Regional Economic Strategy for the Central Puget Sound Region:

JULY 2012

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This report serves as one of two volumes of the Comprehensive Economic Development Strategy (CEDS) for the Central Puget Sound Economic Development District (EDD). The CEDS is a required prerequisite for eligibility to receive federal funds available from the federal Economic Development Administration (EDA). The other volume of the CEDS is the Regional Economic Strategy for the Central Puget Sound Region: ECONOMY.

PHOTOGRAPH ON THE COVER: SeaTac Airport
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The economy enjoyed in the Puget Sound region is both a blessing and a challenge. On one hand, of course, it’s great to have a growing, diverse economy with opportunities, especially for the next generation. On the other hand, it could disappear in the blink of an eye. Every other region wants what Puget Sound has. Regions around the globe are investing in education, job training, infrastructure and policies to attract investment away from here. Puget Sound could lose. But the region has everything to gain from taking action to secure its future.

Eight years ago the Prosperity Partnership emerged because the leaders of the region decided to take more control of its economic destiny – to chart a course that ensures Puget Sound is competitive with every other region in the world.

The Regional Economic Strategy is straightforward. It’s about knowing the region’s strengths and weaknesses and making plans for leveraging the strengths while shoring up the weaknesses.

The hard part is getting an honest, unvarnished examination of the weaknesses, and then achieving consensus on the priority actions to increase the strengths.

Thanks to hundreds of people, from all walks of life throughout the region, the challenge has been met: a great Regional Economic Strategy for the central Puget Sound region. The Prosperity Partnership is grateful to all who have contributed.

The Prosperity Partnership tackled some big things in its first eight years. The Partnership advocated for additional investment in Washington’s inadequate and deteriorating transportation system. Legislators responded with approval of an $8.5 billion transportation funding package. It helped create the first statewide aerospace industry association of manufacturers and suppliers, and the state’s first clean technology industry association. The region has succeeded in helping Boeing win the contract to build the U.S. government’s military
The Prosperity Partnership

The Prosperity Partnership is a coalition of more than 300 government, business, labor and community organizations dedicated to improving long-term economic prosperity for the central Puget Sound region. Created by the Puget Sound Regional Council (PSRC) in 2004, the Prosperity Partnership created the region’s first unified economic strategy.

PSRC develops policies and coordinates decisions about regional growth, transportation, and economic development planning within King, Kitsap, Pierce and Snohomish counties. Its membership is composed of more than 80 county, city, port, transit, tribal and state agencies serving the region.

refueling tanker – and to build it in Everett – and in convincing Boeing to build the next generation 737 in Renton. The Partnership brought together the Washington Defense Partnership so that representatives from the military could partner with businesses and non-profits. It helped to establish the Life Sciences Discovery Fund in 2005, which distributed $88 million in grants. Grantees have seen an eight-fold return in the form of follow-on grants and health care cost savings.

There have been some amazing successes so far and the work is just getting started. The Regional Economic Strategy is about producing results. Every dollar matters today – whether it’s spent on energy, transportation, talent and labor, facilities, or taxes. Firms are merging, moving, consolidating and changing business models to gain advantage. Companies look all over the globe for the best overall geographic environment to site and grow facilities and operations. Once the hard analytic and planning work is done, taking action is what creates jobs and prepares people to take advantage of them.
Amazing Opportunities Ahead

The region is fortunate to have some of the world’s greatest business entrepreneurs, educators and scientists. The Puget Sound region is known – and envied – around the world. It’s a tremendous base on which to build for the future.

The Puget Sound region is home to growing, innovative retail giants – Amazon, Starbucks, REI, Nordstrom, and Costco are among them. There are companies here building everything from ships to trucks. The goods they produce are exported by the ports, natural gifts that make the region one of the most important job-producing logistical centers in the country.

The region’s manufacturing base is supported by more than 720 aerospace companies operating in 29 counties in the state. Boeing predicts the commercial market for aircraft will grow at an annual rate of 4% over the next two decades.

This state has two of the finest research universities in the world – the University of Washington and Washington State University – providing a catalyst for research and development (R&D) initiatives and supplying a highly educated workforce.

In the technology sector, Microsoft has attracted the smartest software engineers on the planet for a generation, making this area one of the hottest spots in the country for IT, data storage, gaming software and other innovations.

The largest philanthropic organization in the history of mankind – the Bill and Melinda Gates Foundation – is here, fueling a booming global health sector that is focused on curing deadly diseases and bringing the latest medical advances to the world.

The military is also a huge contributor to the regional economy. Pierce County is host to one of the most important military bases in the world. Kitsap has a bustling naval base and Everett is a strategic Navy home port for thousands of military families and the businesses that support them.

Puget Sound’s maritime heritage and connections to Alaska have helped the region keep strong ties to the water and its related industries. The $5 billion local maritime industry is poised for increased opportunities due to pending fishing fleet upgrades and advances in fish factory design.
Five Steps to Get There

The Regional Economic Strategy lays out a comprehensive game plan to grow jobs and economic activity throughout the central Puget Sound region by strengthening the fundamentals shared by all industry sectors. Underpinning the plan are five goals to improve the foundations of the economy.

• Ensuring residents have access to family wage jobs and employers have access to world class talent.
• Fostering a regional business climate that supports high quality investment and job creation.
• Harnessing the entrepreneurship and technology innovation assets in the region.
• Advancing the region’s infrastructure to meet the demands of a globally connected modern economy.
• Ensuring a healthy and beautiful environment, vibrant and thriving communities and a high quality of life for all the region’s residents.

Each foundation has a set of strategies – there are over two dozen strategies to achieve the region’s economic development goals.

Education and Workforce Development

The region is offering more and more jobs with good salaries. The vast majority of these jobs require advanced training that many residents don’t have. This means improving education at every level - from early childhood, to K-12 and beyond. It means expanding community/technical college training and increasing bachelor’s and master’s degree capacity, particularly in high-demand areas like science, technology, engineering and math. The education system can be improved to help the region’s residents qualify for these opportunities. This applies to every industry cluster in the region.

Business Climate

Keeping the region an attractive place to do business is crucial to future success. The region will add more jobs by being supportive of business growth and expansion, conducive to start-ups, and in touch with environmental regulation. This means advocating for economic development tools, keeping the military bases strong, marketing the region, leveraging international connections, keeping the ports competitive and supporting the diversity of our local businesses.

Entrepreneurship and Innovation

Growing jobs in the region means continuing to successfully nurture entrepreneurship and innovation. This has been a huge part of the region’s past success and it will be critical to its future. To accomplish this, the region can improve programs for federal funding opportunities, create a catalogue of programs intended to support start-ups, expand existing commercialization efforts, and avoid procurement restrictions.

Infrastructure

Quality infrastructure is key to sustaining an economic edge. The region needs a transportation system that provides for the efficient movement of people, freight and goods and is funded in a manner that does not unnecessarily burden the economy. Infrastructure is more than transportation alone; the region also needs an information technology network that can meet the demands of a growing innovation economy. To accomplish this, the region will implement its long-range transportation plan and growth strategy, explore increased funding for freight mobility projects and support efforts to improve its information infrastructure.

Quality of Life

The central Puget Sound region is successful because it can offer a high quality of life to a talented workforce. As global competition heats up, quality of life will become a bigger issue in work site location decisions. Natural beauty, cultural amenities, recreational opportunities, and cultural diversity are essential economic assets the region can sustain and improve through regional planning and respect for the environment.
Puget Sound’s Ten Targeted Industry Clusters Generate Jobs

Clusters are concentrations of industries that export goods and services that drive job creation and import wealth into the region. Clusters can enhance the competitiveness of a region in particular industries by improving economic efficiencies of member firms (e.g., supply chains and technology transfer). They also tend to concentrate workers with specialized skills and experience within a region. Some of their skills are transferable to multiple industries within and across clusters. Puget Sound is home to a mix of mature and emerging industry clusters. Most of the ten selected for the Regional Economic Strategy have higher concentrations of employment locally compared to the nation.

Aerospace

Puget Sound is home to one of the highest concentrations of aerospace firms in the world. No other region has a company base that can design and assemble aircraft, parts, electronics, or materials as efficiently or as competently. Not only is the aerospace cluster the source of over 87,000 jobs in the region, it represents a vital national industry — one that drives exports and is an important source of R&D and advanced technology.

Business Services

Much of the region’s economic success depends on a strong and vibrant business services cluster. This cluster provides key support services to high technology, manufacturing, transportation, and service industries in the region. In addition to employing over 180,000 people in the region, the cluster provides vital support to other local manufacturing and high technology industries.

Clean Tech

The region’s culture and efforts to preserve its environmental riches support the formation of new clean tech ventures and technologies locally. The clean tech cluster is comprised of unique portions of several major industry categories, including energy generation and distribution, residential and non-residential construction, manufacturing, architectural and engineering services, environmental consulting, R&D, and recycling and waste. With over 26,000 jobs in the region, Puget Sound is positioned to become a global leader in clean tech innovation in developing and testing of energy efficiency technologies.

Information Technology

Puget Sound is well known as a global center for information technology. Local industry stalwarts like Microsoft and Amazon have driven much of the innovation and progress in such fields as desktop software, gaming systems, online retail, and cloud computing. The region is also a hotbed of fast-rising companies that are driving innovation in fields such as enterprise software, cyber security, and interactive media, which is one of the fastest growing IT sectors in the region. With over 144,000 people, the depth of the Puget Sound region’s IT talent base is its greatest strength.

Life Sciences and Global Health

The region is home to one of the largest and most dynamic life sciences clusters in the United States. World-class assets, coupled with the emerging focus on global health, help to position the region for future growth. The Puget Sound’s life sciences market is focused on R&D and device making. Much of the private sector growth in life sciences has been driven by research activities at the University of Washington, Fred Hutchinson Cancer Research Center, and Seattle Biomedical Research Institute. Nearly 29,000 people work in this cluster.
Military
The military is an employer, source of R&D support and driver of aerospace and maritime manufacturing in the central Puget Sound. Employing more than 91,000 people in the region, the military provides more than $3.1 billion annually in total payroll in the four-county area. Local sales associated with military employment are estimated at nearly $24 billion. The continued strength of the military cluster is critical to the region’s economic prosperity.

Philanthropies
The art of giving is not a typical industry cluster. However, the central Puget Sound is unique in that it is anchored by the Bill & Melinda Gates Foundation, the world’s largest charitable foundation, with a $33.5 billion endowment. The philanthropies cluster, which consists of grant-making and giving services, employs nearly 2,500 workers across the region. Operating revenues for the cluster were estimated at nearly $530 million in 2011.

Maritime
The strength of central Puget Sound’s maritime industry lies in its size and diversity. In addition to its substantial maritime infrastructure, the region is home to a high concentration of expertise connected to the industry. It includes a variety of industrial and service related activities, including: commercial fishing, seafood processing, passenger transportation, ship and boat building, marine support industries, deep and shallow draft water transportation, and public sector operations. With 500 establishments and sales of $5 billion, the maritime cluster makes a significant contribution to the region and employs nearly 17,000 people.

Tourism and Visitors
With such outstanding natural beauty, it is no surprise that tourism is a major contributor to the region’s economy. A strong tourism and visitors cluster attracts external wealth to the central Puget Sound, spent not only on goods and services, but also on taxes that help fund public services and infrastructure. In addition, local residents enjoy many of the same activities that attract people to the region. This sector employs more than 133,000 workers in the region and is estimated to have generated over $10 billion in sales in 2011.

Transportation and Logistics
One of central Puget Sound’s greatest economic assets is its infrastructure and talent tied to transportation and logistics, which helps maintain the region’s status as an important international trade gateway. This broad cluster includes the critical subsectors of air, rail, and truck transportation, as well as warehousing and storage. Beyond the shipping, warehousing, and airline businesses, the transportation and logistics cluster is critical to the region’s tourism, maritime, manufacturing, and technology sectors. The cluster employs approximately 50,000 people spread out over 1,642 establishments, with estimated sales totaling $8.6 billion in 2011.

Let’s Get Going!
The Prosperity Partnership is advancing key initiatives to boost employment, reduce barriers, improve governmental policy and improve the region’s chances for success. Equally important is how economic development work is linked with the important land use, transportation, housing and environmental decisions that underpin the regional economy. Regional leaders know our high quality of life is a major reason talented workers come here and stay here. The goal is to have a robust economy that works in harmony with the region’s priorities.

Recognizing the changes that have taken place in the world economy over the past several years, the Regional Economic Strategy reflects this new urgency and the growing recognition that when resources are constrained during hard times, it’s more important than ever that the region focus its energy on strategic priorities that will produce maximum benefit.

The Prosperity Partnership is optimistic about the future. The region has an economic strategy and it will continue to produce results. The mantra remains: Regions can choose to compete or they can take what the marketplace hands them.

The Puget Sound region chooses to compete.
Introduction

Overview

For many, the central Puget Sound region is synonymous with innovative companies, dramatic scenery, and fantastic coffee. Such images, however, only scratch the surface of the region’s profound capacity toward invention, reinvention, a vibrant arts community, natural diversity, and cultural richness.

Just as glaciers sculpted the land and waterways of central Puget Sound over 10,000 years ago, so have the values of the region’s inhabitants shaped the contours of the local civic and economic environment. These values are preserved through conscientious planning around land use, transportation, and economic development. The maritime heritage, for example, is reflected in world-class seaports. A long history of innovation has resulted in a highly skilled manufacturing workforce, a premier aerospace cluster, and technological advances in personal computing software and electronic commerce.

The region is historically outward-looking. Its ports receive ships from around the world. Boeing’s airplanes constitute the bulk of air commerce globally. The Bill and Melinda Gates Foundation demonstrates a unique commitment to global health. In short, central Puget Sound is a diverse, international community. There is, at the same time, a strong belief that economic growth ought to come from within. The stories of local entrepreneurs reinforce this self-image and inspire innovators to flock to the region.

The Challenge

Puget Sound’s resilience in the aftermath of the recent Great Recession is testimony to an increasingly diverse economy. The challenge now is to build on the strengths that economic diversity and innovation can yield. In other words, knowing what will cushion future shocks while allowing for growth and opportunity in new sectors is precisely what defines a successful planning effort. By contrast, an economic strategy should not be seen as an exercise in picking winners for a future economy. No one should assume that a strategy can identify those sectors, tempting as the exercise may be. No sector of our economy comes with a guarantee of major employment gains.

There is, however, an equally daunting challenge that has emerged out of the recent recession — the growing divide between the opportunities available to educated workers and those with fewer skills and less training. This issue was center stage from the outset of the Puget Sound’s economic strategy development process and was a theme of many discussions. While this is a national concern, Puget Sound experiences it more keenly than most areas. Simply put, success is not equally shared throughout the region’s diverse populations. There is the very real threat of a deepening divide between skilled and unskilled workers. It is necessary to close this divide, both to ensure access to opportunities and prosperity for all the region’s citizens and for the region to compete for the jobs and economy of the future. The reasons for this divide are important to identify. Traditional economic thinking relied on manufacturing to provide job opportunities for those with less education or training. We know this is no longer the case. In fact, it is also true of other sectors. From retail to tourism, from logistics to services, the expectation for adaptable, educated, and skilled workers...
is a given. No region can remain competitive without a total commitment to education and skills training. The emphasis on education and workforce development evident in this strategy is a direct response to that challenge. It is reflected in the discussion of the University of Washington and other universities, technical colleges and apprenticeship programs, as well as through the focus on science, technology, engineering and math disciplines (the STEM curriculum).

The Response

A strategy is successful when it addresses the fundamentals of economic vitality. These principles are captured by the goals of the Regional Economic Strategy:

1. Ensure residents have access to family wage jobs, and employers have access to world class talent
2. Foster a regional business climate that supports new high quality investment and job creation
3. Harness the entrepreneurship and technology innovation assets in the region
4. Advance the region’s infrastructure to meet the demands of a globally connected modern economy
5. Ensure a healthy and beautiful environment, vibrant and thriving communities and a high quality of life for all the region’s residents

Background on PSRC and the Prosperity Partnership

The Prosperity Partnership is a coalition of over 300 government, business, labor and community organizations dedicated to improving long-term economic prosperity for the central Puget Sound region. Created by the Puget Sound Regional Council (PSRC) in 2004, the Prosperity Partnership established the region’s first unified economic strategy.

PSRC develops policies and coordinates decisions about regional growth, transportation and economic development planning within King, Kitsap, Pierce, and Snohomish counties. Its membership is composed of over 80 county, city, port, transit, tribal and state agencies serving the region. The agency is home to the region’s federally designated Economic Development District, which includes representatives from private business, local governments, tribes, non-profit, labor and trade organizations.

PSRC works with local governments, business and citizens to build a common vision for the region’s future, expressed through three connected major activities: VISION 2040, the region’s growth strategy and multicounty planning policies; Transportation 2040, the region’s long-range transportation plan; and Prosperity Partnership, which develops and advances the region’s economic strategy. This integrated approach to planning strengthens the economic link between transportation and land use plans.

Regional Planning in the Puget Sound Region

VISION 2040, adopted in 2008, serves as the region’s long-range growth management, environmental, economic and transportation strategy. VISION 2040 promotes an environmentally-friendly growth pattern that contains the expansion of urban growth areas, conserves farm and forest lands, supports compact communities where people may both live and work, and focuses new employment and housing in vibrant urban centers.

Transportation 2040, adopted in 2010, is an action plan for transportation in the central Puget Sound region for the next 30 years. Transportation 2040 identifies investments to support our expected growth and improve the transportation service provided to people and businesses, lays out a financing plan that suggests a long-term shift in how we fund transportation improvements, with more reliance on users paying for transportation improvements, and proposes a strategy for reducing transportation’s contribution to climate change and its impact on important regional concerns such as air pollution and the health of Puget Sound.
Strategic plans operate around three sources of input: what the data tell us (analysis), what the region says of itself (interviews and focus groups; existing literature), and what can be learned from other regions of the country (benchmarking and best practices).

From the outset, it was clear that the Regional Economic Strategy would be data-driven – not to the exclusion of other input, but as a steady touchstone. Recommendations and strategies would be supported by current and updatable information. In addition, the data assembled for the plan would be useful for future benchmarking and as a resource across the region. Thematically, the analysis was heavily centered on talent. This approach was chosen for three reasons:

1. It underscored the importance of a skilled labor force to economic success.
2. By focusing on skills rather than industries, it offered a fresh approach to how the Prosperity Partnership could influence change.
3. It offered a unique view of the composition of a regional economy, one that recognized the actual requirements of an industry beyond what its traditional classifications suggested.

The relationship of occupational clusters to traditional clusters was the primary technical hurdle of the data portion of the plan. It was resolved not by overlaying them, but as seeing them as two related but different ways of understanding a regional economy. The final strategy and economic reports were informed by a combination of quantitative analysis, topical research, and input from regional stakeholders. The process for gathering stakeholder input and incorporating it into the Regional Economic Strategy is outlined below.

- The planning process was guided by the Regional Economic Strategy Technical Advisory Group (RESTAG). This was a diverse group of high-level economic development stakeholders, including labor, business, government, non-profit and education. The RESTAG served as an advisory group to both the EDD Board and PSRC staff, and provided input and guidance at monthly meetings throughout the strategy development process.
- Thirty-five individual interviews were conducted with business leaders, economic development professionals, industry representatives, government officials, education experts, port officials, and other economic development stakeholders from around the region. These individuals provided valuable insight regarding the region’s economic challenges and opportunities. The list of individuals interviewed for this project is provided in the acknowledgements.
- Fourteen focus group discussions were facilitated to address economic development issues on both a geographic basis as well as on an industry basis. Each of the four county economic development organizations facilitated focus groups for their stakeholders. In addition, group discussions were held to gather input from representatives of South King County, South Snohomish County, and from rural cities in the region. Industry focus groups included life sciences, clean technology, tourism, maritime, real estate development, and workforce development.
- Over 100 regional leaders attended an Opportunities Workshop to gather feedback on the region’s primary economic opportunities. A roundtable format was utilized for participants to share ideas and experiences on talent development, innovation and industry, and regional assets and infrastructure.
- Building off the ideas and themes that emerged from the Opportunities Workshop, five working groups were formed around four foundational topics (business climate, innovation and entrepreneurship, infrastructure, and higher education and workforce) and one industry topic (aerospace). The working groups met twice to recommend priorities and strategies.
Regional Economic Strategy for the Central Puget Sound Region: Strategy
Central Puget Sound is home to a vibrantly growing population. As of 2011, the region’s population was estimated to be approximately 3.7 million people. This represents a 13% growth rate over the 2000 Census count. At 18%, Snohomish County registered the fastest rate of growth among the four counties over the period.

While more recent numbers indicate the projected job growth may not be quite as steep (as a result of the dual recessions of the past decade), the region is anticipated to continue growing in both population and in employment. According to preliminary results from the 2012 PSRC Regional Economic Forecast, the region’s population will reach 5 million residents by 2040 (see Figure 2). Additionally, the central Puget Sound economy will expand to nearly 3 million jobs.

The Great Recession was experienced differently among the four counties in terms of their unemployment rates. Unemployment rates throughout the region peaked in 2010. The highest annual average rate was in Snohomish County at 10.6%, more than doubling from 2005 levels. However, the county also saw the largest increase of the four in its civilian labor force over the same period (10%). King County experienced a similar expansion of its labor force and also of its unemployment rate. However, at 9.1%, the county's rate was below the U.S. unemployment rate in 2010, which averaged 9.6%.

Unemployment in Pierce County remained above the four-county average and above U.S. levels throughout the period. Kitsap posted the lowest average annual unemployment rate of 8.2% in 2010, nearly two percentage points below the U.S. However, the county also saw the smallest change in its labor force among the four counties, which grew by 4% compared with 9% for the region as a whole, between 2005 and 2010.

By 2011, unemployment rates throughout the region dropped to near 2009 levels, but labor force participation rates were still below 2009 levels.

**Figure 1. Central Puget Sound Region Population**

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</thead>
<tbody>
<tr>
<td>King</td>
<td>1,737,000</td>
<td>1,931,200</td>
<td>1,942,600</td>
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<tr>
<td>Kitsap</td>
<td>232,000</td>
<td>251,100</td>
<td>253,900</td>
<td>9%</td>
<td></td>
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<tr>
<td>Pierce</td>
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<td>795,200</td>
<td>802,150</td>
<td>14%</td>
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<tr>
<td>Snohomish</td>
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<td>713,300</td>
<td>717,000</td>
<td>18%</td>
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</tr>
<tr>
<td>REGIONAL TOTAL</td>
<td>3,275,800</td>
<td>3,690,900</td>
<td>3,715,650</td>
<td>13%</td>
<td></td>
</tr>
</tbody>
</table>

**SOURCE:** U.S. Census Bureau, WA State Office of Financial Management. **NOTE:** 2010 estimates revised based on decennial census data.
**Figure 2. Population and Employment Forecast for Puget Sound Region**

*In millions*

![Population and Employment Forecast for Puget Sound Region](image)

**Source:** Census Bureau, Washington State Office of Financial Management, PSRC.

**Figure 3. Labor Force and Unemployment for the Puget Sound Region**

_Civilian labor force, number unemployed, and unemployment rate_

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REGION</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Labor Force</td>
<td>1,902,780</td>
<td>1,938,820</td>
<td>1,982,940</td>
<td>2,018,410</td>
<td>2,010,940</td>
<td>2,000,890</td>
</tr>
<tr>
<td>Unemployed</td>
<td>85,130</td>
<td>77,320</td>
<td>96,620</td>
<td>182,310</td>
<td>192,350</td>
<td>172,970</td>
</tr>
<tr>
<td>Unemployment Rate</td>
<td>4.5%</td>
<td>4.0%</td>
<td>4.9%</td>
<td>9.0%</td>
<td>9.6%</td>
<td>8.6%</td>
</tr>
<tr>
<td><strong>KING COUNTY</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Labor Force</td>
<td>1,049,960</td>
<td>1,068,970</td>
<td>1,091,720</td>
<td>1,115,980</td>
<td>1,107,060</td>
<td>1,105,550</td>
</tr>
<tr>
<td>Unemployed</td>
<td>43,970</td>
<td>38,940</td>
<td>48,420</td>
<td>95,890</td>
<td>101,060</td>
<td>89,580</td>
</tr>
<tr>
<td>Unemployment Rate</td>
<td>4.2%</td>
<td>3.6%</td>
<td>4.4%</td>
<td>8.6%</td>
<td>9.1%</td>
<td>8.1%</td>
</tr>
<tr>
<td><strong>KITSAP COUNTY</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Labor Force</td>
<td>121,210</td>
<td>121,960</td>
<td>124,360</td>
<td>124,590</td>
<td>124,300</td>
<td>122,730</td>
</tr>
<tr>
<td>Unemployed</td>
<td>5,630</td>
<td>5,390</td>
<td>6,240</td>
<td>9,590</td>
<td>10,180</td>
<td>9,720</td>
</tr>
<tr>
<td>Unemployment Rate</td>
<td>4.6%</td>
<td>4.4%</td>
<td>5.0%</td>
<td>7.7%</td>
<td>8.2%</td>
<td>7.9%</td>
</tr>
<tr>
<td><strong>PIERCE COUNTY</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Labor Force</td>
<td>371,220</td>
<td>383,850</td>
<td>393,080</td>
<td>394,690</td>
<td>392,440</td>
<td>387,240</td>
</tr>
<tr>
<td>Unemployed</td>
<td>18,860</td>
<td>18,340</td>
<td>22,510</td>
<td>38,140</td>
<td>40,180</td>
<td>37,940</td>
</tr>
<tr>
<td>Unemployment Rate</td>
<td>5.1%</td>
<td>4.8%</td>
<td>5.7%</td>
<td>9.7%</td>
<td>10.2%</td>
<td>9.8%</td>
</tr>
<tr>
<td><strong>SNOHOMISH COUNTY</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Labor Force</td>
<td>360,390</td>
<td>364,040</td>
<td>373,780</td>
<td>383,150</td>
<td>387,140</td>
<td>385,370</td>
</tr>
<tr>
<td>Unemployed</td>
<td>16,670</td>
<td>14,650</td>
<td>19,450</td>
<td>38,690</td>
<td>40,930</td>
<td>35,730</td>
</tr>
<tr>
<td>Unemployment Rate</td>
<td>4.6%</td>
<td>4.0%</td>
<td>5.2%</td>
<td>10.1%</td>
<td>10.6%</td>
<td>9.3%</td>
</tr>
</tbody>
</table>

**Source:** Bureau of Labor Statistics, Local Area Unemployment Statistics (LAUS) series
Educational attainment levels of both the region and the state exceed national averages (Figure 4). Adult residents in the central Puget Sound region are more likely to hold a four-year degree than residents of either Washington state or the nation as a whole. About one-quarter of the region’s residents have a bachelor’s degree, compared to 20% and 18% for the state and nation, respectively.

Central Puget Sound also has a lower percentage of residents who have not pursued any level of post-secondary education. For example, Figure 4 shows that 31% of central Puget Sound residents age 25 years or older have only a high school degree or less, versus 43% for the nation.

The region generally fares better than the U.S. in terms of per capita personal income. In 2010, inflation-adjusted per capita income for the region stood at $32,174, versus $26,059 for the nation as a whole. Per capita income in King County exceeded the national figure by over $10,000.

The figure also shows the impact of the Great Recession on personal income levels in the region. With the exception of Kitsap County, regional per capita personal income fell in 2009 after four consecutive years of growth. Kitsap County, however, experienced a $1,663 increase in per capita personal income during the worst year of the recession. The impact on Kitsap County seemed to lag by one year as personal income dropped back to 2007 levels in 2010.

Figure 4. Educational Attainment, 2010

Source: U.S. Census Bureau, American Community Survey, 1—Year Estimates.
The occupational distribution of the region’s workforce, shown in Figure 6, approximates that of the U.S. and is fairly similar across the four counties. There are, however, nuanced strengths among the counties—computer occupations in King; active-duty military in Pierce and Kitsap; and engineering in Snohomish—which underscore pockets of specialization across the region.

Over the coming decade, the occupational groups expected to add the most jobs in the Puget Sound region are business/financial, sales, healthcare practitioners, and computer sciences (Figure 7). Each of these four groups is projected to add somewhere between 18,000 and 23,000 jobs in the four-county region over the next four years.

Most of the occupations in these fields (sales is the only exception) will require specific skills and training, and often rigorous educational preparation. These four occupational groups alone represent nearly 40% of the region’s anticipated workforce expansion over the next decade.

**Figure 5. Per Capita Personal Income**

*In inflation–adjusted dollars, 2005-2010*

**Source:** U.S. Census Bureau, American Community Survey, 1-Year Estimates.
**FIGURE 6. Occupational Employment in Central Puget Sound Region, 2011**

*Distribution of jobs across occupational groups differs in each county*

<table>
<thead>
<tr>
<th>Occupational group</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office &amp; administrative support</td>
<td>294,629</td>
</tr>
<tr>
<td>Sales &amp; related</td>
<td>286,330</td>
</tr>
<tr>
<td>Management</td>
<td>151,578</td>
</tr>
<tr>
<td>Food preparation &amp; serving</td>
<td>148,362</td>
</tr>
<tr>
<td>Business &amp; financial operations</td>
<td>142,010</td>
</tr>
<tr>
<td>Transportation &amp; material moving</td>
<td>125,679</td>
</tr>
<tr>
<td>Education, training, &amp; library</td>
<td>108,922</td>
</tr>
<tr>
<td>Computer &amp; mathematical science</td>
<td>107,232</td>
</tr>
<tr>
<td>Construction &amp; extraction</td>
<td>105,229</td>
</tr>
<tr>
<td>Production</td>
<td>101,539</td>
</tr>
<tr>
<td>Healthcare (practitioners &amp; technical)</td>
<td>95,293</td>
</tr>
<tr>
<td>Personal care &amp; service</td>
<td>89,482</td>
</tr>
<tr>
<td>Arts, design, entertainment, sports, &amp; media</td>
<td>86,092</td>
</tr>
<tr>
<td>Property cleaning &amp; maintenance</td>
<td>79,467</td>
</tr>
<tr>
<td>Installation, maintenance, &amp; repair</td>
<td>70,105</td>
</tr>
<tr>
<td>Architecture &amp; engineering</td>
<td>62,167</td>
</tr>
<tr>
<td>Military</td>
<td>59,260</td>
</tr>
<tr>
<td>Healthcare (support)</td>
<td>45,225</td>
</tr>
<tr>
<td>Life, physical, &amp; social science</td>
<td>37,045</td>
</tr>
<tr>
<td>Community &amp; social services</td>
<td>34,784</td>
</tr>
<tr>
<td>Protective service</td>
<td>34,463</td>
</tr>
<tr>
<td>Legal</td>
<td>26,583</td>
</tr>
<tr>
<td>Farming, fishing, &amp; forestry</td>
<td>6,987</td>
</tr>
</tbody>
</table>

**NOTE:** Military includes only active duty uniformed personnel. It does not include military contractors or civilians employed by the military since those jobs are spread throughout other occupational groups above. The military cluster as a whole has over 91,000 jobs, and includes active duty uniformed personnel, military contractors and civilians. See the military cluster section in this report for more information.


**FIGURE 7: Major Occupational Categories Projected to Add New Employment, 2011-2021**

*Major occupational groups as a share of total new jobs*

- Business & financial operations: 10.6%
- Sales & related: 10.5%
- Healthcare practitioners & technical: 9.3%
- Computer & mathematical science: 8.6%
- Office & admin support: 7.9%
- Food prep & serving related: 7.6%
- Management: 7.4%
- Protective service: 7.0%
- Community & social services: 3.0%
- Life, physical, & social science: 1.1%
- Legal: 1.1%
- Rest: 38.1%

Puget Sound’s Industry Clusters

Clusters are generally defined as geographic concentrations of interconnected businesses and supporting organizations. Such supporting organizations can include industry associations, universities, research institutions, and regional economic development organizations. Clusters can enhance the competitiveness of a region in particular industries by improving economic efficiencies of member firms (e.g., supply chains and technology transfer). They also tend to concentrate workers with specialized skills and experience within a region, some of which are transferable to multiple industries within and across clusters.

A primary characteristic of a cluster is its capacity to export goods and services outside of the region. Such “traded sectors” are critical to driving regional economic growth because they bring in new sales and investment dollars that are recirculated throughout the economy. The net result of this process is regional economic growth and an improved standard of living. Other important characteristics include size, how much and how quickly a cluster is changing (dynamism), and location quotient. Location quotients (LQs) show the concentration of employment in the region relative to the U.S. as a whole. An LQ of 1.0 indicates an employment concentration equal to the U.S. average.

Why these clusters?

The 2005 Regional Economic Strategy identified 15 industry clusters driving the region’s economy. Of the 15 clusters identified, five were chosen for specific cluster strategy development: aerospace, clean tech, IT, life sciences, and logistics and international trade. In 2008, an additional two clusters were chosen for specific strategy development: military and tourism (now “tourism and visitors”).

In this updated strategy, 10 clusters have been identified in the region for specific focus. A combination of factors was considered in identifying these regional clusters, including:

• Employment size
• Industry dynamism — how much and how quickly a cluster is changing
• Location quotient — concentration of employment in the region relative to the United States

Many of the clusters remain the same, and some are new. Some cluster definitions have been modified based on a better understanding of the clusters and the dynamics of the regional economy. For example, logistics and international trade is now transportation and logistics. For a detailed breakdown of the differences between the 2005 clusters and the clusters presented in this updated strategy, please see the Appendix to the Economy report.
Puget Sound is home to a mix of mature and emerging industry clusters. More established clusters include aerospace, maritime, tourism and visitors, military, business services, and transportation and logistics. The information technology cluster is unique in that it is both mature in the region but also encompasses emerging sub-sectors such as interactive media. Other burgeoning clusters in central Puget Sound are life sciences and global health, clean technology, and philanthropies.

Figure 9 shows the share of cluster employment to total regional employment in 2011. It also breaks down the share of cluster employment each sector comprises. In 2011, the clusters accounted for nearly one-third of total jobs in the region. Business services, information technology, and tourism and visitors account for almost two-thirds of total cluster employment.

Figure 10 depicts regional cluster dynamics on three levels. The horizontal X axis shows total projected employment percentage growth from 2011 to 2021. The vertical Y axis shows employment location quotients for 2011. The size of the bubble reflects relative employment levels in 2011. In terms of employment growth, information technology, business services, life sciences and global health, tourism and visitors, and clean technology are projected to grow the fastest. Of note, projected growth in the region’s aerospace cluster may be understated, as it is based on historical trends, which saw regional aerospace employment decline in the mid-1990s. Prepared in mid-2011, these projections also do not include very recent developments such as securing long-term production of a new tanker for the U.S. Air Force and the new Boeing 737 MAX, as well as recent orders for Boeing aircraft assembled within the region.

In addition, the projected growth represented in Figure 10 does not include data from the Boeing 2012 Current Market Outlook, released on July 3, 2012, which projects the world aircraft fleet to double in size over the next 20 years, creating a $4.5 trillion market for 34,000 new airplanes. This study estimates that airline traffic will grow at a 5% annual rate over this period and cargo traffic increase at an annual rate of 5.2%. The need for new single-aisle airplanes is expected to grow by more than 23,000, with a market value of more than $2 trillion. More than 8,700 new large and twin-aisle widebody airplanes are forecasted to be needed to meet demand over the next 20 years, with a market value nearing $2.5 trillion. Growth in Asian and other emerging markets will be an important factor in demand for new airplanes over the next 20 years. Over 40% of new deliveries will be for replacement of older, less fuel-efficient models. The Boeing forecast also predicts that the freighter fleet will double over the next 20-year period from 1,740 to 3,200.

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**Source:** EMSI – Complete Employment. *LQ calculated on active duty military only.

**Note:** Location quotients (LQ) show the concentration of employment in the region relative to the U.S. An LQ of 1.0 indicates an employment concentration equal to the U.S. average.

Distribution of total employment. Individual clusters as share of total cluster employment.

- **Total cluster**: 31.5%
- **All other employment**: 68.5%

**SOURCE**: EMSI Complete Employment — 2011.2

**NOTE**: Military employment represents estimated uniformed active duty military only.

* A portion of NAICS 541712 (Research and Development in the Physical, Engineering, and Life Sciences) is shared by both the clean tech and life sciences/global health clusters. To avoid representing those jobs twice in this figure, code 541712 employment is shown here only within the life sciences/global health cluster.

**FIGURE 10. Central Puget Sound Region Cluster Employment Dynamics**


- **Aerospace**: 12.1%
- **Military**: 7.3%
- **Clean Technology***: 3.6%
- **Information Technology**: 20.0%
- **Business Services**: 25.1%
- **Life Science & Global Health**: 4.0%
- **Transportation & Logistics**: 6.9%
- **Tourism**: 18.5%
- **Philanthropies**: 0.3%
- **Maritime**: 2.3%
- **Tourism & Visitors**: 18.5%
- **Business Services**: 25.1%
- **Life Sciences & Global Health**: 4.0%
- **Transportation & Logistics**: 6.9%
- **Tourism**: 18.5%
- **Philanthropies**: 0.3%
- **Maritime**: 2.3%

**SOURCE**: EMSI – Complete Employment.

**NOTE**: Historical data (2001-2010); projections (2011-2021). Location quotients (LQs) show the concentration of employment in the region relative to the U.S. An LQ of 1.0 indicates an employment concentration equal to the U.S. average.
Clusters overlap
It’s important to note that there is much overlap among industries that isn’t captured in the analysis. For example, the linkages among maritime, transportation and logistics, and tourism and visitors clusters are very strong in this region. Similarly, while the military cluster can be viewed as a stand-alone industry, focusing on the relationship between the military and local industry highlights the opportunities to keep more military spending within this region.

Cluster links to international trade
International trade is key to most clusters: According to the International Competitiveness Strategy Report issued by the Trade Development Alliance and the Washington Council on International Trade, jobs tied to international trade cut across nearly every industry sector. A majority of the state’s international exports go to Asia; China is Washington’s number one export market. Exports to Canada have increased 71% since 2004. A key action initiative in this Regional Economic Strategy is to review the just-released International Competitiveness Strategy Report and determine elements of regional economic significance to support. (See Strategy 2.5)

Potential future clusters
During development of this strategy, many stakeholders suggested exploring the potential of establishing education and innovative retail as industry clusters. For example, education is clearly a key economic driver of future prosperity and a top priority of this strategy. It would be valuable to not only assess how this cluster stacks up against education clusters throughout the country and the world, but to also craft strategies to grow the region’s educational capacity.

At the same time, the Puget Sound region is home to a number of category-defining retail firms, from the breadth created by Costco to the laser-focus of a Redbox vending machine. REI, which was formed as a cooperative venture in 1938 by 23 mountaineering friends in Seattle, is a major exporter. Nordstrom, which began as a small shoe store in 1901, is now one of the nation’s leading fashion specialty retailers. Amazon, Blue Nile and Drugstore.com have been key to establishing and revolutionizing online retailing.

This strategy includes action items to analyze the potential of both education (Strategy 1.6) and innovative retail as targeted industry clusters for our region (Strategy 3.5).
Aerospace

Central Puget Sound is home to one of the highest concentrations of aerospace firms in the world. No other region has a company base that can design and assemble aircraft, parts, electronics, or materials as efficiently or as competently as the Puget Sound region. Not only is the aerospace cluster the source of tens of thousands of jobs, it represents a vital national industry—one that drives exports and is an important source of research and development (R&D) and advanced technology. According to the Trade Development Alliance and Washington Council on International Trade International Competitiveness Strategy Report, the aerospace industry is the largest exporting sector by dollar value in Washington. While the cluster as a whole employs 6.15 times the employees than the national average, aircraft manufacturing (where the majority of Boeing’s employment is categorized) is the foundation of the cluster, with an employment concentration nearly 23 times the national average and employing over 70,000. In addition to direct jobs in aircraft manufacturing, the region’s aerospace cluster comprises a wide range of supplier and related industries. These include machine shops, industrial machinery and equipment manufacturers, and companies engaged in the production of instrumentation and measurement equipment. As of 2010, there were almost 600 firms in the region involved in the aerospace cluster. These companies employed over 87,000 residents in 2011. The region’s recent successes in securing the development and production of the 787, as well as the long-term production of the 737 MAX and winning the U.S. tanker contract present numerous opportunities for the cluster to expand in the region for another generation to come. Boeing employment in the state increased by 8,000 employees in 2011 alone.

While there are other issues affecting the industry, the education and training of a qualified and ready workforce is the single dominant challenge to the future health of this sector. Engineering talent is in particularly short supply. This situation is exacerbated by the fact that much of the region’s engineering talent is aging and will soon be exiting the workforce. The strength of local organizations such as EDB Tacoma-Pierce Aerospace, King County Aerospace Alliance, Kitsap Aerospace and Defense Alliance (KADA), and Snohomish County Aerospace in Action, as well as sustained efforts of Aerospace Futures Alliance (AFA) and the Washington Aerospace Partnership (WAP) at the state level, will play an important role in the ongoing cultivation of this sector in the region.

NOTE: Some cluster definitions, including aerospace, have been refined or modified based on a better understanding of the clusters and the dynamics of the regional economy. The updated aerospace definition is broader and includes some aerospace-related industries that were not in the previous 2005 analysis. These include many supplier firms to Boeing. While some of these industries may include some companies that serve industries other than aircraft manufacturing, to exclude them would be to exclude a good number of aerospace jobs (e.g., the Boeing International subsidiary uses 423860; other closely related companies using this set of codes include Northrop Grumman, Rolls Royce, and Spirit Aero, along with local firms like Flow Intl, Universal Aerospace, Acro, Soundair, and Seattle Aero). A detailed breakdown of all the NAICS in each of the 10 clusters, as well as the differences between the 2005 clusters and these 10 clusters, are in the Appendix of the Economy report. As with all clusters, PSRC continues to monitor the state of the industry and will make adjustments to cluster definitions, as necessary, on an ongoing basis.

The Puget Sound region employed nearly 23 times more people in aircraft manufacturing than the national average.

The business services cluster employs over 180,000 people — more than any other cluster in the region.

**Business Services**

Much of the region’s economic success depends on a strong and vibrant business services cluster. This cluster provides key support services to high technology, manufacturing, transportation, and service industries in the region. Within the cluster, the financial services sector is emerging as one of the region’s key industries. It is now one of the largest employment sectors within the region, especially in King County. Intellectual Ventures, a business services provider in the region, is a private company notable for being one of the top five owners of U.S. patents (as of 2011). The firm specializes in developing a patent portfolio and licensing patents to companies. This process now plays a critical role in the innovation and commercialization ecosystem. Across the water in Kitsap County, Avalara, which provides automated sales tax compliance solutions across over 11,000 jurisdictions, was named as one of the nation’s top ten fastest growing companies in the 2011 Deloitte Technology Fast 500.

In addition to employing over 180,000 people in more than 11,000 establishments in the four-county region, the cluster provides vital support to other manufacturing and high technology industries in the region. The cluster’s location quotient (LQ) of 0.94 indicates that regional employment levels in this sector are similar to the national average (1.0), which suggests that services are provided primarily within the region. The sheer size of the cluster, however, masks areas where the region’s employment is highly concentrated relative to the nation. When individual component industries are considered, the highest concentrations of employment were in translation and interpretation services (with an LQ of 2.56), commercial photography (1.94), graphic design (1.84), and public relations (1.70).

As with other clusters, business service firms cite the attraction and development of talent with certain skills and experience as a challenge. Many are forced to recruit individuals from other regions of the country with more established business services sectors that tend to pay higher wages. To some extent, this can be offset by the lack of a state income tax. Still, keeping pace with higher wages in top markets is a factor in talent development and retention. For some subsectors of the business services cluster, distance from financial and advertising centers in New York City can be a disadvantage. Puget Sound’s closer proximity to Asia compared with other financial centers, however, may present opportunities to expand the region’s finance and business ties with Asian markets.

Clean Technology

The 2005 Regional Economic Strategy identified clean technology as one of the region’s emerging industry clusters with the potential for above-average growth. In fact, a specific accomplishment of the Prosperity Partnership was the formation of the Washington Clean Technology Alliance (WCTA). Today, the WCTA (representing over 100 members) is taking a leading role in promoting the growth of clean tech companies, jobs, and products as well as positioning the state as a global leader in clean tech innovation.

Companies in the region are pioneering new developments in aviation biofuels and smart grid systems by leveraging the region’s aerospace and information technology clusters.

The clean tech cluster is comprised of portions of several major industry categories, including energy generation and distribution, residential and nonresidential construction, manufacturing, architectural and engineering services, environmental consulting, R&D, and recycling and waste. Using this definition, the sector employs roughly 26,000 workers in the four-county region. The sector’s LQ of 1.26 suggests some specialization in the sector relative to the nation. Professional and technical services, particularly engineering services, comprise the largest share of employment (63%) within the cluster. One in three workers in the sector (33%) are employed in building-related (green building and energy efficiency) industries—residential building construction (12.7%), nonresidential building construction (8.2%), and architectural services (12.4%). McKinstry, a full-service design, build, operate and maintain (DBOM) firm, is emblematic of this sub-sector of the clean technology cluster. The company represents 1,600 employees and approximately $400 million in annual revenue. Another innovative company in this sector is Tacoma architectural firm BCRA, which developed an application for smart phones and tablets, called Energy Harvest, which allows users worldwide to conduct energy audits of their existing buildings, and then transmit their findings directly to its Building Science division.

The region’s culture and efforts to preserve its environmental riches supports the formation of new clean tech ventures and technologies locally. WCTA has been a leader in establishing new collaborations, commercialization, and leveraging research support. Universities are also key partners; initiatives like the University of Washington’s Environmental Innovation Challenge and the Center for Commercialization’s New Ventures facility are seeding new clean tech and green tech business ventures. One area where the region is positioned to become a global leader in clean tech innovation is developing and testing of energy efficiency technologies. Toward this goal, regional partners, led by Innovate Washington Foundation, are establishing the Building Energy Efficiency Testing and Integration (BETI) Center and Demonstration Network. Pike Research forecasts a bright future for energy efficiency services and equipment. The firm estimates the total market for energy efficiency in buildings will reach $103.5 billion by 2017, representing a 50% increase from 2011 levels.

Another opportunity for clean technology companies is working with the U.S. military to improve energy, water, and waste efficiency at U.S. military installations. Other companies in the region are pioneering new developments in aviation biofuels and smart grid systems by leveraging the region’s aerospace and information technology clusters.

FIGURE 15. Clean Tech Cluster
Snapshot of cluster dynamics in the Puget Sound region

<table>
<thead>
<tr>
<th>Employment (2011)</th>
<th>26,115</th>
</tr>
</thead>
<tbody>
<tr>
<td>Distribution by county</td>
<td></td>
</tr>
<tr>
<td>King</td>
<td>74%</td>
</tr>
<tr>
<td>Kitsap</td>
<td>10%</td>
</tr>
<tr>
<td>Pierce</td>
<td>11%</td>
</tr>
<tr>
<td>Snohomish</td>
<td>5%</td>
</tr>
<tr>
<td>Location quotient (U.S. = 1.0)</td>
<td>1.26</td>
</tr>
<tr>
<td>Estimated sales (in billions)</td>
<td>$4.6</td>
</tr>
<tr>
<td>Establishments (2010)</td>
<td>1,785</td>
</tr>
</tbody>
</table>

SOURCE: EMSI — Complete Employment.
**Information Technology**

Central Puget Sound’s position as a global center for information technology is well-documented. Local industry stalwarts like Microsoft and Amazon have driven much of the innovation and progress in such fields as desktop software, gaming systems, online retail, and cloud computing. According to a 2011 economic impact study conducted by UW professor Theo Eicher, Microsoft alone contributed $10.22 billion to the Washington state economy in 2009. Furthermore, through its employment, compensation, and in-state purchases, the software giant’s operations in Washington supported 252,863 jobs. The Puget Sound region’s software publishing industry alone employs over 13 times more workers than the national average.

The region is also a hotbed of fast-rising companies that are driving innovation in fields such as enterprise software, cyber security, and interactive media, which is one of the fastest growing IT sectors in the region. Combining digital gaming, social media, web applications, and mobile technology, interactive media now accounts for over 150 companies and 15,000 workers in Washington. Overall, IT and related activities employ nearly 145,000 workers in the four-county region.

The depth of the Puget Sound region’s IT talent base is its greatest strength. Evidence of this is the recent trend of Silicon Valley companies such as Google and Facebook locating substantial offices in Puget Sound to take advantage of its talent base. The University of Washington is home to what is widely regarded as one of the top ten Computer Science and Engineering programs in the country, whose award-winning faculty and outstanding students infuse new engineering talent into the region. The UW as a whole is a hub of research commercialization, with 336 patents filed in Fiscal Year 2011 alone. Since Fiscal Year 2005, there have been 59 new UW spinoff startups.

Still, like the aerospace cluster, finding a sufficient supply of qualified employees in the region is the IT sector’s primary challenge. This is regarded as both a challenge and a threat to the industry’s ongoing vitality in the region. Efforts to increase capacity at the University of Washington and other four-year institutions to meet this demand will be vital to future economic prosperity.

According to the International Competitiveness Strategy Report issued by the Trade Development Alliance and Washington Council on International Trade, over half of the state’s $23 billion in services exports are software-based. However, this report also notes that about 42% of the world’s PC software is pirated. Efforts to better protect intellectual property are vital to the future economic health of this sector.

**Figure 16. Information Technology Cluster**

*Snapshot of cluster dynamics in the Puget Sound region*

<table>
<thead>
<tr>
<th>Employment (2011)</th>
<th>144,196</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Distribution by county</strong></td>
<td></td>
</tr>
<tr>
<td>King</td>
<td></td>
</tr>
<tr>
<td>Kitsap</td>
<td></td>
</tr>
<tr>
<td>Pierce</td>
<td></td>
</tr>
<tr>
<td>Snohomish</td>
<td></td>
</tr>
<tr>
<td><strong>Location quotient (U.S. = 1.0)</strong></td>
<td>2.28</td>
</tr>
<tr>
<td><strong>Estimated sales (in billions)</strong></td>
<td>$61.1</td>
</tr>
<tr>
<td><strong>Establishments (2010)</strong></td>
<td>5,326</td>
</tr>
</tbody>
</table>

SOURCE: EMSI — Complete Employment.
FIGURE 17. Information Technology Cluster Employment Areas in the Puget Sound Region, 2010

Life Sciences and Global Health

The central Puget Sound region is home to one of the largest and most dynamic life sciences clusters in the United States. The Milken Institute ranks the state’s life sciences cluster as the fifth largest in the nation, with most of it concentrated in the South Lake Union neighborhood in Seattle. The region’s world-class assets, coupled with the emerging focus on global health, help to position the region for future growth. As defined, the life sciences and global health cluster employs nearly 29,000 people in the four-county region.

According to a 2011 analysis of the life sciences industry published by Jones Lang LaSalle, one of the distinguishing features of the Seattle-area life sciences market is that the majority of the region’s activities are based on R&D, such as CMC Biologics of Bothell, with a sister company in Denmark, which provides R&D services for the pharmaceutical industry worldwide. At the same time, the region is home to several medical device makers. Much of the private sector growth in life sciences has been driven by R&D and education activities at the University of Washington, Fred Hutchinson Cancer Research Center, and Seattle Biomedical Research Institute. To support continued life sciences research and innovation in the state, the Prosperity Partnership and other organizations worked with the State of Washington to establish the Life Sciences Discovery Fund (LSDF) in 2005. Since 2007, LSDF has made $88 million in grants, and grantees have seen an eight-fold return in the form of follow-on grants and health care cost savings. However, state budget issues have resulted in a recent 85% reduction in funding, pointing to a need for a stable, sustainable model of tangible support for the innovation economy.

Global health is also an emerging component of the region’s life sciences sector. With significant support from the Bill and Melinda Gates Foundation, a number of research and philanthropic organizations dedicated to improving global health, such as PATH, have clustered in Puget Sound. According to the 2011 Global Health Strategic Mapping and Economic Opportunity Portfolio conducted by the Washington Global Health Alliance, many of the state’s global health organizations are national leaders in attracting federal research funding and commercializing new technologies. Moreover, the sector offers numerous product development opportunities for other regional clusters, including life sciences, IT, and clean technology.

Access to capital ranks high on the list of challenges for any research-driven field, and the region’s life sciences cluster is no exception. Lack of capacity at regional higher education institutions also remains a concern. Because of the specialized nature of the work and steady growth of the industry in the region, demand for graduates continues to outpace supply.

Maritime

With 500 establishments and sales of $5 billion, the maritime cluster makes a significant contribution to the region. It includes a variety of industrial and service-related activities, including commercial fishing, seafood processing, passenger transportation, ship and boat building, marine support industries, deep and shallow draft water transportation, and public sector operations. As of 2011, it employed nearly 17,000 workers in the region.

The strength of central Puget Sound’s maritime industry lies in its size and diversity. In addition to its substantial maritime infrastructure, the region is home to a high concentration of expertise connected to the industry.

The ports of Seattle, Tacoma, Everett and Bremerton have played pivotal roles throughout the region’s history and continue to be pillars of the region’s natural strength in this cluster. Relative to the nation, the region has three times as many jobs in maritime industries (LQ of 3.01).

One potential opportunity to capture additional maritime activity involves the recapitalization of the nation’s fishing fleets. Recent federal legislation removed the 20-year prohibition on rebuilding and replacing Bering Sea groundfish fleets. This change, along with advances in fish factory design, mean that 400 fishing boats - ranging in value from $22 million to $200 million - will be built over the next 25 years in the U.S. With many catcher/processor vessels based in Puget Sound, regional shipyards are well positioned to capture much of these new shipbuilding opportunities.

A change in federal law and advances ... in fish factory design mean that 400 fishing boats — ranging in value from $22 million to $200 million — will be built over the next 25 years in the U.S. Regional shipyards are well positioned to capture much of these new shipbuilding opportunities.

Due to an aging workforce and lack of new entrants, industry representatives report difficulty replacing marine engineers, technicians, and architects, as well as tug boat pilots. Another barrier to expansion of maritime activities is increasing competition for freight mobility infrastructure, especially road infrastructure in the region’s urban areas. Similarly, maritime industry representatives are concerned about preserving the region’s industrial land and protecting waterfront property accessible to freight and/or passenger links.

**Figure 20. Maritime Cluster**

Snapshot of cluster dynamics in the Puget Sound region

<table>
<thead>
<tr>
<th>Employment (2011)</th>
<th>16,683</th>
</tr>
</thead>
<tbody>
<tr>
<td>Distribution by county</td>
<td></td>
</tr>
<tr>
<td>King</td>
<td>5%</td>
</tr>
<tr>
<td>Kitsap</td>
<td>15%</td>
</tr>
<tr>
<td>Pierce</td>
<td>8%</td>
</tr>
<tr>
<td>Snohomish</td>
<td>72%</td>
</tr>
<tr>
<td>Location quotient (U.S.=1.0)</td>
<td>3.01</td>
</tr>
<tr>
<td>Estimated sales (IN BILLIONS)</td>
<td>$5.0</td>
</tr>
<tr>
<td>Establishments (2010)</td>
<td>500</td>
</tr>
</tbody>
</table>

**SOURCE: EMSI — Complete Employment.**

Military

Central Puget Sound is home to several major military installations, including Joint Base Lewis-McChord, Naval Base Kitsap, and Naval Station Everett. According to the Prosperity Partnership’s Military Cluster Strategy, these and other National Guard and Coast Guard installations combine to directly employ thousands of military and non-military personnel and provide more than $3.1 billion annually in total payroll. The region is also home to numerous private defense contractors and subcontractors. The military’s presence — as an employer, source of R&D support and driver of manufacturing — has been a linchpin of the region’s economy for nearly a century.

Much more so than most regions of the country, Puget Sound’s prosperity is rooted in, and supported by, our defense complex. The continued strength of the military cluster is critical to the region’s economic prosperity.

The military cluster employs more than 91,000 people in the four-county region, with the largest share of employment (56%) in Pierce County. The region’s active duty military employment is well above — almost double — the national average. Sales associated with military employment are estimated at nearly $24 billion. The interconnected nature of the region’s military with other sectors can also be seen in Department of Defense contracts in which aerospace and maritime industries feature prominently.

The military cluster is a significant contributor to the region’s talent pool. Over 59,000 active duty military personnel and 65,000 military dependents are stationed in the region. Many military personnel will separate from service or retire while stationed in central Puget Sound. The state is currently ranked seventh in the country in terms of the number of retired military personnel. Because of the skills, experience, and work ethic developed while serving in the armed forces, retired military personnel represent a valuable source of talented workers. However, cuts to U.S. defense spending and the potential for a new round of Base Realignment and Closure (BRAC) within the next five years could affect the Puget Sound’s military cluster. Budget cuts also could affect existing and potential defense contracting opportunities for Puget Sound companies.

The region’s active duty military employment, driven in large part by Joint Base Lewis-McChord, is nearly double the national average.
FIGURE 23. Military Bases in the Puget Sound Region

SOURCE: Puget Sound Regional Council.
Philanthropies

The philanthropies cluster, which consists of grant making and giving services, employs nearly 2,500 workers across the region. Operating revenues for the cluster were estimated at nearly $530 million in 2011. “Philanthropies” is not a typical industry cluster. However, the central Puget Sound is unique in that it is anchored by the Bill & Melinda Gates Foundation, the world’s largest charitable foundation, with a $33.5 billion endowment. Although headquartered in Seattle, the Gates Foundation extends the region’s global network and brand through its offices in London, Beijing, Delhi, and Washington, DC.

The Puget Sound region is home to the world’s largest philanthropic foundation, the Bill & Melinda Gates Foundation.

**FIGURE 24. Philanthropies Cluster**

*Snapshot of cluster dynamics in the Puget Sound region*

| Employment (2011) | 2,423 |

<table>
<thead>
<tr>
<th>Distribution by county</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>King</td>
<td>9%</td>
</tr>
<tr>
<td>Kitsap</td>
<td>5%</td>
</tr>
<tr>
<td>Pierce</td>
<td>84%</td>
</tr>
<tr>
<td>Snohomish</td>
<td></td>
</tr>
</tbody>
</table>

| Location quotient (U.S. = 1.0) | 1.25 |
| Estimated sales (in billions)  | $0.5 |
| Establishments (2010)          | 238 |

**SOURCE:** EMSI — Complete Employment.

The intersection between the philanthropies cluster and the life sciences and global health cluster in the region is apparent. The Gates Foundation has frequently stated its goal is not only to solve global health challenges, but also to attract new scientists to the field. This second goal has significant implications for the long-term economic health of central Puget Sound. The foundation has created a center of gravity for the global health profession in the region and as a result has influenced the agendas of other philanthropic organizations to draw attention to the field of global health, helping turn the region into a world capital for global health activity. At the same time, it has subsidized the growth of an innovative industry and has created the conditions for that industry to take root in central Puget Sound. Other organizations in this cluster include the Bullitt Foundation, the Seattle Foundation, and United Way.

It’s important to note that due to the way jobs are classified, this cluster does not include jobs and organizations that actually provide charitable services, such as El Centro de la Raza, Goodwill Industries or Refugee Women’s Alliance, which are categorized under social services. It also doesn’t account for employment in organizations like PATH, which are categorized under scientific research and development jobs. At the same time, analyzing nonprofit corporation employment also doesn’t give a true picture of the amount of charitable work underway, since this category includes everything from chambers of commerce to local recreation clubs and leagues to water associations, but doesn’t include religious organizations like World Vision.

One of the challenges facing the regional philanthropies cluster is a general lack of awareness of the economic importance of this sector to the region’s economy. While many residents recognize the social and community benefits of the sector, they may not realize just how large of an economic impact the sector has on the region.
FIGURE 25. Philanthropies Cluster Employment Areas in the Puget Sound Region, 2010

Tourism and Visitors
With such outstanding natural beauty, it is no surprise that tourism is a major contributor to the regional and state economy. Tourism and visitors is an export-oriented cluster in that goods and services are primarily sold to tourists from outside the region rather than residents. In addition, most sales and other taxes paid by tourists remain and help fund public services and infrastructure. In a sense, the tourism and visitors cluster is both benefited by, and provides benefits to, all other industry clusters. Visitors are, or may become, residents, students, employees, patients, investors, buyers, sellers and business owners. Conversely, arts, culture, restaurants, sporting and other events supported in part by visitors are also frequently enjoyed by local residents.

The cruise ship industry is a significant asset; in 2011, the Port of Seattle had 196 ship calls serving over 885,000 passengers. In fact, Seattle is leading all U.S. cruise homeports on the West Coast in passenger volume and number of ship calls. The local cruise business also supports more than 4,447 jobs and $425 million in annual business revenue. Other drivers of the tourism and visitors cluster in the region include conferences and conventions, regional fairs and events, professional and collegiate sports, and heritage eco-tourism.

Although the forecast for tourism is positive according to Port of Seattle officials, the loss of public funding for the statewide tourism marketing office has presented a unique challenge for the industry. In response, industry leaders and supporters created a statewide membership and board-managed Washington Tourism Alliance (WTA). The WTA was chartered in early 2011 in time to salvage the brand, website and other assets of the state office. As of this writing, the WTA board and membership are working to develop a long-term funding model, together with an effective marketing plan appropriate for the industry.

Other challenges and opportunities facing this cluster include reforming national travel visa programs, as well as streamlining security checks at airport and border crossings that can discourage or increase the cost of international trade.

As defined, this sector employs more than 133,000 workers in the region and is estimated to have generated over $10 billion in sales in 2011. Food services and drinking establishments account for almost one-half of employment in the cluster. Other major employment sectors within the cluster include performing arts, spectator sports, and related events; accommodations; guided tours and transportation; amusement gambling, and recreation. In addition, jobs in tribal employment (casinos, etc.) account for another 11,200 jobs in the region, but are not included in the figures as they are classified as government employment.

Tribal employment... mostly related to tourism (casinos, heritage eco-tourism, etc.) accounts for another 11,200 jobs in the region. However, these jobs are not included in this cluster total because they are classified in the government category.

<table>
<thead>
<tr>
<th>Employment (2011)</th>
<th>133,766</th>
</tr>
</thead>
<tbody>
<tr>
<td>Distribution by county</td>
<td></td>
</tr>
<tr>
<td>King</td>
<td>71%</td>
</tr>
<tr>
<td>Kitsap</td>
<td>13%</td>
</tr>
<tr>
<td>Pierce</td>
<td>11%</td>
</tr>
<tr>
<td>Snohomish</td>
<td>5%</td>
</tr>
<tr>
<td>Location quotient (U.S.=1.0)</td>
<td>0.98</td>
</tr>
<tr>
<td>Estimated sales (in billions)</td>
<td>$10.1</td>
</tr>
<tr>
<td>Establishments (2010)</td>
<td>5,490</td>
</tr>
</tbody>
</table>

SOURCE: EMSI — Complete Employment.
FIGURE 27. Tourism & Visitors Cluster Employment Areas in the Puget Sound Region, 2010

**Transportation and Logistics**

One of central Puget Sound’s greatest economic assets is its infrastructure and talent tied to transportation and logistics. This broad cluster includes the critical subsectors of air, rail, and truck transportation, as well as warehousing and storage. Beyond the shipping, warehousing, and airline businesses, the transportation and logistics cluster is critical to the region’s tourism, maritime, manufacturing, and technology sectors. The cluster employs approximately 50,000 people spread over 1,642 establishments, with estimated sales totaling $8.6 billion in 2011. Central Puget Sound’s transportation and logistics cluster registered a higher LQ (0.86) than any of its U.S. peers.

Trade is estimated to account for approximately 25% of the state’s gross domestic product.

In addition to its contribution to the state’s tourism industry, Sea-Tac Airport supports the region’s international business connections and has a vital role in marketing the region globally. The majority of the region’s air cargo activity is transported through Sea-Tac and King County International Airports. Combined, these airports handled nearly a half-million tons of air cargo in 2011. The region’s airport infrastructure faces challenges similar to other U.S. regions: a single, dominant hub passenger carrier; the need to diversify international destinations and carriers; and expanding capacity amid constraints such as land availability, security issues, noise restrictions, and surrounding height limits.

Congestion is a major challenge confronting Puget Sound’s transportation cluster. In 2010, the cost of congestion to the region’s trucking industry was estimated to be $467 million. Congested roads were also estimated to cause 44 hours of delay per commuter. The combined effects of aging infrastructure and congestion pose a substantial threat to the economic vitality of the region. In addition, the Washington State Ferry system – the largest in the country – estimates its 20-year funding needs at about $10 billion. Because the majority of ferry routes are in the central Puget Sound region, funding and capital replacement decisions will have a big impact on this region’s commuters and freight.

The Pacific Northwest has a tremendous economic asset: a thriving trade gateway that keeps Washington exports on the dinner tables and desktops in countries across the globe. This gateway, responsible for hundreds of thousands of jobs and millions in revenue, is threatened by growing ports in British Columbia, multi-million dollar infrastructure upgrades at ports in Southern California, and the expansion of the Panama Canal.

In recent years, market share for the Pacific Northwest has dropped. As a region, we must steward our gateway’s competitiveness, so that our economic engines continue to generate family-wage jobs and economic growth. Container capacity at the region’s major seaports should be managed strategically and thoughtfully, and investments in seaport and transportation infrastructure should be approached with an eye toward what makes the Pacific Northwest gateway more competitive.

**FIGURE 28. Transportation & Logistics Cluster**

*Snapshot of cluster dynamics in the Puget Sound region*

<table>
<thead>
<tr>
<th>Employment (2011)</th>
<th>49,688</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Distribution by county</strong></td>
<td></td>
</tr>
<tr>
<td>King</td>
<td>72%</td>
</tr>
<tr>
<td>Kitsap</td>
<td>19%</td>
</tr>
<tr>
<td>Pierce</td>
<td>8%</td>
</tr>
<tr>
<td>Snohomish</td>
<td>8%</td>
</tr>
<tr>
<td><strong>Location quotient (U.S. =1.0)</strong></td>
<td>0.86</td>
</tr>
<tr>
<td><strong>Estimated sales (IN BILLIONS)</strong></td>
<td>$8.6</td>
</tr>
<tr>
<td><strong>Establishments (2010)</strong></td>
<td>1,642</td>
</tr>
</tbody>
</table>

SOURCE: EMSI — Complete Employment.
FIGURE 29. Transportation & Logistics Cluster Employment Areas in the Puget Sound Region, 2010

Clusters tell only part of the story

Industry clusters tell only part of the story, since many clusters overlap with each other. For example, the transportation and logistics cluster does not include water transportation industries because they are included in the maritime cluster definition. Neither the maritime nor the transportation and logistics clusters include state ferry system employees, whose jobs are captured in government industry classification codes.

When combined, the maritime, transportation and logistics, and tourism and visitors clusters account for 185,000 jobs in the region, which is a significant share of the region’s employment. By separating transportation and logistics activities from maritime and tourism and visitors clusters, it’s difficult to get a clear picture of the impact of the region’s ports, which have both water-side and land-side activities. One of the strengths of the central Puget Sound region is the tremendous investment that has been made to make the transition of goods from waterborne to overland as seamless as possible.

Ports act as economic drivers through the operation of airports, marine terminals, marinas, railroads, industrial parks and, in some cases, tourism promotion. The central Puget Sound region alone has dozens of ports, the largest of which are the ports of Seattle, Tacoma, Everett and Bremerton. Port-related jobs pay on average $60,000 annually, which is 46% more than the state average. Trade is estimated to account for approximately 25% of the state’s gross domestic product.

Port-focused strategies and action initiatives can be found in the strategy section under Business Climate and Infrastructure. In addition, the Port of Seattle’s Century Agenda outlines the Port of Seattle’s comprehensive vision and strategic plan, focusing on the port’s next quarter century of business and operations. The goal of the Century Agenda is to build upon the accomplishments of the past century with a visionary look forward to the emerging challenges and opportunities of the 21st century. The Port of Tacoma’s Strategic Plan guides the port in achieving its next chapter of economic growth and business success. The plan will set the course for the next 10 to 15 years, with a focus on near-term actions. Both plans are available to the public by contacting the ports directly.
Chambers Bay Golf Course, University Place
Regional Economic Strategy

Vision

Worldwide competition is not focused on countries, but on regions that function as single economic units. Companies don’t just choose between the United States and China, Mexico or Canada. They think of Silicon Valley versus Mumbai, or Shanghai versus Stockholm.

Around the world, regions are pooling their public and private talent and resources to pursue common economic goals. Since 2005, with the development of the central Puget Sound’s first economic strategy, the Prosperity Partnership has been the unbiased table where all the region’s business, labor, education, government and non-profit leaders come together to create a unified economic agenda.

And although the economic circumstances have changed since that first strategy was developed, the commitment to a regional, inclusive strategy is even stronger than before. Therefore, the vision for this strategy is to ensure the entire region’s long term sustainable economic prosperity by:

• Ensuring residents have access to family wage jobs, and employers have access to world class talent
• Fostering a regional business climate that supports new high quality investment and job creation
• Harnessing the entrepreneurship and technology innovation assets in the region
• Advancing the region’s infrastructure to meet the demands of a globally connected modern economy
• Ensuring a healthy and beautiful environment, vibrant and thriving communities and a high quality of life for all the region’s residents

The goals, strategies and action initiatives in the Regional Economic Strategy reflect and reinforce this vision.
Strategy Framework

The Regional Economic Strategy is structured in the following manner:

**GOALS & STRATEGIES:** This chapter presents the goals and strategies of the Regional Economic Strategy and introduces some of the actions that may be a part of implementing each strategy. The goal statements are what the Prosperity Partnership hopes to achieve in the five “foundation” areas of the economy: education and workforce development, business climate, entrepreneurship and innovation, infrastructure, and quality of life. Each goal has a set of strategies - the methods the region will take to achieve those goals. In addition, in recognition of their importance to the growth of the regional economy, the industry clusters most profoundly impacted by each strategy are identified.

**IMPLEMENTATION:** The next chapter on implementation presents a broad five-year implementation matrix, and a more specific action plan for the first year of implementation. Subsequent annual updates to this Regional Economic Strategy will include updated annual action initiatives.

**PERFORMANCE MEASURING:** The development of specific metrics for measuring the performance of the Regional Economic Strategy will be a subsequent effort of the Prosperity Partnership after implementation of the strategy has begun. Performance measuring will be appropriately coordinated with PSRC’s Monitoring Program.

In addition, the Prosperity Partnership periodically publishes a report on 21 regional economic competitiveness indicators central to the performance of the Regional Economic Strategy.

The Role of County Economic Development Organizations in Regional Economic Development

Fundamental to the success of the Regional Economic Strategy is the ability to recruit, retain and expand firms into the market. In the central Puget Sound region, this role is served by enterpriseSeattle (King County), Kitsap Economic Development Alliance (KEDA), the Economic Development Board (EDB) for Tacoma–Pierce County, and Economic Alliance Snohomish County (EASC). These four county economic development organizations serve as the primary partner in local economic development activities. They have a proven track record of recruiting and retaining primary high-wage employers and are integral to the success of implementing a Regional Economic Strategy. Not only did their leadership help develop the strategy, their strategic plans are consistent with and included in this strategy.
FOUNDATIONS #1. Education & Workforce Development

GOAL
Ensure residents have access to family wage jobs, and employers have access to world class talent.

The central finding of the Regional Economic Strategy is the need to develop, attract, and retain a skilled workforce. If an understanding of cluster development was central to the 2005 Regional Economic Strategy, talent is at the heart of this one. This theme was echoed by both the business and economic development communities. The presence of a skilled workforce continues to be a critical site location issue. Current economic conditions have further underscored the importance of talent to economic vitality.

This is a challenge faced by many of Puget Sound’s clusters. For example, aerospace, life sciences, information technology and other sectors are requiring workers with more advanced education and skills, especially in the fields of science, technology, engineering, and math (STEM). Input from regional industry representatives and various studies suggest, however, that the region lacks sufficient higher education capacity to meet these needs. At the same time, the maritime, trade, transportation and logistics, and aerospace industries are facing shortages of workers with the appropriate vocational and technical training. In fact, a growing mismatch between secondary education capacity and employer needs is one of the single greatest economic development challenges facing the region. State cuts to higher education only compound the problem, and resulting higher tuition costs make it increasingly difficult to ensure that quality secondary education is accessible for all segments of the region’s diverse population. Ensuring access to all residents is not only the right thing to do, it also makes good economic sense.

STRATEGIES

1.1 Increase higher education enrollment capacity for degrees in high demand by established and growing industries. This strategy focuses on raising awareness and support for a more sustainable and accountable higher education system. In particular, there is a need to increase science, technology, engineering and math (STEM) degree capacity at the state’s higher education institutions to meet the current and future needs of employers both within the region and globally.

All clusters are affected by this strategy, especially aerospace, clean tech, IT and life sciences and global health.

1.2 Support regional initiatives that advance career development and planning, such as those called out in the Harvard Graduate School of Education’s Pathways to Prosperity Report, to ensure that all students are on a pathway towards career-readiness through post-secondary education (defined as all types of education and training past high school). In a competitive economy, young people need a strong foundation built at the K-12 level that leads them on a path towards fulfilling careers in family-wage jobs. This strategy aims to support and strengthen existing efforts to improve our K-12 system so that all students will leave high school prepared for success in further education and work.

All clusters are affected by this strategy.

1.3 Engage and collaborate with industries to identify and develop opportunities and better alignment between education and workforce training programs and the skills needed for high demand occupations. High demand occupations, almost by definition, require up-to-the-minute skills. This strategy targets increased collaboration between industries and education and workforce training programs, such as through the development of new K-12 STEM courses and curricula, and identifying specific vocational and technical training and apprenticeship programs that meet the needs of high demand fields. With an aging workforce in industries such as aerospace and maritime, the specific challenge is attracting and training the next generation of workers.
1.4 Promote the central Puget Sound region as an attractive place for workers in high demand occupations to live and work. Although the region has been fairly fortunate in attracting top talent, competition for skilled workers is becoming increasingly intense. Unlike many competing regions, the Puget Sound region lacks a true concerted effort to market and promote the region. The inclusion of this strategy is recognition of the fact that the region cannot take things for granted and assume the region will continue to “sell itself.”

1.5 Improve the ability to retain existing talent studying in the region’s educational institutions, serving at military installations, or visiting the region. This strategy addresses retention of talent already in the region, such as retired military personnel, foreign students studying and graduating from universities, and foreign nationals working in businesses. In terms of the military, the Prosperity Partnership will continue its efforts to improve the transferability of skills learned in the military into jobs in the region.

1.6 Analyze economic impact of education as an industry cluster. Education is clearly a key economic driver of future prosperity and a top priority of this strategy. The Prosperity Partnership believes it would be valuable to explore the potential of establishing education as an industry cluster. This would enable the region to assess how this cluster stacks up against education clusters throughout the country and the world, and provide the platform to grow educational institutions in this region.

FOUNDATION #2. Business Climate

GOAL

Foster a regional business climate that supports new high quality investment and job creation.

There are a number of studies and rankings that, depending on the methodology and indicators used, will give a wide-ranging assessment of how competitive Puget Sound and Washington state are for retaining and attracting business. Most agree that the region’s business climate needs to be supportive of business growth and expansion, conducive to start-ups, and in touch with environmental regulation.

A principal goal of the Regional Economic Strategy is to ensure that central Puget Sound remains competitive for new high quality investment and job creation. This requires a business climate that allows existing businesses to operate in a less constrained and more fluid manner, while at the same time preserving the region’s development standards and social values.

STRATEGIES

2.1 Explore and educate about tools to support new economic development projects that attract and grow new business and investment. Compared to competing regions in other states, the Puget Sound region is challenged by a lack of economic development tools. Continuing to explore new tools will put the region in a much better position to continue to grow new business and investment.

2.2 Continue to support and strengthen the mission of military bases in the region. The military cluster in the region represents a significant asset that can be harnessed for mutual benefit of active duty military, civilians employed at the bases, and military contractors in the region. Actions that involve establishing a state level military office to serve as a liaison between the state and the military, increasing the number of local companies obtaining federal contracts, and ensuring encroachment and Base Realignment and Closure are addressed are part of this strategy.
All clusters are affected by this strategy, especially aerospace and military.

2.3 Market and brand the region as an industry leader in aerospace and IT, and an emerging leader in clean tech, life sciences, and global health. A coordinated and regional approach to marketing key industries is an essential piece of economic strategy. Just as we cannot assume the region sells itself to talented workers from outside the region, we also cannot assume businesses and investors understand the region’s strengths as well as we do locally. Marketing and branding activities coordinated by the industries themselves, through state trade associations and industry alliances such as the Washington Technology Industry Association (WTIA), Washington Global Health Alliance (WGHA) and Washington Aerospace Partnership (WAP), among others, are the most effective vehicles through which to communicate the region’s strengths to both domestic and global markets around the world.

The clusters affected by this strategy include aerospace, clean tech, IT, and life sciences and global health.

2.4 Leverage international connections around the globe to learn best practices that can be adapted to the Puget Sound region. The Puget Sound’s strong relationships with other metropolitan regions around the world are assets that can and should be leveraged. The ability to both share and learn best practices from our counterparts around the world improves our competitiveness and allows the region to serve as a model for other innovative regions.

All clusters are affected by this strategy.

2.5 Position the Puget Sound region as a premiere international logistics hub, business gateway and tourist destination. The Puget Sound region must be strategic in leveraging its position as a logistics hub and international gateway to the West Coast, for both businesses and tourists. This includes working collaboratively with regional ports to implement their strategic plans, developing and implementing an international competitiveness strategy, and addressing the Harbor Maintenance Tax, which creates an unintended incentive for international importers to divert cargo to non-U.S. ports. This strategy also includes working with regional Destination Marketing Organizations, as well as the Washington Tourism Alliance, to leverage tourism marketing strategies and tourism initiatives; recruiting business and talent; and streamlining barriers to international travel.

All clusters are affected by this strategy, especially aerospace, business services, maritime, tourism and visitors, and transportation and logistics.

2.6 Expand and improve the programs and tools that help more firms export internationally, with a special emphasis on small, minority-owned, women-owned and other underrepresented businesses. Companies that export grow faster and are more resilient to economic fluctuations than those that do not. This strategy is focused on encouraging more businesses to export their products and services by promoting the global opportunities and financial incentives of exporting.

All clusters are affected by this strategy, especially aerospace, business services, clean tech, IT, life sciences and global health, and maritime.

2.7 Improve coordination of government services and regulations relating to business and economic development. Government services and regulations relating to business and economic development must be more coordinated and streamlined across the region.

All clusters are affected by this strategy.

2.8 Support programs and tools that help small business and women-and minority-owned businesses thrive. To ensure a healthy economy and to be able to compete for the jobs and economy of the future, it is important to ensure access to opportunities and prosperity for all the region’s citizens.

All clusters are affected by this strategy.
FOUNDATIONS #3. Entrepreneurship & Innovation

GOAL
Harness the entrepreneurship and technology innovation assets in the region.

No aspect of economic growth is more closely aligned with Puget Sound than entrepreneurship and innovation. From software and intellectual property, to e-commerce and retail, from aviation to cellular communications, the region is a hotbed of creative business models. Companies like Microsoft, Amazon, and Starbucks — unknown a generation or two ago — have quickly become American icons of business. Not only does each company represent the journey of a well-known American entrepreneur, each has also nurtured talent and borne numerous spinoffs.

Nonetheless, this success cannot be taken for granted. Some indicators and reports suggest central Puget Sound trails other peer regions in supporting new innovations and transferring them to the marketplace. For example, the region’s businesses are not attracting a comparable share of Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) awards. More could also be done in the region to promote and encourage the commercialization of academic research and development.

The strategies that will help meet this goal are not about picking which technology will suddenly emerge to dominate markets. This point, made emphatically at the outset, underscores the importance of the fundamentals over “picking winners.” No one predicted the explosive growth of application software during the last regional strategy, and no one can say with certainty what the next wave will encompass. What we do know is that support for the start-up and expansion of businesses and increased R&D are essential to the development of future successes.

STRATEGIES

3.1 Improve SBIR/STTR, Defense Advanced Research Projects Agency (DARPA), and Advanced Research Projects Agency (ARPA) support programs and services for companies in the region. Educating potential applicants about federal funding opportunities and offering assistance with applications will support the long-term health of the regional economy. By working with regional labs, universities and R&D facilities and improving program results, the region’s entrepreneurs and innovative companies will be well served.

The clusters affected by this strategy include IT, and life sciences and global health.

3.2 Increase industry-specific technical support for entrepreneurs and start-up businesses in the region. The creation and expansion of businesses is at the heart of future economic success for a region, but those activities need resources in order to happen. As it stands now, there is not a common understanding of all the resources available to entrepreneurs and start-up companies across the region. By identifying and cataloguing all the programs, initiatives, and projects relevant to innovation in the region, existing assets can be more efficiently utilized, and gaps in services can be filled without creating redundancies.

All clusters are affected by this strategy, especially clean tech, IT, and life sciences and global health.

3.3 Expand capacity of existing commercialization efforts and increase the connection between these assets and industry businesses. The region could do a better job converting the research that is done here into commercial products and services. A strategy to build on the commercialization efforts like those at the University of Washington’s Center for Commercialization (C4C) and Washington State University can help improve the economic benefits of this work. Also, the Building Energy-Efficiency Testing and Integration Center (BETI) and Demonstration Network is a good example of the region leveraging its existing assets to develop new markets.

The clusters affected by this strategy include aerospace, clean tech, IT, and life sciences and global health.
3.4 **Support continuation of procurement policies that focus on desired objectives and do not mandate the use of particular technologies.** Innovative and creative technologies are often developed for local, state and regional governments to address specific needs. Currently the state has no procurement restrictions or mandates that would prohibit agencies from seeking the most cost effective and efficient technology for the intended purpose. This is the best way to provide value and transparency, promoting innovation and vigorous competition among the broadest range of suppliers.

- The IT cluster is affected by this strategy.

3.5 **Analyze economic impact of innovative retail as an industry cluster.** Puget Sound's innovative retailers – such as REI, Nordstrom, Starbucks, Amazon and Coinstar, to name just a few — have made a name for themselves internationally. The Prosperity Partnership believes it would be valuable to explore the potential of establishing innovative retail as an industry cluster.

- Clusters affected by this strategy include IT and business services.

**FOUNDATION 4. Infrastructure**

**GOAL**

*Advance the region’s infrastructure to meet the demands of a globally connected modern economy.*

Efficient transit, roadways and ferries and sufficient public and private broadband capacity cannot be taken for granted. Even when these are adequate, the region needs to anticipate future growth and future business needs. More than most regional planning organizations, the PSRC has moved aggressively to address transportation issues. The agency has developed a forward-looking Transportation 2040 plan, its efforts to link land use to economic development and multimodal transportation — along with an emphasis on affordable access to jobs and have put it at the forefront of the nation.

Transportation 2040 contains integrated strategies that address two of the region’s most critical infrastructure challenges related to economic development: aging transportation infrastructure and congestion. Much of the region’s transportation infrastructure was built many decades ago. Preserving, maintaining, and operating this infrastructure is projected to cost more than $110 billion over the next 30 years. Congestion is another major problem affecting the mobility of both people and goods. In 2010, for example, the cost of congestion to the region’s trucking industry was estimated to be $467 million. Another infrastructure challenge that threatens the region’s manufacturing and logistics base is encroachment on the region’s industrial lands.

The combined effects of aging infrastructure and congestion pose a substantial threat to the economic vitality of the region. If the movement of people and goods is limited due to crowded roads or inadequate infrastructure, then businesses and residents will look elsewhere to invest and work.

**STRATEGIES**

4.1 **Maintain and improve the region’s physical infrastructure to support the needs of established and emerging industry clusters.** To be successful, it is important for a region to continually make investments in infrastructure that meet the overall demands on the transportation system. From an economic development standpoint, thought must be given to ensure that infrastructure investments align with specific regional industry assets and job centers.

- All clusters are affected by this strategy.

4.2 **Improve methods for including economic development criteria into regional infrastructure evaluation programs.** The region’s Transportation 2040 plan includes a commitment to better prioritize transportation project investments. Work is underway to develop methods for project prioritization to best meet the objectives and policies outlined in VISION 2040, the regional growth strategy. The proposed evaluation measures will include economic development considerations, including improving travel time, freight mobility and access to areas of high job concentration and economic foundations.

- All clusters are affected by this strategy.
4.3 Improve the jobs-housing balance in the region to minimize the effects of projected growth on the transportation system. Supporting regional centers with an efficient transportation system will provide lasting benefits to the economy of the central Puget Sound region. Dollars spent are more effective if they create a jobs-housing balance that minimizes strain on the system. The region should continue its work to support investments that meet these goals.

»» All clusters are affected by this strategy.

4.4 Explore funding strategies for freight mobility projects. In order to maintain regional competitiveness, long-term strategies for infrastructure investments related to freight mobility need to be pursued to support the substantial costs of preserving and maintaining the current system. The region should engage industry representatives to help identify key projects that affect the efficient movement of freight.

»» All clusters are affected by this strategy, especially transportation and logistics.

4.5 Support the development of information technology infrastructure to meet the continuously growing needs of consumers and businesses. Demands on information technology infrastructure by businesses, large institutions and consumers are increasing. Investments and upgrades are needed to meet the needs of future business, including the connection of major institutions such as schools, libraries and healthcare facilities.

»» All clusters are affected by this strategy, especially IT.

4.6 Preserve and protect industrial and military lands from encroachment and incompatible uses in order to support the economy’s industrial base. A challenge to the region’s manufacturing and logistics base is encroachment on the region’s industrial and military lands. Updating PSRC’s Industrial Lands Inventory and developing a regionwide strategy to preserve those lands will help ensure that future industrial land needs can be met.

»» The clusters affected by this strategy include aerospace, maritime, military and transportation and logistics.

Listening to Stakeholders

Through stakeholder engagement, certain transportation investments were regularly identified as having potential for economic development, particularly related to freight mobility. Some examples of these regional investments in Transportation 2040 include:

• SR 509 – Providing an alternative to crowded I-5 for freight accessing the Duwamish Industrial area, and improving connections to Sea-Tac Airport from the south.

• SR 167 (Valley Freeway)/I-405 – Improving connections between the Port of Tacoma employment and warehousing sites in the Green River Valley, Eastside employment centers and Snohomish County.

• U.S. 2 – Improvements are needed to ensure safety, congestion relief and the quick and efficient movement of goods on this ever-growing east/west commuter and freight route.

• SR 16/SR 3 (Gorst Improvements) – Improving the intersection of SR 3 and SR 16, and relieving congestion through SR 3 in the Gorst Area. These projects will improve traffic flow along the primary commercial, freight, military and recreational travel route within and through Kitsap County.

• SR 704 (Cross-Base Highway) – Connecting I-5 to Frederickson Industrial area.

A multimodal approach to regional transportation investments as detailed in Transportation 2040 will enhance regional economic development opportunities through the movement of both people and goods.
FOUNDATION #5. Quality of Life

GOAL
Ensure a healthy and beautiful environment, vibrant and thriving communities and a high quality of life for all the region’s residents.

The prosperity of the Puget Sound depends on providing a high quality of life for the region’s businesses, workforce and families. Residents need access to skills and opportunities to participate fully in the economy and share in its prosperity. And the well-educated, highly talented employees from around the world that businesses need in order to be competitive will live here only if the region is an attractive, humane and creative place to live, work and raise a family.

This is not just a focus of the Regional Economic Strategy; it is a reflection of the values of the region’s residents. A key question of VISION 2040 is, “How can the region accommodate the anticipated growth that will bring it to 5 million people and 3 million jobs by 2040 while enhancing the environment and our overall quality of life?” The focus of this strategy is not to address all factors that affect quality of life, but to address some of the items that have an economic effect on the region.

STRATEGIES

5.1 Protect the region’s natural environment and cultural amenities as key economic assets. The Pacific Northwest is known for its natural beauty. This has a profound economic effect on both our tourism industry and the choices that people make to live here. This strategy includes supporting and participating in the work of the Regional Open Space Strategy project, a UW-led collaborative effort. It also includes supporting local jurisdictions in implementing transfer and purchase of development right programs to ensure continued preservation of important habitat, farm and forest lands.

缺口 All clusters are affected by this strategy.

5.2 Support the development of affordable, vibrant, healthy, and safe communities for all residents. The region’s high quality of life is demonstrated in our communities. This strategy supports and is consistent with existing regional and local planning programs such as PSRC’s Growing Transit Communities Partnership, updating PSRC’s Regional Centers report, and encouraging regionally designated centers to develop or update their subarea plans. It also addresses ways to ensure local small and minority-owned businesses are supported within the region’s diversity of communities.

缺口 All clusters are affected by this strategy, especially business services, IT, life sciences and global health, philanthropies, and tourism and visitors.

5.3 Promote scientific, cultural and philanthropic organizations as a strategic economic advantage for the region. Another key indicator of the region’s high quality of life is the wide variety of arts and cultural organizations throughout the region, where the region repeatedly ranks in the top five nationally. This also has a profound economic effect on both the tourism industry and the choices that people make to live here. One initiative of this strategy is supporting legislation that would authorize regions throughout Washington to establish Cultural Access Funds to increase access to the state’s scientific and cultural institutions for all state residents.

缺口 All clusters are affected by this strategy, especially tourism and visitors.
Implementation

5-Year Implementation Plan
The Regional Economic Strategy is a five-year strategy with annual updates. The five-year implementation matrix presented here represents our best estimates as to the more specific action initiatives the Prosperity Partnership will take to implement the strategies for each of the five foundational goals. The timeframe of individual action initiatives may be extended into later years due to funding and resource considerations. More specific detail on the action initiatives for the first year of implementation are in the next section.

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<tr>
<th>REGIONAL ECONOMIC STRATEGY 5-YEAR IMPLEMENTATION MATRIX</th>
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**FOUNDATION #1. Education & Workforce Development**

**GOAL**
Ensure residents have access to family wage jobs, and employers have access to world-class talent.

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<td>YEAR 1</td>
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<td>YEARS 2–3</td>
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<td>YEARS 4–5</td>
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**Strategy 1.1: Increase higher education enrollment capacity for degrees in high demand by established and growing industries.**

**ACTION:** Raise awareness and support for a more sustainable and accountable higher education system.

**ACTION:** Increase high-demand degree capacity (including certain STEM degrees) at the state’s two–and four–year post-secondary institutions.

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**Strategy 1.2: Support regional initiatives that advance career development and planning, such as those called out in the Harvard Graduate School of Education’s Pathways to Prosperity Report, to ensure that all students are on a pathway towards career-readiness through post-secondary education (defined as all types of education and training past high school).**

**ACTION:** Support initiatives such as High Skills High Wages, Excellent Schools Now, Eastside Pathways, the Community Center for Education Results and other similar programs to strengthen the K-12 education system.

**ACTION:** Implement state and local high school graduation requirements that are aligned to college entrance requirements and provide a firm foundation in math and science competency.

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**Strategy 1.3: Engage and collaborate with industries to identify and develop opportunities and better alignment between education and workforce training programs and the skills needed for high demand occupations.**

**ACTION:** Facilitate partnerships between regional companies, apprenticeship programs, internship programs, workforce training programs, community and technical colleges and four-year institutions to support courses and curricula that meet the needs of industries for employees in high-demand fields.

**ACTION:** Identify skills needed for high-demand, non-STEM occupations in the maritime, aerospace, tourism and visitors, and transportation and logistics clusters.

**ACTION:** Collaborate with industries facing an aging workforce, to work towards understanding and addressing the challenges of attracting and training the next generation of workers and ensuring the skills of current workers are up to date.
## Regional Economic Strategy 5-Year Implementation Matrix

<table>
<thead>
<tr>
<th>Goals, Strategies, &amp; Action Initiatives</th>
<th>Timeframe</th>
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<tbody>
<tr>
<td><strong>Strategy 1.4: Promote the central Puget Sound region as an attractive place for workers in high demand occupations to live and work.</strong></td>
<td>Year 1</td>
</tr>
<tr>
<td><strong>Action:</strong> Develop and implement a regional talent recruitment strategy.</td>
<td>✓</td>
</tr>
<tr>
<td><strong>Action:</strong> Include community and technical colleges and four-year education institutions in business recruitment and marketing materials and activities.</td>
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</tbody>
</table>

| Strategy 1.5: Improve the ability to retain existing talent studying in the region’s educational institutions, serving at military installations, or visiting the region. | Year 1 | Years 2–3 | Years 4–5 |
| **Action:** Investigate improving transferability of training and skills in the military to Washington higher education institutions and civilian employer needs. | ✓ | | |
| **Action:** Work on ways to address the high unemployment of veterans, including better connecting military bases and regional companies, creating a database of existing programs targeting employment for veterans, and seeking to connect civilian employers to resources regarding veterans in the workplace. | ✓ | | |

| Strategy 1.6: Analyze economic impact of education as an industry cluster. | Year 1 | Years 2–3 | Years 4–5 |
| **Action:** Convene a working group of education, industry, labor and community members to study and then make a recommendation to the EDD Board on whether to add education as a targeted industry cluster for the region. | ✓ | | |

## Foundation #2, Business Climate

**Goal**

*Foster a regional business climate that supports new high-quality investment and job creation.*

| Strategy 2.1: Explore and educate about tools to support new economic development projects that attract and grow new business and investment. | Year 1 | Years 2–3 | Years 4–5 |
| **Action:** Explore the formation of a new private sector regional incentive “closing fund.” | ✓ | | |
| **Action:** Convene a working group to explore, reach consensus, and develop action plans to pursue tools to support new economic development projects that attract and grow new business and investment. | ✓ | | |

| Strategy 2.2: Continue to support and strengthen the mission of military bases in the region. | Year 1 | Years 2–3 | Years 4–5 |
| **Action:** Advocate for establishing a state level military office to serve as a liaison between the state and the military. | ✓ | | |
| **Action:** Improve coordination of technical assistance to companies vying for and obtaining federal contracts. | ✓ | | |
| **Action:** Work with regional partners to ensure Washington is prepared for any upcoming Base Realignment and Closure (BRAC) rounds. | ✓ | | |

<p>| Strategy 2.3: Market and brand the region as an industry leader in aerospace and IT, and an emerging leader in clean tech, life sciences, and global health. | Year 1 | Years 2–3 | Years 4–5 |
| <strong>Action:</strong> Establish a regional aerospace marketing/branding consortium. | ✓ | | |
| <strong>Action:</strong> Improve and expand regional IT marketing/branding activities. | ✓ | | |
| <strong>Action:</strong> Implement the Washington Global Health Alliance work plan to establish the region as a center for global health innovation. | ✓ | | |</p>
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<th>GOALS, STRATEGIES, &amp; ACTION INITIATIVES</th>
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<tr>
<td><strong>Year 1</strong></td>
<td><strong>Years 2–3</strong></td>
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**Strategy 2.4: Leverage international connections around the globe to learn best practices that can be adapted to the Puget Sound region.**

**ACTION:** Work with member regions to evaluate the International Regions Benchmarking Consortium program and plan for long-term sustainability.

**Strategy 2.5: Position the Puget Sound region as a premiere international logistics hub, business gateway and tourist destination.**

**ACTION:** Convene ports to identify key common infrastructure, funding and legislation to increase regional competitiveness and develop joint initiatives.

**ACTION:** Convene a group of international trade stakeholders to review the upcoming Trade Development Alliance and Washington Council on International Trade’s international competitiveness strategy to identify elements of regional economic significance to support.

**ACTION:** Leverage the marketing strategies of regional convention and visitors’ bureaus and the Washington Tourism Alliance for recruiting businesses and talent to the region.

**ACTION:** Market Sea-Tac Airport as an international hub for business and travel, while supporting the Washington State Long-term Air Transportation Study.

**ACTION:** Share information on the potential effects of reforming the Harbor Maintenance Tax to ensure Puget Sound competitiveness.

**ACTION:** Discuss possible Economic Development District support for Washington Tourism Alliance legislative agenda.

**Strategy 2.6: Expand and improve the programs and tools that help more firms export internationally, with a special emphasis on small, minority-owned, women-owned and other underrepresented businesses.**

**ACTION:** Convene maritime industries to ensure regional shipyards capture new shipbuilding and modification work of large catcher/processors and trawlers, in order to expand and modernize.

**ACTION:** Conduct periodic seminars to companies in key industry clusters with testimony from companies that have been successful at and profited from exporting.

**ACTION:** Develop a mentor-protégé program where successful exporters work with small/medium-sized companies desiring to get into the export game.

**ACTION:** Leverage partnerships with SBA Region 10 and the Small Business Development Centers in the four-county region.

**ACTION:** Identify and adapt best practices in export promotion from peer regions domestically and internationally.

**Strategy 2.7: Improve coordination of government services and regulations relating to business and economic development.**

**ACTION:** Develop a best practices database of local regulations and permitting in the region.

**ACTION:** Investigate streamlining opportunities for state SEPA and storm water regulations for upgrades, enhancements, or other intensifications of existing manufacturing facilities.

**ACTION:** Support the renewal/continuation of tax credits for organizations involved in research and development.
### REGIONAL ECONOMIC STRATEGY 5-YEAR IMPLEMENTATION MATRIX

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<td>YEAR 1</td>
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**Strategy 2.8: Support programs and tools that help small business and women–and minority owned businesses thrive.**

**ACTION:** Convene small business and women- and minority-owned business organizations to develop an action plan to support programs that will help these businesses thrive.

### FOUNDATION #3. Entrepreneurship & Innovation

**GOAL**

*Harness the entrepreneurship and technology innovation assets in the region.*

**Strategy 3.1: Improve SBIR/STTR, Defense Advanced Research Projects Agency (DARPA), and Advanced Research Projects Agency (ARPA) support programs and services for companies in the region.**

**ACTION:** Explore the feasibility of forming an SBIR/STTR assistance center after reviewing best practices in other regions.

**Strategy 3.2: Increase industry-specific technical support for entrepreneurs and start-up businesses in the region.**

1. **ACTION:** Create a consumer-driven online entrepreneurship resource map and best practices database to consolidate, package, and market resources for entrepreneurs.
2. **ACTION:** Develop a marketing and public awareness campaign to heighten awareness of the benefits and opportunities connected with start-ups.
3. **ACTION:** Leverage existing programs that help companies grow and succeed, by providing access to business development tools, marketing resources, and networking opportunities.

**Strategy 3.3: Expand capacity of existing commercialization efforts and increase the connection between these assets and industry businesses.**

1. **ACTION:** Improve collaboration between businesses and the University of Washington, Washington State University and Innovate Washington Foundation to increase commercialization of university research.
2. **ACTION:** Execute the development of a Building Energy-Efficiency Testing and Integration (BETI) Center and Demonstration Network

**Strategy 3.4: Support continuation of procurement policies that focus on desired objectives and do not mandate the use of particular technologies.**

1. **ACTION:** Monitor relevant state and local policy discussions regarding technology procurement policies; as necessary, educate policy makers on this issue.

**Strategy 3.5: Analyze economic impact of innovative retail as an industry cluster.**

1. **ACTION:** The Prosperity Partnership believes it would be valuable to explore the potential of establishing innovative retail as an industry cluster. Convene a working group to study and then make a recommendation to the EDD Board on whether to add innovative retail as a targeted industry cluster for the region.
**FOUNDATION #4. Infrastructure**

**GOAL**
Advance the region’s infrastructure to meet the demands of a globally connected modern economy.

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<th>Strategy 4.1: Maintain and improve the region’s physical infrastructure to support the needs of established and emerging industry clusters.</th>
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<tbody>
<tr>
<td><strong>ACTION</strong>: Encourage and support the implementation of Transportation 2040.</td>
<td>Years 1</td>
</tr>
<tr>
<td><strong>ACTION</strong>: Educate leaders on the importance of a national freight strategy that meets the strategic interests of the Puget Sound region.</td>
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<th>Strategy 4.2: Improve methods for including economic development criteria into regional infrastructure evaluation programs.</th>
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<tr>
<td><strong>ACTION</strong>: Continue to work with regional stakeholders to refine and prioritize scoring measures as part of Transportation 2040.</td>
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<tr>
<td><strong>ACTION</strong>: Research criteria and tools for evaluating and describing economic development projects under consideration for public support.</td>
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<th>Strategy 4.3: Improve the jobs-housing balance in the region to minimize the effects of projected growth.</th>
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<tr>
<td><strong>ACTION</strong>: Support the work of the Growing Transit Communities Partnership to develop best practices that align regional transportation and land use investments and ensure governments regionwide have access to this information.</td>
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<th>Strategy 4.4: Explore funding strategies for freight mobility projects.</th>
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<td><strong>ACTION</strong>: Convene ports, related industries and local, regional and state governments to identify aging port infrastructure regionwide and identify funding strategies.</td>
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<tr>
<td><strong>ACTION</strong>: Work with partners on long-term funding for strategic freight mobility projects that ensure the efficient flow of goods from the region’s ports and airports.</td>
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<tr>
<td><strong>ACTION</strong>: Convene a group of ports, related industries and relevant local, regional and state governments to develop an action plan to implement ESHB 1959, 2009 state legislation which identifies the ports of Seattle, Tacoma and Everett (along with Vancouver) as facilities of statewide significance that should have compatible land use zoning with its respective cities.</td>
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<tr>
<td><strong>ACTION</strong>: Continue support for efforts to secure state and federal financial assistance toward the completion of strategic regional freight projects, such as SR 509, SR 167 (Valley Freeway)/I-405, U.S. 2, SR 16/SR 3 (Gorst Improvements) and SR 704 (Cross-Base Highway).</td>
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<th>Strategy 4.5: Support the development of information technology infrastructure to meet the continuously growing needs of consumers and businesses.</th>
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<tr>
<td><strong>ACTION</strong>: Promote a regulatory climate that ensures continued investment and upgrades of IT infrastructure, with particular focus on connecting anchor institutions such as schools, libraries and healthcare facilities.</td>
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<tr>
<th>Strategy 4.6: Preserve and protect industrial and military lands from encroachment and incompatible uses in order to support the economy’s industrial base.</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ACTION</strong>: Update PSRC’s Industrial Lands Inventory.</td>
<td></td>
</tr>
<tr>
<td><strong>ACTION</strong>: Develop a regionwide strategy for industrial lands.</td>
<td></td>
</tr>
</tbody>
</table>
## FOUNDATION #5. Quality of Life

**GOAL**
Ensure a healthy and beautiful environment, vibrant and thriving communities and a high quality of life for all the region’s residents.

| Strategy 5.1: Protect the region’s natural environment and cultural amenities as key economic assets. | ACTION: Support and participate in the work of the Regional Open Space Strategy project, a UW-led collaborative effort. |  ● |  ● |
| |  |  |  |
| | ACTION: Support local jurisdictions in implementing transfer and purchase of development rights programs to ensure continued preservation of important habitat, farm and forest lands. |  ● |  ● |

**Strategy 5.2: Support the development of affordable, vibrant, healthy, and safe communities for all residents.**

|  | ACTION: Support the work of PSRC’s Growing Transit Communities Partnership, which supports multijurisdictional planning to ensure jobs and opportunities are closer to where current and future residents live. |  ● |  ● |  ● |
|  | ACTION: Update PSRC’s Regional Centers Report to develop a framework for sub-regional centers. |  ● |
|  | ACTION: Encourage local jurisdictions with regionally designated centers to develop or update their subarea plans. |  ● |

**Strategy 5.3: Promote scientific, cultural and philanthropic organizations as a strategic economic advantage for the region.**

|  | ACTION: Support legislation that would authorize regions throughout Washington to establish Cultural Access Funds to increase access to the state’s scientific and cultural institutions for all state residents. |  ● |
First-Year Action Plan
The first-year action plan for implementation of the Regional Economic Strategy is presented here. This matrix identifies the foundational area each action initiative is addressing, the lead and partner organizations that will be spearheading each initiative, and the industry clusters that will be most affected. The items in the first-year action plan may be extended into later years due to funding and resource considerations.

### Year One Action Plan Matrix

<table>
<thead>
<tr>
<th>STRATEGY #</th>
<th>ACTION INITIATIVE</th>
<th>LEAD &amp; PARTNER ORGANIZATIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>S1.1</td>
<td>Raise awareness and support for a more sustainable and accountable higher education system.</td>
<td>Prosperity Partnership</td>
</tr>
<tr>
<td></td>
<td>The decline in state funding for higher education in Washington state poses a serious threat to the economic competitiveness of the state and region. Washington currently trails many other competing states in the production of bachelor’s degrees. The Higher Education Coordinating Board set a 2018 goal of increasing the number of bachelor’s degrees awarded annually in the state by 6,000. In 2011, the state Legislature passed a new performance and accountability framework that is currently being implemented. The Prosperity Partnership and the region’s business community will work to support expanding the state’s investment in higher education.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>All clusters are affected by this action initiative, especially Aerospace, Clean Tech, IT, Life Sciences and Global Health.</td>
<td></td>
</tr>
<tr>
<td>S1.1</td>
<td>Increase high-demand degree capacity (including certain STEM degrees) at the state’s two and four-year post-secondary institutions.</td>
<td>Prosperity Partnership</td>
</tr>
<tr>
<td></td>
<td>Many of central Puget Sound’s high growth industries are requiring workers with more advanced education and skills, especially in the fields of science, technology, engineering, and math (STEM). The Prosperity Partnership will work to support increased high-demand degree production in the state by 2018.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>All clusters are affected by this action initiative, especially Aerospace, Clean Tech, IT, Life Sciences and Global Health.</td>
<td></td>
</tr>
<tr>
<td>S1.2</td>
<td>Support initiatives such as High Skills High Wages, Excellent Schools Now, Eastside Pathways, the Community Center for Education Results and other similar programs to strengthen the K-12 education system.</td>
<td>Partnership for Learning</td>
</tr>
<tr>
<td></td>
<td>Organizations such as the Excellent Schools Now coalition, Eastside Pathways, the Community Center for Education Results and others aim to achieve meaningful education reform that increases student achievement, closes the achievement gap and prepares students to be college and career-ready. The Prosperity Partnership approves and supports their endeavors and will collaborate with business, labor, workforce development boards and schools to ensure all high school students have access to multiple pathways to career success by implementing the goals of the High Skills, High Wages 2008-2018 initiative.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>All clusters are affected by this action initiative.</td>
<td></td>
</tr>
<tr>
<td>S1.2</td>
<td>Implement state and local high school graduation requirements that are aligned to college entrance requirements and provide a firm foundation in math and science competency.</td>
<td>Partnership for Learning</td>
</tr>
<tr>
<td></td>
<td>All clusters are affected by this action initiative. Partnership for Learning</td>
<td></td>
</tr>
</tbody>
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<tbody>
<tr>
<td>S1.3</td>
<td>Identify skills needed for high-demand, non-STEM occupations in the maritime, aerospace, tourism and visitors, and transportation and logistics clusters.</td>
<td>Prosperity Partnership, Ports, vocational and technical institutions, workforce development councils and others to specifically identify these needs and develop an action plan to ensure these needs are met.</td>
</tr>
<tr>
<td></td>
<td>Many of the region’s key industry clusters are facing a shortage of workers with skills ranging from welding to pipefitting. Prosperity Partnership will convene a working group consisting of ports, industry, vocational and technical institutions, workforce development councils and others to specifically identify these needs and develop an action plan to ensure these needs are met.</td>
<td>Aerospace, Maritime, Transportation and Logistics, and Tourism and Visitors clusters are affected by this action initiative.</td>
</tr>
<tr>
<td>S1.5</td>
<td>Investigate improving transferability of training and skills in the military to Washington higher education institutions and civilian employer needs.</td>
<td>Washington Defense Partnership, Prosperity Partnership</td>
</tr>
<tr>
<td></td>
<td>Veterans are facing high levels of unemployment while our region’s employers are seeking a skilled and trained workforce. Improving the transfer and acceptance of skills and certifications earned in the military and aligning them with the needs of civilian employers can help improve the employment outlook for veterans while also addressing perceived skills gaps in our region.</td>
<td>Military cluster is affected by this action initiative.</td>
</tr>
<tr>
<td>S2.1</td>
<td>Convene a working group to explore, reach consensus, and develop action plans to support new economic development projects that attract and grow new business and investment.</td>
<td>Prosperity Partnership, EDD Board, labor, municipalities, relevant industries, Association of Washington Cities (AWC), Washington State Association of Counties (WSAC), economic development organizations, Growing Transit Communities Partnership – Affordable Housing Steering Committee</td>
</tr>
<tr>
<td></td>
<td>Compared to competing regions in other states, the Puget Sound region is challenged by a lack of economic development tools.</td>
<td>All clusters are affected by this action initiative.</td>
</tr>
<tr>
<td>S2.2</td>
<td>Advocate for establishing a state level military office to serve as a liaison between the state and the military.</td>
<td>Washington Defense Partnership, Prosperity Partnership</td>
</tr>
<tr>
<td></td>
<td>Most states with an equally high military presence have an office at the state-level to serve as a liaison between the military and state government. This office would be able to serve as a voice for the military in the state government and as a point of contact for the military when they have for the state. This office could also better prepare the state for future BRAC rounds.</td>
<td>Military cluster is affected by this action initiative.</td>
</tr>
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</tr>
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</tr>
<tr>
<td>S2.2</td>
<td>Improve coordination of technical assistance to companies vying for and obtaining federal contracts.</td>
<td>Pacific Northwest Defense Coalition (PNDC) &amp; Procurement Technical Assistance Centers (PTACs), Prosperity Partnership</td>
</tr>
<tr>
<td></td>
<td>In an effort to increase defense contracting activity by companies in Puget Sound, the Prosperity Partnership’s Military Cluster Strategy identified several strategies for coordinating technical assistance by support organizations in the region. The regional Procurement Technical Assistance Centers (PTACs) and the Pacific Northwest Defense Coalition (PNDC) should partner together to help more local companies find and secure defense contracting opportunities.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>All clusters are affected by this action initiative, especially Aerospace and Military.</td>
<td></td>
</tr>
<tr>
<td>S2.2</td>
<td>Work with regional partners to ensure Washington is prepared for any upcoming Base Realignment and Closure (BRAC) rounds.</td>
<td>Washington Defense Partnership</td>
</tr>
<tr>
<td></td>
<td>All clusters are affected by this action initiative.</td>
<td></td>
</tr>
<tr>
<td>S2.4</td>
<td>Work with member regions to evaluate the International Regions Benchmarking Consortium program and plan for long-term sustainability.</td>
<td>Trade Development Alliance, Prosperity Partnership</td>
</tr>
<tr>
<td></td>
<td>All clusters are affected by this action initiative.</td>
<td></td>
</tr>
<tr>
<td>S2.5</td>
<td>Convene ports to identify key common infrastructure, funding and legislation to increase regional competitiveness and develop joint initiatives.</td>
<td>Prosperity Partnership, Ports, related industries, Trade Development Alliance, Washington Council on International Trade</td>
</tr>
<tr>
<td></td>
<td>Maritime and Transportation and Logistics clusters are affected by this action initiative.</td>
<td></td>
</tr>
<tr>
<td>S2.5</td>
<td>Discuss possible Economic Development District support for Washington Tourism Alliance legislative agenda.</td>
<td>EDD Board, Washington Tourism Alliance, related industries</td>
</tr>
<tr>
<td></td>
<td>Tourism and Visitors cluster is affected by this action initiative.</td>
<td></td>
</tr>
<tr>
<td>S2.5</td>
<td>Market Sea-Tac Airport as an international hub for business and travel, while supporting the Washington State Long-term Air Transportation Study.</td>
<td>Ports, Trade Development Alliance, Washington Tourism Alliance</td>
</tr>
<tr>
<td></td>
<td>Transportation and Logistics and Tourism and Visitors clusters are affected by this action initiative.</td>
<td></td>
</tr>
<tr>
<td>S2.5</td>
<td>Share information on the potential effects of reforming the Harbor Maintenance Tax to ensure Puget Sound competitiveness.</td>
<td>Ports, Prosperity Partnership, Washington Council on International Trade</td>
</tr>
<tr>
<td></td>
<td>Maritime and Transportation and Logistics clusters are affected by this action initiative.</td>
<td></td>
</tr>
<tr>
<td>S2.5</td>
<td>Convene group of international trade stakeholders to review the upcoming Trade Development Alliance and Washington Council on International Trade’s international competitiveness strategy to identify elements of regional economic significance to support.</td>
<td>Prosperity Partnership, Trade Development Alliance, Washington Council on International Trade, international trade stakeholders</td>
</tr>
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<td>S2.6</td>
<td>Convene maritime industries to ensure regional shipyards capture new shipbuilding and modification work of large catcher/processors and trawlers, in order to expand and modernize.</td>
<td><strong>Prosperity Partnership</strong>, City of Seattle, King County, Pierce County</td>
</tr>
<tr>
<td></td>
<td>Recent federal legislation removed the 20-year prohibition on rebuilding and replacing Bering Sea groundfish fleets. With many catcher/processor vessels based in Puget Sound, regional shipyards are well positioned to capture new shipbuilding opportunities. However, to better compete with lower-cost shipyards located primarily along the Gulf Coast, some regional shipyards will need new investment in order to expand and modernize. This could entail the use of industrial development bonds to help fund infrastructure improvements and also raising awareness of such opportunities within the region.</td>
<td><em>Maritime and Transportation and Logistics clusters are affected by this action initiative.</em></td>
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<tr>
<td>S4.1</td>
<td><strong>Encourage and support the implementation of Transportation 2040.</strong></td>
<td>PSRC</td>
</tr>
<tr>
<td></td>
<td>Transportation 2040, adopted in 2010, is an action plan for transportation in the central Puget Sound region for the next 30 years. Transportation 2040 identifies multimodal investments to support our expected growth and improve transportation service provided to people (such as access to jobs and education) and businesses and lays out a financing plan.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>All clusters are affected by this action initiative.</td>
<td></td>
</tr>
<tr>
<td>S4.2</td>
<td><strong>Continue to work with regional stakeholders to refine and prioritize scoring measures as part of Transportation 2040.</strong></td>
<td>PSRC</td>
</tr>
<tr>
<td></td>
<td>Transportation 2040 includes a commitment to better prioritize transportation projects in the future. Work is underway to develop the ways projects in the plan will be prioritized to best meet the objectives of the region’s growth strategy – VISION 2040.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>All clusters are affected by this action initiative.</td>
<td></td>
</tr>
<tr>
<td>S4.3</td>
<td><strong>Support the work of the Growing Transit Communities Partnership to develop best practices that align regional transportation and land use investments and ensure governments regionwide have access to this information.</strong></td>
<td>PSRC, Growing Transit Communities Partnership</td>
</tr>
<tr>
<td></td>
<td>All clusters are affected by this action initiative.</td>
<td></td>
</tr>
<tr>
<td>S4.4</td>
<td><strong>Convene ports, related industries and local, regional and state governments to identify aging port infrastructure regionwide and identify funding strategies.</strong></td>
<td>Prosperity Partnership, Ports, local, regional and state government as appropriate, related industries</td>
</tr>
<tr>
<td></td>
<td>Maritime and Transportation and Logistics clusters are affected by this action initiative.</td>
<td></td>
</tr>
<tr>
<td>S5.1</td>
<td><strong>Support and participate in the work of the Regional Open Space Strategy project, a UW-led collaborative effort.</strong></td>
<td>University of WA, PSRC</td>
</tr>
<tr>
<td></td>
<td>All clusters are affected by this action initiative.</td>
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</tr>
<tr>
<td>S5.1</td>
<td><strong>Support local jurisdictions in implementing transfer and purchase of development rights programs to ensure continued preservation of important habitat, farm and forest lands.</strong></td>
<td>PSRC</td>
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<td>All clusters are affected by this action initiative.</td>
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<tr>
<td>S5.2</td>
<td><strong>Support the work of PSRC’s Growing Transit Communities Partnership, which supports multijurisdictional planning to ensure jobs and opportunities are closer to where current and future residents live.</strong></td>
<td>PSRC, Growing Transit Communities Partnership</td>
</tr>
<tr>
<td></td>
<td>All clusters are affected by this action initiative.</td>
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</tr>
<tr>
<td>S5.3</td>
<td><strong>Support legislation that would authorize regions throughout Washington to establish Cultural Access Funds to increase access to the state’s scientific and cultural institutions for all state residents.</strong></td>
<td>Education and Arts Access Fund (EAAF), Prosperity Partnership</td>
</tr>
<tr>
<td></td>
<td>All clusters are affected by this action initiative, especially Tourism and Visitors.</td>
<td></td>
</tr>
</tbody>
</table>
Performance Measuring

Performance measuring is an important element of the Regional Economic Strategy. It helps the Prosperity Partnership evaluate the state of the region’s economy, as well as the effectiveness of the strategy and its implementation. Regular benchmarking against ourselves and against peer regions will be an integral part of the ongoing regional economic development program. It should answer the questions, “How are we doing?” and “What can we do better?”

The development of a performance measuring plan for the Regional Economic Strategy will be a subsequent effort of the Prosperity Partnership after implementation of the strategy has begun. That plan will be appropriately coordinated with PSRC’s broader Monitoring program to ensure alignment and avoid duplication of efforts. The metrics will focus on measuring the region’s progress towards the five goals of the strategy.

In addition, the Prosperity Partnership periodically publishes a report of regional economic competitiveness indicators central to the performance of the Regional Economic Strategy.
Acronyms

AFA ............ Aerospace Futures Alliance
AJAC ............ Aerospace Joint Apprenticeship Committee
ARPA ............ Advanced Research Projects Agency
AWB ............ Association of Washington Businesses
AWC ............ Association of Washington Cities
BETI ............ Building Energy Efficiency Testing and Integration
BLS ............ U.S. Bureau of Labor Statistics
BRAC .......... Base Realignment and Closure
C4C ............ University of Washington’s Center for Commercialization
CEDS .......... Comprehensive Economic Development Strategy
DARPA .......... Defense Advanced Research Projects Agency
EAAF ............ Education and Arts Access Fund
EASC .......... Economic Alliance Snohomish County
EDA .......... Economic Development Administration
EDD .......... Economic Development District
EMSI .......... Economic Modeling Specialists, Inc.
ILWU .......... International Longshore & Warehouse Union
KADA .......... Kitsap Aerospace and Defense Alliance
LAUS .......... Local Area Unemployment Statistics
LQ .......... location quotient
LSDF .......... Life Sciences Discovery Fund
NEEA .......... Northwest Energy Efficiency Alliance
OFM .......... Office of Financial Management
PNDC .......... Pacific Northwest Defense Coalition
PSRC .......... Puget Sound Regional Council
PTACs .......... Procurement Technical Assistance Centers
R&D .......... research and development
RESTAG .......... Regional Economic Strategy Technical Advisory Group
Acronyms

SBIR .......... Small Business Innovation Research
SPEEA .......... Society of Professional Engineering Employees in Aerospace
STEM .......... science, technology, engineering and math
STTR .......... Small Business Technology Transfer
TRCVB .......... Tacoma Regional Convention + Visitor Bureau
   UEC .......... Urban Enterprise Center
   WAP .......... Washington Aerospace Partnership
WBBA .......... Washington Biotechnology & Biomedical Association
   WCIT .......... Washington Council on International Trade
   WCTA .......... Washington Clean Technology Alliance
WDCSC .......... Workforce Development Council Snohomish County
WGHA .......... Washington Global Health Alliance
   WSAC .......... Washington State Association of Counties
   WTA .......... Washington Tourism Alliance
WTIA .......... Washington Technology Industry Association
Acknowledgments

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Regional Economic Strategy for the Central Puget Sound Region: Strategy

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John Vicklund, Impact Washington
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Amy Hatfield, Olympic College
Colleen Kerr, Washington State University
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Pat McClain, City of Everett
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Rich White, The Boeing Company

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For more information, please contact: Chris Endresen Scott, Director of Economic Development
APPENDIX A —

Additional Information About EMSI

What is EMSI?

EMSI (Economic Modeling Specialists Inc.) gathers and integrates economic, labor market, demographic, and education data from over 80 government and private-sector sources, creating a comprehensive and current database that includes both published data and detailed estimates with full coverage of the U.S. The employment data and forecasts presented in this report were prepared using EMSI's Complete Employment series.

For each data set, EMSI creates long-term, 10-year industry projections starting from the current year. These projections are based on a combination of the following:

- Recent trends in all industries for every local geography
- National industry projections produced by the U.S. Bureau of Labor Statistics (BLS)
- State and sub-state regional projections produced by individual states.

The company’s methodology is designed to capture the expertise embodied in federal and state agencies. However, since official projections produced through the state-federal partnership typically have a base year that lags two to three years behind the current year, EMSI projections are also informed by the most recent data and trends available.

The first step in the process is to track recent local trends using a linear regression function. Taking into account the previous base data from 15, 10, and 5 years prior to the base year, EMSI’s analysts plot a line as a function of year and employment. This line is dampened (flattened) to curb any wild growth or decline and smooth out the effects of any volatility. Once this is done, state and local government industries are projected based on the growth or decline of local economies rather than projected through linear regression. Federal government and military, however, are projected through linear regression at the national level and their growth rate is then applied to the states and counties. Next, EMSI adjusts the projections for all counties so they sum to state- and national-level numbers.

After these initial projections are completed, EMSI’s analysts begin a series of controls and adjustments to other data sources. The first of these is an adjustment to the BLS staffing patterns. Essentially the company’s projected national growth rate is changed to match the growth rate of the BLS numbers. This adjusts the curve up or down while staying as close to our projected values as possible. Following this, county and state-level projections are adjusted to the state-produced state and substate regional projections. County values are controlled to the regional data and state projections are controlled to the reported state data.

For more information about EMSI’s data and methodology, please refer to the Economy report.
APPENDIX B —

Four County Economic Development Organization Workplans
MISSION: enterpriseSeattle's mission is to be a “difference-maker” in the community by growing the jobs and tax base in King County, its 39 cities and the greater Puget Sound region. It accomplishes this mission through a customized client services program focused on business retention, expansion and recruitment. The organization's objective is to become the premier economic development organization in the US.

Introduction

This Five-Year Business Plan for enterpriseSeattle guides the organization’s development and informs investors and community stakeholders on its five-year goals and activities. This Plan has two sections: Section 1 includes the Policy Positions and Objectives for the organization; and Section 2 includes Programs, Program Costs, Performance Measures and Reporting Method.

Section 1 - Policy Positions and Objectives

enterpriseSeattle has adopted some fundamental policy positions and objectives to guide the organization in delivering services and reporting results to its investor base and the broader community. These policies include:

- enterpriseSeattle provides customized client services on a confidential basis to businesses in a retention, expansion or recruitment mode.
- enterpriseSeattle is not proactively involved in public policy issues; it can provide expert testimony on issues when requested to do so.
- enterpriseSeattle’s work plan is aligned with the policies and objectives of the Prosperity Partnership.
- enterpriseSeattle’s franchise area is King County and its 39 cities; however, it works collaboratively with partners in the Puget Sound Region and statewide for long-term economic vitality because of King County’s unique role as an economic engine with over 50% of the regional population, 60% of its workforce and nearly 70% of the regional economic output.

enterpriseSeattle determines its performance outcomes based on:

- closed client cases;
- growth of the industry clusters it supports through direct and indirect focus;
- economic growth facilitated through its partnerships with local King County jurisdictions;
- regional economic growth resulting from collaboration with its Puget Sound partners; and,
✓ statewide economic growth resulting from its cluster focus, marketing initiatives and statewide cooperative efforts.

enterpriseSeattle will achieve these performance outcomes only if projected resource levels are available.

Section 2 - Programs

This Five-Year Business Plan has the following program areas: Business Development; Investor Relations; Marketing and Communications; Leadership, Staff and Management System Development; and Financial Management and Revenue Diversification. Specific strategies and tactics for each program are outlined below:

BUSINESS DEVELOPMENT: RETENTION/EXPANSION/RECRUITMENT

Industry Cluster Development

.expand the business client outreach program and assign a business development manager for economic clusters prioritized in “A Regional Economic Strategy for the Central Puget Sound Region” (Regional Economic Strategy) developed by the Prosperity Partnership. These clusters are: Information Technology, Aerospace, Life Sciences, International Trade/Logistics, and Clean Technologies. The organization will also include a focus on the Financial Services and Fashion and Apparel industry clusters following intensive economic analysis of these industries in the previous enterpriseSeattle 5-Year Business Plan.

Identify new clusters and develop appropriate strategies to maximize potential for women and minority businesses, global health and philanthropy, and other emerging economic sectors in the Puget Sound region.

Respond to economic opportunities for the region in industry clusters not identified specifically in the Regional Economic Strategy but which bring value-added jobs and increased tax base to the region.

Counsel individual existing companies to mitigate local impediments to business retention and expansion and leverage competitive advantages including the promotion of import and export opportunities and resources.
Connect target industry companies with relationships and resources in the region essential to economic growth and prosperity.

Provide important target industry and economic base information to key community decision-makers.

Enhance relationships with top consultants/brokers in key markets: New York, Chicago, Atlanta, San Francisco, San Jose, Los Angeles, San Diego, Boston, and Dallas.

Host tours for relocation prospects and site decision-makers.

Promote and advance regional economic development collaboration throughout the Puget Sound region.

Collaborate with regional economic development organizations to convene site selector tours of the region and implement joint recruiting trips to strategic markets.

Promote and advance regional economic development collaboration throughout the Puget Sound region through monthly meetings of the regional EDC Presidents and joint meetings of the regional EDC Boards.

Deploy Commuter Challenge program to deliver customized solutions for individual companies to manage workforce transportation issues.

Proactively educate local government agencies on ways to enhance a business-friendly environment in King County and its 39 cities.

**Research and Economic Impact Assessment**

Build and maintain a network of economic intelligence within the target industries to identify business expansion opportunities in King County and the Puget Sound Region.

Develop and maintain a comprehensive industry and economic database for the Puget Sound Region.

Expand lead generation, deep targeting research, and prospect management capacity on identified companies for expanded regular contact in other domestic and international markets.
Provide customized, current and market-driven information to prospects and _enterpriseSeattle_ investors.

Upgrade analytical and presentation tools to ensure state-of-the-art, user-friendly formats.

Maintain strong working relationships with national, state, regional, and local public officials and provide key data to policymakers deliberating critical economic issues.

**MEMBER RELATIONS**

**Member Retention and Recruitment**

Form a Member Relations Committee comprised of _enterpriseSeattle_ Board members to develop and implement a member retention and recruitment program.

Maintain and build the member base of _enterpriseSeattle_ through business and personal relationships, special events, member surveys and visitation programs, and other techniques.

**Member Engagement and Value**

Implement an organizational structure to ensure proper member oversight of all organizational activities.

Provide formal and informal opportunities for member input through the annual membership meeting, special events, specific subject matter forums, and personal and electronic communication methods.

Provide for meaningful participation for _enterpriseSeattle_ members to strategically assist business development managers in identifying and serving business clients.

Develop a “Directory of Service Providers” to assist members in maximizing their involvement as a business development opportunity.
MARKETING AND COMMUNICATIONS

Organizational Profile

- Develop and implement a communications strategy that positions enterpriseSeattle to effectively interface with the regional business community and expand its case portfolio. This includes an organizational newsletter, press releases, key speaking opportunities, use of industry experts for topical economic issues, partnering with media outlets, and other marketing techniques.

- Develop and implement a communications strategy that increases the visibility of enterpriseSeattle in the community and region. This will include the Economic Forecast Conference, Economic Update Events, and other special economic events as required.

- Develop strategic partnerships with key community stakeholders to host or co-host events.

Product Branding

- Deploy appropriate marketing materials—including web-based and multi-media—that promote King County, its 39 cities, and the greater Puget Sound Region nationally.

- Develop and implement a cooperative national and international campaign promoting the unique strengths of the Puget Sound Region and the State of Washington.

LEADERSHIP, STAFF AND MANAGEMENT SYSTEMS

Volunteer Leadership

- Ensure that the Executive Committee and Board of Directors are fully informed on organizational matters and receive pertinent and timely information on emerging economic trends and opportunities.

- Provide regular forums for Board review and input through quarterly meetings, the annual retreat and goal setting meeting, and regular electronic and personal communications.
- Develop and implement an investor leadership program that identifies and develops volunteer leadership for the organization.

**Staff Development**

- Recruit and train a team of high-performance business development specialists with industry expertise for designated industry clusters.

- Provide an on-going professional development program for *enterpriseSeattle* team through the International Economic Development Council, the Washington Economic Development Association, continuing professional education programs, and specific skills programs as required.

- Implement a consistent and fair employee evaluation and compensation system that provides constructive feedback and fosters a collaborative and friendly workplace environment.

**Management Systems**

- Develop and implement improved management systems for members, clients, and staff including performance and communications systems and other organizational efficiency tools.

- Provide formal and informal avenues for member input into the development of organizational programs and priorities.

**FINANCIAL MANAGEMENT/REVENUE DIVERSIFICATION**

- Develop a membership revenue base that grows 10% annually to establish a $1.10 per capita membership in *enterpriseSeattle*.

- Develop a connected work and resource allocation plan which ensures that annual program priorities are adequately funded.

- Develop a cash reserve policy for the organization.

- Develop an entrepreneurial culture that identifies and presents new revenue opportunities to diversify the organization’s revenue base.
Performance Measures

enterpriseSeattle evaluates organizational performance based on the following set of criteria:

- Total number of jobs
- Number of primary jobs
- Capital investment
- Direct economic impact
- Local tax base growth
- Organizational revenue growth

enterpriseSeattle will use the IMPLAN economic assessment system to determine performance outcomes. Presently, one of these measures—local tax base growth—is not currently available through IMPLAN but staff will work with vendor to customize this performance measure.

Reporting Results

enterpriseSeattle’s objectives in reporting results are twofold: (1) present organizational accomplishments in an easily understood format, and (2) educate investors and the community about the process of economic development. To accomplish this, the organization has developed the enterpriseSeattle Performance Pyramid illustrated below.
The *enterpriseSeattle Performance Pyramid* illustrates the connection between key components of the economic development process: (1) organizational inputs required to identify retention, expansion, and recruitment prospects; (2) transitioning the prospects and leads into client cases and building “The Prospect Pipeline”; and (3) how completed projects result in jobs and economic growth.

*enterpriseSeattle* will report these results by cluster over a multi-year time frame since individual retention, expansion, and recruitment decisions often take more than one calendar year.
The 2012 Strategic Work Plan and Budget is constructed in the light of challenges, changes and opportunities encountered, embraced, and identified by the board and staff of the Kitsap Economic Development Alliance (KEDA) in Q4 2011.

With new executive leadership, and renewed community commitment to engage and invest in economic development opportunities in Kitsap County in this time of rapidly evolving regional, national, and global economic conditions, the board of KEDA identified four overarching priorities to guide the work of KEDA in 2012.

Organizational & Resource Development: significantly enhance the board and all investor partners’ awareness, participation and investment in KEDA.

Strengthen Kitsap County’s Strategic Role in the Central Puget Sound Region: actively engage KEDA in the development and implementation of the next generation of the EDD’s (Economic Development District) Regional Economic Strategy with a focus on the Military Defense Cluster, Marine and Advanced Manufacturing, Emerging Technologies and Expanding Aerospace Cluster.

Accelerate Execution of the Business Retention, Expansion & Recruitment Activities: increase PTAC (Procurement Technical Assistance Center) staffing and case load, elevate collaborations by and between education and workforce strategic partners, and research and replicate the best BRER practices from other defense/maritime-based regional economies.

Re-energize & Expand Board Participation in Business Attraction Activities: invite board leadership to take an active role in identifying and courting potential new businesses to Kitsap County – the Board and other partner investors have a wealth of industry knowledge and relationships than can be tapped to identify and pursue opportunities.
2012 Performance Targets

Quantitative Outcomes:
- $17 million new private investment
- 150 Kitsap companies assisted
- 225 Jobs Created/Supported
- $20 million new business generated

Qualitative Outcomes:
- Kitsap 20/20 Achievements
- Grow KEDA private investor base to 55 or more
- Kitsap Economic Indicators published quarterly
- Decision Makers events/Defense Symposium completed

2012 Budget: $400,000

Staffing: 3.25 FTE

Operations and Financial Resource Alignment

Kitsap Economic Development Alliance continues to improve performance as well as effectively manage reductions in revenue. We enter 2012 with further cuts to the State of Washington contract, which historically has represented one-third or more of annual income. The proposed 2012 budget anticipates further reductions following the next session of the state legislature.

Below are the three primary functional operations of the 2012 work plan, and budget allocations.

<table>
<thead>
<tr>
<th>Functional Operations</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Retention, Expansion &amp; Recruitment</td>
<td>60%</td>
</tr>
<tr>
<td>Community Relations &amp; Marketing</td>
<td>25%</td>
</tr>
<tr>
<td>Organizational &amp; Resource Development</td>
<td>15%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>100%</strong></td>
</tr>
<tr>
<td></td>
<td><strong>$400,000</strong></td>
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</tbody>
</table>

The following work plan components reflect Kitsap 20/20 Initiatives and performance targets for each functional operation, key assumptions, strategies, and tactics. The functional operating budgets are rolled up to a total 2012 budget on the final pages.
Business Retention, Expansion & Recruitment

2012 BRER Budget: $240,000

KEY ASSUMPTIONS:

**Kitsap**

- Economic growth in Kitsap County will continue at a modest pace
- Overall economic conditions will constrain resources for business expansion
- Demand for economic development services will remain high
- In addition to help with operating issues, many companies need new business income to survive
- Not all companies are retrenched; expansion opportunities exist for some, particularly in technology-based industries
- As an urban county, Kitsap is limited in its ability to qualify new business investments and jobs for the state’s incentive programs
- Opportunities for defense contracting will remain strong, with new opportunities in Regional aerospace expansion

**Region**

- The Seattle region will continue to grow in stature as a global center for technology and health innovation
- Kitsap’s quality of life and connectivity to Seattle and Tacoma will continue to lure new residents and businesses
- A large, diverse, commuter workforce is a significant asset for the Kitsap County business case
- The growth of the technology, aerospace and defense clusters will lead the economic rebound in the central Puget Sound

2012 PERFORMANCE TARGETS & PROCESS GOALS

**Business Retention & Expansion**

*Targets:*

- Assist 150 Kitsap businesses employing (aggregate) 2,000 or more
- $2 million in new private investment
- $20 million new business generated for Kitsap businesses
- 75 jobs created/supported

*Process Goals:*

- Contact 200 Kitsap Employers
- Produce and distribute 12 business opportunities newsletters
- Host/sponsor 10 business assistance forums
- Complete year-end survey to capture results

**Recruitment**

*Targets:*

- 150 new jobs created
- $15 million new private investment

*Process Goals:*

- Contact 500 companies
- Present 20 proposals
- Host 10 company visits to Kitsap
**Strategies and Tactics**

**Business Retention & Expansion**

A. *Increase contacts with businesses throughout Kitsap County*

- Increase visits and other communications with key employers throughout the county. Include local board members on major employer visits.
- Continuously improve coordination and service quality with other business assistance organizations and agencies; assist companies identified through referrals or direct inquiries.

B. *Expand market development activity and generate sales opportunities for Kitsap businesses*

- As part of the Kitsap Aerospace and Defense Alliance (KADA) Strategic Plan, contact and educate local advanced manufacturing businesses regarding aerospace opportunities in the expanding regional aerospace industry.
- Raise financial support to sustain and grow Procurement Technical Assistance Program (PTAC) as part of KEDA operations.
- Inform Kitsap businesses of no-cost assistance entering international markets, and coordinate with services of no-cost regional, state and federal export assistance offices and programs.
- Help businesses identify key business-to-business and business-to-government databases and complete registrations.
- Continue to promote Buy Local awareness for government-to-business and business-to-business purchasing.

**Recruitment**

A. *Maintain market presence with low-cost tactics*

- Contact 500 companies through direct mail, out-of-area events, and telephone calls.
- Convene recruitment marketing team; develop and implement strategy:
  - Actively engage board of directors and key partners in strategic recruitment plan.
  - Identify and create sector-specific marketing profiles with emphasis on:
    - Aerospace
    - Defense
    - Technology
    - Marine Related
    - Advanced Manufacturing
- Promote airport properties to site selectors and targeted aerospace companies.
- Advance mission and goals of Kitsap Aerospace and Defense Alliance (KADA).
- Enhance and maintain KEDA web site.
- Attend regional business events to meet business decision-makers.
- Maintain and expand investment lead referral network.
- Create and maintain map and listings of prime available commercial and industrial properties.
- Increase KEDA’s active participation in local, regional, state and national economic development programs, organizations and initiatives to maintain current and deep knowledge base of best and innovation practices.
Business Retention & Expansion (cont)

C. Discover and develop resources of value to Kitsap companies

- Continue and expand formal Procurement Technical Assistance Center at KEDA
- Continue to advocate for business-to-business, and business-to-government “buy local” policies
- Monitor and communicate new assistance programs and other related state and federal information
- Research and adopt best practices of similarly situated ADOs in Puget Sound region, Northwest and nation via study missions and invited/hosted peer experts and potential collaboration cohorts.
- Elevate relationship and collaboration with education and workforce development partners to assess and meet the human capital needs of existing and emerging industry and talent clusters
- Continue monitoring of Olympic Finance Development Authority and/or other community based revolving loan funds

D. Sponsor or co-sponsor specialized forums

- Host 10 (monthly) government procurement opportunities workshops at KEDA offices
- Co-host the 4th annual Pacific Northwest Defense Symposium in partnership with the Pacific Northwest Defense Coalition
- Collaborate with Economic Development partners as non-financial co-sponsor of quality business workshops and conferences

Recruitment (cont)

B. Focus limited marketing budget on near-term growth opportunities such as defense contractors, alternative energy development, emerging technologies, marine related, aerospace supply chain and small business expansions/relocations from elsewhere in the region

- Mine new business registrations from other areas of Central Puget Sound
- Personalize direct mail marketing to CPAs, law firms, venture fund managers and other business advisors
- Continue to utilize social media
- Continue direct mail to businesses in targeted sectors and geographies
- Develop one-page marketing pieces for in-state and out-of-state companies
- Update contact list of national site selectors
- Develop a business location/relocation information piece for distribution by realtors, et al
Community Relations & Marketing

*2012 CR & M Budget: $100,000*

**KEY ASSUMPTIONS:**

**Kitsap**
- KEDA’s value can be better assessed if the community understands what we do and why we do it
- KEDA needs good information upon which to act, as do others in business and government
- KEDA’s goals are well-served by promoting and assisting the work of others with shared visions and missions

**Region**
- KEDA will actively participate in the Regional Economic Development Strategy (Prosperity Partnership 2.0) coordinated by PSRC
- Kitsap’s connectivity to Seattle and Tacoma provides a foundation for regional marketing and collaborative opportunities
- Regional data and resources work in tandem with local data and resources to tell the “Kitsap story”

**2012 PERFORMANCE TARGETS & PROCESS GOALS**

**Targets**
- Provide high-value economic and demographic research
- Keep businesses, local governmental entities, and the community informed
- Support the efforts of other Kitsap economic development entities
- Complete two Decision Makers events and the annual Pacific NW Defense Symposium

**Process Goals**
- Publish quarterly Kitsap Economic Indicators
- Publish Annual Report to Investors
- Contact and meet with Kitsap economic development entities semi-annually
- Plan and hold two Decision Makers Events and annual Pacific NW Defense Symposium with 10% increased attendance and revenue
Strategies and Tactics

**Develop and sustain quality research**
- Publish and disseminate Kitsap Economic Indicators quarterly
- Research and publish economic profiles for Kitsap communities
- Develop a new message brochure about KEDA
- Continue to provide custom research reports to businesses
- Identify fee-for-service products for non-investors
- Increase research quality and access for members and clients
- Improve administrative efficiencies in case management and performance reporting

**Support other economic development efforts in Kitsap County**
- Write letters of support for grant applications by local governments and non-profit organizations
- Serve on boards and work groups consistent with KEDA’s performance targets
- Coordinate for efficiencies, and avoid duplication

**Focus limited marketing budget on near-term growth opportunities such as defense contractors, alternative energy development, emerging technologies, and small business expansions/relocations from elsewhere in the region.**
- Mine new business registrations from other areas of Central Puget Sound
- Personalize direct mail marketing to CPAs, law firms, venture fund managers and other business advisors
- Continue to utilize social media
- Continue direct mail to businesses in targeted sectors and geographies
- Develop one-page marketing pieces for in-state and out-of-state companies
- Update contact list of national site selectors
- Develop a business location/relocation information piece for distribution by realtors, et al

**Communicate**
- Speak/present to community groups
- Survey assisted companies and communicate testimonials
- Develop a more efficient reporting and communication system
- Routinely attend meetings of local government entities and provide performance updates relating to their jurisdictions
- Host two Decision Makers events, one in the spring and another in the fall
- Host annual meeting
- Co-host Pacific Northwest Defense Symposium
- Expand, utilize, and maintain newsletter email database
- Respond to media information requests and issue press releases as appropriate
- Distribute business opportunities, news and event information at least bi-monthly
- Maintain/update website, online information, social media presence, and brochures

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Kitsap Economic Development Alliance — 2012 Strategic Plan and Budget
Resource & Organizational Development

2012 R & OD Budget: $60,000

KEY ASSUMPTIONS:

- KEDA must build on successes and continue new-member recruitment
- A strong, committed Board of Directors is essential to our viability and credibility
- A focused staff is essential to achieving performance targets

2012 PERFORMANCE TARGETS

- Increase the number of private investors by 25% and overall level of private investment by 100%
- Leverage human and financial resource commitments to KEDA
- Keep Board of Directors and investors informed and engaged
- Fulfill staff performance and development

STRATEGIES & TACTICS

Continuously improve KEDA’s financial condition

- Continue to find cost savings and efficiencies while growing private investor-member base
- Identify and pursue government, foundation and contracting opportunities consistent with KEDA’s mission
- Target membership growth among defense contracting and retail/service sectors

Support and develop staff to help them succeed

- Update performance and development plans for each employee, and conduct annual review
- Encourage telework days when prudent
- Continue to utilize employment programs as supplemental temporary staff
- Review and update personnel policy

Sustain interest & commitment of Board of Directors

- Provide monthly performance reports and timely communications on major topics
- Engage board members with key clients and projects
- Insure that board meetings and the annual meeting are high-value and efficient
- Schedule a one-day (full) Board of Directors retreat

Grow community involvement in KEDA

- Sustain public sector investments in KEDA and grow private sector participation
- Gain commitment of additional business and government leaders to support Kitsap 20/20 initiatives
- Continue to reach out to other organizations
**Staff Roles & Accountabilities**

**John Powers, Executive Director** – Responsible to Executive Committee and Board of Directors for operations, performance, and financial management of KEDA. Represents KEDA with external stakeholders; executes policies of the board; and serves as staff lead on business recruitment; community relations; and organization management elements of the work plan. Also provides direct support to major clients and initiatives of business retention/expansion and Kitsap 20/20.

**Kathy Cocus, Business Development Director** – Lead staff for business retention and expansion, including business consultation, service referrals, new business development, PTAC, and performance reporting. Provides direct support on business recruitment cases. Represents KEDA on boards and work groups of other service providers, and coordinates business assistance to Kitsap employers. Coordinates Kitsap 20/20 work groups. In executive director’s absence, provides operational oversight and management.

**Theresa Mangrum, Research and Communications** – Provides administrative support to executive director and the Board. Coordinates and executes marketing and communications projects and activities. Conducts research in support of KEDA business activities and community relations. Researches and publishes Kitsap Economic Indicators; provides custom research reports for businesses and organizations; maintains demographic and economic information for web sites; originates and disseminates information, news and data. Assists with business retention and expansion; event planning and management; and contract reporting.

**Mary Jo Juarez, PTAC Counselor** – Provides one-on-one counseling for clients interested or engaged in selling to the government. Provides leadership for Government 101 workshops; maintains working relationships with regional prime contractors, provides input on proposals, makes introductions when appropriate, and advises on trends in government contracting.

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Financial accounting is provided under contract by Accountability Plus, Inc.
**Appendix A: Kitsap 20/20**

In 2007, the Kitsap Economic Development Alliance (KEDA) adopted the 20/20 Initiatives as the foundation for the work plan going forward. Kitsap 20/20 defines how the cities, county, ports, tribes and private sector can work together in an efficient and effective way while aligning resources and roles in a coordinated manner while performing economic development functions.

The breakout of the Kitsap 20/20 Initiatives below details their relationship to the KEDA work plan. The Kitsap 20/20 report can be downloaded on the KEDA website ([www.kitsapeda.org](http://www.kitsapeda.org)) under publications.

<table>
<thead>
<tr>
<th>Initiative</th>
<th>KEDA Work Plan Element</th>
<th>Agencies/Organizations</th>
</tr>
</thead>
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<td>Financing and Incentives</td>
<td>BRER</td>
<td>KEDA</td>
</tr>
<tr>
<td>Business Retention and Expansion</td>
<td>BRER</td>
<td>KEDA</td>
</tr>
<tr>
<td>Business Attraction</td>
<td>BRER</td>
<td>KEDA</td>
</tr>
<tr>
<td>Defense Related</td>
<td>BRER</td>
<td>KEDA</td>
</tr>
<tr>
<td>Government as a Partner</td>
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<td>KEDA and KRCC</td>
</tr>
<tr>
<td>Community Agriculture</td>
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<td>KEDA¹</td>
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<tr>
<td>Broadband Infrastructure</td>
<td>O&amp;RD</td>
<td>KPUD and KRCC</td>
</tr>
<tr>
<td>Available Lands and Infrastructure</td>
<td>BRER</td>
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<tr>
<td></td>
<td>O&amp;RD</td>
<td></td>
</tr>
<tr>
<td>Tourism/Destination Retail/Lifestyle Retail</td>
<td>BRER M&amp;CD</td>
<td>VCB and Chambers of Commerce</td>
</tr>
<tr>
<td>Buy Local</td>
<td>BRER</td>
<td>VCB; Chambers of Commerce; Farmers Markets</td>
</tr>
<tr>
<td></td>
<td>M&amp;CD</td>
<td></td>
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<tr>
<td>Clean Technology</td>
<td>BRER</td>
<td>KEDA¹</td>
</tr>
<tr>
<td>Education and Workforce</td>
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<td>West Sound Education Leadership Council</td>
</tr>
<tr>
<td></td>
<td>O&amp;RD</td>
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<tr>
<td>Healthy and Safe Communities</td>
<td>O&amp;RD</td>
<td>Kitsap Health Department; KRCC</td>
</tr>
<tr>
<td>High Tech</td>
<td>BRER</td>
<td>KEDA and West Sound Technology Association</td>
</tr>
<tr>
<td>Shoreline Enhancement</td>
<td>O&amp;RD</td>
<td>KRCC</td>
</tr>
<tr>
<td>Small Business Support</td>
<td>BRER</td>
<td>KEDA; Members of Kitsap Business Development Consortium</td>
</tr>
<tr>
<td>Transportation</td>
<td>O&amp;RD</td>
<td>KRCC</td>
</tr>
<tr>
<td>Collaborative Marketing</td>
<td>M&amp;CD</td>
<td>TBD</td>
</tr>
<tr>
<td>Construction and Trades</td>
<td>BRER</td>
<td>KEDA; Homebuilders of Kitsap County</td>
</tr>
<tr>
<td>Housing</td>
<td>M&amp;CD</td>
<td>Housing Kitsap; Bremerton Housing Authority; KRCC</td>
</tr>
</tbody>
</table>

¹ Subcommittee creates goals and work plan for this initiative

**Glossary:**
- BRER – Business Retention, Expansion and Recruitment
- M&CD – Marketing and Community Development
- O&RD – Organizational and Resource Development
- KEDA – Kitsap Economic Development Alliance
- KRCC – Kitsap Regional Coordinating Council
- KPUD – Kitsap Public Utility District
- KCIB – Kitsap Commercial Investment Brokers
- VCB – Kitsap Peninsula Visitor and Convention Bureau
Kitsap Economic Development Alliance
2012 Board of Directors

EXECUTIVE COMMITTEE

Julie Tappero, Chair
President, West Sound Workforce

Chris Rieland, Vice Chair
CEO/President, Pacific NW Title

Elliot Gregg, Treasurer
President and CEO, Kitsap Credit Union

John Powers, Secretary
Executive Director, KEDA

Jim Carmichael, At Large / Past Chair
President and CEO, Kitsap Bank

Charlotte Garrido, Executive Committee
County Commissioner, Kitsap County

Tom Danaher, Executive Committee*
Public Affairs Officer, Naval Base Kitsap

Ed Stern, Executive Committee
Councilmember, City of Poulsbo

BOARD MEMBERS

*Denotes non-voting member

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CEO, Art Anderson Associates

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Councilmember, City of Bainbridge Island

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Chair, Tribal Council, Suquamish Tribe

John Gardner
Dean, Bainbridge Graduate Institute

Mark Gulbranson*
Deputy Director, Puget Sound Regional Council

Bob Guyt
Principal, Rice Fergus Miller

Blaine Highfield*
Emeritus

Marcus Hoffman
Commissioner, Silverdale Water District

Charles Horton
Publisher, Kitsap Sun

Patty Lent
Mayor, Kitsap Sun

Tim Matthes
Mayor, City of Port Orchard

Mary McClure*
Exec Director, Kitsap Regional Coordinating Council

Judy Mentor Eagleson
President, Mentor Company

David Mitchell
President, Olympic College

Jon Rose
President, Olympic Property Group, LLC

Roy Runyon
Councilmember, City of Bremerton

Chad Solvie
CEO, Martha & Mary Medical Services

Russell Steele
CEO, Port Madison Enterprises

Larry Stokes
Port Commissioner, Port of Bremerton

Linda Streissguth
Government & Community Relations Mgr, Puget Sound Energy

Dwight Sutton*
Emeritus
Jobs and Wealth → Our Promise

The EDB is in the jobs and wealth creation business. The more high-wage jobs and wealth in Tacoma-Pierce County, the better the quality of life and the greater the job and career opportunities for its citizens.

The EDB is laser focused: pursuing jobs and wealth through the retention and recruitment of primary businesses.

Primary businesses export a product or service out of Tacoma-Pierce County and import new dollars into the local economy, thereby “growing the wealth pie.” That wealth distributes in the community through employee wages paid and supplier payments.

Primary businesses typically pay higher wages than other businesses because higher value goods and services are produced. In short, primary businesses are the fundamental building blocks of high-wage job creation.

Compete or Decline

The competition is fierce

Tacoma-Pierce County faces regional, national, and global competition to keep its existing firms, as well as recruit new firms to the Tacoma-Pierce County market.

The EDB competes and competes well. For thirty-plus years, the EDB has worked on the leading edge of wealth and job creation in Tacoma-Pierce County.

Creating Momentum — Investment is Critical

$6,000,000 of private business and public entity investment will drive important job and wealth creation work from 2011 through 2015.

Every dollar invested in the EDB in the past five years generated $176 in the Tacoma-Pierce County economy.
The EDB at Work

Each year hundreds of companies representing thousands of jobs receive direct, bottom-line assistance from the EDB.

Challenges related to workforce training and hiring, financing, site selection, permitting, federal bidding and contracting, energy assistance, tax credits, lean manufacturing, relocation assistance, and exporting are addressed through EDB services.

Some companies receive immediate help. Others—particularly larger recruitment and expansion cases representing large employment bases—require many months of close consultation and problem solving. A typical case requires about 18 months to reach fruition. Throughout this process the EDB is a constant source of assistance for the company, intervening to resolve challenges that impact its ability to invest and grow jobs in Tacoma-Pierce County.

The EDB leverages its close working relationships with private and public partners to accomplish its work.

The EDB: Recruiting—A Case Study

The recruitment of VersaCold began with a site selection process that ultimately resulted in a complex property lease agreement. According to Hugh Carr, former CEO of SCS Refrigerated Services and VersaCold consultant, the EDB became a “focal point” for the resolution of key issues with the Cities of Tacoma and Fife, and the Port of Tacoma.

“The EDB maintained a high profile,” according to Carr, and “was instrumental in introducing VersaCold to WorkForce Central-The Business Connection for its hiring needs, outlining possible tax related incentives, and navigating permitting issues as well.”

The VersaCold Tacoma facility brings 100 jobs and bolsters the cold storage facilities availability for the agriculture and seafood industries.

EDB: Building Our Assets

The EDB retains the confidence of its investors with a vigorous, targeted, results-oriented retention and recruitment program. Tacoma-Pierce County deserves no less.

Tacoma-Pierce County businesses appreciate the assets that make this a great place to operate: connectivity via highways, Sea-Tac International Airport, marine corridors and world-class broadband; a diverse and qualified workforce produced by local universities and technical/community colleges; the presence of brand name companies; and cutting edge theatre and arts institutions.

In addition, they recognize the benefits of a diverse and innovative business culture; a spectacular natural setting; a strong military presence; urban revitalization efforts; housing choices; and an entrepreneurial spirit.

Private and public leaders also know that these assets do not guarantee success. They rely on the EDB to lead the way, working with partners, ensuring that collaborative, maximum effort leverages these assets to create high-wage primary sector jobs.
**Future Focus: Jobs & Wealth – 2011-2015 Work Program**

**Retain and Expand Existing Primary Businesses in Tacoma-Pierce County**

**Strategy:** Provide direct assistance and referrals to primary firms.

**Tactics**

1. Work with existing primary companies to identify and remedy challenges inhibiting their ability to expand and create jobs.

2. Collaborate with local jurisdictions and business groups to identify target firms.

3. Initiate relationships with out-of-county corporate headquarters with branches in Tacoma-Pierce County to increase jobs and capital investment.

**Metrics**

- 180 unique company visits per year.
- 450 information referrals/cases per year.
- Wages/salaries greater than the Pierce County average ($20.94 per hour in 2009).
- Contact local jurisdictions and business partners a minimum of 12 times per year (Pierce County, Port of Tacoma, and cities of DuPont, Fife, Gig Harbor, Lakewood, Puyallup, Sumner, Tacoma, and University Place).
- Ten visits per year to out-of-county headquarters.

**Strategy:** Enhance efforts around existing and emerging primary clusters.

**Tactics**

1. Promote business opportunities and partnerships among local businesses in existing and emerging clusters: clean technology; logistics and international trade; aerospace and advanced manufacturing; health care; information technology; defense contractors.

2. Promote business opportunities and partnerships among regional headquarters in the finance, insurance, real estate, and information technology sectors.

**Metrics**

- 24 business relationship actions per year (meetings, introductions, brainstorming sessions).
- 24 business relationship actions per year (meetings, introductions, brainstorming sessions).

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The EDB has a regional reputation worthy of emulation. We work together for business growth and the EDB is integral for our region’s success.”

Denise Dyer, Economic Development Manager
**Future Focus: Jobs & Wealth – 2011-2015 Work Program**

**Recruit New Primary Businesses to Tacoma-Pierce County**

**Strategy:** Identify, target, and recruit businesses in clusters that feature competitive advantages for Tacoma-Pierce County.

<table>
<thead>
<tr>
<th><strong>Tactics</strong></th>
<th><strong>Metrics</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Pursue <strong>specific firms</strong> in the following clusters: <strong>clean technology</strong>, <strong>logistics and international trade</strong>, aerospace, life sciences, information technology, and defense contractors.</td>
<td>• 60 target firms per year (approximately 10 per cluster).</td>
</tr>
<tr>
<td>2. Pursue <strong>regional headquarters</strong> in the finance, insurance, real estate, and information technology sectors.</td>
<td>• 40 target firms per year (approximately 10 per cluster).</td>
</tr>
<tr>
<td>3. Implement a targeted <strong>domestic recruitment</strong> program.</td>
<td>• Three domestic recruitment/site selector trips per year.</td>
</tr>
<tr>
<td>4. Implement a targeted <strong>overseas recruitment</strong> program.</td>
<td>• One international trip per year.</td>
</tr>
<tr>
<td>5. Respond quickly and thoroughly to all <strong>inquiries</strong> related to business climate, land and building capacity, cost of living, tax structure and incentives.</td>
<td>• Respond to all inquiries within one business day.</td>
</tr>
</tbody>
</table>

**Strategy:** Accelerate emerging clusters and advance other strategic opportunities.

<table>
<thead>
<tr>
<th><strong>Tactics</strong></th>
<th><strong>Metrics</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Explore accelerated development of the <strong>clean technology</strong> cluster with a focus on leveraging the Center for Urban Waters to attract private investment and job creation. Work with partners to create and implement a cluster development strategy.</td>
<td>• Complete plan and implement with partners.</td>
</tr>
<tr>
<td>2. Explore accelerated development of the <strong>information technology</strong> cluster with a focus on creating a cyber security sector to attract private investment and job creation.</td>
<td>• Complete plan and implement with partners.</td>
</tr>
</tbody>
</table>

“We were in an expansion mode and the EDB impressed us with their work. They introduced us to key players who assisted us with incentives, utilizing industrial revenue bonds, and hiring and job skill development. They’re very proactive.”  
*Geoff Lawrence, Vice President*
Future Focus: Jobs & Wealth — 2011-2015 Work Program

Market and Communicate the Great Economic Development Opportunities in Tacoma-Pierce County

**Strategy:** Create and deliver a cohesive message that helps drive private investment and high-wage job creation. Positive Buzz!

**Tactics**

1. Catalyze stakeholders and lead development of a compelling message positioning Tacoma-Pierce County positively in the minds and wallets of primary firms.

2. Deliver the message to external and internal customers (target firms, EDB investors and other thought leaders) through various channels including correspondence, traditional media, social media, meetings, presentations, website, and familiarization tours.

3. Leverage community resources and organizations to identify and remove constraints to primary business retention and recruitment. Organizations include The Tacoma Partnership, Prosperity Partnership, and the Washington State Economic Development Commission.

**Metrics**

- Identify stakeholders and create message.
  (First Quarter 2011)

- Weekly website postings.
- Monthly email newsletter.
- Twice a month CEO email news and updates.
- Domestic and international outbound recruitment trips (see Recruitment section trip metrics).
- EDB staff or board members will serve as board members/leaders/alternates for these leveraging efforts.

**Why Invest in Future Focus: Jobs & Wealth**

Your resources help to market Tacoma-Pierce County and attract and retain companies that make your community a better place to live and work. The competitiveness of companies is in large part tied to the competitiveness of the economic region in which they do business. Your investment supports:

- Building stable employment and revenues based on this area’s competitive advantages.
- Promoting a diverse range of industry clusters that succeed and serve in local, regional, national and international markets.
- Partnering of economic development entities with a common goal.
- Creating a distinctive identity for this area that is attractive for business recruitment, retention and private investment.
Future Focus: Jobs & Wealth – 2011-2015 Work Program

Outcomes Defining Success

2011-2015 OUTCOME GOALS

- Capital Investment $400,000,000
- Industrial Revenue Bonds $12,000,000
- Wages and Salaries $450,000,000

JOBS
- Recruited 4,000
- Retained 6,000
- Total Jobs 10,000

2011-2015 BUDGET

- Retention/Expansion $2,000,000
- Recruitment $3,000,000
- Marketing /Communications $1,000,000
- Total $6,000,000

Taking Economic Development to the Next Level

In the current economic climate, characterized by rapid change and uncertainty, the stakes for local economic development efforts could not be higher. Nor could the competition from other cities and regions in the U.S., and world-wide, be more intense.

Now, more than ever, we must protect and grow our existing economic base, and work diligently to attract new investment and jobs to our community. The EDB has a proven track record, a sound strategic plan for the future, and strong leadership to win this competitive game.

Private and public stakeholders must step up again to support the Future Focus: Jobs & Wealth program. In return for your support, the EDB pledges efficiency, accountability and, most importantly, a day in, day out focus on job and wealth creation.
EASC 2012 – 2016 Work Plan

Economic Alliance Snohomish County was created in 2011 by merging the Economic Development Council with the Everett and South Snohomish County Chambers of Commerce. EASC will attract, create and maintain jobs in the community through strengthened economic development strategies, expanded business services and more effective advocacy of our local economic interest. Our economic and community development model focuses resources (infrastructure, quality of life, trained workforce and incentives) on strategies (recruitment, retention, expansion and start-ups) with specific goals of jobs, wealth and tax revenue.

As a regional leader, EASC advances commerce and community development through inclusive advocacy, services and resources. To accomplish this mission, EASC has three business lines providing value both to business and community alike. These business segments are currently fine-tuned to reflect a collaborative approach towards the needs of business and community while at the same time being responsive to today’s economic realities.

- Industry and Resource Development
- Small Business and Community Development
- Advocacy

EASC provides business services, advocacy, and economic development programs solely for the purpose of increasing economic vitality across the County. We do this by:

- Working together, growing the number and quality of jobs and increasing family wages throughout the County.
- Exerting greater influence on public policy at all levels of government by speaking with a unified inclusive voice for all of Snohomish County.
- Enabling both a deeper and wider network for business leaders to explore and put to work innovative solutions to the problems facing our County in such a manner as to become a respected, authoritative voice for Snohomish County on economic vitality.
The EASC work plan by individual business line is presented as follows.

**INDUSTRY AND RESOURCE DEVELOPMENT**

Industry and Resource Development actions will focus on business retention/expansion, business attraction and regional marketing, and the identification of county resource issues which support the prior two activities.

Industry and Resource Development efforts will target firms in the aerospace, life science, clean technology, manufacturing and healthcare clusters.

<table>
<thead>
<tr>
<th>STRATEGY – Business Retention and Attraction</th>
<th>Metric</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provide support that assists the growth of Snohomish County companies and high-wage primary jobs.</td>
<td>Make substantive contact with 150 firms per year with 25 resulting cases.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>TACTIC</th>
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</thead>
<tbody>
<tr>
<td>1. Active company outreach and assistance to enhance the growth of primary jobs. Primary jobs are defined as those bringing new money into the county. Emphasis on identified clusters and those firms of strategic importance.</td>
</tr>
<tr>
<td>2. Build the capacity of a local resource network. Support the economic development efforts of public sector entities.</td>
</tr>
<tr>
<td>3. Develop/support cluster-specific programs which expand existing companies, including current and planned Innovation Partnership Zones (IPZ).</td>
</tr>
<tr>
<td>4. Outreach to out-of-county headquarters of local firms to build relationships, maintain and expand the current presence.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>STRATEGY – Business Attraction</th>
<th>Metric</th>
</tr>
</thead>
<tbody>
<tr>
<td>Identify and recruit companies from outside the State with expansion/relocation projects.</td>
<td>Identify 20 firms per year as attraction targets.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>TACTIC</th>
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</thead>
<tbody>
<tr>
<td>1. Target companies offering primary jobs in identified clusters. Target firms in the aerospace supply chain to fill identified gaps.</td>
</tr>
<tr>
<td>2. Focus efforts on manufacturing activities in the life science cluster. Promote growth of existing firms as the attraction method for firms located outside the region.</td>
</tr>
<tr>
<td>3. Identify and approach companies/industries that need the capabilities of the existing aerospace supply chain (e.g. metal fabrication) to provide diversification.</td>
</tr>
<tr>
<td>4. Evaluate healthcare sector to identify associated activities/firms which could be located in the county.</td>
</tr>
<tr>
<td>5. Serve as the focal point for clean technology industry activity.</td>
</tr>
<tr>
<td>6. Outreach to site selectors to position Snohomish County as a competitive business location.</td>
</tr>
<tr>
<td>7. Support to Washington Department of Commerce on RFP’s for recruitment opportunities.</td>
</tr>
<tr>
<td>8. Pursue appropriate Foreign Direct Investment projects through regional collaboration.</td>
</tr>
<tr>
<td>9. Develop/implement a marketing program with cluster-specific content, including trade show participation. Coordinate the effort with other regional EDC's.</td>
</tr>
</tbody>
</table>
**STRATEGY – Resource Development**

Focus on selected resource projects that enhance retention/expansion and attraction/marketing strategies. Coordinate efforts with Advocacy business line.

**Metric**

Execute one project (tactic) per year.

**TACTIC**

Evaluate the following as building blocks for a strong regional economy:
- Business park development
- P-20 STEM programs and associated tracking data as a workforce availability indicator.
- Transportation infrastructure
- Foreign Trade Zone/Sub-zones

**SMALL BUSINESS AND COMMUNITY DEVELOPMENT**

Small Business and Community Development focuses on connecting small businesses with the resources they need to grow jobs. It also provides venues for business and community interaction.

**STRATEGY – Small Business Development**

**TACTIC**

1. Conduct Community Asset Mapping (inventorying) of available resources for entrepreneurs and small businesses.

2. Expand the number of Snohomish County businesses being assisted by on-site counselors with guidance on how to do business with the public sector. Maintain/expand the Procurement Technical Assistance Center and the Small Business Transportation Resource Center.

3. Provide on-site business counselor through the Small Business Development Center to provide assistance with business plans, marketing advice, finance and other typical small business concerns.

4. Develop an information portal.

5. Foster regional strategic partnerships with the Small Business Administration, Northwest Women's Business Center and similar organizations.

6. Identify unmet small business needs.

**STRATEGY – Community Development**

**TACTIC**

1. Provide opportunities with appropriate events for business & community people to connect.

2. Facilitate business & community interaction with the Navy.

**ADVOCACY**

Advocacy develops, implements and coordinates strategies to influence policy decisions, acquire resources and raise awareness at the local, state and federal levels around issues critical to the sustained competitiveness of our region.

**STRATEGY – Management of Regional Policy Issues**

**TACTIC**

1. Position Snohomish County to win future Boeing competitions, specifically 777X.

2. Protect and expand current military assets in Snohomish County.

**Metric**

Re-activate Snohomish County Aerospace in Action working group.

Organize Military Affairs Committee.
STRATEGY – Education and Workforce

TACTIC
Expand and reform P-20 education and technical training in Snohomish County to meet the needs of core and emerging industries.

STRATEGY – Transportation Infrastructure

TACTIC
1. Position high-priority transportation projects in Snohomish County to compete in a statewide transportation package and other funding competitions.
2. Continue work to extend light rail through south Snohomish County into Everett.

COMMUNICATION
Continue to build the brand and value proposition of EASC.

STRATEGY – Consistent and Regular External Messaging

TACTIC
1. Develop/implement a marketing program with cluster-specific content, including trade show participation. Coordinate the effort with other regional EDC’s.
2. Provide consistent messaging to stakeholders on EASC activities, regional competitiveness and business climate issues.
3. Effectively maximize the use of social media.
4. Expand mention of EASC activities in regional mainstream media.