

FISCAL YEAR 2008

# ANNUAL REPORT

OF THE OREGON ECONOMIC &  
COMMUNITY DEVELOPMENT  
COMMISSION





December 2008

Oregon faced new challenges and new opportunities in 2008. Gas prices spiked temporarily, manufacturing firms faced overseas competition, the markets struggled and consumer price indexes continued to rise. Against that setting, Oregon saw public investment and leadership in diversifying its manufacturing base, strengthening its innovation efforts and nurturing emerging sustainable industries.

In 2008, the state made strategic investments to position Oregon for long-term job growth, as well as to meet short-term business needs. In fiscal year 2008, working with partners all over the state, we helped retain over 3,000 Oregon jobs. And, the department helped create more than 3,500 new jobs—across a broad spectrum of industries—setting the stage for a prosperous future for all Oregonians.

The Oregon Economic and Community Development Commission directs the work of the Oregon Economic and Community Development Department (OECDD), the state's lead economic development agency. This annual report presents key measurement data for the department during the 2008 fiscal year.

One of the year's most important developments occurred in May, when Governor Kulongoski signed an executive order directing the department to realign several of its functions. In response, the commission has called for creation of an Infrastructure Finance Authority (IFA) within OECDD that would be responsible for the program administration of the state Water/Wastewater, Special Public Works and Port Revolving Loan Funds. In addition, the IFA would administer the federal Safe Drinking Water and Community Development Block Grant programs.

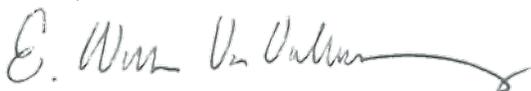
While these programs are critical to the maintenance of infrastructure around the state, the commission feels the combination of these programs with the business retention and recruitment function has contributed significantly to confusion about the department's mission and created unrealistic expectations of its performance. With the proposed realignment, the commission believes OECDD will function more effectively across both its business development and its infrastructure investment activities.

In addition to the realignment proposal, the department will continue to focus its efforts in the next fiscal year upon implementing Governor Kulongoski's vision to create the best-educated, best-skilled and best-trained workforce in America here in Oregon. By doing so, we will attract and retain high-tech and renewable energy companies.

The development of clean technology industries is at the forefront of Governor Kulongoski's agenda as evidenced by the recent solar manufacturing industry recruitments. The department has helped execute a photovoltaic industry marketing plan to recruit more solar companies operating at all points of the production cycle. In the last two years alone, seven solar manufacturers have announced projects in Oregon totaling approximately \$1.5 billion in capital investments and more than 2,000 new high-wage jobs across the state.

The commission is optimistic about Oregon's long-term outlook, and looks forward to doing its part in the coming years to create job opportunities and a high quality of life for all Oregonians.

Sincerely,



E. Walter Van Valkenburg, Chair

Oregon Economic and Community Development Commission

## STRATEGIC STATEWIDE PARTNERSHIPS

OECD works closely with hundreds of partners throughout the state of Oregon to strengthen our statewide economic development strategies. This diagram is intended to represent some of the department's strategic partners.



A message from Director Tim McCabe:

The last year was a productive one for the Oregon Economic and Community Development Department. As we move forward, 2009 promises exciting changes for the department and its strategic partners across the state.

As a result of the Governor's forward-looking vision for the department, we have moved ahead with a realignment of our key business development and infrastructure activities, while placing a renewed emphasis on strengthening our customer service ethic and strategic partnerships.

The department began the six-month realignment project by seeking input from our stakeholders across the state, about what was working well and what needed to be changed in the way the agency's programs were administered. Additionally, targeted workgroups were formed of constituent stakeholders, industry leaders and expert staff to evaluate program areas to provide alternatives to help guide the commission.

One of the commission's key recommendations regarding the state's future development is a more strategic focus on business retention, expansion and recruitment through the provision of a wide range of services to Oregon's businesses and communities. This includes improved service from business development officers located in Oregon communities, innovation services to Oregon's industries and access to international market services from the department's international trade officers.

In support of this realignment effort, the commission recommended a new department mission statement: "Enable the creation, retention, expansion and attraction of businesses that provide sustainable, living-wage jobs for Oregonians through public-private partnerships, leveraged funding and support of economic opportunities for Oregon companies and entrepreneurs."

This new mission statement requires the agency to focus its activities to develop sound economic strategies and utilize the commission's expertise to help to directly create jobs in Oregon thus positively impacting the state's economy. Toward that goal, the department partners with regional economic development organizations to address various economic development opportunities and concerns. In 2009, the department will refocus its efforts on working with these partners to help existing Oregon businesses retain workers and create new jobs.

The department also has sought to integrate innovation into its business development strategy and to partner with those that can help enhance the competitive standing of existing Oregon companies. Recognizing the important role the department plays across the state, we will continue to partner with Oregon's communities to ensure that cities' and counties' needs are addressed and that we can help provide a quality of life that all Oregonians deserve.

Whether long-standing or newly emerging, effective partnerships with businesses, communities and economic development organizations throughout the state are critical as we work to weather and move beyond the current economic conditions facing Oregon.

Sincerely,



Tim McCabe

Director, Oregon Economic and Community Development Department

## KEY PERFORMANCE MEASURES

When reporting to the Legislative Assembly, OECDD measures the performance and success of its programs by ten key performance measures that reflect legislative direction in this area.

Since a large number of economic development results are realized from investments made over a period of time, the jobs listed as created and retained in fiscal year 2008 are from investments made in previous years. These jobs have been verified as actual jobs, not just “proposed” jobs as the department had previously reported. Those

investments made by the department in fiscal year 2008 will, in turn, create jobs in future biennia.

The state income tax revenue is calculated using a formula based upon number of jobs created.

The department remains committed to ensuring investments made by the Legislature will result in the highest rate of return possible. The department’s strategic investments in businesses and communities in Oregon are part of a comprehensive strategy to support and further economic development efforts throughout the state.

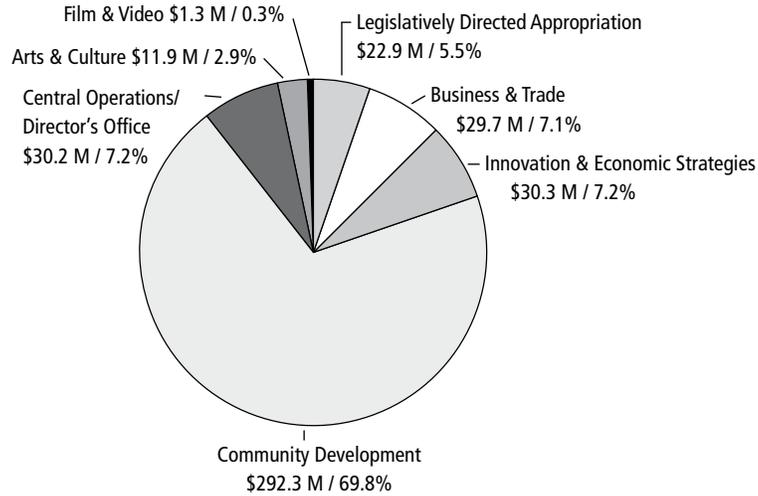
Key Performance Measures (KPMs)			
KPM #	Department Results for July 1, 2007–June 30, 2008	Targets	Results
1	<b>Jobs created</b> —increase in employment by firms participating from OECDD programs (actual jobs for projects that were completed in the fiscal year)	5,525	3,538
2	<b>Jobs retained</b> —total jobs retained by firms participating from OECDD programs (actual jobs for projects that were completed in the fiscal year)	2,975	3,169
3	<b>State income tax revenue</b> —amount of estimated state personal income tax generated by OECDD’s investment in jobs	\$14.5M	\$6.2M
4	<b>Export sales</b> —the growth in sales among Oregon firms assisted directly by OECDD programs	\$12.0M	\$23.6M
5	<b>Small business survival rate</b> —small businesses that remain in business at least four years after receiving assistance from OECDD	70%	73%
6	<b>Small business federal funding</b> —federal small business innovation and technology funding received by Oregon companies as compared to total U.S. funding	1.25%	1.89%*
7	<b>Industrial site certification</b> —number of new industrial sites/acres certified “project ready”	12 site 600 acres	14 sites 994 acres
8	<b>Infrastructure construction</b> —number of community capital projects assisted for construction	50	45
9	<b>Infrastructure planning</b> —number of community capital projects assisted for planning	45	43
10	<b>Customer service</b> —percent of customers rating their experience with the agency as “good” or “excellent”	91%	86.2%

\*Numbers as federally reported for 2006.

# AGENCY BUDGET

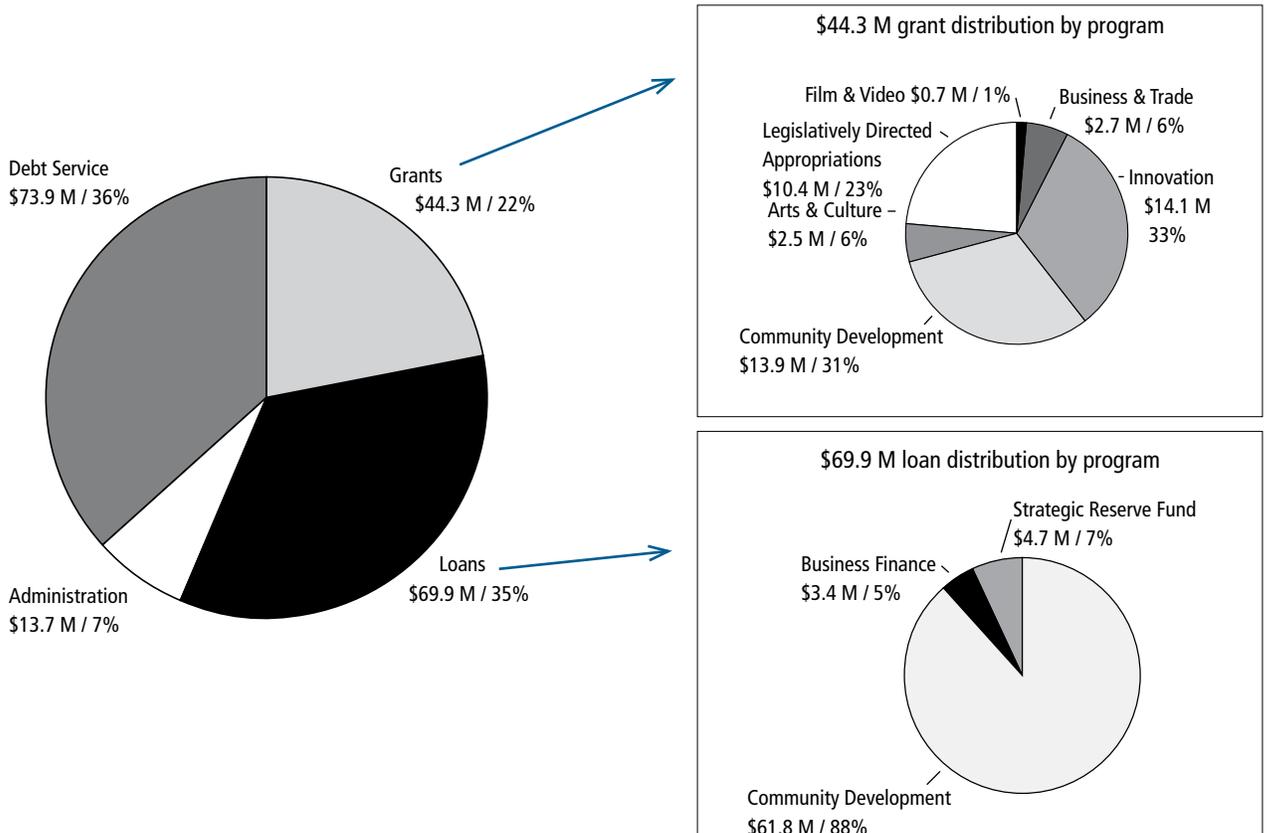
## JULY 1, 2007–JUNE 30, 2009 BIENNIAL BUDGET \$418.7 MILLION

Distribution of funds across department divisions and programs.



## FISCAL YEAR 2008 (JULY 1, 2007–JUNE 30, 2008) EXPENDITURES BY TYPE \$201.8 MILLION

How budgeted funds were spent in fiscal year 2008.



# BUSINESS & TRADE DEVELOPMENT DIVISION



## *Success story*

### **Loan helps preserve jobs, plant in Springfield**

In June of 2007, PW Eagle merged with J-M Manufacturing and collectively became known as JM Eagle. As JM Eagle integrated their systems they decided to shut down the operations in Springfield, Oregon, thereby terminating 40 highly skilled JM Eagle

The Business and Trade Development Division promotes business growth, retention and job creation by removing barriers to industry growth and addressing common industry needs.

Business and Trade Development services include global market access and administration of the Governor's Strategic Reserve Fund, Industry Sector Outreach Fund, Business Retention Fund, Strategic Investment Program and business finance programs. Business development and international trade officers, highly trained program specialists and loan officers work with Oregon firms across the state.

### **Business Development Services**

Twelve business development officers serve as liaisons to all of OECD's programs. Two of these business development officers support statewide recruiting efforts, providing site-selection assistance to firms seeking to locate in Oregon. Ten business development officers connect Oregon firms and industries that have similar interests or corresponding needs. These efforts promote the state's industry cluster strategy and help ensure that the full complement of intelligence, resources and services from across public and private sectors are brought together to meet common needs.

### **International Trade Services**

Four international trade officers in Oregon and overseas trade representatives in Tokyo, Seoul, Beijing, Shanghai and Taipei assist small- and medium-sized Oregon businesses and industries expand their exports of goods and services. International trade officers provide one-on-one business counseling, market research and market entry strategies, and due diligence assistance to identify or evaluate international partners, i.e., agents, distributors and customers.

OECD offers financial assistance, through the Oregon Trade Promotion Program (OTPP), to Oregon companies who seek to take advantage of international trade shows and trade missions to enter new markets or expand sales into existing markets. In fiscal year 2008, OECD leveraged \$6,000 in OTTP funds used by three companies to attend trade shows that resulted in export sales totaling \$217,000, representing a return of more than 36 times the investment made.

employees. JM Eagle continues to operate other facilities in Oregon.

The Oregon Economic and Community Development Department recommended a Strategic Reserve Fund loan of \$50,000 to assist Eugene Pipe, LLC, in starting up operations and hiring back many of the former employees. The availability of experienced workers in the Springfield area was a

major draw for this project and as a result of the rehiring total new taxes of \$151,757 were paid to the state through the contract term. Skilled workers of all disciplines, from equipment design and installation to production, sales and management, were available.

Eugene Pipe is positioned as a leader in the production and sale of PVC conduit in the northwest.

## Small Business Services

Two Small Business Services staff worked directly with the statewide network of Small Business Development Centers to provide services such as information, referral and training to current and aspiring small business owners. Additionally, Small Business Services helped Targeted Service Providers who offer specialized business support services to women, minorities or small businesses in economically challenged communities. Program staff also assist the Small Business Advisory Council, a state-level advisory body that offers guidance on how to maintain a strong economic environment for the state's small businesses.

## Business Finance Services<sup>1</sup>

The Business Finance team provides a range of financing services to businesses and lending partners. These services include revolving loan funds for working capital and term loans; loan guarantees on bank loans; loans for startup businesses; and tax-exempt, bond financing for manufacturers. Specifically:

- **Oregon Business Development Fund (OBDF)** provides direct loans that leverage private capital and provides an incentive for businesses to expand or locate in Oregon.
- **Oregon Capital Access Program (CAP)** provides a form of loan portfolio insurance so banks may make business loans that carry higher than conventional risks while complying with federal and state banking regulations.
- **Oregon Credit Enhancement Fund (CEF)** provides loan guarantees to banks in order to increase capital availability to small businesses.
- **Oregon Industrial Development Bonds (IDB)** are available to manufacturing projects, exempt facilities and non-profit organizations to help in the creation of employment and access to capital primarily for value-added manufacturing.
- **Entrepreneurial Development Loan Fund (EDLF)** offers direct loans to help new businesses get started.

### *Success story*

## Sustainable wood products manufacturer expands to Oregon

The department worked in partnership with New Energy Works Timberframers, Inc., concerning the company's plans to open a West Coast facility. OECDD assisted the company with their site search resulting in a satellite version of its New York facility locating in McMinnville, Oregon.

The department helped the company secure a \$50,000 loan from the Governor's Strategic Reserve Fund (SRF) and it also may qualify for a \$280,000 loan from the Oregon Business Development Fund (OBDF). This assistance resulted in contracts for wood supplied from local firms and at least 10 full-time jobs at a wage level far above the Yamhill County average.

### Business & Trade Development Division investments for fiscal year 2008

Investment Fund/Program	Recipients	Investment Amount
Industry Sector Outreach Fund	14 projects	\$586,583 grants
Strategic Reserve Fund	25 projects	\$9,315,683 loans and grants
Business Retention Service	8 businesses	\$77,500 grants
Targeted Service Providers	12 providers	\$1,350,000 grants
Small Business Development Centers	19 centers	\$2,300,000 grants
Business Development Fund <sup>1</sup>	14 projects	\$3,551,282 loans
Capital Access Program <sup>1</sup>	63 projects	\$170,428 insurance funds
Credit Enhancement Fund <sup>1</sup>	14 new/renewed guarantees	\$4,729,067
Industrial Development Bonds <sup>1</sup>	5 closed bonds	\$16,224,000
Entrepreneurial Loan Fund <sup>1</sup>	2 projects	\$32,000 loans

2,527 jobs were created and 3,165 jobs were retained during fiscal year 2008 through programs administered by the Business & Trade Development Division.

<sup>1</sup>Note: in fiscal year 2009, the Business Finance section and its programs will be fully integrated into the Business, Innovation and Trade Division of OECD.

New Energy Works Timberframers Inc., designs and mills high end post and beam log structures, both commercial and residential. New Energy carved out a niche market through specialization in difficult, heavy timber post and beam structures, incorporating both traditional craftsmanship and computer-aided design processes.



# INNOVATION & ECONOMIC STRATEGIES DIVISION



## *Success story*

### **Innovation initiatives yield new jobs for Oregonians**

In 2008, an independent economic analysis showed that Oregon's efforts to build partnerships between the state's businesses and universities to create innovative ideas, products and jobs have begun to pay dividends.

The Innovation and Economic Strategies Division researches and implements forward-looking strategies that help advance Oregon's economy through innovation-based economic development. Key components of its work include support for the Oregon Innovation Council (Oregon InC) and industry cluster strategies.

The Oregon Innovation Council is the cross-sector leadership team formed in 2005 by the Governor and Legislature to drive the state's innovation strategy. The council's mission is to expand markets for Oregon companies, create jobs across the state and leverage Oregon's strengths to compete in the global economy.

Oregon InC is an important part of OECD's mission, creating a synergy between the innovative ideas of the state's research universities and the know-how of entrepreneurs and business people who can help turn ideas into the next generation of Oregon businesses.

The Oregon Innovation Council's goals remain those identified at the council's inception:

- Increase wages for Oregon workers
- Create new, high-quality jobs for Oregon communities
- Cultivate a stronger research base capable of enabling innovation
- Increase the availability of venture, seed, and private and public capital for Oregon entrepreneurs
- Increase high-value exports

- Grow and sustain high-wage jobs in the state's rural areas, linked to key sectors
- Enhance Oregon's reputation as a global leader in emerging industries including nanoscience, renewable energy, and bio-based products and sustainable technologies
- Make innovation the job of every Oregonian

Oregon InC has identified Oregon's top innovation-driven growth opportunities to maximize the state's competitive advantages and establish Oregon's niche in the global economy. In June 2007, the Legislature approved a \$28.2 million funding package for Oregon InC to invest in seven projects that support innovation in both established and emerging industries:

- **Oregon Nanoscience and Microtechnologies Institute (ONAMI)**—The state's first Signature Research Center, ONAMI facilitates collaboration between private industry and the state's research universities in "green" nanotechnology and energy generation to create the next generation of companies and jobs in Oregon.

San Francisco-based RTI International measured the economic impact of the Oregon Nanoscience and Microtechnologies Institute (ONAMI), the state's first Signature Research Center, which facilitates the collaboration between private industry and the state's universities in "green" nanotechnology and energy generation.

According to the 2008 RTI report:

- Companies that ONAMI funding helped create will generate as many as 608 new direct and indirect jobs by 2011 and as many as 1,363 by 2013. These are not only research jobs requiring four-year degrees, but also include technicians and skilled workers earning family wage salaries.

- **Oregon Built Environment and Sustainable Technologies Institute (BEST)**—Oregon leads the world in green building technology, and Oregon biomass products and biofuels hold promise for economic development in rural communities.
- **Oregon Translational Research and Drug Development Institute (OTRADI)**—The institute is focusing on commercializing vaccines and diagnostics to combat infectious disease. OTRADI already has identified over 50 novel chemicals for possible use in fighting infectious diseases including Malaria and E.coli bacteria
- **Oregon Wave Energy Trust (OWET)**—Oregon has been identified as the best site in the United States for this clean energy, which will create jobs along the coast, provide manufacturing opportunities to build equipment and generate renewable power for the state.
- **Manufacturing Competitiveness Initiative**—This initiative helps provide facilities and training for innovative businesses like wind and wave energy, which need workers capable of translating research into practical, cost efficient designs and products.
- **Food Processing Initiative**—The Northwest Food Processing Innovation Productivity Center (IPC)

helps processors in this \$6 billion industry become more efficient, sustainable and competitive, helping keep good-paying jobs.

- **Seafood Industry Initiative**—The initiative helps industry retain jobs by increasing efficiency and helping launch research into new products.

## Industry Clusters

Cluster and sector strategies build on existing economic development efforts to strengthen Oregon’s economy. These strategies enable the state to provide a more comprehensive and coordinated package of services to businesses. The department supports business clusters by aligning all partners in support of clusters and sectors enabling the state to better respond to the needs of business.

Oregon defines clusters as groups of companies that interact based on systemic relationships among firms and organizations in a region. These relationships are based on common or complementary products, production processes, core technologies, natural resource requirements, skill requirements and/or distribution channels. Clusters are geographically bound and defined by transportation systems, and are linked to the social and cultural values of their communities.

Sectors are generally known as those businesses whose operations can be categorized functionally, such as manufacturing. Industries such as metals, food processing, plastics, wood products can all share a sector, such as manufacturing, between them.

- Oregon’s \$2.5 million investment in matching funds for competitively awarded grants alone has generated a 6 to 1 return on the investment, bringing in \$15.2 million in federal grants since 2006.
- 10 spin-off companies have been formed based on ONAMI technology.

- ONAMI has generated \$77 million in cash inflows to the state that likely would not have occurred without ONAMI. (State costs include \$38 million since 2004, leaving a net economic benefit of \$39 million.)

Oregon businesses matched the state’s contributions 75 cents on the dollar. Business leaders cited three primary drivers of their nearly \$30 million contribution to ONAMI in state-of-the-art instruments, office

## Innovation & Economic Strategies Division investments for the 2007–09 Biennium

Investment Category	Investment Amount
Industry Initiatives:	
• Ocean Wave Energy	\$4.2 M
• Food Processing	\$3.432 M
• Seafood	\$0.9 M
• Manufacturing Competitiveness	\$2.872 M
Signature Research Centers:	
• ONAMI (Oregon Nanoscience and Microtechnologies Institute)	\$9 M
• Oregon BEST (Built Environment and Sustainable Technologies Institute)	\$2.5 M
• OTRADI (Oregon Traditional Research and Drug Development Institute)	\$5.25 M
Total investment	\$28.2 M

space and in-kind services since the program's inception: the importance of forming statewide research alliances, the demonstrated effectiveness and novelty of ONAMI's programs and ONAMI's focus on developing Oregon's research infrastructure.



# COMMUNITY DEVELOPMENT DIVISION



## *Success story*

### **Confederated Tribes of the Umatilla Indian Reservation**

The Confederated Tribes of the Umatilla Indian Reservation received \$1.4 million from the Special Public Works Fund (matched by \$3.5 million in other non-state funds) to extend water and sewer services to the Coyote

The Community Development Division helps communities develop their infrastructure, public facilities and to address their economic needs by creating fiscally responsible funding solutions in a timely manner.

The Community Development Division has six goals:

- Provide infrastructure financing on a timely basis
- Provide local communities with economic development tools and resources
- Deliver services efficiently and effectively
- Advance ports' efforts to promote economic development
- Promote capacity building, emphasizing rural and distressed areas
- Assist landowners to create market-ready industrial sites

Funding programs include:

#### **Community Development Block Grant (CDBG) Program**

The CDBG program utilizes federal funds to support a variety of community facilities, public works projects, housing rehabilitation, services to microenterprises and other businesses where the proposed project will primarily benefit low- and moderate-income persons.

The primary objective of the program is the development of viable communities by expanding economic opportunities and providing decent housing and a suitable living environment principally for persons of low and moderate income. Only non-metropolitan (non-entitlement) cities and counties in rural Oregon can apply for and receive grants.

#### **Water/Wastewater (W/W) Financing Program**

The program provides technical assistance and construction financing for public water and wastewater systems that are needed to meet state and federal water quality standards.

Eligible activities include reasonable costs for construction improvement or expansion of drinking water, wastewater or storm water systems. Eligible systems are those with compliance issues regarding the Safe Drinking Water Act or the Clean Water Act. The fund provides both loans and grants, but it is primarily a loan program.

#### **Special Public Works Fund (SPWF)**

The program, established by the Legislature in 1985, provides loan and grant funding for municipally-owned facilities that support economic and community development in Oregon. Loans and grants are available to municipalities for planning, designing, purchasing, improving and constructing municipally-owned facilities such as water, sewer and road extensions, or buildings or other facilities.

#### **Safe Drinking Water Revolving Loan Fund (SDWRLF)**

The Safe Drinking Water financing program utilizes federal funds to provide low-cost financing for

Business Park located near the interchange of I-84 and Highway 331 east of Pendleton. The tribe owns in excess of 500 acres of industrial-zoned land at this site and will improve approximately 95 acres as a result of this project. The extension of public utilities resulted in two new buildings at this site and helped create jobs at the reservation. Prior to

the project, the median household income per capita at the reservation was \$12,032 (57% of state per capita income) and the unemployment rate was 11%. These improvements and the approximately 260 jobs created helped to generate an estimated \$19 million in private investment.

construction and/or improvements of public and private water systems. This is accomplished through two separate programs:

- Safe Drinking Water Revolving Loan Fund (SDWRLF) for collection, treatment, distribution and related infrastructure. The Safe Drinking Water Revolving Loan Fund (SDWRLF) lends up to \$6 million per project.
- Drinking Water Protection Fund (DWPLF) for protection of sources of drinking water prior to system intake

The program's financing is available to all sizes of water systems that are subject to federal regulations, although 15 percent of the funds are reserved for systems serving a population of fewer than 10,000.

### **Brownfields**

The state-funded **Brownfields Redevelopment Fund** primarily offers low-interest loans with flexible terms to private persons and local governments seeking financing to complete the evaluation and cleanup of brownfields. The sale of state revenue bonds funds the program. A brownfield is real property where expansion or redevelopment is complicated by actual or perceived

environmental contamination. Environmental actions funded through this program must be linked to site redevelopment that facilitates economic development or community revitalization.

The federally-funded **Oregon Coalition Brownfields Cleanup Fund** program also offers low-interest loan and grant financing options for projects on properties impacted by the existence of hazardous substances such as petroleum.

### **Port Revolving Fund (OPRF)**

The Fund is a port loan program for the planning and construction of facilities and infrastructure that promote the maritime shipping, aviation and commercial/industrial activities of ports. Funding may be used for port development projects or to assist port-related private business development projects.

The variety of eligible projects is very broad. These include, but are not limited to, water-oriented facilities, industrial parks, airports and commercial or industrial developments. Eligible project costs can include engineering, acquisition, improvement, rehabilitation, construction, operation, maintenance or pre-project planning. Projects must be located within port district boundaries.

### **Port Planning and Marketing Fund (PP&MF)**

The Fund assists with planning and marketing activities to improve a port's trade and commerce capacity. OECDD issues grants to assist ports in conducting planning or marketing studies relating to expanding their trade and commerce activities.

### *Success story*

## **Special Public Works Fund loan leads to more water and industry**

Ontario's water treatment and mainline piping system was at design capacity and at times peak demand exceeded the potential of potable water production and the ability to maintain proper reservoir levels. In addition, a major biofuel company wanted to locate a refinery in the city. They needed to upgrade the water plant to add new capacity

The project must meet criteria such as: enhance the Port’s ability to conduct trade and commerce; lead to economic diversification through development or redevelopment of existing public facilities; and the funding cannot be used to subsidize regular Port operating expenses.

**Marine Navigation Improvement Fund (MNIF)**

A grant and loan program that provides funding for two categories of projects: 1) federally authorized projects where the federal government provides 75 percent of the funding; the state provides 25 percent match through appropriations made by the Legislature; and 2) non-federally authorized

projects—these are smaller projects that cannot qualify for federal assistance.

**Regional/Rural Investment Program (RRIP)**

The Fund operates as a legislative pass-through of program funds from OECD to 13 regional investment boards throughout the state that direct funds locally for various economic and community development purposes. These purposes included making awards that acted as incentives for private business projects or increased employment.

**Community Development Division investments for fiscal year 2008**

Investment Fund/Program	Recipients	Investment Amount
Brownfields	5	\$243,558 grants
Community Development Block Grant	28	\$10,673,930 grants
Ports	7	\$3,644,500 loans and grants
Regional Investment Boards	13	\$2,000,000 grants
Safe Drinking Water Revolving Loan	15	\$16,616,589 loans and grants
Special Public Works	29	\$20,386,989 loans and grants
Water/Wastewater	3	\$2,870,500 loans and grants

1,011 jobs were created and four jobs were retained during fiscal year 2008 through programs administered by the Community Development Division. While immediate job creation is associated with division-financed projects, the primary purpose of division programs is to assist the overall development of communities across Oregon.

for its existing population and to accommodate new industrial users.

Thanks to a \$4.48 million loan from the Special Public Works Fund (SPFW), the city constructed a new parallel water treatment facility. The new facility, plus new water lines, now allow the city to both serve its residents and attract new industry.



# ARTS COMMISSION, CULTURAL TRUST & FILM & VIDEO OFFICE



## *Success story*

### **Storytelling in the 21st Century**

Technology and storytelling go hand in hand—always have. Now, interactive computer technology offers the power to turn listeners and readers into participants in a way storytellers of an earlier age never imagined.

Perhaps nowhere is that power harnessed more creatively than in an airy loft at the north end of

## ARTS AND CULTURE

OECD staffs the Oregon Arts Commission and the Oregon Cultural Trust. The Arts Commission advocates for arts and culture as cornerstones of community and civic life and bases its work on the understanding that the arts:

- Help us discover who we are
- Bring us together, strengthening communities
- Are critical for our students
- Add value to Oregon's economy

Both the Cultural Trust and the Arts Commission work to ensure that art and culture touch the lives of all Oregonians. Almost six million Oregonians and visitors experienced the arts in 2008, and arts and cultural programs reached 503,000 Oregon youth. More than 21,000 individual artists were involved in programs supported by the Arts Commission.

In 2008, with increased funds authorized by the Governor and Legislature through the CHAMP (culture, history, arts, movies and preservation) initiative, the Arts Commission awarded a total of 217 grants totaling \$1.12 million to Oregon artists and arts groups who matched those dollars with more than \$136 million in other funds. The commission offered new outreach and business training to individual artists in seven distressed counties with USDA Rural Business Entrepreneurial Grant funds. The commission also initiated the Career Opportunity Grant program to enable artists to strengthen their work and ability to market it.

The commission continued to track Oregon's employment and participation in the arts by commissioning through the second *Creative Vitality Index Report* in 2008. Oregon as a state ranks slightly higher than the national average in the *Creative Vitality Index*. However, the workforce development area comprised of Multnomah and Washington counties ranks more than double the national average in creative arts employment.

In 2008, the Cultural Trust, Oregon's innovative mechanism to increase and sustain support for the arts, heritage and the humanities, saw revenues increase by 24 percent to \$4.26 million. The permanent Trust Fund grew to over \$10 million. In fiscal year 2008, the Trust's grants totaled \$1.36 million, an increase of 19.5 percent over the previous year.

Portland's Fremont Bridge. Here, innovative two-way storytelling helped make Second Story Interactive Studios a national leader in its field and a key player in Portland's creative economy. In interactive media, the story flows in two directions rather than one.

"We provide the characters, the stage, music, information, imagery and atmosphere that visitors use to weave their own story," explains Brad Johnson, who founded and runs the

company with wife Julie Beeler. "The narrative is only visible in hindsight, when we piece together the visitor's path—the path that was their history, their story."

Second Story's excellence at both sides of the equation has been put to work for such clients as National Geographic, PBS, the National Archives, the Library of Congress, the Getty Museum, as well as on display throughout the lobby of Gerding Theater.

## FILM AND VIDEO

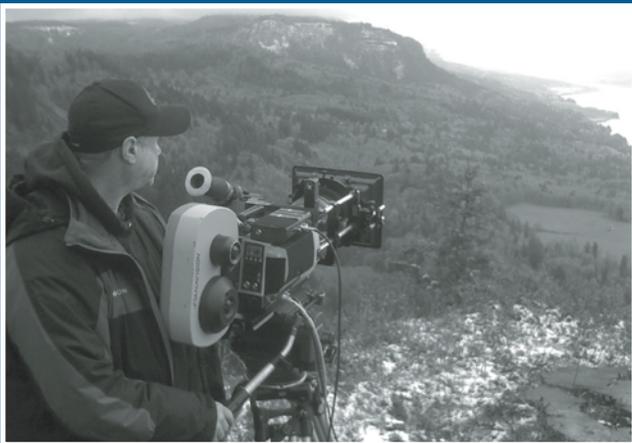
The mission of Oregon's Film and Video Office (OFVO) is to promote statewide development of the film, video and multimedia industry in Oregon and to enhance the industry's revenues, profile and reputation within Oregon and among the industry internationally. With a staff of five full time employees and a 2007–2009 budget of \$1,281,695 the office supports an industry in Oregon that now has a total economic impact of \$1.39 billion<sup>2</sup>. The office supports the industry by:

- Marketing Oregon as a filming location, recruiting out-of-state productions and serving as a liaison to the productions to help navigate permits, access or other production-related concerns.
- Supporting a thriving indigenous film, video and multimedia industry.
- Supporting and advising the state's public and private higher educational institutions as they prepare their students for a future in the media industry.
- Working with other governmental entities to create and streamline filming regulations.
- Serving as a spokesperson for the industry, both within and outside of the state.

The office also is the administrating agency for the Oregon Production Incentive Fund as well as the Greenlight Oregon Rebate program. These two programs created in 2003 and 2005 respectively have become the chief marketing tool for recruiting large out-of-state film productions. Recently OFVO hired the local economics firm ECONorthwest to do an economic impact study for the calendar year of 2007, and the report showed dramatic gains thanks in large part to these two incentive programs. From 2005–2007 out-of-state production spending was up 115 percent here in Oregon, and the indigenous production industry had grown by 62 percent in that same two-year period. The report also showed that the film and video industry brings high wage jobs to the state. The average annual wage for the industry is \$43,527, 10 percent more than the statewide average.

In 2008, several major productions chose to film in the state most notably being the blockbuster hit "Twilight." The success of "Twilight" has elevated the profile of Oregon in the industry, and the office expects to build on this heightened awareness in the coming year. The local animation studio LAIKA completed the first ever stop motion 3D feature film "Coraline" which is due in theaters February 2009. The film is sure to be unlike anything ever shown in theaters and it will showcase the animation talent that now exists here in Oregon.

<sup>2</sup>The economic impact figure is total direct and indirect economic output of Oregon's film, video and broadcast industry according to the 2007 ECONorthwest report.



Filming of *Twilight*. Photo courtesy Oregon Film and Video Office.



## 2008 OREGON ECONOMIC & COMMUNITY DEVELOPMENT COMMISSION

E. Walter Van Valkenburg, Chair

Steve Emery

Carl Talton

Nancy Floyd

Junki Yoshida

Tony Hyde

Rep. David Edwards, Ex Officio

Anne Root

Sen. Betsy Johnson, Ex Officio

## OREGON

ECONOMIC & COMMUNITY  
DEVELOPMENT DEPARTMENT

**Tim McCabe, Director**

775 Summer St NE, Suite 200

Salem, OR 97301-1280

<http://econ.oregon.gov/> • <http://www.oregon4biz.com/>

503-986-0123

**Cover photos from top to bottom:** Inside SolarWorld's production area; photo by SolarWorld. Finavera bouy located off the Oregon coast, conducting research as part of the Oregon Innovation Council's Wave Initiative. Outside of Ontario's new water treatment facility. Second Story "virtual test drive" developed for 2007 Detroit Auto Show; photo by Second Story. Film crew on location at "Twilight"; photo courtesy Oregon Film & Video Office.