



State of Oregon

Economic Revitalization Team

Biennial Report to the 75th Legislative Assembly

January 2009

Executive Summary

House Bill 2011, approved in 2003, asked Governor Kulongoski to establish the Economic Revitalization Team (ERT) in the Governor's Office. The Governor charged the ERT with the following mission:

TO HELP LOCAL GOVERNMENTS AND BUSINESSES INCREASE ECONOMIC OPPORTUNITY AND HELP STATE AGENCIES IMPROVE GOVERNMENT ACCOUNTABILITY BY FOCUSING ON CUSTOMER SERVICE, PARTNERSHIP AND RESULTS.

With the creation of the Economic Revitalization Team (ERT), the Legislature recognized that economic and community development requires coordination across agencies and among levels of government. The Oregon Legislature wisely acted to foster an integrated approach to economic preparedness, an approach not inherently part of the existing, organizational structure of state government where programs were created and continue to largely operate in agency silos. Governor Kulongoski readily embraced this integrated approach and has made certain that the ERT is an effective tool for integrating state and local efforts to advance Oregon's economic position in the global economy. *The Governor*, when asked about the ERT in fall 2008, had the following to say:

"The ERT is one of the strongest, most responsive and effective tools created by state government. A cornerstone of the ERT is that it recognizes and places high value on working in partnership with cities, counties and business. As a result of this approach, the ERT has proven time and time again to be a reliable mechanism for promoting economic and community vitality throughout Oregon. And I know that the ERT must remain an important part of Oregon's arsenal for achieving sustainable, livable communities through good or bad economic times."

THE ERT, A TEN AGENCY TEAM HEADED BY THE GOVERNOR'S OFFICE, COORDINATES STATE AGENCY RESOURCES TOWARD ACTIVITIES THAT IMPROVE OREGON'S READINESS FOR ECONOMIC DEVELOPMENT. The ERT strives to strengthen Oregon's competitiveness by enhancing the ability of individual communities and regions to effectively compete in the ever changing global economy. The work of the ERT is delivered with a customer-service and problem solving focus. The participating state agencies are:

- Oregon Economic & Community Development Department (OECDD)
- Oregon Department of Transportation (ODOT)
- Department of Land Conservation and Development (DLCD)
- Department of Environmental Quality (DEQ)
- Department of State Lands (DSL)
- Oregon Department of Agriculture (ODA)
- Oregon Housing & Community Services (OHCS)
- Department of Consumer and Business Services (DCBS)
- Oregon Water Resources Department (WRD)
- Oregon Department of Energy (ODOE)

During the 2007-2009 biennium, the Governor's ERT office worked with the ten state agencies both at central and regional levels to promote state coordination and problem solving to address locally-identified economic and community development issues. **THE MOST**

IMPORTANT ELEMENT OF THE ERT FRAMEWORK IS ITS NETWORK OF NINE MULTI-AGENCY, REGIONAL TEAMS. The regional teams are lead by the ERT regional coordinators, who serve as ombudsmen to local governments and businesses. The ERT regional coordinators facilitate state agency coordination on industrial sites seeking certification as “project ready” and on other high-priority local projects that positively impact the state’s economy. The regional teams are comprised of senior staff from the ten agencies.

THE ERT COORDINATORS AND MANY OF THE STATE AGENCY STAFF SERVING ON REGIONAL TEAMS LIVE IN THE REGIONS THEY SERVE. This localized placement of state staff and the hands-on assistance they provide to communities contributed to the high ratings the ERT received in the 2008 ERT Customer Satisfaction Survey. Over 90% of survey respondents perceived the timeliness of ERT services, helpfulness of the ERT teams, and knowledge and expertise provided by ERT team members as very good or excellent. The ERT received the highest rating in customer service category of helpfulness of ERT teams, and this demonstrates the value placed on the relationships built between state and local government.

Throughout the biennium, the ERT promoted state agency work across traditional silos of responsibility and in partnership with local governments and businesses to improve Oregon’s readiness for economic development. The ERT worked in partnership with Oregon communities in their efforts to create economically resilient communities. **RECOGNIZING THAT EVERY COMMUNITY IS UNIQUE AND ECONOMIC OPPORTUNITIES MAY VARY, THE ERT REGIONAL COORDINATORS MOBILIZED STATE ASSISTANCE IN RESPONSE TO LOCALLY-IDENTIFIED NEEDS AND WITH THE OVERARCHING GOAL OF ADVANCING OREGON’S ECONOMIC PREPAREDNESS.**

The ERT directed most of its work during the 2007-2009 biennium at the following three focus areas:

- 1) Building and Maintaining a Supply of Project Ready Industrial Lands
- 2) Partnering with Local Governments and Businesses to Further Economic and Community Development
- 3) Promoting Open Dialogue and Breaking Down Agency Silos to Facilitate Economic and Community Development

The ERT remains involved with the state’s Industrial Site Certification Program and engaged in other state-sponsored initiatives to advance industrial development. The ERT also actively supported various local initiatives to address industrial lands supply. The simple but important goal behind all these efforts is to speak with full confidence that *Oregon is open for business*, with Oregon communities and state government ready to support the needs of business retention, expansion, and recruitment and able to procure the benefits of such business activity.

Throughout the biennium, the ERT approach remained nimble and responsive to locally-identified needs. The ERT is not a one-size-fit all program, and, as a result, ERT efforts varied region-to-region and among communities assisted. The ERT focus on coordination and collaboration with local partners during the 2007-2009 biennium continued to strengthen the critical partnership between local and state government. Whether through director leadership tours to local communities, regional team meetings in the communities served, project-based efforts, or other activities, the ERT approach continually stressed the importance of the state-

local partnership to solving complex economic issues and advancing economic and community development projects that benefit local communities and the state as a whole.

Success in economic development very often depends on the ability of state and local governments to achieve alignment of numerous, interconnected variables such as land use, transportation, municipal infrastructure, and environmental conservation. The ERT tirelessly promoted cross-agency training and open dialogue among partners to achieve positive outcomes. This flow of information among state agencies and to and from local partners is of paramount importance to achieving the ERT mission. Information is power and helps the ERT and its partners move beyond the traditional silo structure of state bureaucracy. The ERT agencies are empowered to align state agency programs, and the ERT approach advances the idea of a state government that can speak with one voice in solving problems encumbering economic and community development at the local level.

The ERT was established during a time of economic recession and budgetary crisis, and is clearly positioned to be an integral part of Oregon's economic recovery plans. Time and results have demonstrated that the ERT's efforts are needed at all times, whether the economy is strong or in distress. And while the ERT remains flexible to assisting with yet to be defined economic recovery efforts, the wisest and most efficient approach may be for the ERT to stay the course and remain responsive to locally-identified needs and engaged in many of the same priority work areas in 2009-2011. A sustained focus on improving Oregon's preparedness for economic and associated community development could prove more valuable than an attempt to create new programs or approaches as a short-term reaction to the current economic crisis. The established ERT approach of promoting and valuing community and business partnerships will arguably be essential to economic recovery efforts.

The ERT work plan for 2009-2011, pending other direction from Governor Kulongoski and the Oregon Legislature, is anticipated to include the following priority work areas:

- Increasing the supply, marketability, and retention of viable industrial lands, including promoting the redevelopment of brownfield properties where appropriate.
- Supporting state and local government efforts to grow Oregon renewable energy/"green jobs" portfolio throughout Oregon
- Promoting innovative and coordinated approaches to economic and community development, particularly those that solve problems by integrating land use, transportation, infrastructure, and natural resource planning to achieve sustainable economic development.
- Expediting state permitting and other decision making for key business retention, expansion, or recruitment projects
- Ensuring a high-level of customer service in work with local and business partners
- Working to support economic recovery efforts spearheaded by the Governor or Legislature, as appropriate
- Remain responsive to local needs as identified by communities across Oregon

In summary, the ERT will continue to assist local communities with implementing high-priority economic and community development projects. The ERT will also stay true to its efforts to institutionalize a coordinated, effective problem-solving framework within state government that remains responsive to locally- and regionally-identified needs. In this manner, the ERT will ensure that services and benefits are realized in all corners of Oregon.

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Frequently Used Acronyms List

- DCBS = Oregon Department of Consumer and Business Services
- DEQ = Oregon Department of Environmental Quality
- DLCD = Oregon Department of Land Conservation and Development
- DSL = Oregon Department of State Lands
- ERT = Economic Revitalization Team
- FY = Fiscal Year
- HB = House Bill
- ODA = Oregon Department of Agriculture
- ODOE = Oregon Department of Energy
- ODOT = Oregon Department of Transportation
- OECDD = Oregon Economic and Community Development Department
- ODFW = Oregon Department of Fish and Wildlife
- OHCS = Oregon Housing and Community Services
- OWRD = Oregon Water Resources Department
- UGB = Urban Growth Boundary

Purpose and Organization of this Report

The ERT increases coordination on economic and community development within state government and between state and local government. This report provides information to state legislators and other interested parties that illustrates the role and value of the ERT. The report focuses on activities of the ERT for the 2007-2009 biennium.

Within this report, we provide background information on the ERT, description of key focus areas for the ERT, and case studies on how the ERT works on industrial lands issues, partners with local governments and business, and promotes cross-agency dialogue and problem solving. Examples of ERT activities are provided to illustrate the benefits and the challenges of implementing a coordinated approach to economic and community development. The report concludes with a summary of the ERT efforts for the 2007-2009 biennium and discussion of where the ERT expects to focus for the 2009-2011 biennium.

This report is divided into the following major sections:

- 1) Background on Form and Function of the ERT
- 2) Building and Maintaining a Supply of Market-Ready Industrial Lands
- 3) Partnering with Local Governments and Businesses to Further Economic and Community Development
- 4) Promoting Open Dialogue and Breaking Down Silos to Facilitate Economic and Community Development
- 5) Summary of 2007-2009 Efforts and Looking Towards the Future

1) Background on the Form and Function of the ERT

ERT Role and Function

House Bill 2011, approved in 2003, asked Governor Kulongoski to establish the ERT in the Governor's Office. The Governor charged the ERT with the following mission:

To help local governments and businesses increase economic opportunity and help state agencies improve government accountability by focusing on customer service, partnership and results.

Executive Order 03-02 and House Bill (HB) 2011¹ directed the ERT to play a leadership role in the development and implementation of Governor Kulongoski's 'shovel ready' industrial lands initiative. The centerpiece of this initiative continues to be Oregon's Industrial Site Certification Program, with the Oregon Economic and Community Development Department (OECDD) in the lead role. The ERT continued to work with the OECDD and other partners to promote the

¹ See Appendix 1 for a copy of HB 2011.

Site Certification Program during the biennium and was also instrumental in many other aspects of interagency work targeted at increasing industrial land supply and economic opportunities for Oregon.

The ERT, a team of seven (7) staff headed by the Governor's Intergovernmental Relations Director, uses a customer service-oriented and problem solving approach to economic and community development. Five of the members of the ERT have regional assignments and live in the regions they serve. The ERT field offices are located in Pendleton, Madras, Central Point, Beaverton and Salem. In their roles as ombudsmen to local governments and businesses, the ERT coordinators facilitate state agency coordination on industrial sites seeking certification and on other high-priority local projects that positively impact the state's economy. A sixth coordinator works with state agencies in Salem to promote coordination across agencies and integration of a problem solving mindset into the way state agencies do business. An executive assistant also works out of Salem in support of the ERT Director and staff.

To achieve its gubernatorial and legislative directive, the ERT office heads up a larger coordination effort within state government that consists of ten state agencies. The 2003 legislation directed eight state agencies to participate on the ERT. Five of these state agencies were original members of the Community Solutions Team (CST), a precursor to the ERT, with three brought into the fold pursuant to the 2003 legislation. The Oregon Department of Energy (ODOE) and Water Resources Department (WRD) agencies joined the Team in 2008. The ERT office works with these agencies, centrally and regionally, to promote state coordination and problem solving that is responsive to local needs:

- 1) Oregon Economic and Community Development Department (OECDD)
- 2) Oregon Department of Environmental Quality (DEQ)
- 3) Oregon Housing and Community Services (OHCS)
- 4) Oregon Department of Land Conservation and Development (DLCD)
- 5) Oregon Department of Transportation (ODOT)
- 6) Oregon Department of Agriculture (ODA)
- 7) Oregon Department of Consumer and Business Services (DCBS)
- 8) Oregon Department of State Lands (DSL)
- 9) Oregon Department of Energy (ODOE)
- 10) Oregon Water Resources Department (WRD)

An important element in this larger state agency coordination effort on economic and community development is a network of ten multi-agency, regional teams. The regional teams are comprised of primarily field staff from the ten agencies. The agencies generally assign seasoned staff or mid-level managers to the regional teams. Each ERT regional coordinator facilitates the work of regional teams, and much of the ERT's local outreach and partnering work occurs through the regional teams. See Table 1 for a listing of the ten regional teams and ERT regional office assignments. Figure 1 shows the regional team areas.

REGIONAL TEAMS	COUNTIES	ERT STAFFING
Northwest	Tillamook, Clatsop & Columbia	Beaverton Office
Metro/Hood River	Washington, Multnomah, Clackamas & Hood River	Beaverton Office
Mid Coast/Willamette Valley	Marion, Polk, Yamhill, Benton, Lane, Lincoln, & Linn	Salem Office
Southwest (Upper)	Coos, Curry & Douglas	Central Point Office
Southwest (Lower)	Jackson & Josephine	Central Point Office
Lower John Day	Wasco, Sherman, Gilliam & Wheeler	Madras Office
Central	Jefferson, Crook & Deschutes	Madras Office
South Central	Klamath & Lake	Madras Office
Northeastern	Morrow, Umatilla, Union, Wallowa & Baker	Pendleton Office
Southeastern	Grant, Harney & Malheur	Pendleton Office

Table 1: ERT - Regional Teams and ERT Staff Assignments

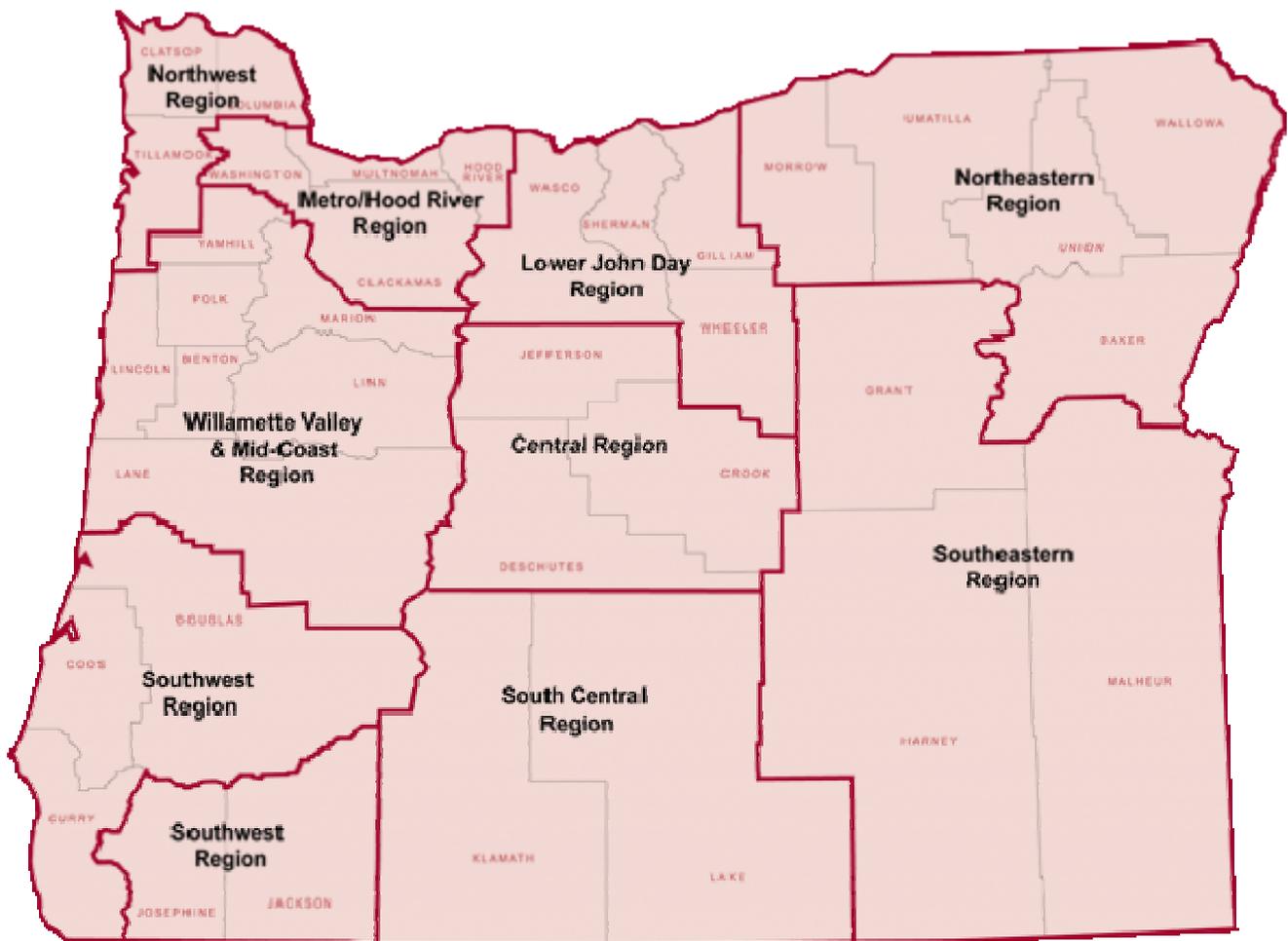


Figure 1: ERT - Regional Map (Regional Team Areas)

Each regional team has regular meetings, often held in and with the communities served by the team. The teams invite special guests to attend as necessary to accomplish their work, including response to local government requests for information and assistance. The current membership for each of the regional teams is available at the ERT website:

http://governor.oregon.gov/Gov/ERT/regional_teams.shtml.

The multi-agency, regional teams are critically important to advancement of the ERT's mission to help local governments and businesses reach economic and community development goals and improve state government accountability through customer service and working through partnerships for results. The regional teams are positioned to work with local partners on high priority projects, with the focus being to:

- Clarify issues, resolve conflicts, and solve problems,
- Coordinate and leverage state technical and financial assistance
- Expedite state permitting processes and assist in coordination with federal permit processes
- Increase local access to state information, expertise, and other resources
- Bring information on local needs and priorities to the attention of state executive leadership

The work across state agency boundaries at the regional-level provides the ERT regional coordinators with a front-row seat to observe where state agency policies, programs and processes can be better aligned or improved for more coordinated service delivery to local partners working on economic and community development. Potential improvements to better connect state agency policies, programs and processes on economic development are brought to the attention of the ERT Director, ERT special projects coordinator, and state agency directors either individually or collectively for follow up action.

DEQ Director Dick Pedersen recently applauded the functionality and value of the ERT framework:

"The ERT exemplifies the best in state government. In these challenging economic times, the ERT is more important than ever. With the Legislature's support and the Governor's leadership, we are streamlining the delivery of state services to local governments, businesses and citizens with a collective focus on jobs, health and sustainability. The ERT has enhanced the state's ability to respond quickly to the needs of Oregon communities and opportunities for growth. One of DEQ's top priorities is excellence in service to Oregonians, and we are proud to be part of the ERT."

ERT Focus for the 2007-2009 Biennium

The overall ERT mission for the biennium was to promote state agency work across traditional silos of responsibility and in partnership with local governments and businesses to improve Oregon's readiness for economic development and to strengthen the preparedness and resiliency of Oregon communities to effectively compete in the ever changing global economy. The ERT strived to work with Oregon communities in their efforts to create economically resilient, culturally diverse, healthy, and vibrant communities. Given the diversity of Oregon communities, and the variability in economic and community development aspirations or needs

of these communities, the ERT maintained the ability to mobilize state assistance in response to local requests while furthering statewide interests in building an economically resilient Oregon.

The 2007-09 ERT work plan (Appendix 2) outlines where the ERT focused its efforts during the biennium. The primary areas of emphasis were:

- Increasing supply and marketability of industrial lands
- Promoting regional planning for employment lands (i.e., commercial and industrial)
- Promoting comprehensive, long-range community planning
- Addressing specific barriers to development of industrial lands, such as wetlands, transportation, and location factors
- Supporting redevelopment of brownfield sites, particular in areas with limited availability of new industrial lands
- Working with communities on locally-driven economic and community efforts, using tools appropriate to the community in question
- Ensuring early coordination and expediting state permitting for high priority business retention, recruitment, and expansion projects
- Promoting cross-agency training for state agency staff to ensure regional teams are best positioned to share knowledge and experience with local and business partners
- Promoting leadership training on local issues, regional differences, the value of interagency and intergovernmental coordination and local needs for state assistance
- Supporting efforts at state and local-levels to consider opportunities to better address climate change

Within this report, specific examples of these work plan components are described in more detail.

2008 ERT Customer Satisfaction Survey

The ERT manages towards a performance measure for customer satisfaction: the percent (%) of customers who rate the ERT process as very good to excellent. The target is set at 90% of customers rating ERT as providing very good to excellent; this serves as a motivator for continually improving state agency service delivery to local jurisdictions and businesses. The ERT conducts a customer service survey on a biennial basis to determine its performance level. The last survey was conducted in 2008. See Appendix 3 for more on the final survey findings.

The 2008 survey gathered feedback on customer service and satisfaction with the ERT. The survey was distributed to county commissioners and judges, mayors, city managers, city councilors, local economic development managers, special districts, ports and other ERT partners. Survey participants were asked to respond with a rating of poor, fair, very good or excellent with customer service measured using the following parameters:

- Timeliness of Services Provided
- Accuracy of ERT Accuracy
- Helpfulness of ERT Employees
- Knowledge/Expertise of ERT Employees
- Availability of Information Via the ERT
- Overall Quality of Service Via the ERT

Summary for ERT

Nearly nine out of ten local participants in ERT projects perceived the services provided as good to excellent. The ERT received the highest ratings in the survey categories of "knowledge/expertise" and "helpfulness" of employees. This is evidence that customers view ERT representatives as experts in the field, and this allows the ERT to build and maintain trust-based relationships. Figure 2 show the 2008 ratings for the customer service parameters.

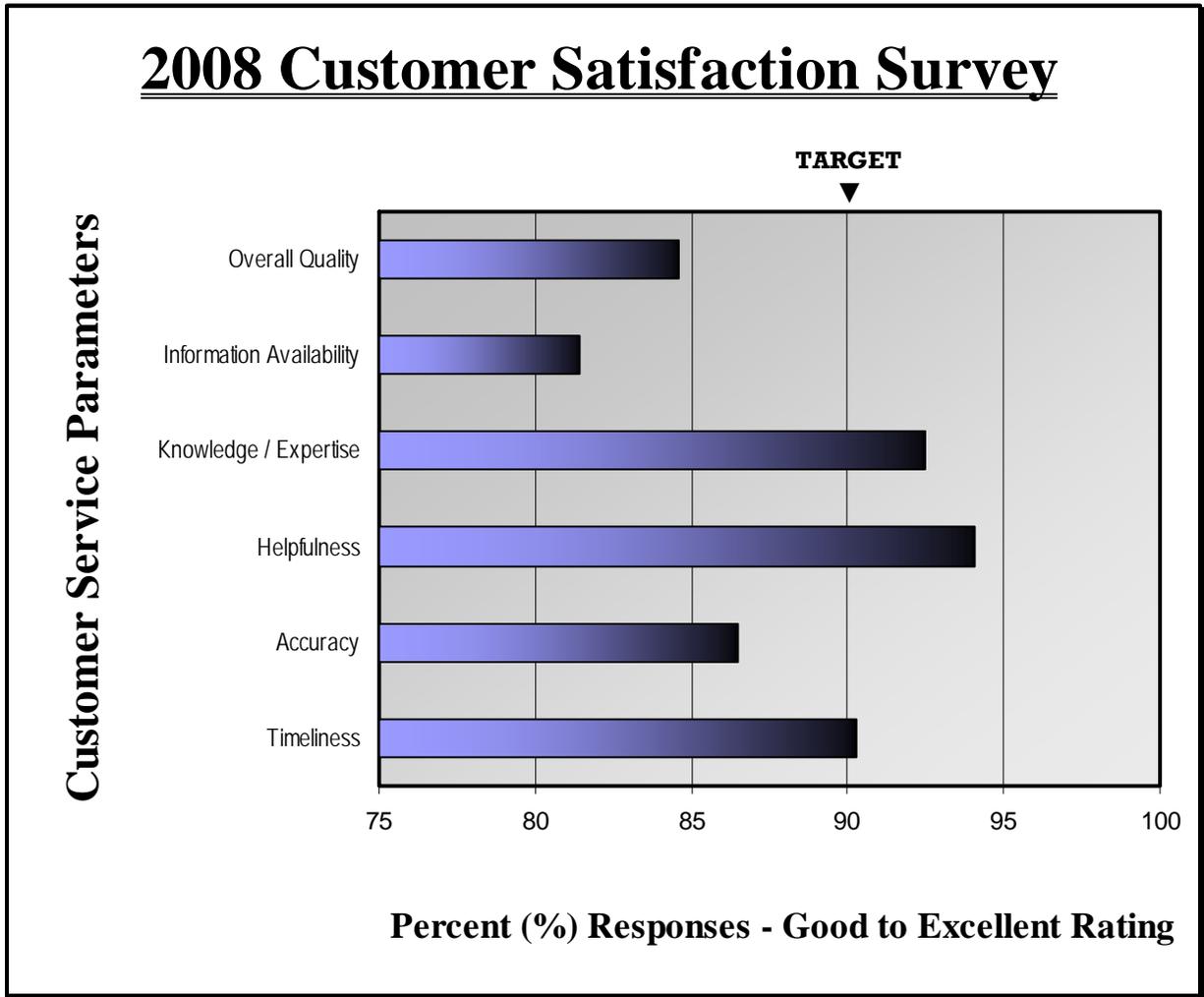


Figure 2: ERT Customer Service Ratings Compared to 90% Target

Results from the 2008 survey are in line with customer satisfaction surveys the ERT conducted in 2002, 2004, and 2006 when overall ratings of good and excellent were at 84%, 87%, and 90%, respectively. The following graph (Figure 3) shows the 2008 survey findings and compares those findings to the similar survey completed in 2006. The earlier ERT surveys did not measure customer service using the same parameters.

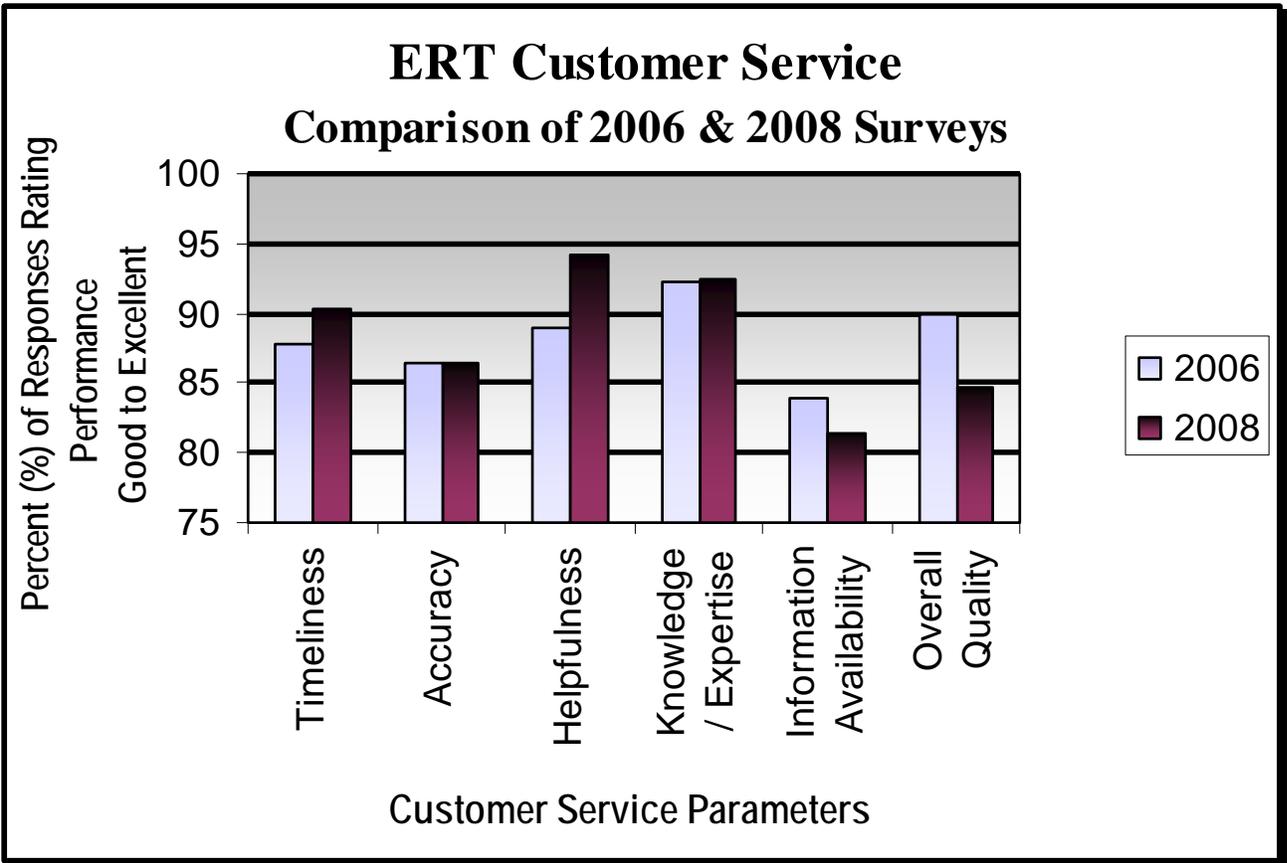


Figure 3: 2006 & 2008 Customer Satisfaction Survey Results – Good to Excellent Service Ratings

Various factors could account for the high marks the ERT received from its customers in the 2008 survey. For the most part, the ERT becomes engaged in local projects that are complex, and many of these projects have long standing issues that are beyond the scope of traditional, individual state agency processes to resolve. One possibility for the high rating of the ERT for customer service is that the ERT coordinators and the ERT process often play a key role in facilitating resolutions to tough issues and, in some instances, bring a project that has run into problems to a successful conclusion.

At an 81.4% good to excellent rating, availability of information received the lowest rating of all the areas of customer service measure. This particular rating was 84% in the 2006 customer satisfaction study. We do not deem the difference between 2006 and 2008 studies as significant, but the fact that this area received the lowest rating again in the 2008 study warrants an examination of outreach efforts that might help to improve ERT performance in this area.

Survey Responses for Individual ERT Agencies

The Legislature directed other state agencies to evaluate the services they provide through the ERT process. For example, the 73rd Oregon Legislature directed DLCD, DEQ and DSL to develop ERT-related performance measures. In the 2008 customer satisfaction survey, the ERT office worked with OECD, DEQ, DLCD, DSL, and ODOT to ask customers about issues worked on with the

ERT and to rate individual agency involvement in the ERT process. The issue areas by agency were:

- Infrastructure/Site Certification/Business Retention & Recruitment - OECDD
- Environmental Permitting - DEQ
- Land Use - DLCD
- Wetlands/Waterways - DSL
- Highway Access/Construction - ODOT

For each of the five agencies, the ERT survey asked participants:

◆ *Did the local project the ERT worked on with your community involve one or more of the following issues? (land use, environmental issues, wetland or waters of the state, or highway access, construction) issues.*

AND

◆ *How do you rate the [respective agency(ies)] involvement in the ERT process?*

Responses to this question indicate that more than 70% of ERT projects statewide involved land use and/or infrastructure, site certification, or other business retention/recruitment issues. Nearly 60% of the projects involved highway access/construction issues. Approximately 40% involved environmental permitting issues, while over 30% involved impacts to wetlands or waters of the state. Many of the survey respondents indicated that they worked closely with two or more of the state agencies on these primary issue areas as part of an ERT-coordinated project.

When comparing survey responses for the ERT with those for individual state agencies, participants generally rated individual agencies lower than the ERT as a whole. Figure 4 (next page) illustrates how the ERT and these five agencies compared on overall customer satisfaction ratings. But in all cases, the individual agencies received more good to excellent ratings from customers than fair to poor ratings. Also important to note is that, for the four agencies (DEQ, DSL, DLCD, ODOT) participating in the ERT customer satisfaction surveys in 2006 and 2008, each agency showed an increase in the total number of good to excellent ratings received from customers when comparing 2006 results to 2008 results. The 2008 survey results demonstrate the importance of customer service to these ERT agencies. Since OECDD was not involved in the 2006 survey, we cannot make comparisons between the 2006 and 2008 surveys for that agency.

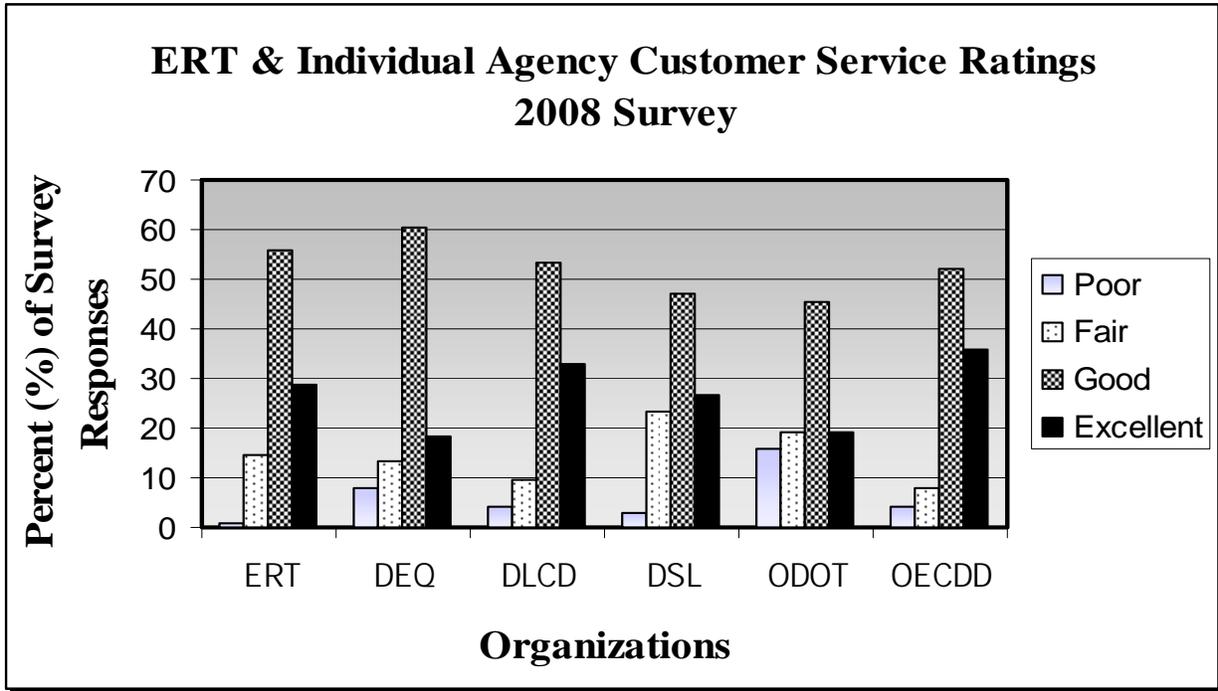


Figure 4 – Comparison of Customer Satisfaction Survey Results for ERT and 5 State Agencies

Based on the overall survey ratings, local government customers recognize the value of the ERT, particularly its ability to bring people together to solve difficult economic and community development problems. We continue to see strong support for the ERT approach from local elected officials and other community leaders. Provided here are just a few examples of how state and local partners view the ERT:

“The ERT Team that attends our Lower John Day Partnership meetings has been very valuable to me as a new member of our county court. One of the most valuable things the ERT Team has done for us during my short tenure is the bringing together of directors of state agencies to our local counties. We held a very beneficial lunch together. This provided us the opportunity to meet the directors and for them to hear of our special needs. Rural counties appreciate the opportunity to address issues and if necessary to provide a visual view of any problems in our home counties.” - Pat Shaw, Gilliam County Judge

“The Economic Revitalization Team is a useful tool to county government in cutting through the “red tape” of state government. Local government is able to use the person and the voice of the local ERT representative to demonstrate to constituents and taxpayers that someone from state government cares, someone from state government listens and someone from state government is available to listen. There is nothing more frustrating to the average person than to encounter a bureaucrat with a rule book. The personal touch ERT representatives bring to the table is essential to building the credibility of state government and ensuring ongoing trust. [The ERT representative] is always just a phone call away. By contrast, Salem is a six-hour round trip and light years away in terms of its ability to grasp the situation on the ground.” - Scott R. Cooper, Crook County Judge

2) Building and Maintaining a Supply of Industrial Lands for Oregon

The adequacy of Oregon's supply of industrial land is a recurring topic in considering Oregon's economic preparedness. The Industrial Lands Taskforce established by Governor Kulongoski in 2003 looked at this issue and concluded that the state's land use and infrastructure financing systems, as applied, have not consistently met the mandate for an adequate supply of industrial lands. The Taskforce concluded there is a significant lack of certain types of market ready industrial lands in some areas of the state, with many jurisdictions lacking a 20-year supply of industrial land. However, the Taskforce also concluded that this is not a universal problem, with some areas of the state having sufficient industrial lands to address short- and long-term needs. (For the Taskforce report, go to http://governor.oregon.gov/Gov/ERT/about_us.shtml)

Since that time, the state and local communities have taken a variety of paths to address industrial land needs, and the ERT has actively engaged to facilitate cross-agency coordination and state-local partnerships.

The ERT remains involved in work with the Industrial Site Certification Program and various local initiatives to address industrial lands supply. The simple but important goal behind all these efforts is to speak with full confidence that Oregon is open for business, with Oregon communities and state government ready to support the needs of business retention, expansion, and recruitment.

Update on Industrial Site Certification Program

The state's Industrial Site Certification Program remains particularly important to Oregon's competitiveness in the market place because it gives prospective businesses the confidence that a site will meet their development needs and an increased level of certainty about the timeframe for moving development forward on these sites. Governor Kulongoski has consistently recognized the value of the state's certification program, and a growing inventory of certified sites has allowed the Governor and OECD to better market the state nationally and internationally. Since the inception of the certification program, the ERT, with OECD as the lead agency, has been actively involved in the "project ready"² certification of industrial lands across Oregon. ERT involvement is important due to the need for interagency coordination and state/local cooperation to achieve ongoing success in the certification program. The types of issues that must be addressed for any given site to be certified speak to the complexities faced by government and business:

- Transportation improvements
- Upgrades to sewer/water systems and to her infrastructure
- Land use actions
- Wetlands mitigation
- Clean up of environmental contamination

Each of the above mentioned activities falls under the authorities of separate state agencies, illustrating the limitations of state government's historical organizational structure and the need for cross-agency coordination. Since the old adage time is money remains true in today's

² Project ready site certification means that construction can begin on a site within 180 days (six months) or less after being chosen for development

economy, a statewide inventory of “project ready” certified industrial sites gives Oregon a competitive advantage in the regional and global marketplace. Industrial sites that have all the barriers to development identified or removed through the ERT approach have proven to be attractive to major employers. Examples of businesses that have developed on certified lands include Lowe’s in Lebanon and Genetech in Hillsboro. Other businesses have expanded their operations on certified sites, such as the Umpqua Dairy building a warehouse facility in Central Point.

From FY 2004 to date, the ERT agencies have ushered 61 sites, totaling more than 4,300 project ready, developable acres, through the certification process. Twenty (20) sites were certified in total during FY 2007 and FY 2008. Twenty-five (25) of the 61 certified sites, totaling over 1,400 acres, have been or are under development. For a complete listing of Oregon’s certified industrial sites, see Appendix 4. The development on certified sites has brought millions of dollars in private investment to Oregon. OECD staff estimates the number of jobs retained or created from the development of these sites is currently at about 3,400. Most of the jobs meet or exceed county average wages.

Despite the success of the current Industrial Site Certification Program, the ERT agencies recognize that the state needs to do more to increase Oregon’s inventory of sites and also the diversity of sites within that inventory to enhance our competitiveness and preparedness for economic development opportunities. Economic and community development partners statewide continue to support the certified lands program but also point to Oregon’s limited inventory of industrial sites as a constraint on business retention, expansion, and recruitment. OECD staff can point to numerous examples by community, with issues that include:

- Communities out or nearly out of viable, developable industrial sites,
- Communities with sites that are severely constrained by wetlands,
- Many communities only have small-size sites (e.g. less than 50 acres)
- Limit on large (>100 acre) sites available statewide
- Continuing need to develop brownfields in key market areas,
- Lack of local and state funding for the sewer, water, and transportation infrastructure needed to support development of industrial sites,
- Not enough sites or sites of the right size available along major transportation corridors,
- Potential lack of sufficient utility infrastructure to support certain industry clusters, such as the clean-tech/energy sector
- Questions about the conversion of suitable industrial lands to other uses through local rezoning of sites for commercial or residential uses

To address these issues, the ERT agencies need to work in the remainder of the 2007-2009 biennium and into the new biennium to develop a renewed, comprehensive policy for industrial lands that will facilitate the discussion of and planning for how to address current and future economic development needs. The initial need is to identify the industries Oregon is targeting and the kinds of sites needed by these industries. The next step is to formulate a comprehensive, statewide strategy to ensure an adequate supply of industrial sites for all regions, whether the sites are certified or not. Some of the key areas that must be examined include land use, transportation, infrastructure, regional strategies, and agriculture. The ERT office proposes that staff from ERT agencies work, with leadership provided by OECD, to implement an Industrial Lands Policy in the 2009-2011 that includes:

- Strategic state action to promote creation of large sites of statewide significance for job creation
- Leverage of existing and new infrastructure investments to support industrial site development
- Consideration of the unique needs to key cluster industries while ensuring the health of all sectors of the economy, including agriculture and tourism
- Planning for flexibility and future reuse of sites to maintain Oregon's competitiveness in national and global markets
- Addressing the conversion of viable industrial lands to commercial or residential uses

Update on Brownfields Redevelopment

In the ERT's ongoing efforts surrounding industrial land availability, the goal of promoting the reuse of existing industrial brownfields remained an important focus throughout the biennium. A brownfield is real property where expansion or redevelopment is complicated by actual or perceived environmental contamination. Brownfield sites are often strategically located in communities such that reuse for industrial uses is ideal if the site cleanup can be appropriately addressed. The benefits of redeveloping brownfields include:

- Promoting economic development
- Enabling efficient land use
- Minimizing the construction of new infrastructure
- Facilitating the resolution of environmental justice issues
- Protecting environmental and human health
- Limiting the need to convert undeveloped or agricultural lands to industrial use

Over the past eight years, brownfield redevelopment has been factored in as part of site certification efforts. In addition, state brownfield redevelopment funds were used for environmental assessments and/or cleanup needs of former industrial lands in the Interstate 5 and Interstate 84 corridors, with the intention of bringing these properties back into production as fully utilized industrial lands. Due to a variety of factors including restricted industrial land supply, population growth, and business demands, there has been more momentum among government and business partners to address brownfields redevelopment in the Portland metro area compared to other regions. For example, a number of industrial property owners in the Portland Metro area – most notably the owners of the 15-acre former Pacific Carbide site, the 6-acre former Chas Lilly Pesticide Manufacturing Facility, and the 14-acre Oregon Fir site– have invested substantially in the environmental cleanup of their sites. Another major effort evolved around the need for, cost of, and uncertainties related to environmental cleanup of the Portland Harbor Superfund site and how the status quo situation has represented a major constraint to waterfront site redevelopment. A group of stakeholders representing the City of Portland, Portland Development Commission, Port of Portland, Portland Business Alliance, Columbia Corridor Association, and OECDD met in 2007 and formed the Harbor Redevelopment Initiative (Harbor ReDI) Project. The immediate goal of Harbor ReDI is development of a range of processes and tools to assist property owners with the cleanup and redevelopment of the upland brownfields properties most impacted by the Portland Harbor Superfund while ensuring that responsible parties remain responsible for the costs associated with cleanup in the Harbor Superfund Area.

Brownfields redevelopment was also promoted in other regions, with involvement of regional ERTs where appropriate. Some highlights for the biennium are as follows:

- Port of Coos Bay – Weyerhaeuser Property Acquisition, state grant provided to assist the Port with completing its environmental due diligence necessary as part of acquisition agreement.
- Pacific Carbide – 15.6-acre industrial site located on Columbia Boulevard ½ mile from intersection with I-5, served with a rail spur. Low-interest loan to property owners to assist with removal of 44,000 cubic yards of petroleum impacted lime that covered approximately 6 acres along with cleanup in the Columbia Slough.
- Sutherlin Industrial Park II – 43 acres in Douglas County – State grant provided to assist in industrial land assessment. Work included Phase II environmental site assessment resulted in Decision Memo from DEQ detailing cleanup actions sufficient to meet 180-day requirement for certification. Wetland issues on the property continue to be worked.
- Avison Industrial Site – 25 acres – Molalla – Phase II environmental site assessment resulted in Decision Memo from DEQ detailing cleanup actions sufficient to meet 180-day requirement for certification. The property was certified as project ready in 2008.
- Henningsen Industrial Site – 24 acres – Forest Grove – State grant provided to assist in industrial land assessment. Work included Phase II environmental site assessment, which resulted in Letter of No Further Action from DEQ.

OregonProspector.com – Internet Access to Industrial Lands Data

Oregon Prospector is Oregon's official web site for those interested in relocating or expanding a business in Oregon see <http://www.oregonprospector.com/>. OECD maintains and promotes the website, but the site can also be readily used and promoted by regional ERTs. The website, which serves to connect businesses quickly to information about available industrial sites in Oregon communities, underwent an upgrade in fall 2008. A business can conduct background research through Oregon Prospector on suitable sites for its operations, with filters possible on a statewide, county, or city basis. Businesses can search only for certified industrial sites or can search for any industrial property that is for lease or sale. The search criteria allow for selection of the property type (e.g., vacant land, existing building, warehouse, etc.) and size (sq. ft. for buildings, acres for land). The information provided for each site in the database includes a location map, an aerial photograph, a property description, an amenities description, infrastructure information, and a community contact for more information. Local communities can link their websites with Oregon Prospector, further building upon the information available to site selectors and businesses. Oregon Prospector is an incredibly important tool for Oregon's efforts to promote business expansion and recruitment.

Assisting Communities with Industrial Lands Supply – Case Studies

The following case studies illustrate the value added by the ERT to local government efforts to secure adequate industrial lands. The ERT office, ERT regional coordinators and ten state agencies engaged to help local partners address this fundamental aspect of economic preparedness.

Partnering with the Confederated Tribes (Umatilla Indians)

Of special note for the 2007-2009 biennium is the first initiative to certify a Tribal government site under the Industrial Site Certification Program. The site is located on the Umatilla Indian Reservation. The Tribe is proposing to certify the Coyote Business Park, over 50 acres of prime industrial property located north of Pendleton that sits adjacent to Interstate 84. The opportunity that this site has brought to the ERT is to work with a tribal government to ensure that Oregon's standards for certification are addressed but in a manner that recognizes the sovereign government's responsibility for their own land use regulations, transportation system, zoning and planning, etc. Once the site is certified, the Tribe will use their existing tribal Enterprise Zone designation to recruit and attract business to their industrial park.

Marketing and Development (Salem Mill Creek Industrial Park)

The Willamette Valley ERT and the ERT Director have been involved at various critical junctures in the city of Salem's multi-year efforts to create and develop the Mill Creek Corporate Center and the Salem Renewable Energy and Technology Park. The ERT role has varied over time but with a constant focus on ensuring effective intergovernmental communications and problem solving to keep efforts moving forward. A few examples of regional ERT team involvement include: DEQ environmental site assessments, DSL expedited wetland delineation reviews and permit processing services, DLCD work with the city on rezoning, and ODOT engagement on transportation planning. Other Governor's office staff and the current OECD Director played key roles in the development of business recruitments to the sites.

The 600 acre Mill Creek Corporate Center, located in Southeast Salem with easy access to Interstate 5 and Highway 22, is the result of an innovative collaboration between the state and the City of Salem. The Center involves state and city-owned property, with land leased or sold under guidance from the city in sections to support new industrial development. The city and state aim to promote high quality development in concert with consideration of environmentally sensitive areas. When the site is fully developed, over 100 acres of open space will be enhanced to provide storm water retention and wetland mitigation for the surrounding development. Restoration of the open space area will occur in phases, to keep pace with the development. The Center incorporates two certified industrial sites, of 146 and 51 acres respectively. Successful recruitments to date include a 50,000 square foot distribution center for Federal Express. Plans are underway to construct 600,000 square feet of building space and associated infrastructure, with tenants able to occupy this space in 2010. The city reports that

the Corporate Center, when fully developed, is expected to generate \$400 Million in private investment and create over 5,000 new jobs over the next 15-20 years. ³

The ERT also continues to partner with the city of Salem on development of the Salem Renewable Energy and Technology Park. This 80 acre parcel at Gaffin Road is a certified industrial site. Sanyo will be the first tenant, building an \$80 million solar cell manufacturing plant. The solar plant, announced in fall 2008, will bring 200 family-wage jobs to Salem.⁴

Agriculture Cluster **(Yamhill County)**

Supported by funding from the DLCD and participation by key ERT agencies (DEQ, ODOT, DSL, ODA), Yamhill County is spearheading an effort to promote regional economic and community development by increasing the level of certainty for investors interested in establishing or growing businesses tied to the agriculture industry. The ODA took a lead role for ERT with project design and contractor procurement. The ERT also offered its assistance with the convening of a work group for the agriculture cluster project. The work group includes industry groups, the ERT agencies, Travel Oregon, Yamhill County, and the cities within the county. The workgroup is assisting the county with securing funding for and development of an economic opportunity analysis. The analysis will pull together critical information about land needs and available site inventory, employment projections, site suitability, infrastructure needs, current land use policies and codes, and private and public investments needed to promote and guide private sector activity in the agriculture cluster. Once an economic opportunity analysis is completed, the ERT will very likely be involved in helping the county and cities with implementation efforts.

Industrial Lands Project **(Burns and Hines)**

Employment growth in Burns, Harney County's largest community, has long been constrained because the majority of their zoned industrial lands are located within the Silvies River floodplain. When the Louisiana Pacific Mill in neighboring Hines closed in 2007, Burns, Hines, and Harney County requested assistance from the Southeast ERT to identify marketable industrial land to meet the area's long-term employment opportunities and replace jobs lost by the mill closure.

The regional ERT met with the cities of Burns and Hines, Harney County, and the Burns Paiute Tribe and determined that updating the Goal 9 (Economic Opportunities) element of the Burns comprehensive plan was the most effective way to meet the area's need for marketable industrial lands. OECD engaged to help the communities identify potential economic opportunities and justify the need for 100 acres of new industrial land. DLCD helped identify 100 acres inside the Burns UGB for rezoning from residential to industrial. Sewer, water, and transportation infrastructure can efficiently serve these lands. ODOT has delayed an

³ See <http://www.cityofsalem.net/Departments/UrbanDevelopment/DepartmentProjects/Pages/MCCC.aspx>

⁴ Source: Statesman Journal article, October 8, 2008, **Solar-cell factory to bring 200 jobs - Salem officials hope Sanyo plant will attract others**, by Michael Rose

intersection improvement on US 20 that provides access to the site so that assistance can be provided to the city on a traffic impact analysis. This analysis will determine whether traffic reasonably anticipated because of the zone change will require transportation improvements beyond what is included in the current ODOT project. Once the traffic impact analysis and zone change are complete, the city intends to work with OECDD and other ERT agencies to secure certification of the new industrial lands under the Industrial Site Certification Program.

The county and cities have all expressed appreciation with the ERT assistance in addressing local needs for economic preparedness. **Steve Grasty, Harney County Judge**, summed up the local sentiment when he said:

"The ERT has been in great to work with. They've really taken the lead on helping us find usable industrial land."

Addressing Industrial Land Needs (Wallowa County)

Wallowa County has a shortage of industrial lands of adequate size that can be easily served with water and sewer for new and expanding businesses. The 2007 closing of the Wallowa Forest Products mill in Wallowa spurred the Lower Valley Economic Development Group, the City of Wallowa, and the Northeast ERT to begin investigating economic opportunities for the region including a look at the county's industrial land needs.

With assistance from the regional ERT, the group focused on supporting efforts for the City of Wallowa to acquire a 57 acre former mill site located inside the city's UGB for industrial and public purposes. The site is a brownfield, sitting idle since the 1960s. OECDD funded an appraisal to determine the site's market value. DSL completed a wetlands determination highlighting what parts of the site could be undevelopable because of wetlands issues. DEQ committed to performing Phase I and II environmental assessments to assist with environmental liability management and will assist with obtaining and managing cleanup grants if any cleanup is necessary. The ERT also facilitated involvement by the Oregon Parks and Recreation Department (OPRD), an agency that is not officially part of the ERT. OPRD was engaged to help the city on a grant for funds to purchase parts of the site for public use, including baseball fields and a pathway along the Wallowa River that could eventually connect to the proposed Nez Perce Interpretive Center. The City of Wallowa has forwarded a proposal to acquire the site and hopes to have a response by late 2008.

In addition to assisting the city with property acquisition, the ERT focused on helping Wallowa County address regional industrial lands needs. DLCD has given Wallowa County a regional Goal 9 (Economic Opportunities) grant to determine industrial and commercial land needs for all cities in Wallowa County. The outcome of the analysis could provide justification for expansion of UGBs to bring in new lands to accommodate potential industrial and commercial business opportunities. Wallowa County intends to begin implementing recommendations from the Goal 9 analysis in the summer of 2009.

The ERT's assistance to the Wallowa County region has been applauded, as evidenced by the following statements from local partners:

"The ERT has been very helpful in helping us work through our industrial land problem"

-Chris Gaier, Lower Valley Economic Development.

"The outcomes of these projects are absolutely critical to the City of Wallowa, the Wallowa School District, and Wallowa County. We greatly appreciate the assistance we have received from the Northeast ERT." - City of Wallowa Mayor Ron Gay stated

Industrial Land Needs
(Portland Metro Region)

The Portland Metro region encompasses major population centers facing growth pressures and various needs to consider how to accommodate increasing population. The regional ERT is engaged on many levels coordinating state agency work on various projects of importance to counties, cities and the region. Following are examples describing the nature of the regional ERT's work.

The ERT has worked with the Portland Development Commission (PDC), Metro Regional Government and the Port of Portland to identify brownfield industrial sites that the City believes are now under-utilized and that should receive clean-up help before looking to expand the city's UGB. Many of the ERT state and local partners believe that most of these properties could be reclaimed for industrial use through a concerted effort among local, state and federal partners to cleanup the properties. The team began discussions with PDC, Metro Regional Government and the Port of Portland to identify specific sites where progress appears possible. Cleanup and future development of brownfield sites can be fraught with complications, with some sites likely even qualifying as candidates under the federal Superfund program. The Team recognizes the importance of working in partnership to get over the hurdles to redevelopment and has made involvement with this issue a high ongoing priority.

The ERT is also working with Metro Regional Government as it looks at how to meet the needs of the anticipated population growth in the region, growth which will necessitate that Metro look beyond the next UGB expansion cycle and engage in a larger discussion of the future shape of the region. Along with looking at economic development issues, other factors included in this discussion are maintaining a critical agricultural land mass to maintain viability of the farm sector, urban land needs for employment lands, regional equity, the cost of development, and transportation needs. As an example of ERT involvement, ODA conducted an analysis for Metro of the long-term viability of agriculture in the region, with funding support from DLCD.

The ERT worked with the cities of Fairview, Troutdale, Wood Village and Gresham as they have sought to identify needs for industrial land between I-84 and the Columbia River. The team goal is to engender a joint effort coordinating infrastructure planning and marketing strategies to promote the industrial area known as the Columbia Cascade River District. On the west side, Hillsboro continues to be an economic engine to Washington County where ERT has worked on certification of industrial sites and in helping with recruitment projects. The team has been especially mindful of small communities such as Forest Grove, Cornelius and North Plains which are interested in industrial lands but continue to work with their citizens to seek the best paths to community growth and development.

State Sponsored Initiatives to Advance Industrial Development

As the ERT agencies have worked with communities, businesses, site selectors, and others over the last few biennium, various challenges have emerged that have necessitated the state taking a leadership role to ultimately improve the state's ability to successfully market Oregon's industrial lands. OECDD, as the state's lead agency for economic development, can readily address some issues independently. But work on other issues requires a more protracted, interagency approach well suited to ERT involvement. In this section, a few examples of how the ERT engages to support state industrial lands initiatives are described.

Managing Wetland Constraints on Industrial Lands

While the Industrial Site Certification Program has provided a pathway for economic success stories like the sighting of the Lowe's distribution facility in Lebanon or Genentech in Hillsboro, the state program has also helped to identify difficult issues that local partners face during the process of planning for such developments. Within the Willamette Valley, many of the large, undeveloped industrially zoned sites along the I-5 corridor are substantially constrained by wetlands. Several sites on the Oregon coast that have sought certification are also constrained by wetlands. Many local communities and property owners are surprised by the presence of wetlands on their undeveloped industrial land. The initial zoning for industrial use did not address the presence of wetlands, often due to lack of knowledge. State and federal wetlands laws require avoidance of wetlands as the first tier, followed by minimizing and mitigating unavoidable wetland impacts. This sequencing to achieve "no net loss" of wetlands recognizes the high ecological and societal values of wetland habitats. But for some Willamette Valley industrial sites, even after exhausting avoidance and impact minimization, the complexity and cost of required mitigation may make the sites unattractive for development.

The ERT, with leadership from DSL and active participation by OECDD, DLCD, DEQ, and ODA, has continued to tackle barriers to development of industrial lands related to wetlands. Please see discussion on page 32-33 of this report regarding the Wetlands Working Group, an ERT-led effort. One of the most exciting areas that the ERT and Wetlands Working Group have engaged is with respect to regional planning for industrial needs where site suitability factors, such as wetlands presence, for lands currently zoned industrial or for future industrial lands, are addressed comprehensively.

Regional Industrial Lands/Wetlands Planning (Benton/Linn Counties)

During the biennium, the ERT led by OECDD, DSL and DLCD completed initial work with the Cascades West Council of Government (CWCOG) on a regional wetlands mitigation assessment for 12 mid-valley industrial sites in seven communities. The assessment, completed in 2007, resulted in a clear understanding on the impact of wetlands mitigation costs on industrial land marketability. Some of the costs come from the physical costs of doing mitigation while others relate to the time and uncertainty of the mitigation process. Mitigation costs can be addressed more readily by larger businesses, but small firms are likely to be hampered financially and often may not be able to afford development on sites constrained by wetlands.

As a next step to the regional mitigation assessment, communities in the mid-valley identified a need for a regional approach to looking at economic opportunities and constraints and engaged the ERT agencies for assistance with development of a regional economic opportunities

analysis. DLCD provided funding for the CWCOG to work with the cities of Adair Village, Albany, Corvallis, Haley, Harrisburg, Lebanon, Millersburg, and Tangent on a regional analysis. Project objectives are to:

- 1) Jointly evaluate industrial land supplies relative to anticipated market needs and wetland constraints
- 2) Examine whether other sites, not currently designated for industrial development, might be better suited to anticipated market needs and potentially have less wetland constraints
- 3) Modify the industrial land inventories of the participating communities, if appropriate
- 4) Examine options for securing wetland mitigation credits or developing a regional wetland mitigation bank to address potential wetland impacts from anticipated industrial development

The CWCOG has established project steering and technical committees, with ERT agencies participating as requested. Currently, the CWCOG is actively working with the participating cities to evaluate community aspirations, regional competitiveness for various industry clusters, and the resulting industrial land needs. Significant progress on this project is anticipated by the close of the biennium. This pilot project is a great example of how the combination of local initiative and ERT-coordinated state support can lead to creative and comprehensive solutions to economic preparedness.

Lousie Solliday, Director of DSL, commented on the value of the ERT in facilitating her Department's work with Oregon communities, such as the mid-valley project, to solve wetland-related challenges:

"ERT gives DSL the opportunity to work collaboratively with local communities to implement their local visions in a way that protects important wetlands and waterways across the state. For any problems encountered along the way there are many solutions. ERT is about finding the solutions that work best for everyone."

Wetlands Credit Resale Project **(State of Oregon)**

Businesses routinely remind those of us in government that certainty in the development process is of utmost importance, particularly around the aspect of the timeframes for government decision-making processes and permits. Agencies working with the industrial lands certification program have seen that the uncertainty arising for business when an industrial site contains wetlands are an impediment to Oregon's competitiveness to attract and retain businesses. The need to balance demands for industrial development with the preservation of the important ecosystem functions provided to society by wetlands is particularly acute in the Willamette Valley but can lead to uncertainty and delays for businesses in other regions as well.

The ERT, with leadership from DSL and OECDD, has investigated ways that the state could increase certainty for businesses about addressing wetland mitigation requirements. To that end, DSL obtained Legislative approval for a statutory amendment to ORS 196.620 during the 2007 session allowing for OECDD to buy, hold, and sell wetland mitigation credits. The legislative change allows for a pilot program for a state-sponsored, wetland mitigation credit

resale program. The goals are: (1) provide a guaranteed supply of mitigation bank credits for use on certified industrial sites in the Willamette Valley, (2) lower the cost of mitigation credits for industrial developments, (3) secure the highest quality mitigation credits possible, and (4) increase predictability in the permitting process. The pilot program would test the theory that a resale program will help OECDD in its efforts to foster business recruitment and expansion on existing industrial lands within the Willamette Valley or elsewhere that are significantly constrained by wetlands.

The pilot program goal is to build an inventory of mitigation credits held in the state's control. At a market rate of approximately \$40,000 per wetland credit, the state needs approximately \$2 million to build a sufficient mitigation credit inventory to meaningfully pilot the program. The pilot was put on hold in the 2007-2009 biennium due to declining state revenues. Whether the pilot project can be funded in the 2009-2011 biennium is uncertain at this time.

Piloting State Sponsored Planning for Large Industrial Sites (South Redmond Tract)

The ERT has engaged, with DSL in the lead, on planning for future industrial use of a large tract of state-owned land known as the South Redmond Tract. The ERT interest here is in looking at state-sponsored planning and certification of a large industrial site to address strategic regional or statewide need for large-scale industrial sites. The need for large (>100 acre) industrial sites is not necessarily a need that will be addressed in a locally-driven review of economic opportunities and industrial land needs.

The South Redmond Tract is approximately 945 acres located in Deschutes County southeast of the City of Redmond. The tract is outside the Redmond UGB and Urban Area Reserve but is adjacent to the UGB, city limits and existing and planned urban infrastructure. The tract is a potential site to meet the region's needs for large scale industrial development. DSL has prepared the South Redmond Tract Land Use and Management Plan through a collaborative planning effort with ERT agencies, local partners, and other interested parties. The State Land Board approved the Management Plan in October 2008. DSL reports that strong support for the plan has been expressed by the South Redmond Collaborative Planning Group, the Central Oregon ERT, the City of Redmond and economic development professionals in the region and statewide. DSL's plan proposes an emphasis on energy-related and other sustainable industries. The plan also calls for working with OECDD and other ERT agencies to certify the property as project ready. DSL will also work with the ERT agencies on a regional economic opportunity analysis to ultimately determine the feasibility of an UGB amendment for large-scale industrial uses.

3) Partnering with Local Governments and Businesses to further Economic and Community Development

The ERT recognizes the importance of customer service and working in partnership across state agency and jurisdictional boundaries to achieve success in today's economy. The ERT brings state services and expertise to the local-level in a coordinated, problem-solving manner. As explained earlier in this report, the ERT Regional Coordinators serve as ombudsmen to local governments and businesses on priority projects. The regional coordinators work to:

- Support local and state efforts to build a sustainable and resilient business climate

- Leverage public and private resources and partnerships for maximum efficiency
- Foster a customer service ethic within state government
- Encourage and support state-local partnerships
- Position the State and Oregon communities to be leaders in the emerging stewardship or “green” economy

The ERT approach is nimble and responsive to locally-identified needs. Recognizing that every community is unique and economic opportunities may vary, the ERT regional coordinators have the ability to mobilize state assistance for a variety of projects that advance Oregon’s preparedness for economic and community development. ERT coordinators and in most instances state agency field staff serving on regional teams, live in the regions they serve. This localized placement of state staff and the hands-on assistance they are able to provide at the local-level is a critical element in the success of the ERT approach.

Given their unique positions, the ERT regional coordinators are able to provide valuable feedback to the ERT Director and to other members of the Governor’s senior staff with respect to local concerns about impacts of existing or proposed policies. The ERT provides value by providing feedback loops between Salem-based policy leaders and local communities and as a screen for unintended or unrecognized consequences of policy choices. The ERT staff also helps facilitate local understanding of the Governor’s policy priorities.

This section highlights some of the ERT efforts to coordinate and collaborate with local partners during the 2007-2009 biennium. These efforts have served to strengthen the partnership between local and state government and, as can be seen in the case studies, have been responsive to pressing local needs. For more on how ERT customers value the services provide, please see page 10-12 for discussion about the customer satisfaction survey.

ERT Leadership Field Trips, ERT Directors Meetings, & Regional Teams (Outreach/Collaboration)

To increase local exposure to the ERT and ensure state government is aware of key local issues and needs, the ERT regional coordinators and regional teams conduct outreach visits to local communities on a regular basis. Often local communities will a host regional team’s monthly meeting. These visits provide local governments with direct contact to state agency staff, individually and collectively. Of equal importance is that these meetings also provide state agencies with the opportunity to better understand some of the challenges confronting local communities and to develop strategies for addressing these challenges from a multi-agency as well as a state - local perspective.

In addition to ERT coordinator and regional team outreach, the ten state agency directors visited with local city and county officials through leadership field trips occurring throughout the biennium. Tables 2 and 3 on the following page provide details about the leadership field trips. Additional details about the field trip itineraries can be obtained by contacting the ERT Regional Coordinators.

DATE	FIELD TRIP LOCATION	ERT REGIONAL TEAM(s)
August 2007	Lake & Klamath counties	South Central
September 2007	Union, Baker & Malheur counties	Northeast & Southeast
October 2007	Coos & Douglas counties	Southwest (Upper)
November 2007	Portland Metro area	Metro/Hood River
December 2007	Yamhill County,	Willamette Valley

Table 2: Leadership Field Trips in 2007

DATE	FIELD TRIP LOCATION	ERT REGIONAL TEAM
April 2008	Wasco, Sherman, Gilliam, & Wheeler counties	Lower John Day
June 2008	Columbia County	Northwest
July 2008	Curry County	Southwest (Upper)
August 2008	Lane, Linn & Benton counties	Willamette Valley/Mid-Coast
October 2008	Harney & Grant counties	Southeast

Table 3: Leadership Field Trips in 2008

Leadership field trips helped strengthen the partnership between state and local government by providing local officials the opportunity to familiarize state agency directors with local issues and showcase projects of high-priority locally. In some cases, these visits also provided local government the opportunity to point out areas for improved state agency service delivery.

The ERT Directors also met routinely in Salem during the biennium. These meetings helped to solidify the core ERT mission to work across agency silos and maintain state agency commitment to focus ERT efforts on customer service and problem solving. The ERT Director and staff also met monthly, bringing in colleagues from ERT agencies, gubernatorial staff, and others as necessary to help inform ERT work and provide background information necessary to help the ERT staff serve as problem solvers.

ERT Assistance 2007 Flood/Wind Disaster

For approximately the first half of December 2007, Oregon experienced devastating winter storms resulting in wind and flood damages over western Oregon. The disaster resulted in a federal disaster declaration for 9 counties and 3 Oregon Tribes.⁵ ERT agencies, along with many others in state government, participated in the disaster recovery operations. In addition to the direct actions taken by individual ERT agencies, the ERT office provided a point of contact and organizing force for efforts related to the Governor’s Recovery Cabinet and work in designated Economic Recovery Zones. The ERT regional coordinator covering the Northwest corner of the

⁵ Due to the severity of damages, the full federal suite of disaster assistance programs, targeting help to public entities, businesses, and individual citizens, was made available in Columbia, Clatsop, Coos, Curry, Polk, Tillamook, Washington and Yamhill Counties. Federal programs for public infrastructure were also made available in Lincoln County and for the Confederated Tribes of the Coos, Lower Umpqua and Siuslaw Indians, Confederated Tribes of the Siletz, and the Confederated Tribes of the Grand Ronde.

state spent considerable time over the course of several months facilitating the coordination of many, varied economic recovery efforts in the economic recovery zones. These efforts were spurred by opportunities for federal and state disaster funding. The ERT coordinator acted as a key conduit for information exchange between the Governor's office and with elected leaders and other partners in Clatsop, Columbia and Tillamook counties. The response to the December disaster marked the first time that the ERT office was this directly engaged in the recovery process on behalf of the Governor. Lessons learned will prove valuable to future disaster recovery efforts.

ERT Involvement in Significant Business Retention/Expansion/Recruitments

The ERT coordinators and regional teams coordinate state agency resources and actions to support complex business expansion, recruitment, and retention projects. This work is generally done under the guidance of OECDD's Business Development Officers. The ERT supports OECDD and local government efforts by expediting regulatory permitting processes, coordinating state resources for maximum efficiency and providing needed technical assistance from a multi-agency perspective.

OECDD maintains information on business expansion, recruitment, and retention efforts and those details are not described here. New business recruitments to Oregon tends to grab the headlines but also of critical importance to the state and communities is work done to help businesses stay or expand in Oregon. By some accounts, as much as 70% of new jobs in the U.S. are created through expansion of existing businesses.⁶ The number and wage-levels of jobs created from any given business recruitment is highly dependent on the type of business.

ODA, through operation of the Food Innovation Center in Portland, works to promote job creation by assisting new and existing food processing companies with product development, packaging, and marketing. ODA works closely with other ERT agencies on these business retention, expansion and recruitment opportunities.

Partnering with Local Communities – Case Studies

The following case studies illustrate the value provided to local partners by the ERT office, ERT regional coordinators, and ten state agency coordination frameworks.

Port Westward – Economic Development (Columbia County)

Port Westward is located in northern Columbia County. Portland General Electric (PGE) holds a lease on a large portion of Port Westward. PGE's presence along with the sites unique characteristics and recent development has created the potential for an energy-based industrial park for the region. This has become a key site for business and job creation in Columbia County and is included in an Enterprise Zone, as well as an Urban Renewal Area. The ERT views Port Westward as a key economic development opportunity for the region with the overarching goal to create family wage jobs in Columbia County.

⁶ OECDD, personal communications.

A significant ERT project is to resolve development challenges at the Port Westward site. OECDD and ODOT have worked closely with companies at the site on issues relating to transportation access including needed rail improvements. DEQ issued a wastewater discharge permit to the Port of St. Helens to accommodate Cascade Grain and other potential future development. DEQ has also worked closely with PGE on air and water permits for the new 400 MW power plant. DSL worked to resolve wetland issues and issue permits. ODOT completed a traffic study for the City of Clatskanie regarding access to Hwy 30 for Port Westward. Because of the study, the local partner submitted a street improvement project for funding. OECDD and ODOT provided funding to Columbia County for transportation and other infrastructure improvements at the site. The state dollars helped to leverage a federal economic development grant for transportation improvements.

Two recent industrial additions will serve as catalysts for future development; these are Cascade Grain, the largest ethanol plant on the west coast and a new PGE generating plant. The two new plants employ over 100 new workers. A benefit from the developments in place or under recruitment is that they are capital intensive with the jobs created paying better than average family-wage and often filled by local residents. Projects such as these do not happen by themselves and the combined efforts of ERT agencies has made these developments possible. Port Westward is also under consideration for a coal gasification facility, bio-diesel facility and bulk cargo transfer activities. About 450 acres remain undeveloped; much of this is readily developed.

The ERT will continue to work closely with the City of Clatskanie, the Port of St. Helens and Columbia County to bring the site to full development as a top economic development priority for the region.

Collaboration with the Local Economic Development Partnership (Lower John Day Region)

A regional coalition known as the Lower John Day Development Partnership comprises the County Judges from Gilliam, Sherman and Wheeler Counties as well as the Mayors and city officials of those counties. The Partnership meets every other month with the regional ERT for issue, project and roundtable discussions. Over the past several months, the regional ERT, which serves Gilliam, Sherman, Wasco and Wheeler Counties, has compiled a list of potential forums, guest presenters and speakers related to the needs and issues the Partnership has raised. The ERT presented their menu options to the Partnership in September 2008 and the proposal was well received and appreciated. The Partnership chose renewable energy as the first forum topic. The all day forum was held in December 2008 and included presentations from both public and private sectors. Oregon Department of Energy (ODOE) spoke about peak oil, incentives, and programs. Speakers from PacifiCorp and the Columbia Gorge Community College also talked about renewable energy technical programs. A great deal of information, resources and potential partners were brought to the region through the ERT, providing a potentially very powerful set of tools to help the reach on economic preparedness.

Providing Assistance to New Businesses (Crook County)

Crook County Judge Scott Cooper asked the ERT Regional Coordinator for central Oregon twice this past year to convene special meetings with the regional ERT, local officials, land owners, and business developers to work through issues related to two different businesses locating in the area. Strong agency participation occurred at the meetings. The ERT continues to work with local government and the two developers to navigate through transportation, environmental and other development issues while also exploring business incentives and financial assistance. When successful, these two businesses combined will bring over 600 jobs to the area. The ripple effect would also help strengthen existing businesses as well as create the potential for other new businesses.

Supporting Business Expansion (Rogue Valley)

Rogue Creamery cheeses have won many awards, medals, and trophies and as a result now command international recognition. As Rogue Creamery's growth has continued, the ERT team has collaborated to assist the business with its expansion. In 2005, the company purchased an additional cold storage facility in Central Point using financing from OECD and Southern Oregon Regional Economic Development Inc. In addition to market its cheeses, the Creamery has added tasting rooms for several Southern Oregon wineries and a specialty chocolate manufacturer.

The Oregon Department of Agriculture (ODA) assisted Rogue Creamery to successfully export their cheese to the UK. Along with other Oregon cheese producers, Rogue Creamery recently formed an Oregon Cheese Guild for co-op marketing opportunities and to encourage industry growth. ODA and OECD assisted the Guild launch with seed funding. ODA staff also engaged to support the producers in long-range strategic and targeted activity planning. ODA continues in an advisory capacity to identify marketing opportunities for Rogue and the Oregon Cheese Guild.

The Creamery location on Front Street, or Highway 99, and will benefit from the recent jurisdictional exchange between ODOT and Central Point. A DLCD/TGM funded Corridor Plan has mapped out a vision and design for traffic calming, pedestrian access and streetscape improvements. This will allow the urban area to change from a highway corridor to a city boulevard environment.

Restoration of Hot Lake Resort - An Economic Development Opportunity (NE Oregon)

In its 1920s heydays before a fire and eventual abandonment took its toll, Hot Lake Resort, located between La Grande and Union, boasted a hotel, spa, hot springs, a post office, bank, and a teaching hospital that was referred to as the "Mayo Clinic of the West". When David and Lee Manuel approached Union County in 2003 to discuss purchasing the site to house their internationally acclaimed David Manuel Bronze Casting Foundry and redeveloping the site into a major tourist attraction, Union County invited the regional ERT to meet with the Manuels to discuss how the ERT could help make their project a success. Restoration plans for the site include a 22 room hotel, restaurant and coffee shop, a day spa, museum, gallery, and foundry

tours. The site is expected to attract 300 visitors per day and have up to 100 employees. Potential issues identified by the ERT included traffic impact to the state highway that serves the site, upgrades to the existing wastewater treatment system, and wetland issues associated with the site's proximity to Ladd Marsh and Hot Lake.

DEQ worked with the Manuels to identify necessary wastewater treatment upgrades associated with increased use and updated the permit for the wastewater treatment system to allow phased improvements that match the Manuel's phased development plan. ODOT committed funds to provide a turn lane and acceleration/deceleration lane so that tour busses and other visitors can safely enter and depart the site. DSL expedited a wetlands delineation review and provided technical assistance for a removal-fill permit associated with the traffic impact improvements. OECDD provided a grant to help pay for site improvements and another to Union County to help fund engineering, architect, and project management services. OWRD has also provided technical assistance.

While restoration and improvements on what will ultimately be a \$7.5 million project are ongoing, the Manuels hope to have a grand opening celebration in early 2009. When asked about the value of the ERT's assistance, business owner Lee Manuel said:

"I would not have wanted to take this on without ERT support. They are part of the glue that has held this project together."

(4) Promoting Open Dialogue and Breaking Down Silos to Facilitate Economic Development

Success in economic development very often depends on the ability of state and local governments to achieve alignment of numerous, interconnected variables such as land use, transportation, municipal infrastructure, and environmental conservation. The complexity is illustrated through the earlier description of the ERT's work within sections 2 and 3 of this report. How the ERT promotes cross-agency training and open dialogue among partners to achieve the ERT mission is described in this next section, with emphasis on broader state or policy-level efforts and locally place-based examples.

Open, cross-agency dialogue is of paramount importance to achieve movement beyond the traditional silo structure of state bureaucracy and for ensuring that the necessary connections and alignments among state agency programs are made to support economic success at the local level. The ERT mandate pushes the Governor's office and state agencies to pursue a shared mission and work in a cooperative, coordinated manner. The Governor, state agency directors, and many state legislators and local-elected officials recognize the value and power of the ERT approach. The ERT helps to achieve a state government that can speak with one voice and solve problems. As Matthew Garrett, ODOT Director described the result:

"The Economic Revitalization Team (ERT) optimizes the solutions oriented approach or attitude that turns challenges into successful outcomes more times than not."

Developing a Shared State/Local Agenda for Economic and Community Development (Community Development Forum)

The Governor's Office, through the ERT office, has taken a leadership role with the Community Development Forum. The Forum, a coalition of state and local partners that includes the League of Oregon Cities (LOC), the Association of Oregon Counties (AOC), the Oregon Public Ports Association, the Special Districts Association of Oregon, Metro, and the directors of the ten ERT agencies, has been active since 1998. The Forum was in hiatus in 2007 but re-emerged with renewed vigor and an updated charter agreement in 2008.

The Forum⁷ provides a venue for open dialogue among key stakeholders representing local, regional, and statewide interests in the community development arena. The mission of the Community Development Forum is to:

- Identify, discuss, and resolve relevant, statewide community development issues.
- Develop and advocate for a shared community development agenda.
- Advocate for state and local governments to reorient programs and services to foster a collaborative problem solving culture in order to address local community development issues.

The Forum has historically developed a shared legislative agenda on economic and community development that helps local communities maintain and increase their economic vitality. In the past, the Forum has set legislative priorities related to removing barriers to economic development, improving the state's business climate, and creating economic opportunities for Oregonians. As of December 2008, the Forum is still formulating its legislative priorities for the 2009 session but has identified key interest areas of economic and community development, transportation, municipal infrastructure, renewable energy, and climate change.

Wetlands Working Group

The ERT formed a Wetlands Working Group to tackle priority issues stemming from the interface of wetlands regulation and industrial lands. The Group's goals were as follows:

- 1) Incorporate early wetlands evaluations into state agency programs and processes that plan, fund, and permit industrial development and infrastructure
- 2) Improve the quality of the information currently available at the local level about wetland constraints
- 3) Increase awareness of needs for wetlands notification and planning at the local level
- 4) Create a stable and diverse supply of high quality mitigation bank credits
- 5) Reduce Wetland - Land Use Conflicts

The working group met numerous times during the biennium, tasking ERT agency members and other partners to help push various issues and generate deliverables. DSL and the ERT office were co-leads on the effort but had much support from ERT agencies, especially OECD, DEQ, DLCD, and ODOT. The ERT also facilitated involvement of other key partners including the Oregon Department of Fish and Wildlife (ODFW) and the Willamette Partnership⁸.

⁷ See Appendix 5 for the 2008 Forum Membership List.

⁸ The Willamette Partnership is a coalition of business, conservation, agricultural and municipal service leaders that was founded in 2004 to develop an Ecosystem Marketplace. The Ecosystem Market Place is

For a copy of the Wetlands Working Group's summary report for the 2007-2009 biennium, see Appendix 6. See also the discussion on pages 23-24 about the regional industrial lands/wetlands planning in the mid-Willamette Valley and the state-sponsored pilot Mitigation Credit Resale Program.

DSL-DLCD Cross Training

As a result of discussions with the Wetlands Working Group (see above), the ERT encouraged and facilitated cross-agency training among DSL, DLCD, and ODFW. Two trainings were held for agency staff in Fall 2007. The first training, conducted by DLCD for DSL and ODFW staff, provided an overview of Oregon's land use planning program. The DLCD training covered the basic structure of the statewide land use planning program and how land use planning occurs at the local government level. The second training, conducted by DSL for DLCD and ODFW staff, focused specifically on local government planning for wetlands under land use Goal 5. The DSL training addressed how the Goal 5 planning process works, what it means to state agencies charged with protecting natural resources, and how it influences the DSL regulatory program and other state programs. Staff participating gave these trainings high ratings, and the trainings were successful in engendering better understanding of programs and how they intertwine.

ODOT-OECDD-ERT Summit – Fall 2008

The Directors of the ERT, OECDD, and ODOT met in late October 2008 with ERT regional coordinators, ODOT region and area managers, and OECDD business development officers. This meeting was intended to kick start a push for increased collaboration among these offices on defining and solving problems involving an economic development and transportation nexus. The October meeting gave the directors the opportunity to talk collectively with the staff about the importance of achieving the ERT mission and how the ERT framework allows for integration of OECDD and ODOT in support of ERT efforts. On the flip-side, the meeting also gave the staff an opportunity to identify for themselves and the directors a variety of communication and policy needs and constraints that would benefit from consideration at the team or director-level. The success of the summit led to agreement among the organizations to hold similar workshops two to three times a year and to expand to include DLCD. The three ERT agencies – OECDD, ODOT, and DLCD – comprise a core economic development cabinet or subgroup within the larger ERT collective that needs to maintain more regular and in-depth communications to ensure better service to local partners and businesses.

ODOT-DLCD-ERT Meetings

In recognition of the frequency with which transportation and land use issues arise in ERT work with local partners and businesses, the ERT office engaged ODOT and DLCD in late 2008 to establish a more formal and regular dialogue. Starting in 2009, the ERT, ODOT, and DLCD directors will be meeting on a bimonthly basis with ERT regional coordinators and other key staff. These meetings will allow for discussion of a variety of issues, both project-specific and more general policy matters. The plan is to expand these meetings to eventually include the

an effort to develop incentive-based tools and a multi-function mitigation banking concept to meet regulatory requirements and achieve ecosystem health.

OECD director as well, to encourage cross-agency communications and strategic thinking among the core economic development cabinet described above.

ERT Training Plan

The ERT office embarked on a pilot project to develop an interagency-supported training plan for the 2009-2011 biennium. The plan will promote the ERT's overall mission and specifically assist the ERT office in addressing the ERT strategic performance goal for customer satisfaction. As explained earlier in this report, customer satisfaction is measured by rating ERT performance on timeliness of services, accuracy of services, helpfulness of staff, knowledge/expertise of staff, availability of information, and overall quality of service. Ongoing training can play a pivotal role in ensuring that the ERT's mission and performance goal are met. The training plan will be designed to support the performance of ERT regional coordinators as they work with regional teams and local governments. In addition, the training plan will consider ways to enhance the abilities of state and local partners to work with and accomplish goals through the ERT framework. The training plan, which remains in draft form at the writing of this report, will be founded on the following guiding parameters:

- training costs must be kept nominal,
- whenever feasible, the training plan needs to capitalize on existing state agency resources/staff expertise,
- the plan must allow for flexibility in implementation,
- cooperation with ERT agencies is key during plan development, implementation, and updating,
- opportunities to coordinate training with local partners and associations should be identified and promoted
- the plan should be regularly updated during the biennium based on lessons learned and other factors

Renewable Energy

Governor Kulongoski has set the state on the path to realize energy options that maximize economic, environmental and consumer benefits. The Governor's 2006 Energy Action Plan called for keeping energy prices competitive over the long haul, reducing dependence on overseas energy sources, protecting Oregonians from expected spikes in the prices of fossil fuels, and reducing emissions that lead to global warming. The Governor also seeks to promote investment in clean energy and the associated creation of "green jobs." One estimate is that for every \$100 million invested in clean energy, Oregon will see the creation of more than a thousand new jobs.⁹

Throughout the biennium, the ERT has been engaging in the clean energy development – "green" jobs aspect of the Governor's Energy Action Plan. Business interest in Oregon from the clean-tech sector has been spurred by Oregon's ability to use a very powerful tool, namely the state Business Energy Tax Credit (BETC). The BETC encourages investments in renewable energy projects and helps to ensure that renewable energy development is cost-competitive.

⁹ Governor Kulongoski's Action Plan for Energy, February 2006, available for review at: <http://governor.oregon.gov/Gov/sos2006/energy.pdf>

The ERT involvement in the clean-tech/green jobs arena will continue, in accordance with the Governor's announcement in late October of his Climate Change Agenda for 2009. Bringing green jobs to Oregon remains key to the Governor's agenda, with a continuing focus on advancing Oregon's position as a national leader in renewable energy manufacturing and energy production through expanding solar energy projects and strengthening the BETC to increase investment in renewable energy projects statewide.¹⁰

Supporting Rural Oregon's Interest in Renewable Energy Development (Lake and Klamath Counties)

The ERT continues to work on a variety of projects with local partners in Lake and Klamath Counties. In June 2008, the regional ERT held multiple outreach meetings with the City of Paisley and Lake County. Although many projects and issues were discussed, a focal point of all the meetings was the huge potential for renewable energies in this area of the state and Lake County's desire to lead the state in developing and utilizing renewable energy.

Lake County hopes to achieve economic success in the renewable energy sector and has dedicated themselves to be "the most renewable county in Oregon." Lifetime resident and long-time Lake County Commissioner Brad Winters stated:

"I support and promote renewable energy. It makes good common sense and we will continue to look at all potential resources we have in Lake County to make it Oregon's most renewable county. I appreciate the South Central ERT working with us and look forward to their continued help with our various projects."

Wind Energy Development (Eastern Oregon)

Oregon is in the top five states for new wind power capacity according to the American Wind Energy Association, with 447 megawatts capacity added in 2007.¹¹ And in Oregon, the wind energy development has been concentrated east of the Cascades. It comes as no surprise then that the Lower John Day, Northeastern, and Southeastern regional ERTs have seen much interest expressed from the local government level about the potential for wind energy development in the region. The ERT teams assisted and guided the local governments in these regions in a variety of ways to address their interests in wind energy development and need for information. For example, the Lower John Day team wrote letters of support from the team for grant applications prepared by local partners and planned a renewable energy forum for the region. For all teams, a primary value of ERT assistance has been to help local partners connect with appropriate staff from the Oregon Department of Energy (ODOE). The ODOE staff has done significant outreach work to explain the Energy Facility Siting Council process, including dispelling myths about the process. And as the knowledge and experience of the counties with wind energy has increased, they have started talking more amongst themselves on local permitting issues. The regional ERTs report that local partners are now empowered with

¹⁰ See the Climate Change Agenda at: http://governor.oregon.gov/Gov/pdf/climage_change_agenda_1008.pdf

¹¹ American Wind Energy Association • Annual Rankings Report, www.awea.org

information and are no longer asking for much assistance in this area. This is a good example of how the ERT can help local partners get the information they need to run with an issue.

Breaking Down the Silos – Case Studies of Cross Agency Work

Whether it is at the state agency director level in Salem or in the field within the ERT regional teams, the ERT drives a continual effort to increase cross-agency understanding of state agency programs and to align programs to achieve outcomes that address local problems while allowing for state agencies to still accomplish their individual missions. Following are examples of how the ERT agencies have worked to align state agency programs and speak with one voice in their work with local partners.

Providing Coordinated Assistance with Community Planning (Newport)

The ERT has engaged with the city of Newport and development partners in support of the integrated planning effort underway in the community for the South Beach area of the city. Expected construction of a new campus for the Oregon Coast Community College and further development and operation of the Oregon Coast Aquarium and Hatfield Marine Science Center helped spur the city planning for the future development of the South Beach area. The city believes the area is suitable for a mix of increased residential, existing and expanded commercial uses, and industrial zones. The ERT regional coordinator facilitated mediation among the college, land owner, city, ODOT, and DLCD to resolve transportation issues that could have stopped development of the new community college facilities. The regional ERT has facilitated a pilot project that involves ODOT, DLCD, DSL, OPRD and the city of Newport. The pilot project is looking to solve problems such as inadequate transportation capacity at several points along Highway 101 in the South Beach corridor, the potential need for amendment to the city's UGB, and minimizing natural resource impacts and conflicts associated with future development of the area. Bonnie Serkin with Landwaves, Inc., the developer working on a master plan for the area, noted the value in having the ERT involved when she said after some key meetings in 2007:

"I especially appreciate everything you have done to get the City of Newport, Oregon Coast Community College, and us to this point."

Putting the Pieces of the Economic Development Puzzle Together (Clackamas County)

A priority for the regional ERT has been an opportunity to engage in a partnership with Clackamas County in an effort to create a more seamless working relationship between state agencies and the County as they work to move several significant projects forward. An ERT team meeting with the County Commissioners followed planning meetings. At the Commission meeting, experts from state agencies participated in the setting of local priorities and discussion of projects that need state help. Key areas of emphasis and work have included:

- Assessing and advising on wastewater capacity and needs
- Developing economic development tools for small communities
- Developing an inventory of land available for industrial development

- Improving transportation planning and coordination for the Sunrise corridor and for existing state highways
- Exploring opportunities to expand agricultural distribution opportunities in the Wilsonville area
- Helping to address inconsistencies in the water rights permitting process that currently pits agriculture against residential development
- Looking at opportunities to leverage federal, state and local funds for infrastructure funding

Connecting Land Use, Transportation, and Economic Development Needs (Croman Mill Redevelopment)

Vacant for nearly 10 years, the Croman Mill Site in Ashland is the largest, unused parcel of land within the city limits. The site represents the largest supply of industrial land in the City, where there is a pressing need for project ready industrial land. During the spring of 2007, the regional ERT met with the City of Ashland, Ashland Chamber of Commerce, and private parties in order to discuss ideas for getting the redevelopment of the mill site off the ground. The site is zoned industrial, and the City would like to see development under a master plan to create a business campus. A critical component of the proposed development is a site for Plexus, a healthcare software company, to consolidate and expand operations. Residential uses are also a potential component, including affordable housing and work force housing.

Redevelopment of the old mill site requires the city, ERT and other partners working together to tackle a number of challenges including site rezoning, soil testing, traffic circulation, and site preparation. The transportation issues may be among the most challenging, including:

- Railroad right-of-way along northeast side interfering with street connections,
- Highway 99 (Siskiyou Boulevard) along the southwest and Interstate 5 along the east side with grade and access problems needing resolution,
- Significant grade differences along north side, and traffic through access to the south requiring realignment of an existing road through or above an existing ODOT maintenance yard to allow for better queuing prior to a rail crossing.

Given the complexity of the transportation and other issues, the City concluded that a comprehensive, area-wide planning effort would be beneficial. The ERT brought state resources to the table to help address this local need. At DLCD's recommendation, the City applied for and was awarded a transportation-growth management quick response grant to create a land use plan for the area, plan for traffic circulation, and facilitate public input. The city will also evaluate options for workforce housing on the site. To date, the city staff has conducted Public Workshops and held study sessions with the Ashland City Council and Planning Commission to further revise the plan concept. The city's consultant prepared a draft Redevelopment Master Plan. The final step will be the local adoption of a Redevelopment Master Plan and implementation of code amendments. Other important ERT assistance to the city included the DEQ providing expedited help with soil testing and potential brownfield assessment and OECD review of financial incentives in order to facilitate the currently pending, major business relocation project.

Ashland city manager Martha Bennett described the regional ERT team as **"receptive, responsive, and knowledgeable partners"** and appreciates the assistance provided to the city on the mill redevelopment project.

Rural Infrastructure Solutions for the Paradise Ranch Destination Resort

During September of 2008, the Board of Josephine County Commissioners approved the final development plan for the Paradise Ranch Destination Resort, located on a beautiful, old ranch north of Grants Pass and near the gateway to the Wild and Scenic Rogue River. This is the first destination resort approved in either Josephine or Jackson County, and the county's land use approval was made without appeals. The Resort will feature a Jack Nicklaus-Jack Nicklaus Jr. co-designed 18-hole championship golf course, considered the most innovative golf course in Southern Oregon. The Resort will also include a restaurant, a convention and meeting center, a pro shop, a retail building, swimming pools and tennis courts, a spa and fitness center, 100 overnight accommodations, and 200 single-family dwellings in a planned unit development. The development will provide much needed general fund tax revenue for a county hard hit by the reduction of federal timber payments.

The ERT team worked with Josephine County and the owners of the proposed Paradise Ranch Destination Resort for a number of years on this project, providing technical assistance on land use issues, transportation impact mitigation alternatives (i.e., alleviating an existing failure at the Merlin I-5 interchange), wastewater system design alternatives, and environmental permitting. One innovative solution that came out of the process was that the design of the proposed wastewater system will also help to provide a solution to individual systems at or over capacity serving the partially developed North Valley Industrial Park (which is only partially developed), Fleming Manzanita middle school, North Valley High School, and a nearby ODOT rest stop.

Providing State Assistance to Address Community Needs Surrounding New State Facilities (Junction City)

The small town of Junction City is faced with having two, large state facilities come to town – a new prison and mental health treatment facility. The city requested ERT assistance with community planning for how to prepare itself for these facilities. The city is concerned about how it will address impacts to its water and wastewater infrastructure, transportation through the community, increased population, etc. The regional ERT has reached out to Department of Corrections and Department of Human Services so that information flows among those responsible for the facilities, the ERT, and the community. ERT agencies have also taken steps to help the city and state with streamlining of the facility planning process. DSL expedited a wetland delineation review, provided technical assistance in development of wetland permit application documentation, and facilitated coordination with the US Army Corps of Engineers. DEQ is working with the City on upgrades to the municipal wastewater treatment plant to handle the increase flows from the new state facilities. DLCDC provided funding to the city to conduct a customized and streamlined periodic review to address economic development needs and opportunity gaps for the city. ODOT is working with city and state agencies on transportation planning and to develop sighting and transportation solutions.

In Junction City, the combination of local leadership and ERT focus is helping to minimize the potential for misunderstandings or miscommunications as the state works to site these important public facilities. **David Clyne, city administrator for Junction City**, admitted his skepticism at asking the state for technical assistance but says he is:

“highly pleased with the truly helpful role that the ERT has taken to the efforts to facilitate a smooth transition for the community with the coming of two massive state projects; the prison and hospital.” He also stated that *“the ERT has arrived as a partner in this effort and not made any moves to assume control of local decision-making”* and commends the ERT for *“providing a model for how local government and state government can partner to success.”*

Rail Corridor Safety Improvements **(Columbia County)**

Rail traffic has increased dramatically through Columbia County as industrial development has increased along this rail corridor. For the rail-adjacent communities in Columbia and Clatsop counties, rail is an economic engine, a potential safety threat, a mobility option and a local nuisance all at the same time. The rail and highway corridors that connect this region run through the middle of many of the communities (some severely such as Rainier, Scappoose and St. Helens). This is the Portland and Western railroad segment, known as the A Line, which connects Portland to Astoria.

The ERT, with notable help from ODOT’s Rail and Highway Divisions, has helped to provide the infrastructure needed to initiate and sustain economic development along this corridor. This includes planning for an eventual two-track rail system that will accommodate freight at speeds up to 45 mph and commuter rail up to 60 or 65 mph along the length of the corridor. This effort will continue into the next biennium, and an important part of the ERT efforts will be to address safety concerns along the route as well as exploring ways to address economic vitality in the communities, noise, congestion and efficient train travel.

Following Local Initiative to Address Flood Risk **(Tillamook County)**

Tillamook County has historically been one of the state’s areas hardest hit by catastrophic flooding. As Tillamook County and the city of Tillamook continue their work to address the economic, societal, and environmental consequences of repetitive flooding, the ERT has engaged with the local leaders and other partners to assist in locally-driven mitigation efforts. Tillamook County Commissioner Mark Labhart and Senator Betsy Johnson worked together to bring an Oregon Solutions project to the area during this biennium. The Oregon Solutions project is a collaborative effort focusing energy and resources at the problem and further developing federal, state and local government partnerships with the community to accomplish flood damage reduction projects on the ground.

The ERT team has been an integral part of the Oregon Solutions process and has worked to help the community set selection criteria that will deliver the maximum benefit for their efforts to overcome flooding issues, protect natural habitats and encourage sustainable economic development. The ERT has also engaged to streamline permitting procedures on projects supported through the Oregon Solutions process. In addition, the team is working with the community to ensure that as the community grows, new business and residential development

is located outside the floodway and even the flood fringe to the extent practicable. One example of this is a planning grant provided by DLCD to the city of Tillamook to study land needs and site suitability for new business and other uses. The regional ERT has committed to do what it can to support local efforts to look for sustainable solutions for current development located in floodways or otherwise subject to the ravages of repetitive flooding.

Helping Prepare for Economic Future **(Milton-Freewater)**

The ERT has been engaged to help the city of Milton-Freewater examine economic opportunities for its future. In the past few years, the state, city and Umatilla County have had differing views on how development along State Route 11 – from the north edge of Milton-Freewater to the state line – should play out. By engaging with the city and providing funding, the ERT is playing a productive role in helping the region work through issues to chart a course for the area’s future. DLCD provided the city a grant to conduct an analysis of economic opportunities for the community. As part of the analysis process, the city will be determining community objectives, assessing local, regional and national economic trends, look for sites suitable for the identified economic opportunities, and inventorying sites available. The city will also go an extra step to prepare for a potential coordination agreement with the county. The ongoing analysis will help the city assess the potential need for an UGB expansion to add employment lands.

Local leaders are very pleased with the ERT’s assistance. Milton-Freewater’s city manager said:

“We are excited to begin this important analysis to identify Milton-Freewater’s full economic potential and proactively plan for growth and prosperity. We look forward to partnering with the State, the County and our citizens to put together a “360-degree” vision of what we have, what we could have and what we want to have in our community.”

The ERT view is that the State Route 11 corridor has the potential to be an economic boon if communities in the region work together to thoroughly plan out their economic future. There are industrial and retail opportunities associated with grapes, apples and other agricultural production, opportunities associated with recreation, tourism and hospitality, and even more yet to be determined opportunities associated with being by the border with Washington.

Seeking Regional Water Supply Solutions **(Clatsop County)**

In 2006, the NW ERT became engaged in a conversation with the Water Resources Department (WRD) about water supply in Clatsop County. With the leadership of Senator Betsy Johnson and Representative Debbie Boone, key local government representatives and state agencies were convened to discuss collaboration for water supply planning.

Clatsop County is one of the fastest growing communities on the Oregon Coast. The proximity to the Portland Metro area brings a large influx of seasonal vacation visitors as well as a large sector of second-home owners. While the permanent population appears stable, the seasonal demands are highest when water supplies are at their lowest. Aging infrastructure and other regulatory demands for changes in treatment, transmission and storage are challenging

problems. The demand issues impact the aquatic resources as well since the waters of Clatsop County are critical habitat to various sensitive aquatic species.

In response to these challenges, the North West Coastal Water Supply Task Force was formed to apply for funding from WRD's Oregon Water Supply and Conservation Initiative (OWSCI). In 2008, WRD awarded a grant to the City of Seaside on behalf of the NW Coastal Water Supply Task Force, and the Economic and Community Development Department also issued a technical services grant. The purpose of these grants is to facilitate the exploration of regional water supply options for the cities and water districts. The primary reason for this work is to determine how to provide long-term stability to a clean water supply for a region with a growing population of permanent residents, as well as a very elastic population of second-home owners and tourists. This information will be shared with the other 27 water systems in Clatsop County, many of whom are customers of the study sponsors.

5) CONCLUSION

Summary for the 2007-2009 Biennium

The ERT has again demonstrated in the 2007-2009 biennium the success that comes from coordinating state resources toward activities that improve Oregon's readiness for economic development. The ERT achieved success in improving Oregon's supply of market ready industrial lands. The ERT promoted and supported local-state partnerships to accomplish economic and community development projects important to Oregon communities and businesses. These partnerships included fund leveraging and were by and large developed in response to locally-identified needs. The ERT also improved the state's ability to operate efficiently and speak with once voice by promoting cross-agency training and information sharing through the ERT network.

The fundamental strength of the ERT is that the institutional framework and commitment at the state level achieves success for Oregon by working with local partners to build the economic and community preparedness of Oregon's diverse cities, counties, and regions. This is not another top-down program and as a result is broadly supported by local government. The ERT can tailor its approach and involvement level in a manner appropriate to a given situation and can respond differently among regions and communities as necessary. The ERT regional coordinators, ERT agency staff working on the regional teams, and state agency directors worked tirelessly throughout the biennium to be responsive to locally-defined needs and problems and to foster customer-service for local and business partners. The combination of coordinated service delivery and customer service routinely translated into problem solving and positive outcomes.

Looking to the Future - the 2009-2011 Biennium

Outreach efforts by the ERT combined with a mounting tally of successful projects results in an ever increasing demand from local governments for ERT assistance in solving priority local problems. This growing demand for assistance is consistent with both the high overall ratings and the many positive comments received in the 2006 and 2008 ERT customer satisfaction surveys. For the ERT office, it is rewarding to hear positive comments from our **local government partners** about ERT such as *"solve problems very well", "impressed... that we can get high-level state employees at the table", "excellent program, need to expand it" (2006), and*

“it should be a model for every state”.¹² However, increasing local interests in working with the ERT to obtain coordinated state agency assistance and improved customer service may ultimately lead to more work than the five ERT coordinators and nine regional teams can keep up with. The ERT strives to be responsive but also needs to be strategic about its investment of time. This means that the ERT will sometimes lead local or business partners to other pathways that will still allow for problem solving, e.g. by assigning an agency or two to work with the local partners towards resolution of the locally identified issue.

As state agencies increasingly embrace the ERT approach and institutionalize this way of doing business, there will also likely be more demands for ERT staff to serve a coordinating and organizing role for state agency partners. The ERT may be called upon more often by state agencies in the 2009-2011 biennium as a consequence of the leaner state agency budgets and staffing expected due to the economic recession and decreased state revenues. The value placed on the ERT’s ability to enhance state agency coordination may increase since these efforts can ultimately save the agencies time and other limited resources. The ERT state agency directors recognize and value the importance of streamlined operations.

The ERT regional coordinators are also often required to perform what essentially equates to project management. Critical projects, such as time sensitive business recruitments, are generally brought to the ERT’s attention by a local partner or state agency. At times, the only way to move an important but complex project forward is for an ERT regional coordinator to take control of the reigns. Without the ERT project manager, such projects may not receive the concerted and sustained focus necessary for problem solving. The ERT coordinators also carry with them the authority of the Governor’s office and thus have the ability to influence the participation in project management of the individual state agencies. However, project management can consume a tremendous amount of a regional coordinator’s time. The ERT office expects a continued need for carefully screening of projects and a limit to how many projects can be intensely managed by the regional coordinators. Where possible, the ERT will find other venues where less complicated projects will be addressed without threat to achieving positive outcomes. The ERT will also need to continue to maintain the balance between project management and interagency coordination roles. Project management is simply more effective when supported by strong interagency and intergovernmental relationships, and those relationships must continually be sustained.

The ERT will and must remain flexible in its operations as Oregon navigates through the unprecedented and uncertain economic waters that the world has encountered towards the later part of the 2007-2009 biennium. Economic recovery efforts driven by the economic recession could impact not only the demands for ERT assistance but also the types of services that the ERT is ultimately asked to provide. Although the impact of the economic recession on ERT work in the new biennium remains uncertain, we are expecting continued and reinvigorated interest in seeing the ERT mission fulfilled.

While the ERT remains flexible to assisting with yet to be defined economic recovery efforts, perhaps the wisest and most efficient approach will be for the ERT to stay the course, i.e. remain engaged in many of the same priority work areas in 2009-2011 as it had for the 2007-2009 biennium. This kind of sustained focus on improving Oregon’s preparedness for economic

¹² Source: 2006 and 2008 Final Reports, ERT Customer Satisfaction Surveys

development could prove more valuable than an attempt to create new programs or approaches as a short-term reaction to the economic crisis. We also suggest that the established ERT approach of promoting and valuing community and business partnerships and associated opportunities to leverage resources and knowledge will be essential to economic recovery efforts.

The ERT work plan for 2009-2011, while not finalized at the time this report was prepared and subject to further direction from Governor Kulongoski and the Oregon Legislature, is anticipated to include the following priority work areas:

- Increasing supply, marketability, and retention of viable industrial lands, including promoting redevelopment of brownfield properties where appropriate
- Supporting state and local government efforts to grow Oregon renewable energy/"green jobs" portfolio throughout Oregon
- Promoting innovative and coordinated approaches to economic and community development, particularly those that solve problems by integrating land use, transportation, infrastructure, and natural resource planning to achieve sustainable economic development
- Expediting state permitting and other decision making for key business retention, expansion, or recruitment projects
- Ensuring a high-level of customer service in work with local government and business partners
- Working to support economic recovery efforts spearheaded by the Governor or Legislature, as appropriate
- Remaining responsive to local needs identified by communities across Oregon

In closing, let there be no doubt that the ERT remains a powerful means to work on behalf of state government and in partnership with communities and business to move Oregon towards increased economic preparedness and resiliency. To this end, the ERT efforts promote the well-being of Oregonians in all corners of the state.

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Appendices 1 - 6

- 1: House Bill 2011
- 2: ERT Work Plan for 2007-2009 Biennium
- 3: Excerpt – 2008 Customer Satisfaction Survey Final Report
- 4: List of Oregon’s Certified Industrial Sites by Fiscal Year
- 5: 2008 Community Development Forum Membership
- 6: Final Report for Wetlands Working Group