

Central Puget Sound Economic Development District Board

Wednesday, November 29, 2023 • 10:00 AM – 12:00 PM

All Members Remote

Attend, watch or listen

- The public can attend meetings at PSRC's offices
- Watch the meeting live at <https://www.psrc.org/watch-meetings>
- Listen by phone at 877 853 5257 US Toll-free or 888 475 4499 US Toll-free and enter Meeting ID: 835 1181 9634 and Passcode: 112953.

Provide public comment

- **Public comment must relate to an action or discussion item on the agenda. Each member of the public will have 2 minutes to speak.**
- **In-person**
Public comment may be made in person at PSRC's office.
- **Comment via Zoom webinar:** [Register here](#)
Following the Call to Order, the President will open public comment. When your name is called, unmute your microphone to speak.
- **Written comments**
Comments may be submitted via email to msvob@psrc.org by 8:00 am the day of the meeting. Comments will be shared with board members. Comments received after the deadline will be provided to board members after the meeting.

Public comments are public records and may be subject to disclosure pursuant to the Public Records Act, RCW Chapter [42.56](#).

1. **Call to Order and Roll Call (10:00)**
2. **Communications and Public Comments**
3. **President's Remarks**
4. **Staff Report**
5. **Consent Agenda – Action Items (10:25)**
 - a. Approve Minutes of Meeting held September 6, 2023
 - b. Approve Vouchers dated July 31, 2023 thru October 31, 2023 in the amount of \$587.77
 - c. Approve 2024 Economic Development District Board Meeting Calendar
6. **Action Item (10:30)**
 - a. Ratify Nominating Committee for Election of Officers – *Commissioner Axel Strakeljahn, EDD President*
7. **Discussion Item (10:40)**
 - a. 2024 Economic Development Priorities – *Jason Thibedeau, PSRC*
8. **Discussion Item (11:20)**
 - a. Industrial Lands Analysis Update – *Paul Inghram, PSRC*
9. **Information Items**
 - a. Staff Report
 - b. WEDA 2024 Legislative Agenda
10. **Next Meeting – March 6, 2024**
11. **Adjourn (12:00)**

Board members please submit proposed amendments and materials prior to the meeting for distribution. Organizations/individuals may submit information for distribution. Send to Mikayla Svob, e-mail msvob@psrc.org; fax 206-587-4825, or mail.

For language or ADA assistance at PSRC board meetings, please contact us at (206) 464-7090 at least 72 hours in advance of the meeting. For TTY-based telecommunications relay service dial 711.

العربية | Arabic, 中文 | Chinese, Deutsch | German, Français | French, 한국어 | Korean, Русский | Russian, Español | Spanish, Tagalog, Tiếng việt | Vietnamese, visit <https://www.psrc.org/contact/language-assistance>

CONSENT AGENDA

November 29, 2023

To: Central Puget Sound Economic Development District Board
From: Jason Thibedeau, Economic Development Program Manager
Subject: **Approve Minutes of Meeting held September 6, 2023**

MINUTES

Central Puget Sound Economic Development District Board
Wednesday, September 6, 2023
Hybrid Meeting

CALL TO ORDER AND ROLL CALL

The meeting of the Central Puget Sound Economic Development District Board of Directors was called to order at 10:00 a.m. by Commissioner Axel Strakeljahn, President. To determine attendance and that a quorum was present, a verbal roll call was conducted by staff.

[To watch a video of the meeting and hear the full discussion, please go to:
<https://www.psrc.org/boards/watch-meetings>].

CPSEDDB MEMBERS AND ALTERNATES PRESENT

See attached attendance roster.

COMMUNICATIONS AND CITIZEN COMMENT

No public comments were received.

PRESIDENT'S REMARKS

President Axel Strakeljahn welcomed everyone to the September 6, 2023 meeting and thanked the board members for their attendance.

STAFF REPORT

Jason Thibedeau, Economic Development Program Manager, updated the board on PSRC projects and events, included in the June 7, 2023, agenda, on pages 18-19. This agenda, as well as past materials for the board, can be found on the [Economic Development District Board webpage](#).

CONSENT AGENDA

ACTION: It was moved (Lee) and seconded (Tolbert) to: (a) approve the minutes of the meeting held June 7, 2023; and to (b) approve vouchers dated May 18, 2023 thru July 12, 2023 in the amount of \$103.14.

The motion passed unanimously.

DISCUSSION ITEM: Recommendations to the 2024 Washington State Legislature

PSRC staff have begun work to support the adoption of recommendations to the Washington State Legislature in advance of the 2024 legislative session. Robin Koskey, Director of Government Relations and Communications, briefed the Economic Development District Board on the process to adopt legislative priorities and sought feedback on potential legislative policy items.

DISCUSSION ITEM: PSRC Equity Tracker

Due to technical difficulties, Bill Adamson, who briefed the board on the Military and Defense Sector Economic Impact Analysis, followed Brian Lee, who presented on the PSRC Equity Tracker.

Brian Lee, Program Manager – Data Solutions and Research, briefed the board on the PSRC Equity Tracker project, a significant undertaking within the Regional Equity Strategy and presented a preview of this tool.

DISCUSSION ITEM: Military and Defense Sector Economic Impact Analysis

Bill Adamson, from South Sound Military & Communities Partnership (SSMCP), provided an overview of the SSMCP's economic development work, including the Joint Base Lewis-McChord Regional Economic Impact analysis and the upcoming statewide Military and Defense Sector Economic Impact Analysis.

ADJOURN

The meeting adjourned at 11:45 am.

Adopted this 29th day of November 2023.

Commissioner Axel Strakeljahn, President
Central Puget Sound Economic Development District

ATTEST:

Josh Brown, Executive Director

Attachments:
EDD Member Attendance – September 6, 2023

Attachment: EDD Member Attendance – September 6, 2023

Central Puget Sound Economic Development District Board							
Voting Members				Voting Members			
King County	2	EXEC Dow Constantine		Ports			
		Vacant Alt		Port of Bremerton	1	COM Axel Strakeljahn*	1
		Ashton Allison Alt	1			COM Cary Bozeman Alt	
		CM Reagan Dunn		Port of Everett	1	COM David Simpson	
		Vacant Alt				COM Glen Bachman Alt	
		Cody Eccles Alt		Port of Seattle	1	COM Hamdi Mohamed	
Seattle	2	CM Sara Nelson	1			Vacant Alt	
		Vacant Alt				Annie Tran Alt	1
		Jeremy Mohn Alt		Port of Tacoma	1	COM Kristin Ang*	
		MYR Bruce Harrell				COM Deanna Keller Alt	
		Vacant Alt		Commerce			
		Markham McIntyre Alt		WA Dept. of Commerce	1	Chris Green	
Bellevue	1	CM Conrad Lee*	1			Marie Davis Alt	
		Deputy MYR Jared Nieuwenhuis Alt		Chambers of Commerce	1	Andrea Reay, Tacoma-Pierce County Chamber of Commerce*	
		Anthony Gill Alt				Vacant Alt	
Cities/Towns	2	CM Ed Prince, Renton		Economic Development			
		CM Lydia Assefa-Dawson, Federal Way	1	EDC - Seattle & King	1	Rachel Smith	
		CM Kathy Hougardy, Tukwila Alt	1			Vaughn Taylor Alt	1
		CM James Mayhew, Snoqualmie Alt		KEDA - Kitsap	1	Joe Morrison	
Kitsap County	1	COM Charlotte Garrido				James Davis Alt	
		COM Katie Walters Alt		EASC - Snohomish	1	Garry Clark	
Bremerton	1	MYR Greg Wheeler	1			Wendy Poischbeg Alt	
		CM Jeff Coughlin Alt		EDB - Tacoma & Pierce	1	Bruce Kendall	
Cities/Towns	1	CM Ed Stern, Poulsbo*	1			Tamsin Bell Alt	
		CM Shawn Cucciardi, Port Orchard Alt		Workforce Development Councils			
Pierce County	1	CM Dave Morell*	1	WDC - Pierce	1	William Dowling	1
		CM Marty Campbell Alt		OWDC - Kitsap		Katie Condit Alt	
Tacoma	1	CM Joe Bushnell	1	Organized Labor			
		CM Keith Blocker Alt		WSLC	1	April Sims, WSLC President	
Cities/Towns	1	CM Brandon Green, City of Buckley	1			Chelsea Mason-Placek Alt	
		CM Bryan Yambe, City of Fife Alt		Presidential Appointments			
Snohomish County	1	CM Jared Mead				Alex Pietsch, WSU Foundation	
		CM Megan Dunn Alt				Tom Florino, Amazon*	
Everett	1	MYR Cassie Franklin				Emily Wittman, President & CEO, Aerospace Futures Alliance	
		CM Don Schwab Alt				Terry Ryan, Snohomish County*	1
		Dan Eernisse Alt				Michael Greer, President & CEO, ArtsFund	1
Cities/Towns	1	MYR Barb Tolbert	1	Non-voting Members			
		CM Stephanie Vignal, Mill Creek Alt	1	PSRC President, Ex-Officio		Bob Drewel	
Federally Recognized Tribes				PSRC President		MYR Becky Erickson	
Puyallup Tribe of Indians	1	Vacant		Navy Region NW		Bill Bulis, Executive Director	
		Vacant Alt				Stephen Whalen, RCPLO Alt	
Suquamish Tribe	1	CHR Leonard Forsman					
		CM Jay Mills Alt		Abbreviations			
				CM Councilmember		* Executive Committee	
				COM Commissioner		1 = Voting Member for Meeting	
Voting	34	(Quorum = 14) Quorum Total	17	CHR Chair			

CONSENT AGENDA

November 29, 2023

To: Central Puget Sound Economic Development District Board

From: Jason Thibedeau, Economic Development Program Manager

Subject: **Approve Vouchers dated July 31, 2023 thru October 31, 2023 in the Amount of \$587.77**

IN BRIEF

PSRC vouchers are reviewed by the Operations Committee and approved by the Executive Board. To comply fully with RCW 42.24.080, vouchers for the Central Puget Sound Economic Development District (CPSEDD) should be approved by the EDD Board as well.

RECOMMENDED ACTION

The EDD Board should approve the following vouchers:

Approved Vouchers dated July 31, 2023 thru October 31, 2023 in the amount of \$587.77			
REQUESTED			
<u>WARRANT DATE</u>	<u>VOUCHER NUMBER</u>		<u>TOTALS</u>
7/31/2023	Payroll 40178	\$	111.50
8/31/2023	Payroll 40497	\$	423.80
10/31/2023	Payroll 40811	\$	52.47
		\$	587.77

Lead Staff

For more information, contact Andrew Werfelmann, Budget Manager, at 206-971-3292, or awerfelmann@psrc.org.

Attachments:
A/P Check Batches

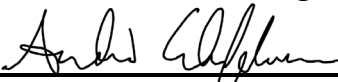


A/P Check Batches		
Dated	Check Numbers	Amount
07/31/23 – 10/31/23 (Payroll)	40178, 10497, 10811	\$587.77
Hand Checks		\$0.00
<u>Total</u>		<u>\$587.77</u>

Payment Certification RCW(42.24.080)

We, the undersigned, do hereby certify under penalty of perjury, that the materials have been furnished, the services rendered, the labor performed as described, or that any advance payment is due and payable pursuant to a contract or is available as an option for full or partial fulfillment of a contractual obligation, and that the claim(s) is(are) just, due and unpaid obligations against the above-named governmental unit, that we are authorized to authenticate and certify to said claim(s).

Authorized District Signature(s) for Payment Claims (Auditing Officer(s) or Board Member(s)):

<u></u>	<u>11/08/23</u>	_____	_____
Authorized District Signature	Date	Authorized District Signature	Date
_____	_____	_____	_____
Authorized District Signature	Date	Authorized District Signature	Date

Check Summary Report

Central Puget Sound Economic Development District Board Meeting - November 29, 2023

Check Number	Date	Vendor	Description	Amount
40178	7/31/2023	Katie Enders	WEDA Conference Per Diem	111.50
40497	8/31/2023	Jason Thibedeau	Courtyard Hotel for WEDA Conference	312.30
40497	8/31/2023	Jason Thibedeau	WEDA Conference Per Diem	111.50
40811	10/31/2023	Katie Enders	UBER for Revitalize WA Conference	52.47
Total				587.77

CONSENT AGENDA

November 29, 2023

To: Economic Development District Board

From: Jason Thibedeau, Economic Development Program Manager

Subject: **Approve 2024 Economic Development District Board Meeting Calendar**

IN BRIEF

Staff is recommending a set of dates for quarterly Economic Development District Board meetings in 2024.

RECOMMENDED ACTION

The EDD Board should approve the following meeting schedule for 2024:

- Wednesday, March 6 from 10:00 am – 12:00 pm
- Wednesday, June 5 from 10:00 am – 12:00 pm
- Wednesday, September 4 from 10:00 am – 12:00 pm
- Wednesday, December 4 from 10:00 am – 12:00 pm

Lead Staff

For more information contact Jason Thibedeau, Economic Development Program Manager, at jthibedeau@psrc.org or (206) 389-2879.

ACTION ITEM

November 29, 2023

To: Economic Development District Board

From: Jason Thibedeau, Economic Development Program Manager

Subject: **Ratify Nominating Committee for Election of Officers**

IN BRIEF

President Strakeljahn is asking the board to ratify a nominating committee to make recommendations for President and Vice President of the EDD Board for the term starting in March 2024.

RECOMMENDED ACTION

Ratify the Nominating Committee appointed by EDD Board President Axel Strakeljahn.

DISCUSSION

In accordance with the CPSEDD Board bylaws, Commissioner Axel Strakeljahn's term as President will be completed at the March meeting in 2024, at which point the positions of President and Vice President will become vacant. At the November meeting, President Strakeljahn will appoint a Nominating Committee for board ratification. The Nominating Committee will present nominations for President and Vice President to the EDD Board at its March 2024 meeting for board action.

President Strakeljahn will chair the nominating committee, with other members of the nominating committee consisting of members of the current Executive Committee, including Councilmember Ed Stern, Councilmember Dave Morell, Commissioner Kristin Ang, Tom Florino, Terry Ryan, and Andrea Reay.

Lead Staff

For more information contact Jason Thibedeau, Economic Development Program Manager, at jthibedeau@psrc.org or (206) 389-2879.

DISCUSSION ITEM

November 29, 2023

To: Economic Development District Board

From: Jason Thibedeau, Economic Development Program Manager

Subject: **2024 Economic Development Priorities**

IN BRIEF

At the November meeting, the Economic Development District (EDD) Board will discuss state and regional economic development efforts planned for 2024 and establish priorities to guide EDD staff and board efforts for the upcoming year and support efforts by regional partners.

DISCUSSION

On an annual basis, the EDD develops a set of priorities to identify ways that the organization can utilize its regional role to advance economic development efforts, build economic development capacity and implement the [Regional Economic Strategy](#). These roles include:

- **Analysis & Strategy Development:** Analyzing the regional economy, identifying new industry opportunities and developing strategies to support growth of jobs in the region.
- **Technical Assistance:** Providing technical assistance to local jurisdictions in their economic development planning efforts and pursuit of federal funding and providing support to efforts that aim to expand regional economic capacity.
- **Amplifying Regional Efforts:** Supporting efforts to implement policies and programs that grow the regional economy, and expanding knowledge about regional businesses, industries and assets.

The establishment of these priorities guides staff and board efforts for the upcoming year and are used by regional partners to support legislative advocacy efforts. The priorities are informed by other state and regional economic development efforts including PSRC's Recommendations to the Washington State Legislature, the Washington Economic Development Association's Legislative Agenda, priorities of the Washington State Department of Commerce, as well as input from the EDD Board and Executive Committee.

PSRC Recommendations to the 2024 Washington State Legislature

PSRC is working to finalize its recommendations to the 2024 Washington State Legislature to support legislative advocacy efforts in the upcoming legislative session. PSRC's final recommendations to the legislature are up for adoption at the December 7

Executive Board meeting and are based on adopted regional plans policies in the following focus areas:

- Transportation: Keep the Region Moving
- Housing: Increase Housing Choices and Affordability
- Climate: Significantly Reduce Greenhouse Gas Emissions
- Economic Development: Sustain a Strong Economy

To develop these recommendations, PSRC staff sought input from the Executive Board and Executive Committee, the Equity Advisory Committee, the Growth Management Policy Board and the Transportation Policy Board at their fall meetings. The EDD Board was briefed on the priorities at its September meeting and feedback from the board was used to inform the Economic Development District's 2024 Economic Development Priorities included below.

Washington Economic Development Association's 2024 Legislative Agenda

The Washington Economic Development Association (WEDA) is a trade association focused on economic development in Washington state. WEDA's more than 170 members include economic development organizations, cities, counties, ports, tribes, businesses, education, and community-based organizations that prioritize economic development. Each year, WEDA develops a legislative agenda to help advocate for a strong statewide economy during state legislative sessions. WEDA's 2024 Legislative Agenda includes three top priorities:

- Strengthen the economic development ecosystem.
- Foster catalysts for job growth and innovation.
- Increase economic vitality for all of Washington.

Washington State Department of Commerce

The Washington State Department of Commerce has put forward eight Economic Development Budget Decision Packages for the upcoming legislative session. These decision packages include funding for programs such as Associate Development Organizations (ADOs), the Innovation Cluster Accelerator Program (ICAP) and the state small business disaster recovery financial assistance program. The packages also include funding for a state video game industry study, expansion of the Global Washington program and other priorities.

Economic Development District's 2024 Economic Development Priorities

Based upon input from EDD Board members, partner organizations and other input, staff have identified the following items as priority areas of focus in 2024 for sustaining the region's economy. These priorities are identified to support near-term activities by regional partners and legislative efforts that work to reach the goals in the Regional Economic Strategy of expanding economic opportunity, maintaining global competitiveness, and sustaining the region's quality of life:

- Strengthen the state's economic development ecosystem: Invest in regional economic development programs including state Associate Development Organizations (ADOs) and other programs that support business recruitment, retention and expansion efforts, cluster development efforts and the region's entrepreneurship and innovation ecosystem.
- Strengthen workforce development efforts to meet the needs of the region's employers and growing economy: Encourage regional residents to participate in the workforce, connect local students to higher educational opportunities, align training programs with the needs of regional employers and scale up training programs to fill job openings.
- Continue to invest in regional infrastructure that supports economic development, including broadband: Continue to support economic development tools and programs that fund foundational infrastructure such as broadband and transportation, including Washington's tax increment financing tool.
- Expand housing options in the region to meet the needs of residents and workers: Develop more housing of different types and connected to jobs to meet the needs of residents and workers across the region.
- Develop the region's clean energy industry to address global climate change and grow regional jobs: Continue to develop clean energy industry technology like Sustainable Aviation Fuel (SAF), offshore wind, fusion, hydrogen and other emerging technologies.
- Secure the region's position as a hub for advancement of artificial intelligence technologies: Continue to advance the region's position as a leader in the development of artificial intelligence technologies to drive innovation across industry sectors.

At the November meeting, staff will lead a discussion with the board to finalize the 2024 Economic Development Priorities.

Lead Staff

For more information, contact Jason Thibedeau, Economic Development Program Manager, at 206-389-2879 or jthibedeau@psrc.org.

DISCUSSION ITEM

November 29, 2023

To: Economic Development District Board

From: Jason Thibedeau, Economic Development Program Manager

Subject: **Industrial Lands Analysis Update**

IN BRIEF

PSRC is continuing to develop the regional [Industrial Lands Analysis](#) update and will provide the Economic Development District Board with a project update including findings from the industrial lands inventory, demand analysis, employment data and demographic data, as well as the next steps and updated timeline for completion of the project.

DISCUSSION

In 2015, PSRC developed an Industrial Lands Analysis that assessed economic activity on industrial lands in the region and analyzed the region's ability to accommodate economic growth on industrial lands. VISION 2050 and the 2022 Regional Economic Strategy (RES) both include calls to update the Regional Industrial Lands Analysis to update the inventory of industrial lands, evaluate supply and demand for industrial land across all industry sectors and research trends for industrial uses as technology and markets evolve.

Stakeholder Outreach

In 2022, PSRC staff performed stakeholder outreach to help identify trends in regional industrial lands and gather insights into the development of the Industrial Lands Analysis update. The outreach consisted of an industrial trends survey, a series of discussions with local jurisdictions with industrial lands and discussions with PSRC boards and committees.

PSRC administered a survey of local jurisdictions and other governments with industrial land assets in February 2022 to gather their perspectives on trends that are impacting industrial lands. The survey asked about trends and issues related to industrial lands, improving equitable access to employment, relevant data and information, needed priorities for industrial lands, and recent related work. Thirteen respondents participated in the survey, each identifying priorities for their jurisdiction or organization.

In early 2022, PSRC interviewed staff from regional cities, counties, ports and tribal governments, as well as peer regional governments in California and British Columbia to better understand recent trends impacting industrial lands. Staff also led a discussion with the Transportation Choices Coalition's Community Partners group to gather input on the topic.

In June 2022, PSRC held a virtual event focused on the Industrial Lands Analysis Update. Guest speakers from Everett, Seattle and Tacoma presented their local industrial lands planning projects. The event provided an opportunity to highlight local work on planning for industrial lands and to solicit feedback from attendees, which included local jurisdiction planners, private sector planners and others involved in planning for industrial lands. More than sixty people attended the event, with many tuning in from outside the region and state.

Throughout 2022, staff provided updates on the Industrial Lands Analysis Update to PSRC's Growth Management Policy Board, Economic Development District Board, Freight Advisory Committee and the Regional Staff Committee. These board and committee discussions provided an opportunity to hear from elected officials and local staff on the industrial trends that their communities are experiencing.

During this time, feedback from stakeholder outreach was shared during board and committee presentations and fell into the following categories:

- **Supply of Industrial Lands:** Concerns regarding the availability of industrial lands to meet the current and future needs of industry.
- **Positive Drivers of Demand:** Historic industries continue to drive demand on industrial lands, as well as the emergence of newer sectors.
- **Incompatible and Undesired Uses:** Continued pressure for incompatible and less desirable uses on industrial lands.
- **Impacts to Communities:** Activities on industrial lands having impacts on regional residents, tribes, and the environment.
- **Maintenance Costs:** Challenges that jurisdictions face related to the costs of maintenance of industrial lands.
- **Workforce:** Current and projected shortages of workers for industrial activities and demographic representation in this workforce.
- **Transit Investments:** Potential benefits and challenges of new high-capacity transit investments.
- **Goods Movement:** The impact of increasing traffic on the region's industrial supply chains.

Industrial Lands Inventory

As part of the 2015 Industrial Lands Analysis, an inventory of industrial lands was developed. This included an analysis of gross industrial lands, which refers to all industrial land, including active sites, vacant land, and physically redevelopable land. It also included net industrial land supply, which refers to a subset of the gross supply that may be available for growth, including vacant land, and physically redevelopable land. PSRC staff are working to update this inventory for the Industrial Lands Analysis update. The update defines industrial lands based almost entirely on allowed use as reflected in local zoning codes. The primary inventory intends to reflect all land within the region in which manufacturing and industrial uses are welcome to occur without conditional permits or special applications. This study relies on PSRC's 2019 Future Land Use (FLU) dataset, a compilation of jurisdictional zoning codes and geometries. Additional detail was added for industrial zones where data provided in the FLU were not adequately granular. The resulting draft inventory was reviewed for accuracy and cross-compared with the 2015 inventory and with local zoning maps and codes to identify and correct potential errors.

The updated inventory includes the primary inventory categories that were defined in the previous analysis:

- **Core industrial:** Includes zoning designations on lands dominated by a broad range of manufacturing and traditional industrial uses.
- **Industrial-commercial:** Includes zoning designations on lands with a significant component of both industrial and commercial uses.
- **Airport Operations:** Includes land devoted to aviation operation areas, such as runways and taxi ways.
- **Military Industrial:** Includes areas within federal military bases with industrially related uses.

The updated inventory introduces a new supplemental category of lands where limited or conditional industrial uses are permitted:

- **Limited Industrial:** Includes commercial and mixed-use zones throughout the region where some manufacturing or industrial activities are allowed, along with other uses, although where there are often restrictions on the size or intensity of the industrial use. These spaces may be well suited for newer, lower-impact activities that are more compatible with neighboring uses.

The new inventory uses a more detailed and precise examination of local zoning. In total, the region has about 78,200 acres of land zoned for industrial activity with the supply spread across each county.

	Core Industrial	Industrial-Commercial	Airport Operations	Military Industrial	Total Industrial
King County	19,500	8,600	1,200	-	29,300
Kitsap County	1,900	4,100	400	3,700	10,100
Pierce County	11,300	8,100	300	2,500	22,300
Snohomish County	13,200	2,000	1,000	300	16,500
Region	45,900	22,800	2,900	6,500	78,200

Broadly, there have been few changes to the overall amount of lands zoned for industrial uses across the region. The region continues to maintain large industrial areas, such as the Duwamish Valley, Paine Field, and Port of Tacoma. However, as use changes occur and jurisdictions seek to support economic potential there are several anecdotal cases of adjusting zoning that shifts away from traditional manufacturing. For example, Redmond adopted the Marymoor Design District to allow for living, employment, and retail in proximity to Marymoor Park and the future light rail station. Kenmore's zoning reflects a potential evolution of the concrete premix site to future uses. And, in Seattle, the city has studied how allowing limited amounts of office and residential uses in select locations near transit may support continued industrial and manufacturing activity. In some cases, the primary intent of the zone remains industrial and manufacturing. In other cases where the intent of the zone becomes more focused on newer, mixed uses, while allowing only restricted industrial activity, PSRC has reclassified the land as Limited Industrial.

Traditionally, industrial zoning has been the most permissive of zoning regulations, often allowing a wide range of uses. Over time, some jurisdictions have narrowed allowed uses to prevent incompatibilities with industrial activity and others have adjusted the allowed uses to better reflect economic opportunities. Some have increased allowance for non-industrial uses, such as retail storefronts, gas stations, restaurants, which are important components of industrial areas.

While the analysis of net supply is under development, jurisdictions have indicated that there is increased development in industrial areas, especially for warehouse and distribution facilities. Regionally, there remains a significant supply of vacant and redevelopable industrial land. The inventory will look at how this varies across the region. Areas close to urban centers appear to be more constrained, have greater competition of uses, and may have more involved permitting challenges. The lowest levels of net supply are found in the North Tukwila, Ballard-Interbay, and Kent Manufacturing Industrial Centers (MICs). More net space is available in outlying industrial areas, although some of these areas lack utility infrastructure or access to transportation corridors and key users.

Demand for Industrial Spaces

Analysis of regional CoStar data on market rents and vacancy rates shows that demand for space on industrial lands has continued to be strong. In addition, the market is continuing to invest in the development of industrial spaces. New industrial supply continues to come to market, with the most recent quarter seeing the delivery of the highest volume of new square footage in decades. Warehousing space accounts for most new industrial spaces coming online and these spaces are making up an increasing share of overall inventory.

Industrial Employment Trends

The update will include analysis of employment trends since the last report across six macro groupings of industrial-related industries. These groupings include Construction, Manufacturing, Transportation, Distribution & Logistics, Warehousing & Wholesale, and Other Industrial. Each macro grouping consists of one or more industry groups. For the 10-year period up to 2020, all macro groupings of industrial job categories showed employment growth. However, noticeable shifts occurred after March 2020. This included a loss of Machinery & Transportation Equipment jobs within the Manufacturing group, and increases in Warehousing & Storage, and Wholesaling jobs within the Warehousing & Wholesale group.

The region's 590,000 industrial jobs make up about 28% of the region's total covered employment of about 2,130,000 jobs. While industrial employment has grown and has largely recovered from pandemic job losses, it has grown at a slower pace than employment in other sectors. Since 2005, industrial employment grew by 15% while overall employment, including industrial jobs, grew by 30%.

Industrial Worker Demographics

Future projections for industrial and manufacturing jobs remain strong. According to a recent report from the U.S. Chamber of Commerce, there could be as many as 2.1 million industrial and manufacturing jobs unfilled nationwide from 2020-2030 due to skill gaps in the workforce. Stakeholders expressed concerns about the region's ability to meet current and future workforce demands across industrial sectors. Data show that there is a larger percentage of workers at or nearing retirement age in the Manufacturing sector than the region, which may exacerbate challenges in maintaining this workforce.

Demographic analysis highlights that the region's industrial workforce has some notable differences to the region's total workforce. Approximately 24% of the region's industrial workforce is female, much lower than the 47% of total workforce in region, a difference that has been consistent in recent years. The share of industrial workers who are White Alone is comparable to the share in the overall regional workforce. However, that share is higher in the Construction and Manufacturing macro groups. Regional stakeholders identified that addressing this underrepresentation of certain demographic groups in the industrial workforce could be doubly beneficial: supplying the workforce needs of local employers as well as meeting the region's equity goals.

Manufacturing Industrial Centers

Manufacturing Industrial Centers (MICs) are locations for more intensive commercial and industrial activity. MICs are designated based on an existing minimum employment threshold, land planned specifically for industrial and/or manufacturing uses, protection from incompatible land uses, efficient size and shape, planning for transportation facilities and services and urban design standards. Unlike regional growth centers, MICs have greater total employment as well as greater heavy industrial employment and are typically not appropriate for housing. VISION 2050 discourages other non-supportive land uses such as retail or non-related offices in MICs. The region is home to 10 designated MICs located across each of its four counties. They include Ballard-Interbay, Cascade Industrial Center, Duwamish, Frederickson, Kent, North Tukwila, Port of Tacoma, Paine Field/Boeing Everett, Puget Sound Industrial Center-Bremerton and Sumner-Pacific. Land inventory and employment data will be provided for each of the region's MICs, in addition to that of regional and county levels.

Next Steps

Throughout the fourth quarter of 2023, PSRC staff will provide project updates to the Regional Staff Committee, the Growth Management Policy Board, the Economic Development District Board and the Freight Advisory Committee.

In addition, staff are reaching out to regional stakeholders to gather qualitative and quantitative information that will help validate and provide context to the draft industrial lands inventory and the regional industrial trends identified through outreach in 2022. A final report will be developed and released in the first half of 2024.

Lead Staff

For more information contact Jason Thibedeau, Economic Development Program Manager, at jthibedeau@psrc.org or (206) 389-2879.

INFORMATION ITEM

November 29, 2023

To: Central Puget Sound Economic Development District Board

From: Jason Thibedeau, Economic Development Program Manager

Subject: **November 2023 Staff Report**

PSRC scheduled to move offices in January 2024

PSRC will be moving offices at the end of the year. PSRC board and committee meetings will be remote-only until the PSRC Operations Committee and Executive Board meetings on January 25, 2024, at the agency's new offices at 1201 3rd Avenue. The March 2024 EDD Board meeting is scheduled to be held as a hybrid meeting at the new offices.

Industrial Lands Analysis Update

PSRC is continuing work to develop an update to the [Regional Industrial Lands Analysis](#), last performed in 2015. This update will focus on updating the regional industrial land inventory, evaluating supply and demand and documenting recent trends on industrial lands. A summary of stakeholder outreach completed to date and the regional industrial trends identified through this work is available on the project website. In addition, a draft industrial lands inventory has been developed and includes details on the methodology used and industrial lands categories identified. This fall, staff are performing outreach to PSRC boards and committees and regional stakeholders to support the completion of the Industrial Lands Analysis Update in early 2024.

Kitsap Regional Coordinating Council Economic Development Convening

On November 7, the Kitsap Regional Coordinating Council held a discussion session focused on county and region-wide economic development. Representatives from Greater Seattle Partners, PSRC, the Kitsap Economic Development Alliance and the Port of Bremerton presented information on each agency's role and highlighted upcoming initiatives. The presentations were followed by a question-and-answer session with the Council.

2023 Housing Monitoring Report

PSRC recently released the [2023 Housing Monitoring Report](#), which provides a snapshot of key housing measures and trends in the region. The report supports implementation of the [Regional Housing Strategy](#), a playbook of regional and local actions to preserve, improve and expand housing stock in the region. The report includes measures related to the Regional Housing Strategy's goals to build more housing of different types, provide opportunities for residents to live in housing that meets their needs and to create and sustain long-term funding sources to create and preserve housing for very low-income households and unhoused residents.

Transit Agency Workforce

In September, PSRC convened a meeting with regional transit agencies to discuss the workforce challenges that the transit agencies foresee as they transition their fleets to electric vehicles. These agencies are facing the challenge of planning for the coming of electric transit vehicles, which will require a change in the skill sets needed to operate and maintain those fleets. Other regional efforts are underway to plan for workforce needs related to adoption of zero-emission technologies, including [the 2023 Draft Transportation Electrification Strategy](#), as well as planning related to the [Climate Pollution Reduction Grants \(CPRG\)](#) program. Staff are working with transit agencies and regional workforce development stakeholders to determine next steps.

From Pandemic to Prosperity: Downtowns Reimagined Event

In September, PSRC hosted an event focused on the recovery of downtowns and communities from the height of the COVID-19 pandemic and the efforts to reimagine and revitalize downtowns and other transit-oriented places. More than 150 participants joined the event consisting of a morning session of speakers and an afternoon set of walking tours around downtown Seattle.

Tech Hubs Designations and Strategy Development Grants

In October, the U.S. Department of Commerce's Economic Development Administration [designated two Tech Hubs](#) in Washington. The [Pacific Northwest Mass Timber Tech Hub](#), led by Oregon State University, will span the Portland-Vancouver Metropolitan Statistical Area and invest in mass timber materials science to position the technology as a sustainable construction material alternative. The [American Aerospace Materials Manufacturing Tech Hub](#), led by Gonzaga University, is based out of the Spokane Valley, and aims to develop new domestic supply chains for production of advanced composite aerostructures. Designated Tech Hubs are invited to submit Phase 2 applications to compete for up to \$75 million in implementation funding.

The [Pacific Northwest Smart Energy Strategy Development Consortium](#) received one of 29 Strategy Development Grants designed to help communities significantly increase local coordination and planning activities for future Tech Hubs designations. The Consortium, led by Portland State University, will work to develop regional coordination around energy storage technologies and products to facilitate renewable energy integration into the electrical grid.

Pacific Northwest Hydrogen Hub Designation

In October, the U.S. Department of Energy designated the Pacific Northwest Hydrogen Association's PNWH2 Hub as a [Regional Clean Hydrogen Hub](#). This is a part of a \$7 billion program funded by the Bipartisan Infrastructure Law that aims to form a foundation for the nation's clean hydrogen network. The PNWH2 Hub is now eligible to receive up to \$1 billion in federal funding over four development phases spanning nine years. Those dollars will potentially fund projects proposed by organizations such as the Northwest Seaport Alliance and Puget Sound Energy.

WASHINGTON ECONOMIC DEVELOPMENT ASSOCIATION (WEDA)

Working Together for Economic Vitality & Resiliency Across Washington

While job growth has improved, many communities, employers and families across Washington State are still struggling and employers face major challenges recruiting and retaining talent. Washington's communities continue to face serious equity gaps with access to capital and resources in underserved communities, including rural. Building economic vitality and resilience across all of Washington will continue to take intentional work, strategic partnerships and smart investments.

As Washington State's *only* trade association laser-focused on economic development, WEDA is committed to retaining, recruiting and expanding jobs and re-investment across all of Washington.

WEDA's 2024 Legislative Agenda focuses on the most critical actions lawmakers can take to help communities across Washington grow living wage jobs, foster vibrant and resilient communities, support equity and opportunity for all and spark re-investment.

WEDA'S TOP 2024 LEGISLATIVE PRIORITIES:

1. *Strengthen the Economic Development Ecosystem*
2. *Foster Catalysts for Job Growth & Innovation*
3. *Increase Economic Vitality for all of Washington*

WEDA's over 170 member organizations includes cities, counties, ports, economic development councils, tribes, business, education/workforce and community-based organizations that prioritize economic development.

WEDA's strategic goals are to continue to empower communities across Washington with tools to foster economic vitality and resilience, assisting employers large and small in competing globally and growing jobs, while supporting an equitable economy and inclusive economic development.



WEDA'S TOP LEGISLATIVE PRIORITIES

1. Strengthen the Economic Development Ecosystem

WEDA believes a robust economic development ecosystem at the state, regional and local levels is crucial for sustained economic vitality, resilience and job growth.

2024 LEGISLATIVE REQUESTS

- Support state-level leadership and funding for economic development, including Business Recruitment, Retention & Expansion and Innovation programs.
- Increase funding for regional capacity to coordinate and deliver economic development services through a *new and ongoing* \$5 million (annual) "ADO Innovation, Sustainability, Partnerships & Equity Fund."

Governor Booth Gardner created the "Team Washington" network in 1985 and 38 years later, 35 high performance regional economic development organizations serve all 39 counties and underpin the State's economic development initiatives. These economic development organizations (called Associate Development Organizations-ADOs or Economic Development Councils-EDCs) enhance economic development service delivery and deliver results statewide through public-private, state-regional-local partnerships. ADOs have a mission of *confidential, client-based* economic development that public-private partnerships are uniquely equipped to provide.

The collective results from these entities are outstanding. Over the last five years, local ADO/EDC partners have helped over **575 businesses expand or develop new facilities** and **assisted 842 startups**. These companies have invested over **\$7.89 billion** in land, buildings and equipment. These growing businesses have **created over 18,118 new jobs and retained over 18,497 jobs**. EDC business clients generate over **\$100 million in new tax revenues** for Washington State and local communities annually.

Through the COVID-19 pandemic, ADOs shouldered significant *new* responsibilities, rising to the challenge of urgently providing locally-driven resources and tools to employers across the state, working around the clock to respond to business and community leaders in crisis to save, recover and grow jobs. In recent years, Commerce has implemented new performance measurement and accountability systems and universal usage of an online platform which more efficiently and rigorously provides for quarterly reporting on performance metrics, initiatives and ADO work to foster equity and inclusive economic development. ADOs are working with Commerce and many others on strategies to address equity gaps with increased outreach, capital and technical assistance and efforts to stimulate markets in underserved communities. There are also multiple state/regional initiatives underway and emerging to foster improved workforce development, innovation, sustainability and regional partnerships and collaboration for results-driven and inclusive economic development.

Beyond the legislative restoration of prior severe state funding reductions from the Great Recession and one-time only funding during the COVID-19 pandemic, ADO funding levels have remained stagnant for almost 15 years. Despite significant additional responsibilities and challenges retaining and recruiting staff, ADOs do not receive any Cost-of-Living, inflation or annual population adjustments. *Now is the time* to support additional funding, on a competitive basis but equitably awarded to ADOs, for the many important, exciting *and additional* responsibilities that ADOs have undertaken. Additional ADO funding is critical if Washington wants to grow jobs, retain and expand existing firms, recruit new business, support key industry clusters and support an equitable economy and inclusive economic development. Every state dollar leverages a match of at least six dollars from other public and private sources. **WEDA supports the creation of an ongoing \$5 million fund (annual) for ADOs, as proposed by Washington State Commerce, based on an annual competitive application which would catalyze ADO initiatives that are fostering innovation, sustainability, partnerships and equity, and would provide critical and much-needed support to these organizations.**

2. Foster Catalysts for Job Growth & Innovation

WEDA supports investments in infrastructure and programs — as well as matching funds — that catalyze business retention, expansion, recruitment and resiliency at the regional and local levels.

2024 LEGISLATIVE REQUESTS

- More state matching funds to improve WA's competitiveness & attract out-of-state investment
- Support Catalytic Innovation & Investment Programs: Innovation Cluster Accelerator Program, pursuit of exports & "Go Global" website program for small businesses
- Support for local property tax exemptions for manufacturing projects
- Protect the TIF for Jobs tool (2021) now being employed/explored by over 10 jurisdictions
- Support state public works programs designed to help recover and expand businesses including: Community Economic Revitalization Board (CERB), Public Works Trust Fund and the Transportation Improvement Board (TIB)
- Support broadband capacity initiatives and investment
- Support and protect investments in road, rail and transit infrastructure, maintenance and services to move people and freight more efficiently
- Support ongoing Small Business funding for a Disaster Fund for rapid assistance
- Support the Economic Development Strategic Reserve Fund
- Protect targeted incentives to foster innovation clusters and stimulate private investment

Adequate reliable, modern infrastructure is critical for successful economic development. Underpinning all commerce is physical infrastructure: roads, transit, airports, railroads, water/sewer, broadband and energy. Public investments in infrastructure create construction jobs, set the stage for future private investment and shape an area's prospects for generations. Responding swiftly to unforeseen infrastructure needs of new or relocating businesses is also crucial to economic development. Washington State's economic future depends on both infrastructure capacity and the wise stewardship of these resources, **particularly as capacity challenges increase**. Each year, hundreds of businesses invest in new facilities around Washington. Many of these firms can immediately tap into existing public services, but some must rely on public sector partnerships to access infrastructure.

WEDA supports tools and programs that fund infrastructure which enables economic development, encourages out-of-state public and private investment, improves the State's competitiveness and helps Washington capitalize on federal funding opportunities. An unprecedented amount of federal investment in industry is being deployed through funding programs that require state and/or local match. To be eligible for federal funds and submit competitive grant proposals, and to support Washington's goal of doubling manufacturing jobs by 2031, Washington needs to make more substantial investments. WEDA also supports proposals to catalyze Innovation & Investment in Washington by: 1) Funding the Innovation Accelerator Cluster Program (ICAP) to develop new regional economic development strategies and clusters in new and legacy industries; 2) the "Go Global" e-commerce program and resources to secure new export opportunities for Washington businesses; 3) small business disaster funding to nimbly address emergencies.

The COVID-19 crisis heightened awareness that small businesses are the backbone of our economy, creating two-thirds of net new jobs and anchoring the vibrancy of business districts. Unfortunately, over 70% of US small businesses shut down in March 2020 and at least one-third did not reopen. Small businesses need additional short-term assistance, short and long-term technical assistance, capital and new tools to pivot and grow.

Washington also has some key tax policies that lead to job retention, expansion and recruitment, including Business & Occupation (B&O) tax credits and incentives for trade and logistics, food processing and agriculture. These key tax policies should be maintained so jobs are not lost.

3. Increase Economic Vitality for all of Washington

WEDA supports policies and investments that ensure that all parts of the state, and all people, benefit in economic growth through inclusive economic development. The economic vitality of rural and underserved urban areas is critical to the long-term health of the entire state.

2024 LEGISLATIVE REQUESTS

- **Protect the .09 percent Sales & Use Tax for Public Facilities and economic development activities in Rural Counties.** Rural counties in Washington have benefitted from up to a .09% “rebate” of locally generated state sales & use tax for over twenty years. This tool helps build critical infrastructure, attract new industry, diversify economies and create and retain jobs.
- **Protect new Diversity, Equity & Inclusion investments** in outreach and assistance programs for equitable and inclusive statewide recovery to ensure that historically disadvantaged businesses, particularly underserved and underrepresented communities statewide have an equal opportunity to achieve economic prosperity.

Many of Washington’s high-wage industries weathered the COVID-19 crisis, yet many rural and underserved communities continue to struggle without adequate access to capital and resources. This has negative impacts on communities’ broader ability to grow their tax base and provide basic government services. WEDA supports strategies to address equity gaps with increased outreach, capital, tools and technical assistance and efforts to stimulate markets in underserved communities, including rural.

ADDITIONAL WEDA PRIORITIES

Workforce Development: In a global economy, human capital is an essential ingredient that drives business innovation, growth and competitiveness. WEDA supports Washington’s 12 Local Workforce Development Boards who apply an equity lens to meeting talent pipeline needs with innovative, data-driven solutions. Local Boards leverage public and private resources to help provide a quality workforce, yet the pandemic amplified serious gaps between the available workforce and the changing demands of Washington employers. This requires new approaches based upon understanding local economies – rural and urban – and investing in collaborative local efforts that sustain our state’s workforce through reskilling and reemployment in family-sustaining jobs. WEDA supports resources that offer regions flexibility to implement programs and support strategies to address the myriad workforce challenges faced by certain communities and sectors. Other important workforce programs include the Job Skills Program, Customized Training, Apprenticeships, One-Stop WorkSource Centers, career connected learning and reskilling.

WEDA also supports the preservation of state funding for Washington’s community colleges and public four-year universities. Maintaining investments in post-secondary education and producing a highly skilled workforce is vital for economic development, and Washington is falling terribly short at meeting employers’ needs of 70% post-secondary attainment by our students. Talent development starts with strong early learning, a robust K-12 system and completion with credentials from the State’s top-quality educational institutions and internationally recognized research universities. We also face severe childcare capacity gaps that must be addressed to support early child development and working families. Our education systems can’t be taken for granted and need sustainable funding and support.

Housing Affordability & Supply: WEDA will support legislation to improve housing affordability and expand opportunities for housing at all income levels, particularly workforce and attainable housing.

Clean/Green Economy: WEDA supports programs and funding to create jobs in the Clean Economy including the circular economy, hydrogen, fusion, fission, solar, wind and other renewable technologies while also maintaining a balanced approach.

Rulemaking: State agency rule proposals should address their impact on economic development. WEDA supports permit streamlining/efficiency initiatives that increase predictability in development.