



## WAYS & MEANS

TRANSPORTATION AND ECONOMIC DEVELOPMENT SUBCOMMITTEE

2015-17 BUDGET PRESENTATION

# OUR PRESENTATION

- Agency overview
- Program descriptions
- Public testimony

# OUR PRESENTERS

- Sean Robbins, director appointed June 2014
- Amanda Beitel, chief financial officer
- Samantha Julian, business development
- Lynn Schoessler, infrastructure
- Ivo Trummer, innovation
- Brian Rogers, Oregon Arts Commission
- Tim Williams, Oregon Film

# AGENCY OVERVIEW

# WHO WE ARE

**Mission:** Grow Oregon jobs, companies, economies

## **Strategies**

- Expand existing Oregon businesses
- Nurture innovation and startups
- Recruit traded-sector employers in key industries
- Build infrastructure for communities to grow

# ENVIRONMENTAL FACTORS

## Oregon's opportunities

- We still make things
  - Manufacturing makes up 30% of our gross state product, 2nd in the nation and 2.5 times U.S. average
- Pacific Rim trading advantages
  - Ranked among top 10 states for exports as a percentage of Gross State Product and per capita value
- Quality of life, job opportunities attract talent
  - Oregon No. 1 destination for movers in 2013, 2014

# ENVIRONMENTAL FACTORS

## Oregon's challenges

- Lower household incomes
  - Oregon's median income of \$50,000 lags U.S. average by 5% and Washington state by 18%
- Workforce gaps
  - The nation's second-highest high school dropout rate
- Uneven economic recovery
  - Portland, Bend areas growing fast and attracting talent
  - Rural Oregon faces continued challenges, particularly with the decline in natural resource employment

# STATE TOUR

## Suggestions

- Be an advocate for business within Oregon
- Focus more on growing existing companies
- Improve statewide coordination on innovation and entrepreneurship
- Rural Oregon needs targeted initiatives, investments





**GROW OUR OWN**

business  
**oregon**

# WHAT WE DO

## Building blocks of economic development

EXPAND

STARTUP

RECRUIT

# THE CASE FOR “GROW OUR OWN”

- 70% or more of the job growth in a community comes from companies who already call that community home
- The best way to recruit new businesses is to first take care of the ones we already have
- Strong support from CEOs, small business, elected officials and economic development partners

# PRIORITIES

- Business retention, expansion and recruitment
- Innovation and entrepreneurship
- Infrastructure
- Global trade
- Access to capital
- Research and policy

# MANAGEMENT PRINCIPLES

- Execute fewer things exceedingly well
- Communicate clearly and frequently
- Encourage strategic risks
- Be a steward for Oregon
- Deliver a clear ROI

**Director's Office**

4 positions

**Arts & Culture**

9 positions

Arts  
Commission

Cultural Trust

**Business  
Development**

46 positions

Expansion &  
Recruitment

Global Trade &  
FDI

Business  
Finance

Marketing

Incentives

OMWESB

**Infrastructure**

37 positions

Infrastructure

Seismic

Ports

Land  
Programs

**Innovation**

6 positions

Innovation

Entrepreneurship

Oregon Growth  
Board

**Operations**

25 positions

Fiscal & Budget

Employee  
Services

Information  
Services

**Research &  
Policy**

8 positions

Government  
Relations

Economic  
Analysis

Data & Metrics

# EFFICIENCY PROJECTS

- Infrastructure Finance Authority's LEAN project
  - Considering expanding LEAN practices
- Office of Minority, Women, Emerging Small Business new database
- Migration to DAS servers
- Using Skype to reduce international calls and commute time
- Improved coordination with Regional Solutions and other state agencies

# KEY PERFORMANCE MEASURES

- KPM 1: Jobs created
  - Target: 2,000 / Actual: 2,022 FY14
- KPM 2: Jobs retained
  - Target: 5,000 / Actual: 6,711
- KPM 3: Tax revenue generated
  - Target: \$18.5m / Actual: \$28.3m
- KPM 4: Export sales of assisted clients
  - Target: \$17.8m / Actual: \$87.7m



# KEY PERFORMANCE MEASURES

- KPM 5: Small businesses 4-year success rate
  - Target: 60% / Actual: 50% in FY14
- KPM 6: Industrial sites certified “project ready”
  - Target: 5 / Actual: 9
- KPM 7: Community capital planning projects
  - Target: 30 / Actual: 26
- KPM 8: Community health/safety projects
  - Target: 20 / Actual: 26

# KEY PERFORMANCE MEASURES

- KPM 9: Community economic projects
  - Target: 25 / Actual: 17 in FY14
- KPM 10: Customer satisfaction rating
  - Target: 90 / Actual: 89

# HISTORY

- 1953: Oregon Development Commission founded
- 1973. Renamed Economic Development Department and charged with crafting the State of Oregon's comprehensive economic and community development strategy
- 1985: Lottery revenue made available to fund economic development
- 1993: Arts Commission added to Economic Development

# HISTORY

- 2003: Cultural Trust merges with Arts Commission
- 2005: Oregon Innovation Council launches
- 2009: Department reorganized and renamed Business Oregon
- 2013: Seismic Rehabilitation Grant Program transferred from Military
- 2014: “Grow Our Own” strategy adopted

# BUDGET OVERVIEW

# KEY POPS / RURAL

- Natural Resource Transformative Technology Grant
- Oregon Infrastructure Opportunity Program
- Working Farms and Forests
- Regional infrastructure
  - Special Public Works Fund recapitalization
  - Levee repair
  - Patient capital for industrial developments

# KEY POPS / INNOVATION

- Oregon Innovation Council
- Oregon Growth Board
- Innovation Initiatives
  - Regional Accelerator Innovation Network
  - Oregon Metals Initiative/Northwest Collaboratory for Sustainable Manufacturing

# KEY POPS / OTHER

- Global trade
  - New Foreign Direct Investment officer
- Infrastructure
  - Brownfields recapitalization
  - Seismic rehab for schools and emergency services
- Industry Competitiveness Fund
  - Oregon Manufacturing Extension Partnership
  - Grow Oregon
  - Small Business Innovation Research / Small Business Technology Transfer



# POPS / OTHER

- Multi-State Strategies/Regional Governance Solutions
- Pacific Coast Collaborative Energy and Climate Plan
- Advanced Transportation Technology Center







# 2015 BILLS

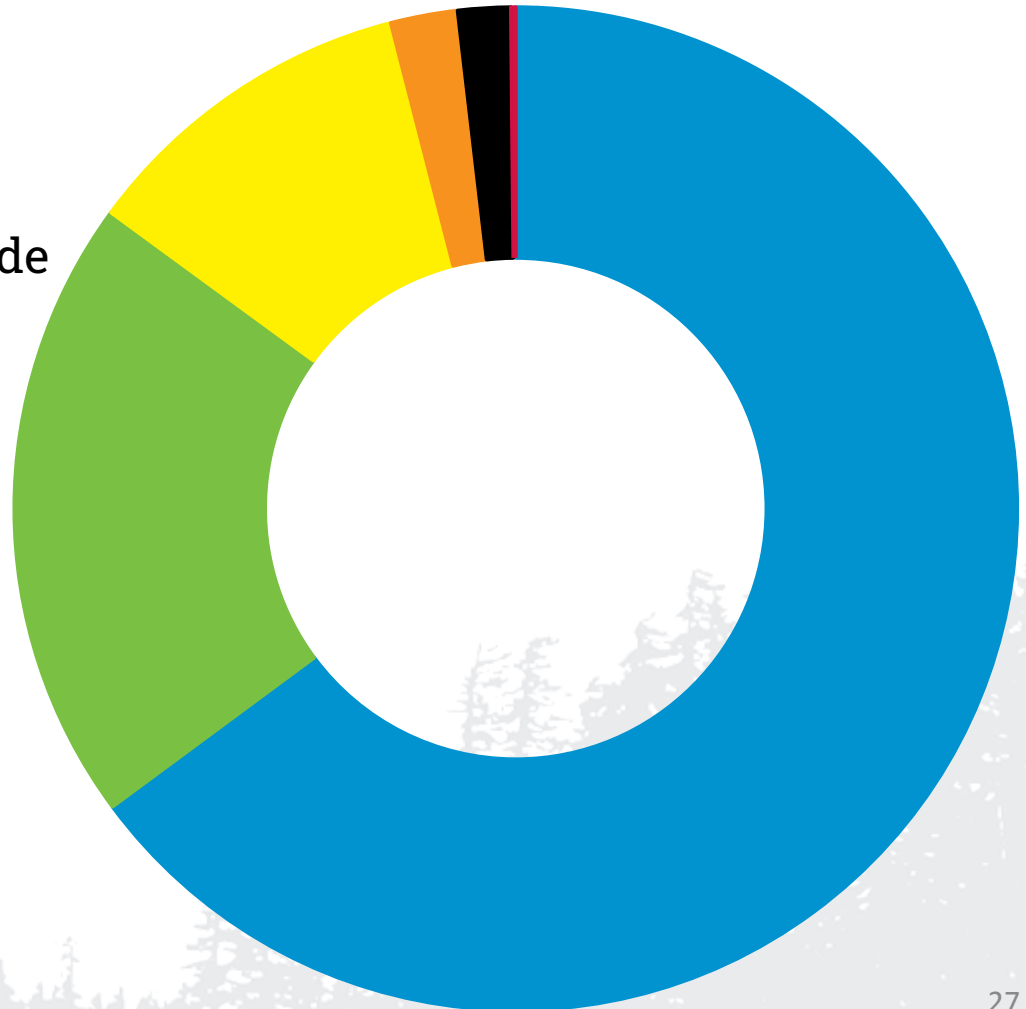
- HB 2434: Natural Resource Transformative Technology Grant
- HB 2435: Infrastructure Opportunity Program
- HB 2436: Allows IFA help fund levee projects
- HB 2437: Industry Competitiveness Fund fix

# BUDGET / USES OF FUNDS

## 2015-17 Governor's Budget

Total budget: \$649m





-  Infrastructure  
\$421m / 65%
-  Business, Innovation, Trade  
\$131m / 20%
-  Debt service  
\$71m / 11%
-  Arts & Culture  
\$14m / 2%
-  Shared services  
\$11m / 2%
-  Film & video  
\$1m / .2%

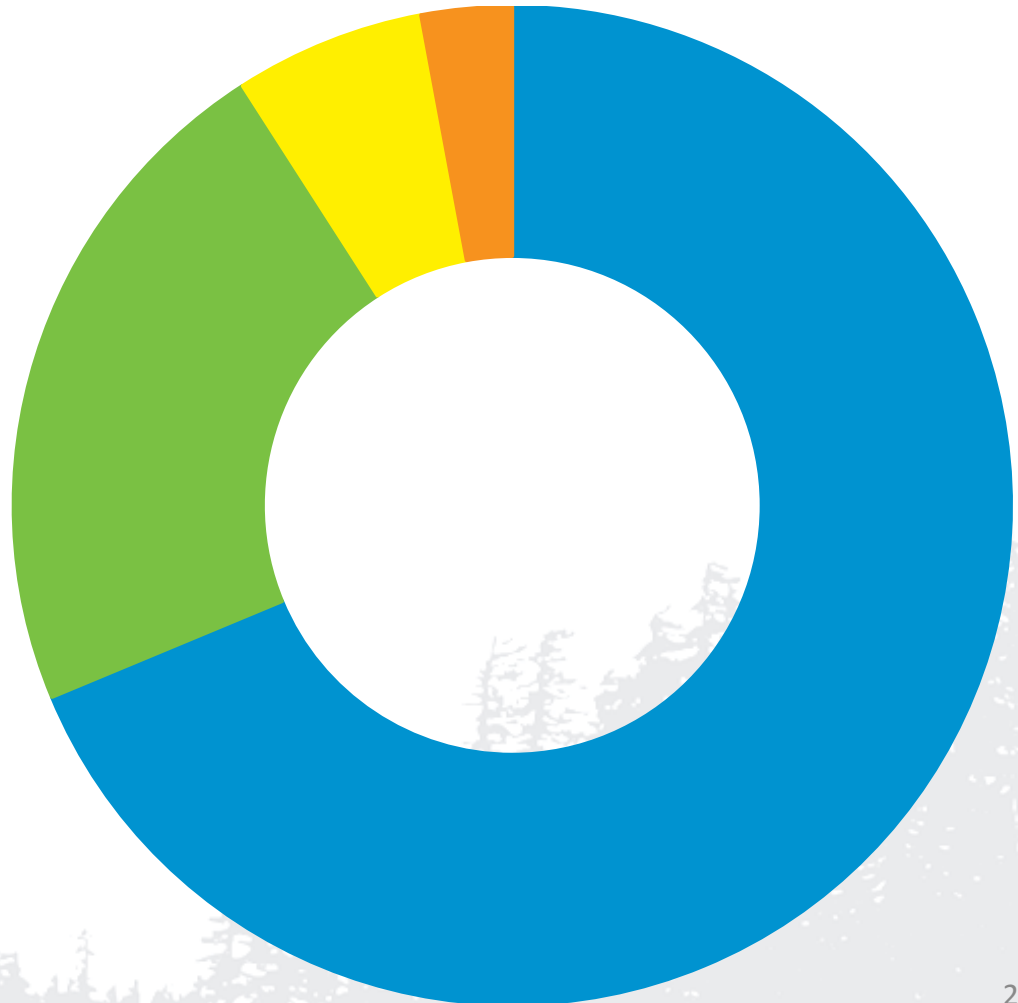


# BUDGET / SOURCES OF FUNDS

## 2015-17 Governor's Budget

Total budget: \$649m

-  Other funds  
\$446m / 69%
-  Lottery funds  
\$144m / 22%
-  Federal funds  
\$40m / 6%
-  General fund  
\$19m / 3%



# OTHER FUNDS

## **\$446m total revenue from Other Funds**

- \$101m Beginning Fund balances
- \$100m General Obligation Bond proceeds
- \$77m Lottery Bond proceeds
- \$66m Loan principal repayments
- \$37m Loan interest repayments and interest earnings on fund balances
- \$30m Revenue Bond proceeds

# OTHER FUNDS

## **\$446m total revenue from Other Funds**

- \$18m Oregon Health Authority transfer
- \$8m Oregon Cultural Trust donations
- \$7m Other revenues
- \$1m Application fees and loan closing fees
- \$500,000 Private grants
- \$400,000 Other fund debt service (on Lottery bonds)

# LOTTERY FUNDS

## **\$144m total revenue from Lottery Funds**

- \$89m Lottery Funds for operations and programs
- \$55m Lottery Fund Debt Service (on Lottery Bonds)

# FEDERAL FUNDS

## **\$39m total revenue from Federal Funds**

- Federal Funds grant sources
  - U.S. Environmental Protection Agency Brownfields Cleanup Fund
  - U.S. Treasury State Small Business Credit Initiative
  - U.S Small Business Administration State Trade & Export Promotion
  - U.S Department of Housing & Urban Development's Community Development Block Grant
  - National Endowment for the Arts

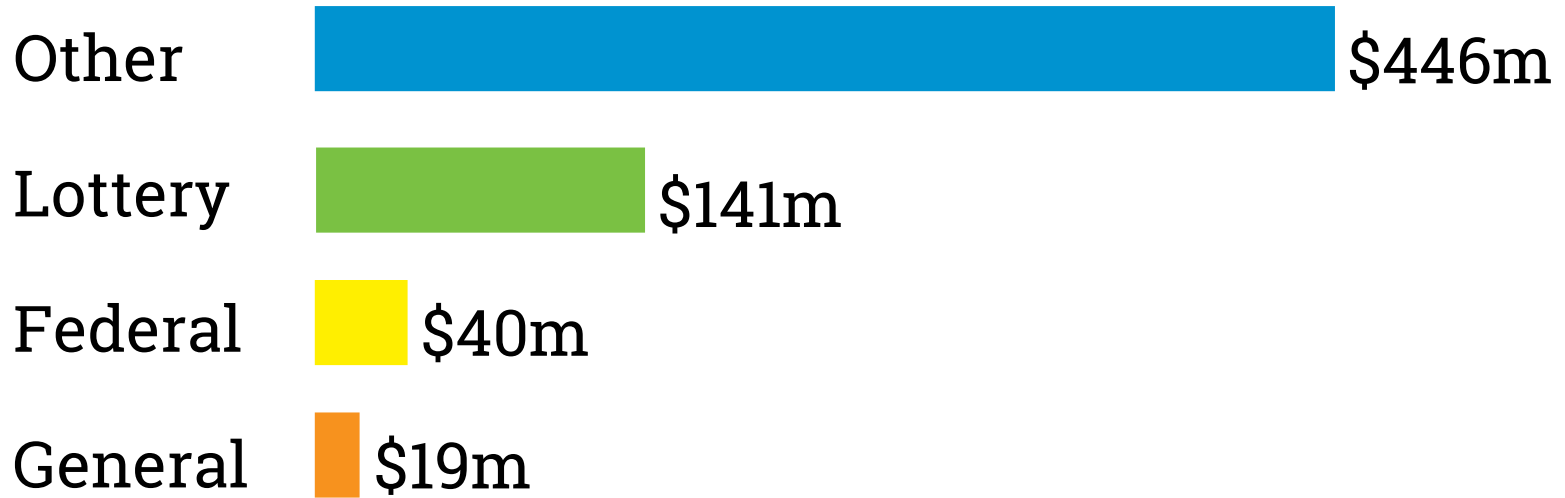


# GENERAL FUND

## **\$19m in total revenue from General Fund**

- \$14.9m for General Fund Debt Service (seismic GO bonds)
- \$4.1m for Arts Commission

# COLOR OF MONEY



# BUDGET GROWTH

- 2013-15 biennium Legislatively Approved Budget
  - \$472m total budget
  - 135 positions
- 2015-17 Governor's Budget
  - \$649m total budget
  - 144 positions

# WHAT DRIVES BUDGET GROWTH

## **Total growth: \$171m (38%)**

Increase by program from 2013-15 LAB to 2015-17 GB

- Seismic program \$70m
- Special Public Works Fund \$16m
- Working Farms and Forests \$15m
- Oregon Innovation Council \$10m
- Infrastructure Opportunity Fund \$10m
- Brownfields \$7m

# WHAT DRIVES BUDGET GROWTH

**Total growth:** 9 positions

- 3 Community Development Planners positions to coordinate with Regional Solutions
- 2 Public Art Coordinators, Arts Commission
- 1 Regional Coordinator, Infrastructure Division
- 1 Research Analyst, Research & Policy Division
- 1 Foreign Direct Investment Officer
- 1 Loan Specialist, Working Forests & Farms and Infrastructure Opportunity Program

# REDUCTION OPTIONS

- General Fund
  - 5% reduction to the Oregon Arts Commission
    - Eliminates more than 90% of technical services for arts organizations and the Oregon Arts Summit
  - 10% reduction to the Oregon Arts Commission
    - Reduces total Operating Support grants by 9%
  - Additional 22% reduction to Oregon Arts Commission if 10% reduction applied to General Fund Debt Service incurred on Seismic General Obligation Bonds

# REDUCTION OPTIONS

- Lottery Funds
  - 5% Reduction to Lottery funded operations and programs
    - Eliminates 3 positions in Business Division (small business and globe trade teams)
    - Reduces expenditures in Shared Services, which support agency operations
    - \$1 m reduction in Strategic Reserve, Industry Competiveness and Small Business Assistance programs
  - 10% Reduction to Lottery funded operations and programs
    - Eliminates the Japan Representative Office
    - Eliminates 2 positions in IT and Fiscal sections
    - \$1 m reduction in Strategic Reserve, Industry Competiveness and Small Business Assistance programs

# REDUCTION OPTIONS

- Lottery Funds
  - Additional 12% reduction to operations & programs if 10% reduction applied to Lottery Fund Debt Service incurred on Lottery Bonds used to fund infrastructure projects
  - Eliminates 8 positions in Business and Shared Services divisions and reduces additional 2 positions to half-time
  - \$2.4 m reduction in Strategic Reserve, Industry Competiveness and Small Business Assistance programs



# REDUCTION OPTIONS

- Other Funds

- 5% reduction to Other funded operations and programs

- Eliminates 1 Infrastructure position, reduces another to half-time
    - \$2 m reductions in Port Planning & Marketing, Regional Solutions and Seismic Rehabilitation programs

- 10% Reduction to Other funded operations and programs

- Eliminates certification specialist OMWESB
    - Eliminates 1 Infrastructure position, reduces another to half-time
    - Eliminates 2 positions in IT and Fiscal sections
    - \$2 m reduction in Port Planning & Marketing, Regional Solutions and Seismic Rehabilitation programs
    - Eliminates Arts Acquisition Grant program

# REDUCTION OPTIONS

- Federal Funds
  - Reductions to Federal Funds reduce the department's ability to receive and spend federal grants for:
    - Community Development Block Grant
    - Brownfields Cleanup Fund
    - National Endowment for the Arts grant

# PROGRAM DESCRIPTIONS

A large industrial manufacturing facility with various machines and workers. The scene is filled with complex machinery, including a Mazak vertical center lathe and Denaldson machines. Workers in blue uniforms are seen operating the equipment. A yellow cart is in the foreground, and a black metal rack holds several large metal parts. The background shows a high-ceilinged factory with blue structural beams and overhead cranes.

# BUSINESS DEVELOPMENT

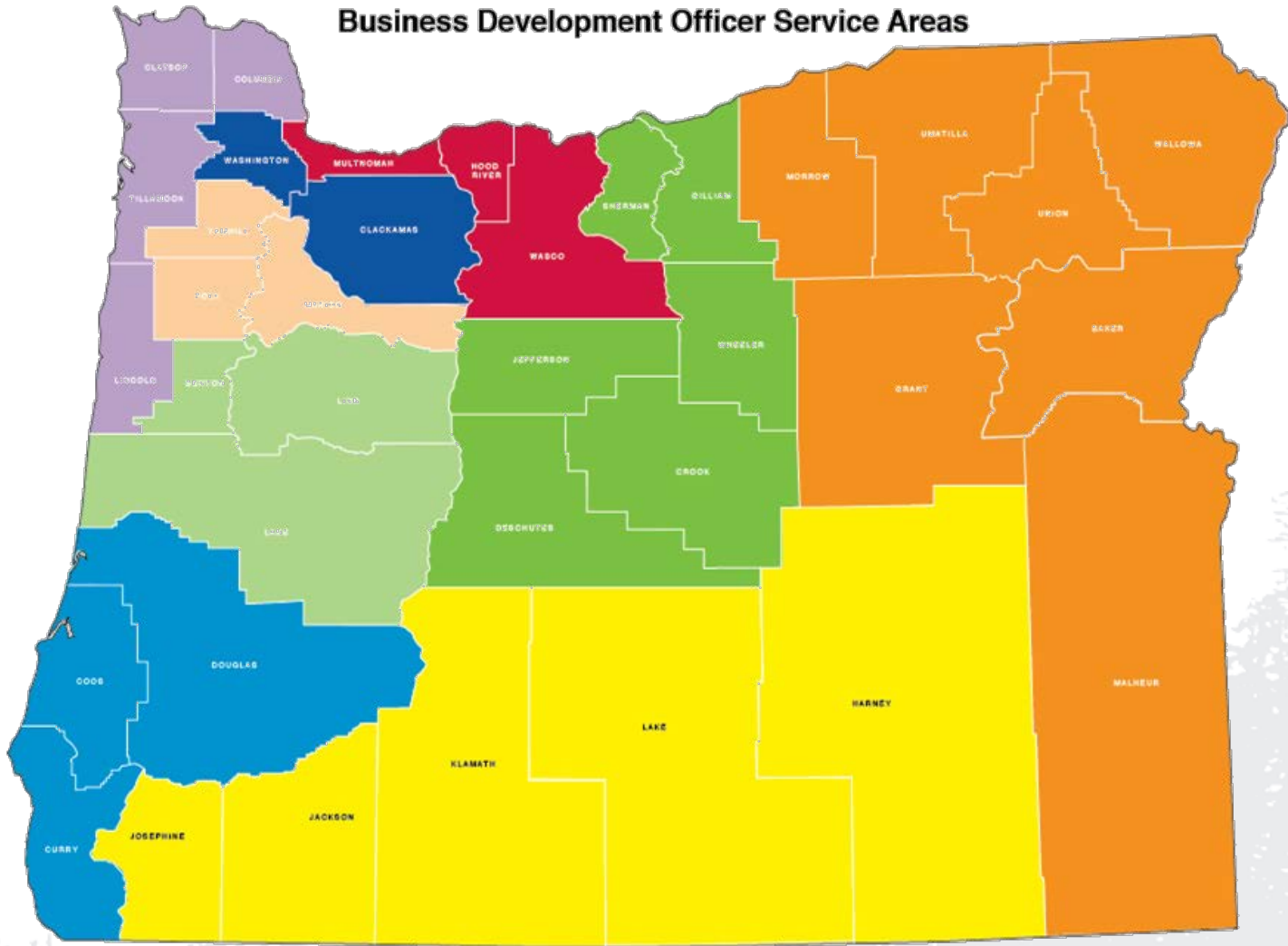
# BUSINESS DEVELOPMENT

- Mission: Grow existing Oregon businesses at home
- Assistant director: Samantha Julian
- Division
  - Business expansion and retention
  - Access to capital
  - Global trade



# WHERE WE ARE

## Business Development Officer Service Areas



**EXPANSION**

# BUSINESS DEVELOPMENT

## Expansion Programs

- Strategic Reserve Fund
- Business Expansion Program
- Industry Competitiveness Fund



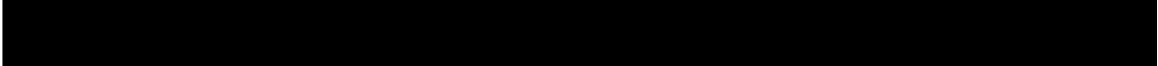
# STRATEGIC RESERVE FUND

- Flexible funding tool to retain or expand existing Oregon companies
- Most awards go to existing businesses as forgivable loans and require a job creation or retention target for two years
- Provides Oregon a competitive edge in recruitment
- Allows us to move quickly on immediate economic opportunities that deliver high-wage jobs and state income tax revenue

# STRATEGIC RESERVE FUND

- 2,884 jobs created or retained
- 13 projects in rural areas, 5 in urban
- Leveraged \$251m in private funding
- \$4.7m awarded in FY14
  - 16 forgivable loans for \$4.2m
  - 2 grants for \$450,000

# STRATEGIC RESERVE FUND

Total  \$16.0m

Lottery  \$14.8m

Other  \$1.2m

- Project examples

- Fry Foods, Ontario, \$550,200
- Swanson Group, Springfield, \$400,000
- Rocky Mountain Pipe, Pendleton, \$100,000

# BUSINESS EXPANSION PROGRAM

- Incentive program that creates high-wage jobs in high-growth industries with forgivable loans
- Loans require companies to create and maintain a minimum of 50 new jobs for at least two years
- Estimated income tax generated by new jobs must be greater than or equal to the loan amount
- Funded through the Strategic Reserve Fund

# BUSINESS EXPANSION PROGRAM

- Garmin, GPS maker, was sole award in FY14
- \$14m expansion in Salem
- 65 engineering jobs created
- \$487,500 forgivable loan

# INDUSTRY COMPETITIVENESS FUND

- Investments in programs, projects and groups that increase the global competitiveness of Oregon's high-value industries
- Provides state funding for global trade support through export promotion and assistance
- Projects include
  - Western Juniper Alliance
  - LEAN manufacturing
  - Entrepreneurial development
  - Key industry research and development
  - Economic development partnerships

# INDUSTRY COMPETITIVENESS FUND

- \$1.4m invested in FY14
- Leveraged \$4m in private, \$2.3m in federal funding
- Export promotion
  - \$400,000 for Oregon Trade Promotion Program
  - \$100,000 for State Trade & Export Program
- Oregon Manufacturing Extension Partnership
  - 113 companies assisted
  - \$1.2m in company cost savings

# INDUSTRY COMPETITIVENESS FUND

Total



\$3.4m

Lottery



\$3.4m

- POP 105: \$1.5m lottery fund request
  - OMEP \$750,000
  - SBIR/STTR \$500,000
  - Grow Oregon \$200,000
  - Rural Entrepreneurs \$100,000



# ACCESS TO CAPITAL

# BUSINESS DEVELOPMENT

- Technical assistance & capacity building
  - Business Retention Services
  - Small Business Development Centers
  - Government Contract Assistance Program
  - Office of Minority, Women & Emerging Small Business
- Access to capital

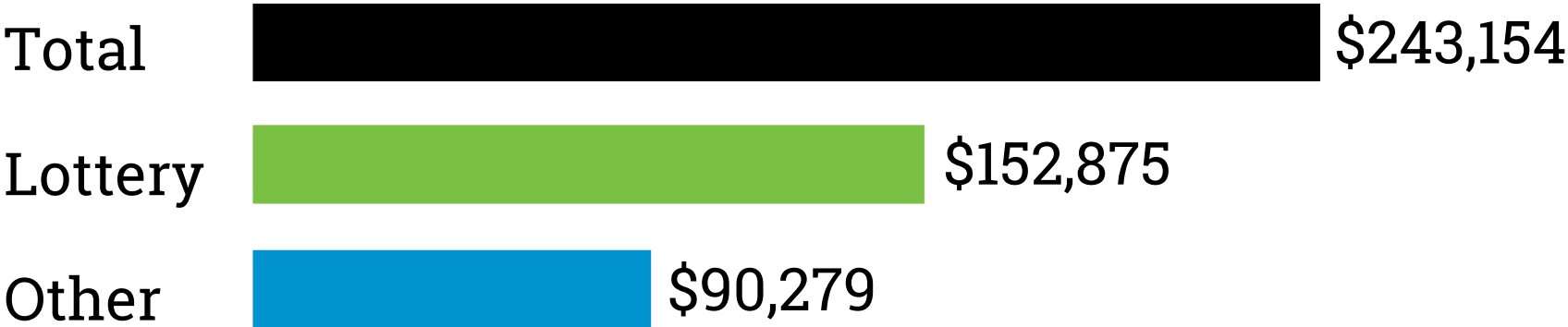
# BUSINESS RETENTION SERVICES

- Provides consulting services to Oregon companies facing difficult transitions related to growth or retention
- The program offers companies consulting services that are delivered by private sector consultants
- Up to \$15,000 for consulting services
- Up to \$30,000 for feasibility studies, with the applicant contributing 25% of the cost

# BUSINESS RETENTION SERVICES

- 10 contracts awarded totaling \$135,000 in FY14
- Jobs potentially affected within these 10 companies: 97
- 7 of the 10 contracts outside of the Portland metro market
- Fund fully committed as of Feb. 1, 2015

# BUSINESS RETENTION SERVICES



# SMALL BUSINESS DEVELOPMENT CENTERS

- Statewide network of 19 centers
- Co-located with community colleges and universities
- Focus on traded-sector and high-growth firms
- Provides technical assistance and capacity building services to small businesses
  - Accounting
  - HR management
  - Market analysis

# SMALL BUSINESS DEVELOPMENT CENTERS

- Businesses in the program had a survival rate that exceeds the state average, according to a 2014 ECONorthwest analysis
- Failure rate for new Oregon businesses is 23% compared with a 17% failure rate for firms receiving state-funded technical assistance, such as SBDCs\
- Metrics reported by SBDCs include
  - New & existing clients
  - Estimated jobs created/retained
  - Leveraged funding

# SMALL BUSINESS DEVELOPMENT CENTERS

Total



\$2.3m

Lottery



\$2.3m

- Total annual budget \$3m, includes
  - \$1.15m Lottery
  - \$1.2m Federal match
  - \$650,000 private and local match



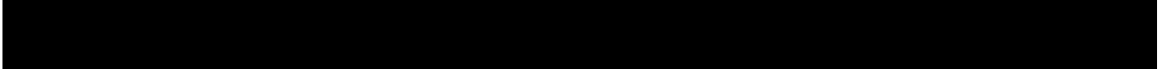
# GOVERNMENT CONTRACT ASSISTANCE PROGRAM

- Help Oregon small businesses obtain government contracts from local, state or federal agencies
- Training and conferences on how to obtain government contracts, including
  - Proposal reviews
  - SBA certifications
  - Registration with federal programs

# GOVERNMENT CONTRACT ASSISTANCE PROGRAM

- Funding helped 146 companies obtain \$8.1m in government contracts
- Businesses in the program had a survival rate that exceeds the state average, according to a 2014 ECONorthwest analysis
- 55% of GCAP clients who received five or more hours of training survived the last four years
- Revised KPM effective July 2015

# GOVERNMENT CONTRACT ASSISTANCE PROGRAM

Total  \$436,021

Lottery  \$436,021

- Anticipated federal match \$1.5m in 2015-17

# OFFICE OF MINORITY, WOMEN & EMERGING SMALL BUSINESS

- Three certification programs designed to level the playing field for businesses owned, managed and controlled by minorities, women and that qualify as an emerging business
- Certifications are primarily used on public contracting opportunities
- Oregon's sole certification authority

# OFFICE OF MINORITY, WOMEN & EMERGING SMALL BUSINESS

- 3,218 total firms certified as of June 30, 2014
- 864 applications or reviews completed in FY14
  - 15 airport concessions disadvantaged businesses
  - 127 disadvantaged businesses
  - 158 minority-owned businesses
  - 244 women-owned businesses
  - 320 emerging small businesses
- 1,024 no change statements or affidavits reviewed

# OFFICE OF MINORITY, WOMEN & EMERGING SMALL BUSINESS



# BUSINESS DEVELOPMENT

## Access to capital

- Direct loans
  - Oregon Business Development Fund
  - Entrepreneurial Development Loan Fund
- Loan and portfolio insurance
  - Capital Access Program
  - Credit Enhancement Fund
- Other
  - Industrial Development Bonds
  - Aggie Bonds
  - Oregon New Markets Tax Credit program

# OREGON BUSINESS DEVELOPMENT FUND

- Revolving loan fund that provides term, fixed-rate financing for land, buildings, equipment, machinery and permanent working capital.
- Participants must create or retain jobs and must be traded-sector.
- Up to \$1m and 20-year terms



# OREGON BUSINESS DEVELOPMENT FUND

- 15 loans totaling \$5.6m in FY14
- Leveraged \$30.3m in private funding
- Projects projected to create 203 jobs
- 100% of loans made outside of Portland metro area
- Average number of employees per borrower: 17
- Portfolio performance
  - Pre-income loss rate: 1.5%
  - Post-admin & losses rate of return: 2.7%

# OREGON BUSINESS DEVELOPMENT FUND

Total



\$10.8m

Other



\$9.4m

Federal



\$1.4m

- Project examples

- Drink Tanks, Bend, \$200,000
- Face Rock Creamery, Bandon, \$256,000
- Oakshire Brewing, Eugene, \$450,000

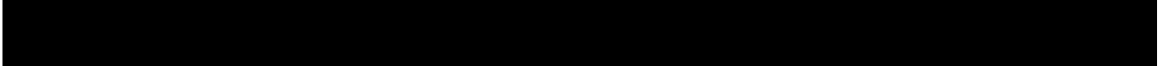
# ENTREPRENEURIAL DEVELOPMENT LOAN FUND

- Direct loans to help start-ups and micro-enterprises expand or become established in Oregon.
- Fills a niche not typically available through traditional lending markets.
- Up to \$75,000 and 10-year terms
- Fixed rate loans starting at prime + 2% APR
- Includes mentorship from Small Business Development Centers

# ENTREPRENEURIAL DEVELOPMENT LOAN FUND

- Approved 12 loans totaling \$384,800 in FY14
- Leveraged \$376,300 in private funding
- Projected to create/retain 64 jobs
- 83% of loans made outside Portland metro market
- Average project size is \$63,000
- Average number of employees per borrower: 2

# ENTREPRENEURIAL DEVELOPMENT LOAN FUND

Total  \$1.5m

Other  \$1.5m

- Project examples

- Kemtone Music & Repair, Salem, \$19,555
- M&D Ventures, Oakland, \$50,000

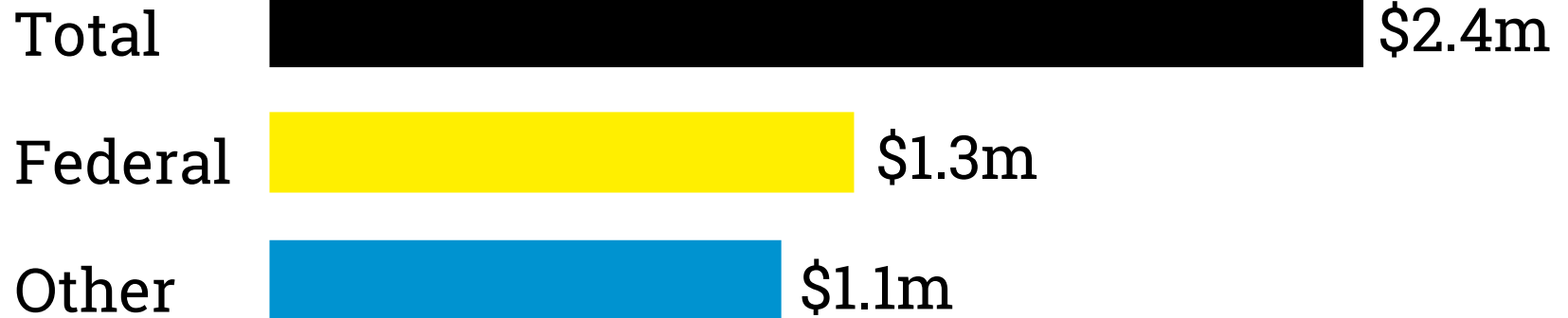
# CAPITAL ACCESS PROGRAM

- CAP helps banks and credit unions make more commercial loans to small businesses and provides capital for startup or expansion
- Enrollment fee 3% to 7%
- Program used almost exclusively by community banks and credit unions
- Average number of employees per borrower: 5

# CAPITAL ACCESS PROGRAM

- Enrolled 24 loans matching \$40,716 in borrower, lender fees
- Leveraged \$2.2m in private funding
- Projected to create 52 jobs and retain 69 more
- 67% of loans made outside Portland metro market

# CAPITAL ACCESS PROGRAM



- 10-year metrics
  - More than \$50m enrolled
  - \$2.1m in loss recovery



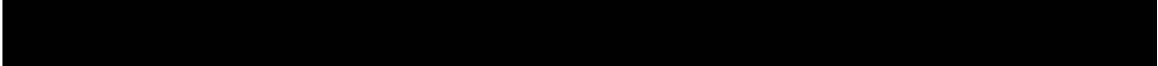
# CREDIT ENHANCEMENT FUND

- A loan insurance program available to lenders to assist businesses in obtaining access to capital by insuring term loans and operating lines of credit
- Enrollment fee of 1.25% to 3.5%
- For loans, insurance covers up to 80% of the lender's loan with a cap of \$2m and 15-year term
- For lines of credit, insurance covers up to 75% of the lender's loan with a maximum term of one-year
- Average number of employees per borrower: 14

# CREDIT ENHANCEMENT FUND

- Approved 62 loans insuring \$17.2m in FY14
- Leveraged \$33.7m in private funding
- Projected to create or retain 316 jobs
- 80% of loans insured outside of the Portland metro market, with strongest demand from community and regional banks
- Paid \$622,093 in insurance claims
- Average enrolled project is \$545,000

# CREDIT ENHANCEMENT FUND

Total  \$3.5m

Federal  \$2m

Other  \$1.5m

- Lending partners

- Columbia Bank / Bend, Salem, Portland, Eugene
- Bank of the Cascades / Bend
- Peoples Bank / Medford
- Mid-Oregon Credit Union / Bend, Redmond
- Old West Federal Credit Union / Pendleton

# INDUSTRIAL DEVELOPMENT BONDS

- Help Oregon manufacturers grow by providing long-term financing for land, buildings and equipment through tax-exempt bonds issued by the State of Oregon
- Lender exempt from federal income tax on interest income and tax savings passed along to borrower
- Bonds available to manufacturers, processors and exempt facilities, such as docks
- Not a State of Oregon obligation. Lender retains all risk and obligations associated with loan servicing

# INDUSTRIAL DEVELOPMENT BONDS

- 2 bonds closed in FY14, leveraging \$14m private funding
- Projected to create 91 jobs
- Average bond issued is \$7m
- Average number of employees per borrower: 125

# AGGIE BONDS

- Help new farmers obtain lower cost financing for land and equipment purchases through tax-exempt bonds issued by the State of Oregon
- Lender exempt from federal income tax on interest income and tax savings passed along to borrower
- Available to beginning farmers for depreciable agricultural property, used equipment and farmland purchases.
- Not a State of Oregon obligation. Lender retains all risk and obligations associated with loan servicing

# OREGON NEW MARKETS TAX CREDITS

- Helps finance investments that create social, economic and community benefits in low-income communities
- Tax credits allocated to an intermediary that identifies eligible projects and investors
- Projects up to \$8m in cost are eligible up to 39% of Oregon tax credits. \$3.12m maximum tax credit investment in any one project
- Tax credits claimed over seven years

# OREGON NEW MARKETS TAX CREDITS

- \$200m in project allocation (\$78m in tax credits)
  - \$198m currently allocated
  - \$126m invested in projects
  - \$150m in federal NMTC allocation leveraged
  - \$72m in projects pending
- Through FY14
  - 21 projects approved
  - \$93 Million in allocation invested
  - 52% invested outside of Portland Metro



# GLOBAL TRADE

# BUSINESS DEVELOPMENT

## Global trade

- Oregon Trade Promotion Program
- State Trade and Export Promotion Grant
- Technical assistance

# OREGON TRADE PROMOTION PROGRAM

- State grants to connect Oregon small businesses to global markets
- Subsidizes the cost of attending international trade shows and trade missions, such as freight, training and booth space and construction
- Program pays 50% of cost up to \$5,000
- Targets traded-sector industries
- 75% of employees must be in Oregon

# STATE TRADE & EXPORT PROMOTION

- Federal grants to connect Oregon small businesses to global markets
- Currently in Year 3
- Program matches state trade promotion program with one additional requirement
  - Companies must be in business for one year & profitable

# EXPORT PROMOTION

- Oregon Trade Promotion Program
  - 59 companies, \$190,000 in grants issued in FY14
  - \$2m in immediate sales reported
  - \$77m in expected sales reported
  - 44 immediate jobs reported
- State Trade & Export Promotion
  - 49 companies, \$191,000 in grants issued in FY14
  - \$4m in immediate sales reported
  - \$49m in expected sales reported
  - 43 immediate jobs reported

# EXPORT PROMOTION

- Oregon Trade Promotion Program
  - \$400,000 from state Industry Competitiveness Fund
- State Trade & Export Promotion – Year 3
  - \$100,000 from the state Industry Competitiveness Fund
  - \$300,000 from the federal funds
- 2015-17: Funding through Industry Competitive Fund and, if available, STEP in Year 4

# EXPORT PROMOTION

- Project examples
  - Metolius Mountain Products, Bend
  - Plastic-Fab, Tualatin
  - River Hawk, White City



# INFRASTRUCTURE

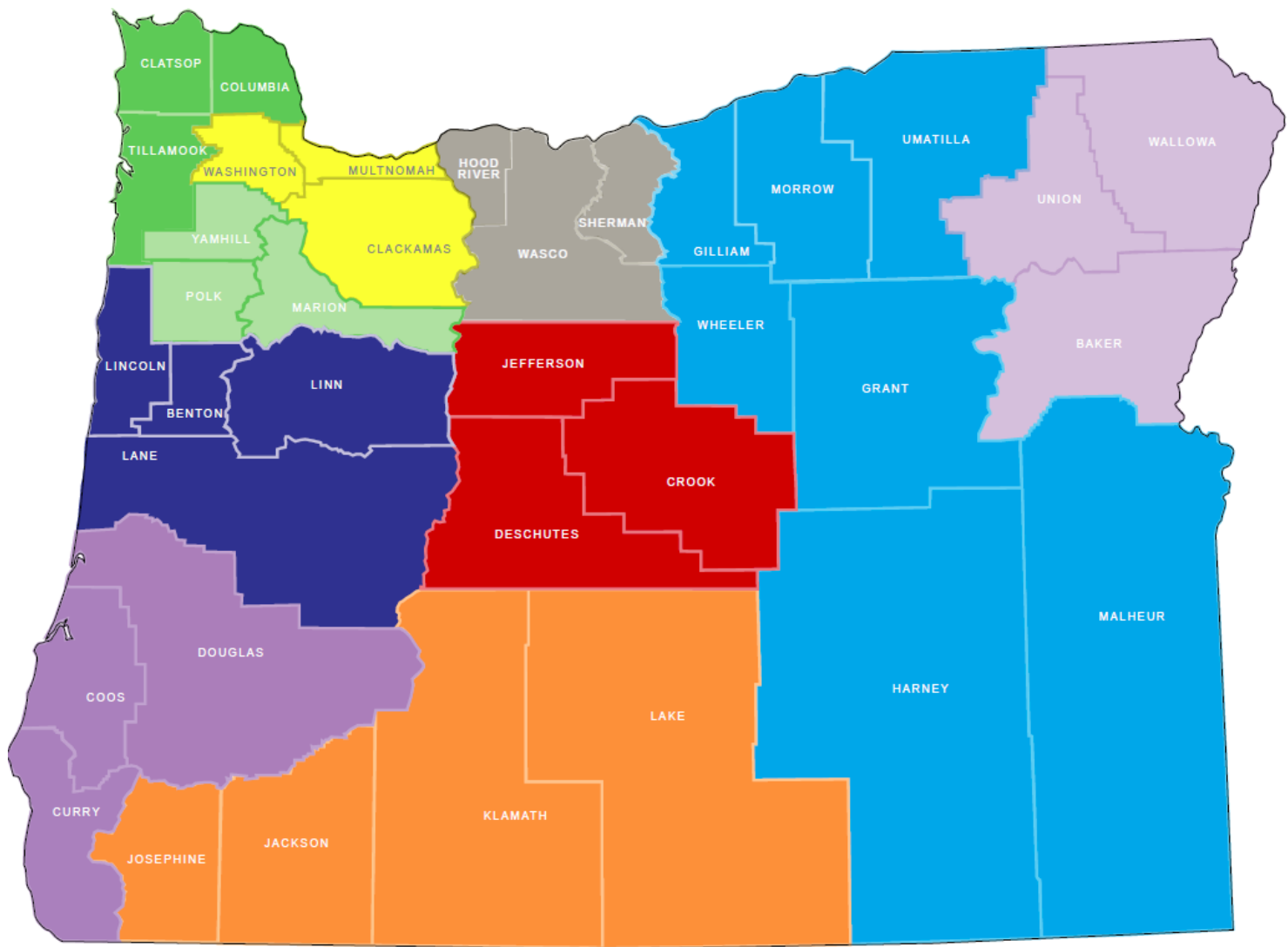




# INFRASTRUCTURE

- Mission: Invest in infrastructure that helps communities and economies grow
- Assistant director: Lynn Schoessler
- Key work areas
  - Industrial land availability and preparedness
  - Job creation projects
  - Community health, safety, infrastructure

# WHERE WE ARE



# INFRASTRUCTURE

## Programs

- Infrastructure Opportunity Fund
- Regional Infrastructure
- Seismic Rehabilitation Grant
- Special Public Works Fund
- Water/Waste Water Program

# INFRASTRUCTURE

## Programs

- Community Development Block Grant
- Safe Drinking Water Program
- Brownfields
- Ports
- Industrial lands

# INFRASTRUCTURE OPPORTUNITY FUND

- Invest in last-mile infrastructure to create immediate job growth in rural communities
- Loans, including forgivable loans, to local governments, businesses, nonprofits
- Priority goes to projects that create jobs immediately and that, but for the loan, would not otherwise happen
- Limited to \$2.5m per project
- Includes half-time Loan Specialist 3

# INFRASTRUCTURE OPPORTUNITY FUND

Total



\$10.2m

Other



\$10.2m

- POP 118: \$10.2m lottery bond request

# REGIONAL INFRASTRUCTURE FUND

- Grants to leverage private, public, foundation investments in high priority regional economic development projects
- Projects reviewed by the Regional Solutions Advisory Committee
- Criteria includes job creation, community support and other funding support
- Target: \$2m funding in each of the 11 regions

# REGIONAL INFRASTRUCTURE FUND

- \$9m legislatively approved for 8 projects in FY14
- \$5.3m to 5 capital improvement projects
- \$2m to a work force housing revolving loan fund
- \$1.5m to 1 business expansion/air quality project
- \$200,000 to 1 job training/creation projects
- Project examples
  - Rail corridor improvements, Rainer, \$2m



# REGIONAL INFRASTRUCTURE FUND



- POP 117
  - \$7m lottery fund
  - \$14.3m lottery bond request

# SEISMIC REHABILITATION

- Grants to renovate high-risk public schools and emergency services buildings to make them earthquake safe
- Schools eligible: K-12, community colleges, education service districts, universities
- Emergency services eligible: Hospitals, fire and police stations, sheriff's offices, 9-1-1 centers
- Services covered: Architecture, engineering, project management, structural improvements,
- Grants limited to \$1.5m per project

# SEISMIC REHABILITATION

- \$28.2m committed to 35 projects in FY2015
- \$15m to 13 school projects
- \$13.5m to 22 emergency service projects
- Project examples
  - Gym improvements, Roseburg High, \$1.5m
  - Gym improvements, Milton-Freewater McLoughlin High, \$645,995
  - Fire station improvement, City of Newport, \$1,491,223

# SEISMIC REHABILITATION

Total



\$129.8m

Other



\$129.8m

- POP 110: \$100m general obligation bond request
  - \$70m schools
  - \$30m emergency service buildings

# SPECIAL PUBLIC WORKS FUND

- Grants and loans for public infrastructure projects that support economic or community development
- Supports planning, design, construction
- Typical projects: Water, wastewater, port, roads, rail, industrial site development, emergency services buildings, airport, telecom
- Loans that lead to jobs may be forgiven at the rate of \$5,000 per job

# SPECIAL PUBLIC WORKS FUND

- \$17m committed to 14 projects in FY14
  - \$15m for 8 economic development projects
  - \$2m for 3 infrastructure projects
  - \$109,000 for 3 planning projects
- Project examples
  - ConAgra expansion, Port of Morrow, \$5.3m
  - Levee study, Portland, \$1.5m
  - Juntura Cutoff Road study, Harney County, \$42,000

# SPECIAL PUBLIC WORKS FUND

Total



\$106.5m

Other



\$106.5m

- POP 106: \$28m lottery bond request
  - \$14m SPWF recapitalization
  - \$7m patient capital
  - \$7m levees

# WATER/WASTE WATER FUND

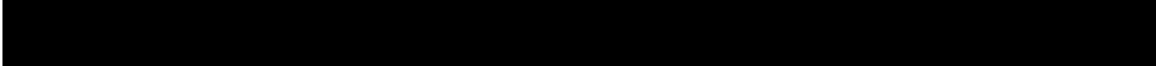
- Grants and loans to public agencies to comply with the Safe Drinking Water Act and the Clean Water Act
- Community system must have received, or about to receive, a Notice of Non-Compliance from a regulatory agency
- Grant of \$750,000 with discounted 1% interest rate available to “disadvantaged” communities



# WATER/WASTE WATER FUND

- \$18.5m committed to 18 projects in FY14
- \$11.4m to 6 wastewater projects
- \$5.7m to 1 storm water project
- \$1.1m to 2 water projects
- \$275,000 for 9 planning projects

# WATER/WASTE WATER FUND

Total  \$39.4m

Other  \$39.4m

- Project examples

- Storm water separation project, City of Astoria, \$5.7m
- Waste water system repairs, City of Coos Bay, \$7.8m
- Waste water system improvements, City of Halfway, \$1.1m

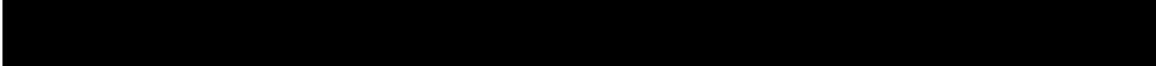
# COMMUNITY DEVELOPMENT BLOCK GRANT

- Grants for community development projects in low-income rural communities
- Typical projects: Homeless shelters, senior centers, Head Start, food banks, libraries and water
- Only match required for administrative support

# COMMUNITY DEVELOPMENT BLOCK GRANT

- \$18.5m committed to 17 projects in FY14
- \$10m to 4 wastewater projects
- \$4m to 2 water system projects
- \$1.6m to 4 housing rehab projects
- \$1.7m to 1 community facility
- \$675,000 to 5 planning projects
- \$75,000 to 1 economic development project

# COMMUNITY DEVELOPMENT BLOCK GRANT

Total  \$28.2m

Federal  \$28.2m

- Project examples

- Head Start, Lakeview, \$1.7m
- Waste water project, Milton Freewater, \$2m
- Home repair program, Josephine County, \$400,000

# SAFE DRINKING WATER

- Build or improve drinking water systems to meet regulations
- Below-market loans or grants for engineering, construction or installation of water intake, treatment, storage or transmission projects
- Loans capped at \$6m and 2.72% interest
- Rates of 1% and grants up to \$1m available for “disadvantaged” communities

# SAFE DRINKING WATER

- \$20m committed to 10 projects in FY14
- \$19.8m to 7 water system projects
  - \$16.1m in loans
  - \$3.7m in grants
- \$100,000 grants to 3 planning projects

# SAFE DRINKING WATER

Total



\$63.5m

Other



\$63.5m

- Project examples

- Water system improvements, Oceanside, \$6.3m
- Water shed management plan, City of Baker, \$30,000
- Intertie with Garibaldi, Watseco-Barview Water District, \$1.8m



# BROWNFIELDS

- Loan and grant programs to help landowners cleanup contaminated properties
- State Brownfields Redevelopment Fund: Revolving loan fund for environmental assessment and cleanup for public and private owners
- Federal Brownfields Cleanup Fund: Revolving loan fund for public and private owners. Grants available to public owners up to \$200,000

# BROWNFIELDS

- 13 properties funded in FY14
- \$526,000 in grant funding awarded
- \$1.9 in loan funding awarded
- 13 more properties with redevelopment underway
- Project examples
  - City of Hillsboro, 4<sup>th</sup> & Main, \$300,000
  - Former Josephine County Hospital, Grants Pass, \$1.5m
  - Astoria Sports Complex, \$60,000

# BROWNFIELDS



- POP 107: \$7.1m lottery bond request



# PORTS

- Promote shipping, aviation and industrial businesses that benefit regional economies
- Planning and marketing grants and construction loans for facilities and infrastructure
- Funding must lead to diversifying the regional economy or developing an emerging industry



# PORTS

- \$5.7m committed to 12 projects in FY14
- \$5m to 2 dredging projects with the U.S. Army Corp of Engineers
- \$316,000 for 2 port studies
- \$231,000 for 1 environmental cleanup
- \$177,000 for 7 planning projects

# PORTS

Total		\$5.6m
Other		\$5.6m

- Project examples

- South Coast Ports dredging, \$3m
- Environmental cleanup, Port of Toledo, \$231,400
- Coastal ports, dredging equipment purchase technical review, \$90,000

# INDUSTRIAL LANDS

- Market Oregon's high-value industrial sites to traded sector companies who can drive job growth and tax revenues
- Programs
  - Industrial site certification: Certifies industrial site as "shovel ready" and developable within 180 days
  - Regionally significant industrial areas: Places important sites in a 10-year industrial sanctuary
  - Industrial site readiness: Helps communities build business plan for regionally significant sites and provides forgivable loans for site development



# INDUSTRIAL LANDS

- 6 regionally significant industrial areas approved
- Grants Pass received a partially forgivable \$2m loan to extend water/sewer services
- 5 sites received third-party certification as “shovel ready” in FY14 and 80 sites certified since program started in 2003

# INDUSTRIAL LANDS

Total



\$211,695

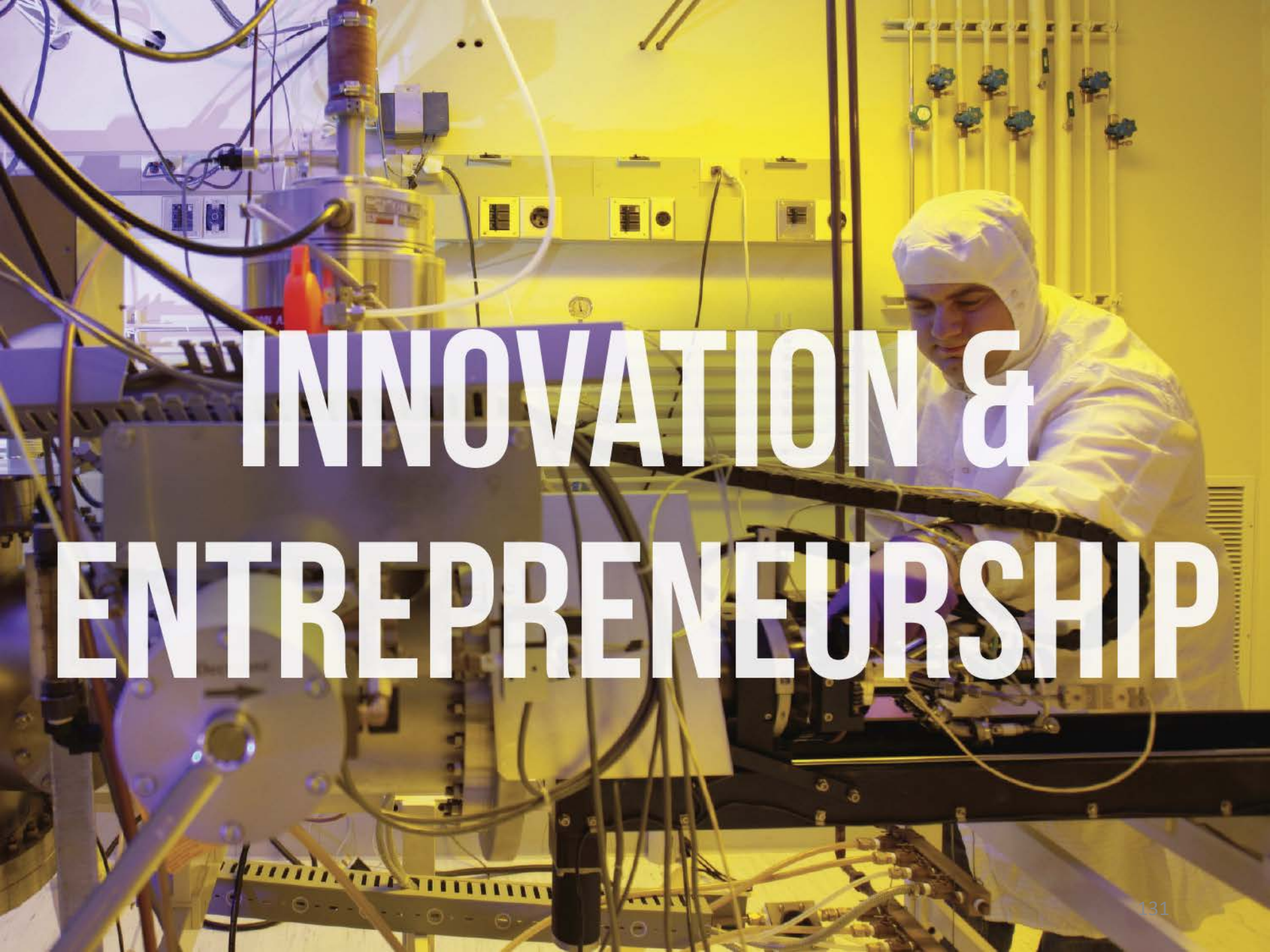
Other



\$211,695

- Project examples

- City of Grants Pass, \$1.9m
- Coyote Business Park II certified, Pendleton
- Stratus II certified, Prineville



# INNOVATION & ENTREPRENEURSHIP

# INNOVATION & ENTREPRENEURSHIP

- Mission: Nurture innovation and spark startups
- Key work areas
  - Rural and natural resources innovation
  - Startups and commercialization
  - University research

# INNOVATION & ENTREPRENEURSHIP

- Oregon Innovation Council
- Transformative Technology Grant
- Innovation Initiatives
- Oregon Growth Board



# OREGON INNOVATION COUNCIL

- Invest in ideas that power the companies and the industries of tomorrow
- Launched 10 years ago by Oregon's public and private leaders
- Funded originally in 2007 for \$26m
- Created 3 signature research centers to commercialize university research
- A Governor's commission funded as discretionary "option" outside of department budget

# OREGON INNOVATION COUNCIL

- Quarterly audit completed for each initiative
- Since 2007
  - 90 companies supported
  - \$130m in follow-on funding
  - \$450m in federal and private grants
  - \$77m in state investment
  - 7 to 1 ROI
  - 300 firms used Signature Research Center's shared labs







# 2015-17 INITIATIVES

- ONAMI / \$8.1m
- Oregon BEST / \$7.6m
- OTRADI / \$4.75m
- SOAR Oregon / \$3.5m
- Drive Oregon / \$1.5m
- Oregon Internet of Things / \$1.5m
- OWET / \$1.5m
- Oregon Storyboard / \$900,000

# OREGON INNOVATION COUNCIL

Total



\$29.4m

Lottery



\$29.4m

- POP 101: \$29.4m lottery fund request

# TRANSFORMATIVE TECHNOLOGY GRANT

- Supports the commercialization of new products and services in natural resources
- Competitive grants to businesses, nonprofits, foundations or higher education research centers for research and development
- New fund in 2015-17 with House Bill 2434
- Awards based on business plans, commercial viability and additional funding commitments for research and development

# TRANSFORMATIVE TECHNOLOGY GRANT

- Potential opportunities
  - New applications for engineered wood products
  - Product testing for cross-laminated timber, small-diameter timber
  - Research for uses for fiber/biomass and precision agriculture, such drip irrigation, UAVs or sensors





# TRANSFORMATIVE TECHNOLOGY GRANT

Total



\$5m

Lottery



\$5m

- POP 114: \$5m lottery fund request

# INNOVATION INITIATIVES

- Regional Accelerator and Innovation Network
  - South Willamette Valley collaborative for universities, government and private sector to support entrepreneurs
  - Includes physical accelerators in Corvallis and Eugene, business support programs, regional pools of capital
  - Partners: Oregon State University, University of Oregon, Eugene Area Chamber of Commerce
  - 20 companies graduated from accelerators in 2013-15
  - \$1m in follow-on capital
  - 18 FTEs created



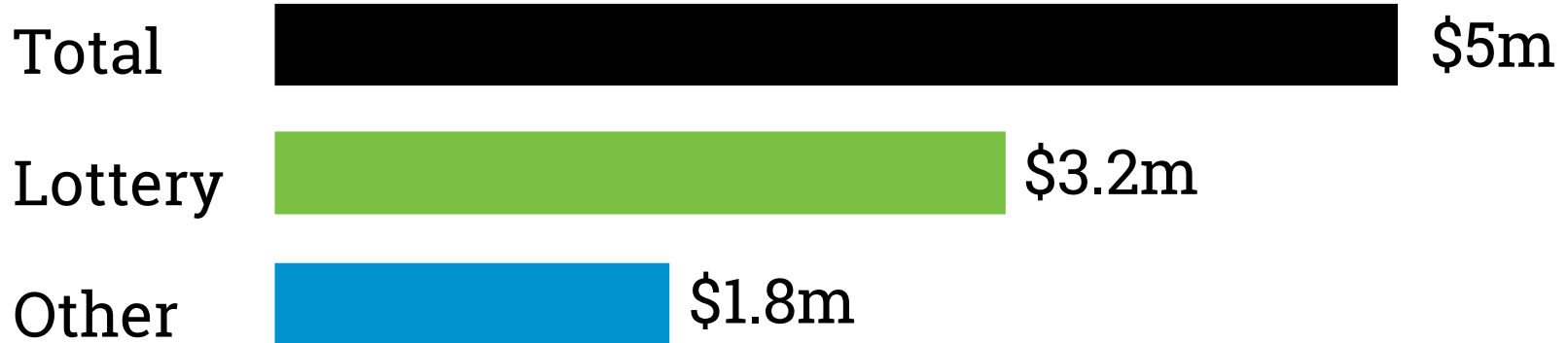
# INNOVATION INITIATIVES

- Oregon Metals Initiative & Northwest Collaboratory for Sustainable Manufacturing
  - Industry-university partnerships to support joint research projects
  - Funding is 1:1 match of industry and state funds
  - Since 1990, partnership enabled manufacturers to obtain top research for nearly 500 applied metals projects
  - Industry partners include: Boeing, Blount, Cascade Steel, Daimler, Demarini, HP, Intel, Leatherman, On Semiconductor, Oregon Iron Works, Silver Eagle Manufacturing

# INNOVATION INITIATIVES

- Project examples
  - KW Associates, Albany
  - Baker Seed Technologies, Corvallis

# INNOVATION INITIATIVES



- POP 111: \$3.2m lottery fund request
  - \$2.2m OMI/NWCSM
  - \$1m RAIN

# OREGON GROWTH BOARD

- Invests in early stage companies to help them grow into large businesses headquartered in Oregon
- Created by the 2012 Legislature to improve the access to capital for high-growth companies
- Seven-member board co-chaired by Gerry Langelier, managing director of OVP Venture Partners, and Patricia L. Moss, vice chairman of the Bank of the Cascades
- Assumed responsibility for managing Oregon Growth Account Jan. 1, 2014

# OREGON GROWTH BOARD

- Oregon Growth Account: Earn returns for the Education Stability Fund through Institutional and Pre-Institutional Investments
  - 1.8% Lottery Revenue directed to the account
  - Created in 1998 with a 1.5% IRR since inception
  - \$122m invested leveraged \$1.3b
  - \$194m invested in Oregon companies
- Oregon Growth Fund
  - \$1.9m lottery funds (DAS budget)

# OREGON GROWTH BOARD

- Oregon Growth Account
  - Women's Venture Capital Fund, \$500,000
  - Oregon Angel Fund 2014, \$1.5m
- Oregon Growth Fund
  - Albina Opportunities Corp., \$300,000
- POP 109
  - \$100,000 request to increase existing Growth Board position to full time

# Ways & Means Committee Presentation 2015



# Oregon Film & Video Office



The Oregon Film & Video Office (OFVO) is a semi-independent agency designed to recruit and facilitate film and television production throughout the state.

Our mission is to promote the development of the film, video, and multimedia industry in Oregon and to enhance the industry's revenues, profile, and reputation within Oregon and among the industry internationally.



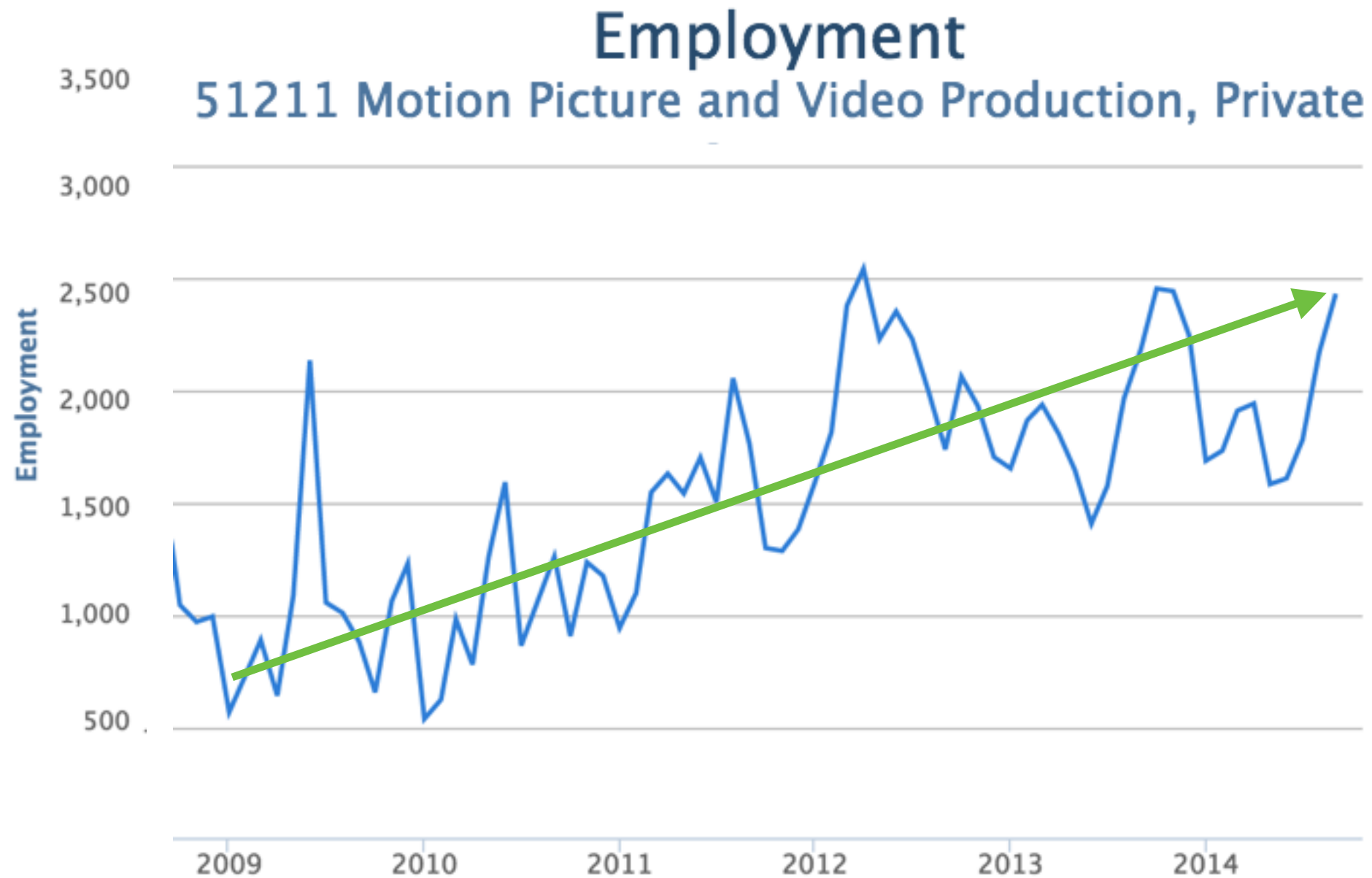
# OFVO Budget & Staff



Oregon Film & Video Office, also known as The Governor's Office of Film & TV, has a staff of four and a biannual 2013-2015 budget of \$1,130,544.

We manage a growing, interactive database with over 6000 different sites featuring 2-20 photos of each site for potential Oregon shooting locations.

# The Growing Media Economy in Oregon



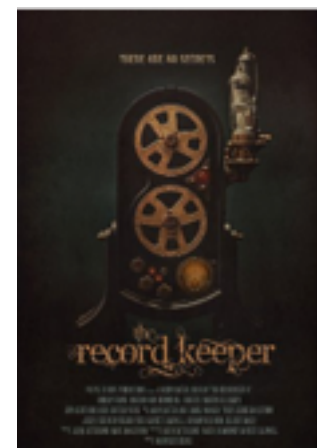
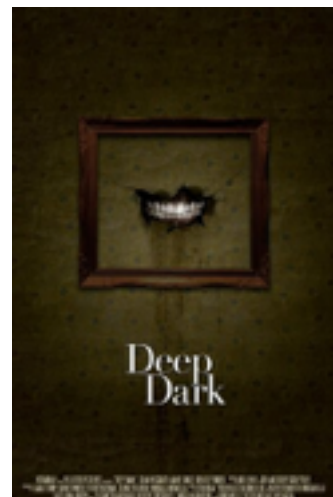
- Oregon's motion picture and video production industry grew by 69% from September 2009 to September 2014 (the most current data).
- Nearly 1,000 jobs were added over the five years.
- Average annual pay for the industry was \$43,177 in 2013, and there were 351 business establishments during summer 2014.
- *(Source: Dept of Employment)*

# Programs Administered by OFVO

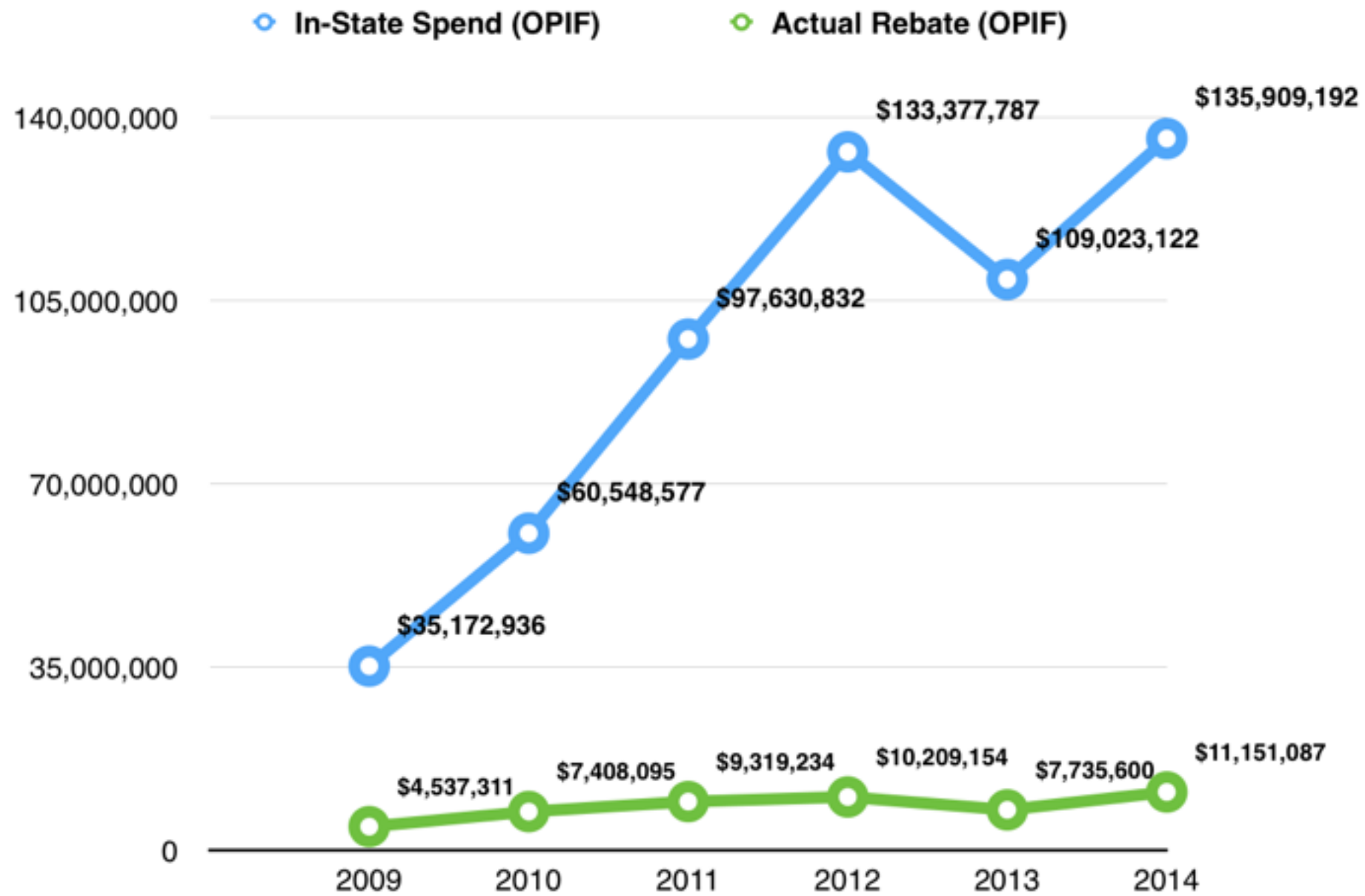
- Oregon Production Investment Fund (OPIF) and the Indigenous Oregon Production Investment Fund (iOPIF)
- Greenlight Oregon Labor Rebate (GOLR)
- These programs combine to offer:
  - *20% rebate of verified Oregon-based goods and services,*
  - *and up to a 16.2% rebate of verified wages & benefits paid to production personnel.*



# Oregon-based Projects



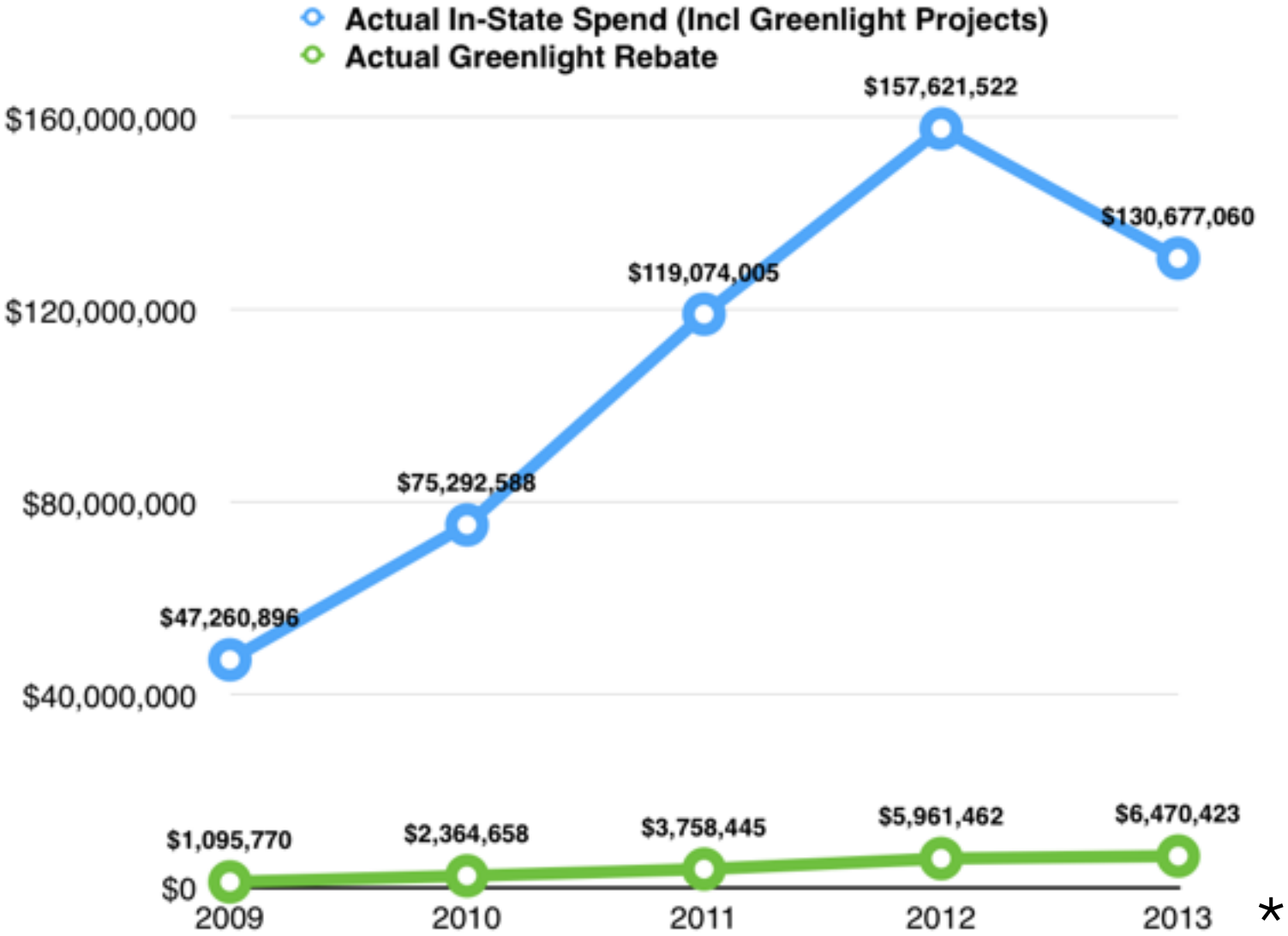
# Incentives: OPIF & iOPIF



\* 2014 Estimated

- For the OPIF and iOPIF programs in FY 2013-2014:
  - approximately \$110M of in-state spend was confirmed and verified,
  - over 20 different projects were tracked through the system,
  - \$7.7M in rebates were paid after audit and verification.
  - In 2013 the OPIF annual incentive cap was raised from \$6M to \$10M.

# Incentives: Greenlight Oregon



(\*2014 numbers not yet available)



- The Greenlight Oregon Labor Rebate (GOLR) program was also utilized to attract and rebate many of the above set of projects,
- GOLR was also utilized on its own to help 8 local production companies to attract over \$20.5M of digital content and commercial work into and within the state.

# Interconnected Economy



International Exposure

Cast & Crew



VFX

Equip & Production

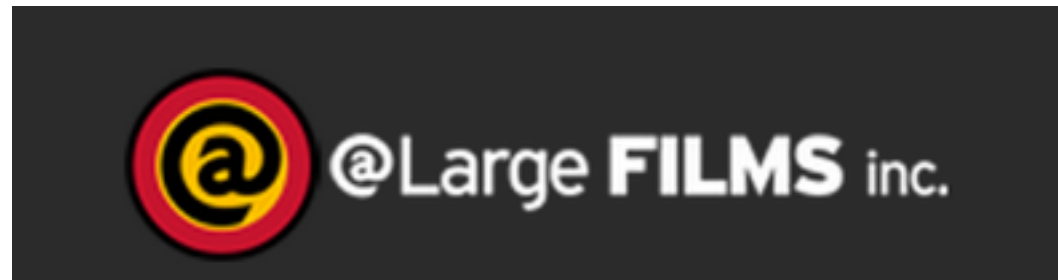
Animation



Full Time Staff

# Growing Oregon Media Companies

*Just a Taste*



# The Returns

- Combined, FY 2013-2014 saw over \$130M of confirmed in-state spend with a combined \$12.3M paid out in rebates.
- This work directly impacted more than 1000 jobs, and tracked spending to hundreds of in-state vendors.
- Nearly 20 Oregon based media companies took direct advantage of the program as a tool to help attract business and expand their employees and infrastructure.



# Project Spotlight: The Statewide Impact of WILD

- Based on the book by Portland-based author Cheryl Strayed, WILD shot in more locations in the state than any other feature film before it.
- Traveling from the top to bottom of Oregon, WILD engaged more than 250 vendors in 37 house districts and 23 state senate districts - having an impact in at least 2/3 of the state's legislative map.
- From Portland to Ashland, Clackamas to Bend, Crater Lake to Mt Hood, WILD employed 175 local crew members, 37 local actors, and 630 local background actors.
- The production spent more than \$600,000 in hotel and travel expenses alone.



# The Interactive Economy

- From 2009 to 2012, the U.S. video game industry increased in size by more than 9 percent – four times the growth rate of the U.S. economy during the same period.
- In 2012, the entertainment software industry added over \$6.2 billion to U.S. Gross Domestic Product.
- The computer and video game industry directly and indirectly employs more than 146,000 people.
- The average salary for direct employees is \$94,747, resulting in total national compensation of \$4 billion.
- Direct employment for the industry grew at an annual rate more than 13 times the growth of the overall U.S. labor market (9 percent vs. 0.72 percent) between 2009 and 2012.

*Source: Video Games in the 21st Century: The 2014 Report, an economic impact study conducted by Economists Incorporated and released by ESA in 2014.*

# The Interactive Economy in Oregon

State	Developer Group Direct Employees	Direct + Indirect Employees	Average Compensation	Economic Contribution to State
California	10,201	63,718	\$103,071	\$2.78 billion
Texas	3,834	17,878	\$101,349	\$764.9 million
Washington	2,794	12,833	\$99,964	\$595.2 million
New York	1,267	8,137	\$94,924	\$378.5 million
Massachusetts	1,137	4,174	\$93,174	\$179.6 million
Florida	1,007	4,601	\$89,540	\$171.5 million
Illinois	877	4,032	\$92,453	\$158.6 million
Pennsylvania	617	2,142	\$87,922	\$83.1 million
Oregon	552	2,359	\$91,130	\$111 million
Colorado	552	2,984	\$87,922	\$107.1 million

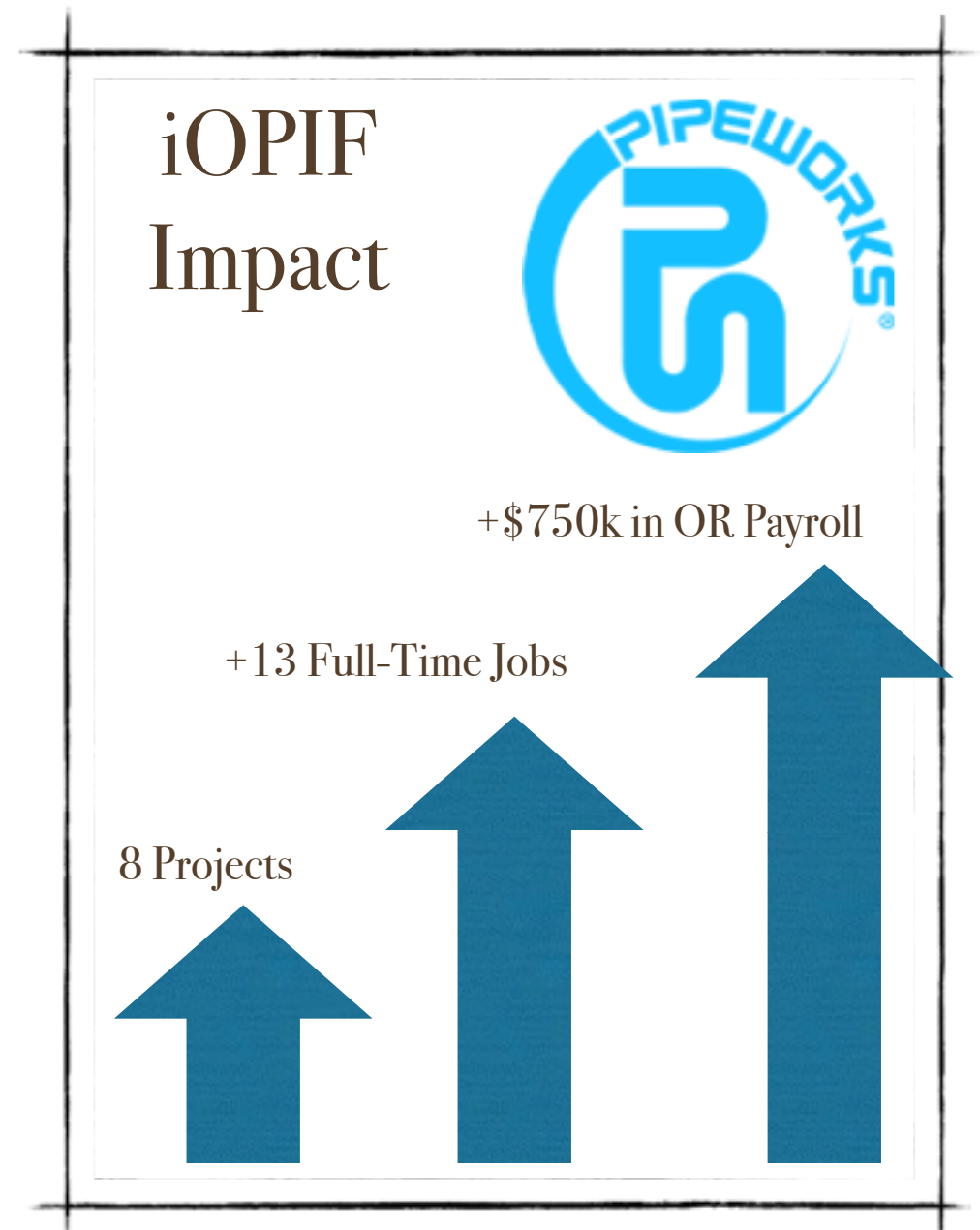
Source: Entertainment Software Assoc.

- During the years 2013 and 2014 interactive game companies were made eligible for the iOPIF program.
- Several in-state based companies have already utilized the program to gain a competitive edge and to grow their permanent workforce.
- In 2013 & 2014 a total of 11 interactive projects have been incentivized - yielding nearly \$5M of in-state spend by Oregon headquartered companies which received nearly \$500,000 in rebates.



# Project Spotlight: iOPIF & Pipeworks

- This Eugene-based company added 13 new full-time jobs since 2013 because of iOPIF support.
- The 13 hires have added about \$750,000 to their annual payroll.
- Their business model has evolved from pure work-for-hire services to investing in their own intellectual property development with iOPIF support.
- Pipeworks released Godzilla: Smash3 in May 2014 - the first game project enabled by iOPIF incentives, and the first project co-published by Pipeworks. It garnered over 2 million downloads worldwide in its first week of release.



# The Film Festival Economy

PORTLAND ART MUSEUM  
**NW FilmCenter**

 **PORTLAND**  
FILM FESTIVAL

 **POW**  
FILM FESTIVAL

**EASTERN OREGON**  
FILM FESTIVAL

 **CINEMA**  
**PACIFIC**  
FILM FESTIVAL

**INDIE**  
**GAME**  
**CON**

**BENDFILM!**  
a celebration of independent cinema

ashland, oregon **[i]** ashland  
independent  
film festival  
april 9-13, 2015

- The Oregon Film & Video Office also directly supported several of the state's premiere film festivals in places like Bend, Ashland, La Grande, Eugene - and several in Portland in order to not only highlight local talent working within the state, but projects being shown in the state for the first time.
- This had a direct local impact to local communities throughout the state.
- It is estimated that hundreds of visitors spend at least \$150-\$250 per person, per day at medium sized Film Festivals, in ticket sales, drinks, food, hotels and transportation.
- Oregon hosts more than 20 film festivals throughout the year.

# Looking Ahead

- Looking into the fiscal year 2014-2015...
- We are tracking 24 projects through the OPIF and iOPIF programs.
- An aggregate in-state spend of \$135M under our current \$10M annual incentive cap.
- That \$10M cap was hit within the first month of the funds becoming available (in July 2014).
- Since then, several iconic Northwest-set projects which initially inquired about shooting in Oregon have ultimately shot in other states with more robust tax incentive programs - most notably Fox's TV Series BACKSTROM in Vancouver, BC and the HBO miniseries UNDAUNTED COURAGE (Lewis & Clark) in Atlanta & Calgary.
- In addition, Kelly Reichardt, an awarded winning director who has shot 4 of her previous films in places like Mt. Hood, Ashland and Burns is currently shooting her most recent Eastern Oregon set feature in Montana.

GOVERNOR'S OFFICE OF FILM & TELEVISION

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# OREGON FILM



# ARTS & CULTURE

A photograph of a classroom art studio. In the foreground, a young boy in a red shirt is seen from behind, painting a portrait on an easel. The portrait has a yellow head and a red face. To his right, another child is painting a blue and white abstract piece. In the background, several other children are at easels, and a teacher or adult is visible. The room has bookshelves, windows, and various art supplies.

# ARTS & CULTURE

- Grow jobs, tourism, education in the arts and culture industries
- Executive director: Brian Rogers
- Key work areas
  - Foster Oregon's famous quality of life
  - Grow arts education for K-12 students
  - Promote public investments in arts and culture

# ARTS & CULTURE

- The Oregon Arts Commission provides statewide grant funding to artists, arts organizations and arts programs
- The Oregon Cultural Trust raises public and private awareness and investment in arts, heritage, history, humanities and preservation throughout Oregon



# STATE PLANNING TOUR

## Focus areas

- Access and equity
- Economic vitality
- Arts learning
- Communication and awareness
- Leveraging and distributing funds
- Cultural networks
- Transparency and efficiency

# ARTS & CULTURE

- 10m people reached in FY2014
- Oregon Arts Commission invested \$1.3m
  - Leveraged \$220m in total arts organization budgets, projects
  - Education programs reached 400,000 K-12 students
  - Percent for Art: 24 capital projects totaling \$9m
- Oregon Cultural Trust raised record \$4.3m in 2014
  - 8,800 contributions
  - Supported 450 local projects
  - 31,000 cultural license plates issued, raising \$374,000





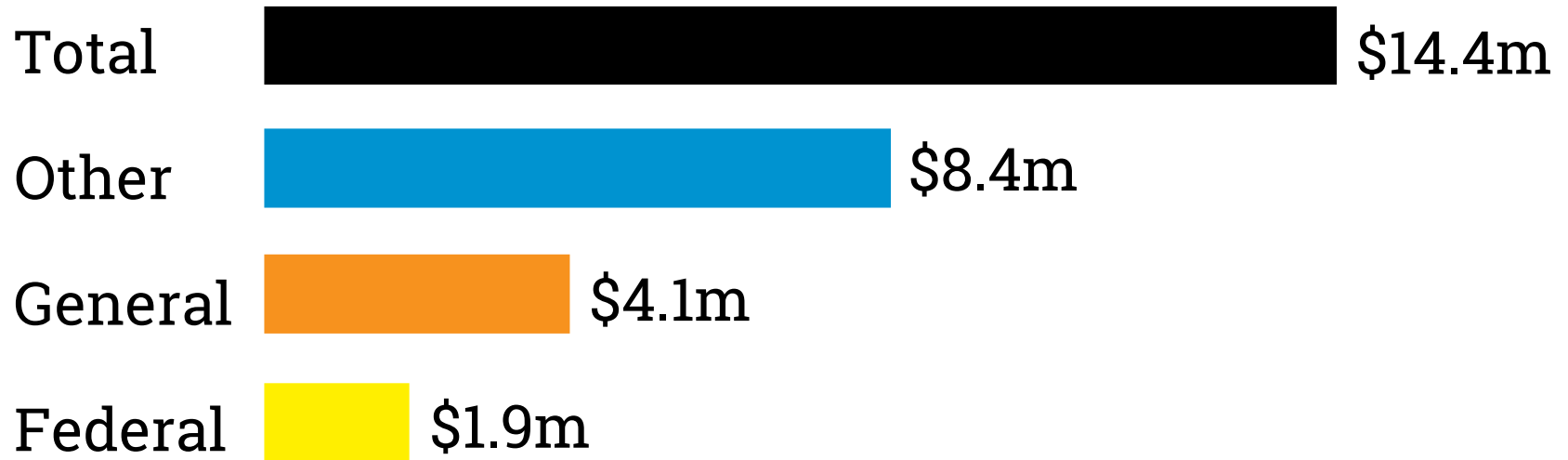








# ARTS & CULTURE



- POP 112: \$331,000 Other fund request for 2 Public Art Coordinators