

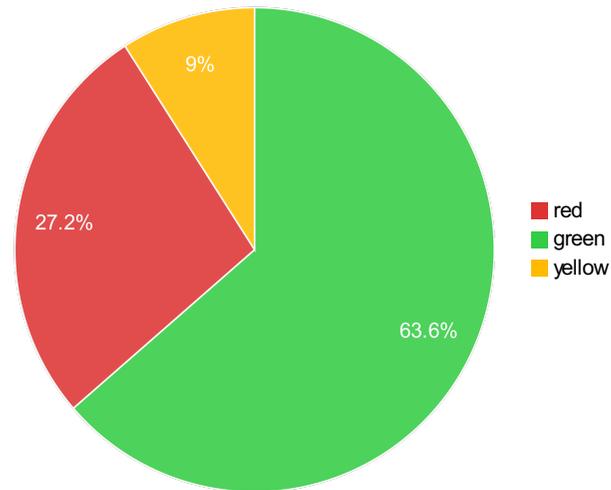
Business Oregon

Annual Performance Progress Report

Reporting Year 2017

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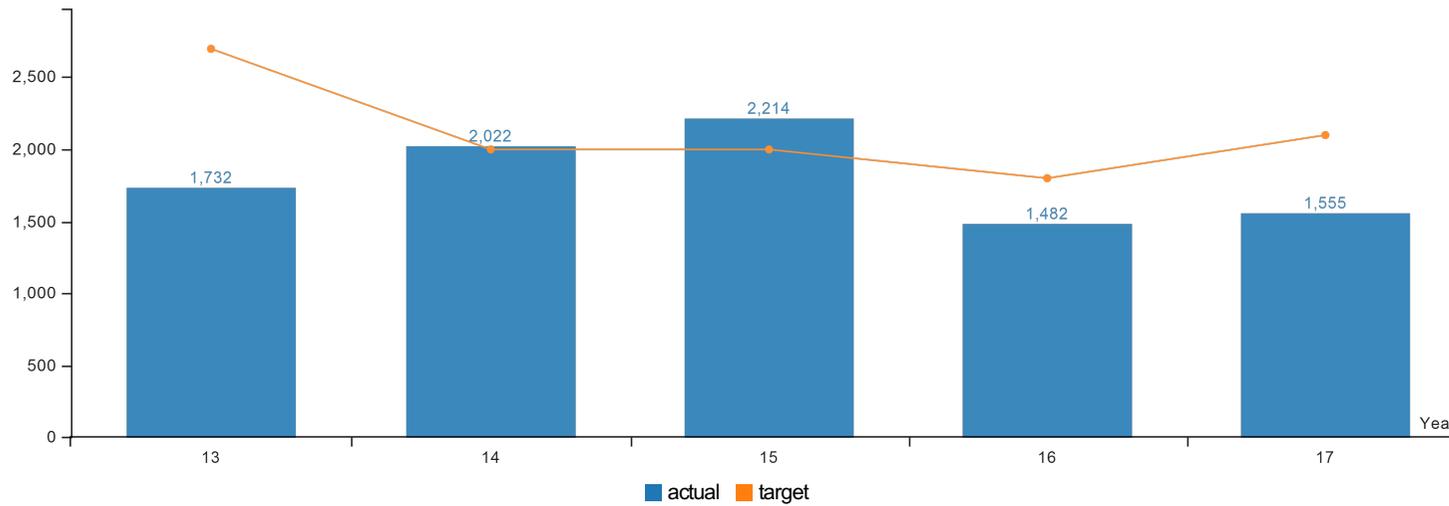
KPM #	Approved Key Performance Measures (KPMs)
1	Number of jobs created -
2	Number of jobs retained -
3	Personal income tax generated by the Department's investment in jobs -
4	New export sales of assisted clients -
5	a. Total dollar amount of federal contracts awarded to Oregon Businesses receiving 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.



Performance Summary	Green	Yellow	Red
	= Target to -5%	= Target -5% 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

* Upward Trend = positive result



Report Year	2013	2014	2015	2016	2017
Total jobs created					
Actual	1,732	2,022	2,214	1,482	1,555
Target	2,700	2,000	2,000	1,800	2,100

How Are We Doing

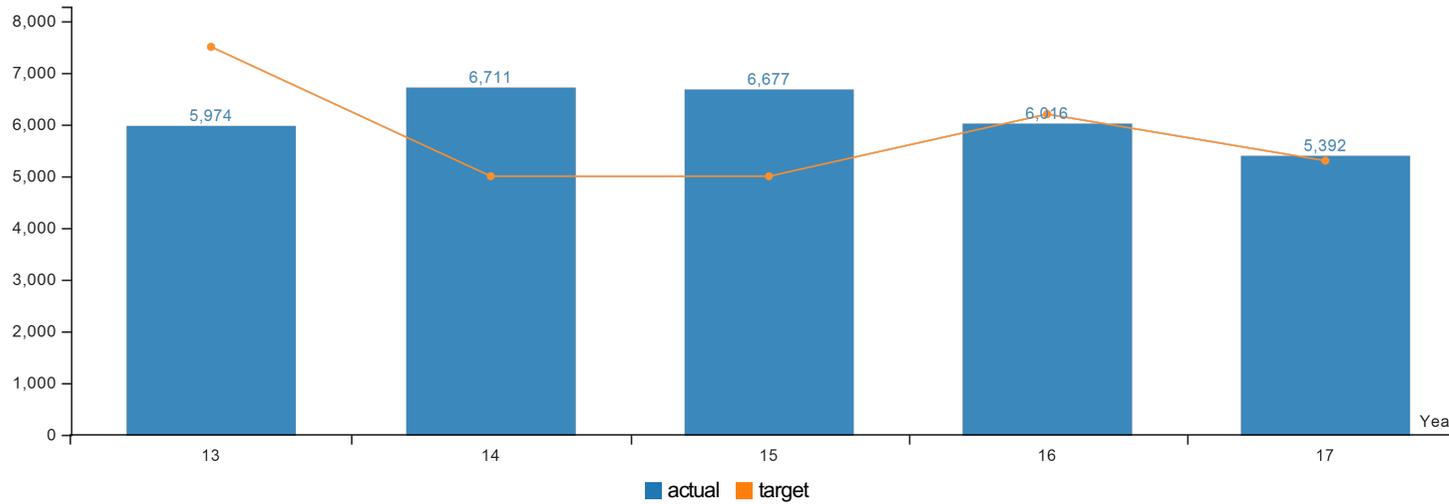
Business Oregon financial programs helped create 1,555 jobs in Oregon in FY2017, falling short of the target of 2,100 jobs created. The 1,555 jobs created reflect investments from the Strategic Reserve Fund, Business Expansion Program, Business Finance programs, and Oregon Innovation Council. The figure does not reflect potential jobs created as the result of the agency's infrastructure investments, investments in our entrepreneurial community through the Oregon Growth Board, or business technical assistance programs.

Factors Affecting Results

Job creation from businesses funded by Business Oregon increased in FY2017, after falling in FY 2016. Oregon's economy and employment grew at a slower rate in FY2017 than it did in FY2016. Total nonfarm employment in Oregon increased 2.5 percent in FY2017, compared to 3.3 percent in FY2016. Manufacturing, in particular, slowed significantly between FY2016 and FY2017, registering only 0.3 percent employment growth. Higher than forecasted job creation from projects was the primary reason for the increase in jobs created from FY2016 to FY2017.

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

* Upward Trend = positive result



Report Year	2013	2014	2015	2016	2017
Total Jobs Retained					
Actual	5,974	6,711	6,677	6,016	5,392
Target	7,500	5,000	5,000	6,200	5,300

How Are We Doing

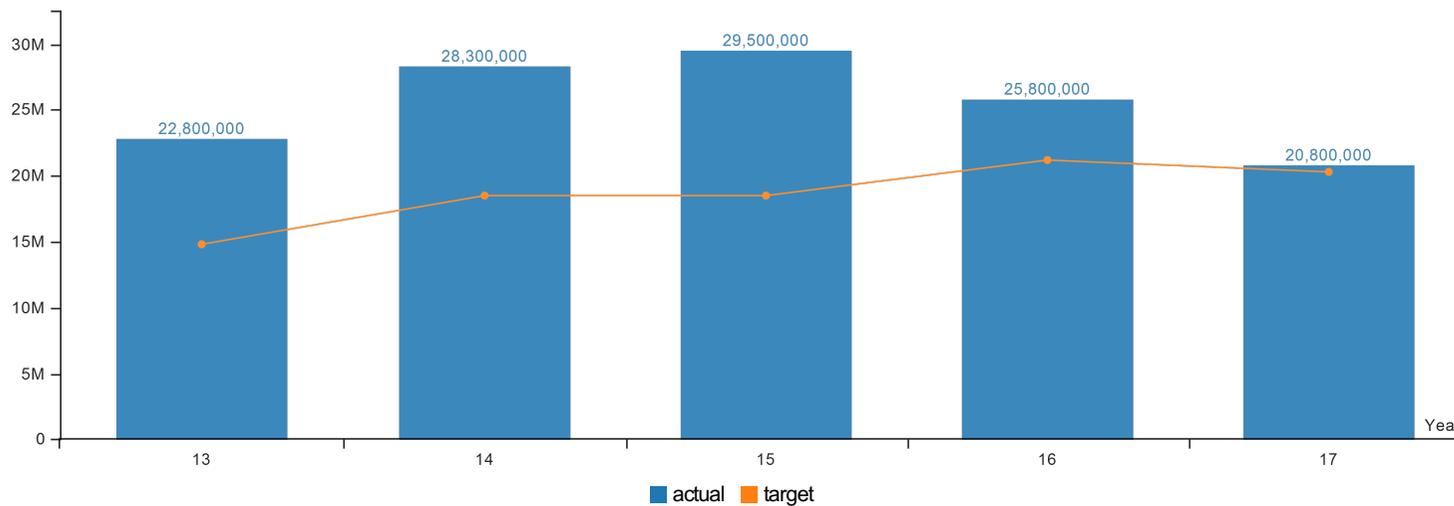
Business Oregon financial programs helped retain 5,392 jobs in Oregon in FY2017, which was slightly higher than the target of 5,300 jobs retained. The 5,392 jobs retained reflect investments from the Strategic Reserve Fund, Business Expansion Program, Business Finance programs, and Oregon Innovation Council. The figure does not reflect potential jobs retained as the result of the agency's infrastructure investments, investments in our entrepreneurial community through the Oregon Growth Board, or business technical assistance programs.

Factors Affecting Results

Job retention from businesses funded by Business Oregon was 102 percent of expected retention (100 percent). This was higher than the retention rate in FY2016 of 88 percent. Oregon's economy and employment grew at a slower rate in FY2017 than it did in FY2016. Total nonfarm employment in Oregon increased 2.5 percent in FY2017, compared to 3.3 percent in FY2016. Manufacturing, in particular, slowed significantly between FY2016 and FY2017, registering only 0.3 percent employment growth.

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

* Upward Trend = positive result



Report Year	2013	2014	2015	2016	2017
State Income Tax Revenue					
Actual	\$22,800,000.00	\$28,300,000.00	\$29,500,000.00	\$25,800,000.00	\$20,800,000.00
Target	\$14,800,000.00	\$18,500,000.00	\$18,500,000.00	\$21,200,000.00	\$20,300,000.00

How Are We Doing

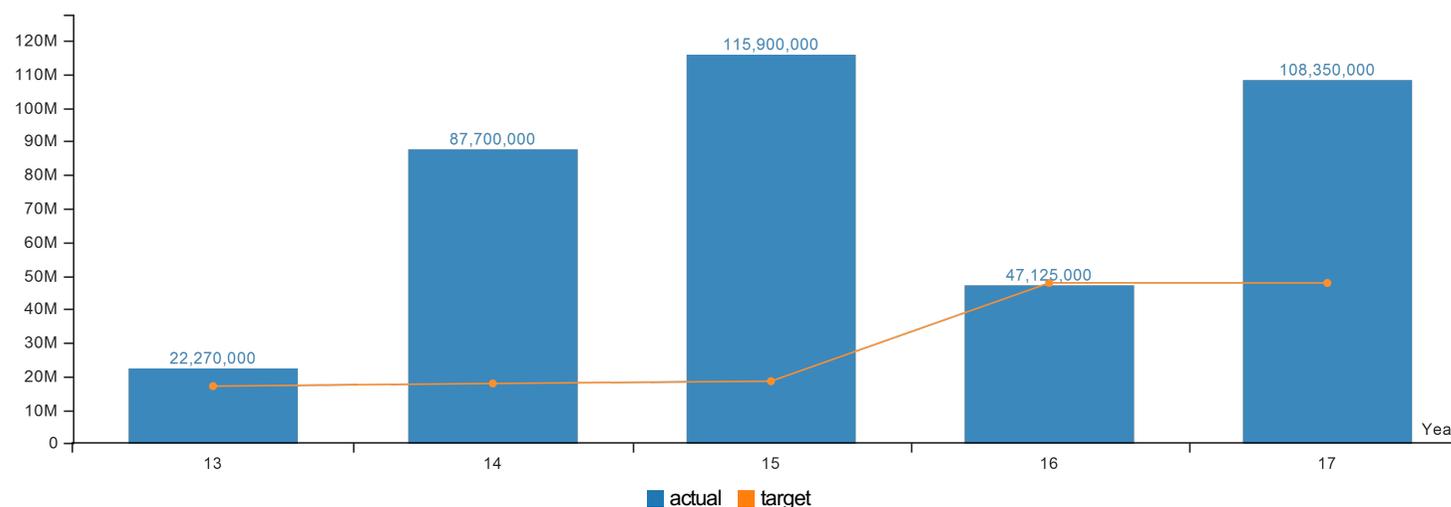
In FY2017, jobs created and retained by businesses funded by Business Oregon generated an estimated \$20.8 million in state personal income tax revenue, exceeding the target of \$20.3 million. The \$20.8 million in state personal income tax revenue reflect investments from the Strategic Reserve Fund, Business Expansion Program, Business Finance programs, and Oregon Innovation Council.

Factors Affecting Results

The combined jobs created and retained in FY2017 were lower than in FY2016, which led to lower estimated income taxes generated in FY2017.

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

* Upward Trend = positive result



Report Year	2013	2014	2015	2016	2017
New export sales of assisted clients (in millions of dollars)					
Actual	\$22,270,000.00	\$87,700,000.00	\$115,900,000.00	\$47,125,000.00	\$108,350,000.00
Target	\$17,000,000.00	\$17,800,000.00	\$18,475,000.00	\$47,800,000.00	\$47,800,000.00

How Are We Doing

Documented export sales hit \$108.35 million in FY2017, exceeding the target by \$60.5 million. This number includes immediate and expected export sales reported by companies receiving export assistance (both technical assistance and grants) from Business Oregon, and sales reports from Business Oregon's Japan Representative office and Korea Representative office. Sales also were reported from Oregon companies active with the Softwood Export Council and Exlm bank, both 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 FY2017, 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 FY2017, 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) helps companies attend international trade events. In FY2017, OTPP and STEP grantees reported \$76.6 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 \$22 million in actual export sales from Oregon companies. A large helicopter deal with the Korean Forest Service, in the works for years, came through with assistance from our Korea Representative Office.

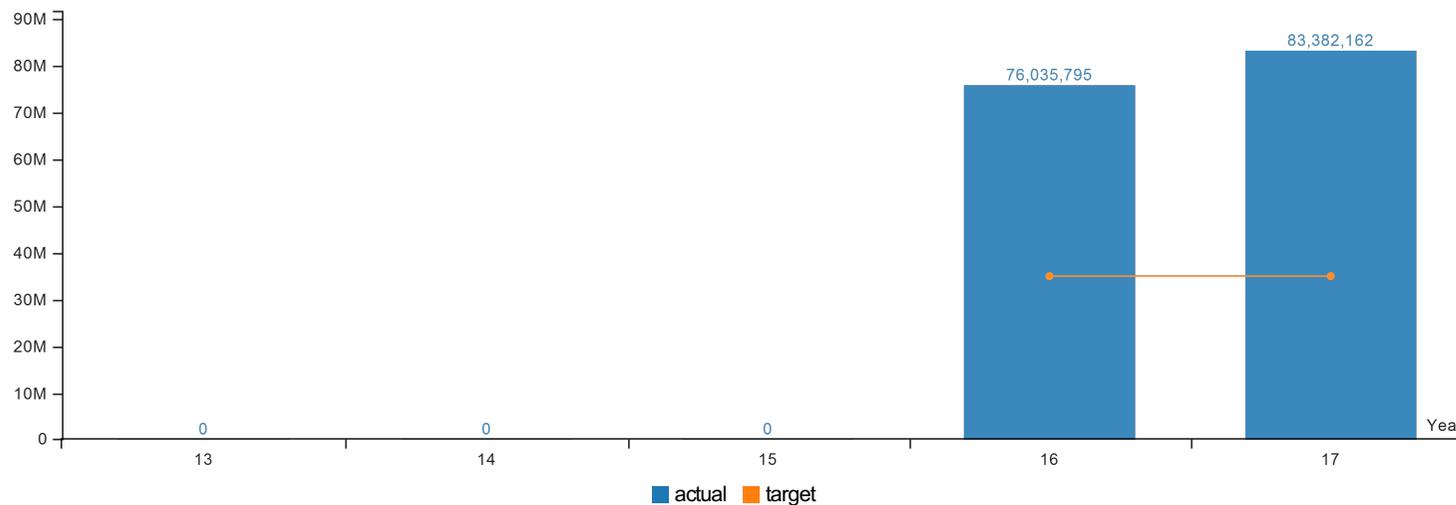
Factors Affecting Results

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. An important factor to consider is direct assistance to those companies seeking to grow their exports might not always lead to immediate sales or sales opportunities. Export development takes time and a commitment to a multi-year export development plan. Often, attendance at an international trade event is only the first step that will eventually lead to export sales.

Business Oregon also renewed its state trade partnership with the Export Import Bank, ExIm. Business Oregon works with ExIm bank to set up meetings across the state for risk assessment and export finance planning. This program produced \$ 108 Million in sales.

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

* Upward Trend = positive result



Report Year	2013	2014	2015	2016	2017
Total amounts of federal contracts awarded					
Actual	No Data	No Data	No Data	\$76,035,795.00	\$83,382,162.00
Target	TBD	TBD	TBD	\$35,000,000.00	\$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 \$83,382,162.

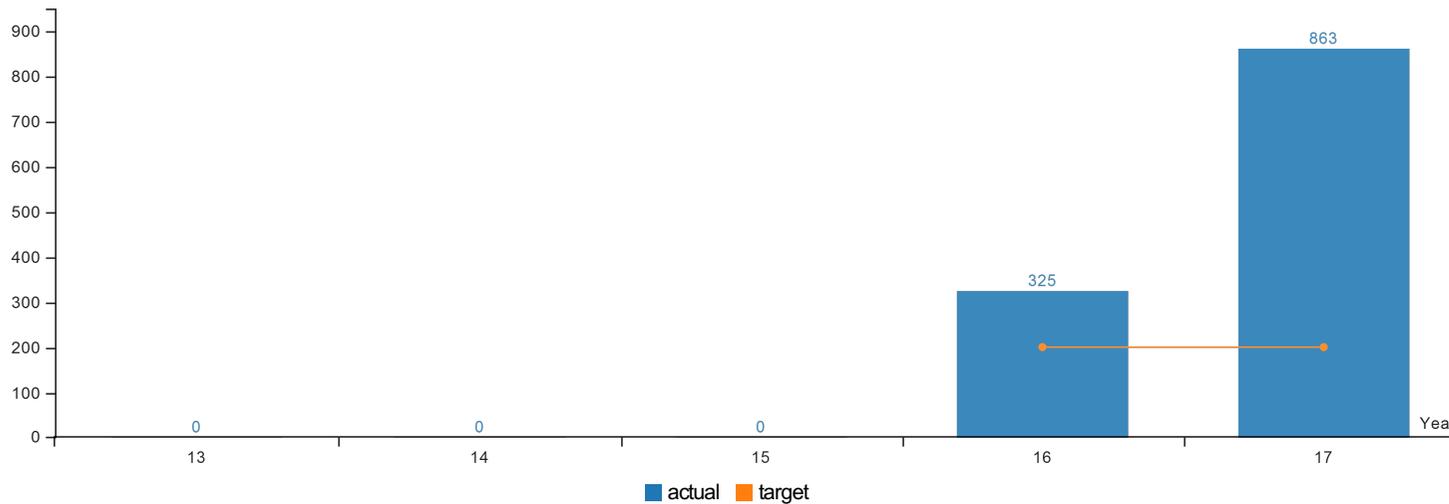
Factors Affecting Results

Based on recent U.S. Small Business Administration Contracting reports, (<https://www.sba.gov/contracting/government-contracting-programs/service-disabled-veteran-owned-businesses>), the Veterans Entrepreneurship and Small Business Development Act of 1999 established an annual government-wide goal of not less than 3% of the total value of all prime contract and subcontract awards for participation by small business concerns owned and controlled by service-disabled veterans. Oregon Service-disabled Veteran results as compiled through GCAP through FY2017 of the 2015-2017 biennia show a total of \$22,143,694 in service-disabled veteran contract dollar awards (26.5% veteran contract awards vs. the 3% required).

GCAP increased staffing, during the 2015-2017 biennia, and focused in previously underserved (Portland-Metro, Central and Eastern Oregon) areas throughout the State. The result of this effort was improved access to client contract award data and contracting dollars. GCAP was required to deliver 40 workshops, however, with the increase in staff were able to deliver 65 workshops and realized \$168,205,735 in contracting dollars versus 70 million required through the 2015-17 biennium. GCAP will continue, with the State's assistance, to increase assistance to distressed areas as well as Woman-Owned, Minority-Owned, Veteran and Service Disabled Veteran-Owned small businesses.

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

* Upward Trend = positive result



Report Year	2013	2014	2015	2016	2017
Total Number of Federal Contracts Awarded through services provided by GCAP					
Actual	No Data	No Data	No Data	325	863
Target	TBD	TBD	TBD	200	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 in fiscal year 2017 was 863.

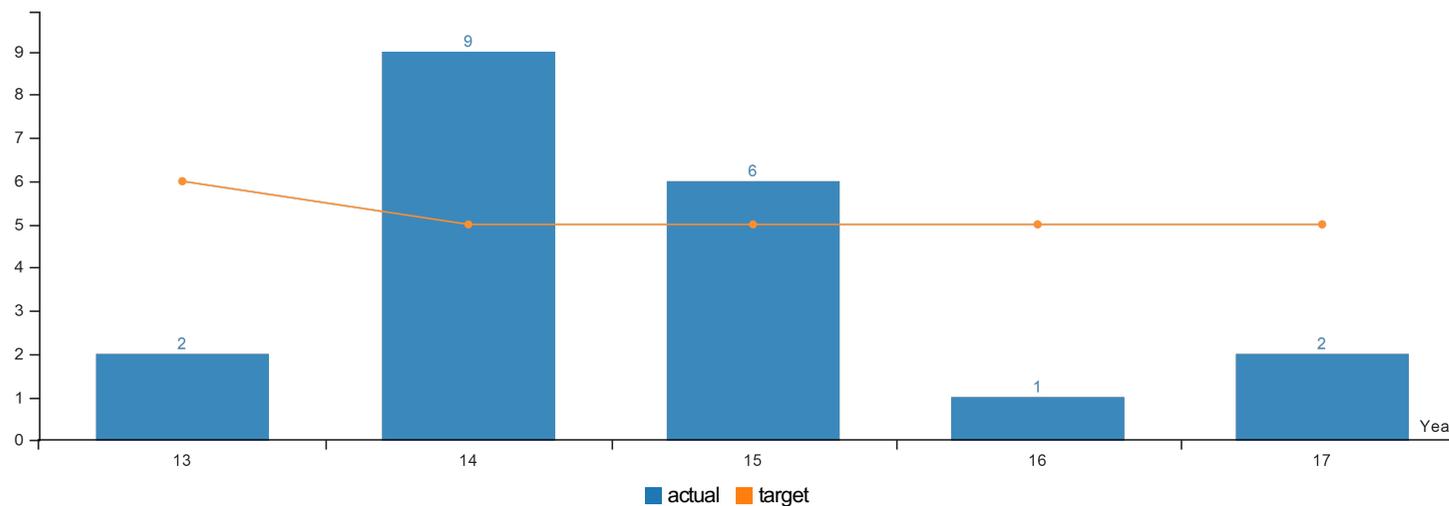
Business Oregon through its partnership with the Organization for Economic Initiative's Government Contract Assistance Program (GCAP) assists new business start-ups and small firms seeking to grow their businesses through government contracting opportunities. The organization has over 25 years of experience 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 number of federal contracts awarded for previous fiscal year.

Factors Affecting Results

Based on recent U.S. Small Business Administration Contracting reports, (<https://www.sba.gov/contracting/government-contracting-programs/service-disabled-veteran-owned-businesses>), the Veterans Entrepreneurship and Small Business Development Act of 1999 established an annual government-wide goal of not less than 3% of the total value of all prime contract and subcontract awards for participation by small business concerns owned and controlled by service-disabled veterans. Oregon Service-disabled Veteran results as compiled through GCAP through FY2017 of the 2015-2017 biennia show a total of \$22,143,694 in service-disabled veteran contract dollar awards (26.5% veteran contract awards vs. the 3% required).

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

* Upward Trend = positive result



Report Year	2013	2014	2015	2016	2017
Number of new industrial sites certified					
Actual	2	9	6	1	2
Target	6	5	5	5	5

How Are We Doing

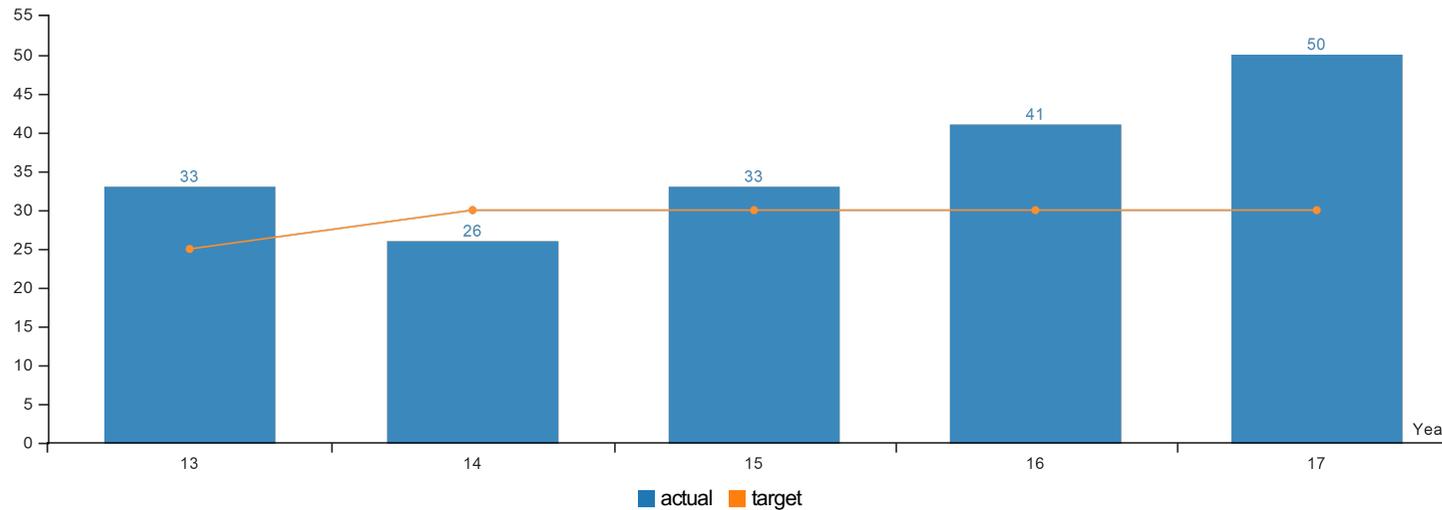
- 2 Sites Certified (La Grande & Cornelius) – 81 acres
- 2 Sites Pre-Certified (Forest Grove) – 55 acres
- 6 Sites Re-Certified - 506 acres
- 2 Incomplete Applications In-Process – 274 acres
- Third party program review completed in 2016 and recommendations implemented

Factors Affecting Results

Limited options for funding site investigations and studies, and financing public infrastructure remains the challenge for many sites achieving or maintaining certification or recertification of sites. The reduction in number of sites recertified compared to previous reports is partly a result of state and local government resources and changing priorities of local economic development organizations.

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

* Upward Trend = positive result



Report Year	2013	2014	2015	2016	2017
Number of community capital projects assisted for planning					
Actual	33	26	33	41	50
Target	25	30	30	30	30

How Are We Doing

The department awarded 50 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.

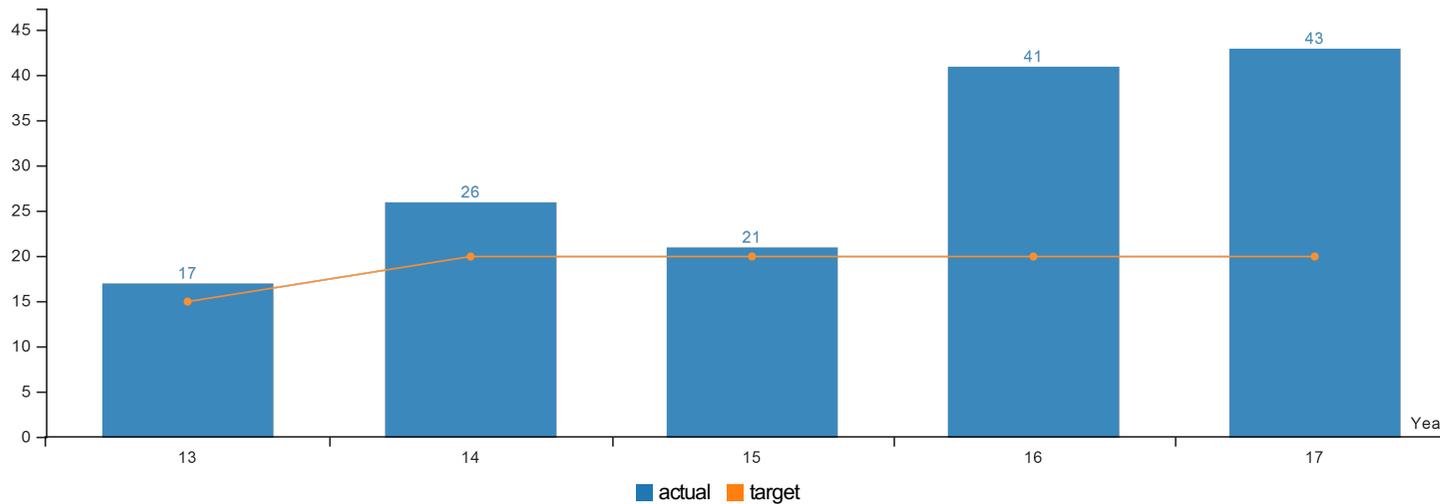
Factors Affecting Results

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 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 towards future facility needs. IFA funds are assisting communities to update very necessary water and wastewater plans. Planning activity remains steady for many communities addressing 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 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

* Upward Trend = positive result



Report Year	2013	2014	2015	2016	2017
Number of community capital projects that address water quality and environmental health issues					
Actual	17	26	21	41	43
Target	15	20	20	20	20

How Are We Doing

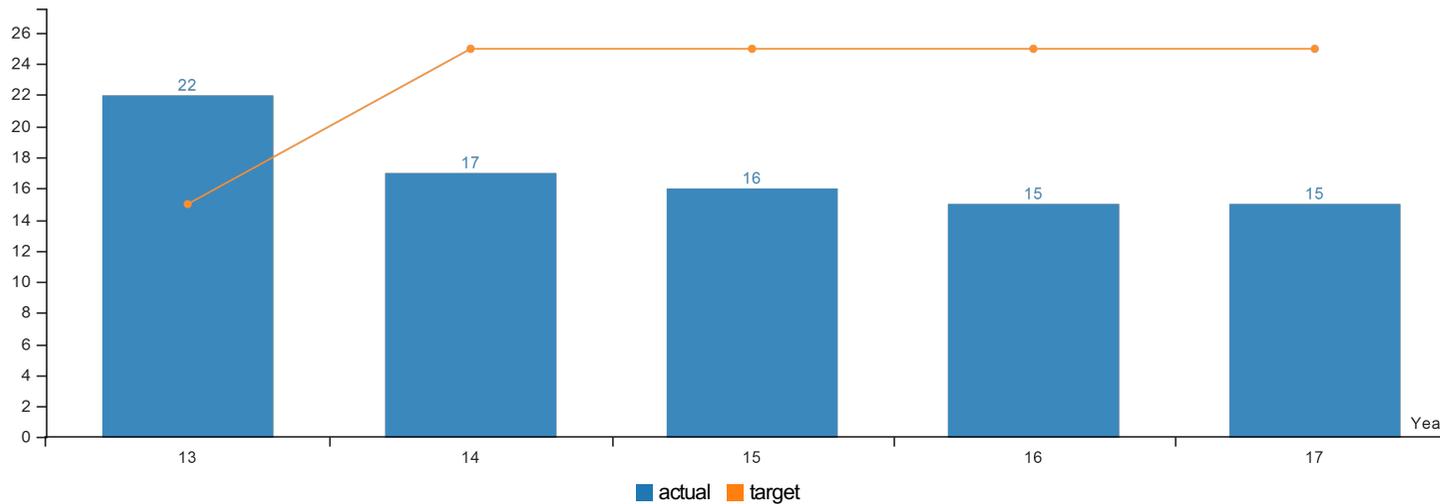
The department met and exceeded its target having funded 43 projects, over double the set target amount. Project levels have been trending upward and are now beyond 2010 levels. The demand for project financing has been steadily improving and looks to remain strong. Many communities have vital health and safety improvement projects they are addressing with a strong economy. Many planning projects funded by Business Oregon have recently been completed and communities are turning their attention to construction. The increase in this KPM could be interpreted as resulting from planning projects over the course of the last few years.

Factors Affecting Results

The need for municipal infrastructure construction remains high, as is the demand for financing. During 2016, the department invested approximately \$67 million in construction projects related to public health, safety, or environmental compliance. The cost of each project varies considerably but generally Infrastructure Finance Authority (IFA) is realizing larger requests as communities make 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.

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

* Upward Trend = positive result



Report Year	2013	2014	2015	2016	2017
Number of community capital projects that assist with future economic and community development					
Actual	22	17	16	15	15
Target	15	25	25	25	25

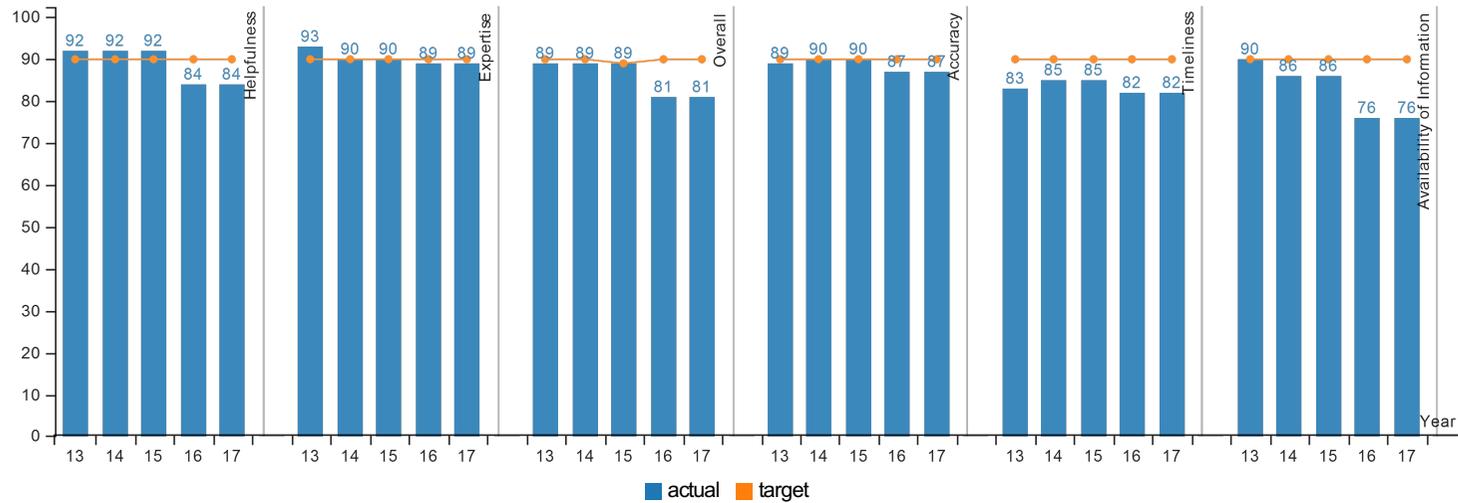
How Are We Doing

This year the department committed to 10 projects missing its target by 15. However, many of these projects were larger in nature with a total financing at almost \$18 million. Communities continue to focus their efforts away from economic and community development projects to health and safety projects. This is likely due to planning efforts for municipal water and wastewater projects with an emphasis on addressing an aging infrastructure and current and future demand. Business Oregon expects communities to shift attention to economic and community development efforts as public works projects are completed. This is evident by this fiscal year's larger capital construction financing projects.

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	2013	2014	2015	2016	2017
Helpfulness					
Actual	92%	92%	92%	84%	84%
Target	90%	90%	90%	90%	90%
Expertise					
Actual	93%	90%	90%	89%	89%
Target	90%	90%	90%	90%	90%
Overall					
Actual	89%	89%	89%	81%	81%
Target	90%	90%	89%	90%	90%
Accuracy					
Actual	89%	90%	90%	87%	87%
Target	90%	90%	90%	90%	90%
Timeliness					
Actual	83%	85%	85%	82%	82%
Target	90%	90%	90%	90%	90%
Availability of Information					
Actual	90%	86%	86%	76%	76%
Target	90%	90%	90%	90%	90%

How Are We Doing

The customer survey is done every other year.

For FY2016, 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.

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%

The department did not meet or exceed the set targets in any of the categories. Business Oregon nearly met the target in the category of Expertise.

Factors Affecting Results

The low response rate in this year's customer survey is not a significant sample size to get an accurate picture of how the department provides services to our customers. In addition, we used a different survey tool that may not have been as effective.