

**Lane Economic Committee
Agenda Item Number
6.**

Framing an Integrated Economic Development System for Oregon

Presenter: Steve Dignam

Action Recommended: Identify strengths and weaknesses of proposal

Background

The Cascades West Economic Development District has participated with 20 other economic development professionals to develop alternative methods to deliver economic development services to local communities throughout Oregon. The attached proposal is being disseminated for comments from local economic development partners such as the Lane Economic Committee. The proposal will be submitted to the State of Oregon later this year.



Framing an Integrated Economic Development System for Oregon

Proposal for Public Discussion - June 2008

Overview

This “Integrated Economic Development System” proposal was drafted to initiate a dialog on how to most effectively and efficiently provide economic development services in Oregon. Participants in developing this draft proposal for improving Oregon’s economic development efforts have included city, county, economic development district/regional board, regional government, port, tribal, economic development association, state and federal partners.

The objective is to increase the effectiveness and efficiency of economic development efforts in the State of Oregon. Proposed is establishing a Federal, State and local partnership integrating economic development services and achieving economic development objectives within a cost-effective, sustainable, framework. Within this integrated system the State would focus on pursuing critical trade, prospect, and related development efforts and “retail” locally delivered economic development services through Oregon’s federally-designated Economic Development Districts in collaboration with their city, county, special district, port, tribe, federal, and private sector partners.

The proposed approach builds on the strength of existing local efforts while limiting duplication of services between the State and local levels. It also ensures that only the highest priorities for economic development are pursued. Effectiveness would be evaluated on outcome metrics (see below).

Refining the State of Oregon’s Economic Development Role: The State needs to have the lead role on activities with State-wide significance, such as -

- ◆ Establishing Oregon’s economic development goals and objectives
- ◆ Marketing Oregon for business recruitment
- ◆ Initiating state-wide initiatives (Brownfields, sustainable/renewable/green industry, etc.)
- ◆ Maintaining State-wide databases (economy, infrastructure needs, employment, etc.)
- ◆ Certification of industrial sites
- ◆ Communicating about Oregon’s economic direction, successes and partnerships

The State needs to support its federal and local partners with the provision of technical assistance and matching funding for the development and implementation of Oregon’s economic development activities, such as:

- ◆ Employment lands planning, infrastructure and wetland mitigation
- ◆ Economic development training for local elected officials and economic development professionals

- ◆ Business retention, expansion, and entrepreneurial development
- ◆ Infrastructure supporting business development and expansion
- ◆ Workforce training and development

Refining Local Service Delivery: Local partners connected to the State through the Economic Development Districts (EDD) would include: Cities, counties, economic development districts and regional boards, regional governments, ports, community colleges, tribes, economic development associations, chambers and the private sector. Economic development projects and efforts would be defined, prioritized, and implemented as outlined in regional Comprehensive Economic Development Strategies (CEDS). Economic development services provided locally could include:

- ◆ Business retention, development, expansion, and siting (including recruitment)
- ◆ Industrial/Commercial site/park development (including flexible manufacturing spaces and business incubators)
- ◆ Brownfield property redevelopment
- ◆ Industrial and commercial properties cataloging
- ◆ Business infrastructure development and expansion
- ◆ Business finance packaging
- ◆ Business entrepreneurial climate, including enterprise facilitation
- ◆ One-stop access to governmental loan funds and development of local capital pools
- ◆ Removal of business barriers and pursuit of common business opportunities, including cluster approach
- ◆ Workforce development

Framework: Recognizing that most economic development activity is implemented at the local level, a wholesale-retail framework would be established. The federally-designated U.S. Department of Commerce Economic Development Administration (EDA) Economic Development Districts (EDDs) would be the State's delivery point for services at the local level.

EDDs blanket the entire State, have policy and operational framework in place, annually update detailed Comprehensive Economic Development Plans and implementation strategies, most operate business lending programs, and most have decades of experience in building local networks and pursuing economic development priorities. Districts are able to work at any level:

- ◆ Sub-EDD to focus in on an area-specific effort or unique political alignment
 - ◆ Cooperative efforts that cut across boundaries
 - ◆ Collaboration among the EDDs through the Association of Economic Development Districts
- Further, all EDDs already receive a base level of federal funding for economic development planning services.

A State investment of \$3 for every \$1 that the federal EDA has been investing through the EDDs is proposed. At this ratio, based exclusively on the federal EDA's investments in Oregon, the State of Oregon's investment would require:

- ◆ Service Delivery System at \$4.2 million per biennium
- ◆ Economic Development Project Implementation at \$49.2 per biennium

Outcome Metrics: The proposed shift from “Performance Measures” to “Outcome Metrics” would focus on whether efforts were reaching desired outcomes. How an economic development effort impacted the economy would be relayed through analysis of:

- ◆ Business starts
- ◆ Leverage of private sector funding and of other public funding
- ◆ Traded sector businesses benefitted
- ◆ Leakage prevented
- ◆ Import replacement
- ◆ Value-added
- ◆ Support of locally-owned businesses
- ◆ Attraction of outside investment
- ◆ Reduced distance to markets
- ◆ Economic diversification
- ◆ Barriers to economic development addressed

Metrics would provide a clearer picture of economic and investment impacts and also keep implementation efforts focused on generating outcomes.



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1. INTRODUCTION

This proposal was framed by a small group of representatives of Oregon's major local economic development partners (city, county, economic development district, regional government, port, tribal, economic development associations) with limited participation by State partners. Our intent is to use this proposal to initiate a dialog on how to most effectively and efficiently conduct economic development efforts in Oregon.

We hope to initiate this as an entirely fresh approach that is not constrained by what is, what was, or what should have been. Instead, we want to focus on what could be.

We begin this proposal by offering common terminology (so we're all speaking the same "speak"), provide a preliminary sorting of roles (for illustration purposes), offer our evaluation of service options, and then provide recommendations for a sustainable Integrated Economic Development System.

This is a beginning... We welcome your ideas and collaboration!

2. EXECUTIVE SUMMARY

Our objective is to improve the effectiveness and efficiency of economic development efforts in the State of Oregon. We propose establishment of a State-local partnership that integrates economic development services and achieves economic development objectives within a cost-effective, sustainable, framework.

To operate this integrated approach we propose a sorting of which economic development roles are most effective for the State to continue to play the lead on and which are most effectively and efficiently service by the local level. Within this integrated system the State would focus on pursuing critical trade, prospect, and related development efforts. The State would implement its other objectives through locally delivered economic development services organized and “retailed” by the existing U.S.-designated Economic Development Districts that blanket all of the State (a map is provided at the end of this document).

Acknowledging that no geographic alignment can ever accommodate every economic development need or opportunity, local services would be delivered within a highly flexible locally-controlled framework. This local service delivery system would significantly improve the effectiveness and efficiency of Oregon’s economic development efforts by utilizing an entrepreneurial approach that focuses on achieving outcomes and avoids bureaucratic, paper-heavy, approaches. This approach would build on the strength of existing local efforts while limiting duplication of services between the State and local levels. It would also ensure that only the highest priorities for economic development are pursued.

Implementation of this system will require Legislative consideration of ORS amendments and a new budget framework. We suggest the State consider how its investment in service delivery compares with the ongoing investment committed by the U.S. Economic Development Administration (EDA) and propose that the State leverage the EDA investment at a \$3:\$1 ratio. At this leverage ratio the service delivery system would operate on a \$4.2 million biennial budget and a \$49.2 million budget would implement priority economic development projects during the biennium.

A shift from a bureaucratic approach of tracking “performance measures” to a more entrepreneurial approach of reporting “outcome metrics” is proposed. We submit that to obtain real economic change the State’s economic development system must focus on the economic impact of its efforts, not on the sorting of numbers to fulfill reporting requirements. We also recommend that the State acknowledge that almost every project is a partnership and, as such, the “credit” for numbers is less important than considering how the State’s resources leveraged other investment and created economic impact. While this new mindset will still result in the delivery of numbers that the Legislature is accustomed to seeing, it will relay these counts within the big picture framework of partnership and impact.

3. DEFINING BASIC TERMINOLOGY

Community Development

Any activity that improves the overall quality of life in a community.

Overall Quality of Life: Community development is a very broad umbrella made up of spokes that include –

- ◆ Economy
- ◆ Transportation network
- ◆ Infrastructure systems (including energy, water, sewer)
- ◆ Public health and safety
- ◆ Education and workforce preparedness
- ◆ Land use and development
- ◆ Natural resources and environment
- ◆ Culture and recreation
- ◆ Partnerships and networks
- ◆ Any other locally-identified opportunity or need

Citizens of each community decide what the fabric of their community development umbrella – their “quality of life” – looks like. There is no one size fits all approach because each community defines its community development priorities based on its own needs and opportunities.

Community: The State of Oregon is made up of its component communities. As such, there is a direct and strong inter-relationship between the vitality of Oregon’s communities and the vitality of the State. The weakness of any one of a community’s community development “spokes” impacts the ability to move the State’s economic development agenda forward – for instance:

- ◆ Weak transportation systems limit efficient movement of goods to market
- ◆ Water system limitations prevent business location and expansion
- ◆ Dilapidated downtowns relay a poor investment climate to prospective firms
- ◆ Local leaders working from a crisis mode fail to reach a pro-active place from which to address opportunities and barriers

Economic Development

Any activity that brings in new dollars or retains dollars within a region.

Activity: There is no set menu that defines what is or is not an economic development-related activity because, to be effective, economic development requires simultaneous pursuit of multiple approaches that constantly flex to meet ever shifting opportunities and needs.

Region: For the purposes of a State effort, the primary region that the addition or retention of funds is tracked within is the State's boundaries. However, the State of Oregon also has a responsibility to work on activities that add or retain dollars from outside of the United States as well as to provide some level of economic equality between different areas of the State.

Bringing in New Dollars: A few examples of activities that bring in new dollars include –

- ◆ Sales of goods produced in Oregon to those outside of our borders (industrial recruitment and development, international trade)
- ◆ Sales of services to non-Oregon residents and businesses (tourism development, professional services development)
- ◆ Increases in federal transfer payments (i.e., Social Security) and investment income from non-Oregon investments (courting retiree trade)
- ◆ Development of alternative energy sources (technology transfer)

Retaining Dollars: Efforts that keep dollars circulating within the region and that prevent the leakage of dollars from the economy could include –

- ◆ Encouraging development of locally-owned firms which on average recirculate 80% of their income (business development)
- ◆ Educating our citizens about their purchasing power (buy local campaigns)
- ◆ Providing activities that keep our entertainment dollars in Oregon (tourism)
- ◆ Reducing the consumption of fossil fuels by Oregon businesses and citizens

Why Not Focus on Jobs? While jobs are one of our best indicators of economic change, they don't provide us with a full and accurate picture –

- ◆ Not all jobs are equal – we don't get a clear view of the economic impact from the addition or loss of high paying jobs or of the assistance still needed when an employee earns at a poverty rate
- ◆ Jobs miss the impact of transfer and investment income – which are major factors in the Coastal and Central Oregon economies
- ◆ We don't have counts for all jobs (fishing, farming)
- ◆ The leakage of money from out-of-region purchases and investments isn't clear in a jobs-focused approach
- ◆ Job counts don't portray increases in family wealth created through entrepreneurial efforts

State

The State of Oregon.

Local

All partners except for the State of Oregon and U.S. level.

“Local” Includes: (This short list is provided for illustration - it does not include all partners)

- ◆ Cities
- ◆ Counties
- ◆ Port Authorities
- ◆ Tribes
- ◆ Councils of Governments
- ◆ Economic Development Districts
- ◆ Economic Development Associations
- ◆ Chambers of Commerce
- ◆ Community Colleges
- ◆ Workforce Investment Boards
- ◆ Downtown Associations
- ◆ Urban Renewal Authorities
- ◆ Special Districts
- ◆ Associations that represent any group of local partners

Economic Development District

U.S. Department of Commerce Economic Development (EDA) designated Planning District.

A map of the Economic Development Districts (EDDs) that blanket Oregon is provided at the end of this document. In addition to the ten EDDs identified on the map, there is also an EDD which includes many of the tribes. EDDs are required to use public and private sector input to develop a Comprehensive Economic Development Plan. District Boards must be public sector-dominated while planning work must be private sector-dominated. Many EDDs have been operating economic development programs for decades and are key economic development partners. Collaboration among EDDs is provided through the Association of Economic Development Districts. While EDD boundaries provide a framework for planning, cooperative projects among EDDs and efforts that focus on a sub-part of an EDD are both common.

4. CLARIFYING OBJECTIVES

Oregon's economic development delivery system must be **highly effective and efficient** given the limitations of our resources (from funding through to contribution of time and expertise by policy and business leaders). Focus needs to be placed on **achieving outcomes, not on process or paper.**

Partnerships between and among all levels of community, business, and government would be required to meet our expectations for efficiency and effectiveness. To operate a highly functioning partnership network we need to:

- Build from the base of existing relationships within our local networks
- Operate from a base of norms, not rules
- Allow for a high level of flexibility in how efforts are pursued at the local level
- Respect and make allowance for the fact that not all areas of Oregon have the same level of expertise, resources or networks
- Have a clear, defined route for businesses to access support and assistance

Most economic development activities are best **implemented as locally as possible**, where ongoing relationships with businesses and knowledge of how to “work the ropes” to accommodate business needs are strongest.

Funding for economic development activities should not be the driver of defining our economic development system. However, we should consider that **funding availability directly influences how fast and far our efforts go** toward building a stable and growing economy. Further, the availability of State funding plays a **pivotal matching role in accessing federal funds** which are important to reaching our economic development objectives.

5. REVIEWING ROLES AND RELATIONSHIPS

Identifying Economic Development Partners

The following outline is not intended to be exhaustive, but rather is meant to serve as a reminder of potential partners that could assist in developing and/or operating an Oregon economic development system.

- ◆ U.S. Government - EDA, USDA,
- ◆ State of Oregon
- ◆ Counties – Association of Oregon Counties
- ◆ Cities – League of Oregon Cities
- ◆ Ports – Oregon Ports Group
- ◆ Tribes
- ◆ Councils of Governments
- ◆ Economic Development Districts (including regional EDD Boards & EDD Committees) – Association of Economic Development Districts
- ◆ Regional Investment Boards
- ◆ Workforce Investment Boards
- ◆ Community Colleges – Oregon Community Colleges Association
- ◆ Local Economic Development Corporations – Oregon Economic Development Association
- ◆ Chambers of Commerce
- ◆ Downtown Development Non-Profits – Oregon Downtown Development Association
- ◆ Urban Renewal Districts – Association of Oregon Renewal Agencies
- ◆ Oregon Coastal Zone Management Association
- ◆ Eastern Oregon Rural Alliance
- ◆ Travel Oregon
- ◆ Special Districts Association
- ◆ Oregon University System
- ◆ Pacific Northwest Economic Development Council
- ◆ Oregon Micro Enterprise Network
- ◆ Oregon Native American Business Enterprise Network
- ◆ Capital Pools
- ◆ Small Business Development Centers – Small Business Development Network
- ◆ Oregon Entrepreneurs Network

Considering Our Unique Roles

Local and State efforts and successes in economic development are completely intertwined. The local economic development partners suggest the following outline of “lead status” is a starting point for clarifying roles and identifying where changes in collaboration and coordination are needed. Considerations that we weighed in our initial sorting:

- Economic development is most effectively implemented where business connections and operations are most apparent – as locally as possible

- Partnerships and networks are typically strongest at the local level where long-term relationships have already clarified operating norms and linkages have been tested
- Capital may not exist at the local level to pursue multiple facets of economic development and/or a community may decide that it is not in their interest to pursue all facets of economic development

State of Oregon Lead could be focused on:

- ◆ Communication out of the State to the world
- ◆ Image (business environment)
- ◆ Promotion of State
- ◆ Web presence – coordination of joint advertising
- ◆ International trade and international market development
- ◆ Traded sector business recruitment
- ◆ Business recruitment and expansion tools and programs (e.g., Enterprise Zone, Site Certification, Brownfields coordination)
- ◆ Business referral point of contact
- ◆ Accessing federal resources
- ◆ Leveraging federal resources – providing match
- ◆ Infrastructure funding – including access to federal funds
- ◆ Capacity building support
- ◆ Training for leaders
- ◆ Industrial site readiness
- ◆ Technical assistance required to pursue grant funds

Local Delivery of State Services could include:

- ◆ Any economic development activity - with priorities and approaches defined locally
- ◆ Coordination of a “Community Service Team” type of approach
- ◆ Business recruitment – trade shows, marketing, training of local officials
- ◆ Retention of existing businesses
- ◆ Development of projects
- ◆ Base capacity – a staff person

Coordination and Collaboration would require, at minimum:

- ◆ Highly flexible network
- ◆ Basic operating norms outlined
- ◆ Clear roles – defined through a very simple agreement

6. EVALUATING SERVICE DELIVERY OPTIONS

Alternative A - Preferred Approach Services by Economic Development Districts

Benefits to utilizing existing Economic Development Districts (EDDs):

- ◆ All of the State is covered by one of the eleven EDDs
- ◆ Federally-designation provides access to some federal planning funds
- ◆ Already working on implementing locally-identified economic development activities, with focus on economic outcomes
- ◆ Prepare and adopt with public hearing a Comprehensive Economic Development Strategy that is updated annually (requirement of federal planning funding)
- ◆ Governing Board is at least 50% local government and work plan must be developed and implemented with private sector, community, and local government guidance (requirements of federal planning funding)
- ◆ EDDs brings power of existing partnerships
- ◆ Most EDDs are integral to network of major economic development partners in their region
- ◆ Many governmental loan funds are already offered through EDDs - provides opportunity to unify multiple players into a one-stop for businesses
- ◆ EDDs offer a government-to-government relationship to State that works under the same operational requirements
- ◆ EDDs already have administrative, staffing, financial, etc. practices in place
- ◆ One common set of capacity services for rural Oregon is possible through the EDDs
- ◆ History of inter-EDD cooperative efforts both on specific opportunities/issues as well as state-wide through the Association of Economic Development Districts
- ◆ Many EDDs have been actively in operation for decades

Issues that would need to be addressed if utilize EDDs:

- ◆ EDDs are different across the State – this would require the State to offer a flexible approach through which each area can define local needs and efforts
- ◆ Limited resources and capacity exist at the EDD level today – some EDDs may need to contract for implementation of some services and/or tool up existing delivery system
- ◆ While EDDs are, in most cases, perceived as highly capable and competent there is a need for improvement to bring all up to the same level of capacity
- ◆ Roles between the State and EDDs have not been defined for many years - a fresh partnership needs to be framed
- ◆ Economic development activities may work better with different/new local partners – EDDs must be flexible and improve their networking, coordination, and collaboration among all economic development entities
- ◆ Requires “Regional Development Officer”-style of liaison to operate effectively. There would also be a need to coordinate closely with the Governor’s ERT coordinators

Evaluation: It would be more efficient and effective for the State of Oregon to leverage existing and federal and local investment in the EDDs than to try to create a new delivery system or attempt to duplicate it with State staff

Alternative B
Services through Other State “Region”
(OECD RDO, GERT, ODOT, etc.)

Benefits to utilizing an existing State region:

- ◆ Focus of business attraction doesn't require or respond to geographic boundaries, so can work anywhere
- ◆ Connects Business Development Officers more closely with local needs
- ◆ Regional Development Officer function is an important link to State efforts
- ◆ State develops power through partnership with region
- ◆ State can serve as an effective “clearinghouse” – requires locally-driven implementation
- ◆ Creates power through partnership development within regions
- ◆ Clarifies State advocacy role

Issues that would need to be addressed if utilize an existing State region:

- ◆ Is State-driven - would need to find a way to harness value-added from local initiative
- ◆ Responds best with an urban/large city base - a different model, framed from an urban-rural plan, would be required in most of Oregon

Evaluation: System could be made more efficient, but effectiveness is still limited. Liaison role (e.g.; prospects to local, larger business issues to State) is important as are multi-agency responses. Blending these benefits with a local delivery system would be ideal.

Alternative C
Services through Counties

Benefits to utilizing Counties:

- ◆ Service delivery would be locally-driven

Issues that would need to be address if utilize Counties:

- ◆ Inefficiency in State having to coordinate with so many entities
- ◆ Counties are not necessarily tied to economic region since boundaries are typically geographic lines - requires a system that could tie multi-area efforts together
- ◆ Many counties lack even basic economic development capacity - requires creation/expansion of staffing and operating systems
- ◆ County video lottery receipts to be used for broadly defined economic development purposes are used differently by each county. In rural areas there is little-to-no play in the county, so there is very little video lottery funding available to the very areas that really need economic development support. Matching these monies with lottery allocation from a Department would be an issue that would need to be dealt with.
- ◆ Most economic development activity is urban, but counties typically focus on non-urban - cities and other key partners would need to be brought in via a new framework
- ◆ Decisions would be framed from a political point instead of strategic point
- ◆ Doesn't feed adequate funding to the most rural areas

Evaluation: Approach doesn't add enough value to outweigh the issues identified. System based on this approach would remain inefficient and perhaps ineffective.

7. EXPLORING STATE SERVICE DELIVERY VIA ECONOMIC DEVELOPMENT DISTRICTS

Gaining Efficiency and Effectiveness

A local approach to delivering State economic development services enables use of a “wholesale-retail” model that would more efficiently and effectively utilize expertise and resources at both the State and local levels:

- ◆ It is important for Oregon’s future that, at the State-wide level, the State focuses on building the critical trade, innovation, and prospect connections required to fuel the economy
- ◆ Conducting multiple, typically smaller, local “retail transactions” takes the State’s focus away from achieving these larger objectives
- ◆ The local level is already providing many/most traditional economic development services and is accustomed to handling routine local development transactions
- ◆ Local knowledge and relationships make it the best place to effectively harness local network(s) for referring businesses and communities to more specialized resources
- ◆ Cleanly separating wholesale and retail activities would reduce duplication of efforts between the State and local levels and result in increased efficiency at the local level

The Strength of Local Partnerships

A locally-controlled intergovernmental approach to delivering or providing development services is a sound strategy for the State of Oregon. Among its advantages, local service delivery:

- ◆ Knows how to best take advantage of the economic development networks and partnerships that have been built over time between private sector, non-profit, community, and local government partners
- ◆ Provides neighboring cities and counties with easy opportunities to share expensive staff in a more financially sustainable fashion over the long term
- ◆ Discourages expensive duplication of efforts among cities and counties in the same region and reduces counterproductive competition
- ◆ Builds relationships among public and private leaders in a region, making it easier to achieve consensus on critical development issues
- ◆ Strengthens local identity over the long term
- ◆ Creates productive relationships between local governments and businesses with economic development strategies that are often more sound
- ◆ Provides the State with a better way to communicate with local government and business interests
- ◆ Directly ties accountability to local leaders who control many aspects of every development project and are typically responsible for following up and meeting future economic development commitments
- ◆ Ensures effective use of partnerships, efficient service delivery, and a bias toward outcomes because staff is directly accountable to key economic development stakeholders

- ◆ Works in a highly responsive, flexible, framework from which emerging opportunities and partnerships can be creatively pursued

Building on a Solid Base

Utilizing the EDDs as the initial service delivery point for local State economic development efforts offers multiple benefits that will allow the State to quickly see economic results. The use of the EDDs also offers increased efficiency for both State and local economic development efforts.

- ◆ The structure for effective local coordination and governance of economic development efforts is in place through the eleven federally-designated Economic Development Districts (EDDs) that now blanket the entire State of Oregon
- ◆ Most of the EDDs in Oregon have been operating for many years, with some having served as a lead economic development partner for more than 25 years
- ◆ Operational structure for EDD status requires significant participation and control by both local government and business leaders
 - EDDs are required to integrate government, community, and private sector input to define and deliver economic development services
 - Governing Boards are structured to provide enough flexibility to accommodate differences within each EDD
 - The operating structure of the EDDs reduces duplication of efforts and counterproductive competition among cities, counties, special districts, the private sector, and non-profits within that EDD area
- ◆ Productive relationships are formed as public and private sectors work collaboratively to develop their EDD's Comprehensive Economic Development Strategy and resulting strategic initiatives are often sounder thanks to this collaboration

Leveraging Public and Private Investments

The EDDs are poised to help the State leverage federal investment:

- ◆ The State of Oregon has the potential to leverage the investment of the U.S. Department of Commerce Economic Development Administration (EDA) planning Districts
- ◆ The U.S. government annually invests more than \$700,000 in EDA planning grant funds provides a base level of economic development capacity in Oregon EDDs
- ◆ Local governments invest additional resources to increase this capacity, with many providing a \$1:\$1 match to the federal planning grant
- ◆ EDDs have a track record of producing tangible results - Looking only at the U.S. EDA's investment since 2000, Oregon's EDDs have secured almost \$30 million in federal EDA funding for economic development projects, leveraging \$1.2 billion in private investment, and helping to create 3,554 new jobs while saving 189 jobs
- ◆ EDDs have other federal networking opportunities that should be coordinated more closely with the state's need for these resources and services

8. DEVELOPING THE SYSTEM

To operate this integrated approach we propose a sorting of which economic development roles are most effective for the State to continue to play the lead on and which are most effectively and efficiently service by the local level. Within this integrated system the State would focus on pursuing critical big picture economic development efforts. The State would implement its other objectives through locally delivered economic development services organized and “retailed” by the existing U.S.-designated Economic Development Districts that blanket all of the State.

Refining the State of Oregon’s Role

This list is intended to include the major deliverables from the economic development efforts of the State that are generally expected by local economic development professionals. The list may not be fully comprehensive, but does provide a starting point for further discussion and refinement. Many of these would be developed in coordination with local partners.

Technology for Economic Development:

- ◆ Oregon Prospector
- ◆ Easy to navigate State resources for economic development
- ◆ Online demographics

Employment Lands: Communities need assistance in efforts to provide adequate supplies of non-retail commercial and industrial lands.

- ◆ Continue State industrial site certification effort
- ◆ Provide liaison(s) to assist locals and businesses in working through State reviews and approvals (primarily DLCD and ODOT)

Marketing:

- ◆ Market the State of Oregon for new, quality employment business investments
- ◆ Target categories of new businesses which will enhance existing clusters of “Oregon excellence” as well as high-skill/high wage business categories
- ◆ Business attraction efforts including trade show organization, community participation recruitment, site selector relationships, public relations program, advertising outreach program, and state image development
- ◆ Publish work plan at least a year in advance (like Tourism Partnership Opportunities document) to allow the opportunity for local coordination and participation

Local Relationships:

- ◆ Provide field staff to work with and serve local communities in a liaison capacity

Economic Development Training:

- ◆ Support professional education for economic developers
- ◆ Provide base information and training vehicles for educating local elected officials on economic development issues and options and on the State’s efforts

Business Retention and Expansion: Strong business retention and support programs for the entire State are necessary for economic vitality.

- ◆ Relay that the State wants to keep businesses that are here as much as it wants to attract new investment by establishing programs that target the expansion and retention of existing businesses
- ◆ Meet federal match requirements for Small Business Development Center Network

Entrepreneurial Climate: Small businesses, along with sole proprietor businesses, can be an effective strategy to support employment and family-living income opportunities. Currently Oregon has a system of severely under-funded small business and entrepreneurial support organizations.

- ◆ Create entrepreneurial business development funding for rural communities to create locally-established businesses
- ◆ Increase funding to the Small Business Development Center Network
- ◆ Increase funding for targeted service providers

Economic Analysis:

- ◆ Refine State, regional, and local economic data and analysis to support targeted economic development strategies
- ◆ Conduct linkage analysis at the State and county levels to highlight opportunities for local businesses

Strong Professional Staffing: The State needs to be able to attract and keep quality employees. Current staffing level is inadequate to excel in economic development.

Communication Needs:

- ◆ Improve communication to the economic development community, to local community leadership, to State stakeholders, to Legislators, to the general public, and, just as importantly, to its employees
- ◆ Some of this must be done through face to face relationships at the community level (note "Local Relationships", above)

Urban vs. Rural Issues: All communities and regions are not equal in Oregon at this point, with many rural areas lacking basic economic development capacity. Rural economic development often requires a different approach from urban economic development.

- ◆ State staff and leadership at all levels need to understand the variety of needs within Oregon

Workforce Issues:

- ◆ Increase the amount of funding at the State level for workforce development
- ◆ Improve the flexibility of State-funded workforce development
- ◆ Address short and near-term workforce development shortfalls, as identified by regional workforce development efforts
- ◆ Provide full-scale community college programs for training and retraining the workforce to better access to specific employer and employee training needs is important

Infrastructure Resources:

- ◆ Improve understanding of State infrastructure funding availability and process
- ◆ Provide clear thresholds to qualify for State infrastructure funds
- ◆ Continue State funding for pre-project planning and feasibility
- ◆ Address the \$10 to 13 billion inventory of needed public infrastructure investments with bond financing for regionally prioritized projects

Local Business Loan Resources:

- ◆ Funding to enhance the capacity of existing revolving loan programs across Oregon by providing re-lendable funds for businesses, especially those targeted to address strategic economic growth opportunities
- ◆ Leverage the existing network of federally funded re-lending programs by providing funds that would be “Oregon mission specific” to start, grow, and retain small businesses
- ◆ Move all business lending to the local level to provide a “one-stop” center for businesses

Integrated Local Service Delivery (see next section):

- ◆ Funding for local economic development capacity: Without knowledgeable economic and community development staff, rural communities can not effectively address the significant challenges facing rural communities to achieve healthier local economies
- ◆ Funding support for economic development staff assistance to provide strategic assistance, especially to small and remotely rural communities
- ◆ Funding of local and regional economic development planning
- ◆ Funding to implement local/regional approved economic development strategies as identified by Comprehensive Economic Development Strategies (CEDS)
- ◆ Funding to meet State-mandated land use requirements, design and construct infrastructure, mitigate wetlands, etc. required to prepare commercial and industrial lands for traded sector business location
- ◆ Funding to gather information and prepare marketing materials required by rural and small communities
- ◆ Support for capacity building and hands-on assistance will be especially critical in smaller communities

Services Most Effectively Delivered Locally

Services Provided: The following “menu” is an indication of the broad variety of initiatives that could be undertaken at the local level as a part of an integrated economic development system. These and other economic development projects and efforts would be defined, prioritized, and pursued at the local level (with “local” being the most local level possible):

- ◆ Retention, development, expansion, and siting (including recruitment) of individual businesses
- ◆ Readiness of industrial and commercial sites and parks to site businesses
- ◆ Availability of business facilities (including flexible manufacturing spaces and business incubators)
- ◆ Redevelopment of Brownfield properties for future business location

- ◆ Catalog of industrial and commercial properties
- ◆ Development and expansion of infrastructure systems required to meet the needs of a specific business development proposal
- ◆ Development and expansion of infrastructure systems required to provide adequate capacity for business development (including telecommunications, transportation access, public utility systems, etc.)
- ◆ Development and expansion of tribal business and port facilities
- ◆ Frame local economic development vision and implementation strategy
- ◆ Form local consensus around specific development proposals
- ◆ Provide entrepreneurial climate, including enterprise facilitation
- ◆ One-stop access to governmental loan funds and development of local capital pools
- ◆ Removal of business barriers and pursuit of common business opportunities, including cluster approach
- ◆ Workforce development
- ◆ Anything else identified at the EDD level as an economic development priority

What Is Not Included: Services that are predominately focused on addressing general community capacity and other general community needs would not be pursued under the system proposed. While these projects are likely important to overall community health, they would fall outside the economic development service system. The decision on whether a project is predominately “economic development” or is a “local capacity/need” effort will be determined as locally as possible, with the final decision at the EDD level where limited resources (staff time, partnership opportunities, funding, etc.) will naturally sort priorities.

Examples of initiatives that, based on local evaluation, might not fit into the proposed integrated economic development delivery system include:

- ◆ Public infrastructure improvements not driven to meet business development requirements
- ◆ General community facilities (Boys and Girls Club, shelter, senior meal site, etc.)
- ◆ Leadership training and development
- ◆ Most community readiness projects

Establishing Outcome Metrics

Recommendation to Shift from “Performance Measures” to “Outcome Metrics”

- ◆ The big picture goal of economic impact is often missed when we focus on “measures” - “metrics” are a statistical standard for measuring or quantifying something else -
 - ◆ What we are counting isn’t significant on its own
 - ◆ What each measure tells us about overall economic impact is important
- ◆ Economic development should be judged on what is achieved (outcomes) not on whether criteria (performance) were met
- ◆ Moving from “performance” to “outcome” is intended to deliberately shift Oregon from a bureaucratic mentality to a results-oriented mentality
- ◆ Concentrating on “outcomes” should also help overcome the issue of “who gets credit” because we are all working on achieving the greater good, not the numbers

Reporting Outcomes: As we shift to a mindset that will focus on economic impact rather than just the raw numbers, we recognize that some form of tracking and reporting on metrics will still likely be looked for by our policy makers. The following outline provides some common metrics that could be gathered, but these are presented with a reminder that it is the overall impact that should be tracked and reported on.

A secondary concern is how to apportion “credit” for results achieved given the collaborative partnership that surrounds almost type of economic development activity. Given that no one entity can typically take credit, we recommend that reporting on outcomes includes a narrative on the role played locally.

Common Metrics: (These are almost verbatim from the State’s “Evaluation Plan” requirements for Regional Investment Strategy development - additions are in *italics*)

- ◆ Leveraging long-term *private sector* investments
- ◆ Maximizing *private sector* moneys leveraged
- ◆ Actual number of jobs created/retained
- ◆ Actual wage levels of jobs *created/retained*
- ◆ Amount of estimated personal income tax generated *from jobs created/retained*
- ◆ Number of industrial sites *and acres* certified as “project ready” *with a view on variety and urban/rural locations*
- ◆ *Number of industrial and commercial sites moved toward development readiness*
- ◆ Number of *business development-related* community capital projects assisted for construction
- ◆ Number of *business development-related* community capital projects assisted for planning
- ◆ *Economic development barriers removed*
- ◆ *Economic development networks established and enhanced relaying partners involved, lead role(s), outcomes achieved*
- ◆ *Number of projects implemented*
- ◆ *Business networks created and enhanced*

Indicators of Economic Impact: How an economic development effort impacted the economy could be relayed through a review of:

- Business starts
- Leverage of other public funding
- Traded sector businesses benefitted
- Leakage prevented
- Import replacement
- Value-added
- Support of locally-owned businesses
- Attraction of outside investment
- Reduced distance to markets
- Economic diversification
- Barriers to economic development addressed

9. REQUIREMENTS FOR IMPLEMENTATION

- 1) Refine Concept: Obtain feedback on this concept from key stakeholders and reframe as required.
- 2) Develop Legislative package including ORS and Administrative Rule changes required.
- 3) Obtain Oregon Legislative Approval: Establish the framework of the system and articulate the State-local partnership via Legislative action.
- 4) Secure State Funding for Service Delivery System: Obtain Legislative authorization of \$4.2 million for the biennium for the EDDs to operate the local service delivery system. This amount represents a State investment of \$3 for every \$1 that the federal government has been investing in these same services (U.S. EDA planning grants to Oregon EDDs totaled \$700,000 in FY 2008).
- 5) Secure State Funding for Economic Development Project Implementation: Obtain Legislative authorization of \$49.2 million for the biennium for funding of priority economic development projects to be implemented through the EDDs under the local service delivery system. This amount represents a State investment of \$3 for every \$1 that the federal EDA has been investing in Oregon (EDA's average investment in Oregon has been \$8.2 million per year since 2000).
- 6) Complete Administrative Rules and Intergovernmental Agreements
- 7) Launch the System

Oregon's Economic Development Districts

1 Columbia-Pacific Economic Development District
 P.O. Box 589
 St. Helens, OR 97051
 Phone: 503-397-3089
 Fax: 503-397-6924
 E-mail: ColPac@WYOregon.org
 Contact: May McArthur, Executive Director
 Counties: Clatsop, Columbia, Tillamook, Washington

2 Willamette Valley Council of Governments
 181 1/2 Street SE
 Salem, OR 97302
 Phone: 503-554-5177 Fax: 503-588-8084
 E-mail: wvcog@wvcog.org
 Contact: Ray Tuesday, Community Development Director
 Counties: Marion, Polk, Yamhill

3 Cascade West Economic Development District
 Oregon Cascades West Council of Governments
 1400 Queen Avenue SE
 Albany, OR 97322
 Phone: 503-252-7465
 Fax: 503-252-6651
 E-mail: cwed@cwed.org
 Contact: Cheryl Sibley, Community Development Director
 Counties: Lane, Linn, Benton, Lincoln

3 Lane Council of Governments
 99 E Broadway, Suite 400
 Eugene, OR 97401-3111
 Phone: 541-682-7459
 Fax: 541-682-4059
 E-mail: sdcg@lanegov.org
 Contact: Steve Dignam, Economic Development Director
 County: Lane

4 CCD Business Development Corporation
 2455 Maple Leaf
 North Bend, OR 97459
 Phone: 541-756-4101 or (toll free) 866-202-5903
 Fax: 541-756-1167
 E-mail: wzaizer@ccdbusiness.com
 Contact: Wayne Zaizer, Executive Director
 Counties: Douglas, Coos, Curry

5 Southern Oregon Regional Economic Development, Inc.
 673 Market Street
 Medford, OR 97504
 Phone: 541-772-8846
 Fax: 541-772-0653
 E-mail: roed@somd.org
 Contact: Ron Fox, Executive Director
 Counties: Josephine, Jackson

6 Mid-Columbia Economic Development District
 515 E 2nd Street
 The Dalles, OR 97058
 Phone: 541-296-2266
 Fax: 541-296-3283
 E-mail: mid@msodd.org
 Website: www.msodd.org
 Contact: Tom Moore, Executive Director
 Counties: Hood River, Wasco, Sherman, Klamath, Siskiyou

7 Greater Eastern Oregon Development Corp.
 P.O. Box 1041
 Pendleton, OR 97801
 Phone: 541-276-6745
 Fax: 541-276-6071
 E-mail: midog@geogov.net
 Contact: Mike J. Duggan, Executive Director
 Counties: Gilliam, Wheeler, Morrow, Grant, Umatilla, Malheur, Harney

8 Northeast Oregon Economic Development District
 101 NE First Street, Suite 100
 Enterprise, OR 97828
 Phone: 541-426-3398
 Fax: 541-426-3038
 E-mail: Lib@neowest@spoodd.org
 Website: www.neowest.org
 Contact: Lisa Dawson, Executive Director
 Counties: Wallowa, Union, Baker

9 Central Oregon Intergovernmental Council
 2383 SW Glacier Place
 Redmond, OR 97756
 Phone: 541-548-9538
 Fax: 541-564-3302
 E-mail: cob@cob.org
 Contact: Tom Moore, Executive Director
 Counties: Jefferson, Crook, Deschutes

10 South Central Oregon Economic Development District
 P.O. Box 1777
 Klamath Falls, OR 97601
 Phone: 541-882-5600
 Fax: 541-882-7548
 E-mail: Contact: Betty Riley, Executive Director
 Counties: Klamath, Lake

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