Regional Staff Committee

July 19, 2018 • 9:30 – 11:30 am
PSRC Board Room • 1011 Western Avenue, Suite 500 • Seattle, WA 98104

9:30  1. **Welcome and Introductions** – Chip Vincent, City of Renton, Co-Chair

9:35  2. **Public Comment**

3. **Reports:**
   a. Meeting Summary for June 21, 2018*
   b. PSRC Board Reports*
   c. Updates from PSRC Planning Department

9:50  4. **Discussion**
   a. GMPB Housing Work Session Debrief* - Laura Benjamin, PSRC
   b. VISION 2050 Outcomes and RGS Objectives* - Ben Bakkenta, PSRC
   c. Regional Growth Strategy Update in VISION 2050* - Liz Underwood-Bultmann, PSRC

11:15 5. **Information Items:**
   a. 2018 Regional Staff Committee Schedule*
   b. June RSC Co-Chairs’ Working Session*
   c. Commercial Space Sector Study Findings*
   d. Aerospace Competitive Economics Study*

6. **Future Meeting:** September 20, 2018, 9:30 am, PSRC Board Room *(meeting length TBD)*

11:30 7. **Adjourn**

*Supporting materials attached

**Meeting Call-in Option Available Upon Request** – Contact Tammi Chick, tchick@psrc.org

Sign language and communication material in alternate formats can be arranged given sufficient notice by calling (206) 464-7090 or TTY Relay 711. 中文 | Chinese, 한국어 | Korean, Русский | Russian, Español | Spanish, Tagalog, Tiếng việt | Vietnamese call 206-587-4819.
Welcome and Introductions, Public Comment

Andrea Spencer, Co-Chair called the meeting to order at 9:30 am. Co-Chair Spencer acknowledged new members to the Regional Staff Committee (RSC): Kelly Rider, King County Community & Human Services; Paige Shevlin, Economic Development King County’s Executive Office; Arun Sambataro, King County’s Office of Equity and Social Justice; Michael Kattermann, City of Bothell; Michael Hubner, City of Seattle; Patrice Carroll, City of Seattle.

There were around the room introductions.

Alex Tsimmerman addressed the committee and provided public comment.

Reports

Co-Chair Spencer reported on the work of the RSC Co-Chair’s VISION 2050 Working Session. The group met Monday, May 14 to discuss the Regional Growth Strategy process and schedule, as well as Regional Geographies. Another work session is scheduled today following RSC, focusing on preparing for the Growth Management Policy Board’s (GMPB) housing work session and discussing the Regional Growth Strategy. Committee members are welcome to attend.

Co-Chair Bakkenta introduced a new member of staff, Tammi Chick, Administrative Assistant, who will be supporting RSC.

Presentations from the meeting are available on the PSRC website: https://www.psrc.org/rsc-meetings. Audio recording of the meeting is available by request.

July Growth Management Policy Board Housing Work Session

Laura Benjamin provided background data on housing in the region, an overview of the housing chapter in VISION 2040, policies and goals in the Growing Transit Communities, and feedback received from the May 2018 Peer Networking Session on Housing. Paul Inghram asked the committee for input on how to organize and facilitate a discussion on housing with GMPB at the July 5 extended meeting, developing key problem statements for GMPB’s discussion and feedback on policies and actions in the VISION 2040 housing chapter.
Committee members recommended:

- Creating a stronger link between housing affordability and the Regional Growth Strategy (RGS)
- Lowering the development cost of housing, such as impact fees and connection charges, to fund affordable housing.
- Focusing on actions and who needs to take those actions, the more clarity on actions and tools to use the better for jurisdictions.
- At a regional level, perhaps with changes in condo liability laws, we need to make the product for high density housing more attractive to buyers.
- Partnering with private industry.
- Housing policies in VISION 2040 should go beyond the requirements in the Growth Management Act and focus on issues unique to our region.

Paul asked committee members what strategies are being planned to encourage more development that is: affordable, owner-occupied, small townhomes and lower density multifamily – “the missing middle.” Committee members shared local experiences and anecdotes for addressing housing. Members cited:

- A need for more flexibility in zoning.
- Considering not just the product and volume, but also affordability.
- Further clarity in the different types of housing.
- When discussing average median income (AMI) and affordable housing in VISION, cite the professions within specific AMI ranges.
- The board needs to consider what should be the role of PSRC in the affordable housing forum. Better coordination of the housing work is needed and identify what needs to be done at the regional level that would augment local efforts.
- Creating housing choices and supply is important, but be explicit about how housing is affordable to the very lowest incomes. There needs to be incentives and explicit public funding to provide housing for the lowest incomes.
- Smaller cities need model ordinances and extra staff to support them in making sure that they can develop incentive programs to tailor to the market. As a region, we need to figure out who will fill that role.
- Housing conversations should be accessible to those most adversely impacted. We need to be considering how we engage communities.
- Reduce the cost of land as that is driving the cost of housing.
- Review list of reasonable measures, identifying those worth considering for action items for different jurisdictions.
- VISION should address the missing middle from a regional context by adding to housing supply in more central locations and thinking about what that would do regional affordability and supply mix.
- For the board, simplify materials and clearly define a smaller set of problem statements. Provide a toolkit for them about what VISION could do, matched up with the identified problem statements.
- The board should discuss jobs/housing balance, quantitative and qualitative types of housing and the wage levels throughout the region.
- Policies should include regulations on construction costs and materials used.
- Review examples on housing sharing/house swapping/looking to western Europe. Look at how Seoul is responding to their housing needs for examples.

For more information, contact Laura Benjamin, PSRC (206) 464-7134, lbenjamin@psrc.org or Paul Inghram, (206) 464-7549, pinghram@psrc.org.

Regional Growth Strategy Update in VISION 2050

Jeff Storrar continued the conversation from last month regarding the objectives for the Regional Growth Strategy (RGS) and potential modifications to the regional geographies. Mr. Storrar summarized feedback from the June GMPB meeting on regional objectives. The next step is to draft a set of objectives for GMPB review, aiming to finalize them by fall. Mr. Storrar reviewed GMPB comments on regional geographies and proposed regional geographies.

A committee member stated that the board needs clarification on what is flexible in the RGS and the relationship to growth targets. Further clarification is needed on what is meant by guidance in the RGS. Ben Bakkenta responded
that there is a regional expectation for the role of different types of cities, with the understanding that we are working together across the region toward the growth allocations in the Regional Growth Strategy.

Committee members suggested considering how Manufacturing/Industrial Centers and tribes play into Regional Geographies. A member suggested thinking of the geographies as centers, rather than cities, and have targets for centers. A member suggested clarifying the distinction between Metropolitan Cities and Core Cities. A member shared concern that the Regional Geographies were perhaps overly focused on transit and the definition of high capacity transit should be clarified.

Ms. Underwood-Bultmann shared that PSRC is developing growth concepts to start building alternatives for the State Environmental Policy Act (SEPA) analysis. PSRC is seeking to identify bookend alternatives to provide a range of options and organizing concepts to help identify potential alternatives. Ms. Underwood-Bultmann provided an overview of the RGS options. A committee member suggested adding income criteria to the Regional Geographies.

The topic will be discussed at the Co-Chairs Working Group. This summer, PSRC is seeking to finalize the No Action Alternative to move forward with modeling work. PSRC will continue to do work on identifying evaluation measures for potential scenarios.

For more information, contact Liz Underwood-Bultmann, PSRC (206) 464-6174, lunderwoodbultmann@psrc.org.

Regional Open Space Conservation Plan Update

Erika Harris and Maria Sandercock shared a presentation on the recently completed Regional Open Space Conservation plan. The committee was briefed on how the plan has been updated and how the plan can be implemented and incorporated into VISION 2050 to support local conservation efforts. Ms. Sandercock provided an overview of mapped conservation needs and urban open space needs and priorities. She also shared the methodology for the calculations of those needs.

The plan has been published and is available on the open space webpage. Members are encouraged to share the plan with partners. Ms. Harris also shared next steps for the work, which include working with partners on identified actions and advancing use of key conservation tools. The Emerald Alliance received a grant from the U.S. Endowment for Forestry and Communities to put together a funding strategy for the Regional Open Space Conservation Plan. Ms. Harris reviewed potential VISION 2050 policy changes and actions to help support open space conservation.

Committee members suggested ideas of how to use Transfer of Development Rights and encourage thinking about how we are investing conservation dollars and its intersection with local strategies to preserve affordability.

For more information, contact Erika Harris, PSRC (206) 464-6360, eharris@psrc.org.

Information

Co-Chair Spencer noted that Chip Vincent will be co-chairing the next meeting.

The meeting adjourned at 11:30 am. Next meeting: Thursday, July 19, 2018, 9:30 – 11:30 am
## PSRC Regional Staff Committee - Attendance Roster

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<tr>
<th>King County</th>
<th>Federal, Regional, State, Tribal &amp; Other Agencies</th>
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<td>King Co. (2)</td>
<td>X Karen Wolf, County Executive Office FHWA (1) Shareen Bakeman, Planning &amp; Freight</td>
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<td>X Ivan Miller, County Executive Office, Alt. Vacant, Alt.</td>
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<td>X Kelly Rider, County DCHS FTA (1) Linda Gehrke, Regional Administrator</td>
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<td>R Anan Sambataro, County Executive Office, Equity &amp; Social Justice Health Departments (1) X Kent Moore, Snohomish Health Dist.</td>
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<td>X Michael Kaltermann, City of Bothell Vacant, Alt.</td>
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<td>King County Economic Dev. (1)</td>
<td>X Paige Shevelin, County Executive Office, Economic Development PSCAA (1) Craig Kenworthy, Executive Director</td>
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<td>Seattle (2)</td>
<td>X Michael Hubner, Long Range Planning Vacant, Alt.</td>
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<td>Bellevue (1)</td>
<td>X Terry Cullen, Comprehensive Planning Sound Transit Matt Shelden, Planning &amp; Innovation</td>
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<td>X Larry Jane Wolfe, Transportation Policy, Alt. Tribal Representative Vacant, Alt.</td>
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<td>X Joyce Nichols, Government Affairs, Alt. 2 Vacant, Alt.</td>
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<td>X Danielle Butsick, Kent, Econ &amp; Com Dev., Alt. US EPA (1) X Elaine Somers</td>
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<td>X Eric Shields, Kirkland, Planning Chip Vincent, Renton, Planning, RSC Co-Chair US HUD (1) X Jack Peters</td>
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<td>Kitsap County</td>
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<td>Kitsap Co. At-Large (1) Vacant Louisa Garbo, Community Dev., Alt. Mark McCaskill, Growth Management, Alt.</td>
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<td>X Edward Coviello, Kitsap Transit Vacant, Alt. Dennis Engel, Planning, Alt. PSRC Committees</td>
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<td>X Andrea Spencer, Comm Dev, RSC Co-Chair BPAC (1) X Meredith Soniat, Tacoma, BPAC Vice Chair</td>
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<td>X Karla Boughton, Planning &amp; Econ, Poulato, Alt. Christine Wolf, Northwest Seaport Alliance, Alt.</td>
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<td>X Jesse Hamashima, Transportation, RSC Co-Chair Jon Morrison Writers, Seattle-KC Aging &amp; Disability Services, Alt.</td>
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<td>X Eric Mendenhall, Summer, Comm. Dev., Alt. RTDM (1) X Jennifer Hass, Community Transit, TDM Chair</td>
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<td>X Jason Sullivan, Bonney Lake, Plan. &amp; Build. Courtney Brunell, Lakewood, Planning, Alt. Carol Cooper, King Co. Metro, TDM Vice Chair, Alt. 2016 Reps Confirmed R = Remote attendance X = Present</td>
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<td>Darin Stavish, Pierce Transit (PSRC TOC Member) Vacant, Alt.</td>
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<td>Pierce Co. Economic Dev. (1)</td>
<td>Vacant, Alt. Rob Allen, Economic Development</td>
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<td>Tacoma (1)</td>
<td>Peter Huffman, Planning &amp; Development Svcs Vacant, Alt. Ian Munce, Planning, Alt.</td>
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<td>Other Cities/Towns (1)</td>
<td>David Swindale, University Place, Plan &amp; Dev. Lindsey Sehmel, Gig Harbor, Long Range Planning Alt.</td>
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## Snohomish County

| Snohomish Co. (1) | X Steve Thomsen, Public Works |
| Snohomish Co. At-Large (2) | X Barb Mock, Planning & Dev, RSC Co-Chair Ikuno Masterson, Alt. |
| Snohomish Co. Transit (1) | Roland Behee, Community Transit June Devoll, Community Transit, Alt. |
| Snohomish Co. Economic Dev. (1) | Kendee Yamaguchi, County Executive Office Vacant, Alt. |
| Everett (1) | X Allan Giffen, Planning & Community Dev. David Stithers, Long Range Planning, Alt. |
| Other Cities/Towns (1) | X Shaine Hope, Edmonds, Development Serv. Dave Koening, Marysville, Comm. Dev., Alt. |
INFORMATION ITEM

TO: Regional Staff Committee

FROM: PSRC Staff

SUBJECT: PSRC Board Reports

The Executive Board met June 28, 2018, 10:00 am – 11:30 am.
The post “At Work Summary” of the meeting is available on the EB meeting materials page.

For information on the EB, contact Sheila Rogers, Executive Assistant, srogers@psrc.org, 206-464-5815.

The Growth Management Policy Board met July 5, 2018, 10:00 am – 1:00 pm.
The “At Work Summary” of the meeting is available on the GMPB meeting materials page.

For information on the GMPB, contact Paul Inghram, Program Manager, pinghram@psrc.org, 206-464-7549.

The Transportation Policy Board met July 12, 9:30 – 11:30 am.
The “At Work Summary” of the meeting will be available on the TPB meeting materials page.

For information on the TPB, contact Kelly McGourty, Senior Program Manager, kmcgourty@psrc.org, 206-971-3601.
MEMORANDUM

July 19, 2018

TO: Regional Staff Committee

FROM: Paul Inghram, Senior Program Manager

SUBJECT: GMPB Housing Work Session Debrief

In Brief

PSRC staff will provide an overview of the Growth Management Policy Board’s July 5th discussion on initial direction on updates to the housing chapter for VISION 2050. PSRC staff will also present an overview of proposed revisions to the housing chapter for the committee to review and seek input on draft policy refinements and actions.

Discussion

The Regional Staff Committee discussed housing in VISION 2050 at its June meeting, providing input on how to structure the GMPB’s housing work session. As its July 5 meeting, the Growth Management Policy Board had an extended session on housing to understand housing market trends and work since VISION 2040 was adopted in 2008, and to provide direction for changes to the housing chapter. This memo summarizes the board discussion and outlines initial work for housing in VISION 2050.

Housing in VISION 2040

VISION 2040 encourages housing production that meets existing and future needs. It calls for preserving and expanding housing affordability, incorporating quality and environmentally friendly design in homebuilding, and offering healthy and safe home choices for all the region’s residents.

VISION 2040 includes two actions to support housing goals and policies:

1. Develop a regional housing strategy, including a regional needs assessment
2. Establish a regional housing program to support that strategy

Taken together, these actions were envisioned as core elements of a coordinated regional approach to housing with PSRC complementing and adding value to local housing efforts. However, during the recession and early years of recovery, housing affordability became a lower priority for regional action. The VISION 2050 update is an opportunity to renew efforts to bring existing and new work together around a sustained regional strategy for housing and housing affordability.
Early Housing Work & Discussions
Recognizing that housing is a vast and complicated issue, PSRC started early work on housing to update data and engage stakeholders. PSRC released a Housing Background Paper, available online.

In June, the Regional Staff Committee discussed how to present the complex and very data dense topic of housing to the Growth Management Policy Board, and key questions for the board. Many committee members expressed that while there have been many local successes –such as including affordable units in some new housing developments – local efforts have been unable to fully offset prevailing market forces that are driving up housing prices.

Committee members’ input on how to frame the GMPB work session included:
- Ask board for direction on the role of PSRC in housing? Should PSRC add to current work or better coordinate existing efforts?
- Focus on action – the “what” and the “who”
- Personalize the data – show how housing affordability issues affect people
- Create a toolbox of options to show the types of actions that may be appropriate at the regional level

At their July meeting, the GMPB was provided background information on trends on housing and housing affordability and housing efforts since 2008. The board was asked to discuss three problem statements with a focus on what success looks like and what actions are needed from a variety of stakeholders to move towards success. The problem statements and a summary of board feedback is listed below. More detailed notes from the small group discussions are forthcoming.

**Address long-term housing supply:** Housing production has not kept up with population growth. In addition to an overall increase in the number of housing units in the region, a greater diversity of housing types is needed to meet the needs of residents. The need for greater housing diversity is intensifying with the growing number of seniors and multigenerational families. While many communities are adopting local and subarea plans, planning efforts and the related rezoning typically takes many years. How can cities, counties and the region support a long-term expansion of housing supply and diversity that keeps up with growth?

The board expressed support for all communities to actively plan for long-term housing supply, with an emphasis on a diversity of housing types affordable to a range of incomes, and expanding the supply of housing at transit locations. They also discussed lobbying the state to reform condominium liability laws, and the need for grants and other resources to support local housing planning efforts.

**Promote affordable housing in all development:** Housing development is increasing, but the private market alone cannot provide housing for all income levels. Subsidized units – made possible with federal, state, and local funding and incentives that ensure long-term rent or income restrictions – provide affordable housing that the private market cannot on its own. How could the region leverage new growth and development to provide affordable housing for lower-income and special needs residents. Should affordable housing be an expectation of all communities? How could it be included in new housing developments?
The board expressed interest in strongly promoting or requiring affordable housing units as part of all new housing, especially in communities near high capacity transit. Members also suggested that there is a need for some level of public investment in housing for people with very low incomes, and that all communities have a role in planning for affordable housing.

**Invest in communities to maintain affordability:** Many communities across the region provide naturally occurring affordable rental and homeownership opportunities. These communities, however, face pressures to redevelop for higher income residents, especially as transit access increases. How should the region leverage investments to preserve existing affordable units for the long-term? How should the region help communities of all income levels have access to transit, economic opportunities, and enjoy a high quality of life?

The board expressed support for no net loss of affordable units in communities, through preservation of existing units and development of new units. They also discussed the need for more data and metrics on displacement and using this data to inform planning efforts.

Board members suggested that PSRC serve as an information clearinghouse on housing and provide model ordinances and technical assistance to help communities plan for housing needs.

**Housing Chapter Updates**

The housing chapter in VISION 2040 is comprised of three sections: introductory narrative, multicounty planning policies (MPPs), and actions. PSRC staff will work with the Regional Staff Committee to identify specific changes to the chapter, including potential updates to policies and actions. More information will be shared at board meetings this fall. Initial direction to update the housing chapter consistent with the overall guidance on VISION 2050 is to:

- Update the narrative and housing data in the chapter with information about the current state of housing in the region
- Include data on housing need at all income levels, specifically households earning less than area median income (AMI)
- Generally, retain existing housing policies – consider specific changes during the review process to address the board’s interests
- Explore new housing actions to better address the current gaps in regional housing efforts

**Questions for the Committee**

Based on the GMPB’s initial direction:

- How could policies be updated to reflect board interest in supporting expanded housing opportunities in all communities; addressing the full spectrum on housing types and needs; and promoting housing affordability, especially near transit?
- What types of new and/or revised actions should be developed? Should new actions be drafted that support working with state to advocate for changes to condo laws and to provide housing planning grants? Should new actions be drafted to support ongoing regional action to monitoring housing data and provide technical assistance?
Next Steps
Staff will work with stakeholders and the Regional Staff Committee to further assess and develop options for how VISION 2050 can better address housing needs in the region. Staff will proceed to work with other regional staff to draft initial changes to the housing chapter, as outlined above, which will be brought back to the board for review at a future meeting. Staff will also bring additional information about housing, such as displacement risk and accountability and monitoring, to future GMPB meetings as regular discussion items.

Lead Staff
For more information, please contact Paul Inghram at 206-464-7549 or PInghram@psrc.org, or Laura Benjamin at 206-464-7143 or LBenjamin@psrc.org.
DISCUSSION ITEM

July 19, 2018

TO: Regional Staff Committee
FROM: Ben Bakkenta, AICP, Senior Program Manager
SUBJECT: VISION 2050 Outcomes and RGS Objectives

In Brief

Growth Management Policy Board discussion at the June 7, 2018 board meeting provided initial direction for refining and updating VISION 2050 outcomes and Regional Growth Strategy objectives, which staff will be transmitting for further GMPB review and discussion at their September meeting.

Discussion

At the heart of VISION 2040 is a shared vision of how and where the region should grow. Organized around the state Growth Management Act’s concepts of urban, rural, and natural resource areas, the Regional Growth Strategy provides a description of an overall development pattern that the central Puget Sound region should strive for over time. The Regional Growth Strategy provides guidance for how counties, cities and towns can work together to establish local growth targets achieve a desired growth pattern. The adopted Regional Growth Strategy’s pattern of development was analyzed through an environmental review process, and identified as most likely to achieve desired plan outcomes, including preserving and enhancing the natural environment, making efficient use of existing infrastructure and planned investments, while ensuring that growth and opportunity could be equitably accommodated throughout the region.

In May 2018, the Regional Staff Committee discussed and expressed continued support for the core objectives underlying the VISION 2040 Regional Growth Strategy. The committee also recognized that the region has experienced significant growth since VISION 2040 was adopted in 2008, lessons have been learned, and some new issues and priorities have emerged. In their discussion, the committee suggested that VISION 2050 outcomes and Regional Growth Strategy objectives should also:

- Acknowledge access to different types of jobs and housing throughout the region
- Emphasize leveraging major transit and infrastructure investments
- Support public health,
- Address social equity and displacement

Committee members also noted that the objective for the rural area should be restated in a more positive frame, outcomes should discuss quality of life, and the strategy should direct
growth away from the edge of the urban growth boundary. Members also commented that the strategy should use more publicly accessible language and be more people-oriented.

At their June meeting, the Growth Management Policy Board was provided background information on the Regional Growth Strategy, reviewed the original VISION 2040 Regional Growth Strategy objectives, as well as the comments from Regional Staff Committee.

The board was asked to discuss whether they still support the growth strategy objectives adopted in VISION 2040, and if there are additional objectives the strategy should address. Board members confirmed continued general support for the original VISION 2040 objectives, but agreed that they are fairly high level and should be more specific about desired outcomes. Board members also noted that some of the current objectives more accurately described goals or outcomes for the VISION plan, while others were more descriptive of steps to take to achieve a physical growth pattern that will help to achieve those outcomes. Board members asked for objectives that are more measurable and that distinguish better between overall plan goals and the Regional Growth Strategy development pattern.

A common emphasis in the Board discussion was housing, identifying it as an important issue to address regionally. Board comments addressed numerous topics related to affordable housing and regional and local jobs-housing balance, such as ensuring that as housing is developed, distribution of home types and price levels better match sub-regional housing needs, job types, and income levels.

Board and committee input has informed a refined set of draft VISION 2050 plan outcomes for continued discussion, along with measurable objectives for the Regional Growth Strategy:

**VISION 2050 Outcomes.**

- **Climate.** Meaningful steps have been taken to reduce carbon emissions and minimize the region’s contribution to climate change.
- **Community.** Livable communities are supported throughout the region, and displacement due to development pressure is mitigated.
- **Economy.** Economic opportunities are open to everyone, the region competes globally, and has sustained a high quality of life.
- **Environment.** The natural environment is restored, protected, and sustained.
- **Health.** Communities promote physical, social, and mental well-being so that all people can live healthier and more active lives.
- **Housing.** Healthy, safe, and affordable housing for all family sizes is available and accessible throughout the region.
- **Innovation.** The region embraces and responds to disruption, innovation, and change.
- **Mobility and connectivity.** A safe, clean, integrated, sustainable, and highly efficient multimodal transportation system promotes economic and environmental vitality and supports the regional growth strategy.
- **Natural Resources.** Natural resources are permanently protected, supporting the continued viability of resource-based industries, such forestry, agriculture, and aquaculture.
- **Public Facilities and Services.** Public facilities and services support local and regional growth plans in a coordinated, efficient, and cost-effective manner.
- **Resilience.** The region’s communities plan for and are prepared to respond to potential impacts from natural hazards and other adverse events.
• **Rural Areas.** Rural communities and character are strengthened, enhanced, and sustained.

• **Social Equity.** All people can attain the resources and opportunities to improve their quality of life and enable them to reach their full potential.

**Regional Growth Strategy Objectives:** Under the state Growth Management Act, all communities have a responsibility to plan for and accommodate growth. It is also acknowledged that when looking at a regional growth pattern, understanding local context and providing flexibility is important when considering regional guidance for growth.

Physical development patterns are associated with particular outcomes. For example, distance between a job location and housing that the employee working in that location can afford affects daily travel, related vehicle emissions, roadway congestion, and transit use. Compact development patterns use less land and can reduce pressure on environmental systems. Proximity of competing and complementary industries and businesses create wealth and support larger pools of talent, increasing regional competitiveness.

When looking at the region’s pattern of physical development, what distribution of activity, mix and intensity of uses will help produce the desired VISION 2050 outcomes described in the previous section?

Input from the GMPB and Regional Staff Committee identified the following objectives to guide the creation of the region’s land use and development pattern:

• Maintain stable urban growth areas
• Focus the great majority of new population and employment within urban growth areas
• Maintain a variety of community types, densities, and sizes
• Achieve a better balance of jobs and housing across the region,
• Within urban growth areas, focus growth in cities
• Within cities, create and support centers to serve as concentrations of jobs, housing, services, and other activities
• Build transit-oriented development around planned infrastructure
• Use existing infrastructure and new investments efficiently

**Next Steps**

The Regional Staff Committee will review and discuss the refined VISION 2050 outcomes and Regional Growth Strategy objectives at their July meeting. The Growth Management Policy Board will continue their discussion of these topics as alternatives are identified for analysis in the Supplemental Environmental Impact Statement in fall 2018.

**Lead Staff**

Ben Bakkenta at 206-971-3286, bbakkenta@psrc.org
MEMORANDUM

TO: Regional Staff Committee

FROM: Paul Inghram, AICP, Senior Program Manager

SUBJECT: Regional Growth Strategy Update in VISION 2050

In Brief

In July, the Regional Staff Committee will discuss regional geographies, preliminary concepts on ways to extend the Regional Growth Strategy out to 2050, and evaluation measures for the growth scenarios.

Background

At the heart of VISION 2040 is a shared vision of how and where the region should grow. The Regional Growth Strategy provides a description of an overall development pattern that the central Puget Sound region should assume over time. It also provides guidance for how counties, cities and towns can contribute to achieving that preferred pattern while minimizing the environmental impacts of growth and making efficient use of existing infrastructure and investments. The overall strategy for accommodating growth is organized around the state Growth Management Act’s (GMA) concepts of urban, rural, natural resource areas.

The Regional Growth Strategy reflects this region's commitment to plan for the future in a way that preserves and enhances communities, conserves natural and financial resources, and maintains quality of life. This approach helps to ensure that existing services are fully utilized, new services can be provided more efficiently, and minimize the environmental impacts of growth. The adoption of VISION 2040 reflects the commitment to work together to address regional issues.

Staff are seeking to address several Regional Growth Strategy topics with the committee in July:

- **Regional geographies** – how the plan groups and characterizes different types of places in the region
- **Growth scenarios** – policy concepts for how to accommodate forecasted growth through 2050
- **Evaluation measures** – short list of measures to evaluate growth scenarios
Regional Geographies

To implement VISION and the objectives described in an earlier memo, the Regional Growth Strategy includes regional geographies as a framework for assigning shares of population and employment growth.

Comments from the past few years and during the scoping process highlighted broad interest in particular changes to regional geographies. Those changes from the scoping process focused on the distinction between Small and Larger cities, the role of unincorporated urban areas, and the role of new transit investments.

At their June meeting, the Growth Management Policy Board reviewed the issues outlined above and expressed interest in the following concepts to explore modifications to the regional geography classification:

- Continue a focus on jurisdictions with designated regional centers
- Differentiate current Small and Larger cities by existing and planned high-capacity transit
  -- Includes light rail, bus rapid transit, commuter rail, ferry & streetcar
- Identify unincorporated urban areas with high-quality transit service
- Recognize Major Military Installations

GMPB members agreed that the current geographies should be more specific, particularly for urban unincorporated areas and areas identified for transit-oriented development. Board members also noted that development of regional geographies should keep consider a jurisdiction’s ability to growth—i.e. availability of infrastructure—and that the overall growth strategy should consider displacement.

Based on these concepts, RSC discussed the following option as a starting point for discussing modifications to the regional geography classifications:

<table>
<thead>
<tr>
<th>Potential Regional Geographies</th>
<th>Location &amp; Transit Characteristics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Metropolitan Cities</td>
<td>Urban Area with Designated Regional Growth Center &amp; High Capacity Transit</td>
</tr>
<tr>
<td>Core Cities</td>
<td></td>
</tr>
<tr>
<td>Transit Communities</td>
<td>Other cities, Potential Annexation Areas &amp; Potential Incorporation Areas with High Capacity Transit</td>
</tr>
<tr>
<td>Cities and Towns</td>
<td>All other Urban Areas without High Capacity Transit</td>
</tr>
<tr>
<td>Urban Unincorporated Areas</td>
<td></td>
</tr>
</tbody>
</table>
At the Regional Staff Committee’s June meeting, PSRC staff provided a set of proposed regional geographies as a starting point for the update to the Regional Growth Strategy. Several members expressed support for the proposed geographies, though some members raised questions about how Manufacturing/Industrial Centers (MIC) and tribal lands will be addressed, and asked for clarifications on some other topics. Staff agreed to identify potential options for consideration. Below are the options that staff will present for discussion at the July meeting.

Manufacturing/Industrial Centers

All but three manufacturing/industrial centers (MICs) are included in the Metro Cities or Core Cities geographies under the existing geographies. The three MICs not included in these geographies are:

- Fredrickson MIC – located entirely in unincorporated Pierce County
- Paine Field/Boeing Everett MIC – located in both the City of Everett and unincorporated Snohomish County
- Sumner/Pacific MIC – located in both the City of Pacific and City of Sumner

Unlike the regional growth centers that define Core and Metro cities, VISION focuses on employment growth and industrial preservation in MICs, rather than expanding both population and employment in these centers.

One option to address questions raised by committee members would be to include a new and separate regional geography category for “cities, towns, and unincorporated areas with MICs.” This would capture these three MICs not located entirely in Metro Cities and Core Cities. It would recognize the important employment role these areas play, and ensure the role of MICs is considered as part of the local targeting process.

On the other hand, this geography would only apply to three areas in the region, and only would apply to two counties, which brings into question whether such a category is necessary to capture types of similar places throughout the region. In addition, it may overly complicate the targeting process for employment in Pierce and Snohomish County given the shared city-county boundaries in the Paine Field/Boeing Everett MIC and the Sumner/Pacific MIC.

Another potential option would be to develop “guiding principles” that are adopted as part of the Regional Growth Strategy in VISION 2050. These principles could provide guidance for the local targeting process in each county, and could express the expectations for the share of employment growth to MICs relative to those geographies without MICs.

The committee will discuss options for these MICs at the July meeting.
Tribal Lands

Committee members asked about the role of tribal lands in the Regional Growth Strategy. The region’s tribal governments are an important part of the region and key players in planning for the future. As sovereign nations, tribes are not required to plan under GMA. However, the Act recognizes the importance of coordination and cooperation with the tribes regarding environmental planning, land use, economic development, and the provision of services. There are federally recognized tribes located in each of the four counties in the central Puget Sound region, and tribal land is found throughout the urban growth area and in designated rural area. The tribes in each county include:

- **King County** - Muckleshoot Indian & Tribe Snoqualmie Tribe
- **Kitsap County** - Port Gamble S’Klallam Tribe & Suquamish Tribe
- **Pierce County** - Puyallup Tribe of Indians
- **Snohomish County** - The Tulalip Tribes, Sauk-Suiattle Indian Tribe & Stillaguamish Indian Tribe

PSRC staff recommend consultation with the tribes on the best ways to recognize the role of tribes in the regional plan. Some possible approaches may include additional text in the plan or a separate regional geography category for tribal lands, similar to the approach for military installations, but additional discussion with tribal representatives is needed to understand their perspectives.

**Guiding Principles**

Committee discussion raised several questions about different types of transit investments, existing plans for growth, and other criteria commonly considered in the local target setting process. Rather than providing separate geographies and growth assumptions for each set of unique local circumstances, the revised Regional Growth Strategy could include additional guidance on other issues raised regarding the implementation of the Regional Growth Strategy through the target-setting process. These could include topics such as the expectations for Core or Metro Cities with more than one regionally-designated center, communities with different levels of transit investments, communities adjacent to transit investments but not directly served by high capacity transit, or other factors.

**Growth Scenarios**

VISION 2040’s Regional Growth Strategy was developed from several alternatives – ranging from highly concentrated to more dispersed growth patterns – that were studied through an extensive environmental analysis. The preferred hybrid alternative that emerged from this process represented a deliberate move away from historical trends toward a more sustainable pattern of development that could be achieved within the long-range planning period to 2040.

VISION 2050 will include an extension of the Regional Growth Strategy out another decade beyond 2040 to 2050. This extension is an opportunity to incorporate lessons learned from efforts to date to implement the existing strategy, which may result in changes to the growth strategy and development of a new alternative(s).

Comments during the VISION 2050 scoping process encouraged considering a range of factors in distributing planned 2050 growth throughout the region, including:
Recent historical growth and development trends, including trends that have supported the RGS and trends that are divergent from the RGS

- Local capacity to accommodate growth, including vested development, zoned land use capacity, and infrastructure capacity
- Levels of transportation accessibility, with a focus on current and future transit connections
- Transit-oriented development, with a focus on opportunities to leverage regional investments in high-capacity transit
- Designated centers, particularly regional growth centers and manufacturing/industrial centers, but also countywide and local centers, with consideration of new regional centers framework
- Jobs-housing balance within counties, other sub-regions, and localities, with a focus on impacts on transportation, economic development, and housing affordability
- Market conditions that indicate current and potential growth potential and challenges

At the June meeting, staff outlined several preliminary growth concepts as a starting point for discussing modifications to the Regional Growth Strategy.

- **STAY THE COURSE** – This would represent a “no action” alternative as required under SEPA and would continue the VISION 2040 shares of growth in a straight line to 2050. This option would continue to encourage jobs-housing balance between the counties and focus growth in centers, with a significant share being directed to the region’s regionally designated centers.

- **VISION UPDATED BASE AND EXTENDED** – This concept could update the strategy to reflect market trends during the period VISION 2040 was developed, and the approximately eight years during which the local target setting and planning processes took place in each county. With local comprehensive plan updates that are built on VISION 2040 now in place, this option could factor in the growth and market conditions that occurred from 2000 through the present, but maintain the shares of growth for each geography from now to 2050 that was committed to in VISION 2040. Like the Stay the Course option above, this option could continue to encourage jobs-housing balance between the counties and focus growth in centers, with a significant share being directed to the region’s regionally designated centers.

- **VISION + (MORE) TRANSIT ORIENTED DEVELOPMENT** – This concept could incorporate an explicit goal for growth in areas served by high-capacity transit to reflect existing and planned investments in transit.

In this concept, the desired share of the region’s population and job growth in TOD locations could be identified and then further distributed based on the overarching regional geography in which the TOD area is located (i.e. Metro or Core Cities; Other Cities, Potential Annexation Areas, and Incorporation Areas with High Capacity Transit). The remaining share of population and employment growth not identified for TOD locations could be distributed based on the adopted objectives for the Regional Growth Strategy (i.e. growth is focused within the designated urban growth area and focused in cities, better jobs-housing balance, preservation of rural lands and protection of natural resources).
The intent is to work towards defining alternatives that support VISION’s objectives that are sufficiently distinct from each other to allow for analysis. Through the analysis of alternatives, we may be able to see how different approaches work to further different objectives, which will help in crafting a final preferred alternative later in the process. Committee members will be asked for suggestions and input on the concepts above to help further develop growth scenarios that the board can use to define specific alternatives this fall.

Evaluation Measures

PSRC will be developing and providing analysis of growth scenarios to inform development of alternatives for the Draft SEIS. Evaluation measures will be used to assess growth scenarios to help understand whether there are differences between the scenarios and whether the scenarios are generally aligned with the objectives for the Regional Growth Strategy. Staff have developed a draft list of measures, with the goal of keeping the list of measures manageable. These measures will be a subset of more extensive evaluation of the alternatives completed in the Draft SEIS.

Staff reviewed the list of measures with the RSC Co-Chairs Work Session and Land Use Technical Advisory Committee in June and have made changes to the measures based on feedback.

<table>
<thead>
<tr>
<th>DRAFT Evaluation Measure</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Land Use/Economy</strong></td>
<td></td>
</tr>
<tr>
<td>Jobs/housing ratio</td>
<td>County/subarea measure</td>
</tr>
<tr>
<td>Percent of population and jobs in TOD areas</td>
<td>Regional measure. If goal for growth in TOD areas is pursued, may be an input for scenario</td>
</tr>
<tr>
<td><strong>Housing</strong></td>
<td></td>
</tr>
<tr>
<td>Housing type mix</td>
<td>Regional measure. Percentage of new housing development at low, moderate and high densities.</td>
</tr>
<tr>
<td><strong>Social Equity</strong></td>
<td></td>
</tr>
<tr>
<td>Distribution of growth by opportunity areas</td>
<td>Regional measure. Opportunity mapping is based on Growing Transit Communities work and is being updated with the most current available data.</td>
</tr>
<tr>
<td><strong>Environment</strong></td>
<td></td>
</tr>
<tr>
<td>Greenhouse gas emissions</td>
<td>Regional measure</td>
</tr>
<tr>
<td><strong>Transportation</strong></td>
<td></td>
</tr>
<tr>
<td>Mode Choice – number of people walking, biking, and using transit Overall transit boardings per year</td>
<td>Regional measures.</td>
</tr>
<tr>
<td>Delay</td>
<td>Change in delay by TAZ, comparing year 2040 with year 2050. Number of areas with increased delay, and comparison of changes in delay across growth scenarios.</td>
</tr>
</tbody>
</table>

The committee will be asked for any additional feedback on the evaluation measures.
Schedule

Development of the 2050 growth strategy is anticipated to require extensive involvement of the Regional Staff Committee and RSC Co-Chairs and Growth Management Policy Board. Consistent with feedback from the RSC Co-Chairs, the schedule was updated earlier this spring to accelerate alternatives development.

May - July 2018 (including June 7 GMPB extended meeting)
- Consider definitions for Regional Geographies and potential changes (anticipating consideration of Small, Larger, and Unincorporated Urban geographies)
- Consider objectives for the Regional Growth Strategy and how it supports VISION’s overall set of goals and policies
- Finalize inputs to extend current Regional Growth Strategy extended to 2050 (No Action Alternative)
- Explore concepts for modifying the Regional Growth Strategy
- Identify potential evaluation measures for growth concepts

August - September 2018 (including Sept 6 GMPB extended meeting)
- Explore current Regional Growth Strategy extended to 2050
- Continue to explore concepts for modifying the Regional Growth Strategy
- Review early analysis of growth concepts using evaluation measures

October - November 2018 (Oct 4/Nov 1 GMPB meetings)
- Identify potential growth strategy alternative(s) to formally analyze as part of SEPA

Winter 2019
- Support Draft Supplemental EIS process
- Issue Draft Supplemental EIS
- Review analysis results

Spring/Summer 2019
- Develop draft VISION 2050 growth strategy with preferred alternative
- Incorporate growth strategy into draft VISION 2050
- Release draft VISION 2050 for public comment

Fall 2019
- GMPB recommendation on draft VISION 2050 and growth strategy

Next Steps

The steps for updating the Regional Growth Strategy are outlined above. In addition, staff will continue to brief the committee on the work of the Growth Management Policy Board.

Lead Staff

Liz Underwood-Bultmann, (206) 464-6174 or LUnderwood-bultmann@psrc.org, Paul Inghram at 206-464-7549, PInghram@psrc.org.

Attachments:
A – Map: VISION 2040 Regional Geographies
B – Map: Regional High Capacity Transit Network (Existing and Planned)
Map 2: Regional High Capacity Transit Network (Existing and Planned)
The Regional Staff Committee meets the third Thursday of each month, 9:30 am, PSRC Board Room, 1011 Western Avenue, 5th Floor. Agendas and supporting materials are available the Thursday prior to the meeting on our website: www.psrc.org. Meetings are subject to change or cancellation based on the agenda. The August meeting is not regularly scheduled.
INFORMATION ITEM

TO: Regional Staff Committee

FROM: Ben Bakkenta, AICP, Senior Program Manager

SUBJECT: RSC Co-Chairs Work Session June 21 Meeting Summary

In Brief

Moving forward, the Regional Staff Committee meeting packet will contain a summary of Regional Staff Committee Co-Chairs Work Sessions from the previous month, along with identification of agenda topics for discussion at their upcoming meeting.

June 21 RSC Co-Chairs Work Session Meeting Agenda and Summary

1. VISION 2050 Housing
   • Housing Work Session. The group discussed a proposed approach for the July 5 GMPB discussion on housing policies, strategies and actions, reviewing a table of possible materials, and suggesting ways to streamline and focus the GMPB work session.
   • VISION Housing Chapter. PSRC staff asked for initial guidance on how to review possible updates to the VISION housing chapter as part of the July 5 extended work session. PSRC staff plan to engage regional stakeholders and subject matter experts to help develop and review content.

2. Regional Growth Strategy
   • Regional Geographies and Concepts for Alternatives. The Working Group continued discussion on next steps with refining regional geographies and concepts for extending the Regional Growth Strategy. The June RSC agenda packet included a detailed memo on the Regional Growth Strategy which members used as a guide for discussion. Working Group members expressed general support for the proposed approach, particularly linking transit and other infrastructure capacity to a refined set of regional geographies.
   • Evaluation Measures. PSRC will be developing and providing analysis of growth scenarios to inform development of alternatives for the Draft SEIS. Evaluation measures will be used to assess growth scenarios to help understand whether there are differences between the scenarios and whether the scenarios are generally aligned with the objectives for the Regional Growth Strategy. Staff have developed a draft list of measures, with the goal of keeping the list of measures manageable. These measures will be a subset of more extensive evaluation of the alternatives completed in the Draft SEIS. The working group reviewed and provided comment on the draft measures, finding them reasonable and adequate for providing initial high-level analysis of future alternatives or scenarios.
July 19 RSC Co-Chairs Work Session Meeting Agenda

The Co-Chairs work session will focus on continued discussion of topics on the July 19 Regional Staff Committee agenda, including:

1. Approach to updating the Housing chapter
2. General agreement for approach to Regional Growth Strategy and concepts for alternatives.
3. Reviewing refined evaluation measures.

Please contact either Ben Bakkenta, (206) 971-3286 or bbakkenta@psrc.org, Paul Inghram, (206) 464-7549 or pingga@psrc.org, or Liz Underwood-Bultmann, (206) 464-6174 or lunderwood-bultmann@psrc.org with any questions.
INFORMATION ITEM

TO: Regional Staff Committee
FROM: Jason Thibedeau, Principal Economic Development Manager
SUBJECT: Commercial Space Sector Study Findings

In Brief
In December 2017, the Economic Development Board adopted an Action Item for Amazing Place to analyze the region’s role in the emerging commercial space sector. This study aims to describe and quantify the sector and identify the region’s competitors and competitive strengths to help support the growth of the sector. At the July 11, 2018 Economic Development Board meeting, BERK consulting gave a presentation and discussed findings from the commercial space sector analysis.

Discussion
In December 2017, the Economic Development Board adopted an Action Item for Amazing Place to analyze the region’s role in the emerging commercial space sector. PSRC contracted with BERK consulting to perform the analysis. This study aims to describe and quantify the sector and identify the region’s competitors and competitive strengths to help support the growth of the sector, containing the following elements:

- An overall definition of the “space sector”, including major industries in the sector, their suppliers, and major users of space-related services.
- A review of the space sector in the central Puget Sound region and Washington state, including specializations in products and services, and major firms with operations in the region and state.
- Economic impacts of the space sector in Washington state, including job estimates.
- A competitive analysis of domestic and international regions, with a focus on comparative strengths and weaknesses of these regions versus the central Puget Sound region and Washington state.
- Workforce and education requirements for space-related firms in the region and state, including any potential pipeline concerns identified in the current system.
- An overall evaluation of the competitiveness of the central Puget Sound region and Washington state.

At the July 11, 2018 Economic Development Board meeting, BERK consulting gave a presentation and discussed findings from the commercial space sector analysis. These findings included:

- The space industry supports 6,200 jobs in the region: From rocket development and launch services to satellite and space vehicle manufacturing, a variety of jobs are involved in the space industry in the central Puget Sound region. Several companies in
the region directly employ about 2,900 people in the space industry. Blue Origin employs an estimated 1,100 people, with SpaceX, Aerojet Rocketdyne, Spaceflight Industries, Planetary Resources, and Boeing also supplying direct industry jobs. Suppliers for these manufacturers also provide jobs in the space sector. Another 1,100 are indirectly created through the local supply chain and another 2,200 are induced through the spending of the industry and its employees.

- **The space industry contributes $1.76 billion in economic activity to the state economy:** Space industry activities have a strong economic impact throughout the central Puget Sound region and Washington State. Business activities tied to direct, indirect and induces impacts of the space industry will contribute an estimated $1.76 billion in economic activity to Washington communities in 2018. Jobs in the state supported by the space industry will provide an estimated $610 million in payroll. In addition, the space sector contributes about $62 million annually in state and local tax revenues.

- **The region has fundamental competitive strengths in the industry, including:**
  - Significant long-term investments in aerospace. The region is the birthplace of Boeing and has more than 100 years of aerospace and space history.
  - A robust supply chain. The region is home to 1,400 aerospace suppliers, many of which are also part of the space industry supply chain.
  - Educational institutions that provide research and talent. The University of Washington and Washington State University are strong resources for the development of talent and innovative technologies that are helping to power the space industry.
  - A significant labor pool for space-related applications. A century of aerospace work has created a deep labor pool of talent in aerospace and related fields.
  - Strong representation of NewSpace firms. Many NewSpace firms are either headquartered in the region or have a significant presence here, such as Blue Origin, SpaceX, Tethers Unlimited, and Planetary Resources.

- **There are key opportunities for the region to leverage, including:**
  - Significant growth is ahead for the commercial space sector. Activity in the sector is projected to grow from around $350 billion to as much as $2.7 trillion by 2045.
  - Space industry growth supports the aerospace sector. New space related markets and applications can help sustain the region’s broader aerospace industry.
  - The industry builds high value-add economic activities. The specialized high-tech, high value activities associated with the space industry help to support higher wages and other strong economic benefits for the region.
  - A strong space industry benefits other high-tech industries. Growth in the space industry creates cross-disciplinary opportunities for collaboration in areas such as data processing, analysis, and hardware and software development.

**Next Steps**
The final report is expected to be released in July.

**Lead Staff**
Jason Thibedeau, (206) 389-2879, jthibedeau@psrc.org
INFORMATION ITEM
July 19, 2018

To: Regional Staff Committee
From: Emily Wittman, Associate Economic Policy Analyst
Subject: Aerospace Competitive Economics Study (ACES)

IN BRIEF

The Regional Staff Committee will be provided with information on the Aerospace Competitive Economics Study (ACES) released by Governor Inslee’s Choose Washington New Mid-Market Airplane (NMA) Council and Richard Aboulafia and the Teal Group, one of the world’s leading firms providing aerospace industry analysis.

INFORMATION

The Choose Washington New Mid-Market Airplane (NMA) Council is comprised of representatives from Washington business, labor, local and state government, and others aerospace fields. The NMA Council is tasked with making the business case for Washington state as the preferred site for Boeing’s NMA program.

In December 2017, PSRC’s Economic Development Board adopted support of Washington’s NMA effort as its first Action Item implementing the Regional Economic Strategy. Since, PSRC has provided direct staff support to the NMA Council, loaning one FTE to the Washington State Department of Commerce since January of this year.

In addition, many of PSRC’s member jurisdictions participate on the NMA Council and/or have generously contributed funds to make sure Washington puts its best foot forward to The Boeing Company. Along with Council Co-Chair Rick Bender and Dr. Noel Schulz, Snohomish County Executive Dave Somers, Pierce County Executive Bruce Dammeier, and King County Executive Dow Constantine all provide leadership on the group’s Executive Council.

Council members include Everett Mayor Cassie Franklin and contributing communities include City of Arlington, City of Auburn, City of Everett, City of Marysville, City of Tukwila, Pierce County, and Snohomish County.

ACES Report: The NMA Council commissioned Richard Aboulafia, Teal Group and Olympic Analytics to conduct the ACES report, an independent, objective analysis of the competitive

Puget Sound Regional Council
advantages and disadvantages for aerospace manufacturing in all 50 states and the District of Columbia.

**The Results:** Washington state is a strong first place finisher as the most competitive place for aerospace manufacturing operations, according to the report. Washington scores high in nearly all of the evaluation categories and many of the 41 individual metrics.

**Next Steps:** The NMA Council is using the lessons learned from the ACES report to address weaknesses and shore up strengths in Washington's aerospace industry. These strategies will help the state respond to The Boeing Company's potential NMA opportunity.

For more information, please contact Associate Economic Policy Analyst and NMA Council Lead Emily Wittman at 206-971-3051 or ewittman@psrc.org.
**Washington: The Global Leader in Aerospace**

Washington has supported and nurtured the aerospace industry for more than a century. **We don’t take our position for granted – and haven’t for over 100 years.**

It took time and hard work to get to where we are today. Together, we have problem-solved, increased productivity, and invested billions in infrastructure to achieve every milestone – from the 707 to the 10,000th Boeing 737 this year. This dedication is why Washington’s aerospace industry is so well positioned today. **We are committed to doing the same for the future.**

The Choose Washington New Mid-Market Airplane (NMA) Council will ensure that we remain the global aerospace leader for another generation.

**NMA Council Vision:** Grow and preserve aerospace jobs and strengthen the aerospace supply chain by securing the design, production, and final assembly of Boeing’s potential New Mid-Market Airplane in Washington state.

**NMA Council Mission:** The Choose Washington NMA Council will help make the case that Washington state offers the lowest risk and highest return on Boeing’s potential investment to design, produce, and assemble a new airplane.

The Council is tasked with a consensus approach to identify programs, policies, and initiatives to help secure the NMA and also serve the needs of Washington workers and communities.

**Washington’s record speaks for itself:**

- **Nearly 30,000** commercial and military aircraft built over the last century.
- **Over 10,000** 737 single-aisle jets delivered from Boeing’s Renton plant – called the most efficient advanced manufacturing place in the world!
- More than **90%** of all commercial aircraft in the United States are assembled in Washington.
- The largest composite wings in the world are produced at the **$1 billion** Composite Wing Center in Everett.
- Washington workers rolled out **714** planes last year alone – 15 times more than our closest competitors.
- Final assembly facilities for the 737, 747, 767, 777, 787, and the P-8 and KC-46 military aircraft.

**Washington’s Amazing Productivity**

2017 Total Aircraft Produced

- **Washington:** 714
- **South Carolina:** 49
- **Alabama:** 33

Source: Commerce

Never complacent, communities across the state are working to maintain Washington’s national lead in aerospace productivity, precision, and production.

**www.nma.choosewashingtonstate.com ◆ (206) 971 - 3051 ◆ nma@choosewashingtonstate.com**
The NMA Home Team

The Choose Washington New Mid-Market Airplane (NMA) Council was created by Governor Jay Inslee to lead a multi-pronged, broad-based, statewide campaign to demonstrate Washington’s position as the site with the lowest risk and highest return on Boeing’s potential investment to design, produce, and assemble a new airplane.

The NMA Council is assembling the facts and data that prove Washington’s aerospace infrastructure and workforce are second to none and depict how critical aerospace is to the state’s economy. The Council is also identifying programs, policies, and initiatives to help secure the NMA and strengthen the state’s entire aerospace industry:

- Washington Aerospace Economic Impact Report
- Teal Group Aerospace Competitive Economics Study (ACES)
- Innovative Workforce & Education Strategy
- Aerospace Futures Alliance Suppliers Task Force

Two distinguished leaders serve this effort as co-chairs:

Dr. Noel Schulz is a professor in the Washington State University School of Electrical Engineering and Computer Science, Voiland College of Engineering and Architecture, she is a nationally recognized expert in power systems engineering. She is dedicated to recruiting and retaining women in Science, Technology, Engineering, and Math fields and mentoring women and minority faculty and is doing so in her current role as First Lady of WSU.

Rick Bender is a veteran of advocating for aerospace campaigns and for workforce training programs. A former state senator, Bender was a long-time president of the Washington State Labor Council and informal advisor to governors. As a member of Washington’s Workforce Training Board for over a decade, he championed programs to launch workers into family-wage jobs with benefits through apprenticeships and other industry partnerships.

Join the NMA Home Team!

Sign up for updates on the campaign and join the “The Home Team” at www.nma.choosewashingtonstate.com to show your support. Share your own story about why aerospace is important to you, your family, your community, and to the future of Washington!
Choose Washington NMA Council

The Choose Washington New Mid-Market Airplane ("NMA") Council is comprised of representatives from Washington business, labor, local and state government, and others aerospace fields. The NMA Council is tasked with making the business case for Washington state as the preferred site for Boeing’s NMA program.

Aerospace Competitive Economics Study

The NMA Council commissioned Richard Aboulafia, Teal Group and Olympic Analytics to conduct the Aerospace Competitive Economics Study ("ACES"), an independent, objective analysis of the competitive advantages and disadvantages for aerospace manufacturing in all 50 states and the District of Columbia. ACES employs an innovative rankings system to grade states across 41 metrics, grouped in 8 categories, measuring factors relevant to aerospace production like cost structure, skilled labor availability, global trade connectivity and tax climate. ACES’ architecture is open and transparent, using publicly available economic data from the most recent year available and a clearly presented weighting system. ACES also includes qualitative industry analysis of aerospace events in the Top Ten states to provide context for the rankings.

ACES Authors and Contributors

Richard Aboulafia, Vice President of Teal Group: The Aerospace Competitive Economics Study is anchored by aerospace industry analyst Richard Aboulafia, who provided in-depth aerospace insight and qualitative analysis for the Study. Richard Aboulafia is Vice President of the Teal Group and has spent over three decades analyzing the aerospace and defense industry. Mr. Aboulafia frequently offers his analysis in major national news media and writes regular columns for Aviation Week & Space Technology and Forbes.com.

Tom Zoretich, Senior Economist and Director of Strategic Studies at Teal Group: Teal Group Senior Economist & Director of Strategic Studies Tom Zoretich oversaw quantitative and economic analysis for the ACES Report and Rankings. Mr. Zoretich has worked as an economist with Standard & Poor’s, McGraw-Hill, The US Department of Commerce, and the Bureau of Economic Analysis. Mr. Zoretich has also directed and contributed to projects for dozens of government and Fortune 500 clients, including the US Department of Defense, US Department of Homeland Security, Northrop Grumman, General Dynamics and IBM.

Evan Woods, Chief Consultant at Olympic Analytics: Olympic Analytics Founder and Chief Consultant Evan Woods built the model architecture and analyzed data for the ACES Rankings. Mr. Woods works on research projects for unions, non-profits and government agencies. Mr. Woods has conducted research for and consulted with The World Bank, International Labor Organization and a number of national labor unions. He holds a Masters in Economics from UCLA and has taught economics at three colleges and universities.
Washington Aerospace Summary

Washington state is home to the nation’s largest and most developed aerospace industry. Washington hosts a dense supercluster of advanced aerospace manufacturing and skilled aerospace workers centered in the Puget Sound region and expanding across the state. Washington’s aerospace industry produces more revenue, exports and profits than any other state in the nation.

The state also has America’s largest number of aerospace workers, highest density of aerospace engineers, second highest density of aerospace production workers and fourth lowest unit labor costs. Washington’s aerospace industry is a vital part of a larger statewide economy powered by innovation. Home to Amazon and Microsoft, Washington’s dynamic economy ranks in the top five for patents per capita, private R&D investment, global manufacturing connectivity and per capita income growth.

Washington’s political leaders have encouraged this economic growth by creating a favorable climate for business. Washington is one of only five states in the nation with no corporate income tax and no individual income tax. Washington also has the 4th lowest rate of taxes on manufacturing, and each year 330 aerospace firms save a total of $327 million from the states 7 aerospace tax incentives.

Washington ACES Ranking Facts

Costs

- Washington ranks as the second most competitive state in the nation for labor, material, energy and construction costs.¹

- Washington state has the lowest priced industrial energy in the nation and is the only state where industrial power costs less than 5 cents/kilowatt hour.² (4.43 cents/kilowatt hour)

- Every $1 paid to workers in Washington’s aerospace industry generates $11 in revenue, translating into the 4th lowest unit labor costs in the nation.³

Labor and Education

- Washington ranks second in the labor and education category, which measures the availability of aerospace workers, the population’s level of educational attainment and a state’s spending on K-12 education.

- Washington state employs aerospace engineers at 5.7 times the national average and has the highest density of aerospace engineers in the nation.⁴

- Washington state aerospace production workers log the second-highest number of hours, as a percentage of total hours worked, of any state’s production workers.⁵

- One out of every twenty-nine Washingtonians holds an engineering degree, the second highest rate in the nation.⁶
Industry

- Washington state has the largest and most developed aerospace industry in the nation, ranking #1 in the ACES Industry category.
- Aerospace is a $70 billion industry in Washington, supporting more than 250,000 jobs\(^7\) and accounting for over half of the state’s exports.\(^8\)
- Washington ranks #1 nationally in aerospace sales, exports, profits and employment.\(^9\)
- In 2017, Washington exported more aerospace products and parts than California, Texas, Georgia, Florida, South Carolina, Arizona and Alabama – combined.\(^10\)
- Washington has more aerospace workers than California, which is 5 times its size, and twice as many as Texas, which has more than 3 times the population.\(^11\)
- Washington has the third-highest density of aerospace manufacturers and suppliers in the nation.\(^12\)

Economy and Innovation

- Washington’s globally connected economy is growing rapidly.
- Washington had the third-fastest per capita GDP growth in the nation over the past five years.
- Washington exports over $50 billion of aerospace and defense products each year,\(^13\) and its manufacturing exports as a share of GDP are third-highest in the nation.\(^14\)
- Washington is also a leading state in research and innovation, with the 3\(^{rd}\) highest patents per capita and 5\(^{th}\) highest rate of private R&D investment in the nation.

Taxes and Incentives

- Washington has the 5\(^{th}\) lowest taxes in the nation as measured by the ACES taxes and incentives category.
- Washington is one of only five states in the nation with no corporate income tax and no individual income tax.\(^15\)
- According to the Bureau of Economic Analysis, Washington has the 4\(^{th}\) lowest tax rate on durable goods manufacturing of any U.S. state.
- Washington offers seven tax incentives to aerospace businesses, with the 330 users of these tax incentives reporting $327 million in annual savings.\(^16\)
Chart 1: Washington is the Most Competitive State in America for Aerospace Manufacturing

<table>
<thead>
<tr>
<th>State</th>
<th>Overall Rank</th>
<th>Costs</th>
<th>Labor &amp; Education</th>
<th>Industry</th>
<th>Infrastructure</th>
<th>Risk to Operations</th>
<th>Economy</th>
<th>Research &amp; Innovation</th>
<th>Taxes &amp; Incentives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Washington</td>
<td>1</td>
<td>2</td>
<td>2</td>
<td>1</td>
<td>14</td>
<td>1</td>
<td>5</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>Ohio</td>
<td>2</td>
<td>14</td>
<td>10</td>
<td>3</td>
<td>16</td>
<td>12</td>
<td>14</td>
<td>24</td>
<td>16</td>
</tr>
<tr>
<td>North Carolina</td>
<td>3</td>
<td>1</td>
<td>45</td>
<td>6</td>
<td>28</td>
<td>16</td>
<td>28</td>
<td>19</td>
<td>12</td>
</tr>
<tr>
<td>Kansas</td>
<td>4</td>
<td>9</td>
<td>3</td>
<td>2</td>
<td>20</td>
<td>50</td>
<td>26</td>
<td>23</td>
<td>30</td>
</tr>
<tr>
<td>Colorado</td>
<td>5</td>
<td>32</td>
<td>4</td>
<td>14</td>
<td>44</td>
<td>28</td>
<td>17</td>
<td>3</td>
<td>9</td>
</tr>
<tr>
<td>Georgia</td>
<td>6</td>
<td>19</td>
<td>9</td>
<td>15</td>
<td>23</td>
<td>19</td>
<td>23</td>
<td>29</td>
<td>10</td>
</tr>
<tr>
<td>Utah</td>
<td>7</td>
<td>13</td>
<td>14</td>
<td>18</td>
<td>50</td>
<td>4</td>
<td>6</td>
<td>4</td>
<td>6</td>
</tr>
<tr>
<td>Texas</td>
<td>8</td>
<td>22</td>
<td>20</td>
<td>11</td>
<td>35</td>
<td>22</td>
<td>9</td>
<td>21</td>
<td>10</td>
</tr>
<tr>
<td>Arizona</td>
<td>9</td>
<td>12</td>
<td>8</td>
<td>7</td>
<td>51</td>
<td>1</td>
<td>38</td>
<td>10</td>
<td>14</td>
</tr>
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<td>Alabama</td>
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<td>12</td>
<td>7</td>
<td>36</td>
<td>23</td>
<td>16</td>
<td>34</td>
<td>4</td>
</tr>
</tbody>
</table>

Chart 2: Washington Generates Twice the Aerospace Sales of Any Other State.

Top Ten States - Aerospace Sales


Top Ten States - Aerospace Exports

Chart 3: Washington's Aerospace Exports Have Grown Faster Than The Country As a Whole Since the Great Recession.

Aerospace Export Growth Since Great Recession


Chart 4: Washington Has the Highest Density of Aerospace Engineers of Any State in the U.S.

<table>
<thead>
<tr>
<th>State</th>
<th>Aerospace Engineers per 1,000 Jobs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Washington</td>
<td>2.81</td>
</tr>
<tr>
<td>Alabama</td>
<td>2.33</td>
</tr>
<tr>
<td>Kansas</td>
<td>1.72</td>
</tr>
<tr>
<td>Maryland</td>
<td>1.20</td>
</tr>
<tr>
<td>Connecticut</td>
<td>1.07</td>
</tr>
<tr>
<td>U.S. Average</td>
<td>0.49</td>
</tr>
</tbody>
</table>

Source: Employment per 1000 Jobs, Aerospace Engineers (17-2011), State Occupational Employment and Wage Estimates, Bureau of Labor
Chart 5: Washington is America’s Third-Ranked State for Per Capita Patents Filed.

**Patents per 100,000 Population**

<table>
<thead>
<tr>
<th>State</th>
<th>Patents per 100,000 Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>California</td>
<td>116</td>
</tr>
<tr>
<td>Massachusetts</td>
<td>115</td>
</tr>
<tr>
<td>Washington</td>
<td>106</td>
</tr>
<tr>
<td>Oregon</td>
<td>95</td>
</tr>
<tr>
<td>Minnesota</td>
<td>87</td>
</tr>
<tr>
<td>New Hampshire</td>
<td>79</td>
</tr>
<tr>
<td>Connecticut</td>
<td>73</td>
</tr>
<tr>
<td>Vermont</td>
<td>72</td>
</tr>
<tr>
<td>Michigan</td>
<td>70</td>
</tr>
<tr>
<td>Colorado</td>
<td>62</td>
</tr>
<tr>
<td>US Average</td>
<td>51</td>
</tr>
</tbody>
</table>


Chart 6: Washington State Has the Fourth Lowest Net Taxes on Manufacturing in the Country.

**Net Tax Rate on Durable Goods Manufacturing**

**Bottom Ten States**

- **U.S. Average = 2.7%**
- **2.1%**
- **2.2%**
- **2.2%**

<table>
<thead>
<tr>
<th>Tax Rate</th>
<th>North Dakota</th>
<th>Oklahoma</th>
<th>Alabama</th>
<th>Washington</th>
<th>Arkansas</th>
<th>Oregon</th>
<th>Indiana</th>
<th>Texas</th>
<th>West Virginia</th>
<th>Wisconsin</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.5%</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>1.0%</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
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<td>$</td>
</tr>
<tr>
<td>0.5%</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>0.0%</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
</tbody>
</table>

9 Total value of shipments and receipts for services ($1,000), Number of employees and Value added ($1,000), Annual Survey of Manufactures: Geographic Area Statistics: Statistics for All Manufacturing by State: 2016 and 2015, Table AM1631AS101, U.S. Census Bureau. 2016.
12 3364 Aerospace establishments / Total establishments, U.S. Census Bureau, 2015 County Business Patterns. 2015.
15 Per Capita GDP by State, Bureau of Economic Analysis, 2012 - 2017