

OREGON
ECONOMIC & COMMUNITY DEVELOPMENT DEPARTMENT

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**Governor receives report on positioning Oregon for economic success
in the global economy**

Goals of future activities are clarity, accountability, and viability

(Portland) -- Members of the Oregon Economic and Community Development Commission today presented recommendations to Governor Ted Kulongoski about the reorganization of the Oregon Economic and Community Development Department (OECD). The Commission believes the reorganization will better position the state for continued economic success in the 21st Century.

The Commission worked with policy advisors from the Governor's Office to evaluate the diverse work of the state agency, which is tasked with addressing community infrastructure needs as well as retaining, recruiting and growing businesses.

The Commission's findings and recommendations, the result of six months of evaluation, were the subject of a meeting with the Governor in Portland Tuesday morning.

In evaluating options, the Commission considered the challenges facing Oregon such as population growth, climate change, antiquated infrastructure, tepid revenue forecasts and competition from other states and nations.

"Given these challenges, Oregon must reposition itself now in order for our economy to remain strong in the future," Governor Kulongoski explained. "To accomplish this goal, I asked my staff and the Commission to identify new and existing opportunities to meet our infrastructure needs and to grow our economy, and I made it clear that they had a clean slate from which to work."

The analysis, begun last fall, found disparate expectations of OECD. Its core structure and the scope of work demanded of the agency created a set of circumstances that hindered its ability to be successful with the Legislature as well with the many stakeholder groups around Oregon that depend on a strong state partner.

The Commission found that the work of two of the agency's three program divisions is reasonably aligned. The Business/Trade Development and Innovation/Economic Strategies divisions have integrated goals to keep, grow and attract business.

The primary function of the Community Development Division, however, is to help communities achieve their infrastructure goals, particularly safe drinking water, water and wastewater systems, and other public works projects. It administers Community Development Block Grants and the state Special Public Works Fund among other responsibilities.

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"In spite of these very disparate responsibilities, all divisions have been asked to work toward one broad mission – 'To Advance Oregon's Economy' – and success agency-wide is measured by one metric: job creation," explained Commission Chair E. Walter VanValkenburg. "The result has been an inability for the divisions to focus on the highest and best use of human and fiscal resources. All have suffered by being conjoined in the eyes of the Legislature and our many partners statewide."

The Commission's report concluded that while community-based infrastructure functions and business development activities remain equally important, their objectives, deliverables and customers are different.

"After months of talking to stakeholders and partners, legislators around the state and staff within the agency, we developed a series of recommendations that we presented to the Governor today," said Chair VanValkenburg. "In short, we recommended that the activities of the agency be separated to give clarity, accountability and viability to the two distinct kinds of work the agency currently pursues."

The reorganization recommended by the Commission would charter a dedicated department to conduct business development. Community development functions would be separated from business development.

The new business development focus would leverage innovation and strategic partnerships that promote Oregon's competitive advantages in the global economy. It will be a catalyst of sustainable, environmentally sensitive economic growth and provide consultation services in relevant specialties like lean manufacturing and sustainable business practices.

Additionally, business development staff will work with both traded-sector and community-based businesses directly or through enhanced partnerships with regional economic development agencies.

Community Development activities will be more adequately characterized as "Public Works." These functions will be refocused to ensure a sustainable relationship between the natural and built environments.

An asset management model will provide the framework for much of Public Works' efforts. This new system will inventory and manage the long-term life cycle of community infrastructure systems, and create objective criteria from which the Legislature can make its long-term budget decisions.

The Commission also proposed rewarding those communities that pursue public works projects that are environmentally progressive. The outcome will be better health and safety of communities, ability to help solve the state's long-term water issues and incentives for communities to seek more holistic, sustainable water and wastewater models.

"We believe that by separating the structure to better accommodate the distinct work of the different divisions, we have established an essential framework that positions both for future success," said Chair VanValkenburg. "This shift will help offer clarity of purpose for the staff, our partners around the state and for the Legislature, who is tasked with making difficult budget decisions each session."

The Governor is going to take the recommendations of the Commission under advisement and will give final direction to agency leadership later next month.