

VISION 2020+20 Update

Economic Issue Paper

Puget Sound Regional Council

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## **A. PURPOSE**

The purpose of this economic issue paper is to link the Prosperity Partnership's Regional Economic Strategy (Strategy) with the update of VISION 2020, the region's long-range growth, economic, and transportation strategy. To that end, the paper describes past and present economic planning efforts and explores the relationship and meaning of these efforts to both local government planning and PSRC's long-range VISION.

The Strategy process has added significant value to PSRC's existing economic planning. It has set the stage to go beyond the existing core of policy concepts (concepts that should be retained in the updated VISION) by providing a more comprehensive framework for discussing economic issues, and by providing input regarding potential elements of an economic vision and economic strategies.

The Strategy is meant to serve as the functional economic plan of VISION 2020 – similar to *Destination 2030*, which is the functional transportation plan. As such, the Strategy is guided by the multicounty planning policies in the VISION and does not contain any additional policies.

The VISION adds value to the Strategy development process through the multicounty planning policies, which have legal standing and relate directly to local and county planning. This broadens the constituency of the Strategy and improves its likelihood of implementation. This paper is meant to inform decision-makers regarding what may be appropriate material to include in the VISION's multicounty planning policies to support and help implement the Strategy.

At the most basic level, the documents complement one another – the Strategy provides the shorter-term implementation mechanism that is regularly updated, and the VISION provides the longer-term guidance that is updated less frequently. When the VISION is updated, and the concepts from the Strategy are integrated into it, the VISION and the multicounty planning policies will then provide guidance to future updates of the Strategy.

## **B. INTRODUCTION**

### **1. Overview**

Economic prosperity is one of the most important elements of our long-range vision. A healthy and growing economy provides good jobs and opportunity. It pays for vital public services such as education, criminal justice, and transportation. It allows us to support the arts, maintain our parks, and build our communities. It permits us to care and provide for our families and ourselves. It enables us to care for those who are vulnerable, to protect the environment, and to preserve the quality of life that makes the region such a special place.

The region has traditionally had a strong but cyclical economy, and it has become more diversified in recent years as software development, information technology, and life sciences have emerged. The region has been fortunate to have a number of local companies gain international prominence and bring wealth into our communities. However, many of the region's traditionally strong employment sectors have declined in past years and some are projected to decline further. Additionally, changes in the national and international economy threaten some of our competitive advantages. An assessment of our peer regions finds that many have become more focused and organized in their economic planning efforts.

In the changing global economy, there is no guarantee of economic success. Accordingly, the region's leaders – both public and private – have begun to collaboratively look ahead to develop shared priorities and actions.

## 2. Background

Following a merger in 2002 between PSRC and the Central Puget Sound Economic Development District, PSRC's Executive Board expressed interest in having PSRC take a more active role in economic strategy development. The Board stressed the importance of working in concert with the region's private sector leaders and the four counties' economic development councils.

Starting in the spring of 2004, PSRC staff crafted a work plan to develop a long-range regional economic strategy. Given the importance of integrating economic planning with land use and transportation planning, the Economic Development District Board agreed that the Strategy should be developed to serve as the functional economic plan of the broader VISION.

The development of the Strategy was launched in the summer of 2004. Over the past year, PSRC has worked with hundreds of business, labor, government, nonprofit, and community leaders in King, Kitsap, Pierce and Snohomish counties and has organized a coalition called the Prosperity Partnership. With the goal of developing a Regional Economic Strategy, the Prosperity Partnership has engaged in a year of analysis, outreach, and discussion. A key objective of the work was to identify discrete, actionable initiatives that were implementable.

The Economic Development District Board released the Strategy for public review and comment in June 2005. This period has closed and the Economic Development District Board adopted the Strategy in September 2005. Following this, the Strategy process now turns towards implementation, and it also begins to inform the update of VISION 2020 and its economic policies.

## 3. Components of the Paper

Components of the economic issue paper describes the following:

- Existing adopted economic development statutes and policies. This section identifies the existing policy framework for economic development and lists Growth Management Act requirements, VISION 2020 policies, and summarizes countywide planning policies.
- The process to update the regional economic policies. This section describes the outcomes from the Growth Management Policy Board and Economic Development District Board's review of the existing VISION's policies in 2004, as well as the comments received from the public through the VISION 2020+20 public scoping period.
- What is currently in process – the Prosperity Partnership's Regional Economic Strategy. This section summarizes the Strategy. Included with this paper, as Attachment 4, is the Summary of the Strategy.
- Best Practice Sidebars: Sidebars are included throughout the paper to showcase innovative economic development activities of local government (and in one example a regional government). This is meant to assist in explaining how the public sector can act as a catalyst for economic development, and thereby to assist in implementing the Strategy. These examples focus on some of the designated regional growth centers as well as the specific tools being utilized.
- Preliminary issues for consideration in updating the economic elements of VISION 2020+20. This section discusses how the existing economics section should be revised to better integrate the findings of the Strategy and to better assist in its implementation. Preliminary issues for consideration are offered regarding concepts that should be incorporated into the VISION's (1) discussion of the economy, (2) economic strategy, and (3) economic multicounty planning policies. Each of these sub-sections starts with a description of the existing VISION and then describes the additional concepts. Included in the policy section are some preliminary actions related to implementing the Strategy.
- Describe the next steps. This section describes the next steps in the Regional Economic Strategy and the VISION 2020+20 update processes.

## C. EXISTING ADOPTED ECONOMIC DEVELOPMENT STATUTES AND POLICIES

This section identifies the region's existing policy framework for economic development. This section lists Growth Management Act (GMA) requirements, VISION 2020 policies, and summarizes the region's four sets of countywide planning policies for economic development and employment.

### 1. What does the GMA say about economic development?

The GMA recognizes the importance of balancing the management of growth with the need for economic development. There are references to economic development in relation to rural areas,<sup>1</sup> to industrial land banks, to essential public facilities, and to transportation projects.

The first section of the GMA – the Legislative Findings – goes beyond the well-known discussion of the threat to the state of Washington from uncoordinated and unplanned growth and states:

*"... the Legislature finds that it is in the public interest that economic development programs be shared with communities experiencing insufficient economic growth."*  
(Revised Code of Washington (RCW) 36.70A.010)

This first statement of policy intent regarding economic development focuses on supporting areas with insufficient economic growth. The most direct guidance, however, for economic planning for the state - as opposed to specific types of areas - is found in two sections of the GMA: (a) the Planning Goals and (b) the requirements for Comprehensive Plans.

#### a. Planning goals

The GMA states that the planning goals are to be used exclusively for the purpose of guiding the development of comprehensive plans and development regulations. The GMA economic development planning goal states:

*(5) Economic Development. Encourage economic development throughout the state that is consistent with adopted comprehensive plans, promote economic opportunity for all citizens of this state, especially for unemployed and for disadvantaged persons, promote the retention and expansion of existing businesses and recruitment of new businesses, recognize regional differences impacting economic development opportunities, and encourage growth in areas experiencing insufficient economic growth, all within the capacities of the state's natural resources, public services, and public facilities.*  
(RCW 36.70A.020)

This is the strongest statement of policy intent for economic development in the GMA. The goal provides direction for at least six discrete, but inter-related, topics: (1) consistency with other planning goals in comprehensive plans, (2) promotion of economic opportunity for all citizens, but especially for those most in need, (3) a focus on retention, expansion and recruitment of businesses, (4) recognition of regional differences, (5) encouraging growth in slow-growing areas, and (6) ensuring sufficient capacity exists to accept the economic growth.

#### b. Comprehensive plans - Mandatory elements

Economic development recently became a required element of comprehensive planning<sup>2</sup>; however, because state funding was not provided, the requirement has not yet taken effect. Nonetheless, many local governments address economic activity in their plans.

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<sup>1</sup> The GMA contains significant additional information regarding rural economic development. That topic is being addressed as part of the *VISION 2020 + 20 Rural Issue Paper* and is not specifically addressed here. This paper addresses economic planning for the entire region, not for specific categories of land.

<sup>2</sup> Revised Code of Washington 36.70A.070 (7) – Per Second Substitute House Bill 2697, 2002 Session Laws.

The mandatory element section states:

- (7) *An economic development element establishing local goals, policies, objectives, and provisions for economic growth and vitality and a high quality of life. The element shall include: (a) A summary of the local economy such as population, employment, payroll, sectors, businesses, sales, and other information as appropriate; (b) a summary of the strengths and weaknesses of the local economy defined as the commercial and industrial sectors and supporting factors such as land use, transportation, utilities, education, work force, housing, and natural/cultural resources; and (c) an identification of policies, programs, and projects to foster economic growth and development and to address future needs. (RCW 36.70A.070)*

Different from the planning goals, this language identifies what topics are to be addressed and how economic planning is to be conducted. Some policy guidance, however, is present, with (1) a focus on economic growth, vitality and high quality of life, and (2) the necessity of addressing future needs.

To assist local communities in developing the new element, the Washington State Department of Community, Trade, and Economic Development developed an *Economic Development Element Fact Sheet*. The fact sheet provides an overview on economic development, discusses the components and steps of developing the element, and identifies the key stakeholders to include in the planning process. This fact sheet is included as Attachment 1. The fact sheet is currently being more fully detailed into a guidebook, but will not be completed until the winter of 2006.

Some local communities have developed economic development elements in their plans, but the state of the practice is not commensurate with other comprehensive plan elements. The economic development councils/boards have often taken the lead in creating economic development plans. These efforts are client-based and effective; however, for the most part they do not have the same long-term focus.

The lack of a complete requirement and the shorter-term focus have created a situation where economic planning has been largely isolated from growth management and transportation planning, and has not always been institutionalized and sustained.

## 2. What does VISION 2020 say about economic development?

VISION 2020 promotes a diverse region composed of economically and environmentally healthy communities framed by open space and connected by a high-quality, efficient transportation system. It envisions more compact, people-oriented living and working places, and promotes development practices that protect environmentally sensitive areas, create complete communities, and reduce sprawl. It is a public policy commitment to both managed growth and the efficient provision of public services. By linking land use and transportation planning, VISION 2020 creates an economic nexus by providing the structure for accommodating regional growth, enhancing mobility, and protecting valuable rural and resource lands from suburban sprawl.

### Assembling Land

Assembling land for development is complex and can take many years. Most businesses do not have the staying power to hold land for long periods of time. This limits the ability of developers from implementing some of the larger-scale projects envisioned in local comprehensive plans.

Local governments have the luxury of much longer time periods for a return-on-investment, making them better at assembling larger parcels.

### Auburn's Municipal Parking Lots

In March 2005 the city issued a Request for Proposals to find a developer to partner in developing the downtown parking lots owned by the city.

The RFP stated that proposals should address the sale or lease of surface or air rights, use of the properties for commercial/residential, and to retain of existing levels of parking as part of the project.

This approach has put a significant amount of downtown land – over 122,000 square feet – on the market for development. Auburn will further leverage this tool with other incentives – such as tax abatements, impact fee exemptions, reduced parking requirements, and a removal of height restrictions – to help ensure success.

VISION 2020's chapter on economics promotes a sustainable and stable regional economy to provide economic vitality and family wage jobs, while managing growth and supporting our downtowns and regional centers. The VISION 2020 strategy emphasizes public and private sector collaboration to identify needs such as infrastructure and employment sites, investments in services that will promote economic activity, and the importance of developing sound economic data and other information to monitor, evaluate, and guide our progress.

To achieve these broad strategies, economic multicounty planning policies are provided in four topic areas: (1) retention and expansion of the region's employment base and diversification of the region's economy, (2) development of centers and compact communities, (3) accessibility to centers and the flow of goods and services in and through the region, and (4) regional data and information management system.

The existing VISION is described in greater detail in section F.

### 3. What do the countywide planning policies say about economic development?

As required by the GMA, each of the region's four counties has adopted countywide planning policies related to economic development. Countywide planning policies are policy statements used for establishing a countywide framework for county and city comprehensive plans. For economic development, the GMA states that a countywide planning policy shall at a minimum address:

(g) *Policies for county-wide economic development and employment.* (RCW 36.70A.210 (3))

This sentence is the extent of the guidance for economic planning at the countywide policy level. Multicounty planning policies are provided the same guidance.

Despite the limited requirement, each of the counties and their cities have developed policies that cover a wide variety of topics. Figure 1 below provides an overview of the region's four sets of countywide policies on economic development and employment. VISION 2020 and GMA policy direction (as spelled out in RCW 36.70A) are also included for comparison.

Figure 1: Matrix of countywide planning policies (CPPs)

	King	Kitsap	Pierce	Snohomish	V2020	GMA
<b>Section Information</b>						
# of section pages (# of document pages)	6(86)	2(26)	4(73)	1(33)	9(92)	n.a.
Percent of total set of CPPs	6%	6%	5%	3%	10%	n.a.
Number of goals	9	2	7	-	4	1
Number of policies	24	16	38	6	17	n.a.
Definition of economic development	X	-	-	-	X	X
<b>Section Topics</b>						
<b>1. Business development</b>						
Expansion	X	X	X		X	X
Recruitment	X	X	X	X	X	X
Retention	X	X	X		X	X
Diversification	X	X	X	X	X	
Revitalization	X	X	X		X	X
Business assistance		X	X			
Marketing and promotion			X			
Finance	X	X				
New business development	X	X	X			
Centers development	X	X	X	X	X	

	King	Kitsap	Pierce	Snohomish	V2020	GMA
<b>2. Coordination</b>						
Public and private partnerships	X	X	X	X	X	
Regional coordination	X					X
Other collaborations	X	X	X		X	X
Tribal		X				
Jurisdictions	X	X		X	X	X
Information database		X	X		X	
<b>3. Workforce development</b>						
Education/training	X	X	X		X	
Minority empowerment	X	X	X		X	
Employment opportunities	X	X	X		X	X
<b>4. Public infrastructure and capital facilities</b>						
General	X	X	X	X	X	X
Transportation	X		X	X	X	
<b>5. Land use and development</b>						
General	X	X	X	X		
Permit process	X	X	X			
Housing			X	X	X	
Neighborhoods			X			
Environmental consideration	X	X			X	
Energy conservation	X					
Infill			X			
Transit and pedestrian						
Regulatory practice	X	X	X	X		
Commercial/industrial development	X	X		X		
Tourism	X				X	
Mixed use			X	X		
Regulatory reform		X		X		
<b>6. Other economic topics</b>						
Sustainability					X	X
Tax			X			
Monitoring and evaluation (name of identified lead agency)	(GMPC)	(EDC)	not specified	not specified		
Rural development					X	X
Incentive program	X		X			
Agriculture/natural-based industries	X		X		X	
Program support	X		X			

**Legend:** X = addressed in CPPs

As can be seen from the table, the counties are fairly consistent in terms of how much emphasis they place on economic development and employment as compared to other topics. The primary focuses are in the areas of Business Development as well as Land Use and Development.

Overall, the policies match closely to the GMA's economic development planning goal (*shown on page 4*), in that they address (1) coordination, (2) minority empowerment and employment opportunities, and (3) discuss retention, expansion and recruitment of businesses. Some of the planning goal's concepts could be more developed, including (4) discussions of regional (and subregional) differences, (5) encouraging growth in slow-growing areas, and (6) ensuring sufficient capacity exists to accept the economic growth.

## D. THE PROCESS TO UPDATE THE REGIONAL ECONOMIC POLICIES

Beginning in the fall of 2003, the Regional Council began the process of updating VISION 2020, with the goal of extending the planning horizon to the year 2040.

Through the fall of 2003 to summer 2004, the Regional Council conducted an expanded scoping process to initiate the development of alternative concepts for consideration and evaluation in an environmental review process. A significant number of comments were received regarding the importance of planning for the economy, with a central theme regarding the need to conduct economic planning and outreach at a regional level. This is discussed in section C.1.

One key component of the scoping process was a review of the existing VISION by PSRC's Growth Management Policy Board and the Economic Development District Board. This is discussed in section C.2.

### 1. Comments from VISION 2020+20 public scoping

During the public scoping period, almost 10 percent of all the comments received were related to the region's economy. This amount was slightly more than the number of comments regarding the environment, slightly less than land use, and far less than transportation.

Ninety-three percent of respondents to a public opinion survey conducted by PSRC in November 2003 said they thought businesses, community organizations, and government should have an overall, regional economic strategy. However, 43 percent thought that a cooperative regional economic strategy did not currently exist, and nearly half (48 percent) thought the region was on the wrong track in planning for future economic growth. In addition:

- One in three respondents said the number of jobs and economic opportunities in their community were poor.
- 70 percent of respondents thought our regional economy was worse in 2004 than it was five years before that.
- Four out of five respondents preferred an economic strategy that promotes diversity in the region.
- 79 percent favored encouraging growth and development by attracting new business over limiting growth in the region.
- Respondents favored both using incentives to attract growth (65 percent) and requiring growth to pay for impacts (67 percent).

### Simplifying Development Regulations

The Growth Management Act has taken development regulations one large step forward by requiring that they be consistent with the policies in the jurisdiction's comprehensive plan.

Many jurisdictions have continually streamlined their regulations over the years. However, little has been done to ensure that the myriad approaches taken by governments throughout the region have greater consistency.

This diversity of regulations hinders development, and is particularly difficult for smaller businesses, which have limited staff resources.

### Snohomish and King County Master Builders "Urban Centers Model Code"

Working with the Snohomish County Economic Development Council, the Master Builders hired a Planner/Architect to develop a model development code for Snohomish County's "Urban Centers."

The goal was to radically overhaul and simplify local development codes to encourage and provide incentives for creating quality urban environments in urban centers. Components of the new code address the following topics:

- I. Types of Districts within a Center
- II. Types of Streets
- III. Allowable Development Intensity
- IV. Building Heights
- V. Parking
- VI. Uses
- VII. SEPA Review

This new code is meant to be much shorter, easier to use, and will be applicable across multiple jurisdictions.

The public scoping period was brought to a close in June 2004, and public comments were summarized. For the economy, the following is a summary of the comments related to the economy:

- A sustainable, robust regional economy is critical to the region's future.
- The region should build on existing resources, structures and organizations to help develop a coordinated regional economic strategy, and link it to an expanded economic element in VISION 2020.
- The regional vision could address issues such as cooperative competition, shared revenues, coordinated metropolitan area marketing, joint recruitment, and other techniques to foster growth.
- The region's vision should emphasize the role of the private sector and market forces in implementing the region's plans, and provide guidance for more effective community economic development.

## 2. Review of VISION's existing economics section

PSRC's Growth Management Policy Board and the Economic Development District Board reviewed the VISION's existing economic strategies, discussions, and policies in the fall of 2003 and into the winter of 2004. They provided direction to staff regarding clarifying, eliminating, and adding to the existing strategies and policies. The Boards directed staff to maintain the existing concepts of focusing and supporting growth through infrastructure investments, and including public-private perspectives in economic decision-making. Further, they identified preliminary concepts in need of additional discussion and consideration in the update to the economic section:

- Promoting an integrated approach<sup>3</sup> to economic development to consider a whole variety of quality-of-life issues.
- Identifying existing and emerging industry clusters<sup>4</sup> and discussing the importance of different clusters in different subareas of the region.
- Understanding the land needs of some of the clusters the region wants to pursue.
- Understanding the need to use public infrastructure funds to leverage private investment in desired locations.
- Describing the economic value of the growth strategy.
- Describing the existing diversity of regulatory processes and the value of creating greater consistency.
- Providing clearer guidance on the Regional Council's role in economic development and possible participation in developing a regional economic strategy.

These preliminary concepts, and the comments received during public scoping, formed the basis for the development of the work-program for the Regional Economic Strategy (*discussed in section E*) and remain relevant for the update to the economics section of the VISION.

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<sup>3</sup> Definitions vary regarding what an integrated approach to economic development means. From a planning perspective, a good definition can be found in the *Ahwahnee Principles for Economic Development*. These principles are shown in Attachment 2.

<sup>4</sup> An explanation of industry clusters is provided in section E.4, on page 12.

## E. WHAT IS CURRENTLY IN PROCESS – PROSPERITY PARTNERSHIP'S REGIONAL ECONOMIC STRATEGY

The Summary of the Regional Economic Strategy is attached; however, this section further summarizes the Strategy's analysis, findings, and recommended initiatives.

### 1. Background on Strategy

Concurrent with the scoping period for the VISION 2020 update, PSRC staff developed a work-program for the Regional Economic Strategy in the spring of 2004. The work-program was incorporated wholesale into a Request For Proposals and the project began in the summer of 2004. The Request identified a series of broad goals, desired project outcomes, and preliminary approaches that the Strategy should consider. These are discussed below.

- Broad goals: The broad goals for the Strategy were to take a comprehensive look at the economy and be focused on implementation. It was meant to recognize other planning objectives and take a regional-scale approach. It was to be based heavily on private sector input, but recognize both public and private needs. Last, it was to foster economic growth that was in concert with our environmental aspirations, promote a high quality of life, and provide economic opportunity for all segments of the region's diverse population.
- Desired outcomes: The desired outcomes for the Strategy were to start with a vision and then make the difficult choice of focusing on specific clusters in the pilot phase. It was to recognize the key need to compete for people and intellectual capital. It was to create a new willingness to invest boldly in infrastructure, human capital, marketing, planning, and for activities related to job retention, expansion, and recruitment. It was to help the region reduce internal competition, which hurts us in real terms and in terms of perception, which meant also supporting efforts in other parts of the state.
- Preliminary approaches: Built directly from the review of the existing VISION, the Strategy was to focus on export-oriented clusters, to use the region's growth and transportation strategies to create development potential and economic opportunity, to reduce business costs through regulatory consistency and better up-front planning, and to focus on people, including the creative class and the region's culturally diverse populations.

Additional approaches included stopping the leakage of money from the region by producing, buying, and hiring locally, focusing on research and development and commercialization, and by focusing on environmental technologies to gain a competitive advantage in these newer industries.

To a greater or lesser degree, all of these goals, outcomes, and approaches were considered and incorporated into the Regional Economic Strategy.

### 2. Strategy development process

The process to develop the Strategy contained many components, including:

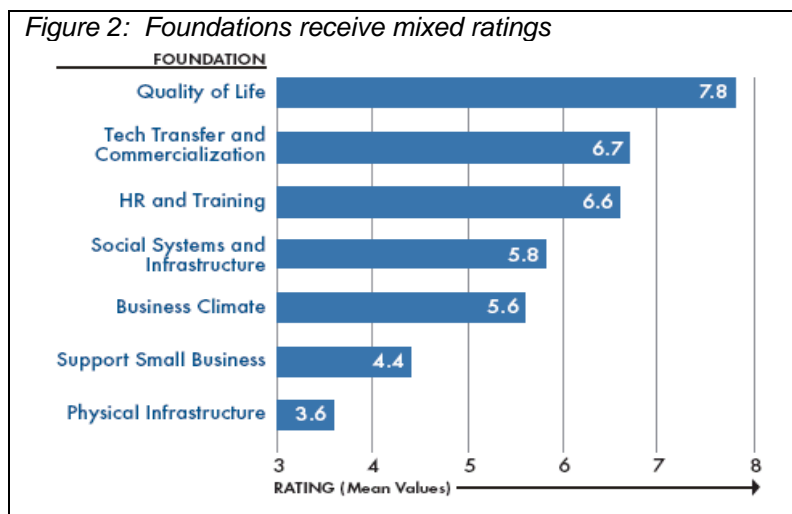
- An economic analysis of the region, using economic data, interviews with key leaders, a survey of regional stakeholders, and case study comparisons with peer regions.
- A regional economic summit (*results shown in section C.3*).
- Coalition building, as well as communications and outreach. The coalition now includes over 150 businesses, labor, government, and nonprofit organizations.
- The formation of cluster working groups for five pilot industry clusters, with each group producing a set of action initiatives to address particular needs of those industries.
- A draft Strategy for the Economic Development District Board, which was approved for public release in June 2005.

- Public outreach throughout the project with intensive outreach during summer 2005, asking for suggestions to improve the Strategy, as well as finding ways to effectively implement it.
- Adoption of the Strategy in September 2005 by the Economic Development District Board. The Strategy includes an implementation matrix detailing who is responsible for what actions and by when.

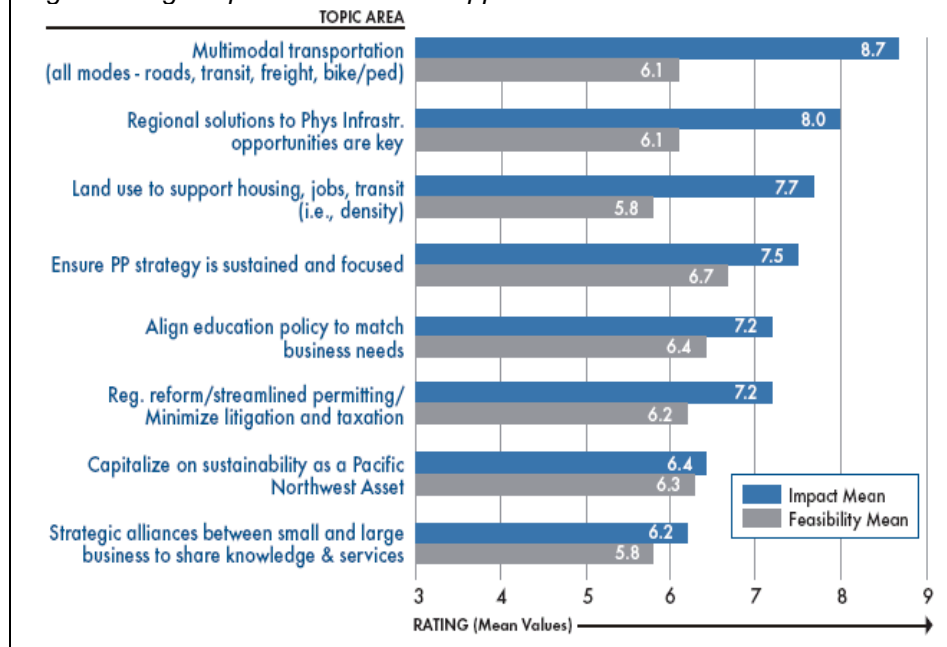
### 3. Regional economic summit results

The summit was held in November 2004 at an early stage in the development of the Strategy and was attended by over 1,100 people from the public, private, and nonprofit sectors. The goal of the summit was to identify the key opportunities and impediments to economic growth in the region. Participants worked in small groups to identify the opportunities and impediments and used real-time polling both to rate the region's economic foundations and to judge the region's opportunities based on the level of impact and the level of feasibility.

Figure 2 shows where participants felt the region's economic foundations were either strong or weak. Confirming some of the initial findings (based on interviews and surveys of private and public sector leaders), the region's primary asset was found to be its quality of life, and the region's primary challenges include infrastructure and support for small business.



*Figure 3: High Impact and Feasible Opportunities*



Of the more than 150 opportunities identified in the small group sessions, participants judged 17 of them in terms of level of impact and level of feasibility.

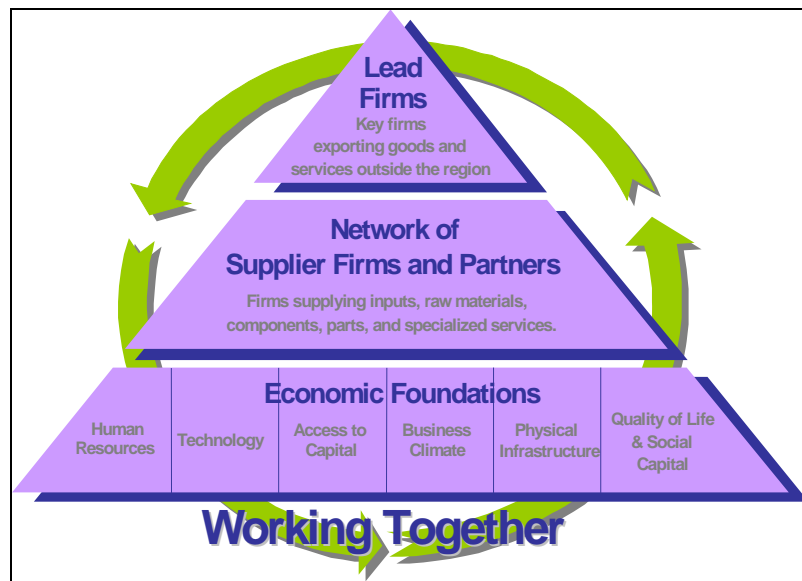
Figure 3 shows the eight that were identified as having a high impact and a high likelihood of being feasible. The top three opportunities, and the sixth one, are planning and GMA-related issues.

Other findings from the summit's polling were that participants believed retention was a higher priority than recruitment (although both were seen as important), that quality of life is of equal importance to "hard business costs," and that providing infrastructure was a better approach to economic growth than providing financial incentives.

#### 4. A focus on industry clusters

Rather than a typical economic analysis of major sectors, the Strategy development process focused on industry clusters – concentrated sets of competing and complementary industries. Cluster industries, especially those that export goods and services and import wealth into the region, help drive the economy. They are both a smaller and more focused unit of analysis and a method more relevant to businesses' experience. This approach was a more compelling way to engage the private sector.

Figure 4: Industry Cluster Conceptual Diagram



Source: Economic Competitiveness Group

Clusters create wealth by selling products or services outside the region, generating income that fuels the rest of the economy. Without these economic drivers, a region would only circulate money already in the local economy and risk losing economic momentum over time.

A focus on clusters also helps a region adapt to economic change. If regional leaders, institutions, technology, capital and infrastructure are attuned to the pressures facing key clusters, they are then better positioned to respond to specific industry needs.

#### 5. Development of economic principles

A key benchmark of the Strategy was the identification of an economic vision, given the desire to make decisions within a larger context. The Prosperity Partnership identified the following economic principles:

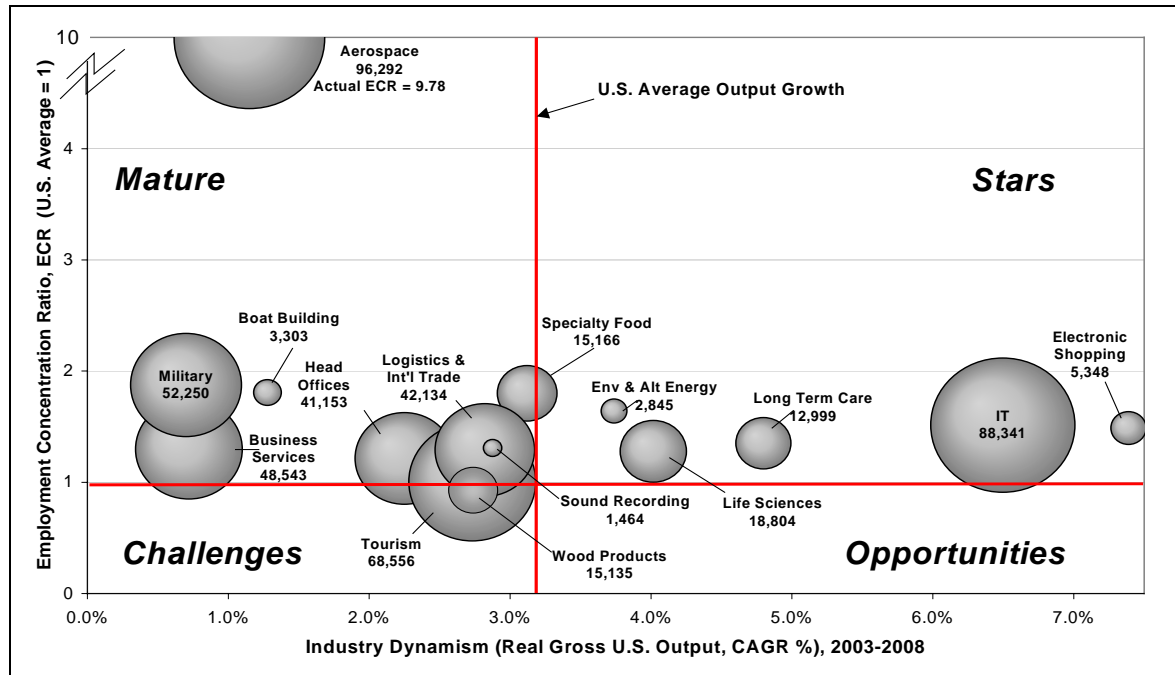
- People living here have good jobs and earn good incomes.
- Jobs are created by businesses.
- Embracing our region's diversity is good for business.
- The region has vibrant cities and thriving communities.
- The region has a healthy and beautiful environment and a good quality of life.
- Regional collaboration on a shared economic agenda ensures our region's long-term sustainable economic prosperity.

## 6. Summary of findings: A regional economy with promise - and challenges

The Puget Sound region has thrived for over a century, and many of the building blocks for continued prosperity are in place. Mature industries exist along with new and emerging enterprises. The region also has good schools, strong communities and a wonderful natural environment.

Figure 5 shows the 15 clusters identified as being present in the region today. The figure illustrates their concentration,<sup>5</sup> the number of employees in the cluster, and the projected national growth rate<sup>6</sup> of the cluster.

Figure 5: Central Puget Sound region's clusters: aerospace dominates and many other clusters are forecast to grow more slowly than the U.S. average.



Source: Global Insight Inc., 2004, and Economic Competitiveness Group.

The chart reveals some good news and some bad news. The region has a large number of clusters on which it can build. Less promising is the fact that employment in most of the clusters is only slightly more concentrated than in the typical U.S. region and that many are in industries forecasted to grow slower than the average national growth rate. The dominance of aerospace - an industry that is fairly volatile and prone to cyclical fluctuations - highlights the need for continued efforts to diversify and to support the growth of other clusters.

There are other ominous signs as well. The region's economic foundations - such as workforce education, infrastructure, and business climate - were identified as having worked well in past years but needing to adapt to the new economic environment. Some examples follow:

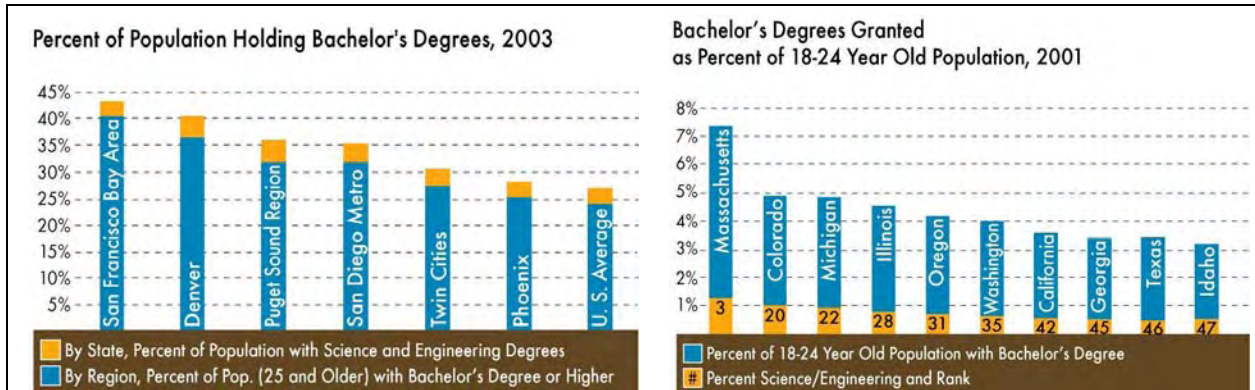
- Not enough students are graduating from our public schools with the technical, analytical and creative skills companies need now and into the future.
- The public high school dropout rate - 30 percent - is much too high.

<sup>5</sup> *Concentration*: Clusters above the dark horizontal line (at 1.0) are more highly concentrated in the central Puget Sound area than in the typical U.S. region of the same size, meaning, Tourism is typical, and Aerospace is nearly 10 times as concentrated as typical. Higher than average concentration is a sign of a competitive advantage.

<sup>6</sup> *Industry Dynamism* reflects the forecasted compound annual growth rate (CAGR) in the U.S. for each cluster. The dark vertical line (near 3.0 percent) shows the forecast growth rate for the U.S. economy as a whole.

- Universities don't have enough openings for undergraduates and aren't producing enough bachelor's degrees.
- Too many barriers exist for the innovations developed in our outstanding research institutions to develop into commercial products.
- As noted in figure 6, there is a mismatch between the high concentration of workers in knowledge industries/clusters and the limited number of degrees that are granted in science and engineering – skills which are necessary to successfully work in jobs in this sector.

Figure 6: For a region with many high-tech jobs, the region is weak in providing the sort of education needed for jobs in this sector.

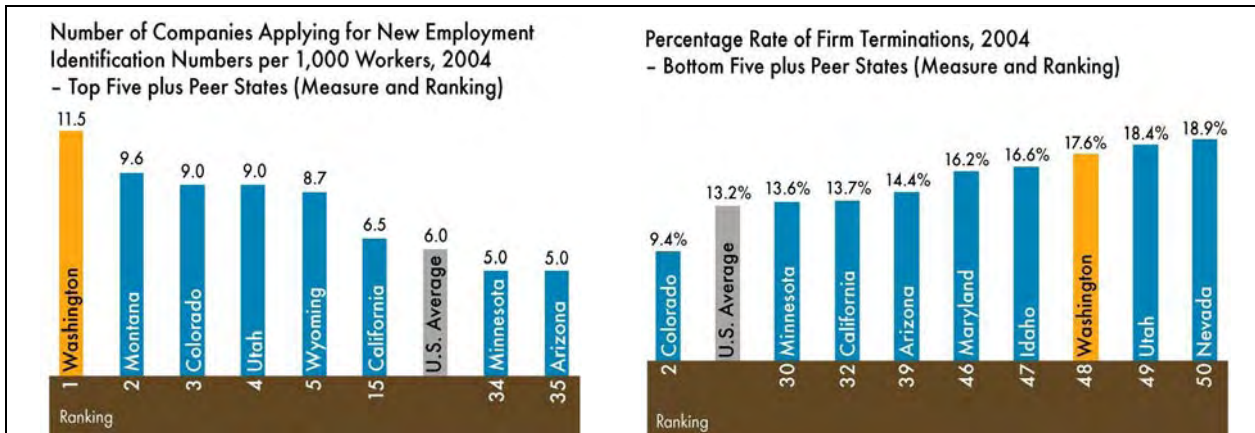


Source: ECG, Global Insight, Inc.

Source: Technology Alliance, US Dept of Commerce

And, as noted in figure 7, while Washington has the highest rate of new company formation in the U.S., the state is nearly the worst at keeping businesses open. The state's Business and Occupation tax, levied on gross receipts, may be part of the reason for the high rate of business closings, as the tax is particularly hard on small businesses and startups.

Figure 7: Washington is the best in the nation in business starts but, unlike some peers, is near the worst in keeping them open.



Source: Corporation for Enterprise Development

These trouble signs loom at a time when the economic environment is undergoing dramatic change. The global economy is becoming increasingly integrated. Nations are forming large trading blocs, and foreign businesses are improving their competitive positions. The marketplace is demanding profound technological innovation and development of advanced consumer products. All these forces put pressure on our regional economy to adapt and meet the new challenges.

And, while talented people have flocked to the region to work and live – in large part because of our stunning natural beauty and cultural abundance - our prosperity in an increasingly integrated global economy is not assured. In fact, it has never been more tenuous, and the reason is basic: the key factor of the global economy is no longer simply goods, services, or flows of capital, but also the competition for people. The ability to attract people is dynamic and sensitive given that information technology and mobility of goods and services means that many businesses can choose to locate anywhere. This new reality means that new centers of the global creative economy can emerge quickly; established players can lose position just as easily.

Worldwide competition is not just among countries but also among economic regions. As the author Richard Florida notes in his recent book, *The Flight of the Creative Class*, "...when it comes down to it, creative people choose regions. They don't simply think of the United States versus England, Sweden versus Canada, or Australia versus Denmark. They think of Silicon Valley versus Cambridge, Stockholm versus Vancouver or Sydney versus Copenhagen."<sup>7</sup>

Metropolitan regions have emerged as a basis for global competition. Around the world, regions are pooling their public and private talent and resources to pursue economic goals. The regional approach makes sense for central Puget Sound, where communities are so interconnected that they can be seen as a single economic unit.

## 7. Taking action: a two-pronged approach to achieve our economic goals

Based on the economic analysis, the Prosperity Partnership organized five pilot cluster working groups to identify key actions, investments, and public policy changes that would strengthen their sectors locally. The Prosperity Partnership also organized a Partnership Roundtable to identify needed changes to the regional economic foundations. Reflecting the analysis and outreach, the Strategy has two primary elements:

- a. **Cluster Action Initiatives**, to meet the needs of specific industry sectors.
- b. **Regional Foundation Initiatives**, to strengthen the general underpinnings of the economy.

These are described in the next two sub-sections and are more fully explained in attachment 4, the Summary of the Regional Economic Strategy. The complete Strategy can be accessed online at [www.prosperitypartnership.org](http://www.prosperitypartnership.org).

### a. Cluster action initiatives

Clusters help drive a region's economic wealth by selling their products or services outside the region, drawing income into the area that fuels the rest of the local-serving economy. Of the 15 clusters in the central Puget Sound region, five were chosen to be pilots for developing cluster-specific action initiatives.

The initial year of the Prosperity Partnership centered around five pilot industry clusters. Leaders in each of these clusters worked to identify critical issues and developed over 20 individual action initiatives that the Prosperity Partnership coalition will seek to implement, with several already being implemented.

- **Aerospace:** Initiatives to recommend short and long term legislative action; create an aerospace enterprise consortium for small and medium-sized businesses; develop an aggressive workforce development initiative; form centers of innovation in aerospace technology; and implement aerospace suppliers incentive program.
- **Clean Technology:** Initiatives to determine the need for and feasibility of creating a clean technology advocacy organization; and increase clean technology demonstration projects.

<sup>7</sup> *Flight of the Creative Class: The New Global Competition for Talent*. Richard Florida. HarperCollins. 2005.

- **Information Technology:** Initiatives to broaden and strengthen research and development to increase our region's intellectual capital; conduct an external marketing campaign that showcases the IT cluster; conduct a communications/economic literacy campaign that underscores the benefits of the IT cluster to the region, and map the "ecology" of the IT cluster.
- **Life Sciences:** Initiatives to develop and enact a vision for the cluster; create an ecosystem that can mix companies at different stages of development with available technical and financial resources; support; improve and build on current life sciences curricula and education programs in K-12; develop a inventory of skills and needs to guide decisions by education and training institutions; support joint use facilities to encourage collaboration among multiple life science companies and organizations; and connect and leverage the region's technological and intellectual strengths by creating a 'virtual research park.'
- **Logistics and International Trade:** Initiatives to communicate a jointly developed cluster message; develop a small business and entrepreneurial support network; enhance freight mobility through sustained funding and developing transportation chokepoint solutions; create a domestic logistics mission; attract Foreign Direct Investment; stage an export promotion symposium and classes for small and medium-sized businesses; and capitalizing on the Seattle 2010 Winter Olympic Games.

#### ***b. Regional foundation initiatives***

In addition to the clusters, the Prosperity Partnership has identified six foundation initiatives to improve the core elements that contribute to the sustainable growth and development of all areas of our economy. These include:

1. **Education:** Ensure a vibrant, well-educated and adaptable workforce with an entrepreneurial spirit.
2. **Technology commercialization:** Improve the movement of technological innovations from research institutions to the marketplace.
3. **New & small business support:** Nurture entrepreneurs and small businesses.
4. **Tax structure:** Implement balanced, pro-competitive tax reforms.
5. **Transportation:** Build an effective transportation system to support a world-class region.
6. **Social capital and quality of life:** Secure broad-based prosperity in all parts of the region through a strong civic and nonprofit community.

Within these six broad categories, the Prosperity Partnership will work on over 80 individual action initiatives. The Strategy and its initiatives address the authority of the public sector, including local government, in the market. They also provide guidance to the update of the VISION. These relationships are described in section F.

#### **Showing Leadership**

Local governments have a lot on their plate, making economic development one among many priorities. At the same time, a strong economy provides the revenues needed to address many of these other priorities.

Some jurisdictions in the region are more focused on economic development than others. This focus is most likely to bear fruit if it comes with strong leadership and a "customer service" attitude towards economic development.

#### **Tacoma's Downtown Resurgence**

After decades of decline, downtown Tacoma has made a tremendous recovery in the past dozen years. The recovery took place within the context of adaptive reuse, brownfields reclamation, and infill development. Tacoma used multiple tools:

- A 7-page Destination Downtown building code.
- An "8 Weeks or Your Money Back" permitting program.
- Lobbying for and using the multifamily tax abatement program.
- Setting a downtown living goal of 2010 new units by 2010.
- Shortening the capital projects list from 80 to 7 downtown projects.
- Meeting with the private sector and delivering on milestones weekly.

While the tools are important, of primary importance was working as a full partner with the private sector to set common goals, share the risk, and to deliver on priorities. This type of public leadership and interest in partnership is credited with much of the city's success.

## F. PRELIMINARY ISSUES FOR CONSIDERATION IN UPDATING THE ECONOMIC ELEMENTS OF VISION 2020+20

Each of the topic chapters in the existing VISION contains a discussion of the topic, a description of the regional strategy for the topic, and a set of multicounty planning policies. While the structure *may* change as part of the update process, this section discusses how the existing economics section should be revised to better integrate the findings of the Strategy and to better assist in its implementation.

Preliminary issues for consideration are offered regarding concepts that should be incorporated into the VISION's (1) discussion of the economic issues facing the region, (2) economic strategy, and (3) economic multicounty planning policies. Each of these sub-sections starts with a description of the existing VISION and then describes additional concepts for consideration. Included in the policies section are some preliminary actions related to implementing the Strategy. All of this chapter's concepts are summarized in matrix form - see Attachment 3.

### 1. Concepts to incorporate into the VISION's economic discussion

#### a. Existing discussion

The existing VISION discussion touches on many themes, including:

- The complexity of the economy, the identification of some major sectors, and a focus on the prominence of trade activity to our region and state.
- The cyclical nature of some of our leading industries and how this leads to a less stable economy.
- The emergence and stabilizing role of new sectors.
- The importance of stability and the need for regional policies, which are based on reliable data and are flexible and timely to avoid unintended consequences.
- The need to maintain high quality infrastructure that meets the needs of the public-private sectors, consistent with other planning objectives.

#### b. Preliminary concepts to incorporate

The Regional Economic Strategy identified concepts that are part of the existing VISION that warrant additional attention, including:

- Recognize the importance of trade as a cluster. Trade continues to be a key component of the region's economy, and it creates an important connection to the rest of the State. Beyond that, trade and logistics were identified as a cluster (and one that serves the other clusters), making our knowledge and experience a product in itself. At least as important is our competitive advantage of being located one day closer to Asian ports than other West Coast regions.
- Recognize the importance of integrating economic development with land use and transportation planning in a sustainable manner. Our region has increased its economic strength<sup>8</sup> and its quality of life by working toward an integrated nexus among land use, transportation, and economic planning. This is demonstrated by the region's continued positive net in-migration of young, well-educated workers.

<sup>8</sup> A recent report by the Brookings Institute studied the academic literature regarding the fiscal and competitive advantages of smart growth development patterns. In the report, *Investing in a Better Future: A review of the Fiscal and Competitive Advantages of Smarter Growth Development Patterns (2003)*, the authors concluded that "A portfolio of provocative evidence suggests quite strongly that smart growth has the potential to reduce governments' capital facility costs, reduce their costs of delivering services, and improve regional economic performance as well." [Emphasis added]

The Strategy goes beyond the existing core of policy concepts and, while the documents have different timeframes, many of the concepts in the Strategy fit well with the longer-term tenure of the VISION.

Some concepts to incorporate include:

- *Recognize the changing global economy and the need to improve the region's economic foundations that support all businesses.* Clusters and businesses in general require strong regional economic foundations, especially in a globalizing economy. The Regional Economic Strategy identified these foundations as including human resources (including education), technology, access to capital, business climate, physical infrastructure, and quality of life and social capital. For our region to be successful, we need to ensure that these foundations are strong and remain at least comparable with other peer regions.
- *Recognize the importance of industry clusters for both diversification and specialization.* This means helping our clusters achieve world-class status so that they can export their goods and services and bring wealth into the region. While diversification has been a cornerstone of past economic approaches, the Strategy brings the new concept of striving to make our existing clusters world class. As regions specialize, they will also need to form collaborative relationships to purchase goods and services that only other regions can provide.
- *Recognize our region's cultural and ethnic diversity as an economic asset.* The region's diversity has enriched our quality of life, but as important is the fact that in an increasingly global economy, it is a strategic asset. Our diverse populations are connected to people in other countries, giving us a connection and toehold for mutually beneficial collaborative trade relationships with other regions and countries.
- *Recognize the importance of the region's culture, history, and regional character to the region's economy.* These assets - our culture, history, and regional character - are part of what drives the region's economy, *both* for tourists and for the businesses already here and those potentially choosing to locate here. It is what makes us special - rather than generic - and is a key to our economic success.
- *Recognize the importance of new and small business.* New and small businesses employ half of the nation's private sector employees, and over the last decade generated over 60 percent of the region's new jobs. Supporting these businesses by addressing some of the unique issues they face - in areas such as taxation, access to capital, and access to affordable health care for their employees - will be critical in competing in an entrepreneurial economy of the future.
- *Broaden the focus from public-private perspectives to also include the nonprofit sector.* The nonprofit sector helps to ensure that prosperity is shared, which in turn helps create the stability that any good economy requires. These stakeholders should be included in all stages of planning efforts.
- *Recognize new sustainable business technologies.* In many parts of the world, businesses are improving their productivity and improving their quality of life by embracing the concepts of natural capitalism.<sup>9</sup> Embracing these concepts helps position the region for sustainable economic development that fits within the capacity of the region's natural resources, infrastructure and character.

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<sup>9</sup> *Natural Capitalism: Creating the Next Industrial Revolution.* By Paul Hawken, Amory B. Lovins, and L. Hunter Lovins. Little, Brown (1999). The central strategies of natural capitalism include: (1) radically increased resource productivity, (2) biomimicry or redesigning industrial systems on biological lines to enable the constant reuse of materials in continuous closed cycles, (3) shifting to a service and flow economy, meaning a shift from goods and purchases to a flow of economic services, and (4) investing in natural capitalism through reinvestments in sustaining, restoring, and expanding stocks of natural capital.

## 2. Concepts to incorporate into the VISION's economic strategy

### a. Existing strategy

The existing VISION's economic strategy description identifies principles and objectives, including:

- The strategy is based on the following principles – identify economic needs based on public-private perspectives, balance these demands with public resources, and develop information to support decision-making.
- Emphasize business retention, expansion, and diversification through public-private coordination that helps to identify needs.
- Recognize the unique business needs in urban centers, to enhance the viability of centers and compact communities by providing adequate housing, employment, amenities and transportation.
- Support viable economic growth in rural areas and use management practices that protect long-term productivity.
- Identify transportation and communications investments that are necessary to support economic activity, accessibility, and the flow of people, information and goods.
- Build a regional database to track the economy and support decision-making.

### b. Preliminary concepts to incorporate

The existing VISION's economic strategy description touches on many of the same topics as those identified in the Regional Economic Strategy. However, a few additional concepts should be incorporated into the VISION's strategy, including:

- Recognize the critical importance of coordinated planning for our economy. Places such as Ireland, India, and Shanghai, not to mention peer regions within the nation, are developing economic strategies and are competing fiercely with our region for new jobs, and for our existing jobs. This is likely to continue far into the future and is therefore appropriate in the long-range VISION. Further, addressing some of the known issues of today will take time, and improvements we set out to achieve may not be seen for many years. These factors make it imperative that we continue to plan for our economy in a coordinated and sustained fashion, which involves integrated planning at both the regional and local jurisdictional level.
- Support industry clusters for both diversification and specialization. (see page 17)
- Recognize need to collaborate with the rest of the state and with other regions. In a globalizing economy, where regions continue to specialize in distinct clusters, our region needs to embrace a strategy based on forming collaborative relationships with the rest of the state and with other regions. This is especially important as we focus on trade-oriented industries, where potential customers and potential collaborators may be the same regions.
- Recognize and build on our assets of cultural and ethnic diversity, history, culture, and regional character. (see page 17)

#### Fostering Coordination

In August 2005, planning staff from British Columbia's Greater Vancouver Regional District (GVRD) came to Seattle to discuss regional long-range planning. GVRD planners discussed a tool - Regional Context Statements - that is used to achieve consistency between local and regional growth management plans.

This tool could be very helpful for fostering coordinated, but flexible and locally responsive, economic planning.

#### British Columbia's Regional Context Statements

Regional Context Statements are a special form of agreement between member municipalities and the GVRD, as required by B.C.'s planning enabling legislation (called the *Local Government Act*).

Prepared by the municipalities as a chapter within their Official Community Plans (OCP), the Regional Context Statements describe the municipal OCP objectives and policies that support the regional plan (called the Livable Region Strategic Plan). Where necessary, the statements describe how OCP local policies will evolve over time to provide greater consistency with the regional plan.

The Regional Context Statement process requires acceptance from the GVRD Board in order for the local government to adopt their local plans. Revised Statements are submitted for GVRD Board acceptance when OCP updates occur, typically every five years as required by provincial legislation.

- Support new and small business. (see page 17)
- Broaden the public-private focus to include nonprofit sector perspectives. (see page 17)
- Recognize the need to improve the region's economic foundations that support all businesses in the changing global economy. (see page 17)
- Recognize the importance of investing in our people, communities, and quality of life. In a high-tech and mobile economy, jobs can be located almost anywhere. Our region can compete for these jobs through a more integrated approach<sup>10</sup> to economic development. This is where the VISION and local jurisdictions can make a difference by helping to envision and make the region a place where people want to live and work; in short, a region that can compete for people and for economic prosperity. Doing so involves improving our willingness and ability to make needed investments and to make the most efficient use of existing investments.
- Recognize the need to work together to mitigate the impacts of globalization. The Strategy development process has made it clear that the region must work together to support the private sector as they compete in the globalizing economy. As this happens, it must be recognized that globalization has significant impacts – social, environmental, and economic. The strategy must also recognize the need to work together to minimize these impacts on the region's residents.
- Embrace sustainable business technologies to encourage job growth and to create healthier communities. The concepts of natural capitalism (see page 17) and a focus on environmental technologies and practices, renewable resources, green development practices, and a strong environmental ethic helps position the region for sustainable economic development. It also helps to create healthy communities by improving the built environments in our homes, offices, schools, and community gathering places.

### **3. Concepts to incorporate into the VISION's economic multicounty planning policies**

The VISION adds value to the Strategy process through the multicounty planning policies, which have both legal standing and relate directly to local and countywide planning. They provide an opportunity to broaden the constituency of the Strategy and improve its likelihood of implementation.

This section describes the existing multicounty planning policies and how they should be used to implement the Strategy. This is meant to ensure that local economic planning occurs and in a manner consistent with the regional VISION and Strategy.

#### **a. Existing policies**

The existing VISION contains 17 multicounty planning policies related to the economy. They organized under four topic areas. These are summarized as follows:

- Framework topic areas: (1) Through regionwide coordination, foster economic opportunity and stability while managing growth. Support efficient mobility for people, freight, and goods by (2) focusing growth in, and (3) supporting accessibility to and within, centers and compact communities. (4) Maintain reliable data that supports economic decision-making.
- Coordinate to identify and address infrastructure and space needs, and transportation needs for accessibility to and within centers.
- Support local and countywide economic plans and strategies and invest in community services, infrastructure and amenities.
- Encourage jobs in areas with adequate public services and in designated centers.
- Recognize the needs of centers such as housing, jobs that match residents' skills, and an economical and efficient transportation system. This means investing in community services, infrastructure and amenities.

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<sup>10</sup> See Attachment 2.

- Balance the needs of commercial/industrial employers with the growth strategy. Develop a regionwide industrial strategy that promotes reuse and redevelopment, discourages non-supportive uses, and provides adequate infrastructure and coordinated investments to maximize industrial sites, ports, and manufacturing/industrial centers.
- Support export-oriented and leading edge clusters by identifying their transportation needs and by developing a multimodal transportation system.
- Support rural and natural resource areas by recognizing their distinct character and maintaining appropriate infrastructure, and foster renewable resources in these areas through management practices that protect long-term productivity.
- Prepare regionwide and subarea forecasts, maintain a regionwide clearinghouse of data, and monitor performance and implementation.

**b. Preliminary policy concepts to incorporate**

The boards provided guidance to staff to maintain the existing concepts (see page 5) while adding some additional ones (see page 9). These additional concepts, goals from the GMA, the common themes in the countywide planning policies, and the outcomes of the Regional Economic Strategy process, suggest some revisions to the structure of the multicounty planning policies related to the economy.

Expanding from the four topic areas contained in the existing VISION (see page 5), the following represents a framework for policy focus areas to organize the economic policies in the VISION update:

- (i) promote economic planning that is integrated, coordinated, and sustained,
- (ii) encourage job creation,
- (iii) invest in our people, communities, and quality of life,
- (iv) provide sufficient and appropriate infrastructure, and
- (v) provide reliable data to support decision-making.

Following these are some preliminary policy concepts, and related actions that can be taken, beyond the policies, to help implement the Strategy.

**i.a. Policy Focus Area: Promote economic planning that is integrated, coordinated, and sustained.** In many respects, the region competes nationally and internationally as a single economic unit. Given global economic competition, the region will only be successful if regional and local governments engage with the private and nonprofit sectors in coordinated and sustained economic planning. This planning must be integrated with other components of the VISION, in particular land use and transportation.

- Ensure that regional and local economic development planning is consistent with the region's VISION. The existing VISION promotes economic growth primarily inside the urban growth area (with appropriate amounts of growth in rural areas), inside cities, and inside regional growth and manufacturing/industrial centers, and focuses on connecting these areas with an efficient,

**Providing Infrastructure**

Adequate public infrastructure such as telecommunications, roads, sewer, water, and more - are the backbone of economic development. Providing new facilities is a key challenge for new cities, and maintaining or retrofitting existing facilities is a challenge for older cities.

Revenues to public agencies have been reduced in recent years, requiring the public sector to be more creative in providing infrastructure.

**Everett's Multimodal Station**

A long time in the planning stages, the city completed Everett Station, which is a multimodal, multi-use transportation hub immediately adjacent to the city's downtown center. The Station serves as a connection point for multiple transportation modes, including Amtrak, Sound Transit, Everett Transit, Community Transit, Greyhound, and Trailways. The Station is served by private shuttles, taxis, and vanpools, and has bicycle lockers and a park-&-ride lot.

Not willing to settle for a transportation-only facility, the city added additional uses, including a higher education facility, a career development center and a café that serves as a gathering place for community events.

Co-locating all of these uses makes them more accessible to the public, and makes the Station a more efficient public infrastructure investment.

transit-oriented, multimodal transportation system. Throughout the region this approach is adding value and creating stronger local economies, and local plans should be consistent with this VISION.

- Ensure that local economic planning and economic development activities are consistent and coordinated, and that local governments play a role implementing the Strategy. While recognizing the necessity for jurisdictions to build on their own competitive advantages, mechanisms should also be put in place to ensure some degree of consistency (this was termed co-opetition in the Strategy). These mechanisms should help to ensure that local governments are encouraged to take on a role in implementing the Strategy.
- Foster an integrated approach to local and regional economic development. Local plans should build on the guidance provided by the GMA and consider a whole variety of quality-of-life issues (see *attachments 1 and 2*) at both the countywide and local level. Part of the approach is to recognize and build on the strategic assets of our location in relation to the rest of the State, and to the nation as a whole.
- Ensure that economic growth fits within the capacities of the region's natural resources, public services, and public facilities. The GMA specifically addresses the need for balance in the economic development planning goal, stating that economic growth should be "within the capacities of the state's natural resources, public services, and public facilities." Given the crucial need for integration, and for maintaining the region's high quality of life, economic development must be balanced with other areas of concern. As noted in the section on countywide planning policies (see *page 6*), some of this balance already occurs, but could potentially be improved.

#### **i.b. Related actions**

Beyond policies, there are a number of actions that should be taken to support integrated, coordinated, and sustained planning.

- Pursue state funding for local economic planning. It is urgent that sufficient funding be made available for local governments to be able to engage in sustained, coordinated, and successful economic planning. PSRC members should work closely with the state to secure some funding for local governments to assist them in developing economic elements for their local plans.
- Promote and recognize economic planning best practices. With or without state funding for economic planning, PSRC should consider creating a set of technical assistance tools to assist local governments in crafting and enacting local economic plans to address GMA requirements and to support the themes of the Strategy.
- Enact tools to ensure that plans are coordinated and consistent. Some tools that should be considered, and developed collaboratively, to help foster coordination include potentially certifying economic elements of local comprehensive plans when they become a mandatory element (similar to how PSRC certifies transportation elements), exploring the development of incentives (for example, tax revenue sharing), and/or potentially new programs (for example, British Columbia's Regional Context Statement – see *page 18*).
- Enact tools to encourage local governments to help implement the Strategy. Some tools that should be considered, and developed collaboratively, to help foster support for implementation could include an awards program (similar to the VISION 2020 awards), the use of regionally managed federal transportation funds as appropriate (potentially to encourage the adoption of economic elements in local comprehensive plans), or other programs.
- Harness the legislative clout of regional and local government to support economic development and economic foundation initiatives. Beyond educating the public, regional and local governments should use their legislative clout and continue to work closely with the rest of the state to ensure sufficient legislative support to improve the region's (and the state's) economic foundations (see *page 15*). While ensuring that its core economic messages are not diluted, the Prosperity Partnership has a greater chance of implementing these needed initiatives through the active partnering with local government.

- Raise profile of economic planning and assist in coordination efforts by setting employment targets. As noted in the VISION 2020+20 Issue Paper on Growth Targets, employment targets to some extent already exist and add value.<sup>11</sup> Setting employment targets is an important step in raising the prominence of economic planning, and can help to implement goals of having employees living closer to work and/or being able to commute to work using a variety of modes.

**ii.a. Policy Focus Area: Encourage job creation.** Economic prosperity is one of the most important elements of our long-range vision. The public sector has an important role in encouraging job growth and in ensuring that it is done in a sustainable manner. The sector also has many tools for supporting economic growth, and some examples are noted in the best practices sidebars. These tools include policies and regulations, permitting and planning, and investing and purchasing. Beyond this, the public sector has direct authority over the tax system, business climate and, in large part, quality of life needs and the provision of infrastructure.

And, of critical importance in a globalizing economy, the public sector supports job growth through decisions it makes as it manages its part of the education system.

- Support export-oriented clusters and businesses. Businesses that export goods and services and import wealth into the region help drive the economy (and, in part, the rest of the state's economy). This income increases the region's economic wealth and fuels the rest of the economy. Without these economic drivers, a region would only circulate money already in the local economy, and risk losing economic momentum over time.
- Embrace and support our culturally and ethnically diverse communities. (see page 17).
- Support new and small businesses. (see page 17)
- Seek to strengthen and improve the economic foundations that support all businesses. (see page 19)
- Use government purchasing to support local goods and service providers. Local government and government in general, are major purchasers of infrastructure products - from new buildings, to municipal fleets, and more. Where appropriate, local governments can support local industries - and the region's economy - by purchasing from local product providers. This helps keep jobs and money in the region and

### Sharing the Risk

In the past, local government's economic development efforts have often taken a "zone it and they will come" or "set the table" approach. These approaches are proactive, but do not necessarily lead to the expected results or to any results at all.

A new approach seems to be taking hold - working closely with the private sector to identify all the cost factors in a project and to invest as part of a partnership. This partnership creates more certainty, minimizes risks, and helps ensure a sufficient return on investment.

### Renton's Metropolitan Place

Located directly adjacent to the downtown core, Metropolitan Place includes a transit station, public plaza, shared parking garage, and much more. The project is an important catalyst for additional downtown development.

Many economic development tools were used to make this project successful, but the primary one seems to be the partnership between the city and all of the project's stakeholders.

To start the project, the city worked with the existing businesses (car dealerships) and helped move them to land closer to the freeway. The city then partnered with other public agencies to secure the transit station and shared parking garage. The city approached a developer and worked closely to create a project that worked well for both parties. Part of making the project feasible was the city's willingness to build infrastructure ... right up to the front doors of the development! This helped minimize the risk for the developer, and helped move the project to construction.

<sup>11</sup> *Growth Management By the Numbers: Growth Targets in the Central Puget Sound Region.* July 2005. Page 102. Much of the analytical work needed to set employment targets is already done by the jurisdictions because of the Buildable Lands program, which requires a "review [of] commercial, industrial, and housing needs by type and density range to determine the amount of land needed for commercial, industrial, and housing for the remaining portion of the twenty-year planning period used in the most recently adopted comprehensive plan." [RCW 36.70A.215 (3)(c).] The Central Puget Sound Growth Management Hearings Board commented but did not rule on this issue, stating "Because urban growth consists of people and jobs, the county is therefore charged with authority to undertake a task that is essentially an allocation of population and employment." [Edmonds v. Snohomish County. 93-3-0005c]

can help a newer industry grow and then begin to sell in national markets.

- Employ environmental technologies and practices to encourage sustainable job growth and quality of life. (see page 20)

## ii.b. Related actions

Beyond policies, there are a number of actions that should be taken to encourage job creation.

- Participate in economic literacy campaign to create support among citizens for economic growth. Citizens' and businesses' first point of contact with the government is through their local municipality. Making economic development – especially an integrated approach that is consistent with the regional Strategy – part of each jurisdiction's message helps build support for business growth and for needed investments. It is through this interaction, perhaps more than any other, that local governments can foster support for economic development and help implement the Strategy.
- Work to implement economic foundation initiatives. The key foundation initiatives for encouraging job creation include:
  - Technology commercialization: Improve the movement of technological innovations from research institutions to the marketplace.
  - New & small business support: Nurture entrepreneurs and small businesses.
  - Tax structure: Implement balanced, pro-competitive tax reforms.
- Seek to increase consistency among local permitting processes. While individual jurisdiction's permitting processes have been continually streamlined over the years, more work can be done to ensure that the diversity<sup>12</sup> of local processes becomes more consistent. Participants in the Strategy process noted that the diversity of processes had a harmful impact on development - especially for smaller businesses. As noted on page 11, participants in the regional economic summit indicated that regulatory consistency was one of the most important opportunities for growing the economy. Establishing consistency among permit standards will involve changes to terminologies, processes and time frames, methodologies, and, in some cases, perhaps to the standards themselves. Efforts to improve consistency among local processes should be developed carefully as to not impinge on local prerogatives, reduce protections, nor codify the lowest common denominator.
- Recognize and support the use of local incentives and innovative tools. The Strategy addressed the topic of incentives cautiously, stating that they should result in a positive net return on investment, and not be speculative. However, incentives clearly play a role in economic development. Equally true is the removal of disincentives. Regional and local government have a role in marketing existing tools, tailoring regulations to focus job growth to areas that have sufficient public services and infrastructure, and considering innovative tools, such as those highlighted in the best practices sidebars.

**iii.a. Policy Focus Area: Invest in our people, communities, and quality of life.** The Strategy is, at its heart, about retaining and recruiting people. This competition is won and lost through quality of life. The GMA and the VISION's holistic and balanced approach – focusing on land use, transportation, economic development, and the environment – is central to securing the region's high quality of life. And, the VISION, by focusing growth and transportation investments, creates great communities and an economic nexus that drives the region's economy.

Participants in the regional economic summit indicated that land use supporting housing, jobs, and transit was the third most important opportunity for growing the economy. They also indicated that quality of life is just as important as "hard business costs" for economic growth.

- Understand and mitigate the impacts of globalization on the region's residents. (see page 19)

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<sup>12</sup> As an example, the Regional Council's two-year assessment of GMA-mandated transportation concurrency programs found that no two programs were identical. This meant that developers needed to learn each jurisdiction's program anew in order to work in multiple jurisdictions.

- Prioritize investments in our people. Increasingly, economic development practitioners are recognizing that what is good for people is good for the economy. There are many components to this – from a good education system to workforce training to a strong social capital network. Only when our region's people are supported can they fully contribute to economic growth. Decisions about how to prioritize should be based on solid, reliable information and data.
- Promote economic opportunity for all citizens of the region, especially for unemployed and for disadvantaged persons. This concept comes directly from the GMA economic development planning goal. For the region to sustain the momentum generated by the Prosperity Partnership, it is crucial that there be widespread public support, and part of ensuring the support is by seeking to ensure that prosperity is shared.
- Protect and enhance our region's culture, history and regional character. (see page 17).
- Invest in physical and social infrastructure to make great communities. Local governments' primary contribution to the economy is through the creation of great communities. These communities have great things in them - parks, cultural amenities, community centers, libraries, quality infrastructure, and more. The old adage is true, "it takes money to make money." Communities that invest in themselves are more likely to be successful and to help the region to compete for people and for prosperity.
- Support efforts to provide an adequate and diverse housing supply. An area where the region is weak is in the provision of housing - for both owners and renters - that is affordable and accessible to all economic segments of the population. This is fundamentally about supply, but also about the diversity of housing options. Leadership is required at the regional and local level to ensure that sufficient new housing is built to accommodate future growth. This involves addressing incentives and disincentives, making land available, and ensuring that land is developed efficiently. Additional recommendations regarding housing can be found in the VISION 2020+20 Issue Paper on Housing.
- Continue to encourage jobs in areas with adequate public services and in designated centers and subregional centers. Focusing growth into areas, such as designated regional centers, where adequate capacity exists or is planned should remain a strong component of the VISION. Recognize that other important areas of activity exist in subregional centers, and that these may be appropriate locations for the focusing of growth.
- Continue to recognize the needs of designated centers and subregional centers. These include needs such as housing, jobs that match residents' skills, and an economical and efficient transportation system. This means investing in community services, education, infrastructure, and amenities.

### **Making Sites Shovel Ready**

Getting from concept to moving dirt is one the riskiest phase for a developer, with equity tied up in the land as the project moves through the permitting and public comment stages. If the project is denied, or needs significant changes, the risks and associated costs only grow.

Even developments that are consistent with the local plan and zoning must go through the State Environmental Policy Act, or SEPA, process. Reforms exist that allow local governments to "pre-permit" for development within the urban growth area.

A Planned Action EIS allows a city to clearly identify zoned uses and build out, and then spells out the environmental mitigation that is required for development to occur. When actual development proposals come to the permit stage, if they are within the thresholds identified in the EIS, they only require a determination of consistency with the earlier EIS.

### **Kent's SEPA Planned Action for Kent Station**

In 2002, Kent prepared a Planned Action EIS for a 20-acre parcel - named Kent Station - located adjacent to their downtown core and commuter rail station.

The Planned Action calls for mixed-use development that is of a greater density than the surrounding area, and includes an upscale grocer, a cinema, restaurants, and a Community College satellite campus (a use that was seen as magnet tenant).

The Planned Action established thresholds for uses (such as a maximum footages for retail and office) within which a project would not need to perform additional SEPA analysis.

This incentive helped the city attract a developer, who was selected through a competitive process. The developer broke ground on the first phase of a \$100 million, 470,000 square foot project in 2004, and Phase I is scheduled to open in late 2005.

- Continue to support appropriate economic development in rural and natural resource areas. This means supporting rural and natural resource areas by recognizing their distinct character and maintaining appropriate infrastructure and fostering renewable resources in these areas through management practices that protect long-term productivity.

### iii.b. Related actions

Beyond policies, there are actions that should be taken to invest in our people, communities, and quality of life.

- Work to implement economic foundation initiatives. The key foundation initiatives for investing in our people, communities, and quality of life include:
  - Education: Ensure a vibrant, well-educated and adaptable workforce with an entrepreneurial spirit.
  - Social capital and quality of life: Secure broad based prosperity in all parts of the region through a strong civic and nonprofit community.

**iv.a. Policy Focus Area: Provide sufficient and appropriate infrastructure.** Competitive regions provide not only basic services such as electricity, ports, roads, water, and waste management, but also more advanced infrastructure, such as sophisticated telecommunications capacities that enhance business efficiency and links to external markets. In this regional context, economic infrastructure also includes increased housing supply, fully funding all levels of education, providing for public safety, and more.

Participants in the regional economic summit indicated that multimodal transportation improvements, and regional solutions to infrastructure were the top two opportunities for growing the economy. They also indicated that providing infrastructure was more important than providing financial incentives for economic growth.

- Ensure that all forms of infrastructure are provided in a manner consistent with the region's growth strategy. Infrastructure has a key role in guiding development and growth. Infrastructure should be used to support growth in areas identified for development and should be limited in areas that are not.
- Continue to coordinate to identify infrastructure needs. This means coordinating with the public-private-nonprofit sectors to identify and address infrastructure and space needs as well as telecommunications and transportation needs for reliable access to and within centers and other important activity and business centers.
- Optimize infrastructure needs for clusters, manufacturing and regional growth centers. Continue to assess the needs of clusters and the needs for designated centers, and seek to optimize the provision of infrastructure and the focusing of growth and protection of residential neighborhoods in a manner that benefits multiple components of the region's economy. This also means continuing to support an industrial strategy that promotes reuse and redevelopment, discourages non-supportive uses, and provides adequate infrastructure and coordinated investments to maximize industrial sites, ports, and manufacturing/industrial centers.
- Employ sustainable building and development practices. By promoting cleaner technologies in our building and development practices - from buildings, to clean trucks and buses, to the use of recycled materials - local governments can further support the Strategy's efforts to gain a competitive advantage in these industries.

### iv.b. Related actions

Beyond policies, there are a number of actions that should be taken to provide sufficient and appropriate infrastructure.

- Recognize need and create support for investing in all types of infrastructure. Any work done to support and enhance the region's economy through the "related actions" in sections i.b (see page 21 - especially the bullet on "harnessing the clout of government") and ii.b (see page 23 - especially the

bullet on "participating in an economic literacy campaign") must help the region build all of its infrastructure to support and help focus growth.

- Work to implement economic foundation initiatives. The key foundation initiative for providing sufficient and appropriate infrastructure is:
  - Transportation: Build an effective transportation system to support a world-class region.
- Make strategic public sector investments to support local businesses and clusters. In many communities, local governments are often one of the largest employers and purchasers of goods and services. Where appropriate, the use of *local* products and services can be a stepping-stone for an industry to grow and begin to sell in national markets. This was identified by at least one of the Strategy's workgroups - the Clean Technology cluster - as needing to be part of a plan for introducing new products into the market.
- Make strategic public sector investments to support sustainable building and development practices. Similar to the action above, government has a greater ability to utilize clean technology practices. Government usually has a greater ability than the private sector to accept a longer timeframe for a return on their investments. This allows them to purchase products in a different fashion than the private sector and can be useful in fostering new technologies and industries.

**v.a. Policy Focus Area: Provide reliable data to support decision-making.** Credible and reliable data has been a cornerstone of the Regional Council's planning activities. As the Regional Council continues to engage in economic planning, it should play a similar role in economic data compilation and sharing as it does in land use and transportation. Improving its economic data capabilities will help to ensure integration. Key to success will be coordinating with others' data collection and analysis efforts.

- Continue to collaborate with others to maintain a regionwide clearinghouse of data and monitor performance and implementation.
- Looking for opportunities to use data to help integrate land use, transportation, and economic development. Given our growing understanding of the interdependencies in these planning areas, opportunities may exist to refine our existing data collection and analysis practices at the local and regional levels.

**v.b. Related actions**

Beyond policies, there are actions that should be taken to provide reliable data to support decision-making.

- Continue to prepare regionwide and subarea forecasts.

## **G. NEXT STEPS**

This section discusses next steps in the Strategy's implementation and the VISION update process.

### **1. Implement the Strategy**

Over the summer of 2005, the Prosperity Partnership engaged the region in a dialogue about the six foundation initiatives and the five sets of cluster initiatives. With the adoption of the Strategy in September 2005, the Prosperity Partnership will now take the following actions:

- **Implement the foundation initiatives**

At the same time as it supports the cluster initiatives, the Prosperity Partnership will move the foundation initiatives forward. With over 150 partner organizations, high visibility in the community and momentum, the Prosperity Partnership may offer the best chance yet for achieving the ambitious results we seek in the foundation initiatives.

- **Continue the work of the five pilot clusters**

To varying degrees, the leadership of the cluster working groups see the value in continuing the work of their groups. This could include supporting work on the cluster initiatives, helping those implementing the action initiatives break through obstacles, helping to find needed resources and seed funding, and keeping the Partnership's leaders informed of progress.

Some working groups might want to launch new initiatives to strengthen their clusters' business environments. The Prosperity Partnership will support the cluster working group processes as they continue. Where leadership changes are warranted, new leaders may be found within the existing groups. Efforts to add new cluster participants will continue.

- **Add new clusters to the process**

The five pilot clusters are not the only clusters driving our economy. Ten others are contributing to regional prosperity. Perhaps as early as 2006, with careful consideration and, perhaps, additional research, the Prosperity Partnership will focus efforts on those additional clusters that are ripe for forming cluster working groups.

Beyond these actions, the Prosperity Partnership is working to develop an organizational structure to ensure that the effort is sustained.

### **2. Update the VISION**

The update of the VISION includes two primary next steps: developing a new VISION, complete with strategies, provisions, and policies, and engaging in an environmental review and public outreach process. The issue papers will be used as a starting point for developing the updated VISION, and each paper's preliminary considerations and/or recommendations are likely to change as the public outreach and comment periods are conducted.

The schedule and some key milestones are noted in the following table.

September – January 2006	Develop Draft EIS	
February 2006	Release Draft EIS	Analysis of four growth alternatives
February – March 2006	Public Outreach / Public Comment	
April – August 2006	Develop Supplemental EIS and Draft VISION	
September 2006	Release Supplemental EIS	Analysis of preferred growth alternative
	Release Draft VISION	Draft topic area strategies and policies
September – October 2006	Public Outreach / Public Comment	
November – December 2006	Develop Final EIS and Final VISION	
January 2007	Release Final EIS	Presentation of refined preferred growth alternative
	Release Final VISION	Overall growth strategy, topic area strategies and policies, implementation actions, and future work
January – February 2007	Board Review and Action on Final VISION	
March 2007	General Assembly Action on Final VISION	

## H. CONCLUSIONS

The Regional Economic Strategy represents a major collaborative step forward for the region in terms of coordinated, regionwide economic planning to help the region remain competitive in the globalizing economy. The Prosperity Partnership has brought together diverse interests from the public, nonprofit, and private sectors.

Implementation will require all sectors to continue to work together. The VISION and local governments working together have an important role in creating a sustainable long-term framework that supports implementation of the actions and concepts in the Strategy.

## I. ATTACHMENTS

### 1. CTED Economic Development Element Fact Sheet

This attachment provides guidance regarding information, resources, and a fairly comprehensive process a local jurisdiction might engage in when developing an economic element to their comprehensive plans.

### 2. Integrated Approach example: The Ahwahnee Principles for Economic Development

This attachment provides guidance regarding planning principles that could be considered when engaging in economic planning. The principles are meant to serve as a comprehensive model, which recognizes the value of natural and human capital, and embraces economic, social, and environmental responsibility.

In 2002, the Puget Sound Regional Council's transportation plan, *Destination 2030*, and its Transit Station Communities Project received an Ahwahnee Award. The projects were honored together in the Regional Initiatives category for supporting sustainable land use patterns through efficient transportation investments. These awards honor outstanding projects and programs that create livable communities in the 14 western states.

### 3. Summary Matrix of Section F of the Economic Issue Paper - Preliminary Issues for Consideration in updating the economic elements of VISION 2020+20

This attachment summarizes section F of the economic issue paper in a matrix form, given its length and amount of content. This matrix should be used only as a summary guide to the section as it does not provide all of the content or background information.

### 4. Prosperity Partnership's Regional Economic Strategy – Summary. *(Supporting materials attached for Growth Management Policy Board members and alternates. For copies of the complete agenda packet, please contact the Information Center, (206) 464-7532.)*

This attachment summarizes the Regional Economic Strategy, which provides the basis for much of the content and preliminary issues for consideration that are described in this economic issue paper.

(Insert Attachment 1)

## **1. CTED Economic Development Element Fact Sheet**

November 16, 2005

(Attachment 2)

## 2. Integrated approach example - The Ahwahnee Principles for Economic Development

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**Local Government Commission**

*"The LGC is a nonprofit organization working to build livable communities."*

Printed from the Local Government  
Commission's Website:

<http://www.lgc.org/ahwahnee/index.html>

## Ahwahnee Principles for Economic Development

### **Smart Growth: Economic Development for the 21st Century**

*A Set of Principles for Building Prosperous and Livable Communities*

#### **Preamble**

Prosperity in the 21st Century will be based on creating and maintaining a sustainable standard of living and a high quality of life for all. To meet this challenge, a comprehensive new model is emerging which recognizes the economic value of natural and human capital. Embracing economic, social, and environmental responsibility, this approach focuses on the most critical building blocks for success, the community and the region. It emphasizes community-wide and regional collaboration for building prosperous and livable places. While each community and region has unique challenges and opportunities, the following common principles should guide an integrated approach by all sectors to promoting economic vitality within their communities, and in partnership with their neighbors in the larger region.

#### **1. Integrated Approach**

Government, business, education, and the community should work together to create a vibrant local economy, through a long-term investment strategy that:

- encourages local enterprise
- serves the needs of local residents, workers, and businesses
- promotes stable employment and revenues by building on local competitive advantages
- protects the natural environment
- increases social equity
- is capable of succeeding in the global marketplace.

#### **2. Vision and Inclusion**

Communities and regions need a vision and strategy for economic development according to these principles. Visioning, planning and implementation efforts should continually involve all sectors, including the voluntary civic sector and those traditionally left out of the public planning process.

#### **3. Poverty Reduction**

Both local and regional economic development efforts should be targeted to reducing poverty, by promoting jobs that match the skills of existing residents, improving the skills of low-income individuals, addressing the needs of families moving off welfare, and insuring the availability in all communities of quality affordable child care, transportation, and housing.

#### **4. Local Focus**

Because each community's most valuable assets are the ones they already have, and existing businesses are already contributing to their home communities, economic development efforts should give first priority to supporting existing enterprises as the best source of business expansion and local job growth. Luring businesses away from neighboring communities is a zero-sum game that doesn't create new wealth in the regional economy. Community economic development should focus instead on promoting local entrepreneurship to build locally based industries and businesses that can succeed among national and international competitors.

#### **5. Industry Clusters**

Communities and regions should identify specific gaps and niches their economies can fill, and promote a diversified range of specialized industry clusters drawing on local advantages to serve local and international markets.

#### **6. Wired Communities**

Communities should use and invest in technology that supports the ability of local enterprises to succeed, improves civic life, and provides open access to information and resources.

#### **7. Long-Term Investment**

Publicly supported economic development programs, investments, and subsidies should be evaluated on their long-term benefits and impacts on the whole community, not on short-term job or revenue increases. Public investments and subsidies should be equitable and targeted, support environmental and social goals, and prioritize infrastructure and supportive services that promote the vitality of all local enterprises, instead of individual firms.

#### **8. Human Investment**

Because human resources are so valuable in the information age, communities should provide life-long skills and learning opportunities by investing in excellent schools, post-secondary institutions, and opportunities for continuous education and training available to all.

#### **9. Environmental Responsibility**

Communities should support and pursue economic development that maintains or improves, not harms, the environmental and public health.

#### **10. Corporate Responsibility**

Enterprises should work as civic partners, contributing to the communities and regions where they operate, protecting the natural environment, and providing workers with good pay, benefits, opportunities for upward mobility, and a healthful work environment.

#### **11. Compact Development**

To minimize economic, social, and environmental costs and efficiently use resources and infrastructure, new development should take place in existing urban, suburban, and rural areas before using more agricultural land or open space. Local and regional plans and policies should contain these physical and economic development planning principles to focus development activities in desired existing areas.

#### **12. Livable Communities**

To protect the natural environment and increase quality of life, neighborhoods, communities and regions should have compact, multi-dimensional land use patterns that ensure a mix of uses, minimize the impact of cars, and promote walking, bicycling, and transit access to employment, education, recreation, entertainment, shopping, and services. Economic development and transportation investments should reinforce these land use patterns, and the ability to move people and goods by non-automobile alternatives wherever possible.

### **13. Center Focus**

Communities should have an appropriately scaled and economically healthy center focus. At the community level, a wide range of commercial, residential, cultural, civic, and recreational uses should be located in the town center or downtown. At the neighborhood level, neighborhood centers should contain local businesses that serve the daily needs of nearby residents. At the regional level, regional facilities should be located in urban centers that are accessible by transit throughout the metropolitan area.

### **14. Distinctive Communities**

Having a distinctive identity will help communities create a quality of life that is attractive for business retention and future residents and private investment. Community economic development efforts should help to create and preserve each community's sense of uniqueness, attractiveness, history, and cultural and social diversity, and include public gathering places and a strong local sense of place.

### **15. Regional Collaboration**

Since industries, transportation, land uses, natural resources, and other key elements of a healthy economy are regional in scope, communities and the private sector should cooperate to create regional structures that promote a coherent metropolitan whole that respects local character and identity.

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## **About the Ahwahnee Principles**

In 1991, the Local Government Commission staff-member Peter Katz, author of the New Urbanism, and the commission brought together a group of architects who have been leaders in developing new notions of land use planning: Andres Duany and Elizabeth Plater-Zyberk, Stefanos Polyzoides and Elizabeth Moule, Peter Calthorpe, and Michael Corbett. They were asked to come to agreement about what it is that the new planning ideas - from neotraditional planning to sustainable design - have in common and from there to develop a set of community principles.

They were then asked how each community should relate to the region, and to develop a set of regional principles. Finally, they were charged with defining how these ideas might be implemented by cities and counties. The architects' ideas were drafted by attorney Steve Weissman into a form that would be useful to local elected officials and provide a vision for an alternative to urban sprawl. A preamble, topics of specific ideas, community principles, regional principles and implementation of the principles was presented in the fall of 1991 to about 100 local elected officials at a conference at the Ahwahnee Hotel in Yosemite. There they received both a highly enthusiastic response and their title- the Ahwahnee Principles. Since that time, the group has developed principles on other topics such as economic development, water resources planning, and more.

*More information and case studies of each principle are in the Local Government Commission's guidebook "The Ahwahnee Principles for Smart Economic Development: An Implementation Guidebook" available at the LGC Bookstore ([www2.lgc.org/bookstore/](http://www2.lgc.org/bookstore/)).*

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For more information, contact the LGC Center for  
Livable Communities: 916-448-1198, ext 321.

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### 3. Summary Matrix of Section F - Preliminary Issues for Consideration

1. Concepts to incorporate into the VISION's economic discussion	
<p><b>a. Existing discussion</b></p> <ul style="list-style-type: none"> <li>▪ The complexity of the economy, the identification of some major sectors, and a focus on the prominence of trade activity to our region and state.</li> <li>▪ The cyclical nature of some of our leading industries and how this leads to a less stable economy.</li> <li>▪ The emergence and stabilizing role of new sectors.</li> <li>▪ The importance of stability and the need for regional policies, which are based on reliable data and are flexible and timely to avoid unintended consequences.</li> <li>▪ The need to maintain high quality infrastructure that meets the needs of the public-private sectors, consistent with other planning objectives.</li> </ul>	<p><b>b. Preliminary concepts to incorporate</b></p> <ul style="list-style-type: none"> <li>▪ Recognize the importance of trade as a cluster. <i>(changes in bullet text, page 16)</i></li> <li>▪ Recognize the importance of integrating economic development with land use and transportation planning in a sustainable manner.</li> <li>▪ Recognize the changing global economy and the need to improve the region's economic foundations that support all businesses. <i>(changes in bullet text, page 17)</i></li> <li>▪ Recognize the importance of industry clusters for both diversification and specialization.</li> <li>▪ Recognize our region's cultural and ethnic diversity as an economic asset.</li> <li>▪ Recognize the importance of new and small business.</li> <li>▪ Broaden the focus from public-private perspectives to also include the nonprofit sector.</li> <li>▪ Recognize new sustainable business technologies. <i>(changes in bullet text, page 17)</i></li> </ul>
2. Concepts to incorporate into the VISION's economic strategy	
<p><b>a. Existing strategy</b></p> <ul style="list-style-type: none"> <li>▪ The strategy is based on following principles – identify economic needs based on public-private perspectives, balance these demands with public resources, and develop information to support decision-making.</li> <li>▪ Emphasize business retention, expansion, and diversification through coordination that helps to identify needs.</li> <li>▪ Recognize the unique business needs in urban centers to enhance the viability of centers and compact communities by providing adequate housing, employment, amenities and transportation.</li> <li>▪ Support viable economic growth in rural areas and use management practices that protect long-term productivity.</li> <li>▪ Identify transportation and communications investments that are necessary to support economic activity, accessibility, and the flow of people, information and goods.</li> <li>▪ Build a regional database to track the economy and support decision-making.</li> </ul>	<p><b>b. Preliminary concepts to incorporate</b></p> <ul style="list-style-type: none"> <li>▪ Recognize the critical importance of coordinated planning for our economy.</li> <li>▪ Support industry clusters for both diversification and specialization.</li> <li>▪ Recognize need to collaborate with the rest of the state and with other regions. <i>(changes in bullet text, page 18)</i></li> <li>▪ Recognize the importance of the region's cultural and ethnic diversity, history, and regional character.</li> <li>▪ Support new and small business.</li> <li>▪ Broaden the public-private focus to include nonprofit sector perspectives.</li> <li>▪ Recognize the need to improve the region's economic foundations that support all businesses in the changing global economy.</li> <li>▪ Recognize the importance of investing in our people, communities, and quality of life.</li> <li>▪ Recognize the need to work together to mitigate the impacts of globalization.</li> <li>▪ Embrace sustainable business technologies to encourage job growth and to create great communities.</li> </ul>
3. Concepts to incorporate into the VISION's economic multicounty planning policies	
<p><b>a. Existing policies</b></p> <ul style="list-style-type: none"> <li>▪ Framework topic areas: (1) Through region-wide coordination, foster economic opportunity and stability while managing growth. Support efficient mobility for people, freight, and goods by (2) focusing growth in, and (3) supporting accessibility to and within, centers and compact communities. (4) Maintain reliable data that supports economic decision-making.</li> <li>▪ Coordinate to identify and address infrastructure and space needs, and transportation needs for accessibility to and within centers.</li> <li>▪ Support local and countywide economic plans and strategies and invest in community services, infrastructure and amenities.</li> <li>▪ Encourage jobs in areas with adequate public services and in designated centers.</li> <li>▪ Recognize the needs of centers such as housing, jobs that match resident's skills, and economical and efficient transportation system. This means investing in community services, infrastructure and amenities.</li> <li>▪ Balance the needs of commercial/industrial employers with the growth strategy. Develop a region-wide industrial strategy that promotes reuse and redevelopment, discourages non-supportive uses, and provides adequate infrastructure and coordinated investments to maximize industrial sites, ports, and manufacturing/industrial centers.</li> <li>▪ Support export-oriented and leading edge clusters by identifying their transportation needs and by developing a multimodal transportation system.</li> <li>▪ Support rural and natural resource areas by recognizing their distinct character and maintaining appropriate infrastructure, and foster renewable resources in these areas through management practices that protect long-term productivity.</li> <li>▪ Prepare region-wide and subarea forecasts, maintain a region-wide clearinghouse of data, and monitor performance and implementation.</li> </ul>	

<b>b. Preliminary policy concepts to incorporate</b>	
<i>Policy Focus Areas and Concepts</i>	<i>Related Actions</i>
<p><i>i. Promote economic planning that is integrated, coordinated, and sustained.</i></p> <ul style="list-style-type: none"> <li>▪ Ensure that regional and local economic development planning is consistent with the region's VISION.</li> <li>▪ Ensure that local economic planning and economic development activities are consistent and coordinated, and that local governments play a role implementing the Strategy.</li> <li>▪ Foster an integrated approach to local and regional economic development. <i>(changes in bullet text, page 21)</i></li> <li>▪ Ensure that economic growth fits within the capacities of the region's natural resources, public services, and public facilities.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Pursue State funding for local economic planning.</li> <li>▪ Promote and recognize economic planning best practices.</li> <li>▪ Enact tools to ensure that plans are coordinated and consistent. <i>(changes in bullet text, page 21)</i></li> <li>▪ Enact tools to encourage local governments to help implement the Strategy. <i>(changes in bullet text, page 21)</i></li> <li>▪ Harness the legislative clout of regional and local government to support economic development and economic foundation initiatives. <i>(changes in bullet text, page 21)</i></li> <li>▪ Raise profile of economic planning and assist in coordination efforts by setting employment targets.</li> </ul>
<p><i>ii. Encourage job creation. (changes in bullet text, page 22)</i></p> <ul style="list-style-type: none"> <li>▪ Support export-oriented clusters and businesses. <i>(changes in bullet text, page 22)</i></li> <li>▪ Embrace and support our culturally and ethnically diverse communities.</li> <li>▪ Support new and small businesses.</li> <li>▪ Seek to strengthen and improve the economic foundations that support all businesses.</li> <li>▪ Use government purchasing to support local goods and service providers.</li> <li>▪ Employ environmental technologies and practices to encourage <u>sustainable</u> job growth and quality of life.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Participate in economic literacy campaign to create support among citizens for economic growth.</li> <li>▪ Work to implement economic foundation initiatives: Technology commercialization, New &amp; small business support, and Tax structure.</li> <li>▪ Seek to increase consistency among local permitting processes.</li> <li>▪ Recognize and support the use of local incentives and innovative tools.</li> </ul>
<p><i>iii. Invest in our people, communities, and quality of life.</i></p> <ul style="list-style-type: none"> <li>▪ Understand and mitigate the impacts of globalization on the region's residents.</li> <li>▪ Prioritize investments in our people.</li> <li>▪ Promote economic opportunity for all citizens of the region, especially for unemployed and for disadvantaged persons.</li> <li>▪ Protect and enhance our region's culture, history, and regional character.</li> <li>▪ Invest in physical and social infrastructure to make great communities.</li> <li>▪ Support efforts to provide an adequate and diverse housing supply.</li> <li>▪ Continue to encourage jobs in areas with adequate public services and in designated centers and subregional centers. <i>(changes in bullet text, page 24)</i></li> <li>▪ Continue to recognize the needs of designated centers and subregional centers. <i>(changes in bullet text, page 24)</i></li> <li>▪ Continue to support appropriate economic development in rural and natural resource areas.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Work to implement economic foundation initiatives: Education, Social capital and quality of life.</li> </ul>
<p><i>iv. Provide sufficient and appropriate infrastructure.</i></p> <ul style="list-style-type: none"> <li>▪ Ensure that all forms of infrastructure are provided in a manner consistent with the region's growth strategy.</li> <li>▪ Continue to coordinate to identify infrastructure needs. <i>(changes in bullet text, page 25)</i></li> <li>▪ Optimize infrastructure needs for clusters, manufacturing and regional growth centers. <i>(changes in bullet text, page 25)</i></li> <li>▪ Employ sustainable building and development practices.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Recognize need and create support for investing in all types of infrastructure.</li> <li>▪ Work to implement economic foundation initiatives: Transportation.</li> <li>▪ Make strategic public sector investments to support local businesses and clusters.</li> <li>▪ Make strategic public sector investments to support sustainable building and development practices.</li> </ul>
<p><i>v. Provide reliable data to support decision-making.</i></p> <ul style="list-style-type: none"> <li>▪ Continue to collaborate with others to maintain a region-wide clearinghouse of data, and monitor performance and implementation.</li> <li>▪ Creating looking for opportunities to use data to help integrate land use, transportation, and economic development.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Continue to prepare region-wide and subarea forecasts.</li> </ul>

(Insert Attachment 4)

#### **4. Prosperity Partnership's Regional Economic Strategy - Summary**