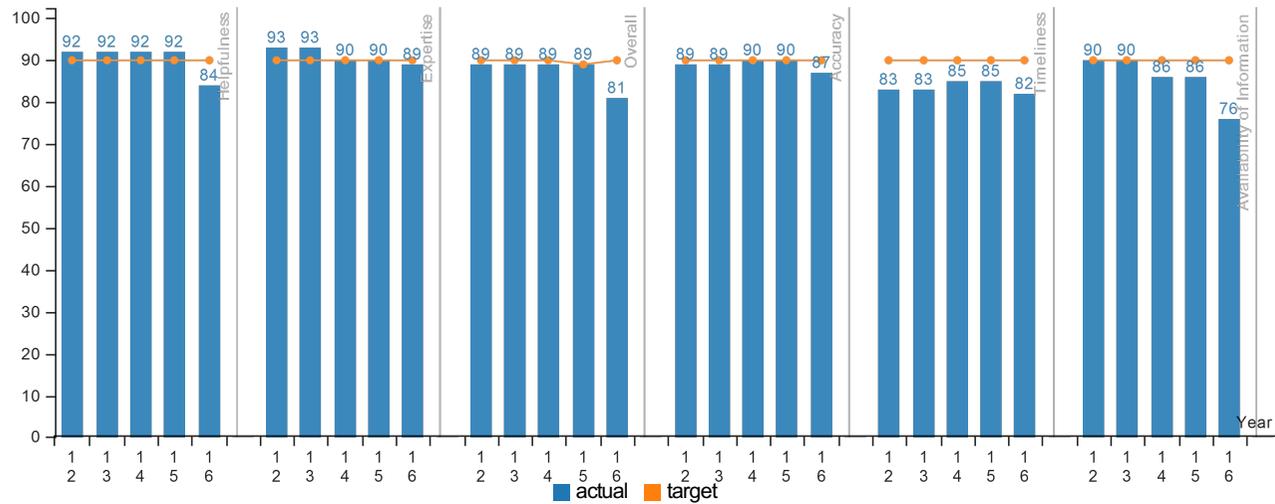
How Are We Doing

This year the department committed to 15 projects missing its target by 10. Communities appear to have been focusing their efforts away from economic and community development projects to health and safety projects. This is likely due to recent planning efforts for municipal water and wastewater projects with an emphasis on addressing an aging infrastructure and current and future demand. Infrastructure Finance Authority (IFA) expects communities to shift attention to economic and community development efforts as public works projects are completed.

Factors Affecting Results

The need for municipal infrastructure construction remains high and the demand for financing will continue to rise as communities address infrastructure needs for business opportunities. Communities continue to focus their efforts on water and wastewater infrastructure, which are generally larger high need projects.

KPM #10	Customer Service - Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall, timeliness, accuracy, helpfulness, expertise, availability of information.
	Data Collection Period: Jul 01 - Jun 30



Report Year	2012	2013	2014	2015	2016
Helpfulness					
Actual	92%	92%	92%	92%	84%
Target	90%	90%	90%	90%	90%
Expertise					
Actual	93%	93%	90%	90%	89%
Target	90%	90%	90%	90%	90%
Overall					
Actual	89%	89%	89%	89%	81%
Target	90%	90%	90%	89%	90%
Accuracy					
Actual	89%	89%	90%	90%	87%
Target	90%	90%	90%	90%	90%
Timeliness					
Actual	83%	83%	85%	85%	82%
Target	90%	90%	90%	90%	90%
Availability of Information					
Actual	90%	90%	86%	86%	76%
Target	90%	90%	90%	90%	90%

How Are We Doing

Collectively, the Customer Satisfaction Survey was emailed to more than 3900 customers, using an online survey tool. Participation in this year's survey was very low at 2%. On average all divisions received an excellent or good rating for each question by the customers who completed the survey. IFA increased their customer satisfaction in all categories with 91%-95% of scores in the "Excellent" or "Good" categories. BITD decreased their customer satisfaction in Overall Services by 24%.

The survey included questions, ranking Business Oregon on timeliness, helpfulness, expertise, availability of information, information accuracy and overall satisfaction. The survey had a 2 percent response rate, which is a great deal lower than the typical response rate of 10 to 15 percent for external customer satisfaction surveys done online without incentives.

The number of respondents who ranked OBDD as "good" or "excellent" in the target categories are as follows:

Timeliness - 82%

Helpfulness - 84%

Expertise - 89%

Availability of information - 76%

Information accuracy - 87%

Overall satisfaction with department services - 81%

Factors Affecting Results

The department changed the survey tool it used this year, resulting in feedback from customers saying it was difficult for them to tell what part of the department we were asking them to rate. This change seems to have prompted a very low return rate for the survey. The low return rate resulted in a small overall sample size, making it difficult to get a statistically accurate picture of how the department provides services to its customers, especially as compared to prior years.