

The Sustainable Thurston project is an opportunity to shape this region's future as well as the actions and responsibilities to achieve it.

Sustainable Economy White Paper



Prepared by:
Blue Ribbon Panel for a Sustainable Economy

November 2011

Blue Ribbon Panel Sustainable Economic Development

Blue Ribbon Panel Candidates

David Burnett, Confederated Tribes of the Chehalis Reservation
Jean Carr, Shea Carr Jewell
Jeanne Carras, Bonaventure
Doug DeForest, Western States Contractors Alliance
John Doan, City of Tumwater
Mike / Lisa Eisenmann, Capitol City Press
Zach Kosturos, Prime Locations
Ron Lawson, City of Lacey
Tim Madely, Big Toys
Doug Mah, City of Olympia
Sandra Miller, The Governor Hotel
Dr. Riley Moore, Saint Martin's University
Jace Munson, Berschauer Phillips
Dr. Gerald Pumphrey, South Puget Sound Community College
Dr. Thomas L. "Les" Purce, The Evergreen State College
Justin Erickson, Harbor Wholesale
Brian Fluetsch, Sunset Air
Ed Galligan, Port of Olympia

Facilitators

Jason Robertson, J Robertson & Company
Lon Wyrick, Thurston Regional Planning Council

Jim Geist, Capital Medical Center
Ron Harding, City of Yelm
Dr. Roy Heynderickx, Saint Martin's University
Ted / Tanya Jernigan, Diamond Technologies Inc
Mike Kennedy, PacMtn Workforce Development Council
Heber Kennedy, GeoMetrics LLC
Renee Ries, Fairchild Record Search
Sandra Romero, Thurston County
Andy Ryder, City of Lacey
Graeme Sackrison, Thurston Climate Action Team
David Schaffert, Thurston County Chamber of Commerce
Brad Shell, Fish Tale Ale
Priscilla Terry, Prime Locations
John Teutsch, Teutsch Partners LLC
Brian Vance, Heritage Bank
Donna Weaver, Dream Weavers
Chris Wilcox, Wilcox Farms

Staff

Michael Cade, Thurston Economic Development Council
Renee Sunde, Thurston Economic Development Council

ABOUT THE SUSTAINABLE THURSTON PROJECT

This community conversation comes at a time when the issues of economic resilience and efficiency are foremost in our minds. Our region – its households, governments, nonprofits and business are making the most of resources in order to maintain quality of life and build toward a more resilient economy, society and environment.

This region and its 29 public and private sector partners successfully competed for a Sustainable Communities Regional Planning Grant from Federal Housing and Urban Development, Department of Transportation, and the Environmental Protection Agency. Their interest in making these grants possible is to encourage regions to incorporate livability principles into sustainability plan discussions since these are proving to be essential to the creation of resilient communities.

The Sustainable Thurston Plan will build upon:

- 1) **Thurston Region Population Projections estimated to add 120,000 additional residents between 2010 and 2035**
- 2) **Existing state, regional and local plans** as the base scenario for plan discussion and analysis
- 3) **Livability Principles**
 - Provide more transportation choices
 - Promote equitable affordable housing
 - Enhance economic competitiveness
 - Support existing communities
 - Coordinate policies and leverage investment
 - Value communities and neighborhoods

About Sustainable Thurston Panels

The Sustainable Thurston Plan process begins with information development through a series of “white papers” produced by panels and work groups and reviewed by the Sustainable Thurston Task Force. This work will inform the three phase public process about a variety of elements that support our community and work together to enhance quality of life. These include:

- Economic Development
- Housing
- Water Infrastructure, Storm Water, Sewer
- Solid Waste
- Public Safety
- Schools and Transportation
- Health and Human Services
- Local Food Systems
- Land Use, Transportation, Climate Change
- Energy
- Public Outreach and Education

Background and Context

The Blue Ribbon Panel (BRP) was convened and tasked with developing a sustainable economy *white paper* as part of a broader Thurston Regional Planning Council Sustainable Thurston planning initiative. The purpose of the white paper is not merely to describe the nature and function of a sustainable local economy, but also to outline future steps and investments required to achieve it. It is important to note the BRP was not charged with creating an economic development action plan; nor was it directed to create a list of “green collar” jobs. Rather, the BRP was asked what it will take to keep Thurston County’s economy vibrant and productive over an extended period of time. These findings will, in turn, be assimilated into a comprehensive policy guidance document that addresses the environment, health care, energy, transportation and other topics.

To ensure our definition of a sustainable economy was reflective of diverse opinions and experiences, the Thurston Economic Development Council (convener) recruited representatives from local governments, non-profit organizations, and small and large businesses operating in a variety of employment sectors. BRP meetings were also attended by interested members of the public. In addition to BRP meetings, findings and recommendations in this document have been informed by targeted outreach to community leaders, a detailed Strengths-Weaknesses-Opportunities-Threats (SWOT) Analysis and other resource and technical documents (Appendix A & B).

The panel met for three hours on four occasions to develop the draft paper, with considerable discussion and input in between, and has agreed to convene throughout the remainder of the multi-year planning program. The panel stands prepared to ensure a seamless integration of its recommendations with those developed by other project committees, or otherwise remedy incongruous policy direction through collaborative dialogue and/or additional research.

Components of a Sustainable Economy

Sustainable economies exist because of and in order to support healthy social and environmental systems. While the definition of a sustainable economy can be parsed many ways, the BRP believes the Oregon Economic Council provides a concise and apt description: *“A sustainable economy is one in which our resources are not used up faster than nature renews them and benefits are shared equitably. Profitability is the product of thriving ecosystems and communities. Our shared assets are not sacrificed for short term profit.”*

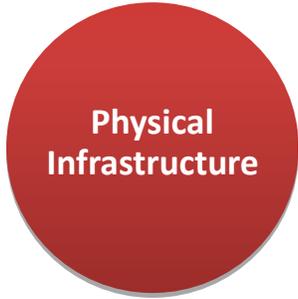
This is an important macro-level understanding of sustainable economies. But, delve a little deeper, and the definition and realization of a sustainable economy becomes fairly complex, fairly quickly. The diagram on the opposite page illustrates what BRP members consider the “essential components” of a sustainable Thurston County economy. As shown in the center circle, the core function of a sustainable economy is to generate community health and wealth. Sustained economic success is inexorably linked to social and environmental wellness. Whether or not this balance is achieved depends on “execution” within many moving parts. For example, a strong and sustainable municipal revenue base requires a diversity of employment sectors, progressive education system and adequate employment supply (to name a few factors). Businesses depend on a quality supply of workers developed through progressive educational systems and targeted economic development support. Many businesses rely on clean air and water to thrive (e.g. shellfish industry). And so on.

The following pages describe each essential component in greater detail, including why each matters, how we’re doing today, and where we should focus attention and investment in the years ahead. The diagram itself might serve as a “checklist” for local municipalities trying to develop or track their own economic sustainability.

Components of a Sustainable Economy



Sustainable Economy: Essential Components Assessment



- Housing
- Roads, Bridges
- Utilities
- Rail Preservation
- Port
- Fiber



Infrastructure		
Why it matters	How we're doing	Priorities for the future
<p>Historically, Thurston County's economy has relied heavily upon its infrastructure to generate and support economic activities.</p> <p>Tumwater, the state's first incorporated municipality was established hard by the shores of Tumwater falls, taking advantage of the power generated by the falls for mills – both timber and grain.</p> <p>The establishment of the Port of Olympia at the front edge of Puget Sound created a vital link for the movement of commerce for the southern Puget Sound economic activities – timber, milled goods, agriculture products and ship building. The Port of Olympia is a direct link to emerging Asian markets at a time when those markets have become a major global economic presence. The fact that international markets only seek regions that have access to deep water ports cannot be overstated.</p> <p>Interstate 5, the western United States main north-south highway travels the length of the county connecting the communities and placing it directly in the midst of the country's major western metro markets. It also creates a significant shipping/transportation linkage for local products to access major markets. Additionally, a majority of all business within Thurston County is located within several miles on either side of Interstate 5.</p>	<p>A case can be made that our region fared better than many comparable communities in the northwest during the recent recession. The metropolitan planning organization – Thurston Regional Planning Council – has an excellent track record of building consensus on regional transportation infrastructure funding priorities. In an era where traditional transportation funding sources have become scarce, regions that have priorities score higher than those that have not prioritized or created consensus.</p> <p>There is continued concern that although there is a strong telecommunications framework throughout the region, some necessary connections are still not available for private sector business.</p> <p>Recognition of the connectivity between rail dependent land uses and economic diversity will also need to be at the front of economic development discussions and planning.</p> <p>The Port of Olympia represents a long-range economic development diversification strategy for the entire south Puget Sound region. It is a county-wide district and provides a crucial link to markets dependent upon deep water access. This access needs to be maintained and supported.</p>	<ul style="list-style-type: none"> • Support Port of Olympia infrastructure development for shipping operations. • Telecommunications for manufacturing • Multi-modal freight • Capacity • Preserve economic/transportation function at identified transportation nodes (I-5 now; cross county corridors later) • Advocate for sustainable funding mechanisms • Fiber optics • Support/preserve long-term investment in alternative transportation

Infrastructure

Why it matters	How we're doing	Priorities for the future
<p>The south Puget Sound region has good but somewhat unrecognized rail connectivity. The connections between industrial lands while somewhat established, have not been fully exploited. The movement of rail goods is becoming prevalent in nearly every region that seeks to diversify and attract international and national assembly and distribution. Distribution is critical for light manufacturing and assembly operations because of the cost efficiencies it can create. There is a well-established link between rail and economic diversity.</p> <p>It is worth noting that the presence of state government itself is an infrastructure that supports the local economy. The state apparatus requires telecommunications, social infrastructure and business services that function to serve the sector.</p> <p>As the economy changes, evolves and innovates, new telecommunications infrastructure and emerging technology will play an increasing role in removing many of the locational advantages provided by centralized locations. Fiber optics are available along local public right of ways providing the residential community with good access to resources. However, these communication conduits are not particularly well placed for commercial/industrial use.</p> <p>Additionally, any region that seeks to attract new economic activity and retain currently operating business must have electrical delivery and conveyance systems that are reliable and consistent. Reliable power systems impact productivity and profitability and provide assurance of access to data sources and analysis.</p>	<p>Other utility infrastructure such as power lines, telecommunications, and natural gas are vital to the economic sustainability strategies of job retention and innovation support. Without these elements, sustaining economic activity would be difficult at best. Strong support should be given to grow infrastructure elements – in terms of improvements and installations.</p>	



- Streamlined Permitting
- Regional Stewardship
- Shared, Defined Priorities
- Tribal Partnerships
- Predictable Consistent Process
- Public/Private Partnership
- Coordinated Integrated Basic Services



Coordinated & Efficient Governance		
Why it matters	How we're doing	Priorities for the future
<p>Regions that portray a clear vision and cooperate on cross-jurisdictional implementation strategies attract investment and resources that meet the needs of their citizens. Thurston County is comprised of three municipalities that share common political borders and for all intents and purposes, geography and infrastructure systems. In a broader sense, there are seven municipal governments not including county government and two tribal governments.</p> <p>The Thurston County economy draws its employment base from throughout the region. Realistically, the current political borders do not create an inhibitor to the flow of economic activity.</p> <p>In addition to considering location, labor force and other factors, external investors also examine the political landscape of an area prior to deciding to locate or expand there. Investors avoid places where planning policies, regulations and permitting requirements are inconsistent or unpredictable. Private investment will flow into a region where it is welcomed and the rules are clear.</p> <p>Predictable development timelines often become a low cost or no cost incentive communities can use to attract and retain business and investment.</p>	<p>Representatives from development community have consistently communicated the importance of creating better planning and permitting consistency among the various Thurston County jurisdictions. Different rules and processes can prove to be challenging for companies that have multiple locations such as banks, credit unions and restaurants.</p> <p>The LOTT Alliance is a local example of an agency that has pooled and leveraged regional resources, applied consistent standards and regulations across jurisdictions and created a first-rate business service. The Thurston Regional Planning Council also serves multiple jurisdictions and provides regional planning support.</p> <p>However, the community has been less successful in establishing consistent or "regional" processes in other areas such as permitting and development review. At times, the existence of these regulatory "micro-climates" has impacted our ability to attract and retain employment and investment.</p> <p>Looking at the bigger picture, Thurston County does not yet have a clear "regional vision" for economic development, though Sustainable Thurston may represent a positive first step in that direction.</p>	<ul style="list-style-type: none"> • Ombudsman position for advocacy of economic development projects • Matrix of development process • Strong communication and collaboration among local and regional partners • Advocate for clear and timely permitting process • Emphasize a common customer service approach in local permitting bureaus (predictability)



- Zoning
- Critical Areas
- Distinct Vibrant Commercial Areas
- Growth Management
- Shorelines



Adequate Employment Lands Supply

Why it matters	How we're doing	Priorities for the future
<p>A region's ability to manage its growth and potential for growth extends beyond the regulatory environment. It is critical that the region have a strong and consistent approach to protecting employment bearing land as an important component of long term health.</p> <p>Additionally, property that are currently zoned and designated as employment or commercially / industrially zoned should be protected to ensure that long range goals can be formulated and enacted upon. Without such commitments, private investment will not seek out the region to participate and formulate plans for investment – it will simply go elsewhere.</p>	<p>The Thurston Regional Planning Council (TRPC) has been providing estimates of the buildable land supply in Thurston County since the late 1970s. The report provides data to cities and towns that identifies the densities and availability of land necessary to accommodate planned growth. The TRPC report identifies that, based on adopted policies in Thurston County in 2007, there is sufficient land supply to accommodate 20 years of projected population growth in the urban areas.</p> <p>It is projected that under moderate growth scenarios, 63,000 new jobs will be created in the county by the year 2030. These will be located throughout the county. Current projection models indicate that 17% of the new jobs will be in areas zoned for residential or school zones; 70% in commercial or mixed used zoning; and 13% in urban industrial zoning areas.</p> <p>The latest Buildable Lands Report evaluation indicates that there is enough vacant, partially-used and re-developable land to support the job growth forecast. <i>(TRPC, Buildable Lands Report, 9/07)</i></p>	<ul style="list-style-type: none"> Advocate for protection of employment bearing property Complete the last mile infrastructure to available commercial lands Assess buildable land availability/readiness Ensure adequate supply of employment land to match target industries (medical) Advocate for having an adequate supply of shovel-ready development sites

**Sector
Diversity**

- Manufacturing
- State Gov./Capitol
- Retail
- Service Industry
- Creative Class
- Healthcare
- Agriculture



Sector Diversity		
Why it matters	How we're doing	Priorities for the future
<p>In the early 1990s, the Thurston County economy was intricately linked with the Washington State budget – as both an employer and a supplier of contractually based economic activities. This was true for the great majority of the latter part of the prior century. This has historically kept our unemployment rate several points below the statewide average. The total state wages earned in Thurston County continue at approximately 45-50% of the total wages earned.</p> <p>Current recessionary forces have indicated that the state, as an employer, has begun to shed those historical levels of employment. This has also impacted the total square footage, resulting in a consolidation into state <i>owned</i> facilities, rather than <i>leased</i>.</p> <p>By all accounts the region's largest sector will not be seeing an employment and wage recovery within the near future. This shift will impact other areas of the economy.</p>	<p>Local economic sectors outside state government have gained an increasing share of employment over the last ten years, although at a relatively slow pace. The health care sector continues to be the largest private sector employer in both wages and number of individuals employed. These jobs generally pay at the higher edge of the wage spectrum. The next largest sector employer is retail, which generally consists of lower wage jobs.</p> <p>Manufacturing has declined as a percentage of local employment and revenue, although several recent success stories indicate a potential resurgence. This is important because manufacturing provides a variety of jobs at all wage levels and helps to make a community a net importer of capital.</p> <p>While the county does maintain a relatively high number of employees that are paid to think and solve problems – “the creative class” – it should be noted that the majority of those individuals are employed within state government or jobs that directly support state government. The arts sector continues to grow, but is still a relatively small percentage of overall employment.</p>	<ul style="list-style-type: none"> • Diversify economic base to improve recession-resistance • Develop innovation economy – focus on research & development • Workforce diversity in the economy • Welcome innovation • Commit to workforce diversity, maintain innovative workforce programs



- Childcare Access
- Early Childcare Ed.
- K-12
- Higher Ed.
- Extended Ed.
- Online Ed.



Progressive Education System		
Why it matters	How we're doing	Priorities for the future
<p>One of the primary factors cited by the private sector when locating or expanding their operation is the labor market. The question is not the size of the labor pool, but rather the availability and readiness of both technical and professional skills necessary for their operations.</p> <p>A recent Thurston EDC on-site survey of employers reveals that a preponderance of those surveyed identified labor force as critical to their long-term success. Without a dynamic and progressive education system, it is difficult to cultivate a climate of innovation and research and development.</p> <p>A progressive education system also is critical to maintaining a quality of life for the citizens of the community. High educational attainment begets higher community participation, lower crime rates and an overall higher standard of living.</p>	<p>Thurston County is unique for its size in that we have a four year state college, private university and community college all located within 10 miles of each other.</p> <p>The K-12 education system in Thurston County consistently produces test scores at or above state averages for achievement testing, and new residents and employers often cite "good schools" as one of the primary factors they choose to locate here.</p> <p>Non-traditional educational opportunities abound as well, including the New Market Skills Center - a recognized regional leader in vocational skills training, and multiple on-line education programs through private accredited colleges.</p> <p>There is a growing awareness and support for early childhood learning programs within the community. Organizations such as the United Way of Thurston County and the Boys & Girls Club of Thurston County have championed these programs in urban and rural areas of the county alike.</p> <p>Child care continues to be treated as private citizen concern for parents and caregivers. However, there is broad support for organizations that provide structured and needed care for children through before and after school programs.</p>	<ul style="list-style-type: none"> • Focus on technology transfer programs • New Market Skills Center programs for technology, innovation and manufacturing • Advocate for agility in work skills • Support nimble/agile education systems through public/private partnership • Boot camp, train the trainer • Promote the value, raise the profile of vocational education • Ensure and promote multiple pathways to employment • Facilitate educational interchange • Maintain vibrant worker retraining programs • Engaging entrepreneurs around the community in the educational process (entrepreneur center) • Create and promote internship opportunities



- Tech Transfer
- Patents
- Emerging Biz Support
- Entrepreneur Center
- Sector Incubation
- Emerging Tech/Young Inventors



Innovation Culture

Why it matters	How we're doing	Priorities for the future
<p>Innovation, entrepreneurship and sustainability are important driving principles behind wealth creation within any community. Growth of industries within any sector depends on their ability to create new products and processes, start-up new businesses or methods of distribution, and offer items and solutions that are environmentally friendly in design and implementation.</p> <p>Innovation: Innovation is essentially the design and refinement of products, services, and processes based on prior study and experimentation. It can be a creation of the mind, or the act of starting something for the first time. The goal of innovation is to enhance efficiency, effectiveness or competitive advantage. It involves taking new ideas and turning them into reality through invention, research and new product development.</p> <p>Innovation also draws capital investment into the region going to work to multiply through the local economy. That wealth creation, and or circulation would not have occurred without the innovation that generated new economic activity. Innovation can also work to secure new research and development resources that sustain and grow fledgling economic sectors.</p> <p>Entrepreneurship: Entrepreneurship is the recognition of opportunities and use of resources to implement ideas for new and thoughtfully planned ventures. It involves starting new organizations or revitalizing mature businesses in response to identified opportunities.</p>	<p>Thurston County has a well-established network that supports entrepreneurs and business start-ups. These resources can be found at the Thurston Chamber of Commerce's small business incubator, Thurston EDC's Business Resource Center (technical assistance), Enterprise for Equity (advocacy, curriculum and micro-fund), and Visitor & Convention Bureau (technical assistance and joint marketing for tourism based business), to name a few.</p> <p>In addition, the SPSCC Small Business Development Center (technical assistance for established business), and both four-year higher education institutions offer training for management and entrepreneurs. The Thurston Asset Building Coalition also provides training and resources to emerging entrepreneurs.</p> <p>The primary challenge these organizations face is a reliance on highly leveraged fiscal resources. While private sector support has been strong, public sector investment has been inconsistent. As a result, successful service programs are sometimes difficult to sustain.</p> <p>While there is currently no formalized technology transfer program at the higher education institutions, local leaders have expressed considerable interest in the potential value such programs could create. Alluring factors include leveraging local institutions, creating "home-grown" enterprises and utilizing private sector expertise to bring research products to market.</p>	<ul style="list-style-type: none"> • Integrate incubator concept with high school/higher education • Thurston County as a "hub" for innovation with the higher ed at the center • Community foundation and philanthropic organizations to fund innovation • Facilitate access to capital through microloans • Facilitate business efficiency through innovation • Promote culture of innovation • Be early adopter; increase tolerance for risk • Entrepreneurial support for young innovators • Angel/investor network • Provide access to cutting edge ideas • Technology transfer • Research/incubation support • Become known for something else • Support efforts to create vital urban spaces in Olympia, Lacey and Tumwater • Promote development of urban corridors that interconnect across municipalities • Recruit arts and entertainment service providers to increase "third-place" opportunities that attract young innovators

Innovation Culture

Why it matters

At its core, small business is entrepreneurialism that is married with innovation. Long-range job creation emanates from small businesses that grow within the region over time. It also encompasses many sectors – both established and emerging economic sectors.

Innovation also draws capital investment into the region which, in turns, generates multiplier spending throughout the local economy. Innovation can also work to secure new research and development resources that sustain and grow fledgling economic sectors.

Of course, to attract “innovators,” it helps to have “vital urban places and activities.” Destination locations tend to offer a variety of arts, education, entertainment and open space that – together – provide the quality of life young entrepreneurs are seeking.

Sustainability: In order to sustain a culture of innovation, communities must provide technical business assistance so the innovators can tap the knowledge and capital resource base they’ll need to succeed in the marketplace.

Having a strategy to implement technology transfer between higher education institutions and local entrepreneurs is also becoming increasingly critical for continued economic success. This transfer provides long term research support for businesses and market place knowledge for the academic community.

How we’re doing

With regard to vital urban places, Thurston County is making strides, but not surprisingly lags other major metropolitan areas. While the Puget Sound and nearby natural amenities are clearly a draw, and the range and quality of local arts and entertainment continues to evolve, we do not yet have the caliber or quantity of “18-hour” destinations and/or “third places” – where people can convene outside of work and home – found in nearby peer communities (Seattle, Kent, Portland, etc.) We also have a less structured and vital innovation culture, where highly skilled creative class professionals have an opportunity to come together, much less find encouragement (and capital) to develop new ideas and products.

Priorities for the future

Other Essential Sustainable Economy Components

The BRP identified twelve components that, together, constitute and reflect a vibrant and sustainable economy. While all of these components are important, the prior section features items BRP members believe are most central to the *economic* core of the sustainable economy. At the same time, panel members recognize a truly sustainable local economy requires the presence and viability of several other key components. The following section details six additional components, and how they are inextricably linked to other elements in the sustainable economy “universe.” In many cases, these components represent “tools” for achieving, or “products” resulting from, a sustainable economy.



- Arts
- Recreation
- Non Profit agencies/organizations
- Parks

Social Infrastructure		
Why it matters	How we’re doing	Priorities for the future
<p>Thurston County has one of the largest per capita non-profit sectors in all of Washington. Many of these agencies provide services where local and state government cannot do so. This sector is also a significant economic engine, as these agencies procure goods locally, pay local wages and impact positively the real estate market.</p> <p>Strong social infrastructure helps to attract investment, creates safe and stable communities and provides opportunity for upward mobility. Social infrastructure is key to success in other components: Physical Infrastructure (parks and recreation facilities), Progressive Education System (extended education opportunities), and strong Municipal Revenue Base (by reducing pressure on the local government social services budgets, and adding to the taxable retail sales income of the city by procuring local goods).</p>	<p>Thurston County is blessed with a strong network of non-profit service providers. The arts, recreation and non-profit sectors provide a diverse set of resources that benefit people of all ages and economic strata – arts, recreation, food, shelter, skills training and beyond. These services have a symbiotic relationship with private sector businesses, in that each provides resources that help the other succeed.</p> <p>The reality, however, is that many of our social rely heavily on revenues generated through municipal partners. In large part, those municipal revenues originate through private sector activity (e.g. sales tax, B&O tax, employee spending, etc.). When economic activity is stunted, these revenues diminish – and our social infrastructure suffers the direct consequences, through budget cuts, reduced volunteer base and so on.</p>	<ul style="list-style-type: none"> • Provide support for the non-profit sector with business technical assistance. • Establish a coordinated approach to funding partnerships • Support partnerships for agency development that coordinate resources and output • Advocate a strong awareness and understanding of the funding streams that city/county/state use to support the non-profit agencies and entire social infrastructure



- Foreign Direct Investors
- Angel Investors
- SBA
- Incubator
- Development Fund
- Collaborative Efforts Among Financial Institutions

Access to Capital		
Why it matters	How we're doing	Priorities for the future
<p>Access to capital is strongly connected to success in Sector Diversity (bridge capital for startup and entrepreneurs), Physical Infrastructure (EB5 Foreign Direct Investment dollars to fund local infrastructure), and Targeted Economic Development Programs (promoting international trade and expansion of local markets).</p>	<p>Currently, access to capital in Thurston County is as difficult as it is in other similar sized communities. The SBA has a strong relationship with a number of lenders in the region, but access to private-side capital is reserved for highly-leveraged projects.</p> <p>One bright note: Thurston County recently became the "seat" of a newly designated Regional Center. This status, achieved through the US Immigration Service EB5 Visa program, will facilitate the utilization of Foreign Direct Investment on major development projects. This funding is often secured at well-below-market interest rates.</p>	<ul style="list-style-type: none"> • Creation of a local development fund to help finance private infrastructure development and job creation projects • Support and expand on the Thurston Chamber incubator program to include manufacturing based operations • Coordinate with financial institutions to leverage technical assistance and develop locally-focused business finance packages • Continue to build upon international business relationships; business to business, and foreign direct investment • Research and implement a revolving loan fund and an angel investor network

- Balanced Revenue/Expenses



Strong Municipal Revenue Base

Why it matters	How we're doing	Priorities for the future
<p>Thurston County's local governments provide a high level of service and infrastructure to the community. A strong and efficient municipal infrastructure and service system is an integral part of successfully attracting new investment.</p> <p>Increased collaboration between the public and private sector to identify desired industry sectors, designate employment centers and create incentives and other financing mechanisms to support emerging or expanding business will result in increased sales tax revenues.</p> <p>Strong municipal revenues are critical for achieving success in other components including Physical Infrastructure (the systems and services we all rely on), a Healthy Environment (regulatory infrastructure to safeguard our natural environment), Coordinated & Efficient Governance (coordinated efforts with partner agencies), and Progressive Education System (by providing the critical funding that support children).</p>	<p>High levels of municipal service will be difficult to maintain given municipal revenue challenges. To date, local municipalities have addressed these budget realities with careful planning and goal setting. However, there is a direct nexus between economic activity and municipal levels of services.</p> <p>Property tax increases are capped at 1% per year, utility taxes are unpopular and Washington State has no income tax. This leaves special levies and the state sales tax as the only elastic sources of future municipal revenue.</p> <p>There is also a link between municipal planning/codes and economic activities. These municipal duties and requirements sometimes act as a de-facto economic activity inhibitor. Thurston County, as a whole, does not have a reputation, rightly or wrongly deserved, of promoting planning that is conducive to economic development.</p>	<ul style="list-style-type: none"> • Support the development of urban corridors that create high employment • Benchmark and track economic activities that generate strong municipal revenues



- Vocational Training
- Disabled Vet Integration
- Apprenticeships
- Military Pipeline

Workforce Industry Balance		
Why it matters	How we're doing	Priorities for the future
<p>Workforce-industry balance is critical for Sector Diversity (addressing the changing needs of employers for trained workforce), Innovation Culture (supporting entrepreneurs and business incubation), and Physical Infrastructure (training for a qualified and quality labor pool to maintain the region's infrastructure).</p>	<p>Our region is well served in the area of workforce training. The private sector-led Pacific Mountain Workforce Development Council (WDC) is organized as a regional entity serving Thurston, Lewis, Mason, Grays Harbor and Pacific counties. The WDC facilitates investment in vocational training, apprenticeships, disabled vet integration and the workforce development associated with Joint Base Lewis McChord (JBLM).</p> <p>The Thurston region also provides a variety of vocational education programming and technology prep courses through South Puget Sound Community College – at its main campus in Olympia as well as its branch campus located in Lacey. The college's vocational programs have strong advisory councils and advisory committees to ensure they are meeting employer needs.</p> <p>New Market Skills Center, representing multiple school districts and administered at the Tumwater School District, is recognized as one of the state's top programs in terms of innovative and rigorous curriculum. It provides hands-on training for high school students that may not be headed to college for a traditional four-year degree.</p>	<ul style="list-style-type: none"> • Implement programs that support a career tech curriculum for K-12 – i.e. First Tech Challenge programs • Develop and promote apprenticeship programs throughout the region • Identify strengths of the JBLM labor pool (to include military personnel as well as spouses and family members) • Utilize research from the Washington Economic Development Commission to better understand the innovation of industry and commerce associated with JBLM, as a tool for leveraging new and growing economic sectors



- Air, Water
- Marine Resources
- Habitats
- Resources

Healthy Environment		
Why it matters	How we're doing	Priorities for the future
<p>Thurston County's natural environment is one of the region's greatest assets. Local residents have demonstrated a sustained commitment to the environment through local regulations and established policies have helped to preserve many of our most pristine habitats.</p> <p>A healthy environment is part and parcel with all other components, but especially Physical Infrastructure (innovative storm and waste water conveyance and treatment), Adequate Employment Lands Supply (protecting pristine habitats, but also reserving land for future employment uses), and Sector Diversity (promoting the development of "green" technologies and products right here at home).</p>	<p>The region is home to several wildlife refuges and sanctuaries – Nisqually National Wildlife Refuge and Wolf Haven are two such examples.</p> <p>Local partners boast a rich history of collaborative efforts to protect streams, estuaries and upland resource areas. These efforts have, in many cases, had a direct impact on the ability of our region to attract and retain investment and promote the region as a high quality location to reside. The success of many local businesses, including one of Thurston's most unique local industries – shellfish harvesting, is intricately tied to the health of our natural assets.</p> <ul style="list-style-type: none"> • In recent decades air quality has improved, however we still need to be vigilant. • Water is a limited resource and rationed. Potable and industrial waters have a direct impact on economic growth. LOTT is a leader in managing wastewater. • Retaining agricultural land is important. Such lands that are converted to commercial, residential or industrial uses are unlikely to every produce crops again. 	<ul style="list-style-type: none"> • Advocate for reductions in air contaminant emissions • Advocate for the efficient use of potable and industrial water • Support ongoing innovation for the treatment of wastewater • Commit to restoring the condition of our lakes, bays and streams • Understand that non-renewable resources must be available for future generations and act on that understanding • Advocate for land practices that prevent contamination and ideally, allow conversion or restoration to other uses



- Recruit
- Retain, Expand
- International Markets
- Government Markets (JBLM, etc.)
- Government Contracting
- Local Markets

Targeted Economic Development Programs

Why it matters	How we're doing	Priorities for the future
<p>Targeted economic development programs are essential to the viability of other components, including a Strong Municipal Revenue Base (new and expanded business revenues flow back to local governments), an Innovation Culture (programs such as Start Up Weekend, future angel investor network or local development fund), and Social Infrastructure (by supporting partner non-profit agencies with technical assistance, and revenue stream enhancement and volunteers).</p>	<p>Thurston County is well-served by a variety of economic development partners. In addition to the Thurston Economic Development Council, business-oriented organizations include three Chambers of Commerce, the Port of Olympia, Visitor & Convention Bureau and several other state and local organizations.</p> <p>In the past, this diverse range of actors has enabled the community to deploy a variety of targeted economic development programs primarily focused on business recruitment, retention and expansion.</p> <p>In the future, economic development will become increasingly competitive and specialized. This will require local development agencies to understand their market advantages, workforce capacity and potential resources partners. The resulting “targeted economic development programs” will need to address opportunities and shortcomings in the sustainable economy <i>universe</i> outlined in this white paper.</p>	<ul style="list-style-type: none"> • Establish long term commitment to supporting economic development programs • Create an “early warning system” that can be deployed for employers that are in danger of downsizing their footprint in the community • Establish a formal relationship with Shanghai to solidify business to business relationships • Utilize the expanding presence of JBLM to identify innovation and business opportunities for the private sector • Formalize the labor pool opportunities of JBLM to support the private sector expansion opportunities • Build an entrepreneurial network that links business start-up with finance options. • Create an entrepreneurial center linking higher education and business

Summary Conclusions

A sustainable economy requires collaboration, commitment and integration among a wide spectrum of actors. Economic opportunity can never outweigh our responsibility to protect people and preserve healthy ecosystems. At the same time, we must recognize that the health of our social infrastructure and natural environment are tied to economic vitality. This White Paper on a Sustainable Economy reaffirms that a sustainable community is balanced, with equal emphasis placed on “people, planet and profit.” All objectives matter; none can be elevated without risk to the others.

With regard to creating a sustainable economy *locally*, several areas – some old, some new – will require additional attention, notably: human capital, critical infrastructure, regional competitiveness, environmental sustainability, social inclusion, health, safety, literacy, and other initiatives. Economic development cannot be viewed as merely an expansion of business profitability; but rather a cohesive approach to increasing community wealth.

Thurston County is at a cross-road. Our *company town*, for over a century, has been the State. But, after years of stability and spurts of growth, recent declines in public sector employment have exposed our lack of economic diversity. Jobs and spending have declined, with consequences for business revenue and service delivery. On the bright side, several economic sectors have shown signs of growth: health care; manufacturing; education; the arts; warehousing and logistics – to name a few.

Today, and historically, the region has also been a breeding ground for small business and entrepreneurs. This could position us well in the emerging economy, where education, skilled labor and adaptability will carry the day. It also bodes well for our environmental ethos, with an emphasis on reuse over green-field development, local vs. multi-national ownership and innovation rather than business as usual.

The Blue Ribbon Panel recognizes the ideal of a “sustainable economy” is based on a fragile premise. Pushing too hard in one area can result in unintended consequences in another. A sustainable Thurston County economy will require a recognition that not all resources can be replenished. We cannot place victories today over the opportunity of future generations. Yet, we must also find a way to support economic progress. Without it, our social and environmental health is placed at risk. When played correctly, this balancing act can produce the future we plan for, not in the one we get if we don’t.

Appendix A: Blue Ribbon Panel SWOT (Strengths, Weakness, Opportunities, Threats) Analysis

Strengths

1. Location
 - a. Central to Puget Sound and Portland metro markets – 65% of employers surveyed indicate their market is either regional or statewide.
 - b. Proximity to military base and for private companies/vendors
 - c. Center of larger regional market
2. Seat of state government
 - a. Access to policy and decision makers
 - b. Relatively stable and consistent employer with family wages and benefits
3. Workforce
 - a. Highly educated workforce – the region regularly scores very high on national standards and categories for a highly educated workforce. Such rankings include Kiplinger's, Forbes, etc.
4. Education
 - a. K-12 system well supported; districts perform at or above national level
 - b. Three institutions of higher learning – The Evergreen State College, Saint Martin's University, South Puget Sound Community College
 - c. New Market Vocational Skills Center
 - d. Regional focus on education
5. Infrastructure
 - a. Western USA's main north-south interstate traverses the county (easy access to commerce, transit, and freight movement)
 - b. Fiber (significant amount of fiber through downtown Olympia, and main trunk line along I-5 – but may be dark and inaccessible)
 - c. Full Service Port District – marina, cargo cranes, airport, industrial lands
 - d. Rail systems
 - e. Regional sewer system and capacity
 - f. Access to reclaimed water resources
 - g. Access to affordable, alternative energy sources
6. Housing stock
 - a. A variety of housing options, both single family and multi-family; with a good cross section of variety and price options.
 - b. Healthy reserve of buildable residential tracts
7. Natural environment
 - a. The region is widely recognized as having a relatively accessible and clean natural environment and recreational facilities.
 - b. Access to the local salt water/Puget Sound
 - c. Recreation -- Proximity to ocean (coastal areas, and Puget Sound)
 - d. Proximity to wilderness areas (Mt. Rainier, Mt. St. Helens, Cascade range, Olympic National Park)

8. Entrepreneurial business community
 - a. Large majority of private sector employers are “small” – employing 10 or less
 - b. The great majority of employers surveyed indicate that their life cycle is either maturing (36%) or growing (58%).
 - c. Washington holds the fourth highest number of patents in the US, after California, New York and Texas
9. Strong business support organizations
 - a. EDC, Score other entities housed at “Business Resource Center” able to assist a variety of ventures on broad range of topics
 - b. Longest-tenured Chamber of Commerce in the State
10. Local Culture
 - a. Diversity of culture
 - b. The Arts

Weakness

1. Lack of recognized cluster of industries
 - a. Other communities have identified clusters which are used as a business attraction.
2. Depth of employment sector
 - a. Few large employers that create secondary markets
3. Access to high speed telecommunications for manufacturing firms
 - a. Lack of access to high speed telecommunications within industrial/manufacturing areas is detrimental to growth/expansion and retention
4. Transportation funding
 - a. There are ever increasing downward pressures on revenue sources that fund public transportation infrastructure
5. Cross collaboration and partnerships between private and public sectors
 - a. Perceived lack of support and trust of the private sector
6. Lack of economic development incentives (past reliance on stable government has created risk-averse mindset)
 - a. Which can also include a lack of private angel investors that could fund entrepreneurs
7. Workforce
 - a. Absence of vocational skills and apprenticeship programs
 - b. Missing resource of large employer sector
 - c. Absence of advanced manufacturing skills which have not been developed
8. Education
 - a. Lack of vocational training in high school/community college
 - b. High school students unprepared to deal with global finance; lacking in math skills

Opportunities

1. Joint Base Lewis McChord (stabilizing employer for region)
 - a. Provides a significant source of market and patronage to local establishments (retail) via their personnel based at JBLM
 - b. Emerging technologies that can be a market source for entrepreneurs
 - c. Spouses as resource - military families bring new skills and technology and investment
2. Emerging international markets
 - a. US Department of Commerce reports that the south Puget Sound region increased exports by 135% in the last 5 years.
 - b. Strong and consistent presence in Asia by both TESC and Saint Martin's University
 - c. Access to Port facilities that would facilitate international trade (including Foreign Trade Zone 216)
3. Technology transfer
 - a. Utilization of higher education institutions as a source for technology transfer and the catalyst for entrepreneurial development
4. Health care sector (largest private sector employer and wage provider in Thurston County)
 - a. Sector draws in new dollars into the region to the providers. It brings in "brain capital" and talent to the community.
5. Potentially large parcels to accommodate cluster investment
 - a. The Olympia Airport (Port of Olympia facility – and associated industrial properties in private ownership surrounding the facility) vacated Tumwater Brewery site and Lacey Gateway Center represent capacity to attract and facilitate significant commercial/industrial growth.
6. Light manufacturing sector (with an industry multiplier of \$3.50)
 - a. Thurston County is home to several world class light manufacturing firms – each with an international presence. Sector has minimal impact on the local environment, uses relatively few municipal services (fiscal resources), and acts to draw in new dollars into the region.
7. Green / Innovation Economy support
 - a. County is home to assets including Thurston Energy, LOTT, and three higher education institutions that could help to make it a regional leader in a green economy. Also: leadership in green building; public acceptance of green jobs; and budding solar manufacturing sector.
 - b. Strong arts and culture base (creative class)
8. Local financial institutions
 - a. Local lenders may be more motivated to capitalize local ventures and/or assist with cultivation of venture capital
9. Workforce
 - a. Retention of highly skilled workers with technical degrees
 - b. Creation of jobs that are sustainable and immune to technology changes/outsourcing
10. Community Capacity Building
 - a. Opportunity to shape a shared vision that addresses the issues and mission of moving the economy forward
 - b. Tapping distinct population centers throughout county to maximize opportunity (downtown Olympia, south county, Lacey Gateway, etc.)

Threats

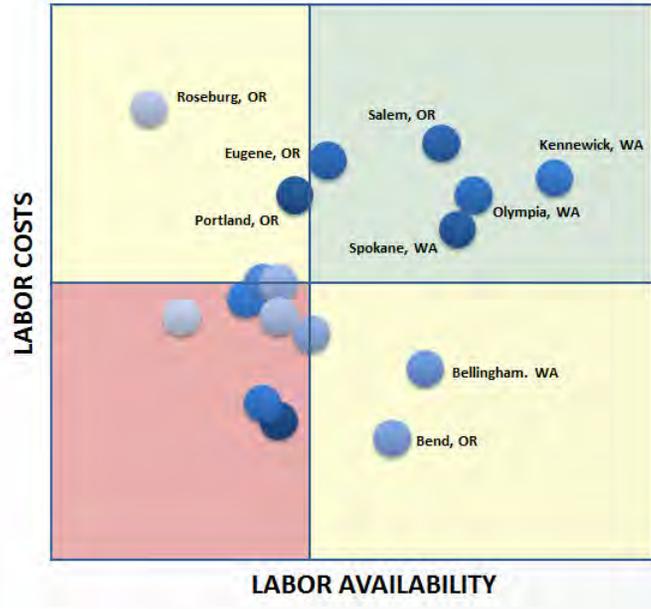
1. Government as predominant employer
 - a. Government provides approximately 50% of wages locally. The state is reducing their budget fairly dramatically and accordingly their wages and worker spending are expected to drop.
2. Lack of public sector support for private employers
 - a. This also includes government regulations – at all levels (federal, state and local) – such as being inclusive of elements that address adjacent land use patterns, building code applications, critical areas, and hours of operation, etc.
 - b. No public-private shared-vision in place for job and revenue creation over the long-term
3. Changing markets
 - a. The ability of local employers to quickly identify and adapt to those changes
 - b. The ability of local governments to shift and change with the changing needs and operations of the private sector
4. Recruitment of employees
 - a. Cited was the notion that markets have changed and accordingly skills have shifted away from what might have been traditional employment in the region. Employers have noted that their needs have changed accordingly (i.e. doing more with less).
5. Permitting
 - a. Cited were the timeliness and consistency of process across the jurisdictions
 - b. Lengthy, costly and unpredictable review process could impede small business development
6. Cost of utilities and infrastructure
 - a. Cited were the timeliness and consistency of process across the jurisdictions
 - b. Limited water rights and wastewater discharge capacity
7. Access to finance and capital
 - a. Due to pressure imposed upon by the federal regulations/government
8. Health care
 - a. Cited was the emerging national discussion and regulations of health care coverage for employees
9. Shrinking stock of employment lands
 - a. Pressure to lock up, rezone or otherwise protect limited supply of commercial / industrial properties (e.g. Maytown, Isthmus, Mottman)

Sources:

- JBLM Impact Study, Executive Summary, City of Lakewood, 2011
- Thurston EDC, Business & Retention On-site Survey, 2010-2011
- Thurston CEO Roundtable, Paper on the Green Economy, 2011
- Washington State, Employment Security, Labor Market & Economic Analysis Branch
- 2010 Economic Forecast Conference
- Thurston EDC, Board of Directors, Recruit/Retain/Expand 2.0

Appendix B: Thurston County, Characteristics of site consideration to attract investment, jobs and capital.

The following chart identifies and ranks cities/communities located in the states of Washington and Oregon that have a population size of greater than 100,000. The upper right corner identifies the communities that rate the highest level of attractiveness for site consideration of manufacturing and distribution facilities. They possess a competitive labor cost market and maintain a labor pool that is both flexible and has the relatively highest education. The magenta box represents those communities at the bottom of the scale. (*Site Selection Group, September 2011*)



The following chart provides the weighted consideration for economic sectors in choosing to locate and or expand within a community. (*Site Selection Group, September 2011*)

Headquarters / Back Office	Manufacturing	Distribution
1. Labor Availability	1. Labor Availability	1. Logistics
2. Labor Cost	2. Labor Costs	2. Labor Availability
3. Real Estate Availability	3. Logistics	3. Labor Cost
4. Incentives	4. Business Climate	4. Real Estate Availability
5. Business Climate	5. Real Estate Availability	5. Business Climate
6. Disaster Recovery	6. Regulatory Environment	6. Incentives
7. Accessibility	7. Utilities & Infrastructure	
	8. Incentives	